



## ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON THE ITEMS ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF INDUSTRIE DE NORA S.P.A.

### Item No. 3 on the Agenda

- 3 Appointment of the Board of Statutory Auditors:
- 3.1 Appointment of Statutory Auditors and Alternate Auditors;
  - 3.2 Appointment of the Chairman of the Board of Statutory Auditors;
  - 3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.

Dear Shareholders,

with the approval of the financial statements of Industrie De Nora S.p.A. ("Industrie De Nora" or the "Company") as of December 31, 2024, the term of office of the Board of Statutory Auditors, conferred by the ordinary Shareholders' Meeting of the Company with a resolution dated 22 March 2022, expires.

You are therefore called upon to appoint the Board of Statutory Auditors for the three-year period 2025-2027 in accordance with the terms and provisions of Article 24 of the By-Laws. Specifically, you are called upon to: (i) appoint 3 (three) Statutory Auditors and 3 (three) Alternate Auditors, (ii) appoint the Chairman of the Board of Statutory Auditors and (iii) determine the annual remuneration of the effective members of the Board of Statutory Auditors.

In this regard, we remind you that the ordinary Shareholders' Meeting of 22 March 2022 resolved to appoint for three financial years, pursuant to Article 2400, first paragraph, of the Italian Civil Code and therefore until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2024, the current Board of Statutory Auditors, composed of 3 (three) Standing Auditors and 3 (three) Alternate Auditors, as well as to appoint Mr. Marcello Del Prete as Chairman of the Board of Statutory Auditors of the Company and to pay, for their entire term of office, pursuant to Article 2402 of the Italian Civil Code, an annual emolument to each Standing Auditor in the amount of Euro 27,000 (*twenty-seven thousand/00*) and an annual emolument to the Chairman of the Board of Statutory Auditors in the amount of Euro 40,500 (*forty thousand five hundred/00*).

It should be noted in this regard that in adherence to Recommendation 29 of the Corporate Governance Code promoted by the Corporate Governance Committee to which the Company adheres (the "Corporate Governance Code"), and in view of the renewal of the corporate bodies, the Appointment and Remuneration Committee of the Company which met on 10 March 2025, considered that the remuneration of the Statutory Auditors determined by the Shareholders' Meeting with its resolution of 22 March 2022 is appropriate to the competence, professionalism and commitment required by the relevance of the role held and the Company's size and sectoral characteristics and its situation.

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With reference to the appointment of the Board of Statutory Auditors, please note the following.

## **Composition of the Board of Statutory Auditors**

Pursuant to Article 24 of the By-Laws, the Shareholders' Meeting appoints the Board of Statutory Auditors, consisting of 3 (three) Statutory Auditors and 3 (three) Alternate Auditors. The powers, duties and term of office of the Statutory Auditors are those established by law.

Those who exceed the limits to the number of permitted positions, or for whom there are causes of ineligibility and disqualification, or who do not meet the requirements of integrity and professionalism established by the laws and regulations in force, cannot be elected as Statutory Auditors, and if elected, shall forfeit their position. For the purposes of Article 1(2)(b) and (c) of Ministry of Justice Decree No. 162 of 30 March 2000, which set forth the requirements of integrity and professionalism, the following matters shall be deemed to be closely connected with the scope of the Company's business: private, administrative and tax law, business administration and financial management and the matters related to the Company's business sector.

Outgoing auditors are eligible for re-election.

The composition of the Board of Statutory Auditors must also respect the gender balance pursuant to Article 148, paragraph 1-bis, of the Consolidated Law on Finance. With reference to the term of office of the new Board of Statutory Auditors, the less represented gender must obtain at least one-fifth of the elected members, rounded up to the next higher unit, since the aforementioned Article 148, paragraph 1-bis, as amended by Law no. 160, provides that "*the criterion of at least two-fifths allocation [...] shall apply as from the first renewal of the administration and control bodies of companies listed on regulated markets following the date of entry into force of this law, without prejudice to the criterion of at least one-fifth allocation provided [...], for the first renewal following the date of commencement of trading*".

It should also be noted that, since the Board of Statutory Auditors is identified with the '*Internal Control and Audit Committee*' pursuant to Article 19 of Legislative Decree No. 39/2010, the members of the Board of Statutory Auditors must be, as a whole, competent in the sector in which the Company operates.

Lastly, it should be noted that the Corporate Governance Code recommends that the control body should have an adequate composition to ensure the independence and professionalism of its function and that all members of the control body should meet the independence requirements of the Corporate Governance Code for Directors.

In this last regard, it should be noted that the Company's Board of Directors, in its meeting of 18 February 2022, defined a policy on quantitative and qualitative criteria for assessing the significance of relationships, including non-economic ones, capable of compromising the independence of its members and the members of the Company's Board of Statutory Auditors (the "**Significance Criteria**") pursuant to Article 2, Recommendation 7 of the Corporate Governance Code. In particular, in relation to the Significance Criteria it was resolved that:

- with particular reference to the quantitative criteria, the relations of a commercial, financial or professional nature that the director or statutory auditor - whose independence is being assessed - has or has had, directly or indirectly, in the financial year during which the declaration of independence is made (or in the three financial years preceding the date on which the declaration is made) (the "**Reference Period**") with the following parties (jointly, the "**Relevant Persons**") are deemed relevant:
  - (i) the Company, the companies it controls, the person who, also together with others through a shareholders' agreement, controls the Company, and
  - (ii) the relevant executive directors or *top management*;

- the aforesaid relationships with Relevant Persons are normally to be considered significant - and therefore capable of compromising the director's or auditor's independence - if they have entailed, individually or cumulatively considered, an economic recognition exceeding Euro 200,000;
- it should be noted that, for the purposes of the foregoing, relations maintained with Relevant Persons by a close family member of the director or statutory auditor are also relevant, meaning: (i) parents, (ii) children, (iii) the spouse not legally separated and (iv) cohabitants (each, the "**Close Family Member**");
- it should also be noted that, where relations with Relevant Persons are entertained by the director or statutory auditor indirectly - for example, through subsidiaries or companies of which he/she is an executive director, or as a partner of a professional firm or consulting company - existing relations or relations entertained in the Reference Period that have entailed, individually or cumulatively considered, an annual economic recognition exceeding Euro 250,000 are normally to be considered significant;
- with particular reference to the remuneration received, including during the Reference Period, by the director or statutory auditor, the sum of any additional remuneration paid to the latter by:
  - (i) the Company,
  - (ii) one of its subsidiaries, and/or
  - (iii) the parent company, even indirectly,

for professional appointments or consultancy in comparison to the fixed remuneration for the office and the remuneration provided for participation in the committees (or bodies) recommended by the Code or provided for by the regulations in force. Additional remuneration is normally to be considered significant - and therefore capable of compromising the independence of the director and/or auditor concerned - if it is equal to the fixed remuneration received in the reference financial year for holding the office of director or statutory auditor;

- it should be noted that the fact of being a Close Family Member of a person in one of the situations described above also constitutes a circumstance liable to compromise the independence of the director or statutory auditor;
- with reference to the qualitative criteria, in the event that the director or statutory auditor is also a partner in a professional firm or consulting firm, the professional relationships of the firm and/or consulting firm with Relevant Persons shall also be qualified as significant - regardless of the quantitative parameters set out above - if they (a) may have an effect on his position and role within the professional firm or consulting firm; or (b) in any case pertain to important operations of the Company and the group it heads. The significance of the above relationships is assessed taking into account the overall professional activity normally exercised by the director or statutory auditor, the tasks normally entrusted to him/her, as well as the relevance that such relationships may have for the director or statutory auditor in reputational terms within his/her organization;
- lastly, the Board of Directors may, giving adequate reasons in the resolution: (i) take into consideration also those relations which, although lacking in economic content or economically insignificant, are particularly relevant for the prestige of the director or auditor concerned or capable of concretely affecting his/her independence and autonomy of judgement; (ii) assess, on the basis of the concrete circumstances, the existence and/or maintenance of the independence requirements for a director or auditor despite the presence of one of these Criteria of Significance;

(for further details, please refer to in the "Report on Corporate Governance and Ownership Structure", available in the "Corporate Governance - Shareholders' Meetings" section of the Company's website [www.denora.com](http://www.denora.com));

Lastly, taking into account that the Company qualifies as a 'concentrated ownership' company pursuant to the Corporate Governance Code, it should also be noted that in view of the Shareholders' Meeting for the renewal of the corporate bodies, the outgoing Board of Directors did not formulate any guidelines to the shareholders regarding the qualitative and quantitative composition of the Board of Statutory Auditors deemed optimal, as per Article 4, Recommendation No. 23 of the Corporate Governance Code.

#### **Appointment of the Board of Statutory Auditors on the basis of candidate lists**

It should be noted that pursuant to art. 24 of the By-Laws, the appointment of the Statutory Auditors and Alternate Auditors will be made, in compliance with the *pro tempore* regulations on gender balance, on the basis of lists of candidates (in which the candidates must be listed by a progressive number and must be no more than 6) submitted by Shareholders owning alone or jointly with other Shareholders, at least 2.5% (two point five per cent) of the capital represented by shares with voting rights at the ordinary Shareholders' Meeting, the threshold set by Consob with Executive Determination of the Head of the Corporate Governance Division no. 123 of 28 January 2025.

Each list of candidates, if it contains more than one candidate, must consist of two distinct sections: the first section contains the indication of the candidates (marked by progressive number) for the office of Statutory Auditor, while the second section contains the indication of the candidates (marked by progressive number) for the office of Alternate Auditor. The first of the candidates in each section must be selected from among statutory auditors entered in the appropriate register and have exercised the activity of statutory auditing for a period of no less than three years.

Lists that present a total number of candidates equal to or greater than 3 (three) must be composed of candidates belonging to both genders, to an extent that complies with the *pro tempore* regulations in force regarding gender balance. Pursuant to the provisions of Article 148, paragraph 1-bis of the Consolidated Law on Finance, as amended by Law No. 160 of 27 December 2019, Shareholders who intend to submit a list consisting of a number of candidates equal to or greater than three are recommended to include in said list at least one-fifth of the candidates (rounded upwards to the next higher unit) belonging to the less represented gender.<sup>1</sup>

Each Shareholder (as well as (i) the shareholders belonging to the same group, meaning the entity, including non-corporate entities, controlling the same entity pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Law on Finance and any company controlled by, or under the common control of, the same party, or (ii) shareholders who are parties to the same shareholders' agreement relevant pursuant to Article 122 of the Consolidated Law on Finance, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships relevant pursuant to the laws and/or regulations in force from time to time and applicable) may submit or contribute to the submission of only one list, under penalty of disqualification of the list.

Each candidate may only appear on one list under penalty of ineligibility.

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<sup>1</sup> It should be noted that Article 148, paragraph 1-bis, of the Consolidated Law on Finance, as amended by Law No. 160 of 27 December 2019, stipulates that the provisions on gender balance shall apply as of the first renewal of the Board of Directors following the entry into force of the aforementioned law, providing that, for the first renewal following the date on which negotiations begin, the less represented gender shall obtain at least one-fifth of the elected auditors.

The lists of candidates (signed by the Shareholders submitting them) must be received by the Shareholder(s) no later than 25 days prior to the date set for the Shareholders' Meeting (i.e. by 4 April 2025) in one of the following ways:

- transmission by certified e-mail to [industriedenora@actaliscertymail.it](mailto:industriedenora@actaliscertymail.it) by **Friday 4 April 2025, 11.59 p.m.** together with a copy of a valid identity document of the presenters;
- by delivery to the registered office in Milan, Via Leonardo Bistolfi 35, **by 18:00 on Friday 4 April 2025.**

The lists of candidates must be accompanied by information on the identity of the Shareholders who have submitted them, with an indication of the total percentage of shareholding held, proven by appropriate documentation as specified below.

In particular, it should be noted that the minimum shareholding required for the submission of lists, to the extent indicated above, is determined by taking into consideration the shares registered in favor of the relevant Shareholder on the day in which the lists are filed with the Company in accordance with the procedures indicated above. The relevant certification proving the ownership of the minimum shareholding required for the submission of the lists must be produced together with the filing of the lists or, in any case, within the different term provided for by the law for the publication of the lists themselves, i.e. at least 21 days prior to the date set for the Shareholders' Meeting on a single call (i.e. by **Tuesday 8 April 2025**), by means of a communication issued by an authorized intermediary pursuant to the applicable regulations.

Shareholders other than those who hold, even jointly, a controlling interest or a relative majority, must provide a declaration attesting the absence of relations of connection as provided for in Article 144-quinquies of Consob Regulation No. 11971/1999 ("RE") with the latter.

In addition to the aforementioned documents, each list must also be accompanied by declarations, within the deadline for submission prescribed by applicable laws and regulations, in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no causes of ineligibility and incompatibility, and that they meet the requirements prescribed by law and the By-Laws for the office. Any list for which the above provisions are not complied with shall be considered as not submitted. Together with the declarations, a *curriculum vitae* must be filed for each candidate regarding personal and professional characteristics and including a list of directorships and auditing positions held in other companies or entities by each candidate. Candidates are also recommended to authorize the publication of their *curriculum vitae* on the Company's website.

Any list for which the above provisions are not observed shall be deemed not to have been submitted.

It should also be noted that Shareholders submitting a "minority list" are addressees of the recommendations made by Consob in its Communication No. DEM/9017893 of 26 February 2009.

In the event that only one list of candidates has been filed by the deadline for the submission of lists (4 April 2025), or only lists submitted by Shareholders who, from the declarations made pursuant to Article 24.2, letter (b) of the By-Laws, are connected to each other pursuant to Article 144-quinquies, first paragraph, of the Issuers' Regulation, additional lists of candidates may be submitted up to the third calendar day following that date (by certified electronic mail to the address [industriedenora@actaliscertymail.it](mailto:industriedenora@actaliscertymail.it) until Monday 7 April 2025 at 29:59 p.m. or by delivery to the registered office in Milan, Via Leonardo Bistolfi 35, by 6:00 p.m. on Monday 7 April 2025). In such case, the percentage of share capital required for the submission of the list shall be reduced to half (i.e., equal to 1.25% of the capital represented by shares with voting rights at the ordinary Shareholders' Meeting).

Further information on the submission, filing and publication of lists and the procedures for the appointment of Statutory Auditors can be found in Article 24 of the By-Laws available on the Company's *website* ([www.denora.com](http://www.denora.com), Section "Governance / Documents and Procedures").

The lists submitted will be made available to the public by the Company 21 days before the date set for the Shareholders' Meeting on a single call (i.e. **Tuesday 8 April 2025**) at the registered office in Milan, Via Leonardo Bistolfi 35, on the authorized storage mechanism 1info ([www.1info.it](http://www.1info.it)), as well as on the Company's *website* ([www.denora.com](http://www.denora.com), Section "Governance / Shareholders' Meeting").

### **Appointment of the Board of Statutory Auditors**

The election of the Statutory Auditors shall be carried out in accordance with Article 24 of the By-Laws.

Each person entitled to vote may only vote for one list. In addition:

- a) 2 (two) Statutory Auditors and 2 (two) Alternate Auditors shall be drawn from the list obtaining the highest number of votes cast at the Shareholders' Meeting, in the sequential order in which they are listed in the sections of the list;
- b) the remaining Statutory Auditor - who shall assume the office of Chairman of the Board of Statutory Auditors - and the other Alternate Auditor shall be drawn from the list obtaining the second highest number of votes and which is not connected in any way, not even indirectly, with the Shareholders who submitted or voted for the list obtaining the highest number of votes, according to the progressive order in which they are listed in the sections of the list. In the event that several minority lists have obtained the same number of votes, the oldest candidate on the list, Statutory Auditor and Alternate Auditor, shall be elected;
- c) If only one list is submitted, the entire Board of Statutory Auditors is drawn from it, provided that it has obtained the approval of a simple majority of votes.

If the above procedures do not ensure that the composition of a Board of Statutory Auditors, in its standing members, that complies with the *pro tempore* regulations concerning gender balance, the necessary replacements will be made, within the candidates for the office of Statutory Auditor of the list that obtained the highest number of votes, according to the progressive order in which the candidates are listed.

### **Appointment of the Chairman of the Board of Statutory Auditors**

Concurrently with the election of the Statutory Auditors, the Shareholders' Meeting shall also appoint the Chairman of the Board of Statutory Auditors pursuant to Article 24 of the By-Laws. In particular, the chairmanship of the Board of Statutory Auditors shall remain in the hands of the Statutory Auditor presented by the list that came second in terms of number of votes obtained ("minority list") and the composition of the Board of Statutory Auditors shall comply with the *pro tempore* regulations in force concerning the balance between genders. If only one list is submitted, the Chairman of the Board of Statutory Auditors is drawn from it, provided that it has obtained the approval of a simple majority of votes.

### **Remuneration of Statutory Auditors**

Pursuant to Article 24 of the By-Laws, the ordinary Shareholders' Meeting is also called upon to determine the remuneration of the members of the Board of Statutory Auditors.

As indicated above, it should be noted that the remuneration of the Board of Statutory Auditors expiring on 22 March 2022 was originally set by the ordinary Shareholders' Meeting at Euro 40,500 (*forty thousand five hundred/00*) gross per annum for the Chairman and at Euro 27,000 (*twenty-seven thousand/00*) gross per annum for each of the other Statutory Auditors.

In adherence to Recommendation 29 of the CG Code, and in view of the renewal of the corporate bodies, the Appointment and Remuneration Committee meeting held on 10 March 2025 considered that the remuneration of the Statutory Auditors determined by the Shareholders' Meeting of 22 March 2022 is appropriate to the competence, professionalism and commitment required by the importance of the role held and the company's size and sectoral characteristics.

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In light of what has been illustrated above in relation to item No. 3 on the Agenda, the Board of Directors, pursuant to and in accordance with the provisions of the By-Laws and the applicable laws and regulations, invites Shareholders to submit lists of candidates for the appointment of the members of the Board of Statutory Auditors as well as proposals concerning the determination of the related remuneration and to resolve on the:

- 3.1 Appointment of the Statutory Auditors and Alternate Auditors (three Statutory Auditors and three Alternate Auditors) for the financial years 2025, 2026 and 2027, by voting on any candidate lists submitted;
- 3.2 Appointment of the Chairman of the Board of Statutory Auditors;
- 3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.

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Please note that the documentation required by Art. 154-ter, paragraph 1, of the Consolidated Law on Finance, including the Report on Corporate Governance and Ownership Structure pursuant to Art. 123-bis of the Consolidated Law on Finance, the Report on Remuneration Policy and Compensation Paid, pursuant to Art. 123-ter of the Consolidated Law on Finance, will be made available at the company's registered office, on Industrie De Nora S.p.A.'s website [at www.denora.com](http://www.denora.com) (in the "*Investor Relations*" and "*Governance*" Sections), as well as on the authorised storage mechanism "1INFO" managed by Computershare S.p.A, which can be consulted on the website [www.1info.it](http://www.1info.it), in accordance with the law.

Milan, March 20, 2025

For the Board of Directors

The Chairman of the Board of Directors

Federico De Nora