



## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

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

(Traditional administration and control model)

## FINANCIAL YEAR 2019

Approved by the Board of Directors of Reno De Medici S.p.A. on March 16, 2020

[www.rdmgroup.com](http://www.rdmgroup.com)

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## GLOSSARY

<b>Corporate Governance Code</b>	The Corporate Governance Code for listed companies approved in March 2006 – and last updated in July 2018 – by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria
<b>Civ. Code/C.C.</b>	The Italian Civil Code
<b>CFO</b>	The Head of the Finance and Control Department
<b>Board of Directors</b>	The Board of Directors of Reno De Medici S.p.A.
<b>Issuer</b>	Reno De Medici S.p.A., with registered office in Milan, at Viale Isonzo n. 25, Registration Number MI-153186, Fiscal Code, VAT number and Milan Companies Register 00883670150
<b>Financial year</b>	The financial year ending December 31, 2019 referred to in this Report
<b>RDM Group</b>	Reno De Medici S.p.A. and its subsidiaries pursuant to Article 2359 of the Italian Civil Code and Article 93 of the CFA
<b>Stock Exchange Regulation Instructions</b>	The Instructions for the Regulation governing Markets Organized and Managed by Borsa Italiana S.p.A.
<b>Stock Exchange Regulation</b>	The Regulation governing Markets Organized and Managed by Borsa Italiana S.p.A.
<b>Issuer Regulation</b>	The Regulation issued by Consob through Resolution 11971 of May 14, 1999 concerning issuers, as amended and supplemented
<b>Market Regulation</b>	The Regulation issued by Consob through Resolution 20249 of 2017 concerning markets
<b>Regulation on Related Party Transactions Consob</b>	The Regulation issued by Consob through Resolution 17221 of March 12, 2010 concerning related party transactions, as amended and supplemented
<b>Report</b>	This report on corporate governance and ownership structure prepared pursuant to Article 123-bis of the CFA
<b>Company/RDM/Reno De Medici</b>	Reno De Medici S.p.A. with registered office at Viale Isonzo, 25, Milan, Registration Number MI-153186, Fiscal Code, VAT number and Milan Companies Register 00883670150
<b>CFA</b>	Legislative Decree 58 of February 24, 1998, as amended and supplemented

**Reno De Medici S.p.A.**

Viale Isonzo 25, Milan

Share capital €140,000,000.00 fully paid up

Fiscal Code and Milan Companies Register no. 00883670150

[www.rdmgroup.com](http://www.rdmgroup.com)

## **Report on Corporate Governance and Ownership Structure**

pursuant to Article 123-*bis* of the CFA

**Financial year 2019**

### ***INTRODUCTION***

This Report provides, pursuant to Article 123-*bis*, paragraphs 1, 2 and 3, of the CFA, information – for financial year 2019 – concerning:

- the ownership structure in accordance with the detailed elements provided for by Article 123-*bis*, paragraph 1, of the CFA;
- the procedures for adherence by the Issuer to the Corporate Governance Code;
- the main characteristics of the existing risk management and internal control systems in relation to the financial reporting process, including at consolidated level;
- the mechanisms of functioning of Shareholders' Meetings, their main powers, shareholders' rights and the procedures for the exercise of those rights;
- the composition and functioning of the Management and Control Bodies and of the Committees established within the Board of Directors, including a description of the diversity policies (as referred to in Article 123-*bis*, paragraph 2, sub-paragraph d-*bis*), of the CFA) applied in relation to the composition of the above-mentioned bodies.

## **1.0 ISSUER PROFILE**

The RDM Group is the leading Italian producer and the second-largest European producer of cardboard made from recycled materials. Following the acquisition of R.D.M. La Rochette S.A.S. (formerly Cascades S.A.S.), completed on June 30, 2016, RDM is also active in the segment of cardboard made from virgin fiber.

The RDM Group's various types of products are intended for use in all sectors, from packaging to publishing.

The RDM Group has seven production plants, three of which are in Italy, two in France, one in Germany and one in Spain. Reno De Medici's broad range of recycled cardboard products is offered on the market through different commercial lines that makes it possible to satisfy customers' various needs and achieve widespread coverage in all European countries.

Customer service and the optimization of efficiency are essential values for the Group, which sets itself the aim of becoming the ideal partner for transformers and end users of recycled cardboard, offering them innovation, quality and convenience. The RDM Group is also actively committed to the environment and sustainable development, and for this reason pursues a management approach that pays special attention to the natural and energy resources used in the production process. One of the main strengths of Reno De Medici is the closed-cycle value chain of the product based on recycled materials.

The primary aim of the Corporate Governance System adopted by the Issuer, in accordance with the traditional management and control system is to create value for shareholders and stakeholders in general, while taking account of the importance of transparency in making choices and company decisions, and of the need to develop an effective internal control system.

The Issuer is continually engaged in identifying and pursuing initiatives to improve the governance system and, starting from the year 2021, it will activate for the implementation of the new Corporate Governance Code approved by the Corporate Governance Committee on January 2020.

## 2.0 INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, OF THE CFA) AS AT MARCH 16, 2020

### A) SHARE CAPITAL STRUCTURE

At the date of this Report, the share capital of Reno De Medici S.p.A., fully subscribed and paid-up, stands at Euro 140,000,000.00 made up of a total of 377,800,994 shares with no par value, broken down in 377,546,253 ordinary shares and 254,741 savings shares. Moreover, it is specified that the Company currently has no. 2,262,857 ordinary shares with suspended voting right pursuant to art. 2357 *ter*, II paragraph of the Civil Code as treasury shares of the Company.

The rights and characteristics of the shares are best described in the table below.

The ordinary shares are placed in the central management system for uncertificated securities and are traded on the Mercato Telematico Azionario (Telematic Share Market - MTA) – STAR segment (Segment for High Requirement Shares) – organized and managed by Borsa Italiana S.p.A..

The shares are registered or bearer shares at the request and expense of the shareholder, unless the law provides otherwise. In addition, they are indivisible and freely transferable.

The structure of the share capital is described in the TABLE 1 below:

TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listing	Rights and obligations
<u>Ordinary shares</u>	377,546,253	99.93%	Listed on MTA Star	Ordinary shares entitle the holder to participate and vote at ordinary and extraordinary shareholders' meetings and carry the additional administrative and capital rights provided for by law for shares with voting rights.
<u>Convertible savings shares</u>	254,741	0.07%	N.A.	Savings shares do not entitle the holder to vote at ordinary and extraordinary shareholders' meetings or to request the calling of such meetings. They carry the right to preferred dividends and pre-emptive capital redemption in the event that the company is wound up in accordance with the procedures established by the By-Laws. A reduction of the share capital due to losses has no effect on savings shares except for the portion of the loss that is not covered by the fraction of capital represented by the other shares. Pursuant to Article 5 of the By-Laws, savings shares are convertible into ordinary shares at the request of shareholders in February and September of each year, in the ratio of one (1) new ordinary share in exchange for the cancellation and replacement of one (1) convertible savings share.
Shares with limited voting rights	/	/	/	/

At the date of the present Report, here are no other classes of shares or securities nor are any other financial instruments issued that entitle the holder to subscribe newly issued shares. The convertible savings shares are not traded on regulated markets.

***B) RESTRICTIONS ON THE TRANSFER OF SECURITIES***

At the date of the present Report, there are no restrictions on the transfer of securities issued by the Issuer, nor any limitations on the possession of them, nor any approval clauses requiring the consent of the Issuer or other shareholders to the transfer of shares.

***C) SIGNIFICANT HOLDINGS IN THE COMPANY'S CAPITAL***

At the date of this Report, based on the information received pursuant to Article 120 of the CFA and other available information, the following significant holdings in the Company's capital exist.

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL HELD	% OF VOTING CAPITAL HELD
Cascades Inc.	Cascades Inc	57,563	57,563
Caisse de dépôt et placement du Québec	Caisse de dépôt et placement du Québec	9,119	9,119
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***D) SECURITIES GRANTING SPECIAL RIGHTS***

At the date of the present Report, the Issuer has not issued any securities that grant special control rights.

***E) EMPLOYEE SHARE OWNERSHIP: MECHANISM FOR THE EXERCISE OF VOTING RIGHTS***

It is not provided any specific mechanism for the exercise of voting rights in case of employee share ownership.

The voting rights attached to shares to assign in the context of the Stock Grant Plan for the three-year period 2017 - 2018 - 2019 reserved for the Chief Executive Officer (as described in the Remuneration Report mentioned in Article 9.0 below) are not subject to any form of restriction and may be exercised directly by the beneficiary.

***F) VOTING RIGHT RESTRICTIONS +***

At the date of the present Report, there are no restrictions or deadlines imposed for the exercise of voting right, except for the restrictions on voting right pursuant to art. 2357-ter, II paragraph of the Italian Civil Code (voting right suspended) in relation to the Company's treasury shares as described in paragraph 2 A) . Furthermore, there are no financial rights, connected with the securities, that are separate from the holding of the securities.

***G) SHAREHOLDER AGREEMENTS***

The Board of Directors is unaware of the existence of any shareholder agreements, as referred to in Article 122 of the CFA, concerning the exercise of the rights attached to the shares or to the transfer of the same.

***H) CHANGE OF CONTROL CLAUSES AND BY-LAW PROVISIONS ON TAKEOVER BIDS MATTER***

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

As regards takeover bids, the Issuer's By-Laws:

- (i) do not make any exception from the provisions on the Passivity Rule provided for by Article 104, paragraphs 1 and 1-bis, of the CFA,
- (ii) do not provide for application of the neutralization rules contemplated by Article 104-bis, paragraphs 2 and 3, of the CFA.

***I) DELEGATIONS OF POWER TO INCREASE THE SHARE CAPITAL AND AUTHORIZATIONS FOR THE PURCHASE OF TREASURY SHARES***

***I) 1. DELEGATIONS OF POWER TO INCREASE THE SHARE CAPITAL***

At the date of this Report, no delegations of power have been granted to the Board of Directors pursuant to Article 2443 of the Italian Civil Code to increase the share capital, nor has the Board of Directors been granted the power to issue any participative financial instruments other than shares.

***I) 2. AUTHORIZATIONS FOR THE PURCHASE OF TREASURY SHARES***

At the date of this Report, RDM holds a total of 2,262,857 treasury ordinary shares, equal to 0.599% of the capital with voting rights. The purchases were made on the Telematic Share Market under the authorization resolved, pursuant to Article 2357 of the Italian Civil Code, by the Ordinary Shareholders' Meeting of April 30, 2018. The period of validity of the said authorization is expired on April 29, 2019 and, in that circumstance, the Ordinary Shareholders resolved a new authorization to the purchase of treasury shares



The main elements of the treasury shares purchase program authorized by the above-mentioned Shareholders' Meeting of April 29, 2019 are as follows:

***l) 2.1. Objectives***

- ✓ to dispose of the treasury shares purchased, or already in the portfolio, in connection with the allocation of those shares in the context of the Stock Grant Plan reserved for the Chief Executive Officer of the Company established by the Shareholders' Meeting of 28 April 2017 pursuant to Article 114 bis of Consolidated Law on Finance;
- ✓ to dispose of the treasury shares purchased, or already in the portfolio, in order to fund any other remuneration plans based on financial instruments as referred to in Article 114-bis of Consolidated Law on Finance, reserved for Directors and/or employees of the Company, as well as any possible free allocations plans of shares to the Shareholders;
- ✓ establish a “share warehouse” for selling, disposing and/or using treasury shares, in accordance with the strategic guidelines to be defined by the Board of Directors, in the context of any extraordinary transactions such as, by not limited to, exchanges, swaps, contributions, capital transactions and or other extraordinary transactions such as, but not limited to acquisitions, mergers, spin-offs, issuance of convertible bonds and issuances of warrants;
- ✓ avail itself, where deemed strategically appropriate by the Board of Directors, of investment or divestment opportunities including in relation to available liquidity;
- ✓ satisfy any obligations arising from financial instruments issued by the Company, subsidiaries or third parties;
- ✓ carry out any activities to support market liquidity.

***l) 2.2. Maximum number of shares that can be purchased***

Purchase, in one or more times, of a maximum number of ordinary shares with no nominal value which, taking into account the treasury shares already held by the Company and the shares that should be eventually acquired from subsidiaries, does not overall exceed 10% of the share capital and within the limits of the distributable profits and available reserves recorded in the most recent approved financial statements, in accordance with what provided by the Article 2357 of the Italian Civil Code.

***l) 2.3. Purchasing and determination of pricing procedures***

- ✓ Acquisitions to be made in conformity with Articles 132 of the CFA and 144 bis, paragraph 1, letter b) of the Issuer's Regulation, and likewise on regulated markets or multilateral trading systems, in accordance with the operating methods 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 all other regulations in force, including EU law.

Any acquisitions involving activities to support market liquidity and the purchase of treasury shares to establish a so-called stock of securities, shall also be carried out in conformity with the conditions laid down by market practice in accordance with the combined provision of Article 180, paragraph 1, letter c) of the TUF and Article 13 of (EU) Regulation 596 of April 16, 2014 (“Permitted Market Practices”).

The minimum and maximum purchase prices are calculated as a unit price which cannot be more than 10% higher or lower than the reference price recorded on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in the stock exchange session prior to each individual purchase transaction and in conformity, in any event, with the trading conditions established by (EU) Delegated Regulation 1052 of March 8, 2016 and specifically:

- ✓ shares cannot be purchased at a higher price than the higher of the price of the last independent transaction and the price of the highest current independent purchase offer price in the trading session in which the purchase is made; and
- ✓ in terms of volumes, the daily purchase quantities should not exceed 25% of the daily average volume of trades of Reno De Medici stock recorded in the 20 trading days prior to the purchase dates.

***l) 2.4. Duration of the authorization for purchase***

*Until the Shareholders' Meeting called to approve the financial statements as at December 31, 2019, and, in any event, for a period of no more than 18 months after the date of the shareholders' meeting resolution of April 29, 2019.*

The Shareholders' Meeting of April 29, 2019 also conferred the authorization to the disposal of treasury shares purchased by the Issuer, according the terms specified below.

***l) 2.5. Methods of execution of the provisions and price determination***

- ✓ treasury shares may be subject, in whole or in part, in one or more times and without time limits, of disposal acts, even before the maximum quantity of shares that can be purchased on the basis of the authoritative resolution, both through alienation of the same on regulated markets and through the additional negotiation methods compliant with applicable EU legislation. the disposal acts if executed in cash cannot be made at a price 10% lower than the reference price recorded on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in the stock market session preceding each individual transaction;
- ✓ if the shares are used in the context of extraordinary operations, including but not limited to exchange, transfer, capital operations and / or other extraordinary operations or in any case for any other non-cash disposal act , the economic terms will be determined by the Board of Directors based on the nature and characteristics of the transaction, also taking into account the market trend of the Reno De Medici stock;

- ✓ the shares for the Stock Grant Plan reserved for the Chief Executive Officer, as established by the Shareholders' Meeting of April 28, 2017, will be assigned in accordance with the conditions and methods of the aforementioned resolution establishing the Plan;
- ✓ the shares for any further compensation plans based on financial instruments pursuant to Article 114-bis of the TUF, will be assigned in accordance with the conditions and methods indicated by the Regulations of the plans themselves.

#### **L) MANAGEMENT AND COORDINATION ACTIVITIES**

Although the Issuer is controlled by another Company, it does not consider itself to be subject to that Company's management and coordination pursuant to Articles 2497 et seq. of the Italian Civil Code.

The reasons underlying this assessment are the following:

- (i) the Issuer's Board of Directors has an autonomous and exclusive role in the approval of the strategic, business, financial plans and annual budgets, prepared by the Chief Executive Officer/CEO, and is not subject to any directive or authorization procedure by the parent company. As regards the composition of the Board of Directors, described herein, it is noted that there is a single non-executive Director, who holds an executive position with the Parent Company;
- (ii) the organizational structure of the parent company has no procedure, executive body or central department which formulates binding strategic or operating guidelines for the Issuer to follow;
- (iii) the autonomous organizational structure of the Issuer, both in terms of management of the activities required for operation as well as of the central staff duties in the areas of administration, management, personnel, organizational, legal and corporate control.

It is stated that:

- the information required by Article 123-*bis*, paragraph 1, sub-paragraph i) of the CFA ("the agreements between the Company and the directors that provide for indemnities in the event of resignation or dismissal without right cause or if their employment relationship ceases following a public purchase offer") is contained in the Remuneration Report published pursuant to Article 123-*ter* of the CFA;
- the information required by Article 123-*bis*, paragraph 1, sub-paragraph l) of the CFA ("the rules applicable to the appointment and replacement of Directors, as well as to the modification of the By-Laws, if different from the additionally applicable legislative and regulatory rules") is provided in the section of this Report dedicated to the Board of Directors.

### **3.0 COMPLIANCE**

Reno De Medici S.p.A. adheres to the Corporate Governance Code approved in March 2006 – and last updated in July 2018 – by the Corporate Governance Committee and available to the public on the following page of the Corporate Governance Committee's website: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>. It is also noted that the Company will activate itself, starting from the year 2021, for the implementation of the new Corporate Governance Code approved by the Corporate Governance Committee on January 2020.

At the date of this Report, the Issuer and its direct or indirect subsidiaries are not subject to any non-Italian legal provisions that might affect the Issuer's Corporate Governance structure.

There follows a description of the Corporate Governance System applied by the Issuer, indicating the implemented or scheduled procedures and actions for adaptation to the specific recommendations of the Corporate Governance Code, as well as the reasons for any partial divergences, where existing, from those recommendations.

## **4.0 BOARD OF DIRECTORS**

### **4.1 APPOINTMENT AND REPLACEMENT**

Below are the provisions of Article 12 of the company's current By-Laws, concerning, among other things, the rules and procedures for the appointment of the directors via the list voting system, as well as the rules applicable to the replacement of directors.

It is stated that the By-Laws do not specify any requirements of independence for the directors with respect to those established for the Statutory Auditors pursuant to Article 148 of the CFA, and that the Company is not subject to any rules concerning the composition of the Board of Directors other than those specified by the CFA.

As regards the amount of equity interest required for the presentation of lists for the appointment of the Board of Directors, the By-Laws state that only those shareholders who, individually or collectively with other submitting shareholders, hold a total of share capital representing at least 2.5% (or such other percentage set by laws or regulations) of shares with voting rights at ordinary Shareholders' Meetings may submit lists.

Under Determination No. 29 of February 18<sup>th</sup>, 2020, the amount of equity interest determined by Consob pursuant to Article 144-septies of the Issuer Regulation for the presentation of lists applicable to Reno De Medici S.p.A. is 2.5% of the share capital, unless the By-Laws specify a lower amount, which is therefore not determined.

#### **BY-LAWS – ARTICLE 12 – BOARD OF DIRECTORS**

*The Company is administered by a Board of Directors composed of 5 to 15 members, whose term of office lasts for up to three years and expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term, and who may be re-elected. The Directors are removed from office and re-elected or replaced in accordance with the provisions of the law and of the By-Laws.*

*The Directors must meet the requirements prescribed by law and by the relevant regulatory rules; a minimum number of them, corresponding to the minimum specified by the above-mentioned rules, must meet the independence requirements referred to in Article 148, paragraph 3, of Legislative Decree 58/1998.*

*If a Director ceases to meet the requirements, he or she is removed from office. If a Director ceases to meet the above-mentioned independence requirements, this does not result in his/her removal from office if the requirements continue to be met by the minimum number of Directors prescribed by the laws and regulations in force.*

*Before proceeding to appoint the members of the Board, the Shareholders' Meeting is required to establish the term of office and number of members of the Board. If the number of Directors is found to fall below the prescribed maximum, the Shareholders' meeting, during the period for which the Board remains in office, may increase that number. The term of office of the new Directors thus appointed will expire at the same time as that of the Directors in office at the time of their appointment.*

*The Board of Directors is appointed, in compliance with the laws and regulations prevailing at the time concerning gender equality, on the basis of lists presented by shareholders by the method specified below, under which candidates are assigned a sequential number.*

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

Shareholders that are signatories to a significant shareholder agreement pursuant to Article 122 of Legislative Decree 58/1998, the parent company, subsidiaries and companies subject to joint control pursuant to Article 93 of Legislative Decree 58/1998 may not individually or collectively submit more than one list, including through an intermediary or trust company, and may not vote on different lists, and each candidate may appear on only one list, on penalty of ineligibility. Names listed or votes cast in breach of this prohibition will not be allocated to any list.

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

The following must be lodged together with each list by the respective deadlines indicated above: (i) statements in which the individual candidates accept the nomination, affirm under their own responsibility that there are no reasons why they may be considered ineligible for or incompatible with the position and confirm that they possess the requisites for the respective positions; (ii) a curriculum vitae of each candidate relating to his or her personal and professional characteristics, with a description as appropriate of the reasons justifying why he or she should be considered to be independent pursuant to Article 148, paragraph 3, of Legislative Decree 58/1998.

In addition, within the term provided by the applicable discipline for the publication of lists by the Company, shareholders must lodge suitable certificates issued by an intermediary authorized by law demonstrating that they are the owners at the date of the lodging of the lists with the Company of the number of shares required for the presentation of the list.

Any lists that present a number of candidates equal to or greater than three must also include candidates of both genders so that at least one fifth (for the first term of office after August 12, 2012) and then one third (rounded to the nearest integer) of the candidates belong to the least represented gender.

Any lists presented without observing the above requirements shall be considered as not having been presented.

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

- a) all but one of the directors to be elected shall be taken from the list that obtained the highest number of votes in the consecutive order in which they are listed;
- b) the remaining director shall be taken from the minority list which is not connected in any way – directly or indirectly – with the list indicated in paragraph a), above, or with shareholders who submitted or voted for the list indicated in paragraph a), above, and which obtained the second highest number of votes.

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

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

If only a single list is presented, or if no list is presented, the Shareholder's Meeting shall take decisions by legal majority, without observing the procedure provided for above, and in such a way as to ensure the presence of the minimum number of independent directors prescribed by law and by the By-Laws, as well as in compliance with the legislation in force concerning gender equality. However, other additional provisions of unalterable laws or regulations shall continue to apply.

If, during the term of office, one or more directors leave the Board, provided the majority continues to be composed of directors appointed by the Shareholders' Meeting, the following procedure shall be followed pursuant to Article 2386 of the Italian Civil Code:

- a) the Board of Directors shall replace the directors who left the Board with individuals from the same list as the one the departing directors belonged to; however, the number of directors meeting the requirements of independence indicated in Article 148, paragraph 3 of Legislative Decree 58/1998 must be equal to the minimum set by law, and the Shareholders' Meeting shall take decisions by legal majority in accordance with the same rule;
- b) if there are no more unelected candidates on the aforementioned list, or no candidates that meet the specified requirements, or when for any reason it is not possible to comply with the provisions of sub-paragraph a), the Board of Directors – and, subsequently, the Shareholders' Meeting – shall make the replacement by legal majority, with no list voting.

In any event, the Board of Directors and the Shareholders' Meeting shall proceed with the appointment in such a way as to ensure the presence of the minimum number of independent directors required by the laws and regulations prevailing at the time, as well as in compliance with the legislation in force concerning gender equality. The Shareholders' Meeting may, however, resolve to reduce the number of Board members to the number of Directors in office for the remaining period of their term of office.

*In the event of the loss, for any reason, of at least half of the Directors appointed by the Shareholders' Meeting, the entire Board shall be deemed to be removed from office. In this case, the remaining active directors must urgently call a Shareholders' Meeting for the appointment of a new Board. Furthermore, the Board shall remain in office until the Shareholders' Meeting has approved its replacement. Until that time, the Board of Directors may only carry out acts of ordinary administration. The members of the Board of Directors are entitled to a remuneration to be counted among the Company's costs. This remuneration is determined by the Shareholders' Meeting and shall remain the same until any new resolution is adopted. The members of the Board of Directors are also entitled to reimbursement of the expenses incurred in connection with their office.*

### **Rules applicable to modification of the By-Laws**

There are no rules applicable to modifications of the By-Laws apart from the additionally applicable legislative and regulatory rules.

In particular, modifications of the By-Laws are resolved by the Extraordinary Shareholders' Meeting. Pursuant to Article 10 of the By-Laws, for the constitution and resolutions of the Extraordinary Shareholders' Meeting, both at first call and at subsequent calls, the legal provisions shall apply, as regards both the proper constitution of the Meeting and the validity of its resolutions.

With reference to the provisions of Article 2365 of the Italian Civil Code and pursuant to Article 15 of the By-Laws, the Board of Directors has the power to adopt resolutions concerning:

- mergers, in the cases specified in Articles 2505 and 2505-*bis* of the Italian Civil Code, and spin-offs, in the cases referenced in Article 2506-*ter* of the Italian Civil Code,
- establishment and closure of branch offices,
- transfer of the registered office within Italy,
- indication of those directors who are legal representatives of the company,
- reduction of share capital following redemptions,
- adjustments of the By-Laws to legal provisions.

### **Succession Plans**

The Board of Directors has not considered establishing Succession Plans for executive directors, partly in consideration of the shareholder structure characterized by the continuous presence of a reference shareholder.

### **4.2 COMPOSITION**

As at the closing date of the reporting year for this Report, the Board of Directors is made up of seven directors, comprising:

- one (1) executive Director, holding individual management powers – as indicated in Article 4.4 below – assigned by the Board of Directors;
- six (6) non-executive Directors, not holding individual management powers and not holding the office of chief executive officer or executive chairman in companies controlled by the Issuer or any executive office in the Issuer (or in subsidiaries), or in the parent company when the office also concerns the Issuer.

Among the non-executive Directors, the Board of Directors has ascertained, with the assistance of the Board of Statutory Auditors, the satisfaction, with no exception, of all the independence requirements set out in the Corporate Governance Code for three (3) Directors, as indicated in the table below:

The current composition of the Board of Directors is as follows:

<b>Name</b>	<b>Position</b>
Eric Laflamme	Chairman – Non-executive
Michele Bianchi	CEO – Executive
Giulio Antonello	Non-Executive – Independent
Laura Guazzoni	Non-Executive – Independent
Gloria Marino	Non-Executive – Independent
Allan Hogg	Non-Executive
Sara Rizzon	Non-Executive

<sup>(\*)</sup> appointed by co-optation on 3 November 2017 to replace Robert Hall, who resigned.

Information concerning the personal and professional characteristics of each member of the Board of Directors is available on the website [www.rdmgroup.com](http://www.rdmgroup.com).

For a more detailed illustration of the criteria used for assessing the independence of the Directors, please refer to section 4.6 of the present document.

The Board of Directors was appointed by the Shareholders' Meeting of April 28, 2017 for a term of office of three financial years, specifically until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2019. The new Board of Directors will be appointed by the Shareholder's Meeting of April 29<sup>th</sup>, 2020.

The Chairman Eric Laflamme, co-opted in 2017 in replacement of Robert Hall, was confirmed in the post through the resolution of the Shareholders' Meeting of April 30, 2018, pursuant to Article 2386 of the Italian Civil Code, until the term of office of the entire Board of Directors expires.

All the Directors currently in office – except, as indicated above, the Chairman – were drawn from the single list presented by the shareholder Cascades Inc.. to the Shareholders' Meeting of April 28, 2017.

This list named the following candidates:

1. Robert Hall
2. Michele Bianchi
3. Giulio Antonello
4. Laura Guazzoni
5. Gloria Marino
6. Allan Hogg

7. Sara Rizzon
8. Matteo Rossi

Since the required number of members of the Board of Directors had been determined to be seven by the aforementioned Shareholders' Meeting of April 28, 2017, the only candidate not elected was Matteo Rossi.

The list obtained votes representing 100% of the Shareholders' Meeting voting capital.

#### ***CHANGES TO THE BOARD OF DIRECTORS DURING FINANCIAL YEAR 2019***

There were no changes in 2019 to the composition of the Board of Directors reported above.

Detailed information concerning the structure of the Board of Directors is provided in Table 2 attached to this Report.

#### **Criteria and diversity policy**

The Board of Directors has assessed that the current composition of the administrative body, which was appointed by the Shareholders' Meeting on April 28, 2017 reflects that the combination and integration is balanced in terms of:

- (i) gender diversity;
- (ii) managerial and professional profiles, as they are inherent to both the specific business operations of the issuer as well as differentiated areas of an administrative, financial, legal, taxation and corporate nature;
- (iii) age groups and seniority in specific positions.

Upon proposal of the Nomination Committee which carried out the related investigations, the Board of Directors adopted also on March 18<sup>th</sup>, 2019 a specific policy on diversity (pursuant to Article 123-*bis*, paragraph 2, letter d-*bis* of the CFA) with regard to the composition of the Board of Directors.

The Diversity Policy adopted by the Board of Directors is available on the Company's website: [www.rdmgroup.com](http://www.rdmgroup.com), in the Corporate Governance section.

Finally, it is noted that one third of the Board of Directors is constituted by directors of the less represented gender, in accordance with Application Criterion 2.C.3 of the Corporate Governance Code.

#### **Maximum number of offices held in other companies**

The offices of Director or Statutory Auditor held by the current Directors of Reno De Medici S.p.A. in other listed companies and in financial, banking or insurance companies or companies of significant size are indicated below:



<b>Board of Directors</b>	Offices held by the Directors in other listed companies and in financial, banking or insurance companies or companies of significant size:
Eric Laflamme	/
Michele Bianchi	/
Giulio Antonello	Eurotech S.p.A. (listed company) Director Finanziere Phone 1690 S.a. (CH) - Director Azienda Agricola Riserva San Massimo S.p.A. – Chairman Auriga Partners SA – Director
Laura Guazzoni	Gas Plus S.p.A. (listed company) – Effective Statutory Auditor Generfid S.p.A. - Independent Director BG Saxo Sim S.p.A. – Independent Director Sace BT S.p.A. – Effective Statutory Auditor Augusta Westland S.p.A. – Chairman of the Board of Statutory Auditors Cemital S.p.A. – Effective Statutory Auditor C.D.I. S.p.A. – Effective Statutory Auditor Leonardo International S.p.A. - Chairman of the Board of Statutory Auditors Valvitalia S.p.A. – Chairman of the Board of Statutory Auditors
Allan Hogg	/
Gloria Marino	Cairo Communications S.p.A. (listed company) – Effective Statutory Auditor Uvigal S.p.A. – Effective Statutory Auditor
Sara Rizzon	/

It is noted that at the date of the Report, there is no specific guideline with regard to the maximum number of offices of director or statutory auditor that can be held by the members of the Board of Directors in companies of the types indicated above, since this assessment is required to be made by each individual director at the time of his/her acceptance of the office.

In any case, this evaluation is formulated also in compliance to the application criteria of the Corporate Governance Code concerning the role of the Board of Directors and, therefore, taking into account the provisions which recommend that directors accept the office when they believe they can devote the necessary time to the diligent performance of their duties, taking account also of the commitment linked to their working and professional activities, the number of offices of director or statutory auditor held in other listed companies and in financial, banking or insurance companies or companies of significant size.

### **Induction Program**

As part of the CEO's periodic reporting to the Board of Directors, he/she provides the Board members with appropriate, specific and detailed information on various aspects of the Issuer and the Group (including those not closely related to the core business) in order to augment the directors' knowledge of the sector of activity in which the Issuer operates and its business dynamics, as well as to encourage discussion and benefit from various contributions, taking into account the high degree of professional expertise represented on the Board.

The Legal and Corporate Affairs Department also provides the directors with information updates on any changes in the relevant legislative and regulatory framework, with particular reference to national and EU rules relating to listed issuers.

#### **4.3 ROLE OF THE BOARD OF DIRECTORS**

The Issuer's corporate governance system assigns a central role to the Board of Directors, to which the By-Laws grant the fullest powers for the ordinary and extraordinary management of the Company, with the exception of those imperatively reserved by law to the exclusive competence of the Shareholders' Meeting, and which is responsible for determining the strategic and organizational guidelines of the Issuer and the Group.

The duties and functions of the Board of Directors can be summarized as follows:

- to examine and approve, in their general outlines, the strategic, industrial and financial plans of the Company and the Group presented by the CEO, and to verify their implementation;
- to examine and approve the corporate governance system of the Issuer and the structure of the Group;
- to define, with the assistance of the relevant Committee and based on its indications, the guidelines for the internal control and risk management system, determining the degree of compatibility of those risks through a management approach consistent with the strategic objectives identified; to assess, at least annually, the suitability of the internal control and risk management system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness;
- to appoint and dismiss the Head of the Internal Audit department, on the proposal of the director in charge of the internal control and risk management system and following a favorable opinion from the Control and Risk Committee, as well as after consulting with the Board of Statutory Auditors. to verify, with the support of the Control and Risk Committee, that the Internal Audit department has the appropriate resources to fulfil its responsibilities;
- to approve, at least annually, the plan of work prepared by the Head of the Internal Audit department, after consulting with the Board of Statutory Auditors and the director in charge of the internal control and risk management system;
- to assess, after consulting with the Board of Statutory Auditors, the findings presented by the independent auditor in any comment letter and in the report on fundamental issues that emerged during the independent audit;
- to assess, with the preliminary support of the Control and Risk Committee, the adequacy of the organizational, administrative and accounting structure of the Company and the subsidiaries;

- to grant and revoke powers of the Chief Executive Officer, and define the limits and procedures for the exercise of such powers; to determine, on the proposal of the Remuneration and Nomination Committee and after consulting with the Board of Statutory Auditors pursuant to Article 2389 of the Italian Civil Code, the remuneration of the Chief Executive Officer and other directors holding special offices;
- to assess, based on the information received at least quarterly from the Chief Executive Officer, the general operating performance;
- to approve in advance the transactions of the Issuer that have a significant impact on the operating results, assets and liabilities and financial position.

In particular, pursuant to a resolution of the Board of Directors and in compliance with the provisions of the By-Laws, transactions relating to the following activities are deemed to have a significant strategic impact, and their examination and approval are reserved exclusively to the competence of the Board of Directors:

- acquisitions, contributions and disposals of equity interests, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;
- acquisitions, contributions and disposals of businesses or business units, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;
- acquisitions, contributions and disposals of equity interests, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;
- definition of joint venture agreements;
- new loans, mortgages and other financial debt of any sort with a term of over eighteen (18) months, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;
- investments in non-current technical assets with significance in terms of strategic impact, and in any event those of an amount exceeding Euro 10,000,000.00 per single investment.

The Board of Directors also examines and approves in advance any transactions that have a significant impact on the operating results, assets and liabilities and financial position of subsidiaries.

The transactions of subsidiaries to be submitted for approval by the Issuer's Board of Directors are identified as significant based on criteria of nature and value.

Specifically, the transactions of subsidiaries that are identified as significant include the following:

- acquisitions, contributions and disposals of equity interests;
- joint venture agreements;
- acquisitions, contributions and disposals of businesses and business units;

- acquisitions and disposals of real properties;
- investments in non-current technical assets with substantial significance for the Group;
- taking out of loans, issuance of real or personal guarantees;

when one or more of the following criteria are satisfied:

- a) the transactions can be considered, pursuant to the provisions of Regulation (EU) No 596/2014, to be inside information and are therefore subject to obligations of public disclosure;
- b) the transactions have a significant impact on the operating results, assets and liabilities and financial position.

In particular, transactions of the types indicated above are considered to have a significant impact on the operating results, assets and liabilities and financial position when they have a value, in terms of their amount or the payment involved, of Euro 5,000,000.00.

During financial year 2019, the Board of Directors held six meetings, which were duly attended by the Board of Statutory Auditors, with an average duration of two hours and fifty minutes.

Table 2 attached to this Report shows the information regarding the meetings attended by each Director.

As regards the meetings of the Board of Directors scheduled for financial year 2020, as at the date of this Report, two meetings of the Board have been held and the following further meetings are scheduled, as per the calendar of corporate events notified to the market pursuant to Article 2.6.2 of the Market Regulation: April 29, 2020 (examination of the Interim Report as at March 31, 2020, July 30, 2020) (examination of the Half-Year Financial Report as at June 30, 2020), November 4, 2020, (examination of the Interim Report as at September 30, 2020).

The By-Laws do not specify a minimum frequency for the meetings of the Board.

The calendar of corporate events is available on the Issuer's website ([www.rdmgroup.com/investor-relations/press-releases](http://www.rdmgroup.com/investor-relations/press-releases)).

The Board of Directors is convened by the Chairman or, in the event of his absence or impediment, in the order, by a vice-chairman or by the oldest director of age, whenever he deems it appropriate or a written request is made by at least four directors. The Board of Directors can also be convened, upon communication to the President, by at least one auditor. The convocation is made by registered letter, telegram, fax or email sent at least three days before the meeting or, in urgent cases, at least one day before.

As a rule, the Directors receive the preparatory documentation together with the convocation of the Board of Directors except for situations for which reasons of confidentiality or of finalization of documents do not recommend or do not allow it.

During 2019, meetings of the Board of Directors were also attended by individuals not on the Board such as the Head of Legal and Corporate Affairs, who also acted as the Board's Secretary, the CFO and

Executive Responsible for the Preparation of the Company's Financial Reports on the items of his competence. In addition, from time to time the Board also evaluates whether it would be necessary/beneficial to invite outside individuals, depending on the items on the agenda, in order to benefit from their specific expertise.

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

#### ***SELF-ASSESSMENT***

The Board implemented a self-assessment process also relating to the Committees appointed within the Board of Directors.

Specifically, the process was implemented through the collection of "self-assessment questionnaires" compiled individually by each director, started on date February 5<sup>th</sup>, 2020 by the Legal and Corporate Affairs Department.

The outcomes of the self-assessment process are investigated by the Nomination Committee and brought to the attention of the Board of Directors in an aggregated form. During the examination by the Board, the Nomination Committee requests individual contributions from the individual Board members, also in terms of indications of further issues likely to be subject to this self-assessment process.

Broadly speaking, the objective of the self-assessment, to be updated annually, is to ensure the adequacy of the size, composition and operating methods of the Board of Directors and the committees within the Board of Directors, also through the expression of any guidance for the professional figures whose presence in the Board is deemed appropriate and also taking into account elements such as professional characteristics, experience, including managerial and the gender of the members as well as their seniority in office.

A topic of specific depth during the Board examination of the self-assessment process is related to the contents of the Diversity Policy, adopted by the Board of Directors as reported in the paragraph Information on diversity policy.

Specifically, the adequacy evaluation focused on:

- (i) the individual characteristics of the Directors in terms of requirements and professional experience;
- (ii) the structural characteristics of the Board of Directors (size, specifically depending on the characteristics of the Group and the possibility of adequate training of the internal Board Committees; composition, also in terms of balanced division and gender ratios, executive directors and non-executive directors and the adequacy of the number of independent directors);
- (iii) the organizational characteristics of the Board of Directors understood as the board processes and operating methods (also with reference to the adequacy and promptness of information flows concerning making documents on

agenda items available to directors in advance; the frequency and scheduling of meetings; the frequency attendance of directors at meetings, the documentation supporting the minutes).

Similar evaluations, where applicable, were also carried out with reference to internal Board of Director's Committees.

The outcomes of the process highlighted general adequacy of the items subject to self-assessment described above, also with reference to the component represented by Independent Directors, with the possibility of additional improvements.

#### **4.4 DELEGATED BODIES**

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

##### **CHIEF EXECUTIVE OFFICER**

The Board of Directors appointed the Director Michele Bianchi as Chief Executive Officer, granting him the related management powers.

The Chief Executive Officer is the person with principal responsibility for the management of the Issuer. It is stated that the "interlocking directorate" situation referred to in application criterion 2.C.5. of the Corporate Governance Code does not exist, since the Chief Executive Officer does not hold the office of director of any other issuer.

Specifically, the Chief Executive Officer is granted powers of ordinary and extraordinary administration, subject to limits as regards value and nature. In particular:

- (i) the granted powers can be exercised for transactions that do not involve, individually or for a combination of related transactions, expenditure commitments exceeding Euro 10,000,000.00;
- (ii) pursuant to the By-Laws, the following matters do not fall within the powers of the Chief Executive Officer and are reserved exclusively to the competence of the Board of Directors:
  - any proposal to be submitted to the Extraordinary Shareholders' Meeting that concerns or entails an increase in the Company's share capital;
  - any transaction to purchase, sell or lease businesses, business units, assets, including real properties or equity investments (including the purchase or sale of treasury shares or the redemption of shares) categorized as non-current assets, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;

- any proposal to be submitted to the Shareholders' Meeting concerning the distribution of dividends and/or reserves in any form, and/or transactions for the voluntary reduction of capital or relating to any resolution to distribute dividends in advance;
- new loans, mortgages and other financial debt of any sort with a term of over eighteen months, whose value for any single transaction or combination of related transactions (i.e. used towards the completion of the same transaction) is greater than Euro 10,000,000.00;
- - appointment and revocation of the Chief Executive Officer and of the Chief Financial Officer, as well as the attribution of modification and revocation of the powers conferred on the subjects holding these positions;
- - remuneration, for any reason, to the Company's Chief Executive Officer and remuneration policies for the *top management*;
- approval of strategic plans, annual and multi-year budgets and strategically significant changes in such plans and/or budgets.

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

It is hereby confirmed that in 2019, this information was actually provided by the CEO to the Board of Directors and the Board of Statutory Auditors on a quarterly basis, concurrently with the approval of the periodic financial reports (draft financial statements, semi-annual report and additional quarterly reports) by the Board of Directors, and that such information is contained in the minutes for the individual meetings concerned.

Finally, it is noted that, in order to make the most of Board meetings as a typical opportunity for the Directors (and particularly the non-executive directors) to obtain information on the company's operations, the CEO ensures that the executives in charge of the company departments related to the items on the agenda are available to participate, if required, in the aforementioned meetings and/or meetings of the various Committees within the Board.

#### **CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors has not received any powers of management and has not been vested by the Board with any specific role in the formulation of the business strategies.

The Chairman convenes and coordinates the meetings of the Board of Directors. In order to allow informed participation in the relevant meetings, the documentation relating to the items on the agenda

is normally sent in advance to directors and statutory auditors, courtesy of the Board's Secretary and the Corporate and Legal Affairs Department, with average advance notice of three (3) days, except in cases of necessity and urgency.

As a general rule, the sent documentation is accompanied by a summary document concerning the most significant items in terms of the adoption of the resolutions proposed on the agenda.

During the self-assessment process, the Board of Directors expressed a general evaluation of adequacy for the information received before Board meetings, albeit wishing - if compatible with the internal operating and organizational requirements and with the correct application of provisions regarding the management of relevant and privileged information – a further anticipation of the terms for sending the documentation.

#### ***4.5 OTHER EXECUTIVE DIRECTORS***

The Board of Directors has not created, internally, an Executive Committee.

There are not executive directors, apart from the Chief Executive Officer, who must be regarded as executive directors, meaning directors holding individual powers of management or holding the office of chief executive officer or executive chairman in companies controlled by the Issuer or any executive office in the Issuer (or in subsidiaries), or in the parent company when the office also concerns the Issuer.

#### ***4.6 INDEPENDENT DIRECTORS***

The Board of Directors at its meeting of April 28, 2017, following appointment by the Shareholders' Meeting, based on the information provided by the individuals concerned and available to the Company, verified the satisfaction of the independence requirements by the following non-executive directors:

- Giulio Antonello;
- Gloria Marino;
- Laura Guazzoni.

The verification of the independence requirements was carried out in accordance with Article 148, paragraph 3, TUF, as recalled by the Article 147-ter, paragraph 4, TUF and in accordance with all the application criteria prescribed by the Corporate Governance Code.

This verification took place during the Board meeting, but in the absence of the members concerned. Moreover, the Board of Statutory Auditors verified the adequacy, the appropriateness and the correct application of the criteria used by the Board to assess whether the independence requirements had been met. The results of the verifications are made known by means of a notice circulated to the market on the



same date. Note that at the time of their nomination, all the Independent Directors indicated their appropriateness in order to be qualified as Independent and they undertook to maintain this requirement unchanged. If a director ceases to meet this requirement, he/she is required to notify the Board immediately and delay his/her appointment.

The evaluation with regard to existence of the requirements of independence for the three Directors indicated above was also renewed for 2019.

During financial year 2019, the Independent Directors held one meeting, in the absence of the other Directors, concerning the operation of the Board of Directors.

#### **4.7 LEAD INDEPENDENT DIRECTOR**

The Board has not designated an independent director as Lead Independent Director, as the conditions provided for by the Corporate Governance Code do not apply.

### **5.0 MANAGEMENT OF CORPORATE INFORMATION**

As regards the management of corporate information, a series of procedures and measures are in force, including, in particular, the Procedure for the Management, Processing and Communication of the Relevant and Inside Information (hereinafter the “Privileged Information Procedure”) approved in its final version by the Board of Directors on July 31<sup>st</sup>, 2018. These Procedures are also incorporated as elements of the Organization, Management and Control Model adopted by the Board of Directors pursuant to Legislative Decree 231/2001 and described in summary form in this Report.

#### **PROCEDURE FOR THE MANAGEMENT, TREATMENT AND COMMUNICATION OF RELEVANT AND PRIVILEGED INFORMATION**

The purpose of the Privileged Information Procedure is to:

- regulate, according to criteria of confidentiality, the identification, monitoring, management, traceability and internal distribution criteria of corporate documents and information – with particular reference to the relevant and confidential inside information mentioned in Article 181 of the CFA and in Arts. 7 et seq. of Regulation (EU) No 596/2014 – concerning the Issuer and subsidiaries;
- regulate the disclosure to the public of inside information, according to criteria of transparency, timeliness and non-selectiveness, in compliance with the applicable Italian and European legal and regulatory provisions.

This Privileged Information Procedure also implements the provisions concerning subsidiaries as required by Article 114, TUF with regard to information flows to Reno de Medici S.p.A., which are functional to allow it to disclose to the market in an adequate and timely manner any events and circumstances that might be classed as inside information and relate to the operating activities of the subsidiaries.

The Privileged Information Procedure will be published on the site of the Company in the section “Governance - Treatment of Corporate Information”.

The Privileged Information Procedure is subject to updates where organizational changes and regulatory updates will take place.

#### **INSIDER LIST AND RELEVANT INFORMATION LIST**

The Privileged Information Procedure regulates the methods relating to the correct storage and constant updating of the lists of persons who have access to relevant and sensitive information (“**Insider List**” and “**Relevant Information List**”) as well.

The Provisions regulate: (i) the identification, entry into the lists and any subsequent removal of persons who, due to their working or professional activity or the functions performed on behalf of the Company or subsidiaries, have permanent or occasional access to relevant or inside information; (ii) the information flows to the corporate function responsible for maintaining the lists, as necessary for the implementation of the related entries and/or removals; (iii) the provision of information to persons entered in the lists with regard to the respective entries and to any related changes and removals; as well as (iv) the management and searching of the data contained in the Register, capable of being performed by a computerized means that ensures the traceability and storage of the data.

#### **INTERNAL DEALING**

The procedures for the management and disclosure of documents and information concerning the Company also include the Internal Dealing Code adopted by the Board of Directors in compliance with the provisions of Article 114, paragraph 7, of the CFA and related implementation rules of the Issuer Regulation, as well as of Regulation (EU) No 596/2014.

These rules concern the obligations to disclose to the Company, Consob and the public any transactions involving Reno De Medici shares, or other financial instruments linked to those shares, carried out by the members of the Board of Directors, the Board of Statutory Auditors and other executives identified as significant persons who have regular access to inside information as well as the power to take management decisions able to have an impact on the development and future prospects of the Company.

The provisions adopted by the Board of Directors: (i) identify the parties who are obliged to make the disclosures; (ii) provide the identified persons with information about the identification made, the related obligations and the procedures and timings for making the legally required disclosures; (iii) identify the business function of the Company (Legal and Corporate Affairs Department) responsible for receiving and managing the aforementioned disclosures and for circulating them to the market.

## **6.0 BOARD COMMITTEES**

The Board of Directors has established, internally, the following Committees according to the indications contained in the comment to the Article 4 of the Corporate Governance Code:

- Nomination Committee

- Remuneration Committee
- Control and Risk Committee
- Related Party Committee

Information about the composition and functions of the above-mentioned Committees is provided in Paragraphs 7.0, 8.0, 9.0 and 10.0 of this Report.

As regards operating procedures, the Directors part of the internal Committees act and meet whenever deemed necessary by the relative Chairman or requested by two other members. The meetings are coordinated by the Chairman, who provides the relative information to the Board at its next meeting and are duly minuted.

The Chairman of the Board of Statutory Auditors, on invitation of the Chairman of each Committee, attends the meeting. without the right to vote.

The Committees access the information and business functions deemed necessary to support the performance of their own functions and have also the power to request from the Board the allocation of financial resources where instrumental to the performance of their duties.

The members of the Committees have proven professional experience in the sector in question and adequate knowledge and experience in financial and remuneration policy issues.

## **7.0 NOMINATION COMMITTEE**

The Nomination Committee is composed of three directors, all non-executive and independent:

- **Giulio Antonello – Chairman,**
- **Laura Guazzoni;**
- **Gloria Marino.**

In accordance with the Corporate Governance Code, the Committee is vested with the following functions:

- a) to formulate opinions to the Board of Directors concerning the size and composition of the Board, and to express recommendations concerning persons whose presence on the Board is deemed appropriate, as well as concerning matters relating to any maximum number of offices that can be held by directors in other listed companies and in financial, banking or insurance companies or companies of significant size and concerning any exceptions from the prohibition of competition pursuant to Article 2390 of the Italian Civil Code that may be authorized by the Shareholders' Meeting.

b) to propose candidates to the Board of Directors for the office of director in cases of co-optation where it is necessary to replace independent directors.

The members of the Nomination Committee hold office until the expiry of the directors' term of office and therefore until the approval of the financial statements for the year ending December 31, 2019, unless resolved otherwise.

During 2019 the Committee held one meeting to examine the outcome of the self-assessment process for the Board of Directors, to which, on invitation of the Chairman of the Committee, the Board of Statutory Auditors attended as well. The participation percentage to the meeting of each member of the Committee was equal to 100%.

## 8.0 REMUNERATION COMMITTEE

The Board of Directors has established a "Remuneration Committee" the duties of which will be to pursue investigations, provide consulting and make proposals.

The Committee is currently composed of three non-executive and independent Directors, who have been appointed by the Board of Directors in accordance with the provisions of Article 148 of the CAF and the Code of Conduct of Borsa Italiana S.p.A.

The composition of the Committee is shown below:

<b>Name</b>	<b>Position</b>
Giulio Antonello	Chairman Non-Executive - Independent Director
Laura Guazzoni	Non-Executive - Independent Director
Gloria Marino	Non-Executive - Independent Director

Unless decided otherwise, the members of the Remuneration Committee will be in office until expiration of the directors' mandate and therefore until the shareholders' meeting to be held for approval of the financial statements as at December 31, 2019.

The Remuneration Committee will have the following duties:

- provision of consulting services and proposals to the Board of Directors in regard to definition of the remuneration policy applicable to Directors and Managers with Strategic Responsibilities and periodic auditing, in coordination with the human resources department, of the adequacy,

overall coherence and actual application of the principals defined within these Policies, and the Committee shall report its findings to the Board of Directors;

- consulting and proposals to the Board of Directors regarding the remuneration of executive directors and other directors with specific duties, as well as the setting of the performance objectives related to the variable component of this remuneration; monitoring of the decisions adopted by the board in verification of actual achievement of the performance objectives.
- submission to the Board of Directors or proposals relative to the implementation of the Stock Grant Plan established by the shareholders' meeting pursuant to Article 114-bis TUF, particularly with regard to the performance objectives underlying the plan itself.

In pursuing its duties, the Remuneration Committee shall have access to corporate information and the corporate departments required for fulfillment thereof.

No Director shall attend the meetings of the Remuneration Committee in which the proposals to the Board of Directors relative to that Director's remuneration are discussed.

The three members of the Remuneration Committee have knowledge and experience in accounting and financial matters and in remuneration policies.

#### **Activities carried out with regard to financial year 2019**

During 2019, the Remuneration Committee met 1 time, and regular minute was kept. Upon the invitation of the Chairman of the Committee, the Board of Statutory Auditors attended the meeting as well. The percentage of participation in the meeting by each member of the Committee was 100%. At the date of the present Report, the Committee met 1 time during 2020.

The meeting referred to:

- (i) *the definition of a proposal to the Board of Directors for the adoption of the remuneration report pursuant to Article 123-ter of the CFA for 2019;*
- (ii) *confirmation that the performance targets for 2018 have been reached;*
- (iii) *again for 2019, the definition of the performance objectives underlying the Stock Grant Plan restricted to the Chief Executive Officer as established by the shareholders' meeting held on April 28, 2017 pursuant to Article 114-bis of the CFA and the performance objectives underlying the variable and monetary remuneration of the Chief Executive Officer;*
- (iv) *the fixed remuneration of the CEO;*
- (v) *redefinition of the remuneration of the CEO;*
- (vii) *determination of a special monetary bonus for the CEO.*

## **REMUNERATION OF DIRECTORS**

For the information relating to this Section, see the relevant parts of the Remuneration Report approved by the Board of Directors and published pursuant to Article 123-ter of the CFA.

In particular, the Remuneration Report is available on the Issuer's website [www.rdmgroup.com/governance/assemblee](http://www.rdmgroup.com/governance/assemblee), as well as via the authorized "eMarket STORAGE" portal ([www.emarketstorage.com](http://www.emarketstorage.com)).

## **9.0 RELATED PARTY COMMITTEE**

The Related Party Committee is composed of three Directors, all non-executive and independent:

- **Laura Guazzoni - Chairman,**
- **Giulio Antonello,**
- **Gloria Marino.**

The Related Party Committee has an advisory and propositional role towards the Board of Directors on transactions with related parties, on the basis on what is provided by Consob Regulation on operations with related parties No. 17221 of March 12<sup>th</sup>, 2010, and subsequent amendments, and on the basis on what is provided by the Procedure related to operations with related parties approved by the Board of Directors on November 8<sup>th</sup>, 2010 and revised on August 3<sup>rd</sup>, 2011 and on November 4<sup>th</sup>, 2019.

*During 2019, the Related Party Committee hold three meetings, to which on invitation of the Chairman of the Committee the Board of Statutory Auditors attended as well. The meetings were aimed at requesting the competent corporate functions the list of the transactions with Related Parties for the year 2019, at the discussion on the review of the Procedure for Operations with Related Parties, scheduled for the year 2019 and at the adoption of the Regulation for the Related Party Committee. The participation percentage to the meeting of each member of the Committee was equal to 100%. At the date of the approval of this Report, the Committee met only 1 time in 2020.*

## **10.0 CONTROL AND RISK COMMITTEE**

The Control and Risk Committee is composed of three Directors, all non-executive and independent:

- **Laura Guazzoni - Chairman,**
- **Giulio Antonello,**
- **Gloria Marino.**

The Control and Risk Committee consults with and makes proposals to the Board of Directors provides it with assistance and support in decisions and assessments relating to the internal control as well as risk management system and the definition of the guidelines of that system.

The members of the Control and Risk Committee hold office until the expiry of the directors' term of office and therefore until the approval of the Financial Statements as of December 31<sup>st</sup>, 2019, unless resolved otherwise.

The Committee coordinates its activities, according to the respective areas of responsibility, with those of the Board of Statutory Auditors, the Independent Auditor, the Head of the Internal Audit department, the Director in charge of the internal control and risk management system and the Executive responsible for the preparation of the company's financial reports.

Specifically, in accordance with the Corporate Governance Code, the Control and Risk Committee is vested with the following functions:

- (i) to provide prior opinions to the Board of Directors for the performance of the tasks entrusted to the Board by the Corporate Governance Code as regards internal control and risk management; in particular, to express binding opinions in the case of deliberations concerning the appointment, dismissal, remuneration and resources of the head of the Internal Audit department;
- (ii) to examine the periodic reports of the Internal Audit department concerning the assessment of the internal control and risk management system, as well as those of particular importance prepared by that department;
- (iii) to assess, together with the executive responsible for the preparation of the company's financial reports, after consulting with the Independent Auditor and the Board of Statutory Auditors, the correct use of the accounting standards and their uniformity for preparing the consolidated Financial Statements;
- (iv) to monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit department;
- (v) to ask the Internal Audit department to conduct audits of specific operating areas, giving immediate notice thereof to the Chairman of the Board of Statutory Auditors;
- (vi) to report to the Board, at least every six months at the time of approval of the annual and semi-annual financial report, on the activities carried out and the adequacy of the internal control and risk management system;
- (vii) to express, including at the request of the director in charge of the internal control and risk management system, opinions on specific aspects relating to the identification of the main business risks, as well as to the design, implementation and management of the internal control and risk management system;
- (viii) to support with an adequate preliminary activity the assessments and decisions of the Board of Directors relating to the management of risks arising from any prejudicial facts that may have come to the attention of the Board of Directors.

During 2019, the Internal Control and Risk Committee held five meetings, to which on invitation of the Chairman of the Committee the Board of Statutory Auditors attended as well. The attendance at

meetings for each member of the Committee was 100%. At the date of the present Report, the Committee met 1 time during 2020.

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

In addition, including in relation to items on the agenda, the Chief Financial Officer, the Head of Legal and Corporate Affairs and the Independent Auditor were invited to participate, from time to time, in order to report on individual agenda items.

As part of the activities and functions above, during 2019, the Control and Risk Committee concluded the following activities in particular:



- when the Financial Statements as at December 31, 2018 were prepared, together with the Chief Financial Officer and the Statutory Auditors, evaluated the procedures and the impairment tests, the correct use of the accounting principles and their application for the purpose of the preparation of the Separate and Consolidated Financial Statements;
- supervised the effectiveness of the auditing process;
- examined the Corporate Governance Report;
- planned its activities for 2019;
- examined the Operating plan for 2019 prepared by Internal Audit;
- analyzed the Audit reports distributed by Internal Audit regarding the activities already set out in the 2018 Plan as well as those in the Operating plan for 2019;
- analyzed the reports prepared by the Head of Internal Audit relating to the various company processes ( IT process management, process management related to the closure of data for the purposes of the Consolidated and Separate Financial Statements, abbreviated half-year Financial Statements and Interim Report, management of operations with related parties, management of relevant and privileged information, warehouse management, management of consultancy and professional services ) and identified risks;
- examined the periodic reports of Internal Audit and any guidelines for Company management for corrective and/or improvement measures based on the findings;
- verified the compliance/adaptation of the Company to the guidelines provided;
- with the help of Internal Audit, verified and analyzed the adequacy of corporate organization; then identified any areas for improvement and took note of the activities already implemented by the Company for this purpose in order to monitor the adequacy of the organizational structures, corporate procedures and methodologies;
- examined the action plan to analyze and evaluate the operating and control methods followed within Group foreign companies, in order to implement and/or standardize these rules, ensuring their conformity with binding legal provisions;
- together with the Chief Financial Officer, the Statutory Auditors and Internal Audit, evaluated the application of the administrative and accounting procedures mentioned above;
- evaluated and monitored the activities of the Responsible in charge for the internal control and risk management system;
- examined and approved the 2019 Operating Plan in accordance with the 2017-2019 three-year Audit Plan, prepared by the Head of Internal Audit, as well as monitoring the correct implementation;
- examined the changes made to the administrative and accounting procedures issued by the Manager in charge as well as the operating control procedures adopted at the Group level;
- maintained regular contact with the Board of Statutory Auditors and the Independent Auditors.

Following the checks conducted, the Committee confirmed:

the adequacy of the internal control and risk management system in relation to the characteristics of the business. The Company actually adopted suitable safeguards in relation to the risk areas identified and implements constant adjustments processes of its governance and organizational structure, paying attention to corporate changes as well as the expansion of the RDM Group;

- essential compliance with the procedures and protocols adopted or the adoption of compliant behavior, except for several anomalies for which adequate corrective and improvement actions have been implemented;

- adaptation, by the individual corporate functions, from time to time, to suggestions and to the implementation of measures indicated following checks conducted via Internal Audit.

Furthermore, the Committee may obtain the assistance of internal employees and outside professionals, at the expense of the Company, in order to perform its functions.

The three members of the Committee have knowledge and experience in accounting and financial matters and risk management. For risk management, the Committee also makes use of the help of the Internal Audit Department.

## **11.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

### **11.1. INTRODUCTION**

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

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

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

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

In addition, through the Internal Audit department, the Company continually determines whether this system is appropriate for the Company's structure. In 2019, in keeping with the Audit Plan approved or

following specific request, 12 audit reports were issued, and checks were subsequently made of the corrective actions taken.

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

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

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

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

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

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

The above types of controls, which fall under the responsibility of the management of the area concerned, are in addition to the activities carried out by the Internal Audit department, which is charged with ensuring that RDM's auditing activities are completed.

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

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

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

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

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

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

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

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

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

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

- verification of the effectiveness of the control system;
- monitoring and development of the control system.

#### Risk identification and assessment

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

#### Assessment of the adequacy of control activities

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

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

A Group-wide manual has been prepared, currently under updating process, containing guidelines and controls to be implemented for the preparation of the reporting package, as well as the related declarations to be issued under the signature of each applicable body concerning the adequacy of controls performed and the reliability and consistency of the data provided. During 2019, specific Group guidelines and policies were prepared to be applied to all foreign subsidiaries with the aim of extending the same Control Model used at RDM to all of them.

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

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

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

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

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

#### Verification of the effectiveness of the internal control system

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

#### Monitoring and development of the control system

In order to allow for the proper monitoring of the system, the “design” of its components is regularly reassessed in all cases upon the occurrence of significant events or the identification of new risks using the risk assessment process. In particular, in 2019, amendments and supplementations were made to the administrative and accounting procedures, which – as the records for the preceding years demonstrate – are constantly updated in order to ensure that they reflect the business realities as closely as possible.

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

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

Pursuant to Article 154-*bis*, paragraph 5, of the CFA, the executive responsible for the preparation of the company’s financial reports and the CEO must attest to the adequacy and effective application of

administrative and accounting procedures for the preparation of the separate and consolidated financial statements, as well as any other communication of a financial nature.

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

The Board appointed the Chief Executive Officer Michele Bianchi as executive director charged with overseeing the operation of the internal control and risk management system.

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

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

#### **11.5. MANAGER OF THE INTERNAL AUDIT DEPARTMENT**

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

- (i) ensuring that the oversight activities specified in Legislative Decree 231/2001 are performed;
- (ii) updating the system used to identify, classify and assess areas of risk for the purposes of planning audits;
- (iii) verifying, both continuously and in relation to specific needs, and in compliance with international standards, the effectiveness and suitability of the internal control and risk management system via an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritization of the main risks;

- (iv) implementing scheduled audits (Plan approved by the 231/2001 Supervisory Body and the Control and Risk Committee) and unscheduled audits, identifying any gaps compared to the models adopted and making proposals on the corrective actions to be taken;
- (v) preparing suitable reports on events of particular significance and audit reports detailing the risk management activities and procedures, any recommendations and suggestions for mitigating risks, and assessing the suitability of the internal control and risk management system. These reports are also forwarded to the 231/2001 Supervisory Body, the Board of Statutory Auditors, the Risk and Control Committee and the director in charge of the internal control and risk management system;
- (vi) ensuring the maintenance of the relationship with the independent auditor;
- (vii) maintaining the relationship with and providing reports to the 231/2001 Supervisory Body, the Internal Control Committee and the Board of Statutory Auditors.

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

Internal Audit is headed by Serena Monteverdi, who was appointed by the Board of Directors on 4 November 2011 on the proposal of the Control and Risk Committee (formerly the Internal Control Committee) following consultation with the Board of Statutory Auditors and an assessment of her background.

For details of the activities performed in 2019, see the description elsewhere in this Report.

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

With the entry into force of Legislative Decree 231 of June 8, 2001, as amended and supplemented, which introduced a specific mechanism for companies to assume liability for certain types of crimes, the Company took measures to avoid, in accordance with the provisions of this regulation, being held liable in this way by creating specific oversight procedures aimed at preventing certain types of crimes.

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

The Model currently in force and approved by the Board of Directors on February 14<sup>th</sup>, 2019, was distributed to all employees and is published, in its general part, on the Company's website.

Relative to the provisions of Article 6 of the aforesaid Decree, the Board approved the creation of the 231/2001 Supervisory Body and created it as a multi-member body. To be specific, it is currently

composed of two Independent Directors and one member from outside the Company who has specific expertise on Legislative Decree 231.

The 231/2001 Supervisory Board is composed of Mr. Daniele Ripamonti, Chairman as from May 16, 2017, Ms. Laura Guazzoni and Ms. Gloria Francesca Marino as from April 28, 2017.

The meetings of the 231/2001 Supervisory Body are attended by Internal Audit, including on the basis of the items placed on the agenda, corporate officers and/or members of the Board of Statutory Auditors. Furthermore, the Company provides a continual flow of information to the 231/2001 Supervisory Body so that the latter is able to constantly monitor all the sensitive and instrumental processes to avoid the commission of crimes provided by the Decree and deemed to be at risk for the Company.

Each year, the 231/2001 Supervisory Body independently approves its oversight plan, which includes audits of the adequacy of the Model and compliance with the Model.

The 231/2001 Supervisory Body also has its own regulations and a budget commensurate with the duties assigned to it.

During 2019, the 231/2001 Supervisory Body held seven meetings, with an average duration of two hours, with the constant participation of all its members.

#### **11.7. INDEPENDENT AUDITOR**

The firm assigned to perform the official audit of accounts is Deloitte & Touche S.p.A., which was appointed by the ordinary Shareholders' Meeting of April 7, 2012 for the period from 2012-2020, and thus until the approval of the financial statements for the year ending December 31 (thirty-first) 2020.

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

The Board of Directors, on September 11<sup>th</sup>, 2018, with the prior approval of the Board of Statutory Auditors, appointed Luca Rizzo, RDM's CFO, to be the executive Responsible for the preparation of the company's financial reports.

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

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

or

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



or

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

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

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

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

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

## **11.9 COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Company has adopted specific coordination procedures to be applied among the Board of Directors, the Executive Responsible for the Preparation of the Company's Financial Reports, the 231/2001 Supervisory Body, the Control and Risks Committee and the Board of Statutory Auditors not only to maximize the efficiency of the internal audit and risk management system implemented, but also to reduce duplications of activity.

The information flows represent one of the essential components of the coordination system that has been adopted. Indeed, it is thanks to the constant exchange of information that the aforementioned players become aware of the issues affecting the Company and the Group in ways that are significant for compliance and risk management and can therefore direct their efforts to the aforementioned areas, and they were also enabled to adequately pursue the activities required of them and pursuant to the law. In terms of operations, this coordination is carried out through:

- (i) the participation of various players in meetings held to discuss issues connected to the internal audit and risk management system;
- (ii) circulation of reports issued by the internal audit department to the aforementioned players;
- (iii) The circulation of minutes and/or worksheets from the Control and Risks Committee to the Board of Statutory Auditors;
- (iv) The transmission of the half year reports from the Chairman of the Control and Risks Committee and the Chairman of the 231/2001 Supervisory Body to the Board of Directors.

## **12.0 DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

Pursuant to Article 2391-*bis* of the Italian Civil Code, and on the basis of the general principles indicated by the “Related Party Regulation” issued by Consob the Board of Directors approved the Related Party Transactions Procedure, following a favorable opinion from a Committee composed exclusively of independent Directors. (the “Related Party Procedure”).

The Related Party Procedure, that has been reviewed during 2019, describes the rules, roles, responsibilities and the actions undertaken to ensure the transparency and the substantive and procedural correctness of the related party transactions carried out by the Company directly or through subsidiaries.

In particular, the Related Party Procedure adopted by the Board of Directors:

- identifies and defines the Related Parties, with reference to the definitions provided in Annex 1 of the Consob Regulation and in IAS 24;
- defines the criteria for identifying transactions of greater importance – which must be approved by the Board of Directors following a binding favorable opinion from a Committee composed exclusively of independent directors – and transactions of lesser importance;
- identifies the bodies and persons involved in the application of the Procedures, regulating the related roles and flows of information and documentation;
- identifies the types of transactions that may be exempt from the application of the Procedure.

In order to further strengthen the requirements of transparency and substantive and procedural correctness of related party transactions in conformity with the underlying principles of the relevant legislation, some of the provisions of the Related Party Procedure incorporate more rigorous choices with respect to the options offered to companies pursuant to Article 4, paragraph 1, sub-paragraph f), of the Consob Regulation.

Thus, the Procedure provides for a reduction – for specific types of transactions – of the quantitative thresholds indicated by the Regulation for the identification of transactions of greater importance.

Consistent with the criteria for the identification of related parties as indicated above, the Procedure also makes specific provision for cases where the relationship in question concerns a director of the Company and can, therefore, be considered as an interest of the director with respect to the transaction concerned.

As a general rule, in cases involving transactions with the Company in which a director holds an interest, on his/her own account or on behalf of third parties, the Director concerned – in addition to providing the Board of Directors and the Board of Statutory Auditors with the advance information referred to in Article 2391 of the Italian Civil Code – does not take part, unless decided otherwise by the Board of Directors, in light of the characteristics of the transaction, in the related discussion and voting at Board meetings.

The Related Party Procedure is available on the Issuer's website, [www.rdmgroup.com/governance/committees-and-other-bodies/related-entities-committee](http://www.rdmgroup.com/governance/committees-and-other-bodies/related-entities-committee).

Detailed information about related party transactions for financial year 2019 is provided in the Report on Operations and in the Notes to the separate and consolidated financial statements in the context of the annual Financial Report for the year ending 31 December 2019, available on the website [www.rdmgroup.com](http://www.rdmgroup.com).

### **13.0 APPOINTMENT OF THE STATUTORY AUDITORS**

Below are the provisions of Article 19 of the Company's current By-Laws, concerning the rules and procedures for the appointment of the Board of Statutory Auditors via the list voting system, as well as the rules applicable to the composition and powers of the Board and the appointment and replacement of its members.

As regards the amount of equity interest required for the presentation of lists for the appointment of the Board of Statutory Auditors, the By-Laws state that only those shareholders who, individually or

collectively with other submitting shareholders, hold a total of share capital representing at least 2.5% of shares with voting rights at ordinary Shareholders' Meetings may submit lists.

Under Determination No. of February 18<sup>th</sup>, 2020, the amount of equity interest determined by Consob pursuant to Article 144-septies of the Issuer Regulation for the presentation of lists applicable to Reno De Medici S.p.A. is 2.5% of the share capital, unless the By-Laws specify a lower amount, which is therefore not determined.

#### **By-Laws – Article 19 – Board of Statutory Auditors**

*“The Shareholders' Meeting appoints the Board of Statutory Auditors composed of three standing members and two alternates, who may be re-elected, and determines their remuneration. Their powers, duties and terms of office are those established by law.*

*The Statutory Auditors must meet the requirements prescribed by current laws and regulations.*

*The Statutory Auditors are appointed, in compliance with the legislation in force at the time concerning gender equality, on the basis of lists presented by shareholders in accordance with the procedures described in the following paragraphs, in order to ensure the appointment from the minority list of one standing auditor and one alternate auditor.*

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

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

*Lists that present a total number of candidates equal to or greater than three must be composed of candidates of both genders, so that at least one fifth (for the first term of office after August 12, 2012) and then one third (rounded to the nearest integer) of the candidates for standing auditor, and at least one fifth (for the first term of office after August 12, 2012) and then one third (rounded to the nearest integer) of the candidates for alternate auditor, belong to the least represented gender in the list.*

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

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

*The lists, which are signed by those submitting them, must be filed at the Company's registered office at least twenty-five days prior to the date set for the first call of the Shareholders' Meeting, and this must be noted in the notice to convene, without prejudice to any other forms of disclosure required by regulations and other provisions currently in effect.*

*If, on the due date for submitting lists, only one list has been filed or lists have been submitted only by shareholders that are deemed to be linked according to the applicable regulations, lists may be submitted within the additional period provided for by the rules in force. In this case, the thresholds specified by the By-Laws for submitting lists are to be reduced by half.*

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

*The first two candidates on the list obtaining the highest number of votes will be elected as statutory auditors, as will the first candidate from the list obtaining the second highest number of votes who is not directly or indirectly related to the persons who submitted, or voted for, the list that obtained the highest number of votes in compliance with the current legislation on gender equality.*

*The first candidate for alternate auditor from the list that obtained the highest number of votes and the first candidate for alternate auditor from the list with the second highest number of votes will be elected as alternate statutory auditors pursuant to the preceding paragraph, in compliance with the current legislation on gender equality.*

*In the event of a tied vote between two or more lists, the most senior candidates by age will be elected as statutory auditors until the posts to be assigned have been filled, and in such a manner as to ensure a composition of the Board of Statutory Auditors that complies with the current legislation on gender equality.*

*More specifically, if the procedures indicated above do not result in a composition of the Board of Statutory Auditors that complies with the current legislation on gender equality as regards its standing members, the necessary replacements shall be made from the list of candidates for standing auditor that obtained the highest number of votes, in the consecutive order in which they are listed.*

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

*If a single list or no list is proposed, the candidates on the list, or those for whom the Shareholders' Meeting voted (provided they obtain the simple majority of votes cast by the Shareholders' Meeting) shall be elected as standing and alternate statutory auditors respectively, subject to compliance with the current legislation on gender equality.*

*If the requirements set by regulations and the By-Laws cease to be met, the statutory auditor shall forfeit his/her position.*

*If a Statutory Auditor is substituted, he/she shall be replaced by the deputy statutory auditor on the same list and of the same gender as the departing auditor, or failing this, if a minority statutory auditor leaves his/her position, he/she shall be replaced by the candidate who is next on the same list as the candidate leaving his/her position, or alternatively, by the first candidate on the minority list that received the second-highest number of votes, all subject to compliance with the current legislation on gender equality.*

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

*When the Shareholders' Meeting is required to appoint standing and/or alternate statutory auditors in order to complete the Board of Statutory Auditors, the following procedure shall be followed: if statutory auditors elected from the majority list must be replaced, the appointment is made by simple majority vote with no list restrictions; if, instead, it is necessary to replace statutory auditors elected from the minority list, the Shareholders' Meeting shall replace them by a simple majority vote and select them from the candidates on the list that provided the statutory auditor to be replaced, or on the minority list that had the second-highest number of votes, and in such a manner as to ensure compliance with the current legislation on gender equality.*

*If, for any reason, the above procedures do not result in the replacement of statutory auditors designated by the minority, the Shareholders' Meeting shall do so by a simple majority vote. However, when determining the results of this vote, the calculation shall not include the votes of persons who, according to communications made pursuant to current regulations, hold – directly or indirectly, individually, or jointly with other shareholders who are party to the same significant shareholders' agreement pursuant to Article 122 of Legislative Decree 58/1998 – the simple majority of votes that can be exercised at a Shareholders' Meeting, or the votes of shareholders who control, are controlled or are subject to the joint control of these shareholders. All of the above shall always be done in such a manner as to ensure compliance with the current legislation on gender equality.*

## **14.0 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS**

The composition of the Board of Statutory Auditors is shown as follows:

<b>Name</b>	<b>Position</b>
Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Standing Statutory Auditor
Tiziana Masolini	Standing Statutory Auditor
Francesca Marchiori	Alternate Statutory Auditor
Domenico Maisano	Alternate Statutory Auditor

There have been no changes in the composition of the Board of Statutory Auditors since the end of the reporting year.

Information concerning the personal and professional characteristics of each member of the Board of Statutory Auditors is available on the website [www.rdmgroup.com](http://www.rdmgroup.com).

The Board of Directors was appointed by the Shareholders' Meeting of April 30, 2018 for a term of office of three financial years (2018/2019/2020), specifically until the Shareholders' Meeting called to approve the financial statements for the year ending on December 31, 2020.

In this regard, it is noted that a single list for the appointment of the Board of Statutory Auditors was presented to the aforementioned Shareholders' Meeting of April 30, 2018. This list, presented by the shareholder Cascades Inc., named the following candidates:

Standing Statutory Auditors

Giancarlo Russo Corvace

Tiziana Masolini

Giovanni Maria Conti

Alternate Statutory Auditors

Domenico Maisano

Francesca Marchiori

The list obtained votes representing 70.36% of the voting capital.

As regards the above, the current Board of Statutory Auditors does not include a statutory auditor appointed from minority lists.

Listed below are the offices of director or statutory auditor held by the current standing members of the Board of Statutory Auditors of Reno De Medici S.p.A. in other listed companies:

<b>Board of Statutory Auditors</b>	Offices held by the statutory auditors in other listed companies
Giancarlo Russo Corvace	Italiaonline S.p.A.
Giovanni Maria Conti	Biancamano S.p.A. – Director
Tiziana Masolini	//

During financial year 2019, the Board of Statutory Auditors carried out the following tasks, among others:

- *verified the correct application of the criteria adopted by the Board of Directors for assessing the independence of Directors;*
- *verified that its members continued to meet the independence requirements established by the Corporate Governance Code with reference to the directors, and submitted the results of these verifications to the Board of Directors;*
- *monitored the independence of the independent auditor, including with reference to the nature and quantity of services, other than auditing, provided to the Company and its subsidiaries by the independent auditor and by entities belonging to its network;*
- *coordinated with the Internal Audit Department and with the Control and Risk Committee in the performance of its activities through special meetings and by participating in the Committee's meetings, as well as those of the 231/2001 Supervisory Body where necessary;*
- *verified compliance with provisions on health and safety in the workplace, privacy and adherence to the environmental policy;*
- *expressed the opinion referred to in Article 2389 of the Italian Civil Code concerning the remuneration of the Chief Executive Officer as resolved by the Board of Directors;*
- *in its capacity as the Internal Control and Legal Oversight Committee, supervised the application of the internal control system and asked Internal Audit to conduct specific quarterly audits.*

During financial year 2019, the Board of Statutory Auditors held 12 meetings, with an average duration of 3 hours. Meetings were also held between the Board of Statutory Auditors, the Control and Risk Committee and the heads of the various corporate functions – including the Internal Audit Department – with particular reference to the assessment of the adequacy of the internal control and risk management system, and between the Board of Statutory Auditors and the independent auditor for reciprocal exchanges of information.

For the current financial year 2020, 6 meetings of the Board of Statutory Auditors are scheduled, of which 2 have already been held as at the date of approval of this Report.

Table 3 attached to this Report shows the respective information regarding meeting attendance by each Statutory Auditor.

#### **Statutory Auditors' interests**

Any Statutory Auditor who, on his/her own account or on behalf of third parties, has an interest in a particular transaction of the Company must provide prompt and comprehensive information to the

other Statutory Auditors and the Chairman of the Board of Directors about the nature, terms, origin and scope of that interest.

## **15.0 INVESTOR RELATIONS**

A specific corporate function, named Investor Relations, is established to manage relations with institutional investors and, in concert with the Legal and Corporate Affairs Department, with shareholders in general.

The Investor Relations function, entrusted to Chiara Borgini, can be contacted at the following e-mail address: [investor.relations@rdmgroup.com](mailto:investor.relations@rdmgroup.com).

The Issuer has created a special section – named Investor Relations – on its website at [www.rdmgroup.com](http://www.rdmgroup.com) - where information about the Issuer with significance for shareholders and investors in general is made available, in order to allow them to exercise their rights consciously.

## **16.0 SHAREHOLDERS' MEETINGS**

There follows a description of the main procedures relating to the calling and functioning of Shareholders' Meetings, as well as to the entitlement to take part in such meetings and exercise voting rights, under the applicable provisions of the By-Laws, laws and regulations.

### Procedures for the calling of Shareholders' Meetings:

Shareholders' Meetings are called by means of a notice to be published, within the legal timescales:

- on the Company's website;
- where necessary due to a mandatory provision or a resolution of the directors, including in excerpt form, in the Official Journal of the Italian Republic, or in one of the following daily newspapers: Il Sole 24 Ore, MF – Milano Finanza, Finanza & Mercati;
- in accordance with any other procedures specified by the rules and regulations in force at the time.

The notice of call may also contain the date of any possible second call and, in the case of an Extraordinary Shareholders' Meeting, any third call.

The notice of call must contain the following information required by current rules and regulations:

- details of the day, time and place of the meeting, as well as the list of matters to be discussed; it must indicate:
- any information necessary for the holders of financial instruments to be able to exercise their rights, ensuring that such information is available in the original Member State or in the Member State where the financial instruments are admitted to trading, preserving the integrity of that information;
- a clear and precise description of the procedures that shareholders must follow in order to participate and vote at the meeting, including information concerning:



- the deadline for exercising the right to ask questions prior to the meeting;
- the deadline for exercising the right to add items to the agenda or to present additional proposals concerning items already on the agenda, as well as (including by reference to the Company's website) further details about these rights and the procedures for exercising them;
- the procedure for proxy voting, and in particular the forms that shareholders can use for proxy voting. In this regard, it is noted that the Company's By-Laws also provide for the possibility of authorizing such proxy voting via a digital document signed electronically, in accordance with the procedures indicated in the notice of call, by using a special section of the Company's website or by sending the proxy document to the Company's certified e-mail address;
- the identity of the person designated by the Company for the granting of voting proxies, as well as the procedures and deadlines for the issuance of voting proxies by shareholders, with the stipulation that the proxy is void in relation to any proposals for which no voting instructions have been issued;
- the procedures and deadlines for obtaining the full text of the proposals to be discussed, together with the illustrative reports and documents that will be submitted to the meeting;
- the procedures and deadlines for the presentation of candidate lists, in cases where the meeting must deliberate on appointments to the corporate bodies;
- the address of the website where the information and documentation for the meeting can be found, so that shareholders and stakeholders can exercise their rights.

If provided for in the notice of call of the meeting, electronic participation and voting at the meeting are permitted.

#### Procedures relating to entitlement to participate at Shareholders' meetings

- entitlement to attend and participate at Shareholders' meetings is certified by a notification to the Company, made by the intermediary on the basis of the records relating to the end of the record date of the seventh exchange business day preceding the date set for the meeting (the "record date"). Any changes after this deadline are irrelevant for the purposes of determining entitlement to vote. The notification must reach the Company by the end of the third exchange business day preceding the date set for the Meeting, or after the indicated deadline provided it is received before the commencement of preparatory work for the meeting.

The deliberations of ordinary and extraordinary Shareholders' Meetings are subject to the legal quorum as regards attendance and the adoption of resolutions, at first and subsequent calls.

The powers of ordinary and extraordinary general meetings are those provided and governed by law.

As already indicated in this Report, under Paragraph 4.0 in the section "Rules applicable to modification of the By-Laws", the By-Laws provide, with reference to the provisions of Article 2365 of the Italian Civil

Code, the power for the Board of Directors to adopt specific resolutions concerning certain matters that also fall within the competence of the shareholders' meeting, without prejudice to the competence of the Shareholders' meeting with regard to those matters.

As regards the rights of shareholders and the procedures for the exercise of those rights, it is noted that the By-Laws do not make any special provisions concerning fixed percentages for the exercise of the shares and prerogatives established by law for the protection of minority shareholders, nor are there any shares carrying multiple voting rights or any provisions of the By-Laws relating to increased voting rights.

The Shareholders' meeting held during the relevant reporting period on April 29, 2019 was attended by seven Directors out of a total of seven in office as at that date.

The Chief Executive Officer reported to the meeting on the activities carried out, with particular reference to the operating performance in financial year 2018, supplying to the shareholders intervened an adequate information about the elements necessary to be able to take the decisions of the shareholders' meeting with full knowledge of the facts.

The documentation relating to all items on the agenda, including the illustrative reports of the Board of Directors with the related proposals to be discussed, was made available to shareholders, within the legal timescale, by lodging at the registered office, by publication on the Company's website [www.rdmgroup.com](http://www.rdmgroup.com) and via the authorized "eMarket STORAGE" portal ([www.emarketstorage.com](http://www.emarketstorage.com)).

#### **Regulations governing shareholders' meetings**

Pursuant to the By-Laws, the Chairman of the meeting directs the discussion and establishes the order and procedures (always well known in any case) for voting.

The Chairman is in fact responsible for moderating and managing interventions, safeguarding the right of each shareholder to speak on the matters under discussion and ensuring the orderly and efficient conduct of the meeting, as well as the efficiency of the related decision-making process in order to protect the interests of all shareholders.

Therefore, in view of the above, and also in order not to predefine any constraints as regards the conduct of discussions at shareholders' meetings, the Issuer has not considered it necessary to adopt a set of Regulations governing shareholders' meetings, whose adoption is recommended by the applicative criterion 9.C.3 of Corporate Governance Code.

#### ***Information on changes in the corporate structure and on market capitalization***

During the year under review:

- (i) there were no significant changes in the composition of the shareholding structure
- (ii) there was a 32.7% increase of the market capitalization of the Issuer's shares.

## **17.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

No other corporate governance practices are applied other than already represented in the preceding paragraphs.

## **18.0 CHANGES SINCE THE END OF THE REPORTING YEAR**

There have been no significant changes to the Issuer's Corporate Governance structure after the end of the reporting year.

## **19.0 CONSIDERATIONS ON THE RECOMMENDATIONS CONTAINED IN THE 2019 REPORT OF THE CORPORATE GOVERNANCE COMMITTEE AND ON THE NEW CORPORATE GOVERNANCE CODE APPROVED ON JANUARY 2020**

The Board of Directors examined the remarks in the 2019 report of the Corporate Governance Committee.

With reference to the four main areas for which the Committee asks for the issuers' greater adherence to the recommendations contained in the Code, the Board of Directors has, in the current year, already put in place the recommendations made by the Corporate Governance Committee, by committing itself to a continuous improvement.

With particular regard to the recommendation with which the Corporate Governance Committee invited the Boards of Directors to integrate the sustainability of the business activity in the definition of the strategies, it is noted that the Company adopts a business model based on the circular economy and, therefore, it integrates for definition the sustainability in its business dynamics.

As a demonstration of the commitment in sustainability, in 2019 the Company established a department "*Innovation and Sustainability*" with direct reporting to the Chief Executive Officer.

The purpose of this function is to strengthen the combination by and between sustainability and business, having as reference point the recent market trends that reward recycled and recyclable products more and more.

In addition, the Board of Directors, with the support of the Legal and Corporate Affairs Department, will activate itself, starting from the year 2021, for the implementation of the new Corporate Governance Code approved by the Corporate Governance Committee on January 2020.

**Tabella 2: struttura del Consiglio di Amministrazione e dei Comitati**

Consiglio di Amministrazione												Comitato Controllo e Rischi		Comitato Remunerazione		Comitato Nomine		Comitato Parti Correlate		
Carica	Componenti	Anno di nascita	Data di prima nomina *	In carica		Lista **	Esec.	Non- esec.	Indip. Codice	Indip. TUF	N. altr incarich ***	N. partecipazioni su tot. riunioni (* )	N. partecipazioni su tot. riunioni (* )	Qualifica del consigliere all'interno del Comitato (**)	N. partecipazioni su tot. riunioni (* )	Qualifica del consigliere all'interno del Comitato (**)	N. partecipazioni su tot. riunioni (* )	Qualifica del consigliere all'interno del Comitato (**)	N. Partecipazioni su tot. riunioni (* ) e Qualifica del Consigliere all'interno del Comitato (**)	
				da	fino a (1)															
Presidente	Eric LA FLAMME	1964	3/11/2017	3/11/2017	31/12/2019			x			/	6/6								
Amm. Delegato ● ◊	Michele BIANCHI	1971	3/11/2016	28/04/2017	31/12/2019	M	x				/	6/6								
Amministratore	Laura GUAZZONI	1964	29/04/2014	28/04/2017	31/12/2019	M		x	x	x	9	6/6	5/5	P	1/1	M	1/1	M	3/3 P	
Amministratore	Sara RIZZON	1981	28/04/2017	28/04/2017	31/12/2019	M		x			/	6/6								
Amministratore	Gloria MARINO F.	1968	28/04/2017	28/04/2017	31/12/2019	M		x	x	x	1	6/6	5/5	M	1/1	M	1/1	M	3/3 M	
Amministratore	Allan HOGG	1966	29/06/2016 (i)	28/04/2017	31/12/2019	M		x			/	5/6								
Amministratore	Giulio ANTONELLO	1968	26/04/2011 (ii)	28/04/2017	31/12/2019	M		x	x	x	4	6/6	5/5	M	1/1	P	1/1	P	3/3 M	
<b>AMMINISTRATORI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO</b>																				
<b>Numero riunioni svolte durante l'esercizio di riferimento</b>						<b>Consiglio di Amministrazione: 6</b>			<b>Comitato Controllo e Rischi: 5</b>			<b>Comitato Remunerazione: 1</b>		<b>Comitato Nomine: 1</b>		<b>Comitato Parti Correlate: 3</b>				
<b>Quorum richiesto per la presentazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 147-ter TUF):</b>											<b>2,5%</b>									

**NOTE**

- (1) si intende fino alla data dell'assemblea di approvazione del bilancio al 31 dicembre 2019.
- (i) Allan HOGG: cooptato il 29/06/2016 cessato il 3/11/2016; rinominato il 28/04/2017.
- (ii) Giulio ANTONELLO: nominato il 26/04/2011 cessato il 29/04/2014; rinominato il 28/04/2017.

I simboli di seguito indicati devono essere inseriti nella colonna "Carica":

- indica l'amministratore incaricato del sistema di controllo interno e di gestione dei rischi
- ◊ indica il principale responsabile della gestione dell'emittente (Chief Executive Officer o CEO)
- indica il Lead Independent Director (LID)

\* per data di prima nomina di ciascun amministratore si intende la data in cui l'amministratore è stato nominato per la prima volta (in assoluto) nel CdA dell'emittente  
 \*\* in questa colonna è indicata la lista da cui è stato tratto ciascun amministratore ("M": lista di maggioranza; "m": lista di minoranza; "CdA": lista presentata dal CdA)

\*\*\* in questa colonna è indicato il numero degli incarichi di amministratore o sindaco ricoperti dal soggetto interessato in altre società quotate in mercati regolamentati, anche esteri, in società finanziarie, bancarie, assicurative o di rilevanti dimensioni. Nella Relazione sulla corporate governance gli incarichi sono indicati per esteso  
 (\*) in questa colonna è indicata la partecipazione degli amministratori alle riunioni rispettivamente del CdA e dei comitati (Indicare il numero di riunioni cui ha partecipato rispetto al numero complessivo delle riunioni cui avrebbe potuto partecipare; p.e. 6/8; 8/8; ecc.)  
 (\*\*) in questa colonna è indicata la qualifica del consigliere all'interno del Comitato: "P": presidente, "M": membr

### Tabella 3: Struttura del Collegio Sindacale

COLLEGIO SINDACALE									
Carica	Componenti	Anno di nascita	Data di prima nomina *	In carica		Lista (M/m) **	Indipendenza da Codice	N. partecipazioni su totale riunioni Collegio ***	Numero altri incarichi ****
				Da	fino a (1)				
Presidente Collegio Sindacale	Giancarlo RUSSO CORVACE	1953	29/04/2015	30/04/2018	31/12/2020	M	x	12 /12	15
Sindaco effettivo	Tiziana MASOLINI	1973	29/04/2015	30/04/2018	31/12/2020	M	x	12 /12	3
Sindaco effettivo	Giovanni Maria CONTI	1964	28/04/2009	30/04/2018 (1)	31/12/2020	M	x	12 /12	9
Sindaco supplente	Francesca MARCHIORI	1976	30/04/2018	30/04/2018	31/12/2020	M	x	---	
Sindaco supplente	Domenico MAISANO	1969	29/04/2016	30/04/2018	31/12/2020	M	x	---	
<b>SINDACI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO</b>									
<b>Numero riunioni svolte durante l'esercizio di riferimento:</b>						<b>12</b>			
<b>Indicare il quorum richiesto per la presentazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 148 TUF):</b>						<b>2,5%</b>			

**NOTE**

(1) si intende fino all'assemblea di approvazione del bilancio al 31 dicembre 2020.

(1) Giovanni Maria CONTI: nominato sindaco supplente il 29/04/2015, subentrato come effettivo il 29/04/2016.

\* per data di prima nomina di ciascun sindaco si intende la data in cui il sindaco è stato nominato per la prima volta (in assoluto) nel collegio sindacale dell'emittente.

\*\* in questa colonna è indicata la lista da cui è stato tratto ciascun sindaco ("M": lista di maggioranza; "m": lista di minoranza).

\*\*\* in questa colonna è indicata la partecipazione dei sindaci alle riunioni del collegio sindacale (indicare il numero di riunioni cui ha partecipato rispetto al numero complessivo delle riunioni cui avrebbe potuto partecipare; p.e. 6/8; 8/8; ecc.).

\*\*\*\* in questa colonna è indicato il numero di incarichi di amministratore o sindaco ricoperti dal soggetto interessato ai sensi dell'art. 148 bis TUF e delle relative disposizioni di attuazione contenute nel Regolamento Emittenti Consob. L'elenco completo degli incarichi è pubblicato dalla Consob sul proprio sito internet ai sensi dell'art. 144-quinquiesdecies del Regolamento Emittenti Consob. Nella presente Relazione sono indicati per esteso solo gli incarichi ricoperti in altre società quotate.