

# 2025 Guidelines on Board of Directors for Shareholders

Guidelines from Recordati's  
Board of Directors for  
Shareholders on the optimal  
composition of the new Board  
of Directors  
pursuant the Corporate  
Governance Code

*Approved on 13th February 2025*

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## INTRODUCTION

Recordati S.p.A adheres to the Corporate Governance Code issued in January 2020, which, pursuant to art. 4, Principle XIII, Recommendation 23, also in consideration of what foreseen by the principles referred to in art. 2, recommends that the outgoing Boards of Directors of listed companies express their opinion to the Shareholders on the quantitative and qualitative composition they consider to be optimal for the new Board.

Recordati's Board of Directors, whose mandate expires with the approval of the 2024 financial statements:

- *having consulted the Remuneration and Nominations Committee,*
- *taking into consideration the results of the Board Review performed in 2024, with the support of an external advisor,*
- *valuing and maximizing the input of the outgoing Directors,*
- *having conducted benchmarking of the composition and size of the Boards of Directors of leading listed companies in Italy and abroad,*
- *considering the activities on which the next Board of Directors will continue to focus on the development of the Company's strategy in a changing sector and market context undergoing significant transformation,*

to facilitate the process of defining the best proposals for the quantitative and qualitative composition of the Board of Directors of Recordati S.p.A., in view of the renewal of the Body for the 2025-2027 mandate, provides the Shareholders with recommended guidelines regarding:

- *the size of the Board of Directors,*
- *the related composition, with reference to the managerial and professional profiles, as well as the skills whose presence in the new Board of Directors is deemed appropriate.*

## SIZE OF THE BOARD OF DIRECTORS

Recordati S.p.A., pursuant to art. 14 of the Articles of Association, is managed by a Board of Directors comprising of no less than 6 and not more than 16 members.

The Board of Directors, mindful of the organizational size and complexity of Recordati and the positive dynamics of operation that emerged over the last three years, favorably evaluates the current size of the Board of Directors of 12 Directors, deeming it appropriate to ensure effective collegial work and in-depth analysis of the issues to be discussed and the resolutions to be adopted.

The Board acknowledges that the current size is aligned to the benchmark analysis conducted on international and domestic listed companies resulting in a range from 9 to 13, with an average size of 11 members.

Given the current Shareholding structure, the existing ratio between Executive Directors and Non-Executive Directors is deemed adequate, bearing in mind that two directors are qualified as executive directors in view of the Company's management role they hold and three of them given that they hold management positions in the indirect parent company or in other companies of the major Shareholder which also concern the Company<sup>1</sup>.

With reference to the Non-Executive Independent Directors, recognizing that the average percentage resulting from the market benchmark is higher than 50% of the total members, the Board of Directors recommends that Shareholders consider increasing the current number of Independent Directors (rif. art. 2, Principle VI, Recommendation 5 of the Corporate Governance Code 2020<sup>2</sup>). This is in order to align Recordati to market practices and further increase the Board's ability to effectively constitute the internal Board Committees, strengthening the Company's governance by granting the opportunity to diversify Committees' composition, so as to assure diverse competencies, recognizing the relevance of the industry specific knowledge (ideally with R&D and Business Development pharma specific expertise), improving time commitment among Independent Directors and guaranteeing strong oversight on corporate governance, control systems and risk management, and, if need be, enhance the number of the Committees as required.

The future composition should consider the current and prospective needs of the Company,

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<sup>1</sup> In line with the Italian Corporate Governance Code applicable to listed companies; however, they have not been granted individual operating powers.

<sup>2</sup> In this regard, it should be noted that Recordati's Board of Directors has identified specific quantitative parameters of significance with respect to certain circumstances that, according to the Corporate Governance Code, may jeopardize the independence of a Director. The document containing such parameters is available on the company's website.



as well as the necessity of maintaining adequate diversity in gender, age, professional background and seniority, in line with applicable legal and regulatory provisions.

Shareholders are therefore invited, when preparing the lists of candidates for Directors, to ensure compliance with the provisions of the Consolidated Law on Finance regarding gender balance, which reserves at least two-fifths of elected Directors for the lesser-represented gender, as well as to consider the benefits that may arise from the presence in the Board of diverse age groups, backgrounds and tenures.

## **QUALITATIVE COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors of Recordati emphasizes that the board renewal should reflect the need to align with the industrial plan, balancing the pursuit of a proven and sustainable business strategy with best-in-class financial profile and consistent track record of growth at scale and with the Group strategy of being recognized as a unique and diversified global player in Rare Diseases and the European partner of choice in Specialty Pharma. It also underscores the importance for the next Board to maintain the focus on Recordati's transition to a truly international pharmaceutical business. The Board will need to maintain strong oversight on corporate governance, internal control systems and risk management while providing active and valuable support for sustainable organic and inorganic business growth.

Based on this key assumption, the Board of Directors, following the 2024 Board Review, highlights the articulation and quality of the professional profiles of the current composition of the Board are adequate in terms of diversified knowledge, range of skills and personal traits.

The Board will need to continue benefitting from a solid and balanced combination of professional expertise and experience to effectively address and manage the challenges that will emerge from the foreseeable evolution of the pharma industry and market and from the establishment and implementation of Recordati's strategic objectives.

Therefore, the Board recommends ensuring adequate continuity in its composition, to maintain the existing knowledge base of Recordati acquired by the current Directors, whilst enhancing the Board composition with new skills, competencies and experiences, which are beneficial to continue supporting the ongoing development of the Company.

The Board of Directors recommends that Directors should have the ability to conduct in-depth analysis and possess skills to engage in a constructive and dialectical relationship with management, being able to express their opinions with autonomy of judgment and genuine independence.

All Directors should have a strong motivation to work collaboratively as a team. In this regard, among the required personal traits, a crucial element is the ability to listen and to handle conflicts constructively, as well as integrity and independence of judgement, and the transparency in relationships and communication.



### Competencies

Looking at the next Board composition, Directors should ensure overall complementarity of diverse skills to promote good debate and adequate board discussion.

A few key indications on the suggested skill matrix indicate that candidates for the role of Director in Recordati should preferably possess one or more of the following distinctive skills and professional characteristics:

- experience in the Pharmaceutical business acquired in the different specific areas of interest in which Recordati operates, including Rare Diseases and Research & Development, with a strong accent on Development; this experience to be ideally acquired on an international scale, preferably with a specific focus and experience in the U.S. market;
- managerial experience at senior level (i.e., C – suite roles), preferably gained in international companies characterized by size and complexity similar to Recordati;
- proven and diversified skills in finance, control, risk management, legal and regulatory issues with specific experience in extraordinary operations, M&A, and investments related to business development opportunities through external lines;
- extensive governance experience in Italian listed companies, acquired through many years of service as a member of corporate boards in publicly traded companies, ideally operating in consumer and/or industrial sectors, enabling the enhancement of Recordati's Board with specific Italian corporate governance competencies.

For all Board members, including the Chairman and the Chief Executive Officer (CEO), the attributes of authority, personal standing, and strong communication skills are important and complementary to above mentioned skills.



## TIME COMMITMENT

All candidates, in accepting their candidacy, must be asked to carefully evaluate whether they can guarantee their ability to devote adequate time to the diligent performance of their duties on the Board of Recordati S.p.A, also taking into account any other positions they may hold in the management and control bodies of other companies or in professional activities, also in accordance to the *Guidelines regarding the maximum number of offices that the Directors of Recordati may hold*, adopted by the Board of Directors of Recordati S.p.A in May 2021.

The Board acknowledges the average higher time commitment required by the Non-Executive Independent Directors, who participate in the Board Committees.

To allow Shareholders to quantify the time that will be requested to the candidates for the position of Director, and to assess whether they will be able to ensure the necessary preparation and participation in the meetings, for purely informational purposes, it is specified that in 2024 the following meetings were held: 12 meetings of the Board of Directors (same number of meetings in 2023), 9 meetings of the Risk, Control and Corporate Social Responsibility Committee (10 meeting in 2023), 7 meetings of the Remuneration and Nomination Committee (13 meeting in 2023).

In addition to the time required to attend meetings, it is also necessary to consider the time of preparation for each meeting and, for the Chairs of the Board and of each Board Committee, the time dedicated to the performance of the role and the activities of preparation, organization and coordination for Board and Committee meetings.

It is also necessary to consider the time commitment necessary for the participation in meetings dedicated to induction and continuous training, as well as any off-site events during the three-year period.

## PROFILES OF PARTICULAR RELEVANCE

Regarding profiles of particular relevance, the Board of Directors of Recordati outlines the main characteristics of individuals expected to hold the roles of the Chair of the Board of Directors and the CEO:

**Chair of the Board** should:

- ✓ *be a figure with a high professional profile and value. Authoritative and credible to play the role of guarantor to Recordati's shareholders and stakeholders*
- ✓ *be capable of guaranteeing transparent and correct management of the functioning of the Board of Directors*
- ✓ *be capable of promoting the integration of the various competencies and experiences of the Directors*
- ✓ *have previous experience as a Board leader or the head of listed companies of size, complexity and international projection comparable to those of Recordati*
- ✓ *have attention and experience in corporate governance*
- ✓ *have a recognized international standing.*

A clear understanding of the non-executive nature of the role (and adherence to it), along with natural complementarity with the Chief Executive Officer, is essential to create a cohesive and effective top management team, respecting their respective roles.

**CEO** should:

- ✓ *have full personal and professional authority for the performance of this role, a professional with broad delegations, a leader with recognized capacity and strategic vision.*
- ✓ *have significant managerial experience and recognized success at the top of the management of listed companies of size, complexity and sector comparable to those of Recordati.*
- ✓ *have relevant international management experience in the pharma business*
- ✓ *have adequate expertise in economic and financial matters and corporate strategy*
- ✓ *be able to convey both vision and strategic thinking*
- ✓ *have high team-leadership qualities.*

