

This is an unofficial English courtesy translation of the original Italian report prepared and issued in Italian by the Board of Statutory Auditors of Recordati S.p.A.

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Courtesy translation follows:

**Report of the Board of Statutory Auditors to the Shareholders' Meeting
of Recordati S.p.A. pursuant to article 153 of Italian Legislative Decree no. 58/1998 and to article
2429, paragraph 2, of the Italian Civil Code.**

Dear Shareholders

this report, drawn up in accordance with Article 153 of Legislative Decree 58/1998 (hereinafter also only the 'TUF'), also taking into account the applicable Consob Recommendations and the rules of conduct for the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts, the Board of Statutory Auditors of Recordati S.p.A. (hereinafter also only the '**Company**') hereby informs you on the supervisory activities performed and their results.

1. Supervision carried out and information received

The Company's Board of Statutory Auditors (hereinafter also referred to as '**Board of Statutory Auditors**'), as of the date of this report, is composed of Mr Antonio Santi (Chairman), Mr Ezio Simonelli (standing member) and Ms Livia Amidani Aliberti (standing member) (Mr Andrea Balelli and Mr Silvia Mina are alternate auditors). The Board of Statutory Auditors, in its current composition, was appointed by the Shareholders' Meeting held on 21st April 2023 and will expire with the Shareholders' Meeting called to approve the financial statements as of 31st December 2025.

During the financial year ended 31st December 2023, the Board of Statutory Auditors performed the supervisory activities required by law. To this end, during the financial year, the Board of Statutory Auditors:

- held no. 15 meetings, which were always attended by all members in office;
- attended no. 12 Board of Directors' meetings;
- attended no. 10 Risk, Control and CSR Committee's meetings;
- attended no. 13 Remuneration and Nominations Committee's meetings;
- attended the meetings of the Independent Directors;
- attended the Shareholders' Meeting;
- held meetings with the representatives of the auditing firm EY S.p.A. (hereinafter also referred to as the "**Auditing Firm**"), pursuant to Article 150, paragraph 3, of Legislative Decree No. 58/1998, during which appropriate information was exchanged and no other facts or situations worthy of note emerged;
- met regularly with the Head of the Internal Audit Function;
- met regularly with the 231 Compliance Body (OdV) appointed pursuant to Legislative Decree No. 231/2001;
- collected documents and information deemed relevant by the Executive Directors and other corporate functions;
- exchanged information with the Boards of Statutory Auditors of the subsidiaries concerning the administration and control systems and the general performance of the company's business.

Please note that the undersigned Board of Statutory Auditors usually attends as a guest, as a board or in person of its Chair, to the meetings of the Risk, Control and CSR Committee and of the Remuneration and Nominations Committee, during which matters relating to related-party transactions were also discussed.

During the Board of Directors' meetings, the Board of Statutory Auditors was informed by the Directors on the activities carried out and on the most significant economic, financial and capital transactions carried out by the Company and its subsidiaries.

It should be noted that on 29th October 2020, Recordati's Board of Directors resolved to adopt the new 2020 CG Code (hereinafter also referred to as the "**CG Code**"), the recommendations of which are applicable from 1st January 2021, with the additions and adjustments resulting from the characteristics of the Group indicated in the "*Corporate Governance And Proprietary Assets Report*" relating to the 2022 financial year (hereinafter also referred to as the "**Corporate Governance Report**").

During the meetings and contacts between the Board of Statutory Auditors and the Auditing Firm, no harmful events were detected.

With particular reference to the functions assumed pursuant to article 19 of Italian Legislative Decree no. 39/2010, amended by Italian Legislative Decree no. 135/2016 implementing Directive 2014/56/EU, the Board of Statutory Auditors - also in the context of the meetings held with the Auditing Firm and its attendance at the meetings of the Risk, Control and CSR Committee - examined the work plan adopted, received information on the accounting principles used, the accounting treatment of the most significant transactions carried out in the financial year in question as well as on the outcome of the audit engagements and on the key audit matters. The Auditing Firm did not report significant shortcomings in the internal control system in relation to the financial reporting process.

In this regard, the Board of Statutory Auditors also received analytical information on the impairment test performed by the Company to confirm the values of goodwill and certain significant financial assets recorded in the financial statements. In this regard, it should be noted that the Board of Statutory Auditors was kept up-to-date on the progress and preliminary results of a specific analysis carried out by the Company with the support of an independent expert appointed by the same in relation to the possible update of the impairment test methodology, with particular reference to the identification of the cash generating units subject to impairment tests, starting from the financial statements as of 31st December 2023. The update of the impairment test methodology was approved, during the meeting of 22nd February 2024, by the Board of Directors, following the favorable opinion expressed by the Risk, Control and CSR Committee on the approval of the procedure containing the changes made to the relative methodological process.

The relevant details are provided by the Directors in the financial statements in accordance with the guidelines of the international accounting standards and of Consob.

With regard to the supervision of the financial reporting process and the independence of the Auditing Firm, please refer to the following sections of this report.

It should be noted that in the context of the Board of Statutory Auditors' activities:

- no charges have been received pursuant to article 2408 of the Italian Civil Code;
- no complaints have been received.

In 2023, the Company is subject to the management and coordination activities of Rossini Luxembourg S.à.r.l, pursuant to article 2497 et seq. of the Italian Civil Code.

In this regard, it seems appropriate to bear in mind that, in 2019, the Board of Directors approved the adoption of specific regulations on the management and coordination activity exercised by Rossini Luxembourg S.à.r.l. on Recordati S.p.A. (lastly updated in December 2023) and on the information flows of Recordati S.p.A. towards, in particular, Rossini Luxembourg S.à.r.l., had been approved by the Board of Directors of Recordati S.p.A., following a process which had involved the independent Directors and the Board of Statutory Auditors from the earliest drafting stages.

As illustrated by the Directors in the Corporate Governance Report, the exercise of management and coordination by Rossini Luxembourg S.à.r.l. can be achieved, among other things, through multiple tools, such as: the formulation of general guidelines; the establishment of directives and the formulation of instructions for the transmission of management and accounting information; the formulation by Rossini Luxembourg of non-binding opinions on certain significant transactions and decisions.

The Company exercises management and coordination activities, pursuant to article 2497 and following of the Italian Civil Code, over the directly or indirectly controlled Italian companies belonging to the Recordati Group. As illustrated by the Directors in the Corporate Governance Report, the wholly-owned Italian subsidiaries have acknowledged the management and coordination activities performed by the Company and have complied with the disclosure requirements provided for by Law.

With reference to events occurring after the end of the financial year, it should be noted that there were no company events occurred after the end of the financial year that would require changes to the values of assets, liabilities and the profit and loss account.

2. Supervising relations with subsidiaries and parent companies and related-party transactions

The Board of Statutory Auditors supervised the ordinary or recurring related-party transactions and/or intra-group transactions in relation to which it reports as follows:

- commercial and financial intra-group transactions referring to subsidiaries and the parent company are regulated on an equivalent basis to those prevailing in transactions between independent parties;
- the most significant related-party transaction items are:
 - a) receivables for loans granted to Group companies;
 - b) payables for loans received from Group companies;
 - c) trade receivables from subsidiaries;
 - d) trade payables to subsidiaries;
 - e) receivables of a diverse nature from subsidiaries;
 - f) payables of a diverse nature from subsidiaries;
 - g) receivables from subsidiaries for the management of the centralised treasury;
 - h) payables to subsidiaries for the management of the centralised treasury;
- it should be noted that related-party transactions do not include any non-standard or unusual transactions and that during 2023 there were no transactions or contracts with related-parties that, with reference to materiality of effects on the financial statements, could be considered significant in terms of value or conditions;
- in compliance with the requirements of article 4, paragraph 7, of the Regulations for related-party transactions adopted by CONSOB, resolution no. 17221 of 12th March 2010 as subsequently amended, as well as by article 2391-*bis*, paragraph 1, of the Italian Civil Code, the Company adopted the *'Procedure for regulating related-party transactions'* available on the Company's website.

3. Financial statements, consolidated financial statements and Report on Operations

With specific regard to the examination of the financial statements for the year ended on 31st December 2023, the consolidated financial statements for the year ended on 31st December 2023 (prepared in accordance with the IAS/IFRS international accounting standards issued by the

International Accounting Standards Board (IASB) and approved by the European Union, as well as in accordance with the provisions issued by Consob in implementation of paragraph 3 of article 9 of Italian Legislative Decree no. 38/2005 and in the European Single Electronic Format ('ESEF') as required by the applicable regulations) and the Report on Operations, the Board of Statutory Auditors reports the following:

- the financial statements file was delivered to the Board of Statutory Auditors in due time to be deposited at the Company's registered office together with this report;
- the Board of Statutory Auditors has verified that the Company's financial statements and the consolidated financial statements have been prepared in accordance with the structure and layouts required by applicable regulations and are accompanied by the documents required by the Italian Civil Code and the TUF;
- the Board of Statutory Auditors verified the rationality for the valuation procedures applied and their compliance with the international accounting standards.

The Board of Statutory Auditors points out that the Transparency Directive (2004/109/EC) requires the annual financial report prepared by listed companies to be published in a single electronic reporting format. EU Regulation 2019/815 ('ESEF Regulation') imposes that the aforementioned annual financial report is to be prepared in the XHTML format, marking certain information in the consolidated financial statements with the Inline XBRL specifics. At the national level, the Italian Law converting the 'Decreto Milleproroghe' (Italian Decree-Law no. 183 of 31st December 2020), in the text finally approved by the Italian Chamber of Deputies and by the Italian Senate of the Republic, in order to benefit from the aforementioned extension, provided, in Article 3, paragraph 11-*sexies*, that the provisions of the ESEF Regulation would apply to financial reports relating to financial years starting as from 1st January 2021. Therefore, with respect to financial reports starting from with financial year ending 31st December 2021, the obligation to prepare and publish them in accordance with the provisions of the ESEF Regulation shall apply.

It should also be noted that the auditing firm is required to carry out audit procedures also in this respect and, to this end, the Italian Ministry of Economy and Finance has approved the auditing standard SA Italy 700B '*The responsibilities of the entity entrusted with the statutory audit with reference to the financial statements prepared in accordance with the single electronic reporting format*'.

The Board of Statutory Auditors bears in mind that the Company has reported that, in the last years, it has already prepared the activities and processes aimed at producing the annual financial report according to the single electronic reporting format (ESEF), and precisely with integrated XHTML computer language by appropriate markings in XBRL, in order to facilitate the accessibility, analysis and comparability of the consolidated financial statements drawn up according to the International Financial Reporting Standards (IFRS).

The Board of Statutory Auditors points out that the Auditing Firm has stated that it has audited, with the support of a team of specialists, Recordati's annual financial report on the issue in question, the outcome of which is finalised with the opinion on compliance included in the audit report.

4. Transactions and events of major economic, financial and asset importance

With respect to the most significant transactions under an economic, financial and asset point of view carried out by the Company and the Group during the 2023 financial year, and, more generally, with respect to the most significant events, the Board of Statutory Auditors reports the following:

- several initiatives were undertaken in line with the Group's strategy of continuous development and growth;
- initiatives were undertaken in the field of sustainability. In particular, the Group has decided to continue the structured and organic process to sustainability through which the stakeholders' expectations in relation to social, environmental and economic objectives are also taken into account. Such process – which in previous years had already led to the preparation of non-financial information, through which highlighting the objectives that the Group has set itself and the results achieved in the environmental, social and economic fields – led, in 2020, to the establishment of the Environmental, Social & Governance function,

dedicated to supporting the integration of social and environmental aspects in the business processes, and the formalisation of the Group's first Sustainability Plan and, during 2023, with a view to continuous improvement, the updating of the goals included in the aforementioned Plan, also following up on the commitments made in that Plan, by achieving important social and environmental goals.

During 2023, the Board of Directors periodically monitored the operating performance, also by comparing the results achieved with those planned as per 2023 Budget. In 2023, Recordati updated its Risk Map in view of approving its three-year Plan 2023-2025 and subsequently during approval of the draft 2024 Budget, at the meeting of the Board of Directors held on 15th December 2023.

Furthermore, on 21st February 2023, the Board of Directors approved the new 2023-2025 Three-Year Plan.

It should be noted that in 2023, the Board of Directors, on the proposal of the Remuneration and Nominations Committee, approved the new long-term incentive plan based on financial instruments called "Performance Shares Plan 2023-2025" after revoking the Stock Options Plan 2021-2023, with reference to the grant of stock options scheduled for 2023.

In particular, it should be noted that the Ordinary Shareholders' Meeting, with a resolution passed on 21st April 2023, renewed the authorisation to purchase and dispose of treasury shares pursuant to Article 2357 et seq. of the Italian Civil Code until the approval of the financial statements as of 31st December 2023. On the basis of the aforementioned shareholders' resolution, on the 2nd October 2023, a share buy-back programme was initiated to be used to service the stock option/performance shares plans for the management of the Recordati Group already adopted by the Company or the share-based incentive plans that may be approved by the Company in the future, which is still ongoing at the date of approval of this report. As of the date of approval of the draft financial statements as of 31st December 2023 by the Board of Directors, no. 560,512 shares were purchased on the basis of this program for a consideration of 26,647,226.15 euros (thus remaining no. 114,488 shares that can be purchased).

Furthermore, the Board of Directors, taking into account that the current authorisation will expire with the Shareholders' Meeting called to approve the financial statements as of 31st December 2023, resolved to propose to the Shareholders' Meeting called to approve the 2023 financial statements the renewal of the authorisation to purchase and dispose of treasury shares in order to maintain the necessary operational flexibility over an adequate time horizon.

The Board of Directors expects to continue in the coming years the process of acquiring products and expanding into new markets, while respecting prudent parameters of financial sustainability.

More specifically, the above transactions and events are adequately described in the Report on Operations and in the Explanatory Notes to the financial statements, to which reference should be made for further information.

The Board of Statutory Auditors has not detected nor received information from the Auditing Firm or the Chief of the Group Internal Audit function (also the manager responsible for the internal controls, pursuant to article 150 TUF) or by the Related Parties Committee (identified in the Risk, Control and CSR Committee, except for related party transactions concerning remuneration, for which this committee is identified in the Remuneration and Nominations Committee) of non-standard and/or unusual transactions carried out with third parties, related parties or intra-group transactions.

In the Report on Operations and in the Explanatory Notes to the consolidated financial statements and the separate financial statements, the Directors have reported on the ordinary transactions

carried out with related parties, indicating their nature and size. These indications are adequate also considering their size as well as the size of the Group and the Company. The transactions in question are represented almost exclusively by commercial or financial intra-group transactions carried out at market conditions.

For its part, the Board of Statutory Auditors has ascertained that the provisions of law and the By-laws have been complied with and that the transactions carried out by the Directors are not manifestly imprudent or risky, in potential conflicts of interest, contrary to the resolutions passed by the Shareholders' Meeting or in any case are as such to compromise the integrity of the Company's assets, and that they are based on, to the best of the Board of Statutory Auditors' knowledge, criteria of economic rationality, without this constituting an opinion on the merits of the Directors' management choices.

In general, the Board of Statutory Auditors therefore considers that the provisions of the law, the By-laws and the principles of proper administration have been complied with.

5. Performance of the year and economic and financial situation

The 2023 financial year closed with a consolidated net income of €/000 389,214 compared to €/000 312,336 at 31st December 2022 and with an adjusted consolidated net income of €/000 524,591 compared with €/000 473,306 as at 31st December 2022.

The consolidated financial situation (Net financial position) as at 31.12.2023 is equal to €/000 (1,579,424) compared to €/000 (1,419,909) as at 31.12.2022. The reasons for the change are fully explained in the Report on Operations.

Consolidated shareholders' equity as of 31.12.2023 is equal to €/000 1,686,392 compared to €/000 1,546,248 as at 31.12.2022, with an increase of €/000 140,144 (against an increase of €/000 164,623 in 2022).

It should be noted that the Company, in 2011, resolved on a change in its capital remuneration policy. As a consequence, an interim dividend of € 0.57 per share has been set for 2023 financial year. The Board of Directors proposes to the shareholders' meeting the distribution of a further dividend of € 0.63 per share, as the balance of the 2023 financial year, which would thus total a dividend of € 1.20 per share, compared to € 1.15 per share distributed out of the 2023 financial year's result.

On the basis of the above elements, considering the more general situation of the Company and the Group and, in particular, the forecasts of the Directors for the 2024 financial year, the Board of Statutory Auditors does not consider, at present, that there are events or circumstances that may give rise to significant doubts concerning the going concern assumptions.

6. Organisational structure, administrative and accounting system and internal control system

The Board of Statutory Auditors monitored the existence of a suitable organisational structure in relation to the company's size and structure and the objectives which it pursues, capable of ensuring compliance with the regulations, including sector-specific regulations, which are applicable to the Company.

The Board of Statutory Auditors, with the assistance of the function aimed at monitoring the internal control system, verified the existence of an organisational chart, systems, job descriptions and procedures that are in line with achieving the aforementioned objectives, as well as the existence of a system of delegated and proxy powers which correspond to the responsibilities conferred.

During the financial year, the actions already undertaken in the previous financial year continued, aimed at reviewing certain functions and the relevant responsibilities of reporting directly to the

Chief Executive Officer, as well as the constant improvement and strengthening of the dedicated human resources with specific organisational skills.

The organisational model adopted by the Company (the '**Model 231**') also appears to be adequate to the provisions of Italian Legislative Decree 231/2001 and is subject to periodic updates, such as those for its general part, which started in the second half of 2023 and should be completed in the first half of 2024.

This Model, which concerns the Company's overall activity under the procedural, organisational and control profile, appears particularly incisive and its compliance is supervised by a specially appointed and regularly functioning body (whose mandate was renewed by the Board of Directors on 21st April 2023 and will expire with the approval of the financial statements as of 31st December 2023), composed of one internal member (the Group Audit Director) and two external and independent experts. The model is constantly monitored and updated in line with regulatory changes and organisational evolution.

It should be noted that all of the Recordati Group's Italian companies (Recordati S.p.A., Innova Pharma S.p.A., Recordati Rare Diseases Italy S.r.l., Italchimici S.p.A. and Natural Point S.r.l.) have adopted their own organisational, management and control model, as required by Legislative Decree 231/2001 on the administrative liability of entities.

In 2023, the Company continued to distribute the Code of Ethics (latest version July 2020) adopted as part of the Model 231. The Code of Ethics is published on the Recordati Group's website, in a number of languages, in order to ensure that it is widely disseminated and usable, and, periodically, Recordati organized training programmes for Group employees, new recruits and external parties who, although not bound by a subordinate employment relationship with the Recordati Group, perform activities in the name of and on behalf of the Recordati Group on an ongoing basis.

The Company monitors the internal situation of strategically important subsidiaries with reference to organization controls and provisions consistent with those adopted by the Company in relation to Legislative Decree 231/2001. In this regard, taking into account the growing importance of foreign subsidiaries, activities are systematically implemented to monitor current legislation on corruption in the various countries in which these companies operate, as well as to strengthen internal controls aimed at preventing such events.

Since 2009, the Company has drawn up a Group Anti-Bribery Manual, periodically updated, which sets out the principles of conduct to avoid bribery in company areas that are potentially exposed to the risk of corruption. In 2023, training for Recordati group employees and *new* hires continued.

The Company is committed to health, safety and the environment, matters that are adequately highlighted in the Report on Operations and the Non-Financial Statement. The Board of Statutory Auditors has acknowledged the continuous attention paid to this issue, which is regularly brought to the attention of the relevant corporate bodies.

The internal control and risk management system (the '**ICS**') underwent an organization process in 2023. In particular, it is structured at Group level as follows:

- the Audit function at Recordati S.p.A. (Parent Company) performs its activities for all the companies in the Recordati group;
- the Compliance function at Recordati S.p.A. (Parent Company), in addition to performing a support and guidance function for the companies in the Group, oversees group compliance risks by making use of the compliance officers of the subsidiaries and regional companies.

From the point of view of the organisational structures of the control functions that are part of the ICS, in 2023 they evolved and strengthened to take into account the expansion of the Group. In particular, as of 1st April 2023, the Group Audit & Compliance Department was reorganised,

renaming it Group Audit Department and carving out the Compliance Function and Risk Management activities.

Following this spin-off, a new Legal, Compliance and Risk Management Department was created, headed by the Chief Legal Officer, reporting directly to the Chief Executive Officer. Within this function, two new departments were created: the Compliance & Ethics Department and the Risk Management Department.

With reference to the latter, in 2023, the activities relating to the risk management area continued in line with the past; the arrival in March 2024 of a Global Risk Director, in charge of the risk management function, is preparatory to evolving the activities and methodologies of risk analysis, as also recommended by the Risk, Control and CSR Committee.

The Group Audit Department continues to report to the Board of Directors of the Company.

The aforementioned control tools adopted by the Company are monitored by the management, by the functions and by the management and control corporate bodies (Board of Directors, Risk, Control and CSR Committee, Board of Statutory Auditors, Executive Director in charge of overseeing the functionality of the internal control and risk management system and 231 Compliance Body (OdV)) and involve all Group personnel.

Moreover, the Audit Department independently carries out the audit activities set out in the annual audit plan.

In particular, the head of the Group Audit Department (who is also in charge of internal control pursuant to Article 150 of the Consolidated Law on Finance) is not in charge of any operational area and, since 2012, reports to the Board of Directors and is operationally coordinated by the Chairman, who has been confirmed the task of supervising the activities of the internal audit department and liaising with the Board of Directors; furthermore he periodically reports to the Board of Statutory Auditors, to Risk, Control and CSR Committee and to the 231 Compliance Body (OdV).

The Board of Statutory Auditors, also in its capacity as the Committee for Internal Control and Auditing (the 'CCIRC'), established pursuant to Article 19 of Legislative Decree No. 39/2010, maintains a constant dialogue with the head of the function, verifying the effectiveness of its work.

The Report on Corporate Governance provides analytical reporting on the characteristics of the existing risk management and internal control systems with respect to the financial reporting process, in compliance with article 123-bis of the TUF.

During the financial year, the Company continued the application of its risk control system.

In execution of the above, the Company carried out periodic monitoring that involved all corporate functions, with the aim of both improving the reporting of financial statements and to monitor in a continuous and structured manner the areas and main risk factors through, inter alia, a self-assessment process in order to implement the process of assessing and identifying corporate risks. The results of the Risk Assessment are formalised through the preparation of the Risk Map.

With specific reference to Recordati Risk Map, it should be noted that, as a rule, the updating of the risk mapping is examined annually by the Board of Directors during the meeting that approves the budget for the following financial year; furthermore, the Company updates its Risk Map in conjunction with the approval of extraordinary transactions such as acquisitions of new assets and shareholdings that deemed relevant.

In particular, as previously mentioned, during 2023 and up to the date of this report, the Company has updated its Risk Map on several occasions: on a preliminary basis, at the time of approval of the

2023-2025 Three-Year Plan, resolved on 21st February 2023, and at the time of approval of the draft 2024 Budget, at the meeting of the Board of Directors held on 15th December 2023.

Furthermore, at its meeting held on 16th March 2023, the Board, with the favourable opinion of the Risk, Control and CSR Committee, substantially confirmed the guidelines of the internal control and risk management system of the Company and the Recordati Group, already approved at the beginning of 2022.

It should be noted that, also in light of the changes that occurred after that date, during 2023, the Company began updating these guidelines to reflect the changed organisational structure of the Audit, Legal, Compliance & Risk Management Departments previously represented and to incorporate the progress being made in the Group's overall control model. In this sense, the Board of Directors, on the proposal of the Risk, Control and CSR Committee shared with management, and having consulted with the Board of Statutory Auditors, resolved to postpone its approval later on during the year.

It is worth noting that the Board of Directors has positively assessed the adequacy, effectiveness and actual functioning of the internal control and risk management system as a whole, also based on the information provided in the meetings by the Director in charge of supervising the functionality of the internal control and risk management system, the information contained in the reports presented by the Risk, Control and CSR Committee and the 231 Compliance Body (OdV), and having therefore also shared the above-mentioned evolution path that implies, for 2024, progressive adjustment and integration activities, as recommended by the Risk, Control and CSR Committee, in the changed context of the Group.

In the Report on Operations, the main risk factors to which the Group is exposed are classified and described as follows:

- risks related to the external context: these are the risks related to catastrophic events (biological, epidemic and pandemic, etc.), the environmental sphere, the evolution of the legal and regulatory framework of the pharmaceutical sector (characterized by a high level of local, national and international regulation, which influences activities at all levels), expansion into emerging countries, geopolitics, competitive pressure, the environmental sphere and the conflict in Ukraine;
- strategic and operational risks: these are risks related to the internationalization of the Group, expiring patents, investment in research and development, new product launches, pharmacovigilance risks, risks related to the production process, production interruption, risks related to the environment, health and safety, and risks related to the management of IT resources and data security;
- financial risks: these are credit, interest rate, exchange rate and liquidity risks;
- legal and compliance risks: these are product liability, compliance and litigation risks.

All the risks and the measures taken by the Company to limit them are fully described in the Report on Operations. The Budget, as well as the planning of the activities of the control bodies, in particular the internal audit function, take due account of the main risk factors and the actions aimed at mitigating their effects.

With reference to the administrative area, the Company complies with the provisions introduced by Italian Law no. 262/2005.

In particular, since 2003, the Company has adopted a Control Model pursuant to Italian Law no. 262/2005 on financial reporting, in order to ensure the effectiveness of the internal control system, entrusting the Manager responsible for preparing the Company's financial reports with the task of verifying its correct application, as well as monitoring the functioning and adequacy of the Internal Control System referred to in such model.

During 2023, a periodic financial control self-assessment, introduced in 2021, was carried out aimed at identifying possible areas of attention and improvement within the administrative-accounting processes relating to the financial year in scope 2022. The results of this financial control self-assessment were shared with the Group Finance Department in order to plan adequate intervention plans, where necessary, without highlighting significant weaknesses in the existing accounting processes, net of improvement and optimisation paths that are always possible.

In the 2023 financial year, the role of Manager responsible for preparing the Company's financial reports - who, together with the Chief Executive Officer, is responsible for setting appropriate administrative and accounting procedures for the preparation of the Parent Company's annual financial statements and the Group's consolidated financial statements - was performed by Mr Luigi La Corte, who also holds the role of Chief Financial Officer of the Group.

The Manager responsible for preparing the Company's financial reports carries out an assessment of the administrative-accounting internal control system using the testing activities carried out by the Group Audit Department.

The Corporate Governance Report extensively reports on the internal control system and in particular to the activities aimed at monitoring the financial reporting process, which are also relevant pursuant to the provisions of article 19 paragraph 1 c) of Italian Legislative Decree no. 39/2010, as amended by Italian Legislative Decree no. 135/2016, which implements Directive 2014/56/EU.

There is a complete, integrated and consistent information system at Group level, both in terms of information and procedures and directives.

In addition, a Group Accounting Manual was adopted, as well as administrative-accounting protocols and procedures concerning the periodic closing of accounts, the preparation of financial statements, the preparation of reporting packages by subsidiaries and administrative-accounting control matrixes in correlation with the identified risks and related control objectives, which also summarize the outcome of the control testing activities carried out by the Group Audit Department.

The Company maintains strict information control over its subsidiaries in order to be able to comply with the periodic disclosure obligations. In particular, it is envisaged that the sending of accounting or financial data for the relevant period by the subsidiaries be accompanied by a specific certification from the relevant Managing Director and Financial Controller.

Pursuant to Law No. 262/2005 - as previously mentioned - the Company carried out, with a favourable outcome, tests to verify accounting and administrative closing procedures in general, extended in full to foreign subsidiaries as well, aimed at confirming the correctness of the accounting data included in the financial statements and information documents and prospectuses.

In addition, on 28 March 2024, the Auditing Firm, after having set out the contents and provided a draft to the Board of Statutory Auditors during meetings held prior to that date, submitted to the Board of Statutory Auditors the Additional Report required by Article 11 of Regulation (EU) No 537/2014, which represents the results of the statutory audit carried out and includes the declaration on independence referred to in Article 6(2)(a) of the Regulation, as well as the disclosures required by Article 11 of the same Regulation, without identifying any significant deficiencies. In particular, the Additional Report does not identify any significant deficiencies in the internal control system in relation to the financial reporting process worthy of being brought to the attention of those responsible for governance activities.

The Board of Statutory Auditors informed the Company's Board of Directors of the results of the external audit, also transmitting to it the additional Report, pursuant to article 19 of Italian Legislative Decree no. 39/2010, without providing any observations.

All Group companies are subject to accounting audit for the purposes of the consolidated financial statements (with a different scope depending on the specifics of the individual company) by auditing firms, almost all of which belong to the EY S.p.A. network, a firm appointed for the nine- year period (2020-2028) by the parent company's shareholders' meeting that approved the financial statements for the 2019 financial year.

With reference to the continuous disclosure obligations pursuant to Article 114(2) of the Consolidated Law on Finance, the Company has issued adequate provisions to its subsidiaries to comply with the disclosure obligations pursuant to Article 114(l) of the Consolidated Law on Finance within the framework of the Internal Rules on Inside Information.

From the standpoint of compliance with laws and regulations, the Board of Statutory Auditors verified that the provisions contained in Articles 15 et seq. of the Regulation adopted by Consob on markets are applicable to subsidiaries established in Turkey, the United States of America, Russia, Switzerland and the United Kingdom, which, due to their size, are of significant importance, as they are established and regulated by the law of a non-EU State, and verified compliance with the economic and equity limits. To this end, the Board of Auditors acquired from the Company and the auditing firm the information enabling it to confirm that these subsidiaries have an administrative and accounting system suitable for regularly providing the Company's management and the parent company's auditor with the economic and financial data necessary for the preparation of the consolidated financial statements.

It should be recalled that the regulations on periodic financial reporting were amended by Legislative Decree 25/2016, implementing the Directive 2013/50/EU, which eliminated the obligation to publish the interim management report, previously provided for by paragraph 5 of Article 154-ter of Legislative Decree 58/1998. On 26th October 2016, with Resolution No. 19770, Consob made some regulatory changes, introducing the new Article 82-ter, which became applicable as of 2nd January 2017.

In this regard, the Board of Directors resolved in 2017 to continue to publish, on a voluntary basis and until otherwise resolved, a quarterly periodic disclosure similar in form and content to that published in previous years. In particular, the quarterly report will be subject to approval by the Board of Directors at meetings to be held within 45 days of the end of the first and third quarter of each year and published by means of a press release to be issued at the end of the meeting of the board of directors that approves the aforesaid data and by means of the publication of the quarterly financial report, also to be issued promptly after the meeting of the board of directors that approved the aforesaid data.

As already mentioned, the Company is subject to the management and coordination of Rossini Luxembourg S.à.r.l., pursuant to Article 2497 et seq. of the Civil Code.

In the Company's Corporate Governance Report, it is represented that the wholly-owned Italian subsidiaries have acknowledged the Company's management and coordination activities and have fulfilled the legal disclosure requirements.

Furthermore, subsidiaries incorporated and governed by the laws of non-EU countries, with the exception of those incorporated in Turkey, the USA, Russia, Switzerland and United Kingdom, are not of significant significance under the applicable secondary legislation. However, given the number of shareholdings held, the Company is committed to monitoring any changes, and the Board of Statutory Auditors exercises its vigilance in this regard.

Auditing Firm

E.Y. S.p.A., as previously represented, is the independent auditors responsible for the Company's accounting audits for 2023. The appointment was formally conferred by the Shareholders' Meeting

on 29 April 2020, for the financial years 2020-2028, on the proposal of the Board of Statutory Auditors (CCIRC) formulated at the time.

From the information obtained, it appears that during the financial year, the Company and the other Group companies entrusted the auditing firm EY S.p.A. and other entities of its network with certain tasks other than the statutory audit of the Company, as detailed below.

Type of service	Entity providing the service	Recipient	Fees values in €
Accounting Auditing	Auditor of the Parent Company	Parent Company	241,748
Accounting Auditing	Auditor of the Parent Company	Subsidiaries	236,630
Accounting Auditing	Network of the auditor of the Parent Company	Subsidiaries	733,466
Tax compliance services	Network of the auditor of the Parent Company	Subsidiaries	47,363
Signing declarations and certificates	Auditor of the Parent Company	Parent Company	39,970
Signing declarations and certificates	Auditor of the Parent Company	Subsidiaries	3,703
Signing declarations and certificates	Network of the auditor of the Parent Company	Subsidiaries	180,554
Other services	Network of the auditor of the Parent Company	Subsidiaries	30,790

These appointments are disclosed for legal purposes and it should be noted that they have been reported by the Company in an annex to the consolidated financial statements (Annex 1) pursuant to article 149-*duodecies* of the Issuers' Regulation.

As a result of the enactment of Regulation 2014/537/EU, starting from 2017, the Board of Statutory Auditors was requested to express its opinion at the time of conferring non-audit engagements (Non-Audit Services) on the audit firm and other entities belonging to the network.

The Board of Statutory Auditors points out that no critical aspects were detected in relation to the independence of the auditing firm.

7. Current corporate governance

Detailed information on how the corporate governance principles approved by the Corporate Governance Committee (contained in the related Corporate Governance Code) have been implemented is provided by the directors in the Report on Corporate Governance attached to the reporting on the financial statements.

It is noted that the Company adheres to and complies with the CG Code (January 2020 version), with the additions and adjustments resulting from the characteristics of the Group indicated in the Corporate Governance Report, which the Board of Directors approved on 19th March 2024.

In this respect, it should be noted that the current version of CG Code applicable to listed companies is the one published by the Corporate Governance Committee on 31st January 2020 to be implemented by listed companies as from 2021.

It is noted that in 2022, the Board of Directors adopted a specific "*Policy for managing dialogue with all investors*" in line with the recommendations of the current CG Code.

The report prepared to accompany the financial statements for the 2023 financial year complies with the provisions of article 123-*bis* of the TUF and the relevant information referred to in paragraph 4 of such provision, and the auditing firm has expressed its opinion on the coherence as per article 14, paragraph 1e) of Italian Legislative Decree no. 39/2010.

The Shareholders' Meeting of 29th April 2022 appointed a Board of Directors made of twelve-member that will remain in office until the Shareholders' Meeting called for the approval of the financial statements as at 31st December 2024, and during the financial year 2023, no events occurred that affected the composition of the Board of Directors compared to that determined by the aforementioned Shareholders' Meeting.

The composition of the Board of Directors at the date of this report and the qualifications of each Director at that date are summarized below:

Name	Role	Executive/Non-Executive	Independent	Date of First Appointment	In office since
Andrea Recordati	Chair	Non-Executive	-	Shareholders' Meeting 29.04.1998 and, as Chair, Board of Directors 01.12.2021	29.04.2022
Guido Guidi	Vice-Chair	Non-Executive	-	Shareholders' Meeting 29.04.2020	29.04.2022
Robert Koremans	Chief Executive Officer	Executive	-	Board of Directors 01.12.2021	29.04.2022
Michaela Castelli	Director and LID	Non-Executive	Independent	Shareholders' Meeting 17.04.2014	29.04.2022
Elisa Corghi	Director	Non-Executive	Independent	Shareholders' Meeting 29.04.2022	29.04.2022
Giorgio De Palma	Director	Executive	-	Shareholders' Meeting 29.04.2020	29.04.2022
Luigi La Corte	Director and CFO	Executive	-	Shareholders' Meeting 29.04.2022	29.04.2022
Joanna Le Couilliard	Director	Non-Executive	Independent	Shareholders' Meeting 05.02.2019	29.04.2022
Giampiero Mazza	Director	Executive	-	Board of Directors 06.12.2018	29.04.2022
Piergiorgio Peluso	Director	Non-Executive	Independent	Shareholders' Meeting 29.04.2020	29.04.2022
Cathrin Petty	Director	Executive	-	Board of Directors 06.12.2018	29.04.2022
Kim Stratton	Director	Non-Executive	-	Board of Directors 16.12.2021	29.04.2022

With regard to the role of the Board of Directors, the latter continued to reserve to its exclusive competence, in addition to the matters reserved to it by law or the By-Laws, the transactions of

significant strategic, economic, asset or financial importance, for the identification of which specific criteria have been adopted, and which are reviewed at the time of granting delegated powers.

Furthermore, on 28th October 2021, the Board of Directors approved a regulation governing the role, activities, organisation and procedures for the functioning of the Company's governing body, in order to ensure compliance with the applicable provisions of law and Recordati's By-laws as well as with the principles and recommendations of the CG Code as applicable from time to time and as approved by the Company and, in particular, also in order to ensure effective management of board reporting.

In relation to this, the Board of Statutory Auditors confirms that the principles and criteria laid down in the CG Code have been substantially complied with during the financial year.

In relation to the regulations on gender balance in corporate bodies, the Company has acknowledged the recommendations on diversity, including gender diversity, in the composition of corporate bodies that were first introduced in the 2018 CG Code and then confirmed by the 2020 CG Code, which indicates that at least one-third of the board of directors shall be composed of members of the least represented gender.

In relation to the rules on the independence of directors, in view of the current composition of the Board of Directors, it is noted that one-third of the members are independent directors (four out of twelve directors in office), an approach that complies with the provisions of the TUF and the CG Code itself, which the Company adheres to.

In this regard, it should be noted that in compliance with the CG Code, in 2021, the Board of Directors adopted a *"Policy on qualitative and quantitative criteria for the purpose of assessing independence requirements"*, which has been fully applied starting from assessment of the independence of the Directors of the Company who were appointed by the Shareholders' Meeting of Recordati on 29th April 2022 (for the approval of the financial statements as at 31st December 2021).

The procedure adopted by the Board of Directors in order to verify independence provides that the director must declare that he/she meets this requirement at the time of submitting his/her candidacy and upon his/her acceptance of the appointment. The Board of Directors ascertains that this requirement is met at the first meeting following the appointment and discloses the outcome to the market. Subsequently, and without prejudice to the independent director's commitment to promptly inform the Board of Directors of the occurrence of situations that would result in the requirement not being met, the Board of Directors shall annually again request the directors concerned to confirm that he/she continues to meet the requirements, as provided for by the law and the Code. The Board of Directors shall verify the content of such communications; the Board of Statutory Auditors shall verify that the requirements and the assessment procedure adopted by the Board of Directors to assess the independence of the Board members has been correctly applied.

The Board of Directors, taking into account the declarations issued by the interested parties, ascertained the existence of the independence requirements set forth in Article 148, paragraph 3 of the Consolidated Law on Finance and the independence requirements set forth in the 2020 Code during the annual evaluation held on 21st February 2023, for the following four directors: Ms Elisa Corghi, Ms Michaela Castelli, Ms Joanna Le Couilliard and Mr Piergiorgio Peluso.

It should be noted that on 22nd February 2024, the Board of Directors renewed this assessment positively. It seems appropriate to point out that, on this occasion, the Board of Directors resolved that, despite the stay in office as independent director for 9 consecutive years of Ms Michaela Castelli, the independence requirement continues to exist for this director.

The Board of Statutory Auditors has positively verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members.

It should be noted that the Board of Directors has set up the following internal committees:

- a) Risk, Control and CSR Committee;
- b) Remuneration and Nominations Committee;

and has identified a Lead Independent Director.

With reference to point a), it should be noted that the Risk, Control and CSR Committee is made up of the following non-executive and independent directors: Ms Michaela Castelli (Chair), Ms Elisa Corghi and Mr Piergiorgio Peluso.

With reference to point b), the Remuneration and Nominations Committee is composed of the following non-executive and independent directors: MS Joanna Le Couilliard (Chair), Ms Michaela Castelli and Ms Elisa Corghi.

With reference to the Lead Independent Director, during 2023, this role was covered by Ms Michaela Castelli, assigning her the tasks set out by the CG Code.

It is worth recalling that, in 2021, the Board of Directors had carried out an in-depth board review process, with the support of an external consultant (the consultancy company Crisci & Partners). This self-assessment process concerned the functioning of the Board itself and its committees, as well as their size and composition, and involved the following aspects:

- a benchmarking analysis with Recordati's peers and, in general, with the best practices on the issue performed by the above-mentioned consultant;
- also included, for the first time, the "peer-to-peer review", i.e., a focus on the content of the contribution made by each of the Board members, including the Chair;
- two questionnaires (one of which was dedicated to peer review) and an individual interview with each director as well as with the Chair of the Board of Statutory Auditors and the Secretary of the Board of Directors were performed;
- included a specific focus on supporting the Board of Directors in relation to the renewal, also for the purpose of possibly formulating some guidelines for the benefit of Shareholders, even though the Company is a large company with concentrated ownership.

It should be noted that the Remuneration and Nominations Committee had played a proactive and preparatory role in the process in question, in coordination with the Chairman of the Board of Directors, and, as also emerged from the Corporate Governance Report of previous years, the results of the board review process - analysed by the Remuneration and Nominations Committee and the Board of Directors - had confirmed a positive picture in terms of the composition of the Board, particularly from the point of view of the mix of experience and skills.

It should be noted that, with regard to the timing of the future self-assessment processes, on the shared indication of the Chairman of the Board and the Remuneration and Nominations Committee, the Board of Directors agreed to proceed with this process prior to the next renewal of the Board scheduled with the Shareholders' Meeting that will approve the financial statements as of 31st December 2024, considering that Recordati is a large company with concentrated ownership; during 2023, this self-assessment process has already been started and the preliminary activities for it have been initiated.

It should be noted that, with regard to the succession plans for Executive Directors who are assigned individual management powers, on the 10th May 2022, the Board of Directors approved, with prior opinion of the Remuneration and Nominations Committee, the new succession plan - intended as a "contingency plan" aimed at management continuity which, in the short to medium term, allows the Company to immediately face any emergency situation - of the Chief Executive Officer (also Director

in charge of the internal control and risk management system), confirming the choice of the previous plan, i.e., providing that in the event of the temporary or permanent absence of Mr Koremans, as Chief Executive Officer and Director in charge of the internal control and risk management system, Mr Andrea Recordati will temporarily take over.

With regard to the composition of the Board of Statutory Auditors, it should be noted that the Board of Statutory Auditors has successfully verified that its members meet the independence criteria laid down by law and by the CG Code.

8. Consolidated non-financial statement

Italian Legislative Decree no. 254/2016, in implementation of Directive 2014/95/EU, introduced in the Italian legal system the obligation for certain entities to draw up for each financial year a non-financial statement aimed at '*ensuring the understanding of the business activity, its performance, its results and its impact*', covering environmental and social issues, those pertaining to personnel, respect for human rights and combatting active and passive corruption.

In essence, therefore, starting with the financial statements for the financial years beginning in 2017, listed companies, banks and large insurance companies (with at least 500 employees and meeting certain size requirements) must also draw up, in addition to the traditional financial reporting, a statement on non-financial matters, such as environmental and social aspects, those relating to personnel, respect for human rights, and combatting active and passive corruption.

In compliance with the provisions of Italian Legislative Decree no. 254/2016, the Company has prepared the 2023 consolidated non-financial statement (hereinafter also referred to as '**NFS**'). Recordati, in fact, has decided to embark on a structured and organic path to sustainability by taking into consideration the aspects of economic, social and environmental sustainability in a manner consistent with its organisational characteristics. To the extent necessary to ensure an understanding of the company's business, its performance, its results and the impact it produces with respect to the main sustainability issues, Recordati's commitment in terms of sustainability has taken concrete form with the preparation of the NFS for the financial year 2023, in order to fulfil the obligations laid down in articles 3 and 4 of Legislative Decree 254/16. Within the NFS, the main policies applied by the company, the management models and the main activities carried out by the Group during the year 2023 in relation to the issues expressly referred to by Legislative Decree 254/16 (environmental, social, relating to personnel, respect for human rights, fight against corruption) are reported, as well as the main risks identified related to these issues.

It is noted that, in order to ensure a structured management of sustainability aspects, the Company has set up a system of responsibilities that is defined both at the level of governance bodies and at the level of the organisational structure. In line with the new CG Code to which Recordati has decided to adhere, the Board of Directors has the duty of pursuing the Company's sustainable success, defined as the objective of creating long-term value to benefit shareholders while taking account of the interests of stakeholders that are relevant to its activities.

In turn, the Board of Directors has set up a Risk, Control and CSR Committee (consisting only of non-executive and independent directors), which has propositional and advisory functions vis-à-vis the Board itself (it supports the Board of Directors' evaluations, including on sustainability issues, with an adequate preliminary activity).

In addition, the Environmental, Social & Governance function (established in 2020), reporting directly to the Chief Financial Officer (executive member of the Board of Directors), is responsible for managing and coordinating sustainability issues at the Group level. This function promotes and supports the Group's various functions in adopting and integrating sustainability principles into corporate business and decision-making processes. In cooperation with the relevant functions, the said function identifies risks related to sustainability issues, areas and projects for improvement; proposes the strategy and objectives of the Sustainability Plan and drafts the NFS.

In particular, in 2023, the NFS was prepared by the Environmental, Social & Governance department in compliance with the “GRI Sustainability Reporting Guidelines” reporting standards in their latest version updated in 2021 by the Global Reporting Initiative (GRI).

The NFS was submitted for review and evaluation by the Risk, Control and CSR Committee on 8th March 2024 and was subsequently approved by the Board of Directors of Recordati S.p.A. on 19th March 2024.

The Board of Statutory Auditors and the Company’s ODV (231 Compliance Body) have received periodic updates on the preliminary activities for preparing the NFS, and, within the scope of the functions assigned to it by the law, the Board of Statutory Auditors has supervised the compliance with the provisions under Italian Legislative Decree no. 254/2016.

The NFS also underwent a conformity assessment by EY S.p.A., which in a specific report certified the conformity of the information provided pursuant to article 3, paragraph 10, of Italian Legislative Decree 254/16. The audit was carried out according to the procedures indicated in the ‘Report of the Auditing Firm’.

It should be noted that the NFS was made public by the Company together with the documents relating to the 2023 annual financial statements.

9. Concluding assessments on supervisory activities and the financial statements

The auditing firm, in its report issued pursuant to article 14 of Italian Legislative Decree no. 39 of 27th January 2010, expressed an unmodified opinion on the 2023 financial statements and on the 2023 consolidated financial statements. The attestations of the Manager responsible for preparing the Company’s financial reports and the delegated body pursuant to article 154-*bis* of the TUF are annexed to the financial statements and the consolidated financial statements.

The shareholders' meeting was convened to approve the financial statements. The Directors' proposal on the distribution of dividends (€ 0.63 per share for the balance of the 2023 financial year), taking into account the 2023 interim profit (€ 0.57 per share), provides for the distribution of a total dividend of € 1.20 per share. For the distribution of the dividend, the Company draws from the profits for the year and from the extraordinary reserve.

The Board of Statutory Auditors, on the basis of the activities carried out during the financial year, has not detected any reasons to prevent the approval of the financial statements for the year ended on 31st December 2023 and the related resolution proposals formulated by the Board of Directors.

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Milan/Rome, 28th March 2024

The Board of Statutory Auditors of Recordati S.p.A.

Antonio Santi

Livia Amidani Aliberti

Ezio Simonelli