

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

**FY 2020**

**Prepared in accordance with article 123-*bis* of Italian Legislative Decree no. 58/1998 and  
approved by the Board of Directors on 22 March 2021**

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

*www.pharmanutra.it*

Share Capital Euro 1,123,097.70

Tax no. / VAT number / Business Register of Pisa no. 01679440501

Legal Entity Identifier (LEI) is 815600F8217BC7733697

## CONTENTS

1.	ISSUER PROFILE .....	6
2.	INFORMATION ON THE OWNERSHIP STRUCTURE (under art. 123- <i>bis</i> , paragraph 1, TUF) as at 31/12/2020.....	8
A.	Structure of the share capital (under art. 123- <i>bis</i> , paragraph 1, letter a) TUF) .....	8
B.	Restrictions on the transfer of securities (under art. 123- <i>bis</i> , paragraph 1, letter b) TUF) .....	8
C.	Significant equity investments in the share capital (under art. 123- <i>bis</i> , paragraph 1, letter c) TUF) .....	9
D.	Securities which grant special rights (under art. 123- <i>bis</i> , paragraph 1, letter d) TUF) .....	9
E.	Employee shareholding: mechanism for exercising voting rights (under art. 123- <i>bis</i> , paragraph 1, letter e) TUF).....	10
F.	Restrictions on voting rights (under article 123- <i>bis</i> , paragraph 1, letter f) TUF) .....	10
G.	Agreements between shareholders (under art. 123- <i>bis</i> , paragraph 1, letter g) TUF) .....	10
H.	Clauses of <i>change of control</i> (under art. 123- <i>bis</i> , paragraph 1, letter h) TUF) and provisions on takeover bids in the Articles of Association (under art. 104, paragraph 1- <i>ter</i> , and 104- <i>bis</i> , paragraph 1, TUF).....	11
I.	Powers to increase the share capital and authorisation to purchase treasury shares (under art. 123- <i>bis</i> , paragraph 1, letter m) TUF) .....	11
L.	Management and coordination activities (under article 2497 <i>et seq.</i> of the Italian Civil Code) .....	12
3.	COMPLIANCE (under art. 123- <i>bis</i> , paragraph 2, letter a), TUF) .....	12
4.	BOARD OF DIRECTORS .....	13
4.1	Appointment and replacement (under art. 123- <i>bis</i> , paragraph 1, letter l), TUF).....	13
4.2	Composition (under art. 123- <i>bis</i> , paragraph 2, letter d) and d- <i>bis</i> ), TUF).....	17
4.3	Role of the Board of Directors (under art. 123- <i>bis</i> , paragraph 2, letter d), TUF).....	23
4.4	Delegated bodies and Chair .....	25
4.5	Other executive directors.....	31
4.6	Independent Directors .....	32
4.7	Lead Independent Director .....	33
5.	PROCESSING OF CORPORATE INFORMATION .....	33
6.	COMMITTEES WITHIN THE BOARD OF DIRECTORS (under art. 123- <i>bis</i> , paragraph 2, letter d), TUF).....	33
7.	REMUNERATION AND NOMINATION COMMITTEE .....	34
8.	REMUNERATION OF DIRECTORS.....	35
9.	CONTROL AND RISK COMMITTEE .....	36
10.	INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	37
10.1	Director in charge of the internal control and risk management system.....	37

10.2	Head of the Internal Audit Function .....	39
10.3	Organisational model pursuant to Italian Legislative Decree no. 231/2001.....	39
10.4	Independent auditors .....	41
10.5	Manager responsible for preparing the Company financial reports and other corporate roles and functions.....	42
11.	DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES.....	42
12.	APPOINTMENT OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS .....	43
13.	COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (under article 123- <i>bis</i> , paragraph 2, letters d) and d- <i>bis</i> ), TUF) .....	48
14.	RELATIONS WITH SHAREHOLDERS .....	51
15.	SHAREHOLDERS' MEETINGS (under art. 123- <i>bis</i> , paragraph 2, letter c), TUF).....	51
16.	ADDITIONAL CORPORATE GOVERNANCE PRACTICES (under art. 123- <i>bis</i> , paragraph 2, letter a), TUF) 53	
17.	CHANGES SINCE THE END OF THE REPORTING PERIOD.....	53
18.	CONSIDERATIONS ON THE LETTER DATED 22 DECEMBER 2020 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE.....	53

## GLOSSARY

**General Meeting or Shareholders' Meeting:** the Shareholders' Meeting of Pharmanutra S.p.A.

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

**Code of Conduct:** the Code of Conduct of listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available at [www.borsaitaliana.it](http://www.borsaitaliana.it).

**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](http://www.borsaitaliana.it).

**Board of Statutory Auditors:** the Board of Statutory Auditors of Pharmanutra S.p.A.

**Board of Directors:** the Board of Directors of Pharmanutra S.p.A.

**Reporting Date:** the date of publication of this Report.

**Trading Start Date:** the date of 15 December 2020, from which Pharmanutra S.p.A. shares are traded on the MTA.

**Pharmanutra Group or Group:** collectively Pharmanutra S.p.A. and the companies directly or indirectly controlled by it pursuant to article 93 of the TUF (Italian unified financial regulation).

**MTA:** The Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

**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 Market Regulation:** the Regulation issued by Consob with resolution no. 16191 of 29 October 2007 (as subsequently amended) concerning 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:** the report on corporate governance and ownership structure that companies are required to prepare pursuant to article 123-*bis* of the TUF (as defined below).

**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**" or "**PHN**") is a company whose shares are traded – as of 15 December 2020 (the "**Trading Start Date**") – on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("**MTA**"), STAR Segment (the "**Listing**").

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

For the sake of completeness, it should be noted that the Company shares were previously traded on AIM Italia and, therefore, the Company had adopted corporate governance measures appropriate to its characteristics and its status as a company with shares traded on AIM Italia and in line with the best practice of issuers whose financial instruments are traded on that multilateral trading facility. This Report therefore points out the differences in the corporate governance structure before and after the Trading Start Date.

In particular, it should be noted that in view of and for the purposes of the Listing, the Company has started the process of adapting its corporate governance system to the provisions of the TUF, the Consob Issuers' Regulation, the Market Regulation applicable to markets organised and managed by Borsa Italiana S.p.A., the related Instructions to the aforementioned Market Regulation and the Code of Conduct. In particular, the competent bodies of the Company passed the following resolutions:

- approval by the Shareholders' Meeting of 13 October 2020 of a new text of the Company's articles of association (the "**Articles of Association**"), in line with the regulatory provisions applicable to companies listed on regulated markets, effective at the Trading Start Date;
- appointment of Directors Marida Zaffaroni and Giovanna Zanotti, by the PHN Shareholders' Meeting of 13 October 2020, following co-opting pursuant to article 2386, paragraph 1, of the Italian Civil Code, by the Board of Directors on 25 September 2020. Co-opting was decided in consideration of the resignations by Directors Simone Strocchi and Giovanni Bucarelli within the context of the Listing process, in order to facilitate the entry of directors meeting the requirements of independence and compliance with the requirements of gender quotas under the regulations applicable to listed companies;
- verification of the independence requirements of the Directors;
- compliance with the Code of Conduct;
- for the purposes of the Listing, (i) confirmation, for the 2020 financial year, of the criteria for determining and allocating the variable compensation to be paid to the executive directors; (ii) approval of the criteria and procedures for allocating the variable compensation to be paid to the executive directors for the 2021 and 2022 financial years, and the conditions for requesting repayment, in whole or in part, of the variable compensation paid.

In addition, during the Listing process, the Company has also passed the following resolutions, effective as of the Trading Start Date:

- establishment of the Board Committees and assignment of their functions in accordance with the recommendations contained in the Code of Conduct;
- appointment of the manager responsible for preparing the Company financial reports pursuant to art. 154-*bis* of the TUF (the "**Manager in charge**");
- appointment of the head of the investor relations function;
- appointment of the director in charge of the internal control system;
- appointment of the head of the internal audit function;
- appointment of the Lead independent director, with effect from the Trading Start Date;
- updating, for the purposes of Listing, of the following procedures: (i) "*Procedure for the management and communication of inside information*"; (ii) "*Procedure for keeping the register of persons who have access to inside Information*"; (iii) "*Procedure for all obligations referred to internal dealing requirements*"; (iv) "*Procedure for transactions with related parties*".

Also in consideration of its qualification as a STAR issuer, PHN adopts, as a reference model for its corporate governance, the provisions of the Code of Conduct in force at the Trading Start Date.

It should be noted that a new edition of the Code of Conduct (the "**CG Code**" or the "**Corporate Governance Code**") will come into force from the first financial year beginning after 31 December 2020. The Company will report to the market any information concerning the application of the new Code within its report on corporate governance and ownership structure for the financial year 2021, to be published in 2022.

The Report has been prepared with reference to the "Format for the Report on Corporate Governance and Ownership Structure" issued by Borsa Italiana in January 2019.

## 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, responsible for monitoring *(i)* compliance with the law and the Articles of Association and observance of the principles of good administration, *(ii)* the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter in properly representing operations, *(iii)* the actual implementation of the corporate governance rules set out in the Code of Conduct, *(iv)* the adequacy of the instructions given to the subsidiaries concerning the obligations to disclose inside information, and *(v)* the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the external

statutory audit of the annual and consolidated accounts, and the independence of the external auditing firm;

- (iii) the Shareholders' Meeting, which is responsible for resolving on matters reserved to it by law, regulations and the Articles of Association.

It should 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 at the Reporting Date, the Board is made up of Directors of both genders. In particular, since there are two Directors out of seven belonging to the under-represented gender, the composition of the Board of Directors already complies with the rules on gender balance pursuant to the provisions for newly listed companies<sup>1</sup>.

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.

It should also be noted that, as at the Reporting Date, the Issuer qualifies as an "SME" pursuant to article 1, paragraph 1, letter w-*quater*.1 of the TUF, as last amended by article 44-*bis*, paragraph 1, letters a), b) and c) of the Italian Decree-Law no. 76 of 16 July 2020, converted, with amendments, by Italian Law no. 120 of 11 September 2020, because the simple average of the daily capitalisations calculated with reference to the official price, recorded during the annual financial year, as provided for by article 2-*ter*, point 1, letter (a) of the Issuers' Regulation, is lower than the threshold of Euro 500 million<sup>2</sup>.

In addition, on 21 September 2020, the Board of Directors of the Company, pursuant to articles 70, paragraph 8 and 71, paragraph 1-*bis*, of the Issuers' Regulation, resolved to adhere, effective as of the Trading Start Date, to the opt-out approach provided for by the aforementioned articles, exercising the right to waive the obligations to publish information documents provided for by Annex 3B of the Issuers' Regulation on the occasion of significant mergers, demergers/spin-offs, capital increases through the contribution of assets in kind,

---

<sup>1</sup> Pursuant to article 1 of Italian Law no. 160 of 27 December 2019, "*the allocation criterion of at least one-fifth provided for in article 2 of Italian Law no. 120 of 12 July 2011, for the first renewal following the trading start date*" remains unaffected. Furthermore, pursuant to paragraph 3 of article 144-*undecies*.1 of the Issuers' Regulation, as last amended by Consob resolution no. 21359 of 13 May 2020, "[w]hen the application of the gender distribution criterion does not result in a whole number of members of the administration or control bodies belonging to the under-represented gender, such number shall be rounded up to the next higher unit, with the exception of corporate bodies made up of three members for which the rounding shall be down, to the next lower unit".

<sup>2</sup> In this regard, it should be noted that art. 44-*bis* of Decree-Law no. 76/2020 (introduced by conversion law no. 120 of 11 September 2020) amended the definition of SME set forth in article 1, paragraph 1, letter w-*quater*.1), of the TUF by eliminating from the aforementioned definition the reference to the turnover parameter, and that by Resolution no. 21625 of 10 December 2020 Consob consequently amended article 2-*ter* of the Issuers' Regulation.

acquisitions and disposals.

Finally, since the parameters set out in article 2-*bis* of the Issuers' Regulation have been exceeded during the 2018 financial year, it should be noted that as of 1 January 2019 and until the Trading Start Date, the Issuer qualified as an "issuer of financial instruments widely distributed among the public", pursuant to and for the purposes of the aforementioned article 2-*bis* of the Issuers' Regulation.

**2. INFORMATION ON THE OWNERSHIP STRUCTURE (under art. 123-*bis*, paragraph 1, TUF) as at 31/12/2020**

**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.

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	MTA	The rights and obligations of shareholders are those provided for by articles 2346 <i>et seq.</i> 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.

**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 Shareholders who hold, directly or indirectly, more than 5% of the share capital with voting rights in PHN are as follows:

Shareholder	Shares held	% of ordinary capital	% of voting capital
Andrea Lacorte	3,038,334(*)	31.38%	31.38%
Roberto Lacorte	2,238,833(**)	23.13%	23.13%
Beda S.r.l.	1,014,993(***)	10.48%	10.48%

(\*) of which 953,334 shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a specific fiduciary mandate.

(\*\*) of which 953,333 shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. by virtue of a specific fiduciary mandate.

(\*\*\*) Mr. Carlo Volpi is the sole shareholder and sole director of Beda S.r.l.

At the Reporting Date, the Company did not hold any treasury shares.

**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 convertibles 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 under article 122 TUF.

The Shareholders' Agreement

On 12 July 2017, in connection with the framework agreement relating to the listing of the Company's financial instruments on AIM Italia, Andrea Lacorte, Roberto Lacorte, Beda S.r.l. (whose share capital is wholly owned by Carlo Volpi), IPO Challenger 1, Gianni Lazzarini, Germano Tarantino, Vertigo Partners S.r.l., Lorenzo Ligabue, Giovanni Bucarelli and the Issuer had signed a shareholders' agreement, which included certain commitments relating to the governance of the Issuer.

Subsequently, on 27 October 2020, this original agreement was amended, through the execution of an amending agreement, in order to limit its effectiveness exclusively to Andrea Lacorte, Roberto Lacorte and Beda S.r.l., on the one hand, and to the Issuer, on the other, as well as to adjust its content in consideration of the planned transfer of the Company's shares from AIM Italia to the MTA. The Shareholders' Agreement relates to a total of 6,292,160 shares of PHN, representing 64.99% of the relevant share capital, held by PHN Shareholders as at 27 October 2020.

It should also be noted that the Shareholders' Agreement includes a lock-up commitment undertaken by the parties to the agreement, in order to satisfy the requirements on the remuneration of executive directors set forth by *Borsa Italiana* for qualification as 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 shareholdings 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 said Shareholders' Agreement are excluded from the lock up obligation.

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

For further information on the Shareholders' Agreement, please refer to the legal documentation available on the Issuer's website [www.pharmanutra.it](http://www.pharmanutra.it), in the "Governance/Shareholders' Agreements" section.

**H. Clauses of *change of control* (under art. 123-*bis*, paragraph 1, letter h) TUF) and provisions on takeover bids in the Articles of Association (under art. 104, paragraph 1-*ter*, and 104-*bis*, paragraph 1, TUF)**

The Issuer has entered into some agreements that could terminate in the event of a change of control of PHN or the other party.

On 15 December 2015, the Company entered into a license agreement with its subsidiary, Alesco S.r.l., to grant PHN the non-exclusive right to produce, market and distribute patented iron-based products. The agreement, with an original term 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 final date of expiry and/or the final date of the renewal period.

Each party shall be entitled to terminate the agreement with immediate effect, *inter alia*, if there is a material change in the undertaking of one party or if one party is no longer part of the Group.

On 16 July 2015, the subsidiary Junia Pharma S.r.l. entered into a facility agreement with Banca Popolare dell'Emilia Romagna Soc. Coop., with a term of 78 months, on the basis of which a loan was made available for a total amount of Euro 1,000,000.00 guaranteed by a guarantee released by the Issuer for the same amount.

The bank has the right to terminate the agreement in certain cases, including, in particular, in the event of changes in the ownership structure that result in changes in the reference shareholder or the majority shareholder.

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

At the Reporting Date, the Board of Directors had not been granted any powers to increase the share capital.

On 27 April 2020, the Issuer's Shareholders' Meeting resolved to authorise, pursuant to, for the purposes of and within the limits of article 2357 of the Italian Civil Code, the purchase, on one or more occasions, for a period of eighteen months from the date of the relevant

resolution, of a number of ordinary shares of the Company without indication of nominal amount, for a maximum value of Euro 3,000,000 at a price no greater than the highest price between the price of the last independent transaction and the price of the highest current independent bid on the trading venues where the purchase is made, it being understood that the unit price could not in any case be at least 20% lower and at most 10% higher than the reference price recorded by the share during the market session on the day prior to 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.

At the Reporting Date, the Company has not implemented the above authorisation.

#### **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 indemnities in the event of resignation or dismissal without just cause or if their employment ceases following a takeover bid (art. 123-*bis*, paragraph 1, letter *i*)), please refer to the Report on remuneration policy and compensation paid, available on the Issuer's website at [www.pharmanutra.it](http://www.pharmanutra.it), "Governance" section.

With reference to the information on the appointment and replacement of Directors (art. 123-*bis*, paragraph 1, letter *l*) see paragraph 4.1 below.

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

On 13 October 2020, the Board of Directors resolved to adhere to the Code of Conduct.

It should be noted that the "CG Code" will come into force from the first financial year beginning after 31 December 2020. The Company will report to the market any information concerning the application of said Code within its report on corporate governance and ownership structure for the financial year 2021, to be published in 2022.

The Code of Conduct and the CG Code are available to the public on Borsa Italiana's website at [www.borsaitaliana.it](http://www.borsaitaliana.it).

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 Appointment and replacement (under art. 123-bis, paragraph 1, letter I), 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), with a number of members who meet the independence requirements established by art. 148, paragraph 3, TUF, as recalled by art. 147-ter, paragraph 3, TUF, and established by art. 3 of the Code of Conduct. The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting, which also determines their number.

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 at any given time – 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. 44 of 29 January 2021).

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 law and regulations on gender balance in force from time to time, each list including a number of candidates equal to or greater than 3 (three) must also include candidates belonging to both genders, so that the number of persons from the under-represented gender may be at least equal to the quota of the members of the Board of Directors established by art. 147-ter, paragraph 1-ter, of the TUF, and by 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 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 drawn from the second list that obtained the highest number of votes at the Shareholders' Meeting after the list referred to in the preceding letter O as long as it has not been presented by the Board of Directors and is not connected in any way, not even indirectly, with those who submitted or voted for the list that obtained the highest number of votes, in the person of the first candidate, on the basis of the progressive order with which the candidates are indicated on 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 runoff 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 the event of a tie between a number of candidates, a runoff vote will be held between them by means of a further vote by the Shareholders' Meeting, with the candidate obtaining the highest number of votes being elected.

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 states that, if one or more Directors should cease to hold office during the year, for whatever reason, the Board of Directors shall replace them by co-opting the first unelected candidate (if available) from the same list to which the outgoing 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 still in office must urgently convene the Shareholders' Meeting to appoint a new Board of Directors in accordance with the provisions of art. 14 of the Articles of Association.

After the Listing, the Company did not consider that the conditions existed for the adoption of a succession plan for its executive Directors, taking into account the Issuer's concentrated and long-lasting ownership structure.

#### **4.2 Composition (under art. 123-bis, paragraph 2, letter d) and d-bis), TUF)**

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

As at the Reporting Date, the Board of Directors includes the following members:

First and last name	Position	Place and date of birth	In office since	In office until
<b>Andrea Lacorte (*)</b>	Chair and Executive Director	Pisa, 7 October 1960	17/04/2020	Approval of Financial statements as at 31/12/2022
<b>Roberto Lacorte (*)</b>	Vice Chair and Executive Director	Cascina (PI), 25/06/1968	17/04/2020	Approval of Financial statements as at 31/12/2022
<b>Carlo Volpi (*)</b>	Executive Director	Parma, 14/12/1965	17/04/2020	Approval of Financial statements as at 31/12/2022
<b>Germano Tarantino (*)</b>	Executive Director	Marsala (TP), 21/01/1979	17/04/2020	Approval of Financial statements as at 31/12/2022
<b>Alessandro Calzolari (**) (***)</b>	Director	Bologna, 25/06/1960	17/04/2020	Approval of Financial statements as at 31/12/2022
<b>Marida Zaffaroni (**) (***)</b>	Director	Como, 06/06/1975	13/10/2020	Approval of Financial statements as at 31/12/2022

<b>Giovanna Zanotti</b> <b>(**)(***)</b>	Director	Bergamo, 18/03/1972	13/10/2020	Approval of Financial statements as at 31/12/2022
---	----------	------------------------	------------	---

*(\*) Executive Director.*

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

*(\*\*\*) Director co-opted by the Board of Directors on 25 September 2020 and subsequently confirmed by the Shareholders' Meeting of 13 October 2020, following the resignations from office of Directors Simone Strocchi and Giovanni Bucarelli on 25 September 2020 in order to facilitate the entry of directors meeting the requirements of independence and compliance with the gender quota requirements of the regulations applicable to listed companies (STAR segment).*

*(\*\*\*\*) Lead Independent Director.*

It should be noted that the appointment of the Board of Directors in office at the Reporting Date took place without the application of the list vote mechanism as the Company was not obliged to apply that regulatory provision.

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 pursuant to the provisions of a shareholders' agreement that bound PHN's shareholders prior to the amendment of the Shareholders' Agreement that took place on 27 October 2020 (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, it should be noted that the Company's Board of Directors is 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 companies<sup>3</sup>. Since this adjustment was made on a voluntary basis, it will be taken into account

---

<sup>3</sup> Pursuant to article 1 of Italian Law no. 160 of 27 December 2019, "the allocation criterion of at least one-fifth provided for in article 2 of Italian Law no. 120 of 12 July 2011, for the first renewal following the trading start date" remains unaffected. Furthermore, pursuant to paragraph 3 of article 144-undecies.1 of the Issuers' Regulation, as last amended by Consob resolution no. 21359 of 13 May 2020, "[w]hen the application of the gender distribution criterion does not result in a whole number of members of the administration or control bodies belonging to the under-represented gender, such number shall be rounded up to the next higher unit, with the exception of

for the purposes of calculating the six consecutive terms of office envisaged as the period of application of the rules on gender balance.

With regard to the company's diversity policies applied in relation to the composition of the Board of Directors in office with regard to aspects such as age, gender composition and educational and professional background (art. 123-*bis*, letter d-*bis*), TUF) it is specified that: (i) the Board of Directors of the Company includes 2 Directors belonging to the under-represented gender; (ii) the Board is characterised by the age diversity of its members, taking into account that the age of the Directors ranges from 56 to 41; (iii) the educational and professional background of the Directors currently in office guarantees a balanced combination of profiles and experience within the administrative body, suitable for ensuring the correct performance of the functions assigned to it.

The Board of Directors did not consider it necessary to adopt diversity policies and/or practices in relation to the composition of the Board of Directors, taking into account the structure and size of the Company, the qualitative and quantitative composition of the Board of Directors in office, which ensures sufficient diversification in terms of skills, age, experience and gender, and also considering the ownership structure and the list vote mechanism provided for in the Articles of Association, which in turn ensures a transparent appointment procedure and a balanced composition of the administrative body. However, the Board of Directors reserves the right to adopt such policies and/or practices at a later date.

For further information, please refer to the Prospectus – which also contains the resumes of the Directors so as to illustrate their professional and personal characteristics – available on the Issuer's website at [www.pharmanutra.it](http://www.pharmanutra.it), "Investor" section.

\* \* \*

### ***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

---

*corporate bodies made up of three members for which the rounding shall be down, to the next lower unit".*

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 deemed it necessary to define general criteria regarding the maximum number of director and control offices in other companies that can be considered compatible with the effective performance of the role of director of the Issuer, without prejudice to the duty of each director to evaluate the compatibility of the offices of director and statutory auditor, held in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size, with the diligent performance of the duties undertaken as a director of the Company, also taking into account participation in the committees established within the Board, as indicated in criterion 1.C.3 of the Code of Conduct.

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. This is without prejudice to the right of the Board of Directors to make a different, reasoned assessment, which will be made public in the annual Report on Corporate Governance and Ownership Structure and will be adequately justified therein.

The table below lists the director and auditor positions held by the members of the Board of Directors, as at 31 December 2020, 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	Positions of director or statutory auditor
<b>Andrea Lacorte</b>	Junia Pharma S.r.l.	Vice Chair of the Board of Directors
	Alesco S.r.l.	Chief Executive Officer
	Nutristar S.p.A.	Chair of the Board of Directors
	Solida S.r.l.	Chair of the Board of Directors
	Rumat S.r.l.	Chair of the Board of Directors
<b>Roberto Lacorte</b>	Junia Pharma S.r.l.	Chair of the Board of Directors
	Alesco S.r.l.	Board member
	Nutristar S.p.A.	Board member
	Solida S.r.l.	Vice Chair of the Board of Directors
	Rumat S.r.l.	Board member
	Cala D'Arno S.r.l.	Vice Chair of the Board of Directors
<b>Carlo Volpi</b>	Junia Pharma S.r.l.	Board member
	Alesco S.r.l.	Board member
	Solida S.r.l.	Board member
	Beda S.r.l.	Sole Director
	Red Lions S.p.A.	Board member
	Grenade Srl	Non-executive director
<b>Germano Tarantino</b>	Junia Pharma S.r.l.	Board member
<b>Alessandro Calzolari</b>	Iredeem S.p.A.	Board member
	BIMA Consulting S.r.l.	Sole Director
	Espansione Marketing S.p.A.	Standing Auditor
	FAAC S.p.A. unipersonale	Chair of the Board of Statutory Auditors
	FAAC Partecipazioni Industriali S.r.l.	Chair of the Board of Statutory Auditors
	Piccinini S.p.A.	Chair of the Board of Statutory Auditors
	Nutristar S.p.A.	Chair of the Board of Statutory Auditors
	Oblique Creations S.r.l.	Chair of the Board of Statutory Auditors
	HUB Italia S.r.l.	Sole Auditor
	Firbimatic S.p.A.	Chair of the Board of Statutory Auditors

First and last name	Company	Positions of director or statutory auditor
	Union S.p.A.	Standing Auditor
	Realstar S.r.l.	Standing Auditor
	F.M.B. Fabbrica Macchine Bologna S.p.A.	Chair of the Board of Statutory Auditors
<b>Marida Zaffaroni</b>	-	-
<b>Giovanna Zanotti</b>	Banco BPM S.p.A.	Board member
	Digital Value S.p.A.	Board member

### ***Induction Programme***

During the 2021 financial year, the Company will evaluate the most appropriate initiatives to be undertaken within the *Induction Program*, for the purposes referred to in Recommendation 12, lett. d) of the Corporate Governance Code.

### **4.3 Role of the Board of Directors (under art. 123-bis, paragraph 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 companies of the group 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 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 Chair of the Board of Directors ensures 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 period generally considered adequate for sending the documentation is at least 5 (five) days prior to the meeting and this period has normally been respected.

Council meetings were attended by the Manager in charge of preparing the corporate accounting documents to provide the appropriate information on the internal control and risk management system.

At its meeting on 23<sup>rd</sup> February 2021, the Board of Directors assessed the adequacy of the Issuer's organisational, administrative and accounting structure prepared by the managing directors, with particular reference to the internal control and risk management system.

In addition, at its meeting on 23<sup>rd</sup> February 2021, the Board of Directors also assessed the adequacy of the organisational, administrative and accounting structure of subsidiaries with strategic importance prepared by the managing directors, with particular reference to the internal control and risk management system.



The Board of Directors also assessed the general business performance, by taking into consideration, in particular, the information received from the delegated bodies, as well as by periodically comparing the results achieved with those planned.

In view of the recent Listing, the Board has not had the opportunity to make an assessment of the functioning of the Board itself and its Committees, as well as their size and composition, which nevertheless complies with the requirements for qualification as a STAR issuer. The Board of Directors will conduct this evaluation during financial year 2021.

The Issuer's Shareholders' Meeting did not authorise, on a general and preventive basis, any exceptions to the non-competition clause set out in article 2390 of the Italian Civil Code and no critical issues have arisen that would have given rise to any need to the contrary.

Although the Listing took place recently, it should be noted, for completeness, that during the year ended 31 December 2020, the Board of Directors met 7 (seven) times. Board meetings lasted an average of 2 (two) hours.

The table below shows the percentage of meetings attended by each Director.

Director	% meetings attended in FY 2020
Andrea Lacorte	100%
Roberto Lacorte	100%
Carlo Volpi	100%
Germano Tarantino	100%
Alessandro Calzolari	100%
Marida Zaffaroni(*)	100%
Giovanna Zanotti(*)	100%

*(\*) Director co-opted by the Board of Directors on 25 September 2020 and subsequently confirmed by the Shareholders' Meeting of 13 October 2020, following the resignations of Directors Simone Strocchi and Giovanni Bucarelli on 25 September 2020.*

In the current year and up to the Reporting Date, the Board of Directors met 1 (one) time and a total of at least 4 (four) meetings are planned for this year. In addition to the meeting held on 25 March 2021 (approval of the draft Financial Statements as at 31 December 2020), the calendar of major corporate events for 2021 includes 3 (three) more meetings on the following dates:

- 10 May 2021: approval of the Interim Report on Operations as at 31 March 2021;
- 6 September 2021: approval of the First Half Financial Report as at 30 June 2021;
- 8 November 2021: approval of the Interim Report on Operations as at 30 September 2021.

#### 4.4 Delegated bodies and Chair

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.

If the Shareholders' Meeting has not done so, the Board of Directors elects a Chair from among its members and may elect a Vice Chair, who replaces the Chair 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 Chair convenes the Board of Directors pursuant to art. 16 of the Articles of Association. According to the provisions of art. 20 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.

\* \* \*

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 Chair of the Board of Directors, Mr. Andrea Lacorte, and the Vice Chair of the Board of Directors, Mr. Roberto Lacorte, are granted, separately with single signature, all the widest 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 Director Carlo Volpi is granted, separately with single signature, all the widest 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 Director Germano Tarantino is granted, separately with single signature, all the widest 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.

#### **4.5 Other executive directors**

Apart from those indicated in paragraph 4.4. above, there are no other Executive Directors.

## 4.6 Independent Directors

Pursuant to the provisions of articles 147-*ter*, paragraph 4, and 148, paragraph 3, TUF and in accordance with the provisions of article 2.2.3, paragraph 3, letter m), of the Market Regulation in force in the markets organised and managed by Borsa Italiana S.p.A. (the "**Stock Exchange Regulations**")<sup>4</sup> and in compliance with art. 3 of the Code of Conduct, there are currently three Directors on the Board of Directors of the Issuer who meet the independence requirements, in the persons of Alessandro Calzolari, Marida Zaffaroni and Giovanna Zanotti.

The Board of Directors assesses the independence of its non-executive members at the time of their appointment, and periodically during their term of office; the outcome of this assessment is disclosed to the market in the '*Report on Corporate Governance and Ownership Structure*' prepared pursuant to and for the purposes of article 123-*bis* of the TUF and the Code of Conduct. The assessment of the administrative body is verified by the Board of Statutory Auditors pursuant to the same Code of Conduct.

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 from time to time, must meet such requirements.

In the meeting of 13 October 2020, following the Shareholders' Meeting of the Company held on the same date, the Board of Directors assessed the independence of its Directors pursuant to and for the purposes of article 148, paragraph 3, of the TUF (as incorporated by article 147-*ter*, paragraph 4, of the TUF) and article 3 of the Code of Conduct, ensuring the presence of an adequate number of non-executive and independent Directors in order to comply with the recommendations of the Code of Conduct and article IA.2.10.6 of the Instructions to the Stock Exchange Regulations.

At the meeting held on 29<sup>th</sup> July 2020, the Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board of Directors to evaluate independence requirements were properly applied.

In view of the recent Listing, as at the Reporting Date, the Independent Directors have not yet met in the absence of any other Directors. However, it is anticipated that such meetings will be held during the 2021 financial year.

---

<sup>4</sup> Please note that Borsa Italiana, by notice no. 33359 of 18 December 2020, has, among other things, amended the text of article 2.2.3, paragraph 3, letter m), of the Borsa Italiana Stock Exchange Regulations, in force since 4 January 2021, for the mere purpose of aligning the references with those of the new Code, while essentially maintaining the current STAR regime unchanged. In the same notice, Borsa Italiana specified that "*the new references shall apply for each STAR company, from the first financial year beginning after 31 December 2020 in line with the application regime envisaged by the Code itself [CG]*".



#### 4.7 Lead Independent Director

As the requirements of the Code of Conduct were met, on 23 October 2020, the Board of Directors appointed Independent Director Alessandro Calzolari as Lead Independent Director, i.e., the position to whom the Independent Directors refer in order to ensure a better contribution to the activities and functioning of the Board.

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.

#### 5. PROCESSING OF CORPORATE INFORMATION

As at the Reporting Date, the following procedures are in force: (i) "*Procedure for the management and disclosure of inside information*"; (ii) "*Procedure relating to the keeping of a register of persons with access to inside information*"; (iii) "*Procedure relating to compliance with internal dealing requirements*" as last amended by the Board of Directors of the Company, at its meeting of 23 October 2020 in view of the Listing and in force as of the Trading Start Date.

It should also be noted that similar procedures were in place prior to the Trading Start Date, in line with the requirements for companies having shares traded on AIM Italia.

For further information please refer to the text of the procedures available on the website [www.pharmanutra.it](http://www.pharmanutra.it), "*Governance/Company 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 Nomination Committee includes three Independent Directors, in the persons of Giovanna Zanotti (as Chair), 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.

As at the Reporting Date, no financial resources have been allocated to the Committees, as it is expected that the Committees, once operational (and therefore after the Trading Start Date), will make use of the Issuer's corporate means and structures to carry out their duties.

## **7. 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 Nomination Committee as a whole have adequate knowledge and experience of financial matters or remuneration policies, in accordance with article 6.P.3 of the Code of Conduct and Recommendation 26 of the CG Code.

The Remuneration and Nomination Committee is entrusted with the tasks set out in articles 5.C.1 and 6.C.1 of the Code of Conduct, also taking into account the provisions of the new CG 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:

- (iv) 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;

- (v) make proposals to the Board of Directors with reference to the remuneration policy, including incentive plans, with reference to Managing Directors and other Directors holding particular offices, as well as, according to the suggestions of the Managing Directors, proposals for the definition of the remuneration criteria of the Company's Managers with strategic responsibilities.

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

- (vi) 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);
- (vii) 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;
- (viii) assist the Board in identifying candidates for the position of Director in the event of co-opting, formulating proposals and opinions in this regard;
- (ix) 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;
- (x) 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 criterion 6.C.6 of the Code of Conduct and Recommendation 26 of the Corporate Governance Code, Directors must refrain from attending Committee meetings where proposals are made to the Board regarding their own remuneration.

Since the Trading Start Date and up to the Reporting Date, the Remuneration and Nomination Committee has met one time with regular attendance by its members. The meetings concerned the examination and approval of the Remuneration Report.

The meetings were coordinated by the Chair and were duly minuted.

Remuneration and Nomination Committee meetings were attended by Chairmain of the Board of Statutory Auditors.

The meetings of the Remuneration and Nomination Committee lasted an average of 2 (two) hours.

## **8. REMUNERATION OF DIRECTORS**

Pursuant to article 20, paragraph 2, of the Articles of Association, the Shareholders' Meeting may define an overall amount for the remuneration of all the Directors, including those holding particular offices, which the Board of Directors shall then distribute.

It should be noted that the Company's Board of Directors will submit to the Shareholders' Meeting the remuneration policy governing the remuneration of Directors, Statutory Auditors and Strategic Executives for the period 2021 and 2022, in compliance with article 123-*ter* of the TUF and on which, on 22<sup>nd</sup> March 2021, the Remuneration and Nomination Committee expressed a favourable opinion.

The Report on remuneration policy and compensation paid pursuant to art. 123-*ter* of the TUF, containing the remuneration policy of PHN, is the first to be prepared by the Issuer in compliance with the regulations applicable to companies whose financial instruments are listed on a regulated market and with the involvement of the Remuneration and Nomination Committee.

For a description of the remuneration policy, please refer to the Report on the remuneration policy and the remuneration paid, available on the Issuer's website at [www.pharmanutra.it](http://www.pharmanutra.it), Governance section.

## **9. 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 tasks relating to control and risks set out in article 7.C.2 of the Code of Conduct, also taking into account the provisions of the new CG Code.

Specifically, this Committee has been granted the following functions in relation to control and risks:

- (i) assess – together with the manager responsible for preparing the financial reports of the Company, and having consulted the independent statutory auditor and the Board of Statutory Auditors – the correct use of the accounting standards and, in the case of a group, their uniformity for the purposes of preparing the consolidated financial statements;
- (ii) express opinions on specific aspects relating to the identification of the main corporate risks;
- (iii) review periodic reports on the evaluation of the internal control and risk management system;

- (iv) monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- (v) ask the internal audit function to carry out checks on specific operational areas, at the same time informing the Chair of the Board of Statutory Auditors;
- (vi) report to the Board of Directors, at least annually, on the occasion of the approval of the annual financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system;
- (vii) prepare a report with its opinion to the Board of Directors for the purposes of the periodic assessment (by the Board of Directors), at least once a year, of the adequacy of the organisational, administrative and accounting structure.

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.

Since the Trading Start Date and up to the Reporting Date, the Control and Risk Committee has met one time with regular attendance by its members. The meetings concerned the assessment of the internal control and risk management system of the Company, the preparation of the Committee's Annual Report and the fulfilment of the tasks entrusted to the Committee as part of the *impairment test* procedure.

The meetings were coordinated by the Chair and were duly minuted.

The Control and Risk Committee meetings were attended by 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 and the representatives of the Independent Auditors.

The meetings of the Remuneration and Nomination Committee lasted an average of 2 (two) hours.

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

## **10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

### **10.1 Director in charge of the internal control and risk management system**

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 companies in the Group headed by the Issuer.

To support the Company's internal control and risk management system, in addition to the Control and Risk Committee, the Company's Board of Directors, on 23 October 2020, appointed, effective as of the Trading Start Date, the Vice-Chair of the Board of Directors and Executive Director Roberto Lacorte as the director in charge of the internal control and risk management system, and entrusted him with the functions provided for by the Code of Conduct in force from time to time (the "**Director in Charge**").

In this regard, the Issuer believes that the appointment of Roberto Lacorte to this position is in line with the provisions of the Code of Conduct, which underlines the positive aspects associated with a choice of this type, also in view of the specific expertise possessed by the person appointed.

The Director in Charge has the task of supervising the functionality of the internal control and risk management system and implementing the related guidelines defined by the Board of Directors, ensuring that all necessary actions are taken to implement the system.

In particular, pursuant to criterion 7.C.4 of the Code of Conduct, the Director in charge of the internal control and risk management system has the task of: a) identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submitting them to the review of the Board of Directors; b) implementing the guidelines defined by the Board of Directors, taking care of the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness; c) taking care of the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory requirements; d) asking the Internal Audit Function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company transactions, at the same time informing the Chair of the Board of Directors, the Chair of the Control and Risk Committee and the Chair of the Board of Statutory Auditors; e) promptly reporting to the Control and Risk Committee (or the Board of Directors) on problems and critical issues that have emerged in the performance of its activities or of which it has become aware, so that the Committee (or the Board of Directors) can take the appropriate

initiatives.

## **10.2 Head of the Internal Audit Function**

At the meeting of the Board of Directors on 23 October 2020, in accordance with article 7 of the Code of Conduct, Roberto Lacorte, in consideration of his appointment as Director in Charge, as of the Trading Start Date, proposed that the Internal Audit function be headed by a professional person external to the Company, identified in Mr. Pasquale Giovinazzo, subject to the favourable opinion of all the members of the Control and Risk Committee and the Board of Statutory Auditors, which was expressed on the same date.

On the same date, the Board of Directors of the Company, in accordance with the provisions of article 7 of the Code of Conduct on Internal Audit, appointed Pasquale Giovinazzo, effective from the Trading Start Date, as the Head of the Internal Audit function, attributing to this person the functions provided for by article 7 of the Code of Conduct.

In particular, pursuant to art. 7 of the Code of Conduct, the Head of the Internal Audit Function has been granted the following tasks and functions:

- (i) verify, both on an ongoing 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;
- (ii) prepare periodic reports containing adequate information on its activities, on the way in which risks are managed and on compliance with the plans defined for their containment (including an assessment of the suitability of the internal control and risk management system); as well as prepare timely reports on particularly significant events. These reports must be sent by the Head of Internal Audit to the Chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the Director in charge of the internal control and risk management system;
- (iii) verify, as part of the audit plan, the reliability of the information systems including the accounting recognition systems.

The Board of Directors also resolved to allocate to this position the necessary and/or appropriate resources for the purpose of carrying out this task.

## **10.3 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 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.

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 Parts refer to the specific types of crime potentially configurable in the Pharmanutra 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 pursuant to Articles 24, and 25 of the Decree;
- computer crimes referred to in art. 24-bis;
- crimes against industry and trade pursuant to art. 25-bis;
- corporate crimes 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 the protection of hygiene and health at work pursuant to art. 25-septies;
- crimes of receiving stolen goods, money laundering, use of money, goods or other utilities of illicit origin and self-laundering pursuant to art. 25-octies;
- offenses relating to the violation of copyright pursuant to art. 25-nonies;
- crimes of forgery in instruments and identification marks referred to in art. 25-bis;
- crimes against the individual pursuant to art. 25-quinquies;
- crimes of abuse of privileged information and market manipulation pursuant to Article 25-sexies;



- crimes against the administration of justice pursuant to art. 25-decies;
- environmental crimes referred to in art. 25-undecies;
- cases relating to the employment of third-country nationals whose stay is irregular pursuant to art. 25 duodecies;
- tax offenses referred to in Article 25-quinquiesdecies;
- smuggling offenses 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.

#### **10.4 Independent auditors**

On 26 April 2016, the Ordinary Shareholders' Meeting of the Issuer, on the proposal of the Board of Statutory Auditors, had appointed the auditing firm BDO Italia S.p.A. (the "**Independent Auditor**") as independent auditor for the financial years up to the one ended 31 December 2018. Since the parameters set out in article 2-*bis* of the Issuers' Regulation have been exceeded during the 2018 financial year, as of 1 January 2019 the Issuer qualified as an "issuer of financial instruments widely distributed among the public". Therefore, for the purposes of the statutory audit, the Issuer has qualified as "entity subject to intermediate regime" (ESRI) pursuant to art. 19-*bis* of Italian Legislative Decree no. 39/2010.

Due to the ESRI qualification, on 15 April 2019, the Issuer's Ordinary Shareholders' Meeting, on the reasoned proposal of the Board of Statutory Auditors, appointed the Independent Auditor for the nine-year period 2019-2027, to carry out the statutory audit of the statutory and consolidated financial statements, to verify that the Company's accounts are properly kept and that the management report is consistent with the financial statements and complies with the law, as well as to carry out a limited audit of the consolidated first half financial statements.

On 13 October 2020, in view of the Listing and the consequent change of the Issuer's status from ESRI to "public interest entity" (EIP) pursuant to article 16 of Italian Legislative Decree No. 39/2010, the Ordinary Shareholders' Meeting of the Issuer resolved to appoint the Independent Auditor for the financial years 2020-2027, pursuant to article 13 of Italian Legislative Decree no. 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.

### **10.5 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, on 13 October 2020, the Board of Directors resolved to appoint, effective as of the Trading Start Date, Francesco Sarti, who serves as the Company Chief Financial Officer, as the Manager responsible for preparing the Company financial reports, and granted him the powers and functions referred to in article 154-*bis* of the TUF and the applicable laws and regulations.

\* \* \*

It should be noted that in the Issuer's organisation chart there are no other corporate roles and functions with specific tasks in terms of control and internal control and risk management other than those indicated in the previous paragraphs.

## **11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES**

On 23 October 2020, the Board of Directors of the Issuer, in consideration of the Listing, resolved to adopt a new procedure for Related Party Transactions in order to bring it in line with the provisions applicable to companies whose financial instruments are listed on the MTA, subject to the favourable opinion of the Independent Directors in office at that date (the "**RPT Procedure**"). The RPT Procedure became effective as of the Trading Start Date.

It should also be noted that a procedure on related party transactions – approved by the Board of Directors on 7 June 2017 – was also in place prior to the Trading Start Date, in line

with the requirements for companies with shares traded on AIM Italia.

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.

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.

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](http://www.pharmanutra.it), *Governance* section.

It should be noted that Consob, with Resolution no. 21524 of 10 December 2021, adopted the amendments to its RPT Regulations and the Market Regulation in order to transpose the contents of Directive 2007/36/EC also at the level of secondary legislation, as amended by Directive (EU) 2017/828 (aka "SHRD"). The aforementioned Resolution no. 21624 will come into force on 1 July 2021 and provides for a transitional period, ending on 30 June 2021, within which companies must adapt their procedures to the new provisions of the RPT Regulations. During the current 2021 financial year, the Company will therefore adjust the RPT Procedure.

## **12. APPOINTMENT OF THE MEMBERS OF THE BOARD 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. 44 of 29 January 2021).

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.

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 from time to time.

For the period of application of the applicable laws and regulations on gender balance in force from time to 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 from time to 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 from time to 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 from time to 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 from time to time. In the event of a tie between a number of candidates, a runoff vote will be held between them by means of a further vote by the Shareholders' Meeting, with the candidate obtaining the highest number of votes being elected.

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 from time

to 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 from time to 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 from time to 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 from time to 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 from time to 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.

### **13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (under article 123-*bis*, paragraph 2, letters 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 as at the Reporting Date was appointed by the Ordinary Shareholders' Meeting of 15 April 2019 (on the basis of the provisions of the Articles of Association in force at the date of the relevant appointment and therefore prior to the Trading Start Date, without application of the list vote system) and will remain in office for three financial years and therefore until the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2021.

It should be noted that the rules relating to gender requirements pursuant to the provisions of article 148, paragraph 1-*bis*, of the TUF will be applicable to the Issuer starting from the first renewal of corporate bodies following the Trading Start Date.

The Board of Statutory Auditors in office at the Reporting Date was appointed by the Shareholders' Meeting of 15 April 2019 pursuant to the provisions of a shareholders' agreement that bound PHN's shareholders prior to the amendment of the Shareholders' Agreement that took place on 27 October 2020 (see paragraph 2.G above).

For further information, please refer to the Prospectus – which also contains the resumes of the Statutory Auditors – available on the Issuer's website at [www.pharmanutra.it](http://www.pharmanutra.it), "Investor" section.



The members of the Board of Statutory Auditors are specified in the following table:

First and last name	Position	Place and date of birth	In office since	Until	Number of other offices (*)
<b>Michele Lorenzini</b>	Chair of the Board of Statutory Auditors	Cecina (LI), 21/08/1969	15/04/2019	Approval of Financial statements as at 31/12/2021	-
<b>Guido Carugi</b>	Standing Auditor	Fucecchio (FI), 26/05/1966	15/04/2019	Approval of Financial statements as at 31/12/2021	3
<b>Andrea Circi</b>	Standing Auditor	Roma, 31/07/1966	15/04/2019	Approval of Financial statements as at 31/12/2021	8
<b>Fabio Ulivieri</b>	Alternate Auditor	Fucecchio (FI), 27/02/1967	15/04/2019	Approval of Financial statements as at 31/12/2021	1
<b>Giacomo Boni</b>	Alternate Auditor	Cecina (LI), 16/10/1964	15/04/2019	Approval of Financial statements as at 31/12/2021	-

*(\*) This column shows the number of offices as director or statutory auditor held by the person concerned in accordance with article 148-bis of the TUF and related implementing provisions.*

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 envisaged by the Code of Conduct with reference to Directors, after their appointment and subsequently, during their term of office, on an annual basis.

The Board of Statutory Auditors, on 29<sup>th</sup> July 2020, verified that its members continued to meet the independence requirements and communicated its findings to the Board of Directors.

At the date of this Report, the Company has not adopted any diversity policies in relation to the composition of the control body with regard to aspects such as age, gender and educational and professional background.

However, without prejudice to compliance with the requirements of professionalism laid down by law, the training and professional background of the members of the Board of Statutory Auditors currently in office guarantees the skills required to ensure the proper performance of the functions entrusted to it.

During the financial year ended 31 December 2020, the Board of Statutory Auditors met 15 (fifteen) times with regular attendance by its members. The meetings of the Board of Statutory Auditors lasted an average of 4 hours.

The table below shows the percentage of meetings attended by each Statutory Auditor.

<b>Statutory Auditor</b>	<b>% meetings attended in FY 2020</b>
Michele Lorenzini	100%
Guido Carugi	100%
Andrea Circi	100%

As at the date of this Report, the Board of Statutory Auditors met 6 (six) times and a total of at least 9 (nine) meetings are planned for this year.

During the year 2021, the Issuer will evaluate the most appropriate initiatives to be undertaken within the Induction Program of the members of the Board of Statutory Auditors, for the purposes referred to in Recommendation 12, lett. d) of the Corporate Governance Code.

In accordance with the recommendations set out in criterion 8.C.4 of the Code of Conduct, the Company believes that the remuneration of the Statutory Auditors determined by the Shareholders' Meeting of 15 April 2019 is commensurate with the commitment required, the importance of the role held as well as the size and sector of the Company.

No specific obligation has been envisaged to inform the other Statutory Auditors and the Chair of the Board of Directors in the event that a Statutory Auditor has, on his/her own behalf or on behalf of third parties, an interest in a certain transaction of the Issuer, as it is considered a deontological duty to do so.

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 10 above.

#### **14. RELATIONS WITH SHAREHOLDERS**

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 meeting on 13 October 2020 appointed the Vice Chair of the Board of Directors and Chief Executive Officer, Roberto Lacorte, as head of the Investor Relations function pursuant to article 9 of the Code of Conduct.

In addition, in compliance with the recommendations of the Code of Conduct, the Issuer has created a special section on its website ([www.pharmanutra.it](http://www.pharmanutra.it)) where all information concerning the Issuer and the Group that is important to its Shareholders and that is required by the laws and regulations applicable to companies listed on a regulated market is made available to the public.

#### **15. 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 from time to 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 from time to 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 be held in two calls and that the Extraordinary Shareholders' Meeting be held in two or three calls, applying the majorities respectively established by the laws and regulations in force from time to time 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 from time to 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 responses shall be provided at least two days prior to the Shareholders' Meeting, including through publication in a special section of the Company's website; entitlement to the voting right may also be certified after the submission of the questions provided that it is 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 means of a proxy issued in accordance with the procedures laid down by the regulations in force. 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 from time to 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 from time to 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.

At present, the Issuer has not deemed it necessary – also in view of the recent Listing – to draw up specific regulations governing the work of the Shareholders' Meetings, since the Chair's management of the Shareholders' Meeting is deemed to be exhaustive, based on the attendance rules summarised by the Chair 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](http://www.pharmanutra.it), 'Governance' section.

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

The Company has not adopted any corporate governance practices in addition to those provided for by the laws and regulations in force.

#### **17. CHANGES SINCE THE END OF THE REPORTING PERIOD**

There have been no changes in the Company's corporate governance structure from the end of the reporting period to the Reporting Date.

#### **18. CONSIDERATIONS ON THE LETTER DATED 22 DECEMBER 2020 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE**

The letter dated 22 December 2020, addressed by the Chair of the Corporate Governance Committee to the Chairs of the Boards of Directors of Italian listed companies, was brought to the attention of the Board of Statutory Auditors, as well as the Board of Directors of the Issuer at the meeting held on 22<sup>nd</sup> March 2021.

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

- an overall adequacy regarding the management of information flows to the Board of Directors, deeming to provide the Board documentation with adequate and congruous advance with respect to the date set for the meetings and that this deadline was generally respected during the year and up to the Date of the Report;
- an overall adequacy of the remuneration awarded to non-executive directors and members of the supervisory body, deeming them consistent with the competence,

professionalism and commitment required for the purpose of carrying out the assignment, as well as the size and complexity of the Company.

The Board of Directors, in consideration of the recent Listing, has also taken note of the additional recommendations contained in the letter relating to the following issues, which it will take into account for the possible adoption of the appropriate decisions during the year 2021:

- 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 relevance analysis of the factors that may affect the generation of value in the long term;
- application of the principles of independence of the Directors; in this regard, the Board will assess any provision, in the course of the 2021 financial year, of quantitative and / or qualitative criteria to be used for the assessment of the significance of the relationships under examination for the purposes of the independence of the Directors, in compliance with the forecasts of the TUF and the recommendations of the Corporate Governance Code;
- self-assessment by the Board of Directors, with particular regard to the contribution of the board in defining strategic plans and in supervising the board review process;
- appointment and succession of directors, deeming to evaluate during the year 2021 any decisions to be taken in this area.

\* \* \*

This Report was approved by the Board of Directors on 22 March 2021.

Pisa, 22 March 2021

Pharmanutra S.p.A.

For the Board of Directors

The Chair

Andrea Lacorte