

# Report on the Remuneration Policy and the remuneration paid

in accordance with articles 123-*ter* of the Italian Consolidated Law on Finance and 84-*quater* of the Consob Issuers' Regulations

Approved by the Board of Directors on 16<sup>th</sup> March 2023

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Financial year to which the Report refers: 2022

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# Letter from the Chair

## of the Committee for the Remuneration and the Nominations



Dear Shareholders,

Together with the other members of the Remuneration and Nominations Committee, I hereby present to you the Report on the 2023 Remuneration Policy and compensation paid for 2022, structured as required by article 123-ter of the Consolidated Law on Finance and approved by the Board of Directors on March 17<sup>th</sup>, 2022.

The year 2022 was marked by a continuation of the pandemic situation in some geographies but also by the escalation of a series of geopolitical and economic tensions that had a major social impact. The war in Ukraine, tension on prices of some inputs, shortages of some components, rising energy costs, and inflationary pressures have consequences on the global and national economic and social context, further confirming the need for increasing attention to sustainability as a solution for resilience and value creation. Despite the scenario difficulties, the Company was able to achieve important results, thanks to the commitment of the human resources working in this Group.

In this context, we believe that the remuneration policy represents a strategic element to sustain results, guiding Company's behaviours and remunerating the great contribution of our people to Recordati.

the work of the Committee has been enriched by in-depth analysis on the vote implemented at the last Shareholders' Meeting. This analysis reflected in some improvements in the Policy to further align the interests of Shareholders and Stakeholders. In addition, the Policy, acting in full compliance with the Italian and European reference legislation, continues to incorporate market best practices.

The engagement plan adopted by the Committee is intended to be a channel of communication with those who have an interest in our Company, by developing and guaranteeing a constant and direct connection with our investors and proxy advisors. All the feedback collected during the engagement meetings, and the analyses we performed, provided us with important inputs for the amendments we have included in this Report and, in general, in Recordati's 2023 Remuneration Policy.

Continuous improvement is a Recordati value which also impacts our behaviour. For the purpose of further aligning to the current legislation and improving the transparency and usability of this Policy, Recordati has decided:

- To provide more information about the engagement activities carried out;
- To better qualify how the Policy intends to increase the pursuit of long-term interests, with increasing and non-formal attention to sustainability issues and the connection with Recordati's new Sustainability Plan;
- Propose adoption to the shareholders' meeting the new Long Term Incentive plan capable of appreciating both the value created for shareholders and a sustainable growth model;
- To continue providing transparency and valuable information to the market, describing the market references and the peer groups used in carrying out the analyses on the competitiveness of the remuneration packages;

During 2022, the Remuneration and Nominations Committee has reviewed the long-term variable incentive scheme aimed at ensuring greater alignment with market best practices and with investors' and proxy advisors' recommendations. This intervention comes after the important work carried out in 2021 on short-term incentives, that led to the modification of the short term plan's curve.

In this context of strong transformation and strategic innovation, we believe that these Guidelines on Remuneration Policy are consistent with the Group's clear and distinctive vision and confirm our people's value as a fundamental competitive advantage with a view to achieving long-term sustainable results for Investors and other stakeholders.

I would like to take this opportunity to express my gratitude to Board members Elisa Corghi and Michaela Castelli for the valuable and always timely support and valuable work that has guided the efforts made by the current Remuneration Committee. Our work has been at the service of investors and the Group. I also express my sincere

gratitude to the members of the Board of Statutory Auditors for providing their valuable contribution to our action with their expert opinions. Last but not least, my thanks to the corporate structures that have consistently and effectively supported us in the course of our work.

On behalf of the entire Compensation Committee, I would like to conclude by thanking you in advance for your interest in our Compensation Policy each year, and I trust that as Shareholders you will find in this document comprehensive and useful information.

Best regards,

Joanna Le Couilliard  
**Chair of the Remuneration and Nominations Committee**

# Introduction

This Report on the Remuneration Policy and the remuneration paid (hereinafter the 'Report') has been prepared by Recordati S.p.A. (hereinafter 'Recordati' or the 'Company') in compliance with the provisions of article 123-ter of Italian Legislative Decree no. 58 of 24<sup>th</sup> February 1998 (hereinafter 'Consolidated Law on Finance') and the amendments made by Italian Legislative Decree no. 49 of 10<sup>th</sup> May 2019<sup>1</sup>, by article 84-quater of the Consob Issuers' Regulations issued by Consob with resolution no. 11971 of 1999, as subsequently amended (hereinafter the 'Issuers' Regulations'), and on a voluntary basis in accordance with the new Corporate Governance Code for Listed Companies (hereinafter the 'Corporate Governance Code'), to which Recordati adheres in the manner specified, with regard to remuneration issues, in this Report.

In accordance with the requirements of article 123-ter of the Consolidated Law on Finance, the Report consists of two sections.

Section I illustrates the Remuneration Policy adopted by the Company for the 2022 financial year (hereinafter the 'Remuneration Policy'), with reference to the following persons:

- i) Members of the Company's Board of Directors, distinguishing between executive and non-executive Directors;
- ii) General Managers of the Company;
- iii) Other Key Management Personnel of Recordati or of its subsidiaries. It should be noted that the Regulations for Related Party Transactions approved by the Board of Directors of Recordati on 24<sup>th</sup> November 2010 (and further confirmed on June 17<sup>th</sup> 2021) in compliance with Consob regulations on related party transactions approved with Resolution no. 17221 of 12<sup>th</sup> March 2010 as subsequently amended (hereinafter the 'Related Party Transaction Procedure') defines key management personnel as those persons defined as such by the legislation and regulations in force from time to time. At the date hereof: those persons who have power over and responsibility, either directly or indirectly, for the planning, management and control of the activities of the Company, including the Directors (executive and non-executive) of the Company itself;
- iv) Members of the Board of Statutory Auditors.

Section I of the Report also illustrates the general purposes and procedures used to formulate and adopt the Remuneration Policy as well as the bodies and persons responsible for the proper implementation of such Policy.

The Remuneration Policy for 2023 was approved by Company's Board of Directors on March 16<sup>th</sup>, 2023, on the proposal of the Remuneration and Nominations Committee and provide the definition of remuneration consistent with the complexity of the role and the commitment required, in line with market benchmarks. With reference to the compensation of the Board of Statutory Auditors, it may be further detailed within the prerogatives of the Assembly.

Section II of the Report provides information, with reference to the 2022 financial year, on each of the items that compose the remuneration of the persons indicated above in points i) to iv), including the members of the Board of Statutory Auditors, as well as the details, in an appropriate table, of the remuneration paid to those persons for any reason and in any form by the Company or its subsidiaries during the 2022 financial year, in addition to remuneration not yet paid on the date of the approval of the Report but relating to the 2022 financial year. In accordance with the provisions of the Issuers' Regulations, information is also provided on the annual variations in the remuneration of the persons whose remuneration is provided on an individual basis, the Company's performance and the average remuneration of employees starting from 2019.

Data on stock options granted to the said persons in implementation of the current Stock Option Plans is also reported in another table pursuant to article 84-bis paragraph 5, of the Issuers' Regulations. Finally, another table

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<sup>1</sup> Article 123-ter of Italian Legislative Decree no. 58 of 24<sup>th</sup> February 1998, (the 'Consolidated Law on Finance' updated on the basis of Italian Legislative Decree no. 49 of 10<sup>th</sup> May 2019) provides, in paragraph 3-bis, that 'companies shall submit the remuneration policy [...] to a shareholder vote, in any case at least every three years or at the time of making amendments to this Policy'. Paragraph 3-ter also states that 'the resolution provided for by paragraph 3-bis is binding' (i.e. on Section 1 of this document) adding 'if the shareholders' meeting does not approve the Remuneration Policy subject to a vote pursuant to paragraph 3-bis the company shall continue to pay remuneration compliant with the Remuneration Policy most recently approved by the shareholders' meeting or, in the absence of this, may continue to pay remuneration compliant with existing practice.' Finally, paragraph 6 provides for '[...] the shareholders' meeting [...] resolves in favour or against the second section of the report established by paragraph 4. The resolution is not binding'.

illustrates the shares held in the Company or its subsidiaries by the above persons (and by persons related to them) pursuant to article 84-*quater*, paragraph 4, of the Issuers' Regulations.

In light of article 123-*ter* of the Consolidated Law on Finance by Italian Legislative Decree no. 49 of 10<sup>th</sup> May 2019, Section I, *i.e.* the '*Report on Remuneration Policy*', is subject to a binding vote by the Shareholders' Meeting called to approve the Financial Statements for the financial year ended as at 31<sup>st</sup> December 2022, while Section II, *i.e.* the '*Report on remuneration paid*', which provides detailed information on the remuneration for the 2021 Financial Year, is subject to a consultative vote by the same Shareholders' Meeting.

The text of this Report is disclosed to the market by the twenty-first day prior to the date of the Shareholders' Meeting called to approve the 2022 Financial Statements, in accordance with current regulations, and can be viewed in the Corporate Governance section of the Company's website [www.recordati.it](http://www.recordati.it).

The Information Documents relating to the existing remuneration plans based on financial instruments can be found in the Corporate Governance section of the Company's website ([https://www.recordati.com/en/corporate\\_governance/remuneration/stock\\_option\\_plans/](https://www.recordati.com/en/corporate_governance/remuneration/stock_option_plans/)).

# Executive Summary


The main elements of the 2023 Remuneration Policy of Recordati are set out below.

**Purpose of the Policy and link with corporate strategy**


Recordati's Remuneration Policy aims at **attracting, retaining and motivating managers with the professional requirements and experiences needed to manage and develop the Group successfully, ensuring that the interests of the management and those of the shareholders and the other stakeholders are aligned and promoting the constant creation of sustainable value in the medium- and long-term.**

The Remuneration Policy is also defined in coherence with the corporate strategy, providing that each of the remuneration components offered to the management responds to precise goals for the pursuit of the strategic vision of the Group.


This consistency is ensured by the objectives of the short-term and long-term incentive schemes, which are designed to **focus the management on the following objectives:**




**Economic and financial results**



**Value creation for shareholders**



**Growth through strategic acquisitions**



**Environmental, Social and Governance (ESG)**

In the field of sustainability, Recordati also adopted a **Sustainability Plan**, focused on five priority areas:

Patient care

People care

Environmental protection

Responsible sourcing

**Ethics and integrity**

The Company's Remuneration Policy promotes the achievement of all the milestones of the ESG roadmap.

	Purposes	Modes of operation	Components												
<b>Fixed component</b>	To enhance the skills, experiences and support required for the assigned role.	The fixed remuneration is defined in such a way as to be consistent with the characteristics, responsibilities and any proxies associated with the role.	<p>The following table summarizes the fixed remunerations provided for the actual Chair and the CEO:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #c00000; color: white;"> <th></th> <th>Director's Fee</th> <th>Fixed Rem.</th> <th>Total</th> </tr> </thead> <tbody> <tr style="background-color: #f2f2f2;"> <td><b>Chair</b></td> <td>60,000 €</td> <td>240,000 €</td> <td><b>300,000 €</b></td> </tr> <tr> <td><b>CEO</b></td> <td>60,000 €</td> <td>890,000 €</td> <td><b>950,000 €</b></td> </tr> </tbody> </table> <p>The Chair, the CEO and the Group CFO receive the remuneration as Directors, <b>other Executive Directors<sup>2</sup></b> have waived the receipt of any remuneration for the position as Director.</p> <p><b>Other Non-Executive Directors:</b> 60,000 €.</p> <p><b>Key Management Personnel:</b> gross annual remuneration defined in line with the role and areas of responsibility.</p>		Director's Fee	Fixed Rem.	Total	<b>Chair</b>	60,000 €	240,000 €	<b>300,000 €</b>	<b>CEO</b>	60,000 €	890,000 €	<b>950,000 €</b>
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<b>CEO</b>	60,000 €	890,000 €	<b>950,000 €</b>												
<b>Short-term variable component (MBO)</b>	Incentivize management – in line with the culture of performance that characterizes Recordati- to pursue expected objectives by creating a strong correlation between remuneration and	<p>The payment of the annual variable remuneration, identified in the MBO scheme, is directly linked to the achievement of performance objectives, assigned to each beneficiary in line with the role held.</p> <p>For the beneficiaries of the MBO system, in addition to corporate objectives, indicators linked to the specific nature of the role covered and</p>	<p>The following table summarizes the KPIs for the current CEO:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #c00000; color: white;"> <th colspan="2">CEO KPIs</th> </tr> <tr style="background-color: #f2f2f2;"> <th>KPI</th> <th>Weight</th> </tr> </thead> <tbody> <tr style="background-color: #f2f2f2;"> <td><b>Economic-Financial KPIs</b></td> <td><b>60%</b></td> </tr> <tr> <td>Group EBITDA</td> <td>30%</td> </tr> <tr> <td>Group Net Revenues</td> <td>20%</td> </tr> </tbody> </table>	CEO KPIs		KPI	Weight	<b>Economic-Financial KPIs</b>	<b>60%</b>	Group EBITDA	30%	Group Net Revenues	20%		
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<sup>2</sup> These directors are identified as Executive Directors in accordance with the provisions of the Corporate Governance Code as they hold managerial positions in the parent companies and/or companies of the CVC Group (including the positions also held at the Company).



	<p>performance achieved during the year.</p>	<p>the areas of responsibility are provided.</p> <p>The MBO system is based on a circuit breaker, linked to the Group EBITDA result, which determines the activation of the system itself. If the Group Operating Income result is lower than 95% of the target result, no bonus will be paid out.</p>	<table border="1" data-bbox="930 197 1465 506"> <tr> <td>Group Net Income</td> <td>10%</td> </tr> <tr> <td><b>Strategic KPI</b></td> <td><b>40%</b></td> </tr> <tr> <td>Strategic KPI linked to the signing of M&amp;A/Licensing transactions</td> <td>15%</td> </tr> <tr> <td>Carry out project to identify improvements in Group Industrial Operations and Group Purchasing. Implement appropriate tools and procedures to drive operational performance</td> <td>15%</td> </tr> <tr> <td>Driving pipeline development projects according to planned milestones</td> <td>5%</td> </tr> <tr> <td>Strategic objective linked to the ESG initiatives for 2023 defined by the ESG Plan</td> <td>5%</td> </tr> </table> <p>The following table summarizes the MBO opportunity in % of the total fixed remuneration for the actual CEO:</p> <table border="1" data-bbox="922 613 1471 692"> <thead> <tr> <th></th> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>33.34%</td> <td>66.67%</td> <td>100%</td> </tr> </tbody> </table> <p><b>Chair:</b> not included in the beneficiaries of the Plan.</p> <p><b>Key Management Personnel:</b> maximum variable opportunity depending on the role held, between 65% and 75% of the fixed remuneration.</p>	Group Net Income	10%	<b>Strategic KPI</b>	<b>40%</b>	Strategic KPI linked to the signing of M&A/Licensing transactions	15%	Carry out project to identify improvements in Group Industrial Operations and Group Purchasing. Implement appropriate tools and procedures to drive operational performance	15%	Driving pipeline development projects according to planned milestones	5%	Strategic objective linked to the ESG initiatives for 2023 defined by the ESG Plan	5%		Threshold	Target	Maximum	CEO	33.34%	66.67%	100%
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<p><b>Long-term variable component (Performance Share)</b></p>	<p>To promote the creation of value for Shareholders and Stakeholders by also fostering the loyalty and engagement of resources.</p>	<p><b>2023-2025 Performance Share Plan</b></p> <p>The plan provides for the assignment to beneficiaries of the right to receive a certain number of shares of the Company free of charge, at the end of a certain time period (vesting period) and upon achievement of the performance conditions.</p> <p>The decision to adopt a rolling plan resulted will allow an easier alignment in terms of motivation and retention.</p> <p>In addition, a 24 month lockup period following the vesting date is envisaged for the CEO and the DIRS.</p>	<p><b>Chair:</b> is not included in the beneficiaries of the Plans.</p> <p><b>CEO:</b></p> <ul style="list-style-type: none"> <li>Performance Share Plan: number of shares granted in line with the position held and based on best market practices. Opportunity target equal to 120% of fixed salary.</li> </ul> <p><b>Key Management Personnel:</b></p> <ul style="list-style-type: none"> <li>Performance Share Plan: number of shares granted in line with the position held and based on best market practices. Opportunity target equal to 90% of fixed salary.</li> </ul>																				
<p><b>Pay Mix</b></p>	<p>To balance the fixed component aimed at remunerating the position held and the variable component, short and long term, aimed at ensuring a deep link between the remuneration of the Management, the performance of the Company and the creation of value for the Shareholders.</p>	<p>In order to determine the pay mix, the following elements have been considered:</p> <ul style="list-style-type: none"> <li>fixed remuneration;</li> <li>target performances in relation to the short-term incentive scheme;</li> <li>an estimate of the target, based on the 2023-2025 Performance Share Plan under approval by AGM.</li> </ul> <p>For key management personnel, the average values of the individual elements mentioned above are considered.</p> <p>The Company guarantees internal and external fairness and adequacy in order to ensure the consistency and competitiveness of the total remuneration granted to its top management roles. For this reason, it also takes into account the results of the salary surveys each year.</p>	<div data-bbox="930 1341 1465 1865"> <p><b>CHIEF EXECUTIVE OFFICER</b></p> <table border="1" data-bbox="957 1424 1437 1529"> <tr> <td>35%</td> <td>23%</td> <td>42%</td> </tr> </table> <p><b>KEY MANAGEMENT PERSONNEL</b></p> <table border="1" data-bbox="957 1632 1437 1738"> <tr> <td>42%</td> <td>20%</td> <td>38%</td> </tr> </table> <p>■ Fixed compensation ■ Short term incentive ■ Long term incentive</p> </div>	35%	23%	42%	42%	20%	38%														
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# 2023 New Features

Taking into account the governance and business evolutions that took place during 2022, the 2023 Remuneration Policy provides for the following changes in order to further align Recordati's Policy with best practices and to incorporate the valuable information collected during the *engagement* season:

- the introduction – subject to approval from Shareholder' meeting - of a new LTI plan (Performance Share 2023-2025), based on the granting of shares free of charge subject to passing of a vesting period and the achievement of predetermined performance conditions;
- an increasing and timely description of the link between the Remuneration Policy and the sustainable growth of the Group;
- the pursuit of increasingly better disclosure, with particular reference to performance systems;
- the inclusion of specific ESG objectives for some top managers as part of the MBO program;

# Section I: 2023 Remuneration Policy Report

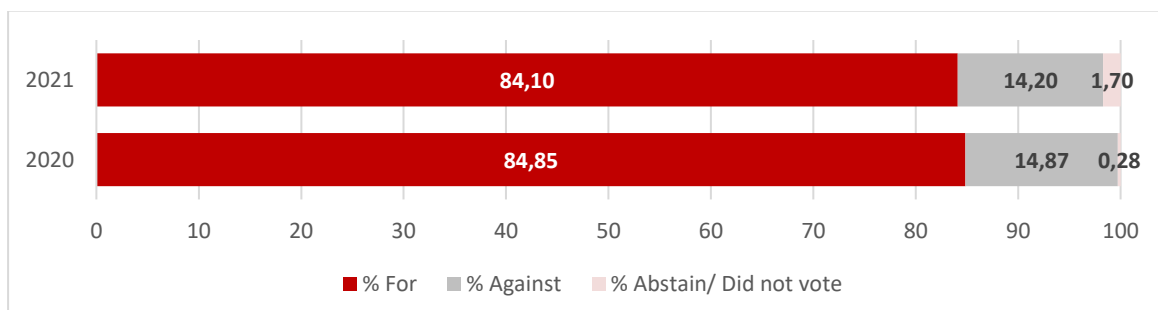
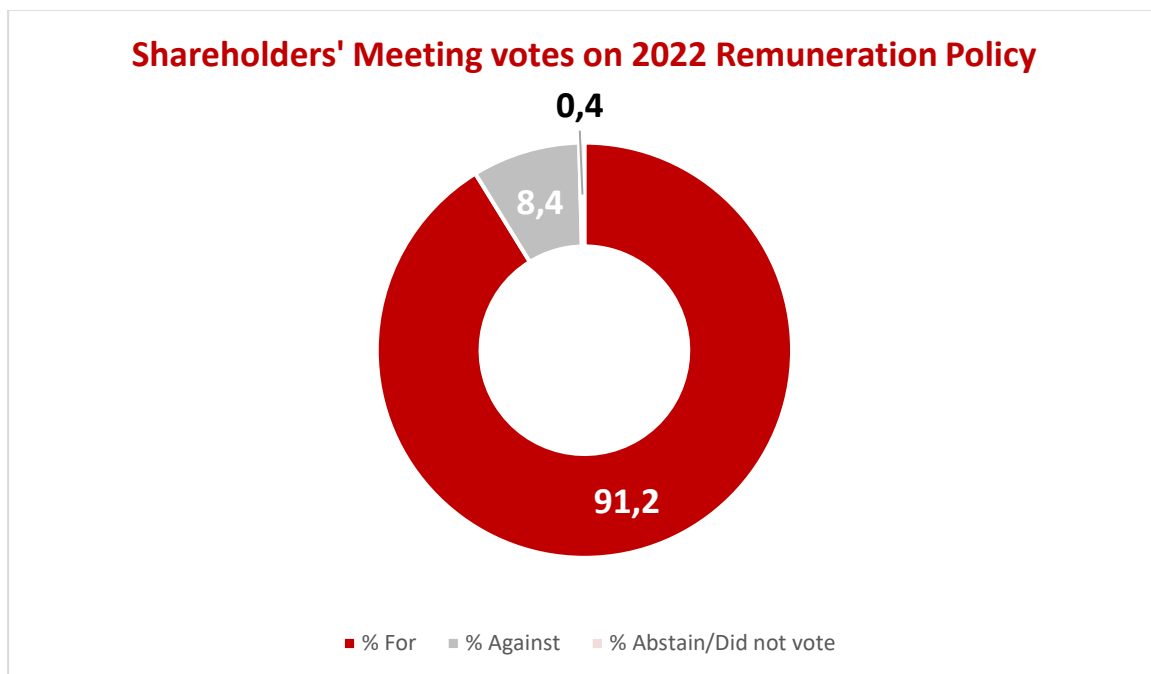
# 1. Engagement

## and remuneration policies

### 1.1 Voting results and investor feedback

Recordati attaches great importance to the annual analysis of the results of shareholders' meeting votes, as well as to the opinion of the main recipients and users of its Remuneration Policy, in order to ensure a constant improvement in adopting market best practices, taking into account some of the indications for improvement coming in particular from shareholders and proxy advisors.

The Annual General Shareholders' Meeting on 9<sup>th</sup> April 2022 voted in favour of Section I of the Report on the Remuneration Policy and the Remuneration Paid published in 2022. The chart below illustrates the result of the binding vote, which highlighted a substantial confirmation of the votes in favour compared to the previous Annual General Meeting.



The voting result of the Shareholders' Meeting of 9<sup>th</sup> April 2022 was analysed within the overall governance framework that characterises the Company's remuneration and incentive policies and schemes.

Further to this analysis process, Recordati has therefore implemented the activities necessary to ensure an

improvement in the Remuneration Policy and in this Report, performing in-depth analyses of the indications received from Institutional Investors and Proxy Advisors at the last Shareholders' Meeting, with the objective of developing the considerations expressed by them with regard to the main areas of improvement in the Report on the Remuneration Policy and the Remuneration Paid.

Furthermore, with this Report, Recordati continues to guarantee a high level of transparency, an element which it considers to be fundamental for proper relations with its shareholders.

## 1.2 Engagement activities carried out by Recordati

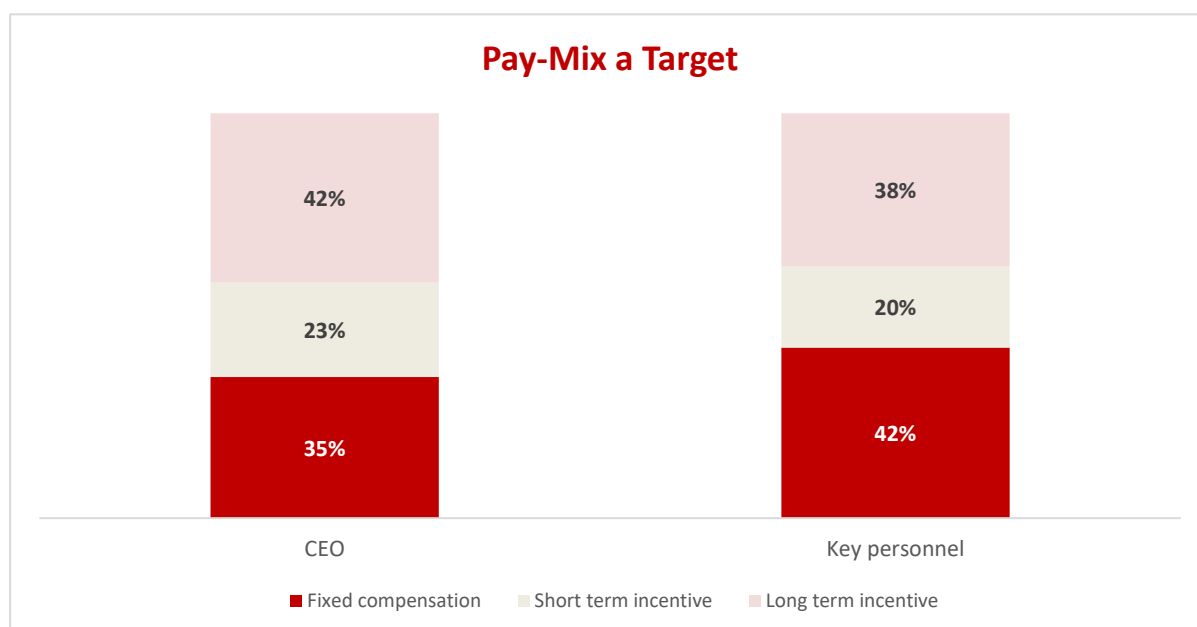
Recordati promotes dialogue with its shareholders and institutional investors as an essential element to positively influence the Company's behaviour and increase the degree of transparency. In this context, the Company has established a constant and continuous relationship with proxy advisors and the main institutional investors in order to encourage their involvement in the process of defining and verifying the actual methods of implementing the Remuneration Policy for Directors and Managers with Strategic Responsibilities.

This activity is carried out through the development of an engagement plan carried out on an annual basis that provides for the participation of the corporate functions of Human Resources, Investor Relations and Legal Affairs supported by the Chairman of the Remuneration Committee to highlight the commitment of the Committee itself on matters within their competence.

The results, indications and feedback that emerged during the engagement activity, once reported, are examined and evaluated by the Remuneration Committee in order to provide any clarifications and verify the overcoming of potential critical issues. Finally, the Committee reports to the Board of Directors on the relevant developments and significant content arising from these engagement activities, through the Chairman or other member designated by the Chairman

## 1.3 Pay mix of the Chief Executive Officer and Key Management Personnel

Below evidence is provided regarding the estimation of the pay mix for 2023 of the current Chief Executive Officer and Key Management Personnel, i.e. the percentage breakdown of the individual remunerative components within the overall package in the case of target performance.



# 2. Governance

## of the remuneration process

### 2.1 Bodies and persons involved

The definition of the Remuneration Policy for the members of Recordati's Board of Directors (hereinafter also referred to as the 'BoD') involves a number of individuals and corporate bodies in accordance with the provisions of the Company's By-Laws and current legislation. According to these regulatory and statutory provisions:

- the Shareholders' Meeting determines the remuneration of the members of the Board of Directors, at the time of appointment and for the entire term of office;
- the Board of Directors determines the remuneration of the Chair, of the Directors with delegated powers and for participation in the Board Committees, following consultation of the Board of Statutory Auditors.

In accordance with Recordati's governance model, the Board of Directors is also responsible for defining the objectives and approving the company results referred to in the performance plans, to which the determination of the variable remuneration of the Chief Executive Officer is linked, as well as defining the general criteria for the remuneration of other Key Management Personnel.

Finally, in line with the recommendations contained in the Corporate Governance Code, the Board of Directors is supported, with regard to remuneration issues, by a Remuneration and Nominations Committee composed of independent non-executive Directors with advisory and consultative functions on the matter.

#### 2.1.1 Shareholders' Meeting

The duties of the Shareholders' Meeting pursuant to law and the By-Laws, limited to the issues covered by this Report, are:

- to appoint and dismiss Directors, appoint Statutory Auditors and the Chair of the Board of Statutory Auditors;
- to determine the remuneration of Directors and Statutory Auditors;
- to approve the Incentive Plans based on financial instruments or on performance objectives linked to the Company's share price performance;
- to express a binding vote on the approval of the first section of the Company's Remuneration Report, pursuant to article 123-*ter* of the Consolidated Law on Finance;
- to express a non-binding vote on the approval of the second section of the Company's Remuneration Report, pursuant to article 123-*ter* of the Consolidated Law on Finance.

#### 2.1.2 Board of Directors

##### *Composition*

On April 29<sup>th</sup> 2022 the Annual General Meeting ("AGM") appointed a Board of Directors composed of twelve members.

The current Board of Directors is in office until the Shareholders' Meeting called to approve the financial statements for the year ended as at December 31<sup>st</sup>, 2024. Four Directors are qualified as independent.

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

Andrea Recordati (Chair)	Non-Executive
Guido Guidi (Vice-Chair)	Non-Executive
Robert Koremans (Chief Executive Officer)	Executive
Michaela Castelli (Director and Lead Independent Director)	Non-Executive, Independent
Elisa Corgi (Director)	Non Executive, Independnet
Giorgio De Palma (Director)	Executive*
Luigi La Corte (Director)	Executive
Joanna Le Couilliard (Director)	Non-Executive, Independent
Giampiero Mazza (Director)	Executive*
Piergiorgio Peluso (Director)	Non-Executive, Independent
Cathrin Petty (Director)	Executive*
Kim Stratton (Director)	Non-Executive

(\* Directors identified as Executive Directors in accordance with the definition of the Corporate Governance Code as they hold executive positions in the parent companies and/or companies of the CVC Group (including the positions held also at the Company).

### *Functions assigned*

The Board of Directors complies with the Remuneration Policy, which takes into account market conditions and practices for similar positions, when defining the remuneration of the Chair and the Chief Executive Officer and that of the other directors vested with special duties pursuant to article 2389, paragraph 3, of the Italian Civil Code and of non-executive directors.

Without prejudice to the powers of the Remuneration and Nominations Committee, the Board of Directors has the following responsibilities:

- to determine the remuneration of the Directors vested with special duties, following consultation of the Board of Statutory Auditors. This remuneration is determined in line with the decisions of the Shareholders' Meeting which can determine a total amount for the remuneration of all Directors, including those vested with special duties;
- to define the objectives and approve the Company's results for the performance plans to which the determination of the variable remuneration of Executive Directors is linked;
- to approve the general criteria for the remuneration of the Key Management Personnel;
- to approve the Remuneration Report, to be submitted to the vote of the Shareholders' Meeting.

Moreover, the Board of Directors, supported by the Remuneration and Nominations Committee, monitors the correct implementation of the Remuneration Policy.

## 2.1.3 Remuneration and Nominations Committee

### Composition

The Committee currently in office was appointed by the Board on 29<sup>th</sup> April 2022 (further to the Ordinary Shareholders' Meeting that appointed the new Board of Directors on the same date), and is entirely composed of non-executive, independent Directors with specific financial expertise:

Mrs. Joanna Le Couilliar (Chair)	Mrs. Elisa Corghi (Member)	Mrs. Michaela Castelli, lawyer (Member)
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### Functions assigned

The functions currently assigned to the Committee with regard to remunerations are the follows:

- to support the Board of Directors – by formulating specific proposals or expressing opinions – in the definition, through a transparent procedure, of the remuneration policy for Directors, members of the Board of Statutory Auditors and of top management, ensuring that it contributes to the pursuit of the Company's sustainable success and that it takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role within the Company; in particular, to formulate proposals to the Board of Directors or to express opinions on the remuneration of executive directors and other directors holding particular offices, as well as on the setting of performance objectives related to the variable component of such remuneration;
- to assess periodically the adequacy and overall consistency of the remuneration policy for directors and Top Management, as well as the concrete application of the remuneration policy, ensuring that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, in light of the results achieved and other circumstances relevant to its implementation; in particular, to verify the actual achievement of the performance objectives; to this end, it makes use of information supplied by the Chief Executive Officer;
- within the scope of its tasks, to prepare, submit to the Board of Directors and monitor the application of incentive schemes for *Management* (including any share-based remuneration plans); in particular, to perform the functions assigned by the Board of Directors in relation to the administration of plans for the grant to employees and/or directors of the Company and its subsidiaries of shares of the Company itself or options (stock options) on them, without prejudice to the general responsibility of the Board of Directors for the supervision also of this matter;
- to express an opinion, either binding or non-binding, on related-party transactions of major importance and on related-party transactions of minor importance regarding remuneration, in compliance with the 'Regulations for related-party transactions' adopted by the Company in force;
- to examine in advance the report on the remuneration policy and on remuneration paid, to be made available to the public in accordance with current legislation.

For information on the functions assigned to the Committee with regard to nominations, please refer to the Report on Corporate Governance and Ownership Structure.

### Organisational rules

The proceedings of meetings of the Remuneration and Nominations Committee are governed by the following organisational rules (contained in the Committee Regulations approved by the Board of Directors):

- Committee meetings shall be chaired by the Committee Chair or, in the event of his/her absence or impediment, by the most senior member of the Committee in terms of length of service on the Board of Directors, or in the case of equality, the most senior by age;
- the Committee shall meet, upon written notice from the Committee Chair (or in the event of his/her absence or impediment, by the most senior member of the Committee in terms of length of service on the Board of Directors or, in the case of equality, the most senior by age), indicating the place, date, time and agenda of the meeting to be held at least three days prior to the one set for the meeting; in urgent cases the notice period can be shorter, but must in any case be of a minimum of 24 hours, to be held



either at the registered offices of the Company or elsewhere in Italy, as indicated in the notice to convene the meeting. The notice to convene shall be sent to Committee members by the Secretary, in accordance with instructions given by the Committee's Chair. The notice shall also be sent by the Secretary to the effective members of the Board of Statutory Auditors and any other persons invited by the Chair of the Committee to take part in the meeting;

- remote participation in meetings of the Committee shall also be admissible by means of audio-visual connection, teleconference or telephone links, on condition that all participants can be identified and that they are able to speak and at the same time examine the agenda and the related documents and pass resolutions on them. In this case the meeting is considered as held in the place where the secretary is present; in exceptional circumstances, attendance at the meeting by telecommunication means as indicated above may also involve all participants, including the Chair and the Secretary;
- the Committee meeting is validly held and validly decides with, respectively, the presence and the favourable vote of the majority of the members in office; in case of any tie votes, a new meeting, having the attendance of all members of the Committee, will be convened timely;
- the Board of Statutory Auditors shall attend the meetings of the Committee;
- the Chief Executive Officer and other corporate functions whose participation in the meetings is necessary or appropriate in relation to the duties of the Committee may also be invited to participate from time to time on invitation of the Committee and with reference to individual items on the agenda; the Head of the Group Human Resources Department attends, as a general rule, the meetings on remuneration issues.

The Chair, with the assistance of the Secretary, ensures that the information provided prior to the Committee's meeting and the additional information provided during the meetings are suitable to enable the members of the Committee to act in an informed manner in performing their role. Following the meeting, minutes shall be drawn up and the Chair shall make a report to the Board of Directors, at the first appropriate meeting, on the matters addressed and on remarks, recommendations and opinions made during the said meetings.

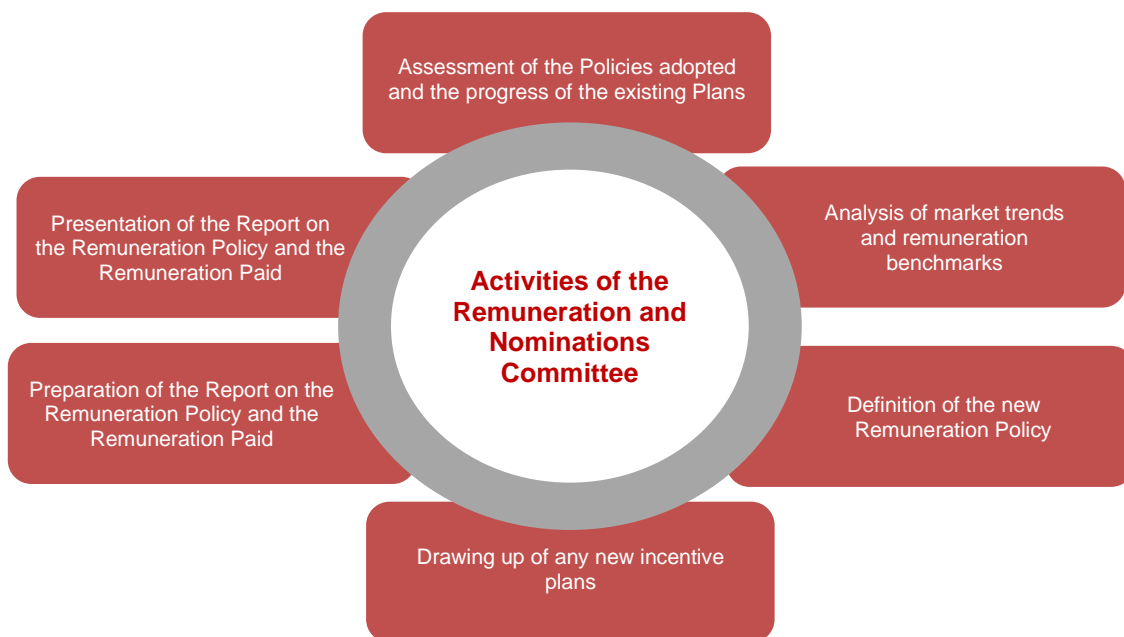
In performing its duties, the Remuneration and Nominations Committee has the right to access the Company and functions needed to perform its duties and also to make use of external consultants, under the terms and conditions laid down by the Board of Directors. The Committee shall have the right to ask for that adequate funds be made available to it to carry out its duties.

If the Committee intends to make use of the services of a consultant in order to acquire information on market practices regarding remuneration policies, the Committee shall first verify that the said consultant is not in situations that would compromise the independence of its judgement.

In order to limit the occurrence of conflicts of interest, in accordance with Article 5, Recommendation 26 of the Corporate Governance Code, no Director shall take part in the meetings of the Committee in which proposals relating to his or her own remuneration are formulated, except in the case of proposals concerning all the members of the Committees established within the Board of Directors.

## *Activities*

The Remuneration and Nominations Committee meets periodically and as often as necessary to carry out its functions according to an annual calendar that typically follows the below activity cycle:



### 2.1.4 Other intra-board Committees

It should be noted that, where provided for by internal regulations and corporate governance processes, specific remuneration and incentive issues are also discussed in the Risk, Control and CSR Committee, which formulates its opinion, making use, where deemed necessary, of the relevant internal functions.

## 2.2 Policy approval process

In line with the relevant laws and regulations in force and with the recommendations of the Corporate Governance Code, the decision-making process leading to the implementation of the Remuneration Policy and the responsibility for its correct application takes place in the following phases in which many parties are involved:



1. The Remuneration and Nominations Committee, supported by the Group's Human Resources Department, draws up the Company's Remuneration Policy for Directors, the General Manager<sup>3</sup> and the Key Management Personnel;
2. The Remuneration and Nominations Committee may avail itself of the assistance of independent experts on the matter;
3. The Remuneration and Nominations Committee submits the Policy for the Board of Directors' approval which adopts its contents regarding the remuneration policy of Directors and the Key Management Personnel and the short and long-term incentive plans. Moreover, with regard to the determination of the remuneration of the Chief Executive Officer and of the other Directors vested with special duties, the Board takes into account the opinion of the Board of Statutory Auditors;
4. The Board of Directors, having examined and approved the Policy, submits it to the vote of the Shareholders' Meeting.

<sup>3</sup> At the date of this Report there is no General Manager in place

## 2.3 Independent experts and other persons involved

Recordati regularly monitors market performance, including through the use of remuneration benchmarks which detect the practices adopted by the main market and industry players. In carrying out these analyses, Recordati made use of independent consultancy firms, which, through benchmarking remuneration surveys and reports on Executive Compensation and Corporate Governance, provided useful information in order to verify the competitiveness of the Company's remuneration offer.

In addition, the Company decided to avail itself of the support of the consultancy firm WTW also in relation to the preparation of this Report, as well as the identification of market practices in terms of remuneration of the CEO, the Key Management Personnel and the Non-Executive Directors.

For the purposes of defining the Company's Remuneration Policy, the Group Human Resources Department prepares the guidelines. This function also acts as an internal technical support body for the Remuneration and Nominations Committee, for which it prepares the preparatory material for the Committee's activities. The Administration, Finance and Control Department assists in identifying and assessing the economic and financial objectives underlying the short and long-term incentive systems. The heads of the other company departments are also consulted in order to define the project objectives or objectives relating to specific issues regarding short-term incentive systems.

The Remuneration Policy may, if necessary or appropriate, be updated by the Board of Directors, on the proposal of the Remuneration and Nominations Committee, which is responsible for periodically assessing, as better described below, its adequacy, overall consistency and effective application.

## 2.4 Derogation procedure in exceptional circumstances

As provided for by Article 123-ter, paragraph 3-bis of the TUF (Testo Unico della Finanza) updated in 2019 and by Article 84-quater of the Issuers' Regulations updated in 2020, Recordati may temporarily derogate its remuneration policies in the presence of exceptional circumstances. Exceptional circumstances are defined as only situations in which a derogation of the remuneration policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market.

If the conditions are met, the Board of Directors, on the advice of the Remuneration and Nominations Committee as the Committee responsible for Related Party Transactions as provided for in the relevant Group Procedure, may temporarily<sup>4</sup> derogate the remuneration policy in the circumstances identified above, limited to the following elements set out in Chapter 3 of Section I of this document:

- Fixed component of remuneration;
- Short-term variable component (STI);
- Long-term variable component (LTI);
- Non-monetary benefits;
- Severance pay;
- Additional insurance, social security and pension coverage.

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<sup>4</sup> The Board resolution will determine the duration of this derogation and the specific elements of the Policy that are derogated

# 3. The Company's

## Remuneration Policy

### 3.1 Purposes of the Policy and its link with corporate strategy

The purposes pursued with the Remuneration Policy, which has a yearly duration, are to meet the objective of establishing a remuneration that meets the requirements to:

- be sufficient to attract, retain and motivate *Managers* with the professional qualifications required to successfully manage the organisational and managerial complexity of the Company and of the Group;
- align *Managers'* interests with the pursuit of the priority objective of creating value for shareholders in the medium to long-term horizon;
- link a significant part of the total remuneration to the achievement of specific performance objectives, both qualitative and quantitative, determined in advance and in line with the development lines of the Company and of the Group.

The Remuneration Policy is also defined in line with the strategy of the Company and of the Group.

Recordati's strategic vision is to continue with the profitable growth that the Company has been sustaining since the early nineties, focusing on both organic growth and development through strategic acquisitions in both the Rare Diseases business and in the Specialty and Primary Care business, with the objective of strengthening its presence in selected markets worldwide. In fact, over the last few decades, the Group has grown steadily, thanks to the success of its products and its growth model based on internalisation and diversification, implemented precisely through an acquisition strategy that is still underway, in addition with the organic growth of the business. All of this takes place in a context of searching for new opportunities and continuous market evolution.

In addition, starting in 2018, the Company has also undertaken several initiatives in the field of sustainability. In fact, given the nature of the Company, sustainability is an integral part of the Group's strategy, aimed at bringing benefits not only to patients but also to all the stakeholders with whom the Company interacts, including shareholders, customers, scientific and business partners, collaborators and local communities.

To this end, each of the remuneration components offered to the Company's Management responds to a precise purpose for the pursuit of this strategic vision and, thanks to an adequate balance between fixed and variable components, contributes to the structuring of a remuneration package that, overall, ensures an effective alignment between Management remuneration and shareholders' interests, expressed primarily by the proportionality between the value of the variable components accrued and the results achieved, both in the short and long-term.

Below are the features of Recordati's Remuneration Policy, confirming its alignment to the interests of its shareholders:

## Remuneration component

## Features and Purposes

<b>Fixed remuneration</b>	<ul style="list-style-type: none"><li>▪ It includes all the fixed annual remuneration (<i>i.e.</i> gross annual salary from employment, remuneration for directors, remuneration for special positions).</li><li>▪ It is defined in such a way as to be adequately balanced with respect to the variable component and consistent with the Company's strategic objectives and risk management policy, also taking into account the characteristics of the industry in which the Company operates.</li></ul>
<b>STI</b> <i>(Short-term variable incentive)</i>	<ul style="list-style-type: none"><li>▪ It is commensurate with the role held, as well as on the nature of the impact on the Company's overall results in the short-term.</li><li>▪ It is linked to the achievement of annual, quantitative and/or qualitative performance objectives that are objectively measurable and consistent with the objectives set out in the Company's strategic plan and sustainability policy.</li><li>▪ It is designed – in line with market practice - to be reduced or increased in proportion to the level of performance generated with respect to the objectives assigned.</li></ul>
<b>LTI</b> <i>(Performance Share)</i>	<ul style="list-style-type: none"><li>▪ It is commensurate with the role held, as well as on the nature of the impact on the Company's overall results in the long-term.</li><li>▪ It is linked to the primary objective of creating relative value for shareholders, via the presence of relative TSR and consistent with the objectives of the strategic plan in terms of Adjusted Net Income e net Revenues.</li></ul>

The objectives of the variable incentive systems themselves have been identified to support the Company's strategy, as illustrated below:



### **Economic and financial objectives:**

These are the main objectives. Operating Income, Revenues and Net Profit for the MBO are objectives that represent measures capable of summarizing Recordati's many businesses and thus to fully assess the Group's results. Cumulated Adjusted Net Income budget and cumulated Net Revenues budget are among the targets of the mid-long term plan and are considered able to reflect the Group's business results.



### **Value creation for Shareholders:**

The natural connection of the Performance Share plan with the relative value of the Recordati's share price, compared with a panel of competitor companies, due to the presence in the medium- long-term plan of the relative TSR index, it determines a strong alignment between the interests of the Shareholders and those of the Top Management further strengthened by the total of 5 years time horizon (of which 2 refer to lockup period).



### **Growth through strategic acquisitions:**

Among the objectives of the MBO scheme, the Acquisition/Licensing objective, assigned to the Chief Executive Officer in addition to driving pipeline development projects and certain Key Management Personnel, supports the Group's acquisition strategy, which has always been a key element for the growth of the Company.



### **Environmental, Social, and Governance (ESG):**

The implementation of a new style of work more oriented towards engagement, talent attraction and development, the adoption of production methods more oriented towards environmental sustainability are elements present in the remuneration policy to strengthen the link with the strategy regarding environmental, social and governance issues

Recordati's Remuneration Policy is also consistent for all employees. In fact, the Company monitors the remuneration and working conditions of its employees annually. The definition of transparent remuneration policies and based on merit, the training activities designed to develop new skills, the offer of additional benefits for all employees are fundamental in this respect.

### 3.1.1 Recordati's Sustainability Plan

The Recordati Group's Sustainability Plan, defined in line with the materiality analysis carried out, focuses on five priority areas: ethics and integrity, responsibility towards patients, attention to people, environmental protection and responsible sourcing. It is a fundamental tool for sharing the journey with stakeholders and represents the expression of the Group's ambitions and what it wants to commit itself to contributing to sustainable and responsible development. In a logic of continuous improvement, the Plan provides for periodic monitoring and updating. To this end, in 2022 Recordati worked on updating the targets included in the Plan, after updating the Materiality analysis.



More information on Recordati's Sustainability Plan are available in the 2021 Consolidated Non-Financial Statement published on the Company's website.

Recordati's Remuneration Policy is closely linked to its Sustainability Plan. Among the objectives of the CEO's MBO system, there are the main social and environmental objectives of the Sustainability Plan related to patient care, people care, environmental protection, ethics & integrity and responsible sourcing. In addition, social and environmental objectives, linked to the implementation of the Plan itself, are attributed to a manager with strategic responsibility, the Executive VP Group Industrial Operations. ESG objectives are also attributed to other Managers of the Group, among the objectives of the STI (MBO) system. The assignment of these objectives supports the

strategy on environmental, social and governance issues, focusing the attention of Top Management on the implementation of the Plan.

### 3.1.2 Compensation and working conditions of employees

The Company monitors working conditions and remuneration annually, in order to promote a consistent remuneration policy for all employees, both at Headquarter and Subsidiary level, in line with the Principles of the Sustainability Policy. Among the most significant commitments in the Human Resources area, there are initiatives relating to the area of:

- Health & Safety
- Training
- Engagement activities
- Diversity & Inclusion also with a focus on the gender gap and gender representation in the companies of the Group
- Benefits and welfare policies

## 3.2 Principles and criteria underlying the Policy

The principles and criteria underlying the Remuneration Policy are as follows:

- to facilitate the pursuit of the sustainable success of the Company;
- to provide for a balance between the fixed and variable components - depending on the role performed, i.e. the nature of the impact on the Company's overall results - that is appropriate and consistent with the Company's strategic objectives and risk management policy, taking into account the business' characteristics and the industry in which it operates, providing that the variable component represents in any case a significant part of the overall remuneration;
- to provide for maximum limits for variable components - in line with the objectives of the strategic plan -, linking them to predetermined, measurable, qualitative and quantitative performance objectives linked to the creation of value for shareholders in both the short and medium to long-term horizon;
- to encourage the retention and protection of the Group's key resources by encouraging them to remain within the Group.

## 3.3 Implementation of the 2023 Remuneration Policy

For Directors, the Remuneration Policy is in place for the 2022-2024 mandate approved by the Board of Directors on March 17<sup>th</sup>, 2022 that provides the set of remuneration consistent with the role complexity and the required commitment, in line with current market benchmarks.

The Ordinary Shareholders' Meeting held on April 29<sup>th</sup>, 2022 has defined the relative remuneration as far as it is concerned

In implementing the aforementioned principles, it should be noted that:

- the remuneration of Directors not vested with special duties is determined in order to ensure full alignment with the activities required by participation in the Board of Directors and the Board Committees, with a differentiation in the Chair's remuneration with respect to the members of each Committee;
- the remuneration of the Chair of the Board of Directors consists of a fixed remuneration commensurate with the position held;
- the remuneration of the Chief Executive Officer is adequately balanced between:
  - a fixed component, commensurate with the powers and/or responsibilities assigned;
  - a variable component linked to the achievement of predetermined, measurable and defined objectives so as to ensure the remuneration of the performance in both the short and the long-term timeline, in line with the economic and financial targets of the Group's Strategic Plan.

## 3.4 Remuneration of the Board of Directors and of the Board of Statutory Auditors

This section highlights the main features of the remuneration policy for the members of the Board of Directors and of the Board of Statutory Auditors.

### 3.4.1 Remuneration of the Board of Directors

#### *Remuneration by the Shareholders' Meeting*

Recordati's Board of Directors is composed of Executive and Non-Executive Directors. With reference to the former, indication is provided in the following paragraphs.

With regard to Non-Executive Directors, for which article 5 of the Corporate Governance Code provides that the remuneration shall not be – other than for an insignificant portion – linked to the financial performance objectives achieved by the Company. Recordati has established a single fixed annual remuneration, thus fully falling within the provisions of the article. For the 2022-2024 term of office, this remuneration was determined by the Shareholders' Meeting of April 29<sup>th</sup> 2022 and is equal to:

<b>Non-Executive Directors</b>	
Remuneration pursuant to article 2389, paragraph 1, of the Italian Civil Code	€ 60,000

These Directors are also entitled to reimbursement of expenses incurred in the performance of their duties as well as third party liability insurance coverage.

#### *Remuneration for participation in Board Committees*

The Board of Directors has set up an internal Remuneration and Nominations Committee and a Risk, Control and CSR Committee, both of which have proposal and advisory functions and consist solely of independent Directors.

For the 2022-2024 term of office, the annual remuneration of the Directors for participation in the Board Committees was determined by the Board of Directors on May 10<sup>th</sup> 2022, following the consultation of the Board of Statutory Auditors, and is made up as follows:

<b>Remuneration and Nominations Committee</b>		<b>Risk, Control and CSR Committee</b>	
Chair	€ 25,000	Chair	€ 32,500
Member	€ 10,000	Member	€ 20,000

### 3.4.2 Remuneration of the Board of Statutory Auditors

The annual remuneration of the Members of the Board of Statutory Auditors consists of only the fixed component, commensurate with the commitment required of each of them. The remuneration of the current Board of Statutory Auditors, appointed at the Annual General Meeting of 29<sup>th</sup> April 2020 and in office until the Shareholders' Meeting called to approve the 2022 Financial Statements, was determined by the same Annual General Meeting, based on the benchmarking analysis conducted by Willis Towers Watson on the remuneration practices in industrial and services companies belonging to FTSE MIB Italia index, and is equal to:

<b>Board of Statutory Auditors</b>	
Chair	€ 62,000
Statutory Auditor	€ 45,000

The Ordinary Shareholders' Meeting scheduled for April 27, 2023, will appoint the new Board of Statutory Auditors and - to the extent of its competence - may define the relevant remuneration.

## 3.5 Remuneration of the Chair of the Board of Directors

For the 2022-2024 term of office, the total remuneration for the position as Chair of the Board of Directors consists exclusively of the fixed component.



The annual remuneration of the Chair of the Board of Directors, in office until the Shareholders' Meeting called to approve the Financial Statements as of December 31<sup>st</sup>, 2024, was updated by the Board of Directors on December 1<sup>st</sup>, 2021 accordance with the nomination of Mr. Andrea Recordati and is equal to:

<b>Chair of the Board of Directors</b>	
Remuneration pursuant to article 2389, paragraph 1, of the Italian Civil Code	€ 60,000
Remuneration for special positions pursuant to article 2389, paragraph 3, of the Italian Civil Code	€ 240,000
<b>Total Remuneration</b>	<b>€ 300,000</b>

### 3.6 Remuneration of the Chief Executive Officer and of Executive Directors

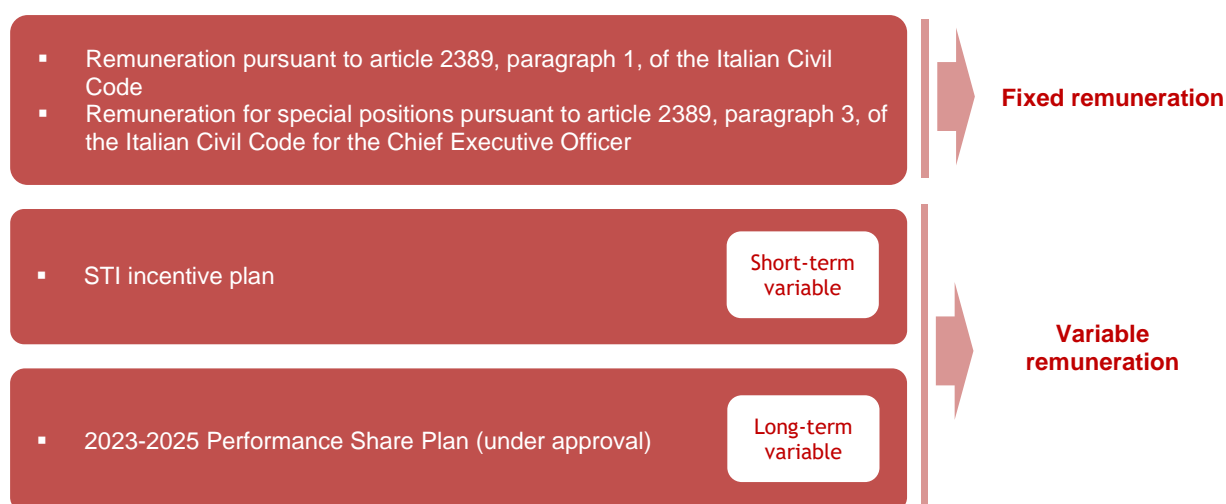
The Remuneration Policy for Recordati's Chief Executive Officer as an executive Director is defined in accordance with the specific powers granted to the role, the purposes on which the Company's Remuneration Policy is based, as well as the remuneration levels and best market practices.

With respect to the other Executive Directors that are not in charge as Recordati managers, defined as such in accordance with the provisions of the Code, namely, at the date of this report,

- Giorgio De Palma;
- Giampiero Mazza
- Cathrin Petty

The Shareholders' Meeting of 29<sup>th</sup> April 2022, on the basis of the proposal made by the shareholder FIMEI S.p.A., did not resolve upon any remuneration pursuant to article 2389, paragraph 1, of the Italian Civil Code, in favour of these persons (without prejudice to the right of reimbursement of expenses incurred in the performance of their duties) as they had previously declared that they did not wish to receive any remuneration. Therefore, the details of only the aforementioned CEO position are shown below.

The overall remuneration of the Chief Executive Officer is structured into a fixed component of a short-term variable and a long-term variable, identified as follows:



#### 3.6.1 Market references and peer groups

During 2022, Recordati performed a benchmark analysis to verify that the remuneration packages of the Chairman and Chief Executive Officer were aligned to best market practices.

### Remuneration benchmark for the Chairman of the Board of Directors

For the Chairman of the Board of Directors, the assessment of the remuneration position was carried out, upon the appointment, with reference to the role of non-executive Chairman of listed Italian companies in the industrial sector. For the purposes of identifying the reference cluster for Recordati, companies comparable to Recordati in terms of market capitalization and share structure were considered.

Peer group	
A2a	Italgas
Amplifon	Leonardo
Atlantia	Moncler
Buzzi Unicem	Pirelli & C.
Diasorin	Prysmian
Enel	Saipem
Eni	Snam
Hera	Telecom Italia
Interpump Group	Terna - Rete Elettrica Nazionale
Inwit	

### Remuneration benchmark for the Chief Executive Officer

For the Chief Executive Officer, the assessment of remuneration positioning was carried out, upon the appointment, in comparison with the remuneration value of Chief Executive Officers of both Italian and European companies, as illustrated below. The remuneration comparison was performed during 2021 with the support of the consulting firm WTW. Another benchmarking analysis (carried out by Russell Reynolds) was also adopted. In view of any changes in market conditions, this valuation may be subject to revision in order to be consistent with the provisions of Section 3.3.

#### PEER GROUP - ITALIAN COMPANIES

In continuity with the past year, the peer group identified is characterised by Italian companies belonging to the FTSE MIB Italia index, comparable to Recordati in terms of market capitalisation at June 1<sup>st</sup>, 2021.

#### Peer group - Italian companies

Amplifon	Pirelli & C.
Atlantia	Prysmian
DiaSorin	Saipem
Interpump Group	Snam
Italgas	Telecom Italia
Leonardo	Terna

#### PEER GROUP - PHARMACEUTICAL COMPANIES

In continuity with the past year, the peer group identified is characterised by Italian and European companies operating in the pharmaceutical sector, both listed in the STOXX Europe TMI Pharmaceuticals index and privately held.

#### Peer group – Pharmaceutical companies

AstraZeneca	Ipsen
Bayer	Merck
Chiesi Farmaceutici	Novartis
Dechra Pharmaceuticals	Recipharm

DiaSorin	Roche
GlaxoSmithKline	Sanofi
Grifols	UCB
Hikma Pharmaceuticals	Zambon
Indivior	

### 3.6.2 Fixed component of remuneration

The fixed component of the remuneration of the Chief Executive Officer is commensurate with the duties and responsibilities assigned. Moreover, in line with the Corporate Governance Code, this component is determined in such a way as to be adequately balanced with respect to the variable component and consistent with the company's strategic objectives and risk management policy, also taking into account the characteristics of the industry in which the Company operates and which is listed. However, the variable component is expected to represent a significant part of the total remuneration.

The Remuneration Policy of the current CEO is defined in accordance with the specific powers conferred, as well as with the remuneration levels and market best practices.

Below are the elements that make up the fixed remuneration of the Chief Executive Officer:

<b>Chief Executive Officer</b>	
Remuneration pursuant to article 2389, paragraph 1, of the Italian Civil Code	€ 60,000
Remuneration for special positions pursuant to article 2389, paragraph 3, of the Italian Civil Code <sup>5</sup>	€ 890,000
<b>Total Remuneration</b>	<b>€ 950,000</b>

For the CEO, the Remuneration Policy for the 2022-2024 mandate approved by the Board of Directors on March 17<sup>th</sup>, 2022 provides the definition of remuneration consistent with the complexity of the role and the commitment required, in line with current market benchmarks.

### 3.6.3 Short-term variable component (STI)

The short-term variable component of the remuneration package for the Chief Executive Officer is linked to an incentive scheme by objectives (MBO, Management by Objectives). On the basis of this scheme, a bonus is paid in cash on the achievement of the annual results defined by the Board of Directors, on the proposal of the Remuneration and Nominations Committee, and measured according to pre-established management parameters and weights.

Specifically, the MBO system provides for the assignment to each beneficiary of economic-financial objectives (Group EBITDA, Group Net Revenues and Group Net Profit) and individual strategic objectives. There is also a circuit breaker identified in the Group's EBITDA indicator, which if not achieved will result in the zeroing of the entire bonus.

Through the inclusion among the individual objectives of each beneficiary of an important Group objective such as the EBITDA, Recordati's MBO system tends not so much to reward individual performance in itself, but rather individual performance in a context of operating results such as to allow the payment of bonuses, in line therefore with the principle of aligning the interests of Management and Shareholders and with a view to pursuing the Company's long-term interests in line with Strategic Plan.

The following tables show the performance objectives defined for 2023 for the Chief Executive Officer:

<sup>5</sup> The amount includes the non-compete and non-solicitation agreement recognized by the Company to the Chief Executive Officer

## 2023 MBO OBJECTIVES - CHIEF EXECUTIVE OFFICER

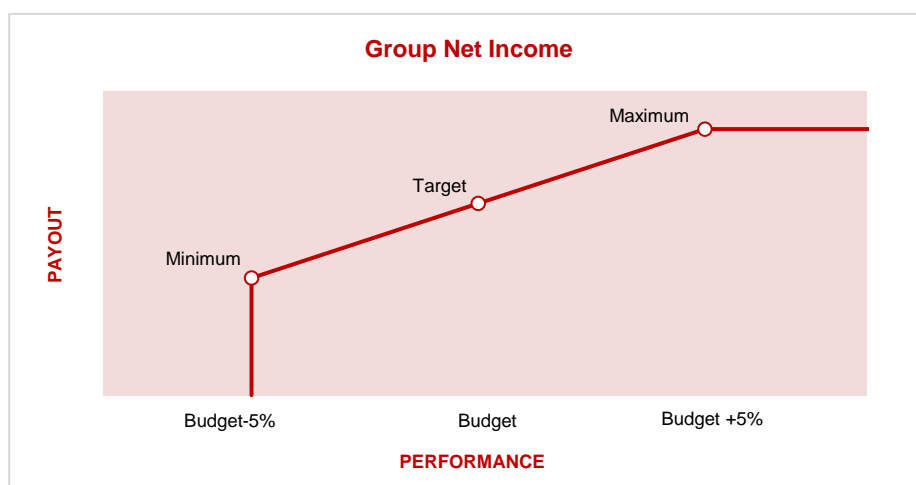
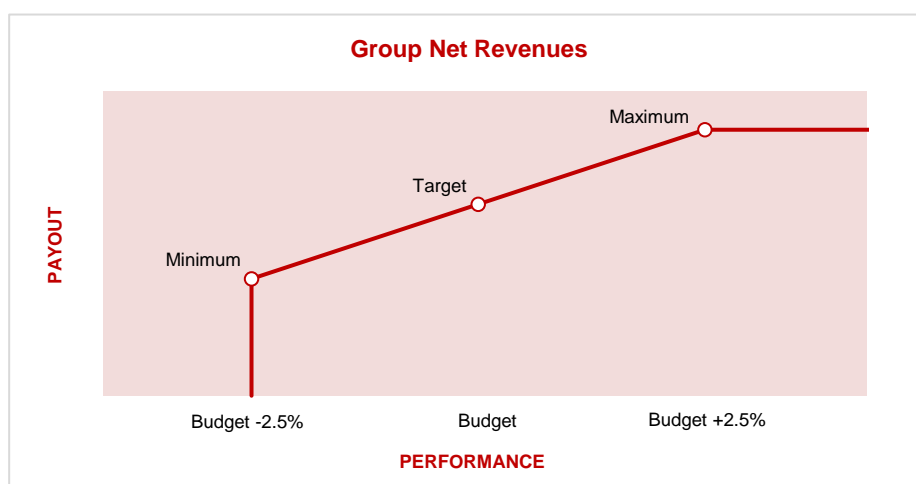
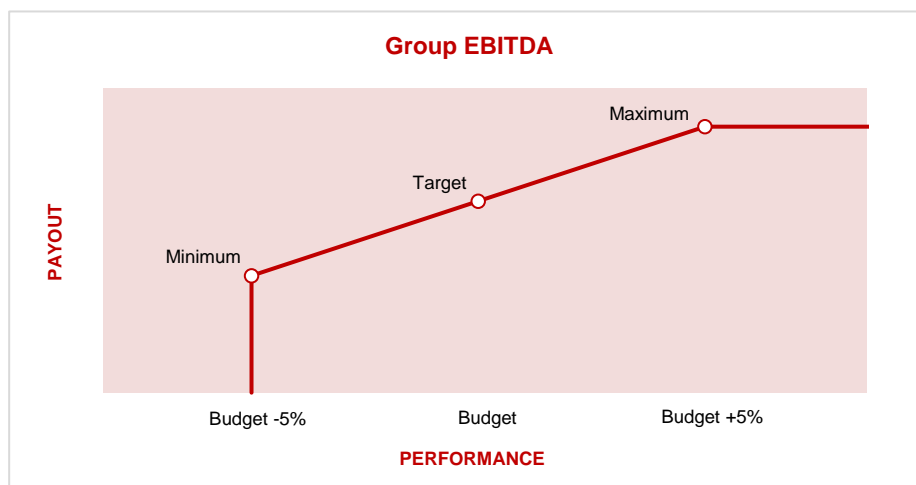
CIRCUIT BREAKER	ON/OFF CONDITION
Group EBITDA	Activation of the scheme only if at least 95% of the budget objective is achieved
OBJECTIVES	FEATURES
<b>ECONOMIC AND FINANCIAL OBJECTIVES (60%)</b> set excluding new M&A/licensing transactions related to products already on the market, performed during the reference financial year	<b>Threshold: 20% of the Fixed Remuneration</b> <b>Target: 40% of the Fixed Remuneration</b> <b>Maximum: 60% of the Fixed Remuneration</b>
1. Group EBITDA (30%)	The result is measured in relation to the predefined budget. The following performance levels are provided: <ul style="list-style-type: none"> <li>• Threshold: budget – 5%</li> <li>• Target: budget</li> <li>• Maximum: budget +5%</li> </ul>
2. Group Adjusted Net Revenues (20%)	The result is measured in relation to the predefined budget. The following performance levels are provided: <ul style="list-style-type: none"> <li>• Threshold: budget – 2.5%</li> <li>• Target: budget</li> <li>• Maximum: budget +2.5%</li> </ul>
3. Group Adjusted Net Income (10%)	The result is measured in relation to the predefined budget. The following performance levels are provided: <ul style="list-style-type: none"> <li>• Threshold: budget -5%</li> <li>• Target: budget</li> <li>• Maximum: budget +5%</li> </ul>
<b>STRATEGIC OBJECTIVES (40%)</b>	<b>Threshold: 13.3% of the Fixed Remuneration</b> <b>Target: 26.7% of the Fixed Remuneration</b> <b>Maximum: 40% of the Fixed Remuneration</b>
1. Acquisition/Licensing (15%)	The objective is linked to the signing of M&A/Licensing transactions. The result is measured in relation to value in € Mil current/peak sales achieved. Three different performance levels are provided.
2. Carry out project to identify improvements in Group Industrial Operations and Group Purchasing. Implement appropriate tools and procedures to drive operational performance (15%)	The objective is linked to the achievement of some relevant Cost of Goods, Industrial Plan and procurement targets. Three different performance levels are provided.
3. Driving pipeline development projects according to planned milestones (5%)	The objective is linked to the achievement of some relevant pipeline development milestones. Three different performance levels are provided.
4. Achievement of ESG initiatives for 2023, as per the ESG Plan (5%)	The objective is linked to the achievement of some relevant objectives (milestones) related to patient care, people care, environmental protection, ethics & integrity and responsible sourcing

The Company reserves the right not to provide the annual value of the parameters as it considers this information to be sensitive. More detailed information regarding the level of achievement of the objectives will only be communicated at the end of the performance period.

The right to payment of the bonus accruals upon approval by the Board of Directors of the consolidated financial statements, which show that at least 95% of the Group EBITDA objective that was set when the objective was

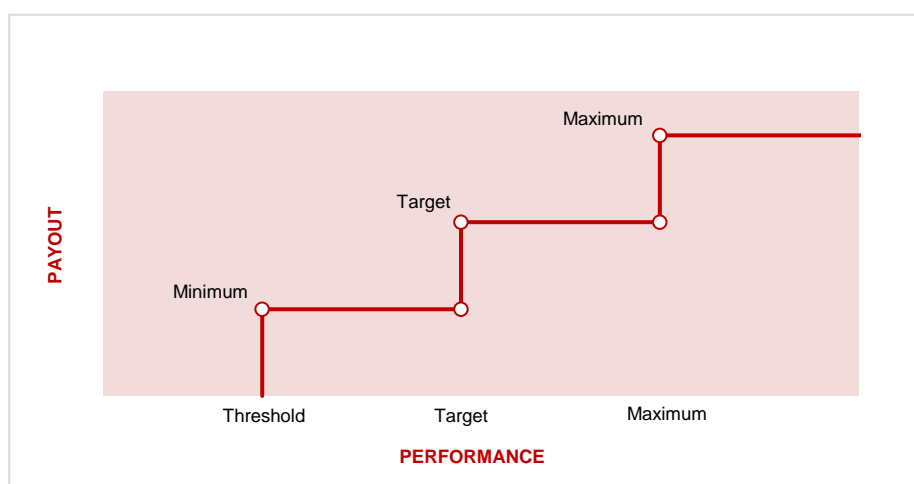
determined has been achieved. The payment of the bonus is made during the financial year in which the aforementioned consolidated financial statements are approved.

The amount of the incentive actually paid varies according to the level of achievement of the targets assigned to the individual objectives. The following charts illustrate the bonus opportunities awarded to the Chief Executive Officer according to their financial objectives (EBITDA, Group Net Revenues and Group Net Income):



For the Chief Executive Officer, the remaining 40% of the bonus is calculated on the basis of the Acquisition/Licensing objective and the improvements in Group Industrial Operations and Group Purchasing and the driving of pipeline development projects according to planned milestones as well as the completion of the ESG initiatives for 2023 as part of the Sustainability Plan related to patient care, people care, environmental protection,

ethics & integrity and responsible sourcing, whose incentive curve is illustrated in the following chart:



In the event of failure to achieve 95% of the Group EBITDA objective, nothing is due. In the event of over-performance, it is not possible to obtain a bonus higher than the maximum one set, which for the Chief Executive Officer is equal to 100% of his fixed remuneration.

The following table summarizes the potential bonus pay-outs for the Chief Executive Officer according to the different performance levels:

	CEO
Threshold	380.000 €
Target	641.250 €
Maximum	950.000 €

The short-term variable component to be paid to the Chief Executive Officer is equal to **€ 950,000** gross per year if the maximum overall performance is achieved.

In setting the MBO objectives of the Chief Executive Officer, the Board of Directors may, subject to the opinion of the Remuneration and Nominations Committee, assess the achievement of such objectives net of significant extraordinary items, where appropriate, on an equitable basis.

At present, there is no need to defer the payment of this bonus with respect to the time when the right to receive it is acquired, because it is part of a scheme that is already significantly challenging and which, with a view to continuity, favours the setting of the same objectives for each financial year; moreover, the circuit breaker of the scheme and its main objective, represented by the Group EBITDA, is a target that all the above persons contribute to achieving, without the individual person being able to influence this achievement exclusively. Finally, it should be noted that the deferral of part of the variable remuneration is in any case ensured by the long-term incentive scheme based on the assignment of Performance Share (subject to AGM approval), as described below, further strengthened by the lockup mechanism bundle in the same plan for Key Management Personnel.

Without prejudice to the right to compensation for any further damages, the Company reserves the right, within 5 years from the payment and regardless of whether the relationship is still ongoing or terminated, to request the Chief Executive Officer to refund the bonus already paid (the so-called 'clawback'), if one of the following cases occurs:

- fraudulent and/or gross negligently behaviour by the beneficiary to the detriment of the Group;
- serious and intentional breaches of law and/or of the Code of Ethics and/or of company rules;
- payment of the bonus on the basis of data which subsequently result as manifestly inaccurate or fraudulently altered.

### 3.6.4 Long-term variable component (LTI)

A significant component of the variable remuneration of Recordati's Chief Executive Officer is oriented towards a long-term horizon in order to strengthen the interests of sustainable creation of value for Shareholders and Stakeholders and is based on the assignment of performance share.

The Recordati Group deems that this scheme ensures the full and constant alignment between the interests of Top Management and that of Shareholders, as it is linked both to the relative growth in value of the Recordati Share, compared with a panel of competitor companies, both to economic/financial objectives set out in the strategic plan.

During 2022, the Company defined the new 2023-2025 Performance Share Plan that will be approved by the Shareholders' Meeting of 21<sup>st</sup> April 2023 subject to the cancellation of the third tranche of 2021-2023 Stock Option plan.

It should also be noted that the 2014-2018 Stock Option Plan, the 2018-2022 Stock Option Plan and 2021-2023 Stock Option Plan, approved by the Shareholders' Meeting respectively on 17<sup>th</sup> April 2014, on 18<sup>th</sup> April 2018 respectively (and subsequently amended on 11<sup>th</sup> April 2019) and 20<sup>th</sup> April 2021 continue to regulate the tranches of options allocated on the basis of those plans.

The 2023-2025 Performance Share plan provides for the grant to the beneficiaries of the right to receive free of charge a certain number of the Company's Shares, after a certain period of time (vesting period) has elapsed, once the condition for the achievement of the performance objectives indicated below has been met.

The grant of shares under the 2023-2025 Performance Share Plan occurs on annual basis (the so-called 'rolling approach') and takes place in three cycles starting from the 2023, 2024 and 2025 financial years. The number of shares granted to each beneficiary is linked to the importance of the organisational role held by the various top positions. Depending on the performance conditions, the maximum number of achievable shares may be 175% of the shares granted. The Executive Directors include the Company's Chief Executive Officer and CFO as beneficiary.

The rights to receive the shares granted to beneficiaries vests no less than 3 years after the grant date (so-called 'vesting period').

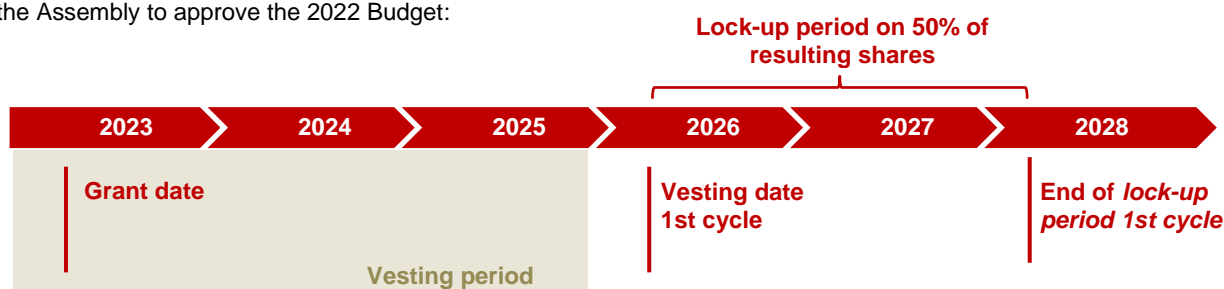
A condition for the allocation of shares granted is the achievement of a series of performance objectives, which are based on the Adjusted Net Income Budget, cumulated over the three-year reference period, to the three-year cumulative Net Revenues Budget and Total Shareholder Return (TSR) against a panel of companies.

Panel of companies for Total Shareholder Return		
Almirall	Amplifon	DiaSorin
Grifols	Ipsen	Jazz Pharmaceuticals
Lundbeck	Orion	Pharming
Sobi	UCB	

The existence of such performance clauses in the 2023-2025 Performance Share Plan are also in line with the principle of consistency of the Remuneration Policy with the pursuit of the interests of the Company and its Shareholders to which the interests of management must be aligned.

The Plan also requires beneficiaries who are members of Recordati's top management to continuously hold a number of shares - equal to 50% of the shares resulting after the sale of the shares necessary to cover the payment of the tax, social security and welfare charges - until the end of the 24<sup>th</sup> month following the relevant vesting date.

The following is a timeline of the 2023-2025 Performance Share Plan for the first allocation cycle pursuant to the resolution of the Board of Directors of 24 February 2023, the effectiveness of which is subject to the approval of the Assembly to approve the 2022 Budget:



Without prejudice to the right to compensation for any further damages, the Company reserves the right (so-called 'clawback'), within 5 years from the vesting date and regardless of whether the relationship is still in existence or terminated, to obtain from the Beneficiary to return the shares held by the Beneficiary less a number of shares of a value corresponding to the tax, social security and welfare contributions, (possibly also by offsetting them against the remuneration and/or severance indemnity of the Beneficiary) if the shares of the Beneficiary have already been sold, should any of the following cases occur:

- fraudulent and/or grossly negligent behaviour of the beneficiary to the detriment of the Group;
- serious and intentional violations of laws and/or the Code of Ethics and/or company rules;
- payment of the bonus on the basis of data that is subsequently found to be manifestly inaccurate or intentionally altered.

For further information on the Plans, please refer to the information documents published in the Corporate Governance section of the Company's website: ([https://www.recordati.com/en/corporate\\_governance/remuneration/stock\\_option\\_plans/](https://www.recordati.com/en/corporate_governance/remuneration/stock_option_plans/)).

### 3.7 Remuneration of Key Management Personnel

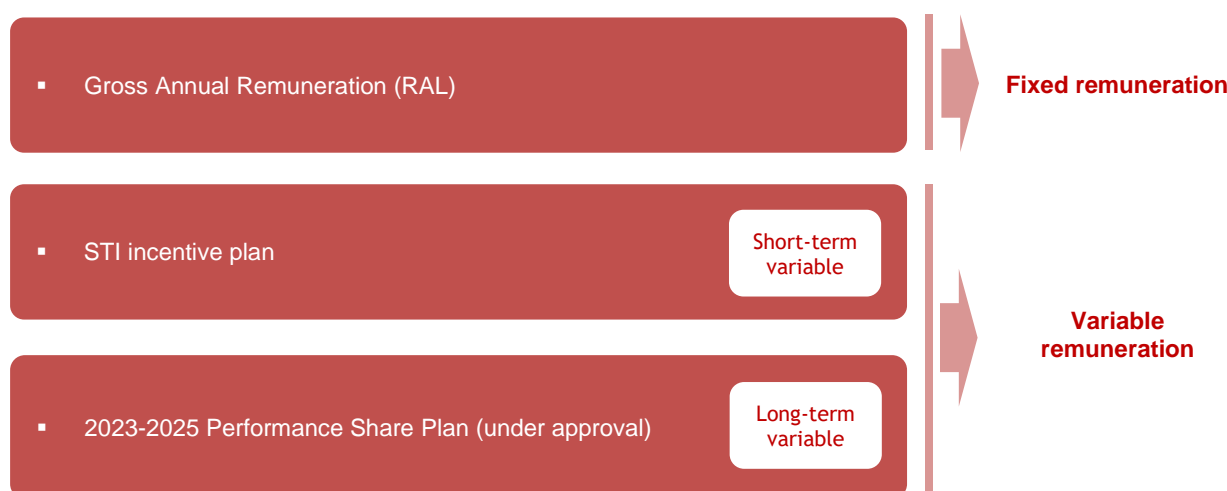
Key Management Personnel are those persons who have the power and responsibility, directly or indirectly, for planning, management and control of the Company's activities. At the date of this Report, the following persons are Key Management Personnel:

- Luigi La Corte – Group Chief Financial Officer, that is also a member of Board of Directors;
- Alberto Martinez – Executive VP Specialty and Primary Care Business Unit;
- Scott Pescatore – Executive VP Rare Disease Business Unit;
- Gabriele Finzi – Executive VP Corporate Development, Licensing and Innovation;
- Roberto Teruzzi – Executive VP Group Industrial Operations;
- Raffaele Sabia – Senior VP R&D and Medical Affairs.

In defining the Remuneration Policy for Key Management Personnel, it was taken into account that these were recipients of a Policy in which a part of the remuneration is linked to the achievement of specific performance objectives, non-financial objectives, predetermined, measurable and linked in significant part to a long-term horizon. They are consistent with the Company's strategic objectives and are aimed at promoting its sustainable success (Article 5, Recommendation 27 of the Corporate Governance Code).

The managerial employment relationship of Key Management Personnel in Italy is governed by the applicable National Collective Bargaining Agreement (CCNL) of companies producing goods and services in force. For other Key Management Personnel employed by the Group's foreign subsidiaries, the employment relationship is governed by the applicable local regulations and, where applicable, by the collective bargaining agreements provided where the subsidiary is located. In Italy the general treatments provided for Executives are applicable to Key Management Personnel in addition to those listed below.

The total remuneration of Key Management Personnel is structured into a fixed remuneration and a short and a long-term variable remuneration, identified as follows:





### 3.7.1 Fixed component of remuneration

The fixed component of the remuneration of the Key Management Personnel, the Gross Annual Remuneration (*Retribuzione Annuale Lorda* - RAL), *i.e.* the contractually guaranteed annual remuneration, is monitored for all the top positions by the industry remuneration surveys and its value is positioned, in order to meet adequate retention and remuneration criteria, at a competitive level with respect to the market.

Changes over time in the fixed component of remuneration are implemented on the basis of growth rules that take into account the role, the level of performance over time and the pay gap with respect to the remuneration levels of the reference market.

### 3.7.2 Short-term variable component (STI)

Recordati's Key Management Personnel are beneficiaries of the same short-term incentive scheme (MBO, Management by Objectives) assigned to the Chief Executive Officer. Therefore, what has been described above is intended to be fully referred to herein, with the exception of the performance objectives assigned and the bonus opportunities of the beneficiaries.

The following table shows the type of objectives assigned to the Key Management Personnel:

#### 2023 MBO OBJECTIVES - KEY MANAGEMENT PERSONNEL

CIRCUIT BREAKER	ON/OFF CONDITION
Group EBITDA	Activation of the scheme only if at least 95% of the budget objective is achieved

All Key Management Personnel have the following Group objectives:

OBJECTIVES	FEATURES
<b>ECONOMIC AND FINANCIAL OBJECTIVES</b>	Set excluding new M&A/licensing transactions related to products already on the market, performed during the reference financial year
Group EBITDA	<p>The result is measured in relation to the predefined budget. The following performance levels are provided:</p> <ul style="list-style-type: none"> <li>• Threshold: budget -5%</li> <li>• Target: budget</li> <li>• Maximum: budget +5%</li> </ul>

The Key Management Personnel are also assigned, depending on the position held, other economic and financial objectives (set excluding M&A/licensing transactions related to products already on the market, performed during the reference financial year), and/or qualitative objectives, with different weights:

OBJECTIVES	FEATURES
Net Revenues (based on specific remit)	<p>The result is measured in relation to the predefined budget. The following performance levels are provided:</p> <ul style="list-style-type: none"> <li>• Threshold: budget -2.5%</li> <li>• Target: budget</li> <li>• Maximum: budget +2.5%</li> </ul>
Profitability (based on specific remit)	<p>The result is measured in relation to the predefined budget. The following performance levels are provided:</p> <ul style="list-style-type: none"> <li>• Threshold: budget -5%</li> <li>• Target: budget</li> <li>• Maximum: budget +5%</li> </ul>
Management Objectives	There are individual objectives linked to specific responsibility areas measured on a performance scale that provides for a threshold, a target and a maximum level which corresponds a predefined portion of the bonus.

The Company reserves the right not to provide the annual value of the parameters as it considers this information to be sensitive.

More detailed information regarding the level of achievement of the objectives will only be communicated at the end of the performance period.

As mentioned in section 3.1.1, one Key Management Personnel member is also assigned ESG objectives.

In the event of over-performance, it is not possible to achieve a bonus higher than the maximum set, which, for Key Management Personnel, can vary from 65% to 75% of the annual base salary depending on the position held.

### 3.7.3 Long-term variable component (LTI)

A component of the variable remuneration of Recordati's Key Management Personnel is oriented towards a long-term horizon in order to strengthen the interests of sustainable creation of value for Shareholders and Stakeholders.

Recordati's Key Management Personnel are beneficiaries of the same long-term incentive scheme (LTI) as that envisaged for the Chief Executive Officer, i.e. the 2023-2025 Stock Performance Share Plan, submitted for approval to the Shareholders' Meeting of 21<sup>st</sup> April 2023 and, upon exhaustion the 2021-2023 Stock Option Plan, approved by the Shareholders' Meeting of 20<sup>th</sup> April 2021, and, the 2014-2018 Stock Option Plan, the 2018-2022 Plan. Therefore, the contents of the preceding paragraphs are to be considered referred to here in full.

Under the proposed 2023-2025 Performance Share Plan, Recordati's Key Management Personnel will be awarded shares with a value at grant based on 90% salary

## 3.8 Further information on remuneration

### 3.8.1 Transaction Bonus and Integration Bonus

Recordati's Remuneration Policy provides for the possibility of paying a bonus linked to the achievement of significant results for the Group in the case of significant business development transactions (M&A/Licensing). This provision is linked to the strategic importance of such transactions as a growth mechanism for the Recordati Group, as well as an instrument to ensure the Group's continued success in the Primary & Specialty Care and Rare Diseases areas. The proven ability to achieve significant growth through external operations will continue to support the Recordati Group in identifying new partners and in implementing new acquisition or licensing agreements. Therefore, M&A/licensing transactions represent fundamental activities so as to enable the Company to offer an increasingly richer product portfolio, an increasingly wider geographical coverage and consequently ensure the sustainability of the business in the long-term. In addition, it should be noted that in the new MBO scheme, financial targets are set and achievement assessed on a constant perimeter, i.e. excluding M&A/licensing transactions related to products already on the market, performed during the reference financial year. It is therefore important to provide for an additional bonus scheme to reward the Top Management's activities in relation to such strategically significant transactions for the Group. It should be noted that the beneficiaries of any Transaction Bonus and Integration Bonus do not include the Chief Executive Officer, since the implementation of this type of transactions is already provided for at the short-term incentive scheme level.

In order to provide an incentive to other Key Management Personnel of the Company to carry out strategic M&A/licensing transactions, the following may be awarded:

- a transaction bonus aimed at rewarding the roles directly involved and having a significant impact on the success of an M&A/licensing transaction; the positive outcome, and therefore the possible awarding of this bonus, will be assessed by the Chief Executive Officer on the basis of an outlook linked to economic and financial indicators, effort and of the timing of the transaction itself. The value of the bonus awarded may vary between 15% and 30% of the Gross Annual Remuneration. 50% of the bonus will be paid at the time of the closing of the extraordinary transaction and 50% after around one year subject to the achievement of predefined economic and financial results relating to the transaction itself and/or defined integration plan milestones.
- an integration bonus, aimed at specifically rewarding roles with a significant impact on the positive outcome of the integration process following an M&A transaction. The positive outcome, and therefore the possible awarding of this bonus, will be assessed directly by the Chief Executive Officer on the basis of an outlook linked to economic-financial indicators and the timing of the integration itself. The value of the

bonus awarded may vary between 15% and 30% of the Gross Annual Remuneration. 70% of the bonus will be paid at the time when predefined milestones have been reached in the integration plan, and 30% at the end of the integration plan and subject to the achievement of predefined integration objectives.

It should be noted that Transaction Bonuses and Integration Bonuses may also be awarded to other managers who, although not qualifying as Key Management Personnel, are directly involved and have a significant impact on the success, respectively, of an M&A/Licensing transaction, or of the integration process following an M&A transaction.

### 3.8.2 Non-monetary benefits

The Remuneration Policy does not provide for particular non-monetary benefits other than those that can be defined as standard for top positions (e.g. company car, the supplementary insurance to that provided for in the national employment contract and the D&O policy).

### 3.8.3 Severance indemnity

The Remuneration Policy does not provide for severance indemnities for non-executive Directors.

With regard to other Key Management Personnel, including executive Directors (excluding the Executive Directors qualified as such by the Board pursuant to the Corporate Governance Code, who, as noted above, have previously declared that they do not wish to receive any remuneration), if deemed appropriate in the best interests of the Company and in relation to the importance of the Manager's position within the company organisation, agreements may be entered into which involve the payment of special indemnities, in any case not exceeding 24 months of the fixed remuneration and the short-term variable remuneration calculated as the average of the annual bonuses paid in the 36 months previous to the date of termination of the employment relationship (without prejudice to the provisions of the applicable National Collective Agreement), in the event that the Company terminates the employment relationship for reasons other than just cause, also with reference to the market practices in force at the time; taking these practices into account, there is generally no provision for links between such treatments and the Company's performance. In all cases, in the event of early termination of the employment relationship for reasons other than just cause, Key Management Personnel will be paid the indemnities provided for, in Italy, by law and the current National Collective Bargaining Agreement for 'Executives of Companies Producing Goods and Services' (so-called Industrial Companies) or for employees of foreign subsidiaries, by locally applicable regulations/collective bargaining agreements and by market practices, in certain cases in addition to a further amount, determined on an equitable basis.

In the event of termination from office and/or termination of the relationship with an executive Director, as a result of internal processes leading to the granting or payment of indemnities and/or other benefits, the Company will disclose detailed information on the matter to the market.

There are no agreements which involve the assignment or maintenance of non-monetary benefits or the stipulation of special consultancy contracts in the event of the termination of an employment relationship. There are no agreements which involve remuneration for non-competition commitments on termination of an employment relationship or end of office outside the one provided for the Chief Executive Officer.

As concerns the effects of the end of an employment relationship/other relationship equivalent to an employment relationship or an administrative relationship on LTI existing incentive plans based on current financial instruments approved by Recordati S.p.A., in accordance with Article 114-bis of TUF (*Testo Unico della Finanza*), please refer to the relevant Information Documents drawn up pursuant to art. 84-bis of the "Regolamento Emittenti".

### 3.8.4 Additional insurance, social security and pension coverage

No further coverage other than those required by law or by collective bargaining agreement is entered into by the Company, with the exception of supplementary insurance to the Italian Supplementary Health Care Fund (F.A.S.I.) for 'Executives of Companies Producing Goods and Services' (so-called Industrial Companies) to cover medical expenses (or similar forms of insurance for employees of foreign subsidiaries) and a D&O policy, as well as an insurance policy for the Chief Executive Officer to cover life risk, health risk (including family members), disability risk and accident risk, again for the Chief Executive Officer, the supplementary pension plan that continued seamlessly.

## Section II: Report on the remuneration paid for 2022

# Introduction

This section is divided into two parts which illustrate respectively the following:

- **Part I** focuses on the different elements that make up the remuneration (including the treatments provided in the event of termination of office or termination of the employment relationship);
- **Part II**, through the annexed tables, focuses on the remuneration of the members of the management and supervisory bodies and the information relating to the shares held in the Company, as well as the remuneration provided for the Company's and for subsidiaries' Key Management Personnel.

This Section is subject to a non-binding vote by the Shareholders' Meeting as provided for by article 123-ter of Italian Legislative Decree no. 58 of 24<sup>th</sup> February 1998 (the 'Consolidated Law on Finance', updated on the basis of Italian Legislative Decree no. 49 of 10<sup>th</sup> May 2019) which provides in paragraph 6: '*Without prejudice to the provisions of [...] the Shareholders' Meeting called [...] resolves in favour or against the second section of the report established by paragraph 4. The resolution is not binding*'.

In addition, the person appointed to carry out the statutory audit of the financial statements verifies that the directors have appropriately prepared this Section, as required by article 123-ter of the Consolidated Law on Finance (as updated by Italian Legislative Decree of 10<sup>th</sup> May 2019).

The remuneration of the members of the management and supervisory bodies is illustrated by name; instead, the remuneration provided for the other Key Management Personnel members is represented in the aggregate.

The implementation of the Policy, as verified by the Remuneration and Nominations Committee during the periodic assessment provided for in the Corporate Governance Code, was substantially in line with the general principles approved by the Board of Directors.

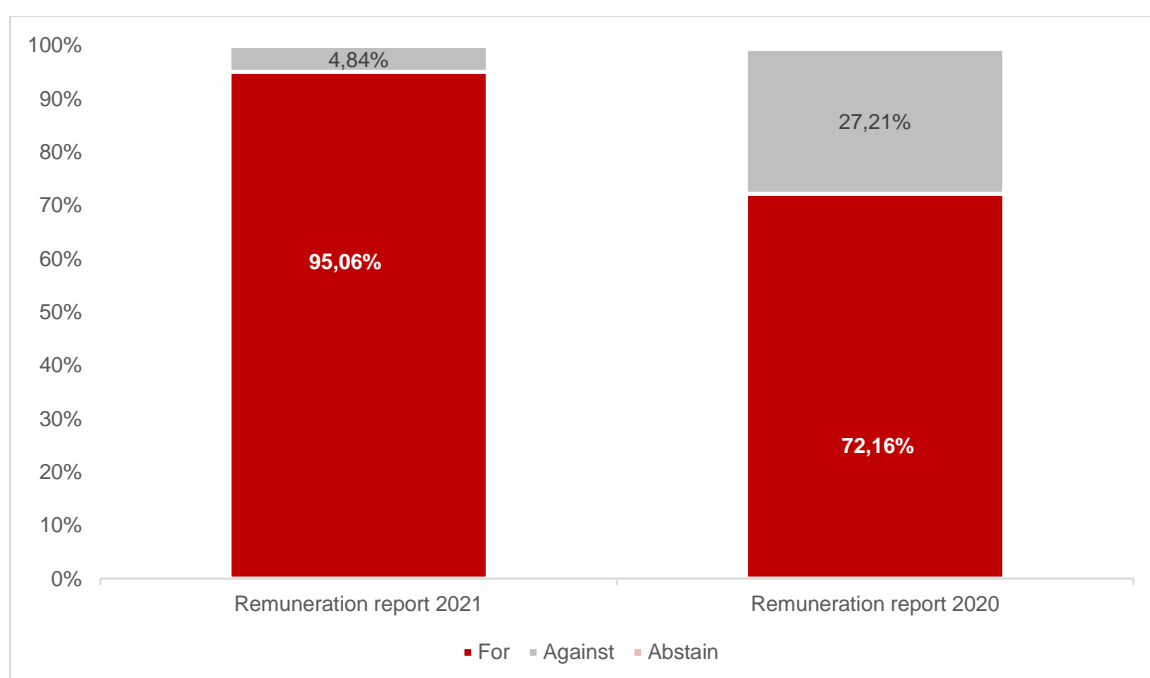
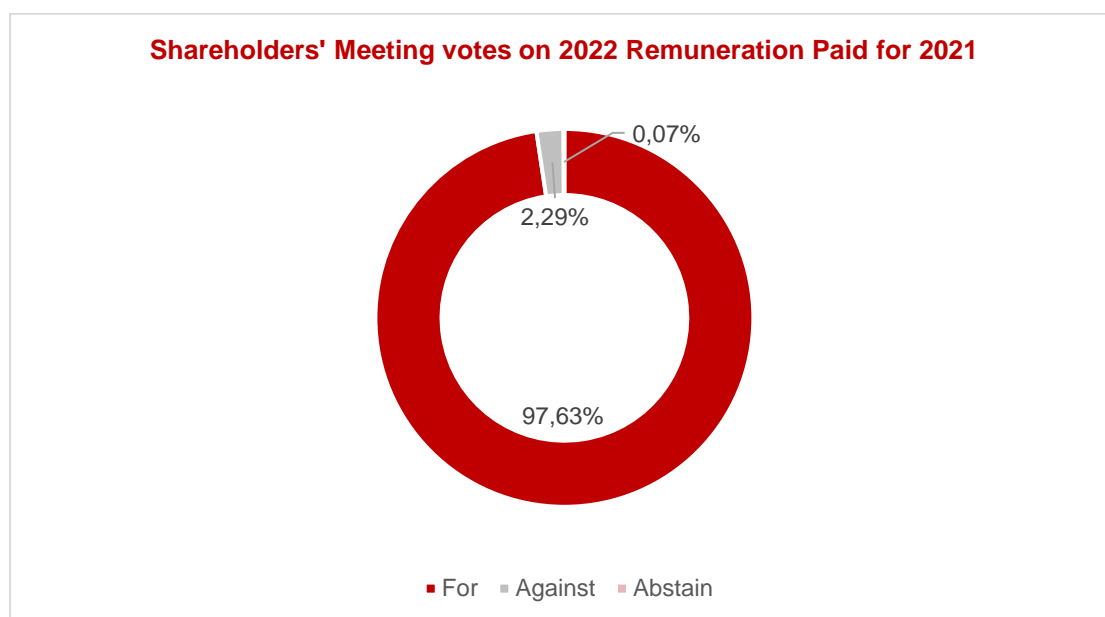
With reference to the representation of each of the items that make up remuneration, including the treatments provided in the event of termination from office or termination of the employment relationship, please refer to what has already been described in detail in Section I.

The remuneration items reported are consistent with the Policy approved in 2022 by the Board of Directors and submitted to the advisory and non-binding vote of the Shareholders' Meeting on 29<sup>th</sup> April 2022 pursuant to article 123-ter, paragraph 6, of the Consolidate Law on Finance, which voted in favour.

# Part I

## 1. Results of votes

The Shareholders' Meeting of 29<sup>th</sup> April 2022 voted in favour of Section II of the Report on Remuneration Policy and Remuneration Paid published in 2021. The chart below illustrates the result of the advisory vote.



The main considerations emerged at the Shareholders' Meeting of 29<sup>th</sup> April 2022 were examined in order to identify potential areas for improvement and were considered in the definition of Recordati's Remuneration Policy for 2023.

## 2. Activities of the Remuneration and Nominations Committee

During 2022, the Remuneration and Nomination Committee met 9 times. The percentage of attendance of Committee members at meetings is shown in the table at the end of Section 4.2 of the Report on Corporate Governance and Ownership.

The meetings of the Remuneration and Appointments Committee were regularly minuted.

The Committee had access to the information and Company Functions necessary for the performance of its duties.

During the Year, the Committee did not incur any expenses in the performance of its duties, except for legal expenses related to legal assistance in support of the preparation of opinions within the Committee's remit.

During 2022 and up to the date of approval of this Report, the Committee's activities were mainly concerned with:

Activities performed during 2022 and partially on 2023	
<b>Report on Remuneration Policy and Compensation Paid.</b>	<ul style="list-style-type: none"> <li>• Evaluation of changes to be made to the Remuneration Policy for 2022</li> <li>• Proposal to the Board of Directors in relation to the Remuneration Policy Report for 2022 and compensation paid for the year 2021</li> <li>• Engagement Plan in relation to the Remuneration Policy for 2022</li> <li>• Analysis of the 2022 AGM (assembly) votes</li> <li>• Preliminary analysis in relation to the Remuneration Policy Guidelines for 2023</li> <li>• Review of the draft Remuneration Report for 2023 and on compensation paid for the year 2022</li> <li>• Review of the proposed engagement plan in relation to the Remuneration Policy for 2023</li> </ul>
<b>MBO Plan</b>	<ul style="list-style-type: none"> <li>• Consummation of CEO and GGM 2021 MBO targets and acknowledgement of 2021 target consummation for Executives with strategic responsibility</li> <li>• Establishment of 2022 CEO targets and acknowledgement of 2022 targets for Executives with strategic responsibility</li> <li>• Preliminary analysis of the proposed MBO system for 2023</li> <li>• Preliminary analysis of the structure of the quantitative MBO objectives of CEO and CFO for 2023</li> <li>• Consummation of the MBO targets of CEO and CFO 2022 and acknowledgement of the consummation of the 2022 targets of Executives with Strategic Responsibility; Opinion of the Committee also for the purposes of the Procedure on Related Party Transactions</li> <li>• Establishment of 2023 CEO and CFO targets and acknowledgement of 2023 targets for Executives</li> </ul>
<b>LTI Plan</b>	<ul style="list-style-type: none"> <li>• Fixing the 2022 target of the 2018-2022 Stock Option Plan.</li> <li>• Review and proposal for new stock option grant under the 2021/2023 Plan</li> <li>• Proposal for a new long-term incentive (LTI) plan, possibly subject to revocation of the 2021-2023 Stock Option Plan with regard to the 2023 target award: preliminary review, termsheet review and final proposal to the BoD</li> </ul>
<b>Other activities</b>	<ul style="list-style-type: none"> <li>• Examination and formulation of opinion to the BoD - also as the committee for transactions with related parties - regarding transaction bonuses to be awarded to an executive with strategic responsibility</li> <li>• Examination and proposal to the BoD about compensation for special offices after appointment of the new BoD</li> <li>• Review and proposal to the BoD about changes to the current Contingency Succession Plan in light of the Company's governance post appointment of the new BoD</li> <li>• Preliminary analysis about the BoD's self-assessment process</li> </ul>

- Benchmarking analysis about compensation of key management personnel
- Acknowledgment of the disclosure by the CEO on his assessments regarding organizational structures also with specific reference to the organization of the RRD B.U. following the integration of Eusa
- Acknowledgment of the disclosure regarding the "Policy for managing dialogue with investors" required by the Corporate Governance Code
- Benchmarking analysis in relation to the CEO's remuneration and acknowledgement of disclosure regarding that of the Chairman
- Benchmarking analysis in relation to ESG objectives regarding remuneration
- Follow up about the review of the succession procedure for the so-called Key roles
- Compensation and Nominating Committee work plan for 2023
- Analysis of the adequacy of the remuneration of the members of the Board of Statutory Auditors and possible recommendation to the Board of Directors.

### 3. Fixed remuneration

The amounts relating to fixed remuneration are specified under the respective item in Table 1.

#### Non-Executive Directors

Non-executive Directors were paid - eventually on a *pro rata temporis* basis - the fixed remuneration for the office held during 2022, amounting to € 60,000.

#### Chair

The current chairman, Dr. Andrea Recordati, who was appointed by the Board of Directors on December 1, 2021, was granted:

	Annual remuneration
the 'basic' <i>pro rata</i> remuneration as a director of Recordati S.p.A	60,000
<i>pro rata</i> remuneration for the special position as Chair, pursuant to article 2389, paragraph 3, of the Italian Civil Code	240,000
<b>Overall economic treatment for the Chair</b>	<b>300,000</b>

Dr. Recordati is a recipient of health care coverage extended to his household as well.

The total annual financial treatment for the Chair currently in office, paid as fixed remuneration, was equal to € 300.000, including the remuneration as Director indicated above.

#### Executive Directors

##### Chief Executive Officer

The Chief Executive Officer, Robert Koremans was paid:

	Annual remuneration
Basic remuneration as director of Recordati S.p.A	60,000
Remuneration for the special position of Chief Executive Officer, pursuant to article 2389, paragraph 3, of the Italian Civil Code	590.000
Fee for the obligations of non-competition and non-solicitation.	300.000
<b>Overall economic treatment as Chief Executive Officer</b>	<b>950.000</b>

Therefore, the total annual economic treatment for the Chief Executive Officer, paid as fixed remuneration, was equal to € 950.000.



## Key Management Personnel

As at 31<sup>st</sup> December 2022, the following 6 Key Management Personnel members were in office at the Company:

- Luigi La Corte – Group Chief Financial Officer member also of Board of Directors;
- Alberto Martinez – Executive VP Specialty and Primary Care Business Unit;
- Corrado Castellucci – Executive VP Rare Disease Business Unit;
- Gabriele Finzi – Executive VP Corporate Development, Licensing and Innovation;
- Roberto Teruzzi – Executive VP Group Industrial Operations;
- Raffaele Sabia – Senior VP R&D and Medical Affairs

These Key Management Personnel members has received an overall gross annual fixed remuneration equal to € 2.594.000

## 4. Variable remuneration

The amounts relating to variable remuneration are specified under the respective item in Tables 1 and 3B.

### Short-term variable incentive

#### Chief Executive Officer

With reference to the short-term incentive scheme (STI), the level of achievement of the objectives approved by the Board of Directors with regard to the Chief Executive Officer is shown below:

CIRCUIT BREAKER	ON/OFF CONDITION
Group Operating Income*	ON
OBJECTIVES	LEVEL OF ACHIEVEMENT
<b>ECONOMIC AND FINANCIAL OBJECTIVES (65%)</b> set excluding new M&A/licensing transactions related to products already on the market, performed during the reference financial year	
Group Operating Income* (32.5%)	Maximum achievement
Group Net Revenues (19.5%)*	Maximum achievement
Group Net Income* (13%)	Maximum achievement
<b>STRATEGIC OBJECTIVES (30%)</b>	
Acquisition/Licensing	Threshold level not achieved
Achievement of the main objectives of the integration with EUSA Pharma	Threshold level achieved
Achievement of ESG initiatives for 2022, as per the ESG Plan	Threshold level achieved

\* Adjusted for the impact of exceptional, non-recurring costs related to extraordinary transactions as the costs of restructuring including right sizing, costs deriving from the acquisition of the EUSA Pharma group, for the impact of Ukraine conflict and for the adoption of IAS29 due to hyperinflation in Turkey.

The Board of Directors, having heard the favourable opinion of the Remuneration and Nominations Committee, has approved this adjustment, being in line with the Policy which allows adjustments for exceptional items on an equitable basis.

On the basis of the performance achieved, the overall remuneration for the Chief Executive Officer, to be paid as short-term variable component relating to the 2022 performance period, is therefore equal to € 760.000 gross, equal to 80% of the gross annual remuneration. The incentive accrued in 2022 as MBO will be paid in 2023 in accordance with the procedures set out in the MBO system. This short-term variable remuneration represents 37% of the total remuneration received by the Chief Executive Officer, calculated as the sum of fixed remuneration and short-term and long-term variable remuneration relating to 2022.

### *Key Management Personnel*

The other Key Management Personnel<sup>6</sup> members have accrued - on the basis of the performance achieved in relation to the MBO system - an overall annual variable remuneration of € 1.696.000 gross.

Overall, the amount of variable remuneration granted to Key Management Personnel is on average equal to 65% of the gross annual remuneration.

### *Long-term variable incentive*

As at 31<sup>st</sup> December 2022, the following long-term incentive plans are in place:

- 2014-2018 Stock Option Plan;
- 2018-2022 Stock Option Plan.
- 2021-2023 Stock Option Plan

### *Chief Executive Officer*

For the Chief Executive Officer, with reference to the long-term incentive scheme, 130.000 options are assigned with reference to the second cycle of the 2021-2023 stock option plan.

The remaining options relative to the first cycle of the 2021-2023 stock option plan, already assigned and not yet matured in 2022, will mature in the next years according to the timeframe set out in the 2021-2023 Stock Option Plan Regulations.

The fair value of the options relating to 2022 assigned to the Chief Executive Officer is € 348.000. This value represents 17% of the total remuneration received by the Chief Executive Officer, calculated as the sum of fixed remuneration and short-term and long-term variable remuneration relating to 2022.

It should be noted that in Table 1 column 7 (fair value of equity plans), the amount indicated therein does not include the fair value of an incentive plan, with a vesting period of 5 years, granted and fully financed by Rossini Luxembourg S.à rl , indirect shareholder of Recordati SpA, in favour of the Chief Executive Officer (as well as, as illustrated in the following paragraph, in favour of key management personnel). For more details, please refer to the following paragraph on key management personnel.

### *Key Management Personnel*

Also, for the other Key Management Personnel members, with reference to the long-term incentive scheme, given that the performance condition relating to the Group's consolidated net income has been met, the following options have matured in the 2021:

- a total of 34,500 options assigned to five (5) Managers of the Company or of subsidiaries with Strategic Responsibilities in relation to the 2014-2018 Stock Option Plan;
- a total of 76,250 options assigned to six (6) Managers of the Company or of subsidiaries with Strategic Responsibilities in relation to the 2018-2022 Stock Option Plan

The remaining options, already assigned and not yet matured in 2022, will mature in the next years according to the time scales provided for in the Plan Regulations.

It should be noted that in Table 1, column 7 (fair value of equity compensation), the amounts indicated do not include the fair value relating to the incentive plan, with a maturity period of 5 years, granted, starting from 2019, and fully financed by Rossini Luxembourg S.à.r.l., indirect shareholder of Recordati S.p.A., in favour of key

management personnel, as well as, finally, the Chief Executive Officer. These subjects will benefit from a return at the end of the plan and when certain performance conditions are met. The recognition of this incentive plan in accordance with IFRS 2 resulted in a charge in the 2022 income statement of € 1.4 million, against a corresponding increase in equity.

## Transaction Bonus

Based on the performance achieved in 2022, they have been disbursed or will be disbursed (€ 266.756) to some Key Personnel, as transaction bonuses.

## 5. Remuneration for participation in board committees and for members of the Board of Statutory Auditors

Remuneration paid for members of Committees was paid - eventually on a *pro rata temporis* basis<sup>7</sup> - the following fixed fees:

Remuneration and Nominations Committee		Risk, Control and CSR Committee	
Chair	€ 25,000	Chair	€ 32,500
Member	€ 10,000	Member	€ 20,000

Below is the remuneration to the members of the Board of Statutory Auditors - eventually paid:

Board of Statutory Auditors	
Chair	€ 62,000
Statutory Auditor	€ 45,000

## 6. Non-monetary benefits

During 2022 benefits were awarded in line with the Policy, with regard to the Chief Executive Officer and the other Key Management Personnel members, the value of which is shown in Table 1.

## 7. Information on the consequences of termination of employment or management relationship

No further severance payments were paid to Executive Directors and Executives with Strategic Responsibilities.

## 8. Annual variations in remuneration paid and corporate performance

In line with the requirements introduced by the updated version of the Issuers' Regulation published by Consob and in light of the remuneration paid described in this Section of the 2022 Report on the Remuneration Policy and the Remuneration Paid, the following is a comparison, considering the 2019, 2020, 2021 and 2022 Financial Years, of the annual variations:

- in the total remuneration paid to the members of the Board of Directors and the Board of Statutory

<sup>7</sup> The amounts indicated in this paragraph refer to the resolution of the Board of Directors appointed by the Shareholders' Meeting on 29<sup>th</sup> April 2022 and governs the remuneration for the 2022-2024 term unless otherwise determined

Auditors in office in the entire period taken into consideration (from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2022), calculated as the sum of fixed remuneration, including the remuneration for the Board and Committees membership, and variable short- and long-term remuneration;

- in the Company's results, expressed in terms of EBITDA;
- in the average gross annual remuneration of the Company's employees, excluding the Chief Executive Officer and the Group General Manager, calculated as the sum of the fixed annual remuneration, the MBO plan, the Product Bonus, the Participation Bonus and any one-off payments made during the year.

## BOARD OF DIRECTORS

NAME	POSITION	Δ 2022-2021		Δ 2022-2020		Δ 2022-2019	
Andrea Recordati	Chair	-82%	(1)	-79%	(1)	-83%	(1)
Robert Koremans	Chief Executive Officer	1099%	(2)	N/D		N/D	
Michaela Castelli	Director	9%		9%		12%	
Giampiero Mazza	Director	N/D	(3)	N/D	(3)	N/D	(3)
Cathrin Petty	Director	N/D	(3)	N/D	(3)	N/D	(3)
Guido Guidi	Director	50%	(4)	50%	(4)	N/D	
Joanna Le Couilliard	Director	9%		5%		6%	
Piergiorgio Peluso	Director	10%	(4)	63%	(4)	N/D	
Giorgio De Palma	Director	N/D	(3)	N/D	(3)	N/D	
Kim Stratton	Director	2900%	(5)	ND		ND	
Elisa Corghi	Director	ND	(6)	ND		ND	
Luigi La Corte	Director	ND	(6)	ND		ND	
Silvia Candini	Director	-67%	(7)	-67%	(7)	-64%	(7)
Fritz Squindo	Director	-19%	(7)	-9%	(7)	-32%	(7)

(1) Chief Executive Officer until 30<sup>th</sup> November 2021 and after Chair

(2) Chief Executive Officer from 1<sup>st</sup> December 2021

(3) Director has waived any remuneration for the position of Director

(4) Director from 29<sup>th</sup> April 2022

(5) Director from 16<sup>th</sup> December 2021

(6) Director from 29<sup>th</sup> April 2022

(7) Director until 28<sup>th</sup> April 2022

## BOARD OF STATUTORY AUDITORS\*

NAME	POSITION	Δ 2022-2021		Δ 2022-2020		Δ 2022-2019	
Antonio Santi	Chair	0%		7%		24%	
Ezio Simonelli	Statutory Auditor	0%		50%		ND	(1)
Livia Amidani Alibert	Statutory Auditor	0%		7%		29%	

(1) Statutory Auditor from 29/04/2020

## CORPORATE PERFORMANCE

PARAMETER	Δ 2022-2021	Δ 2022-2020	Δ 2022-2019
EBITDA*	12%	18%	24%

\* Net income before income taxes, financial income and expenses, depreciation and write down of both property, plant and equipment, intangible assets and goodwill, and non-recurring events.

## AVERAGE EMPLOYEE REMUNERATION

PERIMETER	Δ 2022-2021	Δ 2022-2020	Δ 2022-2019
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Total number of employees as at 31 <sup>st</sup> December*	4.5%	4.9%	6.7%
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\* Excluding the Chief Executive Officer and the Group General Manager.

# Part II

Table 1 - Remuneration paid to Directors, Statutory Auditors, General Managers and other Key Management Personnel

(€000)

Tab 1												
Remuneration paid to Directors (*)												
A Name and Surname	B Position	C Period in which the office was held (A)	D Date at which the office ends	1 Fixed remuneration	2 Remuneration for attendance on committees	3 Non-equity variable remuneration		4 Non-monetary benefits (C)	5 Other remuneration (D)	6 TOTAL	7 Fair Value of equity remuneration (E)	8 Severance indemnity for end of office or termination of employment
						Bonuses and other incentives (B)	Share in profits					
<b>Board of Directors</b>												
<b>Andrea Recordati</b>	Chair	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024									
(I) Compensi nella società che redige il bilancio				(i)	60					60	51	
				(ii)	240			1		241		
(II) Fees from subsidiaries or affiliate companies												
(III) Total					300			1		301		
<b>Guido Angelo Giovanni Guidi</b>	Vice-Chair	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024									
(I) Compensi nella società che redige il bilancio				(i)	60					60		
				(iii)	30					30		
(II) Fees from subsidiaries or affiliate companies												
(III) Total					90					90		
<b>Robert Koremans</b>	CEO	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024									

(I) Compensi nella società che redige il bilancio				(i)	60						60	348	
				(iv)	590		760		96	(v)	300	1.746	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					650							1.806	
<b>Michaela Castelli</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024										
(I) Compensi nella società che redige il bilancio				(i)	60	(vi)	10					70	
						(vii)	28					28	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					60		38					98	
<b>Elisa Corghi</b>	Director	29.04.2022 31.12.2022	Approval of the financial statements as at 31/12/2024										
(I) Fees in the company which draws up the financial statements				(i)	40	(vi)	7					47	
						(vii)	13					13	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					40		20					61	
<b>Giorgio De Palma</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024										
(I) Fees in the company which draws up the financial statements				(viii)	0							0	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					0							0	
<b>Luigi La Corte</b>	Director	29.04.2022 31.12.2022	Approval of the financial statements as at 31/12/2024										
(I) Fees in the company which draws up the financial statements				(i)	40							40	160
				(ix)	485		415		8			908	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					526							948	
<b>Joanna Susan Le Couilliard</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024										
(I) Fees in the company which draws up the financial statements				(i)	60	(vi)	22					82	
(II) Fees from subsidiaries or affiliate companies													
(III) Total					60		22					82	

<b>Giampiero Mazza</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024								
(I) Fees in the company which draws up the financial statements				(x)	0					0	
(II) Fees from subsidiaries or affiliate companies											
(III) Total					0					0	
<b>Piergiorgio Peluso</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024								
(I) Fees in the company which draws up the financial statements				(i)	60	(vii)	17				77
(II) Fees from subsidiaries or affiliate companies											
(III) Total					60		17				77
<b>Cathrin Petty</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024								
(I) Fees in the company which draws up the financial statements				(xi)	0					0	
(II) Fees from subsidiaries or affiliate companies											
(III) Total					0					0	
<b>Kim Narelle Stratton</b>	Director	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024								
(I) Fees in the company which draws up the financial statements				(i)	60					60	
				(iii)	30					30	
(II) Fees from subsidiaries or affiliate companies											
(III) Total					90					90	

**Remuneration paid to Directors whose office ended during the 2022 Financial Year**

<b>Silvia Elisabetta Candini</b>	Amministratore	01.01.2022 28.04.2022									
(I) Fees in the company which draws up the financial statements				(i)	20	(vi)	3				23
						(vii)	3				3
(II) Fees from subsidiaries or affiliate companies											
(III) Total					20		7				26



<b>Fritz Squindo</b>	Amministratore	01.01.2022 28.04.2022												
(I) Fees in the company which draws up the financial statements				(i)	20					3		23	38	
				(xv)	450							450		
(II) Fees from subsidiaries or affiliate companies														
(III) Total					470							473		

Remuneration paid to Statutory Auditors														
<b>Antonio Santi</b>	Chair	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024											
(I) Fees in the company which draws up the financial statements					62							62		
(II) Fees from subsidiaries or affiliate companies														
(III) Total					62							62		
<b>Livia Amidani Aliberti</b>	Statutory Auditor	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024											
(I) Fees in the company which draws up the financial statements					45							45		
(II) Fees from subsidiaries or affiliate companies														
(III) Total					45							45		
<b>Ezio Simonelli</b>	Statutory Auditor	01.01.2022 31.12.2022	Approval of the financial statements as at 31/12/2024											
(I) Fees in the company which draws up the financial statements					45							45		
(II) Fees from subsidiaries or affiliate companies														
(III) Total					45							45		

Remuneration paid to Key Management Personnel													
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<b>N. 4 Key Management Personnel members of the Company</b> <b>N. 1 Key Management Personnel members of subsidiaries</b>													
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(I) Fees in the company which draws up the financial statements	2.109		1.281		48		3.438	585	
(II) Fees from subsidiaries or affiliate companies									
(III) Total			1.281		48		3.438	585	

(B) This value corresponds to what is indicated in Table 3B with regard to the sum of: (i) payable bonus of the year; (ii) deferred bonus of the year; (iii) other bonuses.

(C) This item includes the taxable value of the non-monetary benefits for which the company offers a good and/or service by directly assuming payment of the same.

(D) The amounts shown include monetary benefits paid directly by the company to the employee.

(E) These values correspond to what is indicated in Table 3A with regard to the "Fair Value of the financial instruments attributable to the year".

*(i) Fees within the competence of the shareholders' meeting, even if not paid.*

*(ii) Remuneration for special offices pursuant to Article 2389 paragraph 3 cc as Chairman*

*(iii) Consulting agreement with Recordati SpA*

*(iv) Remuneration for special offices pursuant to Article 2389 paragraph 3 cc as Chief Executive Officer*

*(v) Amount recognised as non-compete obligations*

*(vi) Amount recognized for participation in the Remuneration and Nomination Committee*

*(vii) Amount recognized as Chairman of the Control, Risk and Sustainability Committee.*

*(viii) Mr. Giorgio De Palma has waived any remuneration for the position of Director.*

*(ix) Remuneration as Group CFO*

*(x) Dr. Giampiero Mazza has waived any compensation for the position of Director*

*(xi) Dr. Cathrin Petty has waived any compensation for the position of Director.*

*(xv) Fixed salaries from employment gross of social security and tax charges borne by the employee, excluding the collective mandatory social security charges borne by the Company.*

Table 2 - Stock Options assigned to Directors, General Managers and other Key Management Personnel members

		Options held as at 01.01.2022			Options assigned in 2022						Options exercised in 2022			Options expired in 2022	Options held as at 31.12.2022	Options related to 2022	
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15= 2+5-11-14	16	
Name and Surname and position held as at 31.12.2022	Plan - Resolution date	Number of options	Exercise price (€)	Exercise period (from - to)	Number of options	Exercise price (€)	Exercise period (from - to)	Fair value as at date of assignment (€)	Date of assignment	Market price of Recordati share as at date of assignment of options (€)	Number of options	Exercise price (€)	Market price of Recordati share as at exercise date (€)	Number of options	Number of options	Fair value (€)	
Andrea Recordati Chair	Plan 2014-2018 - 17.04.2014	45.000	12,29	2018*-31.12.22							90.000	12,29			308.000,0	51.111,0	
		45.000	12,29	2019*-31.12.22													
		27.000	21,93	2018*-31.12.24													
		27.000	21,93	2019*-31.12.24													
		27.000	21,93	2020*-31.12.24													
	27.000	21,93	2021*-31.12.24														
Plan 2018-2022 - 18.04.2018	50.000	30,73	2020*-31.12.26														
	50.000	30,73	2021*-31.12.26														
	50.000	30,73	2022*-31.12.26														
	50.000	30,73	2023*-31.12.26														
Robert Koremans CEO	Plan 2021-2023 - 20.04.2021	130.000	56,01	2024*-31.12.29	130.000	47,52	2025*-31.12.30	3,5566	24/02/2022	43,35					260.000	347.810	
Fritz Squindo Group General Manager	Plan 2014-2018 - 17.04.2014	30.000	12,29	2019*-31.12.22							30.000	12,29			300.000	38.488	
		27.000	21,93	2018*-31.12.24							3.000	21,93					
		27.000	21,93	2019*-31.12.24													
		27.000	21,93	2020*-31.12.24													
		27.000	21,93	2021*-31.12.24													
	Plan 2018-2022 - 18.04.2018	32.500	30,73	2020*-31.12.26													
		32.500	30,73	2021*-31.12.26													
		32.500	30,73	2022*-31.12.26													
	Plan 2021-2023 - 20.04.2021	65.000	45,97	2024*-31.12.29													

Stock options granted to Directors, General Managers and other Key Management Personnel members																
		Options held as at 01.01.2022			Options assigned in 2022						Options exercised in 2022			Options expired in 2022	Options held as at 31.12.2022	Options related to 2022
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15= 2+5-11-14	16
Name and Surname and position held as at 31.12.2022	Plan - Resolution date	Number of options	Exercise price (€)	Exercise period (from - to)	Number of options	Exercise price (€)	Exercise period (from - to)	Fair value as at date of assignment (€)	Date of assignment	Market price of Recordati share as at date of assignment of options (€)	Number of options	Exercise price (€)	Market price of Recordati share as at exercise date (€)	Number of options	Number of options	Fair value (€)
Luigi La Corte Group Chief Financial Officer	Plan 2018-2022 - 18.04.2018	10.000 20.000 20.000 20.000	30,73 30,73 30,73 30,73	2020*-31.12.26 2021*-31.12.26 2022*-31.12.26 2023*-31.12.26							-				205.000	160.347
	Plan 2021-2023 - 20.04.2021	60.000	45,97	2024*-31.12.29	75.000	47,52	2025*-31.12.30	3,5566	24/02/2022	43,35						
N. 5 Key Management Personnel members of the Company (*)	Plan 2014-2018 - 17.04.2014	1.500 34.500 34.500 34.500	21,93 21,93 21,93 21,93	2018*-31.12.24 2019*-31.12.24 2020*-31.12.24 2021*-31.12.24							-				895.000	585.429
	Plan 2018-2022 - 18.04.2018	48.750 56.250 71.250 71.250	30,73 30,73 30,73 30,73	2020*-31.12.26 2021*-31.12.26 2022*-31.12.26 2023*-31.12.26												
	Plan 2021-2023 - 20.04.2021	277.500	45,97	2024*-31.12.29	265.000	47,52	2025*-31.12.30	3,5566	24/02/2022	43,35						

\* 30 days after the Shareholders' Meeting approving the financial statements of the previous financial year.

(\*) of which 1 Manager with Strategic Responsibilities of subsidiaries

**Table 3B - Monetary incentive plans for Directors, General Managers and other Key Management Personnel**

Cash plans granted to Directors, General Managers and other Key Management Personnel members									
A	B	1	2			3			4
Name and Surname	Position	Plan	Bonus for 2022			Bonuses for prior years			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / paid	Deferred	Deferment period	No longer payable	Payable / paid	Still deferred	
Robert Koremans	CEO	MBO 2022	760.000						
Luigi La Corte	CFO	MBO 2022	375.000						40.000
N. 5 Key Management Personnel members of the Company or subsidiaries		MBO 2022	1.105.714						175.000
<b>Total</b>			2.240.714	0	0	0	0	0	215.000

**Table 4 - Shares held by Directors, Statutory Auditors, General Managers and other Key Management Personnel**

Board of Directors (Name and Surname)	Position	Recordati S.p.A. type of shares	No. of shares held as at 31.12.21	No. of shares purchased in 2022	No. of shares sold in 2022	No. of shares held as at 31.12.22
<b>DIRECTORS IN OFFICE</b>						
<i>Andrea Recordati *</i>	Chair	ordinary	-	118.000	-	118.000
<i>Guido Guidi</i>	Vice-Chair	ordinary	-	-	-	-
<i>Robert Koremans</i>	Chief Executive Director	ordinary	-	745	-	745
<i>Luigi La Corte</i>	Director	ordinary	1.000	450	-	1.450
<i>Michaela Castelli</i>	Director	ordinary	-	-	-	-
<i>Giorgio De Palma</i>	Director	ordinary	-	-	-	-
<i>Joanna Le Couilliard</i>	Director	ordinary	-	-	-	-
<i>Giampiero Mazza</i>	Director	ordinary	-	-	-	-
<i>Piergiorgio Peluso</i>	Director	ordinary	-	-	-	-
<i>Cathrin Petty</i>	Director	ordinary	-	-	-	-
<i>Elisa Corghi</i>	Director	ordinary	-	-	-	-
<i>Kim Stratton</i>	Director	ordinary	-	-	-	-
<b>DIRECTORS NO LONGER IN OFFICE</b>						
						<b>No. of shares held as at 29.04.2022</b>
<i>Silvia Candini (1)</i>	Director	ordinary	-	-	-	-
<i>Fritz Squindo (2)</i>	Director	ordinary	142.000	-	-	142.000

(\*) Shares resulting from the exercise of stock options

(1) Ceased on 29.04.2022

(2) Ceased on 29.04.2022

Board of Statutory Auditors (Name and Surname)	Position	Recordati S.p.A. type of shares	No. of shares held as at 31.12.21	No. of shares purchased in 2022	No. of shares sold in 2022	No. of shares held as at 31.12.22
Antonio Santi	Chair	ordinary	-	-	-	-
Livia Amidani Aliberti	Statutory Auditor	ordinary	-	-	-	-
Ezio Simonelli	Statutory Auditor	ordinary	-	-	-	-

	Recordati S.p.A. type of shares	No. of shares held as at 31.12.21	No. of shares purchased in 2022	No. of shares sold in 2022	No. of shares held as at 31.12.22
N. 5 Key Management Personnel members (**)	ordinary	-	-	-	-

(\*\*) Of which a Key Management Personnel employed by a subsidiary

Tab 5 - outline 7 of Annex 3A of Regulation No. 11971/1999

TABLE No. 1 of outline 7 of Annex 3A of Regulation No. 11971/1999

NAME OR CATEGORY	POSITION	FRAME 2								
		Stock Option								
		SECTION ONE								
Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions										
Date of the shareholders' resolution	Description of instrument	Options held as at 31 <sup>st</sup> December 2022	Options exercised since beginning of the plan until 31 <sup>st</sup> December 2022 ****	Date of grant by BoD	Exercise price €	Market price of the underlying financial instruments on the grant date (official price) €	*** Exercise period (from to)			
Andrea Recordati	Chair	17/04/2014	Options on Recordati S.p.A. shares with physical delivery	0	2014-2018 Plan: 180.000 2018-2022 Plan: 0	29/07/2014	12,29	11,917	2018** - 31.12.2024 (1° tranche) 2019** - 31.12.2024 (2° tranche) 2020** - 31.12.2024 (3° tranche) 2021** - 31.12.2024 (4° tranche)	
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108.000		13/04/2016	21,93	22,318		
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	200.000		03/08/2018	30,73	31,920		2020** - 31.12.2026 (1° tranche) 2021** - 31.12.2026 (2° tranche) 2022** - 31.12.2026 (3° tranche) 2023** - 31.12.2026 (4° tranche)
Koremans Robert	Director and Chief Executive Officer	20/04/2021	Options on Recordati S.p.A. shares with physical delivery	130.000	2021-2023 Plan: 0	01/12/2021	56,01		2024** - 31.12.2029	
Fritz Squindo	Director *	17/04/2014	Options on Recordati S.p.A. shares with physical delivery	0	2014-2018 Plan: 180.000 2018-2022 Plan: 3.000 2021-2023 Plan: 0	29/07/2014	12,29	11,917	2018** - 31.12.2024 (1° tranche) 2019** - 31.12.2024 (2° tranche) 2020** - 31.12.2024 (3° tranche) 2021** - 31.12.2024 (4° tranche)	
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	105.000		13/04/2016	21,93	22,328		
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	130.000		03/08/2018	30,73	31,920		2020** - 31.12.2026 (1° tranche) 2021** - 31.12.2026 (2° tranche) 2022** - 31.12.2026 (3° tranche) 2023** - 31.12.2026 (4° tranche)
		20/04/2021	Options on Recordati S.p.A. shares with physical delivery	65.000		06/05/2021	45,97			2024** - 31.12.2029

\* Please be informed that Mr. Squindo is a beneficiary of the reported stock option plans not as a member of the Board of Directors of Recordati S.p.A., but as an employee of the Company.

\*\* Thirty days following the shareholders meeting held to approve the annual report of the previous year.

\*\*\* Tranches of options which already vested and not yet exercised subsequent to vesting may be exercised before and not later than the end of the eighth financial year following that in which the Board of Directors granted the options. Furthermore, each tranche consists of 25% of the options granted to the participant.



\*\*\*\* Options exercised and expired are excluded.

NAME OR CATEGORY	POSITION	FRAME 2							
		Stock option							
		Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions							
Date of the shareholders' resolution	Description of instrument	Options held as at 31 <sup>st</sup> December 2022	Options exercised since beginning of the plan until 31 <sup>st</sup> December 2022 ***	Date of grant by BoD	Exercise price €	Market price of the underlying financial instruments on the grant date (official price) €	Exercise period (from to) *		
Luigi La Corte	Group Chief Financial Officer	18/04/2018	Options on Recordati S.p.A. shares with physical delivery	70.000	2018-2022 Plan: 10.000 2021-2023 Plan: 0	03/08/2018	30,73	31,920	2020** - 31.12.2026 (1° tranche) 2021** - 31.12.2026 (2° tranche) 2022** - 31.12.2026 (3° tranche) 2023** - 31.12.2026 (4° tranche)
		20/04/2021	Options on Recordati S.p.A. shares with physical delivery	60.000		06/05/2021	45,97		2024** - 31.12.2029
N. 5 Key Management Personnel as at 31.12.2022		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	0	2014-2018 Plan: 263.000 2018-2022 Plan: 37.500 2021-2023 Plan: 0	29/07/2014	12,29	11,917	
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	105.000		13/04/2016	21,93	22,328	2018** - 31.12.2024 (1° tranche) 2019** - 31.12.2024 (2° tranche) 2020** - 31.12.2024 (3° tranche) 2021** - 31.12.2024 (4° tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	247.500		03/08/2018	30,73	31,920	2020** - 31.12.2026 (1° tranche) 2021** - 31.12.2026 (2° tranche) 2022** - 31.12.2026 (3° tranche) 2023** - 31.12.2026 (4° tranche)
		20/04/2021	Options on Recordati S.p.A. shares with physical delivery	277.500		20/04/2021	45,97		2024** - 31.12.2029
Other Beneficiaries as at 31.12. 2022 (260)					2014-2018 Plan: 7.070.000 2018-2022 Plan: 1.545.250 2021-2023 Plan: 0				
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	0		29/07/2014	12,29	11,917	
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	581.500		13/04/2016	21,93	22,328	2018** - 31.12.2024 (1° tranche) 2019** - 31.12.2024 (2° tranche) 2020** - 31.12.2024 (3° tranche) 2021** - 31.12.2024 (4° tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	1.973.000		03/08/2018	30,73	31,920	2020** - 31.12.2026 (1° tranche) 2021** - 31.12.2026 (2° tranche) 2022** - 31.12.2026 (3° tranche) 2023** - 31.12.2026 (4° tranche)
		20/04/2021	Options on Recordati S.p.A. shares with physical delivery	2.212.0000		20/04/2021	45,97		2024** - 31.12.2029

- \* Tranches of options already vested and not yet exercised subsequent to vesting may be exercised before and not later than the end of the eighth financial year following that in which the Board of Directors granted the options. Furthermore, each tranche consists of 25% of the options granted to the participant.
- \*\* Thirty days following the shareholders meeting held to approve the annual report of the previous year.
- \*\*\* Options exercised and expired are excluded.
- \*\*\*\* Solely for employees of the American subsidiary Recordati Rare Diseases Inc.

NAME OR CATEGORY	Position	FRAME 2						
		Stock Options						
		SECTION 2						
		New options granted by the board on the basis of resolutions previously adopted by the AGM and RemCo						
		Date approved by shareholders in AGM	Description of instrument	No. of instruments underlying options awarded	Date of award by competent governing body	Strike price€	Market price for instruments as at the award date € **	Options expire
Robert KOREMANS	Director and Chief Executive Officer	24 Feb 2022	Options on Recordati S.p.A. shares with physical delivery	130.000	BoD 1st Dec 2021 RemCo 14 and 15 July 2021	47,52		2025*** - 31.12.2030****
Luigi La Corte	Director	24 Feb 2022	Options on Recordati S.p.A. shares with physical delivery	75.000	BoD 6 May 2021 RemCo 26 April 2021	47,52		2025*** - 31.12.2030****
N. 5 Key Management Personnel		24 Feb 2022	Options on Recordati S.p.A. shares with physical delivery	265.000	BoD 6 May 2021	47,52		2025*** - 31.12.2030****
Other Beneficiaries (260)		24 Feb 2022	Options on Recordati S.p.A. shares with physical delivery	3.083.000	RemCo 26 April 2021	47,52		2025*** - 31.12.2030****

\*\*\* Thirty days following the shareholders meeting held to approve the 2023 annual report or the 36th months starting from the grant (6 May).

\*\*\*\* Considering the lockup period (see “documento informativo del piano di Stock Option 2021-2023”) between the award date and the 24th month after this date. The lockup period is applied for CEO and Key personnel