



RenoDeMedici

Ordinary Shareholders' Meeting

April 28, 2016 - April 29, 2016

Explanatory Report of the Board of Directors

prepared pursuant to Article 125-ter of Legislative Decree 58 of February 24, 1998

Agenda Item 1 - Annual financial statements for the year ended December 31, 2014

Dear Shareholders,

With regard to the first item on the agenda, please refer from this point on to the information in the financial statements (separate and consolidated) for the year ended December 31, 2015, which includes the Report of the Board of Directors, the Report of the Board of Statutory Auditors, the Report of the Independent Auditors and the proposed allocation of profit.

The financial statements (separate and consolidated) for the year ended December 31, 2015, including the Report of the Board of Directors on the management and proposed allocation of profit, will be made available to the public within the legal deadlines, together with the Report of the Board of Statutory Auditors and the Report of the Independent Auditors. The Report on Corporate Governance and Ownership Structure, prepared pursuant to Article 123-*bis* of Legislative Decree 58/1998 (the "CFA"), in accordance with the guidelines issued by Borsa Italiana, will be made available to the public within the same period.

We therefore submit the following proposals for your approval:

1.1. Approval of the annual financial statements for the year ended December 31, 2015, based on the Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors, having acknowledged the presentation of the consolidated financial statements for the year ended December 31, 2015.

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

- having examined the Report of the Board of Directors;*
- having examined the Report of the Board of Statutory Auditors;*
- having seen the financial statements for the year ended December 31, 2015;*
- having acknowledged the Report of Deloitte & Touche S.p.A.;*
- having acknowledged the presentation of the consolidated financial statements for the year ended December 31, 2015;*

resolves

to approve the annual financial statements for the year ended December 31, 2015, including profit for the year of EUR 12,388,945.”

1.2 Allocation of profit for 2015.

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

- in consideration of the profit for the year resulting from the financial statements for the year ended December 31, 2015, as approved by this Ordinary Shareholders' Meeting;

resolves

1) to allocate profit for 2015, amounting to EUR 12,388,945., as follows:

- EUR 619,447.02 to the legal reserve pursuant to Article 2430 of the Italian Civil Code;*
 - EUR 2,239,196.98 to cover residual losses pursuant to the resolution of November 2, 2015;*
 - EUR 20,090.34 to be paid out as a dividend on 273,338 savings shares, as a preferred dividend of EUR 0.0245 for 2015, and as a preferred dividend of EUR 0.0245 for 2014, and as a preferred dividend of EUR 0.0245 for 2013, and thus as a total preferred dividend of EUR 0.0735 for each savings share;*
 - EUR 1,963,143.81 to be paid out as a dividend on 377,527,656 ordinary shares, amounting to a dividend of EUR 0.0052 for each outstanding ordinary share, hereby noting that this is less than the 3% dividend of EUR 0.49 provided for by Article 22, paragraph 2.a) of the Company By-Laws, as the dividend payable on ordinary shares once the preferred dividend for savings shares has been fulfilled (added to the preferred dividends for the previous two years where these have not already been fulfilled);*
 - the remaining EUR 7,547,062.21 (or the residual amount of profit if the number of shares entitled to the dividend is different at the relative record date) to be placed in the "Available reserve", created due to the capital decrease resolved upon on November 2, 2015 and taking effect on February 29, 2016, which is therefore increased in the amount of EUR 17,946,318.01;*
- 2) to establish that the dividend will be paid out on one occasion, on 11 May 2016, for each ordinary share entitled and for each savings share entitled, with an ex-coupon date of 9 May 2016 and a record date of 10 May 2016.*
- 3) to grant the Chairman of the Board of Directors and the Chief Executive Officer, acting severally, all appropriate powers to perform any action necessary to execute this resolution”*

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Agenda Item 2 – Appointment of one member of the Board of Directors

Dear Shareholders,

On November 12, 2015, Enrico Giliberti, who was appointed by resolution of April 29, 2014, has resigned as a member of the Company's Board of Directors. Mr Giliberti was an independent member of the Board of Directors, as well as a member of the Remuneration Committee, the Committee for Related-Parties, the Internal Control Committee, the Nominating Committee and the Oversight Body.

Therefore, on November 19, 2015, at the proposal of the Nominating Committee, the Board of Directors, having verified that no other name on the list from which all the current Board members were drawn meets the independent requirements, resolved to co-opt Matteo Rossi as a member of the Board of Directors, having also verified that Mr Rossi meets the independence requirements. With the same resolution, it also appointed Mr Rossi as a member of the Remuneration Committee, the Committee for Related-Parties, the Internal Control Committee, the Nominating Committee and the Oversight Body.

The Board also established that the mandate conferred upon Mr Rossi would expire at the first available Shareholders' Meeting.

You are therefore called upon to appoint a member of the Board of Directors who also meets the independence requirements set forth in the Self-Regulation Code of Borsa Italiana, to which the Company adheres, and in the Company By-Laws.

In this regard, Article 12, paragraph 16 of the By-Laws states: *"If, during the year, one or more directors leave the board, provided that the majority continues to consist of directors appointed by the Shareholders' Meeting, the following procedure shall be followed pursuant to Article 2386 of the Italian Civil Code:*

a) the Board of Directors shall replace the directors who left the board with individuals from the same list as the one that provided the departing directors; however, the number of directors meeting the independence requirements indicated in Article 148, paragraph 3 of Legislative Decree 58/1998 must be equal to the minimum set by law, and the Shareholders' Meeting shall take decisions by legal majority in accordance with the same rule;

b) if there are no more previously unelected candidates on the aforementioned list, or no candidates that meet the specified requirements, or if for any reason it is not possible to comply with the provisions of sub-paragraph a), the Board of Directors – and subsequently, the Shareholders' Meeting – shall make the replacement by legal majority, with no list voting.

Paragraph 17 then establishes that: *"In any event, the Board and Shareholders' Meeting shall make the appointment in such a way as to ensure that the minimum number of independent directors required by current regulations is met. However, the Shareholders' Meeting may resolve to reduce the number of members of the Board to the number of directors in office for the period remaining in their term.*

Note that, by resolution dated April 29, 2014, the Shareholders' Meeting set the number of members of the Board of Directors at five, determining the end of their term as the date of the approval of the 2016 financial statements, and had voted the only list then submitted by shareholder Cascades, consisting of six members.

* * *

We therefore submit the following proposal for your approval:

"The Ordinary Shareholders' Meeting of Reno De Medici S.p.A.:

- having acknowledged the Report of the Board of Directors;

resolves

to appoint [•] as a director, pursuant to Article 2386 of the Italian Civil Code, with a term of office and remuneration equal to those of the other directors in office."

Agenda Item 3 - Appointment of a Standing Auditor and an Alternate Auditor

Dear Shareholders,

On October 1, 2015, Mr Vincenzo D'Aniello resigned as a Standing Auditor. Therefore, in accordance with Article 19, paragraph 19 of the Company By-Laws, Mr Conti took over this position in his capacity as Alternate Auditor on the same list and of the same type. Mr Conti will remain in office as a Standing Auditor until the date of the Shareholders' Meeting that has been called.

Note that the Board of Statutory Auditors currently in office was appointed by resolution of the Shareholders' Meeting of April 30, 2015, and that all the members of the Board, both Standing and Alternate, were taken from the single list submitted by shareholder Cascades SAS.

With regard to the appointment of a Standing Auditor and an Alternate Auditor, note that, pursuant to Article 19, paragraphs 21 and 22 of the Company By-Laws, *"When the Shareholders' Meeting has to appoint the Standing/Alternate Auditors required to add to the Board of Statutory Auditors, it proceeds as follows: if statutory auditors elected from the majority list must be replaced, the appointment shall be made by simple majority vote with no list restrictions. If, on the other hand, it is necessary to replace statutory auditors elected from a minority list, the Shareholders' Meeting shall replace them by a simple majority vote and select them from the candidates on the list that provided the statutory auditor to be replaced, or on the minority list that obtained the second-highest number of votes, and in such a manner as to ensure compliance with the rules in force concerning gender representation.*

If, for any reason, the above procedures do not result in the replacement of statutory auditors designated by the minority, the Shareholders' Meeting shall do so by a simple majority vote. However, when determining the results of this vote, the calculation shall not include the votes of shareholders who, according to communications made pursuant to current regulations, hold – directly or indirectly, individually, or jointly with other shareholders who are party to the same significant shareholders' agreement pursuant to Article 122 of Legislative Decree 58/1998 – the simple majority of votes that can be exercised at a Shareholders' Meeting, or the votes of shareholders who control, are controlled or are subject to the joint control of these shareholders, all in such a manner as to ensure compliance with the rules in force concerning gender representation."

* * *

We therefore submit the following proposal for your approval:

"The Ordinary Shareholders' Meeting of Reno De Medici S.p.A.:

- having acknowledged the Report of the Board of Directors;

resolves

to appoint, as an addition to the Board of Statutory Auditors, pursuant to Article 2401 of the Italian Civil Code, [•] to the position of Standing Auditor and [•] to the position of Alternate Auditor, with a term of office and remuneration equal to those of the auditors in office."

Agenda Item 3 - Report on Remuneration pursuant to Article 123-ter of the CFA.

Dear Shareholders,

The Report on Remuneration pursuant to Article 123-ter of the CFA will be published at the same time as the financial statements. We therefore invite you to vote in favor of the first section of the Report only, in accordance with this law.

We therefore submit the following proposal for your approval:

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

- having seen the Report on Remuneration pursuant to Article 123-ter of the CFA,

resolves

pursuant to Article 123-ter, paragraph 6 of Legislative Decree 58/1998 and for any other legal purpose, to approve the contents of the first section of the Report on Remuneration.”

Milan, March 17, 2016.

for the Board of Directors

The Chairman

Robert Hall