

## **DIRECTORS' REPORT ON THE ITEMS ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS**

**(29<sup>TH</sup> APRIL 2025 SINGLE CALL)**

### **Report on item 2 on the agenda and related resolutions proposal**

2. Appointment of the Board of Directors:
  - a) determination of the number of the Board of Directors' members;
  - b) determination of the term of office of the Board of Directors;
  - c) appointment of the members of the Board of Directors;
  - d) determination of the remuneration of the members of the Board of Directors;
  - e) exemption of directors from the non-compete obligations pursuant to Article 2390 of the Italian Civil Code; related and consequent resolutions.

Dear Shareholders,

the term of office of the Board of Directors of Your Company – appointed by the Ordinary Shareholders' Meeting held on 29<sup>th</sup> April 2022 expires with the approval of the financial statements as of 31<sup>st</sup> December 2024; it is therefore necessary to appoint the new management body, after having determined the number of its members and its term of office.

While expressing heartfelt thanks and appreciation to the members of the current Board of Directors for their fruitful activity to date in the interest of the Company, please note that the Shareholders' Meeting is called upon to appoint a Board of Directors, in accordance with the terms and conditions of Articles 14 and 15 of the Company by-laws (available on the Company's website [www.recordati.it](http://www.recordati.it), "Governance/Company Bylaws" section) and with the applicable provisions of laws and regulations. Please note that the appointment shall take place according to the slate voting mechanism and directors may be appointed for a period of no longer than three financial years and they may be re-elected.

Please also note that, in accordance with the Company by-laws, the Board of Directors shall be composed of a minimum of 6 members and a maximum of 16 members and the Shareholders shall determine the number. In this regard, it should be noted that the Board of Directors in office at the date of this Report is composed by 12 members.

Directors shall meet the requirements set forth by the applicable provisions of laws and regulations; furthermore, the composition of the Board of Directors must comply with the criteria set out in the provisions regarding the minimum number of independent directors and gender balance.

With particular reference to the independence requirements, it should be noted that the Company adheres to the Corporate Governance Code promoted by the Borsa Italiana Corporate Governance Committee (the "**CG Code**") (with the procedures illustrated in the Corporate Governance and Ownership Structure Report). The Company is, according to the CG Code, a "large company"<sup>1</sup> and considers itself a company with "concentrated ownership"; hence, the recommendation of the CG

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<sup>1</sup> The CG Code defines as "large company", the company whose capitalisation was greater than €1 billion on the last Exchange business day of each of the previous three calendar years.

Code, which recommends that independent directors account for at least one third of the Board<sup>2</sup>, applies. Furthermore, independent directors must declare that they meet both the independence requirements provided for by law (Art. 148, par. 3 of Legislative Decree No. 58/1998, the “TUF”) and recommended by the CG Code. Please note that, in compliance with the recommendations of the CG Code, on October 28, 2021 the Board of Directors of Recordati approved the “*Policy on qualitative and quantitative criteria for the purposes of assessing independence requirements pursuant to recommendation 7, first period, points (c) and (d), in article 2 of the Corporate Governance Code*” (the “**Independence Criteria**”) available on Recordati’s website (<https://recordati.com/board-of-directors>).

Furthermore, the Board, also in compliance with the recommendations of the CG Code, on May 6, 2021 approved, upon proposal of the Remuneration and Nominations Committee, general guidelines regarding the maximum number of management and control offices in other listed companies or significantly-size companies that can be considered compatible with an effective performance of the role of Director of Recordati (the “**Guidelines on the Offices’ Number**”), available on Recordati’s website (<https://recordati.com/board-of-directors>).

With regard to, and in accordance with, the applicable provisions of law on gender balance, at least two-fifths of the Directors must belong to the under-represented gender (rounded up to the next higher unit).

The Shareholders’ Meeting shall also resolve upon the remuneration of the Board of Directors which, in accordance with Article 16 of the Company by-laws, may also be granted in the form of profit sharing.

#### **Procedures, deadline and requirements for the filing of slates**

In accordance with Article 15 of the Company by-laws, the appointment of the Board of Directors shall take place on the basis of slates filed by Shareholders in which the candidates are listed with a progressive number.

By means of Executive Determination of the Head of the Corporate Governance Division No. 123 of 28<sup>th</sup> January 2025, Consob determined that 1% of the share capital is the shareholding required for the filing of slates for the appointment of the Company’s administrative body.

Each shareholder, shareholders party of a shareholders’ agreement relevant pursuant to Article 122 of the TUF, the parent company, the subsidiaries and the companies subject to joint control, cannot individually or jointly file more than one slate or vote for different slates, neither through a third party nor a trust company and each candidate may be included in one slate only, otherwise he/she will be ineligible. Adhesions and votes expressed in breach of this prohibition shall not be attributed to any slate.

The slates, accompanied by the documentation required by the Company By-laws and the applicable legislation and regulations, signed by those submitting them, must be deposited at the registered office of the Company or sent by email from a certified address to the address [recordati@pec.recordati.it](mailto:recordati@pec.recordati.it), at least 25 days prior to the date set for the Shareholders’ Meeting (no later than Friday, 4<sup>th</sup> April 2025 6:00 p.m. if delivered by hand).

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<sup>2</sup> If the number of independent directors amounts to a non-whole number, the latter shall be rounded off arithmetically: rounding shall be to the lower unit, where the decimal number is less than 5, on the other hand, rounding up is carried out to the next higher unit if the decimal place is equal to or greater than 5 (cfr. Q&A n. 5(1) functional to the application of the CG Code).

According to the applicable provisions of law and regulation and considering the corporate governance adopted by the Company, within the above-mentioned deadlines, the following documents must be filed together with each slate:

- a) declaration with which each candidate accepts his/her candidacy and declares, under his/her own responsibility, the non-existence of causes of ineligibility or incompatibility – including the non-existence of the causes of ineligibility set out in Article 2382 of the Italian Civil Code and the non-existence of disqualifications from holding the office of director adopted against him/her in a Member State of the European Union – as well as the existence of any specific requirements required for the respective offices;
- b) a *curriculum vitae* containing detailed information about the personal and professional characteristics of each candidate, indicating whether he/she may be considered independent (and, therefore, whether he/she meets the independence requirements set forth in Article 148, para. 3 of the TUF and in the CG Code, having taken into account the Independence Criteria). Shareholders are invited to submit also the list of management and control offices held by the candidates in other companies in compliance with the above-mentioned Guidelines on the Offices' Number;
- c) the identity of the Shareholders who have filed the slates and the total shareholding percentage.

Slates containing a number of candidates equal to or higher than three must be composed of candidates belonging to both genders, so that to the under-represented gender is reserved a quota of candidates equal to the one set out by the *pro tempore* regulation in force concerning the gender balance in the Board of Directors: at least two-fifths of the Directors (rounded up to the next higher unit) must belong to the under-represented gender.

Moreover, a specific certification issued by a legally authorised intermediary showing the ownership, as at the date the slate is filed with the Company, of the number of shares required for the filing of the slate itself, shall be deposited, even after the filing of the slate, provided that it is filed by the deadline set out by the applicable regulations for the publication of the slates by the Company - i.e. by 8<sup>th</sup> April 2025, 6.00 p.m.

Slates for which the above provisions are not observed are considered as not having been filed.

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### **Guidelines to Shareholders on the quantitative and qualitative composition deemed optimal for the new Board**

It should be noted that, having consulted the Remuneration and Nomination Committee and taking into account the results of the self-assessment foreseen by the CG Code<sup>3</sup> carried out during 2024, the Company's Board of Directors has approved guidelines to Shareholders on the quantitative and qualitative composition deemed optimal for the new Board, published on 28<sup>th</sup> February 2025 and available on the Company's website (at the link: <https://recordati.com/it/investors-shareholder-information-it>), to which reference is made for more details (the '**Guidelines**'). By inviting, therefore, the Shareholders to consider the Guidelines' full content for the purpose of submitting slates, the most significant recommendations are recalled below.

Having taken into account the consolidated rules of corporate governance, according to which the number of members of the Board must be adequate to the size and complexity of the Company's

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<sup>3</sup> Pursuant to principle XIV of CG Code "The board of directors periodically evaluates, through formalised procedures, its effectiveness and the contribution made by individual directors. The implementation of the board evaluation procedures is supervised by the board itself."

organisational structure, and having taken into account the positive dynamics of the functioning of the management body recorded over the last three years, the Board acknowledges that the current size is aligned to the benchmark analysis conducted on international and domestic listed companies resulting in a range from 9 to 13, with an average size of 11 members.

**The Shareholders are therefore invited to make proposals on the number of directors taking into consideration the results of the aforementioned benchmarking analysis.**

**The Board also recommends to Shareholders** - recognizing that the average percentage of non-executive members who meets the independence requirements (pursuant to Article 148, para. 3, of the TUF and to the CG Code, to be evaluated taking into account the Independence Criteria approved by the Board) resulting from the market benchmark is higher than 50% of the total members – **to consider increasing the current number of Independent Directors**, in order to align Recordati to market practices and further increase the Board's ability to effectively constitute the internal Board Committees, strengthening the Company's governance by granting the opportunity to diversify Committees' composition, so as to assure diverse competencies, recognizing the relevance of the industry specific knowledge (ideally with R&D and Business Development pharma specific expertise), improving time commitment among Independent Directors and guaranteeing strong oversight on corporate governance, control systems and risk management, and, if need be, enhance the number of the Committees as required.

In this regard, it should be noted that, also for the purpose of constituting the Board's internal committees and taking into account the provisions of Article 16 of Consob Regulation No. 21624/2020, the number of independent Directors must represent anyway at least one third of the Board of Directors, in accordance with the provisions of the CG Code.

The Board also underlines the presence of at least two-fifths of the Directors belonging to the under-represented gender in accordance with current legislation on gender balance (rounded up to the next higher unit).

With regard to diversity policies pursuant to Article 123-*bis*, para 2, letter d-*bis* of the TUF, **the Board recommends that the new composition keeps adequate diversity in gender, age, professional background and seniority**, in line with applicable legal and regulatory provisions and, as already recommended by the CG Code and in continuity with the past, **adequately represents, in relation to the activities carried out by the Company, the various components** (executive, non-executive, independent) **and the professional and managerial skills and experience necessary for a good corporate governance**, also taking into account the international size of Recordati, aligning with the industrial plan, balancing the pursuit of a proven and sustainable business strategy with best-in-class financial profile and consistent track record of growth at scale and with the Group strategy of being recognized as a unique and diversified global player in Rare Diseases and the European partner of choice in Specialty Pharma.

Therefore, **the Board recommends ensuring adequate continuity in its composition**, to maintain the existing knowledge base of Recordati acquired by the current Directors, **whilst enhancing the Board composition with new skills, competencies and experiences**, which are beneficial to continue supporting the ongoing development of the Company and, in particular, candidates for the role of Director in Recordati should preferably possess one or more of the following distinctive skills and professional characteristics:

- experience in the Pharmaceutical business acquired in the different specific areas of interest in which Recordati operates, including Rare Diseases and Research & Development, with a strong accent on Development; this experience to be ideally acquired on an international scale, preferably with a specific focus and experience in the U.S. market;

- managerial experience at senior level (i.e., C – suite roles), preferably gained in international companies characterized by size and complexity similar to Recordati;
- proven and diversified skills in finance, control, risk management, legal and regulatory issues with specific experience in extraordinary operations, M&A, and investments related to business development opportunities through external lines;
- extensive governance experience in Italian listed companies, acquired through many years of service as a member of corporate boards in publicly traded companies, ideally operating in consumer and/or industrial sectors, enabling the enhancement of Recordati's Board with specific Italian corporate governance competencies.

The Board also considers necessary for each candidate to comply with the Guidelines on the Offices' Number in order to ensure adequate time availability for the diligent performance of the office.

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### **Exemption to the non-competition clause in Article 2390 of the Italian Civil Code**

Finally, taking into account the opportunity to appoint to the Board also directors having experience and qualified skills in the pharmaceutical market, **the Board proposes to the Shareholders' Meeting to evaluate authorising exemptions to the non-competition clause in Article 2390 of the Italian Civil Code in favour of directors:**

- with reference to the offices held by them in other companies and disclosed at the date of the Shareholders' Meeting;
- for subsequent offices, in the event of actual profiles of potential incompatibility, delegating the Board of Directors to certify their compatibility with the office held in the Company

in order to allow persons holding management positions in other companies operating in the same sector as Recordati to contribute their experience and expertise to the Board of Directors.

In this regard, the Board confirms that it will in any case take care to assess the content of any potentially problematic cases that may arise in the future with reference to such offices.

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### **Remuneration profiles for the role of Director**

With regard to directors' remuneration, in view of the renewal and at the outcome of a benchmark analysis with the peer group identified for this purpose and more extensively illustrated in the Remuneration Report available on the Company's website, it emerged that the current remuneration for the role of director was less competitive than the aforementioned peer group.

Indeed, please note that, with regard to the Board of Directors in office at the date of this Report, the Shareholders' Meeting held on 29<sup>th</sup> April 2022 (when appointing the Board) resolved to grant to each Director, with the exception of Giampiero Mazza, Cathrin Petty and Giorgio De Palma who had declared themselves not intended to receive any remuneration, a gross annual remuneration of Euro 60,000, without prejudice to additional remuneration granted by the Board of Directors, having consulted the Board of Statutory Auditors, for Directors holding particular offices (including those participating in committees set up within the Board of Directors) pursuant to Article 2389, para. 3, of the Italian Civil Code.

In light of the aforementioned benchmark and following the preliminary assessment carried out by the Remuneration and Nominations Committee, **the Board therefore proposes to the Shareholders to grant each director a gross annual remuneration of EUR 65,000.**

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With reference to the above, the Shareholders submitting:

- their own slates of candidates for the appointment of the Board of Directors, are invited to ensure that such slates are accompanied by all the information necessary to enable shareholders to cast their votes in an informed manner, including an indication of whether the candidates qualify as independent;
- a slate containing a number of candidates higher than half of the members to be appointed, are invited to formulate - and send to the certified e-mail address [recordati@pec.recordati.it](mailto:recordati@pec.recordati.it) - the proposals related to the appointment process of the Board of Directors (determination of the number of members, as well as the term of office of the Board of Directors, as well as of the remuneration), **sufficiently in advance so that such proposals can be published by the Company;**
- a minority slates, to take into account the recommendations contained in Consob Communication DEM/9017893 of 26<sup>th</sup> February, 2009 and therefore to file, together with the slate, a declaration stating that there are no connections between minority shareholders and shareholders holding a controlling interest, as provided for in Article 144-*quinquies* of Consob Regulation no. 11971/1999.

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In consideration of the foregoing, the Shareholders' Meeting is invited to:

- a) determine the number of members of the Board of Directors;
- b) determine the term of the office of the Board of Directors;
- c) appoint a new Board of Directors, with account taken of the proposal submitted by shareholders;
- d) determine the remuneration due to Directors, without prejudice to any additional remuneration granted by the Board of Directors, after consulting the Board of Statutory Auditors, for Directors holding particular offices (including those participating in committees set up within the Board of Directors) pursuant to Article 2389, paragraph 3, of the Italian Civil Code;
- e) approve the exemption of the Directors from the non-compete obligations pursuant to Article 2390 of the Italian Civil Code with reference to the offices held by them in other companies and disclosed as at the date of the Shareholders' Meeting, and, for subsequent ones, in the event of actual profiles of potential incompatibility, with delegation to the Board of Directors to certify their compatibility with the office held at the Company.

The Company will make available to the public, at Recordati's registered office, on Recordati's website ([www.recordati.it](http://www.recordati.it)) and at the authorized storage mechanism 1Info ([www.1Info.it](http://www.1Info.it)) at least twenty-one days prior to the Shareholders' Meeting (by 8<sup>th</sup> April 2025), the slates of candidates filed by Shareholders together with the relevant documentation.

Milan, 18<sup>th</sup> March 2025

For the Board of Directors

The Chief Executive Officer  
Robert Koremans