

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE
SHAREHOLDERS MEETING CALLED FOR THE APPROVAL OF THE
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016
PURSUANT TO ARTICLE 153, LEGISLATIVE DECREE 58/98 AND ARTICLE
2429, OF THE ITALIAN CIVIL CODE

To the Shareholders' Meeting of Reno De Medici S.p.A.

Dear Shareholders,

first of all we should like to remind you that the legally-required audit of the accounts pursuant to Article 14 of Legislative Decree 39/2010 is delegated to the Independent Auditors Deloitte & Touche S.p.A., appointed to this extent by the Shareholders' Meeting of April 27, 2012 with regard to each of the financial years included between 2012 to 2020.

During the time of our practise, ended on the 31st of December 2016 , we carried out our control activities according to the rules of the Italian Civil Code, to articles 148 *et.seq.* of Legislative Decree 58 of February 24, 1998 as well as Legislative Decree 39/2010, in our capacity of Internal Control and Audit Committee, also taking into account the guidelines provided by CONSOB in its communications, accordingly with the code of conduct of the Board of Statutory Auditors recommended by the "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili" (Italian Association of Chartered Accountants).

We verified the compliance with the law and with the instruments of incorporation.

On a quarterly basis at the least, the Directors gave us extensive information about the activities performed and on the main economic, financial and balance-sheet impact transactions carried out by the Company and its subsidiaries, as well as on the overall management performance and on the events that had the main impact on the result for the year.

As far as we are concerned, we verified that any action approved and implemented were compliant with the Law and the by-laws and that they were not manifestly imprudent, risky, or affected by a conflict of interest or were contrary to the resolutions adopted by the Shareholders' Meeting, or able to compromise the integrity of the Company's assets.

We did not get any evidence that the Company carried out any atypical and/or unusual transactions with any company of the Group or with other related-parties or third-parties, being such a result confirmed by the information provided by the Related Parties committee.

According to our duties, we supervised the adequacy of the Company's organizational structure, the compliance to the principles of proper administration and the adequacy of the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2 of Legislative Decree 58/98. In this regard, we do not have any particular observation to report.

Specifically, as far as the decision-making processes of the Board of Directors are concerned, we ascertained, also by our personal participation to the board meetings, the compliance with the law and by-laws of the managing decisions taken by the Directors. During the meetings of the Board all the periodical managing performance have been analysed and deeply discussed, as well as any aspect related to the most significant transactions.

We monitored the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter to correctly represent the operating performance, by mean of the information received from the holders of the respective offices, the exam of the company documents and the analysis of the results of the work conducted by the Independent Auditors and by the Internal Audit Manager and attending the meetings of the Control and Risk Committee established within the Board of Directors pursuant to the Self-Regulation Code.

In our capacity as Internal Control and Audit Committee, as per article 19 of the Legislative Decree n. 39/2010, we monitored the financial reporting process also examining the outcome of the activity performed by the Internal Audit Manager, with reference to the adequacy and the actual application of the internal control system adopted by the Company in order to assure the reliability of the financial reporting process. As per our evidences, the internal control and risk management systems are overall appropriate and able to endure the reliability of the 2016 financial information.

As provided for by Article 16 of Legislative Decree 39 of 1.27.2010, the Independent Auditors have exclusively exercised control over:

- the correct keeping of the accounts and the correct recording of the operating performance in the records;
- the correspondence of the financial statements with the results of the records and on the conformity to the governing regulations.

We held regular meetings with the representatives of the Independent Auditors, pursuant to Article 150, paragraph 3 of Legislative Decree 58/98, and no significant data or information arose that need to be highlighted in this report.

Under the scope of the supervision of the statutory audit of the financial and consolidated accounts, we examined the Group's Audit Plan as of December 31, 2016 - prepared by the Independent Auditors - which highlights the significant risks with regard to the main areas of the financial statements and we also monitored the effectiveness of the audit activity performed by the Independent Auditors. In this respect, we do not have any peculiar comment to report.

We monitored the practical methods for implementing the Corporate Governance system laid down in the Self-Regulating Code adopted by the Company, keeping up with the recommendations of Borsa Italiana S.p.A..

In this regard, taken note of the evaluations performed by the Board of Directors and by the Control and Risk Committee, the Board of Statutory Auditors verified (i) that the assessment criteria and procedures adopted by the Board of Directors to evaluate the existence of the requirements of integrity, independence and enforceability of its members were correctly applied, (ii) the adequacy of the Board and of its Committees, in respect of the needs and activity of the Company, of its size, composition and operation, as well as (iii) the compliance of each individual member of the Board of Statutory Auditors with the criteria of independence.

We verified the compliance with the rules concerning the drafting of the separate financial statements and the consolidated financial statements as of December 31, 2016 - prepared in accordance with the IFRS (International Financial Reporting Standards), issued by the IASB and endorsed by the European Union, applicable as of December 31 2016 - and of the Directors' Report, by mean of direct controls and information obtained from the Independent Auditors.

With reference to the control on any reductions in value of assets (impairment tests) pursuant to accounting principle IAS 36, as expressly indicated in the joint Bank of

Italy/Consob/Isvap Document 4 of March 3, 2010, before the approval of the financial statements draft as at 12.31.2016, the Directors, during their meeting held on March 23 2017, approved the results of the impairment test and verified their correspondence to the guidelines of IAS 36. Following the analyses carried out by the Directors, as described in the Directors' Report and in the Notes to the consolidated and separate financial statements, no devaluation has been necessary. Furthermore, we highlight that, following the cover of the losses occurred during the financial period, the Directors modified the value of the participation owned in R.D.M. Marketing S.r.l., subject to the merger proposal included in the agenda of the extraordinary shareholders' meeting.

In their Report, which also contains the information required by Legislative Decree 32/2007, the Directors provided broad information about managing performance and the events featured in the year, illustrating the activities conducted in the various geographical areas in which the Company operates. Making explicit reference to the information provided by the Directors, we wish to remind You specifically, among the extraordinary operations, the purchase of the 100% of Cascades S.A.S from Cascades Canada ULC, which since 06.30.2016 has been included in the scope of consolidation of the Reno de Medici Group and as far as it concerns the minor operations, the transfer of the 17% of the controlled Emmaus Pack S.r.l., the sale of Reno de Medici Iberica and the tax assessment arisen between Reno de Medici Arnsberg GmbH and the German tax Authorities.

Furthermore, in their Report, the Directors adequately list and describe the operations undertaken with the Companies pertaining to the Group and the other related parties, including the already mentioned purchase of Cascades S.A.S., highlighting their ordinary nature or, in any way, their functionality in regards to the Company programs and requirements, as far as their characteristics and amounts. Particularly, the aforesaid operations represent the 3,7% of the total sale revenues and are mainly of commercial nature.

The Directors' Report contains a specific section on Corporate Governance and ownership structures, prepared pursuant to Article 123-*bis* of Legislative Decree 58/98 and Article 89-*bis*, R.E.. In this regard the Directors do not have any issues to bring to your attention.

Both the consolidated financial statements and the separate financial statements contain the certifications of the Executive officer in charge for the preparation of the company's financial reports, issued pursuant to Article 154-*bis* of Legislative Decree 58/98 and subsequent amended.

The Directors, on March, 23, 2017, have also prepared and approved the Remuneration Report pursuant to Article 123-*ter* of Legislative Decree 58/98, approved by the Remuneration Committee on the same day. In this context, the Company illustrated the principles adopted for calculating the remuneration of executive directors or directors in charge for specific offices, for the Chief Executive Officer as well as for other Officers with strategic responsibilities. In addition, the Report contains the table of compensation paid to members of the Board of Directors and Auditors, to the Chief Executive Officer and to any other officer with strategic responsibilities, as well as the table containing the information on investments held by the same in the Company's share capital. Finally, please note that the board meeting called to approve the annual financial statements as of 12.31.2016, shall also resolve upon the approval, pursuant to Article 123-*ter* of Legislative Decree 58/98, of the Stock Grant Piano 2017-2019 proposed in favour of the future managing Director of Reno de Medici S.p.a.

On April 5, 2017, the Independent Auditors issued their report with a favourable opinion on the consolidated financial statements and the separate financial statements as of 12.31.2016, without any further remarks or findings. The Independent Auditors also certified the consistency of the Directors' Report and of the specific section about the corporate governance and ownership structure, limited to the information included in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of Article 123-*bis* of Legislative Decree 58/98, with the financial statements as at December 31, 2016.

The Independent Auditors, still on April 5, 2017, also sent us - in our capacity of Internal Control and Audit Committee - their report on the fundamental issues that emerged during the statutory audit and any significant shortcomings found in the internal control system with regard to the financial information process, pursuant to Article 19 of Legislative Decree 39/2010, paragraph 3. There is adequate information on these aspects in the Notes to the Consolidated and Separate Financial Statements.

The Independent Auditors also confirmed to us that, during the normal course of their audit, they did not discover any shortcomings in the internal control system with regard

to the financial information process for the separate and consolidated financial statements as at 12.31.2016 that needed reporting to the Internal Control and Audit Committee.

As provided by Article 19 of Legislative Decree 39/10, we monitored the independence of the Independent Auditors, specifically as far as the provision of non-audit related services is concerned.

Pursuant to the provision of Article 17, paragraph 9, letter a) of Legislative Decree 39/2010, we received confirmation from the Independent Auditors that - in the period from January 1, 2016 to the date of their communication (April 4, 2017) - they did not find any situations that might compromise their independence, as far as any causes of incompatibility, as indicated in Articles 10 and 17 of Legislative Decree 39/2010 and its implementing provisions.

The Independent Auditors also sent us the list of non-statutory audit services provided to the Company and its subsidiaries by themselves or by organizations belonging to their network (Network Deloitte & Touche S.p.A.). Specifically, from the information provided pursuant to Article 149-*duodecies* of the CONSOB Issuers' Regulation and reported in the annex to the Notes to the Separate Financial Statements, Deloitte & Touche GmbH (Germany) was appointed to carry out the following additional task:

- other certification services, for a total of Euro11,000 (awarded to Deloitte & Touche GmbH Germany) .
- report on the exam of the pro forma data of the Group Reno de Medici for the exercise ended on the 31st December of 2015, for a total of Euro 110.000 (granted to Deloitte & Touche S.p.A. – Capogruppo).

Also taking into account the communication issued by Deloitte & Touche and the above referred information, based on the oversight activities performed pursuant to Article 19 of Legislative Decree 39/2010, no critical aspects arose with regard to the independence of the Independent Auditors Deloitte & Touche SpA.

During the course of the oversight activity performed by us and taking into account also the information obtained from the Independent Auditors, no omissions and/or reprehensible actions and/or irregularities were found out or significant events that would need to be reported to the control bodies or be mentioned in this report.

The oversight activity described above have been performed in the Board of Statutory Auditors' meetings (also conducting individual interviews) and taking part to the Board of Directors' meetings, as well as to the meetings of the Control and Risk Committee and the Supervisory Body pursuant to Legislative Decree 231/2001, having also heard the Internal Audit Manager. Specifically, we wish to point out the following:

- the Control and Risk Committee, appointed pursuant to the Self-Regulation Code, confirmed (i) the adequacy of the procedures and, more generally, the internal control system adopted by the Company, also in the light of the approval by the Board of Directors of dedicated corporate procedures referred to related-party transactions, confidential information, internal dealing and information disclosure obligations to the Boards of Directors and Auditors, pursuant to ex Article 150 of Legislative Decree 58/98; (ii) the adequacy of the organizational, administrative and general accounting structure, also pursuant to Article 123-*bis*, paragraph 2, letter b) of the TUF. With reference to the anomalies founded during the 2015 financial year, in the awarding process of procurement contracts, the Control and Risk Committee has also pointed out that the Company significantly improved its compliance with the procedures in force and its attention to the ongoing updating of the internal control system.
- The Supervisory Body, appointed pursuant to Legislative Decree 231/01, confirmed there were no breaches of the Organizational Model adopted by the Company that it was aware of and noticed the society's constant attention to the correct use and the continued implementation of the control system (ex Legislative Decree 231/01). With regard to several problems that emerged during the purchase management process in 2015, the ODV pointed out how the Company had improvements in the application of the procedures in 2016.
- The Internal Audit Manager, established pursuant to the Self-Regulation Code, ascertained that the internal control and risk management system was, overall, adequate, operational and functional and able to reduce and prevent the risks that could hinder and/or have a significant impact on the financial reporting or the activity of the Company eventually compromising its asset integrity. Furthermore, the Internal Audit Manager, pointed out that the management has pro-actively

reacted to any findings or deficiencies arisen, putting into force appropriate, effective and timely corrective remedies.

We did not receive any censure pursuant to Article 2408 of the Italian Civil Code or complaints from third parties.

During the financial year the Statutory did not released opinions about particular procedures.

Six meetings of the Board of Directors were held during the financial year, four meetings of the Internal Control Committee, two meetings of the Related Parties Committee, four meetings of the Remuneration Committee, eight meetings of the Nominations Committee, to which the Board of Statutory Auditors regularly attended. In 2016 the Board of Auditors gathered ten times.

Based on the above, the Board of Statutory Auditors, to the extent applicable, does not find any reasons against the approval of the financial statements for the year ended as of 12.31.2016, and also with regard to the proposal submitted by the Board of Directors for the allocation of the profits for the year.

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The Board of Directors has also called the Shareholders ordinary meeting to resolve with regard to the appointment of the administrative body.

With express reference to the Illustrative Report prepared by the Directors, the Board of Statutory Auditors invites you to take the necessary and consequent decisions.

Milan, April 5, 2017

THE BOARD OF STATUTORY AUDITORS

Signed by

Giancarlo Russo Corvace (Chairman)

Giovanni Maria Conti

Tiziana Masolini