

**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP
STRUCTURE OF PHARMANUTRA S.P.A.**

FINANCIAL YEAR 2021

**Prepared in accordance with article 123-*bis* of Italian Legislative Decree no.
58/1998 and approved by the Board of Directors on 18 March 2022**

Registered office at Via Delle Lenze, 216/B, 56122 Pisa – Italy

www.pharmanutra.it

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GLOSSARY

Shareholders' Meeting: the Pharmanutra Shareholders' Meeting

Italian Civil Code / c.c.: the Italian Civil Code.

Corporate Governance Code or CG Code: the *Corporate Governance* Code of listed companies approved in January 2020 by the *Corporate Governance* Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available at www.borsaitaliana.it.

Board of Statutory Auditors: the Board of Statutory Auditors of Pharmanutra.

Board of Directors or Board: the Board of Directors of Pharmanutra.

Date of Report: the date of approval of this Report by the Board of Directors of PHN.

Negotiations Start Date: the date of December 15, 2020, from which the Pharmanutra shares are traded on Euronext Star Milan.

Issuer, Company, PHN or Pharmanutra: Pharmanutra S.p.A.

Euronext Star Milan: the market segment managed by Borsa Italiana S.p.A. in which the Issuer's shares are traded.

Pharmanutra Group or Group: collectively Pharmanutra and its directly or indirectly controlled companies pursuant to art. 93 of the TUF.

Stock Exchange Regulations: the Regulations of the markets organised and managed by Borsa Italiana S.p.A.

Consob Issuers' Regulation or Issuers' Regulation: the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.

Consob Markets Regulation: the Regulation issued by Consob with resolution no. 20249 of 28 December 2017 on markets.

RPT Regulations: the Regulations issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) on related party transactions (RPT).

Report: this report on corporate governance and ownership structures that companies are required to prepare pursuant to art. 123-bis, TUF.

Remuneration Report: the report on the remuneration policy and the remuneration paid that companies are required to draw up and publish pursuant to art. 123-ter of the Consolidated Law on Finance and 84-quater of the Consob *Issuers' Regulation*.

TUF or Consolidated law on Finance: Italian Legislative Decree no. 58 of 24 February 1998 (as subsequently amended) in force at the date of this Report.

FOREWORD

Pharmanutra S.p.A. (the "**Company**", the "**Issuer**", "**PHN**" or "**Pharmanutra**") is the company at the head of the PHN group specialized in the pharmaceutical and nutraceutical sector, thanks to products made with innovative and patented technologies.

As of December 15, 2020 (the "**Negotiations Start Date**"), PHN shares are traded on Euronext Star Milan (the "**Quotation**").

As of that date, the Company implemented the *corporate governance* structure described in this Report.

It should be noted, for the sake of completeness, that the Company's shares were previously traded on the *Euronext Growth Milan* multilateral trading system (formerly aim Italia – Alternative Capital Market) managed and organised by Borsa Italiana S.p.A. and, therefore, the Company had adopted *corporate governance* measures appropriate to its characteristics as well as to its *status* as a company with shares traded on AIM Italia and aligned with the *best practice* of the issuers whose financial instruments are traded on this multilateral trading system.

PHN adopts the provisions of the GC Code as a reference model for its corporate governance.

The Report – which was prepared with reference to the "Format for the report on corporate governance and ownership structures" issued by Borsa Italiana in January 2022 – was approved by the Board of Directors at its meeting of 18 March 2022 and can be consulted on the Company's *website* in the Governance Section.

1. ISSUER PROFILE

PHN adopts the so-called "traditional" management and control system, and its *corporate governance* system is characterised by the presence of the following corporate bodies:

- (i) the Board of Directors, in charge of managing the undertaking;
- (ii) the Board of Statutory Auditors, in charge of supervising (i) compliance with the law and the Articles of Association and compliance with the principles of proper administration, (ii) the adequacy of the internal control system and the administrative-accounting system, as well as the reliability of the latter in correctly representing the management facts, (iii) on the concrete implementation of the corporate governance rules provided for by the GC Code, (iv) on the adequacy of the provisions given to the subsidiaries in relation to the disclosure obligations of insider information, and (v) on the financial reporting process, on the effectiveness of the internal control, internal audit and risk management systems, on the statutory audit of the annual accounts and consolidated accounts, on the independence of the statutory auditor;
- (iii) the Shareholders' Meeting, which is responsible for resolving on matters reserved to it by law, regulations and the Articles of Association.

The auditing activity is entrusted to an auditing firm registered with the register of chartered accountants and auditors, appointed by the Shareholders' Meeting on the basis of a reasoned proposal by the Board of Statutory Auditors.

The Board of Directors guides the Issuer with the aim of pursuing its sustainable success, an objective that is substantiated in the creation of long-term value for the benefit of shareholders, taking into account the interests of other *stakeholders* relevant to the Issuer, all as better illustrated in the following paragraphs.

For information on the sustainability policy adopted by the Issuer and the Group, please refer to the "non-financial statement" *pursuant* to Legislative Decree 254/2016 drafted and published by the Company on a voluntary basis and which presents the main policies practiced by the company, the management models and the main activities carried out by the Group with regard to environmental, social, personnel issues, respect for human rights, the fight against corruption, as well as the main identified risks related to the aforementioned issues. The "non-financial statement" can be found at www.pharmanutra.it.

It should be noted that, on the Report Date, the Issuer qualifies as an "SME" pursuant to Article 1, paragraph 1, letter w-quater.1 of the TUF, as the capitalisation, calculated in accordance with the provisions of Article 2-ter of the Issuers' Regulation, in 2020 was below the threshold of Euro 500 million and in 2021 was equal to Euro 502.4 million. In this regard, it should be noted that pursuant to the aforementioned art. 1, paragraph 1, lett. w-quater.1 of the TUF, issuers of quoted shares that have exceeded the limit of Euro 500 million of capitalisation for three consecutive years are not considered SMEs.

It should also be noted that the Issuer falls within the definitions of the GC Code of "concentrated ownership company".

Finally, it should be noted that, on 21 September 2020, the Company's Board of Directors, pursuant to Articles 70, paragraph 8 and 71, paragraph 1-bis, of the Issuers' Regulation, resolved to adhere, with effect from the Start Date of the Negotiations, to the *opt-out* regime provided for by the aforementioned articles, making use of the right to derogate from the publication obligations of the information documents provided for in Annex 3B of the Issuers' Regulation on the occasion of significant mergers, demergers, capital increases through the contribution of assets in kind, acquisitions and disposals.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (under art. 123-bis, paragraph 1, TUF) as at 31/12/2021

A. Structure of the share capital (*under* art. 123-bis, paragraph 1, letter a) TUF)

The share capital amounts to Euro 1,123,097.70 (one million one hundred and twenty-three thousand, ninety-seven point seventy) and is divided into 9,680,977 (nine million, six hundred and eighty thousand, nine hundred and seventy-seven) ordinary shares, with no indication of nominal amount.

The issue and circulation of ordinary shares are governed by current legislation.

The structure of PHN's share capital is detailed in the Table below.

SHARE CAPITAL STRUCTURE					
	<i>No. of shares</i>	<i>% of share capital</i>	<i>No. of voting rights**</i>	<i>Listed</i>	<i>Rights and obligations</i>
<i>Ordinary shares (no nominal amount)</i>	9,680,977	100%	9,680,977	Euronext Star Milan	The rights and obligations of shareholders are those provided for by articles 2346 et seq. of the Italian Civil Code; in particular, each share gives the right to one vote.

B. Restrictions on the transfer of securities (*under art. 123-bis, paragraph 1, letter b) TUF*)

Pursuant to article 6.2 of the Articles of Association, the shares of PHN can be freely transferred. The issue and circulation of shares are governed by current legislation.

As at the Reporting Date, there are no restrictions on the transfer of securities.

It should be noted that, as at the Reporting Date, a Shareholders' Agreement (as defined *below*) is in force, which includes a *lock-up* commitment undertaken by the parties to said agreement towards the Company. For further information on the *lock-up* commitment, please refer to paragraph 2.G below. For information on the Shareholders' Agreement, please refer to the relevant essential information published on the Issuer's *website* www.pharmanutra.it, Section "*Governance/Shareholders' Agreements*".

C. Significant equity investments in the share capital (*under art. 123-bis, paragraph 1, letter c) TUF*)

On the basis of the information received in accordance with the applicable regulations (and, in particular, in accordance with the provisions of article 120 of the TUF also with reference to SMEs), as well as the evidence in the shareholders' ledger, the investments that hold, directly or indirectly, more than 5% of the share capital with voting rights in PHN are as follows:

Declarant or subject at the top of the participatory chain	Direct shareholder	Number of shares	Percentage of share capital with voting rights
Andrea Lacorte	Alh S.r.l.	3,038,334 ⁽¹⁾	31.384%
Roberto Lacorte	Rlh S.r.l.	2,224,833 ⁽²⁾	22.981%
	Roberto Lacorte	14,000	0.145%
	Total	2,238,833	23.126%
Carlo Volpi	Beda S.r.l.	1,014,993	10.484%

(1) It should be noted that 953,334 PHN ordinary shares are held through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a special fiduciary mandate.(2) It should be noted that 953,333 PHN ordinary shares are held through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a special fiduciary mandate.It should be noted that Andrea Lacorte is the sole shareholder and sole director of Alh S.r.l., Roberto Lacorte is the sole shareholder and sole director of Rlh S.r.l., Carlo Volpi is the sole shareholder and sole director of Beda S.r.l.

At the date of the Report, the company holds no. 30.121 treasury shares, equal to 0,31 % of its share capital.

D. Securities which grant special rights (*under art. 123-bis, paragraph 1, letter d) TUF*)

Pursuant to article 5.6 of the Articles of Association, the Company may issue other classes of shares and financial instruments, including, if the conditions provided by law are met and by means of the necessary amendments to the Articles of Association, preference shares, savings shares, *warrants* and bonds, including those convertible into shares; the issue of shares may also be carried out through the conversion of other classes of shares or other securities, if permitted by law.

As at the Reporting Date, the Company has issued only ordinary shares; there are no securities granting special rights of control or special powers assigned to the securities.

E. Employee shareholding: mechanism for exercising voting rights (*under art. 123-bis, paragraph 1, letter e) TUF*)

As at the Reporting Date, no employee shareholding scheme is in place.

F. Restrictions on voting rights (*under article 123-bis, paragraph 1, letter f) TUF*)

There are no restrictions on the right to vote.

G. Agreements between shareholders (*under art. 123-bis, paragraph 1, letter g) TUF*)

The Issuer is aware of the existence of a shareholders' agreement (the "**Shareholders' Agreement**") concerning PHN shares, relevant pursuant to Article 122 of the Consolidated Law on Finance, between Messrs Andrea Lacorte, ALH S.r.l., Roberto Lacorte, RLH S.r.l., Beda S.r.l. (jointly the "**PHN Shareholders**"), on the one hand, and PHN, on the other, concerning a total of 6,292,160 PHN shares, equal to 64.99% of the relative share capital, held by PHN Shareholders on 27 October 2020 (unchanged shareholding on the date of the essential information of the Shareholders' Agreement last published on 23 December 2021).

The Shareholders' Agreement includes the *lock-up* commitment undertaken by the members towards the Company, in order to meet the remuneration requirements of the executive directors envisaged by Borsa Italiana for obtaining the status of STAR issuer (see paragraph B. above). In particular, the parties to the agreement have undertaken, in relation to PHN, not to carry out, directly or indirectly, any transaction, even free of charge, that has as its object or effect, directly or indirectly, the assignment and/or transfer to third parties, for any reason and in any form, of ownership, bare ownership or real rights of enjoyment (*jus in re aliena*), on all or part, of the investments included in the Agreement by the aforesaid parties and/or in any case the right (including the right of pre-emption) to exercise any of the rights deriving from the same. Certain transactions indicated in the same Shareholders' Agreement are excluded from the obligation to *lock up*.

The Shareholders' Agreement is effective as of the Trading Start Date and until the end of the 36th month following such date.

For more information on the Shareholders' Agreement, please refer to the legal documentation available on the Issuer's *website* www.pharmanutra.it, "*Governance/Shareholders' Agreements*" Section.

H. *Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) of the Consolidated Law on Finance) and statutory provisions on takeover bids (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1, of the Consolidated Law on Finance)*

The Issuer has entered into certain agreements that may lapse in the event of a change of control of PHN or the other contractor.

On December 15, 2015, the Company entered into a license agreement with the subsidiary Alesco S.r.l. concerning the granting to PHN of the non-exclusive right to produce, market and distribute patented iron-based products. The contract, with an original duration of 3 years, was renewed on expiry for a further 3 years and is further renewable for a similar period unless terminated by the parties within 6 months from the expiry date of the final term and/or the final term of the renewal period.

Each party has the right to terminate the contract with immediate effect, *inter alia*, in the event of a substantial change in the undertaking of a party or a party ceasing to be part of the Group.

On 16 July 2015, the subsidiary Junia Pharma S.r.l. entered into a loan agreement with

Banca Popolare dell'Emilia Romagna Soc. Coop., with a duration of 78 months, on the basis of which a loan was made available for a total amount equal to Euro 1,000,000.00 guaranteed by a surety issued by the Issuer for the same amount.

The bank has the right to terminate the contract in certain cases including, in particular, in the event of changes in the corporate structure such as to determine changes in the reference shareholder or the majority.

It should be noted that the Articles of Association do not derogate from the provisions on *passivity rule* provided for by art. 104, paragraphs 1 and 1-bis, of the TUF and do not provide for the application of the neutralization rules contemplated by art. 104-bis, paragraphs 2 and 3 of the TUF.

I. Powers to increase the share capital and authorisation to purchase treasury shares (*under art. 123-bis, paragraph 1, letter m) TUF*)

As of the Report Date, there are no powers to increase the share capital conferred on the Board of Directors.

On 26 April 2021, the Shareholders' Meeting of the Issuer, after revoking the authorisation granted by the Ordinary Shareholders' Meeting of 27 April 2020, resolved to authorise, pursuant to, for the purposes and within the limits of Article 2357 of the Italian Civil Code, the purchase, on one or more occasions, for the period of eighteen months from the date of the relevant resolution, of a number of ordinary shares of the Company without an indication of the nominal value for a maximum value of Euro 3,000,000 at a consideration not exceeding the highest price between the price of the last independent transaction and the price of the highest independent current offer in the trading venues where the purchase is made, it being understood that the unit consideration could not in any case have been lower by a minimum of 20% and higher by a maximum of 10% with respect to the reference price recorded by the security in the market session of the day preceding each individual transaction.

The Shareholders' Meeting also gave a mandate to the Board of Directors, and on its behalf to the Chair and Vice Chair (*pro tempore*) in office, severally, to identify the amount of ordinary shares to be purchased in relation to each purchase programme, before the start of the programme itself, and to proceed with the purchase of ordinary shares in the manner established in the applicable law provisions and regulations in force from time to time, according to the progressive mechanisms considered appropriate in the interest of the Company.

The authorisation to dispose of the ordinary treasury shares purchased in execution of the above resolution was granted to the Board of Directors without any time limits.

On January 24, 2022, PHN launched a program for the purchase of own shares in execution of what was resolved by the aforementioned Shareholders' Meeting, aimed at allowing the Company to seize the opportunity to make an advantageous investment, in cases where the trend of the market price of PHN shares, even for factors external to the Company, is not able to adequately express the value thereof, and therefore to provide the Company with a useful strategic investment opportunity

for every purpose allowed by the current provisions (see the press release of PHN of January 24, 2022 available at <http://www.pharmanutra.it/www.pharmanutra.it, Investor Relations Section/press releases>). The purchase of shares under the program will take place in the manner and within the operational limits provided for by the shareholders' resolution of 26 April 2021, by art. 5 of Regulation (EU) no. 596/2014 (*Market Abuse Regulation*), by art. 3 of Delegated Regulation (EU) no. 1052/2016 of the European Commission of 8 March 2016 and by the general and applicable sector regulations; specifically:

- the purchases concern a maximum number of 15,000 ordinary shares of the Company, without an indication of the nominal value, for a maximum value established at €1,050,000;
- purchases are made at a price that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent offer in the trading venues where the purchase is made, it being understood that the unit consideration may not be lower by at least 20% and higher by up to 10% compared to the reference price that the security will have recorded in the market session of the day before each individual transaction;
- purchases are made for volumes not exceeding 25% of the average daily volume of PHN shares at the trading venue where the purchase is made, calculated on the basis of the average daily volume of exchanges in the 20 trading days prior to the date of purchase;
- the purchase programme may be carried out within 18 months from the date of the resolution of the Shareholders' Meeting of 26 April 2021.

At the date of the Report, PHN holds no. 30.121 treasury shares, equal to 0,31 % of its share capital.

L. Management and coordination activities (*under* article 2497 et seq. of the Italian Civil Code)

At the Reporting Date, the Issuer is not subject to any management and coordination activities pursuant to article 2497 et seq. of the Italian Civil Code.

* * *

With reference to information on any agreements between the Company and the Directors that provide for compensation in the event of resignation or dismissal without just cause or if their employment relationship ceases as a result of a public purchase offer, (Article 123-*bis*, paragraph 1, letter *i*)), please refer to the Remuneration Report, available on the Issuer's *website* at www.pharmanutra.it, section "*Governance*".

With reference to the information on the appointment and replacement of Directors (art. 123-*bis*, paragraph 1, letter *l*)) see paragraph 4.2 below.

3. COMPLIANCE (*under* art. 123-*bis*, paragraph 2, letter a), TUF)

The Issuer adheres to the Corporate Governance Code.

The GC Code is accessible to the public on the Borsa Italiana *website* at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Company and its strategically important subsidiaries are not subject to any non-Italian law provisions that could affect the Company's *corporate governance* structure.

4. BOARD OF DIRECTORS

4.1 Role of the Board of Directors (as per Article 123-bis, para. 2, letter d), TUF)

The Board of Directors plays a central role in the Company's organisation and is responsible for strategic and organisational policies, as well as for verifying the existence of the controls necessary to monitor the performance of the Issuer and the Group's companies to which it belongs.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the power to carry out all the acts considered appropriate to achieve the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law.

In addition to exercising the powers vested in it by law and by the Articles of Association, the Board of Directors is responsible for passing resolutions concerning: (a) merger and demerger, in the cases provided for by law; (b) establishment or closure of secondary offices; (c) indication of which of the Directors may represent the Company; (d) reduction of the share capital in the event of withdrawal of one or more shareholders; (e) adjustment of the Articles of Association to regulatory provisions; (f) transfer of the registered office within Italy, all in accordance with article 2365, paragraph 2, of the Italian Civil Code. The granting of these powers to the Board of Directors does not exclude the concurrent competence of the Shareholders' Meeting in the same matters.

Pursuant to art. 21.1 of the Articles of Association, the Board of Directors, after mandatory opinion of the Board of Statutory Auditors, appoints the manager responsible for preparing the corporate accounting documents, pursuant to *art.154-bis* of the TUF, determines the remuneration and resolves on the revocation thereof (see Section 9.6).

Also pursuant to the provisions of the GC Code, the Board of Directors:

- (a) examines and approves the Company's and the Group's business plan, also on the basis of the analysis of the issues relevant to the generation of long-term value;
- (b) periodically monitors the implementation of the business plan and assesses the overall management performance, periodically comparing the results achieved with those planned;
- (c) defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all the elements that may be relevant to the Company's sustainable success;

(d) defines the corporate governance system of the Company and the structure of the Group and assesses the adequacy of the organisational, administrative and accounting structure of the Company and of the subsidiaries of strategic importance, with particular reference to the internal control and risk management system (*see* Section 9);

(e) resolves on the operations of the Company and its subsidiaries that have significant strategic, economic, equity or financial importance for the Company itself;

(f) in order to ensure the proper management of corporate information, adopts, on the proposal of the Chairman in agreement with the *Chief Executive Officer*, a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to privileged information (*see* Section 5).

The Board of Directors is also responsible for the internal control and risk management system (for which reference is made to Paragraph 9).

At its meeting of 18 March 2022, the Board of Directors assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and of the subsidiaries of strategic importance prepared by the managing directors, with particular reference to the internal control and risk management system. As part of this activity, the Board has made use, as appropriate, of the support of the Risk Control Committee, the Internal Audit Manager, the Manager responsible for preparing the corporate accounting documents, as well as the procedures and verifications implemented also pursuant to Law no. 262/2005.

During the 2021 financial year, the Board of Directors also evaluated the general performance of operations, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with those planned.

In this regard, it should be noted that pursuant to art. 16.5 of the Articles of Association, the Board of Directors and the Board of Statutory Auditors are informed, at the time of meetings or in writing, at least quarterly, also by the delegated bodies, on the activity carried out by the Company and its subsidiaries, on its foreseeable evolution, on the most important economic, financial and equity transactions, with particular regard to transactions in which the directors have their own interest or that of third parties or that are influenced by any person who exercises management and coordination activities.

At the Report Date, the Board of Directors, taking into account the current shareholding and organisational structure of PHN, did not consider adopting a policy for the management of the dialogue with the generality of shareholders.

The Issuer's Shareholders' Meeting did not authorise, in general and in advance, exceptions to the prohibition of competition provided for by art. 2390 of the Italian Civil Code and there were no critical issues that gave rise to contrary needs.

For more information: (i) to the composition, operation, appointment and self-assessment of the Board of Directors, please refer respectively to Sections 4.3 and 4.4

and 7 of the Report; (ii) to the internal control and risk management system, please refer to Section 9 of the Report.

For a description of the remuneration policy of the Issuer, please refer to Section I of the Remuneration Report available on the Issuer's *website* at www.pharmanutra.it, Section "*Governance/Shareholders' Meeting*".

4.2 Appointment and replacement (*under art. 123-bis, paragraph 1, letter l), TUF*)

Pursuant to art. 13 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of directors not less than 5 (five) and not more than 11 (eleven). The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting, which also determines their number. A minimum number of Directors not less than that established by the *pro tempore* regulations in force shall meet the independence requirements prescribed by the provisions also regulatory from time to time applicable.

Pursuant to the Articles of Association, the Directors – who must meet the requirements of electability, professionalism and integrity required by the laws and regulations that apply to the Company *for the time being* – are elected for a term of 3 (three) years or for a period of not more than 3 (three) years, as determined by the Shareholders' Meeting upon election, and can be re-elected. The Directors' terms of office expire on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office, without prejudice to the causes of termination or forfeiture provided for by law and the Articles of Association.

Pursuant to art. 14.1 of the Articles of Association, the Board of Directors is appointed by the Shareholders' Meeting on the basis of lists in which the candidates must be listed in numerical order and in compliance with the *pro tempore* regulations in force concerning directors who meet the requirements of independence and gender balance.

The right to submit lists is held by the Board of Directors in office and by shareholders who, at the time the list is submitted, alone or together with others own shares representing at least the minimum percentage of the share capital with voting rights at the Ordinary Shareholders' Meeting as established by Consob, which will in any case be indicated in the notice of call. In this regard, it should be noted that, as at the Reporting Date, Consob has set at 2.5% of the share capital the shareholding percentage required for the submission of lists for the election of the Company's Management Body (*see* Executive Resolution of the Head of the *Corporate Governance* Division no. 60 of 28 January 2022).

Each shareholder, the shareholders who are parties to a shareholders' agreement pursuant to article 122 of the TUF, the controlling shareholder, subsidiaries and companies under joint control, as well as other parties who are connected, directly or indirectly, pursuant to applicable laws and regulations in force from time to time, may not file or contribute to the filing of more than one list, including through a third party or trust company, and may not vote for more than one list.

Each candidate may appear on only one list, under penalty of ineligibility.

For the period of application of the legislation, including regulations, *pro tempore* in force on gender balance, each list that presents a number of candidates equal to or greater than 3 (three) shall also include candidates belonging to both genders, so that they belong to the least represented gender at least the share of the members of the Board of Directors established by art.147-ter, *paragraph* 1-ter, of the TUF, and other provisions in force on the matter, with rounding, in the case of fractional number, according to the criterion specified by the same provisions.

The lists submitted must be filed at the Company registered office, even by remote means of communication as specified in the notice of call, in accordance with the procedures provided for by the applicable laws and regulations in force *at the time*, within the following time limits: (i) if submitted by shareholders, at least 25 (twenty-five) days before the date of the single or first call of the Shareholders' Meeting convened to resolve on the appointment of Directors; (ii) if submitted by the Board of Directors, they must be filed and made public in the same manner as the lists submitted by shareholders, at least 30 (thirty) days before the date of the single or first call of the Shareholders' Meeting convened to resolve on the appointment of Directors.

The lists thus submitted must be accompanied by: (a) information regarding the identity of the shareholders who have submitted the lists, with an indication of the total percentage of shareholdings with voting rights at the Company's Ordinary Shareholders' Meeting, with a certification showing ownership of said shareholding issued by an intermediary authorised by law. It being understood that this certification may also be produced after the filing of the lists, provided that it is within the deadline set for the publication of the lists by the Company; (b) a statement by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any relationship of connection, even indirect, pursuant to applicable laws and regulations in force *at the time*, with the latter; (c) exhaustive information on the personal and professional characteristics of the candidates, with an indication of their eligibility to qualify as Directors who meet the independence requirements, as well as a statement by the candidates themselves that they meet the requirements provided for by the laws and regulations in force *at the time* and under the Articles of Association, including those of integrity and, where applicable, the independence requirements, and their acceptance of the nomination and of the office, if elected; (d) any other or different statement, information and/or document provided for by the laws and regulations in force *at the time*.

Lists submitted without complying with the above provisions shall be considered as not submitted. However, the lack of documentation relating to individual candidates on a list does not automatically lead to the exclusion of the entire list, but only of the candidates to whom the irregularities relate.

The election of the Board of Directors shall be conducted as set forth below:

- a) the Directors to be elected, except for 1 (one), shall be taken from the list that received the majority of the votes cast, in the consecutive order in which they are indicated on the list;

- b) the remaining Director will be taken from the second list that will have obtained the highest number of votes in the Shareholders' Meeting after the one referred to in letter a) above that has not been presented by the Board of Directors and that is not connected in any way, even indirectly, with those who have presented or voted on the list that resulted first by number of votes, in the person of the first candidate, based on the progressive order in which the candidates are indicated in the list.

In any case, any lists that do not obtain a percentage of votes equal to at least half of that required for the submission of the lists themselves will not be taken into account.

In the event of a tie between lists: (i) if there is one list submitted by the Board of Directors, a run-off vote will be held; (ii) otherwise, the list submitted by shareholders owning the largest shareholding or, subordinately, by the largest number of shareholders will prevail.

If, at the end of the vote, a sufficient number of Directors meeting the independence requirements are not elected, the candidate who does not meet these requirements, elected as the last in numerical order from the list obtaining the highest number of votes, will be excluded and will be replaced by the first unelected candidate on the same list meeting the independence requirements, in numerical order. This procedure, if necessary, shall be repeated until the number of Directors meeting the independence requirements to be elected is complete. If, at the end of this replacement procedure, the composition of the Board of Directors does not make it possible to comply with the minimum number of Directors who meet the independence requirements, the replacement will take place by resolution passed by the Shareholders' Meeting by a majority of the votes represented therein, subject to the submission of candidates who meet the independence requirements.

Moreover, at the end of the vote and any application of the above provisions, if the elected candidates do not ensure that the composition of the Board of Directors complies with the rules on gender balance, under art. 147-ter, paragraph 1-ter, of the TUF, and with the other provisions in force on the matter, rounding off, in the case of decimals, according to the criterion specified by the same provisions, the candidate of the most represented gender elected as the last one in progressive order from the list obtaining the highest number of votes will be excluded and this candidate will be replaced by the first unelected candidate from the same list of the under-represented gender, in progressive order. This replacement procedure will be carried out until the composition of the Board of Directors complies with the above-mentioned rules on gender balance, it being understood that if, even at the end of this replacement procedure, the composition of the Board of Directors does not comply with these rules, the replacement will take place by resolution passed by the Shareholders' Meeting by a majority of the votes represented therein, subject to the submission of candidates belonging to the under-represented gender.

If the number of candidates elected on the basis of the lists submitted is less than the number of Directors to be elected, the remaining Directors are elected by the Shareholders' Meeting, which resolves with the majority of the votes represented therein and, in any case, in such a way as to ensure compliance with the provisions of

the Articles of Association concerning (i) the presence of the minimum number of Directors who meet the independence requirements, and (ii) compliance with the gender balance. In case of a tie vote between several candidates, there shall be ballot between these candidates by means of another vote at the Meeting, resulting mainly the candidate who gets the most votes.

If only one list is submitted, the Shareholders' Meeting shall vote it and, if it obtains a majority of the votes represented therein, all members of the Board of Directors shall be drawn from that list, in compliance with the provisions of the Articles of Association concerning Directors who meet the requirements of independence and gender balance.

If no list is submitted or if only one list is submitted and that one does not obtain a majority of the votes represented at the Shareholders' Meeting, or if the entire Board of Directors does not need to be reappointed, or if it is not possible for any reason to proceed with the election of the Board of Directors in the manner described above, the members of the Board of Directors are appointed by the Shareholders' Meeting in the ordinary manner with a majority of the votes represented at the Shareholders' Meeting, without applying the list vote mechanism, and in any case in such a way as to ensure that the provisions of the Articles of Association concerning Directors who meet the requirements of independence and gender balance are complied with.

Article 14.9 of the Articles of Association also provides that, if during the year one or more Directors cease to hold office for any reason, the Board of Directors shall replace them by co-opting the first non-elected candidate (if available) from the same list to which the ceased Director belonged. If it is not possible to complete the Board of Directors in this way, the Board of Directors shall co-opt the replacement persons with the majorities required by law, without any list constraints. In any case, the Board of Directors and the Shareholders' Meeting will proceed respectively with the co-opting and appointment as described above, so as to ensure that the provisions of the Articles of Association concerning Directors who meet the requirements of independence and gender balance are complied with. The Directors thus co-opted by the Board of Directors shall remain in office until the next Shareholders' Meeting and those appointed by the Shareholders' Meeting shall remain in office for the period of time that the Directors they replaced should have remained in office.

This is without prejudice to the power of the Shareholders' Meeting to resolve to reduce the number of members of the Board of Directors instead of replacing the Director who has ceased to hold office.

Pursuant to art. 14.10 of the Articles of Association, if, for any reason, the majority of the Directors appointed by resolution of the Shareholders' Meeting should cease to hold office, the entire Board of Directors shall be deemed to have ceased to hold office, with effect from the subsequent new appointment of the members of that body. In this case, the Directors remaining in office must urgently convene the Shareholders' Meeting to appoint the new Board of Directors in accordance with the provisions of Article 14 of the Articles of Association.

For information on the role of the Board of Directors and board committees in the processes of self-assessment, appointment and succession of directors, please refer to

Section 7.

4.3 Composition (pursuant to *art.123-bis*, paragraph 2, lett. d) and d-bis), TUF)

The Board of Directors of the Issuer in office on the Report Date is composed of 7 members, was appointed by the Issuer's Ordinary Shareholders' Meeting on 27 April 2020, as supplemented by the Issuer's Ordinary Shareholders' Meeting of 13 October 2020 (based on the statutory provisions in force on the date of its appointment and therefore before the Start Date of the Negotiations, without application of the list vote¹), 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 Board of Directors is composed of executive and non-executive Directors, all with professionalism and skills appropriate to the tasks entrusted to them. In addition, since there are three (out of seven) non-executive and independent directors pursuant to art. 148, paragraph 3, TUF (as referred to in art.147-ter, paragraph 4, TUF), as well as pursuant to art. 2 of the GC Code, it is believed that (i) the number and skills of non-executive members, is such as to ensure them a significant weight in the assumption of board resolutions and to ensure effective management monitoring, and that (ii) a significant component of non-executive directors is independent.

More specifically, on the Report Date, the Board of Directors is composed of the following members:

First and last name	Position
Andrea Lacorte	Chair and Executive Director
Roberto Lacorte	Vice Chair and Executive Director
Carlo Volpi	Executive Director
Germano Tarantino	Executive Director
Alessandro Calzolari (**)	Independent director pursuant to the TUF and the GC Code
Marida Zaffaroni (*)	Independent director pursuant to the TUF and the GC Code
Giovanna Zanotti (*)	Independent director pursuant to the TUF and the GC Code

(*) Director co-opted by the Board of Directors on 25 September 2020 and subsequently confirmed by the

¹The provisions on list voting contained in the Articles of Association – which reserve the appointment of a member to be elected to the list that has been second by number of votes after the majority list and is not connected in any way, even indirectly, with the shareholders who have presented or voted the majority list – will only apply from the first renewal of the Board of Directors after the Start Date of the Negotiations.

Shareholders' Meeting of 13 October 2020, following the resignation of Directors Simone Strocchi and Giovanni Bucarelli on 25 September 2020 in order to facilitate the entry of directors with the independence requirements and compliance with the gender quota requirements required by the legislation applicable to listed companies (Euronext Star Milan).

*(**) Lead Independent Director.*

It should be noted that, with the exception of the Directors co-opted and confirmed by the Shareholders' Meeting of 13 October 2020, the Board of Directors was appointed by the Shareholders' Meeting of 27 April 2020 by virtue of the provisions of a para-shareholder nature that bound the shareholders of PHN in force on that date (see paragraph 2.G above).

It should also be noted that the rules relating to gender requirements pursuant to the provisions of article 147-ter, paragraph 1-ter, of the TUF will be applicable to the Issuer starting from the first renewal of corporate bodies following the Trading Start Date.

Moreover, as of the Report Date, the Board of Directors of the Company is already made up of Directors of both genders. In particular, since there are two Directors out of seven belonging to the under-represented gender (Marida Zaffaroni and Giovanna Zanotti), the Issuer has already voluntarily complied with the gender balance rules pursuant to the provisions for newly listed companies². Since this adjustment was made on a voluntary basis, it will be taken into account for the purposes of calculating the six consecutive mandates envisaged as the period of application of the discipline on gender balance.

For more information on the structure of the Board of Directors and its committees, please refer to Table 1 in the appendix to this Report.

It should be noted that as of the end of the 2021 financial year and until the Report Date, there have been no changes in the composition of the Board.

As of the Report Date, taking into account that the administrative and control bodies were appointed prior to the Negotiations Commencement Date, the Issuer has not adopted a diversity policy in relation to the composition of the Board of Directors in office regarding aspects such as age, gender composition and training and professional path.

However, it is believed that the qualitative and quantitative composition of the Board of Directors in office ensures sufficient diversification in terms of skills, age, experience and gender. In fact, with regard to the composition of the Board of Directors in office, it is specified that (i) there are 2 Directors in the Board of Directors of the Company belonging to the least represented gender; (ii) the Board is characterized by the registry diversity of its members, taking into account that the age of the Directors is between 62 and 42 years; (iii) the training and professional path of the Directors currently in office guarantees a balanced combination of profiles and

²Pursuant to Article 1 of Law no. 160 of 27 December 2019, "the criterion of allocation of at least one fifth provided for by Article 2 of Law no. 120 of 12 July 2011, for the first renewal after the start date of the negotiations" remains unaffected.

experiences within the administrative body suitable to ensure the correct performance of the functions due to it.

The Board of Directors will formulate a proposal for a policy on diversity in relation to the composition of the administrative and control bodies on the occasion of the renewal of the same bodies in view of the relative Appointment Meeting.

The *curricula vitae* of the Directors illustrating their professional and personal characteristics can be consulted on the Issuer's *website* at www.pharmanutra.it, section "Governance/ Board of Directors".

Accumulation of positions held in other companies

Each member of the Board of Directors is obliged to take decisions with full knowledge of the facts and independently, pursuing the objective of creating value for the shareholders, and is committed to devoting the time necessary to ensure diligent performance of their duties, regardless of the positions held outside the Pharmanutra Group, with full awareness of the responsibilities inherent in the position held.

For this purpose, each candidate for the position of Director shall evaluate in advance, at the time of accepting the position in the Company and regardless of the limits established by the law provisions and regulations that may be applicable on the limits on the number of positions that may be held, his or her ability to carry out the tasks assigned to him or her with due care and effectiveness, taking into particular consideration the overall commitment required by the positions held outside the Group.

Each member of the Board of Directors is also required to inform the Board of any position of director or statutory auditor they hold in other companies, in order to allow fulfilment of the disclosure obligations under applicable laws and regulations.

The Board has not considered defining general criteria regarding the maximum number of administrative and control positions in other companies that can be considered compatible with an effective performance of the role of director of the Issuer, without prejudice to the duty of each director to assess the compatibility of the positions of director and auditor, held in other companies listed on regulated markets (including foreign), in financial, banking, insurance or large companies, with the diligent performance of the tasks assumed as director of the Company, also taking into account the participation in the committees established within the board, as indicated in Recommendation 15 of the Corporate Governance Code.

In view of the positions held by its members in other companies, the Company's Board of Directors believes that the number and quality of the positions held does not interfere and is, therefore, compatible with the effective performance of the office of director of the Company. The Board of Directors has the right to carry out a different and reasoned assessment, which will be made public in the context of the Annual Report on Corporate Governance and Ownership Structures and in this context duly motivated.

The table below lists the director and auditor positions held by the members of the Board of Directors, as at 31 December 2021, in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance companies or companies of significant size.

First and last name	Company	Administration and control tasks
Andrea Lacorte	Junia Pharma S.r.l. Alesco S.r.l. Nutristar S.p.A. Solida S.r.l. ALH S.r.l.	Vice Chair of the Board of Directors Chief Executive Officer Chair of the Board of Directors Chair of the Board of Directors Sole Director
Roberto Lacorte	Junia Pharma S.r.l. Alesco S.r.l. Nutristar S.p.A. Solida S.r.l. Cala D'Arno S.r.l. RLH S.r.l.	Chair of the Board of Directors Board member Board member Vice Chair of the Board of Directors Vice Chair of the Board of Directors Sole Director
Carlo Volpi	Junia Pharma S.r.l. Alesco S.r.l. Solida S.r.l. Beda S.r.l. Red Lions S.p.A. Grenade Srl	Board member Chair of the Board of Directors Board member Sole Director Board member Board member
Germano Tarantino	Junia Pharma S.r.l.	Board member
Alessandro Calzolari	Iredeem S.p.A. BIMA Consulting S.r.l. Espansione Marketing S.p.A. FAAC S.p.A. single-member company FAAC Partecipazioni Industriali S.r.l. Piccinini S.p.A. Nutristar S.p.A. HUB Italia S.r.l. Firbimatic S.p.A. HUB Italia S.r.l.	Board member Standing Auditor Standing Auditor Chairman of the Board of Statutory Auditors Chair of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Sole Auditor Chairman of the Board of Statutory Auditors Sole Auditor

First and last name	Company	Administration and control tasks
	F.X.T. S.p.A.	Standing Auditor
	CoMETA S.p.A.	Chairman of the Board of Statutory Auditors
	ARB S.p.A.	Chairman of the Board of Statutory Auditors
Marida Zaffaroni		
Giovanna Zanotti	Banco BPM S.p.A.	Board member
	Sesa S.p.A.	Board member

Induction Programme

In line with the provisions of the Corporate Governance Code on the effective and informed performance of their role by each Director, the Chairman, with the help of the Secretary of the Board, promotes the continuous updating of the Directors and Statutory Auditors on the company and market reality, as well as on the main legislative and regulatory changes concerning the Issuer and its Group.

In particular, during the 2021 financial year, the Chairman took care, also through the meeting between the *top management* of the Company and the Directors, that the latter obtained insights and clarifications on the activities and projects of the group to which the Issuer is in charge, as well as on the regulatory and self-regulatory framework of reference.

During the 2021 financial year, the Directors and Statutory Auditors also had the opportunity to deepen their knowledge (i) of the pharmaceutical and nutraceutical sector through participation in board meetings in which issues related to company dynamics and their evolutions, such as those in which capital expenditures have been approved; (ii) of the normative, regulatory and self-regulatory framework of reference by participating in the meeting of the Board of Directors of 29 June 2021 in which, following the necessary learning on the innovations made to the Related Parties Regulation (aimed at transposing, also at the level of secondary legislation, the contents of Directive (EU) 2017/828, so-called "*Shareholders' Right Directive*"), the Board has adapted its Related Parties Procedure to the aforementioned changes; while in the meetings that will be held during the financial year 2022, some insights will be carried out on the recommendations contained in the Corporate Governance Code.

The *management* of the Company has also been in constant contact with the corporate bodies for the appropriate flows of information and/or updates on issues of interest.

4.4 Operation of the Board of Directors (ie. Art. 123-bis, paragraph 2, letter d), TUF)

Pursuant to article 16 of the Articles of Association, the Board of Directors meets, even outside the registered office as long as it is within the European Union, whenever

the Chair or Vice Chair (if appointed) deems it appropriate, as well as when requested by a Director with delegated powers, by the Executive Committee (if appointed), or by at least two other Directors in office and without prejudice to the powers to convene meetings attributed to other parties by law.

The Board of Directors is convened by the Chair or, in his/her absence or impediment, by the Vice Chair (if appointed), by means of a notice – containing the items on the agenda – sent by mail or e-mail at least 3 days before the meeting, or, in case of urgency, at least 24 hours before the meeting. Even in the absence of notice of call in the form and manner provided for above, a meeting of the Board of Directors is validly constituted if all the Directors in office and all the members of the Board of Statutory Auditors are present, or if the majority of both Directors and Statutory Auditors in office are present and the absent members have been adequately informed in advance of the meeting and have not objected to the discussion of the items on the agenda.

Meetings of the Board of Directors may also be held by audio or video conference, provided that: (a) the Chair and the Secretary of the meeting, if appointed, are present in the same place, and will be responsible for drafting and signing the minutes, the meeting being deemed to have been held in that place; (b) the Chair of the meeting is able to ascertain the identity of those present, regulate the development of the meeting, and ascertain and state the voting results; (c) the person taking the minutes is able to adequately perceive the events of the meeting being minuted; (d) those present are able to take part in the discussion and vote simultaneously on the items on the agenda, as well as view, receive or transmit documents.

All resolutions of the Board of Directors shall require the actual presence of a majority of the Directors in office and the favourable vote of a majority of the Directors present.

The Chairman of the Board of Directors, with the help of the Secretary of the Board, shall ensure that adequate information on the items on the agenda is provided to all Directors. In particular, this information is always provided in such a way as to allow the Directors to express themselves being fully aware of the matters under discussion, providing them with the drafts of the documents to be approved well in advance, with the sole exception of cases of particular and proven urgency. In particular, the notice generally considered appropriate for sending the documentation is at least 5 (five) days prior to the meeting and this term was normally respected during the 2021 financial year. The President shall also ensure that each item on the agenda is discussed in sufficient time to allow for a constructive dialogue.

At the Report Date, given the organisational structure of the Issuer, the Board did not approve a regulation to define the rules of operation of the body itself; however, the Board of Directors reserves the right to define such regulation during the financial year 2022.

During the year ended 31 December 2021, the Board of Directors met 9 (nine) times. The meetings of the Board of Directors lasted an average of 2 (two) hours.

In addition to the members of the Board of Statutory Auditors, the Board of Statutory

Auditors was attended by the Manager responsible for preparing the company's accounting documents to provide appropriate insights into the internal control and risk management system, the Legal Manager and the Secretary of the Board, Mr. Giovanni Bucarelli.

For information on the participation of each Director in the meetings held during the 2021 financial year, please refer to Table 1 attached to the Report.

In the current year and until the Report Date, the Board of Directors met 2 (two) times and a total of at least 5 (five) meetings are scheduled in this year 2022. In addition to the meetings held on 31 January 2022, 10 February 2022 and 18 March 2022 (approval of the draft Financial Statements as at 31 December 2021), the calendar of the main corporate events 2022 provides for another 3 (three) meetings on the following dates:

- 09 May 2022: approval of the Interim Report on Operations as at 31 March 2022;
- 5 September 2022: approval of the first half financial report as at 30 June 2022;
- 7 November 2022: approval of the Interim Report on Operations as at 30 September 2022.

4.5 Role of the Chairman and Secretary of the Board of Directors

Chair of the Board of Directors

Pursuant to art. 15.1 of the Articles of Association, the Board of Directors, if the Shareholders' Meeting has not done so, elects a Chairman from among its members and may elect a Vice-Chairman, who replaces the Chairman in cases of absence or impediment. In the absence of the latter, the meetings of the Board of Directors are chaired by the Director appointed by those present.

The Chairman performs the functions provided for by the law and *pro tempore* regulations in force and by the Articles of Association.

The Chair convenes the Board of Directors pursuant to art. 16 of the Articles of Association.

According to the provisions of art. 19 of the Articles of Association, the legal representation of the Company, before third parties and in court, is the responsibility of the Chair of the Board of Directors and, in the event of his/her absence or impediment, of the Vice Chair (if appointed). It is also the responsibility of the Managing Director(s) (if appointed), within the limits of their powers.

On 27 April 2020, the Board of Directors appointed (i) Mr Andrea Lacorte as Chairman, and (ii) Mr Roberto Lacorte as Vice Chairman.

Secretary of the Board of Directors

At the Date of the Report, taking into account the current organizational structure of

the Issuer, the Company has not yet appointed the Secretary of the Board of Directors and therefore reserves the right to carry out the appropriate investigations during the year 2022.

4.6 Delegated bodies

At the Reporting Date, the Directors Andrea Lacorte, who also holds the position of Chair, Roberto Lacorte, who also holds the position of Vice Chair, Carlo Volpi and Germano Tarantino, as specified below, hold the position of Executive Directors of the Company.

On 27 April 2020, the Board of Directors of the Company granted the following powers and duties to the Directors:

The Chairman of the Board of Directors, **Dr. Andrea Lacorte**, and the Vice Chairman of the Board of Directors, **Dr. Roberto Lacorte**, are granted, with a single signature, all the broadest powers necessary or appropriate for the exercise of the following powers and activities:

Correspondence:

- open, write and sign the Company's correspondence;

Contracts in general and urgent instruments:

- enter into, amend and terminate contracts, provided that their unit value does not exceed Euro 1,000,000.00 (Euro one million/00), both with third parties and within the Group, concerning the sale of goods and/or services forming part of the business activity;
- enter into, amend and terminate contracts, provided that their unit value does not exceed Euro 1,000,000.00 (Euro one million/00), both with third parties and within the Group, concerning the purchase of goods and/or services forming part of the business activity;
- enter into, amend and terminate contracts for the purchase, sale, exchange, contribution and any other act of acquisition or disposal of goods, rights or services, with the exception of those that regulate the general conditions of sale and purchase of goods and/or services within the scope of the company's activity, as well as the undertaking in general of obligations, commitments and responsibilities of any nature, the amount of which is, individually or jointly with other related transactions, less than Euro 1,000,000.00 (Euro one million/00), as well as modify such agreements, contracts, transactions, obligations, commitments or assumptions of responsibility that involve economic effects of an amount not greater than that indicated above;
- carry out urgent acts/execute urgent instruments that are necessary for the management, preservation and protection of the Company assets, promptly reporting to the Board of Directors on the activities carried out;
- demand and collect any amount due to the Company from anyone for any reason whatsoever (Government, public and private bodies, companies and natural and/or legal persons), issuing the relevant receipts and quittances;

Employment and labour relationships:

- hire and fire executives, clerks and workers, and enter into, amend and terminate the related employment contracts, provided that such contracts do not entail a cost to the Company, for each individual contract and for each year, in excess of Euro 150,000.00 (Euro one hundred and fifty thousand/00);
- enter into, amend and terminate coordinated and continuous collaboration contracts and consultancy contracts, provided that they do not entail the payment by the Company of gross amounts, for each individual contract and per year, in excess of Euro 350,000.00 (Euro three hundred and fifty thousand/00);

Representation:

- represent the Company, actively and passively, in all relations and dealings with the tax, financial, administrative, political, military, trade union and judicial offices of the government and of local or semipublic entities, social security, insurance entities or health institutes, with the power to agree on income, issue documentary evidence and certificates, lodge claims with all administrative and judicial authorities of the Italian Republic; file complaints, lawsuits, make claims against any measure of the above authorities and entities and sign the corresponding documents and/or consequent instruments;
- represent the Company in legal proceedings before all authorities of the Italian Republic and foreign states, as well as supranational authorities, appoint lawyers and attorneys, including for arbitration, appeals, revocation, cassation and before the Constitutional Court;
- settle and mediate any pending matter or dispute of the Company with third parties, including pending matters or disputes with managers, executives, employees and workers; appoint arbitrators, including amicable compounders, and sign the relative settlement instruments, provided that such instruments refer to disputes or pending matters that have arisen or are to arise with a unit value not exceeding Euro 500,000.00 (Euro five hundred thousand/00);
- represent the Company in any bankruptcy proceedings with all the necessary powers; promote and/or request bankruptcy statements, attend meetings of creditors, accept and carry out the role of member of the creditors' committee, if the Company is appointed; state claims for receivables, asserting their reality and existence; accept and reject proposals for composition and do anything else necessary and/or useful for the proceedings themselves;

Collection, payment and receipts:

- receive from post and telegraph offices, shipping companies and any other freight company, letters and parcels, both ordinary and registered and/or insured; collect postal and telegraphic money orders, vouchers and cheques of any kind and any amount; request and receive amounts of money, securities, goods and documents, signing the corresponding receipts, releases and waivers, from any public and/or private entity, inter alia, from any public and/or private treasury office, including the State Treasury, the Cassa Depositi e Prestiti, the Public Debt Office, customs

offices and State-owned and private railways, both at their central and regional and/or peripheral offices, and including the regional revenue offices and their local branches; perform any other act and transaction with the above offices/entities;

- sign drafts as drawer payable by the Company's customers, receipt bills of exchange and securities to order, endorse cheques, drafts and bills of exchange, but at any rate in order to collect and transfer them to the Company's current accounts or protest them, offer for discount bills of exchange issued by the Company's customers payable to the Company and drafts issued by the Company payable by its customers;
- receive, set up and release deposits, including as security and allow encumbrances of any kind, provided that their unit value does not exceed Euro 500,000.00 (Euro five hundred thousand/00);

Banking and financial transactions:

- enter into, amend and terminate bank and loan contracts in any form, with the exception of the renewal of existing contracts, (in particular, opening of credit facilities, mortgages, safety deposit boxes, advances on securities, invoices and goods, discounts) provided that such contracts do not entail obligations for the Company, for each individual contract and on an annual basis, in excess of Euro 1,000,000.00 (Euro one million/00); carry out all financial transactions for the ordinary administration of the Company, open bank current accounts and a current account in the name of the Company at the post office current account department; make withdrawals, give payment instructions, sign cheques for these current accounts, including with no funds, within the limits of the credit lines granted, verify these current accounts and approve their statements; as far as signing payment instructions and cheques is concerned, the delegation is granted up to a maximum amount, for each individual cheque or payment instruction, of Euro 750,000.00 (Euro seven hundred and fifty thousand/00);

Environmental Matters:

- carry out any and all activities concerning the compliance with safety and environmental protection regulations, and represent the Company before any and all public or private entities and bodies being competent for these matters;

Special powers of attorney:

- delegate, and revoke, part of the powers listed above to/from directors, executives, managers or employees of the Company or third parties, provided that the delegated powers are not such as to give rise to a preposizione institoria (appointment of a sort of agent) pursuant to articles 2203 et seq. of the Italian Civil Code;

Other:

- perform any other act other than those included in the above categories provided that the unit value does not exceed Euro 500,000.00 (Euro five hundred thousand/00).

The Vice Chair of the Board of Directors, Roberto Lacorte, has also been attributed the qualification of employer pursuant to Italian Legislative Decree no. 81/08 and Person in charge of the fulfilment of the obligations regarding the protection and respect of the environment. The appointed employer is granted full functional and managerial autonomy, with full decision-making and spending power for the interventions that are necessary to comply with the regulations on environmental protection and safety at the workplace, as well as for the correct and timely compliance with all the obligations provided for in terms of health and safety at the workplace, which can be delegated and sub-delegated, within the limits of art. 17 of Italian Legislative Decree no. 81/08 as subsequently amended and integrated.

The Vice President of the Board of Directors, Mr. Roberto Lacorte, is also assigned the role of *Chief Executive Officer* pursuant to the GC Code (see paragraph 9.1 of the Report).

Mr. Carlo Volpi, Director of the Board of Directors, is granted, with a single signature, all the broadest powers necessary or appropriate for the exercise of the following powers and activities:

Correspondence:

- open, write and sign the Company's correspondence;

Contracts in general:

- enter into, amend and terminate contracts, provided that their unit value does not exceed Euro 500,000.00 (Euro five hundred thousand/00), both with third parties and within the Group, concerning the sale of goods and/or services forming part of the business activity;
- enter into, amend and terminate contracts, provided that their unit value does not exceed Euro 500,000.00 (Euro five hundred thousand/00), both with third parties and within the Group, concerning the purchase of goods and/or services forming part of the business activity;
- demand and collect any amount due to the Company from anyone for any reason whatsoever (Government, public and private bodies, companies and natural and/or legal persons), issuing the relevant receipts and quittances;

Employment and labour relationships:

- hire and fire executives, clerks and workers, and enter into, amend and terminate the related employment contracts, provided that such contracts do not entail a cost to the Company, for each individual contract and for each year, in excess of Euro 150,000.00 (Euro one hundred and fifty thousand/00);
- enter into, amend and terminate coordinated and continuous collaboration contracts and consultancy contracts, provided that they do not entail the payment by the Company of gross amounts, for each individual contract and per year, in excess of Euro 200,000.00 (Euro two hundred thousand/00);

Representation:

- represent the Company, actively and passively, in all relations and dealings with the tax, financial, administrative, political, military, trade union and judicial offices of the government and of local or semipublic entities, social security, insurance entities or health institutes, with the power to agree on income, issue documentary evidence and certificates, lodge claims with all administrative and judicial authorities of the Italian Republic; file complaints, lawsuits, make claims against any measure of the above authorities and entities and sign the corresponding documents and/or consequent instruments;
- represent the Company in legal proceedings before all authorities of the Italian Republic and foreign states, as well as supranational authorities, appoint lawyers and attorneys, including for arbitration, appeals, revocation, cassation and before the Constitutional Court;
- settle and mediate any pending matter or dispute of the Company with third parties, including pending matters or disputes with managers, executives, employees and workers; appoint arbitrators, including amicable compounders, and sign the relative settlement instruments, provided that such instruments refer to disputes or pending matters that have arisen or are to arise with a unit value not exceeding Euro 200,000.00 (Euro two hundred thousand/00);
- represent the Company in any bankruptcy proceedings with all the necessary powers; promote and/or request bankruptcy statements, attend meetings of creditors, accept and carry out the role of member of the creditors' committee, if the Company is appointed; state claims for receivables, asserting their reality and existence; accept and reject proposals for composition and do anything else necessary and/or useful for the proceedings themselves;

Collection, payments and receipts:

- receive from post and telegraph offices, shipping companies and any other freight company, letters and parcels, both ordinary and registered and/or insured; collect postal and telegraphic money orders, vouchers and cheques of any kind and any amount; request and receive amounts of money, securities, goods and documents, signing the corresponding receipts, releases and waivers, from any public and/or private entity, inter alia, from any public and/or private treasury office, including the State Treasury, the Cassa Depositi e Prestiti, the Public Debt Office, customs offices and State-owned and private railways, both at their central and regional and/or peripheral offices, and including the regional revenue offices and their local branches; perform any other act and transaction with the above offices/entities;

Other:

- perform any other act other than those included in the above categories provided that the unit value does not exceed Euro 150,000.00 (Euro one hundred and fifty thousand/00).

The Board Member **Mr. Germano Tarantino**, is assigned, with a single signature, all the broadest powers necessary or appropriate for the exercise of the following powers and

activities:

- Management and implementation of the research and development function;
- Coordination and supervision of the quality management system;
- Management, coordination and supervision of the scientific training function for employees, the sales network and foreign distributors;

Contracts in general:

- enter into, amend and terminate contracts and purchase orders, provided that their unit value does not exceed Euro 100,000.00 (Euro one hundred thousand/00), both with third parties and within the Group, concerning research and development, quality management and scientific training;

Representation:

- represent the company in all ordinary dealings with research institutes and laboratories (including entering into non-disclosure agreements), and with quality system certification bodies (including signing statements);

Other:

- sign the company's ordinary correspondence relating to research and development activities, quality management and scientific training, collect correspondence from post offices, including registered mail, parcels, packages and others.

During the year, the Executive Directors reported to the Board on the activities carried out in the exercise of the powers conferred at the first useful meeting.

Executive Committee (as per Art. 123-bis, paragraph 2, letter d) TUF)

Pursuant to art. 18 of the Articles of Association, the Board of Directors may delegate, within the limits of art. 2381 of the Italian Civil Code, its own powers to one or more of its members and/or to an executive committee, determining the content, limits and any methods of exercising the delegated power(s).

As at the Reporting Date, the Board of Directors has not set up any Executive Committee.

Other executive directors

In addition to the above, there are no other Executive Board Members.

4.7 Independent Directors

Pursuant to the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Law on Finance and in accordance with the provisions of Article

2.2.3, paragraph 3, letter m), of the Regulation of Markets organised and managed by Borsa Italiana S.p.A. (the "**Stock Exchange Regulations**") and in compliance with Article 2 of the GC Code, there are currently three Directors on the Issuer's Board of Directors who meet the independence requirements, in the persons of Directors Alessandro Calzolari, Marida Zaffaroni and Giovanna Zanotti.

The Board of Directors assesses the independence of its non-executive members at the time of appointment, as well as periodically during the term of office, and the outcome of this assessment is disclosed to the market through the "*Report on corporate governance and ownership structures*" prepared pursuant to and for the purposes of Article 123-bis of the Consolidated Law on Finance and the Italian Civil Code. The assessment of the administrative body is verified by the Board of Statutory Auditors pursuant to the same GC Code.

Pursuant to art. 13.4 of the Articles of Association, if a Director ceases to meet the independence requirements, he/she shall not be removed from office if the requirements continue to be met by the minimum number of Directors who, according to the legislation in force *at the time*, must meet such requirements.

The Board of Directors will evaluate the possible adoption, during the financial year 2022, of quantitative and/or qualitative criteria to be used for the evaluation of the significance of the relationships under examination for the purposes of the independence of the Directors, in accordance with the provisions of the Consolidated Law on Finance and the recommendations of the GC Code.

The possession of the independence requirements referred to in art. 148, paragraph 3, of the TUF (as referred to in art. 147-ter, paragraph 4, of the TUF) and art. 2 of Recommendation 7 of the Corporate Governance Code, of the Independent Directors currently in office has been verified, taking into account art. IA.2.10.6 of the Instructions to the Stock Exchange Regulations, at the meeting of the Board of Directors on 13 October 2020, following the Shareholders' Meeting of the Company held on the same date (verification communicated to the market on the same date) and, lastly, at the meeting of the Board of Directors on 18 March 2022, on the basis of the declarations of independence made in March 2022 issued by the directors subject to evaluation (i.e. Alessandro Calzolari, Marida Zaffaroni and Giovanna Zanotti). Evaluating all the circumstances that appear to compromise the independence identified by the Consolidated Law on Finance and the GC Code, and applying all the criteria provided by the GC Code with regard to the independence of the Directors, the Board expressed a positive assessment regarding the number (three out of seven) and the skills of the Independent Directors deemed appropriate to the needs of the company and the functioning of the Board, as well as the establishment of the related committees. In this regard, each non-executive director has provided all the elements necessary or useful for the Board's assessments. On the basis of the declarations of independence made by the Independent Directors, they have committed themselves to maintain independence during the term of office and in any case to promptly inform the Board of Directors of any situations that may compromise their independence.

The Board of Statutory Auditors verified that the criteria and assessment procedures

adopted by the Board for the assessment of the independence requirements have been correctly applied.

Lead Independent Director

On 23 October 2020, the Board of Directors appointed *Independent Director Alessandro Calzolari as Lead Independent Director* pursuant to the GC Code, referred to by the Independent Directors to allow a better contribution to the activity and operation of the Board itself.

The *Lead Independent Director* works with the Chair to ensure that Directors are provided with thorough and timely information. Among other things, the *Lead Independent Director* has the power to convene, independently or at the request of other directors, special meetings only for the Independent Directors to discuss issues considered of interest with respect to the functioning of the Board of Directors or company management.

The *Lead independent director* Alessandro Calzolari, also holds the position of Chairman of the Related Parties Committee (see Section 6).

5. PROCESSING OF CORPORATE INFORMATION

As of the Report Date, the following procedures are in force regarding the management of insider information, *insider register* and *internal dealing*: (i) "*Procedure for the management and communication of insider information*"; (ii) "*Procedure relating to the maintenance of the register of persons who have access to insider information*"; (iii) "*Procedure relating to the obligations regarding internal dealing*" as last amended by the Company's Board of Directors, at its meeting of 22 March 2021.

For more information, please refer to the text of the procedures available on the website www.pharmanutra.it, "*Governance/Corporate Documents*" Section.

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS (*under art. 123-bis, paragraph 2, letter d), TUF*)

On 23 October 2020, the Board of Directors resolved to establish, with effect from the Trading Start Date, a Remuneration and Nomination Committee, a Control and Risk Committee and an RPT Committee, with a term of office equivalent to that of the Board of Directors and, therefore, until the approval of the financial statements for the year ending 31 December 2022.

The Remuneration and Appointments Committee is composed of three independent Directors, in the persons of the independent Directors Giovanna Zanotti (as Chairman), Alessandro Calzolari and Marida Zaffaroni.

The Control and Risk Committee includes three Independent Directors, in the persons of Marida Zaffaroni (as Chair), Alessandro Calzolari and Giovanna Zanotti.

The RPT Committee includes three Independent Directors, in the persons of Alessandro Calzolari (as Chair), Marida Zaffaroni and Giovanna Zanotti.

It should be noted that there have been no changes in the composition of the

aforementioned committees from the end of the 2021 financial year until the Report Date.

As of the Report Date, no financial resources have been allocated to the Committees, as they make use of the Issuer's means and corporate structures for the performance of their duties.

It should be noted that the Issuer has not set up committees other than those provided for by the GC Code. No functions other than those recommended by the Code have been "distributed" among the Committees, nor have the functions of one or more committees provided for therein have been reserved to the entire Board, under the coordination of the Chairman.

At the Report Date, given the organisational structure of the Issuer, the Board did not approve a regulation to define the rules of operation of the Board Committees; however, the Board of Directors reserves the right to define these regulations during the financial year 2022.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - REMUNERATION AND APPOINTMENTS COMMITTEE

7.1 Self-assessment and succession of Directors

Pursuant to art. 4, Principle XIV and Recommendation 21 of the Corporate Governance Code, the Board of Directors periodically evaluates the effectiveness of its activity and the contribution made by its individual members, through formalised procedures whose implementation it oversees.

To this end, the Issuer carries out its own assessment of the size, composition and actual functioning of the Board itself and of the Board Committees (so-called *board review*), also considering the role that the Board has played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

The Company carries out the self-assessment on an annual basis – despite being able to conduct the self-assessment on a three-year basis pursuant to Recommendation 22 of the GC Code – in order to periodically evaluate the effectiveness of its activity and the contribution of the Board Committees.

During the financial year 2022, the Issuer's Board therefore carried out the annual assessment on the basis of a specific questionnaire divided into different areas of investigation (*i.e.* composition, structure, size and functioning of the Board, interaction with *management*, risk governance, composition and structure of the committees, etc.) and with the possibility of expressing comments and proposals; this questionnaire was transmitted and completed by all the Directors, as well as examined by the Board at its meeting of 18 March 2022. The Remuneration and Appointments Committee assisted the Board and the Chairman of the administrative body in ensuring the adequacy and transparency of the self-assessment process and, more generally, assisted the Board in its self-assessment activities, examining, in particular, the results of the self-assessment procedure.

In carrying out the *board review*, the Board did not make use of external consultants.

As a result of the aforementioned self-assessment, the Board considered the administrative body suitable to perform the functions attributed to it by current legislation and that the size, composition and functioning of the Board and its committees are adequate with respect to the management and organisational needs of the Issuer, also taking into account the professional characteristics, experience, including managerial experience, of its members, their seniority as well as the presence, out of a total of 7 (seven) members, 3 (three) independent non-executive directors and 2 (two) female directors, who also guarantee an adequate composition of the Committees established within the Board. In addition, the Directors considered that the composition of the Board of Directors reflects adequate diversity profiles regarding aspects such as age, gender composition and training and professional path.

Furthermore, it should be noted that, at the Report Date, the Board did not adopt a plan for the succession of executive directors, taking into account the current shareholding and organisational structure of the Issuer and also considering that the GC Code recommends it only for "large companies".

7.2 Remuneration and Nomination Committee

On 23 October 2020, the Issuer's Board of Directors appointed as members of the Remuneration and Nomination Committee – with effect from the Trading Start Date – the Independent Directors Giovanna Zanotti (as Chair), Alessandro Calzolari and Marida Zaffaroni.

At the time of appointment, the Board of Directors considered that the members of the Remuneration and Appointments Committee as a whole have adequate knowledge and experience in financial matters or remuneration policies, in accordance with Recommendation 26 of the GC Code.

The Remuneration and Appointments Committee is entrusted with the tasks referred to in the GC Code.

In view of the fact that both the functions relating to remuneration and the functions relating to the nomination of directors are assigned to the same committee, it is necessary to distinguish the functions exercised by it when it acts in one capacity or the other.

Specifically, this Committee has been granted the following functions in relation to remuneration:

- (i) propose the adoption of the policy for the remuneration of directors and managers with strategic responsibilities, including incentive plans;
- (ii) periodically assess the adequacy, overall consistency and actual application of the policy for the remuneration of directors and executives with strategic responsibilities, in this latter regard making use of the information provided by the directors and/or bodies with delegated powers; make proposals on the matter to the Board of Directors;

- (iii) submit proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and other Directors who hold special offices and, according to the suggestions of the Managing Directors, of Executives with Strategic Responsibilities, as well as on the setting of *Performance* targets related to the variable component of such remuneration; monitor the application of the decisions adopted by the Board of Directors, verifying, in particular, the actual achievement of *performance* targets.

The Nomination and Remuneration Committee is also assigned the functions referred to in the remuneration policy adopted by the Company from time to time and, in particular:

- (i) support 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;
- (ii) formulate proposals to the Board of Directors with reference to the remuneration policy, including the incentive plans, with reference to the Managing Directors and the other Directors invested with particular positions, as well as, on the indication of the Managing Directors, for the determination of the criteria for the remuneration of the Managers of the Company with strategic responsibilities.

This Committee has been granted the following functions in relation to nominations:

- (i) assist the Board in the self-evaluation of the Board and its committees (e.g., in the definition of the self-evaluation questionnaire, if any, and of the Board's self-evaluation procedure in general as well as in reviewing the results of such self-evaluation procedure);
- (ii) assist the Board in defining the optimal composition of the Board itself and its committees, also in light of the findings of the Board of Directors' self-assessment;
- (iii) assist the Board in identifying candidates for the position of Director in the event of co-opting, formulating proposals and opinions in this regard;
- (iv) assist the Board in the possible presentation of a list by the outgoing Board to be carried out in a manner that ensures its transparent drafting and presentation, formulating proposals and opinions in this regard;
- (v) assist the Board in the possible preparation, updating and implementation of the succession plan for the Managing Directors and any other executive directors of the Company, if deemed appropriate by the Board of Directors, by formulating proposals and opinions in this regard.

Pursuant to Recommendation 26 of the Corporate Governance Code, the Directors shall refrain from participating in the meetings of the Committee at which the proposals to the Board relating to their remuneration are made.

On the Report Date, the Remuneration and Appointments Committee met once with the regular participation of its members. The sessions concerned (i) the examination and approval of the Remuneration Report; (ii) the Board's self-assessment

(questionnaire and related results); (iii) the examination of the annual report on the application of the GC Code, presented by the Italian Committee for Corporate Governance for 2021 (as far as the Remuneration and Appointments Committee is concerned).

The meetings were coordinated by the President and were regularly recorded.

The Chairman of the Board of Statutory Auditors attended the meetings of the Remuneration and Appointments Committee.

The meetings of the Remuneration and Appointments Committee lasted an average of 2 hours.

The attendance of each member at the Committee meeting is shown in Table 1 annexed to the Report.

8. REMUNERATION OF DIRECTORS

For a description of the remuneration policy, as well as the remuneration paid during the 2021 financial year, please refer, respectively, to Section I and Section II of the Remuneration Report available on the Issuer's *website* at www.pharmanutra.it, Governance section.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

On 5 October 2020, the Issuer's Board of Directors resolved to approve the Memorandum on the internal control and risk management system, prepared pursuant to article 2.3.4, paragraph 2, letter c), of the Stock Exchange Regulations. In particular, the Issuer's management control system is designed to allow responsible parties (owners) to have a sufficiently complete overview of the financial position of the Company and of the Group headed by PHN on a regular and timely basis and to enable a correct:

- production of data and information with particular regard to consolidated financial information, according to dimensions of analysis appropriate to the type of business, the organisational complexity and the specific information needs of the management;
- processing of the forecast financial data of the business plan and the annual budget, as well as the verification of the achievement of corporate objectives through an analysis of deviations,
- monitoring of the main KPIs and risk factors affecting the Company and the main Group's companies headed by the Issuer.

The internal control and risk management system consists of the set of rules, procedures and organisational structures aimed at allowing the identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company.

The Board of Directors defines the principles concerning coordination and information flows between the various parties involved in the internal control and risk management system in order to maximise the efficiency of the system itself, reduce duplication of activities and ensure the effective performance of the tasks of the control body.

More specifically, with the support of the Control and Risk Committee:

(a) defines the guidelines of the internal control and risk management system in line with the Company's strategies and evaluates, at least annually, the adequacy of the same system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness;

(b) appoints and dismisses the head of the *internal audit* function, defining its remuneration in line with company policies, and ensuring that it is provided with adequate resources to carry out its duties. If it decides to entrust the *internal audit* function, as a whole or by operating segments, to a person external to the company, it ensures that it is equipped with adequate requirements of professionalism, independence and organisation and provides adequate justification for this choice in the report on corporate governance;

(c) approves, at least annually, the work plan prepared by the head of the *internal audit* function, after consulting the control body and the *Chief Executive Officer*;

(d) assesses the appropriateness of taking measures to ensure the effectiveness and impartiality of the judgement of the other company departments involved in the controls, verifying that they are equipped with adequate professionalism and resources;

(e) assigns the supervisory functions pursuant to art. 6, paragraph 1, lett. b) of Legislative Decree no. 231/2001 to the supervisory body or to a specifically constituted body. In the event that the body does not coincide with the supervisory body, the administrative body shall evaluate the opportunity to appoint at least one non-executive director and/or a member of the supervisory body and/or the holder of legal or control functions of the company within the body, in order to ensure coordination between the various parties involved in the internal control and risk management system;

(f) assesses, after consulting the supervisory body, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the supervisory body;

(g) describes, in the report on corporate governance, the main characteristics of the internal control and risk management system and the methods of coordination between the parties involved in it, indicating the national and international models and *best practices* of reference, expresses its overall assessment on the adequacy of the system itself and reports on the choices made regarding the composition of the supervisory body referred to in point (e) above.

In the exercise of these functions, the Board makes use of the collaboration of the *Chief Executive Officer* pursuant to the Corporate Governance Code and the Control

and Risk Committee; it also takes into account the organisational and management models adopted by the Issuer and the Group's companies of which the Issuer is head pursuant to Legislative Decree 231/2001.

The Issuer's Board of Directors, also taking into account the indications provided in the annual report of the Control and Risk Committee, expressed, at its meeting of 18 March 2022, a positive assessment on the adequacy, effectiveness and effective functioning of the internal control and risk management system, taking into account the characteristics of the company and the risk profile assumed.

In addition, during 2021, the Board approved the work plan prepared by the Head of the *Internal Audit* Department, after consulting the Board of Statutory Auditors and the *Chief Executive Officer*.

For a description of the main characteristics of the risk management and internal control system in relation to the financial reporting process, pursuant to art. 123-bis, *paragraph* 2, letter b), TUF, please refer to the following paragraph 9.8 of the Report.

9.1 Chief Executive Officer

The Board assigned the position of *Chief Executive Officer* to the Vice-President of the Board of Directors and Executive Director, Mr. Roberto Lacorte.

The *Chief Executive Officer* shall be responsible for setting up and maintaining the internal control and risk management system.

In particular, pursuant to Recommendation 34 of the GC Code, the *Chief Executive Officer*:

- a) identifies the main business risks, taking into account the characteristics of the activities carried out by the company and its subsidiaries, and submits them periodically to the review of the Board of Directors;
- b) implements the guidelines defined by the administrative body, taking care of the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as ensuring its adaptation to the dynamics of the operating conditions and the legislative and regulatory landscape;
- c) may entrust the *internal audit* function with carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the chairman of the administrative body, the chairman of the control and risk committee and the chairman of the control body;
- d) promptly reports to the Control and Risk Committee on problems and critical issues which arise in conducting his/her activities or which he/she became aware of, so that the Committee may take suitable measures.

During the 2021 financial year, the *Chief Executive Officer* has:

- (a) taken care of the identification of the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and periodically has submitted them to the Board for examination;
- b) implemented the guidelines defined by the administrative body, taking care of the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as ensuring its adaptation to the dynamics of the operating conditions and the legislative and regulatory landscape;
- (c) not considered it necessary to request interventions from the Head of the *Internal Audit* function, nor has not considered it necessary to report to the Control and Risk Committee since no problems or critical issues emerged that required such disclosure.

9.2 Control and Risk Committee

On 23 October 2020, the Issuer's Board of Directors appointed as members of the Control and Risk Committee – with effect from the Trading Start Date – the Independent Directors Marida Zaffaroni (as Chair), Alessandro Calzolari and Giovanna Zanotti.

At the time of their appointment, the Board of Directors considered that the members of the Control and Risk Committee have, on the whole, adequate expertise in the business sector in which the Company operates to assess the related risks. In addition, the Directors Alessandro Calzolari and Giovanna Zanotti have adequate knowledge and experience in accounting and financial matters/risk management.

The Control and Risk Committee is entrusted with the control and risk tasks referred to in Recommendations 33 and 35 of the Corporate Governance Code.

Specifically, the Control and Risk Committee, in assisting the Board:

- a) assesses, after consulting the Manager responsible for preparing the company's accounting documents, the Statutory Auditor and the supervisory body, the correct use of accounting principles and their homogeneity for the purposes of preparing the consolidated financial statements;
- b) assesses the suitability of periodic information, financial and non-financial, to correctly represent the *business* model, the strategies of the Company, the impact of its activity and the *performance* achieved;
- (c) examines the content of the periodic non-financial information relevant to the internal control and risk management system;
- (d) gives opinions on specific aspects relating to the identification of the main business risks and support the assessments and decisions of the Board relating to the management of risks arising from prejudicial events of which the latter has become aware;
- e) examines the periodic reports and those of particular relevance prepared by the *internal audit* function;

- f) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Department;
- g) may entrust the *internal audit* function with carrying out checks on specific operational areas, simultaneously notifying the chairman of the control body;
- h) reports to the administrative body, at least when approving the annual and half-yearly financial report, on the activity carried out and on the adequacy of the internal control and risk management system.

Pursuant to the provisions of article 19, paragraph 2, of Italian Legislative Decree no. 39/2010 as amended, the Board of Statutory Auditors has also been assigned the functions of the Audit Committee.

On the Report Date, the Remuneration and Appointments Committee met once with the joint participation of the Board of Statutory Auditors, the Internal Audit Manager, the Supervisory Body, the Manager responsible for preparing the accounting and corporate documents, the Legal and Corporate Manager, the representatives of the Independent Auditors and the *Data Protection Officer*. The Committee, having recalled the results of the *impairment test* procedure on subsidiaries - examined by the Board of Directors on 31 January 2022 - during the meeting evaluated the internal control and risk management system of the Company for the purpose of preparing the Annual Report of the Committee.

The meeting was coordinated by the President and was regularly recorded.

The Control and Risk Committee session lasted 3 (three) hours.

In the performance of its duties, the Committee shall have access to the information and business functions necessary for the performance of its tasks, as well as the use of external consultants, within the time limits set by the Board.

9.3 Head of the Internal Auditing Office

The Board of Directors of 23 October 2020, on the proposal of the *Chief Executive Officer* and after obtaining the favourable opinion of all the members of the Control and Risk Committee and of the Board of Statutory Auditors, expressed on the same date, identified Mr. Pasquale Giovinazzo, an external professional of the Company, subordinately and starting from the Start Date of the Negotiations, as Head of the *Internal Audit* function, attributing to this subject the functions provided for by the GC Code. The Board has ensured that this person is equipped with adequate requirements of professionalism, independence and organisation.

The Head of the Internal Audit Department, who is not responsible for any operational area of the Issuer and reports, for the activity carried out, directly to the Board of Directors, has direct access to all the information useful for the performance of his/her duties. During the financial year, 2021:

- has verified, both on a continuous basis and in relation to specific needs, and in compliance with international *standards*, the operation and suitability of the internal control and risk management system, through an *audit* plan, approved

by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;

- has prepared periodic reports containing adequate information on its activities and on how risk management is carried out, as well as on compliance with the plans defined for their containment, and an assessment of the suitability of the internal control and risk management system, and has transmitted them to the chairmen of the Board of Statutory Auditors, the Risk and Sustainability Control Committee and the Board of Directors as well as to the *Chief Executive Officer*, except in cases where the subject of such reports specifically concerns the activities of such subjects;
- exercised its activity on the basis of the 2021-2022 *audit* plan approved during the 2021 financial year.

The Board also resolved to allocate to it the necessary and/or appropriate resources for the performance of the aforementioned assignment and defined its remuneration in accordance with company policies.

9.4 Organisational model pursuant to Italian Legislative Decree no. 231/2001

By resolution of the Board of Directors of 15 April 2019, the Company adopted an organisational model aimed at ensuring conditions of fairness and transparency in the business activities, protecting its own position and image and that of the Group's companies, the expectations of its shareholders and the work of its employees. Said model is based on the specific requirements dictated by Italian Legislative Decree 231/2001.

On 31 January 2022, it was submitted for the approval of the Board of Directors the updating of the structural elements of the Organisational Model pursuant to Legislative Decree 231/2001 to pursue macro-objectives such as (i) the definition of a structured Risk Self-Assessment 231 for sensitive processes, (ii) the updating and reprocessing of the documents that constitute an integral part of the Model integrating the existing *policies* and procedures, (iii) the preparation of structured control protocols for sensitive processes, with evidence of the general principles of conduct and the control points for the prevention of crimes 231, (iv) the drafting of the procedure for information flows to the Supervisory Body, (v) the preparation of the Statutes of the Supervisory Body and (vi) the definition of the procedure for the management of whistleblowing reports at Group level.

This organisational model is divided into two sections called "General Section" and "Special Section" respectively.

With reference to the "General Part" of the Company's organisational model, it should be noted that this part, in addition to qualifying the scope and contents of Italian Legislative Decree no. 231/2001 in the corporate sphere, describes: (i) the objectives and methods for checking and updating the model; (ii) the organisation and functioning of the supervisory body; (iii) the communication and training processes activated by the

Company; (iv) the identification of activities at risk of offences being committed; (v) the identification of 'sensitive' processes relating to areas at risk; (vi) the protocols for the formulation and implementation of decisions; (vii) the methods for managing financial resources; (viii) the information flows to the supervisory body.

The section called "Special Section" describes, for each 'sensitive' process identified (i.e., procurement process, industrial process, financial process, administrative process, IT system management process and HR management process), the ways in which the relevant activities are carried out and indicates, where relevant, the specific procedures to be followed, providing in particular: (i) the protocols for the formulation and implementation of decisions; (ii) the methods of managing financial resources; (iii) the obligations to inform the supervisory body. The individual Special Parties refer to the specific types of crime potentially configurable in Pharmanutra's business reality, with the aim of preventing:

- crimes against the public administration and against property committed to the detriment of the State or other public body or the European Union referred to in Articles 24, and 25 of the Decree;
- computer crimes referred to in art. 24-bis;
- crimes against industry and commerce referred to in art. 25-bis;
- corporate offences referred to in Article 25-ter of the Decree;
- crimes of manslaughter and serious or very serious negligent injuries, committed in violation of the accident prevention regulations and on the protection of hygiene and health at work pursuant to art. 25-septies;
- crimes of receipt, money laundering, use of money, goods or other benefits of illicit origin and self-laundering pursuant to art. 25-octies;
- offences relating to the infringement of copyright referred to in art. 25-nonies;
- crimes of forgery in instruments and signs of recognition referred to in art. 25-bis;
- crimes against the individual personality referred to in art. 25-quinquies;
- offences of insider dealing and market manipulation referred to in Article 25-sexies;
- crimes against the administration of justice referred to in art. 25-decies;
- environmental offences referred to in art. 25-undecies;
- cases relating to the employment of illegally staying third-country nationals referred to in Article 25 duodecies;
- tax offences referred to in Article 25-quinquiesdecies;
- smuggling offences referred to in art. 25-sexiesdecies.

The Supervisory Body currently in office was appointed by a resolution of the Board of Directors on 18 January 2021 and consists of Ms Rosa Annarumma (external member, as

Chair), Mr. Guido Carugi (Statutory Auditor) and Mr. Pasquale Giovinazzo (Head of *Internal Audit*), and will remain in office until the approval of the financial statements for the year 2022.

9.5 Independent auditors

On 13 October 2020, the Issuer's Ordinary Shareholders' Meeting resolved to confer BDO Italia S.p.A. (the "**Auditing Company**") for the years 2020 – 2027, pursuant to art. 13 of Legislative Decree 39/2010 and article 16 of Regulation (EU) No. 537/2014, subject to mutual termination of the assignment for the statutory audit of the accounts conferred on the same on 15 April 2019 and effective as of the Trading Start Date, with the task of carrying out the statutory audit of the statutory financial statements and consolidated financial statements, verification of the regularity of the company's accounts and the consistency of the management report with the financial statements and its compliance with the law, verification of the consistency of certain specific information contained in the report on corporate governance and ownership structures indicated in art. 123-*bis* of the TUF, as well as for the limited audit of the consolidated first half financial statements.

9.6 Manager responsible for preparing the Company financial reports and other corporate roles and functions

Pursuant to art. 21 of the Articles of Association, the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, appoints and revokes the Manager responsible for preparing the financial reports, pursuant to art. 154-*bis* of the TUF, and determines his remuneration.

The Manager responsible for preparing the Company financial reports must have, in addition to the requirements of integrity prescribed by current legislation for those who carry out administrative and management functions, requirements of professionalism characterised by specific competence in administrative and accounting matters. This competence, to be ascertained by the Board of Directors, must be acquired through work experience in a position of appropriate responsibility for a reasonable period of time.

The Manager responsible for preparing the Company financial reports has the powers and functions established by law and other applicable provisions, as well as the powers and functions established by the Board of Directors at the time of his/her appointment or by subsequent resolution.

In this regard, the Board of Directors of 13 October 2020 resolved to identify, with effect from the Start Date of the Negotiations, Francesco Sarti, who holds the role of *Chief Financial Officer* of the Company, as the Manager in charge of preparing the corporate accounting documents, assigning to him the powers and functions referred to in Article 154-*bis* of the TUF and the applicable legal and regulatory provisions.

* * *

It should be noted that in the Issuer's organisation chart there are no other corporate

roles and functions with specific tasks regarding control and internal control and risk management other than those indicated in the previous paragraphs.

9.7 Coordination among entities involved in the Internal Control and Risk Management System

The Issuer, in order to ensure continuous coordination between the various parties involved in the internal control and risk management system, has provided that, tendentially, all periodic meetings take place simultaneously and jointly between the Control and Risk Committee, the Head of the *Internal Audit* function, the Board of Statutory Auditors, the Manager responsible for preparing the Corporate Accounting Documents, the Supervisory Body. This makes it possible to maximise the efficiency of the internal control and risk management system implemented by the Issuer, also with a view to the timely exchange of information between all the parties involved, while reducing the risk of any duplication of activities. In any case, it should be noted that the Board of Statutory Auditors and the Control and Risk Committee are expected to promptly exchange the information relevant to the performance of their respective tasks and the Chairman of the Board of Statutory Auditors, or another auditor appointed by him, participates in the work of the Control and Risk Committee.

On 18 March 2022, the Board of Directors, in accordance with the provisions of Recommendation 33, letter a) of the Corporate Governance Code, after consulting the Internal Audit Manager, the Control and Risk Committee and the Supervisory Body, expressed an opinion of adequacy with regard to the aforementioned methods of coordination between the various parties involved in the internal control and risk management system.

9.8 Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process (pursuant to art.123-bis, paragraph 2, letter b), TUF)

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10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS – RELATED PARTY COMMITTEE

On 23 October 2020, the Issuer's Board of Directors resolved to adopt a new procedure for Transactions with Related Parties, subject to the favourable opinion of the Independent Directors in office on that date (the "**OPC Procedure**"). The OPC Procedure entered into force as of the Negotiations Start Date and was last amended on 29 June 2021.

The RPT Procedure establishes the rules governing the procedures for the identification, approval and management of the Company's transactions with related parties in order to ensure the transparency and substantive and procedural fairness of

transactions with related parties, carried out directly or through subsidiaries pursuant to art. 93 TUF or otherwise companies subject to management and coordination.

In addition, it should be noted that the Company – as (i) a smaller company, as well as (ii) a newly listed company pursuant to article 3 of the "RPT Regulations" adopted by Consob with resolution no. 17221 of 12 March 2010 as subsequently amended (the “**RPT Regulations**”) – applies to related party transactions – including the more relevant ones (as identified in accordance with Annex 3 of the RPT Regulations) – a procedure which takes into account the principles and rules set out in article 7 of the RPT Regulations, as an exception to article 8 of the RPT Regulations.

For further information on the RPT Procedure, please refer to the procedure available on the website www.pharmanutra.it, *Governance* section.

As indicated in paragraph 6 above, the Issuer has set up, as of the Trading Start Date, an RPT Committee made up of 3 independent directors and, namely, Alessandro Calzolari (as Chair), Marida Zaffaroni and Giovanna Zanotti.

The Committee is assigned the functions set out in the OPC Procedure.

If the nature, size and characteristics of the transaction require it, the RPT Committee or, as the case may be, the persons replacing it, have the right to seek the assistance, at the Company's expense, of one or more independent experts of their choice, through the acquisition of appropriate assessments and/or *fairness* and/or *legal opinions*.

11. BOARD OF STATUTORY AUDITORS

11.1 Appointment and Replacement of Statutory Auditors

Pursuant to article 22 of the Articles of Association, the Board of Statutory Auditors consists of three standing auditors and two alternate auditors.

The statutory auditors remain in office for 3 financial years and their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for their third year in office. They may be re-elected. The powers and duties of the Board of Statutory Auditors and of the Statutory Auditors are those established by the law in force *at the time*.

The Statutory Auditors must meet the requirements of the laws and regulations in force *at the time*, including those concerning the limit on the number of offices held, as set forth in the relevant laws and regulations in force *at the time*.

For the purposes of article 1, paragraph 2, letters b) and c), of Italian Ministerial Decree no. 162 of 30 March 2000, as subsequently amended and supplemented, the following matters are considered to be strictly pertinent to the Company's business: commercial law, company law, tax law, business administration, corporate finance, disciplines with a similar or comparable purpose, as well as matters and sectors inherent to the business of the Company and referred to in the Company's object as set out in article 3 of the Articles of Association.

The Ordinary Shareholders' Meeting elects the standing and alternate members of the Board of Statutory Auditors on the basis of the lists submitted by the shareholders in

accordance with the procedures indicated below, in compliance with the rules on gender balance set out in art. 148, paragraph 1-*bis*, of the TUF and other applicable provisions. Therefore, for the number of mandates established by the above-mentioned provisions, at least the portion of the members of the Board of Statutory Auditors indicated therein must belong to the under-represented gender, rounding off in case of decimals according to the criterion specified by the same provisions.

The right to submit lists is held by the shareholders who, at the time the list is submitted, alone or together with others own shares representing at least the minimum percentage of the share capital with voting rights at the Ordinary Shareholders' Meeting as established by Consob, which will in any case be indicated in the notice of call. In this regard, it should be noted that, as at the Reporting Date, Consob has set at 2.5% of the share capital the shareholding percentage required for the submission of lists for the election of the Company's Control Body (*see* Executive Resolution of the Head of the *Corporate Governance* Division no. 60 of 28 January 2022).

Each shareholder, the shareholders who are parties to a shareholders' agreement pursuant to article 122 of the TUF, the controlling shareholder, subsidiaries and companies under joint control, as well as other parties who are connected, directly or indirectly, pursuant to applicable laws and regulations in force *at the time*, may not file or contribute to the filing of more than one list, including through a third party or trust company, and may not vote for more than one list.

Each candidate may appear on only one list, under penalty of ineligibility.

Each list shall contain the names, marked by a progressive number, of a number of candidates not exceeding the number of members to be elected.

The lists are divided into 2 (two) sections: one for candidates for the role of Standing Auditor and the other for candidates for the role of Alternate Auditor. The first of the candidates in each section must be enrolled in the register of statutory auditors and have carried out statutory auditing activities for a period of not less than 3 (three) years. The other candidates, if not satisfying the requirement foreseen in the immediately preceding period, must meet the other professional requirements under the prevailing law and regulations in force *at the time*.

For the period of application of the applicable laws and regulations on gender balance in force *at the time*, each list including – considering both sections overall – a number of candidates equal to or greater than 3 must also include candidates belonging to both genders, so as to ensure a Board of Statutory Auditors composition in compliance with gender balance provisions, under art. 148, paragraph 1-*bis*, of the TUF, and the other provisions in force on the matter, rounding off, in the case of decimals, according to the criterion specified by the same provisions.

The lists submitted must be filed at the Company registered office, even by remote means of communication as specified in the notice of call, in accordance with the terms and procedures provided for by the applicable laws and regulations in force *at the time*. If only one list has been submitted by the deadline for filing lists, or only lists submitted by shareholders who are associated with each other pursuant to applicable laws and regulations in force *at the time*, other lists may be submitted up to the next

deadline provided for by laws and regulations in force *at the time*. In this case, the shareholding required to submit the lists referred to in the previous paragraph is reduced by half.

The lists must be accompanied by: (a) information regarding the identity of the shareholders who have submitted the lists, with an indication of the total percentage of shareholdings, with a certification showing ownership of said shareholding issued by an intermediary authorised by law. It being understood that this certification may also be produced after the filing of the lists, provided that it is within the deadline set for the publication of the lists by the Company; (b) a statement by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any relationship of connection, even indirect, pursuant to applicable laws and regulations in force *at the time*, with the latter; (c) exhaustive information on the personal and professional characteristics of the candidates, with an indication of their memberships in the board of directors or the board of statutory auditors of other companies, as well as a statement by the candidates themselves that they meet the requirements, including those of integrity, professionalism, independence and those concerning the limit on the number of offices held, provided for by the laws and regulations in force *at the time* and under the Articles of Association, and their acceptance of the nomination and of the office, if elected; and (d) any other or different statement, information and/or document provided for by the laws and regulations in force *at the time*.

Lists submitted without complying with the above provisions shall be considered as not submitted. However, the lack of documentation relating to individual candidates on a list does not automatically lead to the exclusion of the entire list, but only of the candidates to whom the irregularities relate.

The lists duly filed, as well as the information submitted with them, shall be published in accordance with the applicable laws and regulations in force *at the time*.

The election of the Board of Statutory Auditors takes place in accordance with the following provisions:

- a) 2 (two) Standing Auditors and 1 (one) Alternate Auditor are taken from the list that received the highest number of votes, in the order in which they are listed on the corresponding sections of the list;
- b) the remaining Standing Auditor and the remaining Alternate Auditor are taken, on the basis of the progressive order in which they are listed in the corresponding sections of the list, from the list that came second in terms of number of votes after the list referred to in letter a) above, with votes cast by shareholders who are not connected in any way (not even indirectly), pursuant to applicable laws and regulations in force *at the time*, with the shareholders who submitted or voted for the list that came first in terms of number of votes.

In the event of a tie between lists, the list submitted by shareholders owning the largest shareholding or, subordinately, by the largest number of shareholders shall prevail.

If, at the end of the vote, the composition of the Board of Statutory Auditors with the elected candidates does not comply with the applicable laws and regulations in

force *at the time* concerning gender balance, the candidate of the most represented gender elected last in progressive order in the relevant section of the list obtaining the highest number of votes shall be excluded from the list of candidates for the position of Standing Auditor and this candidate shall be replaced by the first unelected candidate from the same section of the under-represented gender, in progressive order. If, at the end of this replacement procedure, the composition of the Board of Statutory Auditors does not comply with the applicable laws and regulations on gender balance in force *at the time*, the replacement will take place by a resolution passed by the Shareholders' Meeting by a majority of the votes represented therein, subject to the nomination of candidates belonging to the under-represented gender.

If the number of candidates elected on the basis of the lists submitted is less than the number of Statutory Auditors to be elected, the remaining Statutory Auditors are elected by the Shareholders' Meeting, which resolves with the majority of the votes represented therein and, in any case, in such a way as to ensure compliance with the applicable laws and regulations on gender balance in force *at the time*. In case of a tie vote between several candidates, there shall be ballot between these candidates by means of another vote at the Meeting, resulting mainly the candidate who gets the most votes.

If only one list is submitted, the Shareholders' Meeting shall vote it and, if it obtains a majority of the votes represented therein, all members of the Board of Statutory Auditors shall be drawn from that list, in compliance with the applicable laws and regulations in force *at the time*, also on gender balance.

If no list is submitted or if only one list is submitted and that one does not obtain a majority of the votes represented at the Shareholders' Meeting, or if the entire Board of Statutory Auditors does not need to be reappointed, or if it is not possible for any reason to proceed with the election of the Board of Statutory Auditors in the manner described in the above paragraphs, the members of the Board of Statutory Auditors are appointed by the Shareholders' Meeting in the ordinary manner with a majority of the votes represented at the Shareholders' Meeting, without applying the list vote mechanism, and in any case in such a way as to ensure compliance with the applicable laws and regulations on gender balance in force *at the time*.

The Chair of the Board of Statutory Auditors is the Standing Auditor elected from the minority list referred to in letter b) above, unless only one list is voted for or no list is submitted; in this case, the Chair of the Board of Statutory Auditors is appointed by the Shareholders' Meeting, which decides by a majority of the votes represented.

If, during the course of the financial year, a member of the Board of Statutory Auditors taken from the list that came first in terms of the number of votes is no longer available, s/he is replaced, until the next Shareholders' Meeting, by the first Alternate Auditor taken from the same list. If, during the course of the financial year, a member of the Board of Statutory Auditors taken from another list different from the one that came first in terms of the number of votes is no longer available, s/he is replaced, until the next Shareholders' Meeting, by the first Alternate Auditor taken from the same list, also as Chair of the Board of Statutory Auditors.

If the replacement mechanism described above with Alternate Auditors does not

allow compliance with the applicable laws and regulations on gender balance in force *at the time*, the Shareholders' Meeting must be called as soon as possible to ensure compliance with said laws and regulations.

If the Shareholders' Meeting is required by law to appoint the Statutory Auditors needed to fill vacancies on the Board of Statutory Auditors following termination of office, it shall proceed in accordance with the following provisions.

If it is necessary to replace one or more members of the Board of Statutory Auditors taken from the list that came first in terms of number of votes, the replacement will take place by decision of the Ordinary Shareholders' Meeting, which will resolve with a majority of the votes represented therein, without any constraints on the choice among the members of the lists previously submitted.

If, on the other hand, it is necessary to replace a member of the Board of Statutory Auditors taken from a list other than the one that came first in terms of the number of votes, the Shareholders' Meeting shall, by a resolution passed by the majority of the votes represented therein, select the replacement, where possible, from among the candidates indicated on the list to which the Auditor to be replaced belonged, who have confirmed their candidature in writing at least 20 (twenty) days prior to the date set for the Shareholders' Meeting, together with statements concerning the absence of causes of ineligibility or disqualification, as well as the satisfaction of the requirements for the office under the applicable laws and regulations in force *at the time*, or under the Articles of Association. If this replacement procedure is not possible, the member of the Board of Statutory Auditors shall be replaced by a resolution to be passed by a majority of the votes represented at the Shareholders' Meeting, respecting the representation of minorities. All this shall be in compliance with the applicable laws and regulations on gender balance in force *at the time*.

If the requirements of the law and the Articles of Association are no longer met, the member of the Board of Statutory Auditors shall be removed from office.

11.2 Composition and functioning of the Board of Statutory Auditors (pursuant to art.123-bis, paragraph 2, lett. d) and d-bis), TUF)

Pursuant to article 22 of the Articles of Association, meetings of the Board of Statutory Auditors may also be held via teleconferencing and/or video conferencing, provided that: (a) the Chair and the person taking the minutes are present in the same place specified in the notice of call: and (b) all participants can be identified and are able to follow the discussion, receive, transmit and view documents, and take the floor to speak in real time on all matters. If these requirements are met, the Board of Statutory Auditors is considered to be held in the place where the Chair and the person taking the minutes are located.

The Board of Statutory Auditors of the Issuer in office on the Report Date was appointed by the Ordinary Shareholders' Meeting of 15 April 2019 (based on the statutory provisions in force on the date of its appointment and therefore before the

Negotiations Start Date, without the application of the list vote³) and will remain in office for three years and, therefore, until the date of the Shareholders' Meeting called for the approval of the financial statements for the year ended 31 December 2021.

It should be noted that the Board of Statutory Auditors in office on the Report Date was appointed by the Shareholders' Meeting of 15 April 2019 by virtue of the provisions of a para-shareholder nature that bound the shareholders of PHN in force on that date (see paragraph 2.G above).

It should also be noted that the regulations relating to gender requirements provided for in Article 148, paragraph 1-bis, of the TUF, will be applicable to the Issuer from the first renewal of the corporate bodies after the Start Date of the Negotiations⁴.

For more information, please refer to the *curricula vitae* of the Statutory Auditors, available on the Issuer's *website* at www.pharmanutra.it, "Investor" section.

The members of the Board of Statutory Auditors in office on the Report Date are indicated in the following table:

First and last name	Position	Place and date of birth
Michele Lorenzini	Chair of the Board of Statutory Auditors	Cecina (LI), 21/08/1969
Guido Carugi	Standing Auditor	Fucecchio (FI), 26/05/1966
Andrea Circi	Standing Auditor	Rome, 31/07/1966
Fabio Ulivieri	Alternate Auditor	Fucecchio (FI), 27/02/1967
Giacomo Boni	Alternate Auditor	Cecina (LI), 16/10/1964

For more information on the structure of the Board of Statutory Auditors, please refer to Table 2 in the appendix to this Report.

The list of administrative and control positions held, as of 31 December 2021, by the members of the Board of Statutory Auditors pursuant to Article 148-bis of the Consolidated Law on Finance and related implementing provisions is contained in

³It should be noted that the provisions on list voting contained in the Articles of Association – which allow the minority list that obtains the highest number of votes to appoint a standing auditor and an alternate auditor and that the Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from among the statutory auditors elected by the minority, in accordance with the provisions of art. 148, paragraphs 2 and 2-bis of the TUF – will only apply from the first renewal of the Board of Statutory Auditors following the Negotiations Start Date.

⁴For information on the appointment of the Board of Statutory Auditors subject to approval by the Shareholders' Meeting convened on 27 April 2022, please refer to the Board's explanatory report at n. 3 item on the agenda (www.pharmanutra.it, Section Governance/Shareholders' Meeting).

the appropriate Table in the appendix to this Report.

As of the Report Date, taking into account that the administrative and control bodies were appointed prior to the Negotiations Commencement Date, the Issuer has not adopted a diversity policy in relation to the composition of the Board of Directors in office regarding aspects such as age, gender composition and training and professional path.

The Board of Directors specified in the explanatory report prepared pursuant to Article 125-ter of the Consolidated Law on Finance, relating to the appointment of the Board of Statutory Auditors by the Shareholders' Meeting convened to approve the financial statements as at 31 December 2021, some indications for shareholders regarding the policy of diversity in the composition of the supervisory body (also pursuant to Recommendation 8 of the Corporate Governance Code), inviting shareholders to propose nominations that take into account the needs of diversity in the composition of the supervisory body in terms of age and training and professional path, so that the appropriate skills are guaranteed to ensure the correct performance of the functions to which it is entitled. For further information, please refer to the explanatory report published on the Issuer's website www.pharmanutra.it in the "Governance/Shareholders' Meeting" section.

The members of the Board of Statutory Auditors have stated that they meet the independence requirements pursuant to applicable laws and regulations.

The Board of Statutory Auditors assesses the independence of its members, also on the basis of the criteria provided for by the GC Code with reference to the Directors, after the appointment and subsequently, during the term of office, on an annual basis.

In this regard, it should be noted that the Company will evaluate the possible adoption, during the financial year 2022, of quantitative and/or qualitative criteria to be used for the evaluation of the significance of the relationships under examination for the purposes of the independence of the Statutory Auditors, in accordance with the provisions of the Consolidated Law on Finance and the recommendations of the GC Code.

The Board of Statutory Auditors, assessing all the circumstances that appear to compromise the independence identified by the TUF and the Code and considering all the information made available by each member of the Board of Statutory Auditors, verified the permanence of the independence requirements referred to in Recommendation 7 of the Code of Corporate Governance and art. 148, paragraph 3, lett. b) and c) of the TUF for its members.

During the year ended 31 December 2020, the Board of Statutory Auditors met 22 times with the regular participation of the members. The sessions of the Board of Statutory Auditors lasted an average of 1,5 hours. Table 2 attached to the Report indicates the participation of each member in the meetings of the Board of Statutory Auditors during the 2021 financial year.

In compliance with Recommendation 29, art. 4 of the GC Code, the Company considers that the remuneration of the Statutory Auditors determined by the Shareholders' Meeting of 20 July 2021 is adequate to the competence, professionalism

and commitment required by the relevance of the role held and the dimensional and sectoral characteristics of the company and its situation.

With regard to the remuneration paid in 2021 to the supervisory bodies for any reason and in any form, please refer to what is illustrated in Section II of the Remuneration Report.

As it is considered that it is a deontological duty to inform the other Statutory Auditors and the Chairman of the Board of Directors in the event that an Auditor has, on his/her own behalf or on behalf of third parties, an interest in a certain operation of the Issuer, no specific obligation has been provided for in this regard.

In carrying out its activities, the Board of Statutory Auditors coordinated with the *Internal Audit* function and the Control and Risk Committee. For more information on the procedures for such coordination, see paragraph 9 above.

Pursuant to the provisions of art. 19, paragraph 2, of Legislative Decree no. 39/2010 as amended, the Board of Statutory Auditors has also been assigned the functions of the Committee for Internal Control and Auditing.

12. RELATIONS WITH SHAREHOLDERS

In compliance with the recommendations of the GC Code, the Issuer has created a specific section of its website (www.pharmanutra.it) where all the information concerning the Issuer and the Group that is relevant to its Shareholders and those required by the regulations, including regulations, applicable to companies listed on a regulated market, are made available to the public.

The Company recognises that it is in its own specific interest, as well as its duty to the market, to establish an ongoing dialogue, based on a mutual understanding of roles, with all Shareholders and institutional investors, in compliance with the legal provisions applicable to listed companies for the external disclosure of corporate documents and information.

It should be noted that the Board of Directors of 13 October 2020 appointed the Vice-President of the Board of Directors and Managing Director Roberto Lacorte as head of the *Investor Relations* function pursuant to the GC Code.

As of the Report Date, taking into account the current shareholding and organisational structure of the Issuer, the Company has not considered adopting a policy of dialogue for shareholders and reserves the right to carry out the necessary investigations during the financial year 2022.

13. SHAREHOLDERS' MEETINGS (*under art. 123-bis, paragraph 2, letter c), TUF*)

In connection with the Listing, the Shareholders' Meeting held on 13 October 2020 approved a new text of the Company's Articles of Association which will be effective from the Trading Start Date.

Pursuant to art. 9 of the Articles of Association, the Shareholders' Meeting is called by means of a notice, containing the information required by the regulations applicable *at the time*; said notice is published as required by law on the Company's *website*, as well as by the other means provided for by the regulations applicable *at the time*.

The Shareholders' Meeting, both ordinary and extraordinary, is held in a single call, pursuant to and for the purposes of article 2369, paragraph 1, of the Italian Civil Code. However, the Board of Directors may decide that the Ordinary Shareholders' Meeting shall be held in two sessions and that the Extraordinary Shareholders' Meeting shall be held in two or three sessions, applying the majorities respectively established by the legislation, including regulations, *pro tempore* in force with reference to each of these cases. Notice of such decision shall be given in the notice of call.

The Shareholders' Meeting may also be convened outside the Company's registered office, provided that it is in a member country of the European Union.

The Ordinary Shareholders' Meeting must be called by the Board of Directors at least once a year, within 120 days of the end of the financial year or, in the cases provided for by article 2364, second paragraph, of the Italian Civil Code, within 180 days of the end of the financial year, without prejudice to any further deadline provided for by the regulations in force.

Entitlement to attend the Shareholders' Meeting and exercise voting rights is governed by the regulations in force *at the time* and by the Articles of Association.

Those who have the right to vote may ask questions on the items on the agenda even before the Shareholders' Meeting pursuant to art. 127-ter of the TUF. Questions received prior to the Shareholders' Meeting shall be answered at the latest during the Meeting. The Company reserves the right to provide a single answer to questions with the same content. The notice of call shall specify the time limit within which questions asked before the Shareholders' Meeting must be received by the Company. The deadline may not be earlier than five trading days prior to the date of the Shareholders' Meeting in first or single call, or the *record date* pursuant to art. 83-sexies, paragraph 2, TUF (end of the accounting day of the seventh trading day prior to the date set for the Shareholders' Meeting) if the notice of call provides that the Company shall provide an answer to the questions received, prior to the Shareholders' Meeting. In the latter case, the answers are provided at least two days before the Shareholders' Meeting also by publication in a specific section of the Company's *website*; the ownership of the voting right can also be certified after the sending of the questions provided that within the third day following the aforementioned *record date*. Those who have the right to vote may be represented at the Shareholders' Meeting in accordance with the law, by proxy issued in the manner provided for by current legislation. The proxy may also be notified to the Company electronically by transmission via certified electronic mail in accordance with the procedures indicated in the notice of call. The Board of Directors may designate, from time to time for each Shareholders' Meeting, one or more parties to whom those entitled to vote may grant a proxy in accordance with the applicable laws and regulations in force *at the time*, providing information in accordance with the said provisions.

The Shareholders' Meeting is chaired by the Chair of the Board of Directors or, in the event of his absence or impediment, by the Vice Chair or by one of the managing directors, if appointed and present; failing this, the Shareholders' Meeting elects its own Chair.

The Chair of the Shareholders' Meeting, also by means of specific appointees, verifies the regularity of the constitution of the Shareholders' Meeting, ascertains the identity and legitimacy of those present, regulates the work, establishing the methods of discussion and voting and ascertains the voting results, in accordance with the regulations in force *at the time*, these Articles of Association and any Shareholders' Meeting regulations adopted by the Company.

The Chair of the Shareholders' Meeting is assisted by a secretary, who may or may not be a shareholder, appointed by those present and may appoint one or more scrutineers. In the cases provided for by law or when deemed appropriate by the Chair, the minutes shall be drawn up by a Notary chosen by the Chair, who shall act as Secretary.

The Issuer has not recognized, at present, also in consideration of the recent Quotation, the need for specific regulations for the regulation of the work of the Shareholders' Meeting, considering the management of the Shareholders' Meeting by the Chairman to be exhaustive on the basis of the participation rules summarized by him at the opening of each meeting.

The resolutions of the Shareholders' Meeting must be recorded in the minutes, drawn up in compliance with the legislation in force *at the time* and signed by the Chair and the Secretary or by the Notary chosen by the Chair.

The Ordinary and Extraordinary Shareholders' Meeting resolves on the matters assigned to it by the Articles of Association, law and regulations. Ordinary and Extraordinary Shareholders' Meetings are validly constituted and pass resolutions with the majorities required by law.

For further information, please refer to the Articles of Association available on the website www.pharmanutra.it, "*Governance*" section.

The Issuer does not recognize, at present, the need for a specific regulation for the regulation of shareholders' meetings, considering the management of the Shareholders' Meeting by the Chairman to be exhaustive.

Pursuant to art. 106, paragraph 4 of Legislative Decree 17 March 2020, n. 18, converted into Law 24 April 2020, n. 27, containing "Measures to strengthen the health service and economic support for families, workers and companies connected to the COVID-19 epidemiological emergency", on the occasion of the Assembly held during the 2021 financial year (on 26 April) those who had the right to vote were allowed to intervene exclusively through the representative appointed by the Company pursuant to art. 135-*undecies* of the TUF (to whom a specific proxy was conferred); pursuant to the same provision, all the Directors and Statutory Auditors in office intervened through remote communication means that ensured their identification.

14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (*under art. 123-bis, paragraph 2, letter a), TUF*)

The Company has not adopted corporate governance practices other than those provided for by the laws and regulations in force.

15. CHANGES SINCE THE END OF THE REPORTING PERIOD

From the end of the reporting period to the Report Date, there have been no changes in the *corporate governance* structure of the Company.

16. CONSIDERATIONS ON THE LETTER DATED 03 DECEMBER 2021 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

The letter of 3 December 2021, addressed by the Chairman of the Corporate Governance Committee to the Chairmen of the Boards of Directors of the Italian listed companies, was brought to the attention of the Board of Statutory Auditors, as well as of the Issuer's Board of Directors at the meeting of 18 March 2022.

The Board of Directors took note of the analyses and recommendations contained in the letter and noted:

- an overall adequacy of the rules of operation of the Board and the internal Board Committees, including the methods of recording meetings and procedures for the management of information to directors, the terms for the prior sending of information and the methods for protecting the confidentiality of data and information provided so as not to compromise the timeliness and completeness of information flows;
- an overall adequacy of the company organisation with regard to gender equality and treatment; the Board also noted the compliance of the composition of the administrative body with the regulations, including regulations, in force on gender quotas.

The Board of Directors also took note of the additional recommendations contained in the letter relating to the following topics, which it will take into account for the possible adoption of the appropriate decisions during the financial year 2022:

- integration of sustainability in the definition of business strategies, the internal control and risk management system and the remuneration policy, also on the basis of a relevant analysis of the factors that can affect the generation of value in the long term;
- adoption of a regulation defining the rules of operation of the Board and the internal board committees, including the methods of recording meetings and procedures for the management of information to administrators, the terms for the prior sending of information and the methods for protecting the confidentiality of data and information provided so as not to compromise the timeliness and completeness of information flows, all in accordance with the

recommendations of the GC Code;

- adoption of a policy for dialogue with the Company's relevant *stakeholders* ; in this regard, the Board will consider adopting a policy for the management of dialogue with shareholders in accordance with the principles and recommendations of the GC Code;
- application of the principles of independence of the Directors; in this regard, the Board will evaluate the possible forecast, during the financial year 2022, of quantitative and/or qualitative criteria to be used for the evaluation of the significance of the relationships under examination for the purposes of the independence of the Directors, in accordance with the provisions of the TUF and the recommendations of the Corporate Governance Code.

* * *

This Report was approved by the Board of Directors on 18 March 2022.

Pisa, 18/03/2022

PharmaNutra S.p.A.

For the Board of Directors

The Chairman

Andrea Lacorte

Table 1: Structure of the Board of Directors at the end of the year as at 31.12.2021

Board of Directors													Remuneration and Nomination Committee		Control and Risk Committee		Related Parties Committee	
Position	First and Last name	Date of birth	Date of first appointment **	In office since	In office until	List	Executive	Non-Executive	Ind. pursuant to the Code	Ind. pursuant to the TUF	No. of other offices ***	Board of Directors meetings no. ****	P/M ◇	No. of meetings ****	P/M ◇	No. of meetings ****	P/M ◇	No. of meetings ****
Chair	Andrea Lacorte	07/10/1960	01/12/2003	27/04/2020	Approval of the financial statements as at 31 December 2022	N.A.	X				5	9/9						
Vice-president	Roberto Lacorte	25/06/1968	01/12/2003	27/04/2020	Approval of the financial statements as at 31 December 2022	N.A.	X				6	9/9						
Director	Carlo Volpi	14/12/1965	11/12/2008	27/04/2020	Approval of the financial statements as at 31 December	N.A.	X				6	9/9						

					2022.													
Director	Germano Tarantino	21/01/1979	12/08/2011	27/04/2020	Approval of the financial statements as at 31 December 2022.	N.A.	X				1	9/9						
Director	Alessandro Calzolari *	25/06/1960	21/06/2017	27/04/2020	Approval of the financial statements as at 31 December 2022.	N.A.		X	X	X	11	9/9	M	2/2	M	2/2	P	2/2
Director	Marida Zaffaroni	06/06/1975	25/09/2020	13/10/2020	Approval of the financial statements as at 31 December 2022.	N.A.		X	X	X	0	9/9	M	2/2	P	2/2	M	2/2
Director	Giovanna Zanotti	18/03/1972	25/09/2020	13/10/2020	Approval of the financial statements as at 31 December 2022.	N.A.		X	X	X	2	8/9	P	2/2	M	2/2	M	2/2

NOTE:

* = Lead Independent Director, appointed by the Board of Directors on 23 October 2020.

** = The date of the first appointment of each Director means the date on which the Director was appointed for the first time (ever) in the Board of Directors of the Issuer.

*** = This column indicates the number of director or statutory auditor positions held in other companies listed on regulated markets, including foreign markets, as well as in finance companies, banks and insurance companies of significant size.

** ** = This column indicates the participation of each Board Member in the meetings of the Board of Directors and the committees respectively (number of meetings in which he/she attended compared to the total number of meetings in which he/she could have participated).

◇ = This column indicates the position of the Director on the Committee: "P" president and "M" member.

Table 2: Structure of the Board of Statutory Auditors at the end of the year as at 31.12.2021

Board of Statutory Auditors									
Position	First and Last name	Year of birth	Date of first appointment *	In office since	In office until	List	Independent within the meaning of the Code	No. of meetings of the Board of Statutory Auditors **	No. of other offices ***
Chair	Michele Lorenzini	21/08/1969	25/09/2013	15/04/2019	Approval of the financial statements as at 31 December 2021.	N.A.	X	22/22	-
Standing Auditor	Guido Carugi	26/05/1966	25/09/2013	15/04/2019	Approval of the financial statements as at 31 December 2021.	N.A.	X	22/22	-
Standing Auditor	Andrea Circi	31/07/1966	25/09/2013	15/04/2019	Approval of the financial statements as at 31 December 2021.	N.A.	X	22/22	-
Alternate Auditor	Fabio Olivieri	27/02/1967	25/09/2013	15/04/2019	Approval of the financial statements as at 31 December 2021.	N.A.	X	N.A.	-
Alternate Auditor	Giacomo Boni	16/10/1964	25/09/2013	15/04/2019	Approval of the financial statements as at 31 December 2021.	N.A.	X	N.A.	-

NOTE:

* = *The date of the first appointment of each auditor means the date when the auditor was appointed for the first time ever to the Board of Statutory Auditors of the Issuer.*

** = *This column indicates the participation of each Auditor in the meetings of the Board of Statutory Auditors (number of meetings in which he/she attended compared to the total number of meetings in which he/she could have participated).*

*** = *This column shows the number of administrative and control positions held by the interested party pursuant to art. 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Issuers' Regulations.*