

**Directors' Report of Landi Renzo S.p.A. in accordance with section 125-ter of Legislative Decree 58/1998 and sections 84-ter and 73 of Consob regulation no. 11971 of 1999, to the ordinary Shareholders' Meeting, to be held at the registered office of the Company in Corte Tegge, Cavriago (Reggio Emilia), Via Nobel 2/4, on 29 April 2019 at 9:00 a.m. in single call.**

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1. **1.1. FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018, MANAGEMENT REPORT, REPORT OF THE BOARD OF STATUTORY AUDITORS AND REPORT OF THE INDEPENDENT AUDITOR; ANY RELATED AND CONSEQUENTIAL RESOLUTIONS. 1.2. RESOLUTIONS REGARDING THE END OF YEAR RESULTS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

the draft financial statements for the year ended 31 December 2018, which we are submitting to your approval, report a profit for the financial year of Euro 226,353.61.

We are also submitting the consolidated Landi Renzo financial statements for the year ended as of 31 December 2018 which, although does not need to be approved by the Shareholders' Meeting, sets out additional information provided with the Landi Renzo S.p.A. financial statements for the year (the "**Company**").

For more information, please refer to the financial statements for the year ended as of 31 December 2018 and the related management report which you are asked to approve. We submit to your approval the following

**proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the Board of Director's management report, the Board of Statutory Auditors' report and the independent auditors' report, and having reviewed the financial statements for the year ended on 31 December 2018,

**resolves**

- to approve the financial statements for the year ended on 31 December 2018, which report a profit for the financial year of Euro 226,353.61, as presented by the Board of Directors with regard to the aggregate accounts, the individual items, as well as the management report prepared by the Board of Directors;
- to approve the allocation of the profit of the year of Euro 226,353.61 to extraordinary reserve, provided that the legal reserve has already reached one fifth of the share capital".

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2. **APPOINTMENT OF THE BOARD OF DIRECTORS: 2.1 DETERMINATION OF THE NUMBER OF BOARD MEMBERS; 2.2 APPOINTMENT OF THE BOARD OF DIRECTORS; 2.3 APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS; 2.4 DETERMINATION OF THE DIRECTORS' TERM OF OFFICE; 2.5 DETERMINATION OF THE REMUNERATION OF THE BOARD OF DIRECTORS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

with the approval of the financial statements as of 31 December 2018, the term of office of the Board of Directors currently in office expires.

We thank you for the trust you have placed in us and we invite you to appoint, pursuant to section 2364, paragraph 1, point 2), of the Italian Civil Code and the applicable provisions of the by-laws, the new administrative body after determining the numerical composition of the same, and to determine the duration of their office and the remuneration of the Board of Directors.

We also invite you to appoint the Chairman of the Board of Directors.

In this regard, we kindly remind you that:

- pursuant to section 14 of the Company's by-laws, the term of office of the administrative body cannot exceed three financial years and the number of its members shall not be lower than five and higher than nine, including the Chairman;
- the ceasing directors can be re-appointed;
- the directors must possess the requirements provided for by the current provisions of the law;
- in compliance with the provisions of section 147-ter, fourth paragraph, of Legislative Decree 58/1998, as subsequently amended, (the "**Consolidated Financial Act**"), at least one director, or two if the Board of Directors is composed of more than seven members, shall meet the independence requirements set forth for the Statutory Auditors by section 148, third paragraph, of the Consolidated Financial Act;
- the appointment of the Board of Directors is based on the lists presented by the shareholders who, in accordance with the Company's by-laws and the current provisions of law and regulations, represent a total of at least 2.5% of the share capital, in compliance with the *pro tempore* applicable laws and regulations, on gender balance;
- in compliance with section 147-ter, third paragraph, of the Consolidated Financial Act and section 14 of the by-laws, at least one director shall be appointed from the minority list that has obtained the highest number of votes and is not connected in any way, not even indirectly, with the shareholders who submitted, or contributed to submit, or voted the list that was first in terms of number of votes;
- the presentation of the lists of candidates for the office of director as well as the appointment of the same shall be carried out in compliance with the provisions of section 14 of the by-laws and the current provisions of law. In particular, each list presenting at least three candidates shall contain a number of candidates of the less represented gender at least equal to the minimum required by the applicable laws and regulations *pro tempore* in force, as well as provide adequate information on whether the list corresponds to the objective of gender

diversity. The lists presented without observing the aforementioned provisions are considered as not presented;

- each candidate may be included on only one list, under penalty of ineligibility;
- in the event that a single list is submitted or in the event that no list is submitted, the Shareholders' Meeting shall resolve pursuant to, and with the majorities required by the law, without observing the aforementioned procedure.

Furthermore, we kindly remind the shareholders' that would submit proposals for the appointment of directors that:

- Landi Renzo S.p.A. is listed on the STAR segment of the Telematic Stock Exchange (*Mercato Telematico Azionario*) of Borsa Italiana S.p.A. (hereinafter "**Borsa Italiana**") and, therefore, in accordance with the Borsa Italiana Regulation and related instructions, it must:
  - i. ensure the presence of two independent directors in the Boards of Directors composed of up to a maximum of eight members, and of three independent directors in the Boards of Directors composed of nine up to a maximum of fourteen members;
  - ii. apply, with regard to the composition of the Board of Directors, the principles and application criteria set forth in sections 2 and 3 of the Self-Governance Code;
- the appointment proposals shall be filed at the Company's registered office in Cavriago, Corte Tegge (Reggio Emilia), Via Nobel 2/4, and may also be filed by certified e-mail to be sent to the following e-mail address [landirenzoassemblea@open.legalmail.it](mailto:landirenzoassemblea@open.legalmail.it), at least 25 days before the date set for the Shareholders' Meeting, and shall be accompanied by:
  - i. the information concerning the identity of the shareholders who presented the list and the percentage of the overall shareholdings held by them;
  - ii. the declarations through which the candidates accept the candidacy and certify, under their own responsibility, the absence of causes of ineligibility and incompatibility, as well as the existence of the requirements prescribed by the current legislation for the appointment of directors;
  - iii. the statements regarding the compliance with the independence requirements potentially issued by the candidates, under their own responsibility, in accordance with the applicable laws and regulations;
  - iv. the *curricula vitae* containing exhaustive information on the personal and professional characteristics of each candidate, with indication of the administration and control positions held in other companies; and

- v. in the case of presentation of a list by shareholders other than those holding, even jointly, a controlling shareholding or a majority shareholding in the share capital of the Company, the Consob Communication no. DEM / 9017893 of 26 February 2009 recommends that such list shall be accompanied by a declaration of the shareholders presenting it, certifying the absence of relationships, even indirect, as referred to under section 147-ter, paragraph 3, of the Consolidated Financial Act and of section 144-quinquies of Consob regulation no. 11971 of 19 May 1999, as subsequently amended (the "**Regulations for Issuers**"), with shareholders who hold, even jointly, a controlling or majority shareholding.
- the lists presented without observing the aforementioned provisions are considered as not presented;
  - the lists will be published by the Company at least 21 days before the date set for the Shareholders' Meeting, in accordance with the provisions of the by-laws and section 144-octies of the Regulation for Issuers.

We also invite you to determine – pursuant to section 2364, first paragraph, point 3), of the Italian Civil Code and the applicable provisions of the by-laws – the total annual compensation of the Board of Directors. In this respect, it should be noted that the total remuneration payable to the Board of Directors provides for a gross fixed amount of Euro 190,000 on an annual basis and an appearance fee of Euro 500 for each meeting of the Board of Directors attended by the director. For more details about the remuneration policy currently adopted, please refer to the remuneration report which will be published in compliance with the law.

Finally, in accordance with the recommendations set forth in the application criterion 1.C.1, letter h) of the Self-Governance Code, we submit some guidelines on the professional figures whose presence would be appropriate within the Board of Directors. In particular, for a correct fulfillment of its duties, it would be appropriate for the Board of Directors to be composed of people with experience in similar board of directors and, for executive directors, with professional and managerial skills in the automotive field, with particular focus on research and development of new technologies for alternative fuel vehicles, without prejudice to the independence and gender requirements.

We also invite you to consider the diversity policy approved by the Board of Directors on 14 March 2019 and, in particular, that – in order to guarantee a plurality of approaches and perspectives, as well as an adequate degree of efficiency in relation to the analysis of the items and issues on the agenda – it would be appropriate to ensure an adequate degree of diversification and heterogeneity in terms of age, skills and training of the various members of the Board of Directors, encouraging as much as possible the presence of both professionals who have an adequate familiarity with the peculiarities of listed companies and international groups, but also of professionals having a strong connection with the industrial sector of the Company. For more details on the diversity policy approved by the Board of Directors, please refer to the corporate governance report pursuant to section 123-bis of the Consolidated Financial Act which will be published in accordance with law.

In light of the foregoing, we submit to your approval the following

**proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors and taking into account the provision of section 2364, first paragraph, numbers 2) and 3) of the Italian Civil Code and applicable statutory provisions,

**resolves**

- 1) to determine the number of members of the Board of Directors;
- 2) to appoint the Board of Directors;
- 3) to appoint the Chairman of the Board of Directors;
- 4) to determine the term of office of the Directors; and
- 5) to determine the remuneration of the Board of Directors ".

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3. **APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS; 3.1 APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS; 3.2 APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS; 3.3 DETERMINATION OF THE REMUNERATION OF THE BOARD OF STATUTORY AUDITORS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

in relation to the third item on the agenda, we remind you that with the approval of the financial statements as of 31 December 2018, the mandate conferred to the Board of Statutory Auditors also expires.

We therefore invite you, pursuant to section 2364, first paragraph, point 2) of the Italian Civil Code and the applicable provisions of the by-laws, to appoint three standing Statutory Auditors and two alternate Statutory Auditors for the three-year term ending with the approval of the financial statements as of 31 December 2021, as well as to appoint the Chairman of the Board of Statutory Auditors, and to determine their annual remuneration.

In this regard, we would like to point out that:

- pursuant to section 22 of the by-laws, the Board of Statutory Auditors is appointed on the basis of lists of candidates presented by the shareholders who, in accordance with the by-laws and applicable laws and regulations, represent at least 2.5% of the Company's share capital, in compliance with the *pro tempore* regulations in force concerning gender balance;
- each candidate may appear on only one list, under penalty of ineligibility;

- the ceasing Statutory Auditors may be re-appointed;
- the presentation of the lists of candidates for the office of member of the Board of Statutory Auditors and their appointment shall be made in accordance with section 22 of the Company's by-laws and the current provisions of law. In particular, each list that presents (considering both the section containing the candidates for the office of Statutory Auditor and the section containing the candidates for the office of alternate Statutory Auditor) at least three candidates shall contain a number of candidates of the less represented gender at least equal to the minimum required by the applicable laws and regulations in force, as well as provide adequate information on whether or not the list itself meets the aim of gender diversity. If the section of the alternate auditors of said lists indicates at least two candidates, these shall be of different genders. The lists presented without complying with the above provisions shall be considered as not presented;
- in accordance with the law and the Company's by-laws, the chair of the Board of Statutory Auditors shall be held by the first candidate of the list that received the second highest number of votes and that is not connected, even indirectly, in accordance with the provisions of applicable legislation and regulations, with the shareholders who presented, contributed to present or voted for the list that received the highest number of votes;
- if only one list is presented or if no list is presented, the Shareholders' Meeting shall appoint the Board of Statutory Auditors, acting with the majorities required by law;
- pursuant to section 2400, last paragraph, of the Italian Civil Code, when the members of the Board of Statutory Auditors are appointed and before the appointment is accepted, the Shareholders' Meeting shall be informed of the management and control positions held by each of them in other companies.

We also remind to the shareholders who intend to submit proposals for the appointment of the Board of Statutory Auditors that:

- candidates for the position of member of the Board of Statutory Auditors shall meet the independence requirements set forth under section 148, paragraph three, of the Consolidated Financial Act and those set forth by current laws and regulations;
- the lists, each consisting of two sections – one for candidates for the appointment of Statutory Auditors and the other for the appointment of alternate Statutory Auditors – shall be filed at the registered office of the Company in Cavriago, Corte Tegge (Reggio Emilia), Via Nobel 2/4, and may also be filed by certified e-mail to be sent to the following address [landirenzoassemblea@open.legalmail.it](mailto:landirenzoassemblea@open.legalmail.it), at least 25 days before the date fixed for the meeting and shall be accompanied by:
  - i. the information relating to the identity of the members who submitted the list and the percentage of participation held by them as a whole;

- ii. the declarations with whom the single candidates accept the candidature and certify, under their own responsibility, that there are no reasons for ineligibility or incompatibility, including the limit on the number of offices held in accordance with the applicable legislative and regulatory provisions, as well as the existence of the requirements prescribed for the respective offices;
  - iii. the *curricula vitae* containing exhaustive information regarding the personal and professional characteristics of each candidate, with indication of the administration and control positions held in other companies;
  - iv. if a list is presented by shareholders other than those who hold, even jointly, a controlling or relative majority interest in the Company's share capital, this list shall be accompanied by a declaration from the shareholders presenting it, attesting the absence of any relationship with one or more reference shareholders, as defined by current legislation;
- the lists will be published by the Company at least 21 days before the date of the Shareholders' Meeting, in compliance with the provisions of the by-laws and section 144-*octies* of the Regulations for Issuers.

Lastly, it should be noted that, pursuant to section 144-*sexies*, paragraph five, of the Regulations for Issuers, in the event that, at the end of the twenty-fifth day prior to the Shareholders' Meeting only one list has been filed for the appointment of the members of the Board of Statutory Auditors, or only lists presented by shareholders who, pursuant to section 144-*sexies*, paragraph four, of the Regulations for Issuers, are connected with each other pursuant to section 144-*quinquies* of the Regulations for Issuers, lists may be submitted until the third day following that date (*i.e.* 7 April 2019) and the participation held in the share capital required for the submission of lists (2.5% of the share capital) is reduced to one-half.

We also invite you to determine – pursuant to section 2364, first paragraph, point 3), of the Italian Civil Code and the applicable provisions of the by-laws – the total annual remuneration due to the Statutory Auditors. In this regard, it should be noted that the total remuneration currently due to the Chairman of the Board of Statutory Auditors provides for a fixed gross remuneration of Euro 35,000 on an annual basis and the total remuneration currently due to each Statutory Auditor provides for a fixed gross remuneration of Euro 25,000 on an annual basis. For further details on the remuneration policy currently envisaged, reference should be made to the remuneration report which will be published in accordance with the law.

Lastly, we invite you to take into consideration the diversity policy approved by the Board of Directors on 14 March 2019 and, in particular, to consider that – in order to guarantee a plurality of approaches and prospective, as well as an adequate degree of efficiency in relation to the analysis of the topics and issues on the items of the agenda – it would be appropriate to ensure an adequate degree of diversification and heterogeneity in terms of age, skills and training of the various members of the Board of Statutory Auditors, encouraging as much as possible the presence of professionals who are adequately familiar with the peculiarities of listed companies and international groups, but also of professionals who have a strong link with the industrial sector of the Company. For further details on the diversity policy approved by the Board of



Directors, reference should be made to the corporate governance report pursuant to section 123-*bis* of the Consolidated Financial Act, which will be published within the applicable terms of law.

In view of the above, we submit to your approval the following

**proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors and taking into account the provision of section 2364, first paragraph, point 2), of the Italian Civil Code and the applicable provisions of the by-laws,

**resolves**

- 1) to appoint the Board of Statutory Auditors until approval of the financial statements as of 31 December 2021;
- 2) to appoint the Chairman of the Board of Statutory Auditors; and
- 3) to determine the remuneration of the Board of Statutory Auditors".

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4. **RESOLUTION ON THE FIRST SECTION OF THE REPORT ON REMUNERATION PURSUANT TO SECTION 123-TER, SIXTH PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

we submit to your attention the Report on Remuneration, prepared in accordance with sections 123-*ter* of the Consolidated Financial Act and 84-*quater* of the Regulations for Issuers. We reiterate that the Report on Remuneration is set out in two sections, which respectively describe: (i) the Company's policy regarding the remuneration of members of the management bodies and managers with strategic duties with regard to the next financial year and the procedures followed to approve and implement this policy; and (ii) each of the items included in the remuneration of members of the management and internal audit bodies, and of the executive director, as well as fees paid to them for whatever reason in the last financial year.

Having stated the above and making reference for more information in this regard to the information set out in the Report on Remuneration, we submit, in accordance with the provisions of section 123-*ter*, paragraph 6, of the Consolidated Financial Act, to your approval the following

**proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A.,

- having acknowledged the Report on Remuneration prepared by the Board of Directors and drawn up in accordance with section 123-ter of the Consolidated Financial Act and section 84-quater of the Regulations for Issuers,
- having specifically reviewed the "first section" regarding the policy of the Company on the remuneration of members of the management body and of the managers with strategic duties and the procedures followed to approve and implement this policy,
- having regard to the Self-Governance Code, which the Company has adopted,

**resolves**

in favour of the first section of the Report on Remuneration prepared in accordance with section 123-ter of the Consolidated Financial Act and section 84-quater of the Regulations for Issuers.

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5. **APPROVAL PURSUANT TO SECTION 114-BIS OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 OF THE REMUNERATION PLAN BASED ON THE ALLOCATION OF ORDINARY SHARES OF LANDI RENZO S.P.A.**

Dear Shareholders,

the Board of Directors meeting of 14 March 2019, subject to the approval of the Remuneration Committee, resolved to submit to your approval, a long-term incentive plan for the three-year period from 2019 to 2021, pursuant to section 114-bis of the Consolidated Financial Act.

It is a performance shares plan called the "Performance Shares Plan 2019-2021" (the "**Plan**") reserved for the Beneficiaries (as defined below) and having as its purpose the attribution, free of charge, of the right to receive ordinary shares of the Company with no consideration (the "**Shares**"), on the basis of the level of achievement of certain established performance targets. The attribution of the Shares is conditional upon – in addition to the achievement of at least one of the performance targets – the existence, at the date of attribution of the Shares, of the office as director and/or employment relationship of the Beneficiary (as defined below) with the Company or the relevant subsidiary.

The essential terms and conditions of the Plan submitted to the Shareholders' Meeting approval are summarised below, with the specification that the proposed resolution provides for the assignment to the Board of Directors of the mandate to prepare the regulation of the Plan to be defined after a favourable opinion of the Remuneration Committee, having obtained - where requested - the opinion of the Board of Statutory Auditors pursuant to section 2389 of the Italian Civil Code (the "**Plan Regulations**").

For further details, reference should be made to the information document relating to the Plan (the "**Information Document**") prepared pursuant to Article 84-bis and Annex 3A of the Regulations for Issuers, available for consultation on the Company's website at the address <http://www.landirenzogroup.com/it>, Investors section.

## **(A) Reasons for the adoption of the Plan**

The Company considers share-based remuneration plans as an effective instrument to incentivise and create loyalty among those individuals holding key roles, in order to improve and maintain high levels of performance and also contribute to increasing the growth and success of the Company and of the Group.

The Plan has the following main goals: (i) to reward the achievement of the targets of the Industrial Plan for the three-year period from 2019 to 2021; (ii) to develop a medium-long term variable incentive policy in line with market practices, in order to retain key figures; (iii) to guarantee the sustainability of the medium term performance of the Company and the Group, stimulating conducts aimed at increasing its overall value; and (iv) to encourage the alignment of the interests of the management with those of the shareholders with a view to create value in the medium-long term, in compliance with the recommendations set forth in the Self-Governance Code.

## **(B) Object and duration of the Plan**

The Plan provides for the free of charge allocation to the Beneficiaries (as defined below) of the right to receive ordinary Shares free of charge, notwithstanding the fact that the number of Shares to be allocated will be determined on the basis of the level of achievement of certain established performance targets in accordance with the terms and conditions that will be determined in the Plan's regulations. Specifically, the performance targets will be calculated with reference to the following parameters:

- relative total shareholder return (relative weight 50%); and
- equity value (relative weight 50%).

The Shares that will be assigned to the Beneficiaries (as defined below) will have the same regular dividend entitlement as the outstanding Shares of the Company as at the allocation date.

It is proposed to determine the maximum number of Shares to serve the Plan in no. 3,200,000 resulting from the allocation of treasury shares to be purchased following to the authorisation as per section 2357 of the Italian Civil Code, potentially granted from time to time by the Shareholders' Meeting. It should be noted that, as of the date of this report, the Company does not hold any treasury shares in its portfolio.

The Plan, being based on the allocation of the Company's treasury shares, will not have any diluting effect on the Company's share capital.

The Plan will last for three years from 1 January 2019 to 31 December 2021.

As of the allocation date of the ordinary Shares, the Company's Board of Directors, upon proposal of the Chairman of the Board of Directors and after consulting the Remuneration Committee, will identify the individual Beneficiaries (as defined below), the basic number of Shares to be allocated to them, as well as the terms and conditions for the allocation and delivery of such Shares.

The achievement of the established performance targets set out in the Plan will be verified by the Board of Directors, after hearing the opinion of the Remuneration Committee, at the end of the three-year vesting period.

The Shares will be allocated in a single instalment at the end of the three-year vesting period. In particular, no later than the 60th calendar day following the approval by the Board of Directors of the draft financial statements of the Company as at 31 December 2021, the Company will make available to the Beneficiaries (as defined below) the number of Shares determined on the basis of the provisions of the Plan Regulations and subject to the fulfilment of the conditions set out therein.

**(C) Beneficiaries of the Plan**

The Plan is reserved for the Chief Executive Officer of the Company, as well as other managers to be identified, upon proposal of the Chairman of the Board of Directors, by the Board of Directors, after having heard the Remuneration Committee, depending upon the level of contribution to the business, the autonomy and complexity of their role (the "**Beneficiaries**").

**(D) Methods and clauses for implementing the Plan**

Treasury Shares will be used to serve the Plan, following the authorisation in accordance with section 2357 of the Italian Civil Code, which may be granted, from time to time, by the Shareholders' Meeting of the Company.

The attribution of the Shares is conditional upon – in addition to the achievement of at least one of the performance targets – the existence, at the date of attribution of the Shares, of the office as director and/or the employment relationship of the Beneficiary with the Company or the relevant subsidiary.

The termination of such relationship, in the cases provided for in the Plan, affects the allocation of Shares and may result in the termination of the right to receive Shares, under the terms and conditions set forth in the Plan Regulations.

If, during the vesting period, (i) a change of control occurs, or (ii) the listing of the Shares on the MTA (*delisting*) is revoked, the Beneficiaries will have the right to receive the Shares in advance of the terms set out in the Plan, even regardless of whether the established performance targets set out therein have actually been achieved, or to provide for the early termination of the Plan.

**(E) Potential support to the plan by the Special Fund for the encouragement of workers participation in companies**

The Plan will not receive any support by the Special Fund for the encouragement of workers participation in companies (*Fondo speciale per l'incentivazione della partecipazione dei lavoratori nelle imprese*) as referred to in section 4, paragraph 112, of Law no. 350 of 24 December 2003.

**(F) Limits to the transfer of the allocated shares**

The right to receive Shares will be allocated individually to each Beneficiary and may not be transferred by deed between living persons or be subject to any restrictions or other acts of disposition for any reason.

There are no further restrictions on the availability of the Shares.

The Plan does not provide for specific revocation or return clauses. However, the Plan provides for the unilateral right of the Company to obtain the return, in whole or in part, of the Shares received by the Beneficiary (or of the relative countervalue at the time of allocation), in cases where it is ascertained that the allocation was made in violation of company or legal regulations or of wilful or grossly negligent conduct aimed at altering the data used to achieve the established performance targets.

### **(G) Adjustments to the Plan**

In the event of extraordinary operations concerning the Company, or of legislative or regulatory changes or other events that may affect the rights to receive Shares or the Shares or the Company, the Board of Directors may, autonomously and without the need for further approval by the Shareholders' Meeting of the Company, having heard the opinion of the Remuneration Committee, make all the amendments and additions deemed necessary or appropriate to maintain unchanged, within the limits allowed by the applicable legislation, the substantial and economic contents of the Plan.

Furthermore, in the event of a significant revision of the targets of the Business Plan for the three-year period 2019-2021, involving a new approval of the same Business Plan for the three-year period 2019-2021 by the Board of Directors, the latter will have the right – subject to the favourable opinion of the Remuneration Committee – to propose and approve any changes to the objectives of the long-term incentive plan in order to adapt them to the changes in the Business Plan for the three-year period 2019-2021.

In the light of the above, and referring to the specific Information Document for a detailed description of the Plan, we submit to your approval the following

#### **proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A.,

- examined the illustrative report of the Board of Directors, prepared pursuant to sections 114-*bis* and 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended;
- considered the information document prepared pursuant to section 84-*bis* and Annex 3A of the regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended,

#### **resolves**

- to approve, pursuant to and for the purposes of section 114-*bis* of Legislative Decree no. 58 of 24 February 1998, the adoption of the performance share plan known as the "Performance Shares Plan 2019-2021" with the characteristics (including conditions and prerequisites for implementation) set forth in the

Board of Directors' report and in the information document on the "Performance Shares Plan 2019-2021";

- to grant the Board of Directors, with the right to sub-delegate, any power necessary or appropriate to fully implement the "Performance Shares Plan 2019-2021", using the Company's treasury shares already in the portfolio or subject to purchase by the Company on the basis of the authorization pursuant to section 2357 of the Italian Civil Code, granted from time to time by the Shareholders' Meeting of the Company, in particular, by way of example only and not limited to, all the powers to prepare and adopt the regulations for the implementation of said plan, as well as to amend and/or supplement it, to identify the beneficiaries and to determine the number of shares to be attributed to each of them, proceed with such attribution, draft and/or finalize any document necessary or appropriate in relation to the implementation of said plan, as well as to carry out any act, fulfillment, formality, communication that is necessary or appropriate for the purposes of the management and/or implementation of said plan, with the power to delegate the powers, duties and responsibilities in relation to the implementation and application of the plan to the Chairman of the Board of Directors, notwithstanding that any decision relating to the possible assignment of options to the Chairman as beneficiary (as well as any other decision relating to the management and/or implementation of the plan in relation to him/her) will remain within the exclusive competence of the Board of Directors; and
- to grant the Chairman of the Board of Directors with any power, with the faculty to sub-delegate, to carry out the legislative and regulatory obligations resulting from the resolutions adopted."

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6. **AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES AFTER REVOCATION OF THE RESOLUTION ADOPTED BY THE SHAREHOLDERS' MEETING OF 24 APRIL 2018, TO THE EXTENT NOT IMPLEMENTED; ANY RELEVANT AND CONSEQUENTIAL RESOLUTION.**

**(report in accordance with section 73 of the Regulations for Issuers)**

Dear Shareholders,

the Shareholders' Meeting of 24 April 2018 authorised the Company to purchase treasury shares during the 18 months following the date of that resolution, as well as to sell any treasury shares without any time limit.

In the 2018 financial year and until now, the Company did not purchase any treasury shares. The Company, therefore, has no treasury shares in its portfolio as of the date hereof.

Since the term of validity of the above authorisation will expire on 24 October 2019, to avoid having to call a specific Shareholders' Meeting before such expiry date and given that this proposal is in line with the practice followed by the majority of listed companies, we believe it would be useful to propose that you provide a new authorisation to purchase and to sell treasury shares in accordance with sections 2357

and following of the Italian Civil Code, after having revoked the prior authorisation approved by the Shareholders' Meeting to the extent unused.

Below we set out the reasons and terms and conditions for the purchase and sale of treasury shares which we ask you to authorise.

**(A) Reasons for the request to have the Shareholders' Meeting to authorise the purchase and sale of treasury shares**

The authorisation is requested, in accordance with the purposes provided under section 5, paragraph 2, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, to sell treasury shares to be used in the context of remuneration plans based on the allocation of financial instruments pursuant to section 114-*bis* of the Consolidated Financial Act (including, without limitation, the Performance Shares Plan 2019-2021) for executive directors and/or employees, including managers and other contractors of the Company and its subsidiaries, or to service issues of debt securities convertible into shares of the Company.

The authorisation is also required in order to conduct a stabilising action of the courses related to short-term market situations and however in accordance with the provisions set forth under section 5, paragraph 4, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

The purchase of such treasury shares, moreover, can be used to manage the Company's liquidity efficiently or to be used as consideration for acquisitions or share exchange tender offers.

We ask the Shareholders' Meeting to simultaneously authorise the Board of Directors to sell any shares that might be purchased since we consider this to be an important managerial and strategic instrument.

**(B) Maximum number and nominal value of shares authorised for purchase/sale**

The authorisation is sought for the purchase of a maximum number of ordinary shares of the Company, whose aggregate nominal value, inclusive of the nominal value of any Company shares owned by the Company's subsidiaries, cannot exceed one fifth of the Company's share capital in compliance with the limits set forth in section 2357, paragraph 3, of the Italian Civil Code. To ensure compliance with the above aggregate limit of 20% of the Company's share capital, the Landi Renzo subsidiaries will be instructed to report promptly any purchase of Landi Renzo shares.

The compensation paid or received from the sale and purchase of treasury shares will be recorded in the accounts directly as shareholders' equity in accordance with the accounting principle "IAS 32" and, in any event, in compliance with the accounting rules and regulations applicable from time to time.

**(C) Term of the Authorisation's Validity**

The authorisation to purchase is being requested for 18 months from the date on which the Shareholders' Meeting approves the resolution, while the authorisation to sell is requested without a time limit.

**(D) Consideration for the purchase and sale of shares**

The purchase price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction, and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues.

The sale price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction. These price limitations will not apply for sales or transfers without consideration of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of remuneration plans based on the allocation of financial instruments pursuant to section 114-*bis* of the Consolidated Financial Act, of which they benefit.

**(E) Terms and Conditions for the purchase and sale of shares**

The Company shares will be purchased in compliance with the regulations applicable to listed companies and therefore in compliance with section 144-*bis* of the Issuers Regulation and section 132 of the Consolidated Financial Act, the provisions of the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:

- (i) public offer of purchase or exchange;
- (ii) on regulated markets or on multilateral trading platforms using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
- (iii) purchase and sale of derivative instruments traded on regulated markets or on multilateral trading platforms that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in section 144-*bis*, paragraph 1, letter c), of the Regulation.
- (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme;
- (v) in the performance of the systematic internalisation activities using non-discriminatory modalities that provide for execution of transactions automatically and non-discretionally on the basis of pre-defined parameters;
- (vi) with the modalities established by permitted market practice pursuant to section. 13 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;



(vii) on the conditions set out in section 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

The treasury shares held can be sold, eventually even before all purchases are completed, where allowed by the applicable EU and national laws and regulations, in one or more transactions, on regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the Shareholders, institutional placement, placement of rights to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange.

With effect from the date of the Shareholders' Meeting resolution, the unused portion of the resolution to purchase and sell treasury shares approved by the ordinary Shareholders' Meeting of 24 April 2018 shall be considered accordingly revoked.

Based on the above, we submit to your approval the following

### **proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors and having regard to the provisions of sections 2357 and following of the Italian Civil Code,

### **resolves**

1. to revoke, as from the date of this resolution and to the extent unused, the resolution authorising the purchase and sale of treasury shares approved by the ordinary Shareholders' Meeting on 24 April 2018;
2. to authorise the Board of Directors, pursuant to and for the effects of section 2357 of the Italian Civil Code, the purchase of treasury shares of the Company, up to the number, at the price and at the terms and conditions set out below:
  - in one or more purchase transactions, within 18 months from the date of the resolutions, subject to the available reserves and profits available for distributions as shown on the most recently approved financial statements, with the purchases being recorded in the accounts in compliance with the law and the applicable accounting principles;
  - the purchase price of any share shall range exclusively from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues;
  - the maximum number of shares purchased shall be such so that their aggregate nominal value, inclusive of the nominal value of any shares owned by the subsidiaries, does not exceed one fifth of the share capital taking into account for this purpose also the shares owned by the subsidiaries;

- the purchase of treasury shares will be effected in compliance with the regulations applicable to listed companies and therefore in compliance with section 144-*bis* of the Regulations for the Issuers and section 132 of the Consolidated Financial Act, the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:
    - (i) public offer of purchase or exchange;
    - (ii) on regulated markets or on multilateral trading platforms using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
    - (iii) purchase and sale of derivative instruments traded on regulated markets or on multilateral trading platforms that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in section 144-*bis*, paragraph 1, letter c), of the Regulations for Issuers;
    - (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme;
    - (v) in the performance of the systematic internalisation activities using non-discriminatory modalities that provide for execution of transactions automatically and non-discretionally on the basis of pre-defined parameters;
    - (vi) with the modalities established by permitted market practice pursuant to Art. 13 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;
    - (vii) on the conditions set out in Art. 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;
3. to authorise the Board of Directors, pursuant to Article 2357-*ter*, first paragraph, of the Italian Civil Code, to sell all or part, at one or more times without any time limit, the treasury shares held, eventually even before completing all purchases, where allowed by the applicable EU and national law provisions, including on regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the shareholders, institutional placement, placement of rights to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange, at a price that shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction.

These price limitations will not apply for sales or transfers without consideration of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of remuneration plans based on the allocation of financial instruments pursuant to section 114-*bis* of the Consolidated Financial Act, of which they benefit;

4. to authorise the Board of Directors, pursuant to section 2357-*ter*, third paragraph, of the Italian Civil Code, to make any suitable or necessary accounting record or entry in relation to treasury shares transactions, in compliance with the applicable legislation and accounting principles;
5. to grant to the Board of Directors, and for it to the Chairman or the Managing Director, severally, all authority and powers to allow the purchases and sales and to implement all the foregoing resolutions, including through especially appointed attorneys in fact, and complying with all formalities required by the authorities involved."

\* \* \*

Cavriago, 18 March 2019

The Chairman of the Board of Directors

Stefano Landi