



RenoDeMedici

*Registered office at Viale Isonzo, 25, Milan
share capital Euro 140,000,000 fully paid up
Milan Companies Register and Fiscal Code no. 00883670150*

**Director's report on the fifth item on the agenda of the Ordinary Shareholders' Meeting called for April 29, 2020 on first call (April 30, 2020 for any possible second call).
Pursuant to Article 125-ter of Legislative Decree 58 of February 24 1998 and in accordance with Article 73 and Annex 3A – Model 4 of Consob Regulation 11971/1999.**

**Authorisation for the purchase and sale of treasury shares
pursuant to Articles 2357 and 2357ter of the Italian Civil Code.**



Dear Shareholders,

the Board of Directors of Reno De Medici S.p.A (the “**Company**”) has called an Ordinary Shareholders' Meeting to discuss and resolve on the approval of the authorisation for the purchase and sale of treasury shares of the Company, pursuant to Articles 2357 and 2357 *ter* of the Italian Civil Code, as well as in accordance with Article 132 of Legislative Decree 58 of February 24, 1998, as amended, (the “**CFL**”) and Article 144 *bis*, paragraph 1, sub-paragraph b), of the Consob Regulation adopted by Resolution no. 11971 of May 14, 1999, as subsequently amended (the “**Issuers' Regulation**”).

It should be noted that with the Shareholders' Meeting called for the approval of the Financial Statements as at December 31, 2019 the term of the previous authorization to purchase and dispose of treasury shares, approved by the Ordinary Shareholders' Meeting on April, 29 2019, expires (the “**Authorisation**”).

It is also reminded that by executing the authorisation for the purchase resolved by the Ordinary Shareholders' Meeting of April 30, 2018, the Company bought a total of 828.698 ordinary treasury shares on the Electronic Stock Market (*Mercato Telematico Azionario*), equal to 0,22% of the share capital. Taking into account the 1.434.159 shares already in its portfolio, at the date of this report the Company owns a total of 2.262.857 treasury shares, equal to 0,599% of the share capital.

In view of the expiration of the Authorisation and of the opportunity to renew the authorisation to the Board of Directors for the purchase and disposal of treasury shares in order to pursue the purposes allowed by the applicable legislation, as better specified below, we propose you to resolve upon the release to the Board of Directors of an authorisation, pursuant to Articles 2357 and 2357 *ter* of the Italian Civil Code and pursuant to Article 132 of the CFL and Article 144 *bis* of the Issuers' Regulation to purchase treasury shares and to dispose of treasury shares purchased or otherwise held in the Company's portfolio, according to the terms and conditions indicated below.

1. Reasons of the request for authorisation to purchase and dispose of treasury shares.

The reasons of the request for authorisation to purchase and dispose of treasury shares of the Company are based on the appropriateness of allowing the Board of Directors to:

- dispose of treasury shares purchased, or already in the portfolio, also in consideration of the allocation of these shares within the Stock Grant Plan reserved to the Company's Chief Executive Officer and adopted by the Shareholders' Meeting of April 28, 2017 pursuant to Article 114-*bis* of the CFL;
- dispose of treasury shares purchased, or already in the portfolio, in the context of any further Stock Grant Plans – including the 2020-2022 Stock Grant Plan which will be subject to the resolution of the Shareholders' Meeting of April 29, 2020 – as well as of other possible remuneration plans based on financial instruments, as referred to in Article 114-*bis* of the CFL,

reserved to the Directors and/or employees of the Company, as well as any possible free allocations plans of shares to the Shareholders;

- avail itself, where deemed strategically appropriate by the Board of Directors, of investment or divestment opportunities, also in relation to available liquidity;
- satisfy any obligations arising from the financial instruments issued by the Company, subsidiaries or third parties;
- carry out activities to support market liquidity.

2. Maximum number, class and nominal value of the shares concerned by the authorisation.

The authorisation relates to the purchase, on one or more occasions, of a maximum number of ordinary shares without nominal value which – taking into account the treasury shares already held by the Company and any shares that might be purchased by subsidiaries – does not exceed, in total, 10% of the share capital.

In accordance with Article 2357, paragraph 1, of the Italian Civil Code, the purchase transactions will be carried out within the limits of the distributable profits and available reserves as recorded in the most recently Financial Statements duly approved at the time of each purchase transaction.

The authorisation includes the power to subsequently dispose of the purchased treasury shares, in whole or in part, on one or more occasions and even before using up the maximum number of treasury shares that can be purchased.

3. Any useful information for a complete assessment of compliance with the provision of Article 2357, paragraph 3, of the Italian Civil Code.

With reference to paragraph 2 above, the maximum number of treasury shares that can be purchased on the basis of the proposed Shareholders' Meeting's authorisation is determined to a lesser extent with reference to the limit of the fifth part of the share capital provided for in Article 2357, paragraph 3, of the Italian Civil Code, also taking into account the shares already in the Company's portfolio and any shares purchased by subsidiaries of Reno De Medici S.p.A..

As at the date of this report, the share capital of the Company, fully subscribed and paid up, amounts to Euro 140,000,000.00 represented by 377,546,217 ordinary shares and 254,777 convertible savings shares without nominal value. As already indicated above, at the date of this report, the Company directly holds a total of 2,262,857 ordinary treasury shares, corresponding to 0.599 % of the share capital. The subsidiaries do not own shares of the Company.

Specific instructions will be issued to the subsidiaries in order to promptly report any purchases of ordinary shares of the Parent Company made pursuant to Article 2359-*bis* of the Italian Civil Code.

4. Duration for which the authorisation is requested.

The duration of the authorisation for the purchase of treasury shares is requested starting from the date of the Shareholders' Meeting's resolution approving the proposal – as referred to in this report – until the Shareholders' Meeting called to approve the Financial Statements as at December 31, 2020, and, in any event, for a period not exceeding 18 months from the date of the resolution approving the proposal itself.

Within the duration of any authorisation granted, the Board of Directors may purchase treasury shares on one or more occasions and at any time, to an extent and for a period freely determined in compliance with the applicable rules and the market practices *pro tempore* admitted and in force, with the gradual approach deemed appropriate in the interests of the Company.

Instead, the authorisation to dispose of treasury shares is requested without any time limits, in view of the absence of any time limits under the current regulations and the opportunity to allow the Board of Directors to make use of the maximum flexibility, also in terms of timings, in order to carry out any share disposals.

5. Minimum and maximum payment.

The authorisation proposal provides that the purchases would be made at a price that will be determined from time to time, having regard to the procedures adopted for carrying out the transaction and in compliance with any regulatory requirements, including EU regulations, or the market practices *pro tempore* admitted and in force, where applicable, being understood that the purchase price, in any case, must not deviate, upwards or downwards, by more than 10% with regard to the reference price recorded on the Electronic Stock Market (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. during the stock exchange trading session preceding each individual purchase transaction. In any event, this price will be determined in accordance with the trading conditions established by Delegated Regulation (EU) No. 1052 of March 8, 2016 and in particular:

- the shares may not be purchased at a price exceeding the highest price between the price of last independent transaction and the price of the current highest independent purchase offer on the trading platform where the purchase is made; and
- in terms of volumes, the daily purchase quantities will not exceed 25% of the daily average trading volume of the Reno De Medici share recorded in 20 trading days prior to the purchase dates.

As regard to the price, the sales or other disposals of treasury shares will be made:

- if carried out in cash, at a price not lower than 10% of the reference price recorded on the Electronic Stock Market (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual transaction;

- if carried out in the context of possible extraordinary transactions, in accordance with the economic terms to be determined by the Board of Directors based on the nature and characteristics of the transaction, taking also into account the market performance of the Reno De Medici share;
- if carried out in the context of the Stock Grant Plan reserved to the Chief Executive Officer and adopted by the Shareholders' Meeting of April 28, 2017, pursuant to Article 114-*bis* of the CFL and/or in the context of the further 2020-2022 Stock Grant Plan that should be approved by the Shareholders' Meeting of April 29, 2020, in accordance with the conditions and procedures specified by the relevant Shareholders' Meeting resolution. As regard to the procedures applicable to the above mentioned Stock Grant Plans, please refer to the information document published pursuant to Article 84-*bis* of the Issuers' Regulation and available on the website www.rdmgroup.com, in the Governance/Shareholders' Meetings section, and via the authorised "eMarket STORAGE" portal (www.emarketstorage.com);
- if carried out in the context of any other remuneration plans based on financial instruments as referred to in Article 114-*bis* of the CFL, in accordance with the conditions and procedures provided for by the Regulations of those plans.

6. Procedures by which purchases and disposals of treasury shares will be made.

The purchases will be made in compliance with Articles 132 of the CFL and 144 *bis*, paragraph 1, letter b) of the Issuers' Regulation, and on regulated markets or multilateral trading systems, in accordance with the operating procedures established in the actual market organization and management regulations which do not allow the direct combination of trading purchase proposals with fixed trading sales proposals, as well as in compliance with any other regulations in force, including EU law.

Any purchase involving activities to support market liquidity shall also be carried out in conformity with the conditions laid down by the market practice, in accordance with the combined provision of Article 180, paragraph 1, letter c) of the CFL and Article 13 of (EU) Regulation 596 of April 16, 2014 the "**Admitted Market Practices**").

The disposals of treasury shares shall be made, on one or more occasions and even before the maximum quantity of treasury shares that can be purchased has been exhausted, either through their sale on regulated markets or in accordance with other trading methods that comply with EU and other applicable regulations and with the Admitted Market Practices, where applicable.

7. Information on the instrumentality of purchases compared to the reduction of the share capital.

The purchases subject to the authorisation will not be used to reduce the share capital by annulment of the treasury shares purchased.

Proposed resolutions

Dear Shareholders,

if you agree with our proposal, we invite you to adopt the following resolutions:

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

- having examined the Board of Director’s Report;

resolved

1. *to authorise the Board of Directors, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, to purchase, on one or more occasions, ordinary shares of the Company without nominal value, for the purposes and subject to the limits and conditions set forth in the above mentioned Board of Director’s Report ex Article 125 ter of the CFL and Article 73 of Consob Regulation no. 11971/1999, which is deemed to be reproduced in full, and specifically in accordance with the following procedures:*
 - *the maximum number of shares that can be purchased must not exceed 10% of the share capital, taking into account the treasury shares already held by the Company and any shares that might be purchased by subsidiaries;*
 - *the duration of the authorisation is fixed until the Shareholders’ Meeting called to approve the Financial Statements as at December 31, 2020, and, in any event, for a period not exceeding 18 months from the date of this resolution;*
 - *the purchases – without prejudice to the limit of distributable profits and available reserves as recorded in the latest approved Financial Statements pursuant to Article 2357, paragraph 1 of the Italian Civil Code – shall be made at a unit price which shall not deviate, upwards or downwards, of more than 10% with regard to the reference price recorded on the Electronic Stock Market (Mercato Telematico Azionario) organized and managed by Borsa Italiana S.p.A. in the stock exchange session preceding each individual transaction, in accordance, in any event, in terms of purchase prices and volumes, with the conditions established by the (EU) Delegated Regulation no. 1052 of March 8, 2016, referred to in the above mentioned Board of Director’s Report. The purchases shall also be made in accordance with Article 132 of the CFL, Article 144-bis, paragraph 1 b) of the Issuers’ Regulation, and any other EU or other applicable regulation in force. Any purchases involving activities to support market liquidity shall also be carried out in accordance with the conditions laid down by the market practice pursuant to the combined provision of Article 180, paragraph 1, letter c) of the CFL*

and Article 13 of (EU) Regulation no. 596 of April 16, 2014 (the “**Admitted Market Practices**”);

2. to authorise, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, the Board of Directors to dispose the treasury shares purchased on the basis of this resolution, or already held in the Company's portfolio, for the purposes and subject to the terms and conditions set forth in the above mentioned Board of Director's Report, which is deemed to be fully reproduced, and, specifically, in accordance with the following procedures:
 - the treasury shares may be subject, in whole or in part, on one or more occasions and without any time limits, to disposals even before using up the maximum number of treasury shares that can be purchased pursuant to these resolutions, either by selling the shares on regulated markets or by using other trading procedures complying with the applicable rules in force, including EU rules.
 - The disposals, if made in cash, may not be made at a price lower than 10% with regard to the reference price recorded on the Electronic Stock Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. during the stock-market trading session preceding each individual transaction;
 - if the shares are used in the context of extraordinary transactions such as, but not limited to, exchanges, swaps, contributions, capital transactions and/or other extraordinary transactions, or for any disposal not made by cash, the economic terms will be determined by the Board of Directors based on the nature and characteristics of the transaction, taking also into account the market performance of the Reno De Medici share;
 - the shares used in the context of the Stock Grant Plan reserved to the Chief Executive Officer, as adopted by the Shareholders' Meeting of April 28, 2017, as well as the 2020-2022 Stock Grant Plan, which possibly adopted by the current Shareholders' Meeting, will be allocated in accordance with the conditions and procedures specified by the relevant Shareholders' Meeting resolutions;
 - if carried out in the context of any other remuneration plans based on financial instruments as referred to in Article 114-bis of the CFL, in accordance with the conditions and procedures indicated by the Regulations of those plans.
 - disposals of treasury shares will, in any event, be carried out in accordance with the terms, conditions and requirements established by the legislation, including EU legislation, and by the pro tempore Admitted Market Practices in force, if applicable;
3. to grant to the Board of Directors – and, thus, to the Chairman and the Chief Executive Officer, separately and with the power to sub-delegate, any wider power necessary or appropriate to make purchases and/or disposals of treasury shares in accordance with the procedures indicated by the resolutions referred to in the preceding points, carrying out any formalities,



including those concerning the provision of information, required under the applicable national and EU legislation.

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Milan, March 16, 2020

On behalf of the Board of Directors

The Chief Executive Officer