



A multibrand company

**REPORT ON THE REMUNERATION OF THE MEMBERS OF THE
ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS
AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES**

pursuant to article 123-ter of the TUF

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2020 REPORT ON THE REMUNERATION OF THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES.

SECTION I

The Company is managed by a Board of Directors consisting of a maximum number of members not less than 3 (three) and not more than 15 (fifteen) according to what the Shareholders' Meeting resolves upon appointment. The Directors are elected on the basis of lists of candidates.

At the end of the 2019 financial year:

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

Angelo Mastrolia	Executive Chairman
Giuseppe Mastrolia	Managing Director
Stefano Cometto	Managing Director
Benedetta Mastrolia	Non-executive Director
Valentina Montanari	Independent non-executive Director
Emanuela Paola Banfi	Independent non-executive Director
Eric Sandrin	Independent non-executive Director

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

Massimo Carlomagno	Chairman
Ester Sammartino	Standing Auditor
Antonio Mucci	Standing Auditor

- The manager with strategic responsibilities of the Company is Dott. Rocco Sergi.
- a) *Bodies and individuals involved in the preparation and approval of the remuneration policy, specifying their respective roles, as well as bodies and individuals involved in the correct implementation of this policy.*

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

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

- b) *Potential intervention by a remuneration committee or other committee competent in the matter, describing its composition, skills and operating methods.*

The Appointments and Remuneration committee is composed of:

Emanuela Paola Banfi	Independent non-executive Director
Valentina Montanari	Independent non-executive Director
Eric Sandrin	Independent non-executive Director

The Appointments and Remuneration Committee assists the Board of Directors by carrying out preliminary, consultative and proactive functions with respect to assessments and decisions regarding the remuneration policy for directors and managers with strategic responsibilities, in particular:

- a) formulates proposals to the Board of Directors regarding the adoption of a remuneration policy for directors and managers with strategic responsibilities;
 - b) periodically assesses the adequacy, overall consistency and concrete application of the remuneration policy for directors and managers with strategic responsibilities adopted by the Company, making use of the information provided by the Chairman of the Board of Directors in the latter regard, if appropriate by making proposals on the matter to the Board of Directors;
 - c) examines in advance the Annual Remuneration Report, to be made available to the public in view of the Annual General Meeting;
 - d) submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors who hold particular positions, as well as on the setting of performance objectives related to the variable component of such remuneration;
 - e) monitors the application of the decisions adopted by the Board itself, verifying, in particular, the effective achievement of the performance objectives referred to in letter d) above;
 - f) formulates 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) *Name of independent experts who may have intervened in the preparation of the remuneration policy.*

No independent experts intervened in the determination of the remuneration policy.

- d) *Purposes pursued with the remuneration policy, principles that underlie it and any changes in the remuneration policy compared to the previous financial year.*

The remuneration policy aims to attract individuals with different professional skills and experience who can guarantee the Company useful contributions to the growth and control of corporate activities.

The Remuneration Policy contains the guidelines concerning the incentive mechanisms of the 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 drafting the monetary incentive plan approved by the Board of Directors on 6th September 2019. This incentive plan, the beneficiaries of which are Dr. Angelo Mastrolia, Dr. Giuseppe Mastrolia, Dr. Stefano Cometto, Dr. Benedetta Mastrolia and Dr. Rocco Sergi, has the aim of:

- rewarding the Company's performance, as well as strengthen the alignment between managements' interests and those of shareholders;
- develop retention policies aimed at retaining key company resources and increasing their permanence in the Company;
- develop attraction policies towards talented managerial and professional individuals.

The 2019 Remuneration Policy respects the principles set out in article 6.C.1 of the Code of Corporate Governance. In particular:

1. there are maximum limits for variable components;
 2. the fixed component is sufficient to remunerate the performance of the administrator in the event that the variable component was not delivered due to the failure to achieve the performance objectives;
 3. the payment of the variable component of remuneration will take place at the end of the three-year reference period;
- e) *Description of the policies regarding fixed and variable components of remuneration with particular regard to the indication of the relative weight in the context of the overall remuneration and distinguishing between short and medium-long term variable components.*

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

Fixed component

1. for the Chairman, Chief Executive Officers and non-executive Directors the fixed component of the remuneration is the remuneration determined by the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, also taking into account the commitment required of each of them and the participation in one or more committees, in any case within the limits of the overall amount resolved by the ordinary Shareholders' Meeting;
2. for the Manager with strategic responsibilities, the fixed component is made up of the gross annual fixed remuneration expected in the individual contract signed, in compliance with the applicable collective legislation.

Variable component

For the Chairman, the Chief Executive Officers, for the non-executive Directors and for the Manager with strategic responsibilities, a variable component is expected up to a maximum of 50% of the fixed annual remuneration received by each of the aforementioned people and linked to the contextual achievement of the three-year objectives indicated in the 2020-2022 business plan, approved by the Board of Directors on 22nd July 2019, such as:

a. achievement of Group revenues forecasts for the years 2020 – 2021 – 2022:

1. target below 95%	no bonus
2. target achieved, between 95% and 99%	50% of bonus
3. target achieved, between 100% and 104%	100% of bonus
4. target achieved, from 105% and beyond	110% del bonus

b. achievement of Group EBITDA (as defined above) for the years 2020 – 2021 – 2022:

1. target below 95%	no bonus
2. target achieved, between 95% and 99%	50% of bonus
3. target achieved, between 100% and 104%	100% of bonus
4. target achieved, from 105% and beyond	110% del bonus

c. consolidated ND/EBTDA (as defined above), with the exception of the net financial position linked to any prospective equity investments and net of any disinvestments:

1. target below 95%	no bonus
2. target achieved, between 95% and 99%	50% of bonus
3. target achieved, between 100% and 104%	100% of bonus
4. target achieved, from 105% and beyond	110% del bonus

The bonus for achieving each of the above objectives will be paid out as follows:

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

In the event of termination of the mandate:

- due to death or permanent disability, the bonuses achieved will be paid to those entitled immediately after the occurrence of the event;

- in other cases of early termination of the mandate, bonuses up to that moment not paid will not be paid.

In particular, additional performance targets to be defined year by year may be stable for the Chairman of the Board of Directors and for the Chief Executive Officers.

f) Policy to be implemented with regard to any non-monetary benefits.

No non-monetary benefit are expected.

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

The performance objectives for the payment of the variable component of the remuneration are identified by the Board of Directors, taking into account the specific activity carried out by the Company.

h) Criteria used for the evaluation of the performance objectives underlying the assignment of shares, options, other financial instruments or other variable components of remuneration.

On the criteria for the evaluation of the performance objectives, please refer to what is described under letter E).

i) Information aimed at highlighting the consistency of the remuneration policy with the pursuit of the company's long-term interests and with the risk management policy, where formalized.

The use of EBITDA, the increase in revenues and the reduction in net financial position are adequate and probable measures of performance.

j) Vesting period, any deferred payment systems, with indication of the deferral periods and the criteria used to determine these periods and, if required, ex post correction mechanisms.

Not applicable

k) Information on the possible provision of clauses for the maintenance of financial instruments in the portfolio after their acquisition, with an indication of the maintenance periods and the criteria used to determine these periods.

There are no clauses for maintaining financial instruments in the portfolio as there are no incentive plans linked to financial instruments.

l) Policy relating to the treatments provided in the event of termination of office or termination of the employment relationship, specifying which circumstances determine the emergence of the right and the possible link between these treatments and the Company's performance.

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

m) Information on the presence of any insurance cover, namely social security or pension insurances,

other than the mandatory ones.

The Company has taken out an accident insurance policy for Executives and is in the process of extending to Directors and Statutory Auditors, as well as in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives.

- n) Remuneration policy possibly followed with reference to: (i) independent directors, (ii) participation in committees and (iii) the performance of particular offices (president, vice president, etc.).*

The right to remuneration accrues at the time of appointment. Each of the independent directors is paid only the fixed component equal to € 24,000.00 gross per year, in monthly form, in addition to the reimbursement of expenses incurred for carrying out the related duties.

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

- o) If the remuneration policy has been defined using the remuneration policies of other companies as a reference, and if so, the criteria used for choosing these companies.*

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

SECTION II

PART ONE

1. ITEMS WHICH COMPRISE THE REMUNERATION

An adequate representation of each item that makes up the remuneration of those who hold the office of member of the Board of Directors, the Board of Statutory Auditors or Manager with strategic responsibilities is provided below.

1.1 Board of Directors

a) Chairman of the Board of Directors:

- fixed component of € 120,000.00, approved by the Board of Directors on 3rd October 2019;
- variable component, approved by the Board of Directors on 6th September 2019;
- non-monetary benefits: the Company has granted a company cell phone;
- the Company is in the process of extending the executive accident insurance policy also to Directors and Statutory Auditors and is in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

b) Managing Directors:

- fixed component of € 36,000.00, approved by the Board of Directors on 3rd October 2019;
- variable component, approved by the Board of Directors on 6th September 2019;
- non-monetary benefits: the Company has granted a company mobile phone, to Stefano Cometto, Managing Director, the Company also granted a company car.
- the Company has taken out an accident insurance policy for Executives and is in the process of taking out an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

c) Non-executive Directors:

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

- variable component, approved by the Board of Directors on 6th September 2019;
- non-monetary benefits: the Company has granted a company mobile phone;
- the Company is in the process of extending the executive accident insurance policy also to Directors and Statutory Auditors and is in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

d) Independent Directors:

- fixed component of € 24,000.00, approved by the Board of Directors on 8th July 2019;
- no variable component;
- no non-monetary benefits;
- the Company is in the process of extending the executive accident insurance policy also to Directors and Statutory Auditors and is in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

1.2 Board of Statutory Auditors

a) Chairman of the Board of Statutory Auditors

- fixed component of € 7,000.00, approved by the Board of Directors on 8th July 2019;
- no variable component;
- no non-monetary benefits;
- the Company is in the process of extending the executive accident insurance policy also to Directors and Statutory Auditors and is in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

b) Standing Auditors

- fixed component of € 4,000.00, approved by the Board of Directors on 8th July 2019;
- no variable component;

- no non-monetary benefits;
- the Company is in the process of extending the executive accident insurance policy also to Directors and Statutory Auditors and is in the process of signing an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

1.3 Managers with strategic responsibilities

- the fixed component consists of a fixed gross annual remuneration provided for in the individual contract signed, in accordance with the applicable collective legislation;
- variable component, approved by the Board of Directors on 6th September 2019;
- non-monetary benefits: the Company has granted a company cell phone and a company car;
- the Company has taken out an accident insurance policy for Executives and is in the process of taking out an insurance policy for financial losses caused by Directors, Statutory Auditors and Executives;
- no severance indemnity is foreseen.

2. AGREEMENTS INVOLVING COMPENSATION PAID IN CASE OF EARLY TERMINATION OF THE RELATIONSHIP

No agreements have been entered into involving any compensation paid in the event of early termination of the relationship.

PART TWO

Table 1 attached, foreseen by the scheme n. 7-bis of the Issuers Regulation.

PART THREE

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

Reggio Emilia, 19th March 2020

The Chairman of the Board of Directors
Angelo Mastrolia

Table 1)

COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS

Name and Surname	Office held	Period for which office was held	Office expiry	Fixed emoluments	Committee attendance fees	Variable non-equity emoluments		Non-monetary benefits	Other remuneration	Total	Fair value equity	Severance indemnity for end of office or termination of employment
						Variable emoluments	Profit sharing					
Angelo Mastrolia	Chairman	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				20,000.00 ¹						20,000.00		
(II) Compensation from subsidiaries and affiliates				-						-		
(III) Total				20,000.00						20,000.00		

Giuseppe Mastrolia	Managing Director	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				6,000.00 ²					67,000.00	73,000.00		
(II) Compensation from subsidiaries and affiliates									36,000.00	36,000.00		
(III) Total				6,000.00					103,000.00	109,000.00		

¹ Compensation received from 01.11.2019 to 31.12.2019.

² Compensation received from 01.11.2019 to 31.12.2019.

Stefano Cometto	Managing Director	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				26,000.00 ³				1,964.76	76,221.34	104,186.10		
(II) Compensation from subsidiaries and affiliates												
(III) Total				26,000.00				1,964.76	76,221.34	104,186.10		

Benedetta Mastrolia	Non-executive Director	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				6,000.00 ⁴						6,000.00		
(II) Compensation from subsidiaries and affiliates												
(III) Total				6,000.00						6,000.00		

Valentina Montanari	Independent non-executive Director	01-Nov-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				4,000.00						4,000.00		
(II) Compensation from subsidiaries and affiliates												
(III) Total				4,000.00						4,000.00		

³ Compensation calculated as follows: until 30.10.2019 € 2,000.00 monthly, while from 01.11.2019 € 3,000.00 monthly.

⁴ Compensation received from 01.11.2019 to 31.12.2019.

Emanuela Paola Banfi	Independent non-executive Director	01-Nov-19 31-Dec-19	Approval of F.S. ended 31-Dec-21								
(I) Compensation from Newlat Food S.p.A.				4,000.00						4,000.00	
(II) Compensation from subsidiaries and affiliates											
(III) Total				4,000.00						4,000.00	

Eric Sandrin	Independent non-executive Director	01-Nov-19 31-Dec-19	Approval of F.S. ended 31-Dec-21								
(I) Compensation from Newlat Food S.p.A.				4,000.00						4,000.00	
(II) Compensation from subsidiaries and affiliates											
(III) Total				4,000.00						4,000.00	

COMPENSATION PAID TO MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Name and Surname	Office held	Period for which office was held	Office expiry	Fixed emoluments	Committee attendance fees	Variable non-equity emoluments		Non-monetary benefits	Other remuneration	Total	Fair value equity	Severance indemnity for end of office or termination of employment
						Variable emoluments	Profit sharing					
Massimo Carlomagno	Chairman	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				7,000.00					1,500.00	9,500.00		
(II) Compensation from subsidiaries and affiliates				7,000.00						7,000.00		
(III) Total				14,000.00					1,500.00	16,500.00		

Ester Sammartino	Standing Auditor	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				4,000.00					1,500.00	5,500.00		
(II) Compensation from subsidiaries and affiliates				4,000.00						4,000.00		
(III) Total				8,000.00					1,500.00	9,500.00		

Antonio Mucci	Standing Auditor	01-Jan-19 31-Dec-19	Approval of F.S. ended 31-Dec-21									
(I) Compensation from Newlat Food S.p.A.				4,000.00						4,000.00		
(II) Compensation from subsidiaries and affiliates				-						-		
(III) Total				4,000.00						4,000.00		

Table 2)

SHAREHOLDERS OF MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Name and Surname	Office held	Investee company	Number of shares held at 31-Dec-18	Number of shares acquired in 2019	Number of shares bought in 2019	Number of shares held at 31-Dec-19
Angelo Mastrolia	Chairman of the BoD	Newlat Food S.p.A.	27,000,000 (*)	-	-	27,000,000

(*) indirectly held through Newlat Group S.A.

No other member of the Board of Directors nor Board of Statutory Auditors holds Newlat Food S.p.A. shares.