



Pharming Group N.V.

**Remuneration Policy
Board of Directors**

AGM May 21, 2024

NASDAQ: PHAR | EURONEXT Amsterdam: PHARM

- The current Remuneration Policy for the Board of Directors was approved by our shareholders on December 11, 2020, with a positive majority of 99,28% of the votes cast.
- A new draft Remuneration Policy for the Board of Directors will be submitted for adoption to the AGM scheduled for May 21, 2024, in accordance with the mandatory four-yearly renewal according to the Dutch Civil Code.
- The Remuneration Committee engaged an international strategic consultant for a review of the current Remuneration Policy. Their input and feedback was used in preparing the updated draft policy.
- In preparation for the submission to the AGM on May 21, 2024, the Remuneration Committee also consulted proxy advisors, asking their feedback and input on the proposed updated Remuneration Policy to ensure continued alignment with best practices. Their feedback has also been incorporated.
- This slide deck summarizes the main changes (other than textual edits and minor changes) that are proposed to be incorporated in the updated Remuneration Policy for the Board of Directors, compared to the current Remuneration Policy, each time including a brief explanation of the reasons for change.

The full text of the updated Remuneration Policy for the Board of Directors, as it will read after adoption by our shareholders on May 21, 2024, has been submitted to our shareholders as part of the meeting documents for the AGM. That document highlights (using track changes) all changes that are proposed to be made compared to the existing policy, including edits. In case of inconsistencies, the language included in the document with the full text is leading and prevails.



2. Remuneration Policy: Executive Director

Components remuneration package Executive Director (as further explained on next slides)

- *Base salary*
- *Short-term incentive plan*
- *Long-term incentive plan*
- *Other benefits (same as available to other eligible Pharming employees)*
 - Pension: Defined Contribution plan (up to fiscal maximum) and Net Employee Pension Scheme
 - Other: lease car, annual holiday allowance

Executive Director: components of remuneration package

Base Salary



Base salary level reviewed annually



Increases of base salary in line with merit salary increases general workforce, annual performance review, Company's performance, changes in roles and responsibilities and market benchmarks

Executive Director: components of remuneration package

Short term incentive plan (cash)



Performance measures set by Board at the start year; including targets, weighting and threshold

(categories: financial (cash/ revenues/operating profit), execution strategy, people (e.g, diversity & inclusion) and ESG)



On targets score = 70%;

Maximum pay-out 140% of annual base salary



Targets disclosed retrospectively in Remuneration Report

Executive Director: components of remuneration package

Long term incentive plan (equity)



Restricted performance shares granted annually,
Equal to 300% fixed annual salary



Vesting after three-year performance period,
subject to achieved performance targets set by Board



Maximum vesting: 450% of fixed annual salary



Performance measures: 40% Total Shareholder Return (TSR) &
60% corporate objectives (*linked to execution long-term strategy: revenue growth, launch and lifecycle management leniolisib, fill pipeline and ESG targets*)



Targets disclosed upfront. Exception: financial and
commercially sensitive targets (all disclosed retrospectively)

Executive Director: components of remuneration package

Other benefits (available to all Pharming employees)



**Pension: Defined Contribution plan (up to fiscal maximum)
& Net Employee Pension Scheme**



Other: lease car, annual holiday allowance

The following *main changes* are proposed to be made (*as described in more detail on the next slides, together with the other proposed changes*) with retrospective effect from January 1, 2024, subject to approval and adoption by our shareholders:

New provisions to be included:

- ***Derogations of the policy:*** shall only be permitted in case of exceptional circumstances if necessary to serve the long-term prospects and sustainability of the Company. Deviations shall also be aligned with the main objectives of the policy to ensure a consistent approach.
- ***Peer group – guiding principle added:*** Pharming shall align itself with European best practices in the field of remuneration, while remaining competitive in the US labor market to support the successful execution of its strategy. In 2023, the US market accounted for more than 97% of sales generated by Pharming (source: 2023 Financial Statements). The remuneration of the Executive Directors is reviewed according to the benchmark of the region (EU or US) in which they reside.
- ***Increase base salary Executive Director:*** any increase is required to be substantiated by outcome of the Director's annual performance review, the company's performance, changes in roles and responsibilities, changes in pay and conditions across Pharming and (two-yearly) market benchmarks. Salary levels are each time determined based on the country of residence of the Executive Director.
- ***Short-Term and Long-Term Incentive plans:***
 - extended outline governance process for target setting included (including link to strategy and measuring), confirmation of retrospective disclosure of all targets, weighting financial targets STI at least 50%, and detailed vesting schedule for all quantifiable targets (including threshold and maximum vesting percentage for each target)
 - undertaking by the Board of Directors to ensure that dilution limits due to the equity plans for staff and the Executive Director are prudently applied. Related grants will not result in exceeding 10% of all issued and outstanding shares of Pharming on a diluted basis.
- ***Clawback provisions incentive plans:*** extended in line with SEC requirements, Dutch law and Dutch Corporate Governance Code.

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024
Strategy	Text outlining the three pillar strategy	Summary of updated strategy, as announced in Q3 2022.
Discretionary power vested in the Board to grant additional benefits to new Executive Board Members, both in case of an internal appointment or an external hire.	In case of external hires: possibility to award cash or share-based sign-on awards.	In case of external hires: possibility to award share-based sign-on awards. The Board is also entitled to grant the new appointee a sign-on award in cash, if and to the extent necessary (and therefore, like-for-like) to compensate the value of a short-term incentive plan providing for a pay-out in cash, that is in effect for the year in which the new appointee resigns to be appointed by the Company and that is forfeited due to that resignation. All grants will be disclosed as part of the proposal for appointment to the General Meeting of Shareholders.
Discretionary power vested in the Board to grant additional benefits to new Executive Board Members, both in case of an internal appointment or an external hire.	Possibility to offer alternative benefits such as pensions or insurances with an equivalent value in an international context.	Possibility to offer alternative benefits such as pensions or insurances with a value aligned with similar benefits offered to Pharming's staff members in the jurisdiction where the relevant Executive Board Member is residing, or, if there are no Pharming staff members in that jurisdiction, with benefits that are common in that jurisdiction according to a benchmark report obtained from a recognized third party reward expert
Derogation of policy	The Board of Directors may, upon recommendation of the Remuneration Committee, temporarily derogate from the Remuneration Policy for Executive Board Members in exceptional circumstances, in accordance with principles of reasonableness and fairness, Any and all deviations of this Policy must be carefully considered and are limited to the remuneration elements of the Policy and may not extend to the described principles.	Two new requirements added: <ul style="list-style-type: none"> - Exceptional circumstances are circumstances in which deviation is, in the opinion of the Board of Directors, necessary to serve the long-term prospects and sustainability of the Company. - Deviations shall be aligned with the main objectives of the policy applying a consistent approach. <p>The Board of Directors shall disclose in the next Remuneration Report the deviations, if any, applied for Executive Board Members and the reasons therefor. The Board of Directors shall be required to submit a proposal to the next General Meeting of Shareholders to adopt the amendment to the policy to incorporate a deviation due to a change in laws or regulations.</p>

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Peer group	Description of the peer group, consisting of a group of European and US integrated and commercial stage listed companies active in Life Sciences. This peer group reflects the Company's operating areas and the markets most relevant in relation to the recruitment and retention of top talent.	Guiding principle added that Pharming has set the objective to align itself with European best practices in the field of remuneration, but will also need to ensure that it meets the urgent need to remain competitive in the important US labor market to support Pharming's efforts to create long term value and to ensure sustainable growth in line with its strategy, as the Company has established a significant and still growing presence in the US. The remuneration of the Executive Director(s) is reviewed according to the benchmark of the region (EU or US) in which they reside.	Guiding principle was already included in 2022 Remuneration Report.
Peer group	Policy confirms the positioning of Pharming in the 2020 peer group with regards to revenues and profitability and market market capitalization.	Reference to positioning in peer group in specific year deleted.	Information has limited value given four year term for remuneration policy. Details on positioning in peer group shall be included in the remuneration report, if applicable explaining changes.
Increase base salary Executive Board Members	The Board of Directors, without the participation of the Executive Board Members, may upon proposal of the Remuneration Committee decide to increase the base salary of Executive Board Members within the restrictions set by this Remuneration Policy, provided that the amount of the increase does not exceed the average salary increase of the employees of the Company.	<p>Provision updated to the effect that base salary levels of the Executive Board Member(s) are reviewed annually, taking into consideration the outcome of the review of the annual performance by the Executive Board Member(s), performance results by the Company, changes in roles and responsibilities of the relevant Executive Board Members, changes in pay and conditions across the Company and market benchmarks.</p> <p>Salary levels are each time determined based on the country of residence of the Executive Director.</p> <p>The market benchmark is repeated every two years by a third party reward consultant. Given that Pharming's revenues are mostly generated, and that Pharming also competes mostly in the U.S. market, a further compensation competitiveness check against U.S. compensation for non-US Executive Board Members is also taken into consideration.</p>	<p>Amendments to reflect best practice and current internal procedure.</p> <p>The applicable base salary is each time disclosed prospectively for the coming year in the annual Remuneration Report.</p>

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Short-Term Incentive (STI)	<p>Outline STI: structure, specification 'on target' and maximum pay-out and reference to separate attachment for qualitative outline performance measures.</p>	<p>Additional details included:</p> <ol style="list-style-type: none"> 1) Target setting process: <ul style="list-style-type: none"> - authority Board, upon proposal of the Remuneration Committee, to adjust the weightings to be applied for a specific financial year; - confirmation that STI scorecard for next year - including the link to the strategy, the weightings and the way performance is measured - will be part of the remuneration report (ex ante). - confirmation that 50% of the targets for the STI will be linked to financial performance. Attachment I specifies weightings 2023 STI. - undertaking Remuneration Committee to ensure that all targets are measurable, rigorous and sufficiently stretched. 1) Vesting <ul style="list-style-type: none"> - detailed vesting schedule, including 80% threshold for each quantitative target and a maximum of 200% for each individual target; - a retrospective disclosure of performance against all targets set for the preceding year to be included in Remuneration Report. - Definition added for 'good leaver' for purposes STI. An Executive Board Member leaving Pharming cannot be a designated "Good leaver" if his/her membership of the Board is terminated at the Board's initiative because of fraud, a criminal offence, gross negligence or wilful misconduct by the relevant Executive Board Member. 	<p>Amendments to reflect current internal process and confirms outline (including scorecard and vesting schedule for 2023 STI) in the 2022 Remuneration Report.</p> <p>Attachment I has been updated in accordance with the changes to the main policy.</p>

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Long-Term Incentive (LTI)	<p>Outline LTI: structure, specification ‘on target’ and maximum pay-out and reference to separate attachment for qualitative outline performance measures.</p>	<p>Additional details included:</p> <ul style="list-style-type: none"> 1) Target setting process: <ul style="list-style-type: none"> - Undertaking to ensure that dilution limits for Pharming due to the equity plans for staff and the Executive Board Member(s) will be prudently applied and that grants will in any event not result in Pharming exceeding 10% of all issued and outstanding shares of Pharming on a diluted basis. - confirmation that LTI scorecard for next 3 year performance period will be included upfront in the Remuneration Report published in the first year of that performance period. The Scorecard will specify the targets for each of the corporate strategic objectives, except for the financial and highly commercially sensitive targets that will be disclosed retrospectively after vesting of the relevant shares. 1) Vesting <ul style="list-style-type: none"> - detailed vesting schedule, including 80% threshold and a maximum of 200% for each individual target; - a retrospective disclosure of performance against the targets set for the preceding performance period to be included in remuneration report. - Definition added for ‘good leaver’ for purposes LTI. An Executive Board Member leaving Pharming cannot be a designated “Good leaver” if his/her membership of the Board is terminated at the Board’s initiative because of fraud, a criminal offence, gross negligence or wilful misconduct by the relevant Executive Board Member. 	<p>Amendments to reflect current internal process and confirms outline (including scorecard and vesting schedule for 2023-2025 LTI) in the 2022 Remuneration Report.</p> <p>Attachment I has been updated in accordance with the changes to the main policy.</p>

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Clawback arrangement	Authority Board to take ex ante or ex post measures with regard to the variable remuneration (malus and clawback) included as part of general discretionary powers Board (page 4).	Detailed arrangement included whereby the Board of Directors, in accordance with a recommendation by the Remuneration Committee, shall be required to reduce or recover variable remuneration if certain circumstances apply.	New SEC requirements, while ensuring compliance with Dutch law and Dutch Corporate Governance Code.
Share ownership	All Executive Board Members are entitled to accrue their required minimum shareholding over time by the vesting of after-tax performance shares from the Executive LTI Plan, without the requirement for own purchases, provided that the minimum shareholding is reached within five years following first appointment.	Requirement that shareholding is built within five years deleted.	Required minimum shareholding to be accrued by the vesting of after-tax performance shares from the Executive LTI Plan. Executive Board Members to decide on own additional purchases. The current CEO well exceeds the minimum shareholding requirement.
Loans and advances to Executive Board Members	No provision for Executive Board members (only prohibition for Non-Executives). Remuneration Report each year includes negative statement.	Provision added that no loans or other financial commitments will be made by or on behalf of the Company to any Executive Board Member unless approved by the Board of Directors. Loans to any Executive Board Member will be disclosed in the next Remuneration Report.	Amendments to reflect best practice and current internal procedure.



3. Remuneration policy: Non-Executive Directors

Summary of current policy

Roles and responsibilities	Annual fee in cash	2023 Annual fee in shares
Board		
Basic Non-Executive Director Fee	€45,000	€30,000
Chair	€90,000*	€40,000
Committees		
Member of Audit Committee	€3,000	n/a
Member of Remuneration Committee	€3,000	n/a
Member of Corporate Governance Committee	€3,000	n/a
Member of the Transaction Committee	€3,000	n/a
Chair of Audit Committee	€9,000	n/a
Chair of Remuneration Committee	€6,000	n/a
Chair of Corporate Governance Committee	€6,000	n/a
Chair of the Transaction Committee	€6,000	n/a

*: Effective since September 25, 2023. Until September 25, 2023: EUR 65,000

Changes in past years

The fees as specified on the previous slide have remained *unchanged* since 2020, except for the following changes:

- *since September 25, 2023 (approved by EGM):*
increase cash retainer Chair of the Board of Directors by EUR 25,000 to EUR 90,000 per annum (equity grant unchanged)
- *since January 1, 2023 (approved at AGM May 17, 2023):*
 - fee of EUR 6,000 per annum payable to chair of new Transaction Committee
 - fee of EUR 3,000 per annum payable to the members of the Transaction Committee

Proposed changes to Non-Executive Directors remuneration Policy

Proposed changes in new draft policy (as described in more detail on the next slides):

- *Change fees committees effective January 1, 2024, subject to AGM approval*
 - *Audit Committee*
 - chair: EUR 15,000 (was EUR 9,000)
 - members EUR 7,500 (was EUR 3,000)
 - *Other committees*
 - chair: EUR 12,500 (was EUR 6,000)
 - members EUR 6,250 (was EUR 3,000)

The fees have been determined, taking into consideration:

- the significantly expanded tasks and responsibilities associated with the membership of the committees;
 - the Company's growth over the past years, including the launch of the 2nd product
 - the Company's significant and still growing presence in the US market
 - the Company's long-term strategy and ambitions; and
 - a comparison with the market benchmark.
- *Deletion following sentence:* "In accordance with the Dutch Corporate Governance, all shares in the Company held by the Non-Executive Board Members shall be a long-term investment." Rationale: to avoid that the shares awarded to the Non-Executive Directors, as part of their fixed annual remuneration, are deemed linked to the performance of Pharming and, therefore, to safeguard their independence.

NB: the annual fees payable to the Non-Executive Directors since 2020 for their membership of the Board of Directors (EUR 45,000 in cash and EUR 30,000 in shares) remain *unchanged*.

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Remuneration Non-Executive Directors	<p>Summary fees payable to Chairs and members Board and Board committees.</p>	<p>Updated summary of the fees to be paid to Non-Executives Directors, i.e.,</p> <ul style="list-style-type: none"> - the fees for the Transaction Committee as approved by the AGM on May 17, 2023; - the increase of the cash retainer for the Chair as approved by the ERM on September 25, 2023; - the proposed increase of the fees for the chairs and members of the committees. <p>The fees of Non-Executives are emphasized to be based on the Company's growth, its significant and still growing presence in the US market, the Company's long-term strategy and ambitions, the enhanced tasks and responsibilities associated with their membership of the Company's one tier board and the extended responsibilities as members of the committees and a comparison with the market benchmark.</p> <p>The fees of the chairs and members of the committees have been increased from 2024 onwards in acknowledgement that these fees had remained unchanged since the year 2020. The fees paid to the Non-Executive Directors for their membership of the Board of Directors have also not been increased since 2020 and will remain unchanged from 2024 onwards.</p>	<p>Amendments to update the fee amounts and to clarify basis for the grant.</p>

Comparison Remuneration Policies 2024 vs 2020

Topic	Current policy 2020	New policy 2024	Reason for change
Share ownership by Non-Executives	In accordance with the Dutch Corporate Governance, all shares in the Company held by the Non-Executive Board Members shall be a long-term investment.	Deleted	To ensure that shares are not linked to the performance of Pharming, to safeguard the independence of the non-executive board members.
Diversity	<p>Pharming complies in full with all privacy and anti-discrimination laws and regulations in force in the EU, UK and USA.</p> <p>When searching new Executive Board Members or Non-Executive Board Members, Pharming actively seeks to promote diversity in the composition of the Board of Directors.</p>	<p>Provision has been extended a follows:</p> <ul style="list-style-type: none"> - Reference to Nasdaq diversity rules - Confirmation to ensure continued compliance with female quota according to the Dutch Act on gender diversity in boards of Dutch companies. Today, 37,5% of all members are female (42% of Non-Executives). - Confirmation to strive for equal gender diversity among Executive Board Members, while each time satisfying the requirements for the relevant positions, in case of future nominations of another Executive Board Member. 	Clarification and confirmation of existing diversity targets



www.pharming.com

NASDAQ: **PHAR** | EURONEXT Amsterdam: **PHARM**