



## 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. 5 on the Agenda

**5. Authorization to purchase and dispose of treasury shares pursuant to and for the purposes of Articles 2357, 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree No. 58 of February 24, 1998, and Article 144-bis of Consob Regulation adopted by Resolution No. 11971 of May 14, 1999. Related and consequent resolutions.**

Dear Shareholders,

the Board of Directors has called the Ordinary Shareholders' Meeting also to examine and approve the proposed authorization to purchase and dispose of ordinary shares of the Company, pursuant to the provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Art. 132 of Legislative Decree No. 58 of February 24, 1998, as subsequently amended (the "**TUF**") and Article 144-bis of Consob Regulation adopted by Resolution No. 11971 of May 14, 1999, as subsequently amended (the "**Issuers' Regulation**"), without prejudice to the application of Regulation (EU) No. 596 of April 16, 2014 on market abuse (the "**MAR**"), Delegated Regulation (EU) No. 1052 of March 8, 2016, on the conditions applicable to share buy-backs and stabilization measures (the "**Delegated Regulation**"), as well as the market practices authorised from time to time, including, but not limited to, the permitted practices set forth in Resolution No. 16839 of March 19, 2009 of National Commission for Companies and the Stock Exchange ("**Consob**") (the "**Permitted Practices**").

We propose to authorize the Board of Directors to purchase and dispose of the Company's treasury shares under the terms set forth in this Report, prepared pursuant to and in accordance with Article 125-ter of the TUF, Article 73 and Annex 3A, Schedule No. 4, of the Issuers' Regulations.

#### **1. Reasons for which authorisation is requested for the purchase and disposal of treasury shares.**

The purpose of the request for authorization to purchase and dispose of treasury shares, which is the subject of this proposal, is to enable the Company, subject to finding adequate financial coverage, and without prejudice with future programs, investments and existing contractual covenants, to purchase and dispose of ordinary shares, in compliance with Articles 2357 et seq. of the Italian Civil Code, Article 132 of the TUF and the applicable provisions of the Issuers' Regulations, the MAR, the Delegated Regulation, as well as in accordance with market practices from time to time allowed.

In fact, the Board of Directors believes that the proposed purchase and disposition of treasury shares can be functional to be able to pursue various purposes, which include:

- (i) to implement the remuneration policies adopted by the Company and specifically to perform certain obligations arising from the compensation plans based on financial instruments pursuant to Article 114-bis of the TUF already adopted by the Company and any other plans that may be approved in the future, including any programs for the free assignment of shares to Shareholders;
- (ii) to carry out activities to enhance liquidity and manage the volatility of the stock market price of the Company's shares and, in particular, to intervene in the context of contingent market situations, easing trading of the shares in times of short liquidity in the market and support the regular course of trading, in any case, within the limits provided by the laws and regulations in force, as well as, to the extent applicable, in accordance with the market practice allowed under Article 180, paragraph 1, letter c), of the TUF on the activities to supporting market liquidity;

- (iii) in the context of actions related to future industrial and financial projects, consistent with the strategic targets that the Company intends to pursue, also through exchange, trade-in, contribution, assignment or other act of disposition of treasury shares for the acquisition of shareholdings or share packages, for industrial projects or other extraordinary transactions involving the assignment or disposition of treasury shares (such as, for example, mergers, spin-offs, issuances of convertible bond, liquidation of shares on the market for operations to optimize the financial structure); and
- (iv) to increase shareholder value, also through improvement of the Company's financial structure and through possible subsequent cancellation of treasury shares without reduction of share capital, subject to the compliance with mandatory administrative requirements.

We note that the authorization request also includes the power for the Board of Directors to carry out recurring and consecutive purchases and sale transactions (or other acts of disposition) of treasury shares, also on a revolving basis, even for fractions of the maximum authorized quantity, so that, at all times, the quantity of shares subject to the proposed purchase and owned by Company (and, if applicable, by its subsidiaries), does not exceed the limits envisaged by the law and by the authorization of the Shareholders' Meeting and, in any case, such purchase is carried out in accordance with the applicable provisions of the TUF, Issuers' Regulations, the MAR, the Delegated Regulations as well as the Admitted Practices, and additional market practices from time to time admitted.

## **2. Maximum number, categories and par value of shares to which the authorization refers.**

Pursuant to Article 2357, paragraph 3, of the Italian Civil Code, we request your authorization for the purchase, also in several tranches, of IDN ordinary shares with no indication of par value, up to a maximum number that, taking into account the IDN ordinary shares held from time to time in the portfolio by the Company and its subsidiaries, is not in the aggregate more than 3% of the share capital and, therefore, within the limits of Article 2357, paragraph 3, of the Italian Civil Code. In any case, without prejudice to Article 3 of the Delegated Regulation, the company may not purchase on a single trading day a volume exceeding 15% of the average daily volume of shares on the trading venue where the purchase is made. Further operating procedures will be defined as part of the disclosure requirements for any share buy-back program announced to the market.

As of the date of this report, the Company's share capital amounts to 18,268,203.90 euros, fully paid-up, and was divided into 201,685,174 shares, with no indication of par value, of which 43,899,499 ordinary shares were listed on Euronext Milan and 157,785,675 special shares with multiple voting rights, not listed.

As of the date of this report, IDN's subsidiaries do not hold IDN shares.

## **3. Information relevant for a complete assessment of compliance with the provision of Art. 2357, paragraph 1, of the Italian Civil Code.**

In compliance with Art. 2357, paragraph 1, of the Italian Civil Code, purchases of treasury shares must in any case take place within the limits of the distributable profits and the unrestricted reserves, as resulting from the last financial statements approved at the time of each operation. Only fully paid-up shares may be purchased.

Prior to the execution of each transaction involving the purchase of ordinary shares that is conducted for the purposes set forth in paragraph 1 above, the Board of Directors and, on its behalf, the Chief Executive Officer, shall verify that the limits set forth in Article 2357 of the Italian Civil Code are complied with. In order to enable the checks on subsidiaries, specific directives will be issued to them to promptly notify the Company of any purchase of ordinary shares of the parent company made pursuant to Article 2359-bis of the Italian Civil Code.

The provisions of the law and the accounting standards applicable over time must be observed for the purposes of accounting entries to be made on the purchase of shares, their sale, exchange, contribution or depreciation. In the event of sale, exchange, contribution or devaluation, the corresponding amount may be reused for further purchases, until the expiry of the term of the authorisation decided by the Shareholders' Meeting, within the conditions, quantity and expense limits set by the same Shareholders' Meeting.

#### **4. Term for which the authorisation is requested.**

The Board of Directors proposes to set the term of the authorization for the purchase of treasury shares at the maximum term permitted by law, currently set by Article 2357, paragraph 2, of the Italian Civil Code as a period of eighteen months, from the date of the resolution approving this proposal by the Shareholders' Meeting.

During this period, share purchases may be made on one or more occasions and at any time, as determined by the Board of Directors, and in any case in an amount and time span of their choice, in compliance with applicable regulations, with such gradualness as it deems appropriate in the interests of the Company.

The Board of Directors proposes to be authorized to sell, dispose of and/or use, pursuant to Art. 2357-ter of the Italian Civil Code, for any reason and at any time, in whole or in part, on one or more occasions, the treasury shares in its portfolio and those acquired in implementation of the authorization that may have been granted by the Shareholders' Meeting, for the purposes indicated in paragraph 1 above, in accordance with the terms and conditions determined from time to time by the Board of Directors, having regard to the methods of implementation actually in use, the price trend of IDN shares and the best interests of the Company, it being understood that the proceeds of any act of disposition of treasury shares may be used for further purchases of shares, until the expiration of the requested authorization of the Shareholders' Meeting, within the limits provided for therein and by the regulations in force.

Authorisation for the disposal and/or use of treasury shares held in portfolio or that may be purchased is instead requested without time limits, due to the absence of time limits pursuant to current regulations and the opportunity to allow the Board of Directors maximum flexibility, also in terms of timing, to carry out the acts of disposal of the shares.

#### **5. Minimum and maximum price of treasury shares to be purchased.**

In case of purchase of shares of the Company, the purchase price of the shares will be identified, from time to time, having regard to the method chosen to carry out the transaction and in compliance with any regulatory requirements or accepted market practices, but, in any case, it shall not be lower than the official stock market price of IDN stock on the day preceding the day on which the purchase transaction will be carried out, decreased by 10%, and not higher than the official stock market price on the day preceding the day on which the purchase transaction will be carried out, increased by 10%, and, in each case, subject to the terms and conditions established by the MAR and the Admitted Practices, where applicable.

If the Company proposes to support the liquidity of its shares in accordance with the criteria established by the market practice authorized pursuant to Article 180, paragraph 1, letter c), of the TUF inherent to the activity of supporting market liquidity, as admitted by Consob Resolution No. 21318 of April 7, 2020, the purchase price will be established in accordance with the aforementioned permitted market practice, as it may be amended or replaced during the term of the proposed authorization.

This is without prejudice, in any case, to compliance with the limits that may be provided for by the reference regulations, including those of European rank, in force from time to time and by the Admitted Practices.

#### **6. Methods through which purchases and disposals will be made.**

Treasury share purchase transactions will be carried out on regulated markets as permitted by the applicable law and regulations, including the EU regulatory framework, as in force from time to time and, therefore, *inter alia*, by the applicable provisions of the Issuers' Regulations, the MAR Regulations, the Delegated Regulation, as well as market practices from time to time permitted, and in any case in accordance with the operating procedures established in the regulations for the organization and management of the markets themselves. Treasury share purchase transactions may be carried out through one or more brokers of primary *standing* appointed by the Company.

Pursuant to Article 132, paragraph 3, of the TUF, the aforementioned operating procedures will not apply with reference to purchases of treasury shares held by employees of the Company or its subsidiaries and assigned or subscribed to in accordance with Articles 2349 and 2441, paragraph 8, of the Italian Civil Code or resulting from compensation plans based on financial instruments approved pursuant to Article 114-bis of the TUF.

With reference to transactions involving the disposition of treasury shares, the Board of Directors proposes that they be carried out in any manner deemed proper for achieving the Company's interest, in compliance with the legal and regulatory provisions in force from time to time and with the purposes set forth in this proposed resolution, including sales on regulated markets, block sales and by way of exchange, securities lending or free assignment, in all cases in accordance with the laws pro tempore in force and recognized market practices.

## **7. . Information on the instrumental nature of the purchase to a reduction of capital.**

The purchase of treasury shares under by this request for authorization is not instrumental to the reduction of the share capital through cancellation of the treasury shares purchased, without prejudice, however, should a reduction of the share capital be approved by the Shareholders' Meeting in the future, to the Company's right to execute it also through cancellation of the treasury shares held in the portfolio.

\*\_\*\_\*

We therefore submit the following proposed resolutions for your approval.

### **Proposed resolution on the item No. 5 on the Agenda:**

*"The ordinary Shareholders' Meeting of Industrie De Nora S.p.A.;*

- *having acknowledged the explanatory report of the Board of Directors;*

#### **resolves**

1. *to authorize, pursuant to and in accordance with Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree No. 58 of February 24, 1998, the purchase of the Company's treasury shares, on one or more occasions, for a period not exceeding 18 months from the date of this resolution in accordance with the following terms and conditions:*
  - i. *the purchase must be made in compliance with the legal requirements applicable from time to time and, in particular, with Article 132 of Legislative Decree No. 58 of February 24, 1998, Article 144-bis of Consob Regulation 11971/1999, Delegated Regulation (EU) No. 2016/1052 of March 8, 2016, as well as any pro tempore market practices in force;*
  - ii. *the purchase price of the shares will be identified, on a case-by-case basis, having regard to the method chosen for carrying out the transaction and in compliance with any regulatory requirements or accepted market practices, but, in any event, may not be lower than the official stock market price of IDN stock on the day prior to the day on which the purchase transaction will be carried out decreased by 10%, and not higher than the official stock market price of the day preceding the day on which the purchase transaction will be carried out, increased by 10%, in compliance in any case with the terms and conditions established by the legal and regulatory provisions, including the EU regulatory framework, in force from time to time, as well as with the accepted market practices, in force from time to time, where applicable;*
  - iii. *the maximum number of shares purchased, taking into account the IDN ordinary shares held in the portfolio from time to time by the Company and its subsidiaries, may not exceed a total of 3% of the share capital;*
  - iv. *without prejudice to Article 3 of the Delegated Regulation, the company may not purchase on a single trading day a volume exceeding 15% of the average daily volume of shares on the trading venue where the purchase is made;*
  - v. *the purchase may also be made through one or more intermediaries of primary standing appointed by the Company;*
2. *to delegate the Board of Directors, and on its behalf the Chief Executive Officer, pursuant to Article 2357-ter of the Italian Civil Code, to dispose of all and/or part, without time limits, of the treasury shares purchased even before having exhausted the purchases, establishing the price, criteria and manner of disposition and making any necessary or appropriate accounting entries, in compliance with the provisions of the law and regulations and the accounting standards applicable from time to time;*

3. *to delegate the Board of Directors, and on its behalf the Chief Executive Officer, with the power to sub-delegate, to carry out (on one or more occasions, without time limits and even before having exhausted the purchases) acts of disposition of all or part of the Company's treasury shares purchased on the basis of this resolution, as well as those already held. With regard to transactions involving the sale, disposition and/or use of treasury shares, a proxy is granted to the Board of Directors and, on its behalf, to the Chief Executive Officer, with the power to sub-delegate, to establish from time to time the criteria for determining the relevant consideration and/or the terms and conditions of use of the treasury shares in portfolio having regard to the implementation methods used, the share price trend in the period preceding the transaction and the best interest of the Company, transactions to be carried out both directly and through intermediaries, in compliance with the relevant provisions of law and regulations in force, both national and EU. All to be carried out in accordance with the report attached to this resolution and for the purposes described therein;*
4. *to grant the Board of Directors, and on its behalf the Chief Executive Officer, with the power to sub-delegate, all other powers necessary or appropriate to carry out the purchases of treasury shares, including through repurchase programs, as well as to carry out the acts of alienation, disposition and/or use of all or part of the treasury shares purchased and in any case to implement the above resolutions, including through its proxies, also by approving any and all executive provisions of the relevant purchase program and complying with any requirements of the competent Authorities."*

\*\_\*\_\*

Milan, March 22, 2023

For the Board of Directors.  
The Chairman of the Board of Directors  
Federico De Nora