



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE SIXTH ITEM ON THE
AGENDA OF THE SHAREHOLDERS' MEETING OF NEODECORTECH S.P.A., ORDINARY
SESSION, CONVENED ON 27 APRIL 2023 IN SINGLE CALL**

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**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF NEODECORTECH S.P.A. ON THE
PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING**

Shareholders,

you have been convened on 27 April 2023 for the Shareholders' Meeting ("**Meeting**") of Neodecortech S.p.A. ("**Neodecortech**" or the "**Company**") to resolve, *inter alia*, in ordinary session, on the following item on the agenda.

6. Changes in the fees to the members of the Board of Directors. Relevant and ensuing resolutions.

This Report - prepared pursuant to Article 125-*ter*, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (the "**TUF**") and Article 84-*ter* of the Regulation adopted by CONSOB Resolution no. 11971 of 14 May 1999 (the "**Issuer Regulation**"), as amended and supplemented, and in accordance with Annex 3A to the Issuer Regulation (the "**Report**") - sets forth the proposals that the Board of Directors of Neodecortech intends to submit to your approval on the above item on the agenda of the Shareholders' Meeting.

At its meeting on 15 March 2023, the Board of Directors of the Company approved this Report, which was made publicly available within the time limits and in the manner envisaged by law and regulations, at the Company's registered office in Via Provinciale 2, Filago (BG), on the website (www.neodecortech.it, *Investors – Assemblee azionisti* section) and on the authorized storage mechanism "*1info*" at www.1info.it.

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With regard to item 6 on the agenda of the Shareholders' Meeting, ordinary session, the Board of Directors intends to submit for your review and approval, pursuant to the law and the bylaws, the proposal to amend, as more fully explained below in this Report, for 2023 and 2024, (i) the system for determining the remuneration of the members of the Board of Directors, as well as, and to the effect, (ii) the total amount determined, on the renewal of the governing body, by the Shareholders' Meeting on 27 April 2022 (the "**2022 Shareholders' Meeting**").

Specifically, the 2022 Shareholders' Meeting had determined the above amount, pursuant to Article 28 of the Bylaws of Neodecortech and the applicable provisions of law in force, at € 600,000.00 (six hundred thousand/00), in addition to the reimbursement of expense incurred in the year and due to their functions, for the remuneration of all directors, therein including the amount of the entire remuneration package to be paid to directors (i) holding strategic responsibilities, in accordance with the provisions of Article 2389, paragraph three, of the Italian Civil Code and/or (ii) who are also members of the Board committees established by Neodecortech.

Following the decision of the 2022 Shareholders' Meeting, the Board of Directors had then distributed among the newly-appointed directors of the Company the total amount determined by the latter, upon proposal of the Remuneration and Appointments Committee and after hearing the opinion of the Board of Statutory Auditors, establishing in particular:

- (i) in € 25,000 the fee for each board member by reason of office;
- (ii) in € 70,000 the additional fee for the Chairman of the Board of Directors;
- (iii) in € 50,000 the additional fixed fee to the Chief Executive Officer, Luigi Cognigni, for the

powers delegated to him, without prejudice to the variable compensation provided for in the short-term incentive plan and the long-term incentive plan already in place;

- (iv) in € 50,000 the additional fixed fee to the Executive Director, Massimo Giorgilli, for the powers delegated to him, without prejudice to the variable compensation provided for in the short term incentive plan and the long term incentive plan already in place.

For information regarding the variable component of remuneration paid in 2022 to the Chief Executive Officer and the Executive Director, reference is made to the report on the remuneration policy for 2023 and compensation paid in 2022 of Neodecortech, to be prepared pursuant to Article 123-ter of the TUF and Article 84-quater of the Issuer Regulation (the "**Remuneration Report**"), made publicly available within the time limits and in the manner prescribed by law and regulations and on which the Shareholders' Meeting is called upon to express its opinion (see item 4 on the agenda).

That being said, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, proposes the Shareholders to amend the resolution passed by the Shareholders' Meeting on 27 April 2022, effective as of 2023, as follows:

- (i) to re-determine in € 300,000.00 (three hundred thousand/00) (in addition to the reimbursement of expense incurred in the performance of and on account of their duties) the total amount of fees to be paid to the members of the Board of Directors for the office of director alone, also providing that the Board of Directors shall apportion the above amount among its members, thus determining the fixed fee to the Chairman of the Board of Directors and the directors;
- (ii) to establish that, pursuant to Article 2389, third paragraph, of the Italian Civil Code and Article 28.2 of the Bylaws, the fee to grant to the directors holding strategic responsibilities shall be determined, in its fixed and variable components, by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with the remuneration policies adopted by the Company and set forth in the Remuneration Report;
- (iii) to establish that, pursuant to Article 28.2 of the Bylaws, the fee to grant to directors for their respective participation in Board committees shall be determined by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with the remuneration policies adopted by the Company and set forth in the Remuneration Report and subject to the favourable opinion of the Board of Statutory Auditors;

Specifically, the Board of Directors notes that the above proposal is expressed in accordance with the aforementioned provisions of the Bylaws in force and, specifically, Article 28 of the Bylaws of Neodecortech, as well as Article 2389, third paragraph, of the Italian Civil Code, which provides that the remuneration package to grant to the directors holding strategic responsibilities (including, therefore, the amount of the variable component to be paid upon achievement of the performance targets envisaged in the incentive plans adopted by the Company) may be established directly by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

For the sake of clarity, it should be noted that, as stated above:

- (i) adequate disclosure of the proposal therein is made in the Remuneration Report; and

- (ii) the amount of the variable component to grant to directors holding strategic responsibilities upon achievement of the performance targets envisaged in the short- and medium/long-term incentive plans adopted by the Company shall, in any case, be determined in accordance with the remuneration policy contained in Section One of the above Remuneration Report.

The Board of Directors also points out to Shareholders that the above proposal would enable the Company, also in view of the Recommendations of the Corporate Governance Code promoted by the Corporate Governance Committee established by Borsa Italiana S.p.A., to which Neodecortech adheres, to:

- (i) adjust, where necessary and within the limits established by the Shareholders' Meeting, the fixed fee due to directors, including by reason of their participation in Board committees, for the commitment and work required in the performance of the relevant duties;
- (ii) ensure that the Board of Directors has greater flexibility in determining the remuneration to be awarded to directors holding strategic responsibilities, in order to take account of the needs of the Company that may arise from time to time, as well as any changes in the market benchmark with regard to issuers by size and industry comparable to Neodecortech.

Shareholders,

in connection with the above, the Board of Directors of the Company proposes the Ordinary Shareholders' Meeting to pass the following resolution:

PROPOSED RESOLUTION

"The Shareholders' Meeting of Neodecortech S.p.A., having reviewed the Explanatory Report of the Board of Directors,

resolves

- 1. to revoke the resolution for the part that has not been executed yet and therefore effective as of 1 January 2023, passed by the Shareholders' Meeting held on 27 April 2022, which determined the total fee to be paid to the members of the Board of Directors, including the fee for strategic responsibilities pursuant to Article 2389, third paragraph, of the Italian Civil Code in € 600,000.00 (six hundred thousand/00), plus reimbursement of expense incurred in the year and due to their functions;*
- 2. to determine in € 300,000.00 (three hundred thousand/00) (in addition to the reimbursement of expense incurred in the performance of and on account of their duties) the total amount of fees to be paid to the members of the Board of Directors for the office of director alone, it being understood that the Board of Directors shall apportion the above amount among its members, thus determining the fixed fee to the Chairman of the Board of Directors and the directors;*
- 3. to establish that, pursuant to Article 2389, third paragraph, of the Italian Civil Code and Article 28.2 of the Bylaws, the fee to grant to the directors holding strategic responsibilities shall be determined, in its fixed and variable components, by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with the remuneration policies adopted by the Company and set forth in the Remuneration Report;*
- 4. to establish that, pursuant to Article 28.2 of the Bylaws, the fee to grant to directors for their respective participation in Board committees shall be determined by the Board of Directors, upon the proposal of the*

Remuneration and Appointments Committee, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with the remuneration policies adopted by the Company and set forth in the Remuneration Report and subject to the favourable opinion of the Board of Statutory Auditors;

5. *to grant the Board of Directors all necessary and appropriate powers to execute the above resolution.*

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Filago, 17 March 2023

For the Board of Directors

The Chairman

Luca Peli