

## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

prepared in accordance with Article 123-*bis* of the Consolidated Finance Act (CFA) and Article 89-*bis* of the Issuers Regulation

(Traditional administration and control model)

## FINANCIAL YEAR 2014

Approved by the Board of Directors of Reno De Medici S.p.A. at its meeting on March 20, 2015

[www.renodemedici.it](http://www.renodemedici.it)

## 1. GLOSSARY

I.C.C.	Internal Control Committee of Reno De Medici S.p.A.
Code	Self-Regulation Code of Listed Companies approved in March 2006 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.
C.C.	The Italian Civil Code
CFO	Head of the Finance and Control Department
N.C.	Nominating Committee
Board/BoD	The Board of Directors of Reno De Medici S.p.A.
R.P.T.C.	Related-Parties Transactions Committee of Reno De Medici S.p.A.
R.C.	Remunerations Committee of Reno De Medici S.p.A.
Financial year	The financial year ending December 31, 2014
RDM Group	Reno De Medici S.p.A. and its subsidiaries pursuant to Articles 2359 of the C.C. and Article 93 of the CFA
Stock Exchange Regulation Instructions	Instructions for the Regulation governing Markets Organized and Managed by Borsa Italiana S.p.A.
Stock Exchange Regulation	The Regulation governing Markets Organized and Managed by Borsa Italiana S.p.A.
Issuer Regulations	Regulation issued by Consob through Resolution No. 11971 of May 14, 1999 concerning issuers, as revised and amended
Market Regulation	Regulation issued by Consob through Resolution No. 16191 of October 29, 2007 concerning issuers, as revised and amended
Related-Parties Regulation	Regulation issued by Consob through Resolution No. 17221 of March 12, 2010 concerning related-parties transactions, as revised and amended
Report	This report on corporate governance and corporate structure prepared in accordance with Article 123- <i>bis</i> of the CFA
Company/RDM	Reno De Medici S.p.A. ("RDM") with registered office at Via Durini, 16/18, Milan
CFA	Legislative Decree No. 58 of February 24, 1998 as revised and amended

## 2. ISSUER PROFILE

Reno De Medici S.p.A. has been listed on the Star segment of Borsa Italiana since 1996. The RDM Group is the largest Italian producer, and second-largest European producer, of recycled cardboard with annual production capacity of over one million tons. Manufacturing takes place at 3 production sites in Italy and 3 in Spain, France and Germany. The Company has a staff of over 1,300 employees.

Since its establishment, first RDM and then the Group in its current composition, are committed to the application of and rigorous compliance with ethical principles in conducting its activities. Compliance with standards of ethical business conduct in the running of the company, qualifying the reputation of the company and those who work with it, is considered by the RDM Group to be a vital condition for the success of its mission and meeting the targets set. The commitment undertaken in this regard has ensured that the RDM Group stands out through seriousness, reliability and professionalism, qualities that have enabled it to receive national and international recognition.

The main governance instruments used by the Company to comply with the most recent legal and regulatory provisions, the provisions of the Code and domestic and international best practices are as follows:

- By-Laws;
- Code of Ethics;
- Organization, Management and Control Model pursuant to Legislative Decree 231/01 and related protocols and procedures;
- Regulations of the Internal Control Committee;
- Procedure for Related-Party Transactions adopted pursuant to Article 4 of Consob Regulation 17221 of March 12, 2010 as subsequently amended and supplemented;
- Regulation for the management of confidential information and the creation of the register of individuals who have access to such information;
- Internal Dealing Code.

In this Report, the content and application of the above-mentioned instruments of governance will be examined and illustrated.

The traditional Company Model comprises the following bodies:

## 2.1. COMPANY ORGANIZATION.

### • SHAREHOLDERS' MEETING

This body is charged with voting, in ordinary and extraordinary sessions, on the matters for which it is responsible under law and/or the Company's By-Laws.

### • BOARD OF DIRECTORS

This body has broad powers for the ordinary and extraordinary administration of the Company, with the power to carry out all actions needed to achieve the corporate purposes, excluding actions reserved for the Shareholders' Meeting by law and/or the By-Laws. Thus, it may do all that it deems appropriate, including by delegation, in order to achieve the corporate purpose.

### • BOARD OF STATUTORY AUDITORS

This body is charged with overseeing:

- compliance with the law and By-Laws and principles of proper administration;
- the adequacy of the Company's organizational structure, internal control system and administrative and accounting system including with respect to the latter's reliability in properly reporting operating performance;
- the procedures for the actual implementation of corporate governance rules set out in codes of conduct prepared by companies that manage regulated markets or by trade associations, with which the Company declares that it is in compliance through disclosures to the public;
- the adequacy of instructions given to subsidiaries with respect to information to be provided to fulfill reporting obligations.

### • INDEPENDENT AUDITOR:

The official audit of accounts is carried out by a specialized company registered with Consob and specially appointed by the Shareholders' Meeting, subject to the opinion of the Board of Statutory Auditors.

On April 27, 2012, RDM hired Deloitte & Touche S.p.A. to perform its audits, and it performs the same duties at nearly all companies that make up the RDM Group.

## 2.2. CORPORATE OBJECTIVES AND MISSION

RDM intends to maintain and strengthen its position as a leading international competitor in the recycled cardboard production sector.

In fact, the RDM Group is the largest Italian producer and second-largest European producer in the sector.

The Group has a presence not only in Italy but also in Spain, France and Germany. The various types of cardboard produced by the Group are intended for use in all areas of packaging and publishing. RDM products are brought to market through various sales channels in order to meet the needs of customers and improve service efficiency. Indeed, customer service is a core value for RDM, which pursues the goal of meeting the needs of both product production and its use by becoming the ideal partner for processors and end customers in terms of ensuring quality, innovation and convenience.

RDM is also actively committed to protecting the environment through the careful management of the energy and natural resources needed for its production process. The closed-cycle value chain for a recycled product is one of the Group's strengths in terms of business sustainability.

RDM pursues its mission in strict compliance with the goal of creating value for its shareholders.

The actions taken and objectives taken on by the Company through its directors, employees and contractors in the performance of corporate transactions and operations are carried out in full compliance with the principles set forth in the Code of Ethics adopted by the Board of Directors, as a foundation and point of reference for the Company's Organizational Model.

### 3. INFORMATION ON OWNERSHIP STRUCTURE AS AT 12/31/2014 (pursuant to Article 123-bis, paragraph 1, of the CFA)

#### 3.1. SHARE CAPITAL STRUCTURE

AMOUNT OF SUBSCRIBED AND PAID-UP SHARE CAPITAL IN EUROS:

€185,122,487.06, fully paid-up shared in n. 377,800,994.

CATEGORIES OF SHARES MAKING UP SHARE CAPITAL:

- 377,509,870 ordinary shares without a nominal value;
- 291,124 savings shares convertible to ordinary shares at the request of shareholders in February and September each year.

	No. of shares	% of share capital	Listing	Rights and obligations
<u>Ordinary shares</u>	377,509,870		Listed on MTA Star	Shares are registered and freely transferable. They entitle the holder to participate and vote in ordinary and extraordinary shareholders' meetings, to dividends, and to the repayment of principal in the event of liquidation.
<u>Savings shares</u>	291,124			Savings shares do not entitle the holder to vote in ordinary and extraordinary shareholders' meetings or the right to request the calling of such meetings. Shares are entitled to dividends in the manner set by the By-Laws.
Shares with limited voting rights	/	/ /	/	/
Shares with no voting rights	/	/ /	/	/

As of the date of this report, RDM has not issued other categories of shares or financial instruments that are convertible to, or exchangeable for, shares.

As of the date of this report, RDM has no treasury shares, and it has not approved incentive plans that involve the purchase of treasury shares and/or paid or free increases in share capital.

### 3.2. SHARE TRANSFER RESTRICTIONS

As of the date of the Report, there is no restriction on transferring shares.

### 3.3. SIGNIFICANT EQUITY INTERESTS

As of the date of this Report, based on communications received pursuant to Article 120 of the CFA and other information received, the following entities have a direct or indirect interest in the Company's shares that is equal to or greater than 2% of share capital:

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL HELD	% OF VOTING CAPITAL HELD
Cascades Inc.	Cascades s.a.	57.612	57.612
Caisse de dépôt et placement du Québec	Caisse de dépôt et placement du Québec	5.418	5.418
Bankruptcy of Exeufis S.p.A. in liquidation	Exeufis S.p.A. in liquidation	5.512	5.512

### 3.4. SECURITIES THAT GRANT SPECIAL RIGHTS

The Company has not issued securities that grant special control rights.

### 3.5. EMPLOYEE SHARE HOLDINGS: MECHANISM FOR EXERCISING VOTING RIGHTS

As of the date of this Report, there are no Employee shareholding plans.

### 3.6. VOTING RIGHT RESTRICTIONS

As of the date of the Report, there are no restrictions or deadlines imposed for exercising voting rights. Furthermore, there are no financial rights, connected with the securities, that are separate from holding the securities.

### 3.7. SHAREHOLDER AGREEMENTS

As of the date of this Report, the Company is not aware of any Shareholder Agreements.

### **3.8. CHANGE OF CONTROL CLAUSES**

The Company has not entered into significant agreements that will take effect, be amended or terminated in the event of a change in control of the contracting company.

### **3.9. POWERS TO INCREASE SHARE CAPITAL AND AUTHORIZATIONS TO PURCHASE TREASURY SHARES**

As of the date of this Report, pursuant to Article 2443 of the C.C., the Board of Directors has not been assigned any powers to increase share capital and/or issue financial equity instruments other than shares.

As of the date of this Report, the Shareholders' Meeting has not approved the purchase of treasury shares.

As of the date of this Report, RDM holds no treasury shares.

### **3.10. MANAGEMENT AND COORDINATION ACTIVITIES**

RDM is not subject to management and coordination pursuant to Article 2497 *et seq* of the C.C.

### **3.11. COMPENSATION PAID TO DIRECTORS IN THE EVENT OF THEIR RESIGNATION, DISMISSAL OR TERMINATION FOLLOWING A TENDER OFFER**

Note that the information required by Article 123-*bis*, paragraph 1, sub-paragraph i) of the CFA, is provided in the section of the Report covering director remuneration. In any event, we note – pursuant, in addition, to Article 7 of the Code – that as of the date that this Report was approved, no agreements had been entered into with Directors and/or Executives with strategic responsibilities assigning them compensation in the event of their resignation, dismissal or termination following a tender offer, with the exception of the compensation required by law.

### **3.12. INFORMATION INDICATED IN ARTICLE 123-BIS, PARAGRAPH ONE, SUB-PARAGRAPH L)**

Please note that the regulations applicable to the appointment and replacement of directors and related to amendments to the Company By-Laws are described in the section of this Report dedicated to the Board of Directors. As of the date of the Report the Company had no succession plan in place for executive directors.



With regard to clauses concerning By-law amendments, the By-Laws contain no provisions other than those dictated by current laws.

In addition, in accordance with Article 2365 of the Civil Code, the Company By-Laws grant the Company's Board of Directors the authority to make decisions on matters concerning adapting the By-Laws to legal provisions.

## 4. COMPLIANCE (under Article 123-bis, paragraph 2, sub-paragraph a) of the CFA)

### 4.1. INTRODUCTION

RDM adhered to the Self-Regulation Code adopted by Borsa Italiana in March 2006 and as amended, which is available on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

The primary aim of the corporate governance system is to create value for shareholders, while taking account of the importance of transparency in making choices and company decisions, and of the need to develop an effective internal control system. The Company is continually engaged in identifying and pursuing initiatives to improve the governance system. In its effort to continually improve, the Company focuses on domestic and international best practices.

In accordance with applicable regulations, the Report describes RDM's Corporate Governance system and indicates the specific ways in which the Company implements the Code's requirements.

As of the date that this Report was approved, neither Reno De Medici nor any of its direct or indirect subsidiaries, including those with no strategic significance, were subject to provisions of foreign laws that affect their corporate governance structure.

### 4.2 KEY GOVERNANCE INSTRUMENTS

Below are the main governance instruments used by the Company to comply with the most recent provisions of laws and regulations, the provisions of the Code and domestic and international best practices:

- By-Laws.
- Code of Ethics.
- Organization, Management and Control Model pursuant to Legislative Decree 231/01 and related protocols and procedures.
- Regulations of the Internal Control Committee.
- Procedure for related-parties transactions.
- Regulation for the management of confidential information and the creation of the register of individuals who have access to such information.
- Internal Dealing Code.

## 5. BOARD OF DIRECTORS

### 5.1. APPOINTMENT AND REPLACEMENT (pursuant to Art. 123-bis, para. 1, sub-para. I) of the CFA)

Pursuant to Article 12 of the Company By-Laws, the Company is managed by a Board of Directors consisting of seven to fifteen members. From time to time, and prior to electing the board, the Shareholders' Meeting determines the number of board members within the above limits.

Directors are appointed for a period of up to three financial years and may be re-elected pursuant to Article 2383 of the Civil Code.

The appointment and replacement of members of the Board of Directors is governed by the aforementioned Article 12 of the Company By-Laws which states: *"The Board of Directors shall be appointed on the basis of lists presented by shareholders following the procedure defined below, in which candidates must be assigned a sequential number.*

*The lists presented by shareholders and signed by those presenting them must be lodged at the Company's registered office at least twenty-five days prior to the date of the Shareholders' Meeting in first call; the lists shall be made available to whoever makes a request to this effect and shall be subject to all the other forms of communication provided by the laws and regulations prevailing at the time.*

*Shareholders that are signatories to a significant shareholder agreement pursuant to Article 122 of Legislative Decree 58/1998, the parent company, subsidiaries and companies subject to joint control pursuant to Article 93 of Legislative Decree 58/1998 may not individually or collectively submit more than one list including through an intermediary or trust company, and may not vote on different lists, and each candidate may appear on only one list, on penalty of ineligibility. The names of persons included in voting lists prepared in breach of the above and votes cast in breach shall not be assigned to any list.*

*Only those shareholders who individually or collectively with other submitting shareholders, hold a total of share capital representing at least 2.5% (or such other percentage set by laws or regulations) of shares with voting rights at ordinary Shareholders' Meetings may submit lists.*

*Together with each list, the following must be filed by the respective deadlines noted above: (i) the special certification issued by an intermediary authorized by law proving ownership of the number of shares needed to submit lists; (ii) the statements whereby individual candidates accept their nomination and certify under their responsibility that there are no reasons they would be unelectable or have a conflict of interest, and that they meet the requirements for the respective positions; and (iii) a curriculum vitae covering the personal and professional background of each candidate with an indication, as appropriate, of the suitability of the candidate to qualify as independent pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998.*

*Any lists submitted without complying with the above provisions shall be deemed to have not been submitted.*

*The election of the Board of Directors shall be carried out as specified below:*

*a) all but one of the directors to be elected shall be taken from the list that obtained the highest number of votes cast by shareholders in the consecutive order in which they are listed;*

*b) the remaining director shall be taken from the minority list which is not connected in any way – directly or indirectly – with the list indicated in paragraph a), above, or with shareholders who submitted or voted for the list indicated in paragraph a), above, and which obtained the second highest number of votes cast by shareholders.*

*For this purpose, however, consideration shall not be given to lists that have not obtained a percentage of votes that is at least equal to half of the required percentage for submitting lists as indicated in paragraph eight of this article.*

*If the election of candidates using the above procedures is unable to ensure the appointment of a number of directors fulfilling the independence requirements for statutory auditors (under Article 148, paragraph 3 of Legislative Decree 58/1998) that meets the legal minimum number of directors, then the non-independent candidate elected last in consecutive order on the list with the highest number of votes, as indicated in sub-paragraph a) of the preceding paragraph, shall be replaced by the first independent candidate not elected on the same list in consecutive order, or, failing this, by the first independent candidate in consecutive order not elected from other lists according to the number of votes obtained by each. This replacement procedure shall continue until the Board of Directors is made up of a number of members meeting the requirements indicated in Article 148, paragraph 3 of Legislative Decree 58/1998, which is equal at least to the minimum required by law. Finally, if this procedure fails to produce the latter result, the replacement shall be made by a resolution passed by the Shareholders' Meeting by a simple majority following the submission of nominations of individuals meeting the afore-mentioned requirements.*

*If only one list is submitted, or if no list is submitted, the Shareholders' Meeting shall vote by legal majority without complying with the above procedure.*

*However, other additional provisions of unalterable laws or regulations shall continue to apply.*

*If, during the year, one or more directors leave the board, provided the majority continues to consist of directors appointed by the Shareholders' Meeting, the following procedure shall be followed pursuant to Article 2386 of the C.C.:*

*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 requirements of independence 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 unelected candidates on the afore-mentioned list, or no candidates that meet the specified requirements, or when 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 according to legal majority, with no list voting.*

*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 decide to reduce the number of members of the Board to the number of directors in office for the period remaining in their term.*

*If, for any reason, at least half of the directors appointed by the Shareholders' Meeting leaves the Board, the entire Board shall be deemed to be dismissed. In this case, the remaining active directors must urgently call a Shareholders' Meeting for the appointment of a new Board.*

*Furthermore, the Board shall remain in office until the Shareholders' Meeting has approved its replacement. Until that time, the Board of Directors may only carry out acts of ordinary administration."*

Pursuant to Article 13 of the Company By-Laws, the Board shall elect a Chairman from among its members and may elect one or more deputy Chairmen.

We hereby note that the Company is not subject to regulations other than those specified by the CFA concerning the composition and characteristics of the Board of Directors.

We hereby note that pursuant to Resolution number 19109 of January 28, 2015, Consob confirmed that the level of equity interest specified in Article 144-*quater* of the CFA is 2.5%.

The Board, following an in-depth investigation, believes that with the governance model adopted and the way in which it is applied, as well as in the light of the organizational structure, there is no need to adopt any succession plan for executive directors.

## 5.2 CURRENT COMPOSITION

On April 29, 2014 the ordinary Shareholders' Meeting set the number of members of the Board of Directors at 5. The directors currently in office are: Robert Hall (Chairman), Ignazio Capuano (CEO), Enrico Giliberti, Laura Guazzoni, Laurent Lemaire. All active directors were taken from the only list submitted by shareholder Cascades s.a.s.

The mandate given to the Board in office will expire at the Meeting for the approval of the 2016 financial statements.

The current Board of Directors consists of 1 executive director (according to the Code's definition), 4 non-executive directors of which 2 independent directors.

Name	Position
Robert Hall	Chairman
Ignazio Capuano	CEO – Executive Director
Enrico Giliberti	Non-Executive, Independent Director
Laura Guazzoni	Non-Executive, Independent Director
Laurent Lemaire	Non-Executive Director

On April 29, 2014 in a plenary session, the Board of Directors, with the assistance of the Board of Statutory Auditors, verified that the requirements for independence had been met for directors Mr. Enrico Giliberti and Ms. Laura Guazzoni.

Information on the personal and professional backgrounds of individual members of the Board of Directors is contained in the *curriculum vitae* provided below:

## Robert Hall

Robert Hall obtained a degree from the University of Sherbrooke in 1983. Before joining the Cascades Group in 1994, he was a partner at Byers Casgrain in Montreal. He has been a member of the Quebec Bar since 1984 and is currently a member of the CBA. He currently is the Chairman of the Board of Directors of Boralex Inc. Mr. Hall is also a member of the Board of Governors of Bishop's University.

## Ignazio Capuano

Born in Palermo in 1957, he obtained a degree in engineering and then a Master's degree in Economics at New York University. Since the beginning of his career, he has focused on strategic finance, planning and industrial development. He was general manager in Italy for the Saffa Group (which later merged with Reno De Medici S.p.A.) from 1998 to 2003 and then became CEO of RWE Italy, which operates in energy and environmental development. Since 2004 he has been CEO of RDM. Since September 2012 he has been Chairman of Comieco, the National Consortium for the Recovery of Cellulose Packaging Materials as well as the Chairman of CEPI - Confederation of European Paper Industries.

## Enrico Giliberti

Born in Naples in 1945, he graduated in Law with honors from the University of Naples Federico II and, in 1969 gained a Masters in Comparative Jurisprudence from New York University. From 1969 to 1970 he worked as a visiting foreign lawyer at the New York offices of Cahill, Gordon & Ohl.

He was the co-founder of the law firm of Erede, Bianchi and Giliberti in Milan. In 1988 he established the law firm of Colesanti Giliberti Nobili, which then became Biscozzi Giliberti Nobili, also in Milan. Later on, he set up the firm of Giliberti Pappalettera Triscornia and Associates, where he was a senior partner.

He has been a barrister at the Supreme Court since 1984.

He also holds leading corporate offices and is a member of commercial arbitration boards in Italy and abroad.

He is currently a member of the Board of Directors of Telco S.p.A. and Comieco.

## **Laura Guazzoni**

Born in Milan on April 21, 1965 she graduated in Business Economics from the Bocconi University of Milan in 1989.

Since 1994, she has been a Professor of Business Economics and Business Management at the Bocconi University of Milan.

Since 1991 she has been a member of the Milan Association of Chartered Accountants, since 1996 she has been a member of the Register of Independent Auditors and since 1997 she has been on the register of consultants of the Milan Court Judge, working as an expert witness on financial, valuation and administration issues.

She works as an independent consultant with regard to company valuations for extraordinary finance operations on financial, strategic, business management, restructuring and corporate governance matters.

An auditor and director in listed companies, she also holds positions on supervisory bodies, pursuant to Legislative Decree 231/2001.

Among other offices, she also holds positions pursuant to Article 148-bis of the TUF in the following companies:

- AgustaWestland S.p.a. - Chairman of the Board of Statutory Auditors;
- Digital Bros S.p.a. - issuer - Statutory Auditor;
- Il sole 24ore S.p.a. - issuer - Statutory Auditor;
- Industria e Innovazione S.p.A. - issuer - Statutory Auditor;
- Retelit S.p.a. - issuer - Independent Director;
- Società Italiana per l'Oleodotto Transalpino S.p.a. - Statutory Auditor;
- Termica Milazzo S.r.l. - Statutory Auditor;

## **Laurent Lemaire**

Born on January 2, 1939 in Drummondville (Canada), in 1962 he obtained a degree in Commerce from the University of Sherbrooke. In 1992 he became Chairman and CEO of Cascades Inc. He left this position – succeeded by his brother Alain – in July 2003 and became the Company's Executive Vice President. His many and important successes at the head of Cascades Inc. has earned him several awards from various Canadian institutions. At present he is also Chairman of Cascades s.a.s.

As of the date of this report, in light of the various qualities and (even internationally renowned) abilities of its Board members, RDM did not feel it was necessary to specify rules on the maximum number of director and supervisory positions that its members may hold in other companies; the company therefore decided to allow them to make a judgment on the effective performance of their duties as director in relation to the number of positions held and the amount of work required by each of them. For the same reason, and in light of the huge experience of all directors in the areas in which the Company operates, it was not deemed necessary to set up specific training courses for directors.

### 5.3. ROLE AND DUTIES OF BOARD OF DIRECTORS

The Board of Directors has broad powers for the ordinary and extraordinary administration of the Company. Thus, it may do all that it deems appropriate, including by delegation, in order to achieve the corporate purpose, with the sole exclusion of those actions reserved by law specifically for the Shareholders' Meeting.

In particular, due in part to the new Procedure for Related-Parties Transactions, the duties and roles of the Board can be summarized as follows:

- review and approval of strategic, business and financial plans for the Company and the Group it heads, the Company's corporate governance system and the Group's structure;
- approval of Significant Transactions as defined in the Procedure for Related-Parties Transactions approved by the Company pursuant to the Related-Parties Regulation;
- annual assessment of the adequacy of the organizational, administrative and general accounting structure of the Company, Group and strategic subsidiaries, to be prepared by the CEO with a focus on the adequacy, effectiveness and actual operation of the internal control system and the management of conflicts of interest;
- assignment and revocation of powers given to delegated bodies except areas that fall under the sole responsibility of the Board pursuant to Article 2381 of the Civil Code and with respect to the provisions of the company By-Laws, and the determination of their limits and methods for exercising such powers;
- approval of compensation for the CEO and other directors holding specific positions, including participation in committees set up by the Board of Directors, subject to a review of the proposals by the Remunerations Committee, and after consulting with the Board of Statutory Auditors pursuant to Article 2389, paragraph 3 of the Civil Code;
- in the event there is no Shareholder Meeting resolution to this effect, allocation of total compensation payable to Board members;
- review of overall operating performance taking into account, in particular, information received from delegated bodies and a periodic comparison of results achieved and planned;



- review and advance approval of the transactions of the Company and its subsidiaries when such transactions have a strategic, operating, balance sheet or financial significance for the Company with a particular focus on situations in which one or more directors have personal interests or represent third-party interests in transactions, and more generally on related parties transactions;
- annual assessment of the size, composition and operation of the Board and its committees with guidelines expressed, as necessary, on professionals who should be on the Board;
- determination of strategic guidelines for the internal control and risk management system, so that the main risks affecting the issuer and its subsidiaries are properly identified and appropriately measured, managed and monitored; determination of criteria for determining the extent to which these risks are compatible with the sound, fair management of the company in keeping with the strategic goals identified;
- assessment, at least annually, of the adequacy, effectiveness and actual operation of the internal control and risk management system with respect to the company's characteristics and the risks assumed, and assessment of its effectiveness.

Subject to the provisions of Article 2420-*ter* and 2443 of the C.C., resolutions regarding the following matters fall under the responsibility of the Board of Directors, which, in all cases, is to be assumed in accordance with Article 2436 of the C.C.:

- mergers, in the cases specified in Articles 2505 and 2505-*bis* of the C.C., and the cases referenced in Article 2506-*ter* of the C.C. for spin-offs;
- establishment and closure of branch offices;
- transfer of registered office within Italy;
- indication of those directors who are legal representatives of the company;
- reduction of capital following a redemption;
- adjustment of By-Laws to legal provisions.

Pursuant to Article 15 of the Company By-Laws, resolutions on the matters below fall under the exclusive responsibility of the Board of Directors and are adopted if a majority of active directors vote in their favor:

- a) any proposal to be submitted to the Extraordinary Shareholders' Meeting concerning or resulting in increasing the Company's capital, except for proposals to reduce and simultaneously increase capital pursuant to Articles 2446 and 2447 of the Civil Code;
- b) any transaction to purchase, sell or lease companies; business units; and assets, including real properties or equity investments (including the purchase or sale of treasury shares or redemption of shares) categorized as non-current assets, whose value for any single transaction or combination of related transactions (or transactions that are connected with the completion of the same transaction) is greater than €10,000,000.00 (ten million);

- c) any proposal to be submitted to the Shareholders' Meeting concerning the distribution of dividends and/or reserves in any form, and/or transactions for the voluntary reduction of capital or any resolution to distribute dividends in advance;
- d) new loans, mortgages and other financial debt of any sort with a term of over eighteen months, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than €10,000,000.00 (ten million);
- e) the appointment and removal of the CEO and the allocation, modification and revocation of powers granted to individuals holding this position;
- f) compensation for any purpose to be paid to the Company's CEO and compensation policies for strategic executives;
- g) approval of strategic plans, annual and multi-year budgets and strategically significant changes in such plans and/or budgets.

The Board has also retained exclusive responsibility for the approval of more significant transactions and related parties transactions (in this regard, see Section 12 of this Report).

In 2014 RDM's Board of Directors met 4 times with an average duration of 4 hours. Meetings of the Board of Directors may also be held via videoconference and/or conference call. In order to ensure that all Board members can participate, the Chairman of the Board of Directors must work with the Company legal department to ensure that all documents concerning the agenda items for each meeting are distributed at least 3 business days in advance with the exception of urgent situations.

On January 21, 2015 the Company distributed a schedule providing for the Board to meet 5 (five) times in 2015 and the dates of such meetings. As of the date that this Report was approved by the BoD, only one board meeting (held on February 12, 2015 regarding the approval of the Interim Report as of December 31, 2014) has already taken place.

The financial calendar is available on RDM's website ([www.renodemedici.it/governance/eventisocietari](http://www.renodemedici.it/governance/eventisocietari)).

During 2014, meetings of the Board of Directors were also attended by individuals not on the Board such as: Veronica Arciuolo, Head of Legal and Corporate Affairs who also acted as the Board's secretary; Stefano Moccagatta, as CFO and Executive Responsible for the Preparation of the Company's Financial Reports and, since July 1, 2014, also as Investor Relator. In addition, from time to time the Board also evaluates whether it would be necessary/beneficial to invite outside individuals, depending on the items on the agenda, in order to benefit from their specific expertise.

As of the date of this report, no director has indicated that he/she performs activities that are in competition with the Company. In this regard, we note that the Shareholders' Meeting has not given overall advance authorization for exceptions to the non-competition rule set forth in Article 2390 of the Civil Code.

## 5.4. DELEGATED BODIES: CEO

Article 16 of the Company By-Laws specifies that the Board of Directors may delegate some of its powers to an executive committee or to the Chairman and/or its other members, and may appoint one or more CEOs. The delegated bodies may in turn grant, within the scope of powers received, powers for individual acts or categories of acts to Company employees and third parties with the option to sub-delegate powers.

As of the date of the Report, the Board of Directors had not appointed an executive committee. Since April 29, 2014, only one Executive Director was appointed, the CEO.

### **Chairman of the Board of Directors**

The Chairman of the Board of Directors has not received any proxy and, together with all the members of the Board, takes part in developing and approving corporate strategies.

### **CEO**

At the meeting of April 29, 2014, the Board of Directors appointed Ignazio Capuano as CEO and assigned him the broadest possible powers of ordinary and extraordinary administration with the exception of those powers which, by law and/or in accordance with the By-Laws, are strictly reserved for the Shareholders' Meeting or the Board as a whole. The CEO may exercise these powers unilaterally for individual transactions that do not involve expense commitments in excess of €10,000,000.00. The Board has also assigned the CEO the responsibility of overseeing the management of the technical and production aspects of the Company's operations.

Pursuant to the Company By-Laws and the provisions of Article 150 of the CFA, the CEO shall report to the Board of Directors and Board of Statutory Auditors – at least quarterly or in any case at all Board meetings – on activities performed, general operating performance, projected operating performance and transactions with the greatest operating, financial and balance-sheet impact or, in any case, those transactions completed by the Company and subsidiaries with the greatest significance in terms of their size or characteristics. In particular, the CEO shall report on transactions in which he has an interest on his own behalf or on behalf of third parties, and on any atypical or unusual transactions or related parties transactions that do not fall under the exclusive responsibility of the Board. As a general rule, this information is to be provided concurrently with the approval of periodic financial reports (financial statements, semi-annual report and quarterly reports) by the Board of Directors.

It is hereby confirmed that, in 2014, this information was actually provided by the CEO to the Board of Directors and Board of Statutory Auditors on a quarterly basis, concurrently with the approval of periodic financial reports (financial statements, semi-annual report and quarterly reports) by the Board of Directors, and that such information is contained in the minutes for the individual meetings concerned.

It should be noted that, as a part of the CEO's periodic reporting to the Board, he provides Board members with appropriate, specific and detailed information on various aspects of the Company and Group (including those not closely related to the core business) in order to augment the directors' knowledge of the business's operations and dynamics, encourage discussion and benefit

from various contributions taking into account the high degree of professional expertise represented on the Board.

In order to get the most out of board meetings as a typical opportunity for directors (and especially non-executive directors) to obtain information on the company's operations, the CEO must ensure that the executives in charge of the company departments related to agenda items are available to participate, if required, in the afore-mentioned meetings and/or meetings of the various committees.

Note that Mr. Capuano, as CEO of the Company does not hold the position of director in any other issuer.

Mr. Capuano also holds the post of director in charge of the internal control and risk management system (§ 12.4.).

## 5.5. NON-EXECUTIVE DIRECTORS

Most members of the Board are non-executive (since they have no operating powers and/or management functions within the company) in order to ensure, by virtue of their number and authority, that their opinions will have a significant influence when making Board decisions.

Non-executive directors contribute their specific expertise to Board discussions in order to help examine the topics being discussed from different points of view with the resulting adoption of carefully considered and sensible resolutions that are in line with the Company's interests.

With the exception of the Chairman, Deputy Chairman and CEO, the other 5 members of the Board are all non-executive members.

## 5.6. INDEPENDENT DIRECTORS

In accordance with the requirements of the Code, the Board of Directors verified at its meeting of April 29, 2014 whether directors qualified as independent actually met the requirements for this qualification under the criteria set by the Self-Regulation Code, according to information provided by the individuals concerned and available to the Company. This verification took place during the Board meeting, but in the absence of the members concerned. The Board of Statutory Auditors verified the adequacy and appropriateness of the criteria and procedure used by the Board to assess whether the requirements of independence had been met. Note that at the time of their nomination, all Independent Directors agreed to uphold this requirement. If a director does not meet this requirement, he/she is required to notify the Board immediately and delay their appointment. The results have been issued to the market.

In 2014 and more specifically as from April 29, 2014 (date of appointment), the Independent Directors met two times on the occasion of the meeting of the Internal Control Committee, and noted that there were no findings to bring to the attention of the Corporate Bodies.

## **5.7. LEAD INDEPENDENT DIRECTOR**

As of the date of this Report, no Lead Independent Director has been appointed since the requirements for doing so, as dictated by the Code, are not applicable.

## 6. TREATMENT OF COMPANY INFORMATION

The Board of Directors has approved procedures – which incorporate the guidelines of Consob and Borsa Italiana, and the provisions for incorporating the European directive on Market Abuse – that set the requirements for disclosing confidential information to the public and establish rules for obtaining the data and information from subsidiaries that is necessary to provide appropriate and timely information to the Board and the market on events and situations that could take the form of confidential information.

The Code of Conduct on Internal Dealing is available on the Company's website ([www.renodemedici.it/governance/codiciinterni-2011](http://www.renodemedici.it/governance/codiciinterni-2011)).

### 6.1 Procedure for reporting confidential information to outsiders

The Company had adopted the new procedure concerning Confidential Information containing the "Maintenance and Updating of the Register of Persons Who Have Access to Confidential Information at RDM" in accordance with the provisions of Art. 115-bis of the CFA.

The Regulations in compliance with the provisions of Consob's Issuer Regulations establishes:

- (i) the procedures and deadlines for making entries in the register and any subsequent removal of persons who, by virtue of the work and professional activities or the duties performed on behalf of RDM, have access on a regular or occasional basis to confidential information;
- (ii) the procedures for notifying the individual concerned of his/her inclusion and/or removal from the register and the related reason.

### 6.2 Internal Dealing

The Board also approved the "Procedure for identifying significant parties and for reporting transactions they complete, including through intermediaries, that concern shares issued by RDM S.p.A. or other related financial instruments."

The procedure was prepared in accordance with the provisions of Article 114, paragraph 7 of the CFA.

In accordance with the provisions of the procedure, on August 27, 2008 the Board appointed Veronica Arciuolo to be the Person in Charge of Maintaining the Register.

## 7. BOARD COMMITTEES

In order to improve the effectiveness and efficiency of the work of the Board of Directors, the Internal Control and Risk Committee, the Related Parties Transaction Committee, the Remunerations Committee and the Nominating Committee have been established. The Procedure for Related Parties Transactions specified that the Committee on this subject should consist only of Independent Directors, and its membership may coincide with the Internal Control and Risk Committee in the event the latter consists of all the Independent Directors on the Board. However, since only two Members of the current Board qualify as Independent, the third member was selected from the non-executive directors.

As evidenced by best practices in Italy and abroad – although far from replacing the Board in the fulfillment of its duties – the committees serve as an important preliminary driving force, by preparing proposals, recommendations and opinions, thereby allowing the Board to make its decisions with greater conviction. In the case of the RDM Group, this role has proven to be particularly effective in terms of managing sensitive matters, given the varied composition and the different professional profiles expressed by the Board.

Lastly, bearing in mind that the current list-vote mechanism ensures a transparent nomination procedure and a balanced Board composition by guaranteeing, in particular, the presence of a sufficient number of independent directors, the Board of Directors did not see a need to establish a Board committee to make proposals for the appointment of directors.

The Board did not see the need to reserve the responsibilities of one or more committees for itself.

## 8. NOMINATING COMMITTEE

On November 2, 2012 the RDM Board of Directors established the Nominating Committee in accordance with the requirements of Article 5 of the Self-Regulation Code of the stock exchange.

Since April 29, 2014, the date of renewal of the current Board of Directors, the Committee comprises 3 Non-executive directors, 2 of whom are independent. Enrico Giliberti – Chairman, Robert Hall and Laura Guazzoni.

The Committee did not meet in 2014.

The committee has the following duties:

- a) provide opinions to the Board of Directors concerning the size and composition of the Board and make recommendations concerning professionals who should be on the Board;
- b) propose candidates to the Board of Directors for the position of director in cases of co-optation where it is necessary to replace independent directors.



## 9. REMUNERATIONS COMMITTEE

### 9.1. Composition of the remunerations committee

The Remunerations Committee consists of three non-executive directors, two of whom are independent.

The members of the Remunerations Committee are: Mr. Enrico Giliberti (Independent Director), who serves as Chairman, Ms. Laura Guazzoni (Independent Director), and Mr. Robert Hall (non-executive director).

In 2014 the Committee met twice to approve the Report and evaluate and formulate its proposal with regard to the division of the remuneration approved by the Shareholder's Meeting at the time of the appointment among the Directors and also to formulate its proposal with regard to the remuneration to be awarded to directors with special offices and members of the Committees.

The average duration of meetings was 2 hours. The Board of Statutory Auditors participates in meetings of the Remunerations Committee.

Proper minutes were prepared for meetings of the Remunerations Committee.

### 9.2. DUTIES OF THE REMUNERATIONS COMMITTEE

In accordance with the Self-Regulation Code, the Remunerations Committee is in charge of submitting proposals to the Board for the remuneration of directors who fill specific positions by monitoring the application of decisions made by the Board; periodically assessing criteria used for the remuneration of executives with strategic responsibilities, if any; overseeing their application on the basis of information provided by CEOs; and making general recommendations to the Board of Directors in this area. In order to carry out its tasks, the Committee has access to all corporate information and departments deemed necessary.

As of the date of this Report, the Company had not identified Executives with Strategic Responsibilities with the exception of Capuano as CEO, since the requirements set by the CFA and Issuer Regulations had not been met.

The establishment of this committee ensures the maximum disclosure and transparency on the compensation payable to directors with specific positions and on how it is determined in each case. However, it is understood that in accordance with Article 2389, third paragraph of the Civil Code, the Remunerations Committee only has the power to make proposals, while the power to determine the remuneration of directors holding specific positions rests, in all cases, with the Board of Directors after consulting with the Board of Statutory Auditors.

## 10. DIRECTORS' REMUNERATION

For information on this section, please see the Report on Remuneration prepared and published pursuant to Article 123-ter of the CFA.

This report is available on the Company's website: [www.renodemedici.it/governance/assemblee](http://www.renodemedici.it/governance/assemblee).

## 11. INTERNAL CONTROL COMMITTEE

First, it should be noted that the Internal Control Committee has been assigned all the functions of the Control and Risk Committee, and only its name has remained unchanged. Moreover, the composition of this committee (the Internal Control Committee) meets the requirements and criteria set forth by the Self-Regulation Code for the Control and Risk Committee.

### 11.1. COMPOSITION OF THE COMMITTEE

On April 29, 2014 the Board appointed the Internal Control Committee (i.e. the “Control and Risk Committee”) for the three-year period 2014-2016.

The Internal Control Committee currently in office consists of 3 non-executive directors, two of whom are independent. It is noted that one member (Ms. Laura Guazzoni) has appropriate accounting and financial expertise.

The current Internal Control Committee is made up of: Robert Hall – Chairman, Enrico Giliberti e Laura Guazzoni.

In 2014, the Internal Control Committee had three meetings with an average duration of 2 hours.

Members of the Board of Statutory Auditors also participate in the work of the Committee as members of the Internal Control and Official Audit Committee.

In addition, depending on items on the agenda, the CEO, CFO, Head of Legal Affairs and Internal Control Manager were invited to participate, from time to time in order to report on individual agenda items.

Proper minutes were prepared for the Committee’s meetings.

### 11.2. DUTIES ASSIGNED TO THE INTERNAL CONTROL COMMITTEE

The Committee is in charge of making proposals and recommendations to the Board of Directors in the area of the oversight of the Company’s overall operating performance so that the Board is able to perform its duties of providing guidance and assessing the adequacy of the system.

An effective internal control system helps safeguard the company’s assets, the efficiency and effectiveness of company transactions, the reliability of financial information and compliance with laws and regulations. In the performance of its duties, the committee may access the necessary information and company areas, assessing the adequacy of the internal control system relative to the Company’s characteristics and ensures that its assessments and decisions regarding the internal control system, the approval of financial statements and semi-annual reports and relationships between the issuer and independent auditor are supported by adequate preliminary activities.

In particular, the Committee is charged with assessing the functionality and adequacy of the internal control system as well as actual compliance with internal procedures and directives adopted to

ensure sound, effective management and to identify, prevent and manage, to the extent possible, financial and operational risks, fraud and damage to the Company.

The specific duties of the Committee include:

- examining significant problems and procedures for overseeing the Company's business;
- assessing the schedule of work prepared by the Internal Audit department and obtaining its periodic reports;
- assessing, together with the Company's administrative managers, the adequacy of the accounting principles used and their consistency for the purposes of preparing consolidated financial statements;
- overseeing the effectiveness of the process of the official audit of accounts;
- assessing the schedule of work prepared for the audit and findings indicated in the report and recommendation letter;
- reporting to the Board of Directors, at least semi-annually, on the occasion of meetings to approve the draft financial statements and semi-annual report, on activities performed and the adequacy of the internal control system;
- performing any other duties assigned to it by the Board of Directors.

As a part of the periodic review of the adequacy and actual operation of the organizational structure in relation to the internal control system, during the financial year the committee:

- examined and shared with the Internal Audit department the updated analysis of risks faced by the company, assessed the actions and measures taken by the Company to mitigate the extent of these risks and verified the adequacy of the actual operation of the organizational structure and the actual operation of the organizational structure in relation to the internal control system;
- discussed with the Internal Audit department the most significant findings as well as background causes and any difficulties encountered during its activity;
- verified the subsidiaries' adoption of an appropriate Organization and Management Model pursuant to Legislative Decree 231/01;
- examined the plan to update the Organization, Management and Control Model pursuant to Article 231/2001;
- examined the audit plan for year 2014 at the Company and Group and verified its main findings;
- initiated assessments under its responsibility concerning the process of preparing the Interim Report and Semi-Annual Report, and reported to the Board on the outcome of the above assessments and provided recommendations as necessary;
- verified the adequacy and actual application of accounting principles used and their consistency for the purpose of preparing consolidated financial statements;

- examined the outcome of activities performed by the Company to verify compliance with the provisions of Law 262/2005.

The Committee also examined the main risks faced by the Company and measures taken to prevent, monitor and control such risks.

The Committee may ask the Board to allocate a budget for it that is sufficient to perform its assigned duties.

Furthermore, pursuant to the Committee Regulations, the Committee may obtain the assistance of internal employees and outside professionals, at the expense of the Company, to perform its duties.

## 12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### 12.1. introduction

RDM realizes the importance that financial disclosure plays in establishing and maintaining positive relationships between the company and its many partners, and together with Company performance, it contributes to the creation of value for shareholders.

RDM is also aware that investors rely on the full compliance of management and all employees with the rules that make up the Company's internal control system.

The control system consists of the combination of rules, procedures and organizational structures that are designed to make it possible (through an appropriate identification system) to identify, measure, manage and monitor key risks and to ensure sound and proper management of the company in keeping with pre-established goals. This system is integrated into the more general organizational and corporate governance structures adopted by the issuer, and takes into due consideration benchmark models and best practices at the domestic and international levels. An effective internal control and risk management system contributes to ensuring that the company's management will be consistent with Company objectives set by the Board of Directors and fosters the making of well-informed decisions. Moreover, it also contributes to ensuring the protection of the Company's assets, the efficiency and effectiveness of company processes, the reliability of financial information and compliance with laws, regulations, the Company By-Laws and internal procedures.

In terms of internal control, RDM has prepared – and has kept up-to-date – a special system which is in charge of providing correct Company information and adequate oversight on all Group activities with a special focus on areas deemed to have the greatest risk.

In addition, through the Internal Audit department, the Company continually determines whether this system is appropriate for the Company's structure. In 2014, in keeping with the Audit Plan approved or following specific request, 12 audit reports were issued and checks were subsequently made of the corrective actions taken.

Below are the goals assigned that the Group's Internal Control System aims to achieve:

- ensure that Company activities are carried out in an effective and efficient manner;
- guarantee the reliability and accuracy of accounting documents and the safeguarding of the Company's assets;
- ensure compliance with external regulations and the Company's internal regulations.

The fundamental elements of the Internal Control System developed by the Company and subject to ongoing monitoring and updating, are as follows:

- separation of roles and duties in the completion of critical transactions;
- traceability of transactions;
- management of decision-making processes based on objective criteria, as far as possible.

This system is implemented through procedures, organizational structures and controls implemented by RDM and the Group's operating companies over the most significant Company processes in terms of risk. The types of controls implemented can be broken down into:

- both preventive and after-the-fact automated or manual line controls for an individual transaction;
- managerial controls over the performance of companies and individual processes as compared to projections.

The above types of controls, which fall under the responsibility of the management of the area concerned, are in addition to activities carried out by the Internal Audit department, which is charged with ensuring that RDM's auditing activities are completed. On February 12, 2013, the Board of Directors issued a positive opinion on the Company's organisational, administrative and accounting structure.

## **12.2. EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS**

The risk management system for the financial reporting process must not be considered separately from the corresponding internal control system since these are elements of the same risk control and management system, which in turn is part of the overall internal control system for identifying, managing and monitoring the Company's overall risks.

The aim of this system is to ensure the credibility, accuracy, reliability and timeliness of financial reporting.

## **12.3. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS**

The administrative and accounting procedures set forth in Law 262/05 and as amended are based on an analysis of the risk that intentional and unintentional errors will occur during the processes leading to the preparation of financial reports. Thus, the system has been built by identifying and assessing risk areas where events could occur that could compromise the achievement of the aforesaid financial reporting objectives.

On the basis of the identification and assessment of the risk areas, elements of the internal control system were analyzed with respect to financial reporting through:

- a summary overall analysis, with a special focus on controls on the reliability of financial reports;
- an analysis for each operating process concerning financial statement items that are significant for the purposes of financial reporting using a matrix showing the correlation between objectives identified for process activities and related controls.

The system can be broken down into the following macro-phases:

- risk identification and assessment;
- assessment of the adequacy of control activities.

In addition, the following activities are to be assigned to specific areas (Internal Audit):

- review of the operations of the control system;
- monitoring and development of the control system.

#### Risk identification and assessment

Risks are identified with respect to financial statement assertions (existence and occurrence, completeness, rights and obligations, measurement and recording, presentation and disclosure) and other control objectives such as compliance with authorization limits, the segregation of incompatible duties, controls over the physical security and existence of assets, documentation and the traceability of transactions.

#### Assessment of the adequacy of control activities

On the basis of the risk assessment, specific control activities are identified and then broken down into two major categories:

- controls applicable to the entire company organization, which are common to and cut across the entire organization being assessed and represent structural elements of the system of internal control on financial reporting;
- specific controls at the process level.

A Group-wide manual has been prepared, containing guidelines and a description of processes and controls to be implemented for the preparation of the reporting package, as well as the related declarations to be issued under the signature of each applicable body concerning the adequacy of controls performed and the reliability and consistency of the data provided.

At the process level, “specific” controls were identified such as checks on the documentation supporting the proper recording of accounting entries, issuance of proper authorizations, completion of accounting reconciliations and implementation of consistency checks.

Specific control activities were carried out with respect to “ordinary” processes performed during the year and with respect to “unusual” processes implemented primarily at the end of interim and annual accounting periods.

Extraordinary transactions were also subject to specific control procedures, involving the appropriate management levels.



In particular, control procedures related to “ordinary” processes were, for the most part, based on adequate reporting systems.

With regard to consolidated information, there are specific consolidation procedures, including IT-based procedures, that are updated in relation to business requirements and monitored by the area in charge. Consolidated information is received from various Group companies and processed at headquarters by the Consolidated Financial Statements department.

#### Audit of the operations of the internal control system

In order to audit and ensure the effectiveness of the internal control system for financial reporting, specific monitoring activities are to be carried out by the parties responsible for processes (“process owners”) or by third parties that are separate from process operations (Internal Audit).

#### Monitoring and development of the control system

In order to allow for the proper monitoring of the system, the “design” of its components is regularly reassessed in all cases upon the occurrence of significant events or the identification of new risks using the risk assessment process. To be specific, following comments that came up during the auditing phases, in 2014 revisions and amendments were made to administrative and accounting procedures. These procedures are always in progress in order to adapt them to Company’s structure.

The effectiveness of controls indicated by procedures that cover the administrative and accounting system is assessed through specific tests conducted by Internal Audit.

Any deficiencies in the design and effectiveness of controls are reported to process owners and the executive responsible for the preparation of the company’s financial reports to plan remedial measures, the actual implementation of which is verified.

Pursuant to paragraph 5 of Article 154-bis of the CFA, the executive responsible for the preparation of the company’s financial reports and the CEO must attest to the adequacy and actual application of administrative and accounting procedures for the preparation of separate and consolidated financial statements as well as any other communication of a financial nature.

## **12.4 EXECUTIVE DIRECTOR IN CHARGE OF THE INTERNAL CONTROL SYSTEM**

On April 29, 2014 the Board appointed the CEO, Ignazio Capuano, to be the executive director charged with overseeing the operation of the internal control system.

The director charged with overseeing the operation of the internal control and risk management system:

- a) oversees the identification of major Company risks, taking into account the characteristics of the operations carried out by the issuer and its subsidiaries, and periodically submits them to the Board of Directors for its review;
- b) implements strategic guidelines established by the Board of Directors, manages the design, implementation and management of the internal control and risk management system, and continually verifies its overall adequacy, effectiveness and efficiency;
- c) manages the adaptation of this system to changes in operating conditions and the legislative and regulatory framework;
- d) may ask the Internal Audit department to conduct audits of specific operating areas and of compliance with internal rules and procedures in the execution of Company transactions, giving immediate notice thereof to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and Chairman of the Board of Statutory Auditors;
- e) promptly reports to the Control and Risk Committee (or to the Board of Directors) on problems and critical areas that arise in the performance of his/her activities, or that come to his/her attention, so that the Committee (or Board) may take the appropriate action;
- f) is charged with coordinating the various individuals involved in the internal control and risk management system and must oversee and participate in the activities assigned to each of them.

## 12.5. MANAGER OF INTERNAL AUDIT DEPARTMENT

A key role in the internal control system is played by Internal Audit which is charged with:

- (i) ensuring that the oversight activities specified in Legislative Decree 231/2001 are performed;
- (ii) updating the system used to identify, classify and assess areas of risk for the purposes of planning audits;
- (iii) implementing scheduled audits (plan approved by the Oversight Body) and unscheduled audits, identifying any gaps compared to the models adopted and making proposals on corrective action to be taken;
- (iv) ensuring the maintenance of the relationship with the independent auditor;
- (v) maintaining the relationship with, and providing reports to the Oversight Body, the Internal Control Committee and Board of Statutory Auditors.

Internal Audit has free access to all data, documentation and information that is useful for the performance of its audits.

Internal Audit is headed by Serena Monteverdi, who was appointed by the Board of Directors on November 4, 2011 upon the proposal of the Internal Control Committee after an assessment of her background.

See the description elsewhere in this Report for the activities performed in 2014.

## **12.6. ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE NUMBER 231/2001**

With the entry into force of Legislative Decree No. 231 of June 8, 2001, as revised and amended, which introduced a specific mechanism for companies to assume liability for certain types of crimes, the Company took measures to avoid, in accordance with the provisions of this regulation, being held liable in this way by creating specific oversight procedures aimed at preventing certain types of crimes.

In particular, on September 28, 2005 the Company's Board of Directors approved the "Organization, Management and Control Model pursuant to Legislative Decree 231/01" (hereinafter, the "Model") which meets the requirements of this legislative decree and was prepared on the basis of guidelines issued by Confindustria. The Model, which was approved as a result of organizational and regulatory changes, is continually being updated and amended.

On August 3, 2014, following the publication of the new Guidelines by Confindustria, the Company has begun to substantially and radically revise the entire Management System pursuant to Legislative Decree 231/01.

The Model in force at the time of drawing up this Report was distributed to all employees and is published, in its general part, on the Company's website.

Relative to the provisions of Article 6 of the aforesaid decree, the Board approved the creation of the Oversight Body and created it as a multi-member body. To be specific, it currently consists of 2 Independent Directors and one member of the Company who has specific expertise on Legislative Decree 231.

The current Oversight Body was appointed on April 29, 2014, and, since its appointment, it has been held twice, with all members attending all meetings. The Oversight Body is composed as follows: Ms. Laura Guazzoni – Chairman; Mr. Enrico Giliberti and Ms. Veronica Arciuolo.

On average, the meetings of the Oversight Body last 3 hours and they are attended by members of the Board of Statutory Auditors, Internal Audit, and, depending on agenda items, Company representatives. Furthermore, the Company provides a continual flow of information to the Oversight Body so that the latter is able to constantly monitor all activities deemed to be at risk.

Each year the Oversight Body independently approves its oversight plan that includes audits of the adequacy of the Model and compliance with the Model.

The Oversight Body also has its own regulations and a budget commensurate with the duties assigned to it.

## 12.7. INDEPENDENT AUDITOR

The firm assigned to perform the official audit of accounts is Deloitte & Touche S.p.A., which was appointed by the ordinary Shareholders' Meeting on April 27, 2012 for the period from 2012-2020, and thus, until the approval of the financial statements as of December 31 (thirty-first), 2020.

## 12.8 EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS

On November 13, 2008, the Board of Directors – upon approval of the Board of Statutory Auditors – appointed Stefano Moccagatta, RDM's Finance and Control Director, to be the executive responsible for the preparation of the company's financial reports.

Pursuant to Article 21 of the Company By-Laws, the body authorized to make this appointment is the Board of Directors, subject to obtaining the mandatory opinion of the Board of Statutory Auditors. In accordance with the provisions of Article 154-bis of the CFA, the same By-law provision also specifies that the Executive Responsible must have at least three years' experience in the following areas:

a) administration or control activities or management duties at corporations with share capital of at least two million euros;

or

b) professional activities or a tenured university teaching position in legal, economic, financial, technical and scientific areas that are closely related to the company's operations and the duties that the Executive Responsible is required to perform;

or

c) executive positions with government agencies or administrations operating in the credit, financial and insurance fields, or, in any case, in areas that are closely related to the company's area of operations.

In accordance with the provisions of current regulations, the Executive Responsible prepared and implemented appropriate administrative and accounting procedures for the preparation of separate and consolidated financial statements and all other communications of a financial nature.

Together with the CEO, the Executive Responsible also certified the following in a special report attached to the separate financial statements, consolidated financial statements and semi-annual report:

- (i) the adequacy and actual application of the administrative and accounting procedures indicated above during the period to which these accounting documents refer;
- (ii) the compliance of the content of these documents with the IFRS applicable in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- (iii) the consistency of these documents with the entries in ledgers and accounting entries, and their suitability to provide a true and accurate representation of the balance sheet, income statement and financial situation of the Company and all companies included in consolidation;
- (iv) that the report on operations related to the separate and consolidated financial statements contains a reliable analysis of performance and operating profit, as well as the situation of the Company and all companies included in consolidation together with a description of the main risks and uncertainties to which the latter are exposed;
- (v) that the interim report on operations included in the semi-annual financial report contains a reliable analysis of the information indicated in paragraph 4 of Article 154-ter of the CFA.

The executive responsible for the preparation of the company's financial reports is subject to the provisions governing the responsibility of directors with respect to the duties assigned to them, with the exception of actions taken on the basis of a working relationship with the Company.

### 13. DIRECTOR INTERESTS AND RELATED PARTIES TRANSACTIONS

With regard to related parties transactions, the Company's Board of Directors formally approved the "Regulation for Related Parties Transactions".

This regulation was prepared and adopted in accordance with the provisions of the related regulation adopted by Consob with Resolution No. 17221 of March 12, 2010 as revised and amended.

The underlying reason for the new procedure – partly in an attempt to interpret the primary intent of legislators – is to bolster the protection of minority shareholders and other stakeholders by fighting potential abuses that could arise from the completion of transactions with a potential conflict of interests with related parties (including, for example, mergers, acquisitions, disposals and reserved capital increases). The key points of the procedure are as follows:

- a) strengthening the role of independent directors in all phases of the decision-making process concerning related parties transactions;
- b) the transparency mechanism;
- c) the obligation to report to the regulatory authority and public;
- d) clear identification of minor transactions, based on the type of transaction and its economic significance, setting a threshold of €100,000.00 for this purpose.

The new regulation went into force on January 1, 2011.

Its main features are as follows:

- 1) identification of the party related to the Company ("**Related Party**"). In accordance with the provisions of Appendix 1 of the Consob Regulation, a party is deemed to be a related party if:
  - (a) directly or indirectly, including through subsidiaries, fiduciaries or intermediaries:
    - (i) it controls the Company, is controlled by it or subject to joint control with respect to the Company;
    - (ii) it has an investment in the Company such that it is able to exercise a significant influence over the latter;
    - (iii) it exercises control over the Company together with other parties;
  - (b) it is an associate of the Company;
  - (c) it is a joint venture in which the Company is a participant;
  - (d) it is a member of the Board of Directors or Board of Statutory Auditors or is an executive with strategic responsibilities of the Company or its parent company;
  - (e) it is a close family member of one of the parties indicated in paragraphs (a) or (d);

- (f) it is an entity in which one of the individuals indicated in paragraphs (d) or (e) exercises control, joint control or a significant influence, or directly or indirectly holds a significant portion of not less than 20% of voting rights;
- (g) it is an Italian or foreign supplemental, collective or individual pension fund established for employees of the Company or of any other entity related to it.

2) Identification of Significant Transactions, meaning:

- (i) related parties transactions to which at least one of the Indexes of Significance (adopted in accordance with the provisions of Appendix 3 of Consob Resolution No. 1722/2010 as revised and amended), as applicable depending on the specific transaction, is greater than 5%;
- (ii) related parties transactions with a listed parent company (if any) or with parties related to the latter, which in turn are also related to RDM, if at least one of the Indexes of Significance is greater than 2.5%;
- (iii) related parties transactions that could affect the Company's management autonomy (including those concerning intangible assets), or that, in any case, concern assets or goods of strategic importance for the Company, if the value of at least one of the Indexes of Significance is greater than 2.5%. The Board of Directors must in all cases be responsible for determining the strategic importance of specific goods or assets held by the Company and does so, on each occasion, at the initiative of any one of its members or at the request of the Board of Statutory Auditors.

3) Definition of Minor Transactions: All related parties transactions that cannot be defined as Significant related parties transactions are defined as Minor related parties transactions;

4) Identification of exclusions and exemptions from procedures on related parties transactions;

5) Creation of Related Parties Transactions Committee and related independence requirements. As indicated in § 10.2 of this Report, if there are three Independent Members and these same members make up the Internal Control Committee, the duties of the Related Parties Transactions Committee are also delegated to the Internal Control Committee;

6) Adoption of specific procedures for the approval of related parties transactions and related disclosure: contained in the Regulation.

The Regulation governing related parties transactions is available on the Company's website at [www.renodemedici.it/governance/codiciinterni](http://www.renodemedici.it/governance/codiciinterni).

## 14. APPOINTMENT OF STATUTORY AUDITORS

Article 19 of the By-Laws specifies that acting and deputy members of the Board of Statutory Auditors are to be elected using a list-vote procedure.

Specifically, the By-law provision concerned states that:

*“The lists – which include the consecutively numbered names of one or more candidates – must indicate whether the individual nomination is being submitted for the position of acting statutory auditor or deputy statutory auditor.*

*The number of candidates on lists must not be greater than the number of members to be elected.*

*Only those shareholders who individually or collectively with other submitting shareholders, hold a total of shares representing at least 2.5% (or such other percentage set by laws or regulations) of shares with voting rights at ordinary Shareholders’ Meetings may submit lists.*

*All shareholders that are signatories to a significant shareholder agreement pursuant to Article 122 of Legislative Decree 58/1998, the parent company, subsidiaries and companies subject to joint control pursuant to Article 93 of Legislative Decree 58/1998 may not individually or collectively submit more than one list including through an intermediary or trust company, and may not vote on different lists, and each candidate may appear on only one list or risk being unelectable. Acceptances and votes cast in violation of this restriction shall not be attributed to any list.*

*The lists, which are signed by those submitting them, must be filed at the Company’s registered office at least twenty-five days prior to the date set for the first call of the Shareholders’ Meeting, and this must be noted in the notice to convene, without prejudice to any other forms of disclosure required by regulations and other provisions currently in effect. At the time lists are submitted, in order to prove ownership of the number of shares necessary for the submission of lists, shareholders must file at the Company’s registered office a copy of the certifications issued by authorized intermediaries in accordance with current laws and regulations.*

*If, on the due date for submitting lists, only one list has been filed or lists have been submitted only by shareholders that are deemed to be connected according to the applicable regulations, lists may be submitted until the fifth day following such date. In this case, the thresholds specified by the By-Laws for submitting lists are to be reduced by half.*

*By the deadline for filing lists, each list must be accompanied by the following items to be filed at the Company’s registered office: (a) summary information on the submitting shareholders (with the total percentage interest held), (b) a declaration of the shareholders (other than those who hold, individually or jointly, a controlling or simple majority interest) confirming the absence of a linking relationship (as specified in applicable regulatory provisions) with the latter, (c) a thorough report on the professional and personal background of each candidate, (d) declarations whereby individual candidates accept their nominations and attest, under their responsibility, that there are no reasons they would be unelectable or have a conflict of interest, and that they meet the requirements specified in current regulations to hold the position of statutory auditor, and (e) a list of any administration and control positions held in other companies.*



*The first two candidates on the list obtaining the highest number of votes will be elected as acting statutory auditors, as will the first candidate from the list obtaining the second highest number of votes which is not related directly or indirectly to shareholders who submitted, or voted for, the list that obtained the highest number of votes.*

*The first deputy auditor candidate from the list that obtained the highest number of votes, and the first deputy auditor candidate from the list with the second highest number of votes will be elected as deputy statutory auditors pursuant to the preceding paragraph.*

*If there is a tie vote between two or more lists, the oldest candidates will be elected statutory auditors until reaching the number of positions to be assigned.*

*The candidate from the list that received the second highest number of votes will be appointed chairman of the Board of Statutory Auditors according to the provisions of the paragraphs above.*

*If a single list or no list is proposed, the candidates on the list, or those for whom the Shareholders' Meeting voted (provided they obtain the simple majority of votes cast by the Shareholders' Meeting) shall be elected as permanent and deputy statutory auditors respectively.*

*If the requirements set by regulations and the By-Laws are no longer met, the statutory auditor shall forfeit his/her position.*

*If a statutory auditor is substituted, he/she shall be replaced by the deputy statutory auditor on the same list as the departing auditor, or failing this, if a minority statutory auditor leaves his/her position, he/she will be replaced by the candidate who is next on the same list as the candidate leaving his/her position, or alternatively, by the first candidate on the minority list that received the second highest number of votes.*

*It is understood that the minority statutory auditor will retain the chairmanship of the Board of Statutory Auditors.*

*When the Shareholders' Meeting is required to appoint active and/or deputy statutory auditors in order to complete the Board of Statutory Auditors, the following procedure shall be followed: If statutory auditors on the majority list must be replaced, the appointment is made by simple majority vote with no list restrictions. If, instead, 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 which provided the statutory auditor to be replaced, or on the minority list that had the second highest number of votes*

*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.”*

## 15. STATUTORY AUDITORS

### 15.1. CURRENT COMPOSITION OF BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office at the time of drawing up this report was appointed by the Shareholders' Meeting of April 27, 2012. At that time, the percentage of capital necessary to submit a list was 4.5% of shares with voting rights at ordinary Shareholders' Meetings.

On the expiration date of this term, only one list was submitted by the shareholder Cascades s.a.s.

In accordance with current regulations and the By-Laws, the following items were filed together with the list: the curricula vitae of candidates containing information on their personal and professional background and the list of administration and control positions held at other companies; and the declarations of candidates attesting that there are no reasons they would be unelectable or have a conflict of interest, and that they meet the requirements specified in current regulations, the By-Laws and Self-Regulatory Code to hold the position of statutory auditor.

This list consisted of the following individuals:

Carlo Tavormina, born in Rome on October 24, 1964;

Giovanni Maria Conti, born in Milan on October 4, 1964;

Laura Guazzoni, born in Milan on April 21, 1965;

Domenico Maisano, born in Milan on June 4, 1969;

Tiziana Masolini, born in Saronno on December 20, 1973.

The candidates from the only list submitted were elected with 64.8% of voting capital in favor.

On March 27, 2014 Ms. Laura Guazzoni resigned as a member of the Board of Statutory Auditors; she was succeeded by Ms. Tiziana Masolini.

The term of the active Board of Statutory Auditors will expire with the approval of the financial statements as of December 31, 2014, and is made up as follows:

<b>Members</b>	<b>Position</b>
Carlo Tavormina	Chairman
Giovanni Maria Conti	Acting statutory auditor
Tiziana Masolini	Acting statutory auditor
Domenico Maisano	Deputy statutory auditor

At the session held on February 12, 2015, the Board of Directors determined whether all requirements had been met to hold the position of statutory auditor, and the outcome of this determination was positive.

Partly in an effort to coordinate its activities with other areas involved in the Company's control system, the Board of Statutory Auditors also regularly participates in all meetings of the Oversight Body and Internal Control Committee, it maintains direct relationships with company departments from which it can request clarifications and explanations, and meets at least semi-annually with the independent auditor.

In 2014 the current Board of Statutory Auditors met 6 times with an average duration of 3 hours.

## 15.2. ROLE AND DUTIES

In addition to the duties assigned to it by law, the Board of Statutory Auditors has also assumed the role of Internal Control and Audit Committee. In addition, through periodic meetings, the Board of Statutory Auditors also oversees the work of the independent auditor and gives prior approval of assigning other tasks to the independent auditor by the Company or Group companies in accordance with the provisions of Article 160 of the CFA.

As part of its work the Board of Statutory Auditors has:

- (i) verified the respect of By-Laws and compliance with applicable regulatory provisions;
- (ii) monitored the independence of the independent auditor and verified compliance with applicable regulatory provisions as well as the nature and quantity of services, other than auditing, provided to the Company and its subsidiaries by the independent auditor and entities in the same network;
- (iii) met with the Internal Audit department and the Internal Control Committee while carrying out its activities in specific meetings, and also participated in all meetings of the Internal Control Committee and Oversight Body;
- (iv) verified the compliance with provisions on health and safety at the workplace, privacy and adherence to the environmental policy;
- (v) expressed its opinion during Board meetings when requested to do so;
- (vi) in its capacity as the Internal Control and Legal Oversight Committee, it supervised the application of the internal control system and asked Internal Audit to conduct specific audits of company departments.

## 16. INVESTOR RELATIONS

A specific Company department called “Investor Relations” was set up in view of the importance (stressed in the Code) of establishing an ongoing professional relationship with the all shareholders and institutional investors.

Most importantly, the department provides the financial markets with all important information to ensure their perception of the Company is consistent with the intrinsic value of the Group’s operations.

In fact, RDM has adopted a communications policy aimed at establishing an ongoing dialogue with institutional investors, shareholders and the market and at ensuring the regular dissemination of complete, accurate and timely information on its operations, which is subject only to confidentiality requirements for certain types of information.

RDM is committed to maintaining an ongoing dialogue with the market in accordance with laws and regulations on the circulation of confidential information.

Information is provided to investors, the market and the press through press releases; periodic meetings with institutional investors, the financial community and the press; and documentation made available and continually updated on RDM’s website ([www.renodemedici.it](http://www.renodemedici.it)).

Since 1 July 2014, the office of Investor Relator has been held by Mr. Stefano Moccagatta.

For relations with investors, shareholders and financial analysts, RDM relies on the support of the Company BlueArrow, whereas relations with the media are maintained in partnership with Image Building S.p.A.,.

Information concerning periodic reports and significant events or transactions is disseminated promptly to the public, including through publication on RDM’s website.

The website also provides access to the Company’s press releases, documents on corporate governance, documentation distributed during meetings with financial analysts, shareholder notices and information and documentation on items on the agenda of Shareholders’ Meetings.

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## 17. SHAREHOLDERS' MEETINGS

The properly formed Shareholders' Meeting represents shareholders, and their resolutions passed in accordance with the law and By-Laws, are binding for all shareholders.

When calling, scheduling and managing shareholders' meetings, there is a special emphasis on facilitating the maximum participation of shareholders and on ensuring the highest quality of information provided to them, in accordance with the restrictions and procedures on disseminating price-sensitive information.

Pursuant to Article 10 of the Company By-Laws, shareholders' meetings are subject to the provisions of the law and of the By-Laws in terms of their proper formation and the validity of resolutions taken.

*As specified by Article 8 of the Company By-Laws, "Shareholders' Meetings shall be convened by a notice containing the information required under current regulations and published according to the deadlines dictated by law: - on the Company's website; - and where required by mandatory order or decision of directors, in the Official Gazette of the Italian Republic or in one of the following newspapers: Il Sole 24 Ore, MF - Milano Finanza and Finanza & Mercati; - and in the other ways specified by current regulations and other rules. Shareholders' Meetings are to be called by a notice published within the deadlines and as dictated by law in the following newspapers: Il Sole 24 Ore, Milano Finanza or Finanza & Mercati."*

The aforesaid Article 8 of the Company By-Laws also governs participation and discussions at Shareholders' Meetings and specifies that the provisions of law and the By-Laws shall apply. Notice to the Company of proxies for participation in the Shareholders' Meeting may also be given by sending the document to the e-mail address indicated in the notice to convene.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or if absent or unable then by the Deputy Chairman, or if absent or unable then by another person designated by the Shareholders' Meeting.

The Chairman is responsible for verifying the right to participate in Shareholders' Meetings and the validity of proxies, and for resolving any disputes; the Chairman may also appoint assistants for these purposes.

The Chairman is in charge of guiding the discussion and maintaining order and overseeing voting procedures (which must, in all cases, be transparent). Bearing this in mind, the Company did not deem it was necessary to prepare and approve Shareholders' Meeting regulations.

The Chairman is assisted by a secretary designated by the Shareholders' Meeting. The assistance of a secretary is not necessary when minutes for the Shareholders' Meeting are prepared by a notary.

Resolutions of the Shareholders' Meeting are contained in minutes signed by the Chairman and by the secretary or notary.

In 2014, only one Ordinary Shareholders' Meeting was held.

On that occasion, shareholders did not propose any additions to the agenda, whereas requests for clarifications were submitted and answers were provided during the session.

The Board must report to the Shareholders' Meeting regarding planned and completed activities on the occasion of the approval of the separate financial statements and whenever else it deems appropriate to do so. In order to allow shareholders to take, with conviction, the decisions for which the Shareholders' Meeting is responsible, the Board publishes detailed reports on each agenda item (for those items under its responsibility) in accordance with current regulations.

These reports are also made available on the Company's website at [www.renodemedici.it](http://www.renodemedici.it).

During Shareholders' Meetings, the Chairman is required to moderate and manage discussion and ensure the participation of all interested parties. For this reason, and in order to adapt shareholders' meetings to the requirements and needs of shareholders, the Company has to date preferred not to have a regulation for Shareholders' Meetings.

At the Shareholders' Meeting of April 29, 2014, the Chairman explained the Report on Remuneration to shareholders.

## 18. CHANGES SINCE THE END OF THE REPORTING YEAR

There were no significant changes in the structure of corporate governance described from the end of financial year 2014 until this report was prepared.

**Table no. 1: Board of Directors**

Director	Office	Executive	Non- executive	Independent	Attendance/Meetings*	Number of other offices
Robert Hall	Chairman	X			5/5	4
Giuseppe Garofano*	Deputy Chairman	X			2/5	
Ignazio Capuano	CEO	X			5/5	
Giulio Antonello*	Director		X		2/5	1
Sergio Garribba*	Director		X	X	2/5	4
Laurent Lemaire	Director		X		5/5	
Vincenzo Nicastro*	Director		X	X	2/5	5
Carlo Peretti*	Director		X	X	2/5	5
Enrico Giliberti**	Director		X	X	3/5	5
Laura Guazzoni**	Director		X	X	3/5	5

\* In office until April 29, 2014.

\*\* In office since April 29, 2014.

**Table no. 2: Internal Control Committee**

Director	Office	Independent	Attendance at Meetings
Carlo Peretti*	Chairman	X	1/3
Vincenzo Nicastro*		X	1/3
Sergio Garribba*		X	1/3
Robert Hall**	Chairman		2/3
Enrico Giliberti**		X	2/3
Laura Guazzoni**		X	2/3

\* In office until April 29, 2014.

\*\* In office since April 29, 2014.

**Table No.3: Remuneration committee**

Director	Office	Independent	Attendance at Meetings
Vincenzo Nicastro*	Chairman	X	1/2
Carlo Peretti*		X	1/2
Giulio Antonello*			1/2
Enrico Giliberti**	Chairman	X	1/2
Laura Guazzoni**		X	1/2
Robert Hall**			1/2

\* In office until April 29, 2014.

\*\* In office since April 29, 2014.

**Table no. 4: Supervisory Authority**

Member	Office	Independent	Attendance at Meetings
Carlo Peretti*	Chairman	X	1/3
Vincenzo Nicastro*		X	1/3
Veronica Arciuolo			3/3
Laura Guazzoni**	Chairman	X	2/3
Enrico Giliberti**		X	2/3

\* In office until April 29, 2014.

\*\* In office since April 29, 2014.

**Table No. 5: Appointments Committee**

Director	Office	Independent	Attendance at Meetings
Carlo Peretti*	Chairman	X	
Vincenzo Nicastro*		X	
Sergio Garribba*		X	
Enrico Giliberti**	Chairman	X	
Robert Hall**			
Laura Guazzoni**		X	

\* In office until April 29, 2014.

\*\* In office since April 29, 2014.