



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE EIGHTH ITEM ON THE
AGENDA OF THE SHAREHOLDERS' MEETING OF NEODECORTECH S.P.A., CONVENED ON 29
APRIL 2025 IN SINGLE CALL**

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 29 April 2025 for the Shareholders' Meeting ("**Meeting**") of Neodecortech S.p.A. ("**Neodecortech**" or the "**Company**") to resolve, *inter alia*, on the following item on the agenda:

8. Awarding of the assignment to certify the compliance of consolidated sustainability reporting pursuant to Legislative Decree No. 125 of September 6, 2024, for years 2025-2027. 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 eighth item on the agenda of the Shareholders' Meeting.

At its meeting on 19 March 2025, the Board of Directors of the Company approved this Report, which will be 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 8 on the agenda of the Meeting, the Board of Directors submits for your consideration and approval, in accordance with the law, the awarding of the assignment to certify the compliance of the audit of the consolidated sustainability reporting prepared in accordance with Legislative Decree 125/2024 ("**Decree 125**"), through which the Directive (EU) 2022/2464 (so-called Corporate Sustainability Reporting Directive, CSRD) has been transposed into Italian law. This directive, *inter alia*, introduces certain provisions reinforcing and supplementing the provisions contained in the NFRD (so-called Non-Financial Reporting Directive), including, for what is more relevant here:

- (i) the requirement to devote a section of the Directors' Report on Operations of the financial statements, individual and/or consolidated, as appropriate, to the new "sustainability reporting";
- (ii) the establishment of a common European and mandatory sustainability reporting standard (ESRS) that requires certain minimum information; and
- (iii) the requirement that sustainability reporting be subject to limited assurance for the purpose of obtaining a certification of compliance from an auditor or Independent Auditors licensed under Legislative Decree 39/2010.

Since the Company, despite being a public interest entity pursuant to Article 16, Paragraph 1, of Legislative Decree 39/2010, as well as the parent company of a large group, on a consolidated basis, does not exceed the criterion of the average number of 500 employees employed during the year required by Article 17, paragraph 1, letter a) of Decree 125, it will be required to prepare consolidated sustainability reporting (accompanied by the necessary certifications, including that of the auditor of sustainability reporting) as of 2026, in relation to the year ending 31 December 2025.

Article 13 of Legislative Decree No. 39/2010, as amended and supplemented by Decree 125, stipulates in the new paragraph 2-ter that the Shareholders' Meeting "*upon the reasoned proposal of the supervisory body, shall award the assignment of the sustainability reporting compliance certification and determine the fee payable to the auditor or the Independent Auditors for the entire term of the assignment (2025-2027) and any criteria for adjusting this fee during the term of the assignment. The term of the assignment shall be three years, expiring on the date of the shareholders' meeting called to approve the financial statements for the third year of the assignment. [...]*".

On 26 February 2025, the European Commission presented the "Simplification Omnibus" package, by which, *inter alia*, a change in the scope of the CSRD is proposed (the "**Proposal**"). Should the Proposal be accepted by the European law-maker, the Company may not be required to provide sustainability reporting in 2026, in relation to the year ending 31 December 2025, and, therefore, the assignment to audit the consolidated sustainability reporting for 2025 (the "**Assignment**") would not yet be necessary.

In light of the above, the Company has therefore requested BDO Italia S.p.A., the company in charge of the statutory audit of Neodecortech, to submit a proposal having as its subject the three-year assignment to issue the limited certification report on the compliance of the Company's consolidated sustainability reporting for the years 2025-2027.

The Board of Statutory Auditors, in its role as the Internal Control and Audit Committee pursuant to Legislative Decree No. 39/2010, having evaluated the proposal received, has submitted its reasoned proposal (attached hereto as Annex 1) regarding the awarding of the assignment to BDO Italia S.p.A. to issue the limited certification report on the compliance of the Company's consolidated sustainability reporting for the years 2025, 2026, and 2027, subject to the occurrence of the circumstance that Neodecortech is actually required to provide the sustainability reporting in the year 2026, with respect to the year ended 31 December 2025.

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Shareholders,

in connection with the above, the Board of Directors of the Company proposes that the Ordinary Shareholders' Meeting pass the following resolutions

PROPOSED RESOLUTION ON ITEM 8 ON THE AGENDA

"The Shareholders' Meeting of Neodecortech S.p.A.,

- *having regard to the Board of Directors' Report;*
- *having acknowledged the reasoned proposal of the Board of Statutory Auditors pursuant to Article 13, paragraph 2-ter, of Legislative Decree No. 39/2010, as amended and supplemented, regarding the assignment of the limited certification of compliance of the consolidated sustainability reporting of Neodecortech S.p.A. for the years 2025-2027;*
- *having regard to the "Simplification Omnibus" package presented by the European Commission*

resolves

1. *to award the assignment to certify the compliance of the consolidated sustainability reporting of Neodecortech S.p.A. for the years 2025-2027, pursuant to Articles 13, paragraph 2-ter, and 14-bis of the Decree, to the Independent Auditors BDO Italia S.p.A., for a fee of € 41,000 for each year, as determined on the basis of current hourly rates and subject to possible adjustment, subject to the occurrence of the circumstance that Neodecortech S.p.A. is actually required to provide sustainability reporting in 2026, with respect to the year ended 31 December 2025;*

2. *to grant the Board of Directors, and on its behalf the Chairman pro tempore and the Chief Executive Officer pro tempore, severally, all the broadest powers, none excluded or excepted, to make the above resolution executive in accordance with the law, as well as to carry out the relevant and necessary obligations with the relevant bodies and/or offices, with the power to introduce therein any non-substantial amendments that may be required for the purpose, and in general whatever is necessary for their complete execution, with any and all powers necessary and appropriate, in compliance with current regulatory provisions”*

* * *

Filago, 19 March 2025

For the Board of Directors

The Vice Chairman

signed Gianluca Valentini

**REASONED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS ON THE
SUSTAINABILITY ASSIGNMENT TO THE AUDITOR PURSUANT TO ARTICLE 13, PARAGRAPH
2-TER, LEGISLATIVE DECREE.**

NO. 39/2010

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To the Shareholders of Neodecortech S.p.A

The Board of Statutory Auditors of Neodecortech S.p.A (hereinafter the "**Issuer**" or the "**Company**")

WHEREAS

- article 13, paragraph 2-ter, of Legislative Decree No. 39/2010 stipulates that *"the shareholders' meeting of the companies referred to in Articles 3 and 4 of the legislative decree adopted in implementation of Article 13 of Law No. 15 of 21 February 2024, shall, upon the reasoned proposal of the supervisory body, grant the assignment of the sustainability reporting compliance certification and determine the fee payable to the sustainability auditor or the Independent Auditors for the entire duration of the assignment and any criteria for adjusting this fee during the assignment"*;
- article 14-bis, paragraph 1, of Legislative Decree No. 39/2010 stipulates that *"The sustainability auditor or the Independent Auditors, authorized under this decree, specifically appointed for this purpose, shall express in an appropriate certification report its conclusions about the compliance of sustainability reporting with the rules of the legislative decree adopted in implementation of Article 13 of Law No. 2024 of 21 February, No. 15, which regulate its drafting criteria, compliance with the sustainability reporting marking obligation set forth in Articles 3, paragraph 10, and 4, paragraph 9, of the aforementioned decree, as well as compliance with the disclosure requirements set forth in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020"*;

GIVEN THAT

- through the Company administration, on 6 March 2025, the Board of Statutory Auditors received only the offer issued by BDO Italia S.p.A. on 28 January, 2025, concerning "the assignment for the limited assurance of the Consolidated Sustainability Reporting aimed at the certification pursuant to Article 8 of Legislative Decree No. 125 of 6 September 2024, for the years 31 December 2025 - 31 December 2027";
- BDO Italia S.p.A. is listed in the register referred to in Article 7 of Legislative Decree No. 39/2010;
- BDO Italia S.p.A. is also the company in charge of the statutory audit of the financial statements of the Neodecortech Group;
- the proposal explicitly references the establishment of independence requirements in accordance with the principles of ethics and independence contained in the Code of Ethics for Professional Accountants (IESBA Code) and the statement of application of the International Standard on Quality Management 1 (ISCQM Italy 1);
- the activity involves performing an assignment aimed, based on the procedures carried out, at expressing a conclusion about the compliance of Neodecortech's consolidated sustainability reporting with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also ESRS) and the information contained in the paragraph on consolidated sustainability reporting in Article 8 of the Taxonomy Regulations;

- in conducting the limited assurance engagement of the Consolidated Sustainability Reporting of Neodecortech S.p.A,
- the procedures that are planned on the Consolidated Sustainability Reporting, based on their professional judgment, will include interviews, mainly with Neodecortech staff responsible for preparing the information presented in the Consolidated Sustainability Report, as well as document analysis, recalculations and other procedures aimed at acquiring evidence deemed useful. Specifically, by way of example, the following procedures will be carried out:
 - understanding the process of assessing the relevance of the information included in the Sustainability Report by analyzing the approach taken by the company regarding the identification and assessment of material impacts, risks, and opportunities related to sustainability matters, and verifying the relevant disclosures reported in the Sustainability Report;
 - understanding the processes underlying the generation, collection, and management of meaningful qualitative and quantitative information included in Sustainability Reporting;
 - interviews conducted with Neodecortech management and company personnel, along with documentation obtained about the processes and procedures that support the collection, aggregation, processing, and transmission of qualitative and quantitative data to the function responsible for preparing Sustainability Reporting;
 - for significant information, based on an understanding of the Company's activities and characteristics:
 - with regard to the qualitative information contained in the Sustainability Reporting, interviews and collection of supporting documentation, on a sample basis, conducted to assess consistency with available evidence;
 - with regard to quantitative information, planning of limited review procedures, on a sample basis, focused on the aggregation of data and the criteria and calculation methodologies used;
- the offer in question refers to the *Certification Principle, developed by the contracted entities in conjunction with the MEF and CONSOB, together with the International Standard on Assurance Engagements (ISAE) 3000 Revised*, for the purpose of consolidated sustainability reporting, in the form of limited assurance;
- the fees resulting from the offer in question, for each year included in the assignment, in addition to: (i) expenses incurred in the performance of work, such as travel, meals, overnight stays, and incidental expenses related to technology (databases, software, etc.) and secretarial and communication services, charged at a flat rate of 5% of the fees; (ii) VAT; (iii) the supervisory contribution to CONSOB, in implementation of Article 40 of Law No. 724/1994 as subsequently amended and supplemented; (iv) the ISTAT base month adjustment for March 2025, as of the limited assurance of the consolidated sustainability reporting for 2026, against the amount of hours estimated by BDO Italia S.p.A., are as follows:

Activities	Estimated hours	Consideration (Euro)
Limited assurance of the Sustainability Reporting of Neodecortech S.p.A	550	41,000
TOTAL HOURS AND FEES	550	41,000

- the offer submitted by BDO Italia S.p.A. contains, with regard to the estimated hours, the following clarification: *"The number of hours and, therefore, the fees previously indicated refer to the current situation and are subject to possible variations.*

In particular, should circumstances arise that would result in an increase in time compared to what is estimated in this assignment letter, such as, but not limited to, changes in the structure and size of the Company, changes in the controls established within the internal control system and/or in the process of preparing the sustainability reporting, the non-delivery or delayed delivery of necessary documentation, unavailability of the persons from whom we deem it necessary to acquire evidence, changes in regulations, reporting principles and/or certification principles, new professional guidelines, involvement of the audit teams of the Group's subsidiaries for the completion of audit activities related to the contributions to the consolidated sustainability reporting, they will be discussed with the Company's management to submit a written supplement to the same. Equally, should less time be taken than expected, the fees will be reduced proportionally. You will be responsible for forwarding this supplement to the appropriate governance body.

The aforementioned circumstances will be promptly and mutually disclosed between the parties in order to define the change in fees.

It is understood that any other activities that we may be called upon to carry out, in light of changes in the relevant regulatory framework or further fulfillments provided for by specific regulations, are not included in this letter of assignment and will be the subject of autonomous proposals from time to time to supplement this assignment";

- the distribution of estimated hours among the members of the team that would carry out the activities in the offer is indicated by BDO Italia S.p.A. as follows

Professional category	N°	No. Hours	Mix % hours	Hourly rate	Amount
Partner	2	30	5%	220	6,600
Manager	2	110	20%	140	15,400
Senior	1	135	25%	110	14,850
Assistant	1	275	50%	70	19,250
Total		550	100%		56,100
					-15,100
				Total	41,000

- based on the information acquired, there are no elements that could compromise the independence of BDO Italia S.p.A. nor the existence of causes of incompatibility among its representatives;
- the object of the assignment, as defined in the offer in question, appears to be consistent with the regulations of Legislative Decree No. 39/2010.

This being said, considered, and taken into account, the Board of Statutory Auditors, as a result of the assessment carried out both qualitatively and quantitatively, concerning the professional profiles, the plan of activities related to the certification of sustainability reporting, the corporate/sectoral skills, the organizational structure, the reputation in the market, and the fees, for the purpose of formulating its opinion for the award of the assignment of certifying the compliance of sustainability reporting for financial years 31 December 2025 - 31 December 2027

PROPOSES

to the Shareholders' Meeting of Neodecortech S.p.A., subject to acceptance of the fees for the entire duration of the assignment together with the criteria for their adjustment during the term, that the assignment of certifying the compliance of sustainability reporting for the financial years 31 December 2025 - 31 December 2027, be entrusted to BDO Italia S.p.A. in accordance with the offer made by it.

Filago, 7 March 2025

For the Board of Statutory Auditors

The Chair



(Edda Delon)