



RenoDeMedici

Ordinary Shareholders' Meeting

29th April 2015 – 30th April 2015

Explanatory Report of the Board of Directors

**pursuant to article 3 of Ministerial Decree no. 437 of 5th November 1998 and article 125 *ter* of
Legislative Decree n. 58 of 24th February 1998**

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Item n. 1 of the agenda - Annual financial statements for the year ended 31 December 2014: related resolutions

Dear Shareholders,

With regard to the first item in the agenda, reference should hereon be made to the information provided in the financial report containing the statutory and consolidated financial statements for the year ended 31 December 2014, with the Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors and the proposal for the allocation of results.

The financial report containing the statutory and consolidated financial statements for the financial year ended 31 December 2014, with the Report of the Board of Director on operations and the proposal of results, will be available to the public within the terms of law together with the Reports of the Board of Directors and the Board of Statutory Auditors. The report on corporate governance and ownership structures pursuant to article 123-bis of Legislative Decree no. 58 of 1998 (the "TUF") and in accordance with the guidelines issued by Borsa Italiana will be available to the public within the same terms.

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Item n. 2 of the agenda - Appointment of the Board of Statutory Auditors for the three years 2015-2016-2017

Dear Shareholders,

We inform you that, on the date of the ordinary Meeting called on April 29, 2015 in first call and on April 30, 2015 in second call, the Board of Statutory Auditors of the Company, appointed by resolution of the ordinary Meeting of April 27, 2012 for the three years 2015-2016-2017, shall cease from office.

We therefore invite you to proceed to (3.1) appoint the three Statutory Auditors and the two Deputy Auditors; (3.2) appoint the Chairman of the Board of Statutory Auditors and (3.3) define the annual fee for the members of the Board of Statutory Auditors.

(2.1) APPOINTMENT OF THREE STANDING AUDITORS AND TWO SUBSTITUTE AUDITORS

Dear Shareholders,

As already indicated in the notice calling the shareholders' meeting published on Company's website on 18th March 2015, the appointment of the Statutory and Deputy Auditors must be made in compliance with the provisions of article 19 of the Company's Articles of Association.

In particular, we remind you that each shareholder may present or take part in the presentation of one single list and may only vote for one single list, including through an intermediate third party or a trustee company.

Any shareholders party to a shareholders' pact pursuant to article 122 of Legislative Decree no. 58/1998, the controlling entity, subsidiaries and companies under common control pursuant to article 93 of Legislative Decree no. 58/ 1998 may not present, or take part in the presentation of, nor by intermediate third party or trustee company, more than one single list, nor may they vote for any other list; no person may be a candidate in more than one list, failing which he or she shall be ineligible. The names of persons included in voting lists prepared in breach of the above and the votes cast in breach shall not be assigned to any list.

The Auditors shall be appointed as follows: the first two candidates on the list obtaining the highest number of votes are elected as standing auditors together with the first candidate on the list obtaining the second highest number of votes, which must not be connected, even indirectly, with the shareholders who presented or voted in favour of the list obtaining the highest number of votes.

The first candidate for the position as substitute auditor on the list obtaining the highest number of votes and the first candidate for the position as substitute auditor on the list obtaining the second highest number of votes pursuant to the preceding paragraph are elected as substitute auditors.

In the case of a tied vote between two or more lists, the eldest candidates shall be elected as statutory auditors until all the positions have been filled.

In the event that only one list is submitted and/or voted, or no list is submitted, the candidates named in the only list are appointed as Statutory and Deputy Auditors or, respectively, the Meeting shall adopt a resolution with the majority required by law.

In any case, the appointment of Board of Statutory Auditors shall be made in such a way the less-represented gender shall obtain at least one third of the regular members of the board of auditors in compliance with article number 148 of Legislative Decree n. 58/1998.

We remind you additionally that the Board of Statutory Auditors which you appoint will remain in office for the years 2015, 2016 and 2017 and that its term will expire at the ordinary shareholders' meeting called to approve the financial statements for the year ending 31 December 2017.

In the light of these matters, we accordingly invite you to proceed with the appointment of three standing Statutory Auditors and two substitute Statutory Auditors by casting your vote in favour of one of the lists presented.

(2.2) APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS

Dear Shareholders,

With regard to the appointment of the Chairman of the Board of Statutory Auditors, we remind you that pursuant to article 148, paragraph 2-bis, of Legislative Decree no. 58 of 24 February 1998, and pursuant to art. 19 of the Company's Articles of Association, the position as Chairman of the Board of Statutory Auditors is taken by the candidate on the list that obtains the second highest number of votes.

In the case that only one list is presented or in the case that no lists are presented at all, the candidates named in the single list shall be elected as standing and substitute auditors or, respectively, those voted into office by the General Shareholders' Meeting, on the assumption that they obtain the relative majority of the votes of such Meeting.

In compliance with the matters set out above we invite you to appoint the Chairman of the Board of Statutory Auditors.

(2.3) DETERMINATION OF THE ANNUAL FEES OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Dear Shareholders,

We remind you as a final point that you are required to determine the fees to be paid to the Board of Statutory Auditors. Pursuant to article 2402 of the Italian civil code, on appointing the Board of Statutory Auditors the shareholders' meeting must determine the annual fees due to the standing Statutory Auditors for their entire term of office.

We point out that the fees of the Board of Statutory Auditors currently in office are equal to Euro 70,000/year for the Chairman and Euro 45,000/year for the other Statutory Auditors.

The Board of Directors abstains from making specific proposals on this matter and invites you to adopt a resolution in this respect on the basis of any proposals which may be put forward by shareholders during the course of the meeting.

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Item n. 3 of the agenda - Report on Remuneration pursuant to art. 123 *ter* of Legislative Decree n. 58/98.

Dear Shareholders,

with the Annual Financial Statement, the Report on Remuneration pursuant to article 123 *ter* of Legislative Decree n. 58/98 shall be made available and we invite you to resolve in favour of the first section of mentioned Report.

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Milan, 18 March 2015.

Reno De Medici S.p.A.

On behalf of the Board of Directors

The Chairman

Signed by Robert Hall