



RenoDeMedici

Ordinary and Extraordinary Shareholders' Meeting

27 April 2017 - 28 April 2017

Report of the Board of Directors

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

updated to 23 March 2017

Agenda Item no. 1 - Financial Statements as at 31 December 2016.

Dear Shareholders,

Regarding the first agenda item, we refer you to the information contained in the financial report (separate and consolidated) as at 31 December 2016, which is accompanied by the Report of the Board of Directors, the Report of the Board of Statutory Auditors, the Audit Report and the proposal for allocation of the result.

The financial report (separate and consolidated) as at 31 December 2016, accompanied by the Report of the Board of Directors and the allocation of the result for the period, will be provided to the public within the deadline set by the law together with the reports of the board of statutory auditors and the audit firm. The governance report and the report on the ownership structure prepared pursuant to Article 123-*bis* of Legislative Decree 58 of 1998 (the "TUF"- Consolidated Finance Act (CFA)), in compliance with the guidelines issued by Borsa Italiana will be provided to the public within the same deadlines.

We therefore refer you to the resolution proposals contained therein.

1.1. Approval of the Separate Financial Statements as at 31 December 2016 based on the reports of the Board of Directors, of the Board of Auditors and of the Independent auditors, and acknowledgement of the submittal of the Consolidated Financial Statements as at 31 December 2016.

“The ordinary shareholders’ meeting of Reno de Medici S.p.A.:

- upon review of the Report of the Board of Directors;*
- upon review of the Report of the Board of Auditors;*
- upon examination of the Financial Statements at 31 December 2016;*
- in acknowledgement of the Report of Deloitte & Touche S.p.A.;*
- in acknowledgement of the submittal of the consolidated financial statements at 31 December 2016;*

resolves

to approve the separate financial statements as at 31 December 2016, showing a profit for the financial year of EUR 6,788,711.70.”

1.2 Allocation of the net income for financial year 2016.

“The ordinary shareholders’ meeting of Reno de Medici S.p.A.:

- considering the profit for the financial year as shown by the Financial Statements as at 31 December 2016, as approved by the present ordinary shareholders' meeting;

resolves

1) to allocate the profit of financial year 2016, amounting to EUR 6,788,711.70, as follows:

- EUR 339,435.59 to the legal reserve pursuant to Article 2430 of the Italian Civil Code;
- EUR 0.0245 for the preferred dividend in favour of each outstanding savings share at the dividend record date, as calculated below, acknowledging that the preferred dividend for 2014 and 2015 was satisfied in full during the distribution of the dividend for 2015, and that the preferred dividend due in total for the 269,628 savings shares therefore amounted to €6,605.89;

- EUR 0.00265 for the dividend in favour of each ordinary share outstanding at the dividend record date, as calculated below, acknowledging that this is lower than the 3% dividend of EUR 0.49 provided for by Article 22, paragraph 2, letter a) of the Articles of Association, as the dividend pertaining to the ordinary shares upon payment of the preferred dividend for the savings shares;

- regarding residual earnings, once the allocation to the legal reserve and the above distributions have been made, charged to the “Available reserve”, thereby acknowledging that, where the number of ordinary shares with rights to dividends at the record date was 377,531,366, the dividend due would be equal to EUR 1.000,458.12, while the residual earnings allocated to the Available reserve would be EUR 5,442,212.10;

2) to establish that the payment of the dividend is to take place in a lump sum on 10 May 2017 for each ordinary share so entitled and for each savings share so entitled, with the ex-dividend date of 8 May 2017 and the record date of 9 May 2017;

3) to confer upon the Chairman of the Board of Directors and to the Managing Director, jointly and severally, all appropriate powers to carry out any act necessary for the execution of the present resolution.

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Agenda item 2 -Appointment of the Board of Directors.

Dear Shareholders,

We hereby inform you that, on the occasion of the ordinary shareholders' meeting called to approve the financial statements as at 31 December 2016, which has been called for 27 April 2017, on first call, and 28 April 2017 on second call, the term of office expires of the company's Board of

Directors which had been appointed upon resolution of the Ordinary Shareholders' Meeting held on 29 April 2014 for the three year period 2014/2015/2016 which was supplemented on 29 April 2016 following resignations tendered by a member of the Board of Directors.

We therefore invite you to (2.1) appoint the Board of Directors after determining the number of members and the term of the office; (2.2) define the annual remuneration of the Board members.

* * *

(2.1) Appointment of the Board of Directors and the Chairman, after determination of the number of members and the term of the office.

Dear Shareholders,

With regard to the determination of the number of Directors, we remind you that, pursuant to Article 12.1 of the Articles of Association, the Company is administered by a Board of Directors which is composed of 5 to 15 members, who will remain in office for up to three financial periods, and the offices will expire on the date of the Shareholders' Meeting called for approval of the financial statements relative to the last period during which they were in office and they may be re-elected.

Therefore, prior to proceeding to the election of the Board of Directors, the Shareholders' Meeting shall determine the number of members of the governing body, who shall be no less than five and no more than fifteen, and also set the duration of the office for a period of time not to exceed three years.

Regarding the appointment of the members of the Board, as already indicated in the notice of call, the relative procedure is governed by Article 12 of the Articles of Association and shall take place on the basis of lists submitted by the shareholders, in which the candidates are listed in progressive order.

The lists presented by the shareholders, signed by those that submit them, must be delivered to the company's headquarters, located at Viale Isonzo 25 in Milan, at least twenty-five days prior to the date set for the Shareholders' Meeting on first call. After the list or lists have been submitted, it/they will be published within the times and according to the procedures as provided by the applicable laws.

We reiterate that each shareholder, the shareholders who participate in a shareholders' agreement pursuant to Article 122 of Legislative Decree 58/1998, the controlling entity, the subsidiaries and the entities subject to common control pursuant to Article 93 of Legislative Decree 58/1998 shall not present or attempt to present, including through a third party or a trust company, more than a

single list, nor shall they vote on different lists and no candidate may be included on more than one list, under penalty of ineligibility. The participations and votes expressed in violation of this rule shall not be applied to any list.

Only shareholders who, alone or together with other shareholders presenting lists, representing at least 2.5% of the share capital, are entitled to a vote in the Ordinary Shareholders' Meeting, pursuant to Consob resolution no. 19856 of 25 January 2017.

Furthermore, together with each list, and within the respective deadlines indicated above, the following must also be submitted (i) the declarations with which each candidate accepts his or her candidacy certifying, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that the requirements for the respective offices are fulfilled; (ii) a CV containing the personal and professional qualifications of each candidate with indication of that candidate's suitability for qualification as an independent director pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998. Within the deadlines set forth for the publication of the lists by the company, it is necessary to file the appropriate certification issued by a third party who is authorised pursuant to the law, proving ownership of the number of shares required for submission thereof, at the time that the list was submitted to the Company.

Lists submitted in violation of these provisions above shall be considered as not having been submitted.

The Board of Directors will be elected as specified below:

- a) all the directors except one will be elected from the list that has obtained the highest number of votes, in the progressive order in which they are listed on that list;
- b) the remaining director will be elected from the minority list that is not in any way connected, even indirectly, either with the list under a) above nor with the individuals that presented or voted for the list under a) above, and this individual shall have obtained the second highest number of votes.

To this end, account will not be taken of the lists that have not received a percentage of votes at least equal to one half of the percentage requested for presentation of the lists above.

Should the candidates elected pursuant to the procedures above not result in the appointment of a number of directors that possess the requirements of independence established for the statutory auditors pursuant to Article 148, paragraph 3, of Legislative Decree 58/1998, equal to the minimum number established by the law in relation to the total number of directors, the non-independent candidate elected last in the progressive order of the list who obtained the highest number of votes under a) of the paragraph above, will be replaced by the first independent candidate who has not

been elected from the same list, according to the progressive order in that list or, for want of the former, the first independent candidate according to the progressive numbering who was not elected on the basis of the other lists, according to the number of votes obtained by each. This replacement procedure shall be used until the Board of Directors comprises a number of members who meet the requirements under Article 148, paragraph 3 of Legislative Decree 58/1998, equal to at least the minimum number required by the law.

If the election of the candidates through the above methods does not result in a Board of Directors that meets the requirements applicable regarding gender balance, the candidate of the most represented gender, elected last in the progressive order of the list with the highest number of votes will be replaced by the first candidate of the less represented gender who was not elected but on the same list, in the progressive order of the list. This replacement procedure will continue until the composition of the Board of Directors is compliant with the applicable laws regarding gender balance. If this procedure fails to achieve the required result, the replacement will take place on the basis of a resolution adopted by the relative majority of the Shareholders' Meeting, upon submission of the candidacy of individuals belonging to the less represented gender.

If only one list is presented or if no list is presented, the Shareholders' Meeting shall resolve on the basis of the legal majority, without observing the procedure above, so as to ensure the presence on the board of the minimum number of independent directors required by the law and the Articles of Association and compliance with the applicable laws regarding gender balance.

* * *

Dear Shareholders,

In light of the above, we hereby invite you to: a) set the number of members of the board of directors and determine the term of the office; b) appoint the Board of Directors and the Chairman thereof, expressing your vote for the list submitted by you, individually or together with other shareholders or, if you have neither presented a list nor participated in presenting a list, your vote for one of the lists presented.

* * *

(2.2.) Determination of the annual remuneration of the members of the Board.

Dear Shareholders,

We remind you finally that, pursuant to Article 12.21 of the Articles of Association, you are required to define the remuneration payable to the Board of Directors. We remind you that on 29 April 2014 the Shareholders' Meeting resolved to set the total remuneration of the Board of Directors, composed of 5 members, at Euro 100,000.00. Therefore, the Board of Directors, which

met on that same day, set the gross annual remuneration at €20,000 *pro rata temporis*, for each director.

The Board of Directors does not believe that any proposal from it in this regard is required.

Agenda item 3 -Remuneration Report pursuant to Article 123-ter TUF.

Dear Shareholders,

the Remuneration Report required pursuant to Article 123-ter of the TUF will be published concurrently with the financial statements and we therefore request you to express your vote in favour only insofar as the first section of the report, as provided by the aforementioned law.

We therefore submit the following proposal for your approval:

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

- upon review of the remuneration report under Article 123-ter of the TUF,

hereby resolves

pursuant to Article 123-ter, par. 6 of Legislative Decree 58/1998 and pursuant to all other legal intents and purposes, in favour of the content of Section One of the Remuneration Report.”

Fourth agenda item Approval of the Stock Grant Plan for the three-year period 2017-2018-2019

Dear Shareholders,

Your attention is drawn to the proposed resolution described below, submitted for the examination of the Ordinary Shareholders' Meeting, relating to the incentive system for the incoming Managing Director of the Company as per the fourth item of the agenda for today's ordinary meeting, which assigns the right to receive, for free, ordinary shares of the Company subject to the achievement of certain performance targets.

For the purposes of implementing the medium/long-term incentive system based on Company financial instruments, which are to be granted to the incoming Managing Director of the Company and CEO of the Group, and having heard the opinion of the Remuneration and Appointments Committee, the Board of Directors has prepared a specific plan (the **Stock Grant Plan 2017 - 2019** or for short the **Plan**), whose features are as follows:

Aims of the Plan

The aims that the Company seeks to achieve by implementing the Plan relate to incentivising the incoming Managing Director, thereby increasing their loyalty to the Company, by granting them

instruments that represent the value of the Company subject to the achievement of predetermined performance targets.

The basic aims of the Plan can be summarised as follows:

- (i) to align the Beneficiary's remuneration with shareholders' interests and the guidance set out in the Code;
- (ii) the increase the loyalty to the Company of the new Chief Executive Officer;
- (iii) to guide the Executive Director, and their entire management team, towards decisions that facilitate the creation of value for the Group in the medium/long term.

The Plan involves:

- a) the free allocation to the Plan Beneficiary of a certain number of rights to receive ordinary shares in the Company for free;
- b) a three-year performance period;
- c) the award and handover of the ordinary shares in the Company covered by the Plan is subject to verification by the Board of Directors of the performance targets achieved over the three years.

Plan Beneficiary

The Plan is exclusively for the incoming Managing Director of Reno De Medici S.p.A. and CEO of the RDM Group.

Objective of the Plan

The objective of the Plan is the free allocation to the Plan beneficiary of rights to the free award of up to a maximum of 2,262,857 shares, at the end of the three-year performance period and subject to the achievement of predetermined targets.

Procedures and conditions for activating the Plan

Under the Plan, the award of the shares is subject to (i) the achievement of specific performance targets and (ii) the Beneficiary remaining the Managing Director of Reno De Medici S.p.A. for the entire Plan period, i.e. for the three years 2017-2018-2019.

The performance targets are set by the Board of Directors upon allocation of the rights and will comprise Consolidated EBITDA as results in the approved consolidated financial statements and OSHA results.

The shares to service the Plan may be found by purchase on the market and/or by using shares already held by the Company as a result of the Share Buy-Back Plan approved by the Shareholders' Meeting on 2 November 2015, subject to the amendment to the said resolution of 2 November 2015 by the Ordinary Shareholders' Meeting and authorisation of the Board of Directors to use the shares

bought in order to enact this Plan, pursuant to and in accordance with Articles 2357 *et seq.* of the Italian Civil Code (fifth item on the agenda referred to below).

In accordance with applicable accounting standards, the cost and associated increase in capital due to the Stock Grant Plan 2017-2019 will be recognised after the Board of Directors has identified the number of shares awarded.

For any further information on the Plan, refer to the attached Information Document attached to this Report, prepared in accordance with Article 84-*bis* of Consob Regulation 11971/99 on Issuers, pursuant to the provisions of Article 114-*bis* of Legislative Decree 58/98 (the “Consolidated Law on Finance” or TUF).

* * * *

Therefore, we submit the following proposed resolution for your approval:

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

- having heard and approved the submissions of the Board of Directors;

- having seen the information document describing the Stock Grant Plan 2017-2019 published in accordance with applicable resolutions;

resolves

*1) to approve the Stock Grant Plan 2017-2019, concerning the allocation to the incoming Managing Director of Reno de Medici S.p.A. of the right to receive, for free, a maximum of 2,262,857 ordinary shares in the Company, at the end of the performance period and subject to the achievement of predetermined performance targets for each year with the features described in detail in the Information Document prepared in accordance with Article 84-*bis* of Consob Regulation 11971/99 on Issuers, in implementation of the provisions of Article 114-*bis* of the TUF;*

2) to consequently confer all necessary powers on the Board of Directors for the implementation of the above Stock Grant Plan 2017-2019, to be exercised in accordance with the rules described above, making all necessary changes and/or additions to it as may be necessary to enact the resolution. To this end, purely by way of example, the Board of Directors may, subject to consultation with the Remuneration Committee, which is also entitled to delegate this responsibility, (i) enact the Plan; (ii) identify the Beneficiary by name; (iii) prepare and approve the documentation connected with the implementation of the Plan.”

Fifth agenda item. Authorisation to disposal treasury shares: Amendment of Resolution taken on 2 November 2015

Dear Shareholders,

Your attention is drawn to the proposed resolution described below, submitted for the examination of the Ordinary Shareholders' Meeting, relating to the incentive system for the incoming Managing Director of Reno De Medici S.p.A.

On 2 November 2015, the Company's Share Buy-Back Plan was approved. The reasons behind the Plan as stated in the report prepared by the Board of Directors expressly excluded using the shares purchased under the Plan for variable remuneration.

In light of the decisions taken under the fourth item of the agenda, the option is requested to use the shares purchased and to be purchased in accordance with the resolution taken on 2 November 2015 also for the implementation of the Incentive Plan.

Therefore, we submit the following proposed resolution for your approval:

“The Ordinary Shareholders' Meeting of Reno de Medici S.p.A.,

- having heard and approved the submissions of the Board of Directors;*
- considering the approval of the Stock Grant Plan for the three years 2017-2019;*
- in view of the resolution taken on 2 November 2015,*

resolves

- to amend the resolution taken by the Ordinary Shareholders' Meeting on 2 November 2015 in order to authorise the Board of Directors to disposal the treasury shares in the portfolio for the execution of the Stock Grant Plan for the three-year period 2017-2019, by way of the free allocation under the conditions set out in said Plan, without prejudice to any other aspect of the above-mentioned resolution taken on 2 November 2015, which remains unchanged;*
- to grant the board of directors and on its behalf of the chairman and the managing director, jointly and severally, all necessary powers to give full and final enactment of the resolutions.”*

Extraordinary Section

Proposal for the merger by incorporation of R.D.M. Marketing S.r.l. into Reno De Medici S.p.A.

Dear Shareholders,

the information document prepared pursuant to art. 70 of the RE regarding the proposal for the merger by incorporation of R.D.M. Marketing S.r.l. into Reno De Medici S.p.A. will be published concurrently with the financial statements for 2016.

We remind you that the procedural simplifications pursuant to art. 2505 of the Italian Civil Code apply in this case, as the entire capital of the incorporated company is held in its entirety by the incorporating company, therefore, pursuant to art. 2505 of the Italian Civil Code, the provisions under Article 2501-*ter*, par. 1, numbers 3), 4) and 5) and Articles 2501-*quinquies* and 2501-*sexies* of the Italian Civil Code do not apply.

Therefore:

- a) pursuant to Article 2504-*ter* of the Italian Civil Code, we will proceed to cancel the equity investment held by the incorporating company, this equity investment representing the entire share capital of the incorporated company and no share swap will be calculated nor will any new shares be issued by the incorporating company (therefore, there will be no increase in the share capital of the incorporating company) since (as already specified) the incorporating company holds the entire share capital of the incorporated company.
- b) following the merger, the incorporating company's share capital will remain intact;
- c) the date the legal aspects of the merger will become effective insofar as third parties will be established within the merger deed and this date may be later than the date of the last entries pursuant to Article 2504-*bis* of the Italian Civil Code.
- d) the transactions carried out by the incorporated company will be applied to the financial statements of the incorporating company beginning from 1 January of the year in which the merger will enter into effect toward third parties, and therefore presumably beginning from 1 January 2017 and the tax effects of the merger will begin on that same date.
- d) pursuant to Article 2501-*quater* of the Italian Civil Code, the merger takes place based on the draft financial statements of the two companies as at 31.12.2016 which will be submitted to the business registry within the documentation accompanying the registration or the merger resolution
- e) pursuant to Article 2505 of the Italian Civil Code, the reports of the directors and the experts pursuant to Article 2501-*quinquies* and 2501-*sexies* of the Italian Civil Code have not been prepared since the share capital of the incorporated company is owned in its entirety by the incorporating company, as specified above;

f) the following documents will be available at the registered offices of the company beginning from 17 March 2017 until the date of the shareholders' meeting:

-the merger deed;

-the financial statements of the last three years of the companies participating in the merger with the related reports (2013, 2014, 2015);

the draft financial statements as at 31 December 2016 of the companies participating in the merger;

g) the case under Article 2501-*bis* of the Italian Civil Code does not apply;

h) pursuant to the draft financial statements as at 31 December 2016, none of the companies are under the situations envisaged under Articles 2446 and 2447 of the Italian Civil Code.

Dear Shareholders,

We therefore submit to your attention the following resolution proposal

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

-in consideration of the communications made by the Chairman,

-acknowledging the declarations of the statutory auditors;

- having reviewed the merger plan;

hereby resolves

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To complete the merger by incorporation into the company meeting here of:

"R.D.M. Marketing S.r.l."

with its registered office at 25 Viale Isonzo, Milan (MI), share capital €200,000.00 fully paid-up, entered in the Milan Companies Register, registration number and tax code 05945190964,

all in the methods, terms and conditions set out in the plan attached to the minutes of this meeting, which is approved in all parts, by virtue of which the following resolutions, specifically, are taken:

(a) the by-laws of the incorporating company will not change as a result of the merger;

(b) taking into consideration the fact that the incorporating company "RENO DE MEDICI S.p.A owns all the share capital of the incorporated company "R.D.M. Marketing S.r.l.", and on condition that this continues until the deed of merger, the merger will take place without a share capital increase for the incorporating company and without the exchange of equity investments of "R.D.M. Marketing S.r.l.", which will be cancelled in full;

(c) the merger will take effect from when the last of the provisions set out in Article 2504 of the Civil Code is implemented, or from the next deadline established in the deed of merger ("Effective Date").

(d) the operations of the incorporated company will be reported in the financial statements of the incorporating company from 1 January 2017, or, if later, from the start of the financial year at the time of the Effective Date, acknowledging that the year end of the financial years of both companies in the merger is 31 December. The same date will be considered as the start date pursuant to Article 172, paragraph 9 of Presidential Decree 917 of 22 December 1986.

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To confer upon the administrative body, and severally on each member, the widest-ranging powers to execute the approved merger, and therefore to conclude, possibly even early, in compliance with the regulations, also by means of proxies, and with the right to stipulate contracts as the representative of the incorporated company, the deed of merger, establishing the conditions, procedures and clauses, determining the start of the effects of the merger within the limits permitted by law and in conformity with the approved merger plan, allowing any necessary transfers and transcriptions with regard to assets and, in any event, the asset and liability items of the incorporating company, as well as making all the amendments or supplements to these minutes and to the by-laws attached to the merger plan required for the purpose of registration with the companies register and/or the Regulatory Authority.”

Milan, 23 March 2016.

On behalf of the Board of Directors

The Chairman

Signed Robert Hall