

REPORT OF THE BOARD OF DIRECTORS
ON CORPORATE GOVERNANCE
AND ON ADHERENCE TO THE CORPORATE GOVERNANCE CODE
APPLICABLE TO ITALIAN LISTED COMPANIES
(prepared pursuant to article 124-*bis* of the Consolidated Finance Law, article 89-*bis* of
the Issuers' Regulations and article I.A.2.6 of the Instructions to the Stock Exchange
Rules)

FINANCIAL YEAR 2008

**Approved by the Board of Directors of Reno De Medici S.p.A.
at its meeting of 24 March 2009**

GLOSSARY

Board	The Board of Directors of Reno De Medici S.p.A.
C.C.	The Compensation Committee of Reno De Medici S.p.A.
Code	The Corporate Governance Code for listed companies approved by the Corporate Governance Committee in March 2006 and promoted by Borsa Italiana S.p.A.
Company	Reno De Medici S.p.A. ("RDM")
Consolidated Finance Law	Legislative Decree no.58 of 24 February 1998, as subsequently amended and supplemented
Group	Reno De Medici S.p.A. and the companies controlled by that company pursuant to article 93 of the Consolidated Finance Law and article
I.C.C.	The Internal Control Committee of Reno De Medici S.p.A.
Instructions to the Stock Exchange Rules	The instructions to the rules for the markets organised and managed by Borsa Italiana S.p.A.
Issuers' Regulations	The regulations issued by Consob with resolution no. 11971 of 14 May 1999 relating to issuers, as subsequently amended and supplemented
Report	This corporate governance report prepared pursuant to articles 123- <i>bis</i> and 124- <i>bis</i> of the Consolidated Finance Law, article 89- <i>bis</i> of the Issuers' Regulations and article IA.2.6. of the Instructions to the Stock Exchange Rules
Stock Exchange Rules	The rules for the markets organised and

	managed by Borsa Italiana S.p.A.
Year	The financial year ended 31 December 2008

1. PROFILE OF THE ISSUER

The organisation of RDM, which is based on the traditional model, complies with the requirements of laws and regulations on the subject of listed issuers and is structured in the following manner:

1.1. COMPANY ORGANISATION

• SHAREHOLDERS' GENERAL MEETING.

This body has the competence to adopt resolutions in ordinary or extraordinary session on the matters reserved for it by the law and by the Company's articles of association.

• BOARD OF DIRECTORS.

This body is granted the widest powers for the ordinary and extraordinary management of the Company, having the faculty to take all such action as may be appropriate for reaching the corporate objects, excluding that reserved - by the law or by the articles of association - to the shareholders' meeting. It may therefore take all the action it believes suitable, including disposition, for achieving the corporate objects.

• BOARD OF STATUTORY AUDITORS.

This body has the duty to supervise the following:

- that the law and the Company's articles of association are being respected as well as the principle of proper management;
- that the Company's organisational structure, its system of internal control and its administrative and accounting system are adequate; this includes ensuring that the latter system is reliable for representing operations correctly;
- the means by which the corporate governance rules provided by codes of conduct prepared by companies managing regulated markets or by trade associations, which in public statements the Company declares it follows, are implemented in practice;
- the adequacy of the instructions given to subsidiaries in respect of the information to be provided to satisfy communications obligations.

• **AUDITING COMPANY:**

Auditing activities are performed by a specialised company registered in the Consob roll, suitably appointed by the shareholders' meeting on the opinion of the Board of Statutory Auditors. PricewaterhouseCoopers S.p.A. has been appointed to audit RDM.

1.2. BUSINESS OBJECTIVES AND MISSION.

The RDM Group is Italy's largest and Europe's second largest manufacturer of cardboard produced using recycled raw materials. The Group is present not only in Italy but also in Spain, France, Germany and the United Kingdom. The various types of cardboard produced by the Group are aimed at all the various uses to which it may be put in the packaging and publishing sectors. RDM's products are offered to the market through a series of different commercial channels as a means of getting closer to customer needs and improving the efficiency of the service provided. Customer service is an essential value for RDM as it pursues its objective of responding to the requirements of both production and product usage, in this way becoming the ideal partner of final convertors and users for guaranteeing quality, innovation and convenience.

RDM is also actively committed to the environment through its careful management of the energy and natural resources required in the production process. The closed cycle value chain for the product based on recycling represents a strong point for the sustainability of the Group's operations.

RDM pursues its mission strictly within the aim of creating value for its shareholders.

2. INFORMATION ON THE OWNERSHIP STRUCTURE AT 24 MARCH 2009

2.1. SHARE CAPITAL STRUCTURE

AMOUNT IN EUROS OF SUBSCRIBED AND PAID-UP SHARE CAPITAL:

Euro 185,122,487.06 fully paid

CLASSES OF SHARES MAKING UP SHARE CAPITAL

- 377,360,312 ordinary shares each of par value Euro 0.49;
- 440,682 savings shares convertible into ordinary shares at the request of shareholders in February and September of each year.

	N° of shares	% of capital	Listed	Rights and obligations
Ordinary shares	377,395,006		Listed on the Star MTA	Shares are registered and freely transferable. They grant attendance and voting rights at ordinary and extraordinary shareholders' meetings, dividend rights and the right to the refund of capital in the event of the winding up of the Company.
Savings shares	405,988			The holders of savings shares are not eligible to vote in either ordinary or extraordinary shareholders' meetings nor do they have the right to call such meetings. Shares confer dividend rights by the means established in the articles of association.

Shares with restricted voting rights	/	/	/	/
Shares not having voting rights	/	/	/	/

At the date of this report RDM had not issued any other classes of shares nor any financial instruments which are either convertible or exchangeable for shares.

At the date of this report RDM had not approved any share-based incentive plans which could lead to increases in share capital including bonus issues.

2.2. RESTRICTIONS ON THE TRANSFER OF SECURITIES

At the date of this report there were no restrictions on any type of transfer of RDM securities.

2.3. SIGNIFICANT HOLDINGS IN THE COMPANY'S CAPITAL

At the date of this report, on the basis of the entries in the shareholders' register and taking also into consideration any communications pursuant to article 120 of the Consolidated Finance Law and other information received, the following parties own shares in the Company, directly or indirectly, equal to or exceeding 2% of share capital:

Declarer	Direct shareholder	% of ordinary capital	% of voting capital
Bonati Fabio	Bonati Fabio	2.199	2.199
Santander Investment Services SA	Santander Investment Services SA	5.106	5.106
Siano Dante	Siano Dante	0.117	0.117
Siano Dante	IC (Industria della Costruzione) S.p.A.	5.420	5.420
Eurinvest Finanza Stabile S.p.A.	Eurinvest Finanza Stabile	5.512	5.512

	S.p.A.		
Industria e Innovazione S.p.A.	Industria e Innovazione S.p.A.	9.051	9.051
Cascades Inc	Cascades S.A.	32.71	32.71

RDM is not subject to management or coordination.

2.4. SECURITIES GRANTING SPECIAL RIGHTS

The Company has not issued any securities which grant any special control rights.

2.5. EMPLOYEE SHAREHOLDINGS: MEANS BY WHICH VOTES ARE EXERCISED

At the date of this report RDM had not issued any employee stock grant plans.

2.6. RESTRICTIONS ON VOTING RIGHTS

At the date of this report there were no restrictions or conditions on the exercising of voting rights. There are no financial rights connected to securities separate from the ownership of such.

2.7. AGREEMENTS BETWEEN SHAREHOLDERS

On 13 September 2007, Alerion Industries S.p.A., Eurinvest Finanza Stabile S.r.l., IC (Industria della Costruzione) S.p.A., Cascades S.A. and Cascades Paperboard International Inc. entered a shareholders' pact pursuant to article 122 of the Consolidated Finance Law. Subsequently, on 13 December 2008, Alerion Industries S.p.A. sold its entire holding in RDM to Società Industria Innovazione S.p.A., which as a consequence became party to the shareholders' pact.

The extract from the shareholders' pact of 13 September 2007 and subsequent amendments is mentioned below:

“RENO DE MEDICI S.P.A.

Introduction

It is hereby stated that on 13 September 2007:

(i) *Alerion Industries S.p.A.*, having registered office at Via Durini no. 16/18, Milan and fully paid up share capital of Euro 148,041,689.75, enrolled in the Milan register of companies with tax code 02996890584 (hereafter "**Alerion**");

(ii) *Eurinvest Finanza Stabile S.p.A.*, having registered office at Via San Damiano, no. 4, Milan and fully paid up share capital of Euro 24,248,784.56, enrolled in the Milan register of companies with tax code 00739960151 (hereafter "**Eurinvest**");

(iii) *IC (Industria della Costruzione) S.p.A.*, having registered office at Strada Statale 11 Padana Superiore 2/b, Cernusco sul Naviglio (MI) and fully paid up share capital of Euro 15,000,000.00, enrolled in the Milan register of companies with tax code 03754580961 (hereafter "**IC**");

(Alerion, Eurinvest and IC are referred to collectively hereafter as the "**Current Shareholders**"); and

(iv) *Cascades S.A.*, having registered office at Avenue Maurice Franck, La Rochette (France) and fully paid up share capital of Euro 36,916,000.00, enrolled in the trade and companies register (Registre du Commerce et des Sociétés) with number 333512440, together with *Cascades Paperboard International Inc.*, having registered office at 772 Sherbroke St. West, Montreal (Quebec) (hereafter referred to together with Cascades S.A. as "**Cascades**");

(the Current Shareholders and Cascades are referred to collectively hereafter as the "**Parties**" and individually as a "**Party**"),

following the approval of the respective Boards of Directors on that date of the project to merge Cascades Italia S.r.l. into Reno de Medici S.p.A. (hereafter the "**Merger**"), have entered a shareholders' pact (hereafter the "**Shareholders' Pact**") concerning the ordinary shares of Reno De Medici S.p.A., taking into the pact (hereafter the "**Pact**") - in the amount specified in the following - the ordinary shares which the Parties will hold after the Merger has taken place.

The Shareholders' Pact was subsequently amended by the Parties on 10 January 2008 to allow Alerion, Eurinvest and IC to invest in additional shares of Reno De Medici S.p.A. in the light of particularly advantageous market conditions.

On 3 December 2008 Alerion sold to Industria e Innovazione S.p.A. (having registered office at Galleria del Corso 1, Milan and fully paid up share capital of Euro 570,000.00 - tax code and VAT no. 06233810966) its entire holding of 34,157,528 ordinary shares in the Company. On that date Industria e Innovazione S.p.A. became a member of the Shareholders' Pact, taking in the 34,157,528 ordinary shares.

The contents of the Shareholders' Pact are reproduced in summary form as follows.

1. Companies whose financial instruments are the object of the Pact

Reno De Medici S.p.A., having registered office at Via Durini 16/18, Milan and fully subscribed and paid up share capital of Euro 185,122,487.06, consisting of 377,800,994 shares each of par value Euro 0.49 of which 377,360,312 ordinary shares and 440,682 savings shares (hereafter the “**Company**”); the Company is listed on the Electronic Stock Market (“Mercato Telematico Azionario”) organised and managed by Borsa Italiana S.p.A.

2. Shares contributed to the Pact

The Shareholders’ Pact, agreed and signed pursuant to paragraphs 1, 5a) and 5b) of article 122 of the Consolidated Finance Law, regards a total of 200,135,126 of the Company’s shares, equal to 53.03% of its ordinary shares including those arising from the Merger.

2-bis. Members of the Pact and investments contributed

The following table sets out the number of shares contributed to the Pact by each of the Parties and the percentage which these represent of (i) the total number of shares in the Pact and (ii) the total number of the Company’s ordinary shares.

Following changes taking place during the half year from July to December 2008 which regard solely the total number of financial instruments taken into the Shareholders’ Pact, the members of the Shareholders’ Pact and the number of ordinary shares of Reno de Medici S.p.A. bound to the Shareholders’ Pact at 31 December 2008 were as follows:

Party	No. of shares in the Pact	As a percentage of shares in the Pact	As a percentage of shares having voting rights
Cascades	125,179,028	62.55%	33.17%
Industria e Innovazione	34,157,528	17.07%	9.05%
Eurinvest	20,798,570	10.39%	5.51%
IC	20,000,000	9.99%	5.30%
Total	200,135,126	100.00%	53.03%

Following the signing of the Shareholders’ Pact and as a consequence of the Merger none of the Parties holds control of the Company. In accordance with article 3 of the Shareholders’ Pact, each Party has undertaken to contribute to the Pact any additional shares which may arise from purchases, bonus issues, conversions or capital increases (hereafter the “**Shares in the Pact**”), without altering the undertaking of the Parties, pursuant to article 4.3 of the Shareholders’ Pact, not to acquire on any basis whatsoever any new shares of the Company up to the effective date of the Merger.

3. Exceptions to the Shareholders’ Pact

On 10 January 2008 the Parties made a partial exception to their undertaking as per article 4.3 of the Pact, allowing Alerion, Eurinvest and IC to make additional purchases of the ordinary shares of Reno De Medici S.p.A. in such a way that the total investment held by the Parties in any case remained below the threshold of 30% of the ordinary share capital of Reno De Medici S.p.A. .

Under this exception, purchases of the ordinary shares of Reno De Medici S.p.A. were allowed in the same proportion as the investments currently held, namely:

- Alerion, up to a maximum of 1,575,000 shares;
- Eurinvest, up to a maximum of 962,500 shares;
- IC, up to a maximum of 962,500 shares;

in this way up to a maximum of 3,500,000 shares of Reno De Medici S.p.A. .

As an exception to article 3 of the Shareholders' Pact, it was additionally agreed that any new shares which may be bought would not be contributed to the Pact.

4. Principle matters agreed in the Shareholders' Pact

4.1. Commitments preceding the effective date of the Merger and resolatory conditions

4.1.1. Extraordinary shareholders' meetings. The Current Shareholders and Cascades undertake to vote in favour of the resolutions to approve the Merger in the extraordinary shareholders' meetings of the Company and Cascades Italia respectively.

4.1.2. Ordinary shareholders' meetings. If an ordinary Shareholders' Meeting of the Company is called for a date falling in the period between the drawing up of the Merger deed and the effective date of the Merger, in order to adopt resolutions on the appointment of new corporate bodies, the Current Shareholders undertake to attend such meeting and cast their votes in order that the new Board of Directors or Board of Statutory Auditors is appointed in accordance with the requirements of paragraphs 4.2.1 and 4.2.2 below.

4.1.3. Resolatory conditions. The commitments undertaken by the Parties pursuant to paragraphs 4.1.1 and 4.1.2 and all the provisions of the Shareholders' Pact are subject to the non-occurrence of any one of the following resolatory conditions between the date on which the Shareholders' Pact is signed and the date on which the shareholders of the Company and Cascades Italia are called to adopt resolutions on the Merger project:

i. that Consob notifies the Parties that it has reached a negative opinion, or in any event has objections or doubts, as to whether the exemption from the requirement to make a public tender offer for the purchase of the Company's shares envisaged by paragraph 1 f) of article 49 of Consob Regulation no. 11971/1999 is applicable to the Merger and/or Shareholders' Agreement: or

ii. that the *Comisión Nacional del Mercado de Valores* notifies the Company that the Merger and/or drawing up of the Shareholders' Pact requires a public tender offer to be made for the Company's shares on the regulated Spanish market; or

iii. that there has been a significant and exceptional change in a negative sense concerning financial or other conditions, assets, liabilities, the way in which operations are carried out, profits, the outlook or the overall business of Cascades or the Company, subsequent to the date of the respective balance sheets as per article 2501-quater of the Italian civil code.

4.2 Corporate bodies

4.2.1. Board of directors. The Company shall be managed by a board of directors consisting of 11 members. To that purpose the Parties undertake to present jointly, and vote in favour of, a single list of 11 candidates set out in the following order:

i. 1 candidate to be appointed as managing director and designated by agreement between the Parties;

ii. 4 candidates, of whom one holding the independence requirements, to be designated by Cascades;

iii. 4 candidates to be designated by the Current Shareholders and more specifically:

2 candidates to be designated by Alerion;

1 candidate to be designated by Eurinvest;

1 candidate to be designated by IC;

iv. 2 candidates holding the independence requirements to be designated by agreement between the parties, without altering the fact that if third party shareholders should present a list which is entitled to the appointment of one member of the company's board of directors, said member shall be elected in place of one of the two candidates as per this point (iv).

Giuseppe Garofano shall keep his position as chairman of the board of directors for the first year of the Pact's term, after which the chairman for the remaining term of the Pact shall be a director designated by Cascades. The deputy chairman for the first year shall be appointed from among the directors designated by Cascades; subsequent to this the position shall be held by the outgoing chairman.

4.2.1.1. Important matters. Resolutions relating to the following matters shall be adopted by the vote of 7 (seven) directors in favour:

A. any motion to be submitted to shareholders in extraordinary meeting whose subject or effect is to increase the Company's share capital, excluding motions to reduce and simultaneously increase capital pursuant to article 2446 or article 2447 of the Italian civil code;

B. any transaction for the purchase, sale or rent of businesses, parts of businesses or assets, including property or investments considered as fixed assets, whose amount for each transaction or set of linked transactions (meaning functional to the realisation of the same operation) exceeds Euro 10,000,000.00 (ten million);

C. any motion to be submitted to shareholders relating to the distribution of dividends and/or reserves, in whatever form, and/or transactions to reduce capital on a voluntary basis, or any motion for distributing interim dividends;

D. the entering of agreements for loans, mortgage loans or other financial payables of whatever nature whose term exceeds eighteen months and whose amount, per individual transaction or set of linked transactions (meaning functional to the realisation of the same operation), exceeds Euro 10,000,000.00 (ten million);

E. the appointment or revocation of the managing director and administration and finance manager and any change in, or revocation of, the powers granted to persons holding such positions, which, on the first appointment of the managing director, shall be in accordance with those in force at the date on which the Shareholders' Agreement is signed;

F. the compensation, in whatever way it may be called, of the Company's managing director and the compensation policies for top management;

G. the approval of strategic plans, annual and multi-year budgets and changes of a strategic nature to such plans and/or budgets.

The Parties undertake for the entire term of the Pact not to amend or take part in amending article 15 of the Company's post-Merger articles of association, attached to the Merger project, which reflect the provisions of this paragraph 4.2.1.1.

4.2.1.2. Consulting committees. *The compensation committee and the internal control committee shall be appointed for the entire term of the Shareholders' Agreement in such a way as to ensure that the Current Shareholders and Cascades have equal representation in those bodies.*

4.2.2. Board of statutory auditors. *For the purposes of appointing the members of the board of statutory auditors, the Parties undertake to present and vote jointly in favour of a single list of three candidates for the position of standing auditor and two candidates for the position of substitute auditor, set out in the following order:*

(i) a first standing auditor, holding the position as chairman, designated jointly by Cascades and the Current Shareholders, without altering the fact that should third party shareholders present a list which is entitled to the appointment of one member of RDM's board of statutory auditors, holding the position of chairman, then such member shall be elected in place of the standing auditor as per this point (i);

(ii) second and third standing auditors designated respectively by Cascades and the Current Shareholders;

(iii) a first substitute auditor designated by Cascades;

(iv) a second substitute auditor designated by the Current Shareholders.

4.3. Prior consultation and voting in the Company's extraordinary shareholders' meetings

For the entire term of the Shareholders' Pact the Parties undertake, with the aim of ensuring uniformity of intention and direction in managing the Company, that they will consult together on a timely basis prior to each ordinary and extraordinary shareholders' meeting of the Company in order to discuss and come to agreement in good faith on a common line of conduct to be taken considering the Pact's objectives.

The Parties undertake to vote in the same manner as jointly agreed in respect of any proposal submitted to the Company's extraordinary shareholders' meeting.

4.4. Block and permitted transfers

4.4.1. *Unless provided otherwise by the Shareholders' Pact, for the eighteen month period from the date on which the Pact becomes effective (hereafter the Lock-up Period), each Party undertakes (i) not to transfer to third parties, not even partially, (a) the Shares in the Pact, (b) the Company's securities convertible to shares, or, in the event of a capital increase by the Company for consideration, (c) the respective option rights on the newly issued shares and convertible securities (the shares, securities and option rights as per (a) to (c) are referred to hereafter as the "**Relevant Securities**"); and (ii) not to commence negotiations for the transfer of the Relevant Securities, not even on a forward basis.*

4.4.2. *As a partial exception to the provisions of paragraph 4.4.1, each Party may transfer, wholly or in part, the Relevant Securities it holds to subsidiaries, controlling entities or entities under common control, on condition that the purchaser becomes a party to the Shareholders' Pact in advance and without altering the fact that the transferor shall in any case remain jointly responsible for all the obligations arising from the Pact.*

4.4.3. *As a partial exception to the provisions of paragraph 4.4.1, Alerion, Eurinvest and IC may freely transfer among themselves, wholly or in part, the respective Relevant Securities they hold.*

4.4.4. *The Parties may establish liens on the Shares in the Pact provided that advance notice of this is provided to the other Parties and provided that the respective voting rights remain with the Party establishing the lien.*

4.5. Pre-emption and co-sale rights

Subsequent to the conclusion of the Lock-up Period and for the residual term of the Shareholders' Agreement, the transfer of the Relevant Securities held by Cascades or by the

*other Current Shareholders shall only be allowed for the whole investment held by such and in accordance with the pre-emption right (hereafter the “**Pre-emption Right**”) and, limited to the Shares in the Pact, with the right of co-sale to the third party purchaser (hereafter the “**Co-sale Right**”) governed by the following paragraphs.*

For the purposes of this paragraph 4.5 the Current Shareholders comprise, unless stated otherwise, a single Party.

***4.5.1.** If one Party (hereafter the “**Transferring Party**”) intends to transfer or sell the Relevant Securities on the market and/or to third parties, such Party shall notify the other Party (hereafter the “**Bidding Party**”) of such intention (hereafter the “**Offer**”).*

***4.5.2.** Within 60 days from that on which the Bidding Party receives the notification of the Offer (hereafter the “**Acceptance Term**”), the Bidding Party may either exercise its Pre-emption Right or its Co-sale Right (hereafter the “**Acceptance**”).*

***4.5.3.** In the case that the Offer is made by Cascades, the Pre-emption Right may also be exercised by certain of the Current Shareholders individually, without altering the fact that the Acceptance must relate to all of the Relevant Securities offered in pre-emption. In the case of sales on the electronic stock market, the exercise price of the Pre-emption Right shall be equal to the average of the official stock market closing prices of the 10 working days prior to the receipt of the Offer.*

***4.5.4.** In the case that the Offer is made by Cascades, the Co-sale Right may also be exercised by the Current Shareholders individually provided that it is exercised for the whole investment held by each of these.*

5. Obligations regarding public tender offers

Each Party undertakes not to purchase ordinary shares of the Company to the extent that this leads to the requirement to make a public tender offer pursuant to article 105 et seq. of Legislative Decree no. 58/1998.

6. Duration

Save the requirements of paragraphs 4.1.1 and 4.1.2 above, which become effective from the date on which the Shareholders’ Pact is signed, the Shareholders’ Pact shall be effective from 1 March 2008 (the effective date of the Merger) and shall have a duration of three years from that date.

The shareholders’ agreement signed by the Current Shareholders on 27 March 2007 shall be considered terminated from the effective date of the Merger.

7. Filing of the Shareholders’ Pact

A copy of the Shareholders’ Pact has been filed within the terms of law with the office of the Milan Companies’ Registrar.”

2.8. APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BYLAWS

Pursuant to article 12 of the Company's articles of association the board of directors consists of a minimum of 7 and a maximum of 15 members.

The shareholders' meeting of 4 April 2008 determined that the board should have 11 members. Unless established otherwise on appointment, the members of the board of directors remain in office for three financial years and their term expires at the date of the shareholders' meeting called to approve the financial statements for the final year of that term.

Pursuant to article 12 of the Company's bylaws, *"The Board of Directors shall be appointed on the basis of lists presented by shareholders following the procedure defined below, in which candidates shall be assigned a sequential number.*

The lists presented by shareholders and signed by those presenting them shall be lodged at the Company's registered office at least fifteen days prior to that determined as the date of the Shareholders' Meeting in first call; the lists shall be made available to whoever makes a request and shall be subject to all the other forms of communication provided by the laws and regulations prevailing at the time.

No shareholder, shareholders who are members of a shareholders' pact pursuant to article 122 of Legislative Decree no. 58/ 1998, controlling entity, subsidiary or entity under common control pursuant to article 93 of Legislative Decree no. 58/1998, shall present, or shall take part in the presentation of, neither by intermediate third party nor trustee company, more than one single list, nor may they vote for any other list; no person may be a candidate in more than one list, failing which he or she shall be ineligible. The names of persons included in voting lists prepared in breach of the above and the votes cast in breach shall not be assigned to any list.

Only those shareholders who on their own or together with other presenting shareholders hold a total number of shares with voting rights that represent at least 2.5% of share capital with voting rights in the ordinary shareholders' meeting or, if different, the maximum percentage permitted by any applicable laws and regulations, shall be entitled to present lists.

The following shall be lodged together with each list within the terms described above: (i) an appropriate certificate issued by an intermediary qualified pursuant to law that demonstrates the ownership of the number of shares required to present the lists; (ii) the statements made by the individual candidates in which they accept their nomination, affirm under their own responsibility that there are no reasons for which they are ineligible or incompatible with the position and confirm that they possess the requisites for the respective positions; (iii) 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 no. 58/1998.

Any lists presented without following the preceding provisions shall be considered as not having been presented.

The election of the Board of Directors shall proceed as follows:

a) all the directors except one shall be taken from the list obtaining the highest number of votes cast by the shareholders, in the sequential order in which they are stated in the list;

b) the remaining director shall be taken from the minority list which obtained the second highest number of votes cast by the shareholders; this list shall not be connected in any way whatsoever, not even indirectly, with either the list referred to at paragraph a) or with the shareholders who presented or voted in favour of the list referred to at paragraph a).

To this purpose, any lists which fail to receive a number of votes equal to at least one half of those required to present the lists, as referred to at the eighth paragraph of this article, shall nevertheless not be taken into consideration.

If the candidates elected by the above-mentioned procedure are insufficient to ensure that the number of directors holding the independence requisite established for statutory auditors by article 148, paragraph 3, of Legislative Decree no. 58/1998 are appointed, which is equal to the minimum number established by law in relation to the total number of directors, the non-independent director who was elected last in the sequential order of the list obtaining the highest number of votes, as referred to in paragraph a) of the preceding paragraph, shall be replaced by the first, in sequential order, unelected independent candidate of the same list or, failing that, by the first unelected independent

candidate in sequential order of the other lists, on the basis of the votes they each obtained. This replacement procedure shall continue until the Board of Directors consists of the number of members needed to hold the requisites called for by article 148, paragraph 3, of Legislative Decree no. 58/1998, equal to at least the minimum number provided by law. If this procedure is unable to ensure that the required result is obtained, then a replacement shall be found by passing a resolution by a relative majority at a shareholders' meeting, on the presentation for appointment of candidates holding the mentioned requisites.

In the case that only one list is presented or in the case that no lists are presented at all, the shareholders' meeting shall pass resolutions with the majorities provided by law without following the above procedure.

Different or additional provisions of mandatory laws or regulations shall remain binding.

If one or more directors should fall from office at any time during the financial year, provided that the majority continues to consist of directors appointed by the shareholders' meeting, the provisions of article 2386 of the Italian civil code shall apply as follows:

a) the Board of Directors shall select the replacement from the members of the same list as that to which the former director or directors belonged, ensuring however that there is still the number of directors having the independence requisites called for by article 148, paragraph 3, of Legislative Decree no. 58/1998, equal to at least the minimum number established by law, and the shareholders' meeting shall adopt its resolution, with the majorities required by law, following the same criteria;

b) if there are no unelected candidates in the list referred to or if there are no candidates in the list having the requisites called for, or in any event when for whatever reason it is not possible to follow the requirements set out in paragraph a), the Board of Directors shall make the replacement, as shall the shareholders' meeting subsequently, with the majorities required by law in the absence of a list vote.

In any case the Board and the shareholders' meeting shall proceed with the appointment in order to ensure that the number of independent directors satisfies the total minimum number required by the laws and regulations prevailing at the time. Nevertheless, the shareholders' meeting may resolve that the number of the members of the Board be reduced to the number of the directors then in office for the remaining portion of their term.

If at least one half of the directors appointed by the shareholders' meeting should fall from office for any reason, then all the members of the Board shall be deemed fallen from office; in that case the directors still in office shall convene a shareholders' meeting forthwith to appoint a new Board.

In a similar manner the Board shall remain in office until the shareholders' meeting has adopted a resolution for its renewal; until that takes place the Board of Directors may only carry out acts having the nature of ordinary administration".

Pursuant to article 13 the Board shall elect a chairman from among its members and may elect one or more deputy chairmen.

The Company's articles of association do not contain any provisions relating to changes in the articles which differ from those provided by prevailing norms and regulations.

2.9. DELEGATIONS OF POWERS TO INCREASE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE TREASURY SHARES

At the date of this report no powers had been delegated to increase the Company's share capital nor had any authorisations been given to purchase treasury shares.

RDM did not hold any treasury shares at the date of this report.

2.10. CHANGE OF CONTROL CLAUSES

The Company has not entered any significant agreements which become effective, change or are terminated in the event of a change in control of the contracting company.

2.11. INDEMNITY OF THE DIRECTORS IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL OR IN THE CASE THAT THEIR RELATIONSHIP CEASES FOLLOWING A PUBLIC TENDER OFFER

At the date of this report RDM and the directors had not entered any agreements which provide for an indemnity in the event of their resignation or dismissal/revocation of

powers without just cause, or in the case that their relationship ceases following a public tender offer.

3. RDM'S CORPORATE GOVERNANCE STRUCTURE

3.1. INTRODUCTION

RDM abides by the Corporate Governance Code adopted by Borsa Italiana in March 2006. During 2007 the Company completed the measures required to adapt to the requirements of this Code. This corporate governance system sets as its primary objective the creation of shareholder value, aware of the importance of transparency in the way in which business decisions are chosen and formed and the need to dispose of an effective internal control system.

RDM constantly analyses and assesses new steps designed to improve its corporate governance system, for the purpose amongst other things of taking constantly into account national and international best practice.

In compliance with applicable laws and regulations this report describes RDM's corporate governance system and indicates the practical means by which the Company has implemented the requirements of the Code.

3.2 MAIN CORPORATE GOVERNANCE TOOLS

Set out below is a list of the main corporate governance tools used by the Company, which also enable it to comply with the latest provisions of laws and regulations, the provisions of the Code and national and international best practice.

Articles of Association.

Code of Ethics.

The Organisational and Administrative Model as per Legislative Decree no. 231/01 and respective protocols.

Internal Control Committee rules.

Guidelines and criteria to identify significant transactions with related parties - principles of conduct

Rules for the management of privileged information and the establishment of a register of persons having access to that information.

Internal Dealing Code.

Disciplinary Code.

4. INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

4.1. BOARD OF DIRECTORS

4.1.1 APPOINTMENT

The Company is managed by a Board of Directors the number of whose members may not be lower than seven and not higher than fifteen. From time to time before electing the board the shareholders' meeting determines the number of members within such limits.

Directors are appointed for a term which may not exceed three financial years and may be re-elected in accordance with article 2383 of the Italian civil code.

Directors are appointed by an ordinary shareholders' meeting using a list vote.

Only shareholders who on their own or together with other shareholders own 2.5% of the share capital of RDM are entitled to present lists, or any other percentage which may be determined by provision of law or regulations.

Without altering the publication requirements of the Issuers' Regulations, the lists presented by shareholders must be lodged at the Company's offices at least fifteen days prior to the date for the shareholders' meeting in first call. Shareholders are required to lodge at the Company's offices together with the list of candidates an appropriate certificate as evidence of the ownership of the number of shares required to present the lists.

In order to ensure that minorities take an effective part in the management of the Company, as well as to guarantee the transparency of the process for the selection and appointment of directors, the Company's articles of association expressly provide that a shareholder may only present or participate in the presentation of one single list and may only vote for that single list.

Shareholders who are members of a shareholders' pact, whatever the form or contents of the agreement, may not present or take part in the presentation of, neither by intermediate third party or trustee company, more than one single list. Any breach of these prohibitions leads to the ineligibility of the list and the parties named therein.

With each list and within the terms indicated above, curricula vitae of the individual candidates must also be lodged together with statements in which they accept to stand and declare, under their own responsibility, that there are no reasons for which they may be considered ineligible or incompatible for the position, and that they also hold the requisites for the respective position prescribed by prevailing laws and regulations and the Company's articles of association.

4.1.2 PRESENT COMPOSITION

The ordinary shareholders' meeting of 4 April 2008 appointed the following as directors of the Company: Messrs. Giuseppe Garofano, Bernard Lemaire, Ignazio Capuano, Riccardo Ciardullo, Christian Dubè, Sergio Garribba, Laurent Lemaire, Mirko Leo, Vincenzo Nicastro, Carlo Peretti and Emanuele Rossini.

On 4 April 2008 the Board appointed Mr. Giuseppe Garofano as Chairman of the Board, Mr. Bernard Lemaire as Deputy Chairman and Mr. Ignazio Capuano as Managing Director.

The present Board of Directors, which remains in office until the ordinary shareholders' meeting called to approve the financial statements for financial year 2010, accordingly consists of 11 members: 2 executive members, as per the Code definition, and 9 non-executive members, of whom 3 are independent.

Name	Office held
Giuseppe Garofano	Chairman
Bernard Lemaire	Deputy Chairman
Ignazio Capuano	Managing Director
Riccardo Ciardullo	Non-executive - C.C.
Christian Dubè	Non-executive
Sergio Garribba	Non-executive, independent - I.C.C.
Laurent Lemaire	Non-executive
Mirko Leo	Non-executive
Vincenzo Nicastro	Non-executive, independent - I.C.C. - C.C.
Carlo Peretti	Non-executive, independent - I.C.C. - C.C.

Emanuele Rossini	Non-executive
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There have been no changes in the composition of the Board of Directors from the date of its appointment to the date of this report.

Information regarding the personal and professional characteristics of the individual members of the Board of Directors is contained in short resume below mentioned.

At the date of this report RDM believed it unnecessary to select or define criteria regarding the maximum number of management and control positions in other companies that members of the Board of Directors may hold.

Board of Directors:

Giuseppe Garofano

Born in Nereto in 1944, he was awarded a degree in Chemical Engineering by the Milan Polytechnic in 1968. A member of the board of directors of numerous companies (including RAS and Mediobanca, and Previdente Assicurazioni of which he is the chairman), he started work in Montedison S.p.A. in 1980, becoming its chairman in 1990. He has been deputy chairman of Alerion Industries S.p.A. since 2002, a company operating in a variety of sectors including that of renewable energy. He is also chairman of the board of directors of Realty Vailog S.p.A. (a company listed with Borsa Italiana S.p.A.) and RCR Cristalleria Italiana S.p.A. and a member of the board of directors of Efibanca S.p.A. and Autostrada Torino – Milano S.p.A..

Bernard Lemaire

Born in Drummondville (Canada) in 1936, he took courses in civil engineering at Sherbrooke University and following this at McGill University. One of the founders of the Cascades Group, he has held the position of chairman and managing director for over 20 years and took the company to a listing on the Montreal Stock Exchange. His commitment and the results he has achieved have been recognised on numerous occasions by the Canadian government. He is currently chairman of Cascades Inc. and of Boralex Inc., a company operating in the renewable energy source sector, and is a member of the board of directors of Groupe Laperrière a di Verreault.

Ignazio Capuano

Born in Palermo in 1957, he took a degree in Hydraulic Engineering, following which he successfully attended an economic masters course at New York University. His working activities have been concentrated from the beginning in the strategic finance, planning and industrial development sector. General manager for Italy for the Saffa Group (subsequently merged with Reno De Medici S.p.A.) from 1998 to 2003, he then assumed the position of managing director of the RWE Italy, working in the energy and environmental development sector. He has been managing director of RDM since 2004 and chairman of Manucor S.p.A. (formerly Manuli Film S.p.A.) since 2007, a company producing packaging film.

Riccardo Ciardullo

Born in Polistena (RC) in 1966, he concentrates his activities in financial operations. Since December 2003 he has held the position, amongst others, of deputy chairman and managing director of Eurinvest Finanza Stabile, a financial holding company, and sole director of Cibik Broker House Leasing Veneto S.r.l..

Christian Dubè

Born in Canada in October 1956, he was awarded a degree in Business Administration from Laval University in 1979. Specialising in corporate finance and M&A, he worked for Domtar Inc from 1996, becoming the company's CFO in 1998, a position he held until 2004. Since 2004 he has been vice president and CFO of Cascades Inc..

Sergio Garribba

Born in Cles (TN) on 11 July 1939, he holds a degree in Nuclear Energy from the Milan Polytechnic, where he was an ordinary professor, and the University of California. Prof. Sergio Garribba is one of the leading experts in the energy sector. He has held numerous positions in this sector for various international organisations and has been an advisor to the Italian government on several occasions. He was director general of the Energy and Mineral Resources Department at the Ministry of Economic Development from January 2004 to November 2006 and is the joint author of a series of publications, including 20 books.

Laurant Lemaire

Born in Drummondville (Canada) on 2 January 1939, he was awarded a degree in Commerce by the University of Sherbrooke in 1962. In 1992 he became chairman and CEO of Cascades Inc., a position he handed over to his brother Alain in July 2003, becoming executive vice president. The numerous and important successes which he achieved as head of Cascades Inc. have led to his recognition in several ways by various Canadian institutions.

Mirko Leo

Born in Lecce on 8 May 1975, he was awarded a degree in Business Economics by the Bocconi University of Milan in 2001. Since April 2005 he has held the position of CFO in Industria della Costruzione S.p.A. (a financial holding company with interests in the manufacturing sector and in real estate). In addition, he is the sole director of Immobiliare San Camillo S.r.l. and a member of the board of directors of Adda Real Estate S.r.l. and Odefin BV (Holland).

Vincenzo Nicastro

Born in Rome on 22 February 1947, he was awarded a degree in Law in 1970. A member of the board of directors and board of statutory auditors of several companies (including Realty Vailog S.p.A., Darwin Airlines S.A., Unicredito Italiano S.p.A. and Sitech S.p.A.), he currently provides consultancy to both public and private entities in the financial restructuring and corporate recovery fields. Since March 2006 he has been collaborating as counsel with the legal firm Agnoli-Bernardi e Associati.

Carlo Peretti

Born in Florence in 1930, he was awarded a degree in Electronic Engineering by the Turin Polytechnic. He began his working life in 1953 in Fatme Ericssons, a company working in the telecommunication sector. Following experience abroad, he began working for Olivetti in 1957, becoming its CFO in 1970 and chairman in 1985. He is currently chairman of Vodafone Omnitel N.V. and BTS S.p.A., and is also a member of the board of directors of Gancla S.p.A., ISPI S.p.A., Equinox Fondo Investimenti, Realty Vailog S.p.A. and others.

Emanuele Rossini

Born in San Marino on 5 June 1965, he was awarded a degree in Business and Economics by Urbino University in 1991. CFO of Cartiera Ciacci S.A. and San Marino Strade S.A. since 1991, he has been collaborating with IBI S.p.A., a company working in the Corporate Finance and Investment Banking sector, since 1996. At the present date he is managing director of Demas S.A., IBS Fiduciaria S.p.A. and Istituto Bancario Sammarinese S.p.A..

4.1.3 ROLE AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the widest powers for the ordinary and extraordinary management of the Company. The board may therefore perform any acts, including acts of disposition, it deems appropriate for the achievement of the Company's objects, to the exclusion only of any acts expressly reserved for the shareholders' meeting by law.

Subject to the provisions of articles 2420-*ter* and 2443 of the Italian civil code, resolutions on the following matters, which must in any case be adopted in compliance with article 2436 of the Italian civil code, are the competence of the Board of Directors:

- mergers in any of the cases provided for by articles 2505 and 2505-*bis* of the Italian civil code, including by reference to article 2506-*ter* of the Italian civil code if a demerger is envisaged;
- the setting-up or suppression of local offices;
- the transfer of the registered office anywhere within the national jurisdiction;
- an indication of which directors shall have powers of legal representation;
- any capital reduction on a withdrawal; and
- any amendments to be made to the articles of association for compliance with any applicable laws or regulations.

Resolutions relating to any of the matters listed below are of the sole competence of the Board of Directors and must be adopted by a vote in favour of seven directors:

- a) any proposal to be submitted to an extraordinary shareholders' meeting whose subject or effect is an increase in the Company's share capital, with the exception of

proposals to reduce and at the same time increase capital pursuant to articles 2446 and 2447 of the Italian civil code;

b) the purchase, sale or leasing of businesses, parts of businesses, assets, including property assets and equity investments (including the purchase or sale of treasury shares and the redemption of shares) representing non-current assets, whose value, for each individual transaction or for a series of linked transactions (or those functional to carrying out the same transaction), exceeds Euro 10,000,000.00 (ten million);

c) any proposal to be submitted to a shareholders' meeting regarding the distribution of dividends and/or reserves, in whatever form, and/or voluntary reductions in share capital, or any resolution to distribute interim dividends;

d) the stipulating of loans, mortgages or agreements regarding any other financial debt of any nature, having a term exceeding eighteen months and whose value, for each individual transaction or for a series of linked transactions (or those functional to carrying out the same transaction), exceeds Euro 10,000,000.00 (ten million);

e) the appointment or revocation of powers of the managing director or the finance and administration manager, as well as the assignment, amendment or revocation of the powers granted to persons holding such positions;

f) the compensation, in whatever capacity, paid to the Company's managing director and the remuneration policies for top management;

g) the approval of strategic plans and annual and multi-annual budgets and changes of strategic importance to those plans and/or budgets.

During 2008 the Board of Directors of RDM met on seven occasions with each meeting lasting an average of three hours. On 16 January 2009, the Board issued a timetable which envisages five meetings for the Board in 2009. One meeting had already been held at the date of this report.

Early notice as to the dates of the meetings of the Board of Directors to be held to discuss financial information has already been published. In addition, information relating to the shareholders' meeting which will approve the annual financial statements has also been published. The financial timetable may be consulted on RDM's website.

With regard to directors' compensation, pursuant to article 12 of the Company's bylaws on 4 April 2008, on the appointment of the new board of directors, the shareholders' meeting adopted a resolution under which annual emoluments will be paid amounting in total to Euro 110,000.00.

A resolution regarding the Managing Director's compensation was adopted by the Board of Directors on 13 May 2008 on the proposal of the Compensation Committee and with the opinion of the Board of Statutory Auditors. In this respect the issuer has established a compensation policy that provides for incentives linked to achieving business objectives.

Details of the compensation received by the members of the board of directors in 2008 are provided in the notes to the annual financial statements pursuant to article 78 of the Issuers' Regulations.

At the date of this report no directors had communicated that they perform activities which compete with those of the Company. In this respect the shareholders' meeting has not provided general and prior authorisation to any of the exceptions to the prohibition to compete provided by article 2390 of the Italian civil code.

The Board has additionally reserved for its sole competence the approval of transactions with related parties. Significant transactions of this nature are contained in paragraph of the Report of the Board of Directors on the 2008 financial statements.

At its meeting of 13 February 2009 the Board of Directors assessed RDM's organisational, administrative and general accounting structure as being adequate, namely that resulting from, and following the changes introduced on, the merger with Cascades Italia S.r.l. and the defining of the new RDM Group. At the same meeting the Board of Directors assessed its own composition as being adequate for the Company's size and needs.

4.1.4. EXECUTIVE DIRECTORS: CHAIRMAN, MANAGING DIRECTOR

The Board of Directors may delegate its functions to an executive committee (provided by article 16 of the Company's articles of association) or alternatively to the chairman and/or other members of the board, appointing one or more managing directors. The delegated bodies may in their turn, as part of the functions assigned to them, delegate

powers for single acts or categories of acts to employees of the Company and third parties, with the possibility of sub-delegation.

At the date of this report the Board of Directors had not appointed an executive committee.

Chairman of the Board of Directors

Save absence or impediment the Chairman of the Board of Directors calls meetings of the Board, coordinates the activities of such meetings and leads the proceedings, ensuring that adequate and timely information is provided to the directors to enable the Board to express its opinion with the due knowledge required on the matters submitted for its assessment.

At its meeting of 4 April 2008 the Board of Directors delegated to the Chairman, Mr. Giuseppe Garofano, all the powers required to represent the Company with respect to third parties, specifying that he may carry out any act which taken on its own does not lead to a payment, a withdrawal or an investment exceeding Euro 10,000,000.00.

Managing Director

At its meeting of 4 April 2008 the Board of Directors appointed Mr. Ignazio Capuano as Managing Director, granting him the widest powers of ordinary and extraordinary management, excluding those which the law or the Company's articles of association specifically reserve for the shareholders' meeting or for the Board collegiately. Such powers may be exercised by sole signature for transactions not leading, singly, to spending commitments exceeding Euro 10,000,000. The Board also delegated the Managing Director with the task of supervising the technical and production management of the Company.

Pursuant to the Company's articles of association the Managing Director reports to the Board of Directors and the Board of Statutory Auditors on at least a quarterly basis, and in any event at meetings of the Board, on the activities he has performed, on operational performance in general, on the expected outlook for operations and on the most significant operations and transactions of an economic, financial or capital nature, and in any case the most significant due to their size or features, carried out by the Company and its subsidiaries; in particular, the Managing Director reports on operations and transactions in which these companies have an interest, on their own behalf or on behalf

of third parties, and on any abnormal or unusual operations or transactions or those carried out with related parties which are not reserved for the sole competence of the Board. This information is provided, in general, at the same time as the Board of Directors approves the periodic accounting information (the financial statements, the half-year report and the quarterly reports).

In 2008 this information was in actual fact reported by the Managing Director to the Board of Directors and to the Board of Statutory Auditors on a quarterly basis, at the same time as the Board of Directors approved the periodic accounting information (the financial statements, the half-year report and the quarterly reports).

4.1.5 NON-EXECUTIVE DIRECTORS

The Board consists for the most part of non-executive members (as it lacks delegated operational powers and/or executive functions within the business), in order to ensure that in terms of number and authoritativeness their opinion may have a significant weight in the taking of board decisions.

The non-executive directors bring their specific skills to board discussions, thereby encouraging an examination from different viewpoints of the matters being discussed and accordingly leading to decisions being taken to adopt resolutions which are meditated, informed and in line with the corporate interest.

With the exception of the Chairman and the Managing Director the other nine members of the Board are all non-executive.

4.1.6 INDEPENDENT DIRECTORS

As an implementation of the provisions of the Code, at its meeting of 4 April 2008 the Board of Directors made an assessment on the basis of the information provided by the individuals concerned or in any case that available to the Company as to the independence of the directors acting as such. The results of this assessment were made known to the market in a press release.

During 2008, in the absence of any observations to bring to the attention of the corporate bodies or important third parties, and taking into account the transparency and accuracy of the information provided by the Company, the independent directors considered it unnecessary to hold a meeting.

4.1.7. DOCUMENTATION AND INFORMATION FOR THE BOARD OF DIRECTORS

The Chairman of the Board of Directors ensures that the directors are provided with adequate information on a timely basis so as to enable the Board to express its views with the appropriate knowledge on the matters being submitted for its assessment.

To this purpose, despite the lack of an explicit procedure, it is customary for RDM to send the supporting documentation for Board meetings to each director and statutory auditor during the two days prior to the date for which the meeting has been called. In cases of urgency, and only these, the documentation is made available as soon as possible. When the Chairman considers it appropriate with regard to the matter to be discussed and the related resolution, the documents containing the information may be provided directly during the meeting, with prior notice of this being given to the directors and the statutory auditors.

5. PROCESSING OF CORPORATE INFORMATION

The Board of Directors has approved the procedures - which incorporate the indications of Consob and Borsa Italiana and the laws and regulations implementing the European Market Abuse Directive - which establish the requirements for the public communication of privileged information and define the rules for acquiring from subsidiaries the data and information needed to provide adequate information on a timely basis to the Board and to the market on the events and circumstances which could turn out to represent privileged information

The Code of Conduct on the subject of internal dealing is available on the Company's website.

5.1 PROCEDURE FOR THE EXTERNAL COMMUNICATION OF PRIVILEGED INFORMATION

The Board has approved the procedure relating to the "Maintenance and updating of the register of persons having access to privileged information in RDM", in accordance with the provisions of article 115-*bis* of the Consolidated Finance Law.

The procedure incorporating the provisions of the Issuers' Regulations of Consob defines the following:

(i) the means and terms by which persons are entered in the register and possibly subsequently cancelled from the register, being those persons who due to their working or professional activities or due to the functions they perform on behalf of RDM have access to privileged information on a regular or occasional basis;

(ii) the means by which the person concerned is informed that his or her name has been entered in or cancelled from the register together with the related reasons.

This procedure is updated as necessary to take account of any interpretations provided by Consob on the matter and to keep it constantly in line with the Company's needs.

5.2 INTERNAL DEALING

The Board has additionally approved the "procedure relating to the identification of significant parties and to the communication of operations and transactions performed

by such parties, including those carried out through intermediaries, whose subject is the shares issued by RDM S.p.A. or financial instruments linked to these”.

This procedure was drawn up to comply with article 114, paragraph 7, of the Consolidated Finance Law.

6. INTERNAL BOARD COMMITTEES

For the purpose of augmenting the effectiveness and efficiency of the proceedings of the Board of Directors, an Internal Control Committee and a Compensation Committee have been created within the Board.

Taking into consideration the fact that the present list vote mechanism ensures that there are transparent appointment procedures and a balanced composition of the Board, guaranteeing in particular the presence of an adequate number of independent directors, the Board of Directors believes it unnecessary to create a committee within the board itself to deal with proposals for the appointment of directors.

7. COMPENSATION COMMITTEE

The Compensation Committee consists of three non-executive directors, of whom two are independent, in the persons of Riccardo Ciardullo, who has the function as Chairman, Vincenzo Nicastro and Carlo Peretti, all of whom were appointed during the meeting of the Board of Directors held on 4 April 2008.

The Committee met on only one occasion during 2008, with the attendance of all of its members, to review the compensation to be paid to the Managing Director.

The meeting of the Compensation Committee was properly minuted.

FUNCTIONS OF THE COMPENSATION COMMITTEE

In accordance with the Corporate Government Code, the Compensation Committee has the task of presenting to the Board proposals for the remuneration of the managing directors and other directors having specific positions, monitoring that the decisions taken by the Board are implemented, assessing on a periodic basis the criteria adopted to determine the remuneration of managers with strategic responsibilities where such exist, supervising their application on the basis of the information provided by the managing directors and drawing up general recommendations for the Board of Directors on this subject.

Creating this committee ensures that the most ample and transparent information on the compensation due to the managing directors is available, together with the respective means by which it is determined. It is nonetheless agreed, though, that in compliance with article 2389, paragraph 3, of the Italian civil code, the Compensation Committee has the sole function of making proposals, whereas the power of determining the compensation paid to directors having specific positions remains in all cases with the board of directors after consultation with the Board of Statutory Auditors.

At its meeting of 4 April 2008 the Board of Directors assigned total compensation of Euro 70,000.00 to the members of the Compensation Committee.

8. DIRECTORS' COMPENSATION

Directors' compensation is approved by shareholders' meetings; the compensation of the Managing Director, in his capacity as a director with specific powers, is determined by the Board of Directors on the proposal of the Compensation Committee.

On 4 April 2008 the shareholders' meeting adopted a resolution to pay total gross annual compensation of Euro 110,000. The Board of Directors meeting on the same date assigned an annual compensation of Euro 10,000.00 to each board member.

On 13 May 2008, on the proposal of the Compensation Committee, the Board of Directors assigned an annual compensation of Euro 500,000 to the Managing Director plus a further Euro 500,000 on reaching certain objectives.

On 4 April 2008 the Board of Directors additionally adopted a resolution to pay compensation to directors for their participation in the committees set up by the board. The annual compensation payable to the Chairman of the Compensation Committee amounts to Euro 30,000, while that for the other two members amounts to Euro 20,000 each.

The Chairman of the Internal Control Committee receives annual compensation of Euro 30,000, while that for the other two members amounts to Euro 20,000 each.

At the date of preparing this report the Company had not adopted a system linked to the results of the issuer for compensating managers with strategic responsibilities.

There are no share-based incentive plans in favour of employees or executive or non-executive directors.

The compensation of non-executive directors is not linked to the results of the issuer.

The non-executive directors do not participate in any share-based incentive plans.

The following table sets out the compensation payable to the members of the Board of Directors currently in office:

Name	Board position	Months	Compensation for board position	Other positions held	Months in other positions	Compensation for other positions	TOTAL DUE
Giuseppe Garofano	Chairman	12	10,000.00				10,000.00
Carlo Peretti	Director	12	10,000.00	I.C.C. - S.B. - C.C.	12	55,000.00	55,000.00
Emanuele Rossini	Director	12	10,000.00				10,000.00
Ignazio Capuano	Director	12	10,000.00				10,000.00
	Managing Director	12	Fixed compensation as MD	General Manager			204,000.00
Riccardo Ciardullo	Director	12	10,000.00	Chairman of Compensation Committee	12	27,500.00	37,500.00
Vincenzo Nicastro	Director	12	10,000.00	I.C.C. - S.B. - C.C.	12	35,000.00	45,000.00
Mirko Leo	Director	9	7,500.00				7,500.00
Sergio Garribba	Director	9	7,500.00	I.C.C.		15,000.00	22,500.00
Bernard Lemaire	Deputy Chairman	9	7,500.00				7,500.00
Laurent Lemaire	Director	9	7,500.00				7,500.00
Christian Dubè	Director	9	7,500.00				7,500.00

9 INTERNAL CONTROL COMMITTEE

On 11 May 2007 the Board set up an Internal Control Committee within its structure.

The Internal Control Committee consists of three non-executive and independent directors

The Internal Control Committee has three members: Carlo Peretti who acts as its chairman, Vincenzo Nicastro and Sergio Garribba.

The Internal Control Committee met on three occasions in 2008, when an examination was made of, and resolutions were adopted on, the following matters:

- (i) implementation of the system as per Legislative Decree no. 231/01;
- (ii) implementation of changes in employment safety matters as per Legislative Decree no. 81/08.

Members of the Board of Statutory Auditors also took part in the proceedings of the Committee.

The meeting of the Committee was properly minuted.

FUNCTIONS ASSIGNED TO THE INTERNAL CONTROL COMMITTEE

The Committee's functions are of a propositional and consulting nature with respect to the Board of Directors and relate to matters regarding the supervision of the general performance of the Company's operations.

An effective system of internal control provides a contribution to ensuring that the Company's assets are safeguarded, that business operations are efficient and effective, that financial information is reliable and that laws and regulations are respected. In performing its functions the Committee has access to all the information and business functions it may deem necessary, assessing the adequacy of the internal control system with respect to the business's characteristics and ensuring that its assessments and decisions relating to the internal control system, to the approval of the financial statements and half-year reports and to relations between the issuer and the external auditor are supported by adequate processes of enquiry.

10. INTERNAL CONTROL SYSTEM

RDM is aware that financial information holds a central role in the creation and maintenance of positive relations between the business and the range of parties with which it comes into contact and that together with business performance contributes to creating shareholder value. RDM is similarly aware that investors rely on management and all the Company's employees to abide fully with the system of rules making up the Company's internal control system.

The internal control system is the set of rules, procedures and organisational structures designed to permit the business to carry out its activities in a manner which is sound, proper and consistent with predetermined objectives, through an adequate process of identifying, measuring, managing and monitoring its principal risks.

An internal control system provides a contribution to ensuring that the Company's assets are safeguarded, that business operations are efficient and effective, that financial information is reliable and that laws and regulations are respected.

The Board of Directors is responsible for internal control.

In his capacity as the executive director in charge of the internal control system, the managing director is responsible for supervising the working of the internal control system, availing himself of the internal audit function.

More specifically, the Board of Directors, with the assistance of the Internal Control Committee:

(i) defines the guidelines for the internal control system, in order that the principal risks relating to the Company and its subsidiaries are properly identified and adequately measured, managed and monitored, determining criteria for the compatibility of those risks with a sound and proper management of the business;

(ii) assesses on an annual basis the adequacy, effectiveness and effective working of the internal control system;

(iii) describes as part of the annual corporate governance report the essential elements of the internal control system, and expresses an opinion on the overall adequacy of the system.

In performing its functions relating to the internal control system, the Board of Directors gives appropriate consideration to the models of reference and best practices to be found at a national and international level. Special attention is placed on the organisational and management models adopted pursuant to Legislative Decree no. 231 of 8 June 2001.

In order to ensure that these regulations are actually and properly being followed and, more generally, that this also applies to all the rules and procedures governing the processes of collecting, processing, presenting and circulating corporate information, RDM has established an internal control system designed with the aim of ensuring that financial information is true, complete and timely.

10.1 EXECUTIVE DIRECTOR IN CHARGE OF THE INTERNAL CONTROL SYSTEM

On 4 April 2008 the Board of Directors nominated the Managing Director, Mr. Ignazio Capuano, as the executive director in charge of supervising the working of the internal control system.

10.2 INTERNAL CONTROL OFFICER

An important role in the internal control system is performed by the internal auditor; in his capacity as internal control officer he reports on his work to the Managing Director, the Internal Control Committee and the Board of Statutory Auditors. The duties of the internal auditor are as follows:

- (i) to ensure that the supervisory activities as per Legislative Decree no. 231/2001 are being performed;
- (ii) to update the system for identifying, classifying and assessing risk areas for the purpose of planning checks;
- (iii) to carry out scheduled and unscheduled checks, identifying any gaps with the models adopted and drawing up proposals for the corrective measures to be taken;
- (iv) to ensure that relations with the auditing company are maintained;
- (v) to maintain relations with the Supervisory Body, the Internal Control Committee and the Board of Statutory Auditors and ensure that information flows with these bodies are taking place.

The Internal Auditor and the Auditing Company have free access to data, documents and information useful for carrying out their audit procedures.

At the date of the preparation of this report Mr. Giuseppe Ruscio held the role of Internal Control Officer and Internal Auditor.

10.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

On 4 August 2008 the Managing Director adopted the new Organisational, Management and Control Model for RDM S.p.A. and the new Code of Ethics. At its meeting of 27 August 2008 the Board of Directors ratified and approved the adoption of both documents.

The changes introduced into the Organisational Model were rendered necessary on the one hand to adapt the provisions included in the Model to the new reality of RDM resulting from the merger with Cascades Italia S.r.l. on 1 March 2008, and on the other to adjust for subsequent changes in legislation.

The Organizational, Management and Control Model consists of one General Section and six Special Sections relating to the following macro-types of offence:

Offences against the Public Administration.

Corporate Offences.

Market Abuse.

Offences against employee health.

Money laundering offences.

Cyber offences.

With a resolution adopted on 8 May 2007, the shareholders' meeting introduced the establishment of a Supervisory Body. The duty of this Body is to carry out supervisory activities to ensure that the Model is working properly and being followed. The Body consists of three members, selected from persons satisfying the requisites of professionalism, honorableness, specific competence, independence and working autonomy. With a resolution adopted by the Board of Directors on 4 April 2008, the

following people were appointed to the Body: Mr. Vincenzo Nicastro, Mr. Carlo Peretti and Mr. Giuseppe Ruscio in his capacity as Internal Control Officer.

All of the Company's subsidiaries will introduce the Organisational, Management and Control Model in 2009; these companies introduced the August 2008 version of the Code of Ethics in 2008.

The documents referred to above may be found on the Company's website (www.renodemedici.it).

10.4 AUDITING COMPANY

The Company is audited by PricewaterhouseCoopers S.p.A., appointed by the ordinary shareholders' meeting of 30 April 2006 for the financial years 2006 to 2011 and up until the approval of the financial statements for the year ending 31 December 2011.

10.5 MANAGER IN CHARGE OF THE PREPARATION OF THE CORPORATE ACCOUNTING RECORDS

On 3 August 2007, following the receipt of the favourable opinion of the Board of Statutory Auditors, the Board of Directors appointed Mr. Maurizio Fusetti, RDM's Financial and Control Manager, as the manager in charge of the preparation of the corporate accounting records, granting him adequate powers and means to perform the duties assigned to him by the provisions of laws and regulations prevailing from time to time.

On 30 September 2008 Mr. Fusetti resigned from the position as manager in charge of the preparation of the corporate accounting records.

At its meeting of 13 November 2008, following the receipt of the favourable opinion of the Board of Statutory Auditors, the Board of Directors appointed Mr. Stefano Moccagatta, RDM's Financial and Control Manager, as the manager in charge of the preparation of the corporate accounting records.

The manager in charge of the preparation of the corporate accounting records is skilled in administration, finance and control matters.

The manager in charge of the preparation of the corporate accounting records performs the functions provided by article 154-bis of the Consolidated Finance Law. The

provisions governing the responsibility of the directors in respect of the duties assigned to them are applicable to the manager in charge of the preparation of the corporate accounting records, save actions performable on the basis of the employment relationship with the Company.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On 24 January 2006 the Board of Directors approved a regulation setting out the criteria for identifying significant related party transactions together with specific principles of conduct, aimed at governing the major substantial and procedural aspects of the management of these transactions.

Related party transactions are managed by following specific substantial and procedural propriety criteria. For the definition of "related party" reference should be made to persons defined in that way by the international accounting standard concerning financial statement disclosures for transactions with related parties, adopted under the procedure to be found in article 6 of Regulation (EC) no. 1606/2002 (IAS 24).

On the basis of the regulation concerning related party transactions, the Company's Board of Directors approves (in the case of transactions under the Company's competence) or assesses (in the case of transactions under the competence of the Company's directly and/or indirectly held subsidiaries) the more significant transactions with related parties such as:

- (i) abnormal or unusual transactions;
- (ii) normal or usual transactions having a value exceeding Euro 10 million;
- (iii) transactions in which on or more directors hold an interest on their own behalf or on behalf of third parties, including potential or indirect interests.

For each related party transaction submitted for approval or assessment, the Board of Directors receives adequate information about all the important elements of the transaction, and the resolutions adopted in this respect adequately motivate the reasons for the transaction and the convenience of this for the Company and the Group.

In order to avoid a related party transaction being concluded under terms and conditions which differ from those which would most likely have been negotiated

between unrelated parties, the Board of Directors has the faculty to make recourse - with regard to the nature, the value, or any of the other features of the transaction - to one or more independent experts for their assistance, selected as people of known professionalism and skill.

Related party transactions other than the types set out above, meaning those which are not otherwise submitted for the approval of the Board of Directors, are presented to the Board of Directors as part of the periodic information provided on the exercising of its delegated powers, and to the Board of Statutory Auditors - pursuant to article 150, paragraph 1, of Legislative Decree no. 58/1998 - as part of that provided in connection with operations and transactions of a significant economic, financial or capital importance carried out by the Company or its subsidiaries.

As part of their periodic reporting on such operations and transactions, the Chairman and the Managing Director describe the nature of the relation, the means by which the operation or transaction was carried out, the timescale and economic conditions for its realisation, the assessment process followed, the underlying reasons and any risks for the Company.

12. APPOINTMENT OF STATUTORY AUDITORS

Article 19 of the Company's bylaws establishes that the standing and substitute members of the Board of Statutory Auditors are to be elected by the list vote procedure.

More specifically, this article provides for the following:

"The lists shall bear the names of one or more candidates, to which a sequential number is assigned, and shall indicate whether a person is a candidate for the position of standing auditor or substitute auditor.

The number of candidates on the list shall not exceed the number of Board members to be appointed.

Only those shareholders who on their own or together with other presenting shareholders hold a total number of shares with voting rights that represent at least 2.5% of share capital with voting rights in the Ordinary Shareholders' Meeting or, if different, the maximum percentage permitted by any applicable laws and regulations, shall have the right to present lists.

No shareholder, shareholders who are members of a shareholders' pact pursuant to article 122 of Legislative Decree no. 58/1998, controlling entity, subsidiary or company under common control pursuant to article 93 of Legislative Decree no. 58/1998, shall present, or shall take part in the presentation of, either by intermediate third party or a trustee company, more than one single list, nor may they vote for any other list; no person may be a candidate in more than one list, failing which he or she shall be ineligible. The names of persons included in voting lists prepared in breach of the above and the votes cast in breach shall not be assigned to any list.

The lists presented by shareholders and signed by those presenting them must be lodged at the Company's registered office at least fifteen days prior to that determined as the date of the Shareholders' Meeting in first call, and mention of this shall be made in the notification of the meeting, without altering in any way the other forms of communication provided by the laws and regulations prevailing at the time. Shareholders must lodge at the Company's registered office a copy of the certificates issued by authorised intermediaries to demonstrate that they are the owners at the date of lodging the lists of the number of shares required to do this, in compliance with prevailing laws and regulations.

In the case that at the end of the term for presentation only one list is lodged or in the case that lists are only presented by shareholders related on the basis of the provisions of applicable laws and regulations, lists may only be presented up until the end of the fifth day following that date. In that case the thresholds established by the articles of association for the presentation of lists are reduced by one half.

The following shall be lodged with each list at the Company's registered office within the terms for lodging the lists: (a) summarised information regarding the presenting shareholders (including the total percentage of shares held); (b) a statement by the shareholders - other than those who hold, including jointly, a controlling or relative majority interest in the Company - declaring that they have no relationship as envisaged by applicable laws and regulations with such shareholders; (c) exhaustive details of the professional and personal characteristics of each candidate; (d) statements with which each candidate accepts his or her nomination, affirms under his or her own responsibility that there are no reasons for which they are ineligible or incompatible with the position and confirms that he or she possesses the requisites called for by prevailing laws and regulations to be appointed as statutory auditors; and (e) a list of any management or control positions held by each candidate in other companies.

The first two candidates on the list obtaining the highest number of votes shall be elected as standing auditors together with the first candidate on the list obtaining the second highest number of votes that shall not be connected, even indirectly, with the shareholders who presented or voted in favour of the list obtaining the highest number of votes.

The first candidate for the position as substitute auditor on the list obtaining the highest number of votes and the first candidate for the position as substitute auditor on the list obtaining the second highest number of votes pursuant to the preceding paragraph shall be elected as substitute auditors.

In the case of a tied vote between two or more lists, the eldest candidates shall be elected as statutory auditors until all the positions have been filled.

The candidate of the list that obtained the second highest number of votes shall be the Chairman of the Board, in all cases in accordance with the matters described in the preceding paragraphs.

In the case that only one list is presented or in the case that no lists are presented at all, the candidates named in the single list shall be elected as standing and substitute auditors or, respectively, those voted into office by the shareholders' meeting, on the assumption that they obtain the relative majority of the votes of such meeting.

If any auditor so appointed fails to meet the integrity and professional requirements under the applicable regulations or under these articles of association, then he or she shall be deemed fallen from office forthwith.

In the case that a standing statutory auditor is to be replaced, the resulting vacancy shall be filled by the substitute auditor included in the same list as that of the statutory auditor to be replaced or, in default, in the case that the auditor to be replaced is a statutory auditor of the minority, by the candidate included next in the same list as that of the auditor to be replaced or, in order, by the first candidate of the list of the minority that obtained the second highest number of votes.

It remains unaltered that the Chairman of the Board of Statutory Auditors shall be the auditor of the minority.

If the shareholders' meeting is required to appoint standing and/or substitute statutory auditors to complete the number of auditors for the Board of Statutory Auditors the procedure is as follows: if auditors elected from the majority list are to be replaced, the appointment is made on a relative majority of votes and does not depend on the lists; if, however, auditors elected from a minority list are to be replaced, the meeting replaces them on a relative majority of votes, making their selection from the candidates included in the list of the auditor to be replaced, or alternatively from the candidates included in the minority list obtaining the second highest number of votes.

If it is not possible, for whatever reason, to replace the auditors designated by the minority by applying this procedure, the shareholders' meeting shall hold a vote whose result shall be determined on the basis of a relative majority; the result of this vote shall exclude, however, the votes of the shareholders who, on the basis of the notifications made pursuant to prevailing regulations, hold, either indirectly or jointly with other members of a shareholders' pact pursuant to article 122 of Legislative Decree no. 58/1998, the majority of the votes that may be cast in the shareholders' meeting, as well as those of the shareholders that control, are controlled by or are under the common control of the same".

Pursuant to article 10 of the Corporate Governance Code the statutory auditors perform their duties autonomously and independently, including with respect to the shareholders who elected them. The statutory auditors must maintain the highest level of confidentiality with regard to the documents reviewed and the information acquired in carrying out their duties and must abide by the procedures established for external communication of information contained in documents and news regarding the Company.

In carrying out their duties the statutory auditors may, also individually, make a request to the directors for further details or clarifications of information transmitted to them and more generally that relating to the Company's performance or specific affairs; they may also carry out inspection or control procedures at any time. The Board of Statutory Auditors and the auditing company exchange data and information that is important in carrying out their respective duties.

The Board of Statutory Auditors must meet at least once every ninety days.

During 2008 the Board of Statutory Auditors verified that there were no transactions with a conflict of interest and supervised the independence of the auditing company; it also had regular and constructive exchanges of view with the auditing company and with the Internal Control Committee.

The Board of Statutory Auditors additionally held certain meetings with the Internal Auditor and the auditing company with the scope amongst other things of exchanging documentation.

The Board of Statutory Auditors met on eight occasions during 2008.

On 29 September 2008 Mr. Priori handed in his resignation as a standing auditor of the Company. As a result, on 30 September 2008, pursuant to and to the effects of article 2401 of the Italian civil code, his position was filled by Mr. Giovanni Maria Conti.

The Board of Statutory Auditors currently in office is made up as follows:

Members	Position held
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Sergio Pivato	Chairman
Giovanni Maria Conti	Standing Auditor
Carlo Tavormina	Standing Auditor
Myrta De Mozzi	Substitute Auditor

The mandate of the members of the Board of Statutory Auditors expires at the ordinary shareholders' meeting called to approve the financial statements for the year ended 31 December 2008.

Information on the personal and professional characteristics of the individual members of the Board of Statutory Auditors is reported in short resume below mentioned.

Board of Statutory Auditors

Sergio Pivato

Born in Milan on 13 November 1945, he is Ordinary Professor of Economics and Business Management at the Bocconi University of Milan. Since 1990 he is also the Director of Centro SPACE, the European Centre for Business Protection Studies at the Bocconi University of Milan. A qualified accountant (*Dottore Commercialista*) and auditor (*Revisore Contabile*), he works as a consultant to large and medium-sized businesses and is also a court appraiser. In addition to being the chairman of the Board of Statutory Auditors of Reno De Medici S.p.A. he holds positions in UBI Banca and Brembo S.p.A..

Carlo Tavormina

Born in Rome on 24 October 1964, he was awarded a degree in Economics and Business Management by Turin University in 1989. A qualified accountant (*Dottore Commercialista*) and auditor (*Revisore Contabile*), since 2001 he has been an advisor to the Milan Court on "Business Valuations". He is currently chairman of the Board of Statutory Auditors of Realty Vailog S.p.A., ASKAR Investor SGR S.p.A., Eurinvest Finanza

Stabile S.p.A. and Omina SIM S.p.A., and is a standing auditor in RCR Cristalleria Italiana, NEM Due SGR S.p.A. (Gruppo BPVI) and Telelombardia S.r.l..

Giovanni Maria Conti

Born in Milan on 4 October 1964, he was awarded a degree in Business Economics by the Bocconi University of Milan in 1992. A qualified accountant (*Dottore Commercialista*) and auditor (*Revisore Contabile*), he concentrates his consulting activities on matters of a financial corporate and fiscal nature, including those connected with extraordinary operations. He is currently chairman of the board of directors of Bresciano S.p.A., chairman of the management committee of Progetti Industriali S.p.A., a member of the board of directors, the internal control committee and the compensation committee of Biancamano S.p.A., a member of the board of directors of RSC & Partners and a standing auditor in Callari S.r.l., Fomas Finanziaria S.p.A., Mylan S.p.A. and Staff Italia S.r.l..

13. SHAREHOLDER RELATIONS

The specific business function “Investor Relations” has been established owing to the importance - emphasised by the Code - of creating a continuing and professional relationship with the shareholders as a whole and with institutional investors.

First and foremost this function provides the key elements to enable the financial market to obtain a perception of the Company which is consistent with the intrinsic value of the Group’s activities.

RDM has adopted a communications policy aimed at establishing constant dialogue with institutional investors, shareholders and the market and at ensuring that complete, accurate and timely information about its activities is published on a regular basis, with the sole restriction of the need for confidentiality which certain types of information may present.

RDM acts in order to maintain constant dialogue with the market within the laws and regulations on the circulation of privileged information.

Disclosure to investors, the market and the press is ensured by issuing press releases, holding periodic meetings with institutional investors, the financial community and the press, and making the very latest documents available on RDM’s website (www.renodemedici.it).

Relations with investors, shareholders and financial analysts are maintained by the person in charge of Investor Relations, Mr. Guido Giuseppe Vigorelli.

Periodic financial statements and information relating to significant events and transactions are released to the public on a timely basis, including by publication on RDM’s website.

The website also includes the Company’s press releases, corporate governance documents, documents distributed during meetings with financial analysts, notices to shareholders and information and documents concerning matters on the agenda of shareholders’ meetings.

Contact

Reno De Medici

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14. SHAREHOLDERS' MEETINGS

A properly constituted shareholders' meeting represents the shareholders, and its resolutions adopted in compliance with the law and the Company's articles of association bind all shareholders.

Special attention is placed on the calling, the scheduling and the managing of shareholders' meetings to encourage the highest level of attendance by shareholders and to ensure that the maximum level of quality of information is provided to them on these occasions, within the restrictions relating to price sensitive information and the means by which it is circulated.

Pursuant to article 10 of the Company's articles of association, the proper constitution of ordinary and extraordinary shareholders' meetings and the validity of the resolutions adopted must abide by the provisions of law and the articles.

As provided by article 8 of the Company's articles of association, general shareholders' meetings are called through the publishing of a notice in one of the following daily newspapers: "Il Sole 24 Ore", "Milano Finanza", "Finanza & Mercati", within the terms and by the means of the law.

Pursuant to article 8 of the Company's articles of association, the provisions of law and of the articles hold for participation at a shareholders' meeting. In addition, shareholders must lodge their shares or an appropriate certificate issued by the institution acting as share account administrator at least two working days prior to the date of meeting.

The shareholders' meeting is chaired by the Chairman of the Board of Directors or, in his absence or impediment, by a Deputy Chairman or, in his absence or impediment, by another person designated by the meeting.

It is the Chairman's responsibility to establish who is entitled to attend the meeting and to verify the validity of proxies, and to resolve any disputes which may arise in this respect. The Chairman may assign this task to others.

It is the Chairman's responsibility to direct the discussion and establish the voting order and procedures (votes are always held openly).

The Chairman is assisted by a secretary designated by the meeting. A secretary's assistance is not required when the minutes of the meeting are being taken by a notary.

The resolutions adopted by a shareholders' meeting are included in a minute signed by the Chairman and by the secretary or notary.

Two ordinary shareholders' meetings were held in 2008 and one extraordinary meeting.

The Board reported to the meetings the activities performed and scheduled and took action to ensure that the shareholders received adequate information on the matters needed for them to be able to take the decisions for which the shareholders' meeting is competent on a fully informed basis.

TABLE 1: BOARD OF DIRECTORS

Director	Position held	Executive	Non-executive	Independent	Attendance/ meetings	Number of other positions
Giuseppe Garofano	Chairman	X			7/7	
Bernard Lemaire**	Deputy Chairman		X		3/7	
Ignazio Capuano	Managing Director	X			7/7	
Riccardo Ciardullo	Director		X		3/7	
Christian Dubè**	Director		X		4/7	
Sergio Garribba**	Director		X	X	3/7	1
Laurent Lemaire**	Director		X		4/7	
Mirko Leo**	Director		X		3/7	
Vincenzo Nicastro	Director		X	X	6/7	3
Carlo Peretti	Director		X	X	7/7	3
Emanuele Rossini	Director		X		6/7	

* All absences from the meetings of the Board of Directors have been properly justified.

** Director appointed by the shareholders' meeting of 4 April 2008.

TABLE 2: INTERNAL CONTROL COMMITTEE

Director	Position held	Independent	Attendance at meetings
Carlo Peretti	Chairman	X	4/4
Vincenzo Nicastro		X	4/4
Sergio Garribba*		X	0/2

* Appointed by the Board of Directors on 4 April 2008 - all absences have been properly justified.

TABLE 3 : COMPENSATION COMMITTEE

Director	Position held	Independent	Attendance at meetings
Riccardo Ciardullo	Chairman		1/1
Vincenzo Nicastro		X	1/1
Carlo Peretti		X	1/1

TABLE 4 : SUPERVISORY BODY

Member	Position held	Independent	Attendance at meetings
Carlo Peretti	Chairman	X	4/4
Vincenzo Nicastro		X	4/4
Giuseppe Ruscio*			4/4

* Appointed as a member of the Supervisory Body by the Board of Directors on 4 April 2008. Previously secretary of the Supervisory Body and at present also holds the Internal Audit position.

TABLE 5 : BOARD OF STATUTORY AUDITORS

Auditor	Office held	Independence pursuant to the Code	Attendance*/Meetings of the Board
Sergio Pivato	Chairman	X	08/08/
Carlo Tavormina	Standing Auditor	X	08/08/
Marcello Priori**	Standing Auditor	X	07/08/
Giovanni Maria Conti***	Standing Auditor	X	01/08/
Myrta De Mozzi	Substitute Auditor	/	/

* All absences from the meetings of the Board of Statutory Auditors have been properly justified.

** Resigned effective 29 September 2008.

*** Appointed effective 30 September 2008.

TABLE NO. 6
FURTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Summary of the reasons for any differences with the recommendations of the Code
SYSTEM OF DELEGATED POWERS AND RELATED PARTY TRANSACTIONS			
HAS THE BOARD OF DIRECTORS ASSIGNED DELEGATED POWERS AND DEFINED			
a) Limits to the powers	X		
b) The means by which the powers are exercised	X		
c) Frequency of reporting	X		
HAS THE BOARD OF DIRECTORS RESERVED THE RIGHT TO REVIEW AND APPROVE TRANSACTIONS HAVING A PARTICULAR IMPORTANCE FROM AN ECONOMIC, EQUITY AND FINANCIAL STANDPOINT (INCLUDING RELATED PARTY TRANSACTIONS)?	X		
HAS THE BOARD OF DIRECTORS DEFINED THE GUIDELINES AND CRITERIA FOR IDENTIFYING "SIGNIFICANT TRANSACTIONS"?	X		

ARE THE ABOVE GUIDELINES AND CRITERIA DESCRIBED IN THE REPORT?	X
HAS THE BOARD OF DIRECTORS ESTABLISHED SUITABLE PROCEDURES FOR REVIEWING AND APPROVING RELATED PARTY TRANSACTIONS?	X
ARE THE PROCEDURES FOR APPROVING RELATED PARTY TRANSACTIONS DESCRIBED IN THE REPORT?	X
PROCEDURES FOR THE MOST RECENT APPOINTMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS	
WERE THE PROPOSALS FOR CANDIDATES STANDING FOR THE POSITION OF DIRECTOR LODGED AT LEAST TEN DAYS IN ADVANCE?	X
WERE THE PROPOSALS FOR CANDIDATES STANDING FOR THE POSITION OF DIRECTOR ACCOMPANIED BY EXHAUSTIVE INFORMATION?	X
WERE THE PROPOSALS FOR CANDIDATES STANDING FOR THE POSITION OF STATUTORY	X

AUDITOR LODGED AT LEAST FIFTEEN DAYS IN ADVANCE?*	
SHAREHOLDERS' MEETINGS	
HS THE COMPANY APPROVED RULES FOR SHAREHOLDERS' MEETINGS?	X
INTERNAL CONTROL	
HAS THE COMPANY APPOINTED HEADS OF INTERNAL CONTROL?	X
ARE THE HEADS OF INTERNAL CONTROL HIERARCHICALLY INDEPENDENT OF THE HEADS OF OPERATIONAL DIVISIONS, NAMELY THEY DO NOT REPORT TO THEM?	X
ORGANISATIONAL UNIT OF THE HEAD OF INTERNAL CONTROL (AS PER ARTICLE 8.C.1 OF THE CODE)	INTERNAL AUDIT FUNCTION

INVESTOR RELATIONS	
HAS THE COMPANY APPOINTED A PERSON IN CHARGE OF INVESTOR RELATIONS?	X
ORGANISATIONAL UNIT AND REFERENCES (ADDRESS/TELEPHONE NO./FAX NO./E-MAIL ADDRESS) OF THE PERSON IN CHARGE OF INVESTOR RELATIONS	Guido Vigorelli c/o Reno De Medici S.p.A. – Via Durini 16/18, Milan, Italy tel. +39/02/89966261 – fax +39/02/89966200; e-mail: investor.relations@renodemedici.it