



## REMUNERATION POLICY AND REPORT

**In accordance with Articles 123-ter CFA and 84-quater of the Consob Issuers' Regulation**  
(approved by the Board of Directors on March 15, 2021)

**LA DORIA S.P.A.**

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## LETTER FROM THE CHAIRPERSON OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

*Dear Shareholders,*

*in my capacity as Chairperson of the Appointments and Remuneration Committee, I am pleased to present to you, together with the Directors Michaela Castelli and Raffaella Orsero, the 2021 Remuneration Policy for La Doria S.p.A.*

*The main objective of the activities and work of the Committee that I chair has been to ensure remuneration policies that are constitute a key tool in the achievement of the Company's strategic and sustainable objectives, in order to create value for Shareholders.*

*The year 2020 was marked by an uncertain economic environment due to the health emergency and La Doria S.p.A. responded not only by putting in place initiatives to support employees and ensure business continuity, but also by recording growth over the previous year, demonstrating a continuous strengthening of the business model.*

*Among the main innovations contained in the 2021 Remuneration Policy, which we will go into in greater detail later in this Report, we note the integration of short-term incentive plans with ESG (Environmental, Social, Governance) performance objectives, aimed at making the Remuneration Policy more functional to achieving the sustainable success of La Doria S.p.A.*

*It should also be noted that, in confirmation of the strong commitment to the market in communicating the Remuneration Policy, improvements in disclosure have been carried out in the clarity of presentation and transparency.*

*I thank you in advance, also on behalf of the other Directors, for the support and approval that you will give to the policies defined for 2021, confident that this Report submitted for your review clearly represents the remuneration policy in compliance with the logic of transparency required by the provisions in force and that La Doria S.p.A. makes its own.*

*Ornella Chinotti*

*Chairperson of the Appointments and  
Remuneration Committee*

## INTRODUCTION

This Report, approved by the Board of Directors on March 15, 2021, is divided into two separate sections:

**Section I** of the Report contains information concerning the Remuneration Policy of La Doria S.p.A. (the “**Company**” or “**La Doria**”), as approved by the Board of Directors - on the proposal of the Appointments and Remuneration Committee - in its initial version of November 11, 2011 and subsequently amended on March 15, 2021. This section therefore sets out the policy adopted by the Company for 2021 on the remuneration of the members of the Board of Directors (the “**Directors**”) - distinguishing between Executive and Non-Executive Directors -, of the Senior Executives<sup>1</sup> (hereinafter also “**SE**”), and the Board of Statutory Auditors. Section I also presents the procedures adopted by the Company for the preparation and approval of the Remuneration Policy, in addition to the bodies and parties responsible for its implementation.

Section I of this Report is submitted for the non-binding vote of the Shareholders’ Meeting called for the approval of the 2020 Annual Accounts. The Shareholders’ Meeting, however, expresses a consultative vote on section II.

**Section II** of the Report presents, with regards to financial year 2020, the individual items comprising the remuneration of members of the Company’s Administration and Control Boards, an analysis of the fees paid by the Company and its subsidiaries to such parties in any form and for any reason, and the fees yet to be paid at the approval date of this Report, although accruing in 2020.

Section II in addition provides an aggregated presentation of the fees of the Senior Executives.

This document has been prepared pursuant to Article 123-*ter* of Legislative Decree No. 58 of February 24, 1998, (Consolidated Finance Act or **CFA**) amended at primary level by Legislative Decree No. 49/2019, which contains the provisions necessary to implement Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 (Shareholders' Rights Directive II or “SHRD II”) amending Directive 2007/36/EC (Shareholders' Rights Directive or “SHRD”) with respect to encouraging long-term shareholder engagement. The policy also takes into account Article 84-*quater* of the Consob Issuers' Regulation most recently amended by Consob Resolution No. 21623 of December 11, 2020, in order to implement SHRD II.

As per the Consob Regulation concerning related party transactions, adopted with Motion No. 17221 of March 12, 2010, as subsequently amended and supplemented, as incorporated into the Related Party Transactions Policy adopted by the company in November 11, 2010 and latterly amended on February 23, 2021, the adoption by La Doria S.p.A. of the Remuneration Policy, in addition to the vote of the Shareholders’ Meeting upon that Policy, exempts the Company from

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<sup>1</sup> Those persons entrusted with the power and responsibility - directly or indirectly - for the planning, management and control of Company operations according to the definition as per Annex 1 of the Consob Regulation concerning related party transactions adopted with motion No. 17221 of March 12, 2010 (“Senior Executives”). The Company has identified eight key Senior Executives: Chief Financial Officer, Director of Sales Italy, Director of Management Control, Integrated Logistics Manager, Operations Manager, Quality and New Product Development Manager, Human Resources and Organisation Manager, Technical Manager.



application of the provisions, outlined in the Policy, to the motions of the Board of Directors regarding the remuneration of Directors and of Senior Executives.

## EXECUTIVE SUMMARY

The Remuneration Policy, with particular reference to both short and medium-long-term incentive plans, is based on a strong alignment of the performance indicators with the pillars of the long-term strategy. The following is a summary table of the key compensation elements described in the Policy:

Member	Purpose and characteristics	Parties impacted
<b>Fixed remuneration</b>	Compensates for assigned responsibilities, experience, and skill levels to attract and motivate. This is monitored against the external market to ensure adequate retention.	Chairman/CEO: Euro 400,000 CEO/GM: Euro 400,000  SE: defined in relation to the role assigned.
<b>Annual variable remuneration</b>	<p>Defines a direct correlation between compensation and annual performance. The value of the MBO is dependent on the achievement of economic-financial and sustainability goals established by the Board of Directors:</p> <p>Chairman/CEO and CEO/GM:</p> <ul style="list-style-type: none"> <li>• EBITDA (Weight 70%)</li> <li>• Turnover (Weight 10%)</li> <li>• NFP (Weight 10%)</li> <li>• ESG (Weight 10%)</li> </ul> <p>There is a minimum performance threshold of 50% and a cap of 200%.</p> <p>SE:</p> <ul style="list-style-type: none"> <li>• EBITDA (Weight 50%)</li> <li>• Turnover (Weight 10%)</li> <li>• Individual objectives (Weight 30%)</li> <li>• ESG (Weight 10%)</li> </ul> <p>There is a minimum performance threshold of 80% and a cap of 120%.</p>	<p>Chairman/CEO - CEO/GM: target incentive equal to 40% of fixed remuneration;</p> <p>SE: target incentive equal to 20%/25% of fixed remuneration.</p>
<b>Medium/long-term variable remuneration (LTIP)</b>	<p>Fosters alignment of management objectives with those of shareholders, while also performing a retention and engagement function. The value of the LTIP depends on the level of achievement of:</p> <ul style="list-style-type: none"> <li>• EBITDA Margin (Weight 70%)</li> <li>• NFP/EBITDA (Weight 30%)</li> </ul> <p>For the Chairman/CEO there is a minimum performance threshold of 60% and a cap of 150%.</p> <p>For the SEs there is a minimum performance threshold of 70% and a cap of 130%.</p>	<p>Chairman/CEO - CEO/GM: target incentive equal to 75% of the three-year average GAR;</p> <p>SE: target incentive equal to 40% of the four-year average GAR.</p>
<b>Clawback</b>	The clawback, applicable to all the incentive instruments listed, has a duration of 5 years and is aimed at avoiding fraudulent behaviour and/or behaviour not in line with the company's values and excessive risk-taking, which could compromise the company's sustainability in the long term.	

## PRINCIPAL AMENDMENTS TO THE 2021 REMUNERATION POLICY

In the Remuneration Policy for 2021, the main amendments concern:

- the introduction of criteria for the recognition of short-term variable remuneration for Executive Directors and Senior Executives, based on non-financial performance objectives consistent with strategic sustainability objectives;
- changes to the compensation packages of Senior Executives adopted by the Board of Directors in 2020. In particular, we highlight:
  - (i) the extension to December 31, 2022 of the 2019-2021 long-term variable incentive scheme (LTIP) for Senior Executives in order to align it, in terms of timeframe, with that for top management (Chairperson/Chief Executive Officer and Chief Executive Officer/General Manager) for the three-year period 2020-2022;
  - (ii) the increase, with regard to the "overall benchmark target", in the weight of the gross monetary incentive, from 30% to 40% of the average gross annual remuneration for the period considered, i.e. the four-year period 2019-2022.

The year 2020 was also marked by the COVID-19 pandemic to which La Doria was able to respond by deploying various initiatives designed to support all employees, ensuring business continuity in safety and achieving budgeted performance targets. Below are the main initiatives implemented to this end by La Doria:

- Remote working plan for head office employees;
- An insurance policy for all employees in the event of hospitalisation for COVID-19;
- Extension of the measures of Article 63 of Decree Law No. 18 of March 17, according to which, if certain requirements are met, a bonus of Euro 100.00 is to be paid to employees based on days of work actually carried out at their place of work in the month of March 2020, also for the months of April and May;
- Disbursement of a Euro 500 gratuity in the form of electronic shopping vouchers to all employees during the Christmas holiday season.

Based on the strongly improving financial results compared to 2019, the Appointments and Remuneration Committee did not consider it necessary to make any reductions in the Policy.

## REMUNERATION POLICY AND LONG-TERM SUSTAINABLE OBJECTIVES

La Doria's Business Plan rests on two fundamental pillars: Margin Improvement and Revenue Improvement. With a view to creating value for stakeholders in the long term, the objectives of the business plan, focusing on aspects linked to the economic soundness of industrial growth, are complementary to the objectives of the sustainability plan. In addition, the Business Plan is broken down into strategic objectives divided into the following areas:

1. **GROWTH:** in the product categories with higher added value and margins, with particular attention to the premium and organic segments; growth through external lines, always respecting the financial equilibrium, sustainable and responsible growth;
2. **CONSOLIDATION:** of the long-standing markets;
3. **INTERNATIONAL EXPANSION:** in new regions which due to size and/or growth rates have strong potential;
4. **EFFICIENCY:** continue to be cost competitive through increased volumes and improved industrial and logistics efficiency; pursue organisational and operational efficiency.

La Doria's Sustainability Plan rests on six fundamental pillars: Governance and Culture of Sustainability, Human Capital and Corporate Expertise, Environmental Protection and Climate Change, Responsible Supply Chain, Community and Region, Product and Customer Centrality. The plan is broken down into the following strategic objectives:

1. **INTEGRATION** of sustainability into business strategies;
2. **ENHANCEMENT** of human capital and expertise;
3. **OPTIMISATION** of resource use and reduced emissions;
4. **PROCUREMENT** responsible and partnership with suppliers;
5. **SOCIO-ECONOMIC DEVELOPMENT** of the community and local area;
6. **STRENGTHENING** Of corporate image and customer loyalty.

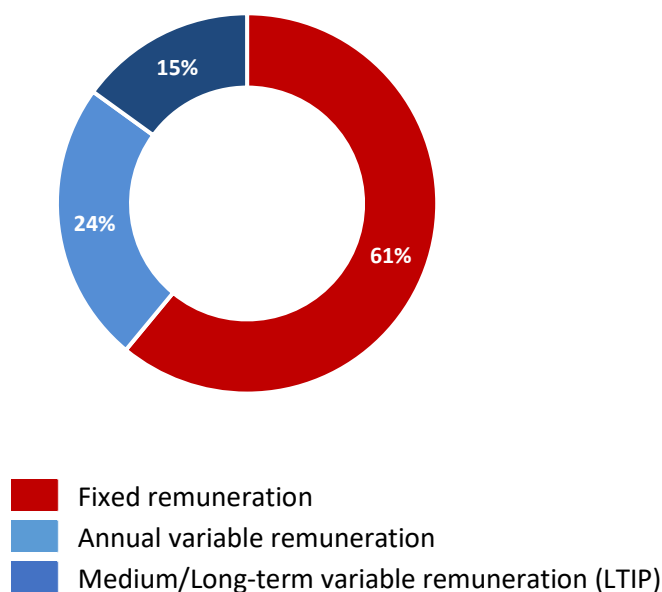
Sustainability objectives from a social and environmental perspective reflect material topics for La Doria also in view of developments in relation to the business strategies represented in the plan.

Within La Doria there is a clear correlation and consistency between the KPIs included in the annual and medium/long term variable incentive systems and the long-term corporate strategies. In this sense, La Doria's remuneration policy represents an indispensable lever for the implementation of these strategies, being conceived as a factor that contributes to the improvement of the Company's performance and the creation of value in the medium/long term.



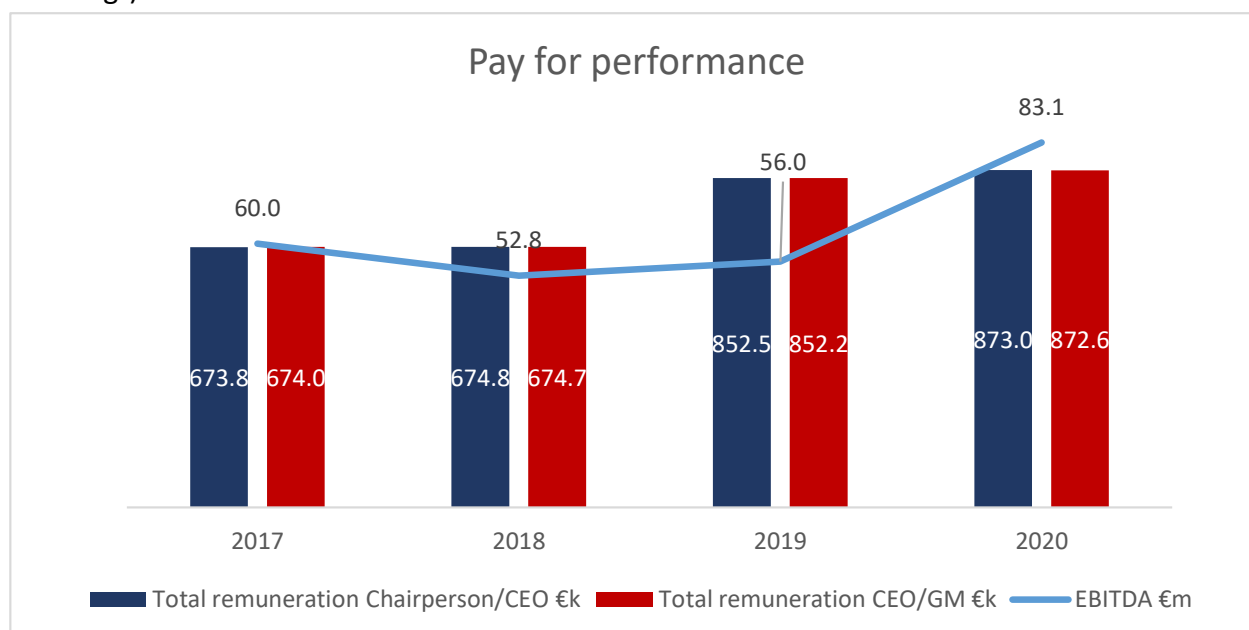
## PAY MIX ANALYSIS

The remuneration package of Senior Director Directors is made up of targets as shown below.



## PAY FOR PERFORMANCE ANALYSIS

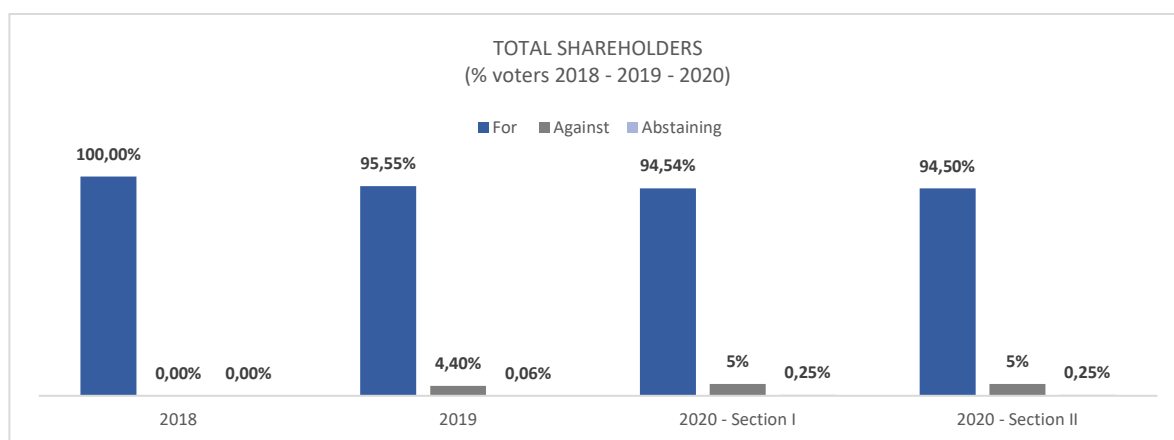
The graph below illustrates the relationship between the Company's historical performance for the period 2017-2020 and the remuneration package for Senior Directors (paid 2017-2018-2019 and payable 2020 following the approval of the 2020 Annual Accounts by the Shareholders' Meeting<sup>2</sup>).



<sup>2</sup> The remuneration shown in the graph refers to fixed remuneration, emoluments received for the position of Director in the Company and its subsidiaries, variable remuneration, including the pro-rata share target of the long-term incentive plan and non-monetary benefits.

## SHAREHOLDER ENGAGEMENT

La Doria recognises the value of dialogue with its shareholders and institutional investors on the issues of remuneration and with these aims has carried out an analysis of the results of the Shareholders' Meeting vote of the binding vote on the first section of the Remuneration Report. The Shareholders' Meeting held on June 10, 2020, in accordance with the provisions of the regulations in force at the time of the vote (Article 123-ter, paragraph six, of the CFA), by virtue of the implementation of SHRD II, cast a binding vote on the first section and an advisory vote on the second section of the remuneration report.



## SECTION I

### 1. GOVERNANCE OF THE REMUNERATION PROCESS

#### 1.1 BOARDS AND PARTIES INVOLVED

The process of preparing, approving and implementing the Remuneration Policy is a formalised process involving the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee, the Board of Statutory Auditors and the Human Resources Department. The Remuneration Policy of Directors and Senior Executives is drawn up by the Board of Directors (or also the "**Board**") on the proposal of the Appointments and Remuneration Committee (the "**Committee**").

The Policy is subsequently submitted for the binding vote of the Shareholders' Meeting called to approve the Annual Accounts.

The Committee, in drawing up its proposal on the Remuneration Policy, is supported by the Human Resources Department to the extent of its remit.

For the preparation of the Remuneration Policy, the Company was advised by an independent advisor in order to instigate improved communication to the market in terms of clarity of presentation and disclosure of the contents and compliance with the regulations.

The Board of Directors, supported by the Appointments and Remuneration Committee, verifies the correct implementation of the Remuneration Policy.

#### a) Shareholders' Meeting

The Shareholders' Meeting is attributed the following duties in terms of remuneration:

- (i) establishes the remuneration of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and the By-Laws (the "By-Laws");
- (ii) pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the CFA, approves the Remuneration Policy described in Section I of the Report;
- (iii) pursuant to Article 123-ter, paragraph 6 of the CFA, resolves in favour or against Section II of the Report, with a non-binding vote;
- (iv) resolves on any remuneration plans based on shares or other financial instruments for Directors, General Managers, employees, collaborators or other Senior Executives of La Doria, pursuant to Article 114-bis of the CFA.

## b) Board of Directors

The Board of Directors has the exclusive, non-delegable power to define the Remuneration Policy annually on the basis of the proposal made by the Appointments and Remuneration Committee.

At the Report Date, the Board of Directors of La Doria consists of the following:

Antonio Ferraioli (Chairman and Chief Executive Officer)
Andrea Ferraioli (Vice-Chairman and Chief Executive Officer)
<b>Directors:</b>
Michaela Castelli ( <i>independent</i> )
Ornella Chinotti ( <i>independent</i> )
Aurelio Fedele ( <i>independent</i> )
Diodato Ferraioli
T.M. Rosaria Ferraioli
Enzo Diodato Lamberti
Raffaella Orsero ( <i>independent</i> )

## c) Appointments and Remuneration Committee

The Company set up the Remuneration Committee on December 20, 2006, on the basis of the recommendations of the Self-Governance Code.

At the meeting of 20.06.2014, the Board of Directors assigned to the Committee, in addition to the consultation and proposal functions of Article 6 of the cited Code concerning remuneration, also the consultation and proposal functions set out by Article 5 of the Code concerning the appointment of Directors. As a consequence, the Committee therefore took the name "*Appointments and Remuneration Committee*".

The Appointments and Remuneration Committee carries out proposal and consultation functions for the assessments and decisions that the Board of Directors takes regarding the remuneration of Directors and Senior Executives.

The Committee presently in office was appointed by the Board of Directors on June 12, 2020 and comprises three Non-Executive Directors, all of whom independent.

Ornella Chinotti (Chairperson)
Michaela Castelli (member)
Raffaella Orsero (Member)

The members of the Committee possess both financial and remuneration policy expertise and experience.

The members of the Board of Statutory Auditors, the Investor Relations and Corporate Affairs Manager and the Human Resources Manager were invited to participate in the work of the Committee.

The minutes of Committee meetings were regularly taken.

The holding of the Committee meetings is governed by the organisational rules outlined in the Regulation of the Committee, approved by the Board of Directors and available on the website [www.gruppoloria.it](http://www.gruppoloria.it), in the *Corporate Governance/Regulations and Procedures* section.

#### **d) Human Resources Department**

The management of the human resources department provides the Appointments and Remuneration Committee with technical and specialist support on remuneration issues as well as for the elaboration of detailed support analyses such as, by way of example but not limited to, monitoring of internal and market remuneration dynamics, studies and benchmarking of market practices and trends, analysis of remuneration levels in terms of internal equity and competitiveness in selected benchmark markets.

#### **e) Board of Statutory Auditors**

The Board of Statutory Auditors expresses the opinions required by current regulations, with particular reference to the remuneration of Executive Directors as per Article 2389 of the Civil Code, also verifying the general policy adopted by the Company concerning remuneration.

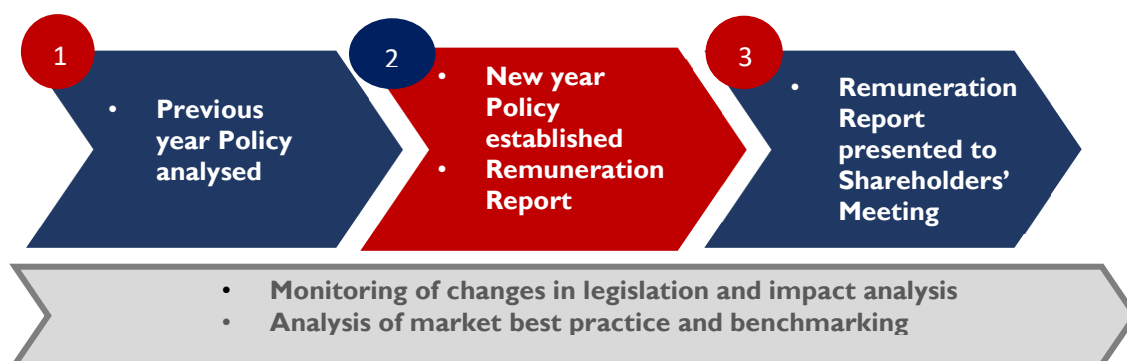
### **1.2 THE FUNCTIONS ASSIGNED TO THE REMUNERATION COMMITTEE**

With regard to remuneration, the Committee performs the following investigative, propositional and advisory functions on behalf of the Board of Directors:

- (i) draw up for the Board of Directors proposals upon the remuneration policy of Executive Directors and Senior Executives;
- (ii) periodically evaluate the adequacy, the consistency and the application of the remuneration policy for Executive Directors and Senior Executives, utilising for this latter information provided by the Chief Executive Officers;
- (iii) presents proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors, as well as establishing the performance objectives related to the variable component of this remuneration; to monitor the application of the decisions adopted by the Board, verifying, in particular, the achievement of the performance objectives;
- (iv) to review in advance the annual Remuneration Report to be made available to the public at the Shareholders' Meeting for presentation of the Annual Accounts.

For the duties of the Committee regarding appointments, reference should be made to the Corporate Governance and Ownership Structure Report prepared as per Article 123-bis of the CFA.

The following is the standard cycle of the Committee's activities in the area of Remuneration:



### Activities carried out by the Remuneration Committee in 2020

In 2020, the Committee met on 6 occasions, with an average meeting duration of 1 hour and 30 minutes and an average attendance record of 100% for the members of the Committee.

The Board of Statutory Auditors, the IR/Corporate Affairs Manager as secretary of the Committee and the Director of Human Resources attended the meetings. On one occasion, the Chairman and the Chief Executive Officer attended the Committee.

In 2020, the main activities that the Committee undertook were:

- (i) preparation of the proposal to the Board of Directors for the adoption of decisions concerning fees to be paid in 2020 to Senior Directors as per Article 2389, paragraph 3 of the Civil Code, and identification of performance objectives;
- (ii) verification of achievement of the annual performance objectives for 2019 for Senior Directors;
- (iii) preparation of the proposal to the Board of Directors concerning the variable remuneration of Senior Directors (LTIP) related to the achievement of the Company's 2020-2022 three-year plan objectives;
- (iv) verification of the achievement of the performance objectives of the 2017-2019 LTIP Plan for Senior Directors;
- (v) preparation of the proposal to the Board of Directors concerning the variable remuneration of Senior Executives (LTIP) related to the achievement of the Company's 2019-2022 three-year plan objectives;

- (vi) the positive assessment of the professional profile identified by the Company to fill the role of Director of Operations and the inclusion in the LTIP scope, as a Senior Executive;
- (vii) review of the Committee's recommendations, drawn up by the Corporate Governance Committee with the Chairman's communication of 19.12.2019;
- (viii) the preparation of the 2020 Remuneration Policy and 2019 Report, including the Remuneration Policy of Executive Directors and Senior Executives, prepared as per Article 123-ter of the CFA, submitted for the approval of the Board of Directors and, subsequently to the non-binding vote of the Shareholders' Meeting;
- (ix) prior review of the Corporate Governance and Ownership Structure Report for 2020 with regards to the sections regarding the Committee, submitted for the approval of the Board of Directors;
- (x) review of the New Corporate Governance Code for listed companies for those portions within the Committee's remit;

For the activities carried out by the Committee with regard to appointments, reference should be made to the Corporate Governance and Ownership Structure Report prepared pursuant to Article 123-bis of the CFA.

### **Activities carried out by the Remuneration Committee in the first months of 2021**

With regard to the activities carried out in the first months of 2021, the Committee received information on the amendments to the Consob Issuers' Regulations on the subject of remuneration and, in a joint session with the Control, Risks and Sustainability Committee, identified the sustainability KPIs to be included in the short-term variable remuneration plan for Executive Directors and Senior Executives.

### **1.3 PURPOSES AND PRINCIPLES OF THE REMUNERATION POLICY**

The Remuneration Policy of La Doria, drawn up also in compliance with the recommendations of the New Corporate Governance Code, pursues the following objectives:

- (i) attract, retain and motivate people with the individual and professional qualities required to achieve the company's business development goals and to successfully manage the Company;
- (ii) align the interests of management with the achievement of value creation for shareholders and the Company over the medium/long-term period. For this purpose, a significant portion of remuneration is based on achieving specific predetermined performance objectives, and is in line with the Company's development and sustainability success.

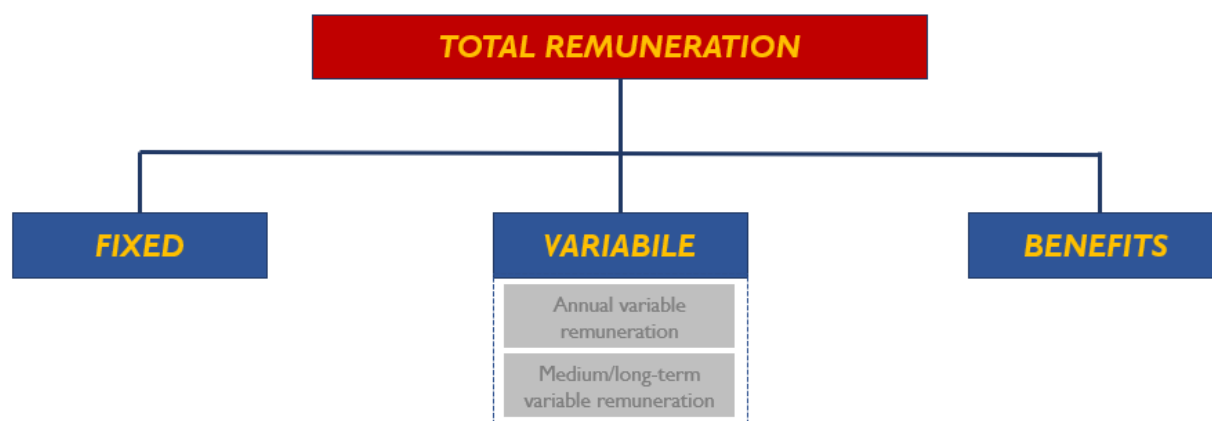
In accordance with the Code's recommendations, the Remuneration Policy is based on the following criteria:

- a) the fixed and variable components of remuneration are adequately balanced in line with the strategic objectives, also taking into account the sector in which the Company operates and the activities undertaken;
- b) the fixed component should sufficiently remunerate the professional services of the Directors and Senior Executives where the variable component is not paid when the performance objectives indicated are not met;
- c) the variable component of remuneration comprises a portion related to short-term criteria (Management by Objectives -MBO) and a portion related to long-term criteria (Long Term Incentive Plan - LTIP);
- d) the performance objectives - i.e. the financial and non-financial results and any other objectives linked to the variable components - are predetermined, measurable and focused on the creation of value for shareholders over the medium-long-term.
- e) maximum limits are established for the variable portion of remuneration (short and medium/long-term), broken down according to the role covered within the Company and the capacity to impact results;
- f) the remuneration of Non-Executive Directors is fixed so as to recognise the commitment required and is not related to the Company's results.



## 2. 2021 REMUNERATION POLICY

### 2.1 Components of remuneration



#### a) Fixed Remuneration (Fixed)

The fixed component of remuneration is determined by professional specialisation and role in the organisation and therefore reflects technical, professional and managerial skills.

#### b) Variable Remuneration (Variable)

Variable remuneration has two components:

- **Annual remuneration component:** which establishes a direct link between remuneration and the performance targets set annually in the budget, established to award the achievement of Company and individual objectives (MBO – Management by Objectives) defined by the Company and measured according to pre-established operating parameters and weighting.
- **Medium/long-term remuneration (LTIP) component:** which links remuneration with the achievement of results sustainable over time, outside of that established annually in the budget, while aligning management’s objectives with those of the Shareholders and engendering loyalty among the Company’s key personnel.

#### c) Benefits

These represent non-monetary benefits. The overall remuneration package is supplemented with a range of benefits, as suggested by the applicable market practice, with a view to a Total Reward (company car, supplementary health insurance to the healthcare established under the Executive’s contract - an insurance policy which covers the third-party liability of Directors and Executives). Life and Accident insurance is governed by the Executives Contract. No form of supplementary pension to that contractually undertaken is provided for (PREVINDAI-INPS)

## 2.2 Compensation Packages

### a) Members of the Board of Directors

The Board of Directors is composed of Executive and Non-Executive Directors. Compensation for participation on the Board of Directors and internal Board Committees is shown below:



### b) Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors is established by the Shareholders' Meeting as follows:



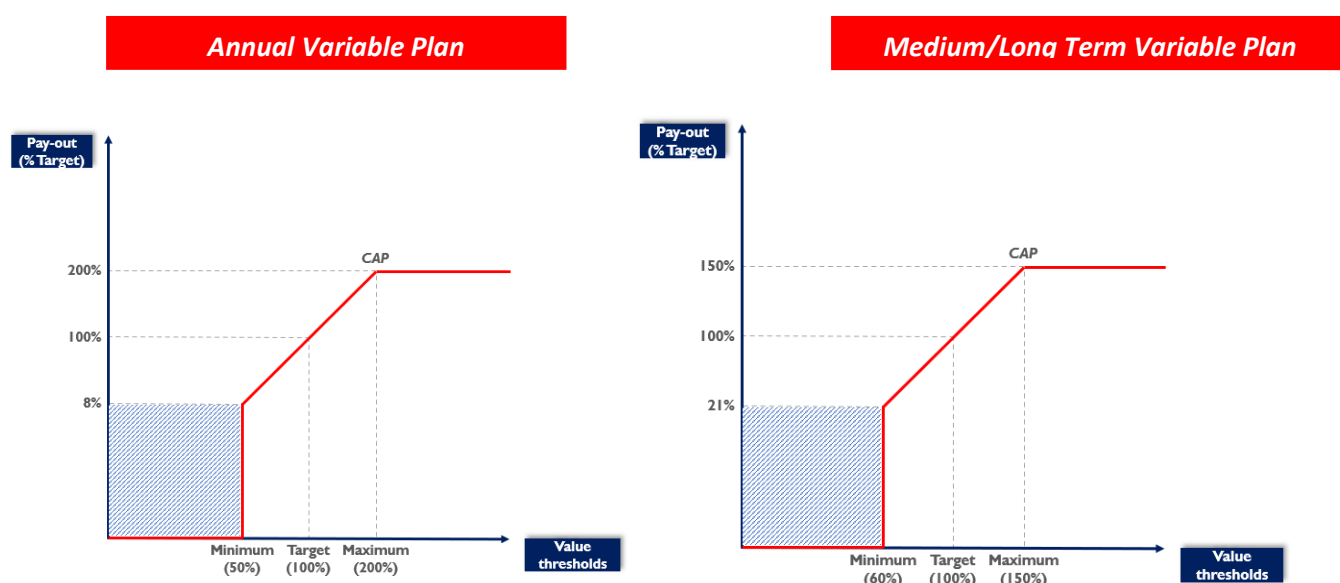
### c) Executive Directors

The remuneration package for Executive Directors is structured in a fixed and a variable component.

- *Fixed component*: the Executive Directors are also employees of the company and therefore, as part of this employment relationship, receive a fixed remuneration as an Executive of the Company equal to Euro 400,000.
- With regard to the *variable component*, it is necessary to distinguish between *annual variable remuneration* and *medium/long-term variable remuneration*, as shown in the table below:

	<b>KPI</b>	<b>Details</b>
<b>Annual variable remuneration</b>	<ul style="list-style-type: none"> <li>EBITDA (Weight 70%)</li> <li>Turnover (Weight 10%)</li> <li>NFP (Weight 10%)</li> <li>ESG * (Weight 10%)</li> </ul> <p>*Sustainability KPIs:</p> <ul style="list-style-type: none"> <li>Energy Intensity (Weight 25%)</li> <li>Frequency Index (Weight 25%)</li> <li>Gravity Intensity (Weight 25%)</li> <li>Waste (Weight 25%)</li> </ul> <p>The sum of 100% of the weights of the Sustainability KPIs refers to the entire amount of the target.</p>	<p>Target incentive equal to 40% of fixed remuneration.</p> <p>The annual variable remuneration, where accruing, is issued following approval by the Board of Directors of the draft Financial Statements, which details the Gross Operating Profit upon which achievement of the objective is based.</p>
<b>Medium/Long-Term Variable Remuneration (LTIP)</b>	<ul style="list-style-type: none"> <li>EBITDA Margin (Weight 70%)</li> <li>NFP/EBITDA (Weight 30%)</li> </ul>	<p>Target incentive equal to 75% of the three-year average GAR.</p> <p>The medium/long term variable remuneration, where accruing, is issued following approval by the Board of Directors of the draft Financial Statements for the last year of the three-year period.</p>

For both incentive plans the operating system is similar and is represented by the definition of target and maximum value thresholds, as can be seen in the graphs shown:



The remuneration package of Executive Directors also includes non-cash benefits (see paragraph 2.1 letter C)

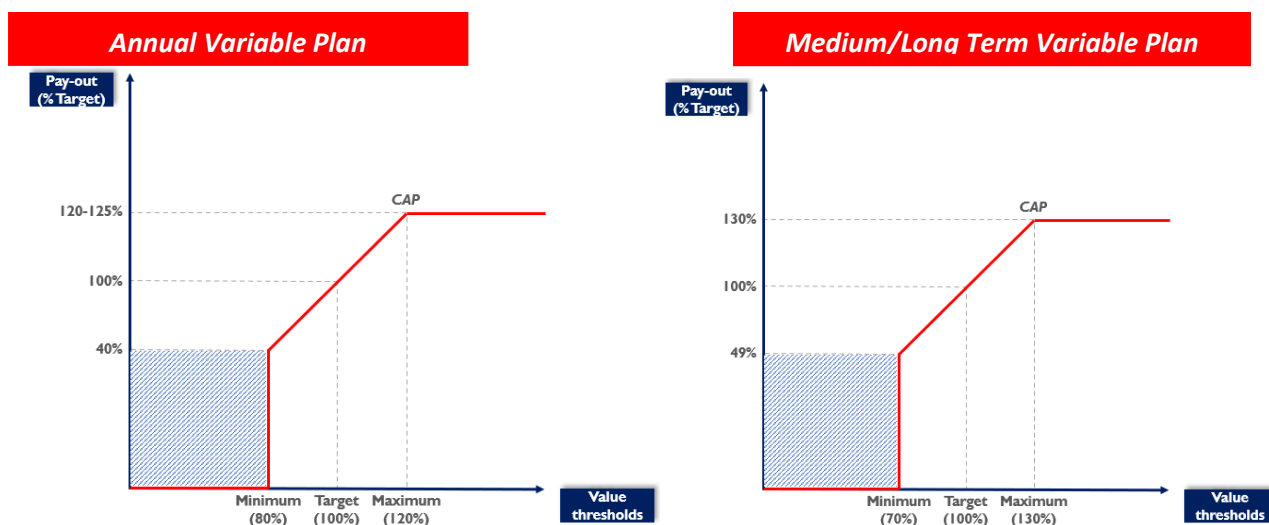
#### d) Senior Executives

The compensation package for Senior Executives is structured into a fixed and a variable component.

- The amount of fixed remuneration is determined based on the role and responsibilities assigned
- With regard to the *variable component*, it is necessary to distinguish between *annual variable remuneration* and *medium/long-term variable remuneration*:

	<i>KPI</i>	<i>Details</i>
<b>Annual variable remuneration</b>	<ul style="list-style-type: none"> <li>• EBITDA (Weight 50%)</li> <li>• Turnover (Weight 10%)</li> <li>• Individual objectives (Weight 30%)</li> <li>- Sustainability* (Weight 10%)</li> </ul> <p>*Sustainability KPIs:</p> <ul style="list-style-type: none"> <li>• Energy Intensity (Weight 25%)</li> <li>• Frequency Index (Weight 25%)</li> <li>• Gravity Intensity (Weight 25%)</li> <li>• Waste (Weight 25%)</li> </ul> <p>The sum of 100% of the weights of the Sustainability KPIs refers to the entire amount of the target.</p>	<p>Target incentive equal to 20/25% of fixed remuneration.</p> <p>The annual variable remuneration, where accruing, is issued following approval by the Board of Directors of the draft Financial Statements, which details the Gross Operating Profit upon which achievement of the objective is based.</p>
<b>Medium/Long-Term Variable Remuneration (LTIP)</b>	<ul style="list-style-type: none"> <li>• EBITDA Margin (Weight 70%)</li> <li>• NFP/EBITDA (Weight 30%)</li> </ul>	<p>Target incentive equal to 40% of the four-year average GAR.</p> <p>The medium/long term variable remuneration, where accruing, is issued following approval by the Board of Directors of the draft Financial Statements for the last year of the four-year period.</p>

For both incentive plans the operating system is similar and is represented by the definition of target and maximum value thresholds, as can be seen in the graphs shown:



The compensation package for Senior Executives also includes benefits of a non-cash nature (*ref. paragraph 2.1 letter C*)

## 2.3 Termination indemnity and clawback clause

No “termination indemnity” are stipulated for Directors and Senior Executives in the case of resignation or termination. For the Senior Executives, the indemnities established by the National Collective Labour Contract for Industrial Enterprise Executives are applied.

In addition, there are contractual agreements (clawback clauses) that make it possible to request for the restitution of variable components of remuneration, determined on the basis of figures that have subsequently been found to be manifestly incorrect, within a period of 5 years from the end of the bonus accrual period.

## 2.4 Exceptions to the Remuneration Policy

Exceptionally and on a non-recurring basis, subject to the advice of the Appointments and Remuneration Committee, exceptions to the policy described above may be made. These include, by way of example but not limited to, extraordinary operations not previously planned (e.g. restructuring, reorganisation or reconversion, changes to the scope of operations due to the sale of a business unit or acquisitions), changes to the organisational, managerial and administrative structure of the company such as to have an impact on the economic and financial results and on

the creation of value in the long term, the departure - due to non-recurring events - of the members of the boards, which require the renegotiation of their remuneration package within a short period of time, where the presence of certain constraints might hinder the sustainability of the activities in the medium-long term. These powers may take into account the size of the fixed component, in the event of a change in the current roles or powers attributable to them, and the variable components, should the conditions described above arise, with a view to realigning the remuneration policy with the Company's long-term strategy. These exceptions may be approved by the Board of Directors, upon proposal or after hearing the opinion of the Appointments and Remuneration Committee, by means of a resolution stating the reasons. In any case, the application of the provisions set out in the Related Party Transactions Policy remains unaffected.



## **SECTION II**

### **2020 COMPENSATION AND REMUNERATION**

## PART I

### 2020 COMPENSATION POLICY RESULTS, CONTEXT, AND APPLICATION

In 2020 La Doria achieved solid economic results, up on the previous year, despite the difficult operating environment caused by the health emergency.

During the year, both the total remuneration of Senior Directors (based on the figures in Table 1) and the average gross annual remuneration of employees (calculated considering full-time, permanent employees, other than the persons whose remuneration is outlined in this Report) maintained a stable upward trend in the range of 1-2% between 2019 and 2020.

The year 2020 was marked by growth in the financial results for La Doria. This is illustrated by the analysis of the performance levels of the KPIs linked to the short-term incentive scheme (MBO) for Senior Directors, which are above the expected target level.

The table below shows the level of achievement of each goal:

		<u>MIN</u>	<u>TARGET</u>	<u>MAX</u>
EBITDA	70%			◆
REVENUE	15%			◆
NFP	15%			◆



## DESCRIPTION OF COMPENSATION AND REMUNERATION

The items comprising compensation accrued and/or paid in 2020 to the following are shown below:

- a) Members of the Board of Directors
- b) Statutory Auditors
- c) Senior Directors
- d) Senior Executives (information provided at aggregate level).

### a) Members of the Board of Directors

During 2020, the members of the Board of Directors received the emolument established by the Shareholders' Meeting with reference to the period for which they held office and any emolument provided for participation in internal committees of the Board of Directors and other Boards/Committees.

The Board's term of office ended on June 10, 2020, resulting in the appointment by the Shareholders' Meeting of a new Board of Directors for financial years 2020-2022.

*See Table 1 below for further information.*

### b) Statutory Auditors

In 2020, the Chairperson of the Board of Statutory Auditors received a fee of Euro 30,000, as shown in Table 1. The other members of the Board of Statutory Auditors received gross remuneration of Euro 25,000 for the period for which they held office.

*See Table 1 below for further information.*

### c) Senior Directors

#### ***Chairman and Chief Executive Officer – Antonio Ferraioli***

- i. “basic” remuneration as Director of La Doria S.p.A. - Euro 30,000;
- ii. fixed remuneration as an Executive of the Company - Euro 400,000;
- iii. variable remuneration linked to the 2020 annual objectives (MBO) - Euro 320,000;
- iv. medium/long-term variable remuneration (LTIP) for the three-year period 2020-2022 - Euro 100,000 (target estimate of the portion pertaining to the year 2020);
- v. non-monetary benefits - Euro 5,169;
- vi. remuneration for the position of Chairman and Chief Executive Officer of La Doria S.p.A. subsidiaries - Euro 17,872.

***Vice-Chairman, Chief Executive Officer and General Manager – Andrea Ferraioli***

- i. “basic” remuneration as Director of La Doria S.p.A. - Euro 30,000;
- ii. fixed remuneration as an Executive of the Company - Euro 400,000;
- iii. variable remuneration linked to the 2020 annual objectives (MBO) - Euro 320,000;
- iv. medium/long-term variable remuneration (LTIP) for the three-year period 2020-2022 - Euro 100,000 (target estimate of the portion pertaining to the year 2020);
- v. non-monetary benefits - Euro 4,724;
- vi. remuneration for the position of Chairman and Chief Executive Officer of La Doria S.p.A. subsidiaries - Euro 17,872.

**d) Other Senior Executives**

Figures for Senior Executives are presented in aggregate and pro-rata form for the period of tenure.

Eight Senior Executives:

- Chief Financial Officer:
- Italy Sales Manager
- Operating Control Manager
- Integrated Logistics Manager
- Operations Director
- Quality Assurance and New Product Development Manager
- Human Resources and Organisation Manager
- Technical Manager.

*See Table 1 below for further information.*

## PART II

The second part of the Section breaks down, in the following tables, the remuneration owing or paid in 2020 in any regard and in any form by La Doria S.p.A. and by the subsidiaries to parties who during the course of the year covered, including for a portion thereof, the role of Director, Statutory Auditor, General Manager or Senior Executive.

## SECTION II

TABLE 1: Remuneration paid to the members of the management and control boards, General Managers and Senior Executives.

Name	Office	Period of office	Concl. of office	Fixed remuneration	Remuneration for Committee participation	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Benefits on conclusion of office
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
<b>BOARD OF DIRECTORS</b>												
1	<b>Ferraioli Antonio</b>	Chairman of BoD and Chief Executive Officer	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022								
	(I) Compensation from La Doria S.p.A.				430.000,00 €		420.000,00 €		5.169,00 €		855.169,00 €	
	(II) Remuneration from subsidiaries and associates				17.872,16 €						17.872,16 €	
	(III) Total				447.872,16 €	0,00 €	420.000,00 €	0,00 €	5.169,00 €	0,00 €	873.041,16 €	0,00 €
<i>Notes</i> - Fixed remuneration from La Doria S.p.A. refers to: i) €30k emoluments for the office of Director, ii) €400k for fixed remuneration as employee - Fixed remuneration from subsidiaries and associates refers to: i) €7,872 as Chairman of the Board of Directors of LDH Ltd, ii) € 10,000 as Chairman of the Board of Directors of Eugea Mediterranea S.p.A.												
2	<b>Ferraioli Andrea</b>	Vice Chairman BoD, Chief Executive Officer and General Manager	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022								
	(I) Compensation from La Doria S.p.A.				430.000,00 €		420.000,00 €		4.724,00 €		854.724,00 €	
	(II) Remuneration from subsidiaries and associates				17.872,16 €						17.872,16 €	
	(III) Total				447.872,16 €	0,00 €	420.000,00 €	0,00 €	4.724,00 €	0,00 €	872.596,16 €	0,00 €
<i>Notes</i> - Fixed remuneration from La Doria S.p.A. refers to: i) €30k emoluments for the office of Director, ii) €400k for fixed remuneration as employee - Fixed remuneration from subsidiaries and associates refers to: i) €7,872 as member of the Board of Directors of LDH Ltd, ii) € 10,000 as member of the Board of Directors of Eugea Mediterranea S.p.A.												
3	<b>Persico Sergio</b>	Vice-Chairman	17/06/2017-10/06/2020	2020								
	(I) Compensation from La Doria S.p.A.				44.444,36 €	4.426,22 €				5.000,00 €	53.870,58 €	
	(II) Remuneration from subsidiaries and associates				17.872,16 €						17.872,16 €	
	(III) Total				62.316,52 €	4.426,22 €	0,00 €	0,00 €	0,00 €	5.000,00 €	71.742,74 €	0,00 €
<i>Notes</i> - Fixed remuneration from La Doria S.p.A. refers to: i) €44k emoluments for the office of Director and Vice-Chairman <i>pro rata temporis</i> - Fixed remuneration from subsidiaries and associates refers to: i) €7,872 as member of the Board of Directors of LDH Ltd, ii) €10,000 as member of the Board of Directors of Eugea Mediterranea S.p.A. - Other remuneration refers to the emolument for participation in the Supervisory Board												
4	<b>Ferraioli Iolanda</b>	Director of BoD	17/06/2017-07/01/2020	2020	2.527,06 €					2.527,06 €		
<i>Notes</i> - Fixed remuneration refers to: i) €573.77 emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i> , ii) €1,953 for fixed remuneration as an employee for the period of the office. The remaining portion of fixed remuneration was considered for the purposes of calculating the aggregate SDE figure												
5	<b>Ferraioli Teresa Maria Rosaria</b>	Director of BoD	28/01/2020-10/06/2020 - 11/06/2020-31/12/2022	2022	91.406,92 €					91.406,92 €		
<i>Notes</i> - Fixed remuneration from La Doria S.p.A. refers to: i) €27.704.92 emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i> and ii) €63.702 for fixed remuneration as an employee												
	<b>Preda Michele</b>	Director of BoD	17/06/2017-10/06/2020	2020	13.351,70 €	2.225,30 €				15.577,00 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i>												

Name	Office	Period of office	Concl. of office	Fixed remuneration	Remuneration for Committee participation	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Benefits on conclusion of office
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
David Elena	Director of BoD	17/06/2017-10/06/2020	2020	13.278,69 €	2.213,11 €					15.491,80 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i>												
Lamberti Enzo Diodato	Director of BoD	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022	139.905,39 €						139.905,39 €		
<i>Notes</i> - Fixed remuneration refers to: i) €30k emoluments for the office of member of the Board of Directors of La Doria S.p.A. and ii) €109,905 for fixed remuneration as an employee of LDH Ltd												
Castelli Michaela	Director of BoD	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022	30.000,00 €	10.000,00 €				10.000,00 €	50.000,00 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. - Other remuneration refers to the emolument for participation in the Supervisory Board												
Ferraioli Diodato	Director of BoD	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022	99.422,00 €						99.422,00 €		
<i>Notes</i> - Fixed remuneration refers to: i) €30k emoluments for the office of member of the Board of Directors of La Doria S.p.A. and ii) €69,422 for fixed remuneration as an employee for the period of employment with the company												
Orsero Raffaella	Director of BoD	11/06/2020-31/12/2022	2022	16.721,31 €	5.573,78 €					22.295,09 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i>												
Chinotti Ornella	Director of BoD	11/06/2020-31/12/2022	2022	16.721,31 €	5.573,78 €					22.295,09 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i>												
Fedele Aurelio	Director of BoD	11/06/2020-31/12/2022	2022	16.721,31 €	5.573,78 €					22.295,09 €		
<i>Notes</i> - Fixed compensation refers to emoluments for the office of member of the Board of Directors of La Doria S.p.A. <i>pro rata temporis</i>												
<b>BOARD OF STATUTORY AUDITORS</b>												
Alfano Ottavia	Chair Brd Stat. Auditors	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022	30.000,00 €						30.000,00 €		
<i>Notes</i> - fixed remuneration refers to the emoluments for the position of Chair of the Board of Statutory Auditors of La Doria S.p.A.												
Caldarelli Adele	Statutory Auditor	17/06/2017-10/06/2020 - 11/06/2020-31/12/2022	2022	25.000,00 €						25.000,00 €		
<i>Notes</i> - fixed remuneration refers to the emoluments for the position of Statutory Auditor of La Doria S.p.A.												
D'Amore Maurizio	Statutory Auditor	17/06/2017-10/06/2020	2020	12.500,00 €						12.500,00 €		
<i>Notes</i> - fixed remuneration refers to the emoluments for the position of Statutory Auditor of La Doria S.p.A. <i>pro rata temporis</i>												

Name	Office	Period of office	Concl. of office	Fixed remuneration	Remuneration for Committee participation	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Benefits on conclusion of office
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Capasso Stefano	Statutory Auditor	11/06/2020-31/12/2022	2022	12.500,00 €						12.500,00 €		
<i>Notes</i> - fixed remuneration refers to the emoluments for the position of Statutory Auditor of La Doria S.p.A. <i>pro rata temporis</i>												
<b>SENIOR EXECUTIVES</b>												
8 SEs				1.149.917,00 €		454.069,78 €		37.668,89 €	17.872,00 €	1.659.527,67 €		
<i>Notes</i> - Bonuses and other incentives refer to: i) MBO 2020 (Table 2 column 2A), ii) pro-rata LTI 2019-2022 (Table 2 column 2B) and iii) Other bonuses (Table 2 column 4) - Other remuneration refers to emoluments received from subsidiaries												

## SECTION II

TABLE 2

TABLE 3B: Monetary incentive plans in favour of members of the Board of Directors, General Managers and other Senior Executives.									
(A)	(B)	(1)	(2)			(3)			(4)
Name	Office	Plan	Bonus for the year			Prior year bonuses			Other bonuses
			(A) Payable	(B) Deferred	(C) Deferral/vesting period	(A) No longer payable	(B) Paid	(C) Still deferred	
<b>SENIOR DIRECTORS</b>									
Ferraioli Antonio	Chairman of BoD and Chief Executive Officer	MBO	320.000 €				317.204 €		
		LTIP 2017-2019				12.927 €	82.073 €		
		LTIP 2020-2022			100.000 €	2			
Total			320.000 €	100.000 €		12.927 €	399.277 €		
Ferraioli Andrea	Vice Chairman BoD, Chief Executive Officer and General Manager	MBO	320.000 €				317.204 €		
		LTIP 2017-2019				12.927 €	82.073 €		
		LTIP 2020-2022			100.000 €	2			
Total			320.000 €	100.000 €		12.927 €	399.277 €		
<b>SENIOR EXECUTIVES</b>									
8 SEs		MBO	335.015 €						
		LTIP 2016-2018					318.168 €		
		LTIP 2019-2022		119.055 €	2				
Total			335.015 €	119.055 €			318.168 €		
<p><i>Notes</i></p> <ul style="list-style-type: none"> <li>- the total 2019-2022 LTI bonus accrued in the year was calculated pro-rata to target</li> <li>- the amount of the previous years' bonuses for SDEs, disbursed with 2020 cash, includes the MBO disbursed to Iolanda Ferraioli, who in 2020 is included among the SEs, while in 2019 she was named in Table 3B</li> </ul>									

## SECTION II

**TABLE 3**

**TABLE 1 SCHEDULE No. 7-ter Shareholdings of the Board of Directors, Board of Statutory Auditors and General Managers**

Name	Office	Number of shares held at the end of the previous year (2019)	No. of shares acquired in 2020	No. of shares sold in 2020	Number of shares held at the end of the year (2020)
Ferraioli Antonio	Chairman & Chief Executive Officer	3.151.301	21.000		3,172,301 (*)
Ferraioli Andrea	Vice-Chairman, Chief Executive Officer and General Manager	2.959.062			2,959,062 (**)
Ferraioli Iolanda	Director	2.684.088			2,684,088 (***)

\* of which 3,151,301 ordinary shares held through Holding Antonio Ferraioli S.r.l. since 28/7/2020  
 \*\* of which 1,860,000 ordinary shares held through Holding Andrea Ferraioli I S.r.l. and 930,000 shares held through Holding Andrea Ferraioli II S.r.l. since 28/7/2020  
 \*\*\* held through Holding Iolanda Ferraioli S.r.l. since 28/7/2020