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Consolidated non-financial statement

**Drafted pursuant to Italian
Legislative Decree 254/2016**



2.1

Methodological note

[GRI 102-50]; [GRI 102-52]; [GRI 102-53]; [GRI 102-56]

The Consolidated Non-Financial Statement (hereinafter also referred to as the “NFS” or “Statement”) of the Newlat Food Group (hereinafter

also referred to as the “Group” or the “Company”) was prepared in accordance with the provisions of Legislative Decree no. 254 of 30 December 2016, transposing European Directive 2014/95/EU as amended and supplemented into Italian law.



The indicators reported refer to the reporting year that runs from 1 January to 31 December 2021. Where possible and for the best comparison, the data and information of the previous two years have also been reported.

With regard to the changes in the Group's structure over the three-year period, note that in 2019 the scope included the companies Newlat Food S.p.A.

and Newlat GmbH Deutschland. In April 2020 the Group acquired the company Centrale del Latte d'Italia S.p.A., which had four operating plants: Florence, Turin, Vicenza and Rapallo (GE). Since 2021, the factories in Lodi, Reggio Emilia and Salerno have been leased from Newlat Food S.p.A. to Centrale del Latte d'Italia S.p.A. Finally, in August 2021 the Group acquired the British company Symington's Limited. For greater clarity, see Table 1.

TABLE 1 - SCOPE OF CONSOLIDATION

Corporate evolution		Plants (identified by geographical location)	2021	2020	2019
Centrale del Latte di Salerno S.p.A.	Newlat Food S.p.A.		Salerno ¹	•	•
		Reggio Emilia	•	•	•
		Lodi	•	•	•
Newlat Food S.p.A.	Newlat Food S.p.A.	Corte dei Frati (CR)	•	•	•
		Bologna	•	•	•
	Newlat Food S.p.A.	Ozzano Taro (PR)	•	•	•
		Sansepolcro (AR)	•	•	•
Delverde S.p.A.		Eboli (SA) ²	•	•	•
		Fara San Martino (CH)	•	•	•
Newlat GmbH		Mannheim (Germany)	•	•	•
Centrale del latte d'Italia S.p.A.		Turin	•	•	
		Vicenza	•	•	
		Rapallo (GE)	•	•	
		Florence ³	•	•	
Symington's Limited		Dartmouth Way - Leeds (United Kingdom) ⁴	•		
		Bradford (United Kingdom)	•		
		Consett (United Kingdom)	•		

1 The Salerno plant also manages the warehouses in Pozzuoli (NA), Lecce and Rome

2 In Eboli (SA) there are two production units: the processing plant and the mill

3 The Florence plant also manages the warehouses in Arezzo, Livorno, San Vincenzo, Siena, Massa, Grosseto and the island of Elba

4 The Dartmouth Way plant also operates a warehouse in Leeds

The scope of reporting of non-financial information at 31.12.2021 is therefore Newlat Food S.p.A. (hereinafter also “Newlat Food”) and the subsidiaries Newlat GmbH Deutschland, Centrale del Latte d’Italia S.p.A. (hereinafter also “CLI” or “Centrale del Latte d’Italia”) and Symington’s Limited (hereinafter also “Symington’s”), consolidated on a line-by-line basis in the Consolidated Financial Statements as at 31 December 2021.

This Consolidated Non-Financial Statement takes as its reference the “Sustainability Reporting Standards” published in 2016 by the Global Reporting Initiative (GRI) and updated to 2020 for indicators relating to GRI 207-Taxes, GRI 405-Health and Safety, GRI 303-Water and Effluents and GRI 306-Waste and uses the “GRI-Referenced” approach. The following GRI reporting principles required for the definition of the content and quality of the document were taken into consideration for the preparation of the Statement: Stakeholder inclusiveness, Sustainability context, Materiality, Completeness, Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness as reported in GRI Standard 101: Foundation.

For greater clarity, references to the GRI Standards are given within the text highlighted with the symbol [GRI No.].

This Statement sets out non-financial information relating to issues considered material to the Group, taking into account the relevant stakeholders and business model.

In order to provide an accurate representation of the ESG performance achieved, the inclusion of dimensions that are directly measurable was

prioritised, avoiding where possible reference to estimates, which, where required, are based on the best possible methods available or on sample surveys, and their use is indicated within the individual indicators.

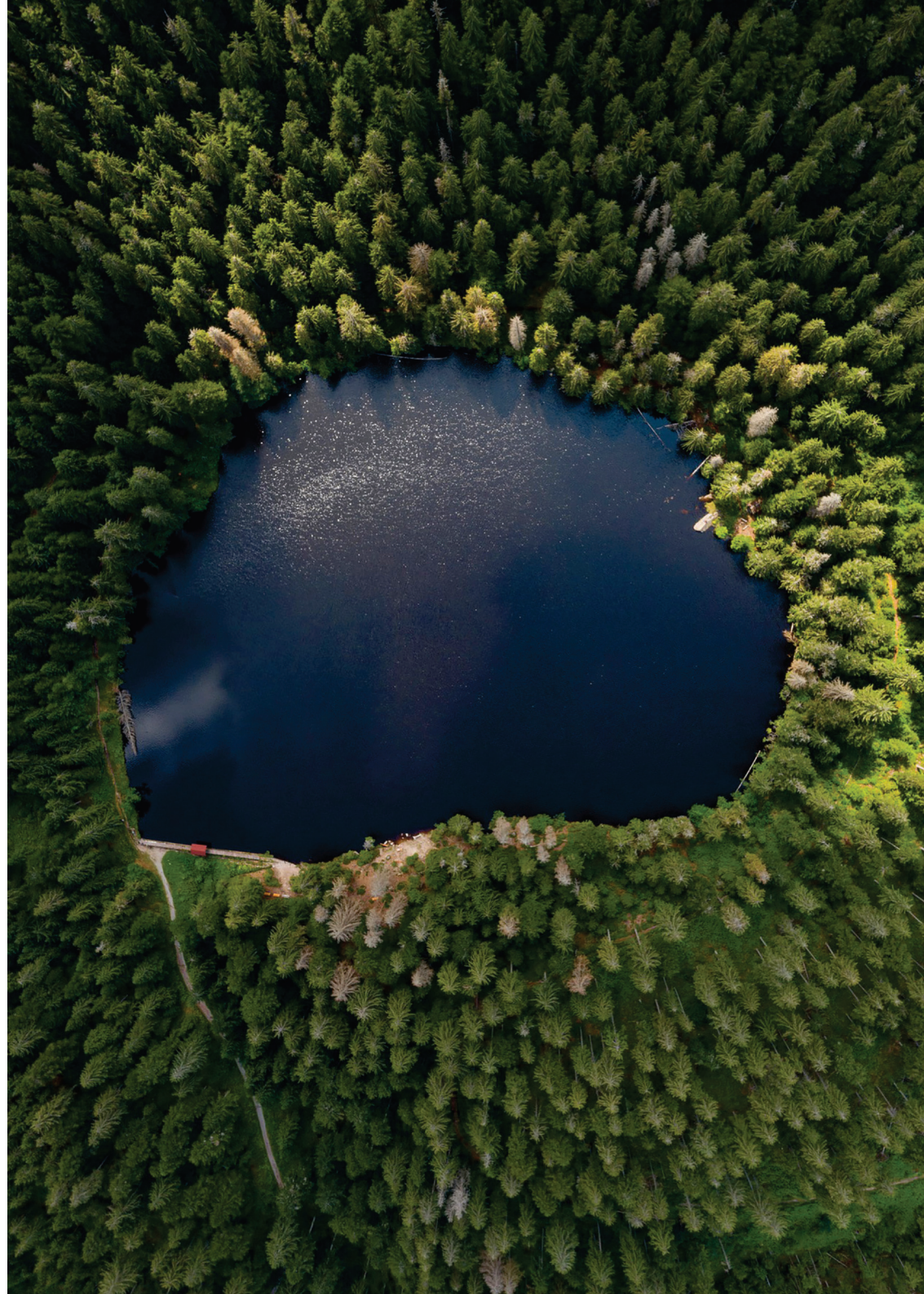
During the 2021 reporting process, note that it was decided to update specific 2020 data following refinements made to their calculations, as reported in the notes to the pertinent tables. Specifically, up-to-date data can be found in the chapters *Environmental impact of production processes* and *Protection of worker health and safety*.

The reporting process coordinated by the Administration, Finance and Control department used special Reporting Packages sent to the relevant information officers.

The Statement was approved by the Newlat Food S.p.A. Board of Directors on 18/03/2022.

The independent audit of the non-financial statement – Limited assurance – was entrusted to PricewaterhouseCoopers S.p.A. and was completed with the issue of the “Independent auditor’s report on the consolidated non-financial statement pursuant to art. 3.C.10, Italian Legislative Decree no. 254/2016 and art. 5 of the Consob regulation adopted with resolution no. 20267 of January 2018”. The Report is available on page 142 of this document.

As required by Regulation EU 852/2020 (EU Taxonomy), Article 8 - Transparency of undertakings in non-financial statements, the Group is required to provide information on its so-called Taxonomy eligible activities, and in particular to turnover, capital expenditures and operating expenditures related to assets or processes associated with economic activities considered as environmentally sustainable in accordance with the relevant delegated acts. This information, reported in the chapter “Regulation EU 852/2020”, is not subject to the Limited assurance mentioned above.



2.2

Business model and value chain

[GRI 102-2]; [GRI 102-6]; [GRI 102-9]

Newlat Food Group was founded in 2004 in Reggio Emilia, where its registered office is still located today.

The Company, and indirectly the Group, has pursued and is pursuing continuous growth, thanks also to the implementation of a policy focused on the acquisition of both nationally and internationally recognised companies and brands.

The history of Newlat Food Group begins with the first acquisition of the Guacci brand in 2004, then continues the following year with the acquisition first of the Pezzullo brand and then of the entire plant located in Eboli (then owned by Nestlé).

In the following years, from 2008, the Group expanded its product portfolio by acquiring Giglio, a company specialising in the milk and dairy sector.

There were more acquisitions in 2008, first with the purchase of the historic Buitoni plant in Sansepolcro, belonging to Nestlé, and subsequently with the acquisition of the licence to use the Buitoni brand.

In 2020, the Group also acquired a majority stake in Centrale del Latte d'Italia.

Finally, in August 2021, 100% of the ordinary shares of the British company Symington's Limited were acquired, a business operating in the food sector with the production of Instant Noodles and Ready Food.

Today, thanks to the strategy pursued, the Group has an established position in the domestic market

and a significant presence in the German and British markets through its subsidiaries Newlat GmbH and Symington's, the latter also present in the US and Australian markets.

As of 1 January 2022, the concession of the Buitoni brand for products made by the Group at the Sansepolcro (Arezzo) plant will end, and the plant will continue to operate, making products with the Group's own brands with the same care and quality.

Below is a list of the Trademarks and Companies involved in the acquisitions, reporting the year in which the transaction was concluded.

TABLE 2 - ACQUISITIONS OF COMPANIES AND BRANDS

Company/Trademark	Year of Acquisition
Guacci	2004
Pezzullo	2005
Corticella	2006
Matese	2008
Giglio	2008
Sansepolcro plant (Buitoni licence until 31/12/2021)	2008
Polenghi Lombardo	2009
Optimus	2009
3Glocken	2013
Birkel	2013
Centrale del Latte di Salerno	2014
Ozzano Taro plant (Plasmon co-packing)	2015
Delverde	2019
Centrale del Latte D'Italia	2020
Symington's	2021

As can be seen from Table 1 above relating to the reporting scope, the Group operates through 18 production plants, of which 14 are in Italy, one in Germany and three in the United Kingdom, divided as follows:

» **5 pasta factories**, one of which also produces **baked goods**

» **7 milk processing plants**

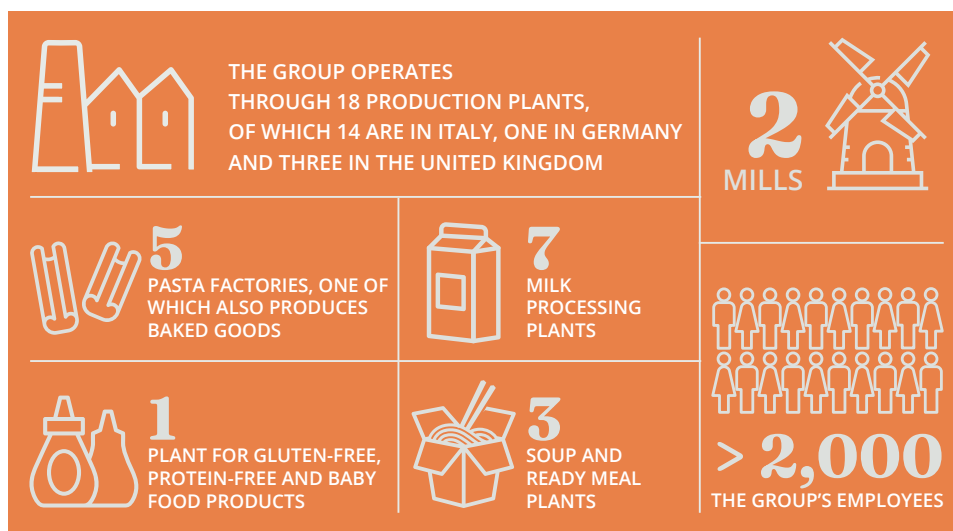
» **2 mills**

» **1 plant for gluten-free, protein-free and baby food products**

» **3 soup and ready meal plants**

The Group employs more than 2,000 people, mainly at the production sites in Italy and United Kingdom.

With regard to the last two years of reporting, note that despite the pandemic the Company's sales did not suffer. This aspect demonstrated the resilience of the Group's business model, even in a complex and difficult context such as the one resulting from the spread of the coronavirus.



With regard to the health emergency, the Company has worked to ensure strict measures for its workers to operate safely, confirming a strong commitment to comply with health regulations and protocols.

The Company is an important player in the Italian and European agri-food industry. Specifically, the Group is active in the food and beverage sector and is mainly active in pasta, dairy products, bakery products, specialty products, including baby food and foods for people with special nutritional needs, and other convenience products, such as instant

TABLE 3 - TOTAL EXPENDITURES BY CATEGORY OF SUPPLIER

Suppliers - expenditure (million)	2021		2020		2019	
Type of Supply	mIn €	%	mIn €	%	mIn €	%
Goods	304	71%	274	74%	160	79%
Services	124	29%	98	26%	44	21%
Total	428	100%	372	100%	204	100%

Most purchases are related to the supply of raw materials and semi-finished products, thus reflecting the characteristics of the company's businesses, which focus on the production of basic foodstuffs. It is also possible to note a gradual increase in expenditures on goods and services due to the growth of the Group, mainly through the acquisitions made in the last three years, the consequent expansion in the market and the widening of the range of products offered.

The Group cares about the quality and safety of its products in order to protect the health of the consumer. It operates in a B2B market, whose main customers are large-scale retailers and traditional food shops, which are punctually restocked to guarantee the end customer a fresh product that is always available. Product quality, freshness and safety are ensured not only through the numerous checks performed on the product during all stages of the production cycle, but also through careful selection of raw materials and suppliers, the latter qualified on the basis of various elements, including: high quality standards, fulfilment of the Group's business and responsible growth objectives and optimisation of the cost of raw materials, in order to maintain a competitive advantage in terms of quality and overall service offered to the customer.

To make this possible, the Group is committed to tracing and certifying the origin of raw materials, where possible favouring suppliers operating within the same countries where the Company's production plants are located. Given the high spoilage rate of some ingredients, such as dairy products, the relative proximity of suppliers and processing sites is of paramount importance to ensure optimum quality and food safety conditions throughout the production chain, right up to the end consumer. In fact, the Group has strong control over the milk supply chain, with local suppliers – especially in Piedmont, Veneto, Tuscany and Campania – that are frequently monitored and which it invests in with a view to mutual long-term appreciation.

The following tables show the share of purchases from local suppliers¹ in the Group's total expenditures, also showing the amount spent on local suppliers, broken down by company and respective countries of operation.

¹ Suppliers are considered to be local if they have their registered office in the same country in which the supply is purchased and processed by one of the Group's plants. Therefore, the local suppliers of Germany and the United Kingdom are considered to have their registered offices in the two respective countries, and similarly all those based in Italy are considered to be local suppliers for Italy.

TABLE 4 - PERCENTAGE OF EXPENDITURES FOCUSED ON LOCAL SUPPLIERS [GRI 204-1]

Suppliers - expenditure (million)	2021		2020		2019	
	€M	%	€M	%	€M	%
Purchase of goods and services from Newlat Food S.p.A. and CLI S.p.A.	338	100%	323	100%	161	100%
<i>of which purchase of goods and services from ITALY</i>	329	98%	299	92%	135	84%
Suppliers - expenditure (million)	2021		2020		2019	
	€M	%	€M	%	€M	%
Purchase of goods and services of Newlat GmbH	47	100%	49	100%	43	100%
<i>of which purchase of goods and services from GERMANY</i>	44	94%	32	66%	37	86%
Suppliers - expenditure (million)	2021					
	€M	%				
Purchase of goods and services of Symington's Ltd	43	100%				
<i>of which purchase of goods and services from UNITED KINGDOM</i>	36	84%				

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