



## **TISCALI SPA**

### **PROCEDURE FOR CONTROLLING TRANSACTIONS WITH RELATED PARTIES**

Approval: Board of Directors of 12 November 2010

In effect: Since 1 January 2011

Revision: Board of Directors of 28 April 2017

# Contents

- 1 Introduction ..... 3**
- 2 Definitions ..... 3**
- 3 Approval, circulation and publication of the procedure..... 5**
  - 3.1 Approval and amendments of the Procedure ..... 5
  - 3.2 Circulation, effective date and publication of the Procedure ..... 6
- 4 Scope and cases of exclusion ..... 6**
  - 4.1 Scope ..... 6
  - 4.2 Identification of the Transactions with Related Parties ..... 8
  - 4.3 Cases of exclusion ..... 9
    - 4.3.1 Transactions on compensation and remuneration .....9
    - 4.3.2 Transactions of a Slight Amount .....9
    - 4.3.3 Ordinary transactions concluded at conditions equivalent to market or standard conditions10
    - 4.3.4 Transactions with Subsidiaries or Associates ..... 10
    - 4.3.5 Urgent Transactions ..... 10
- 5 Regulations for the Transactions with Related Parties ..... 11**
  - 5.1 Procedure for the Transactions of Lesser Significance ..... 11
  - 5.2 Procedure for the Transactions of Greater Significance ..... 11
  - 5.3 Regulations for small companies ..... 12
  - 5.4 Transactions of the competence of the shareholders' meeting ..... 12
  - 5.5 Framework Resolutions ..... 13
  - 5.6 Internal Audit Committee ..... 13
- 6 Transactions of Subsidiaries or Associates with Related Parties..... 13**
- 7 Disclosure obligations on transactions with Related Parties ..... 14**
  - 7.1 Primary and general obligation of transparency (Art. 4, paragraph 7 of the Regulation) ..... 14
  - 7.2 Transactions of Greater Significance (Art. 5, paragraph 1, 2, 3, 4, 5, 6 and 7 of the Regulation) ..... 14
  - 7.3 Transactions of Lesser Significance (Art. 7, paragraph 1, letter g) of the Regulation) ..... 14
  - 7.4 Periodic information (Art. 5, paragraph 8 of the Regulation) ..... 15
  - 7.5 Transactions with related parties and notice pursuant to Art. 114 TUF (Art. 6 of the Regulation) ..... 15
- 8 ANNEXES ..... 16**

## 1 Introduction

---

This procedure (“**Procedure**”) was adopted pursuant to the “Transactions with Related Parties” Regulation issued by Consob with resolution 17221 of 12 March 2010 (amended with subsequent resolution 17389 of 23 June 2010) (“**Regulation**”) to implement Art. 2391-bis of the Italian Civil Code and Art. 113-*ter*, 114, 115 and 154-*ter* of Italian Legislative Decree 58 of 14 February 1998 (“**TUF**”), as well as in compliance with the recommendations in the Code of Conduct for Listed Companies published by the Corporate Governance Committee of Borsa Italiana S.p.A. (“**Code of Conduct**”).

The purpose of this Procedure is to define the rules, methods and principles aimed at ensuring the transparency and substantive and procedural correctness of the transactions with related parties (as defined in the following paragraph) adopted by Tiscali S.p.A. (“**Tiscali**” or the “**Company**”), either directly or through subsidiaries pursuant to Art. 2359 of the Italian Civil Code or however subject to management and coordination activities (“**Subsidiaries**”).

More specifically, this Procedure sets the rules that regulate the methods for identifying, approving and managing transactions with related parties, i.e.:

- it regulates the methods of identifying related parties by defining methods and time frames for preparing and updating the list of related parties and identifying the company functions responsible for this;
- it sets the rules for identifying transactions with related parties before they are finalised;
- it regulates the procedures for Tiscali to carry out transactions with related parties, also through Subsidiaries;
- it establishes the methods and time frames for fulfilling disclosure obligations with company bodies and the market.

## 2 Definitions

---

In addition to the definitions contained in other paragraphs, the terms and expressions starting with a capital letter used herein have the meaning provided hereunder. For the other terms not specifically defined here, please refer to the Regulation and regulatory definitions in effect.

**Independent Directors:** the directors recognised as independent by the Company pursuant to applicable legislation and the Code of Conduct adopted by Borsa Italiana.

**Unrelated Directors:** the directors other than the counterparty of a given transaction and its Related Parties.

**Transaction with Related Party:** any transfer of resources, services or obligations between Related Parties, regardless of the fact that a consideration has been agreed to. The following are therefore included: (a) merger, demerger by incorporation or disproportionate demerger in the strict sense of the word if done with Related Parties; (b) every decision regarding the assignment of remuneration and economic benefits, in any form, to the members of the management and audit bodies and to the executives with strategic responsibility.

**Transactions of a Slight Amount:** indicates the Transactions with Related Parties in which the foreseeable value does not exceed EUR 50,000 (fifty thousand) for each transactions or on an annual basis in case of ongoing transactions.

**Transactions of Greater Significance:** indicates the transactions in which at least one of the following indexes of significance, applicable depending on the specific transaction, is 5% over the threshold: (a) *value significance index* is the ratio between the value of the transactions and the shareholders' equity taken from the most recent consolidated balance sheet published by the company or, if greater, the company's capitalisation recorded at the end of the last open market day falling within the period of reference of the most recent periodic accounting document published (yearly, half-yearly financial report or interim report on operations). If the economic conditions of the transaction are defined, the value of the transaction is: (i) for the cash components, the amount paid to/by the contractual counterparty; (ii) for the components consisting of financial instruments, the fair value calculated at the date of the transaction, in conformity with the international accounting principles adopted with (EC) Regulation 1606/2002; (iii) for the loan or granting of guarantee transactions, the maximum distributable amount. If the economic conditions of the transaction depend entirely or partly on figures not yet known, the value of the transaction is the maximum receivable or payable value pursuant to the agreement;

(b) *asset significance index*: is the ratio between the total assets of the entity the transaction concerns and the total assets of the company. The data to use must be taken from the most recent consolidated balance sheet published by the company; if possible, similar data must be used to determine the total assets of the entity the transaction concerns. For the transactions of purchase and sale of equity investments in companies that have affect the consolidation area, the value of the numerator is the total assets of the investee, regardless of the percentage of capital in question. For purchase and sale transactions regarding equity investments in companies that have no effect on the consolidation area, the numerator value is: (i) in case of purchases, the value of the transaction increased by the liabilities of the acquired company that the purchaser assumes; (ii) in case of sales, the consideration of the asset sold. For the acquisition and sale transactions regarding other assets (other than the purchase of an equity investment), the numerator value is: (i) in the case of purchases, the consideration or the book value to be assigned to the asset, whichever is greater; (ii) in the case of sales, the book value of the asset;

(c) *liability significance index*: is the ratio between the total liabilities of the purchased entity and the total assets of the company. The data to use must be taken from the most recent consolidated balance sheet published by the company; if possible, similar data must be used to determine the total liabilities of the company or of the business unit purchased.

**Transactions of Lesser Significance:** the Transactions with Related Parties other than the Transactions of Greater Significance and the Transactions of Slight Amount.

**Related Party:** a party that:

(a) directly or indirectly, also through subsidiaries, trustees or third parties: (i) controls the company, is controlled by the company, or is subject to common control; (ii) holds an equity investment in the company such as to be able to exercise considerable influence on it; (iii) exercises joint control over the company;

(b) is an Associate of the company;

(c) is a joint venture in which the company is a participant;

(d) is a director, statutory auditor or executive with strategic responsibility of the company or of its parent company;

(e) is a close family member (i.e. each family member expected to be able to influence or be influenced by the interested party in their relations with the company. They may include: a) the spouse not legally separated and the cohabitant, b) children and persons dependent on the party, the spouse not legally separated or the cohabitant) of one of the parties listed under letters (a) and (d) above;

(f) is an entity in which one of the parties listed under letters (d) or (e) exercises its own control, also joint, or a considerable influence and directly or indirectly holds a significant share of the voting rights (however not less than 20%);

(g) is a supplementary pension fund, collective or individual, Italian or foreign, formed for the employees of the company or of any other entity related to it.

The Legal Affairs Department of the Company, through computer tools and with the support of other company functions, prepares and keeps up to date at least every quarter, and makes available (i) to the key corporate offices of the Company and (ii) to the Directors and key company functions of the Subsidiaries a list of the related parties of the Company ("**List of Related Parties**").

In order to update the List of Related Parties, the Legal Affairs Department sends the questionnaire provided in Annex A hereto to the executives with strategic responsibility of Tiscali and of the companies that exercise control over it pursuant to Annex 1 of the Regulation every half-year. The executives with strategic responsibility sign and return the questionnaire to the Legal Affairs Department and promptly inform it of changes that take place in connection with the information it contains by sending an updated version of the aforesaid questionnaire.

**Associate:** any entity in which a shareholder of the company exercises considerable influence but not control, not even joint.

**Subsidiary:** any entity existing under the laws of Italy or abroad subject to the control of another entity.

**Unrelated Shareholders:** the shareholders of the company that are not Related Parties.

### **3 Approval, circulation and publication of the procedure**

---

#### **3.1 Approval and amendments of the Procedure**

The Procedure was reviewed and approved in its current version, with the positive opinion of the Independent Directors, the Board of Directors of the Company in the meeting held on April 28, 2017. On the same date the Board of Statutory Auditors of the Company assessed the conformity of this Procedure with the principles stated in the Regulation.

The Procedure in its original version was approved by the Board of Directors of the Company during its meeting held on 12 November 2010 and it went into effect on 1 January 2011.

The Procedure and its amendments were approved by the Board of Directors of Tiscali after it received the favourable opinion of a Committee consisting solely of the independent directors of the Company. To this end, the Committee meets within the deadline before the meeting of the Board of Directors called to resolve approval of the Procedure or of its amendments. The Executive in charge of drawing up the Company's accounting documents pursuant to Art. 154-*bis* of the TUF attends the meeting, to which the Board of Statutory Auditors and the Audit Coordinator are invited. The opinion of the Committee is then sent to the Board of Directors.

At least once a year the Board of Directors determines whether or not to revise the Procedure while taking into account, among other things, any legislative and regulatory changes, changes that may have taken place in the ownership structures and their effectiveness in the application practice.

### **3.2 Circulation, effective date and publication of the Procedure**

The Legal Affairs Department sends the Procedure together with the List of Related Parties to the key company functions of Tiscali, including the Executive in charge of drawing up the Company's accounting documents pursuant to Art. 154-*bis* of the TUF in order to ensure its coordination with the administrative and accounting procedures set out in the aforesaid rule, as well as the Functions that have to supervise observance of the Procedure (e.g. Audit Coordinator and Board of Statutory Auditors).

The Procedure is also sent by the Legal Affairs Department to the Directors and the key company functions of the Subsidiaries so that they can review it and follow it within their scope of responsibility or office. It is for this purpose that the CEO of Tiscali sends a letter with the Procedure annexed thereto to explain the instructions on the main fulfilments that the Subsidiaries are responsible for to the management bodies of the Subsidiaries, in order to guarantee effectiveness of the processes regulated by the Procedure. The management bodies of the Subsidiaries sign and send, for acceptance, a letter with which they accept the instructions received and also undertake to fulfil all the obligations within their scope of responsibility set out in the Procedure and to circulate the Procedure to the company structures and any other companies that the Subsidiaries control pursuant to Art. 2359 of the Italian Civil Code.

The Procedure is published without delay following its approval and following ever subsequent amendment on the Company's website, in the investor relations section, and also through reference to the same website, in the annual report on operations pursuant to Art. 2391-*bis* of the Italian Civil Code, where information on the transactions with related parties is also provided.

## **4 Scope and cases of exclusion**

---

### **4.1 Scope**

This Procedure applies to all Transactions with Related Parties that are not specifically excluded (for these cases, please refer to paragraph 4.3 below).

The Transactions with Related Parties meet criteria of transparency and substantive and procedural correctness, and are adopted in the sole interest of Tiscali.

The term substantive correctness means the correctness of the transactions from the economic viewpoint, when, for example, the transfer price of an asset is aligned with the market prices and, more

generally, when the transaction has not been influenced by the related party relationship or, at least, said relationship has not caused unjustifiably damaging conditions for Tiscali to be accepted.

The term procedural correctness means the observance of procedures that aim at ensuring the substantive correctness of the transactions and therefore the observance of those rules through which it is allowed, at least potentially, that the Transactions with Related Parties do not cause an unjustified damage to the rights of Tiscali and of its investors. More specifically, the essential elements of procedural correctness are: (i) observance of the rules envisaged for approval of the Transactions with Related Parties; (ii) the information provided to the parties called upon to decide on their execution, who must be made aware, point by point, of the existence of a related party relationship (type, origin and scope) and any influence that it may have had on the decision to initiate the transaction and on defining the terms and conditions of the transaction; (iii) the grounds of the advantage for the issuer - on the basis of the provisions of Art. 2391 and 2497-ter of the Italian Civil Code concerning transactions concluded in the presence of an interested director or in case of company management and coordination - in order to permit the influence of the related party relationship on definition of the terms and conditions of the transaction to be assessed.

As better specified in Art. 5.3 below, the Company, a small company as defined by Art. 3 of the Regulation, applies the procedure identified according to the principles and rules set out in Art. 5.1 herein to Transactions with Related Parties, including those of Greater Significance (as defined in Art. 2 above), departing from Art. 5.2 herein. The disclosure obligations described in Art. 7 hereunder also remain valid.

In particular, as explained in paragraph 5 below, the Transactions with Related Parties are approved by involving a Committee appointed by the Board of Directors and made up of three independent directors who, with reference to each transaction, must also be unrelated directors ("**Transactions with Related Parties Committee**").

When the Transactions with Related Parties Committee is formed, the Board of Directors appoints its Chairman and approves special regulations containing the rules of operation of the aforesaid Committee.

In each of the cases listed in paragraphs 5 and 6, the Company shall file the documents supporting the transactions carried out with related parties that attest:

- the characteristics of the transaction (strategic and industrial value, economic-financial, legal and aspects, risks and critical elements, guarantees given or received, etc.);
- the type of relationship;
- the company's interest in the transaction;
- the methods for determining the economic terms and conditions of the transaction and the assessments on its suitability with regard to the market values for similar transactions.

Where the type, extent and characteristics of the transaction so require, the Transactions with Related Parties Committee ensures that the transaction is finalised with the aid of independent experts for valuation of the assets and financial, legal or technical consultancy by acquiring specific and/or fairness surveys and/or legal opinions, and this is to ensure that terms and conditions other than those that would have most likely been negotiated between unrelated parties are agreed on for the transaction.

The directors who have an interest in the transactions must promptly and comprehensively inform the Board of Directors of the existence of the interest and its circumstances and weigh the expediency of their removal from the board meeting at the time of resolution or of their abstaining from the vote on a case by case basis.

The Board of Directors weighs the most advisable decision for the case in which removal of the directors at the time of resolution might be considered harmful to having the necessary establishment quorum.

All resolutions on transactions carried out at non-market conditions are however the responsibility of the Board of Directors, just like the decisions concerning the “transactions of greater significance” identified pursuant to paragraph 5.2 of the Procedure below.

#### **4.2 Identification of the Transactions with Related Parties**

Parties who are responsible for approval and/or execution of a given transactions on behalf of the Company or of the Subsidiaries check whether the counterparty of the transactions is, or is not, to be considered a related party before commencing negotiations. Among others, reference is made to the List of Related Parties and support is provided by the Legal Affairs Department of the Company. If it should be ascertained that the counterparty of the transaction is a related party of Tiscali, they promptly notify the Legal Affairs Department of the intention to start negotiations to carry out the transaction.

The notification must contain at least the following information:

- identification data of the counterparty and type of relationship;
- type and purpose of the transaction;
- economic conditions of the transaction;
- time table planned;
- grounds for the transaction, critical elements and any risks that might arise from its execution, also in consideration of any exercise of management and coordination activity on the counterparty by the Company;
- any other transactions finalised with the same related party and with parties related to it.

If the terms and conditions of the transaction are found to be equivalent to those of the market or standard, the prepared documents contain objective corroboration elements.

Having received the notification described above and checked the existence of the related party relationship with the counterparty of the transaction, the Legal Affairs Department promptly assesses whether:

- (a) the transaction is significant pursuant to the Regulation and thus the procedure set out under paragraph 5 must be applied;
- (b) one or more cases of exemption described in paragraph 4.3 below is applicable.

With the support of the Administration, Finance and Audit Department, the Legal Affairs Department also determines whether the transaction is price sensitive and whether the privileged information management



procedure and the Register of persons with access to privileged information procedure are to be activated.

In the case of (a) above, the Legal Affairs Department starts the procedure described in paragraph 5 below.

In the case of (b) above, the Legal Affairs Department describes the verification activities carried out in the Transactions with Related Parties File (as defined hereunder), and initiates any fulfilments that may be necessary pursuant to paragraph 4.3 below or gives instructions in this sense to other company Functions.

The Legal Affairs Department of the Company prepares and keeps a file ("**Transactions with Related Parties File**") using a specific electronic register:

- of the Transactions with Related Parties, also carried out through Subsidiaries, approved pursuant to paragraph 5 below (including those approved by a framework resolution pursuant to paragraph 5.5 below); and

- of the Transactions with Related Parties, also carried out through Subsidiaries, to which the Regulation is not applied pursuant to paragraph 4.3 below.

### **4.3 Cases of exclusion**

#### **4.3.1 Transactions on compensation and remuneration**

The provisions of this Procedure do not apply:

- (a) to compensation plans based on financial instruments approved by the shareholders' meeting pursuant to Art. 114-bis of the TUF and to the relevant executive operations;

- (b) to the resolutions of the board of directors on the subject of remuneration of the directors holding special offices - different from the resolutions passed pursuant to Art. 2389, paragraph 3 of the Italian Civil Code - and of the executives with strategic responsibility, provided that: (i) the Company has adopted a remuneration policy; (ii) in defining the remuneration policy a committee made up of only non-executive directors with a majority of Independent Directors has been involved; (iii) a report explaining the remuneration policy has been submitted to the consultative vote of the shareholders' meeting; (iv) the remuneration assigned is consistent with said policy.

#### **4.3.2 Transactions of a Slight Amount**

The provisions of this Procedure do not apply to the Transactions of Slight Amount as defined above. They may be carried out by the attorneys-in-fact of the Company or by the executive directors and executives delegated by the Subsidiaries in observance of the powers given to them.

This exclusion does not apply in the case of multiple transactions of a slight amount that are homogeneous with each other or carried out by virtue of a unitary design finalised with the same related party or with parties related both to the latter and to Tiscali that, cumulatively considered, exceed the amount indicated above.

### **4.3.3 Ordinary transactions concluded at conditions equivalent to market or standard conditions**

The instructions in this Procedure do not apply to the Ordinary Transactions concluded at conditions equivalent to those of the market or standard, as such meaning those Transactions that:

- (a) fall within the normal exercise of the operating activities or connected financial activity of the Company (pursuant to Art. 3, paragraph 1, letter d) of the Regulation); and
- (b) pursuant to Art. 3, paragraph 1, letter e) of the Regulation, they are concluded under conditions: (i) similar to those usually practised with unrelated parties for transactions of a corresponding nature, extent and risk, (ii) based on regulated tariffs or on imposed prices, or (iii) corresponding to those practised with parties with which the Company is by law required to contract at a given consideration.

### **4.3.4 Transactions with Subsidiaries or Associates**

The instructions of this Procedure do not apply to the Transactions with Related Parties with or between Subsidiaries and those with Associates provided that there are no significant interests of other Related Parties of the Company in the counterparty Subsidiaries or Associates (in any case, there is no significant interest in the case of pure sharing of directors or executives).

### **4.3.5 Urgent Transactions**

Without prejudice to the provisions of Art. 5 of the Regulation, if the Articles of Association of the Company explicitly allows, the instructions of the Regulation and this Procedure do not apply to the Transactions with Related Parties that are not the responsibility of the shareholders' meeting or must they be authorised by it, and that are approved in conditions of urgency in the terms set out in Art. 13, paragraph 6 of the Regulation if the body responsible for the decision believes that objective reasons of urgency exist in the interest of the Company.

In this case, the Company - even in the case in which the Urgent Transaction is carried out through Subsidiaries - must fulfil the obligations set out under Art. 13, paragraph 6 of the Regulation, and in particular:

- if the transaction to carry out is the responsibility of the CEO, the CEO must inform the chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors of the reasons for urgency before the transaction is carried out, and in any case at least three days before;
- the transaction must afterwards be an item on the agenda for a non-binding resolution of the first available ordinary shareholders' meeting;
- the Board of Directors that calls the shareholders' meeting mentioned in the forgoing point must prepare a report containing adequate justification for the reasons of the urgency;
- by preparing a specific report, the Board of Statutory Auditors must notify the shareholders' meeting of its assessments regarding the existence of the reasons for urgency;
- the reports of the Board of Directors and of the Board of Statutory Auditors described in the two points above must be made available to the public at least twenty-one days before the date set for the shareholders' meeting at the registered office of the company and with the methods indicated in Part III,

Title II, Chapter I of the Issuers' Regulations. These documents can also be contained in the electronic document drawn up pursuant to Art. 5, paragraph 1 of the Regulation;

- the Company must make available to the public the information on the results of the vote by the day following that of the shareholders' meeting following the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulations, with particular regard to the total number of votes of the unrelated holders of the voting right.

## **5 Regulations for the Transactions with Related Parties**

---

### **5.1 Procedure for the Transactions of Lesser Significance**

Approval of the Transactions of Lesser Significance lies with the Board of Directors or with the delegated bodies that, as the case may be, are responsible for the specific Transaction based on the powers given to them ("**Delegates**"). The Delegates, if they deem it opportune, may always submit the Transactions of Lesser Significance for which they are responsible to the approval of the Board of Directors.

The Transactions of Lesser Significance are approved subject to the non-binding opinion of a committee made up of three directors, non-executive and unrelated only, and having a majority of independent directors ("**Minor Transactions Committee**"). The Minor Transactions Committee has the power to seek the assistance of one or more independent experts of its choice, at the expense of the Company, within the limits of a maximum expenditure of EUR 10,000 (ten thousand) for each Transaction of Lesser Significance.

The CEO ensures that the members of the Minor Transactions Committee promptly receive complete and adequate information on the Transaction of Lesser Significance by email or fax as well as, if the terms and conditions of a transaction are determined to be equivalent to those of the market or standard, the prepared documents contain objective corroboration elements to this regard. If the Transaction of Lesser Significance is the responsibility of the Board of Directors, the Chairman or CEO ensures that the same information is sent to the Directors by email or fax at least two days before the Board meeting, except for urgent cases.

If one or more members of the Minor Transactions Committee are related to a given Transactions, they - if possible - shall be replaced with reference to all the fulfilments regarding said Transaction by one or more other unrelated Independent Directors in order of seniority or, in lack thereof, by the eldest of the other unrelated Directors, even if not Independent.

The resolutions of the Board of Directors that approve a Transactions of Lesser Significance must be adequately justified regarding the interest of the Company in completing the transaction, and regarding the advantage and substantive correctness of the relevant terms and conditions. If a transaction is the responsibility of the shareholders' meeting or must be authorised by it, the provisions of this paragraph are applied, *mutatis mutandis*, for the approval of the resolution proposal by the Board of Directors, to submit to the shareholders' meeting.

### **5.2 Procedure for the Transactions of Greater Significance**

The Board of Directors is solely responsible for the approval of Transactions of Greater Significance.

The CEO ensures that a committee made up of at least three Independent and unrelated Directors ("**Major Transactions Committee**") is involved in the negotiations and investigative phases, with the right to request additional information and give suggestions; the Committee may delegate one or more of its members for this purpose. In any case, the procedures described in forgoing paragraph 5.1 apply to the Major Transactions Committee.

The Board of Directors resolves on the Transactions of Greater Significance after receiving the justified favourable opinion of the Major Transactions Committee on the Company's interest in completing the transactions on the advantage and substantive correctness of the relevant terms and conditions.

In any case, the Board of Directors may approve a Transaction of Greater Significance, even if the opinion of the Major Transactions Committee is negative, if: (i) if allowed by the articles of association of the Company, the ordinary shareholders' meeting has previously authorised completion of the transaction; (ii) the Unrelated Shareholders that attend the shareholders' meeting at the time of voting represent over 10% of the share capital with voting rights and does not make up the unfavourable vote of the majority of Unrelated Shareholders.

Where the provision under forgoing point (ii) is not in the articles of association, the Board of Directors must include a provision in the shareholders' meeting resolution proposal that allows the Board to implement the shareholders' meeting resolution of approval only if it makes up the favourable vote of the majority described above.

If at least three Independent and Unrelated Directors do not sit on the Board of Directors, the opinion is given by an independent expert appointed by the Chairman of the Board of Directors subject to the approval of the Chairman of the Board of Statutory Auditors.

### **5.3 Regulations for small companies**

If at any time it should result from the consolidated financial statements approved by the Company that neither the assets nor the revenues exceed the amount of EUR 500,000,000.00 (five hundred million), Tiscali will apply the procedure for the Transactions of Lesser Significance also for the Transactions of Greater Significance, without prejudice to the legal disclosure obligations.

If for the two consecutive years even just one of the two above-mentioned parameters is met, the Company will apply the procedures set out in paragraph 5.2 to the Transactions of Greater Significance.

As previously specified in Art. 4.1 of the Procedure, the Company, since it is a small company as defined by Art. 3 of the Regulation, applies the procedure identified according to the principles and rules set out in Art. 5.1 herein to Transactions with Related Parties, including those of Greater Significance (as defined in Art. 2 above), departing from Art. 5.2 herein. The disclosure obligations described in Art. 7 hereunder also remain valid.

### **5.4 Transactions of the competence of the shareholders' meeting**

If based on the legal or statutory provisions the Transactions with Related Parties are the competence of the shareholders' meeting or must be authorised by it, the procedure mentioned in paragraph 5.1 for the Transactions of Lesser Significance and in paragraph 5.2 for the Transactions of Greater Significance is

applied respectively in the negotiation stage, the investigation stage and in the stage of approval of the resolution proposal to submit to the shareholders' meeting.

The Company, since it is a small company, applies the procedure identified according to the principles and rules set out in Art. 5.1 herein to Transactions with Related Parties, including those of greater significance, departing from Art. 5.2 herein. The disclosure obligations described in Art. 7 hereunder also remain valid.

### **5.5 Framework Resolutions**

Pursuant to Art. 12 of the Regulation, the transactions homogeneous with each other with given categories of related parties to be carried out even through Subsidiaries can be approved by resorting to framework resolutions.

In the case indicated above, and without prejudice to the provisions of paragraph 4 above:

(i) the provisions of forgoing paragraphs 5.1 and 5.2 apply to the framework resolution of the management body based on the foreseeable maximum amount of the Transactions with Related Parties that they concern, cumulatively considered;

(ii) the provisions of forgoing paragraphs 5.1 and 5.2 do not apply to the single Transactions with Related Parties concluded when executing a framework resolution of the Board of Directors, provided that the resolution: a) is effective for no more than one year; b) refers to Transactions with sufficiently determined Related Parties; c) indicates the foreseeable maximum amount of the transactions that may be realised in implementing it during the effective period of the resolution; d) contains adequate an explanation of the terms and conditions of the Transactions;

(iii) the Chairman or one of the CEOs informs the Board of Directors on implementation of the framework resolution every three months.

### **5.6 Internal Audit Committee**

The functions assigned to the Minor Transactions Committee or to the Major Transactions Committee pursuant to paragraphs 5.1 and 5.2 above may be carried out by the Internal Audit Committee of the Company, provided that the latter meets the membership requirements set by the applicable legal and regulatory provisions.

## **6 Transactions of Subsidiaries or Associates with Related Parties**

---

If the Board of Directors of the Company or one of its executives with strategic responsibility examines in advance or approves transactions initiated by Subsidiaries or Associates with Related Parties of the Company, the procedural rules contained in paragraph 5.1 for the Transactions of Lesser Significance apply, in so far as compatible and except for the cases of exclusion defined in paragraph 4 above, it being understood that the Company fulfils the disclosure obligations set out in Art. 5 of the Regulation, also with reference to the Transactions mentioned in this paragraph.

## **7 Disclosure obligations on transactions with Related Parties**

---

The main disclosure obligations of the Company pursuant to the Regulation, to which the reader is referred for their proper understanding and application, are summarised below.

### **7.1 Primary and general obligation of transparency (Art. 4, paragraph 7 of the Regulation)**

*“The procedures and their amendments are published without delay on the websites of the companies, without prejudice to the obligation of advertising - also by referring to the same website - in the annual report on operations, pursuant to Art. 2391 of the Italian Civil Code”*

### **7.2 Transactions of Greater Significance (Art. 5, paragraph 1, 2, 3, 4, 5, 6 and 7 of the Regulation)**

A specific information document must be drawn up to make available to the public at the registered office and with the methods set out in Title II, Chapter I of CONSOB Regulation 19971/1999 within 7 days (or 15 days in case of accumulation) for each Transaction of Greater Significance carried out with Related Parties, even through Subsidiaries, or for multiple transactions that are homogeneous or carried out to execute a unitary design that as a total exceed the Indexes of Significance specified in the Regulation:

- from approval of the transaction or proposal to submit to the shareholders' meeting (in the case of transactions of the competence of the shareholders' meeting);
- from finalisation of the contract, even preliminary (if the competent body has resolved to submit a contractual proposal).

The information document must contain at least the information indicated in Annex 4 to the Regulation, and must be annexed with any opinions of the Major Transactions Committee and independent experts (without prejudice to the right to publish on the Company's website within the same period).

At the same time of disclosure to the public, the Company sends CONSOB the information document and opinions by connecting with the authorised storage mechanism pursuant to Art. 65-septies, paragraph 3 of CONSOB Regulation 19971/1999.

If in connection with a Transaction of Greater Significance the Company is also required to prepare an information document pursuant to Art. 70, paragraphs 4 and 5, and 71 of CONSOB Regulation 19971/1999, it can publish a single document. In that case the document is made available to the public (at the registered office and with the methods described in Title II, Chapter I of the Issuers' Regulation) by the shortest deadline of those provided for by each of the applicable provisions.

### **7.3 Transactions of Lesser Significance (Art. 7, paragraph 1, letter g) of the Regulation)**

In the case of Transactions of Lesser Significance approved in the presence of a negative opinion of the Minor Transactions Committee, without prejudice to the provisions of Art. 114, paragraph 1 of the TUF, the Company makes available to the public a quarterly information document at the registered office and with the methods described in Title II, Chapter I of CONSOB Regulation 19971/1999 (within 15 days from the end of each quarter of the year) containing:

- essential information on the approved transactions despite the negative opinion of the independent directors;

- indication of the reasons why it was decided to not agree with the negative opinion;
- annexed thereto the negative opinion (as an alternative, this opinion can be published on the company's website within the same term).

#### **7.4 Periodic information (Art. 5, paragraph 8 of the Regulation)**

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

- on the single Transactions of Greater Significance concluded in the period of reference;
- on any other single Transactions with Related Parties (as defined pursuant to Art. 2427, paragraph 2 of the Italian Civil Code) concluded in the period of reference that have significantly influenced the statement of financial position or the results of the Company;
- on any amendment or development of the Transactions described in the latest annual report that have had a significant effect on the statement of financial position or results of the Company in the period of reference.

The information on the single Transactions of Greater Significance may be included via reference to the published information documents, stating any significant updates.

#### **7.5 Transactions with related parties and notice pursuant to Art. 114 TUF (Art. 6 of the Regulation)**

If a Transactions is also subject to the disclosure obligations set out in Art. 114, paragraph 1 of the TUF, the following information is contained in the notice to disclose to the public, in addition to the other information to be published pursuant to said rule:

- the company name or name of the counterparty of the transaction, indication that it is a related party and the description of the type of relationship;
- whether or not the transaction exceeds the significant thresholds, and indication of any subsequent publication of an information document;
- the procedure that was or that will be followed for approval of the transactions and, in particular, if the company has availed itself of a case of exclusion;
- any approval of the transaction despite the negative opinion of the Independent Directors.

## ANNEX A

## FORM FOR IDENTIFICATION OF THE RELATED PARTIES

Place: \_\_\_\_\_

Date: \_\_\_\_\_

To:  
 Tiscali S.p.A.  
 Località Sa Illetta, S.S. 195 km 2.300  
 09123 Cagliari, Italy  
 Attn.: Manager, Legal Department

## Re: declaration on transactions with related parties

I, the undersigned \_\_\_\_\_, born in \_\_\_\_\_ on \_\_\_\_\_, tax code \_\_\_\_\_, resident in \_\_\_\_\_, (street) \_\_\_\_\_, in the capacity of Director/Statutory Auditor/Executive/Attorney-in fact (*cross out the incorrect cases*) of the company Tiscali S.p.A./Tiscali Italia S.p.A./Aria S.p.A./Veesible S.p.A. (*cross out the incorrect cases*), hereby, for the purposes of meeting the regulatory obligations on Transactions with Related Parties and after having well understood the definitions of related party, close family member, control, joint control and considerable influence as set out in Consob Regulation 17221 of 12 March 2010 (the "Regulation"), as afterwards amended with Resolution 17389 of 23 June 2010 and provided in the "Regulation for carrying out transactions with related parties" adopted by the Tiscali Group, which can be found and consulted in full at the website <http://investors.tiscali.it/it/>

**DECLARES to not exercise control, joint control, considerable influence on any company or entity;**

or, as an alternative,

**DECLARES to control/jointly control/exercise a dominating or considerable influence<sup>1</sup> on the below-listed companies/entities:**

Company/Entity	Registered Office	D-I-C-ID- IN (1)	% (2)	Tax code

(1) D = direct control; I = indirect control; C = joint control; ID = dominating influence; IN = considerable influence  
 (2) = percentage of control

<sup>1</sup> If the party:

- directly or indirectly holds at least 20% of the voting rights that can be exercised at the ordinary Shareholders' Meeting, or 10% if the Company has shares listed in regulated markets;
- holds the office of Chairman of the Board of Directors, CEO or representative with delegations of powers.



Moreover

**DECLARES to not have CLOSE FAMILY MEMBERS who exercise control, joint control, considerable influence on any company or entity;**

or, as an alternative,

**DECLARES that their CLOSE FAMILY MEMBERS, listed hereunder:**

Surname and name	Place and date of birth	Family relationship	Tax code

control / jointly control / exercise a dominating or considerable influence on the companies/entities listed below:

Company/Entity	Registered Office	D-I-C-ID- IN (1)	% (2)	Tax code

(1) D = direct control; I = indirect control; C = joint control; ID = dominating influence; IN = considerable influence

(2) = percentage of control

**The undersigned declares to be aware of the civil and/or criminal liabilities it may be subject to due to omitted or untruthful declaration.**

**Also undertakes to inform the parties connected to this self-declaration that they have been registered by the Tiscali Group and therefore if the aforesaid parties should carry out transactions with companies of the Tiscali Group, they will be subject to the Consob regulations on transactions with related parties.**

**The undersigned undertakes to promptly notify the company of any future change in the information provided herein.**

This declaration is issued in order to acquire the information necessary to fulfil the regulations on transactions with related parties, is confidential in nature and will be processed in observance of Italian Legislative Decree 196/2003.

Faithfully yours,

\_\_\_\_\_  
(signature)