

## REPORT ON THE REMUNERATION POLICY AND THE REMUNERATION PAID

**Drafted pursuant to article 123-ter of Italian Legislative Decree no. 58/1998 and art. 84-quater of Consob Regulation 11971/1999**

This report on the remuneration policy and the remuneration paid (the "**Remuneration Report**" or the "**Report**") has been prepared pursuant to article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the "**TUF**"), as most recently novated by Italian Legislative Decree no. 49 of 10 May 2019 ("**Legislative Decree 49/2019**") – implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (so-called *Shareholders' Right Directive II*), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with regard to the encouragement of long-term commitment of shareholders (hereinafter, the consolidated text of Directive 2007/36/EC, the "**Directive**" or "**SHRD**") – and art. 84-quater of the Issuers' Regulation and has been prepared in accordance with Annex 3A, Schedule 7-bis and Schedule 7-ter of the Consob regulations adopted by resolution no. 11971 of 14 May 1999 (the "**Issuers' Regulation**"), as last amended.

The Remuneration Report is divided into the following sections:

- Section I – in compliance with articles 123-ter TUF and 9-bis of the Directive – illustrates the policy of Pharmanutra S.p.A. ("**PHN**", the "**Company**" or also the "**Issuer**") regarding the remuneration of the members of the Board of Directors and, without prejudice to the provisions of article 2402 of the Italian Civil Code, of the members of the Board of Statutory Auditors of the Company (the "**Remuneration Policy**" or the "**Policy**"), as well as the procedures used for the adoption, review and implementation of such Policy, including the measures aimed at avoiding or managing any conflicts of interest;
- Section II, by name, for the remuneration assigned to the Directors and Statutory Auditors of PHN<sup>1</sup>:
  - provides an adequate, clear and comprehensible representation of each of the items that make up the remuneration, including indemnities provided in the event of termination of office or termination of employment pointing out their compliance with the reference Remuneration Policy and the way in which remuneration contributes to the long-term results of the Company;
  - analytically illustrates the remuneration paid in the reporting year for any reason and in any form by the Company and its subsidiaries or associates, indicating any components of said remuneration that refer to activities carried out in previous years and also specifying the remuneration to be paid in one or more subsequent years for activities carried out in the reporting year, possibly indicating an estimated value for components that cannot be objectively quantified in the reporting year.

Furthermore, Section II indicates – according to the criteria set out in Annex 3A, Schedule 7-ter, of the Issuers' Regulation – the shareholdings held in the Issuer and its subsidiaries by members of the management and control bodies, as well as by their spouses (unless legally separated) and minor children, directly or through subsidiaries, trust companies or third parties, pursuant to the provisions of article 84-quater of the Issuers' Regulation.

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<sup>1</sup> It should be noted that, in accordance with Annex 3A, Schedule 7-bis of the Issuers' Regulation, PHN – being qualified as a "smaller" company pursuant to article 3, paragraph 1, letter f) of the Related Parties Regulations (as defined below) – provides any information on agreements that provide for indemnities in the event of early termination of the relationship only with reference to the Executive Directors and the Chair of the Board of Directors.

## SECTION I

The Remuneration Policy adopted by the Company, and illustrated in this Section of the Report, defines the principles and guidelines to which PHN adheres in determining the remuneration practices for Directors and, without prejudice to the provisions of article 2402 of the Italian Civil Code, of the members of the Board of Statutory Auditors, as well as in monitoring the enforcement of the same.

The Remuneration Policy was approved by the Board of Directors of the Company on 22 March 2021, on the proposal of the Remuneration and Nomination Committee (hereinafter also the "**Committee**"). The ordinary shares of the Company are traded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("**MTA**"), STAR segment, as of 15 December 2020 (the "**Trading Start Date**"), and that, therefore, PHN's Remuneration Policy, described in this Section, as well as the Remuneration Report itself, are the first prepared by PHN in compliance with the regulations applicable to companies whose financial instruments are listed on a regulated market and with the involvement of the Committee.

The Remuneration Policy was drafted also in light of the recommendations indicated in the *Corporate Governance Code* promoted by the *Corporate Governance Committee* (the "**CG Code**" or the "**Corporate Governance Code**") and also takes into account the provisions of article 2.2.3 of the Regulation applicable to markets organised and managed by Borsa Italiana S.p.A. (the "**Stock Exchange Regulations**") and the related Instructions for STAR issuers.

As required by Consob Regulation no. 17221 of 12 March 2010 on related party transactions in force at the date of this Report (the "**RPT Regulations**"), as implemented in the internal procedure adopted by the Company (the "**RPT Procedure**"), available on the website [www.pharmanutra.it](http://www.pharmanutra.it), in the "*Governance/Company Documents*" section, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the above procedure in the resolutions of the Board of Directors on the remuneration of Directors and other executives with strategic responsibilities when:

- (i) the Company has adopted a Remuneration Policy approved by the Shareholders' Meeting;
- (ii) a committee made up exclusively of non-executive directors or directors, the majority of whom were independent, was involved in the definition of the Remuneration Policy;
- (iii) the remuneration is identified in accordance with this policy and quantified on the basis of criteria that do not involve any discretionary assessments.

Furthermore, pursuant to art. 13, paragraph 1, of the RPT Regulations, the RPT Procedure does not apply to Shareholders' Meeting resolutions as per art. 2389, paragraph 1, of the Italian Civil Code, relating to the remuneration due to members of the Board of Directors and of the executive committee, nor to resolutions relating to the remuneration of Directors holding particular offices falling within the total amount previously determined by the Shareholders' Meeting pursuant to art. 2389, paragraph 3, second sentence, of the Italian Civil Code.

It should be noted that at the date of this Report, no other (other than Directors and Statutory Auditors) managers with strategic responsibilities have been identified as relevant for the purposes of this Policy within the Issuer's corporate organisational chart, and the Issuer has not appointed any general managers.

**a) bodies or persons involved in the preparation, approval and possible revision of the remuneration policy, specifying their respective roles, as well as the bodies or persons responsible for the correct implementation of said policy;**

The main persons and bodies involved in the preparation, approval and revision of the Remuneration Policy are the Board of Directors, the Committee, the Shareholders' Meeting and the Board of Statutory Auditors.

Board of Directors

The Board of Directors:

- sets up an internal committee with responsibility for remuneration matters;
- determines, in line with the Remuneration Policy, the remuneration of Directors holding particular offices, subject to the opinion of the Board of Statutory Auditors and on the proposal of the Committee, possibly within the overall remuneration determined by the Shareholders' Meeting pursuant to article 2389, paragraph 3, of the Italian Civil Code and article 20 of the Articles of Association;
- defines, with the assistance of the Committee, the Remuneration Policy, as well as its possible revision;
- prepares the Remuneration Report, pursuant to articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulation, submits it to the approval of the Shareholders' Meeting pursuant to article 123-*ter*, paragraph 3-*bis*, of the TUF and oversees its implementation;
- prepares any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including other executives with strategic responsibilities, submits them to the approval of the Shareholders' Meeting pursuant to art. 114-*bis* of the TUF and oversees their implementation.

Remuneration and Nomination Committee

The Committee of the Company, constituted from within the Board of Directors in accordance with the provisions of the CG Code and Stock Exchange Regulations, consists of non-executive Directors, most of which independent, with Chair chosen from among the independent Directors.

With regard to remuneration, the Committee:

- (i) proposes the adoption of the Policy for the Remuneration of Directors and other managers with strategic responsibilities, including incentive plans;
- (ii) periodically assesses the adequacy, overall consistency and actual application of the Policy for the Remuneration of Directors and other executives with strategic responsibilities, in this latter regard making use of the information provided by the Directors and/or bodies with delegated powers; makes proposals on the matter to the Board of Directors;
- (iii) submits proposals or expresses opinions to the Board of Directors on the remuneration of executive Directors<sup>2</sup> and other Directors who hold special offices and, according to the suggestions of the

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<sup>2</sup> It should be noted that for the purposes of the CG Code "executive directors" means: "- the president of the company or of a strategically important subsidiary, when s/he is delegated powers in the management or in the

Managing Directors, of other executives with strategic responsibilities, as well as on the setting of performance targets related to the variable component of such remuneration; monitors the application of the decisions adopted by the Board of Directors, verifying, in particular, the actual achievement of performance targets;

- (iv) supports the Board of Directors in order to ensure that the choices made regarding remuneration are adequately informed, comply with the rules of transparency and strictly regulate potential conflicts of interest;
- (v) makes proposals to the Board of Directors with reference to the Remuneration Policy, including incentive plans, with reference to Managing Directors and other Directors holding particular offices, as well as, according to the suggestions of the Managing Directors, proposals for the definition of the remuneration criteria of the other managers with strategic responsibilities of the Company.

In carrying out its functions, the Committee has the faculty of accessing the information and corporate functions necessary for the performance of its duties as well as of availing itself of financial resources and external consultants, under the terms established by the Board of Directors.

The Chair of the Committee reports to the Board of Directors on the Committee's activities.

### Shareholders' Meeting

On the subject of remuneration, the Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors and the Board of Statutory Auditors pursuant to art. 2364, paragraph 1, no. 3), possibly also pursuant to art. 2389, paragraph 3, of the Italian Civil Code and art. 16 of the Articles of Association;
- expresses: (i) a binding vote on Section I of the Remuneration Report prepared by the Board of Directors with the frequency required by the duration of the Remuneration Policy every two years and in particular with reference to the financial years 2021 and 2022, and in any case, on the occasion of amendments to the aforesaid Policy<sup>3</sup>; and (ii) a non-binding vote on Section II of the Report on an annual basis;
- resolves on any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including other executives with strategic responsibilities, pursuant to art. 114-*bis* of the TUF.

A temporary deviation from the Remuneration Policy approved by the Shareholders' Meeting is permitted only in exceptional circumstances, i.e., when the deviation from the Remuneration Policy is necessary for the pursuit of the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market. On this point, please refer to paragraph q) below.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will be required to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing that, in accordance with current practice. At the next Shareholders'

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*definition of company strategies; – the directors who are granted delegated management powers and/or hold managerial positions in the company or in a strategically important subsidiary, or in the parent company when the position also concerns the company; – the directors who are members of the executive committee of the company (...)."*

<sup>3</sup> It is understood that the vote of the Shareholders is required on the occasion of amendments to the Remuneration Policy that are not merely formal changes or editorial clarifications.

Meeting called to approve the financial statements, the Company must submit a new Remuneration Policy to a vote of the Shareholders' Meeting.

#### Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on the proposals for the remuneration of Directors holding particular offices, pursuant to article 2389, paragraph 3, of the Italian Civil Code, verifying the consistency of the proposals with the Remuneration Policy.

#### **b) the possible involvement of a remuneration committee or other committee competent in the matter, describing its composition (with a distinction between non-executive and independent directors), its powers and operating procedures, and any additional measures to avoid or manage conflicts of interest;**

In light of the requirements of article 2.2.3, paragraph 3, letters n) and o), of the Stock Exchange Regulations, applicable to issuers qualified as STAR issuers, and in accordance with the Corporate Governance Code, the Company has set up a remuneration committee within its Board of Directors. On 23 October 2020, the Board of Directors of the Issuer appointed (subject to and with effect from the Trading Start Date) the following persons as members of the Committee:

- Giovanna Zanotti – Independent Director – as Chair;
- Marida Zaffaroni – Independent Director;
- Alessandro Calzolari – Independent Director.

In accordance with Recommendation 26 of the CG Code, the Committee members collectively have appropriate knowledge and experience of financial or remuneration policy matters<sup>4</sup>.

The Committee has advisory and proposal functions with reference to the Remuneration Policy, as specified in paragraph a) above.

The Committee's meetings are held as a collective body and duly minuted. The Committee meets validly with the presence of the majority of its members and resolutions are taken by majority vote.

In order to avoid or manage potential conflicts of interest, no Director takes part in Committee meetings where proposals are made to the Board of Directors regarding his/her own remuneration, unless the proposals concern all members of the Board of Directors.

The Chair of the Committee may invite to individual meetings the Chair of the Board of Directors, the Chief Executive Officer, the other Directors and, after informing the Chief Executive Officer, the representatives of the relevant corporate functions; the members of the control body may attend the meetings of the Committee.

The Committee has the faculty of accessing the information and corporate functions necessary for the performance of its duties, availing itself of financial resources and external consultants, under the terms established by the management body.

For further details on the composition and functioning of the Committee, reference should be made to the "*Report on Corporate Governance and Ownership Structure*" prepared by the Company pursuant to art. 123-bis of the TUF and published on the website [www.pharmanutra.it](http://www.pharmanutra.it), "Governance" section.

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<sup>4</sup> It should be noted that Recommendation 26 of the CG Code states that "[a]t least one member of the committee has appropriate knowledge and experience of financial matters or remuneration policies, to be assessed by the management body at the time of appointment."

**c) how the Company took into account the compensation and working conditions of its employees in determining its remuneration policy;**

The Remuneration Policy is determined taking into account the compensation and working conditions of its employees. In particular, the Policy is made up of tools and logics, applied to a large part of the corporate population, aimed at attracting, motivating and retaining people having the professional qualities necessary to contribute to the definition of the Company's growth strategy and to the strengthening of PHN's long-term interests and sustainability.

In particular, the Policy is defined on the basis of specific criteria, including comparison with the reference market, the characteristics of the role and responsibilities assigned, as well as the distinguishing skills of the people, always with a view to maximum objectivity, in order to avoid any form of discrimination. Indeed, the Policy is based on the principles of fairness, equal opportunities, meritocracy and competitiveness with respect to the reference market, as well as on an adequate balance between fixed and variable components of remuneration.

**d) the names of any independent experts involved in the preparation of the remuneration policy;**

The Company did not rely on the support of independent experts in the preparation of the Remuneration Policy.

**e) the objectives pursued by the remuneration policy, the principles underlying it, its duration and, in the event of a revision, a description of the changes from the remuneration policy last submitted to the shareholders' meeting and how such revision takes into account the votes and considerations expressed by the shareholders at that meeting or subsequently;**

The Company's Remuneration Policy – and, in particular, the policy on variable components of remuneration – contributes to the Company's strategy and to the pursuit of not only short-term but also medium/long-term interests and the sustainability of the Company.

The Policy is functional to the pursuit of the sustainable success of the Company and takes into account the need to have, retain and motivate people having the skills and professionalism required by their role in the Company. In view of this goal, the Policy is defined in such a way as to ensure an overall remuneration structure capable of recognising the managerial value of the persons involved and the contribution made to the growth of the Company in relation to their respective roles and functions.

A significant part of the remuneration of Executive Directors is linked, to the operating results achieved by the Issuer and/or the achievement of specific objectives set, not exclusively in the short term, also in the form of benefit plans based on financial instruments or profit sharing.

The incentive system for Executive Directors also recognises an appropriate balance between the fixed and variable components, consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the Company's business and the sector in which it operates, it being understood that the variable portion represents a significant part of total remuneration.

The performance objectives, to which the payment of the variable components for Executive Directors is linked, are predetermined, measurable and mostly linked to a long-term horizon. They are consistent with the Company's strategic objectives and are designed to promote its sustainable success, including non-financial parameters, where relevant.

The Remuneration Policy is valid for two years and in particular for the financial years 2021 and 2022.

Please note that the Policy described in this Section is the first remuneration policy prepared by PHN in compliance with the regulations applicable to companies whose financial instruments are listed on a regulated market.

**f) the description of the policies on fixed and variable components of remuneration, with particular regard to the indication of the relative proportion within the total remuneration and distinguishing between short and medium-long term variable components;**

**REMUNERATION OF THE MEMBERS OF THE ADMINISTRATIVE BODY**

Pursuant to article 20.1 of the Articles of Association, the Directors are entitled to reimbursement of expenses incurred in the performance of their duties and the remuneration determined by the Shareholders' Meeting, without prejudice to the provisions of article 20.2 of the Articles of Association. **Errore. L'origine riferimento non è stata trovata.** The Ordinary Shareholders' Meeting may also grant Directors a severance indemnity, including in the form of an insurance policy. The remuneration of Directors who hold special offices is determined by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors and upon a proposal by the Committee.

Pursuant to article 20.2, the Shareholders' Meeting may define an overall amount for the remuneration of all the Directors, including those holding particular offices, which the Board of Directors shall then distribute.

The Company deems it appropriate to distinguish the remuneration structure in relation to the role covered within the Board and the executive powers and responsibilities acknowledged to the persons concerned and consequently to independently define the criteria for determining the remuneration of: (i) Non-Executive Directors and Independent Directors; and (ii) Executive Directors.

In light of the guiding principles set forth in paragraph e) above, the Remuneration Policy provides for a remuneration structure for the key figures of the Company structured as illustrated in the following paragraphs.

**1) Non-executive Directors and Independent Directors**

"Non-executive Directors" refers to Directors who do not hold individual management powers and do not hold executive positions.

The term "Independent Directors" refers to Directors who meet the independence requirements set forth in article 148, paragraph 3, TUF and article 2 of the Corporate Governance Code.

Non-executive Directors and Independent Directors receive a fixed fee determined by the Shareholders' Meeting pursuant to article 2389 of the Italian Civil Code.

Pursuant to article 20.1 of the Articles of Association, Directors are entitled to reimbursement of expenses incurred in the performance of their duties. The Board of Directors, if the Shareholders' Meeting has not done so, shall decide how to break down the total remuneration established by the Shareholders' Meeting.

The remuneration of Non-executive and Independent Directors shall be appropriate to the skills, professionalism and commitment required by the duties assigned to them within the Board of Directors and Board committees.

Non-executive Directors and Independent Directors do not receive variable remuneration and are not recipients of benefit plans based on financial instruments.

Non-executive Directors and Independent Directors may receive an additional fixed annual compensation as members of committees established within the Board of Directors, with a possible extra fee if the Director serves as Chair of the Committee.

For information about the remuneration of Directors who serve on Board committees, see paragraph o) below.

## **2) Executive Directors**

The remuneration of Executive Directors is appropriately balanced in relation to the strategic objectives and in order to ensure consistency between short-term development objectives and the sustainability of value creation for shareholders in the medium to long term as established by the Board of Directors, on the proposal of the Committee.

In particular, the remuneration structure of Executive Directors consists of a fixed component (see letter a. below) and a variable component (see letters b. and c. below), the latter divided between:

- (i) short-term variable compensation in the amount of Euro 1,000,000 (the "**Basic Short-Term Compensation**"), with the possibility of increasing it up to a maximum of Euro 1,300,000 (the "**Maximum Short-Term Compensation**"), representing a portion equal to 2/3 of the total variable component; and
- (ii) medium/long-term variable compensation in the amount of Euro 500,000 (the "**Basic Long-Term Compensation**"), with the possibility of increasing it up to a maximum of Euro 650,000 (the "**Maximum Long-Term Compensation**"), representing a portion equal to 1/3 of the total variable component.

The aforesaid remuneration components (fixed and variable) will also be determined, if necessary, on the basis of the fees paid in the market by companies comparable to the Company in terms of size, profitability and growth rates and take into account the value generated in terms of improvement of equity and profitability results and/or increase in the capitalisation of the Company.

In the event that the Company carries out particularly exceptional transactions due to their strategic importance and/or effects on the results of the Company and/or the Group, the Board of Directors, having consulted with the Committee, has the right to grant, on a discretionary basis, specific bonuses to the Executive Directors and to the Directors holding particular offices strictly related to their specific contribution to the aforesaid transactions, after having complied with the controls on related party transactions set out in the RPT Procedure (where applicable).

### *a. Fixed component of remuneration*

The fixed component of the Executive Directors' remuneration is commensurate with the responsibilities, delegated powers and professional skills associated with the office/function held by the person concerned.

This component, which is not linked to the achievement of performance objectives, is determined in an amount sufficient to remunerate the performance of Executive Directors and Directors holding particular offices in the event that the variable components are not paid due to the failure to achieve the performance objectives specified by the Board.

### *b. Short-term variable component*

The short-term variable component of the Executive Directors' remuneration may consist of cash incentive plans.

The short-term variable component is determined on the basis of the achievement of preset annual objectives related to performance indicators, both at consolidated and group level, established by the Board of Directors, on the proposal of the Committee.



More specifically, short-term variable remuneration is defined based on a 10% increase in the annual performance target represented by the consolidated Adjusted EBITDA parameter (consolidated EBITDA for the year net of non-recurring items), gross of total variable compensation for the year ("**EAL**") compared to the previous year's EAL.

The payment of short-term variable remuneration is also contingent upon an increase in consolidated revenues compared to the previous year.

The Remuneration Policy provides for the application of a calculation system in order to determine a link between the change in Company results and the change in remuneration which takes into account the deviation, positive or negative, from the target annual increase in EAL (the "**Target Annual Increase in EAL**"). In particular, this calculation system envisages that the amount of short-term variable remuneration is determined gradually on the basis of the percentage of achievement of the Target Annual Increase in EAL for amounts between 80% and 130% thereof, as follows:

(i) in the event of an annual increase in EAL of less than 80% of the Target Annual Increase in EAL (underperformance threshold), the short-term variable remuneration shall not accrue and shall not be paid;

(ii) in the event of an annual increase in EAL of more than 80% of the Target Annual Increase in EAL and up to 100% thereof, the short-term variable remuneration is calculated by linear interpolation applied to the range between 50% and 100% of the Basic Short-Term Remuneration<sup>5</sup>;

(iii) in the event of an annual increase in EAL of more than 100% of the Target Annual Increase in EAL and up to 130% of the Target Annual Increase in EAL – which constitutes the cap, the maximum limit, of the variable remuneration – the short-term variable remuneration is calculated by linear interpolation applied to the range between 100% and 130% of the Maximum Short-Term Remuneration.

Short-term variable remuneration is paid after the Board of Directors approves the relevant consolidated financial statements, subject to verification of the achievement of the targets.

The short-term variable component may not exceed 2/3 of the fixed component of the Executive Directors.

*c. Medium/long-term variable component*

The medium/long-term variable component of the Executive Directors consists of cash incentive plans which, in line with the comparable market best practices, provide for adequate vesting periods.

The medium/long-term component is determined on the basis of the achievement of annual quantitative objectives related to performance indicators, both at consolidated and group level, established by the Board of Directors, on the proposal of the Committee.

More specifically, medium to long-term variable remuneration is defined based on the increase in cumulative EAL (the "**Cumulative EAL**") reported for the three-year period 2020-2022 compared to the EAL reported for fiscal year 2019 generated through a 10% annual growth in the Target. Therefore, medium/long-term variable remuneration is determined based on the achievement of an increase in Cumulative EAL of Euro 8,604 thousand (the "**Target Cumulative EAL Increase**") and therefore a target Cumulative EAL of Euro 51,624 thousand for the three-year period 2020-2022 (the "**Target Cumulative EAL**").

The Remuneration Policy provides for the application of a calculation system in order to determine a link

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<sup>5</sup> For the sake of clarity, the following examples are provided: in the event of an annual increase in EAL equal to 80% of the Target Annual Increase in EAL, 50% of the Basic Short-Term Remuneration accrues, while in the event of an annual increase in EAL equal to the Target Annual Increase in EAL, the Basic Short-Term Remuneration accrues in full.

between the change in Company results and the change in remuneration which takes into account the deviation, positive or negative, from the Cumulative EAL increase. In particular, this calculation system envisages that the amount of medium/long-term variable remuneration is determined gradually on the basis of the percentage of achievement of the Cumulative EAL Increase in the three-year period compared to the Target Cumulative EAL Increase for amounts between 80% and 120% of the Target Cumulative EAL Increase, as follows:

(i) in the event of a Cumulative EAL Increase of less than 80% of the Target Cumulative EAL Increase, the medium/long-term variable remuneration shall not accrue and shall not be paid;

(ii) in the event of a Cumulative EAL Increase of more than 80% of the Target Cumulative EAL Increase and up to 100% thereof, the medium/long-term variable remuneration is calculated by linear interpolation applied to the range between 50% and 100% of the Basic Long-Term Remuneration<sup>6</sup>;

(iii) in the event of a Cumulative EAL Increase of more than 100% of the Target Cumulative EAL Increase and up to 120% of the same – which constitutes the cap, the maximum limit, of the variable remuneration – the medium/long-term variable remuneration is calculated by linear interpolation applied to the range between 100% and 120% of the Maximum Long-Term Remuneration.

Medium/long-term variable remuneration is paid after the Board of Directors approves the relevant consolidated financial statements, subject to verification of the achievement of the targets.

The medium/long-term variable component may not exceed 1/3 of the fixed component of the Executive Directors accumulated over the multi-year reference period.

#### **REMUNERATION OF THE MEMBERS OF THE CONTROL BODY**

The members of the control body receive remuneration commensurate with the skills, professionalism and commitment required by the role covered, considering the characteristics and sector of the Company.

Pursuant to article 2402 of the Italian Civil Code, the remuneration of the members of the Board of Statutory Auditors is determined by the Shareholders' Meeting at the time of their appointment for the entire period of their office.

#### **g) the policy followed with regard to non-monetary benefits;**

The Remuneration Policy provides for the granting of non-monetary benefits currently recognised in remuneration practice and in any case consistent with the position/function held by the person concerned.

In particular, members of corporate bodies and employees can benefit from certain benefits, at different levels depending on their role in the company and/or reasons for service, such as, for example, a company car, and insurance policies for the civil liability of representatives of corporate bodies and employees.

#### **h) with regard to the variable components, a description of the financial and non-financial performance objectives, where appropriate taking into account criteria relating to corporate social responsibility, on the basis of which they are granted, distinguishing between short and medium to**

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<sup>6</sup> For the sake of clarity, the following examples are provided: in the event of a Cumulative EAL Increase equal to 80% of the Target Cumulative EAL Increase, 50% of the Basic Long-Term Remuneration accrues, while in the event of a Cumulative EAL Increase equal to the Target Cumulative EAL Increase, the Basic Long-Term Remuneration accrues in full.

**long-term variable components, and information on the link between the change in performance and the change in remuneration;**

For a description of the variable components of the incentive scheme for Executive Directors, please refer to paragraph f), point 2) above.

**i) the criteria used to assess the achievement of the performance objectives underlying the granting of shares, options, other financial instruments or other variable components of remuneration, specifying the extent of the variable component to be paid according to the level of achievement of the objectives;**

*Short-term variable component*

With reference to the short-term and medium/long-term variable component of Executive Directors, the Remuneration Policy provides for:

- (i) the definition and sharing of the objectives for the reference period, annual or multi-year, as applicable, as established by the Board of Directors, with the opinion of the Committee. For a description of the reference objectives, reference should be made to paragraph f) above;
- (ii) the final evaluation of performance by the Board of Directors with the possible support of the function responsible for the objective in question, and the communication of the degree of achievement of the objectives assigned. Upon achievement of the objectives, the variable component is paid following the approval of the consolidated financial statements by the Board of Directors.

In the event that PHN carries out extraordinary transactions having a strategic importance and/or affecting the results of the Company and/or the Group or the business scope and/or carries out operations on the share capital, or in the event of extraordinary changes in the market conditions in which the Company operates, the Board of Directors, on the proposal of the Committee, may revise the objectives in order to make them consistent with the new corporate and/or business structure and/or with the consequent operating/financial results, without prejudice to the controls on transactions with related parties set out in the RPT Procedure (where applicable).

**j) information highlighting the contribution of the remuneration policy, and in particular the policy on variable components of remuneration, to the Company's strategy, long-term interests and sustainability;**

As highlighted in paragraph e) above, the Company's Remuneration Policy – and, in particular, the policy on variable components of remuneration – contributes to the Company's strategy and to the pursuit of not only short-term but also medium/long-term interests and the sustainability of the Company and pursues the goal of attracting and retaining people having the professional qualities necessary to manage and operate successfully within the Company.

This contribution shall be made, *inter alia*, through:

- a greater and more conscious involvement of the shareholders who are called upon to express their binding vote on the Remuneration Policy, which describes each of the items that make up the remuneration of Directors and which therefore has a different and broader content than the resolutions on remuneration pursuant to articles 2364, 2389 and 2402 of the Italian Civil Code;
- the definition of an overall remuneration framework capable of recognising the managerial value of the persons involved and the contribution made to the growth of the Company in relation to

their respective skills and functions in such a way as to attract, retain and motivate persons having the professional qualities required to successfully manage the Company.

To this end, the composition of the remuneration package of the Executive Directors is defined in line with the criteria aimed at ensuring:

(a) a direct link between remuneration and performance through mechanisms that establish the non-payment of bonuses in the event of failure to achieve the Company's objectives and overall profitability;

(b) overall remuneration levels capable of recognising the professional value of people and their contribution to the creation of sustainable value, not only in the short term but also in the medium to long term.

**k) the vesting periods, any deferred payment systems, with an indication of the deferral periods and the criteria used to determine these periods and, if envisaged, the mechanisms for *ex-post* correction of the variable component (*malus* or claw-back of variable compensation);**

The Remuneration Policy provides for the possibility that the medium/long-term monetary incentive plans, drawn up in line with the best market practices, may envisage multi-year vesting periods, through the definition of multi-year objectives to which the incentive is subject and linked.

The Remuneration Policy also provides for the deferred payment of a significant portion of the variable component in an appropriate timeframe with respect to the vesting period.

The Remuneration Policy provides, with reference to the variable components, that the agreements between the Company and the Executive Directors may allow the Company to request the return, in whole or in part, of the variable components of remuneration paid (or to withhold any amounts subject to deferral), determined on the basis of data that subsequently turned out to be clearly erroneous (so-called claw back/ *malus* clauses).

**l) information on whether there is any provision for retaining the financial instruments in the portfolio after their acquisition, with an indication of the retention periods and the criteria used to determine those periods;**

It should be noted that the Executive Directors holding a significant stake, exceeding 3% of the Issuer's share capital – namely, Andrea Lacorte, Roberto Lacorte and Carlo Volpi (through the company Beda S.r.l., a wholly-owned subsidiary, which directly holds the stake in the Issuer) – have undertaken a lock-up commitment towards PHN valid from the Trading Start Date until the expiration of the 36th (thirty-sixth) month following that date, subject to the exceptions described in the essential information pursuant to article 130 of the Issuers' Regulation published on PHN's website at [www.pharmanutra.it](http://www.pharmanutra.it), Governance Section, to which reference should be made for any details.

**m) the policy relating to the indemnities envisaged in the event of termination of office or termination of employment, specifying: i) the duration of any employment contracts and other agreements, the notice period, where applicable, and the circumstances that determine the right; ii) the criteria for determining the remuneration payable to directors, general managers and, at an aggregate level, to managers with strategic responsibilities, distinguishing, where applicable, the components attributed by virtue of the office of director from those relating to employment relationships, as well as the components for any non-competition agreements. If such remuneration is expressed on the basis of annual compensation, specify in detail the components of such annual**

**compensation (fixed, variable, etc.); iii) any link between such remuneration and the company performance; iv) any effects of the termination of the relationship on the rights assigned under incentive plans based on financial instruments or to be paid in cash; v) any provision for the assignment or maintenance of non-monetary benefits in favour of the persons or the stipulation of consultancy contracts for a period subsequent to the termination of the relationship;**

As of today, the Company does not have a policy relating to the treatment provided for in the event of termination of office or termination of the employment relationship.

It should be noted that at the date of this Report, no other (other than Directors and Statutory Auditors) managers with strategic responsibilities have been identified as relevant for the purposes of this Policy within the Issuer's corporate organisational chart.

**n) information on the presence of any insurance, or social security or pension coverage, other than compulsory coverage;**

At the date of this Report there are insurance coverage for the civil liability of the representatives of the corporate bodies and employees.

**o) the remuneration policy followed, if any, with reference to: (i) independent directors, (ii) participation in committees and (iii) performance of special duties (Chair, Vice Chair, etc.);**

Non-executive Directors and Independent Directors may receive an additional fixed annual compensation as members of Committees established within the Board of Directors, with a possible extra fee if the Director serves as Chair of the Committee. For further information on the remuneration of Independent Directors, please refer to paragraph f), point 1) above.

The Director who holds the position of Chair of the Board of Directors may be paid an additional fixed annual fee in the amount established by the Board of Directors, subject to the opinion of the Board of Statutory Auditors and on the proposal of the Committee, in compliance with the overall amount that may be established by the Shareholders' Meeting.

In particular, the fixed remuneration due to the Chair of the Board of Directors is not linked to the achievement of objectives, but is commensurate with the responsibilities and skills associated with the office of Chair.

A Director who serves as Chair and also qualifies as an Executive Director may be granted a variable short-term remuneration and a variable medium/long-term remuneration for each year of office, as determined by the Board of Directors, with the opinion of the Committee.

**p) whether the remuneration policy has been established using the remuneration policies of other companies as a reference, and if this is the case, the criteria used for the selection and designation of those companies;**

In defining the Remuneration Policy, the Company has not used any remuneration policies of other companies as a reference.

**q) the elements of the remuneration policy from which, in the presence of exceptional circumstances, it is possible to waive and, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, any further procedural conditions under which the waiver may be applied.**

In exceptional circumstances the Company may waive the elements of the Remuneration Policy as described below.

It should be noted that "*exceptional circumstances*" are those situations in which a deviation from the Remuneration Policy is necessary for the pursuit of the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market, such as, but not limited to:

(i) the occurrence, at a national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company's results, including the occurrence of significant negative effects not only of an economic or financial nature such as, for example, those resulting from the Covid-19 health emergency;

(ii) the intervention of substantial changes in the organisation of the business activity, both of an objective nature (such as extraordinary transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the top management and the possible identification of persons (other than directors and statutory auditors) qualifying as executives with strategic responsibilities relevant for the purposes of this Policy;

(iii) significant changes in the scope of the Company's business during the period of validity of the Policy, such as the sale of an undertaking/business unit on whose activity the performance objectives of the Policy were based or the acquisition of a significant business not contemplated for the purposes of preparing the Policy.

In any case, it is understood that any exceptions to the Policy will be subject to the prior examination of the Committee and to the application of the RPT Procedure.

Notwithstanding the above, the exception may concern: (i) the redefinition of the performance objectives to which the variable remuneration is linked and of the frequency with which they are calculated, (ii) the revision of the criteria used to assess these objectives, (iii) the change in the ratio between fixed and variable components of remuneration, (iv) the granting of one-off cash bonuses, (v) the granting of special indemnities, in order to take account of the aforementioned exceptional circumstances and only to the extent that this is instrumental to the pursuit of the interests mentioned above.

## SECTION II

### FOREWORD

As mentioned in Section I of the Remuneration Report, it should be noted that: **(i)** the ordinary shares of the Company are admitted to trading on the MTA, STAR segment, as from the Trading Start Date (i.e., from 15 December 2020); **(ii)** the members of the Remuneration and Nomination Committee were appointed by the Issuer's Board of Directors on 23 October 2020 with effect from the Trading Start Date; and **(iii)** PHN's Remuneration Policy, described in Section I of the Remuneration Report, as well as the Remuneration Report itself, are the first prepared by PHN in compliance with the regulations applicable to companies whose financial instruments are listed on a regulated market and with the involvement of the Committee.

Therefore, the remuneration discussed in this Section II and referring to the year 2020 (hereinafter the "**Financial Year**") was not paid on the basis of a Remuneration Policy prepared (and approved by the Shareholders' Meeting) pursuant to article 123-ter of the TUF and the determination of the same was made without the involvement of the Committee.

For the purposes of greater clarity of what is set out in this Section II of the Remuneration Report, the following should also be noted.

The Issuer's Board of Directors in office at the Date of this Remuneration Report consists of 7 members and was appointed by the Issuer's Ordinary Shareholders' Meeting on 27 April 2020; it was later integrated by the Issuer's Ordinary Shareholders' Meeting on 13 October 2020 (based on the provisions of the Articles of Association in force at the date of the relevant appointment), and will remain in office for three financial years and, therefore, until the date of approval of the financial statements as at 31 December 2022.

The members of the Board of Directors in office at the date of this Report are listed in the table below.

First and last name	Position	Place and date of birth
<b>Andrea Lacorte</b> (*)	Chair of the Board of Directors	Pisa, 7 October 1960
<b>Roberto Lacorte</b> (*)	Vice Chair of the Board of Directors	Cascina (PI), 25 June 1968
<b>Carlo Volpi</b> (*)	Director	Parma, 14 December 1965
<b>Germano Tarantino</b> (*)	Director	Marsala (TP), 21 January 1979
<b>Alessandro Calzolari</b> (**)	Director	Bologna, 25 June 1960
<b>Marida Zaffaroni</b> (**)(***)	Director	Como, 6 June 1975
<b>Giovanna Zanotti</b> (**)(***)	Director	Bergamo, 18 March 1972

(\*) Executive Director.

(\*\*) Independent Director pursuant to art. 148, paragraph 3 of the TUF, as referred to in art. 147-ter, paragraph 4 of the TUF, as well as pursuant to art. 2 of the CG Code.

(\*\*\*) Director appointed by the PHN Shareholders' Meeting of 13 October 2020, following co-opting pursuant to article 2386, paragraph 1, of the Italian Civil Code, by the Board of Directors on 25 September 2020. Co-

opting was decided in consideration of the resignations by Directors Simone Strocchi and Giovanni Bucarelli within the context of the listing process of the ordinary shares of the Company on MTA (STAR segment), in order to facilitate the entry of directors meeting the requirements and compliance with the requirements of gender quotas under the regulations applicable to listed companies.

\* \* \*

This Section II of the Remuneration Report lists by name the remuneration granted to Directors and Statutory Auditors:

- in the first part, it (i) provides an adequate, clear and comprehensible representation of each of the items that make up the remuneration, including indemnities provided in the event of termination of office or termination of employment pointing out their compliance with the reference Remuneration Policy and the way in which remuneration contributes to the long-term results of the Company; (ii) provides information on any exceptions to the Policy applied in exceptional circumstances; (iii) illustrates how the Company took into account the vote expressed by the Shareholders' Meeting on Section II of the Report the previous year;
- in the second part, it analytically illustrates – using the tables provided by Annex 3A, Schedule 7-*bis*, of the Issuers' Regulation – the remuneration paid in the reporting year for any reason and in any form by the Company and its subsidiaries or associates, indicating any components of said remuneration that refer to activities carried out in previous years and also specifying the remuneration to be paid in one or more subsequent years for activities carried out in the reporting year, possibly indicating an estimated value for components that cannot be objectively quantified in the reporting year;
- in the third part, it indicates – according to the criteria set out in Annex 3A, Schedule 7-*ter*, of the Issuers' Regulation – the shareholdings held in the Issuer and its subsidiaries by members of the management and control bodies, as well as by their spouses (unless legally separated) and minor children, directly or through subsidiaries, trust companies or third parties, as resulting from the shareholders' register, from communications received and from other information acquired from the members of the management and control bodies.

Being qualified as a "smaller" company pursuant to article 3, paragraph 1, letter f) of the Related Parties Regulations, PHN may provide any information on agreements that provide for indemnities in the event of early termination of the relationship only with reference to the Executive Directors and the Chair of the Board of Directors.

It should be noted that at the date of this Report:

- (i) no other (other than Directors and Statutory Auditors) managers with strategic responsibilities have been identified as relevant for the purposes of the Policy described in Section I within the Issuer's corporate organisational chart; and
- (ii) the Issuer has not appointed any general managers.

It should be noted that the auditing firm BDO Italia S.p.A. has verified – in accordance with the provisions of art. 123-*ter*, paragraph 8-*bis*, of the TUF – that the Board of Directors of PHN prepared this Section of the Remuneration Report.



## SECTION II – PART ONE – ITEMS MAKING UP REMUNERATION

### **1. Remuneration of the Board of Directors**

On 27 April 2020, the Shareholders' Meeting of PHN determined:

- (i) that the total fixed annual remuneration to be paid to the members of the Board of Directors for the duration of their appointment shall be up to a maximum of Euro 4,000,000.00, including the remuneration to be paid to the directors holding particular offices pursuant to article 2389, paragraph 3, of the Italian Civil Code, in addition to the reimbursement of expenses incurred by its members for the exercise of their functions and, for directors holding particular offices pursuant to article 2389, paragraph 3, of the Italian Civil Code, to the annual provision of maximum 10% of the compensation received as severance pay, to be distributed by the Board of Directors in accordance with the law and in compliance with the provisions of article 20.2 of PHN's Articles of Association; and
- (ii) that the total annual variable compensation to be paid to the directors invested with special offices shall be an additional maximum of Euro 2,000,000.00, pursuant to article 2389, paragraph 3, of the Italian Civil Code (the "**Variable Compensation**"), to be assigned by resolution of the Board of Directors, after hearing the opinion of the Board of Statutory Auditors, under the law and in compliance with the provisions of article 20.2 of PHN's Articles of Association, with the following criteria being applied:
  - Variable Compensation determined on the basis of (a) annual sales volume achieved in the Italian market, for quantities above the threshold to be established by the Board of Directors; (b) annual turnover achieved in foreign markets;
  - payment of Variable Compensation conditional upon the consolidated EBITDA – net of Variable Compensation – ("**Adjusted EBITDA**") at the end of the year being higher than the target Adjusted EBITDA to be set annually by the Board of Directors;
  - total amount of Variable Compensation payable not exceeding the difference between the consolidated Adjusted EBITDA at the end of the year and the target Adjusted EBITDA defined for each year, with the result that any excess shall be considered as not payable.

At its meetings held on 27 April 2020 and 25 September 2020, the Board of Directors resolved – with the Directors concerned from time to time abstaining and with the favourable opinion of the Board of Statutory Auditors – to allocate the total annual remuneration for the members of the Board of Directors resolved by the said Ordinary Shareholders' Meeting as follows:

1. to the Chair of the Board of Directors, Andrea Lacorte, a fixed gross remuneration equal to Euro 118,500.00 to be paid monthly, for each calendar month and so for the twelve months of the calendar year;
2. to the Vice Chair of the Board of Directors, Roberto Lacorte, a fixed gross remuneration equal to Euro 98,200.00 to be paid monthly, for each calendar month and so for the twelve months of the calendar year;
3. to the Director Carlo Volpi, a fixed gross remuneration equal to Euro 87,300.00 to be paid monthly, for each calendar month and so for the twelve months of the calendar year;
4. to the Director Germano Tarantino, a fixed gross remuneration equal to Euro 13,900.00 to be paid monthly, non-interest-bearing, for each calendar month and so for the twelve months of the calendar year;
5. to the Director Alessandro Calzolari, a fixed gross remuneration equal to Euro 7,500.00 to be paid

quarterly, for each calendar quarter and so for the four quarters of the calendar year;

6. to the Director Marida Zaffaroni, a fixed gross remuneration equal to Euro 7,500.00 to be paid quarterly, for each calendar quarter and so for the four quarters of the calendar year<sup>7</sup>;
7. to the Director Giovanna Zanotti, a fixed gross remuneration equal to Euro 7,500.00 to be paid quarterly, for each calendar quarter and so for the four quarters of the calendar year<sup>8</sup>.

On 27 April 2020, the Board also resolved to pay, for the year 2020, to the directors Andrea Lacorte, Roberto Lacorte, Carlo Volpi and Germano Tarantino the variable remuneration indicated below, in accordance with the resolution of the Shareholders' Meeting on the same date, that set the target Adjusted EBITDA for the year 2020 at Euro 13,850,000:

1. to the Chair of the Board of Directors, Andrea Lacorte, a variable compensation to be calculated in proportion to the following parameters and composed of two parts: (a) the first equal to Euro 0.17 for each piece sold on the Italian market beyond 350,000 pieces sold each quarter; (b) the second determined by applying the percentage of 29% to 3% of the annual turnover of foreign sales;
2. to the Vice Chair of the Board of Directors, Roberto Lacorte, a variable compensation to be calculated in proportion to the following parameters and composed of two parts: (a) the first equal to Euro 0.17 for each piece sold on the Italian market beyond 350,000 pieces sold each quarter; (b) the second determined by applying the percentage of 29% to 3% of the annual turnover of foreign sales;
3. to the Director, Carlo Volpi, a variable compensation to be calculated in proportion to the following parameters and composed of two parts: (a) the first equal to Euro 0.16 for each piece sold on the Italian market beyond 350,000 pieces sold each quarter; (b) the second determined by applying the percentage of 29% to 3% of the annual turnover of foreign sales;
4. to the Director, Germano Tarantino, a variable compensation to be calculated in proportion to the following parameters and composed of two parts: (a) the first equal to Euro 0.08 for each piece sold on the Italian market beyond 350,000 pieces sold each quarter; (b) the second determined by applying the percentage of 13% to 3% of the annual turnover of foreign sales.

On 23 October 2020, the Board of Directors of PHN, in connection with the listing of the Issuer's ordinary shares on the MTA (STAR segment), resolved to:

- (i) maintain, for the 2020 financial year, the criteria for determining and allocating the variable compensation to be paid to the Executive Directors Andrea Lacorte, Roberto Lacorte, Carlo Volpi and Germano Tarantino as approved by the Board of Directors on 27 April 2020 and set forth above; and
- (ii) with reference to the financial years 2021 and 2022, to provide for a new criterion for determining the variable remuneration to be granted to the aforesaid Executive Directors in accordance with the criteria established in the CG Code. For a description of the short-term and medium/long-term variable component of the remuneration for Executive Directors, see paragraph f), point 2), of Section I of this Report.

At the same meeting, the Board of Directors resolved to grant:

- (i) a gross annual fee of Euro 5,000 to the Chair of the Remuneration and Nomination Committee<sup>9</sup> and a

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<sup>7</sup> Director appointed on 13 October 2020 by the Shareholders' Meeting of PHN following co-opting by the Board of Directors on 25 September 2020, pursuant to article 2386, paragraph 1, of the Italian Civil Code.

<sup>8</sup> Director appointed on 13 October 2020 by the Shareholders' Meeting of PHN following co-opting by the Board of Directors on 25 September 2020, pursuant to article 2386, paragraph 1, of the Italian Civil Code.

<sup>9</sup> At the date of this Report, the Remuneration and Nomination Committee is composed of Giovanna Zanotti, Alessandro Calzolari and Marida Zaffaroni.

gross annual fee of Euro 3,000 to the other members for carrying out the activities related to their position;

(ii) a gross annual fee of Euro 5,000 to the Chair of the Control and Risk Committee<sup>10</sup> and a gross annual fee of Euro 3,000 to the other members for carrying out the activities related to their position;

(iii) a gross annual fee of Euro 5,000 to the Chair of the RPT Committee<sup>11</sup> and a gross annual fee of Euro 3,000 to the other members for carrying out the activities related to their position.

## **2. Remuneration of Executive Directors**

The Executive Directors of the Company, Andrea Lacorte, Roberto Lacorte, Carlo Volpi and Germano Tarantino, receive, as members of the Board of Directors of PHN, the fixed gross annual remuneration and the variable remuneration described in point 1 above.

During the Financial Year, the Company and its subsidiaries paid the following remuneration to the Executive Directors:

- to Mr. Andrea Lacorte: (i) an annual fixed remuneration of Euro 1,605,600.00, equal to 82% of the total remuneration; and (ii) a short-term variable remuneration of Euro 356,842.00, equal to 18% of the total remuneration;
- to Mr. Roberto Lacorte: (i) an annual fixed remuneration of Euro 1,346,400.00, equal to 79% of the total remuneration; and (ii) a short-term variable remuneration of Euro 356,842.00, equal to 21% of the total remuneration;
- to Mr. Carlo Volpi: (i) an annual fixed remuneration of Euro 1,200,400.00, equal to 78% of the total remuneration; and (ii) a short-term variable remuneration of Euro 343,847.00, equal to 22% of the total remuneration;
- to Mr. Germano Tarantino: (i) an annual fixed remuneration of Euro 203,700.00, equal to 55% of the total remuneration; and (ii) a short-term variable remuneration of Euro 164,268.00, equal to 45% of the total remuneration. In addition to Euro 147,252.00 as Head of Scientific Department.

With regard to the variable components of remuneration, it should be noted that on 23 October 2020 the Board of Directors resolved to maintain for the 2020 financial year, the criteria for determining and attributing the variable remuneration to be paid to executive Directors those approved with the Board of Directors of April 27, 2020 and above mentioned.

The following table shows the proportion of fixed and variable remuneration to the total remuneration paid to Executive Directors during the Financial Year:

- with reference to Andrea Lacorte, the fixed component accounts for 82% and the short-term variable component for 18%;
- with reference to Roberto Lacorte, the fixed component accounts for 79% and the short-term variable component for 21%;
- with reference to Carlo Volpi, the fixed component accounts for 78% and the short-term variable component for 22%;
- with reference to Germano Tarantino, the fixed component accounts for 55% and the short-term variable component for 45%.

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<sup>10</sup> At the date of this Report, the Control and Risk Committee is composed of Marida Zaffaroni, Alessandro Calzolari and Giovanna Zanotti.

<sup>11</sup> At the date of this Report, the RPT Committee is composed of Alessandro Calzolari, Giovanna Zanotti and Marida Zaffaroni.

### **3. Remuneration of the Board of Statutory Auditors**

The remuneration of the Statutory Auditors consists of a fixed remuneration determined by the Shareholders' Meeting of 15 April 2019 in addition to the reimbursement of out-of-pocket expenses incurred in the performance of their duties. In particular, an annual fee of Euro 27,000.00 is paid to the Chair of the control body and an annual fee of Euro 19,000.00 to the regular members.

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For the sake of completeness, the following should be noted.

During the financial year, indemnities were awarded to executive directors in accordance with the resolution of the Shareholders' Meeting of 27 April 2020 where an annual provision was established up to a maximum of 10% (ten percent) of the compensation received by way of severance pay. This indemnity was awarded to the executive directors during the year despite the renewal of the office.

There are no agreements which provide for (i) non-competition commitments but the Company (ii) has stipulated consultancy contracts with Simone Strocchi and Giovanni Bucarelli following the resignation from the position of Directors in the Board of Director.

During the Year, no *ex-post* correction mechanisms were applied to the variable component (*malus* or claw back) of the remuneration of Executive Directors.

This Remuneration Report is the first one prepared by the Issuer pursuant to art. 123-*ter* of the TUF and therefore the remuneration paid during the Year was not paid on the basis of a Remuneration Policy approved by the Shareholders' Meeting pursuant to the aforementioned provision.

SECTION II – PART TWO – ANALYTICAL REPRESENTATION OF FEES PAID DURING THE YEAR

**Table 1**

The table below shows the remuneration paid to the members of the management and control bodies.

**1. Remuneration paid to the members of the Board of Directors.**

First and last name	Position	Period during which the position was held	Termination of office	Fixed remuneration (Euro)			Remuneration for participation in committees (Euro)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for termination of office or termination of employment *
				Fee for the office	Attendance fees	Wages and salaries		Bonuses and other incentives	Profit sharing					
<b>Andrea Lacorte</b>	Chair and Executive Director	27/04/2020	Approval of financial statements at 31/12/2022											
Remuneration in the company preparing the financial statements				1.362.000,00	-	-	-	325.193,00	-	-	-	1.687.193,00	-	168.719,30
Remuneration from subsidiaries and associates				243.600,00	-	-	-	31.649,00	-	-	-	275.249,00	-	-
<b>Total</b>				<b>1.605.600,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356.842,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.962.442,00</b>	<b>-</b>	<b>168.719,30</b>
<b>Roberto Lacorte</b>	Vice Chair and Executive Director	27/04/2020	Approval of financial statements at 31/12/2022											
Remuneration in the company preparing the financial statements				1.118.400,00	-	-	-	325.193,00	-	-	-	1.443.593,00	-	144.359,30
Remuneration from subsidiaries and associates				228.000,00	-	-	-	31.649,00	-	-	-	259.649,00	-	-
<b>Total</b>				<b>1.346.400,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356.842,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.703.242,00</b>	<b>-</b>	<b>144.359,30</b>
<b>Carlo Volpi</b>	Executive Director	27/04/2020	Approval of financial statements at 31/12/2022											
Remuneration in the company preparing the financial statements				989.600,00	-	-	-	312.198,00	-	-	-	1.301.798,00	-	130.179,80
Remuneration from subsidiaries and associates				210.800,00	-	-	-	31.649,00	-	-	-	242.449,00	-	-
<b>Total</b>				<b>1.200.400,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343.847,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.544.247,00</b>	<b>-</b>	<b>130.179,80</b>
<b>Germano Tarantino</b>	Executive Director	27/04/2020	Approval of financial statements at 31/12/2022											
Remuneration in the company preparing the financial statements				156.500,00	-	-	-	150.151,00	-	-	-	306.651,00	-	30.665,10
Remuneration from subsidiaries and associates				47.200,00	-	147.252,53	-	14.117,00	-	-	-	208.569,53	-	-
<b>Total</b>				<b>203.700,00</b>	<b>-</b>	<b>147.252,53</b>	<b>-</b>	<b>164.268,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515.220,53</b>	<b>-</b>	<b>30.665,10</b>

First and last name	Position	Period during which the position was held	Termination of office	Fixed remuneration (Euro)			Remuneration for participation in committees (Euro)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for termination of office or termination of employment *
				Fee for the office	Attendance fees	Wages and salaries		Bonuses and other incentives	Profit sharing					
Alessandro Calzolari	Director	27/04/2020	Approval of financial statements at 31/12/2022									-		
Remuneration in the company preparing the financial statements				26.667,67	-	-	458,00	-	-	-	-	27.125,67	-	-
Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	-	-
Total				26.667,67	-	-	-	-	-	-	-	26.667,67	-	-
Marida Zaffaroni	Director	13/10/2020	Approval of financial statements at 31/12/2022									-		
Remuneration in the company preparing the financial statements				7.500,00	-	-	458,00	-	-	-	-	7.958,00	-	-
Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	-	-
Total				7.500,00	-	-	-	-	-	-	-	7.500,00	-	-
Giovanna Zanotti	Director	13/10/2020	Approval of financial statements at 31/12/2022									-		
Remuneration in the company preparing the financial statements				7.500,00	-	-	458,00	-	-	-	-	7.958,00	-	-
Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-	-	-
Total				7.500,00	-	-	-	-	-	-	-	7.500,00	-	-
<b>Remuneration in the company preparing the financial statements</b>				<b>3.668.167,67</b>	<b>-</b>	<b>-</b>	<b>1.374,00</b>	<b>1.112.735,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.782.276,67</b>	<b>-</b>	<b>473.923,50</b>
<b>Remuneration from subsidiaries and associates</b>				<b>729.600,00</b>	<b>-</b>	<b>147.252,53</b>	<b>-</b>	<b>109.064,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>985.916,53</b>	<b>-</b>	<b>-</b>
<b>Total</b>				<b>4.397.767,67</b>	<b>-</b>	<b>147.252,53</b>	<b>-</b>	<b>1.221.799,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.766.819,20</b>	<b>-</b>	<b>473.923,50</b>

\* **Indemnity for termination of office or termination of employment:** as per the resolution of the Company's Shareholders' Meeting of 27 April 2020 where, only for directors vested with special offices pursuant to art. 2389, paragraph 3, of the Italian Civil Code, the annual provision is made up to a maximum of 10% (ten percent) of the compensation received by way of severance pay.

## 2. Remuneration paid to the members of the Board of Statutory Auditors

First and last name	Position	Period during which the position was held	Termination of office	Fixed remuneration (Euro)			Remuneration for participation in committees (Euro)	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for termination of office or termination of employment *
				Fee for the office	Bonuses and other incentives	Profit sharing								
Michele Lorenzini	Chair	15/04/2019	Approval of Financial statements as at 31/12/2021	27.000,00						27.000,00				
Guido Carugi	Standing Auditor	15/04/2019	Approval of Financial statements as at 31/12/2021	19.000,00						19.000,00				
Andrea Circi	Standing Auditor	15/04/2019	Approval of Financial statements as at 31/12/2021	19.000,00						19.000,00				
<b>Remuneration in the company preparing the financial statements</b>				<b>65.000,00</b>	-	-	-	-	-	<b>65.000,00</b>	-	-		
<b>Remuneration from subsidiaries and associates</b>														
<b>Total</b>				<b>65.000,00</b>	-	-	-	-	-	<b>65.000,00</b>	-	-		

**Table 3B**

Monetary incentive plans for members of the management body.

A	B	(1)			(2)			(3)
Surname and Name	Position	Bonus for the year (Euro)			Bonuses from previous years			Other Bonuses
		(A)	(B)	(C)	(A)	(B)	(C)	
		<i>Distributable/ Distributed</i>	<i>Deferred</i>	<i>Deferral Period</i>	<i>No longer distributable</i>	<i>Distributable/ Distributed</i>	<i>Still Deferred</i>	
<b>(I) Remuneration in the company preparing the financial statements</b>								
<b>(II) Remuneration from subsidiaries and associates</b>								
<b>(III) Total</b>								



SECTION II – PART THREE

**Overview of Directors' and Statutory Auditors' Equity Investments**

FIRST AND LAST NAME	INVESTEES COMPANY	NUMBER OF SHARES AT 31/12/2019	NUMBER OF SHARES PURCHASED IN FY 2020	NUMBER OF SHARES SOLD IN FY 2020	NUMBER OF SHARES AT 31/12/2020	TYPE OF SECURITY HELD	POSSESSION
<b>Andrea Lacorte</b>	Pharmanutra SpA	3.118.334	-	80.000	3.038.334	Property	Direct / Indirect (1)
<b>Roberto Lacorte</b>	Pharmanutra SpA	2.318.833	-	80.000	2.238.833	Property	Direct / Indirect (2)
<b>Carlo Volpi</b>	Pharmanutra SpA	1.094.993	-	80.000	1.014.993	Property	Indirect (3)
<b>Germano Tarantino</b>	Pharmanutra SpA	181.250	-	-	181.250	Property	Direct

(1) 953.334 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a specific fiduciary mandate

(2) 953.333 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a specific fiduciary mandate

(3) The company Beda S.r.l., of which Mr. Carlo Volpi is the sole shareholder and sole director, holds shares in Pharmanutra S.p.A.

Pisa, 22 March 2021

The Chair of the Board of Directors

Andrea Lacorte