



A multibrand company

**REPORT ON THE REMUNERATION OF THE BOARDS OF  
DIRECTORS AND STATUTORY AUDITORS, GENERAL MANAGERS  
AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

in accordance with article 123-ter of the TUF

**Issuer: Newlat Food S.p.A.**

**Website: [www.newlat.it](http://www.newlat.it).**

**Year to which the Report refers: 2020**

**Date of approval of the report: BoD 19 March 2021**

## 2021 REPORT ON THE REMUNERATION OF THE BOARDS OF DIRECTORS AND STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

### SECTION I

The Company is administered by a Board of Directors with no fewer than 3 (three) members and no more than 15 (fifteen) as decided by the Shareholders' Meeting at the time of appointment. Directors are elected on the basis of slates of candidates.

At the end of 2020:

- The Board of Directors, which will remain in office until approval of the financial statements for the year ending 31 December 2021, is composed as follows:

Mr.	Angelo Mastrolia	Executive Chairman
Mr.	Giuseppe Mastrolia	Chief Executive Officer
Mr.	Stefano Cometto	Chief Executive Officer
Ms.	Benedetta Mastrolia	Non-executive director
Ms.	Valentina Montanari	Independent non-executive director
Ms.	Maria Cristina Zoppo	Independent non-executive director
Mr.	Eric Sandrin	Independent non-executive director

Note that on 25 September 2020, the Board of Directors coopted Maria Cristina Zoppo pursuant to the Law and the By-laws, replacing the independent non-executive director Emanuela Paola Banfi, who resigned on 14 September 2020, with effect from the date of appointment of the new member.

- The Board of Statutory Auditors, which will remain in office until approval of the financial statements for the year ending 31 December 2021, is composed of the following Statutory Auditors:

Mr.	Massimo Carlomagno	Chairman
Ms.	Ester Sammartino	Standing auditor
Mr.	Antonio Mucci	Standing auditor

- The manager with strategic responsibilities of the Company is Mr. Rocco Sergi.

- a) *The bodies or subjects involved in the preparation and approval of the remuneration policy, specifying their respective roles, as well as the bodies or subjects responsible for the correct implementation of this policy.*

On the proposal of the Remuneration and Appointments Committee, the Remuneration Policy is approved by the Board of Directors and the ordinary Shareholders' Meeting of the Company convened to approve the financial statements.

The Remuneration and Appointments Committee and the Board of Directors are responsible for the correct implementation of the Remuneration Policy.

- b) *Possible intervention of a remuneration or other competent committee, describing its composition, its powers and its operating procedures.*

The Director Remuneration and Appointments Committee is composed of:

Maria Cristina Zoppo Independent non-executive director

Valentina Montanari Independent non-executive director

Eric Sandrin Independent non-executive director

The Remuneration and Appointments Committee assists the Board of Directors by carrying out investigative functions of a propositional and advisory nature with respect to the assessments and decisions concerning the policy for the remuneration of directors and managers with strategic responsibilities. Specifically, it:

- a) makes proposals to the Board of Directors regarding the adoption of a policy for the remuneration of directors and managers with strategic responsibilities;
- b) periodically assesses the adequacy, overall consistency and practical application of the policy for the remuneration of directors and managers with strategic responsibilities adopted by the Company, making use of the information provided by the Chairman of the Board of Directors, if necessary making proposals to the Board of Directors;
- c) examining Annual Report on Remuneration prior to it being made publicly available for the annual shareholders' meeting to approve the financial statements;
- d) submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors holding particular positions, and on the setting of performance targets related to the variable component of such remuneration;
- e) monitors the implementation of the decisions taken by the Board by verifying, in particular, that the performance targets referred to in point d) above have been met;

f) makes proposals to the Board of Directors regarding the adoption of remuneration policies and/or incentive systems also applicable to directors, managers and employees within the group.

*c) Remuneration and working conditions of Company employees*

In determining the Remuneration Policy, account was taken of the remuneration and working conditions of the Company's employees, and specifically of the criterion for defining the economic package, based on:

- (i) professional specialisation;
- (ii) the organisational role held; and
- (iii) responsibilities.

This economic package also aims to determine the remuneration of members of corporate bodies and Executives with strategic responsibilities in a harmonious manner, consistent with the working conditions of employees, avoiding generating situations of unjustified imbalance.

*d) Names of any independent experts involved in preparing the remuneration policy.*

There were no independent experts involved in determining the remuneration policy.

*e) Purposes pursued by the remuneration policy, the underlying principles and any changes in the remuneration policy with respect to the previous financial year.*

The Remuneration Policy aims to attract people with diverse professional skills and experiences who can guarantee useful contributions to the growth and control of the Company's business.

The Remuneration Policy contains guidelines regarding incentive mechanisms for Directors and Executives aimed at linking part of the remuneration to the achievement of three-year economic-management objectives, functional to the medium-long term strategic plan.

These guidelines formed the basis for the preparation of the monetary incentive plan approved by the Board of Directors on 6 September 2019. This incentive plan, whose beneficiaries are Mr. Angelo Mastrolia, Mr. Giuseppe Mastrolia, Mr. Stefano Cometto, Ms. Benedetta Mastrolia and Mr. Rocco Sergi, aims to:

- reward the Company's performance, as well as strengthen the alignment between the interests of management and those of shareholders;
- develop retention policies aimed at retaining key company resources and encouraging them to remain in the Company;
- develop policies that attract talented managers and professionals.

The 2020 Remuneration Policy complies with the principles set out in article 6.C.1 of the Corporate Governance Code. Specifically:

1. there are maximum limits for variable components;
2. the fixed component is sufficient to remunerate the performance of the director in the event that the variable component is not disbursed due to failure to meet performance targets;
3. payment of the variable remuneration component takes place at the end of the three-year period of reference.

On 19 March 2021 the Board of Directors also approved the inclusion of Stefano Ferro, as Head of Internal Audit, among the beneficiaries of the monetary incentive plan already approved by the Board of Directors on 6 September 2019.

At the same Board meeting of 19 March 2021, on the proposal of the Remuneration and Appointments Committee, qualitative performance targets related to corporate sustainability in environmental and social matters were also identified.

- f) *Description of the policies on fixed and variable components of remuneration, with particular regard to the indication of the relative weight in the overall remuneration and distinguishing between short- and medium-to-long-term variable components.*

The remuneration of Directors and Executives consists of the components described below.

#### Fixed component

1. for the Chairman, Chief Executive Officers and non-executive Directors, the fixed component of remuneration consists of remuneration determined by the Board of Directors after consulting with the Board of Statutory Auditors, also taking into account the commitment required of each of them and participation in one or more committees, in any case within the limits of the total amount approved by the Ordinary Shareholders' Meeting;
2. for the Executives with strategic responsibilities, the fixed component consists of the fixed annual gross remuneration envisaged in their individual signed contracts, in accordance with the applicable collective agreements.

#### Variable component

For the Chairman, Chief Executive Officers, non-executive Directors and the Executives with strategic responsibilities, there is a variable component related to performance objectives achieved during the three-year period of reference. The performance objectives, which relate to economic, equity and strategic parameters, are detailed in point h) below.

Remuneration of the Manager of the Internal Audit function.

On a proposal from the Remuneration and Appointments Committee, the Board of Directors also assigned a variable component of long-term remuneration to the head of Internal Audit, in line with company policies. This variable component shall be disbursed upon achievement of three-year objectives suitable for the position held.

*g) Policy with regard to non-monetary benefits.*

With regard to non-monetary benefits, the Policy is based on maintaining average market standards. These benefits consist of (i) a life/injury insurance policy benefiting the Executives, (ii) an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives, and (iii) the assignment of a company car and mobile phone for Directors other than independent Directors and Executives with strategic responsibilities.

*b) With reference to variable components, a description of the performance targets, on the basis of which short- and medium-to-long-term variable components are assigned, distinguishing between the term, and information on the link between the change in results and the change in remuneration.*

The Chairman, CEOs, non-executive directors other than independent directors and Executives with strategic responsibilities receive a variable component worth up to a maximum of 50% of their annual fixed remuneration and linked to the achievement of the three-year quantitative objectives detailed in the 2020-2022 business plan, approved by the Board of Directors on 22 July 2019. Specifically:

**a. Group turnover for 2020 – 2021 – 2022:**

1. <95% of the target	no bonus
2. 95-100% of the target	50% of the bonus
3. 100-105% of the target	100% of the bonus
4. >105%	110% of the bonus

**b. Group EBITDA (as defined above) for 2020 – 2021 – 2022:**

1. <95% of the target	no bonus
2. 95-100% of the target	50% of the bonus
3. 100-105% of the target	100% of the bonus
4. >105%	110% of the bonus

**c. Consolidated NFP/ EBITDA ratio (as defined above) excluding financial debt related to any equity investments and net of any disposals:**

1. <95% of the target	no bonus
2. 95-100% of the target	50% of the bonus
3. 100-105% of the target	100% of the bonus
4. >105%	110% of the bonus

The bonus for the achievement of each of the above objectives shall be paid as follows:

- 50% in the year following the achievement of the target (e.g. target reached in 2020, the first 50% of the bonus shall be paid in 2021);
- 50% at the end of the three-year period (e.g. target reached in 2020, the remaining 50% of the bonus shall be paid in 2023).

In the event of an interrupted mandate:

- due to death or permanent disability, the bonuses earned will be paid to the beneficiaries immediately after the event;
- in other cases of early termination of the mandate, bonuses not yet paid shall not be paid.

Specifically, for the Chairman of the Board of Directors and the Chief Executive Officers, additional performance targets may be defined each year.

Performance targets for the payment of the variable remuneration component are identified by the Board of Directors, taking into account the specific business of the Company.

Recalling what was mentioned under letter e), on the proposal of the Remuneration and Appointments Committee the Company also identified qualitative performance targets related to environmental and social sustainability, which the Company aims to achieve in the years 2021-2023.

In fact, the Company’s primary goal is (i) to promote the implementation of an energy transition process through concrete solutions that allow preserving the environment through decarbonisation, as well as (ii) to continue reusing production waste to generate methane energy or allocate it to livestock production.

Part of the variable component is therefore also linked to the achievement of the Company’s sustainable success, whose method of disbursement will be determined during 2021.

The following table shows the impact of each objective – financial and non-financial – on the variable component:

Financial performance goals	a. turnover (20%)
70%	b. EBITDA (25%)

	c. Consolidated NFP/ EBITDA ratio excluding financial debt related to any equity investments and net of any disposals (25%)
Non-financial performance goals 30%	a. reduction of CO2 emissions (15%) b. reuse of production waste (15%)

- i) *The criteria used to assess performance objectives for the allocation of shares, options, other financial instruments or other variable components of remuneration.*

For the criteria for assessing performance objectives, refer to point h).

- j) *Information to highlight the contribution of the Remuneration Policy, and in particular the Policy on variable components of remuneration, to the business strategy, the pursuit of long-term interests and corporate sustainability.*

The use of EBITDA, turnover increases and the reduction of net financial indebtedness are adequate and proven quantitative performance indicators.

Likewise, the Company considers indicators related to carbon dioxide emissions and reuse of waste to be adequate and proven qualitative performance metrics.

- k) *Vesting period, any deferred payment systems, with an indication of the deferral periods and the criteria used to determine these periods and, if applicable, ex-post adjustment mechanisms.*

Not applicable

- l) *Information on any provisions for holding securities in the portfolio after their acquisition, indicating the retention periods and the criteria used to determine these periods.*

There are no clauses requiring holding securities because there are no incentive plans linked to securities.

- m) *Policy relating to the remuneration envisaged in the event of termination of office or the employment relationship, specifying which circumstances determine the onset of the right and the possible connection between such remuneration and the Company's performance.*

There are no compensation policies in the event of termination of office or the employment relationship.

- n) *Information on the presence of any insurance, social security or pension arrangements other than those required by law.*

As already indicated in letter g) above, the Company has taken out a life/accident insurance policy benefiting Executives, as well as an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives.

- o) *Remuneration policies concerning: (i) independent directors, (ii) participation in committees and (iii) the performance of special duties (chairman, vice-chairman, etc.).*



The right to the remuneration accrues upon appointment. Each of the independent Directors is only paid the fixed component equal to €24,000.00 gross per year, on a monthly basis, in addition to reimbursement of expenses incurred during the performance of their duties.

This remuneration also includes remuneration for participation in the individual internal Committees of the Company.

- p) *Whether the remuneration policy has been defined using the remuneration policies of other companies as a reference and, if so, the criteria used to choose those companies.*

The Company's remuneration policy was defined without using remuneration policies adopted by other companies as a reference.

- o) *Exceptions for exceptional circumstances.*

Not applicable.

## SECTION II

### PART I

#### 1.1 *Remuneration items*

Below is an adequate representation of each item that makes up the remuneration of those who hold the position of member of the Board of Directors, the Board of Statutory Auditors or Executive with strategic responsibilities.

#### **Board of Directors**

##### **a) Chairman of the Board of Directors:**

- fixed component of €120,000.00, approved by the Board of Directors on 3 October 2019;
- variable component approved by the Board of Directors on 6 September 2019;
- non-monetary benefits: the Company has provided a company mobile phone;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives.
- there is no provision for an end-of-service indemnity.

##### **b) Chief Executive Officers:**

- fixed component of €36,000.00, approved by the Board of Directors on 3 October 2019;
- variable component approved by the Board of Directors on 6 September 2019;
- non-monetary benefits: the Company has provided a company mobile phone, and the Company has also provided the Chief Executive Officer Mr. Stefano Cometto with a company car;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives;
- there is no provision for an end-of-service indemnity.

##### **c) Non-executive directors:**

- fixed component of €36,000.00, approved by the Board of Directors on 3 October 2019;
- variable component approved by the Board of Directors on 6 September 2019;

- non-monetary benefits: the Company has provided a mobile phone;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives;
- there is no provision for an end-of-service indemnity.

**d) Independent Directors:**

- fixed component of €24,000.00, approved by the Board of Directors on 8 July 2019;
- no variable component;
- no non-monetary benefits;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives;
- there is no provision for an end-of-service indemnity.

**Board of Statutory Auditors**

**a) Chairman of the Board of Statutory Auditors**

- fixed component of €7,000.00, approved by the Shareholders' Meeting on 8 July 2019;
- there is no variable component;
- there are no non-monetary benefits;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives;
- there is no provision for an end-of-service indemnity.

**b) Standing Auditors**

- fixed component of €4,000.00, approved by the Shareholders' Meeting on 8 July 2019;
- there is no variable component;
- there are no non-monetary benefits;
- the Company has taken out an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives;
- there is no provision for an end-of-service indemnity.

**Executives with strategic responsibilities**

- the fixed component consists of the fixed annual gross remuneration

envisaged in their individual signed contracts, in accordance with the applicable collective agreements.

- variable component approved by the Board of Directors on 6 September 2019;
- non-monetary benefits: the Company has provided a company mobile phone and a company car;
- the Company has taken out a life/accident insurance policy benefiting Executives, as well as an insurance policy for pecuniary damages caused to the Company by Directors, Statutory Auditors and Executives.
- there is no provision for an end-of-service indemnity.

#### 1.2 *Agreements providing for compensation in the event of early termination of the relationship*

There are no agreements that envisage remuneration in the event of early termination of the relationship.

#### 1.3 *Exceptions applied to the policy*

No exceptions to the Policy were applied during 2020.

#### 1.4 *Application of ex-post adjustment mechanisms (clawbacks and/or penalties)*

No ex-post adjustment mechanisms for the variable component were applied during the year 2020.

#### 1.5 *Change in remuneration and comparison information*

The comparison between the annual variable component is shown below:

- (i) the total remuneration of each of the parties for whom the information referred to in this section of the Report is provided by name

<b>Board of Directors</b>		<b>Board of Statutory Auditors</b>	
	2020		2020
Angelo Mastrolia	702%	Massimo Carlomagno	-29%
Giuseppe Mastrolia	13%	Ester Sammartino	-16%
Stefano Cometto	19%	Antonio Mucci	0%
Benedetta Mastrolia	633%		
Valentina Montanari	500%		
Maria Cristina Zoppo (*)	100%		
Emanuela Paola Banfi (**)	340%		

Eric Sandrin	500%		
--------------	------	--	--

(\*) Date of assumption of office 25 September 2020

(\*\*) Date of termination of office 25 September 2020

(ii) of the Company's results (annual % change)

	2020
<b>Value of production</b>	3.20% (*)
<b>Operating profit/(loss)</b>	34.20% (*)
<b>Shareholders' equity</b>	12.20% (*)

(\*) Data from the Newlat Food S.p.A. separate financial statements

(iii) the average annual gross remuneration, based on full-time staffers, of employees other than those whose remuneration is represented by name in this section of the Report.

	2020
<b>Change</b>	3.20% (*)

(\*) Data from the Newlat Food S.p.A. separate financial statements

The average annual gross remuneration was calculated by dividing the total remuneration (used to calculate contributions) by the number of employees averaged over the months of actual work

#### 1.6 *Vote cast by the shareholders on this section II of the previous year*

The Shareholders' Meeting held on 29 April 2020 approved Section II of the Remuneration Report for the 2019 financial year with 50,852,319 votes in favour, 2,109,437 against and 607,525 abstentions.

## **PART II**

Table 1 is annexed as envisaged in schedule no. 7-bis of the Issuers' Regulation.

## **PART III**

Pursuant to the fourth paragraph of article 84-quater of the Issuers' Regulation, attached to this Report are the Company shares held by Directors and Statutory Auditors, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties resulting from the shareholders' register, communications received or other information acquired by the Directors and Statutory Auditors themselves (Table 2 as envisaged in Schedule 7-ter of the Issuers' Regulation).

Reggio Emilia, 19 March 2021

Chairman of the Board of Directors  
Angelo Mastroia

Table 1)

**REMUNERATION PAID TO BOARD MEMBERS**

Name and Surname	Position	Period for which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Variable remuneration non-equity		Non-monetary benefits	Other fees	Total	Equity compensation fair value	End-of-service indemnity
						Variable Remuneration	Profit-sharing					
Angelo Mastrolia	Chairman	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				120,000.00						120,000.00		
(II) Remuneration from subsidiaries <sup>1</sup>				40,333.00						40,333.00		
(III) Total				160,333.00						160,333.00		

Giuseppe Mastrolia	Chief Executive Officer	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				36,000.00					67,600.00	103,600.00		
(II) Remuneration from subsidiaries <sup>1</sup>				20,167.00						20,167.00		
(III) Total				56,167.00					67,600.00	123,767.00		

Stefano Cometto	Chief Executive Officer	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021								
(I)	Remuneration from Newlat Food S.p.A.		36,000.00					1,964.76	76,155.00	114,119.76	
(II)	Remuneration from subsidiaries <sup>1</sup>		9,964.00							9,964.00	
(III)	Total		45,964.00					1,964.76	76,155.00	124,083.76	

Benedetta Mastrolia	Non-Executive Director	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021								
(I)	Remuneration from Newlat Food S.p.A.		36,000.00							36,000.00	
(II)	Remuneration from subsidiaries <sup>1</sup>		8,000.00							8,000.00	
(III)	Total		44,000.00							44,000.00	

Valentina Montanari	Independent non-executive director	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021								
(I)	Remuneration from Newlat Food S.p.A.		24,000.00							24,000.00	
(II)	Remuneration from subsidiaries										
(III)	Total		24,000.00							24,000.00	



Maria Cristina Zoppo	Independent non-executive director	25/09/2020 <sup>2</sup> 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				6,000.00						6,000.00		
(II) Remuneration from subsidiaries												
(III) Total				6,000.00						6,000.00		

Eric Sandrin	Independent non-executive director	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				24,000.00						24,000.00		
(II) Remuneration from subsidiaries												
(III) Total				24,000.00						24,000.00		

**REMUNERATION PAID TO BOARD MEMBERS TERMINATED DURING 2020**

Emanuela Paola Banfi	Independent non-executive director	01/01/2020 25/09/2020 <sup>3</sup>	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				17,600.00						17,600.00		
(II) Remuneration from subsidiaries												
(III) Total				17,600.00						17,600.00		

<sup>1</sup> Remuneration received as at 29 April 2020

<sup>2</sup> Remuneration received as at 25 September 2020

<sup>3</sup> Remuneration received up to 25 September 2020

### REMUNERATION PAID TO STATUTORY AUDITORS

Name and Surname	Position	Period for which the office was held	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Variable remuneration non-equity		Non-monetary benefits	Other fees	Total	Equity compensation fair value	End-of-service indemnity
						Variable Remuneration	Profit-sharing					
Massimo Carlomagno	Chairman	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				7,000.00					1,500.00	8,500.00		
(II) Remuneration from subsidiaries									2,500.00	2,500.00		
(III) Total				7,000.00					4,000.00	11,000.00		

Ester Sammartino	Standing Auditor	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				4,000.00					1,500.00	5,500.00		
(II) Remuneration from subsidiaries									2,500.00	2,500.00		
(III) Total				4,000.00					4,000.00	8,000.00		

Antonio Mucci	Standing Auditor	01/01/2020 31/12/2020	Approval of the financial statements at 31/12/2021									
(I) Remuneration from Newlat Food S.p.A.				4,000.00						4,000.00		
(II) Remuneration from subsidiaries												
(III) Total				4,000.00						4,000.00		

Table 2)

**SHARES HELD BY MEMBERS  
OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS**

Name and Surname	Position	Investee company	Shares held as of 31.12.2019	Acquired in 2020	Sold in 2020	Shares held at 31/12/2020
Angelo Mastrolia	Chairman of the BoD	Newlat Food S.p.A.	27,000,000 (*)	84,374	-	27,084,374

(\*) indirect shareholding held through Newlat Group S.A.

No other member of the Board of Directors or Board of Statutory Auditors holds shares in Newlat Food S.p.A.