



**RENO DE MEDICI S.P.A.:**

*Registered office at Viale Isonzo, 25, Milan  
Share capital €140,000,000 fully paid up  
Milan Companies Register and Fiscal Code no. 00883670150*

**Illustrative report of the directors on the fourth item on the agenda of the Shareholders' Meeting called in ordinary session for 30 April 2018 at first call (2 May 2018 for any possible second call.)**

**Pursuant to Article 125-ter of Legislative Decree 58 of 24 February 1998  
and in accordance with Annex 3A - Model 4 - of Consob Regulation 11971/1999**

**Authorisation for the purchase and sale of treasury shares  
pursuant to Articles 2357 and 2357-ter of the Italian Civil Code**

Dear Shareholders,

The Board of Directors of Reno de Medici S.p.A (the “**Company**”) has called an Ordinary Shareholders' Meeting for approval of the authorisation for the purchase and sale of treasury shares of the Company, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, as well as in accordance with Article 132 of Legislative Decree 58 of 24 February 1998, as amended, (the “**CFA**”) and Article 144-*bis*, paragraph 1, sub-paragraph b), of the Consob Regulation adopted by Resolution 11971 of 14 May 1999, as amended (the “**Issuer Regulation**”).

As a reminder, 2 May 2017 marked the expiry of the term of eighteen months of the previous authorisation to purchase treasury shares, resolved by the Ordinary Shareholders' Meeting of 2 November 2015. Pursuant to the aforesaid resolution, the Company purchased on the Electronic Stock Market – and currently holds – a total of 1,434,519 ordinary treasury shares, equal to 0.379% of the share capital.

In view of the expiry of the above-mentioned authorisation by the Shareholders' Meeting of 2 November 2015 and in order to enable the Board of Directors to seize any opportunities for investment or other transactions involving treasury shares in accordance with the procedures described below, we propose that you resolve the authorisation, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, to purchase treasury shares and to dispose of treasury shares purchased or otherwise held in the Company's portfolio, in accordance with the procedures that follow.

#### **1. Reasons for the request for authorisation to purchase and dispose of treasury shares.**

The reasons for the request for authorisation to purchase and dispose of treasury shares are based on the appropriateness of allowing the Board of Directors to:

- dispose of treasury shares purchased, or already in the portfolio, in connection with the allocations of those shares in the context of the Stock Grant Plan reserved for the Company's Chief Executive Officer and adopted by the Shareholders' Meeting of 28 April 2017 pursuant to Article 114-*bis* of the CFA;
- dispose of treasury shares purchased, or already in the portfolio, in order to fund any other remuneration plans based on financial instruments, as referred to in Article 114-*bis* of the CFA, reserved for directors and/or employees of the Company, and any plans for the free allocation of shares to Shareholders;
- establish a "share warehouse" for selling, disposing of and/or using treasury shares, in accordance with the strategic guidelines to be defined by the Board of Directors, in the context of any extraordinary transactions such as, but not limited to, exchanges, swaps, contributions, capital transactions and/or

other extraordinary transactions such as, but not limited to, acquisitions, mergers, spin-offs, issuances of convertible bonds and issuances of warrants;

- avail itself, where deemed strategically appropriate by the Board of Directors, of investment or divestment opportunities, including in relation to available liquidity;
- to meet any obligations under the financial instruments issued by the Company, the subsidiary or third parties;
- carry out activities to support market liquidity.

## **2. Maximum number, class and nominal value of the shares concerned by the authorisation.**

The authorisation relates to the purchase, on one or more occasions, of a maximum number of ordinary shares with no nominal value which – taking into account the treasury shares already held by the Company and any shares that might be purchased by subsidiaries – does not exceed, in total, one fifth of the share capital, pursuant to Article 2357, paragraph 3, of the Italian Civil Code.

In accordance with Article 2357, paragraph 1, of the Italian Civil Code, the purchase transactions would be carried out within the limits of the distributable profits and available reserves recorded in the most recently approved financial statements at the time of the conduct of each purchase transaction.

The authorisation includes the power to subsequently dispose of the purchased treasury shares, in full or in part, on one or more occasions and even before using up the maximum number of shares that can be purchased.

## **3. Any useful information for a complete assessment of compliance with the provision of Article 2357, paragraph 3, of the Italian Civil Code.**

In relation to what is indicated in point 2 above, the maximum number of shares that can be purchased on the basis of the proposed authorisation by the Shareholders' Meeting is determined with reference to the limit of one fifth of the share capital specified by Article 2357, paragraph 3, of the Italian Civil Code, also taking into account the shares already in the Company's portfolio and any shares purchased by subsidiaries of Reno de Medici S.p.A.

As at the date of this report, the share capital of the Company, fully subscribed and paid up, amounts to €140,000,000.00 represented by 377,537,497 ordinary shares and 263,497 convertible savings shares with no nominal value. The Company directly holds a total of 1,434,519 ordinary treasury shares, equal to 0.379% of the share capital. The subsidiaries do not hold any shares of the Company.

The subsidiaries will be issued with specific instructions to promptly report any purchases of ordinary shares of the parent company made pursuant to Article 2359-*bis* of the Italian Civil Code.

## **4. Duration for which the authorisation is requested.**

The duration of the purchase authorisation is requested to run from the date of the resolution approving the proposal – as referred to in this report – by the Shareholders' Meeting until the Shareholders' Meeting

called to approve the financial statements for the year ending 31 December 2018, and in any event for a period not exceeding 18 months from that date.

Within the period of duration of any authorisation granted, the Board of Directors may make purchases of treasury shares on one or more occasions and at any time, in quantities and at times freely determined in compliance with the applicable rules, with the graduality deemed appropriate in the interests of the Company.

The authorisation to purchase treasury shares is requested without any time limits, in view of the absence of any time limits under the current legislative provisions and the appropriateness of allowing the Board of Directors to have the greatest possible flexibility, including in terms of timings, for making any disposals of the shares.

## **5. Minimum and maximum payment.**

The minimum and maximum purchase price is determined as a unit price that does not vary, upwards or downwards, by more than 10% with respect to the reference price observed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual purchase transaction, and, in any event, in accordance with the trading conditions established by Delegated Regulation (EU) No 1052 of 8 March 2016, and in particular:

- shares may not be purchased at a price exceeding the higher of the price of the last independent transaction and the price of the current highest independent purchase offer on the trading platform where the purchase is made; and
- in terms of volumes, the daily purchase quantities will not exceed 25% of the daily average volume of trading in the Reno de Medici share recorded in the 20 trading days preceding the dates of purchase.

In terms of fees, sales or other disposals of treasury shares will be made:

- if carried out in cash, at a price not more than 10% below the reference price observed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual transaction;
- if carried out in the context of extraordinary transactions as referred to in point 1 above, in accordance with the economic terms to be determined by the Board of Directors based on the nature and characteristics of the transaction, taking account also of the market performance of the Reno de Medici share;
- if carried out to fund the Stock Grant Plan reserved for the Chief Executive Officer and adopted by the Shareholders' Meeting of 28 April 2017 pursuant to Article 114-*bis* of the CFA, in accordance with the conditions and procedures specified by the aforementioned resolution to adopt the said Plan. As regards the procedures applicable to the Stock Grant Plan, please refer to the information document published pursuant to Article 84-*bis* of the Issuer Regulation and available on the website [www.rdmgroup.com](http://www.rdmgroup.com), in the Governance/Shareholders' Meetings section, and via the authorised "eMarket STORAGE" portal ([www.emarketstorage.com](http://www.emarketstorage.com));

- if carried out to fund any other remuneration plans based on financial instruments as referred to in Article 114-*bis* of the CFA, in accordance with the conditions and procedures indicated by the Regulations of those plans.

## 6. Procedures by which purchases and disposals of treasury shares will be made.

Purchases will be made, in compliance with Article 132 of the CFA and Article 144-*bis*, paragraph 1, subparagraph b), of the Issuer Regulation, and therefore on regulated markets or multilateral trading facilities, in accordance with operating procedures established in the regulations on the organisation and management of the said markets, which do not permit the direct coupling of buy bids with predetermined sell bids, and in compliance with any other applicable rules in force, including EU rules.

Any purchases made to support market liquidity and to set up an “inventory” of securities, will also be executed in compliance with the conditions established by market practices as referred in the combined provisions of art. 180, paragraph 1, C) of the TUF and art. 13 of Regulation (EU) 596/2014. (“**Accepted Market Practices**”)

Disposals of treasury shares may be made, on one or more occasions and even before using up the maximum number of shares that can be purchased, either by selling the shares on regulated markets or by using other trading procedures complying with the rules in force, including EU rules, and the Accepted Market Practices where applicable.

## 7. Information on the use of purchases to reduce the share capital.

The purchases forming the subject of the authorisation will not be used to reduce the share capital by cancelling the treasury shares purchased.

### *Proposed resolutions*

Dear Shareholders,

If you agree with our proposals, we invite you to pass the following resolutions:

*“The Ordinary Shareholders’ Meeting of Reno De Medici S.p.A.,*

*- having examined the Illustrative Report of the Board of Directors;*

*resolves*

*1. to authorise, pursuant to Article 2357 of the Italian Civil Code, the Board of Directors to purchase, on one or more occasions, ordinary shares of the Company with no nominal value, for the purposes and subject to the limits and conditions set forth in the above-mentioned Illustrative Report of the Board of Directors, which is deemed to be reproduced in full, and specifically in accordance with the following procedures:*

*- the maximum number of shares that can be purchased must not exceed one fifth of the share capital, pursuant to Article 2357, paragraph 3, of the Italian Civil Code, and taking into account the treasury shares already held by the Company and any shares that might be purchased by subsidiaries;*

- *the duration of the authorisation is fixed until the Shareholders' Meeting called to approve the financial statements as at 31 December 2018, and in any event for a period not exceeding 18 months from the date of this resolution;*
  - *purchases - firm the application of the limits of the distributable profits and available reserves recorded in the most recently approved financial statements pursuant to Article 2357, paragraph 1 of the Italian Civ - will be made for a unit price that does not vary, upwards or downwards, by more than 10% with respect to the reference price observed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual purchase transaction, and, in any event, in terms of prices and purchase volumes, in accordance with the conditions established by Delegated Regulation (EU) No 1052 of 8 March 2016, as referenced in the above-mentioned Illustrative Report of the Board of Directors;*
  - *purchases will be made in accordance with Article 132 of the CFA, Article 144-bis, paragraph 1, subparagraph b), of the Issuer Regulation, and in compliance with any other rules in force, including EU rules. Any purchases made to support market liquidity and to set up an "inventory" of securities, will also be executed in compliance with the conditions established by market practices as referred in the combined provisions of art. 180, paragraph 1, C) of the TUF and art. 13 of Regulation (EU) 596/2014. ("Accepted Market Practices").*
2. *to authorise, pursuant to Article 2357-ter of the Italian Civil Code, the disposal of treasury shares purchased on the basis of this resolution or already held in the Company's portfolio, for the purposes and subject to the limits and conditions set forth in the above-mentioned Illustrative Report of the Board of Directors, which is deemed to be reproduced in full, and specifically in accordance with the following procedures:*
- *the treasury shares may form the subject, in full or in part, on one or more occasions and without any time limits, of disposals even before using up the maximum number of shares that can be purchased pursuant to these resolutions, either by selling the shares on regulated markets or by using other trading procedures complying with the applicable rules in force, including EU rules.*
- Disposals, if made in cash, may not be made at a price more than 10% below the reference price observed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual transaction;*
- *if the shares are used in the context of extraordinary transactions such as, but not limited to, exchanges, swaps, contributions, capital transactions and/or other extraordinary transactions, or for any disposal not made for cash, the economic terms will be determined by the Board of Directors based on the nature and characteristics of the transaction, taking account also of the market performance of the Reno de Medici share;*
  - *shares used to fund the Stock Grant Plan reserved for the Chief Executive Officer, as adopted by the Shareholders' Meeting of 28 April 2017, will be allocated in accordance with the conditions and procedures specified by the aforementioned resolution to adopt the Plan.*
  - *if carried out to fund any other remuneration plans based on financial instruments as referred to in Article 114-bis of the CFA, in accordance with the conditions and procedures indicated by the Regulations of those plans.*

*Disposals of treasury shares will, in any event, be carried out in accordance with the terms, conditions and requirements established by legislation, including EU legislation, and by the Accepted Market Practices in force at the time, if applicable.*

3. *to grant to the Board of Directors, and thus to the Chairman and the Chief Executive Officer, separately from one another and with the power of sub-delegation, the fullest powers necessary or useful for making purchases and/or disposals of treasury shares in accordance with the procedures indicated by the resolutions set out in the preceding points, carrying out any formalities, including those concerning the provision of information, required under the applicable national and EU legislation.*

\* \* \*

Milan, 16 March 2018

On behalf of the Board of Directors