

<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 1 of 9</b>
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# **POLICY ON THE COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS**

Also in matters of diversity, pursuant to article 123-bis, paragraph 2, letter d-bis of the TUF

<b>Approved:</b>	<b>17/03/2023</b>	<b>Approved by:</b>	<b>BoD of Centrale del Latte d'Italia SpA</b>	<b>Valid from:</b>	<b>17/03/2023</b>
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<b>INTRODUCTION .....</b>	<b>3</b>
ART. 1: DEFINITIONS.....	3
<b>BOARD OF DIRECTORS .....</b>	<b>4</b>
ART. 2: ROLE AND TASKS OF THE BOARD OF DIRECTORS.....	4
ART. 3: OBJECTIVES OF THE POLICY FOR THE APPOINTMENT OF THE BOARD OF DIRECTORS .....	5
ART. 4: NUMBER OF POSITIONS HELD .....	5
ART. 5: INDEPENDENCE .....	6
ART. 6: PROFESSIONALISM.....	7
ART. 7: DIVERSITY CRITERIA.....	7
ART. 8: REMUNERATION .....	7
<b>BOARD OF STATUTORY AUDITORS .....</b>	<b>7</b>
ART. 9: ROLE AND TASKS OF THE BOARD OF STATUTORY AUDITORS .....	7
ART. 10: OBJECTIVES OF THE POLICY FOR THE APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS.....	7
ART. 11: INELIGIBILITY, INCOMPATIBILITY, GOOD REPUTE AND OTHER LEGAL REQUIREMENTS .....	8
ART. 12: NUMBER OF POSITIONS HELD.....	8
ART. 13: INDEPENDENCE .....	8
ART. 14: PROFESSIONALISM.....	9
ART. 15: GENDER .....	9
ART. 16: REMUNERATION .....	9
ART. 17: FINAL PROVISIONS .....	9

<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 3 of 9</b>
--	--	-------------------------------

## Introduction

This Policy was drafted by the Board of Directors of Centrale del Latte d'Italia S.p.A., also in compliance with Article 123-bis, paragraph 2, letter d-bis of the TUF as well as the recommendations of the Corporate Governance Code, taking into account the opinion of the Appointments and Remuneration Committee and the results of the self-assessment performed by the Board of Directors with the aim of describing the policies relating to the composition of the Company's governing and control bodies and keeping them up to date.

This Policy identifies and describes (i) the qualitative and quantitative characteristics of the members of the Board of Directors and the Board of Statutory Auditors, as well as (ii) the structure and composition required of these bodies.

### Art. 1: Definitions

Below are the main definitions used in the Policy:

**Shareholders' meeting:** Shareholders' Meeting of Centrale del Latte d'Italia S.p.A.

**Shareholders:** owners of shares issued by Centrale del Latte d'Italia S.p.A.

**CLI or Company:** indicates the company Centrale del Latte d'Italia S.p.A.

**Corporate Governance Code:** Corporate Governance Code of Listed Companies approved on 31 January 2020 by the Corporate Governance Committee established by Borsa Italiana S.p.A. adopted by the Company.

**Board of Statutory Auditors:** the Board of Statutory Auditors of Centrale del Latte d'Italia S.p.A.

**Board of Directors or BoD:** Board of Directors of Centrale del Latte d'Italia S.p.A.

**Committees:** indicates the board committees of Centrale del Latte d'Italia S.p.A.

**Appointments and Remuneration Committee:** the Appointments and Remuneration Committee of Centrale del Latte d'Italia S.p.A.

**ESG:** acronym for environmental, social and governance issues.

**Group:** means the Newlat Group, which the Company belongs to.

**Policy:** indicates this Policy on the Composition of the Board of Directors.

**Corporate Governance Report:** Report on Corporate Governance and Ownership Structure drafted pursuant to Article 123-bis of the TUF.

**By-laws:** the By-laws of Centrale del Latte d'Italia S.p.A.

**TUF:** indicates the Consolidated Law on Finance - Italian Legislative Decree no. 58 of 24 February 1998.

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 4 of 9</b>
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## Board of Directors

### Art. 2: Role and tasks of the Board of Directors

Pursuant to Article 11 of the By-laws, the Company is administered by a Board of Directors consisting of no fewer than 3 (three) and no more than 14 (fourteen) members.

The CLI Shareholders' Meeting shall determine the number of BoD members from time to time, before their appointment. Within the limit indicated above, the Shareholders' Meeting may also change the number of directors during the term of office of the BoD; the directors thus appointed lapse together with those in office.

Without prejudice to its exclusive competence in the matters set forth in Article 2381 of the Italian Civil Code, the Board of Directors:

- a) Defines the Company's strategies and identifies possible investment opportunities, consistent with the principle of pursuing sustainable success, and monitors their implementation.
- b) Examines and approves the Company's business plan, also based on the analysis of issues relevant to the generation of long-term value performed with the possible support of a board committee.
- c) Periodically monitors the implementation of the Company's business plan and assesses the general performance of operations, also based on the periodic information received from the subsidiaries, comparing the results achieved with those planned on a regular basis.
- d) Defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant to the Company's sustainable success.
- e) Defines the Company's corporate governance system, assesses the adequacy of the organisational, administrative and accounting structure of the Company and of strategically important subsidiaries, with particular reference to the internal control and risk management system.
- f) Decides on the operations of the Company and its subsidiaries that are strategic or of significant importance to the Company's results, assets and liabilities and cash flows. To this end, it establishes general criteria for identifying significant transactions.
- g) Adopts, in order to ensure proper management of corporate information and as recommended by the Chairman, a procedure for the internal management and external disclosure of documents and information concerning the Company, with particular reference to inside information.
- h) Assigns and revokes the powers of directors, defining their limits and the manner in which they may be exercised, without prejudice to what is reserved by law for the exclusive competence of the Board of Directors.
- i) Defines the Company's policy on the remuneration of directors and executives with strategic responsibilities, in accordance with current laws and the Corporate Governance Code.
- j) On the proposal of the Appointments and Remuneration Committee, determines the remuneration of directors vested with special offices pursuant to the By-laws after hearing the opinion of the Board of Statutory Auditors.
- k) At least once every three years, performs an assessment of the operation of the Board and its

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 5 of 9</b>
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Committees (so-called board evaluation).

- l) Provides information in the Corporate Governance Report on how it performs its tasks.

### Art. 3: Objectives of the Policy for the Appointment of the Board of Directors

The Policy sets certain objectives regarding the qualitative and quantitative composition of the Board of Directors. Specifically:

#### In terms of quantity

The number of Board members must be appropriate to the size and complexity of the Company's organisational structure, in order to ensure an adequate balance of the skills and experience required by the Company's business.

#### In terms of quality

In order to guarantee the correct performance of the functions of responsibility, the members of the Board of Directors must:

- Be fully aware of the tasks they are called upon to perform and the responsibilities that may arise.
- Have professional skills appropriate to the role to be filled, including in board committees, and calibrated with respect to the characteristics of the Company.
- Have diverse skills and experience, appropriately distributed among the members of the body.

### Art. 4: Number of positions held

Directors must accept and hold the office as they believe they can devote the time necessary for the diligent performance of their duties, taking into account the commitment required by their work and professional activities, as well as the total number of governing and control offices held in other companies listed on regulated markets in Italy or abroad, or in financial, banking, insurance or large companies, and the relative commitment, also in light of their participation in board committees.

Without prejudice to more stringent statutory and/or regulatory provisions, in order to ensure the effective performance of the office of Company director, the number of directorships and auditing appointments in other companies may not exceed 5 (five) in companies listed on regulated markets (in Italy or abroad) or in financial, banking, insurance or large companies.

For the purposes of the calculation of such positions, no account shall be taken of any positions held by CLI directors in Group companies. Positions held in more than one company belonging to the same group are considered as a single office, with the executive office taking precedence over the non-executive position.

In any case, the BoD may allow – on an objective basis – exceptions to such limits, subject to the opinion of the Appointments and Remuneration Committee.

Based on the information received from the directors, once a year where required the Board of Directors notes and discloses the governing and control positions held by directors in the Corporate Governance Report .

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 6 of 9</b>
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## Art. 5: Independence

The Board of Directors consists of at least two independent directors other than the Chairman.

As a rule, for the purpose of this assessment a director is deemed not to be independent in the following representative cases:

- a) They are significant shareholders of the Company.
- b) In the previous three financial years they have been an executive director or an employee of the Company, of one of its strategically important subsidiaries or of a company under common control with the Company, or of a significant shareholder of the Company.
- c) In the previous three financial years the director directly or indirectly (e.g. through subsidiaries or companies they are a significant representative of, or as a partner of a professional firm or consulting company) has or has had a significant commercial, financial or professional relationship:
  - i. With the Company or its subsidiaries, or its executive directors or top management.
  - ii. With a party that, even jointly with others through a shareholders' agreement, controls the Company; or, if the controlling party is a company or entity, with its executive directors or top management.
- d) In the previous three financial years they have received from the Company, one of its subsidiaries or the parent company significant additional remuneration with respect to the "fixed" remuneration for the office of non-executive director of the Company and to the remuneration envisaged for participation in board committees, even in the form of participation in incentive plans linked to company performance, including share-based plans.
- e) They have been a director of the Company for more than nine years, even non-consecutive, in the last 12 years.
- f) They hold the office of executive director in another company in which an executive director of the Company has an office of director.
- g) They are shareholders or directors of a company or an entity belonging to the network of the company appointed to audit the Company.
- h) They are a close member of the family (meaning the spouse not legally separated, cohabiting partner, dependent children, including those of the spouse, and, if cohabiting for at least one year, parents, relatives up to the 4th degree) of a person who is in one of the situations referred to in the preceding points.

As a threshold for the assessment of the cases set out in c) and d) above, the BoD has established that the total value of the dealings and additional remuneration must not exceed 5% of the turnover of the director in question.

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 7 of 9</b>
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## Art. 6: Professionalism

In order to be able to provide concrete support for the pursuit of the Company's strategic objectives, the Board of Directors must be composed of internationally-minded managers with extensive expertise in the following areas:

- Accounting, finance
- Risk management
- Digital and IT fields
- ESG matters, and specifically with skills in sustainability.

## Art. 7: Diversity criteria

The composition of the Board of Directors reflects a diversification of personalities with respect to gender, age, length of service and experience of the Directors, in order to ensure adequate skills and professionalism within the Board.

## Art. 8: Remuneration

The remuneration of the members of the Board of Directors is determined by the Shareholders' Meeting. Directors are entitled to be reimbursed for expenses incurred in the performance of their duties. The remuneration of directors with special responsibilities shall be determined by the Board of Directors after consulting the Board of Statutory Auditors.

## Board of Statutory Auditors

### Art. 9: Role and tasks of the Board of Statutory Auditors

The Board of Statutory Auditors is called upon to supervise compliance with the law and the by-laws, compliance with the principles of proper administration in the performance of the company's business, and also to check the adequacy of the company's organisational structure, the internal control system and the administrative/accounting system, as well as to supervise the reliability of the latter in correctly representing company operations.

### Art. 10: Objectives of the Policy for the appointment of the Board of Statutory Auditors

The Policy sets certain objectives regarding the qualitative and quantitative composition of the Board of Statutory Auditors. Specifically:

#### In terms of quantity

According to the By-laws, the Board of Statutory Auditors consists of 3 (three) standing statutory auditors and 3 (three) alternate statutory auditors, appointed by the Shareholders' Meeting.

The members of the Board of Statutory Auditors shall remain in office for 3 (three) years ending on the date of the Shareholders' Meeting convened to approve the financial statements for the third year of their term. They shall be eligible for re-election.

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 8 of 9</b>
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#### In terms of quality

With regard to the general and personal characteristics of the members of the Board of Statutory Auditors, the Company deems it appropriate that there be:

- A balanced combination of backgrounds, aptitudes and experience that fosters a broad competence, where possible related to the sectors the Company competes in, especially in the area of risks and controls.
- Due consideration given to the number of positions held and the amount of time that the candidates for the office of Statutory Auditor can guarantee in the exercise of the office, considering them key components for the effective performance of the role.
- Diversity, especially with respect to gender.

#### [Art. 11: Ineligibility, incompatibility, good repute and other legal requirements](#)

The slates to be presented upon the renewal of the Board of Statutory Auditors must include candidates for whom the absence of grounds for ineligibility and disqualification pursuant to Article 2382 of the Italian Civil Code has been confirmed in advance.

The members of the Board of Statutory Auditors are also subject to the provisions of Article 148, paragraph 3 of the TUF.

The Members of the Board of Statutory Auditors must meet the requirements of good repute and professionalism set forth in Article 148, paragraph 4 of the TUF.

#### [Art. 12: Number of positions held](#)

The availability of time to dedicate to the performance of their duties is a fundamental requirement that the Statutory Auditors must be able to ensure, given that the Statutory Auditors participate in the meetings of the Board of Directors and are also invited to participate in the meetings of the board committees whenever the opportunity arises.

Without prejudice to more stringent statutory and/or regulatory provisions, in order to ensure the effective performance of the office of Company Statutory Auditor, the number of directorships and auditing appointments in other companies may not exceed 3 (three) in companies listed on regulated markets (in Italy or abroad) or in financial, banking, insurance or large companies.

For the purposes of the calculation of such positions, no account shall be taken of any positions held by CLI statutory auditors in Group companies.

#### [Art. 13: Independence](#)

All members of the Board of Statutory Auditors must meet the independence requirements set forth in Article 148, paragraph 3 of the TUF, as well as the requirements enumerated for independent directors in Article 5 above.

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<b>Centrale del Latte d'Italia SpA</b>	<b>Policy on the composition of the Board of Directors and Board of Statutory Auditors</b>	<b>Rev. 1 Page 9 of 9</b>
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#### Art. 14: Professionalism

At least one standing statutory auditor and one alternate statutory auditor must be chosen from among those enrolled in the register of statutory auditors.

The other members of the Board of Statutory Auditors, if not enrolled in the register, are chosen from among those who have at least three years' overall experience in matters pertaining to commercial law, company law, financial market law, tax law, business economics, corporate finance or in similar disciplines, as well as in matters and sectors pertaining to the industry the Company competes in.

#### Art. 15: Gender

The election of the Board of Statutory Auditors must take place in such a way as to ensure that the gender balance is respected in the proportion established by current law. The slates of auditors to be elected for both Statutory Auditors and Alternate Auditors where there are no fewer than three candidates must be drawn up taking into account the criterion that ensures gender balance, guaranteeing the least-represented gender a number of candidates at least equal to the percentage required by applicable laws and regulations on gender balance, which must be calculated on the basis of the criteria envisaged thereby.

#### Art. 16: Remuneration

The remuneration of the members of the Board of Statutory Auditors is determined by the Shareholders' Meeting. Statutory auditors are entitled to be reimbursed for expenses incurred in the performance of their duties.

#### Art. 17: Final provisions

The Board of Directors periodically checks the adequacy of this Policy with the support of the Appointments and Remuneration Committee.

Amendments are approved by the Board of Directors.

The Chairman may directly adjust this Policy following legislative and/or regulatory changes, changes in the organisational structure of the Company or specific resolutions adopted by the corporate bodies, informing the other directors at the next scheduled meeting.

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