



Centrale del Latte d'Italia S.p.A.

DIRECTORS' REPORT pursuant to Article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998, as well as art. 84-ter of the CONSOB Issuers' Regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, on item 1 on the agenda of the ORDINARY SHAREHOLDERS' MEETING to be held at the registered office of the company Newlat Group S.A., located in Via Geretta 8, Paradiso (Switzerland), on first call, on 26 February 2025 at 10 am, and if necessary on second call on 5 March 2025, same place and time.

Centrale del Latte d'Italia S.p.A. - Via Filadelfia 220 - 10137 Turin - Tax code and VAT no. 01934250018 - Share capital € 28,840,041.20 fully paid-in - CCIAA (Chamber of Commerce, Industry, Craft Trade and Agriculture) - Turin no. 520409 - Turin Court no. 631/77

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DIRECTORS' REPORT ON THE FIRST ITEM ON THE AGENDA OF THE SHAREHOLDERS' MEETING:

Granting of the mandate for the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree no. 125/2024 for a period of three years, and determination of the related fee:

- a. Granting of the mandate for the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree no. 125/2024 for a period of three years.**
- b. Determination of the fee for the mandate for the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree 125/2024 for a period of three years.**

Shareholders,

You are called upon to grant the mandate to perform a limited audit of the sustainability report to be prepared pursuant to Italian Legislative Decree no. 125 of 6 September 2024 ("Italian Legislative Decree no. 125/2024") for the financial years from 31.12.2024 to 31.12.2026.

Indeed, until 2023, Centrale del Latte d'Italia S.p.A. (the "Company") – despite the fact that it was a listed company that exceeded the dimensions envisaged in the previous provisions set out in Italian Legislative Decree no. 254 of 30 December 2016, which had introduced the obligation to publish a non-financial statement ("NFS") – was exempt from preparing such a disclosure because the parent company, Newlat Food S.p.A., filed a NFS on a consolidated basis.

On 10 September 2024, Italian Legislative Decree no. 125/2024 was published, which transposed in Italy Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD) concerning sustainability reporting – which took the place of the non-financial reporting once envisaged by Italian Legislative Decree no. 254/2016 – which eliminated the aforementioned exemption relied on by the Company, so that as from 2024 Centrale del Latte d'Italia S.p.A. must submit CSRD sustainability reporting separate from that of its parent company Newlat Food S.p.A.

Italian Legislative Decree no. 125/2024 provides that the appointment for the statement of the compliance of the sustainability reporting must be granted following the same process as for the appointment of the auditor of the financial statements, with the only difference being the duration of the appointment, as a three-year mandate is envisaged.

Considering that the company entrusted with the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree no. 125/2024 of the parent company Newlat Food S.p.A. is PricewaterhouseCoopers S.p.A., Centrale del Latte d'Italia S.p.A. intends to entrust the latter with the task in question for a better coordination of the activities.

Therefore, with the favourable opinion of the Management Control Committee, the Company intends to grant the mandate for the limited audit of the sustainability report to be drawn up pursuant to Italian Legislative Decree no. 125/2024 to PricewaterhouseCoopers S.p.A. for the duration of three years, i.e. from the year ending on 31.12.2024 to the year ending on 31.12.2026, setting the annual fee at €40,000.00 plus VAT and expenses.

In consideration of the foregoing, and in light of the reasoned proposal of the Management Control Committee attached to this Report together with the offer submitted by PricewaterhouseCoopers S.p.A., today you are called upon to entrust PricewaterhouseCoopers S.p.A. with the appointment for the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree no. 125/2024, in compliance with applicable regulations, for three years, with reference to the years 2024-2026.

Therefore, we propose that you adopt the following resolution:

"The Ordinary Shareholders' Meeting of Centrale del Latte d'Italia S.p.A.:

- having acknowledged the report prepared by the Board of Directors and the favourable opinion of the Management Control Committee on the granting of the mandate for the limited audit of the sustainability report drawn up pursuant to Italian Legislative Decree no. 125/2024,

RESOLVES

- To grant to the company PricewaterhouseCoopers S.p.A. – company already entrusted with the statutory audit of the accounts of Centrale del Latte d'Italia S.p.A. – the appointment for the limited audit of the sustainability report prepared pursuant to Italian Legislative Decree no. 125/2024 with reference to the years 2024-2026, under the terms and conditions set forth in the offer submitted thereby and attached to the reasoned proposal of the Management Control Committee.



- To grant the Board of Directors, and on the Chairman on its behalf, with broad powers of sub-delegation, all the powers necessary or appropriate for the implementation of the resolutions referred to in the preceding point, and in particular for the finalisation and completion of the task detailed therein and for the performance of all the acts, fulfilments, actions and negotiations necessary or appropriate for such purpose".

Turin, 27 January 2025

For the Board of Directors
The Chair
Angelo Mastrolia

**REASONED PROPOSAL FOR THE GRANTING OF THE ASSIGNMENT TO ISSUE A
STATEMENT ON THE COMPLIANCE OF THE INDIVIDUAL SUSTAINABILITY REPORT
PREPARED PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 125/2024 FOR THE
FINANCIAL YEARS ENDING 31.12.2024 TO 31.12.2026**

* * *

To the Shareholders' Meeting of Centrale del Latte d'Italia S.p.A. (the "Company")

The Management Control Committee,

WHEREAS

- For the Shareholders' Meeting convened for 26 February 2025 on first call, and if necessary on 5 March 2025 on second call, you will be called upon to resolve on the granting of the mandate for the limited audit of the sustainability report drawn up pursuant to Italian Legislative Decree no. 125/2024, with a duration of three years, and the determination of the relevant fee.
- On 10 September 2024 was published Italian Legislative Decree no. 125/2024, which transposed Directive EU 2022/2464 (also "CSRD") into Italian law, laying down provisions on sustainability reporting as part of the "European Green Deal", with the aim of promoting transparency and the disclosure of information by companies on environmental, social and governance-related ("ESG") impacts, replacing the previous legislation contained in Italian Legislative Decree no. 254/2016, repealing the possibility of exempting your Company from these duties, as it was permissible for the relevant information to be provided through a non-financial statement ("NFS") made by the parent company Newlat Food S.p.A. on a consolidated basis, which is now no longer feasible.
- Your Company is therefore required to present its own "CSRD" sustainability reporting separate from that of the parent company Newlat Food S.p.A. as from the financial statements for the year ending 31/12/2024.
- Italian Legislative Decree no. 125/2024 provides that the appointment for the statement of compliance of the sustainability reporting is to be granted following the same appointment process as the auditor of the financial statements, with the difference that the mandate in this case may be three years instead of nine years.
- Article 8 of Italian Legislative Decree no. 125/2024 provides that in the Report referred to in Article 14-bis of Italian Legislative Decree no. 39/2010 the Auditor qualified for sustainability

reporting shall express its conclusions on the compliance of the aforementioned reporting with the provisions of Italian Legislative Decree no. 125/2024.

HAVING CONSIDERED

- That the Board of Directors has received the Proposal (Ref. no. 006VI00000Na8Q1IAJ of 15 January 2025) for the appointment of the limited audit of the sustainability report for the financial years "2024-2026" (attached hereto) by the Company's current statutory auditor, i.e. the auditing firm "PricewaterhouseCoopers S.p.A." (also "PwC").
- That the appointment for sustainability reporting under Italian Legislative Decree no. 125/2024 was granted to "PwC" also with respect to the parent company "Newlat Food S.p.A.".
- That with regard to the subject matter of the appointment, the Proposal in question envisages the assignment of the limited audit of the sustainability report pursuant to Italian Legislative Decree no. 125/2024 for the three-year period 2024-2026 at a consideration of €40,000 (forty thousand/00) plus VAT and documented expenses incurred in the performance of the mandate, for each year of the assignment.
- That the fees charged reflect normal market conditions in line with the prices charged by other audit firms of similar standing.

HAVING VERIFIED

- That the audit procedures outlined in the Proposal, taking into account the hours and professional resources envisaged for this purpose, are adequate with respect to the scope and complexity of the assignment.
- That based on what can be inferred from the Proposal, "PwC" meets the independence requirements envisaged by law.
- That "PwC" appears to have a technical and professional organisation and expertise appropriate to the scope and complexity of the assignment.

PROPOSES

Based on the reasons stated, that the appointment for the limited audit of the sustainability reporting pursuant to Italian Legislative Decree no. 125/2024 for the three-year period 2024-2026, for a consideration of €40,000 (forty thousand/00) plus VAT and documented expenses incurred in the performance of the mandate, for each year of the assignment, be entrusted by the Shareholders' Meeting to the company "PricewaterhouseCoopers S.p.A.", with registered office in Milan, Via Piazza Tre Torri 2, registered with the Companies Register of Milan-Monza-Brianza-Lodi with tax code number 12979880155.

Turin, 27 January 2025

Management Control Committee

Giovanni Rayneri

Valeria Bruni Giordani

Anna Claudia Pellicelli

(Annexed as described above)