

**PROCEDURE FOR HANDLING TRANSACTIONS WITH RELATED  
PARTIES**

**(PURSUANT TO ARTICLE 2391-BIS OF THE ITALIAN CIVIL CODE  
AND ARTICLE 9.C.1 OF THE SELF-REGULATORY CODE  
FOR LISTED COMPANIES)**

**Document approved by the Board of Directors' Meeting of Bulgari S.p.A.  
held on 7 March 2007**

This procedure, adopted in implementing the provisions of article 2391-bis of the Italian Civil Code and the recommendations of article 9.C.1 of the Self-Regulatory Code for listed companies (March 2006 edition), sets out the rules governing the identification, approval, and execution of transactions with related parties carried out by Bulgari S.p.A. directly or through subsidiaries, in order to ensure that such transactions are transparent and correct both in substance and in terms of procedures.

### **1) Identification of related parties**

Based on the corresponding notion defined in IAS 24 (adopted by Bulgari S.p.A., as required by Issuers Regulations no. 11971/1999 and later amendments, after the coming into effect of European Regulation no. 1606 of July 2002), related parties are defined as follows:

- a) The entities that directly, or indirectly through parent companies or subsidiaries,
  - ✓ control Bulgari S.p.A.
  - ✓ are controlled by Bulgari S.p.A.
  - ✓ are under common control with Bulgari S.p.A.
  - ✓ have an equity investment in Bulgari S.p.A. that enables the exercise of significant influence on Bulgari S.p.A.
  - ✓ jointly control Bulgari S.p.A.
- b) Companies associated with Bulgari S.p.A.
- c) Joint-ventures in which Bulgari S.p.A. participates.
- d) Directors and acting Statutory Auditors of Bulgari S.p.A.
- e) Managers with strategic responsibilities in Bulgari S.p.A., i.e. those who have power and responsibility for planning, management, and control of Bulgari S.p.A. operations.
- f) Close family members of those listed in points a), d), or e) above.
- g) Entities controlled, jointly controlled, or subject to the significant influence of one of the parties as per points d) or e), or in which such parties have, directly or indirectly, a significant percentage of voting rights.
- h) A pension fund for employees of the entity or of any other entity related to it.

For the purposes of the above:

- ✓ control is defined as per article 93 of Legislative Decree no. 58/98;
- ✓ association and significant influence are defined as per article 2359, paragraph 3, of the Italian Civil Code;
- ✓ close family members of a party are those that are expected to be able to influence the party involved in the transaction with the Company. They may include:
  - the party's cohabiting partner and children;
  - the children of the party's cohabiting partner;
  - dependants of the party or of the cohabiting partner.

### **2) Transactions with Related Parties**

Transactions with Related Parties are transactions executed between the parties as per article 1 that entail the transfer of resources, services, or obligations regardless of whether payment is involved.

Transactions with related parties are subdivided into “Non-Material Transactions” and “Material Transactions” as specified below.

- (i) **Non-Material transactions with Related Parties** are typical and usual transactions, not falling under the competence of the Board of Directors as per article 2381 of the Italian Civil Code or the Articles of Association and within the scope of normal business operations. Typical or usual transactions by content, type and conditions are part of the Company’s ordinary operations and do not have particular critical features in terms of their details, risks related to the counterparty, and timing of execution. Non-Material Transactions with related parties are also transactions, including transactions other than the above, concluded at market conditions and of insignificant value, or executed between companies whose share capital, directly or indirectly, is fully owned by Bulgari S.p.A.
- (ii) **Material Transactions with Related Parties** are transactions other than those as per point (i), expressly falling under the competence of the Board of Directors as per article 2381 of the Italian Civil Code or the Articles of Association, or transactions that, in terms of content, payment, procedure or timing of execution, may have effects on the integrity of the Company’s assets or the completeness and accuracy of information, including accounting information, pertaining to Bulgari S.p.A. and that are subject to public reporting as per legal provisions in force.

### **3) Rules of conduct pertinent to Non-Material Transactions with Related Parties**

For Non-Material Transactions with Related Parties, directors with mandates or managers responsible for the execution of the transaction gather and file adequate information on the nature of the relationship, the transaction execution procedures and conditions – including economic conditions – for its execution, on the valuation procedure followed, on the interest and underlying reasons, and on any risks for the Company, with the support of the responsible company directors involved.

Having received the above information, the Chief Executive Officer reports at least quarterly to the Board of Directors and the Board of Statutory Auditors on the execution of Non-Material Transactions with Related Parties, based on an appropriate summary.

If the relationship is with a Bulgari S.p.A. director, the director must promptly and fully inform the Board of Directors of the interest and circumstances involving him and leave the board meeting at the time of the resolution. If the Board believes that the participation of the director in the discussion and his vote are appropriate so as to deeply involve him in relation to the transactions, the Board may allow such director to participate in the discussion and the vote.

Moreover, if there is a relationship with the Chief Executive Officer of Bulgari S.p.A., he has to abstain himself from executing the transaction, transferring power for executing it to the Board of Directors.

### **4) Rules of conduct pertinent to Material Transactions with Related Parties**

The Board of Directors has competence over adoption of resolutions concerning Material Transactions with Related Parties. The Board must first receive adequate information concerning the details of the transaction, the nature of the relationship, the transaction

execution procedures and the conditions – including economic conditions – of its execution, the valuation procedure followed, the underlying interest and reasons, and any risks for the Company.

If the relationship is with a Bulgari S.p.A. director, the director must promptly and fully inform the Board of Directors of the interest and circumstances involving him and leave the board meeting at the time of the resolution. If the Board believes that the participation of the director in question in the discussion and his vote are appropriate, in order to involve him in relation to the vote.

Bulgari S.p.A. Board of Directors' resolutions on Material Transactions with Related Parties provide explanations for the reasons and the advantages of such transactions for the Company itself and the Bulgari Group.

### **5) Appraisals**

Based on the type, the value, and other features of transactions with related parties, whether material or non-material, the Board of Directors must request, where appropriate, the assistance of one or more independent experts who express an opinion, according to the case, on the economic conditions, the execution procedures, the technical aspects, and/or the legitimacy of the transactions in question. The Board will select the experts based on their recognised professionalism and skills in the area of interest and in any case not having a conflict of interest with the individual transaction.

### **6) Public reporting**

In the event of transactions with related parties, including transactions through subsidiaries, that in terms of content, payment, procedures, and timing of execution may have effects on the integrity of the Company's assets or the completeness and accuracy of information, including accounting information, pertaining to the Company, Bulgari S.p.A. publishes a report drafted as per article 71 bis of the Issuers Regulations. Alternatively, after executing the transaction, the Company may issue a press release as per article 66 of the Issuers Regulations or, if the transaction is a merger, demerger, capital increase through an in-kind transfer, acquisition or sale, it may issue a report as per articles 70 and 71 of the Issuers Regulations.

### **7) Publication on the website**

This procedure will be published on the Company's website ([www.bulgari.com](http://www.bulgari.com)).