Centrale del Latte d'Italia

ANNUAL FINANCIAL REPORT

AT 31 DECEMBER 2024

This document constitutes a PDF copy of the Annual Financial Report of Centrale del Latte d'Italia S.p.A. as at 31 December 2024 and does not constitute the document in ESEF format required by the ESEF Technical Standards pursuant to Delegated Regulation (EU) 2019/815 (the so-called "ESEF Regulation").

The Annual Financial Report of Centrale del Latte d'Italia S.p.A. as at 31 December 2024 in the ESEF format, required by the ESEF Regulation, is available on the Company's website https://centralelatteitalia.com/investor-relations/bilanci-e-relazioni/ and via the authorised storage mechanism eMarket Storage www.emarketstorage.com.

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DIRECTORS' REPORT ON OPERATING PERFORMANCE

COMPANY BODIES

BOARD OF DIRECTORS

E.D.	N.E.D.	I.D.		C.R.C.	R.C.	R.P.C.	I.D.C.
·			**Angelo Mastrolia** Chair				
·			**Giuseppe Mastrolia** Vice Chair				
·			**Stefano Cometto** Chief Executive Officer				
	·		**Benedetta Mastrolia** Director				
	·	·	**Giovanni Maria Rayneri** Director	·	·	·	·
	·	·	**Anna Claudia Pellicelli** Director	·	·	·	·
	·	·	**Valeria Bruni Giordani** Director	·	·	·	·

E.D. = Executive Director
N.E.D. = Non-Executive Director
I.D. = Independent Director

C.R.C. = Control and Risks Committee
R.C. = Remuneration and appointments committee
R.P.C. = Related Party Transactions Committee
I.D.C. = Independent Directors Committee

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. - Turin

MANAGEMENT CONTROL COMMITTEE

As from the 2024 financial year, the company introduced the one-tier system, whose members of the Management Control Committee are:

Giovanni Maria Rayneri Chair

Anna Claudia Pellicelli Member

Valeria Bruni Giordani Member

FINANCIAL REPORTING OFFICER

Fabio Fazzari CFO and Investor Relator

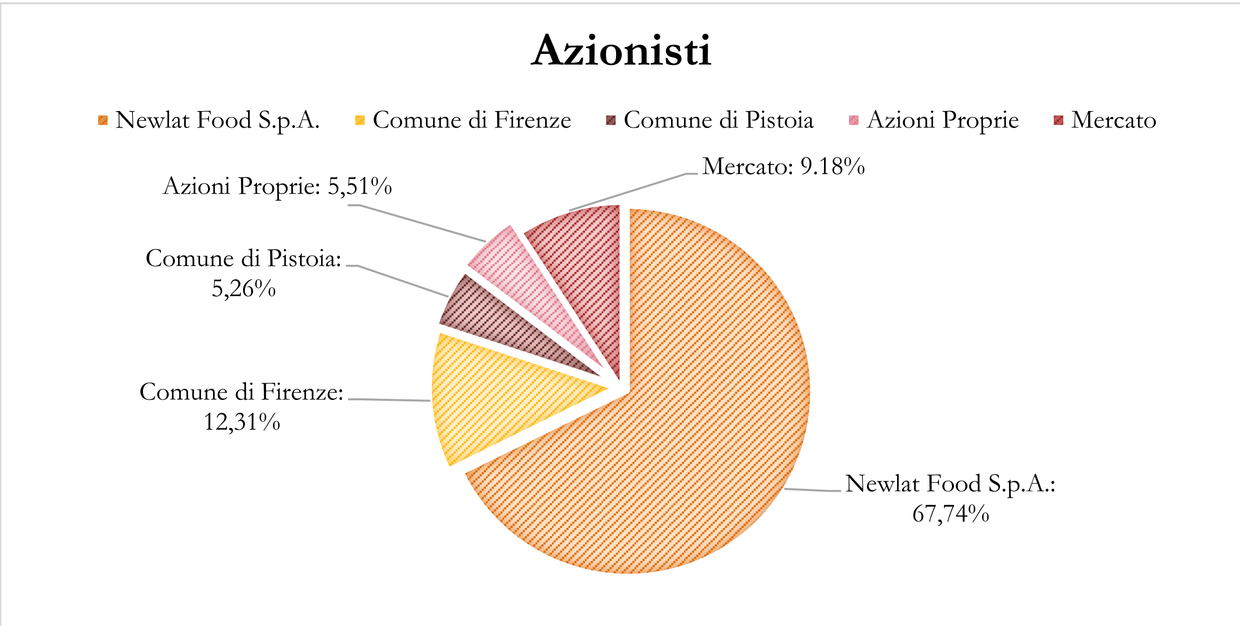
As at 31 December 2024, Centrale del Latte d'Italia S.p.A. held an equity investment in a related party:

25%

The shareholders

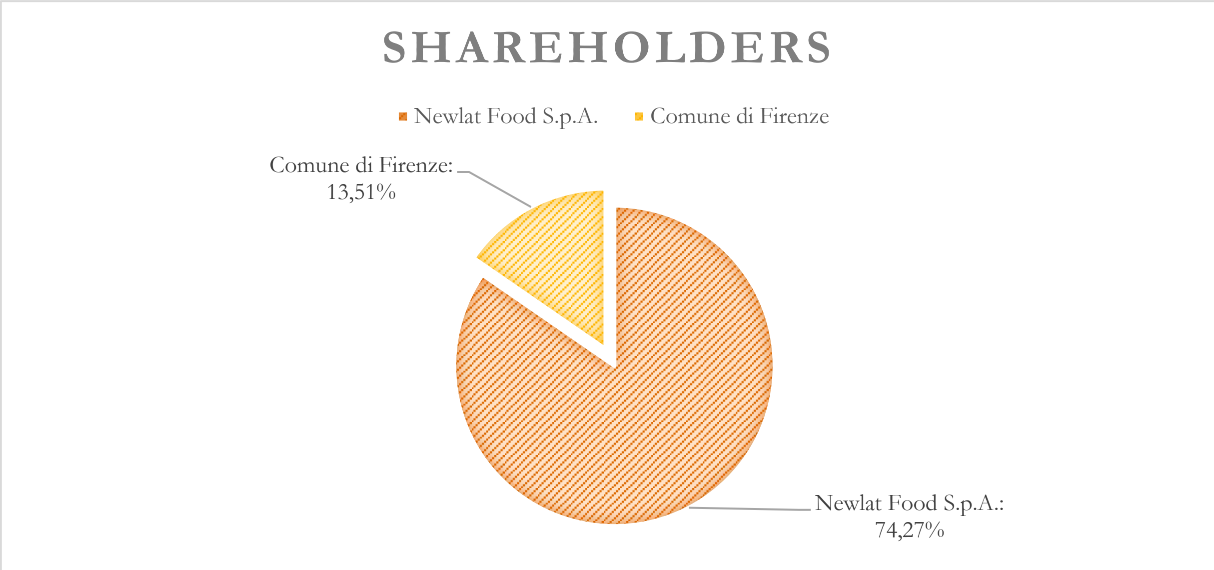
The Company's share capital amounted to Euro 28,840,041.20 fully paid-in, divided into 14,000,020 ordinary shares with no nominal value.

Following the termination of the voting rights increased as a result of the provisions of art. 127 quinquies, paragraph 2 of the TUF and art. 44 of the Consob-Banca d'Italia Consolidated Post-trading Provision, as well as the provisions of the Articles of Association in art. 5, the number of voting rights is equal to 14,000,020. Those holding ordinary shares representing more than 5% of the total are as follows:



On 12 November 2024, following the outcome of the option and pre-emption offer, the Company resolved proceed directly to redemption through the purchase of a total of 771,204 shares of CLI at a liquidation va of Euro 2.966 each for a total market value of Euro 2,287,391.06.

Holders of ordinary shares in excess of 5% hold the following percentages in terms of voting rights:



CORPORATE GOVERNANCE

Corporate governance is the set of rules, systems and mechanisms designed to effectively implement the organisation's decision-making processes in the interest of all Company stakeholders. The company Centrale del Latte d'Italia S.p.A. complies with the Corporate Governance Code for Listed Companies, which was approved in January 2020, replacing the previous version. The governance system in place includes three structures: the Shareholders' Meeting, the Board of Directors and the internal Management Committee.

Board of Directors

The Board of Directors is the body charged with administering the company using the powers allocated to it by law and by the articles of association. It is structured and operates to ensure that its functions are performed efficiently and effectively. Directors act and make decisions to create value for shareholders, and they report on operations during the Shareholders' Meeting. With regard to appointing and replacing the entire Board of Directors and/or some of its members, the Company's articles of association require board members to be elected on the basis of candidate slates in accordance with the methods outlined in more detail in the Report on Corporate Governance and Ownership Structure (attached to this document) and in compliance with existing legislation on gender representation.

Board Committees

The Board of Directors has no internal committees other than those required by the Corporate Governance Code, with the exception of the Related Party Transactions Committee, in order to comply with the provisions of the Related Parties Regulation.

The Company has assigned to a single committee, namely the Remuneration and Appointments Committee, the functions envisaged in Articles 4 and 5 of the Corporate Governance Code.

The Board of Directors' internal committees are as follows:

- The Control and Risks Committee helps the Board of Directors to assess and make decisions regarding the Internal Control and Risk Management System, the approval of annual and half-year financial statements and relations between the Company and the independent auditor, where support is provided in the form of an adequate investigative phase. For this purpose, the Committee has three members with sufficient financial and accounting experience, namely the non-executive and independent Directors Giovanni Maria Rayneri as Chair, and Anna Claudia Pellicelli and Valeria Bruni Giordani as members.

- The Remuneration and Appointments Committee plays an advisory and recommendatory role, with investigative functions, in the assessments and decisions relating to the composition of the Board of Directors and to the remuneration of directors and managers with strategic responsibilities, overseeing their application and making general recommendations on the matter. The Committee has three members with sufficient financial and accounting experience, namely the non-executive and independent Directors Anna Claudia Pellicelli as Chair, and Giovanni Maria Rayneri and Valeria Bruni Giordani as members. With regard to determining remuneration for board members, the Shareholders' Meeting allots a salary for the duration of the mandate which may consist of a fixed portion and a variable portion commensurate with the achievement of certain targets and/or with the Company's financial results.

Please see the report on remuneration published in accordance with article 123-ter of the Consolidated Law on Finance (TUF) for information on the general remuneration policy and the remuneration of executive directors, managers with strategic responsibilities and non-executive directors.

- The Related Party Transactions Committee (hereinafter also the "RPT Committee") is responsible for ensuring the integrity of transactions with related parties by giving an opinion on the Company's interest in completing a specific transaction, as well as on the suitability and fairness of the corresponding conditions. This committee comprises three non-executive and independent directors: Valeria Bruni Giordani as Chair, as well as Giovanni Maria Rayneri and Anna Claudia Pellicelli as members.

Management Control Committee

At its meeting on 18 March 2024, the Company's Board of Directors decided to adopt a one-tier governance system instead of the traditional model. The Board of Directors considered the move to a one-tier system because it would improve the quality of governance by simplifying the company's organisational, administrative and accounting structures, ensuring a high level of transparency and more effective controls through complete and constant information flows, and overcoming the inefficiencies caused by the existence of a body separate from the governing body.

This system of governance also contributes to increasing the company's international recognition, which makes it more attractive to potential international investors.

The one-tier governance system is characterised by the presence of a Board of Directors, which is responsible for strategic supervision and management functions, and a Management Control Committee established within the same Board, which performs control functions.

The Shareholders' Meeting resolved in favour of amending the Articles of Association and adopting the one-tier governance system on 29 April 2024.

Internal Control and Risk Management System

The Internal Control and Risk Management System (ICRMS) is the set of rules, procedures and organisational structures designed to enable the Company to conduct its business correctly and in line with set objectives, using a suitable process for identifying, measuring, managing and monitoring the main risks. In defining the strategic, business and financial plans, the Board of Directors has identified the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all risks that may be relevant to the medium- and long-term sustainability of the Company's business. With the help of the Control and Risks Committee, the Board of Directors has also drawn up guidelines for the ICRMS, identifying the system itself as a cross-sectional process integral to all business activities and based on the international principles of Enterprise Risk Management (ERM).

The purpose of the ICRMS is to help the Company achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives and classifying and controlling related risks by implementing specific containment actions.

There are various types of potential business risks - strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic/financial information), compliance (related to compliance with existing legislation and regulations to avoid damage to the company's reputation and/or financial losses). In view of this, the Internal Audit Department verifies the suitability of the ICRMS through an audit schedule that is approved by the Board of Directors and makes provision for regular reports containing sufficient information on the performance of its activities, as well as timely reports on events of particular importance.

The Board of Directors annually assesses the effectiveness of the ICRMS and its suitability in view of the characteristics of the business based on information and evidence received with the support of the investigative activities performed by the Control and Risks Committee, the Head of Internal Audit and the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

Organisational Model pursuant to Italian Leg. Decree 231/2001, Code of Ethics and fight against corruption

The Board of Directors of Centrale del Latte S.p.A. approved the latest version of the "Organisation, Management and Control Model" pursuant to Italian Legislative Decree no. 231/2001 of 09/09/2024. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Italian Legislative Decree 231/2001.

The Organisational Model was published and communicated to all personnel, third-party contractors, customers, suppliers and partners.

No reports of non-compliant behaviour or violations of the Code of Ethics were received during the year.

In order to ensure that the Model is correctly implemented, a Supervisory Body (SB) has been established, currently comprising Massimo Carlomagno, as Chair, and Ester Sammartino.

The SB sends the Board of Directors a written report every six months on how the Model 231 is being implemented and disseminated within each Company department.

The implementation of adequate regular and/or sporadic information flows to the SB is another important tool helping it to fulfil its legal monitoring responsibilities and ensuring that the Model serves its purpose of preventing liability.

No breaches of the Model or irregularities have emerged after examining the information received from managers of the various areas of the Company, and no acts or conduct have come to light that constitute an infringement of the provisions of Italian Legislative Decree 231/2001.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year under review are illustrated below:

- On 29 April 2024, the Extraordinary Shareholders' Meeting resolved on the adoption of the one-tier system of administration and control.
- On 14 May 2024, the Board of Directors examined and approved the Interim Management Report at 31 March 2024.
- On 9 September 2024, the Board of Directors examined and approved the Half-Year Management Report at 30 June 2024.
- On 11 November 2024, the Board of Directors examined and approved the Interim Management Report at 30 September 2024.
- On 12 November 2024, following the outcome of the option and pre-emption offer, the Company resolved to proceed directly to redemption through the purchase of a total of 771,204 shares of CLI at a liquidation value of Euro 2.966 each for a total market value of Euro 2,287,391.06.

SHAREHOLDERS AND FINANCIAL MARKETS

Centrale del Latte d'Italia S.p.A. maintains a constant dialogue with its shareholders through responsible and transparent communication carried out by the Investor Relations department, with the aim of facilitating an understanding of the Company's situation, outlook, strategies and the prospects for the reference market. This department is also tasked with organising presentations, events and roadshows that enable a direct relationship to be established between the financial community and the Company's senior management. For further information, and to consult the economic-financial data, corporate presentations, periodic publications, official communications and updates on the share price, visit the Investor Relations section of *https://centralelatteitalia.com-*.

In the period in question from 2 January 2024 to 31 December 2024, the official stock price decreased by 11% from Euro 3.08 to Euro 2.74.

The market capitalisation at 31 December 2024 was Euro 38,360,055.

All shares issued were fully paid up.

MANAGEMENT REPORT

The company is an important player in the Italian and European agri-food industry, active in the dairy products sector. The product range is divided into the following business units:

- Milk Products
- Dairy Products
- Other Activities

The Milk Products and Dairy Products market

Global and European landscape
Cow's milk production grew slightly in the EU (+0.5% in January-September 2024), supported by positive trends in some of the main producer countries (France +1.5%, Poland +3.7%, Spain +1.7%). Farmgate milk prices started to rise again in the second half of the year, approaching 50 euro/100 kg in September 2024.

Situation in Italy
In spite of climate-related problems, especially during the summer months, milk production also grew in Italy, up +1.3% compared to January-September 2023 according to Agea data. After the substantial stability in the first part of the year, the national farmgate price saw a new upward surge – reaching 55.30 euro/100 litres (excluding VAT, without premiums) in October – supported by the prices of the main traditional cheeses.

Price trends
The positive trend continued for Grana Padano, a leading product in the domestic market due to its broad production base, with prices for the younger ageing category reaching a record high of 10.32 euro/kg in November (+18% compared to a year ago), driven primarily by strong foreign demand. Rising sharply, also in the wake of EU dynamics, the price of butter came close to 8 euro/kg in November, a change of over 55% compared to last year.

Foreign trade
In the period January-August 2024, exports of Italian cheese and dairy products grew by 11.5% in volume and 7.6% in value, with double-digit positive changes compared to the previous year, especially to European destinations. On the negative side of the trade balance, thanks to competitive supply prices, imports of both tank milk (+8.0% in volume in the first eight months) and cheese (+8.2% in volume) increased.

Household purchases
In the first nine months of 2024, Italian households' spending on milk and dairy products decreased by 1.2% overall, partly as a result of falling prices for the main SKUs, and partly as a result of a contraction in volumes (-0.6%). The largest contraction in quantity of the whole sector continued to be recorded for fresh milk (-7% in volume), while yoghurt (+3.8% in volume) and cheese (+1.1% in volume), especially fresh, saw positive purchasing dynamics.

Analysis of the Company's economic performance

The following table contains the Company's income statement:

(In thousands of euros and as a percentage of revenue from contracts with customers)	At 31 December					
	2024	**%**	**2023**	**%**	**2024 v 2023**	**%**
Revenue from contracts with customers	349,712	100.0%	333,894	100.0%	15,818	4.7%
Cost of sales	(281,541)	(80.5%)	(271,002)	(81.2%)	(10,539)	3.9%
Gross operating profit/(loss)	**68,171**	**19.5%**	**62,893**	**18.8%**	**5,278**	**8.4%**
Sales and distribution costs	(51,696)	(14.8%)	(49,557)	(14.8%)	(2,139)	4.3%
Administrative costs	(8,563)	(2.4%)	(8,259)	(2.5%)	(305)	3.7%
Net write-downs of financial assets	(197)	(0.1%)	(417)	(0.1%)	220	(52.8%)
Other revenues and income	4,079	1.2%	6,087	1.8%	(2,008)	(33.0%)
Other operating costs	(2,056)	(0.6%)	(1,996)	(0.6%)	(61)	3.0%
Operating profit/(loss) (EBIT)	**9,737**	**2.8%**	**8,751**	**2.6%**	**986**	**11.3%**
Financial income	1,729	0.5%	756	0.2%	973	128.7%
Financial expenses	(5,139)	(1.5%)	(5,348)	(1.6%)	209	(3.9%)
Profit/(loss) before taxes	**6,328**	**1.8%**	**4,160**	**1.2%**	**2,169**	**52.1%**
Income taxes	(1,909)	(0.5%)	(1,201)	(0.4%)	(708)	59.0%
Net profit/(loss)	**4,419**	**1.3%**	**2,959**	**0.9%**	**1,460**	**49.4%**

In a context that remains unstable and generally characterised by a strong increase in the cost of raw materials, we must note that the comparison with the same period of the previous year shows a substantial linearity both in absolute terms and in the impact of sales revenues (EBITDA of Euro 25.2 million, or 7.2% of revenues compared with Euro 25.2 million at 31 December 2023, or 7.5%). This result appears more significant if we consider that inflationary effects are still present in Italy, although to a lesser extent than last year.

During the year the company continued to acquire new customers with the aim of creating value in the medium to long term. Revenues as at 31 December 2024 further increased (+4.7%) compared with the previous year.

As a result of the good performance of EBITDA and a particularly efficient financial management, 31 December 2024 closed with a profit for the year of Euro 4,419 thousand, up sharply from the profit for the year of Euro 2,959 thousand recorded as at 31 December 2023.

The following is a brief commentary on the most significant changes to the main income statement items that occurred in the years under review.

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Company is entitled in exchange for the transfer of the promised goods or services to customers. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, Centrale del Latte is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.

SEGMENT REPORTING

The following table displays a breakdown of revenues from contracts with customers by business unit:

(In thousands of euros and as a percentage)	At 31 December				Changes	
	2024	**%**	**2023**	**%**	**2024 v 2023**	**%**
Milk Products	274,547	78.5%	262,449	78.6%	12,098	4.6%
Dairy Products	60,139	17.2%	57,189	17.1%	2,950	5.2%
Other Activities	15,026	4.3%	14,256	4.3%	770	5.4%
Revenue from contracts with customers	**349,712**	**100.0%**	**333,894**	**100.0%**	**15,818**	**4.7%**

Revenues in the Milk Products segment increased due to the combined effect of an increase in average sales prices, particularly in the second half of the financial year (+64%), and an increase in demand, particularly in the traditional sector (+36%).

Revenues in the Dairy Products segment were up due to an increase in demand from existing customers and the acquisition of new customers.

Revenues from the other activities segment were up compared to the previous year because of higher average sales prices.

The following table displays a breakdown of revenues from contracts with customers by channel:

(In thousands of euros and as a percentage)	At 31 December				Changes	
	2024	**%**	**2023**	**%**	**2024 v 2023**	**%**
Mass Distribution	220,519	63.1%	208,628	62.5%	11,891	5.7%
B2B partners	11,432	3.3%	11,666	3.5%	(233)	(2.0%)
Normal trade	83,855	24.0%	81,390	24.4%	2,465	3.0%
Private labels	16,073	4.6%	15,307	4.6%	765	5.0%
Food services	17,833	5.1%	16,903	5.1%	930	5.5%
Total revenue from contracts with customers	**349,712**	**100.0%**	**333,894**	**100.0%**	**15,818**	**4.7%**

Revenues in the supermarket channel increased due to higher sales volumes in the Milk and Dairy segment and higher average sales prices compared to the 2023 average.

Revenues from the B2B channel were substantially in line with 31 December 2023.

Revenues for the Normal trade and Food Services channels increased sharply due to higher sales volumes and a higher average price than in 2023.

Revenues from the Private labels channel were up because of higher average sales prices compared to 31 December 2023.

The following table displays a breakdown of revenues from contracts with customers by area:

(In thousands of euros and as a percentage)	At 31 December				Changes	
	2024	**%**	**2023**	**%**	**2024 v 2023**	**%**
Italy	305,470	87.3%	292,951	87.7%	12,519	4.3%
Germany	17,686	5.1%	15,651	4.7%	2,035	13.0%
Other countries	26,556	7.7%	25,292	7.7%	1,265	5.0%
Total revenue from contracts with customers	**349,712**	**100.0%**	**333,894**	**100.0%**	**15,818**	**4.7%**

Revenues in Italy increased due to the combined effect of higher sales volumes and an increase in the average sales price, particularly in the Milk segment.

Revenues from Germany increased sharply due to a combined effect of higher sales volumes in the Dairy channel.

Revenues from Other Countries were up sharply because of higher sales volumes in the Mass Distribution channel and the Dairy sector.

Gross operating result and operating result

The ROS (return on sales) increased compared to the financial statements for the year ended 31 December 2024 due to a marked improvement in margins. The following table provides a reconciliation of the ROS for the periods under review:

(In thousands of euros and as a percentage)	**At and for the year ended 31 December**	
	2024	**2023**
Operating profit/(loss) (EBIT)	9,737	8,751
Revenue from contracts with customers	349,712	333,894
ROS (*)	**2.8%**	**2.6%**

(*) ROS (return on sales) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Company's financial statements when assessing the Company's results.

ROI (return on investment) increased mainly due to the effect of what was already discussed in the previous section of this annual report, and in particular due to a clear increase in the operating result (EBIT).

The following table provides a reconciliation of the ROI for the periods under review.

(In thousands of euros and as a percentage)	**At and for the year ended 31 December**	
	2024	**2023**
Operating profit/(loss) (EBIT)	9,737	8,751
Net invested capital (*)	106,912	108,124
ROI (*)	**9.1%**	**8.1%**

(*) Net invested capital and ROI (return on investment) are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Company's financial statements when assessing the Company's results.

EBITDA

The following table provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 December 2024 and 2023:

(In thousands of euros and as a percentage)	**At and for the year ended 31 December**	
	2024	**2023**
Operating profit/(loss) (EBIT)	9,737	8,751
Amortisation, depreciation and write-downs	15,266	15,984
Net write-downs of financial assets	197	417
EBITDA (*) (A)	**25,200**	**25,152**
Revenue from contracts with customers	349,712	333,894
EBITDA margin (*)	**7.2%**	**7.5%**
Investments (B)	3,336	2,502
Cash conversion [(A) - (B)]/(A)	**86.8%**	**90.1%**

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Company's financial statements when assessing the Company's results.

To assess performance, the Company's management monitors, among other things, EBITDA by business unit as shown in the following table:

(In thousands of euros and as a percentage of revenue from contracts with customers)	**At 31 December**				**Changes**	
	2024	**%**	**2023**	**%**	**2024 v 2023**	**%**
Milk Products	19,316	7.0%	20,294	7.7%	(978)	(4.8%)
Dairy Products	5,498	9.1%	4,523	7.9%	975	21.6%
Other Activities	386	2.6%	336	2.7%	50	14.9%
EBITDA	**25,200**	**7.2%**	**25,153**	**7.5%**	**47**	**0.2%**

EBITDA in the Milk Products segment decreased, mainly as a result of a deterioration in the supply chain and in particular in the costs of purchasing raw materials, which were only partially offset by an increase in the average sales price.

EBITDA from the Dairy Products segment increased due to higher sales volumes.

EBITDA from the Other Products segment was broadly in line with the previous year.

Net profit/(loss)

The table below provides a reconciliation of the ROE at 31 December 2024 and 2023.

(In thousands of euros and as a percentage)	**At and for the year ended 31 December**	
	2024	**2023**
Net profit/(loss)	4,419	2,959
Shareholders' equity	68,879	66,632
ROE (*)	**6.4%**	**4.4%**

(*) ROE (return on equity) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Company's financial statements when assessing the Company's results.

Net financial debt

The following table provides details of the composition of the Company's net financial debt as at 31 December 2024 and 31 December 2023, determined in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 and in accordance with paragraph 175 et seq. of the recommendations contained in the document prepared by ESMA, no. 32-382-1138 of 4 March 2021 (guidelines on disclosure requirements under Regulation EU 2017/1129, so-called "Prospectus Regulation"):

(In thousands of euros)	**At 31 December**	
Net financial debt	**2024**	**2023**
A. Cash and cash equivalents	7,394	6,762
B. Cash equivalents	35,219	29,270
C. Other current financial assets	2,540	3,026
D. Cash and cash equivalents (A)+(B)+(C)	**45,153**	**39,058**
E. Current financial payables	(34,312)	(19,125)
F. Current portion of non-current financial debt	(10,461)	(11,486)
G. Current financial indebtedness (E)+(F)	**(44,773)**	**(30,611)**
H. Net current financial indebtedness (G)+(D)	**380**	**8,447**
I. Non-current financial payables	(38,413)	(49,937)
J. Debt instruments	-	-
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(H)	**(38,413)**	**(49,937)**
M. Net financial debt (H)+(L) determined in accordance with CONSOB and ESMA communications	**(38,033)**	**(41,490)**

The change in net financial debt at 31 December 2024 compared with 31 December 2023, totalling Euro 3,458 thousand, is mainly due to the Company's ability to generate cash from operations.

The net financial position excluding the IFRS 16 effect is shown below:

(In thousands of euros)	At 31 December	
	2024	2023
Financial debt before lease liabilities	**(38,033)**	**(41,490)**
Non-current lease liabilities	8,358	11,458
Current lease liabilities	10,033	9,674
Financial debt net of lease liabilities	**(19,642)**	**(20,359)**

Some loan agreements require compliance with financial parameters, all of which were complied with as at 31 December 2024.

INVESTMENTS

The following table provides a breakdown of the Company's investments in property, plant and equipment and intangible assets in the years ending 31 December 2024 and 2023:

(In thousands of euros and as a percentage)	Year ended 31 December			
	2024	%	2023	%
Land and buildings	64	1.9%	227	9.0%
Plant and machinery	2,533	75.9%	1,013	40.5%
Industrial and commercial equipment	251	7.5%	382	15.3%
Assets under construction and payments on account	488	14.7%	880	35.2%
Investments in property, plant and equipment	**3,336**	**100.0%**	**2,502**	**100.0%**

During the reporting period, the Company made investments totalling Euro 3,336 thousand. The Company's investment policy is aimed at innovation and diversification in terms of product supply. In particular, the Company attaches importance to the development of new products, with the aim of continuously improving customer satisfaction.

Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production lines in the Milk and Dairy segment.

The following table provides a breakdown by business unit of the Company's investments in property, plant and equipment and intangible assets at 31 December 2024 and 2023:

(In thousands of euros and as a percentage)	Year ended 31 December			
	2024	%	2023	%
Milk Products	2,879	86.3%	2,234	89.3%
Dairy Products	457	13.7%	268	10.7%
Total investments	**3,336**	**100.0%**	**2,502**	**100.0%**

Investments in the Milk Products business unit mainly relate to the efficiency of production facilities at the Turin and Florence plants.

Investments in the Dairy business unit relate mainly to the mascarpone packaging lines at the Lodi plant.

OTHER INFORMATION

Policy for analysing and managing risks connected with the activities of the Company

This section provides information on exposure to risks connected with the activities of the Company as well as the objectives, policies and processes for managing such risks and the methods used to assess and to mitigate them. The guidelines for the Company’s ICRMS, defined by the Board of Directors, identify the internal control system as a cross-sectional process integral to all business activities. The purpose of the ICRMS is to help the Company achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives, classifying (based on combined assessments regarding the probability and the potential impact) and controlling related risks by implementing specific containment actions. There are various types of potential business risks: strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic-financial information), compliance (related to the observance of the laws and regulations in force, to avoid the company suffering damage to its image or and/or economic losses) and, lastly, financial. Those in charge of the various company departments identify and assess the risks within their jurisdiction, whether these originate within or outside the Company, and identify actions to limit and reduce them (so-called "first-level control").

On top of this come the activities of the Financial Reporting Officer and their staff (so-called "second-level control") and those of the Manager of the Internal Audit function (so-called "third-level control") who continuously monitors the efficiency and effectiveness of the internal audit and risk management system through risk assessment activities, the performance of audit operations and the subsequent management of follow up.

The results of the risk identification procedures are reported and discussed to and discussed by the Company’s senior management so that they can be covered and insured and the residual risk can be evaluated.

The following paragraphs describe the risks considered to be significant and connected with the activities of the Company (the order in which they are listed does not imply any classification, either in terms of probability of their occurrence or in terms of possible impact).

STRATEGIC RISKS

Risks relating to the macroeconomic and sector situation

The activity of the Company is influenced by the general conditions of the economy in the various markets where it operates. A period of economic crisis, with a consequent slow-down in consumption, can have a negative impact on the sales trends of the Company. The current macroeconomic context causes significant uncertainty regarding forecasts, with the resulting risk that reduced performance could impact margins in the short term. The Company pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads. The main risk related to the Company's business is represented by the fluctuation in the price of the raw material milk. During normal periods, the Company controls such risk by entering into annual contracts with milk producers, fixing the purchase price at the beginning of the dairy year and normally maintaining it for the entire period, except in special situations where negotiations take place on different bases.

OPERATING RISKS

Risks related to the high level of competitiveness of the sector

The food & beverage market in which the Company operates is characterised by a particularly significant level of competition, competitiveness and dynamism. This market is characterised in particular by (i) increasing competitiveness of companies that produce so-called private label products with prices lower than those charged by the Company; (ii) increasing prevalence of online sales (where the Company is starting to have a presence) resulting in a decrease in product prices, especially in the mass distribution channel, through which the Company generates a significant percentage of its revenues, namely 61.3%; (iii) frequent promotional campaigns over time and with significant discounts; (iv) consolidation of existing operators, especially in the mass distribution channel. The Company pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads and being competitive in its reference markets. Moreover, thanks to the presence of some "unique" products, the Company is able to face any level of competition.

ENVIRONMENTAL AND CLIMATE RISKS

Climate change is a major disruptive force with the potential to bring about substantial changes in the Company's operations in the short, medium and long term. Many of the potential impacts of climate change can be defined as risks: physical risks to our environment or risks related to the transition to a low-carbon economy in pursuit of the goals of the Paris Agreement. Climate risk can affect companies, financial institutions, households, countries and the financial system in general. However, opportunities may arise for those companies that favour the transition to a low-carbon economy, such as improved attractiveness to investors, enhanced reputation of the company among stakeholders, and increased long-term business sustainability.

The Newlat Group, and consequently the Company, constantly monitor climate change-related risks and conduct regular assessments to measure its resilience against risks deemed to be material. This analysis was also carried out in 2024, at the same time as the Group ERM update. There are also other elements that increase the Company's resilience. Foremost among these is the financial strength of the Company and the Group it belongs to, which allows it to obtain capital at a sustainable cost, facilitating the financing of strategic investments and risk mitigation measures without compromising its financial equilibrium.

Furthermore, the ability to convert, upgrade or decommission existing assets is a key factor in adaptability, allowing resources to be optimised, reducing the risk of obsolete assets and responding in a timely manner to market developments or critical operational needs.

The aforementioned risk analysis included assessing the impact of climate change on the supply chain, corporate assets and financial performance, while also considering compliance with environmental regulations and international commitments to transition to a low-carbon economy.

This assessment of the impacts of climate change on our operations carried out in 2024 did not reveal any issues that would compromise the ordinary course of business or that could not be addressed with the resources available, and no significant material economic issues arose that affected the preparation of these financial statements.

Specifically, the following considerations were made:

- The risk of critical dependencies and/or possible disruptions in the supply chain was mitigated through the activation of contingency plans and the geographical diversification of suppliers.

- With regard to risks to assets, infrastructure and business continuity, no significant problems related to extreme weather events were encountered in recent years. Constant monitoring of these aspects allows timely preventive measures to be taken to minimise any impacts.
- With regard to regulatory compliance, the Company has established an environmental management system with people dedicated both to controlling consumption and emissions and to monitoring the evolution of European regulations to ensure full compliance with any decarbonisation directives.

Lastly, the Company took into account the impacts of climate change with regard to:

- Cash flow projections used in impairment assessments of the value in use of non-current assets including goodwill and other assets with indefinite useful lives. No risk factors were identified in 2024.
- The factors that determine the carrying value of non-current assets (such as residual values, useful lives and depreciation methods, provisions and onerous contracts). No risk factors were identified in 2024.

FINANCIAL RISKS

Management of financial risks

The main business risks identified, monitored and, as specified below, actively managed by the Company are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Company operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Company's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Company to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Company's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Company's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in economic results and equity.

The main exchange rates to which the Company is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.

The Company does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Company's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Company operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Company uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the income statement and shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period , while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2024	(155)	155	(155)	155
Year ended 31 December 2023	(188)	188	(188)	188

Credit risk

The Company is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Company's commercial activity, where its counterparties are predominantly mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The following table provides a breakdown of trade receivables at 31 December 2024 and 2023 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	Not overdue	1-90 days overdue	91-180 days overdue	More than 181 days overdue	Total
Gross trade receivables at 31 December 2024	18,716	17,647	1,082	3,447	**40,892**
Provision for bad debts	-	-	-	(2,624)	**(2,624)**
Net trade receivables at 31 December 2024	**18,716**	**17,647**	**1,082**	**823**	**38,268**
Gross trade receivables at 31 December 2023	3,297	17,854	2,541	5,774	**29,446**
Provision for bad debts	-	-	-	(2,509)	**(2,509)**
Net trade receivables at 31 December 2023	**3,297**	**17,854**	**2,541**	**3,265**	**26,957**

Moreover, since 1 January 2021 the Company has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Company will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Company may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Company's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Company's liquidity is the resources absorbed by operating activities: the sector in which the Company has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chair involved in decisions that could have an impact on the Company's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Company's financing activity involves negotiating credit lines with the banking system and continually monitoring the Company's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2024 and 2023, expressed according to the following assumptions:

(i) cash flows are not discounted

(ii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms

(iii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included

(iv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date, and

(v) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2024					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	34,741	13,259	15,098	2,238	**65,336**	**64,795**
Lease liabilities	10,033	3,293	4,172	894	**18,392**	**18,391**
Trade payables	81,309	-	-	-	**81,309**	**81,309**
Other current liabilities	14,761	-	-	-	**14,761**	**14,761**

	At 31 December 2023					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	20,937	10,710	24,218	4,552	**60,417**	**59,417**
Lease liabilities	9,674	4,234	7,607	1,367	**22,882**	**21,132**
Trade payables	78,317	-	-	-	**78,317**	**78,317**
Other current liabilities	12,573	-	-	-	**12,573**	**12,573**

The financial requirements are adequately covered by the existing cash and credit lines as well as the financial resources that will be generated in the future by operations.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to Consob Communication no. 6064293 of 28 July 2006, it is hereby disclosed that, during 2024, no atypical and/or unusual transactions occurred outside the Company's normal business that could give rise to doubts regarding the accuracy and completeness of the information in the financial statements, conflicts of interest, protection of assets and the safeguarding of minority shareholders. The accounting and financial effects of extraordinary transactions occurring in the year have been illustrated above.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that the Company holds 771,204 treasury shares.

Branch offices

At its meeting on 16 July 2020, the Board of Directors of Centrale del Latte d'Italia S.p.A. resolved to set up a secondary office in Florence.

Corporate governance

Information on corporate governance is provided in a separate report that is an integral part of the financial statements, annexed to this Report.

TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with related parties (hereinafter, "**Related Party Transactions**"), identified based on criteria defined by IAS 24 – Related Party Disclosures, are mainly of a commercial or financial nature and are carried out under normal market conditions. The Company has adopted its own Procedure for Transactions with Related Parties, the latest version of which was approved on 25 June 2021 with effect from 1 July 2021, following the favourable opinion of the RPT Committee expressed at its meeting on 17 June 2021. This procedure was drawn up taking into account the guidelines provided by the Consob Related Parties Regulation, as last amended by Resolution no. 22144 of 22 December 2021.

The notes to the financial statements report on the income statement and statement of financial position items pertaining to related party transactions at 31 December 2024 and 2023. This information has been extracted from the financial statements and from calculations carried out by the Company based on the outcome of general and operational accounting work.

The Company did not carry out Related Party Transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature or which have already been illustrated, with particular reference to the business unit lease transaction described in the section "Significant events of the year".

The Company deals with the following related parties:

- Direct or indirect parent company ("**Parent Company**").
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by the parent companies**").

Significant shareholdings (pursuant to article 123-bis, paragraph 1, letter c) of the TUF)

The holders of ordinary shares that represent more than 5% at 31 December 2024 were the following:

IMPORTANT STAKES			
Declarant	**Direct shareholder**	**% share of Ordinary capital**	**% share of Voting capital**
Angelo Mastrolia	Newlat Food S.p.A.	67.74%	74.27%
Municipality of Florence	Municipality of Florence	12.31%	13.51%
Municipality of Pistoia	Municipality of Pistoia	5.62%	2.89%

Events after the reporting date

There are no further significant events subsequent to the closing date of this annual report.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

In accordance with article 123-bis of the TUF

(One-tier administration and control model)

Issuer: Centrale del Latte d'Italia S.p.A.
Website: www.centralelatteitalia.com
Year the report refers to: 2024
Date of approval of the report: 17 March 2025

GLOSSARY

Shareholders' Meeting: the Shareholders' Meeting of the Issuer.

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

Corporate Governance Code: the Corporate Governance Code for listed companies approved by the Corporate Governance Committee and published on 31 January 2020.

Civil Code: the Italian Civil Code.

Corporate Governance Committee: the Italian Committee for the Corporate Governance of listed companies, constituted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board of Directors: the Issuer's Board of Directors.

Issuer/CLI/Company: the issuer of transferable securities to which the Report refers.

Financial Year: the 2024 financial year which the Report refers to.

ESRS: the sustainability reporting principles defined in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023.

Newlat Group or **Group**: corporate group that CLI belongs to.

Consob Issuers' Regulation: the Regulation issued by Consob with Resolution no. 11971 of 1999 (as subsequently amended) on issuers.

Consob Markets Regulation: the Regulation issued by Consob with Resolution no. 20249 of 2017 on markets.

Consob Related Parties Regulation: the Regulation issued by Consob with Resolution no.17221 of 12 March 2010 (as subsequently amended) on related party transactions.

Report: the report on corporate governance and ownership structure that companies are required to draw up pursuant to article 123-*bis* of the Consolidated Law on Finance.

Remuneration Report: the report on remuneration policy and compensation paid that companies are required to prepare and publish pursuant to article 123-ter of the Consolidated Law on Finance and 84-quater Consob Issuers' Regulation.

Consolidated Law on Finance/TUF: Italian Legislative Decree no. 58 of 24 February 1998.

Unless otherwise specified, the definitions of the Corporate Governance Code relating to **Directors**, **Executive Directors**, **Independent Directors**, **Significant Shareholder, Chief Executive Officer (CEO)**, **Board of Statutory Auditors**, **Business Plan** and **Sustainable Success** are also to be understood by reference.

Moreover, unless otherwise specified, in the sections that refer to the content of the relevant ESRSs, the definitions of the ESRSs themselves must also be understood as referring by reference, in particular those relating to: **lobbying, value chain, affected communities, bribery and corruption, corporate culture, consumers, sustainability statement, employee, discrimination, suppliers, own workforce, impacts, sustainability-related impacts, workers in the value chain, non-employee workers, independent**

board members, metrics, business model, harassment, target, opportunities, sustainability-related opportunities, boards of directors management and control, policy, indigent peoples, stakeholders, sustainability matters, materiality, risks, sustainability-related risks, end-users.

1. ISSUER PROFILE

Issuer's corporate mission

Centrale del Latte d'Italia S.p.A., Italy's third-largest operator in the fresh and shelf-stable milk market, is engaged in the production, treatment, processing, and sale of milk, however treated, and of dairy and food products in general, with – at present – seven production plants and about 700 employees.

The Company may also execute all commercial, financial, industrial, securities and real estate transactions necessary or useful for the achievement of the corporate purpose, including the assumption of equity investments in companies with a corporate purpose similar to its own or instrumental to its own business (including the issue of personal or collateral guarantees also in the interest of third parties and the assumption of loans and financing including mortgages) with the strict exclusion of fiduciary and professional activities reserved by law, the collection of savings from the public, the exercise with respect to the public of any activity qualified by the law as "financial activity".

CLI’s product portfolio boasts about 120 items ranging from milk and its derivatives to yoghurt and non-dairy drinks, which are distributed under different brands owned by the company including TappoRosso, Polenghi, Mukki, Tigullio, Vicenza, Giglio, Matese, Centrale del Latte Salerno, Optimus, Torre in Pietra, Ala, Fior di Salento in the territories it competes in through large-scale distribution and traditional channels.

In addition to products marketed under its own brands, CLI produces for third parties and for the private label market.

Adopted corporate governance system

The corporate governance system is consistent with the principles contained in the Corporate Governance Code, which the Company adopted in 2021.

On 29 April 2021, the Shareholders' Meeting awarded the audit firm PricewaterhouseCoopers S.p.A. (“**PwC**”) with the assignment as statutory auditor of the Issuer's annual financial statements, as well as limited auditor of the half-yearly condensed financial statements for the financial years 2021-2029.

Moreover, on 29 April 2024 the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023, with the consequent expiry of the term of office of the Board of Statutory Auditors, was also convened in extraordinary session and approved the adoption of a one-tier administration and control system pursuant to Article 2409-*sexiesdecies* of the Italian Civil Code, as well as the consequent amendments to the articles of association.

At the same shareholders' meeting – in ordinary session – CLI then elected the Board of Directors in accordance with the new Articles of Association, constituting the Control Management Committee from among its members, the characteristics of which are described in detail in the following paragraphs of this Report.

Sustainable success

The Issuer shows particular attention to sustainable development issues in environmental, social and governance terms. Indeed, over the years the Company has implemented initiatives that enable the concrete achievement of sustainable success.

Specifically, in order to pursue its objective CLI has set itself the following goals:

i) Obtaining the certification of the occupational health and safety management system pursuant to Italian Legislative Decree no. 81/2008 in order to ensure a safe environment for employees and reduce the possibility of injuries at work.

ii) Monitoring the environmental impact of the Group's operations, paying attention to the way waste and scrap are managed: in the former case reuse is favoured, according to the principles of the circular economy, while in the latter case the aim is to maintain a high level of recycling rather than disposal.

iii) Reducing CO2 emissions, constantly measuring its emissions with the aim of reducing them as much as possible, in line with EU policies.

iv) Checking the practices adopted in the management of the supply chain, aiming to respect and protect human rights.

As detailed in the following sections of this Report, sustainable success is pursued by the Company through long-term value creation for the benefit of shareholders, taking into account the interests of other relevant stakeholders. Specifically, the following text details (i) how this objective is integrated into strategies (Section 4.1), remuneration policies (Section 8) and the internal control and risk management system (Section 9).

For more details, see the **Individual Sustainability Report** pursuant to Italian Legislative Decree no. 125/24, prepared on a mandatory basis and available in this Financial Report.

Nature of SMEs

Centrale del Latte S.p.A. falls within the definition of SMEs within the meaning of art. 1, paragraph 1, letter w-quater.1) of the TUF and art. 2-ter of the Consob Issuers' Regulation in consideration of the average capitalisation value of the last three financial years.

As the annual average for 2024 was less than the threshold of Euro 1 billion (Euro 40 million), the Company maintains the status of an SME.

Finally, the Issuer qualifies as a company with concentrated ownership, as described in Section 7 below.

2. INFORMATION ON PROPRIETARY ASSETS (pursuant to article 123-bis, paragraph 1 of the TUF) as at 17 March 2025

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a) of the TUF)

The Company's share capital totalled Euro 28,840,041.20, fully subscribed and paid-in, divided into 14,000,020 ordinary shares with no nominal value corresponding to a total of 25,500,171 voting rights due to the vesting of the increased voting right as per letter d) below. All the shares of the Company are listed on the Euronext Milan market organised and managed by Borsa Italiana S.p.A.

The ordinary shares are registered, freely transferable and issued in dematerialised form under centralised management with Monte Titoli S.p.A.

Each Ordinary Share entitles the holder to one vote at all Ordinary and Extraordinary General Meetings, with the exception of ordinary shares with an increased vote which entitle the holder to two votes and ordinary shares with an increased vote that entitle the holder to an additional vote up to a maximum total of 10 votes per share, pursuant to article 5 of the Articles of Association, as well as to other property and administrative rights in accordance with the applicable provisions of the law and the articles of association.

STRUCTURE OF THE SHARE CAPITAL				
	no. of shares	**% of Share Capital**	**Listed**	**Rights and obligations**
Ordinary shares	14,000,020	100%	Euronext Milan.	Right to vote at ordinary and extraordinary shareholders' meetings
Shares with limited right to vote	-	-		
Shares without voting rights	-	-		

Other financial instruments

There are no other financial instruments that give the right to subscribe newly issued shares, including free newly issued shares, nor share-based incentive plans.

Share-based incentive plan

At the date of approval of this Report, there were no share-based incentive plans in place, including free increases in share capital.

b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b) of the TUF)

There are no restrictions on the transfer of Company securities.

c) Significant shareholdings (pursuant to article 123-bis, paragraph 1, letter c) of the TUF)

On the basis of the information available at the date of this Report, Shareholders that hold stakes equal to or greater than 5% of the voting capital, directly and/or indirectly, including through intermediaries, trustees and subsidiaries, are shown in the following table:

IMPORTANT STAKES			
Declarant	**Direct shareholder**	**% share of Ordinary capital**	**% share of Voting capital**
Angelo Mastrolia	Newlat Food S.p.A.	67.74%	74.27%
Municipality of Florence	Municipality of Florence	12.31%	13.51%

As of 4 January 2023, Newlat Food S.p.A. has accrued the increased vote, and therefore the structure of the share capital and the number of voting rights are as follows:

	Share Capital as at 4 January 2023	
	no. of shares	Number of voting rights
Total shares of which:	14,000,020	25,500,171
Ordinary shares	2,499,869	2,499,869
Ordinary shares with an increased vote	11,500,151	23,000,302

d) Securities conferring special rights (pursuant to article 123-bis, paragraph 1, letter d) of the TUF)

No shares with special controlling rights have been issued.

Pursuant to article 5 of the Articles of Association, as an exception to the rule whereby each share gives the right to one vote, two votes are attributed for each share held by the same shareholder for a continuous period of not less than 24 months from the date of registration in the list set up for this purpose, kept and updated by the Company (the "Ordinary Increase").

Moreover, the Shareholders' Meeting held on 29 April 2024 resolved to introduce the increased voting right pursuant to Article 127-quinquies, paragraph 2, of the TUF, as amended by Italian Law no. 21/2024, and thus amended Article 5 of the Articles of Association, providing for the attribution of an additional vote (the "Enhanced Increase") at the end of each continuous period of twelve months (the "Continuous Period") starting:

a) from the vesting of the Ordinary Increase, or

b) for parties that, on the date of registration with the competent Company Register of the resolution of the extraordinary shareholders' meeting of the Company of 29 April 2024 that introduced the Enhanced

Increase, have already accrued the Ordinary Increase and are registered in the list and retain such increase, from the date of registration of such resolution,

to each share owned (by virtue of an entitling right in rem) by the same party on the list, up to an overall maximum of 10 votes per share. Specifically, the right holder shall be entitled to exercise in the manner provided by applicable law:

(i) 2 votes for each share for a Continuous Period of 24 months

(ii) 3 votes for each share for a Continuous Period of 36 months

(iii) 4 votes for each share for a Continuous Period of 48 months

(iv) 5 votes for each share for a Continuous Period of 60 months

(v) 6 votes for each share for a Continuous Period of 72 months

(vi) 7 votes for each share for a Continuous Period of 84 months

(vii) 8 votes for each share for a Continuous Period of 96 months

(viii) 9 votes for each share for a Continuous Period of 108 months

(ix) 10 votes for each share for a Continuous Period of at least 120 months.

CLI adds any holder of ordinary shares to the list who so requests. The request may relate to all or even only some of the shares belonging to the holder of ordinary shares. The request submitted to the Company must be accompanied by an appropriate communication issued by the intermediary the shares are deposited with in accordance with applicable law.

The Company shall register and update the list within the terms of law.

e) Employee ownership: mechanism for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e) of the TUF)

The Company's Articles of Association make no special provision for the exercise of employees' shareholder voting rights.

f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f) of the TUF)

There are no restrictions on voting rights.

g) Shareholder agreements (pursuant to article 123-bis, paragraph 1, letter g) of the TUF)

At the date of this Report, the Company is not aware of any shareholder agreements pertaining to the Shares within the meaning of article 122 of the TUF.

h) Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h) of the TUF) and provisions of the articles of association on takeover bids (pursuant to articles 104, paragraph 1-ter and 104-bis, paragraph 1) of the TUF)

On 7 July 2020 CLI entered into an agreement with MPS Capital Services Banca per le Imprese S.p.A. (now Banca Monte dei Paschi di Siena S.p.A.) and Deutsche Bank S.p.A. (the "Loan Agreement") for a maximum amount of Euro 31,500,000.00 at the Euribor rate increased by a margin of 175 basis points, to be repaid within 72 months from the date of signing the agreement. The parent company Newlat FOOD S.p.A. granted the aforementioned lending banks a first-demand personal guarantee for the maximum total amount equal to the principal amount of the loan, as well as the related interest, charges and other accessories. Under the Loan Agreement, in the event of a change of control,[1] the Company shall repay the loan in full, pay interest, as well as any other amount due to the banks no later than 15 working days from such event.

i) Powers to increase the share capital and authorisations to purchase own shares (pursuant to article 123-bis, paragraph 1, letter m) of the TUF)

Powers for increases in the share capital

Pursuant to art. 5 of the Articles of Association and art. 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting held on 29 April 2020 resolved to grant the Board of Directors for a maximum period of five years from the date of the aforementioned resolution i) the power to increase the share capital for a maximum total nominal amount not exceeding Euro 30,000,000.00 (the "Maximum Total Amount"), including any premium, on one or more occasions, paid and divisible, but with the power of the Board of Directors to set the severability for individual tranches of use of the power, with or without warrants, also excluding the option right pursuant to article 2441, paragraphs 4 and 5 of the Italian Civil Code and ii) the power pursuant to article 2420-ter of the Italian Civil Code to issue bonds within the same Maximum Total Amount, including convertible bonds, with or without warrants, also excluding the option right pursuant to article 2441 of the Italian Civil Code.

The Board of Directors shall also have the right to decide whether to submit newly issued financial instruments for trading and to delegate any decision to activate a guarantee and/or placement consortium.

Authorisations to purchase own shares

Pursuant to article 2357 and following of the Italian Civil Code, as well as the combined provisions of article 132 TUF and article 144-bis of Consob Issuers' Regulation no. 11971/99, and in any case in any other manner allowed under applicable laws and regulations, the Ordinary Shareholders' Meeting convened on 29 April 2024 authorised the purchase of one or more tranches of common shares of Centrale del Latte d'Italia S.p.A. up to a maximum number that, taking into account treasury shares held from time to time in the portfolio by the Company and its subsidiaries, does not in the aggregate exceed one-fifth of the Company's share capital as defined in article 2357, section 3, of the Italian Civil Code, or any other maximum amount envisaged by the laws in force at any given time. The authorisation to purchase own shares is aimed at providing the Company with a stock of treasury shares at its disposal, using, selling them at any time, in full or in part, on one or more occasions and with no time limits, as part of extraordinary transactions such as, among others, swaps, contributions, exchanges, corporate and/or financial transactions of an extraordinary nature on the capital or even financing transactions and operations of an extraordinary nature such as, among others, mergers or similar, sales and acquisition projects and/or future industrial projects in line with the Company's corporate development strategy, as well as in the context of exchange and/or sale of share packages and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed of financial and/or

[1] There is a "change of control" under the Loan Agreement if (i) Newlat FOOD S.p.A. ceases at any time to hold control of CLI or in any case a shareholding of at least 50% + 1 of CLI's voting share capital, or (ii) Angelo Mastrolia ceases at any time to hold the position of Chair of CLI's Board of Directors.

management interest to the Company as well as to proceed with any acts of disposal of own shares acquired also to allow to seize the opportunities for maximising the value that may derive from operations, and therefore also for trading.

The authorisation has a duration of 18 months from the date of the resolution of the Ordinary Shareholders' Meeting.

At the date of the Report, the Company owned 771,204 treasury shares, accounting for 5.51% of Share Capital and 6.05% in terms of voting rights.

l) Management and control activities (pursuant to articles 2497 et seq. of the Italian Civil Code)

The Company is not subject to management and coordination.

Other information (reference)

Note that with regard to the additional information referred to in article 123-bis, paragraph 1 of the TUF:

- the information required in letter i) concerning any agreements between the Company and the directors that provide for indemnity in the event of resignation or dismissal without cause or termination of employment following a takeover is contained in the Remuneration Report published in accordance with art. 123-ter of the TUF.
- The information required by letter l), first part relating to the appointment and replacement of directors, if different from and additional to the applicable laws and regulations, is illustrated in Section 4.2 of this Report on the Board of Directors.
- The information required by letter l), second part relating to the amendment of the articles of association, if different from and additional to the applicable legislative and regulatory provisions, are illustrated in Section 13 of this Report on the Shareholders' Meeting.

3. COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), first part of the TUF)

CLI has acceded to the Corporate Governance Code, applying it from 2021, which is available to the public on Borsa Italiana's website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf).

In accordance with the "comply or explain" principle underlying the Corporate Governance Code and in line with EU Recommendation no. 208/2014, this Report gives an account of the recommendations which the Company has not presently decided to comply with in part or in full.

Neither the Issuer nor its associate company are subject to non-Italian legal provisions that influence the Issuer's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 ROLE OF THE BOARD OF DIRECTORS

The Board of Directors:

i. Guide the Company towards sustainable success (i) by implementing a strategy incorporating environmental, social and governance elements, (ii) including qualitative ESG KPIs in the remuneration policies; (iii) strengthening the internal control and risk management system by assessing, monitoring and managing ESG risks.

ii. Defines its own strategies aimed at the pursuit of sustainable success by conducting a Group materiality analysis for ESG issues to identify the main risks and opportunities based on the impacts on stakeholders and identifying ways to manage these, constantly monitoring their proper implementation.

iii. Defines the system of corporate governance that is most suitable for carrying out the company's operations and pursuing its strategies.

iv. At the Group level, promotes dialogue with shareholders and stakeholders relevant to the Company through the organisation of and/or participation in specially organised conference calls with investors and analysts, aimed at understanding market demands and their suggestions in order to create value in the long term.

Pursuant to article 13 of the Articles of Association, the Board of Directors is vested with all powers for the ordinary and extraordinary management of the Company.

Without prejudice to the limits of the law and without the right to delegate, the Board of Directors is responsible for resolutions relating to: a) mergers and demergers in the cases referred to in articles 2505 and 2505 bis of the Italian Civil Code; b) the transfer of the registered office within Italy; c) the establishment and closure of secondary offices; d) the indication of which of the directors – in addition to the Chair, Vice Chair and Managing Directors – and executives represent the company pursuant to articles 17 and 18 of the Articles of Association; e) reduction of the share capital in the event of withdrawal of a shareholder and f) updates to the Articles of Association to comply with regulatory provisions.

The Board of Directors also:

- Reviews and approves the strategic, industrial and financial plans of the Company, regularly monitoring their implementation.
- defines the Issuer's corporate governance system and its structure.
- defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all risks that may become significant in terms of sustainability in the medium to long term.
- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets.
- Assesses the adequacy of the organisational, administrative and accounting structure of the Issuer as well as that of strategically important subsidiaries, with particular reference to the Internal Control and Risk Management System (ICRMS).
- establishes the frequency with which the delegated bodies must report to the Board on the activity carried out when exercising the powers conferred on them.

- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets.
- decides on the operations of the Issuer and its subsidiaries, where such operations are strategic or of significant importance to the Issuer's results, assets and liabilities and cash flows.
- performs an evaluation of the functioning of the Board and its committees and of their size and composition, taking into account, inter alia, elements such as the professional characteristics and experience (managerial or otherwise) of the members, as well as their gender and seniority with an eye on diversity criteria.
- adopts, in order to ensure proper management of corporate information and as recommended by the Chief Executive Officer or the Chair of the Board of Directors, a procedure for the internal management and external disclosure of documents and information concerning the Issuer, with particular reference to inside information.

As mentioned earlier, at the Shareholders' Meeting held on 29 April 2024 called to approve the financial statements for the year ending 31 December 2023, with the consequent expiry of the mandate previously granted to the Board of Statutory Auditors, the Board of Directors deemed it appropriate to propose the adoption of the so-called "one-tier" administration and control model.

This proposal was carefully assessed by the Company's corporate bodies through an in-depth preliminary process aimed at analysing the benefits and increased management efficiency and control effectiveness of replacing the so-called "traditional" model with the so-called "one-tier" governance system.

The reasons underlying such proposal on the one hand lie in the desire to align the Company's governance system with international best practices, and on the other hand in the need to rationalise the Company's internal control structure.

Indeed, with regard to the first reason data and statistical evidence have shown that this system represents the most prevalent model in companies listed on European and world stock markets. As to the second reason, the same evidence supports the conclusion that the so-called "one-tier" system is functional to the pursuit of efficiency in the operation and effectiveness of internal controls, as it allows for the development of a profitable and timely synergy between the control and management functions.

In fact, whereas the "traditional" system envisages two separate governing bodies (the Board of Directors and the Board of Statutory Auditors) that respectively perform the functions of administration and control, the "one-tier" system is characterised by the convergence of the aforesaid functions in the governing body, supported in the performance of the control function by the Management Control Committee set up within it, illustrated in detail in Section 11 of this Report below.

Unlike the members of the Board of Statutory Auditors (who are not directors and can therefore limit their controls to the legitimacy of administrative actions), the members of the Management Control Committee can instead verify the merit of managerial actions aimed at pursuing the company's interest. In terms of timing, however, while the control exercised by the Board of Statutory Auditors takes the form of a subsequent review of management decisions, the control exercised by the Management Control Committee is concurrent with the decisions taken by the Board.

In summary, the adoption of the "one-tier" model has offered many important benefits to the Company, including:

(i) simplification of the organisational, administrative and accounting structures of the company, as well as speed and concentration of corporate governance functions.

(ii) high level of transparency and complete and constant information flows.

(iii) effectiveness of controls by overcoming inefficiencies and information asymmetries caused by the existence of a control body separate from the management body.

(iv) a greater meshing of the management function and the control function due to the fact that directors with delegated powers and those tasked with internal control sit on the same body.

(v) important role of the Chair of the Board of Directors, aimed at fostering the effective functioning of the Board, the encouragement of an effective dialogue and the active contribution of all Board members to internal discussions.

(vi) greater recognition in the international arena, resulting in greater attractiveness for potential international investors.

For the aforementioned reasons, the Board of Directors has decided to propose to the Shareholders to amend the Articles of Association in order to adopt the "one-tier" administration and control model, introducing a new Article 11 and consequently amending previous Articles 9, 11, 13, 14, 15, 20, 21 and 22, in relation to which it was necessary to replace the references to the Statutory Auditors and the Board of Statutory Auditors, which have definitively ceased to exist as a result of the new administration and control model.

Also in order to ensure an efficient implementation of the "one-tier" model of administration and control, the Board of Directors proposed to the Shareholders to amend the previous Article 11 (i.e. the new Article 12) of the Articles of Association in order to align the number of directors of the Company with the best practices of the main market players that adopt such a "one-tier" model of governance. More specifically, it proposed to change the number of directors envisaged in the articles of association – set at between 3 and 14 – to between a minimum of 7 and a maximum of 15 members.

On this occasion, in order to align the duration of the corporate bodies currently in office and to facilitate an agile transition to the "one-tier" administration and control model, all the members of the Board of Directors also tendered their resignation subject to approval by the Shareholders' Meeting of the amendments to CLI's Articles of Association necessary for the adoption of the one-tier administration and control model, and effective as of the constitution of the new governing body appointed by such Shareholders' Meeting in ordinary session.

The Board of Directors adopted a policy for the management of dialogue with the general public, which is described in Section 12 below.

For a detailed description of the roles and responsibilities of the administration, management and supervisory bodies, including for sustainability matters, see the paragraph GOV-1 Role of the administration, management and supervisory bodies and the paragraph GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies, of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

4.2 APPOINTMENT AND REPLACEMENT OF DIRECTORS (pursuant to article 123-bis, paragraph 1, letter l) of the TUF)

The Company adopts the so-called "one-tier" administration and control system, consisting of a Board of Directors made up of 7 (seven) to 15 (fifteen) members, including 3 (three) members who make up the Management Control Committee, as resolved by the Shareholders' Meeting upon appointment.

The appointment to the office of Director is subject to meeting the requirements set out by law, by these Articles of Association and by other applicable provisions, and the composition of the Board of Directors must ensure gender balance in accordance with current law.

The Directors must meet the requirements established by the laws and regulations in force from time to time: of these (i) at least one third (without prejudice to any greater number established by the laws and regulations in force from time to time) must meet the independence requirements set forth in Article 2399, paragraph 1, of the Italian Civil Code (or alternatively the more stringent independence requirements of Article 148, paragraph 3, TUF); and (ii) at least 3 (three) – including all members of the Management Control Committee – must meet the requirements set forth in Article 148, paragraphs 3 and 4, TUF. In addition, at least 1 (one) Director who is a member of the Management Control Committee must be enrolled in the register of statutory auditors.

The loss of the requisites envisaged by law or by the Articles of Association to hold the office of Director shall result in the Director's disqualification. However, the loss of a requisite of independence indicated above in the case of a Director shall not determine the Director's disqualification if the requisite remains with the minimum number of Directors who, according to the laws in force and these Articles of Association, must meet such requisite.

Directors are elected on the basis of slates of candidates, in accordance with the procedure set out in the following provisions, unless otherwise required by mandatory laws or regulations.

The slates of Directors to be elected – except those with fewer than 3 (three) candidates – must:

(a) be divided into two sections both numbered progressively, and must indicate (i) in the first section the candidates for the office of Director other than the persons indicated in the second section and (ii) in the second section the potential candidates for members of the Management Control Committee.

(b) 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 criteria envisaged thereby.

Slates can only be submitted by Shareholders who, alone or together with others, hold a total of shares with voting rights representing at least 2.5% (two point five per cent) of the capital with voting rights at the Ordinary Shareholders' Meeting. A Shareholder may not submit – even through an intermediary or trust company – more than one slate or vote for different slates. Each candidate may appear on only one slate under penalty of ineligibility. Candidates who already hold positions of Director in five other companies or entities whose securities are admitted to trading on a regulated market included in the list envisaged in articles 63 and 67 of Italian Legislative Decree 58/1998 may not be included on the slates.

From the slate that has obtained the highest number of votes are taken (a) from the first section, in the sequential order in which they are listed on that slate, as many Directors equal to the total number of Directors to be elected minus 3 (three); and (b) from the second section, in the sequential order in which they are listed on that slate, two Directors.

A Director is drawn from the second section of the minority slate that has obtained the highest number of votes and is not linked directly or indirectly to the slate that came first in terms of number of votes, in the sequential order in which they are listed on the slate itself. The slates submitted must be filed at the Company's registered office by the twenty-fifth day preceding the date of the Shareholders' Meeting called to deliberate on the appointment of members of the Board of Directors.

Together with each slate, the declarations with which the individual candidates accept the candidacy and declare under their own responsibility that there are no grounds for ineligibility and incompatibility and that they fulfil the legal and statutory requirements for their posts shall be filed by the deadline specified above. Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

If a single slate is submitted, the entire Board of Directors shall be drawn from it. If no slate is submitted, the Shareholders' Meeting decides by majority of voters, excluding from the calculation those who abstain.

If the composition of the Board of Directors does not allow gender balance to be respected in accordance with applicable laws and regulations when following the order of listing, the last elected candidates from the majority list of the most-represented gender shall be removed in the number necessary to ensure compliance with the requirement, and shall be replaced by the first unelected candidates of the least-represented gender from the same slate. In the absence of candidates of the less-represented gender on the majority slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall add other members to the body with the legal majorities, ensuring compliance with the requirement.

The timing and manner of submission of slates shall be specified in the notice of convocation.

The slates presented shall be made available to the public on the Company's website and in the other ways envisaged by law at least 21 (twenty-one) days before the date of the Meeting.

The Directors have a maximum term of office of 3 (three) years ending on the date of the Shareholders' Meeting convened to approve the financial statements for the final year of their term. They shall be eligible for re-election.

Before proceeding with their appointment, the Shareholders' Meeting shall determine the number of members of the Board of Directors and their term of office. If the number of Directors is lower than the maximum envisaged, the Shareholders' Meeting may increase such number while the Board of Directors is in office. The term of office of the Directors appointed in this manner will expire at the same time as the Directors in office at the time of their appointment. The Shareholders' Meeting determines the remuneration due to the members of the Board of Directors.

If during the year one or more members of the Board of Directors leave office, provided that the majority is still made up of the Directors appointed by the Shareholders' Meeting, pursuant to Article 2386 of the Italian Civil Code the Board of Directors shall co-opt a member from the same section of the slate the outgoing Director belonged to, following the same progressive order from time to time, provided that the requirements set forth by law and the Articles of Association are met in this way. If it is not possible to comply with the above mechanism, the Board of Directors shall replace the outgoing Director with the legal majorities without slate voting. Subsequently, the Shareholders' Meeting, on the proposal of the parties present with voting rights, shall confirm the co-opted Director or appoint another Director in their place with a resolution passed by legal majority without slate voting.

With regard to information on the role of the Board of Directors and the Board Committees in the processes of self-assessment, appointment and succession of directors, please refer to Section 7.

4.3 COMPOSITION (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

The Board of Directors is composed of 3 (three) executive directors and 4 (four) non-executive directors, all of whom have the expertise and skills appropriate to the tasks entrusted to them.

The number and skills of non-executive Directors are such as to ensure that they have a significant say in the passing of board resolutions and to guarantee effective monitoring of management. The Board of Directors consists of 3 (three) independent non-executive Directors.

The Board of Directors currently in office was appointed by the Shareholders' Meeting of 29 April 2024 and its mandate will end with the approval of the financial statements as at 31 December 2026.

On 4 April 2024, a single slate was submitted by the majority shareholder Newlat Food S.p.A., which held 9,454,282 CLI shares with increased voting rights representing 74.15% of the Company's ordinary share capital.

As only one slate was submitted, the proposed candidates were all elected with 19,555,989 votes in favour, i.e. 100% of the voting capital.

The Board of Directors at the date of this Report is composed as follows:

- Angelo Mastrolia – Chair of the Board of Directors
- Giuseppe Mastrolia – Vice Chair of the Board of Directors
- Stefano Cometto – Chief Executive Officer
- Benedetta Mastrolia – Non-executive director
- Giovanni Maria Rayneri– Chair of the Management Control Committee
- Valeria Bruni Giordani – Member of the Management Control Committee
- Anna Claudia Pellicelli – Member of the Management Control Committee

Angelo Mastrolia - born in Campagna (SA) on 5 December 1964, he obtained his diploma in surveying in 1982 and attended the Faculty of Law at the University of Salerno. His entrepreneurial activity began in the 1980s in the milk and milk-based products sector, taking on the role of manager in the family company Piana del Sele Latteria S.p.A. After a stint in the leasing and real estate and industrial investments sectors, and in the supply of furnishings for luxury boats, in 2004, through the company TMT Finance SA (now Newlat Group S.A.), he began a series of acquisitions in the food & beverage sector, including the acquisition of Industrie Alimentari Molisane S.r.l., a producer of Pezzullo, Corticella and Guacci pasta, and in 2008 the acquisition of Newlat S.p.A. by Parmalat S.p.A., following approval from the antitrust authority. Following the acquisition of Newlat, in his role as controlling shareholder and Executive Chair Angelo Mastrolia continued to ensure that the Newlat Group consolidated and grew in the domestic and international food & beverage sector, including through the acquisitions of the Birkel and Drei Glocken brands, the production plant at Ozzano Taro, the Delverde company in 2019, Centrale del Latte d'Italia S.p.A. in 2020, the English company Symington's Ltd in 2021 and the French company EM Foods S.A.S. in 2022. (now Princes France S.A.S.) and then in 2024 of the Princes Group, through the acquisition of 100% of the share capital of Princes Limited.

Giuseppe Mastrolia – born in Battipaglia (SA) on 11 February 1989, he obtained his diploma in accounting in 2007 from the Kennedy Institute of Battipaglia (SA), and since 2008 he has been a member of the Board of Directors of the parent Newlat Food S.p.A. and held the positions of Chief Commercial Officer and Chief Executive Officer (with responsibility for Sales & Marketing), since April 2020 he has held the positions of Vice Chair of the Issuer's Board of Directors, as of August 2021 he holds the position of CEO in the English company Symington's Ltd, as from 2022 he holds the position of Managing Director of the French company EM Foods S.A.S. (now Princes France S.A.S.) and, since 2024 he has been entrusted with the positions of Director of Princes Limited, Vice Chair of the Board of Directors of Princes Italia S.p.A. and Director of Princes Tuna (Mauritius) Limited (all companies belonging to the Newlat Group).

Stefano Cometto – born in Monza on 25 September 1972, he received his Law degree from the University of Bologna in 1998 and obtained his Doctorate in Law from Nebrija University in Madrid in 2013. From 1998 to 1999 he was Lieutenant in the Finance Police. From 1999 to 2000 he was an internal lawyer in the credit department of San Paolo IMI S.p.A., and from 2000 to 2001 he was an employment lawyer for Unicredit S.p.A. (at the time, Rolo Banca 1473). From 2001 to 2007 he worked at Confindustria as an official in charge of industrial and trade union relations, as well as a legal adviser for trade unions. In 2008 he joined the Newlat Group, where he is the Chief Executive Officer and Chief Operating Officer. As of April 2020 he held the position of director within the Issuer's Board of Directors, where he was vested with delegated powers as of January 2021, becoming an executive director, and finally becoming Chief Executive Officer in July 2022 following the resignation of Edoardo Pozzoli. As from 2024 he holds the position of Chief Executive Officer of Princes Italia S.p.A.

Benedetta Mastrolia – born in Rome on 18 October 1995, she earned a BA in Economics and Business from the University of London in 2017 and an MA in Corporate Finance from City, University of London's Cass Business School in 2018. In 2014 she joined the Board of Directors of the parent company Newlat Food S.p.A. Since 2020 she has held the position of member of the Board of Directors of the Issuer and since 2024 she has held the positions of Director in Princes Italia S.p.A. and Princes Limited, where she also holds the position of Company Secretary.

Giovanni Maria Rayneri – born in Turin, Italy, on 20 July 1963, he graduated in Economics and Business at the University of Turin in 1988 and is a registered Chartered Accountant and Auditor. He is also registered in the Register of Technical Consultants at the Court of Turin. He is the chair or a member of the board of statutory auditors in numerous medium-sized and large companies and groups, including international enterprises. From 2018 to 2024 he held the position of Standing Statutory Auditor of CLI, and from 2024, following the Company's adoption of the so-called "one-tier" administration and control system, he holds the position of Chair of the Management Control Committee.

Valeria Bruni Giordani – born in Florence on 11 July 1974, she graduated in Political Science from the Cesare Alfieri Faculty in Florence. In April 2020 she joined the Issuer's Board of Directors as an independent non-executive director, and from 2024, following the Company's adoption of the so-called "one-tier" administration and control system, she holds the position of member of the Management Control Committee.

Anna Claudia Pellicelli – born in Modena on 3 June 1965, she obtained her degree in Economics and Business from the University of Turin. In April 2020 she joined the Issuer's Board of Directors as an independent non-executive director, and from 2024, following the Company's adoption of the so-called "one-tier" administration and control system, she holds the position of member of the Management Control Committee.

For a detailed description of the composition and diversity of the administration, management and supervisory bodies, also with regard to skills and capacities on sustainability matters, see the paragraph GOV-1 The role of the administration, management and supervisory bodies of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

Diversity criteria and policies in Board composition and corporate organisation

The Board of Directors has adopted a Policy on the Composition of the Board of Directors, approved at the Board meeting of 17 March 2023, with regard to aspects such as age, gender and educational and professional background, available at https://centralelatteitalia.com/investor-relations/.

The objective of this policy is to identify the optimal qualitative and quantitative composition of the Board of Directors in terms of the number of members, which must be adequate to the size and complexity of the Company's organisational structure, as well as in terms of diversified skills and profiles with expertise appropriate to the role to be filled.

Specifically, the policy sets certain objectives regarding the qualitative and quantitative composition of the Board of Directors, namely:

- In terms of quantity, the number of 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.

Furthermore, this policy sets out the criteria for qualifying as independent and, in order to pursue the Company's strategic objectives, illustrates the diversification both in terms of skills and in terms of gender, age, length of service and experience that the members of CLI's Board of Directors must have.

The current text of the document was approved by the Board of Directors on 17 March 2025, as it was necessary to adapt this procedure to the so-called "one-tier" administration and control system, replacing the references to the Board of Statutory Auditors with the Management Control Committee.

For a detailed description of the diversity of the members of the administrative, management and supervisory bodies, see paragraph GOV-1 The role of the administrative, management and supervisory bodies and paragraph S1-1 - Policies related to own workforce in the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

Maximum number of positions held in other companies

In the Policy on the Composition of the Board of Directors referred to in the previous point, in order to ensure the effective performance of the office of director the Company also established that 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 Newlat 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.

4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

On 10 September 2021 the Company approved the rules of the Board of Directors, which include the rules for the operation of the Board itself and its committees, including how to record minutes of meetings and procedures for submitting information to directors.

Specifically, minutes are to be taken by the Secretary, who is entitled to make audio recordings of the meetings to facilitate the taking of minutes, or by the Notary in the cases envisaged by current law.

Following the meeting, a draft of the minutes is sent to all directors and auditors for comments and observations, which are then collected by the Corporate & Legal Affairs function.

The final text of the minutes is transcribed in the register of meetings and resolutions of the Board of Directors by the competent company structures and is signed by the Chair and the Secretary.

With regard to the effective management of pre-meeting information, the Board of Directors has established that the documentation supporting the items on the agenda of each meeting must be sent to the directors and statutory auditors sufficiently in advance, as a rule no later than the second day prior to the date set for the meeting, except in cases of urgency in which the documentation is made available as soon as possible. The Company points out that the aforementioned deadline for the submission of pre-meeting documents has always been met.

In 2024, the Board of Directors held 5 meetings lasting an average of 1 hour. The meetings were regularly attended by the directors.

Four meetings of the Board of Directors have been scheduled for the current year, of which one was already held at the date of this Report, namely on 17 March 2025, the latter being called to approve this Report.

Information on the composition of the Board of Directors and the participation of directors in board meetings is given in Table 2 annexed to the Report.

The rules of the Board of Directors were amended, bringing them into line with the so-called “one-tier” administration and control system at the board meeting held on 9 September 2024.

4.5 ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS

The Chair of the Board of Directors acts as a liaison between the executive and non-executive directors, ensuring the effective operation of the Board.

Specifically, with the help of the Board's Secretary, the Chair of the Board of Directors:

- Monitors and ensures that pre-meeting disclosures and supplementary information are provided in a complete, comprehensive manner that enables directors to act in an informed manner in the performance of their role.
- Ensures that the activities of Board committees with investigative, propositional and advisory functions are coordinated with the activities of the Board of Directors, through participation in the meetings of those committees.
- In agreement with the CEO, ensures that the executives of the Company who are responsible for the corporate functions competent according to the subject matter attend Board meetings, including at the request of individual directors, in order to provide the appropriate details on the items on the agenda, ensuring their presence and verifying that such executives provide complete and accurate information. On this subject, note that executives are always present when their presence is required because of the topics on the agenda.
- Monitors and ensures that after their appointment and during their terms of office all members of the administration and control bodies can participate in initiatives aimed at providing them with an adequate knowledge of the business sectors the Company operates in, of corporate dynamics and their evolution, also with a view to the sustainable success of the Issuer, as well as of the principles of correct risk management and of the relevant regulatory and self-regulatory framework. On this point, note the initiatives aimed at providing the members of the Board of Directors and the Management Control Committee with a complete knowledge of the Company.
- Ensures the adequacy and transparency of the Board of Directors' self-assessment process, with the support of the appointments committee.

For a detailed description of the skills and capacities of the administration, management and supervisory bodies on sustainability matters or access to such skills and capacities, see the paragraph GOV-1 The role of the administration, management and supervisory bodies of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

The Secretary of the Board

The Company has not appointed a Secretary of the Board of Directors, who is appointed from time to time at each meeting, even from outside the Company.

4.6 EXECUTIVE DIRECTORS

Pursuant to article 14 of the Articles of Association, the Board of Directors may delegate part of its powers to the Chair, the Vice Chair, to one or more Managing Directors and to one or more members, establishing their powers and remuneration.

The Board may also appoint an Executive Committee and determine its powers, the number of its members and how it operates.

Chief Executive Officers

Without prejudice to the attributions, powers and authorities reserved by law and by the articles of association to the Board of Directors, the Chair and other corporate functions, the Board of Directors granted powers to Giuseppe Mastrolia and Stefano Cometto with resolution dated 20 May 2024.

At the date of this Report, the powers assigned to the Vice Chair and the Chief Executive Officer are as follows:

<u>Giuseppe Mastrolia (Vice Chair of the Board of Directors):</u>

All powers of ordinary and extraordinary administration:

- with no amount limit in all intra-group transactions,
- up to Euro 300,000.00 (three hundred thousand euros) in relation to third parties independently and with sole signing authority,
- without any amount limit with the joint signature with another member of the Board of Directors, except for matters and activities relating to the environment, occupational safety and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial responsibilities and powers, or for those matters that the law or the articles of association dictate are the exclusive competence of the Board of Directors and the Shareholders' Meeting.

<u>Stefano Cometto (Chief Executive Officer):</u>

All powers relating to the function of employer, for all divisions, business units, plants and local units/warehouses belonging to the Company, including activities aimed at implementing and complying with the rules on workplace safety and hygiene, protection of workers' health and protection of the environment, with the power of delegation, as well as all tasks resulting from and/or related to the powers specified herein.

In particular, in his capacity as an employer and in addition to the Company's signature and power of representation, Stefano Cometto is awarded powers in the following areas, among others:

1) <u>employment contracts</u>
2) <u>production organisation</u>
3) <u>food hygiene, safety and safety</u>
4) <u>environmental protection</u>
5) <u>management and control powers</u>

6) leases, property rights

7) purchase and sale of goods and services; with the following amount limits:

   - movable property up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors
   - motor vehicles of all kinds, aircraft and boats up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors
   - supplies and provisions for any type of use that must have an initial maximum duration of one year, subject to renewal, and up to an annual amount of Euro 100,000.00
   - works contracts, tenders, consultancies and freelance arrangements, including on an ongoing basis, drawing up the related contracts up to an annual amount of Euro 100,000.00

8) intra-group transactions without any limitation of amount

9) collections, disposals and receipts

10) banking and financial transactions, with the following amount limits:

   - Euro 100,000.00 for: withdrawals from the Company's bank accounts and payments to its creditors; drawing or accepting bills of exchange; requesting cashier's checks; collecting cheque books to be issued on the Company's current accounts and signing the related request; issuing statements of indemnity
   - Euro 80,000.00 for: opening, modifying or closing post office current accounts; carrying out any operation permitted on such accounts including withdrawals and the issuance of postal orders; collecting; issuing receipt and discharge in due form for sums or anything else due to the Company from private individuals, firms, entities, institutions, companies of any kind, insurers, banks and pension funds

11) insurance

12) contracts, tenders and licences

13) judicial proceedings

14) transactions and arbitration

15) tax compliance and obligations.

Chair of the Board of Directors

By resolution of 29 April 2024, the Shareholders' Meeting appointed Angelo Mastrolia as Chair of the Board of Directors and, subsequently, the Board of Directors, on 20 May 2024, assigned him all the powers of ordinary and extraordinary administration, except for matters and activities relating to occupational safety, the environment and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial powers and responsibilities, as well as for all matters that by law or articles of association are the exclusive competence of the Board of Directors or the Shareholders' Meeting.

The Chair, Angelo Mastrolia, is also the sole shareholder of Newlat Group S.A., which in turn indirectly controls the Company with a 67.74% stake in the share capital.

Disclosure to the Board by directors/delegated bodies

The Managing Directors report to the Board of Directors on the most important activities performed in the exercise of the powers delegated to them.

Other executive directors

There are no other executive directors on the Company's Board of Directors, other than those mentioned in the paragraphs above.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

Independent directors

At the end of 2024, the Issuer's Board of Directors included 3 (three) directors who met the independence requirements set out in article 147-*ter* of the TUF and the Corporate Governance Code, who comprise the Management Control Committee.

The independent directors of the Issuer are indicated below:

a) Giovanni Maria Rayneri

b) Valeria Bruni Giordani

c) Anna Claudia Pellicelli

The number and skills of the Independent Directors are considered adequate for the needs of the Company and the operation of the Board of Directors, as well as the constitution of the relevant committees.

Note that the Chair of the Board of Directors does not qualify as independent.

With the support of the Appointments and Remuneration Committee, the Board of Directors drew up a Policy on the Composition of the Board of Directors, which was approved by said body on 17 March 2023, as amended following the adoption of the so-called "one-tier" "one-tier" administration and control system on 17 March 2025, which also identifies the quantitative and qualitative criteria for assessing the significance of material circumstances under the Corporate Governance Code for the purpose of assessing the independence of directors.

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 received for the office of non-executive director of the Company and to the remuneration envisaged for participation in committees recommended by the Code or envisaged by current regulations, 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 Board of Directors has established that the total value of the dealings and additional remuneration must not exceed 5% of the turnover of the director in question.

In any case, immediately after appointment, during the course of the term of office on an annual basis, as well as upon the occurrence of relevant circumstances, the Board of Directors must make sure that each of the non-executive directors meets the independence requirements.

The verification was carried out by adopting the above criteria in accordance with the Corporate Governance Code, and in particular Recommendation 7, based on which the Board of Directors was able to confirm the independence of Giovanni Maria Rayneri, Valeria Bruni Giordani and Anna Claudia Pellicelli.

In making the above assessment, the Board of Directors took into consideration all the information available, in particular the information provided by the directors being assessed, which was deemed sufficient and complete for a timely examination of those circumstances that could compromise independence, as stressed by Recommendation 6.

The Independent Directors in office at the date of this Report did not meet in the absence of the other directors, considering the opportunities to meet within the meetings of the board committees in which all the independent directors participate to be sufficient.

Lead Independent Director

By resolution of the Board of Directors on 20 May 2024, the Company appointed independent non-executive director Anna Claudia Pellicelli as lead independent director.

The Lead Independent Director is assigned the task of coordinating the requests and contributions of the non-executive directors, and in particular of the independent directors.

Specifically, the Lead Independent Director:

- Cooperates with the Chair of the Board of Directors in order to ensure that directors are provided with complete, timely information flows and to define the initiatives aimed at enabling directors and statutory auditors to have a better knowledge of the Company and the Group and of corporate dynamics.
- Contributes to the evaluation process of the Board of Directors.
- Informs the Chair of the Board of Directors of any matters to be submitted for the examination and assessment of the governing body.
- Coordinates the meetings attended only by Independent Directors.

5. MANAGEMENT OF COMPANY INFORMATION

All Directors are required to keep the documents and information acquired in the performance of their duties confidential and to comply with the procedures for the external communication of such documents and any price sensitive information.

On a proposal from the Managing Directors, at its meeting on 18 December 2000 the Board resolved to reserve the right to the Chair and the Managing Directors to externally disclose documents and information concerning the company, especially with respect to price sensitive information. They may make use of the consulting firm which the financial information is entrusted to.

The Company also approved the Internal Dealing Code of Conduct aimed at regulating disclosure obligations in compliance with the provisions of Article 19 of Regulation (EU) no. 596/2024 of the European Parliament and of the Council of 16 April 2014, of Delegated Regulation (EU) no. 522/2016 of 17 December 2015, of Implementing Regulation (EU) no. 523/2016, of Consob Communication no. 0061330 of 1 July 2016, of the TUF and of the Issuers' Regulation, concerning transactions carried out on their own behalf by directors, statutory auditors, general managers of the company as well as by any other person who by virtue of their office has access to information on facts such as to determine significant changes in the Company's economic, financial and equity prospects, and capable of significantly influencing the price of listed financial instruments if made public.

These Rules are published on the Issuer's website at https://centralelatteitalia.com/wp-content/uploads/2016/06/Codice-internal-dealing-2016_CLI.pdf.

6. INTERNAL BOARD COMMITTEES (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

In addition to the Management Control Committee, the Board of Directors has set up internal committees with investigative, propositional and advisory functions, namely:

- The Appointments and Remuneration Committee, described in more detail in Sections 7.2 and 8.2 below (the "Appointments and Remuneration Committee").

- The Control and Risks Committee, described in more detail in Section 9.2 below (the "Control and Risks Committee").

- A committee for transactions with related parties, which is described in greater detail in Section 10 below (the "RPT Committee").

The Board of Directors has determined the composition of the individual board committees by giving priority to the expertise and experience of their members.

At the date of the Report, the Committees were composed as follows:

Position	Control and Risks Committee	Remuneration and Appointments Committee	RPT Committee
Chair	Giovanni Maria Rayneri	Anna Claudia Pellicelli	Valeria Bruni Giordani
Component	Valeria Bruni Giordani	Valeria Bruni Giordani	Anna Claudia Pellicelli
Component	Anna Claudia Pellicelli	Giovanni Maria Rayneri	Giovanni Maria Rayneri

When setting up the aforementioned board committees, the Board of Directors also adopted the relevant rules defining the operation of the committees, including the procedures for recording minutes of meetings and the procedures for managing the information to be provided to the directors who are members of the committees. These rules were last updated by the Board of Directors at its meeting on 9 September 2024, following the modification of the administration and control system.

Specifically, each set of rules specifies the composition of the relevant committee, the expertise required of each member, as well as the way in which the chair is to be appointed and the procedure for the replacement of members.

The rules also establishes the manner in which the Committee's meetings are convened, the related timing, specifying the places where the meetings may be held and the persons to whom the notice must be sent, as well as determining the validity of the constitution of each meeting and of the deliberations on the items.

Furthermore, in order to ensure the completeness of information flows, while protecting the confidentiality of the data and information provided, the rules provide that any documentation relating to items on the agenda shall normally be made available within the second day prior to the day set for the meeting, except in cases of urgency where the documentation is made available as soon as possible.

Finally, they specify the tasks attributed to each committee, indicating the means that its members may use to carry out their activities. All this in compliance with the duty of confidentiality regarding news and information acquired in the exercise of their functions, even after the expiry of the mandate of the individual members.

Additional committees (other than those envisaged by the law or recommended by the Code)

The Board of Directors has not established any additional committees other than those required by law or recommended by the Corporate Governance Code.

7. SELF-ASSESSMENT AND DIRECTOR SUCCESSION - APPOINTMENTS COMMITTEE

7.1 SELF-ASSESSMENT AND DIRECTOR SUCCESSION

The Board of Directors assesses the effectiveness of its activities and the contribution made by its individual members through questionnaires specifically prepared by external consultants of the Company.

The Issuer conducts the self-assessment every year and focuses on its size, composition and actual operation, also considering the role played by the Board of Directors in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

Specifically, the Board of Directors in office conducted its own self-assessment and expressed an orientation on its considered optimal quantitative and qualitative composition, the results of which have been published on the Company's website at https://centralelatteitalia.com/investor-relations/, from which the following emerged:

- The appropriateness of a number of Directors between 7 (seven) and 15 (fifteen) to ensure an adequate balance of skills and experience required by the Company's business.
- The appropriateness of a number of 3 (three) Directors constituting the Management Control Committee.
- The adequacy of the current ratio of Executive (3), Non-Executive (4) and Independent Directors pursuant to the Corporate Governance Code (3), as it is suitable to ensure an effective operation of the Board of Directors.
- The appropriateness of 1 (one) Director – who is a member of the Management Control Committee – registered as a statutory auditor.

In general, the Board of Directors considers its composition to be adequate in terms of skills, experience and diversity given the presence of international managers with strong skills in accounting, finance and risk management capable of providing concrete support to the pursuit of the Company's strategic objectives and the tasks of the Board of Directors itself.

As far as the operation of the Board of Directors is concerned, the Directors believe that the organisation of the meetings is appropriate to the Company's structure, both in terms of the number of meetings and their duration, at which there is constant participation by all members, as well as external parties involved from time to time due to the topics on the agenda of the various meetings.

The conditions under which the meetings are held were also considered suitable and satisfactory, in terms of participation, in-depth examination of individual issues, and informed and independent deliberation.

The information documents on the items on the agenda and the minutes of the meetings were also considered adequate.

With regard to the size, composition and operation of the internal committees (Control and Risks Committee, Appointments and Remuneration Committee and Related Party Transaction Committee) and the Management Control Committee, they were deemed adequate and suitable for the corporate structure. These board committees are all made up of highly experienced professionals who are able to carry out their tasks effectively. The activities entrusted to each of them of an investigative, advisory and propositional nature vis-à-vis the Board of Directors were deemed compliant and in line with the principles and recommendations provided by the Corporate Governance Code.

In conclusion, the Board of Directors considers its composition to be adequate both in qualitative and quantitative terms due to (i) the presence of a high degree of diversification of profiles and professional experience; (ii) the adequate operation of the body itself, whose activities are carried out in a climate of trust, cooperation and interaction between the members of the Board.

Succession plans

As of the date of this Report, due to the fact that CLI qualifies as a non-large company with concentrated ownership, as defined in the Corporate Governance Code, no succession plan for executive directors has been adopted.

The Board of Directors reserves the right to perform an analysis in the future to assess the appropriateness of defining measures to ensure the continuity of management, including through the adoption of a succession plan, without prejudice to the provisions of the Corporate Governance Code.

7.2 APPOINTMENTS COMMITTEE

Composition and operation of the appointments committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

The Company set up a single Appointments and Remuneration Committee, composed of the members of the Management Control Committee, and therefore exclusively of independent non-executive Directors, appointing Giovanni Maria Rayneri and Valeria Bruni Giordani as members, and Anna Claudia Pellicelli as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

In 2024 the Appointments and Remuneration Committee held 2 meetings lasting 1 hour, which was attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the appointments committee

The Appointments Committee:

- Assists the Board of Directors in the self-assessment of the Board itself and its committees, supporting the Chair of the Board of Directors in ensuring the adequacy and transparency of the self-assessment process carried out in February 2025.
- Assists the Board of Directors in defining the optimal composition of the Board and its committees.
- Assists the Board of Directors in identifying candidates for the office of director in the event of co-option.

Should the Company adopt a succession plan for executive directors, the Appointments Committee will be asked to support the preparation, updating and implementation of such plan.

The Appointments Committee plays an advisory and recommendatory role and has the task of assisting the Board of Directors at a preliminary stage with the assessments and decisions relating to the composition of the Board of Directors.

During the financial year, the Appointments Committee carried out the following main activities:

- Discussion of the findings of the self-assessment questionnaire
- Updating of the rules of the Appointments Committee.

The Appointments Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE

8.1 REMUNERATION OF DIRECTORS

For the information in this Section, please refer to the Remuneration Report, prepared by the Company and available at https://centralelatteitalia.com/investor-relations/bilanci-e-relazioni/.

For a detailed description of the information concerning the integration of its sustainability performance into the incentive systems, see paragraph GOV-3 - Integration of sustainability-related performance in incentive schemes of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

8.2 REMUNERATION COMMITTEE

Composition and operation of the remuneration committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

As clarified in Section 7.2 above, the Company set up a single Appointments and Remuneration Committee composed of the members of the Management Control Committee, and therefore exclusively of independent non-executive Directors Giovanni Maria Rayneri and Valeria Bruni Giordani as members, and Anna Claudia Pellicelli as chair.

All the members of the Remuneration Committee have knowledge and experience in financial matters or remuneration policies that was deemed adequate by the Board of Directors at the time of their appointment.

In accordance with the provisions of the Corporate Governance Code, no director takes part in the meetings of the Remuneration Committee at which proposals relating to their remuneration are formulated.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

As already mentioned in Section 7.2 above, in the 2024 financial year the Appointments and Remuneration Committee held 2 meetings lasting 1 hour, which were attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the remuneration committee

The Remuneration Committee:

- Assists the Board of Directors in drawing up the remuneration policy.
- Submits proposals and expresses opinions on the remuneration of executive directors and other directors holding particular positions, and on the setting of performance targets related to the variable component of such remuneration.
- Monitors the concrete application of the remuneration policy, and verifies the actual achievement of performance targets.

- Periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

During the financial year, the Remuneration Committee carried out the following main activities:

- Discussion of remuneration policy and analysis of performance targets, both qualitative and quantitative.
- Discussion of the Remuneration Report for 2024.
- Updating of the rules of the Appointments Committee.

The Remuneration Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

The Remuneration Committee did not use the services of a consultant in order to obtain information on market practices regarding remuneration policies.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISKS COMMITTEE

In accordance with Principle XVIII of the Corporate Governance Code, the Issuer has defined the guidelines of the internal control and risk management system (hereinafter also referred to as "**ICRMS**") consisting of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company, in accordance with its strategies.

Assessment of the adequacy of the Internal Control and Risk Management System

For the 2024 financial year, the assessment of the overall adequacy of the Internal Control and Risk Management System was expressed on the basis of the analysis of the following aspects:

Significant events with an impact on the corporate governance and control model:

- Group ERM risk Assessment
- Group Audit Plan
- Changes in the composition of the management and control bodies and in the organisational structure
- Changes in delegated and proxy powers
- Compliance with Law no. 262/05 on accounting and corporate documentation
- Group sustainability
- Information systems
- Export compliance
- Related-party transactions
- Intragroup transactions and transactions with a potential conflict
- Transactions involving internal dealing
- Main pending litigation
- Situation of non-performing loans.

Results of audits performed by internal and external audit bodies:

- Results of monitoring carried out by Internal Audit
- Meetings between the Control Bodies
- Information from the financial reporting officer
- Results of monitoring by the Supervisory Body

- Results of third-party audits of quality, occupational health and safety, and environmental management systems
- Information from the Prevention and Protection Service and the Environmental Protection Service.

Based on the information and evidence gathered and having consulted with the Control and Risks Committee, the Board of Directors considers that the Internal Control and Risk Management System in place in 2024 is adequate and effective with respect to the size and characteristics of the Group the Company belongs to, and overall capable of achieving the corporate objectives.

For a detailed description of the roles and responsibilities of the administration, management and supervisory bodies in supervising the procedures aimed at managing the material risks, impacts and opportunities, as well as the way in which these bodies are informed about sustainability matters and how these matters are addressed during the reference period, see the paragraph GOV-1 The role of the administration, management and supervisory bodies and the paragraph GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

Internal Control and Risk Management System on financial reporting (ICRMS)

The Company considers the Internal Control and Risk Management System on financial reporting to be an integral part of its risk management system.

With specific regard to the Internal Control and Risk Management System on financial reporting, the Company has defined its own system of accounting control rules to be followed.

In addition to this system, there are internal instructions and rules (including, by way of example, the system of powers and proxies, reporting instructions, supporting information systems, visits to the Company's plants) through which the Company ensures an efficient system of data exchange between all facilities.

The 2024 assessment highlighted the relevant processes that were subjected to timely review during the year with respect to specific control objectives (existence, completeness and accuracy, valuation, rights and obligations, presentation and disclosure).

Any deficiencies/improvement actions identified during the audits and reporting as described above require immediate identification of actions to be taken, as well as regular monitoring of their resolution.

The main characteristics of the ICRMS and the methods of coordination between the actors involved therein, inspired by national and international best practice models, are described below.

The corporate and supervisory bodies within the ICRMS are:

- The Board of Directors

- The Internal Control and Risks Committee

- The executive director responsible for internal audit

- The Head of Internal Audit

- The Supervisory Body (Italian Legislative Decree 231/01)

- The Financial Reporting Officer

- The Independent Auditor

The Company's ICRMS is based on three levels of control:

Level I Control – the operating teams are primarily responsible for the ICRMS process. These teams – as part of their daily activities – are called upon to identify, measure, evaluate, monitor, mitigate and report the risks deriving from ordinary business activities in accordance with the ICRMS and the applicable internal procedures.

Level II Control – corporate risks are monitored, guidelines on the related control systems are proposed and their adequacy is verified to ensure the efficiency and effectiveness of operations, as well as adequate risk control, prudent conduct of business, reliability of information, and compliance with laws, regulations and internal procedures.

Level III Control – the Head of Internal Audit verifies and ensures the adequacy and effective operation of the Level I and II Controls and – in general – of the ICRMS, evaluating its completeness, functionality and reliability in terms of efficiency and effectiveness, as well as identifying any violations of applicable procedures and standards.

The central role in the Internal Control and Risk Management System is played by the Board of Directors, which defines the nature and level of risk compatible with the Company's objectives.

When working effectively, the Company's ICRMS guarantees, with reasonable certainty, the achievement of operational, disclosure and compliance objectives. Specifically:

- The operational objective of the internal control system concerns the effectiveness and efficiency of the Company in using resources, protecting itself from losses, and safeguarding the Company's assets. This system is also aimed at ensuring that staff work towards the pursuit of company objectives, without putting other interests before those of Centrale del Latte d'Italia S.p.A.
- The objective of disclosure translates into the preparation of timely and reliable reports for the decision-making process within and outside the company organisation.
- The compliance objective ensures, on the other hand, that all operations and actions are conducted in compliance with laws and regulations, prudential requirements and internal company procedures.

The ICRMS involves every sector of the activity carried out by the Company, distinguishing between operational and control tasks and reasonably reducing any possible conflict of interest.

In particular, the internal control system is based on the following elements:

- Formalised and clear organisational system in the allocation of responsibilities.
- Authorisation and signature powers assigned consistent with the responsibilities.
- IT systems geared towards segregation of duties.
- Management control and reporting system.
- Functions responsible in a structured manner for external communication.
- Periodic audits of the main company processes.

The Company's ICRMS is based on the following principles:

- Every operation, transaction and action must be true, verifiable, coherent and documented.

- No one can manage an entire process independently (so-called segregation of duties).
- The internal control system documents the performance of controls, including supervision.

Responsibility for the proper functioning of the internal control system is vested in each business function for all processes for which it is responsible.

The type of corporate control structure existing in the Company includes:

- Line controls, carried out by individual operating units on the processes for which they have operational responsibility, aimed at ensuring the correct conduct of operations.
- Monitoring activities, carried out by the managers of each process and aimed at verifying the correct performance of the underlying activities, on the basis of hierarchical controls.
- Activities for the detection, evaluation and monitoring of the internal control system over the administrative and accounting systems and processes that are relevant to the financial statements.

Lastly, with regard to the ICRMS, it should be noted that in the exercise of its functions, during the Board meeting of 17 March 2025, the Board of Directors:

- Approved the internal audit plan after consulting the executive director responsible for internal audit, after consulting the Management Control Committee.
- After obtaining the opinion of the Control and Risks Committee, assessed the adequacy of the system in relation to the characteristics of the company and its risk profile, as well as its effectiveness.

For a detailed description of the main characteristics of its internal control and risk management systems, see paragraph GOV-5 - Risk management and internal controls over sustainability reporting of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

9.1 CHIEF EXECUTIVE OFFICER

The Board of Directors has identified the Executive Chair of the Board of Directors, Angelo Mastrolia, as the director responsible for establishing, maintaining and supervising the operation of the Internal Control and Risk Management System.

Within the scope of the responsibilities entrusted to him by the Board of Directors, the Chair has implemented the guidelines and directives of the Internal Control and Risk Management System, defined by the Board of Directors. Below are the actions taken.

- Identify the main corporate risks, to be periodically submitted to the Board of Directors, taking into account the characteristics of the activities carried out.
- Implement the guidelines defined by the Board, taking care of the design, creation and management of the internal control and risk management system, continually verifying its adequacy and effectiveness.
- Update the internal control and risk management system with respect to the dynamics of operating conditions and the legislative and regulatory landscape.
- Entrust the internal audit function with performing audits on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the Chair of the Board of Directors and the Chair of the Management Control Committee.
- Promptly report to the Control and Risks Committee on problems and issues emerging in the course of its activities or of which it has been informed, so that the Committee can take appropriate action.

9.2 CONTROL AND RISKS COMMITTEE

Composition and operation of the Control and Risks Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

The Company set up the Control and Risks Committee, composed of the members of the Management Control Committee, and therefore exclusively of independent non-executive Directors, appointing Valeria Bruni Giordani and Anna Claudia Pellicelli as members, and Giovanni Maria Rayneri as its chair.

All the members of the Control and Risks Committee have adequate expertise in the Company's business, functional to assess the relevant risks, and an adequate knowledge and experience in accounting and finance or risk management.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

Meetings of the Control and Risks Committee have always been attended by CLI's financial reporting officer, as well as – at the invitation of the committee chair – the head of the internal audit department and representatives of the independent auditor, depending on the items on the agenda.

In 2024, the Control and Risks Committee held 3 meetings lasting an average of 1 hour. These meetings were regularly attended.

As of the date of this Report, 1 meeting of the Control and Risks Committee has already been held.

Functions assigned to the Control and Risks Committee

The Control and Risks Committee:

- Supports the Board of Directors in carrying out its tasks in the field of internal control and risk management.
- After consulting the Financial Reporting Officer and the independent auditors, assesses the correct use of the accounting standards, as well as their consistency for the purposes of preparing the consolidated financial statements.
- Assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its operations and the performance achieved.
- Examines the content of periodic non-financial information relevant to the internal control and risk management system.
- Expresses opinions on specific aspects relating to the identification of the main corporate risks, and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events the latter has become aware of.
- Examines periodic and particularly significant reports prepared by the internal audit function.
- Where deemed necessary, entrusts the internal audit function to carry out audits on specific operational areas.
- When it is time to approve the annual and semi-annual financial reports, it reports to the Board of Directors on the activities carried out, as well as on the adequacy of the internal control and risk management system.

In 2024, the Control and Risks Committee carried out the following main activities:

- Analysis of the 2024 internal audit.
- Analysis of the risks and 2025 Group audit plan.
- Preparatory activities for drafting the 2024 financial statements.
- Discussions with the Control and Risks Committee of the parent Newlat Food S.p.A.
- Impacts of macroeconomic scenarios: war and inflation.
- Update with the independent auditors on the activities related to the financial statements.
- 262 testing progress and results.
- Meeting with the Supervisory Body.
- Group ESG approach.
- Analysis of the draft Corporate Governance Report.

The Control and Risks Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

9.3 HEAD OF INTERNAL AUDIT

On 10 September 2021 the Board of Directors appointed Mr Fabrizio Carrara as head of the Internal Audit function, the person responsible for verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the Board of Directors.

The Board of Directors assigned Fabrizio Carrara a remuneration consistent with company policies, ensuring that he is provided with adequate resources to perform his duties.

The head of the Internal Audit department is not responsible for any operational area, reports hierarchically to the Board of Directors and has direct access to all information useful for carrying out the task.

On 17 March 2025 the Board of Directors approved the work plan prepared by the Head of Internal Audit, having consulted the Management Control Committee and the CEO.

During the year, the head of the Internal Audit function:

- Verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system through an audit plan approved by the Board of Directors and based on a structured process of analysis and prioritisation of the main risks.
- Prepares periodic reports containing adequate information on their activities, on the way in which risk management is conducted and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system, transmitting such information to the chairs of the Management Control Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of these reports specifically concerns the activities of such parties.
- Prepares timely reports on events of particular importance, also at the request of the Management Control Committee, submitting them to the chairs of the Management Control Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of such reports specifically concerns the activities of such parties.

The main activities carried out by the Head of Internal Audit during 2024 were as follows:

- Drafting of the Audit Plan proposal based on the identification and prioritisation of the main business risks present in the ERM.
- Carrying out of the independent monitoring programme in support of the Financial Reporting Officer as part of the Corporate Reporting Control System.
- Activities relating to relations with the Independent Auditor.
- Verification of the design of the internal control system to support non-financial reporting (NFS).

9.4 ORGANISATIONAL MODEL AS PER ITALIAN LEGISLATIVE DECREE 231/2001

The Company adopted an organisation, management and control model pursuant to and for the purposes of Italian Legislative Decree 231/2001 (the "231 Model"), as updated during the board meeting of 9 September 2024.

The Model 231 consists of: (a) a general part, relating to issues concerning, among other things, the validity and application of Italian Legislative Decree no. 231/2001, the composition and functioning of the supervisory body, and the penalty code to be applied in case of violations of the rules of conduct of Model 231; and (b) the special parts, containing the general principles of conduct and control protocols for each of the offences deemed to be a risk to the Company.

Specifically, note that the 231 Model aims to prevent the following types of offences: https://centralelatteitalia.com/investor-relations/modello-d-leg-231-2001-e-codice-etico/.

The functions of the Supervisory Body are assigned to Mr Massimo Carlomagno as Chair, and to Ms Ester Sammartino as a member, in exercise of the power provided by the applicable law. In this way, the Supervisory Body meets the applicable requirements of autonomy, independence, professionalism and continuity of action.

For a description of the disclosure requirements that enable the users of the company's sustainability statements to understand the company's strategy and approach, processes and procedures, as well as its performance, see the GOVERNANCE Section of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

9.5 INDEPENDENT AUDITORS

At the date of the Report, the company responsible for independently auditing the Issuer's accounts was PricewaterhouseCoopers S.p.A., with its registered office at Piazza Tre Torri 2, Milan, no. 119644 in the Register of Independent Auditors held by the Ministry of Economy and Finance.

On 29 April 2021 the Issuer's Ordinary Shareholders' Meeting resolved to proceed with the early consensual termination of the mandate of the independent auditor pursuant to art. 13 of Italian Legislative Decree no. 39/2010 and art. 7 of Italian Ministerial Decree 261/2012, conferred on the auditing firm Deloitte & Touche S.p.A. by the Shareholders' Meeting on 18 April 2015; and at the same time resolved, pursuant to art. 13, paragraph 1 of Italian Legislative Decree no. 39/2010, to grant PricewaterhouseCoopers S.p.A. the statutory audit assignment for nine years, with reference to the financial years 2021-2029, under the terms and conditions set forth in the offer submitted by PricewaterhouseCoopers S.p.A. and attached to the reasoned proposal of the Board of Statutory Auditors in office at the time.

9.6 FINANCIAL REPORTING OFFICER AND OTHER CORPORATE ROLES AND FUNCTIONS

On 4 May 2021, in compliance with the provisions of article 154-bis of the Consolidated Law on Finance and with the relevant appointment procedures, the Issuer's Board of Directors decided to appoint Mr Fabio Fazzari as the Financial Reporting Officer.

As regards the provisions of the Articles of Association, article 23 of the Issuer's Articles of Association provides that after consulting the Management Control Committee the Company's Board of Directors shall appoint or dismiss the financial reporting officer, whose professional qualifications include an adequate knowledge of administrative, accounting and financial matters.

The Financial Reporting Officer drafts administrative and accounting procedures for preparing the financial statements, the consolidated financial statements and any other financial communications. He/she is given adequate powers and means to carry out the tasks assigned to him/her. In a special report attached to the financial statements, and to the consolidated financial statements where applicable, the Financial Reporting Officer certifies that the procedures are adequate and effectively applied and that the financial statements correspond to the results of the books and accounting records.

Pursuant to article 154-bis of the Consolidated Law on Finance, the FRO shall among other things:

- Draw up written statements accompanying the Company's documents and communications disseminated to the market and relating to accounting information, including interim accounting information.
- Prepare appropriate administrative and accounting procedures for preparing the separate financial statements and any other financial communications.
- Certify with a special report on the separate financial statements, the condensed half-year financial statements (i) the adequacy and effective application of the administrative and accounting procedures for the preparation of the financial statements; (ii) that the documents are prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002; (iii) that the documents correspond to the ledgers and accounting records; (iv) the suitability of the documents to provide a true and fair picture of the results, assets and liabilities and cash flows of the Issuer; (v) for the separate financial statements, that the report on operations includes a reliable analysis of the operating performance and result, as well as the situation of the Issuer, together with a description of the main risks and uncertainties to which they are exposed; (vi) for the condensed half-year financial statements, that the interim report on operations contains a reliable analysis of the information referred to in article 154-ter, paragraph 4 of the TUF.

9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company promotes meetings and exchanges of information between the various bodies responsible for the verification and monitoring of organisational, administrative, accounting, internal control and risk management systems.

Specifically, without prejudice to the provisions of the law with regard to auditors (replaced by members of the Management Control Committee of the one-tier system) and Statutory auditors,[2] prior to the approval by the Board of Directors of the Company's draft financial statements and half-yearly report a collective meeting is held involving the following bodies:

- Control and Risks Committee,
- Supervisory Body (pursuant to Italian Legislative Decree 231/2001,
- Head of the Internal Audit Function,
- Financial Reporting Officer,
- Director responsible for the Internal Control and Risk Management System,
- Statutory auditors,

during which information will be exchanged on the main findings and/or critical issues identified during the audits performed, with regard to organisational, administrative, accounting, internal control and risk management structures. The meetings are recorded in minutes.

In addition to the periodic meetings mentioned above, the continuity and timeliness of information exchanges between the aforementioned control bodies is ensured by:

- Periodic reporting by the Supervisory Body to the Control and Risks Committee and the Management Control Committee.
- Periodic reporting by the Head of Internal Audit to the Control and Risks Committee and the Management Control Committee.
- The exchange of information between the Control and Risks Committee, the statutory auditor and the Financial Reporting Officer on the accounting standards applied and the adequacy of the administrative and accounting procedures applied in preparing the financial reports of the Company.

[2] The reference is to the following articles of the Consolidated Law on Finance: art. 150, paragraph 3 (The Board of Statutory Auditors and the statutory auditor or auditing firm shall promptly exchange data and information relevant to the performance of their respective duties) and paragraph 4 (Those in charge of internal control shall also report to the Board of Statutory Auditors on their own initiative or at the request of even one of the Statutory Auditors); art. 151, paragraph 1 (The Statutory Auditors may, even individually, at any time perform inspections and controls, as well as ask the directors for information, also with regard to subsidiary companies, on the performance of company operations or on specific business, or address such requests for information directly to the management and control bodies of the subsidiary companies) and paragraph 2 (The Board of Statutory Auditors may exchange information with the corresponding bodies of the subsidiary companies on the management and control systems and on the general performance of the company's business. [omitted]).

10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 9 September 2024 the Issuer's Board of Directors updated the procedure for regulating related-party transactions (hereinafter the "**Related Party Procedure**") to the new “one-tier” administration and control system, such procedure having been adopted by the Company by board resolution on 6 September 2019, available at https://centralelatteitalia.com/governance/corporate-governance/

The Related Parties Procedure governs the procedures for the instruction and approval of transactions with related parties defined as of greater importance on the basis of the criteria set out in the regulation adopted by Consob with resolution no. 17221 on 12 March 2010 and subsequent amendments and additions (the "**Related Parties Regulation**") and transactions with related parties defined as of lesser importance, meaning transactions other than transactions of greater importance and transactions of a small amount (the latter are those transactions with related parties whose value does not exceed Euro 500,000.00 in the event that the Related Party is a legal person, and not exceeding Euro 200,000.00 if the Related Party is a natural person).

The Related Parties Procedure defines transactions of greater importance as those in which at least one of the significance indicators mentioned in Annex 3 of the Related Parties Regulations exceeds the 5% threshold and entrusts a specific corporate structure, consisting of the FRO supported by the competent functions, with the task of ascertaining how the procedure should be applied to a given transaction, including whether a transaction is classified as being of greater or lesser importance.

In accordance with the Related Parties Regulation, the procedure for transactions of lesser importance requires that, before approving a transaction with related parties, the Related Parties Committee, composed exclusively of independent (pursuant to the TUF and the Corporate Governance Code) and unrelated directors, expresses a non-binding reasoned opinion on the Company's interest in completing it, as well as on the suitability and substantial fairness of the conditions envisaged. In this regard, it is noted that the Issuer has identified the RPT Committee as the competent body in relation to transactions with related parties.

With regard to transactions of greater importance, the Related Parties Procedure provides that the RPT Committee be involved in the negotiation and investigation phases, and at the end of the latter express its reasoned opinion on the Company's interest in completing the transaction and on the suitability and substantial fairness of the relevant conditions. The RPT Committee shall make its own assessments and, in the event of a negative opinion or one subject to the acceptance of certain findings:

(a) In the case of a transaction of greater importance that is not the responsibility of the Shareholders' Meeting or does not have to be authorised by it, the Board of Directors may: (i) approve the transaction, provided that the approval resolution fully incorporates the findings made by the RPT Committee; or (ii) approve the transaction despite the contrary opinion or in any case without taking into account the findings of the Committee, provided that the completion of the transaction is authorised by the Shareholders' Meeting, pursuant to article 2364, paragraph 1, no. 5) of the Italian Civil Code and in accordance with the provisions of paragraph (b) below; or (iii) decide not to proceed with the transaction.

(b) In the case of a transaction of greater importance falling within the competence of the Shareholders' Meeting or which must be authorised by it, without prejudice to the provisions of articles 2368, 2369 and 2373 of the Italian Civil Code, the transaction may not be carried out if the majority of unrelated shareholders (meaning persons entitled to vote other than the counterparty to a given transaction and related parties both to the counterparty to a given transaction and to the Company) who vote do so against the transaction, provided that the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital.

The provisions of the Related Parties Procedure do not apply to transactions approved by the Company and addressed to all shareholders on equal terms, including:

a) Rights issues, including those servicing convertible bonds, and free capital increases pursuant to article 2442 of the Italian Civil Code.

b) Demergers in the strict sense, whether total or partial, with proportional share allocation.

c) Reductions in share capital by means of reimbursement to shareholders pursuant to article 2445 of the Italian Civil Code and purchases of own shares pursuant to article 132 of the Consolidated Law on Finance.

The rules laid down in the Related Parties Procedure also do not apply in the following cases:

(a) Shareholders' resolutions on the remuneration payable to members of the Board of Directors pursuant to article 2389, paragraph 1 of the Italian Civil Code, as well as resolutions on the remuneration of directors with special responsibilities included in the total amount for the remuneration of all directors previously determined by the Shareholders' Meeting pursuant to article 2389, paragraph 3 of the Italian Civil Code.

(b) Resolutions, other than those indicated under (a), on the remuneration of directors with special responsibilities and other managers with strategic responsibilities, provided that:

   i) The Company has adopted a remuneration policy approved by the Shareholders' Meeting that the Remuneration and Appointments Committee was involved in drafting.

   ii) A report explaining the remuneration policy has been submitted for the approval or advisory vote of the Shareholders' Meeting.

   iii) The remuneration awarded is identified in accordance with that policy and quantified on the basis of criteria that do not involve discretionary assessments.

(c) Transactions of a small amount.

(d) Compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-bis of the Consolidated Law on Finance and related executive operations.

(e) Transactions that are part of ordinary business and the related financial activity of the Company or of the subsidiary that performs the transaction, carried out at conditions similar to those usually practised with unrelated parties for transactions of a corresponding nature, scale and risk, or based on regulated rates or prices imposed on or practised with subjects with whom the Company is legally obliged to enter into a contract at a certain amount.

(f) Transactions carried out by the Company with its subsidiaries or transactions carried out between such subsidiaries, as well as those with associates, if there are no significant interests of other related parties of the Company in the subsidiaries or associates.

(g) Shareholders' resolutions on the fees payable to members of the Management Control Committee pursuant to article 2402 of the Italian Civil Code.

(h) Transactions to be carried out on the basis of instructions for stability purposes given by Supervisory Authorities, or on the basis of provisions issued by the parent company for the execution of instructions given by Supervisory Authorities in the interest of the stability of the Group.

The procedure allows the adoption of framework resolutions relating to series of homogeneous operations to be carried out by the Company, directly or through subsidiaries, with certain categories of related parties.

Please note that any decisions regarding the renewal – even if tacit or automatic - of contracts and relationships that the Issuer enters into with related parties in the period prior to the formal adoption of the Related Parties Procedure described above will be taken in accordance with this procedure.

Committee for transactions with related parties

The Company established the Related Parties Committee, composed of the members of the Management Control Committee, and therefore exclusively of independent non-executive Directors, appointing Giovanni Maria Rayneri and Anna Claudia Pellicelli as members, and Valeria Bruni Giordani as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors. Specifically, the Related Parties Committee:

- formulates prior opinions on the procedures governing the identification and management of related party transactions carried out by the Issuer and/or Group companies, as well as on the related amendments
- formulates prior and reasoned opinions, in the cases expressly provided for, on the Issuer's interest in completing the transaction with related parties, as well as on the suitability and substantial fairness of the related conditions, and
- in the case of related party transactions of greater importance, the RPT Committee is involved in the negotiation phase and the investigation phase through the receipt of a complete and timely information flow, with the right to request information and to make comments to the parties responsible for conducting the negotiations or the investigation.

In 2024 the Related Parties Committee held 1 meeting lasting 1 hour, which was attended by all members.

11. MANAGEMENT CONTROL COMMITTEE

As illustrated in the previous Sections, on 29 April 2024 the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023, with the consequent expiry of the term of office of the Board of Statutory Auditors, was also convened in extraordinary session and approved the adoption of a one-tier administration and control system pursuant to Article 2409-*sexiesdecies* of the Italian Civil Code, as well as the consequent amendments to the articles of association.

At the same shareholders' meeting – in ordinary session – the Shareholders then elected the Board of Directors in accordance with the new Articles of Association, constituting the Management Control Committee from among its members as a supervisory board in place of the Board of Statutory Auditors.

11.1 APPOINTMENT AND REPLACEMENT

The Management Control Committee is composed of 3 (three) members appointed by the Board of Directors from among its members in accordance with the provisions of current law and Article 21 of these Articles of Association. The members of the Management Control Committee must meet the requirements of professionalism and integrity set forth in current regulations, the requirements of independence set forth in Article 148, paragraph 3, TUF, as well as comply with the regulations on limits on the number of offices held. At least one member of the Management Control Committee must be registered as a statutory auditor. For the purposes of Art. 1, para. 3, of Ministry of Justice Decree No. 162 of 30 March 2000, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected or related to the Company's business and referred to in the corporate purpose must be considered to be closely related to those of the business carried on by the Company.

Pursuant to Article 12 of the Articles of Association, the role of Chair of the Management Control Committee falls to the director drawn from the second section of the Minority Slate, or to the person appointed in their absence and/or replacement. If no slate is submitted, the Chair is elected by the Management Control Committee from among its members.

If one or more members of the Management Control Committee cease to meet any of the requirements envisaged by the laws and regulations in force and by the Articles of Association, including enrolment in the register of statutory auditors, they shall be disqualified from holding office, which must be declared by the shareholders' meeting within 30 (thirty) days of their appointment or of knowledge of the intervening deficiency. The loss of one of the aforementioned requirements for a member of the Management Control Committee also results in their disqualification as a Director, unless, being a member taken from the majority slate, among the other Directors in office there is at least one who meets the requirements envisaged by the regulations in force to replace them as a member of the Management Control Committee and that Director accepts the office of member of the Management Control Committee no later than the meeting of the Board of Directors that appoints them to that office. In the latter case, the terminated member of the Management Control Committee will retain the office of Director. If a member of the Management Control Committee should cease to be a Director for any reason, the rules set forth in Article 12 of the Articles of Association shall apply, in compliance with the regulations in force. On the other hand, if during the year one or more members of the Management Control Committee who have not ceased to be Directors are to be replaced, in compliance with the regulations in force and the Articles of Association the Board of Directors shall appoint the replacement in accordance with the provisions of said article of the Articles of Association so as to ensure that the members of the Management Control Committee meet the requirements of the regulations in force and the Articles of Association.

When appointing the Board of Directors, it is the responsibility of the Ordinary Shareholders' Meeting to establish a specific additional remuneration for the members of the Management Control Committee determined in each case as a fixed and equal amount, but with a specific increase for the Chair.

The decisions of the Management Control Committee are taken by an absolute majority of those present at the meeting.

The meetings of the Management Control Committee are convened by the Chair, also pursuant to Art. 151-ter, para. 2, TUF.

Meetings of the Management Control Committee may also be held by teleconference in compliance with the following conditions:

- Participants are allowed to view, receive or transmit all the necessary documentation.

- Participation in the discussion in real time is possible.

The Management Control Committee's meetings are minuted and filed in the company’s records.

11.2 COMPOSITION AND OPERATION (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

Pursuant to Article 21 of the Articles of Association, the Management Control Committee shall consist of 3 (three) members who shall hold office for three financial years, expiring on the date of approval of the financial statements for the third financial year of their office, and shall be eligible for re-election.

This Management Control Committee was appointed by the Issuer's Ordinary Shareholders' Meeting on 29 April 2024, until approval of the financial statements for the year ending 31 December 2026.

A single slate was submitted on 4 April 2024 by the majority shareholder Newlat Food S.p.A., which proposed the following candidates in the second section:

1. Anna Claudia Pellicelli, born in Modena (MO), on 3 June 1965, female.

2. Giovanni Maria Rayneri, born in Turin (TO), on 20 July 1963, male.

3. Valeria Bruni Giordani, born 22 July 1974 in Florence (FI), female.

With regard to the slate submitted by the shareholder Newlat Food S.p.A., there were shares with 19,555,989 votes for, representing 100% of the votes cast.

Therefore, the Issuer's Management Control Committee in office consists of:

Name and surname	Position
Giovanni Maria Rayneri	Chair
Anna Claudia Pellicelli	Component
Valeria Bruni Giordani	Component

The Management Control Committee in office at the date of this Report has an adequate composition to ensure the independence and professionalism of its function.

Specifically, no situations referred to in Recommendation 7 of the aforesaid Corporate Governance Code were found.

For a detailed description of the composition and diversity of the administration, management and supervisory bodies, as well as their skills and capacities with respect to sustainability matters or access to such skills and capacities, see the paragraph GOV-1 The role of the administration, management and supervisory bodies of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

Diversity criteria and policies

Note that following the change in the administration and control system, the Issuer has updated and adjusted its diversity policy with respect to the composition of the control body that ensures a balance between genders, pursuant to the provisions of article 148, paragraph 1-bis of the Consolidated Law on Finance., available at https://centralelatteitalia.com/investor-relations/.

The composition of the Management Control Committee at the date of the Report complies with these provisions on gender balance.

For a detailed description of the information on the diversity of the members of the company's administrative, management and supervisory bodies, see paragraph GOV-1 The role of the administrative, management and supervisory bodies in the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

Independence

The aforementioned Policy on the Composition of the Management Control Committee also provides that 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 independence requirements established for Directors in Recommendation 7 of the Corporate Governance Code.

Moreover, at least one member of the Management Control Committee must be registered as a statutory auditor. For the purposes of Art. 1, para. 3, of Ministry of Justice Decree No. 162 of 30 March 2000, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected or related to the Company's business and referred to in the corporate purpose must be considered to be closely related to those of the business carried on by the Company.

Verification of these requirements is carried out immediately after their appointment and annually thereafter. As per the last evaluation on 17 March 2025, it was possible to confirm the independence of all members of the Management Control Committee.

In making the above assessment, all the information provided by each member of the Management Control Committee was taken into account, applying all the criteria set out in the Corporate Governance Code with respect to the independence of Directors, as set out in the Recommendation.

Remuneration

As resolved by the Shareholders' Meeting of 29 April 2024, the remuneration of the members of the Management Control Committee is appropriate to the expertise, professionalism and commitment required by the importance of the role held, the size and sector of the Company, as well as its situation.

Management of interests

Any members of the Management Control Committee who, on their own behalf or on behalf of third parties, has an interest in a particular transaction of the Company is required to promptly and exhaustively inform the other members, as well as the Chair of the Board of Directors, about the nature, terms, origin and scope of the interest.

11.3 POSITION

The Management Control Committee met 4 times during the 2024 financial year and mainly performed the following activities:

- Monitored the adequacy of the company's organisational structure, its internal control system and its administrative and accounting system.
- Monitored the work of the Executive Directors in order to verify that the principles of proper administration were fully and constantly observed and that everything was carried out in full legitimacy.
- Met with the Supervisory Body, the Head of the Internal Audit Function, the Head of Internal Control, the Auditing Firm and the Financial Reporting Officer, also to exchange information.

For a detailed description of the roles and responsibilities of the administration, management and supervisory bodies in overseeing the procedures to manage risks, impacts and opportunities, as well as how these bodies are informed about sustainability matters and how these matters are addressed, see paragraph GOV-1 The role of the administrative, management and supervisory bodies of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

12. SHAREHOLDER RELATIONS

Access to information

The Issuer has created an online section on its website that is easily identifiable and accessible and which contains information about the Company that is relevant to its shareholders, in order to allow them to exercise their rights in an informed manner.

This section is available at https://centralelatteitalia.com/investor-relations/.

The Issuer has appointed a person responsible for managing relations with shareholders as Investor Relator, in the person of Mr Fabio Fazzari.

The Issuer has also entered into a contract with Barabino & Partners, a leading consulting firm in the field of communications, to best convey relevant information and news, both in terms of form and dissemination through the main press organs.

Dialogue with shareholders

Pursuant to Recommendation 3 of the Corporate Governance Code, the Company adopted a Shareholder Dialogue Policy aimed at governing CLI's current and potential means of dialogue, in order to boost, ensure and promote the exchange of information in the most appropriate forms and improve the level of mutual understanding between investors and the Company in compliance with applicable regulations, including those on market abuse, all to achieve and encourage the exchange of ideas and foster the generation of value in the medium to long term.

Specifically, in addition to indicating the communication channels through which the Company engages in dialogue with the market, as well as the issues that may be the subject of such exchanges, the aforesaid Policy provides for the possibility that the dialogue may even be initiated at the request of the market, governing the related request procedures.

This policy is available at https://centralelatteitalia.com/investor-relations/.

For a detailed description of how stakeholder interests and opinions are taken into account in the strategy and business model, see section SBM-2 - Interests and views of stakeholders of the Sustainability Report pursuant to Italian Legislative Decree no. 125/24.

13. SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 1, letter l) and paragraph 2, letter c), of the TUF)

Pursuant to the provisions of applicable laws, an ordinary session of the Shareholders' Meeting has the authority to approve the financial statements, to appoint and dismiss directors and the Chair of the Management Control Committee, determine the remuneration of the directors and decides on anything else within its competence under the law. An extraordinary session of the Shareholders' Meeting will deliberate on amendments to the articles of association, as well as on everything reserved to its competence by law.

The Shareholders' Meeting resolves on all matters ascribed to its competence by law and by the Articles of Association.

Each share gives the right to one vote, except for the shares with enhanced increased voting rights, as detailed in Section 2, letter (d) above.

For each shareholders' meeting the Company designates a party to which the shareholders may delegate a proxy with instructions on how to vote for all or some of the items on the agenda, providing such information in the notice of call.

The Shareholders' Meeting may be held in several different places, contiguous or distant, connected both by audio and video, under the following conditions, which must be acknowledged in the minutes:

- The chair and the secretary of the meeting, who draw up the minutes, are present in the same place.
- The chair is able to ascertain the identity and standing of the persons attending, to direct the progress of the meeting and to establish and announce the results of the voting.
- The Secretary can correctly record the events of the shareholders' meeting.
- Those present may take part in the discussion and vote simultaneously on the items on the agenda and may view, receive or transmit documents.
- The notice of the meeting must indicate the places connected by audio/video link by the company where the participants can gather, the meeting being deemed to be held in the place where the chair and secretary are located.
- An attendance sheet is completed in every place.

In the notice of call the Board of Directors may establish that participation and the exercise of voting rights at Shareholders' Meetings be made exclusively by means of proxy (or sub-proxy) of voting rights to a party serving as a designated representative pursuant to the applicable regulations.

Without prejudice to the foregoing, if the Board of Directors avails itself of the power referred to in the preceding paragraph, in the notice of the Shareholders' Meeting the Board of Directors may establish that participation in the Shareholders' Meeting by the entitled parties in accordance with the law and the articles of association (including the directors, the statutory auditors, the notary public, the designated representative and other parties permitted to attend the shareholders' meeting) also takes place or must take place only by means of teleconference and/or video conference if this is permitted by the law and/or regulatory provisions in force from time to time. In this case, it must be ensured that:

- The chair is able to ascertain the identity and standing of the persons attending, to direct the progress of the meeting and to establish and announce the results of the voting.
- The Secretary is able to adequately perceive the events of the meeting being minuted.

- Those present may take part in the discussion and vote simultaneously on the items on the agenda and may view, receive or transmit documents.

As of the date of this Report, there have been no cases in which shareholders controlling the Issuer have submitted proposals to the Shareholders' Meeting on matters for which the Directors had not made a specific proposal.

As of the date of the Report, the Issuer has not proposed – for the approval of the Shareholders' Meeting – rules governing the conduct of Shareholders' Meetings.

The Shareholders' Meeting of 29 April 2024 was attended by all members of the Board of Directors.

In the 2024 financial year the Board of Directors decided to ask the Shareholders' Meeting to approve the change of the administration and control system from the traditional to the so-called "one-tier" model. This proposal was approved by the Extraordinary Shareholders' Meeting on 29 April 2024.

Moreover, the Board of Directors proposed to the same Shareholders' Meeting of 29 April 2024 to approve – in an extraordinary session – the introduction of the so-called enhanced increased voting rights envisaged by the new Article 127-*quinquies* of the TUF as amended by Italian Law no. 21 of 5 March 2024 (so-called Capital Law).

14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, paragraph 2, letter a), second part of the TUF)

The Issuer has not applied any other corporate governance practices than those indicated in the previous Sections of this Report.

15. CHANGES SINCE THE REPORTING DATE

There have been no other changes to the corporate governance structure since the end of the period aside from those reported in the specific Sections.

16. COMMENTS ON THE LETTER OF 17 DECEMBER 2024 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

At the meeting of 17 March 2025, the Chair brought the Chair of the Corporate Governance Committee's letter of 17 December 2024 to the attention of the Board of Directors and the Management Control Committee.

Below are the Company's considerations and the initiatives taken regarding the recommendations of the Committee.

On the subject of the completeness of the information distributed before board meetings, the Committee invites *"the companies to provide all useful information on how Recommendation 11 is applied, bearing in mind that the failure to establish deadlines for the prior distribution of the information to the board and committees and/or the failure to provide information on the actual compliance with the deadlines and/or the provision in the board rules or adopted in practice of the possibility to waive such deadlines for distribution for confidentiality reasons may result in the waiver of Recommendation 11 of the Code. In the event of such waiver, companies are invited to clearly state this in the corporate governance report, explaining: the reasons for the waiver, how the decision to waive was made within the company, and how compliance with Principle IX of the Code is to be ensured".*

On 10 September 2021 the Board of Directors adopted its own rules, which were subsequently updated due to the transition to the so-called "one-tier" administration and control system, which among other things governs the timing of the distribution of supporting documentation for board meetings to the members of the Board of Directors and the Management Control Committee, timing that is set out in Section 4.4 and that is duly observed.

On the issue of transparency and effectiveness of the remuneration policy, the Committee invites *"companies to provide all useful information on how Recommendation 27 is applied, bearing in mind that the provision in the remuneration policy of variable components linked to generic sustainability objectives for which the specific assessment parameters are not provided and/or one-off extraordinary disbursements whose nature and objectives are not identified and adequate deliberative procedures are not defined may result in the waiving of Recommendation 27 of the Code. In the event of actual waiver, companies are therefore invited to expressly state this in the corporate governance report, explaining: the reasons, how the decision to waive was made within the company, and how it is intended to ensure compliance with Principle XV of the Code".*

Since the 2020 financial year, on the proposal of the Remuneration and Appointments Committee, the Company's Board of Directors has identified clear and specific qualitative performance objectives in the area of environmental and social sustainability that CLI aims to achieve every three years, linking the achievement of these objectives to the payment of a portion of the variable component.

On the subject of the executive role of the Chair, the Committee invites *"companies to provide all useful information on how Recommendation 4 is applied, bearing in mind that the lack of a suitably reasoned explanation of the choice to attribute significant management powers to the Chair (whether CEO or not) may constitute a waiver of Recommendation 4 of the Code. In the event of actual waiver, companies are therefore invited to clearly state this in the corporate governance report, explaining: the reasons, how the decision to waive was made within the company, and how it is intended to ensure compliance with Principles V and X of the Code".*

The Issuer, which falls under the category of companies with concentrated ownership, has decided to grant significant management powers to the Chair of the Board of Directors due to the managerial experience gained by the latter over the years, as well as to the fact that the Chair is the founder of the Newlat Group, to which the Company belongs, and therefore has and in-depth knowledge of its workings. In any case, for full and effective operation the Chair is supported by two other Executive Directors.

TABLE 1: OWNERSHIP STRUCTURE INFORMATION

ON 17 MARCH 2025

STRUCTURE OF THE SHARE CAPITAL				
	No. of shares	No. of voting rights	Listed (show market) /unlisted	Rights and obligations
Ordinary shares (specifying whether voting rights may be increased)	14,000,020	25,500,171	Listed on Euronext Milan	Increased vote pursuant to Article 5 of the Articles of Association[3]
Preferred shares	0	0	-	-
Multiple-vote shares	0	0	-	-
Other categories of shares with voting rights	0	0	-	-
Savings shares	0	0	-	-
Convertible savings shares	0	0	-	-
Other categories of non-voting shares	0	0	-	-
Other	0	0	-	-

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly issued shares)				
	Listed (show market) /unlisted	No. of instruments issued	Category of shares in service of the conversion/exercise	No. of shares in service of the conversion/ exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

[3] See paragraph 2 (d) of this Report.

SIGNIFICANT EQUITY INVESTMENTS			
Declarant	Direct shareholder	Holding % of the ordinary capital	Holding % of the voting capital
Angelo Mastrolia	Newlat Food S.p.A.	67.74%	74.27%
Municipality of Florence	Municipality of Florence	12.31%	13.51%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors													
Position	**Members**	**Year of birth**	**Date of first appointment (*)**	**Start of term**	**End of term**	**Slate (presenters) (**)**	**Slate (M/m) (***)**	**Exec.**	**Non exec.**	**Indep. Code**	**Indep. TUF**	**No. of other posts (****)**	**Participation (*****)**
Chair •	Angelo Mastrolia	1964	29.04.2020	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	Direct	M	x				13	5/5
Vice Chair	Giuseppe Mastrolia	1989	29.04.2020	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	Direct	M	x				6	5/5
Chief Executive Officer	Stefano Cometto	1972	29.04.2020	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	Direct	M	x				5	5/5
Director	Benedetta Mastrolia	1995	29.04.2020	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	Direct	M		x			3	5/5
------------------- DIRECTORS WHO LEFT OFFICE DURING THE YEAR -------------------													
Director	Edoardo Pozzoli	1982	2019	27.04.2023	29.04.2024	Direct	M		x			1	1/5

Indicate the number of meetings held during the year: 5

Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to Article 147-ter of the TUF): shareholders that alone or together with others hold a total of shares with voting rights representing at least 2.5% (two point five per cent) of the capital with voting rights in the ordinary shareholders' meeting.

NOTES

The following symbols must be inserted in the "Position" column:

• This symbol indicates the director responsible for the internal control and risk management system.

(*) The date of first appointment of each director is the date on which the director was appointed for the very first time to the Issuer's Board of Directors.

(**) This column indicates whether the slate from which each director was drawn was submitted by shareholders (specifying "Shareholders") or by the Board of Directors (specifying "BoD").

(***) This column indicates whether the slate from which each director was drawn is "majority" (specifying "M") or "minority" (specifying "m").

(****) This column shows the number of directorial or statutory auditor positions held by the person concerned in other listed companies or of significant size. The Corporate Governance Report provides more details on these positions.

(*****) This column indicates the attendance of directors at board meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE YEAR

BoD		Executive Committee		RPT Committee		Control and Risks Committee		Remuneration Committee		Remuneration and		*Other committee*		*Other committee*	
Position/Qualification	**Members**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**
Independent as per TUF and Code	Anna Claudia Pellicelli	N/A	N/A	1/1	M	2/2	M	1/1	C	1/1	C	-	-	-	-
Independent as per TUF and Code	Valeria Bruni Giordani	N/A	N/A	1/1	C	2/2	M	1/1	M	1/1	M	-	-	-	-
Independent as per TUF and Code	Giovanni Maria Rayneri	N/A	N/A	1/1	M	2/2	C	1/1	M	1/1	M	-	-	-	-
------------------- DIRECTORS WHO LEFT OFFICE DURING THE YEAR -------------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
---------------ANY MEMBERS WHO ARE NOT DIRECTORS---------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES
(*) This column indicates the attendance of directors at committee meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).
(**) This column shows the status of the director within the committee: "P": chair; "M": member.

TABLE 4: STRUCTURE OF THE MANAGEMENT CONTROL COMMITTEE AT THE END OF THE YEAR

Management Control Committee									
Position	**Members**	**Year of birth**	**Date of first appointment (*)**	**Start of term**	**End of term**	**Slate (M/m) (**)**	**Indep. Code**	**Attendance at Committee meetings (***)**	**No. of other posts (****)**
Chair	Giovanni Rayneri	1963	26.04.2018	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	M	x	4/4	3
Component	Valeria Bruni Giordani	1974	29.04.2020	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	M	x	4/4	1
Member ○	Anna Claudia Pellicelli	1965	29.04.2021	29.04.2024	Shareholders' Meeting to approve the 2026 financial statements	M	x	4/4	1
--------------------STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR-------------------									
Chair	Deborah Sassorossi	1967	26.04.2018	29.04.2021	29.04.2024	m	x	N/A	7
Standing Auditor	Ester Sammartino	1966	29.04.2021	29.04.2021	29.04.2024	M	x	N/A	6
Alternate Auditor	Massimo Carlomagno	1965	29.04.2021	N/A	29.04.2024	M	x	N/A	N/A
Alternate Auditor	Michela Rayneri	1969	26.04.2018	N/A	29.04.2024	M	x	N/A	N/A

Indicate the number of meetings held during the year: 4

Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to Article 148 of the TUF): shareholders that alone or together with others hold a total of shares with voting rights representing at least 2.5% (two point five per cent) of the capital with voting rights in the ordinary shareholders' meeting.

NOTES

○ This symbol indicates the Lead Independent Director (LID)

(*) The date of first appointment of each statutory auditor is the date on which they were appointed for the very first time to the Issuer's supervisory board.

(**) This column indicates whether the slate from which each member of the Management Control Committee was drawn is "majority" (specifying "M") or "minority" (specifying "m").

(***) This column indicates the attendance of members at meetings of the Management Control Committee (indicate the number of meetings attended out of the total number of meetings that should have been attended; e.g. 6/8, 8/8 etc.).

(****) This column shows the number of director or statutory auditor positions held by the person in question pursuant to article 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulation. The full list of positions is published by Consob on its website in accordance with article 144-quinquiesdecies of the Consob Issuers' Regulation.

Annex A - List of the main positions held by the Directors

List of the main positions held, at the date of this Report, by each Director in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	*Status*
Angelo Mastrolia	Newlat Food S.p.A.	Chair of the Board of Directors	In office
	Newlat GmbH	Director	In office
	Princes Limited	Chair	In office
	Princes Italia S.p.A.	Chair of the Board of Directors	In office
	Princes Foods B.V.	Director	In office
	Princes Holding (Rotterdam) B.V.	Director	In office
	Symington's Ltd	Managing Director	In office
	EM Foods S.A.S.	Chair	In office
	Newlat Group SA	Sole Director	In office
	Newservice S.r.l.	Chair of the Board of Directors	In office
	New Property S.p.A.	Chair of the Board of Directors	In office
	TMT Property S.r.l.	Chair of the Board of Directors	In office
	Latterie Riunite Piana del Sele S.r.l. in liquidation	Liquidator	In office
	Biochemia System S.r.l.	Sole Director	In office
	ABGM Group S.A.	Sole Director	In office
	CFR Hypermarché S.A.	Sole Director	In office
	TMT Group S.A.	Sole Director	In office
Giuseppe Mastrolia	Newlat Food S.p.A.	Chief Executive Officer	In office
	Newlat GmbH	CEO	In office
	Princes Tuna (Mauritius) Limited	Director	In office
	Princes Limited	Director	In office

	Princes Italia S.p.A.	Vice Chair of the Board of Directors	In office
	Symington's Ltd	CEO	In office
	EM Foods S.A.S.	Managing Director	In office
	New Property S.p.A.	Vice Chair of the Board of Directors	In office
	TMT Property S.r.l.	Director	In office
Stefano Cometto	Newlat Food S.p.A.	Chief Executive Officer	In office
	New Property S.p.A.	Chief Executive Officer	In office
	Princes Italia S.p.A.	Chief Executive Officer	
	Newservice S.r.l.	Director	In office
	RA Creations S.r.l.s in liquidation	Liquidator	In office
	Gopura Consulting Srl.s	Sole Director	In office
Benedetta Mastrolia	Newlat Food S.p.A.	Director	In office
	Symington's Ltd	Director	In office
	Princes Limited	Director	In office
		Corporate Secretary	In office
	Princes Italia S.p.A.	Director	In office
	New Property S.p.A.	Director	In office

Annex B - List of main offices held by members of the Management Control Committee

List of the main positions held at the date of this Report by each members of the Management Control Committee in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	*Status*
Giovanni Rayneri	Ahlstrom Italia S.p.A.	Statutory Auditor	In office
	Laboravi Fidenter 2 S.p.A.	Statutory Auditor	In office
	Zanichelli Editore S.p.A.	Statutory Auditor	In office
Anna Claudia Pellicelli	Novacoop Società Cooperativa	Director	In office
Valeria Bruni Giordani	GAL S.p.A.	Director	In office

SEPARATE SUSTAINABILITY REPORT

Drafted pursuant to Italian Legislative Decree 125/24

ESRS 2 – GENERAL DISCLOSURES

ESRS 2 BP-1 - General basis for preparation of the sustainability statements

Preparation of the Separate Sustainability Report

The Separate Sustainability Report (hereinafter also referred to as "Sustainability Report", "Report", "Document" or "Statement") was prepared pursuant to Italian Legislative Decree no. 125/2024 and forms an integral part of the 2024 Report on Operations.

The Statement is prepared annually in accordance with the European Sustainability Reporting Standards (ESRS) with the aim of providing a clear understanding of the activities of Centrale del Latte d'Italia S.p.A. (hereinafter also "Centrale del Latte", "CLI" or "Company") and its material sustainability matters.

The dual materiality assessment, the process and results of which are explained in the "Materiality Assessment Process Disclosure" section, takes into account ESRS data points that include, where appropriate, considerations of the value chain in addition to direct company operations.

The Sustainability Report is subject to a Limited Audit by PricewaterhouseCoopers S.p.A. in accordance with the Standard on Sustainability Assurance Engagement - SSAE (Italy), and the report is available in the relevant section at the end of this Separate Sustainability Report.

Structure of the Sustainability Report

The Report is structured in four sections: "General Information", "Environmental Information", "Social Information", "Governance Information", in accordance with the provisions of Appendix D: Structure of the ESRS sustainability statement of the ESRS 1 standard.

Characteristics of the disclosures provided

The information reported in the Report respects the qualitative characteristics set out in Appendix B of ESRS 1, such as: relevance, faithful representation, comparability, verifiability and understandability.

The intervals for the short, medium and long term used in its Sustainability Report coincide with the time horizons defined by ESRS 1, "General requirements" Section 6.4:

- Short term: 1 year from the end of the reporting period.
- Medium term: up to 5 years after the end of the reporting period.
- Long term: more than 5 years from the end of the reporting period.

Where the metrics presented have been obtained from estimates or are subject to measurement uncertainties, CLI has reported the specific assumptions, approximations and sources of uncertainty with specific notes. Note that the quantitative environmental and social data have not been audited by third parties other than the auditing firm as part of the assurance of this document.

For the purpose of reporting forward-looking information in accordance with ESRS, directors are required to prepare this information on the basis of assumptions described in individual sustainability reporting regarding events that may occur in the future and possible future actions by the Company. Due to the uncertainty associated with any future event, both in terms of the occurrence of the event and the extent and timing of its occurrence, deviations between actual values and forward-looking information could be significant.

Quantitative and qualitative information was gathered through the sharing of reporting packages in order to fulfil the requirements of the reporting standards.

The Impacts, Risks and Opportunities (IROs) subject to disclosure were identified through a dual materiality assessment. More information on the methodology adopted to conduct the analysis can be found in the section "Information on the materiality assessment process".

In assessing impacts, risks and opportunities, the Company considered the entire value chain.

To date, the Sustainability Report covers only part of the information related to Centrale del Latte d'Italia's upstream and downstream value chain. Pursuant to the transitional provision in ESRS 1, Section 10.2, CLI disclosed information on the upstream and downstream value chain by referring only to internal or publicly available data on impacts, risks and opportunities.

Furthermore, as this is the first year of reporting under the CSRD, the information on the value chain is presented in qualitative form only. This is also due to the fact that many of the Company's suppliers are small and medium-sized companies that are not yet fully structured for the level of reporting required by the regulations.

The Centrale del Latte d'Italia Value Chain

The main resources used by the Company for its activities include agricultural land, water, human capital, energy and fossil resources such as oil and fuel, as well as industrial raw materials such as metals, minerals and timber. CLI's value chain originates in the agricultural sector, through the cultivation of agri-food products and cattle breeding for milk production. These raw materials form the basis for production and are processed with the addition of chemical ingredients such as sugar, dextrose, non-dairy drinks and flavourings.

In parallel, the company procures primary and secondary packaging materials that are essential for the optimal packaging and preservation of products, including plastic, paper, cardboard, glass, metals and poly-bonded materials. The operation of production facilities also requires the use of energy sources such as natural gas, electricity and diesel oil, which are essential to ensure efficiency and continuity of operations.

Finally, the production chain relies on additional supplies, including components for plant and machinery maintenance, technical and management support services, as well as logistics partners that ensure the transport of raw materials and ingredients to the production plants. The added value from the company's own operations consists in the processing of raw materials and ingredients to produce food products for customers and end consumers.

Once the production is complete, the products are distributed to the various points of sale. The final product is then consumed, generating packaging waste, while the entire production process involves the

production of industrial waste, emissions and waste water treatment, aspects that require careful management to minimise environmental impact.

As far as PATs (Policies, Actions, Targets) are concerned, some of them extend to the supply chain, in particular those related to sustainable sourcing targets for critical raw materials, such as palm oil or its derivatives and cocoa. More details on these initiatives can be found in the chapters on material sustainability matters.

Finally, the Company did not make use of the option to omit specific information corresponding to intellectual property, know-how or innovation results.

Scope of reference and approval

For the 2024 financial year (1 January to 31 December 2024), for the first time Centrale del Latte d'Italia is presenting its Sustainability Report following the requirements set by the European Sustainability Reporting Standards ("ESRS"), in line with Directive EU 2022/2464, Corporate Sustainability Reporting Directive ("CSRD"). CLI is making use of the transitional provision in ESRS 1, Section 10.3, and no comparisons with metrics from previous periods will be presented, also in view of the fact that this is the first year of individual reporting for the company, which was previously included in the consolidated report of the parent company Newlat Food.

The Report is submitted together with the dual materiality assessment to the Board of Directors of Centrale del Latte d'Italia S.p.A. for approval.

The Control and Risks Committee reviews the general layout of the Sustainability Report, as well as the completeness and transparency of the information, issuing a prior opinion for approval by the Board of Directors.

The sustainability commitments primarily include an integration process aimed at standardising existing policies as far as possible, ensuring consistency and synergies within the Group.

ESRS 2 BP-2 - Disclosures in relation to specific circumstances

As already specified in section "ESRS 2 BP-1 - Basis for preparation", the concept of short, medium and long term used by CLI in the Sustainability Report coincides with the time horizons defined by ESRS 1, Section 6.4.

Information on the value chain is presented in qualitative form, with the aim of progressively implementing a process that allows the reporting of quantitative metrics on an annual basis. This approach is due to the fact that this is the first year of reporting in accordance with CSRD and that most of the actors involved, especially upstream in the chain, are small and medium-sized enterprises, many of which do not yet have an adequate structure for collecting this data.

With regard to metrics related to the company's activities, where they have been obtained through estimates or subject to measurement uncertainties, Centrale del Latte d'Italia has indicated the specific assumptions, approximations and sources of uncertainty in the notes within the relevant paragraphs. Where information has been incorporated by reference in this Report, such inclusions comply with the provisions set forth in ESRS 1, Section 9.1 "Incorporation by reference".

No changes are reported in the preparation and presentation of the sustainability information. In fact, the Company has adopted the metrics set out in the ESRS, without introducing additional specific indicators. CLI also makes use of the transitional provision in ESRS 1, Section 10.4, for the following metrics included in Appendix C, “List of phased-in Disclosure Requirements”, contained in ESRS 1. Paragraph 17 of ESRS 2 BP-2 “Use of phase-In provisions in accordance with Appendix C of ESRS 1” was also considered, according to which for topics assessed as material among those covered in ESRS E4, S1, S2, S3, S4, items (a) to (e) are reported, where applicable.

The following table reports the disclosure requirements (DR) and data points subject to transitional provisions and the disclosure requirements (DR) and data points not considered material:

DR		DP	Reason
E1-6	Gross GHG emissions of scope 1, 2, 3 and total GHG emissions	44c / 45c / 51	Phase-in
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	64 (a) - 70	Phase-in
E2-6	Anticipated financial effects from material pollution-related risks and opportunities	36 - 41	Phase-in
E3-5	Anticipated financial effects from material water and marine resources-related risks and opportunities	30-33 (c)	Phase-in
E4	Biodiversity and ecosystems	All disclosure requirements	Phase-in
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities	41-43 (c)	Phase-in
E2-4	Air, water and soil pollution (Microplastics)	28 (b)	The issues were found to be non-material for the Company following the dual materiality assessment
E2-5	Air, water and soil pollution (Substances of concern and substances of very high concern)	32-35	
S1	Own workforce	All disclosure requirements except S1-6, S1-8, S1-9, S1-14, S1-17	Phase-in
S1-4	Health and safety metrics	88 e) 86-90 for non-employees	Phase-in

S2	Workers in the value chain	All disclosure requirements	Phase-in
S3	Affected communities	All disclosure requirements	Phase-in
S4	Consumers and end-users	All disclosure requirements	Phase-in

ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies

The Company has adopted a one-tier governance model in line with the Corporate Governance Code drawn up by the Committee for the Corporate Governance of Listed Companies, with a Board of Directors committed to protecting and promoting stakeholders' interests.

THE BOARD OF DIRECTORS

The Board of Directors is the main governing body of the Company, with responsibility for supervising the activities of management and making high-level strategic decisions. It operates in compliance with current law, the articles of association and the recommendations of the Italian Stock Exchange's Corporate Governance Code, ensuring effective corporate management.

The Board of Directors acts with the objective of creating value for the shareholders, reporting on management at the Shareholders' Meeting.

Management Control Committee (MCC)

In its meeting of 18 March 2024, the Board of Directors considered the move to a one-tier system because it would improve the quality of governance by simplifying the company's organisational, administrative and accounting structures, ensuring a high level of transparency and more effective controls through complete and constant information flows, and overcoming the inefficiencies caused by the existence of a body separate from the governing body.

This system of governance also contributes to increasing the company's international recognition, which makes it more attractive to potential international investors.

The one-tier governance system is characterised by the presence of a Board of Directors, which is responsible for strategic supervision and management functions, and a Management Control Committee established within the same Board, which performs control functions.

The Shareholders' Meeting resolved in favour of amending the Articles of Association and adopting the one-tier governance system on 29 April 2024.

Key Roles in the Board of Directors

- **Chair of the Board**: leads the Board meetings, facilitates discussions and ensures the effective functioning of the body. Furthermore, this person acts as the main interlocutor between the Board and management.

- **Non-Executive Directors**: are not involved in operational management, but bring an independent point of view and monitor management performance.
- **Independent Directors**: represent a sub-category of non-executive directors, not having material ties to the Company or its shareholders of reference, thus ensuring independence and objectivity in strategic decisions.

Board Committees

The Board of Directors has set up the committees envisaged in the Corporate Governance Code, delegating them specific decision-making support and control functions:

- **Control and Risks Committee (CRC)**: assists the Board in evaluations and decisions concerning the Internal Control and Risk Management System, the approval of financial statements and periodic financial reports, as recommended in the Corporate Governance Code,[4] as well as in relations with the auditing firm.
- **Remuneration and Appointments Committee (RAC)**: plays an advisory and proposing role in determining the composition of the Board and the remuneration policy for directors and executives with strategic responsibilities. The Committee ensures the application of the principles of good governance and monitors the transparency of the remuneration system.
- **Related-Party Transactions Committee (RPT Committee)**: ensures the propriety of related-party transactions, expressing opinions on the Company's interest, appropriateness and propriety of contractual conditions.

The Company's Board of Directors is composed as follows:

Name	**Position**	**Executive/Non-Executive**	**Independent**	**Age group**	**Gender**	**Committees**
Angelo Mastrolia	Chair of the Board and Director	Executive	No	>50	M	
Giuseppe Mastrolia	Chief Executive Officer and Director	Executive	No	30-50	M	
Stefano Cometto	Chief Executive Officer and Director	Executive	No	30-50	M	
Benedetta Mastrolia	Director	Non-Executive	No	<30	F	
Valeria Bruni Giordani	Director	Non-Executive	Yes	>50	F	CRC RAC MCC Chair RPTC

[4] Recommendation 32 (c), Corporate Governance Code, January 2020.

Anna Claudia Pellicelli	Director	Non-Executive	Yes	>50	F	CRC Chair RAC MCC RPTC
Giovanni Maria Rayneri	Director	Non-Executive	Yes	>50	M	CRC Chair RAC MCC Chair RPTC

An analysis of the composition of the Board of Directors shows the diversification of Board members, consistent with corporate governance best practices:

- Breakdown by gender:
  - Males: 4 (57.1%)
  - Females: 3 (42.9%)
- Breakdown by independent directors:
  - Independent: 3 (42.9%)
  - Not independent: 4 (57.1%)
- Breakdown by executive and non-executive directors:
  - Executive: 3 (42.9%)
  - Non-Executive: 4 (57.1%)

Consistent with current law, there is no provision for the representation of employees and other workers on the Board of Directors.

The responsibilities of the governing bodies with respect to sustainability issues and the pursuit of the corporate mission are laid down in the Sustainability Policy and in the rules of the board committees.

The members of the Board of Directors have a balanced combination of managerial and professional profiles, with complementary expertise such as to guarantee the proper and diligent performance of the functions incumbent upon them, including those related to the ESG sphere.

The Board members have significant experience in industry, finance, accounting, legal, HR, governance and sustainability. These skills were also developed in international contexts.

	Angelo Mastrolia	Giuseppe Mastrolia	Stefano Cometto	Benedetta Mastrolia	Anna Claudia Pellicelli	Valeria Bruni Giordani	Giovanni Maria Rayneri
Industrial experience	X	X	X	X	X	X	X
Finance, Accounting	X		X	X	X	X	X

and Risk Management							
Corporate Governance	X	X	X	X	X	X	X
Legal & Compliance	X		X		X	X	X
Human Capital	X	X	X		X	X	X
Sustainability	X	X	X	X	X	X	X
International experience	X	X		X	X		X

In 2024 no specific induction sessions were organised for board members. However, the regular meetings of the board committees provided valuable opportunities for the in-depth analysis and discussion of issues and skills considered central to the Company, including those related to ESG aspects, which are closely linked to material impacts, risks and opportunities.

SUSTAINABILITY GOVERNANCE

In the context of an increasing focus on environmental, social and governance (ESG) aspects, the Company has developed a governance model that integrates sustainability into business strategies and decision-making processes. The objective is to ensure responsible management of **impacts, risks and opportunities (IROs)** through the methodological approach of the double materiality assessment, promoting transparency, accountability and stakeholder engagement.

Within the scope of the extensive functions conferred upon it by the legal system, the Board of Statutory Auditors is responsible for ensuring compliance with regulations, including sustainability reporting obligations. This includes verifying compliance with reporting standards, monitoring the reporting process and certifying compliance.

Both the Board of Directors and the Board of Statutory Auditors, autonomously and independently, regularly conduct self-assessments of their operation and composition. This process also considers the specific skills and experience within each body, including those crucial for sustainability.

Furthermore, to ensure a structured approach aligned with international best practices, the parent company Newlat Food S.p.A. has set up specific bodies with key roles in the supervision and management of ESG issues, including the **Control, Risk and Sustainability Committee** and the Management Committee known as the **ESG Steering Committee**. These bodies work in synergy with the Board of Directors to monitor business risks, ensure regulatory compliance and foster the company's sustainable success.

More specifically, the **Control, Risk and Sustainability Committee** of the Parent Company supports the Board of Directors in supervising the internal control and risk management system, with a focus on ESG risks and regulatory compliance. Its main responsibilities include:

- Assessment of corporate risks, including ESG risks, and support for the Board of Directors' strategic decisions on their management.
- Review of periodic, financial and sustainability reporting to ensure proper representation of the business model, corporate strategies, impacts and performance.
- Monitoring of the sustainability reporting system, with particular reference to and risks associated therewith.
- Review and evaluation of internal audit reports, as well as the possible assignment of audits to specific operational areas.
- Periodic report to the Board of Directors on the adequacy of the internal control system and risk management.

In contrast, the **ESG Steering Committee**, composed of seven members (including the Financial Reporting Officer, Internal Audit and a director of Centrale del Latte d'Italia S.p.A.) of the Parent Company, has the task of discussing, guiding and monitoring environmental, social and governance (ESG) issues, ensuring the integration of the relevant principles into company operations and decision-making processes. Its main responsibilities include:

- Assessment and monitoring of ESG impacts and risks, with the development of dedicated corporate policies.
- Supervision of the sustainability reporting system in accordance with the CSRD, including the collection and validation of the necessary data.
- Stakeholder engagement and management of related relationships.
- Definition and monitoring of the company's greenhouse gas emission reduction targets.
- Analysis of the ESG impact on procurement strategies.

The ESG Steering Committee reports regularly to the Parent Company's Control, Risk and Sustainability Committee and the Company's Control and Risks Committee ensuring transparency and accountability towards stakeholders.

Pursuant to Italian Law 262/05, the **Financial Reporting Officer** has been identified as the person responsible for the adequacy and compliance of the internal control system overseeing the financial reporting system. This person is also assigned the task introduced by Italian Legislative Decree. 125/24 of being responsible for the internal control system, overseeing sustainability reporting in order to guarantee accuracy, completeness and timeliness of disclosure, ensuring transparency and trust with stakeholders.

ESRS 2 GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Board of Directors governs the pursuit of sustainable success. At least once every six months, the Board of Directors and the Management Control Committee are informed by the Parent Company's Control, Risk and Sustainability Committee about material impacts, risks and opportunities, the implementation of due diligence, and the results and effectiveness of the policies, actions, metrics and targets adopted to address them. The Control, Risk and Sustainability Committee is in turn in contact with the ESG Steering Committee, composed of Company managers, which has the operational task of overseeing and putting the company's ESG policies into practice.

The Control and Risks Committee receives regular reports concerning impacts and risks generated or suffered by the company. The interlocutors are those responsible for control as defined by the internal control and risk management system, i.e. Risk Management, Internal Audit and specially organised management committees, including the ESG Steering Committee.

There are regular discussions (at least every six months) between the ESG Steering Committee and the Control and Risks Committee. During these meetings, the main impacts, risks and opportunities are discussed and illustrated, and significant changes to the Double Materiality exercise are evaluated.

In implementing the company's strategy, as well as in implementing plans and strategic choices, the Board of Directors, in consultation with management, takes into account the impacts, risks and opportunities of important transactions. Analyses include the choices made with impacts, risks and opportunities in mind.

During the reporting period, the administrative, management and supervisory bodies and their committees addressed the impacts, risks and opportunities that were found to be material. These impacts, risks and opportunities are reported in detail within each section dedicated to the various sustainability matters.

ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes

The Company has included sustainability objectives in the variable component of the remuneration policies of the Chair, Chief Executive Officers, non-executive directors (excluding independent directors) and executives with strategic responsibilities.

A variable component is envisaged for these figures, subject to the achievement of three-year targets approved by the Board of Directors. Within this variable portion, sustainability targets account for 30% and are as follows:

a) a. Maintenance of ISO 14001 certification.
b) b. Reduction of the ratio of CO_2 emissions to turnover.
c) c. Maintenance of the female-to-male gender ratio in line with the industry benchmark.

The Remuneration Policy is defined each year by the Board of Directors on the proposal of the Appointments and Remuneration Committee, and subsequently submitted to the ordinary Shareholders' Meeting for approval.

The Remuneration and Appointments Committee and the Board of Directors are responsible for implementing the Remuneration Policy, ensuring its proper application.

ESRS 2 GOV-4 - Statement on due diligence

Due Diligence in the Value Chain and Stakeholder Dialogue

The Newlat Food Group, of which the Company is a part, adopts a structured approach to due diligence within its Value Chain, with the aim of identifying, preventing and mitigating ESG (environmental, social and governance) impacts and risks along the entire supply chain, and to this end has implemented a Supplier Code of Conduct, also extended to Centrale del Latte d'Italia.

The Company ensures an anonymous reporting channel (whistleblowing) through which suppliers can report any violations of the Code of Conduct and regulations, thus strengthening the system of control and transparency along the supply chain.

With a view to continuous improvement, the Company is committed to harmonising its due diligence policies and processes in order to adopt a uniform integrated approach.

Stakeholder Dialogue and Impact Management

To meet the expectations of its stakeholders and ensure effective due diligence management in the supply chain, the Company maintains an ongoing dialogue with the identified stakeholders. Each type of stakeholder corresponds to a specific area of relations, aimed at ensuring a targeted and constructive dialogue.

On the one hand this dialogue allows the Company to improve awareness of impacts – both positive and negative – as well as risks and opportunities along its Value Chain, with a focus on the tiers further afield. On the other, it represents a fundamental tool for implementing improvement actions where critical issues emerge. For a more in-depth analysis of stakeholder engagement, see the section on Stakeholder Engagement in ESRS 2 SBM-2 - Interests and views of stakeholders.

A detailed overview of the impacts, risks and opportunities identified through the due diligence process and stakeholder dialogue can be found in ESRS 2 SBM-2 - Interests and views of stakeholders.

CORE ELEMENTS OF DUE DILIGENCE	**PARAGRAPHS IN THE SUSTAINABILITY STATEMENT**
a) **Embedding due diligence in governance, strategy and business model**	GOV-4 Statement on due diligence
b) **Engaging with affected stakeholders in all key steps of the due diligence**	GOV-4 Statement on due diligence
c) **Identifying and assessing adverse impacts**	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
d) **Taking actions to address those adverse impacts**	E1-2; E1-3; E2-1; E2-2; E3-1; E3-2; E4; E5-1; E5-2; S1-1; S1-3; S1-4; S2-1; S2-3; S2-4; S3-1; S3-3; S3-4; S4-1; S4-2; S4-4; G1-1
e) **Tracking the effectiveness of these efforts and communicating**	E1-4; E2-3; E3-3; E4; E5-3; S1-5; S2-5; S3-5; S4-5

ESRS 2 GOV-5 - Risk management and internal controls over sustainability reporting

The risks associated with the preparation of the Sustainability Report are an integral part of the company's internal control and risk management processes.

Therefore, each year the Company identifies and updates the risks related to the Sustainability Reporting process, measuring them in terms of impact and likelihood. In recent years CLI has begun to set up an internal control model, taking as a reference what already exists for financial data, whose reporting process is generally more mature than that of sustainability data. Specifically, documents have been drawn up that describe the roles and responsibilities for data collection and formalise the related controls necessary to ensure the robustness of the process. The Internal Audit function monitors the risks associated with reporting and the underlying processes and, together with the corresponding action plan to eliminate any deficiencies, shares the results of its activities with the Financial Reporting Officer and the Control and Risks Committee.

Centrale del Latte d'Italia adopted an Internal Control and Risk Management System (ICRMS) consisting of a set of rules, procedures and organisational structures designed to enable the Company to conduct its business correctly and in line with set objectives, using a suitable process for identifying, measuring, managing and monitoring the main risks.

In defining the strategic, business and financial plans, the Board of Directors has identified the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all risks that may be relevant to the short-, medium- and long-term sustainability of the Company's business.

Supporting the ICRMS is the Control and Risks Committee, which assists the Board of Directors in identifying a cross-cutting and integrated process for all company activities by implementing an Enterprise Risk Management (ERM) Model in order to measure, monitor and manage risks according to internationally recognised approaches. The Model is an instrument of the board of directors drawn up with the cooperation of all company functions, in order to have:

- A complete and up-to-date mapping of the risks the Company is exposed to.
- An evaluation and classification of them using common metrics aimed at identifying and prioritising measures to ensure their proper management.

Moreover, roles and responsibilities are defined within the company to ensure the proper identification and management of the main risks that could compromise the achievement of the company's objectives. The Risk Assessment performed assesses Strategic, Operational, Reporting and Compliance risks, also including ESG risks as noted above. This process supports CLI and the entire Group in achieving its performance and profitability targets, guaranteeing reliable economic and financial information and ensuring compliance with applicable laws and regulations. This process also helps to mitigate potential reputational damage and economic losses, strengthening the company's resilience. In view of this, the Internal Audit Department verifies the suitability of the ICRMS through an audit schedule that is approved by the Board of Directors and makes provision for regular reports containing sufficient information on the performance of its activities, as well as timely reports on events of particular importance. The Board of Directors annually assesses the effectiveness of the ICRMS and its suitability in view of the characteristics of the business based on information and evidence received with the support of the investigative activities performed by the Control and Risks Committee, the Head of Internal Audit and the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

Following is a summary of the main risks generated and suffered in relation to sustainability issues. The management methods in place, as well as the policies practised, have also been defined in order to mitigate the risks identified, and therefore to ensure business continuity and the achievement of corporate objectives.

Risk	Macro-topic
Acute physical risk from weather events that can damage production facilities and disrupt value chains	**E**
Risk of disruption to global supply chains: logistical and supply problems arising from global events such as pandemics or natural disasters	**E**
Risk of catastrophic events that may compromise company operations and cause permanent loss of company data	**E**
Chronic physical risk due to long-term climate change (rising temperatures, rising sea levels, reduced water availability, loss of biodiversity, changes in soils and their productivity)	**E**
Risk of increased costs and penalties related to increasingly stringent regulations to reduce emissions and negative impacts	**E**
Risk associated with the use of non-sustainable packaging: negative environmental impact resulting from the use of non-recycled, non-recyclable or non-biodegradable packaging	**E**
Risk of not meeting publicly declared ESG commitments	**D**
Risk of non-compliance with food safety and security regulations	**H**
Risk of lack of a due diligence process for supply chain compliance	**D**
Risk associated with possible incidents of corruption that damage the company's integrity	**D**
Risk of failure to respect human rights in the management of labour relations	**H**
Risks associated with poor management of labour relations and any other personnel-related issues	**H**
Risk of lack of attention and failure to protect and promote diversity and inclusion, ensuring fair treatment for all employees	**H**

ESRS 2 SBM-1 - Strategy, business model and value chain

Today, Centrale del Latte d'Italia is an important player in the Italian dairy sector. The main business units of the company are as follows:

- Milk Products
- Dairy Products
- Other Products

CLI operates mainly in the Italian market and has a marginal share of business in foreign markets. The recent acquisitions made by the parent company Newlat Food are also strategic for the company as it constantly benefits from the synergies generated by the new complementary business integrations. For details on the Company's value chain see the section “ESRS 2 BP-1 - General basis for preparation”.

Details on revenues per country and per business unit can be found in the relevant section of the Report on Operations. The entire workforce is located in Italy, where the company has its plants, geographically divided from north to south to offer a more widespread service.

The company uses resources along the value chain that are essential to its operations, including agricultural land, water, human capital, livestock, energy resources and industrial raw materials. Its value chain originates in the agricultural sector, mainly with cattle breeding for milk production and marginally with agriculture for the production of non-dairy drinks.

These elements are crucial for the production and distribution of food products.

Centrale del Latte d’Italia's value chain reflects an ongoing commitment to quality, innovation and sustainability, ensuring a diverse product range that meets the needs of modern consumers.

CLI's customers are primarily B2B, both large-scale retailers with company brands and private labels, but its focus is on the end consumer. Centrale del Latte d'Italia's products are therefore used and chosen by consumers in Italy and abroad and valued by stakeholders for the Company's choice to focus on the use of organic raw materials and for its commitment to reducing waste and scrap.

Key sustainability initiatives include:

- **Responsible production chain**: monitoring the origin and certification of raw materials (e.g. milk from farms certified for animal welfare).
- **Reduction of the environmental impact of its operations**: optimising processes to reduce waste and encourage the recycling of production scrap.
- **Product innovation**: developing organic, “free-from” and environmentally friendly foods.
- **Sustainable packaging**: increasing the use of materials with less environmental impact.
- **Energy efficiency**: optimising energy consumption in production facilities.

These initiatives were defined with the expectations of the main customer categories in mind. The definition of specific commitments is still being drawn up and will be completed based on the integration plan for the companies acquired during the year by the parent company Newlat Food S.p.A.

The Group that Centrale del Latte d’Italia belongs to positions itself as a key player in offering products of the Mediterranean diet and in providing healthy food. Some of the Newlat Food Group's commitments to sustainability issues within its value chain also concern Centrale del Latte d'Italia.

These include, for example, a focus on its own climate impact, and in this regard in 2024 CLI started the calculation of Scope 3 emissions with the aim of assessing the initiation of a plan to reduce greenhouse gas emissions.

Like all the other subsidiaries of Newlat Food S.p.A., Centrale del Latte d'Italia is and will continue to be part of a Group that will benefit from the integration of the best policies in place, in order to bring all the companies that make it up to a suitable level.

Currently the Newlat Food Group is engaged in a continuous and proactive dialogue with its stakeholders, including those of CLI, to raise awareness of sustainability issues, the impacts generated by its activities and any critical issues to be addressed.

To this end, Centrale del Latte d'Italia constantly interacts with consumers and customers to identify market trends and meet their expectations regarding sustainability. At the same time, it works with suppliers and farmers to jointly address environmental and social challenges throughout the supply chain, promoting responsible and sustainable practices.

There is also constant dialogue with trade unions and its employees to ensure fair, inclusive working conditions that respect workers' rights. For a complete overview of the company's stakeholders and how they are involved, see the relevant section.

The Group will continue to strengthen its sustainability strategy, ensuring transparency and constant monitoring of progress against its goals.

Centrale del Latte d'Italia's products and results offer concrete benefits for customers, investors and stakeholders. Indeed, customers are offered a quality, food-safe product that is the subject of frequent innovations, thus meeting the needs of health-conscious consumers who take responsibility for their choices. Investors are offered stable growth through a resilient business model and a commitment to sustainability issues. With respect to all other stakeholders, the Company promotes a responsible supply chain, reducing its environmental impact and supporting projects and initiatives for local communities.

ESRS 2 SBM-2 - Interests and views of stakeholders

Centrale del Latte d'Italia interacts with different categories of subjects, generating interests and expectations for each. These subjects – the Stakeholders – include both internal actors, such as partners, shareholders and employees, and external actors, including suppliers, customers, consumers and local communities.

Stakeholder Engagement

Stakeholder engagement is structured according to the specificity of their interests and expectations. A differentiated and targeted dialogue approach is dedicated to each stakeholder category, with the aim of adequately responding to different needs and fostering effective communication. This approach is crucial for the achievement of objectives to improve and strengthen relations, as well as for the adoption of measures to minimise negative impacts and maximise positive outcomes in keeping with the sustainability policies of the Group the company belongs to.

In 2024, with the aim of strengthening the dialogue with stakeholders and ensuring continuous involvement, the Newlat Food Group launched a multi-year integrated stakeholder engagement plan, including Centrale del Latte d'Italia stakeholders. This plan envisages various methods of interaction, including one-to-one meetings, workshops and online surveys, fostering a deeper understanding of the dynamics at work and allowing for early detection of any changes in impacts and adjusting corporate strategies accordingly. The stakeholders are schematically represented in the table below, which reflects the importance attached to each, considering the specificities of the various groups.

Category	Description of the Stakeholder	Method of Engagement
Certifying bodies	These work with the Company to ensure compliance with regulations and best practices.	Face-to-face meetings, online surveys, feedback during audits.
Consumers	At the heart of CLI's activities. Their health, safety and satisfaction are the Company's priority.	Evaluation panels, interviews, surveys, events and open days.
Customers	Both large retailers and normal trade. The main commitment is to guarantee the quality and safety of the products through strict controls throughout the production chain.	Two-year surveys, annual scorecards, face-to-face meetings, round tables.
Farmers and producers	Essential relationships for the quality and sustainability of raw materials.	Individual meetings, online surveys, round tables.
Government and institutions	Dialogue to represent corporate priorities and contribute to sustainable policies.	Meetings with policy-makers, institutional working groups, feedback from audits.
Credit institutions	Relationships based on transparency and trust, sustainable financing possibilities.	Shareholders' meetings, surveys.
Local communities	Support through social initiatives and collaborations with charities.	Interviews, online surveys, face-to-face meetings, volunteer programmes.
Environment and ecosystems	Environmental protection through responsible sourcing and emission reduction.	Collaborations with conservation agencies, impact assessments, certifications.
Employees	Staff welfare, development and promotion programmes.	Two-year surveys, regular meetings, training programmes.
Shareholders and investors	Transparent dialogue on company performance and future strategies.	Meetings, financial reports, roadshows, meetings with analysts.
Suppliers	Promotion of responsible purchasing and sustainability in the supply chain.	Online surveys, one-to-one meetings, sustainability criteria in tenders.
Trade unions	Dialogue on industrial relations and freedom of association.	Constant meetings, possibility of online surveys.
Universities and academic institutions	Collaboration on research and innovation in agribusiness and sustainability.	Research projects, online surveys, academic partnerships.

Stakeholder Engagement and Corporate Strategy

Centrale del Latte d'Italia has integrated the concept of Stakeholder Engagement into its business model and strategy. This approach allows Centrale del Latte to align its business decisions with the interests of stakeholders, ensuring that their opinions and expectations are adequately considered. Continuous dialogue with stakeholders also contributes to a process of responsible business development, with a positive impact on the environment and society.

In light of the recently defined stakeholder engagement plan, the opinions and interests of stakeholders will be progressively analysed during the due diligence process and/or during the materiality assessment planned for the coming financial years. This process will allow stakeholders' priorities to be identified and company strategies to be adapted so that they are aligned with common interests.

Taking into account the interests and opinions gathered, the company evaluates and, if necessary, modifies its strategy and business model.

The company's administrative, management and supervisory bodies are regularly informed about the impacts of the company's activities on sustainability and the interests of the stakeholders involved. In this way, company decisions are always oriented towards responding to the needs of the community, the environment and other stakeholders, ensuring an integrated approach to the management of resources and relationships.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

A comprehensive representation of relevant impacts, risks and opportunities is provided, broken down by sustainability matters, within the respective chapters, i.e. E1 Climate change and S1 Own workforce.

Description of a company's resilience

An integral part of the Company's resilience strategy is the Internal Control and Risk Management System, already extensively described in section GOV-5, to which reference is made.

To address environmental risks, including those related to climate change and the transition to a low-carbon economy, CLI constantly monitors regulatory developments and adopts strategies for sustainable resource management. In contrast, the environmental impacts of its operations are mitigated through strict compliance with environmental regulations and the adoption of practices geared towards minimising negative impacts on ecosystems.

On the social front and in relation to consumers, the Company ensures food quality and safety by implementing a supplier evaluation system that is also based on ethical and environmental criteria and promotes dialogue with local communities.

As far as personnel issues are concerned, Centrale del Latte d'Italia manages these risks and impacts by committing to comply with existing regulations on workers' rights, diversity and inclusion (D&I) and work-life balance. The company ensures the proper application of occupational health and safety provisions, preventing potential problems through risk assessments and promoting working environments that comply with industry standards. It also constantly monitors regulatory developments to adapt processes and procedures, ensuring equal opportunities and fair treatment for all employees.

CLI is also committed to promoting respect for human rights within its value chain by adhering to international guidelines and standards. In this regard, the Newlat Food Group has drawn up a Supplier Code of Conduct that was also adopted by Centrale del Latte d'Italia, and is implementing processes to assess compliance with ESG standards within its supply chain. In fact, the most important suppliers are periodically audited to ensure their compliance with human rights and labour rights standards and guidelines.

Finally, the Company implements anti-corruption measures and ensures regulatory compliance in its dealings with customers, suppliers and authorities through the implementation of targeted policies and through the adoption of an Organisational and Control Model pursuant to Italian Legislative Decree no.

231/01. With these safeguards in place, Centrale del Latte d'Italia is able to address material risks and seize strategic opportunities while maintaining a resilient, sustainable business model.

Impacts, risks and opportunities management

Disclosures on the materiality assessment process

ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

Process for Identifying and Assessing Impacts, Risks and Opportunities in Sustainability Reporting

The process of identifying and assessing impacts, risks and opportunities, as well as determining the information to be included in this Sustainability Report for the year 2024 consists of several steps. With regard to the stakeholder consultation process, this activity was initiated in previous years together with the other Newlat Food Group companies. Over the coming years, the consultation process will be further expanded and developed in line with the stakeholder engagement plan defined. The main steps taken to achieve the double materiality assessment are described below.

Step One: Mapping the Value Chains

The first step involved the mapping of the value chain, and identified:

- The key natural and social resources used for its operations, as well as the dependencies and influence of their availability on prices and quality.
- The sectors involved, including the sector of reference for CLI's business, with the related goods and services offered, operating at different levels of the value chain (upstream and downstream), up to the end of the product's life.

Step Two: Analysis of the Impacts, Risks and Opportunities

Subsequently, in order to identify the impacts, risks and opportunities within its value chain, the Company carefully assessed in which sustainability matters it believes such impacts, risks and opportunities are likely to arise, based on the nature of the activities of the various industries, business relationships, geographic areas or other factors considered critical.

To carry out this analysis, all sustainability matters in the topical ESRS (AR 16, Appendix A of ESRS 1) were considered, assessing how each sector of the value chain could be impacted and thus obtaining a prioritised list of sustainability matters.

To support this analysis, the Company referred to several sources, among them, for example, the Working Paper Draft ESRS SEC1 Sector Classification Standard (published by EFRAG), the SASB standards, studies from international organisations such as the Intergovernmental Panel on Climate Change (IPCC) and the International Labour Organisation (ILO), as well as other studies and research from international organisations and study centres.

Lastly, in doing so, the Company considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies. These links are described in detail within each section on sustainability matters.

From this list, a long-list of applicable sustainability matters was drawn up for Centrale del Latte.

Step Three: Impact Materiality

Starting from the long-list of sustainability matters applicable to the Company, the relevant negative or positive, actual or potential impacts were identified and described, i.e. the effects that Centrale del Latte d'Italia's operations have on society or the environment (so-called inside-out approach) with respect to each matter. These analyses were carried out taking into consideration the three time horizons envisaged by paragraph 6.4 of ESRS 1, i.e. short, medium and long term, including not only the impacts deriving from CLI's direct operations but also those deriving from its business relations and value chain, both upstream and downstream.

To define the relevant issues from an inside-out perspective, each impact was assessed by averaging the two criteria:

- Severity, which includes:
  - Scale: how grave the negative impact is or how beneficial the positive impact is.
  - Scope: spread of the impacts (geographical or on people).
  - Irremediable nature: possibility of restoring the original condition – only applicable for negative impacts.
- Likelihood: probability of the impact occurring.

In the case of human rights impacts, severity outweighed likelihood.

Following this initial assessment, a benchmark was established with the main competitors in order to integrate any sustainability matters not previously included.

A threshold was therefore adopted to assess the materiality of a sustainability matter in relation to impact. Consequently, impacts – whether positive or negative, potential or actual – with a score greater than or equal to this threshold were considered material for the Company.

Step Four: Financial Materiality

A sustainability topic is financially material when it generates or is expected to generate significant effects on:

- Company development
- The asset and financial position
- Economic results
- Cash flows
- Access to funding
- Cost of capital

In order to define financial materiality, similar to what was done for the assessment of impact materiality, risks and opportunities were associated with each sustainability matter included in the long-list in step two.

To do so, the Enterprise Risk Management (ERM) Model was taken into account, and in particular the ESG risks already previously integrated within the Risk Assessment. These risks are listed in section GOV-5.

In parallel, in order to identify opportunities, the potential economic and financial benefits to the Company in relation to sustainability matters were assessed.

The risks and opportunities identified may arise from past or future events and are not limited to aspects under the direct control of the Company, but also include elements attributable to its value chain and business relationships outside the scope of consolidation of the financial statements.

To identify the material sustainability matters from an outside-in perspective, each risk and opportunity was assessed by averaging the following criteria:

- Scale: the magnitude of the consequences of a risk or opportunity.
- Likelihood: the possibility of the risk or opportunity materialising on the basis of historical data, forward-looking scenarios or statistical analysis.

Both criteria were measured on a scale of 1 to 5.

A threshold was therefore adopted to assess the materiality of a sustainability matter with respect to risks and opportunities. Accordingly, risks and opportunities with a score greater than or equal to this threshold were considered material for CLI.

The assessment of risks and opportunities was also conducted over three time horizons (short, medium and long term), in line with paragraph 6.4 of ESRS 1.

Step Five: Double Materiality

Ultimately, the outcomes of the impact materiality and of the financial materiality were integrated to provide a complete view of dual materiality. This approach allows for an analysis of both the effects of an event or action on the environment and society, as well as its economic and financial implications for the Company.

Integration of the Double Materiality assessment process with the Decision-Making Process and Internal Control Procedures

As mentioned in section GOV-5, CLI adopted an Internal Control and Risk Management System (ICRMS), a structured set of rules, procedures and organisational structures aimed at identifying, measuring, managing and monitoring the main business risks, including those of an ESG nature. This system ensures that the management of the company is consistent with its strategic and operational objectives, allowing for the effective integration of sustainability into decision-making and internal controls.

In parallel, the company has implemented specific safeguards to monitor and manage the impacts of its activities. Specifically, the Company is committed to ensuring compliance with applicable regulations, guidelines and international standards including, but not limited to:

- The Universal Declaration of Human Rights and the principles of the Global Compact proposed by the United Nations (UN)
- The OECD Guidelines for Multinational Enterprises
- The standards contained in Social Accountability 8000 (SA8000)
- The core labour standards promoted by the International Labour Organisation (ILO); the Guidelines for the construction of Organisation, Management and Control Models of Confindustria

This alignment is fostered through the drafting of corporate procedures and practices governing operational activities, ensuring that the organisation complies with ESG standards and applicable legal requirements.

For a more in-depth look at the policies, actions and objectives adopted to manage or mitigate impacts and risks, as well as to seize opportunities related to each material sustainability matter, see the sections dedicated to the specific topics. In these sections, the metrics used are also disclosed.

ESRS 2 IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

For this requirement see the Index at the end of the document.

ENVIRONMENTAL INFORMATION

Disclosures pursuant to Article 8 of Regulation (EU) 2020/852

2024 is the fourth year of application of the provisions introduced by the European Taxonomy, approved by Regulation 2020/852 (hereinafter also °Regulation°) included in the Sustainable Finance Action Plan launched in 2018 by the European Commission. In fact, the aim of the Regulation is to identify the "degree of environmental sustainability" of an investment, increasing market transparency for the benefit of consumers and investors. The regulation introduces a unique EU-wide classification system for the identification of environmentally sustainable economic activities. In fact, the legislation stipulates that in order to determine whether an activity is environmentally sustainable, it must contribute to one or more of the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy, including with respect to waste reduction and recycling
- Pollution prevention and reduction
- Protection and restoration of biodiversity and health of ecosystems

In 2021, the European Commission adopted the Climate Delegated Act that regulates the first two climate objectives (mitigation and adaptation), establishing the technical screening criteria for economic activities that can contribute substantially to their achievement without causing significant damage to the remaining environmental objectives. In 2023 the Commission published two important updates to the taxonomy, namely:

- Publication of Delegated Regulation 2023/2485 (June 2023) amending the Climate Delegated Act, which introduced new activities and set some additional technical screening criteria on the first two objectives "climate change mitigation" and "climate change adaptation".
- Adoption of the Environmental Delegated Act (November 2023), which in Annexes I, II, III and IV defines the eligible activities with respect to the four environmental objectives of the Taxonomy, namely: i) sustainable use and protection of water and marine resources, ii) transition to a circular economy, iii) prevention and reduction of pollution, iv) protection and restoration of biodiversity and ecosystem health, and the related technical screening criteria.

Today, the Taxonomy identifies 16 sectors that include a total of more than 100 economic activities. Of these activities, 87 can make a substantial contribution to both mitigation and adaptation to climate change, 14 to mitigation only and 19 to adaptation only. With regard to environmental objectives, a total of 34 activities have been identified, two of which are also common to the climate objectives and one that can make a substantial contribution to both the pollution prevention and reduction objective and the circular economy transition objective.

For 2024, non-financial companies subject to the Regulation are required to publish a disclosure of their eligible and aligned economic activities with reference to the six environmental objectives and the quantitative economic performance indicators (KPIs) – i.e. the shares of turnover, capital expenditures (CapEx) and operating expenditures (OpEx) – attributable to them.

For 2024 Centrale del Latte d'Italia defined the eligibility analysis aimed at determining the Company's activities that match those listed and described in Annexes I and II of the Climate Delegated Act, Annexes

I, II, III and IV of the Environmental Delegated Act and Delegated Act 2023/2485. Furthermore, the company also analysed possible eligible activities with reference to CapEx and OpEx related to the purchase of products from eligible economic activities and aligned with the taxonomy and individual measures that enable the target activities to reduce their emission profile. This analysis led to the identification of the following eligible activities.

Climate Change Mitigation Objective (CCM)

With regard to CapEx associated with the outputs of eligible activities or individual measures:

- 5.1 Construction, expansion and operation of water collection, treatment and supply systems
- 5.3 Construction, expansion and operation of wastewater collection and treatment systems

With regard to OpEx associated with the outputs of eligible activities or individual measures:

- 4.16 Installation and operation of electric heat pumps
- 5.1 Construction, expansion and operation of water collection, treatment and supply systems
- 5.2 Renewal of water collection, treatment and supply systems
- 5.3 Construction, expansion and operation of wastewater collection and treatment systems
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment

Note that with reference to Delegated Regulation 2022/1214, which introduced economic activities in the energy sector (including the nuclear and gas sector), the Company has identified the following eligible OpEx activities:

- 4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels

Climate Change Adaptation Objective (CCA)

With regard to the climate change adaptation objective, the Commission Communication C/2023/305 of 20 October 2023 clarified that, with regard to adapted activities, i.e. non-enabling activities, in order to determine eligibility, the communicating undertaking must have carried out a climate risk assessment and should implement adaptation solutions that could make the adapted economic activity more resilient to climate change.

Based on this clarification, while the Company performs a Risk Assessment of its systems aimed primarily at assessing the possible causes of discontinuities (including those related to climate change) of its critical processes, it does not perform a climate change risk assessment pursuant to the requirements of the Taxonomy Regulation and does not identify or implement adaptation solutions corresponding to the risks identified. This interpretation led the Company to modify its climate change adaptation eligibility analysis and not to consider any of its activities eligible for this objective.

Transition to a circular economy (CE)

With regard to OpEx associated with the outputs of eligible activities or individual measures:

- 3.2 Renovation of existing buildings

In accordance with the provisions of the Regulation, alignment with the following criteria was also assessed for each eligible activity identified, with reference to the three climate objectives:

- Substantial contribution criteria: for each eligible activity, verification of compliance with the technical thresholds was carried out to establish its substantial contribution to achieving the mitigation and/or adaptation objective.
- Criteria for "Do No Significant Harm" (DNSH): verification of technical and regulatory requirements to ensure that the activity in question, in addition to contributing to at least one objective of the Regulation, does not cause significant harm to other environmental objectives.
- Minimum safeguards: verification that the activity is carried out in compliance with the minimum social safeguards referred to in the Regulation with respect to human and labour rights.

Substantive contribution criteria

For the purposes of the alignment assessment, for each of the economic activities considered eligible, compliance with the substantial contribution criteria was verified in order to determine the substantial contribution of each activity to achieving the climate mitigation and adaptation objectives.

4.16 Installation and operation of electric heat pumps

As described, the Company engages in activities that correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 4.16 Installation and operation of electric heat pumps, and therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: Adopting a conservative and prudential approach, the Company considers the activity to be non-compliant with the criteria of substantive contribution as there is insufficient evidence available to allow a full assessment of compliance with the criterion.

4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels

As described, the Company engages in activities that correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels, and therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: Adopting a conservative and prudential approach, the Company considers the activity to be non-compliant with the criteria of substantive contribution as there is insufficient evidence available to allow a full assessment of compliance with the criterion.

5.1 Construction, expansion and operation of water collection, treatment and supply systems

Capital and operating expenditures related to projects to recover and restore owned or leased buildings, which correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 5.1 Construction, expansion and operation of water collection, treatment and supply systems.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the criteria of substantive contribution.

5.2 Renewal of water collection, treatment and supply systems

As described, the Company engages in activities that correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 5.2 Renewal of water collection, treatment and supply systems, and therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: Adopting a conservative and prudential approach, the Company considers the activity to be non-compliant with the criteria of substantive contribution as there is insufficient evidence available to allow a full assessment of compliance with the criterion.

5.3 Construction, expansion and operation of wastewater collection and treatment systems

Capital and operating expenditures related to projects to recover and restore owned or leased buildings, which correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 5.3 Construction, expansion and operation of waste water collection and treatment systems.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the criteria of substantive contribution.

7.2 Renovation of existing buildings

Operating expenses related to projects to recover and restore owned or leased buildings, which correspond to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 7.2 Renovation of existing buildings, are therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the criteria of substantive contribution.

3.2 Renovation of existing buildings

Operating expenses related to projects to recover and restore owned or leased buildings, which correspond to the activity description (Transition to a circular economy), 3.2 Renovation of existing buildings, are therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CE OBJECTIVE: According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the criteria of substantive contribution.

7.3 Installation, maintenance and repair of energy efficiency equipment

Operating expenses related to the installation of a new air conditioner, which corresponds to the activity description in Annex I of the Climate Delegated Act (climate change mitigation), 7.3 Installation, maintenance and repair of energy efficiency equipment, are therefore considered eligible for the purposes of this analysis.

EVALUATION OF THE CRITERIA FOR SUBSTANTIVE CONTRIBUTION TO THE CCM OBJECTIVE: The criteria for a substantive contribution are that the activity consists of an individual measure to improve the energy efficiency of buildings, in accordance with Directive 2010/31/EU. These measures include the installation, replacement, maintenance and repair of heating, ventilation, air conditioning and water heating systems with high-efficiency technologies. This measure must comply with the minimum requirements and energy efficiency classifications laid down in the relevant national and European regulations. Therefore, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Company considers the activity to be not aligned with the criteria of substantive contribution.

Do No Significant Harm Criteria

The Do No Significant Harm (DNSH) criteria define the conditions under which activities are carried out without harming other environmental objectives. For each eligible activity related to the climate change mitigation objective, the Company verified its compliance with these criteria.

4.16 Installation and operation of electric heat pumps

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 4.16, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to four objectives: adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, and pollution prevention and reduction. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024.

4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 4.30, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to the objectives of climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024.

5.1 Construction, expansion and operation of water collection, treatment and supply systems

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 5.1, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to the objectives of climate change adaptation, sustainable use and protection of water and marine resources, and restoration of biodiversity and ecosystems. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024.

5.2 Renewal of water collection, treatment and supply systems

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 5.2, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to the objectives of climate change adaptation, sustainable use and protection of water and marine resources, and restoration of biodiversity and ecosystems. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024.

5.3 Construction, expansion and operation of wastewater collection and treatment systems

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 5.3, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to the objectives of climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and reduction, and restoration of biodiversity and ecosystems. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024.

7.2 Renovation of existing buildings

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For activity 7.2, Annex I of the Climate Delegated Act envisages DNSH criteria with respect to the objectives of adaptation to climate change, use and protection of water and marine resources, transition to a circular economy, and pollution prevention and reduction. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024 on owned or leased buildings.

3.2 Renovation of existing buildings

EVALUATION OF THE DNSH CRITERIA FOR THE CE OBJECTIVE: For activity 3.2, DNSH criteria are envisaged with respect to the objectives of climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the initiatives carried out in 2024 on owned or leased buildings.

7.3 - Installation, maintenance and repair of energy efficiency devices

EVALUATION OF THE DNSH CRITERIA FOR THE CCM OBJECTIVE: For capital expenses related to activity 7.3, Annex I of the Climate Delegated Act provides for DNSH criteria with respect to climate change adaptation and pollution prevention and reduction objectives. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion the Company considers the activity to be not aligned with the investments made in the year for the installation of energy efficiency devices.

In addition to the above, the topic of climate change risk assessment is referred to, which is required as DNSH for the objective of adaptation to climate change for each of the activities in question. As noted above, while the Company performs a Risk Assessment of its systems aimed primarily at assessing the possible causes of discontinuities (including those related to climate change) of its critical processes, it does not perform a climate change risk assessment pursuant to the requirements of the Taxonomy Regulation and does not identify or implement adaptation solutions corresponding to the risks identified. This element contributes to the impossibility of declaring the alignment of the company's activities.

Minimum safeguards

Finally, the Company analysed its level of compliance with the principles referred to in Article 18 of the Regulation, which defines the minimum measures to ensure that a business is conducted with respect for human and labour rights in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including those set out in the eight core conventions of the International Labour Organisation (ILO), and the International Bill of Human Rights. The Company therefore analysed the elements explicitly set out in the documents referred to in Article 18, also on the basis of the guidance provided by the Platform on Sustainable Finance, and considering the clarifications provided by the Commission in its Communication (2023/C 211/01). With these references in mind, it checked the level of protection in place in the areas of human rights, consumer interests, corruption, competition and taxation. Italian legislation, in the field of human and labour rights regulates several aspects referred to in Article 18, such as for example the protection of privacy, health and safety, corruption, fair competition, and taxation. In addition to acting in compliance with the national regulations in force in the countries it operates in, Centrale del Latte d'Italia carries out its activities by pursuing sustainable and inclusive growth, operating in line with the Universal Declaration of Human Rights, the ILO Conventions and the principles issued by the United Nations Global Compact, which it has adopted.

One of the tools the Company implements to promote compliance with minimum safeguards both inside and outside the organisation is the Code of Ethics and Conduct. Furthermore, the Company demonstrates that it observes the principle of not causing significant harm as stipulated in the SFDR, Article 2, point 1736, by addressing the gender pay gap and gender diversity in governance bodies and reporting the respective indicators within the Report. Lastly, the Company declares that it has no equity investments in companies involved in the manufacture or sale of controversial weapons. As a demonstration of the Company's commitment to promoting ethical and responsible behaviour, in 2024 there were no instances of non-compliance relating to the issues of human rights, consumer interests, corruption, competition or taxation.

However, according to a conservative and prudential approach, and in view of the Commission's clarification that minimum safeguards require due diligence and remedial procedures implemented by an undertaking engaged in an economic activity, and, considering the current developments with regard to the Directive on Business Diligence, having identified aspects for improvement and further formalisation within its scope the Company considers its activities to be out of line with the minimum safeguards. Similarly, again following a conservative and prudent approach, Centrale del Latte d'Italia does not consider the current practices in place along the supply chain sufficient to deem the activities related to the purchase of products derived from eligible economic activities aligned with the minimum safeguards criteria, nor those aligned with the taxonomy and specific measures that allow for contributions to one or more of the six objectives of the Taxonomy. In this context, it considers that it would be appropriate to align with good market practices and verify the minimum safeguards put in place by the suppliers of the individual eligible activities.

KPI calculation method

The Annexes to the Disclosure Delegated Act (EU) 2021/2178 (hereinafter Disclosure Delegated Act") require the calculation of the percentage of Turnover, CapEx and OpEx associated with eligible and aligned activities. As indicated in the previous paragraphs, to meet this regulatory requirement the Company identified its eligible activities and – once it had assessed which of them were consistent with the alignment criteria – calculated the KPIs required by the Regulation. The following paragraphs detail the analyses performed to meet the disclosure requirements of the Disclosure Delegated Act, explicating the methods applied and the accounting items considered for the calculation of the KPIs.

Employee turnover

The business's activity is not one of the sectors specifically covered by Regulation 2020/852, and therefore neither eligible nor aligned revenues were recorded in 2024.

CapEx

In calculating the denominator of the CapEx KPI, the Company took into account the increases in tangible assets, intangible assets and fixed assets for right-of-use in the reporting period. The approach used to extract the above figures involved an analysis of the accounting data, showing the investments made during the year. In line with the Disclosure Delegated Act, the Company considered the following values for the calculation of the CapEx:

- Denominator: for the calculation of the denominator, the Company considered tangible assets accounted for in accordance with IAS 16, intangible assets accounted for in accordance with IAS 38, and leases accounted for in accordance with IFRS 16. This analysis returned a total value for 2024 of 3,338,311 euros.
- Numerator of eligible assets: for the purpose of determining the numerator, CapEx relating to assets or processes associated with eligible activities and with the purchase of products from economic activities eligible for the taxonomy were taken into account. In this regard, the Company included the following values in the numerator of the KPI:
    - 5.1 Construction, expansion and operation of water collection, treatment and supply systems €3,100
    - 5.3 Construction, expansion and operation of waste water collection and treatment systems €62,537

Furthermore, note that where possible the extraction of the data associated with the aforementioned eligible categories was carried out in a timely manner from the information available in the accounting systems currently used.

- Numerator of aligned activities: the share of the increases relating to the items considered for the calculation of the denominator associated with aligned activities is equal to €0, as the company (or its suppliers, where applicable) does not comply with the technical screening criteria and the minimum safeguard guarantees of the aforementioned activities.

OpEx

In line with the Disclosure Delegated Act, the Company considered the following values for the calculation of the OpEx:

- Denominator: the denominator was calculated by analysing the Company's chart of accounts, identifying the items that can be associated with the cost categories mentioned in the Disclosure Delegated Act.

The result of these analyses resulted in a value of Euro 28,775 thousand.

- Numerator of eligible activities: the Company incurred the following expenses:
    - 4.16 Installation and operation of electric heat pumps €33,455
    - 4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels €316,587

- 5.1 Construction, expansion and operation of water collection, treatment and supply systems Euro 18,992
- 5.2 Renewal of water collection, treatment and supply systems €1,181
- 5.3 Construction, expansion and operation of waste water collection and treatment systems €477,477
- 7.2 Renovation of existing buildings €14,156
- 7.3 Installation, maintenance and repair of energy efficiency devices €19,096

- Numerator of aligned activities: the share of OpEx associated with aligned activities is equal to €0, as the company does not comply with the technical screening criteria and the minimum safeguard guarantees for the aforementioned activities.

E1 - CLIMATE CHANGE

ESRS 2 - GOV-3 - Integration of sustainability-related performance in incentive schemes

As illustrated in paragraph "GOV-3" of the section "ESRS 2 – General disclosures", Centrale del Latte d'Italia has included sustainability objectives in the variable component of the remuneration policies of the Chair, Chief Executive Officer, non-executive directors (excluding independent directors) and executives with strategic responsibilities.

For these persons, part of the variable remuneration is subject to the achievement of specific three-year quantitative targets approved by the Board of Directors. This includes a target aimed at reducing CO_2 emissions, in particular reducing the ratio of CO_2 emissions (relative to Scope 1 and Scope 2) to turnover. The target accounts for 10% of the total variable remuneration.[5]

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Analysis of climate-related scenarios

To assess the Company's exposure to climate-related risks, an assessment was made based on two scenarios: limited temperature increase (1.5 degrees) and high temperature increase (3-4 degrees).

Climate-related risks are generally divided into two main categories:

1. Risks associated with the **transition** to a low-carbon economy, which may involve extensive policy, legal, technological and market changes. These are referred to as transition risks.
2. Risks related to the **physical impacts** of climate change caused by extreme weather events, such as hurricanes and floods, as well as long-term chronic changes, such as rising global average temperatures and sea levels. These changes can have far-reaching impacts on operations and supply chains, distribution networks, customers and markets. These are commonly referred to as physical risks.

RCP 2.6 (accelerated transition) limited increase between 1.5°C and 2.0°C

In this scenario, all current promises of zero net emissions are fully realised and there are extensive efforts to achieve emission reductions in the short term. The scenario is consistent with limiting the global temperature increase to less than 2°C.

RCP 8.5 (business as usual) temperature rise between 3.3°C and 4.5°C

This scenario is not aligned with the promises outlined in the Paris Agreement and represents a context in which countries fail to meet the UN Sustainable Development Goals. Essentially, this means that emissions continue to grow at the historic rates recorded so far. The temperature increase will exceed 4°C by 2100, leading to a high loss of biodiversity and extinction of species.

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[5] In all, non-financial performance targets account for 30% of the total variable remuneration. In addition to the two mentioned in section E1, there is a third objective of a social nature that accounts for a further 10% and concerns maintaining the female-to-male gender ratio in line with the sector benchmark.

In completing our risk assessment, the following risks were considered to be material in terms of their impact and likelihood of occurrence:

- Future regulatory policy responses to address climate change could lead to the imposition of carbon taxes by the countries where we produce or purchase goods from third parties.
- Increased water stress levels that could lead to interruptions in water supply to the Company and third-party supply sites.
- Increased frequency and impact of extreme weather events that could cause disruptions to sites of Centrale del Latte d'Italia and third-party suppliers.

The following climate-related physical and transitional risks have therefore been identified. The time horizons considered by the Company are short, medium and long, as defined by ESRS standards.

<u>Transition Risks</u>

Topic	Risk	Time horizon	Impact on the business
Market	Competitors faster in responding to needs arising from climate risks	Short	Loss of revenue and EBITDA both for products produced internally and products produced by third parties. Reduced operating efficiency of machinery and increased impact of general and administrative costs
Policy	Increased ESG reporting requirements	Short	Higher compliance costs and consequently higher cost of products and services
	New regulations or laws leading to an increase in taxes on products or services and consequent increase in charges	Medium	Core products are subject to higher taxes and thus an increase in cost for the consumer or a reduction in margin for the Company.
	Stricter environmental regulations can impose carbon taxes and compliance obligations that increase company costs	Long	Increased operating costs due to a rise in costs associated with carbon emissions
	Penalties for failure to meet climate targets in the public domain	Short	Reputational impact, with financial consequences affecting company performance
Technological	Rising energy costs and carbon price	Medium	Higher operating costs and expenses to conduct operations and achieve Net Zero targets
	Failure to monitor energy consumption	Short	Ineffective control of energy consumption can lead to waste, high costs and a negative perception of the company

Physical risks

Topic	Risk	Time horizon	Impact on the business
Physical risks to operations	Increased cost of raw materials and potential disruption of the distribution chain	Short	Higher expenditures on raw materials due to price fluctuations. Instability caused by transitional climate risks in the supply chain
	Increased operating costs for heating and cooling Increased dependence on water from water-stressed areas Potential disruption of the distribution chain	Long	Changing temperatures or extreme heat/cold require additional costs for heating/cooling. Increased insurance costs in case of acute weather events and associated site damage and interruptions in production
Physical risks to the supply chain	Reduction in agricultural and fish supply yields due to multiple causes (floods, extreme events, pests, reduced biodiversity, etc.)	Long	Alteration of ecosystems and phenomena such as rising temperatures, rising sea levels, water shortages, loss of biodiversity, and changes in soil productivity can compromise the availability of raw materials and increase operating costs
	Disruption of the supply chain	Long	Dependence on global suppliers can be compromised by unforeseen events, causing delays and shortages of raw materials

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

As a result of the Double Materiality assessment, explained in detail in the section "Disclosures on the materiality assessment process", some significant negative impacts emerged related to topic E1 – Climate change.

Material impacts			
Sub-topic	**Impact**	**Description of the Impact**	**Position in the VC**
Adaptation to climate change	Relocation of production facilities to more resilient areas	The relocation of plants to more resilient areas can lead to the creation of new jobs in other areas on the one hand, but on the other results in the loss of jobs for people permanently employed at production sites.	Own operations
Mitigation of changes	Greenhouse gas emissions from agriculture and	In the agricultural and livestock sector, most emissions come directly from the animals through the release of methane	Upstream

	livestock (and related climate change)	during enteric fermentation and from the handling and treatment of manure. Direct emissions from livestock and livestock production account for a significant share of total greenhouse gas emissions.	
Mitigation of changes	Greenhouse gas emissions from manufacturing (and related climate change)	Food & Beverage producers generate direct greenhouse gas (GHG) emissions through the processing and transport of goods by land and sea. Production and processing require high energy consumption, mainly from non-renewable sources, thus contributing to GHG emissions and climate change.	Own operations Downstream
Energy	Energy-intensive processes in agriculture and livestock farming	The agricultural and livestock sectors are energy-intensive. Energy is essential for various agricultural activities, including the operation of machinery, irrigation, heating and cooling of greenhouses, and the production of inputs such as fertilisers and pesticides.	Upstream
Energy	Energy-intensive activities in internal operations	In the food industry, energy management is crucial due to the high consumption required for food production and processing. These operations are energy-intensive and include activities such as pasteurisation, sterilisation, refrigeration and transport. Effective energy management can significantly reduce operating costs and environmental impact.	Own operations

The impact significance analysis showed that the Company's operations and its value chain generate significant climatic impacts over short-, medium- and long-term time horizons, with increasing significance in the medium to long term. Indeed, greenhouse gas emissions from agricultural and livestock activities, processing and transport contribute directly to climate change, exacerbating phenomena such as global warming. Furthermore, the high energy intensity of production processes, mainly based on non-renewable sources, increases the overall carbon footprint. Finally, the relocation of production facilities to adapt to more resilient climatic conditions can have an impact on communities, creating economic opportunities in some areas while causing job losses in others.

Material risks				
Sub-topic	**Risk**	**Description of the risk**	**Type**	**Position in the VC**

Adaptation to climate change	Acute physical risk from weather events that can damage production facilities and disrupt value chains	Extreme events such as hurricanes, floods or heat waves can cause infrastructure damage and operational disruptions.	Physical	Upstream Own operations Downstream
Adaptation to climate change	Risk of disruption to global supply chains: logistical and supply problems arising from global events such as pandemics or natural disasters	Dependence on global suppliers can be compromised by unforeseen events, causing delays and shortages of raw materials.	Physical	Upstream
Adaptation to climate change	Risk of catastrophic events that could compromise company operations and cause the permanent loss of business data	Earthquakes, fires or other extreme events can jeopardise business continuity and the security of company information.	Physical	Own operations
Adaptation to climate change	Chronic physical risk due to long-term climate change	Alteration of ecosystems and phenomena such as rising temperatures, rising sea levels, water shortages, loss of biodiversity, and changes in soil productivity can compromise the availability of raw materials and increase operating costs.	Physical	Upstream Own operations Downstream
Climate change mitigation	Risk of increased costs and penalties due to increasingly stringent regulations to reduce emissions and negative impacts	Stricter environmental regulations can impose carbon taxes and compliance obligations that increase company costs.	Transition	Upstream Own operations Downstream
Energy	Risk of failure to monitor the Company's energy consumption and environmental impacts leading to cost inefficiencies, possible fines and reputational damage	Ineffective control of energy consumption can lead to waste, high costs and a negative perception of the company.	Transition	Upstream Own operations Downstream

Here again, in terms of financial significance, for some of the risks identified with respect to climate change, there is a trend of increasing significance in the medium to long term. A more in-depth description of the negative effects these risks could have on the Group's business, as well as the resilience strategies, is provided in the previous section "ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model" in the paragraph "Resilience analysis".

Material opportunities			
Sub-topic	**Opportunity**	**Description of the opportunity**	**Position in the VC**
Adaptation to climate change	Opportunity to boost attractiveness to sustainable investors and strengthen the company's reputation among stakeholders, while fostering	Adopting ambitious climate strategies can increase investor trust, improve corporate image and ensure greater economic resilience in the long run.	Own operations

	the long-term sustainability of the business.		

Finally, a strong sustainability positioning can facilitate access to capital on more advantageous terms, reduce the cost of capital and improve market competitiveness. Moreover, strengthening the company's reputation can increase the trust of consumers and business partners, fostering sales growth and customer loyalty. In a context of increasing focus on sustainability, CLI can thus benefit from a lasting competitive advantage, improving its economic resilience in the long run.[6]

Resilience analysis

The Newlat Food Group, of which CLI is a part, constantly monitors climate change-related risks and conducts regular assessments to measure its resilience against risks deemed to be material. This analysis was also carried out during 2024 in conjunction with the update of the ERM,[7] and considered all the Companies included in the financial scope of consolidation, including Centrale del Latte d'Italia, covering the three time horizons of short, medium and long term as defined in paragraph 6.4 of ESRS 1.

The risk analysis included assessing the impact of climate change on the supply chain, corporate assets and financial performance, while also considering compliance with environmental regulations and commitments to transition to a low-carbon economy.

The analysis revealed several material aspects:

- Possible disruptions in the supply chain: operating in the food industry, the Group and Centrale del Latte d'Italia are highly dependent on agri-food raw materials, the availability of which is closely influenced by weather conditions and extreme weather events.
- Potential damage to assets, infrastructure and business continuity: some plants are located near watercourses or reservoirs, and are therefore more exposed in the event of particularly heavy rainfall, with the risk of flash flooding or a gradual rise in sea level linked to global warming.
- Risks of regulatory non-compliance in the environmental field: as a manufacturing company, the Company is required to comply with specific regulatory requirements and deadlines. Constantly evolving environmental regulations require continuous monitoring to ensure compliance, prevent penalties and mitigate any operational impacts.

Specifically, to mitigate supply chain risks, Centrale del Latte d'Italia has implemented contingency plans and diversified its suppliers geographically, avoiding critical dependencies and reducing the risk of disruptions.

With regard to risks related to assets, infrastructure and business continuity, no significant problems due to extreme weather events have been encountered in recent years. Constant monitoring of these aspects allows timely preventive measures to be taken to minimise any impacts.

Finally, with regard to regulatory compliance, Centrale del Latte d'Italia has established an environmental management system with people dedicated both to controlling consumption and emissions and to

[6] For an in-depth overview of the risk assessment, see the relevant paragraph in the GOV-5 section in ESRS 2.

[7] For an in-depth overview of the risk assessment, see the relevant paragraph in the GOV-5 section in ESRS 2.

monitoring the evolution of European regulations to ensure full compliance with any decarbonisation directives.

There are also other elements that increase the resilience of Centrale del Latte d'Italia. Foremost among these is the financial strength of the Group it belongs to, which allows it to obtain capital at a sustainable cost, facilitating the financing of strategic investments and risk mitigation measures without compromising its financial equilibrium.

Furthermore, the ability to convert, upgrade or decommission existing assets is a key factor in adaptability, allowing resources to be optimised, reducing the risk of obsolete assets and responding in a timely manner to market developments or critical operational needs.

Finally, the constant updating of the product range and the integration of innovative and sustainable products and services allow the Company to adapt to new market needs, ensuring competitiveness and long-term growth.

E1-1 - Transition plan for climate change mitigation

As mentioned in previous sections, in 2024 the Newlat Food Group, of which Centrale del Latte d'Italia is a part, was engaged in a process of integrating and harmonising ESG policies at the Group level. Therefore, a climate change mitigation transition plan has not yet been defined for the entire Group. Following the integration, the definition of this plan will be evaluated in the coming years.

In this context, Centrale del Latte d'Italia constantly monitors its energy consumption and calculates its Scope 1 and 2 emissions using the methodology proposed by the GHG Protocol.

Within the Newlat Food Group there are companies that are in the process of defining a decarbonisation plan, from which CLI will benefit by borrowing policies and strategic choices in order to evaluate the adoption of a decarbonisation plan that will also impact its own perimeter.

E1-2 - Policies related to climate change mitigation and adaptation

To identify, assess and manage its impacts, risks and opportunities related to climate change, the Company has adopted several strategic documents.

Among these, the Code of Ethics and Conduct drafted by the Parent Company and also adopted by CLI enshrines respect for and protection of the environment as one of its fundamental values, promoting strict compliance with current laws and the adoption of preventive measures to minimise environmental impact.

Another important document is the Supplier Code of Conduct, which involves the entire supply chain. Suppliers are required to operate in a responsible manner, complying with environmental regulations and integrating sustainability principles into their activities. Specific commitments required include reducing emissions, monitoring and optimising energy consumption.

In addition to these, Centrale del Latte d'Italia has adopted a Sustainability Policy and an Integrated Management System Policy, with the commitment to improve process efficiency, reduce energy consumption and limit CO_2 emissions, thus contributing to the mitigation of the environmental impact of its operations. These policies are applied by the parent company and its subsidiaries.

All Policies are approved by the Parent Company's Management Body or persons delegated thereby and extended to Group companies, including CLI. The Governing Body also defines the methods of implementation.

Policy	**Scope of application**	**Topic covered**	**Beneficiary Stakeholders**
Group Code of Ethics and Conduct	All sites of Centrale del Latte d'Italia S.p.A.	Energy efficiency Continuous improvement Resource conservation Promoting environmental ethics	Nature and ecosystems Local communities Suppliers
Supplier Code of Conduct	All sites of Centrale del Latte d'Italia S.p.A.	Climate change mitigation Energy efficiency Resource conservation	Nature and ecosystems Local communities Suppliers
Sustainability Policy	All sites of Centrale del Latte d'Italia S.p.A.	Climate change mitigation Energy efficiency Resource conservation	Nature and ecosystems Local communities Suppliers
Integrated Management System Policy	All sites of Centrale del Latte d'Italia S.p.A.	Energy Efficiency Spread of renewable energy Resource conservation	Nature and ecosystems Local communities Suppliers

E1-3 - Actions and resources in relation to climate change policies

In 2024 the Company adopted a series of measures to minimise and manage its climate change impacts, risks and opportunities. Specifically:

- Constantly monitor energy consumption and the energy mix through specific KPIs
- Calculate own direct emissions (Scope 1 and Scope 2)

The actions described above relate to own operations. The main stakeholder benefiting from the listed actions is the ecosystem.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group. Indeed, following this acquisition, sustainability policies – including initiatives for the transition to climate change mitigation and related actions – will be integrated where possible to cover the entire Group, including the subsidiary CLI.

Metrics and targets

E1-4 - Targets related to climate change mitigation and adaptation

Centrale del Latte d'Italia has not yet defined specific targets for the management and mitigation of climate change impacts, risks and opportunities pending an integration at the Newlat Food Group level of good practices among the recently acquired companies. However, the Company constantly monitors the implementation and effectiveness of existing policies through environmental indicators, ensuring full compliance with regulations, especially those relating to emissions and energy consumption.

E1-5 - Energy consumption and mix

The table below shows the consumption and energy mix of the Company in 2024.

	Disclosure	UoM	Quantity
(1)	Fuel consumption from coal and coal products	MWh	0
(2)	Fuel consumption from crude oil and petroleum products[8]	MWh	1,533.9
(3)	Fuel consumption from natural gas[9]	MWh	113,772.8
(4)	Fuel consumption from other fossil sources	MWh	0
(5)	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources[10]	MWh	35,950.2
(6)	**Total energy consumption from fossil sources**	MWh	**151,256.8**
Share of fossil sources in total energy consumption		%	**99.8**
(7)	**Consumption from nuclear sources**	MWh	**0**
Share of consumption from nuclear sources in total energy consumption		%	**0**
(8)	Consumption from renewable sources, including biomass	MWh	0
(9)	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	0
(10)	Consumption of self-generated non-fuel renewable energy[11]	MWh	340.3

[8] The figure in MWh was obtained from the consumption measured in litres, using DEFRA 2024 conversion factors for specific fuels.

[9] The figure in MWh was obtained from the consumption measured in cubic metres, using DEFRA 2024 conversion factors.

[10] The measurement takes place directly in MWh, so no conversion factors were applied.

[11] The measurement takes place directly in MWh, so no conversion factors were applied.

(11)	**Total energy consumption from renewable sources**	MWh	**340.3**
Share of renewable sources in total energy consumption		%	**0.2**
Total energy consumption		MWh	**151,597.1**
Energy production		MWh	**8,358.4**
	Of which:		
	From renewable sources	MWh	340.3
	From non-renewable sources	MWh	8,018.1
Energy intensity associated with activities in high climate impact sectors[12]		Consumption Mwh / Revenue in thousands of euros	**0.43**
Net revenue from activities in high climate impact sectors used to calculate energy intensity[13]		€	349,712,000
Net revenue (other)		€	0
Total net revenue (according to the financial statements)		€	349,712,000

Electricity is used by the Company to power its plants, to carry out heat treatments and for refrigeration. Natural gas is mainly used for heat production in the transformation processes, and fuels are used to power the company's vehicles and generators that must guarantee operational continuity. All data are promptly collected.

E1-6 - Greenhouse gas emissions

The Company's greenhouse gas emissions are given below. See the footnotes for details on the methodology.

Scope 1 emissions are mainly attributable to natural gas consumption and the operation of company vehicles. Scope 2 emissions are attributable to electricity consumption. Both of these are calculated on the basis of the data presented under indicator E1-5.

	Disclosure	UoM	Quantity
Scope 1 GHG emissions			
a)	Gross Scope 1 GHG emissions[14]	tCO2eq	22,076.7
	Of which:		
	Centrale del Latte d'Italia	tCO2eq	22,076.7

[12] The Group's entire business is to be considered associated with activities in sectors with a high climate impact.

[13] Corresponding to the item "Revenue from contracts with customers".

[14] Calculated using the DEFRA 2024 conversion factors.

	Subsidiaries, associates, joint ventures over which operational control is exercised	tCO2eq	0
b)	Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	0
Scope 2 GHG emissions			
a)	Gross location-based Scope 2 GHG emissions[15]	tCO2eq	15,523.4
	Of which:		
	Centrale del Latte d'Italia	tCO2eq	15,523.4
	Subsidiaries, associates, joint ventures over which operational control is exercised	tCO2eq	0
b)	Gross market-based Scope 2 GHG emissions[16]	tCO2eq	18,023.2
	Of which:		
	Centrale del Latte d'Italia	tCO2eq	18,023.2
	Subsidiaries, associates, joint ventures over which operational control is exercised	tCO2eq	0
Total GHG emissions (location-based)		tCO2eq	37,600.1
Total GHG emissions (market-based)		tCO2eq	40,099.9
Total GHG emissions versus net revenue (position-based)[17]		tCO2eq / Revenue in thousands of euros	0.11
Total GHG emissions versus net revenue (market-based)[18]		tCO2eq / Revenue in thousands of euros	0.11

[15] Calculated using the AIB - total supplier mix conversion factor (2023 update).

[16] Calculated using the AIB - residual mix conversion factor (2023 update).

[17] Corresponding to the item "Revenue from contracts with customers".

[18] Corresponding to the item "Revenue from contracts with customers".

E2 - POLLUTION

ESRS E2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The process of identifying and assessing material impacts, risks and opportunities for the Company, including those related to E2 Pollution, is described in detail in the section Impacts, risks and opportunities management, to which reference is made for more details.

To support the Double Materiality assessment, the Newlat Food Group developed a stakeholder engagement plan to involve key stakeholders in the identification of material sustainability matters, including the subsidiary Centrale del Latte d'Italia. Consultations with stakeholders on pollution issues, in particular with affected communities, will take place starting in the coming financial years, following the guidelines of the Group plan outlined in the Stakeholder Engagement section.

CLI has screened its site locations and business activities in order to identify its actual and potential pollution -related impacts, risks and opportunities in its own operations and upstream and downstream value chain. The material impacts identified associated with the relevant sub-topics are presented below with a brief description. With regard to topic E2 Pollution, Centrale del Latte d'Italia has identified neither any relevant risks nor any relevant opportunities.

Material impacts			
Sub-topic	**Impact**	**Description of the Impact**	**Position in the VC**
Air pollution	Air pollution from agricultural and livestock activities	Agriculture is a significant source of various air pollutants, including ammonia, methane and particulate matter, generated by fertiliser and pesticide use, livestock waste management and the burning of crop residues.	Upstream
Air pollution	Increased air pollution due to local operations	The high consumption of energy from fossil fuels can generate air pollutants, with negative effects on local air quality and possible respiratory problems for neighbouring communities.	Own operations
Water pollution	Contamination of water bodies due to agricultural and livestock activities	Agriculture and livestock farming can cause fertilisers, pesticides and animal waste to run off into surface waters, causing nutrient pollution, harmful algal blooms and dead zones in aquatic ecosystems.	Upstream
Water pollution	Waste water from production	Production processes generate waste water containing organic substances, chemicals and pathogens, which can contaminate water bodies if not properly treated.	Own operations

Soil pollution	Chemical run-off and animal waste management	The use of pesticides and fertilisers, as well as the management of waste from livestock farming, can cause soil contamination, compromising soil health and reducing agricultural productivity.	Upstream

E2-1 – Policies related to pollution

The Code of Ethics and Conduct reaffirms the commitment to environmental protection, promoting strict compliance with current regulations and the adoption of preventive measures to minimise pollution generated by company activities.

Moreover, the Supplier Code of Conduct adopted by the Company requires supply chain operators to adopt responsible and environmentally compliant practices. These initiatives are complemented by the Sustainability Policy and the Integrated Management System Policy, aimed at improving operational efficiency and limiting its environmental impact.

At the operational level, site-specific procedures are also adopted for the management of environmental emergencies, with particular attention to possible accidental spills or emissions. These procedures aim to quickly contain any impacts, ensuring prompt intervention and reducing the risk of air, water and soil contamination.

All Policies are approved by the Parent Company's Management Body or persons delegated thereby and extended to Group companies, including CLI. The Governing Body also defines the methods of implementation.

E2-2 – Actions and resources related to pollution

In 2024 the Company adopted a series of measures to minimise and manage its impacts, risks and opportunities related to pollution. Indeed, there is constant monitoring of pollutant emissions, both through self-analysis and third-party testing.

The actions described above relate to own operations.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

Metrics and targets

E2-3 – Targets related to pollution

Centrale del Latte d'Italia has not yet defined specific targets for pollution reduction, but these may be set in future years. However, thanks to a structured monitoring system that includes internal analyses and audits conducted by third parties, as well as the implementation of environmental management systems, the Company is committed to ensuring compliance with the pollutant emission limits set by current regulations.

E2-4 – Pollution of air, water and soil

Pollutants emitted from own operations: • Hydrofluorocarbons (HFCs)[19]	Kg	473.3

For the emissions of air, water and soil pollutants, Centrale del Latte d'Italia only considers F-Gases. The use of F-Gas is essential for the operation of refrigeration systems. Consumption of these is limited to any topping up of the systems, which is recorded from time to time and is sometimes part of normal operating procedures as a result of continuous use, and any emissions are periodically monitored as required by existing management systems and regulations.

Given the nature of the business, microplastics were not a material topic requiring further disclosure.

[19] F-Gas consumption in 2024 mainly concerned the Rapallo plant.

E3 - Water and marine resources

ESRS 2 - General Disclosures

ESRS 2 IRO-1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

The analysis of the material impacts, risks and opportunities for Centrale del Latte d'Italia, including those related to the topic E3 Water and marine resources, is detailed in ESRS 2 IRO-1 Impact, risk and opportunity management, to which reference is made for more details.

To further strengthen this analysis, the Newlat Food Group, of which CLI is a part, developed a stakeholder engagement plan to involve key stakeholders in the identification of the most significant sustainability issues, and they were also questioned on the use of water. Other consultations, particularly with the communities directly affected, will be initiated in the coming years in line with the guidance provided in the Stakeholder Engagement section, although for the areas in Italy where the Company operates there have been no critical issues related to this resource to date.

The main impacts identified for each sub-topic are listed below. Regarding the E3 Water and Marine Resources topic, the Company did not identify any material risks or opportunities.

Material impacts			
Sub-topic and sub-sub-topic	**Impact**	**Description of the Impact**	**Position in the VC**
Water – Water consumption	Water use for agricultural and livestock activities	Water is essential for irrigating crops and maintaining livestock, especially in arid areas.	Upstream
Water – Water consumption	Water use in production and transformation processes	Water is essential for food processing, heating, cooling and sanitising.	Own operations
Water – Water withdrawals	Depletion of water due to excessive abstraction for agricultural and livestock activities	Over-exploitation of water can deplete aquifers, threatening agriculture and the availability of drinking water.	Upstream
Water – Water withdrawals	Excessive water withdrawal related to production	Inefficient use of water in food industries can deplete water resources and jeopardise future activities.	Own operations
Water – Water discharges	Water pollution and eutrophication due to discharges from agricultural activities	Untreated agricultural effluents can contaminate water and cause eutrophication, with impacts on ecosystems and biodiversity.	Upstream

E3-1 – Policies related to water and marine resources

The Group's Code of Ethics and Conduct, also adopted by the subsidiary CLI, reaffirms the commitment to environmental protection, promoting strict compliance with current regulations and the adoption of preventive measures to minimise impacts on the environment, including any sub-optimal management of water resources.

Furthermore, the Supplier Code of Conduct requires supply chain operators to make responsible use of water resources by limiting waste as much as possible, optimising its use and providing a water monitoring system where possible to enable the most efficient management. These initiatives are complemented by the Sustainability Policy and the Integrated Management System Policy, aimed at improving efficiency through continuous monitoring of water resources in order to limit its waste as much as possible.

All Policies are approved by the Parent Company's Governing Body or parties delegated thereby. The Governing Body also defines the methods of implementation.

At the operational level, site-specific water management procedures are also adopted, whereby the various sites commit to an efficient and sustainable use of water in their production processes. Some of these sites are in water-stressed areas. While dedicated policies have not yet been implemented for them, they are nevertheless part of the Company's environmental management system. Consequently, they are subject to procedures and strategies aimed at optimising resources, including responsible water management.

E3-2 – Actions and resources related to water and marine resources

In 2024 the Company adopted a series of measures to minimise and manage its impacts, risks and opportunities related to water and marine resources. Specifically:

- Adoption of waste water treatment technologies for some production sites to maximise reuse and reduce discharges. For example, some time ago the Vicenza plant implemented a recovery system through the installation of two tanks that allow the recovery of water between the various washing processes, limiting withdrawals and discharges. At the Florence site, a drinking water plant was installed to reduce water consumption in milk processing.
- Regular analyses of the treated and discharged water, both through self-analysis and through audits by third parties such as local authorities to ensure full compliance with current regulations.

The actions described above relate to own operations. The main stakeholders benefiting from the actions are the ecosystems.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

Metrics and targets

E3-3 – Targets related to water and marine resources

Centrale del Latte d'Italia has not yet defined specific targets for the use of water resources. However, all locations are committed to constant monitoring of consumption and strict compliance with current regulations. Although CLI has not set reduction targets, it is always pursuing continuous improvement in water management in line with the certifications earned under the 14001 standard.

E3-4 – Water consumption

Centrale del Latte d'Italia conventionally adopts water withdrawals, measured by point measurements, as the benchmark for analysing consumption, considering them the most representative indicator. This approach is motivated by the fact that most of the water withdrawn is used for washing equipment (essential to ensure food safety and compliance with hygiene regulations), for cooling systems and for a residual part as raw material in products. A significant part of this water also returns to the environment through drains or by evaporation. This approach enables detailed and informed monitoring, supporting the adoption of optimisation strategies to improve water efficiency.

Disclosure	UoM	Quantity
Total water consumption	Cubic metres	2,811,018
Total water consumption in areas at water risk, including areas of high-water stress	Cubic metres	325,885
Total water recycled and reused	Cubic metres	0
Total water stored and changes in storage	Cubic metres	0
Total water consumption in own operations	Cubic metres per million euros of net revenue	8.05

E4 - BIODIVERSITY AND ECOSYSTEMS

For the disclosure on the topic in question, Centrale del Latte d'Italia makes use of the phase-in provision in accordance with Appendix C of ESRS 1 and complies with the disclosure requirements set out in ESRS 2 BP-2, section 17, paragraphs a), b), c), d), e) in the case of a topic assessed as material.

The sustainability matters considered material and detailed by sub-topic are as follows:

- Direct impact drivers of biodiversity loss
- Impacts on the extent and condition of ecosystems
- Impacts and dependencies on ecosystem services

Strategy

In view of the integration process currently under way by its parent company Newlat Food S.p.A., Centrale del Latte d'Italia has not yet developed an integrated Biodiversity and Ecosystems transition plan. The possibility of defining such a plan will be evaluated in the coming years, in parallel with the progress of the integration process.

Policies related to biodiversity and ecosystems

As a subsidiary of the Newlat Food Group, CLI addresses the issue of biodiversity through the proper application of its Code of Ethics and Conduct, which enshrines its commitment to protecting the environment for the good of the community and future generations. The Sustainability Policy adopted also mentions environmental protection and attention to biodiversity. Furthermore, responsible practices to protect the environment and biodiversity are also required within the Code of Conduct for suppliers. Finally, each site operates in compliance with local regulations by means of the required authorisations and procedures.

Actions and resources related to biodiversity and ecosystems

The actions implemented by CLI to mitigate impacts on biodiversity are based on the involvement of supply chain actors. Centrale del Latte d'Italia has always established and consolidated partnerships with its supply chain: through long-term supply chain projects and agreements the company is committed to promoting the production of Italian milk. By integrating organic products into its range, CLI responds to the growing demands of consumers while supporting farms and livestock farms that adopt practices compliant with organic standards, thus contributing to the protection of biodiversity.

The actions described above relate to own operations, the supply chain and product sales. The main stakeholders benefiting from the actions are: end consumers and ecosystems.

Following the finalisation of a major acquisition by the parent company of Centrale del Latte d'Italia, the Group will evaluate the implementation of further actions to mitigate its environmental impact and risks to biodiversity and ecosystem that will also affect CLI.

Metrics and targets

E4-4 - Targets related to biodiversity and ecosystems

Centrale del Latte d'Italia has not yet defined biodiversity targets that cover the entire reporting boundary. However, the Newlat Food Group, of which the Company is a part, is committed to operating with respect for biodiversity, complying with environmental regulations and local authorisations.

E4-5 - Impact metrics related to biodiversity and ecosystems change

As already mentioned, the company has no sites located in protected areas. Furthermore, no major impacts were identified with regard to land-use change, or impacts on the extent and condition of ecosystems in relation to its own operations.

E5 - RESOURCE USE AND CIRCULAR ECONOMY

ESRS 2 IRO-1 - Impact, risk and opportunity management

The process of identifying and assessing material impacts, risks and opportunities for the Group, including those related to E5 Resource use and circular economy, is described in detail in the section Impacts, risks and opportunities management, to which reference is made for more details.

To support the Double Materiality assessment, CLI developed a stakeholder engagement plan to involve key stakeholders in the identification of material sustainability matters.

Significant impacts arise mainly from the linear use of resources, inefficient waste management and food waste, with direct consequences on the environment and natural resources.

The linear use of resources – without effective reuse or recycling – leads to inefficiency and waste, depleting natural resources such as water, energy and raw materials, and contributing to environmental degradation.

Moreover, outflows related to products and services generate excess waste, especially single-use plastic packaging, which contributes to environmental pollution and build-up in landfills. Products that are difficult to recycle or without proper end-of-life plans also increase waste and reduce the circularity of materials.

Finally, the inefficient management of food waste is another major impact. Poor practices in this area lead to increased greenhouse gas emissions and loss of organic matter, further exacerbating environmental degradation.

With regard to the risks the Company is exposed to, one of these concerns the use of non-sustainable packaging, which can have a significant negative environmental impact. The adoption of non-recycled, non-recyclable or non-biodegradable packaging can lead to economic sanctions, such as the plastic tax, and damage the company's reputation. This risks negatively influencing the perception of consumers and stakeholders, with consequent economic and operational implications.

Finally, CLI identified an opportunity to invest in sustainable packaging solutions such as biodegradable, recyclable or reusable materials. This reduces waste, improves resource efficiency and complies with environmental regulations. Furthermore, it boosts the company’s reputation, attracts consumers sensitive to sustainability and offers competitive advantages.

E5-1 - Policies related to resource use and circular economy

As already highlighted in this Document, Centrale del Latte d'Italia has not yet defined specific policies in this regard, but adopts the principles relating to the use of resources and the circular economy contained in the Documents and Policies of the Parent Company Newlat Food S.p.A. These include the Sustainability Policy, which promotes circular economy practices, the Code of Ethics and Conduct, which enshrines the commitment to environmental protection, promoting the reduction of inefficiency and waste, and the Supplier Code of Conduct, which requires the supply chain to minimise the environmental impact of packaging, e.g. by preferring recyclable, recycled, compostable or renewable materials, in line with circularity principles.

All Policies are approved by the Parent Company's Governing Body or parties delegated thereby. The Governing Body also defines the methods of implementation.

E5-2 - Actions and resources related to resource use and circular economy

In 2024 the Company adopted a series of measures to minimise and manage its impacts, risks and opportunities related to resource use and the circular economy. Specifically:

- For the plastic packaging for some production lines, partially recycled materials are used, thus reducing the use of virgin plastic.
- Some production scrap, instead of being disposed of as waste, is reused by the livestock industry, thus avoiding generating further scrap for disposal.

The actions described above relate to own operations, the supply chain and product disposal. The main stakeholders benefiting from the actions are: farmers and ecosystems.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

Metrics and targets

E5-3 – Targets related to resource use and circular economy

Centrale del Latte d'Italia has not yet defined specific targets with respect to resource use and the circular economy. However, it is committed to increasing the recyclability of its waste by reducing that which requires a potentially more impactful disposal. To this end, thanks to the expansion of environmental management systems, training and awareness-raising activities on the subject are essential, as is the orderly management of designated waste management areas. Furthermore, CLI will benefit from the targets that its parent company, Newlat Food S.p.A., will set at the Group level following the integration of the major acquisition in 2024.

E5-4 – Resource inflows

For 2024 Centrale del Latte d'Italia will provide this indicator only for the main raw materials and packaging purchased, as reported in the respective methodological notes. However, it is committed to meeting this requirement in the coming financial years by progressively improving the data collection process and accuracy.

As already highlighted in the section on the Value Chain, the raw materials used in Centrale del Latte d'Italia's production process are mainly agri-foods. These include milk, cream and whey, as well as food ingredients for non-dairy drinks and other dairy products.

In addition to food raw materials, a key role is played by packaging, which includes plastics, paper, cardboard, glass and poly-bonded materials. Moreover, the operation of the plants requires the use of energy resources such as natural gas, electricity, steam and fuels such as petrol, diesel and LPG.

The sourcing of these resources is a key element for the overall sustainability of the Company, as it directly affects consumption, emissions and responsible management of raw materials along the entire production chain.

Disclosure	UoM	Quantity
Overall total weight of products and technical and biological materials used[20]	Kg	240,298,962
% organic materials from sustainable supply chain[21]	%	0
Total weight of reused or recycled secondary components and intermediate secondary products and materials used[22]	Kg	0
% of secondary components reused or recycled and of secondary intermediate products and materials used	%	0

E5-5 – Resource outflows

The following table shows the quantities of waste produced by CLI, with details on its destination, as recorded using the Form. Being a manufacturer, the main types are organic waste, packaging waste, chemical waste for hygiene and machinery operation, industrial waste such as sewerage sludge and waste from maintenance. There is no radioactive waste.

	Disclosure	UoM	Quantity
a)	**Total** amount of waste generated	Kg	**13,491,108**
b)	**Waste** not destined for disposal	Kg	**12,775,967**
	Hazardous waste not destined for disposal	Kg	**171,759**
	of which:		
	preparation for re-use	Kg	4,569
	recycling	Kg	4,130
	other recovery operations	Kg	163,060
	Non-hazardous waste not destined for disposal	Kg	**12,604,208**
	of which:		
	preparation for re-use	Kg	36,306
	recycling	Kg	1,066,070
	other recovery operations	Kg	11,501,832

[20] Data on the main raw materials used (milk, cream and whey) and packaging (all types).

[21] While the Company sources materials from sustainable supply chains, there is no data collection system in place that would allow this data point to be stated with reasonable approximation.

[22] While the Company procures materials from recycling, there is no data collection system in place that would allow this data point to be stated with reasonable approximation.

c)	**Waste** destined for disposal	Kg	**715,141**
	Hazardous waste destined for disposal	Kg	**10,151**
	of which:		
	incineration	Kg	3,686
	landfill	Kg	1,440
	Other disposal operations	Kg	5,025
	Non-hazardous waste destined for disposal	Kg	**704,990**
	of which:		
	incineration	Kg	39,960
	landfill	Kg	636,970
	other disposal operations	Kg	28,060
d)	Total amount of **non-recycled waste**	Kg	**12,420,908**
	Percentage of **non-recycled waste**	%	**92.1**
	Total amount of **hazardous waste**	Kg	**181,910**

The main products and materials resulting from the production process include foodstuffs for consumption. Their durability is governed by strict storage and expiry regulations, ensuring quality, safety and compliance with current standards.

SOCIAL INFORMATION

S1 - OWN WORKFORCE

ESRS 2 SBM-2 – Interests and views of stakeholders

Stakeholders were involved during the stakeholder engagement exercise. See the relevant section in ESRS 2 for more information.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Centrale del Latte d'Italia operates only in Italy, a context characterised by a strong commitment to the protection of human and workers' rights. Since the Company is a manufacturer, the materiality assessment revealed a strong dependence on human capital. CLI is mainly staffed by employees, supported by a smaller group of non-employees who are primarily engaged in cleaning, logistics and warehouse management. Most of the employees are directly involved in production, while the remainder perform administrative and management roles in the offices. A detailed analysis of the characteristics of the employees is given in the following sections, in particular S1-6.

The most significant topics in terms of impact include, first and foremost, employee health and safety, followed by key aspects such as equal opportunities, including gender equality, diversity & inclusion, professional growth and training. Other crucial areas concern the protection of workers against all forms of discrimination or violence, work-life balance, prevention of forced labour and protection of privacy. The impacts identified, which are closely linked to the Group's own operations, are systemic in nature, i.e. the production sector is potentially fully affected, on the one hand due to the strong dependence on human capital and on the other due to the nature of operations requiring shift work, in close contact with machinery.

These material impacts are linked to the main risks identified, which, if not properly managed, could have both reputational consequences and lead to sanctions. Failure to respect human rights in labour relations could expose the company to serious legal and reputational repercussions. Similarly, ineffective human resources management could generate widespread dissatisfaction, increased turnover and a deteriorating corporate climate, with negative effects on productivity and the ability to attract and retain talent. Furthermore, a lack of attention to diversity & inclusion and equal treatment would be a further risk factor, as the absence of concrete initiatives to foster a fair and inclusive working environment could undermine employee engagement, damage the company's reputation and expose the company to potential discrimination lawsuits. Some of these risks are situated in the upstream phase of the Company's value chain, particularly those related to the non-respect of human rights, which concern the more remote areas of the supply chain where control over these issues is less incisive. Other risks, however, are also present within the Company's operations, such as those related to the promotion of diversity and inclusion, and the management of labour relations.

However, these risks are adequately controlled and mitigated through strict compliance with regulations, as well as through the implementation of specific initiatives and actions aimed at workforce management and development, as described in the next section.

S1-1 – Policies related to own workforce

Centrale del Latte d'Italia has adopted the Code of Ethics and Conduct issued by its parent company Newlat Food S.p.A. The document is based on international standards and guidelines, including the Universal Declaration of Human Rights, the principles of the UN Global Compact and the core labour standards promoted by the International Labour Organisation (ILO).

The principles include the rejection of any form of discrimination, guaranteeing equal rights and opportunities to all workers regardless of ethnicity, colour, religious belief, gender, sexual orientation, national or regional origin, age, disability or any other personal condition.

In addition to the Code of Ethics and Conduct, the Group and therefore the Company have adopted a number of fundamental policies related to their own workforces, including:

- The Sustainability Policy: comprehensively addresses all ESG issues, including employee health and safety, human capital development, human rights protection, inclusion and diversity.
- Human Rights Policy: focuses on the protection and respect of fundamental rights, including the fight against child and forced labour, the promotion of fair and decent working conditions and wages, respect for working hours and the right to freedom of association.
- Diversity and Inclusion Policy: promotes equal treatment and non-discrimination, recognising diversity as a strategic value for business competitiveness. The policy focuses on gender equality, generational diversity, the inclusion of people with disabilities and the valuing of cultural differences.
- The Integrated Management System Policy (Quality, Environment, Health and Safety): enshrines the commitment to guarantee a safe and healthy working environment, emphasising the importance of the proper application of regulations on safety and the protection of workers' health.

All Policies are approved by the Parent Company's Governing Body or parties delegated thereby. The Governing Body also defines the methods of implementation.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

Centrale del Latte d'Italia recognises the importance of an ongoing, structured dialogue with its employees regarding actual and potential material impacts. This discussion takes place directly, but also through employee representatives and trade unions, with the aim of ensuring transparency and involvement in company decisions. The responsibility for ensuring that this involvement takes place and that the results guide the company's approach lies with the Governing Body.

Communication with employees takes place in different ways: for simple information sharing, company notice boards and emails for office staff are used. In cases where active involvement in the decision-making process is necessary, e.g. for the definition of collective agreements, bonuses and company benefits, dialogue takes place via employee representatives and trade unions. This approach ensures that employees' needs and opinions are listened to and integrated into company decisions, promoting a more fair and participative working environment, in line with local laws and applicable national collective agreements.

Dialogue with trade unions is a central element of the Company's industrial relations. Indeed, Centrale del Latte d'Italia operates in a context where awareness of workers' rights is high and trade union representatives play an active role, fostering transparent and proactive interaction.

S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

The Company has adopted formal tools for the workforce to report any concerns, misconduct or violations of laws and regulations. All employees have access to dedicated complaint channels and mechanisms.

In addition to the traditional whistleblowing box, still present in some locations, an online channel is available, accessible to all employees in the various locations. This system is integrated into the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 (hereinafter also referred to as "231 OMCM").

Hosted on the server of a third-party and independent provider, the whistleblowing channel is operational 24/7 and complies with the requirements of Directive EU 2019/1937 regarding issues such as confidentiality and protection of the whistleblower's data, respect for the timing of the whistleblowing process, and protection of the whistleblower against any form of retaliation, including dismissal or other discrimination.

Reports are assessed by specially appointed members. To this end, an Ethics Committee has been set up that, together with the Supervisory Body, has the task of managing them in full compliance with the regulations in force.

In order to promote transparency and accessibility to these channels as well as communication to their workforce, Centrale del Latte d'Italia has adopted specific policies and procedures informing employees of the existence of the channel and defining their rights and obligations in the event of a report. This information is disseminated through various means, including postings on company notice boards, publications on online portals and email communications. This information is also integrated into the training sessions on the 231 OMCM required by the law, ensuring its dissemination within its workforce.

Currently there is no structured or formalised system for assessing the level of awareness of workers regarding the existence of these structures and processes. However, the broad communication adopted facilitates the dissemination of information among the various functions and categories of employees, allowing them to know whom to contact with any reports.

S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Among the most significant issues in terms of impact are first and foremost the health and safety of employees given the centrality of production in the Company's activities. In order to ensure safe working environments that comply with current regulations, the various sites adopt Health and Safety Management Systems that comply with the relevant legislation. Indeed, all sites of Centrale del Latte d'Italia are in fact certified as compliant with Italian Legislative Decree no. 81/2008.

In concrete terms, the Company carries out initiatives and actions aimed at minimising negative impacts related to occupational health and safety issues and related risks, including:

- Risk assessment and management: the identification and management of hazards in the workplace are key to preventing accidents and occupational diseases. These processes are conducted periodically and when significant changes are made to operations, facilities or equipment.
- Health monitoring: all employees undergo regular medical examinations to check their fitness for the job. The frequency of these visits is defined according to the specific risks of their jobs, in line with current regulations.
- Compulsory training: health and safety training is mandatory and provided on a regular basis. Courses are structured according to the specific tasks and risks associated with each job, with the aim of raising workers' awareness and promoting safe behaviour.
- Incident reporting and management: workers are actively encouraged to report dangerous situations through a structured system of collecting and analysing reports.
- Monitoring of injuries: Centrale del Latte d'Italia adopts a system of constant monitoring of safety at work through the analysis of specific KPIs. This approach makes it possible to assess the trend of incidents, measure the effectiveness of the measures taken and identify possible areas for improvement.
- Active worker involvement: the participation of the workforce is ensured through regular meetings between worker representatives and safety managers, where critical issues, reports and possible improvements are discussed.

At the same time, in order to monitor or mitigate negative impacts and risks related to equal opportunities, gender equality, diversity & inclusion, professional growth and the protection of workers, as detailed in the previous section the Company has set up a dedicated reporting channel through which employees can report any violations of the law or unlawful conduct also with reference to these issues.

In addition to this, Centrale del Latte d'Italia has taken the following measures to strengthen its commitment to these aspects:

- Prevention of forced labour and protection of workers' rights: the Company applies a zero-tolerance policy towards forced and child labour, ensuring full compliance with labour rights legislation. In addition, SMETA audits are conducted at some sites to verify compliance with labour standards.
- Inclusive selection processes: the Company has adopted non-discriminatory hiring practices, ensuring that selection processes assess not only technical skills but also respect for the principles of diversity and inclusion, with the aim of creating a fair and representative working environment.
- Protection of privacy and personal data: Centrale del Latte d'Italia ensures compliance with the regulations on the processing of personal data, with the establishment of dedicated registers for data management. Moreover, investments are made in security systems and specific training programmes to raise employee awareness.

The actions described above relate to own operations. The main stakeholders benefiting from the actions are own workers.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company did not implement any new actions during the year to mitigate negative impacts and seize new material opportunities. It maintained its operations in line with pre-existing objectives and adhered to Group rules and procedures.

The recent acquisition of the Princes Group by Newlat Food S.p.A, the parent company of Centrale del Latte d'Italia, has made it essential to integrate the objectives relating to the management of negative impacts and risks at the Group level. This harmonisation process will be implemented gradually over the next few years and will allow Centrale del Latte d'Italia to align its objectives and develop an action plan consistent with the Group's strategy, particularly with regard to workforce management.

Metrics

S1-6 – Characteristics of the undertaking's employees

The following tables present the composition of the workforce, with a focus on the distribution by gender and contract type. Since all employees employed by Centrale del Latte d'Italia work in Italy, it is not necessary to present information on contract type by region.

To represent the characteristics of the workforce, the headcount of the Company as at 31 December 2024 was taken into account. Since Centrale del Latte d'Italia does not employ seasonal workers, this year-end snapshot is representative of the overall workforce.

With regard to the methodology adopted, the data reported come directly from the HR department's management system, without the use of estimates.

Gender	**Number of employees**
Men	461
Women	151
Other	0
Not reported	0
Total employees	**612**

Country	**Number of employees**
Italy	612
Total employees	**612**

Number of employees as at 31/12/2024				
WOMEN	**MEN**	**OTHER**	**NOT REPORTED**	**TOTAL**
Number of employees				
151	461	0	0	612

Number of employees with permanent contracts				
126	428	0	0	554
Number of employees with fixed-term contracts				
25	33	0	0	58
Number of variable-schedule employees				
0	0	0	0	0
Number of employees with full-time contracts				
124	446	0	0	570
Number of employees with part-time contracts				
27	15	0	0	42

2024 turnover rate	
Number of employees who left the company in 2024	56
Turnover rate	9.15

The data show that around 75% of the workforce is made up of men, a fact considered characteristic of the manufacturing sector, where production predominantly involves male staff.

As far as the type of contract is concerned, more than 90% of the employees are employed on a permanent, full-time basis.

Compared to the turnover rate during 2024, 56 workers left the company with a rate of 9.15.

S1-8 – Collective bargaining coverage and social dialogue

Maintaining a constant and proactive dialogue with its workforce strengthens the spirit of collaboration within Centrale del Latte d'Italia and fosters the creation of value. The company is committed to building effective and mutually beneficial industrial relations, ensuring compliance with national laws and collective agreements, including employees' rights to freedom of association and collective bargaining.

Workers may be represented by trade unions, works councils or other representatives, in accordance with applicable regulations. Dialogue with trade union representatives takes place in full compliance with applicable laws and existing trade union agreements. Centrale del Latte d'Italia ensures that workers' representatives can carry out trade union activities in compliance with local regulations and collective agreements in force.

100% of Centrale del Latte d'Italia's own workforce is covered by a collective agreement and is represented in the workplace.

	Collective bargaining coverage	Social dialogue
Coverage rate	**EEA employees**	**Workplace representation (EEA only)**
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Italy (Centrale del Latte d'Italia)	Italy (Centrale del Latte d'Italia)

S1-9 – Diversity metrics

The following tables present the composition of personnel, with a focus on the gender distribution of Centrale del Latte d'Italia's executives.

Gender	Number of Senior Executives	% of Senior Executives
Women	0	0%
Men	9	100%
Total employees	**9**	**100%**

With regard to age groups, as can be seen from the table below the company's workforce is mainly composed of individuals over 30 (85.6%).

Age group	Number of employees	Percentage of employees
<30	88	14.4%
30-50	220	35.9%
>50	304	49.7%
Total employees	**612**	**100%**

S1-14 – Health and safety metrics

Given the manufacturing nature of the business, health and safety is one of the key elements of the Company's strategy. Below are the key metrics calculated based on data accurately tracked in the company's records and systems~~.~~

The injury rate is calculated as the number of injuries (on site, while working from home or while commuting) divided by the total number of hours worked, multiplied by 1,000,000. The injury rate is 13.4. Only company employees are included in the total, excluding interns and employees with non-guaranteed hours.

	Disclosure	UoM	Quantity
a)	% of workforce covered by the undertaking's **health and safety management system** based on legal requirements and/or recognised standards or guidelines, of which:	%	**100**
	Employees	%	100
	Workers who are not employees	%	0
b)	Number of **deaths** among the workforce during the reporting year, of which:	Number	**0**
	due to work-related injuries	Number	0
	due to work-related diseases	Number	0
	Number of **deaths** among other workers operating at the undertaking's sites, such as workers in the value chain if they operate at the undertaking's sites, that occurred during the reporting year, of which:	Number	**0**
	due to work-related injuries	Number	0
	due to work-related diseases	Number	0
c)	Number of recordable work-related **injuries**	Number	13
	Total hours worked by own workers	Number	967,151
	Rate of work-related injuries	Number per million hours worked	**13.4**
d)	Number of recordable cases of work-related **occupational diseases**, subject to legal restrictions on data collection, of which:	Number	**0**
	Employees	Number	0
	Workers who are not employees	Number	0

S1-17 – Incidents, complaints and severe human rights impacts

In 2024 there were no significant human rights incidents, complaints or impacts, including incidents of discrimination related to the internal workforce.

S2 - WORKERS IN THE VALUE CHAIN

For the disclosure on the topic in question, Centrale del Latte d'Italia makes use of the phase-in provision in accordance with Appendix C of ESRS 1 and complies with the disclosure requirements set out in ESRS 2 BP-2, section 17, paragraphs a), b), c), d), e) in the case of a topic assessed as material.

The sustainability matters considered material and detailed by sub-topic are as follows:

- Working conditions
- Equal treatment and opportunities for all
- Other work-related rights

Strategy

The workforce upstream of the Centrale del Latte d'Italia's operations is mainly concentrated in the agricultural sector, including growing food and cattle breeding, but also involves forestry, chemicals, engineering and mining. Therefore, various challenges related to working conditions may arise within the supply chain. In fact, the agri-food nature of the supplies means that there is a high demand for seasonal workers, which can affect employment stability at the end of harvest seasons. Furthermore, during peak periods there is the risk of long working hours, unregulated overtime and potentially abusive working conditions, including lack of adequate housing, poor water quality and inadequate sanitation, which may affect the welfare of workers.

Some sectors of the supply chain such as agriculture and mining are subject to strong pressures on the cost of raw materials produced, which may contribute to exploitative situations and inadequate wages, particularly in regions where national regulations and collective bargaining are less stringent.

Gender equality and valuing diversity are also areas of focus. In sectors requiring physical endurance such as agriculture, livestock farming and mining the workforce is often male-dominated, while women tend to be employed in less strategic roles and at lower wages, reflecting inequalities in both job allocation and pay. More generally, in the agricultural, mining and energy sectors diversity is sometimes underestimated, especially in remote and rural regions and areas with less attention to human rights, where cultural and socio-economic factors may hinder full inclusion.

In some critical contexts such as agriculture vulnerable situations may also arise, including incidents of harassment or violence in the workplace, especially in remote areas. Another potential critical issue concerns child labour, which in some areas sees children engaged in strenuous activities under difficult conditions and without adequate safety measures, with significant impacts on their development and well-being, especially in the more remote areas of countries with less protection of human rights.

These material impacts are all located in the upstream phase of the Company's value chain, being closely linked to the mining, agriculture and fishing sectors.

These issues are closely related to the main risks identified in supply chain management. If not properly addressed, they could lead to significant reputational consequences and sanctions.

Indeed, one of the main risks is the lack of an adequate due diligence process for assessing compliance in the supply chain. Insufficient monitoring of suppliers' working conditions could expose not only the Company but the entire Group to critical issues related to non-compliance with ethical and regulatory standards, with possible repercussions in terms of legal liability and loss of stakeholder trust.

A further risk is non-compliance with human rights in the management of labour relations, which can manifest itself through phenomena such as child labour and undocumented work. If not adequately prevented and countered, the presence of these issues in the supply chain could compromise the integrity of the Company, with negative impacts on the company's reputation and possible sanctions by the authorities. The risks identified are mainly concentrated in the upstream phase of the Company's value chain. Nonetheless, some of them could have repercussions on its own operations (e.g. with sanctions or reputational damage) if not adequately controlled. As part of the Double Materiality assessment, no significant impacts or risks were identified for the workforce employed downstream in the value chain. In fact, the downstream operations mainly take place in countries with a high awareness of human rights and a strong, protective legislative framework in this area. Moreover, the downstream sectors involved are less critical than the agricultural or mining sectors, as they are generally characterised by more regulated working conditions and a lower risk of human rights violations.

Policies related to workers in the value chain

Newlat Food S.p.A. and its subsidiaries, including CLI, have adopted a Supplier Code of Conduct inspired by the main international standards, including the Universal Declaration of Human Rights, the ILO Conventions and the UN Global Compact. This Code governs the respect of human rights in the supply chain, requiring the following of suppliers:

- Non-discrimination: equal opportunities for all workers and fair selection, hiring and remuneration processes.
- Legal contracts: formal recognition of labour relations in accordance with national regulations.
- Prohibition of child and forced labour: protection of minors and rejection of all forms of forced labour.
- Fair working hours and remuneration: compliance with regulations on working hours, rest and adequate remuneration.
- Trade union freedom and collective bargaining: right of association and negotiation for decent working conditions.
- Health and safety: safe working environments, with adequate training and preventive measures.

All Policies are approved by the Parent Company's Management Body or persons delegated thereby and extended to Group companies, including CLI. The Governing Body also defines the methods of implementation.

Actions and resources related to workers in the value chain

Engaging with affected stakeholders

As part of the stakeholder engagement plan developed in previous years by the Parent Company Newlat Food S.p.A., various actors in its value chain were involved, including farmers, livestock farmers, supply chain representatives, some suppliers and customers. This process made it possible to initiate a structured dialogue on their workforce issues, taking into consideration the impacts generated and gathering useful feedback to improve the practices adopted.

However, following the recent significant acquisition it became necessary to adjust the Group-wide stakeholder engagement plan, redefining the timing and method of consultation to ensure a consistent and integrated approach. The new plan thus aims to strengthen the dialogue with stakeholders in the value chain, promoting greater awareness and collaboration on workforce issues and the negative impacts caused not only by Centrale del Latte d'Italia but by the entire Group.

For a more in-depth discussion of stakeholder engagement strategies see the relevant section in ESRS 2.

Processes to remediate negative impacts

Centrale del Latte d'Italia has adopted formal means to allow the workforce in its value chain to report concerns, misconduct or violations of laws and regulations. These channels, described in detail in section S1-3, are the same as those used for the internal workforce and comply with data protection and reporting regulations, but are easily accessible to workers in the value chain via the corporate website.

Impacts, risks and opportunities management

The Company has adopted a series of measures to minimise and manage its impacts, risks and opportunities related to workers in the value chain. Specifically, risk assessments are conducted on suppliers of raw materials and/or finished products, also considering respect for human rights in the workforce employed. To this end, both qualification and retention audits of suppliers are performed to ensure compliance with worker protection standards throughout the supply chain. Suppliers may be required to undergo third-party audits to verify compliance with ethical and human rights issues for their workforce, such as SMETA audits or SA8000 certification. Moreover, for Italian companies, documentation such as the Certificate of Social Security Compliance (DURC) is required.

The actions described above relate to the supply chain. The main stakeholders benefiting from the actions are the workers within the supply chain.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

No major human rights problems or incidents were reported along the value chain in 2024.

Targets related to workers in the value chain

The Company did not take any new actions during the year to mitigate negative impacts or seize new material opportunities. It maintained its operations in line with pre-existing objectives and adhered to Group rules and procedures. The recent acquisition of the Princes Group by Newlat Food S.p.A, the parent company of Centrale del Latte d'Italia, has made it essential to integrate the objectives relating to the management of negative impacts and risks at the Group level. This harmonisation process will be implemented gradually over the coming years and will allow Centrale del Latte d'Italia to align its objectives and develop an action plan consistent with the Group's new strategy.

S3 - AFFECTED COMMUNITIES

For the disclosure on the topic in question, Centrale del Latte d'Italia makes use of the phase-in provision in accordance with Appendix C of ESRS 1 and complies with the disclosure requirements set out in ESRS 2 BP-2, section 17, paragraphs a), b), c), d), e) in the case of a topic assessed as material.

The sustainability matter considered material and detailed by sub-topic is as follows:

- Communities' economic, social and cultural rights

Strategy

Centrale del Latte d'Italia recognises that agricultural activities, particularly the cultivation of raw materials and livestock farming, can generate potential impacts on local communities and the environment in the areas where they are carried out. Although not directly attributable to its own operations, these impacts represent risk factors along the value chain, especially in the upstream stages, and in regions where local regulations and the protection of community rights may be less established. These dynamics may particularly affect fair access to land, the preservation of cultural rights, sustainable water management and responsible land use.

The material impacts include, for example, those related to intensive land use and expansion of cultivation and livestock activities that may affect local communities' access to and productivity of land, especially in areas with less regulation of human rights and land use. Water management is also affected by agricultural operations. The intensive use of water for irrigation can reduce availability for local communities, especially in water-stressed areas. Furthermore, if not properly managed, any discharges from agricultural operations may compromise the quality of water resources, with possible consequences on the health and living conditions of the populations involved. However, the main agricultural raw materials in the Company's supply chain, such as milk, come from suppliers operating in areas with advanced regulations on the protection of local communities and land rights, such as the European Union and Italy.

Closely related to the aforementioned impacts is the risk that the Company may fail to adequately manage relations with local communities, with possible repercussions on the workforce. Failure to take into account the needs of communities, including the need to support local economic development, could undermine the operating environment and jeopardise the resilience of farming operations in the long run, generating not only reputational damage should operations be linked to CLI's chain, but also economic impacts resulting from procurement difficulties.

Policies related to affected communities

The Code of Ethics and Conduct also adopted by Centrale del Latte d'Italia recognises the attention paid to the communities where the Company operates. The Code underlines the commitment to conducting its activities and investments in a responsible manner, contributing to the economic and social development of local and national communities. Currently the Company has no specific policies for managing relations with local communities. However, the material impacts and risks in this area are mainly related to environmental factors such as water and waste management, as well as respect for human rights in the workforce both within the Group and along the supply chain, which is an integral part of local communities. For more details on the policies adopted in relation to these aspects, see the relevant sections on environmental indicators (E), direct workforce management (S1) and supply chain (S2).

In the coming years the post-acquisition integration activities of the Group and Company will include an assessment of the possibility of developing dedicated policies and strengthening collaboration with its value chain to improve the management of relations with local communities. Such initiatives may include measures to protect the right to land and to ensure respect for the economic, social and cultural rights of the communities concerned.

All Policies are approved by the Governing Body or parties delegated thereby. The Governing Body also defines the methods of implementation.

Actions and resources related to affected communities

Processes for engaging with affected communities

As part of the stakeholder engagement plan developed in recent years, the Group – including its subsidiary Centrale del Latte d'Italia – has actively involved local communities, initiating a dialogue to consider the impacts generated and gather useful feedback to improve its practices.

However, following the recent significant acquisition it became necessary to adjust the Group-wide stakeholder engagement plan, redefining the timing and method of consultation to ensure a consistent and integrated approach. The new plan aims to strengthen the dialogue with local community stakeholders, promoting greater awareness and collaboration on issues related to the potentially negative impacts. For a more in-depth discussion of stakeholder engagement strategies see the relevant section in ESRS 2.

Processes to remediate negative impacts

Centrale del Latte d'Italia has formal means for local communities to report concerns, misconduct or violations of laws and regulations. These channels, shared with the internal workforce and designed in compliance with data protection and whistleblower regulations, are easily accessible to all stakeholders – including local communities – through the corporate website.

Impacts, risks and opportunities management

The Company has adopted a series of measures to minimise and manage its impacts, risks and opportunities related to communities. Indeed, the Group's supplier qualification and monitoring process includes an assessment of geographical risk, considering environmental and social factors. This approach assigns preference to suppliers located in countries with strong community rights mechanisms such as the European Union and Italy, especially for raw materials that require extensive land use.

The actions described above relate to the supply chain. The main stakeholders benefiting from the actions are local communities.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

No major human rights issues or incidents were reported with respect to the affected communities in 2024.

Targets related to the affected communities

The Company did not implement any new actions during the year to mitigate negative impacts and seize new material opportunities. It maintained its operations in line with pre-existing objectives and adhered to Group rules and procedures. The recent acquisition of the Princes Group by Newlat Food S.p.A, the parent company of Centrale del Latte d'Italia, has made it essential to integrate the objectives relating to the management of negative impacts and risks at the Group level. This harmonisation process will be implemented gradually over the coming years and will allow Centrale del Latte d'Italia to align its objectives and develop an action plan consistent with the Group's new strategy.

S4 - CONSUMERS AND END-USERS

For the disclosure on the topic in question, Centrale del Latte d'Italia makes use of the phase-in provision in accordance with Appendix C of ESRS 1 and complies with the disclosure requirements set out in ESRS 2 BP-2, section 17, paragraphs a), b), c), d), e) in the case of a topic assessed as material.

The sustainability matters considered material and detailed by sub-topic are as follows:

- Personal safety of consumers and/or end-users
- Social inclusion of consumers and/or end-users

Strategy

The Company's activities could generate potential negative impacts on consumer health and safety, particularly with regard to food quality and safety. If not properly managed along the entire production chain, the risk of contamination by pathogens, hazardous substances or product spoilage could occur at several stages, from production and processing to transport, distribution and retail.

A further potential risk concerns the possible accidental presence of foreign bodies inside food products, such as plastic fragments or metal clips from packaging. Such elements could compromise the safety of consumers, exposing them to dangers such as internal injuries or contamination.

Responsible marketing practices could also influence consumer confidence and awareness. Unclear, incomplete or misleading labelling may hinder informed food choices, increasing the risk of uninformed nutritional decisions. Specifically, the lack of transparency about the origin of ingredients, nutritional information or the presence of controversial components such as GMOs could lead to uncertainty and confusion.

From a financial materiality perspective, these potential negative impacts entail a significant risk of non-compliance with food safety and quality regulations. Failure to comply with these regulations could expose the Company to economic sanctions, product recalls and trade restrictions, resulting in direct financial losses.

In addition to the regulatory effects, there is a high reputational risk: incidents of non-compliance, especially when related to the safety of baby food, could undermine consumer confidence and damage the Company and its brands. This scenario could result in a decline in sales and loss of market share, with significant economic impacts in the short and long term.

Alongside potential negative impacts, CLI has also identified positive impacts related to consumer health and safety. Specifically, the company promotes and develops healthy, safe and minimally processed food products such as milk, fresh cheese or yoghurt with the aim of ensuring a balanced, nutritious diet for consumers.

A further positive impact concerns the attention paid to the younger age groups of the population, through the production of nutritious and safe food specifically formulated for children and infants. These products are enriched with essential vitamins and minerals for growth and made from raw materials selected according to strict criteria, in full compliance with industry regulations, to protect the health of the youngest children.

With regard to these positive impacts, CLI has also identified a strategic opportunity in the development and sale of innovative and healthier products in response to the growing consumer focus on healthy and conscious eating. This market trend represents an opportunity to expand the offer with products formulated to meet emerging nutritional needs while ensuring high standards of safety and quality.

Policies related to consumers and end-users

The Code of Ethics and Conduct adopted by Centrale del Latte d'Italia defines the commitment to ensure full consumer satisfaction as one of its fundamental principles. The commitment is pursued by offering products that comply with strict quality and food safety requirements, as well as constant investment in research and development to anticipate and respond to emerging needs, with a focus on health and well-being.

The Sustainability Policy also emphasises the importance of consumer protection, ensuring continuous control over all aspects of product quality and safety. With this in mind, a specific Quality Policy has been adopted and all the Company's sites are certified according to UNI EN ISO 9001:2015, confirming the Group's commitment to implementing a solid and effective quality management system.

All Policies are approved by the Parent Company's Management Body or persons delegated thereby and extended to Group companies, including CLI. The Governing Body also defines the methods of implementation.

Actions and resources related to consumers and end-users

Processes of engagement with consumers and end-users

Centrale del Latte d'Italia recognises consumers as a major stakeholder and has included them in its stakeholder engagement plan. While their views have not yet been gathered for this report, a progressive engagement process will be initiated from the next financial year with the aim of assessing the impacts generated and gathering useful feedback to improve business practices.

In fact, following the recent major acquisition it became necessary to update the Group-wide stakeholder engagement plan, redefining the timing and methods of consultation to ensure a more integrated and consistent approach. The new plan, which also involves Centrale del Latte d'Italia, aims to strengthen dialogue with all stakeholders, including consumers, by promoting greater awareness and collaboration on issues related to the potentially negative impacts.

For a more in-depth discussion of stakeholder engagement strategies see the relevant section in ESRS 2.

Processes to remediate negative impacts

The Company provides formal channels for consumers to report any problems or complaints related to products. Access to these channels is guaranteed to all consumers through online brand and product pages, ensuring transparency and user-friendliness. These tools allow reports to be collected in a timely manner, enabling a prompt response and the measures necessary to remedy any negative impacts reported.

Impacts, risks and opportunities management

Mitigation measures taken by the Company to prevent and manage negative impacts and risks on consumers include:

- Implementation of rigorous procedures based on HACCP principles to identify and manage risks throughout the production chain, supported by regular internal audits to ensure compliance with food safety standards.
- Risk assessments and voluntary adoption of food quality and safety certifications such as BRCGS and IFS to validate and reinforce the standards applied.
- Careful selection of suppliers through structured due diligence processes, including audits and risk assessments, ensuring a reliable supply chain that complies with regulatory requirements.
- Use of advanced tools such as X-ray scanners and metal detectors to detect foreign bodies in products and ensure high safety standards. Furthermore, robust traceability systems allow for the timely identification and resolution of any problems along the supply chain.
- Strict control of labels by the marketing and quality functions, ensuring that information is accurate, complete and compliant with regulations. This includes clear details on nutritional content, the origin of raw materials and production processes.
- Transparent handling of regulatory issues and consumer concerns, providing detailed information on sourcing practices for controversial ingredients such as palm oil and GMOs. The Company also promotes ethical marketing practices and provides feedback channels for consumers, building trust and ensuring regulatory compliance.

In terms of positive impacts and material opportunities, aware of the growing consumer interest in a healthier, sustainable diet adapted to different nutritional needs, the Company has invested in research and development (R&D) projects aimed at innovating its product range. This strategy not only makes it possible to respond to new market trends, but also represents an opportunity to create value through the development of products with high added value.

In a context where consumers are paying more attention to the environmental and social impact of their diet, the Company has expanded its range with organic products, products from certified animal welfare farms and products with local raw materials, contributing to the promotion and protection of the territory. At the same time, innovations in packaging aim to reduce environmental impact, aligning with the expectations of an increasingly sustainability-conscious public.

From a nutritional point of view, the Company has developed specialised product lines for different needs. These include: infant formula and baby products with selected ingredients and safety standards that are stricter than current regulations; functional products enriched with vitamins, minerals and other nutrients; foods for intolerances and allergies such as lactose-free and gluten-free products; and finally plant-based alternatives and products to meet specific ethical and religious needs, for example by obtaining Halal and Kosher certification.

The actions described above relate to the upstream component of the value chain. The main stakeholders benefiting from the actions are the end consumers of the products sold.

Following the Double Materiality assessment, a series of potential actions were identified, which will be evaluated and prioritised in the coming years, also with a view to the integration of the Princes Group.

Targets related to consumers and end-users

The Company did not take any new actions during the year to mitigate negative impacts or seize new material opportunities. It maintained its operations in line with pre-existing objectives and adhered to

Group rules and procedures. The recent acquisition of the Princes Group by Newlat Food S.p.A, the parent company of Centrale del Latte d'Italia, has made it essential to integrate the objectives relating to the management of negative impacts and risks at the Group level. This harmonisation process will be implemented gradually over the coming years and will allow Centrale del Latte d'Italia to align its objectives and develop an action plan consistent with the Group's new strategy.

GOVERNANCE INFORMATION

G1 - BUSINESS CONDUCT

ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies

See section GOV-1 in ESRS 2 – General disclosures.

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

As far as governance issues are concerned, the main potential negative impacts include those related to animal welfare, thus located in the upstream phase of the Centrale del Latte d'Italia's value chain. Inadequate supply management could in fact compromise the adoption of appropriate ethical practices, with possible repercussions on animal welfare.

Another material impact linked to the Company's own operations concerns the protection of whistleblowers: in the absence of adequate protection measures, the propensity to report misconduct may decrease, compromising corporate transparency and internal trust, as well as making the prevention of violations less effective.

Managing relations with suppliers can also be a critical aspect, especially with regard to payment practices. Late payments or unfair contractual conditions could jeopardise the stability of smaller companies.

Some of the risks identified are closely related to impacts. One of these relates to the failure to conduct structured due diligence to ensure compliance with animal welfare standards throughout the supply chain, with possible repercussions on corporate reputation and regulatory compliance. On the subject of corruption, CLI has highlighted the risk of corruption that could compromise corporate integrity, with both reputational consequences and possible sanctions. Finally, in managing relations with suppliers, delays or non-payment could cause disruptions in supplies, affecting business continuity and the stability of the supply chain.

Other risks that are not directly related to the negative impacts identified concern for example the failure to meet publicly declared ESG commitments, which could affect corporate credibility and stakeholder trust. In terms of corporate governance, inadequate management of compliance issues could lead to both reputational damage and sanctions. Finally, with regard to lobbying and political involvement, the risk relates to the possibility of the company undertaking initiatives that may generate conflicts of interest or be associated with corruption and other forms of fraud.

Centrale del Latte d'Italia also identified some positive impacts. One of these relates to effective and transparent communications, which are essential to enable investors to make informed decisions. Providing clear and accessible information on financial performance, business strategies, risks and growth prospects enables investors to assess potential returns and align their investments with their values and objectives.

Another positive impact is related to the ability to foster innovation. By investing in research and development, healthier, more sustainable and better-tasting products can be brought to market, responding to the evolving needs of consumers. For example, the development of plant-based or allergen-free products can meet specific food and ethical needs, while innovations in packaging can help reduce environmental impact.

G1-1 – Corporate culture and business conduct policies and corporate culture

Centrale del Latte d'Italia's model for responsible business management, inspired by national and international best practices, is based on internal Codes and a system of clear and regularly updated rules. These instruments, including the Code of Ethics and Conduct, the Anti-Bribery Policy and the Organisational, Management and Control Model adopted pursuant to Italian Legislative Decree no. 231/01, promote consistent, conscious behaviour.

The company strengthens its governance and management through continuous employee awareness, due diligence, internal controls, risk assessment methods and a transparent approach to information and business processes. This system is aimed at preventing risks, promoting an ethical business culture and developing responsible management. The Parent Company Newlat Food S.p.A. has also adopted the Corporate Governance Code published by Borsa Italiana, thus extending the good practices contained therein to its subsidiary Centrale del Latte d'Italia.

Furthermore, the Company has set up formal mechanisms to identify and report possible misconduct, including violations of laws, regulations, Organisational Models, Codes of Conduct, company practices and procedures. Issues monitored include fraudulent activities, incidents of corruption, accounting issues and reporting. These reporting mechanisms are accessible not only to all employees, but also to third parties such as suppliers and customers.

To ensure the protection of whistleblowers, dedicated procedures were adopted to ensure the confidentiality of information and provide for measures to ensure anonymity. Reports are handled promptly, and in order to prevent any form of retaliation against whistleblowers a system of sanctions has been put in place. Reports are handled in accordance with national laws and Directive EU 2019/1937.

Specific policies have been adopted to address the main negative impacts and risks related to business conduct and corporate culture. Among these is the Integrated Management System Policy, which promotes transparent relationships with agri-food chains to ensure appropriate conditions within the stables.

The issue of corruption, ethics and integrity is addressed in the Group Code of Ethics and Conduct, which is inspired by international best practices and principles against corruption and bribery, as well as criteria of fairness and transparency. These principles are also integrated into the codes governing relations with suppliers. Furthermore, the parent company Newlat Food S.p.A. has adopted an Anti-Corruption Policy, while the Company has adopted an Organisation and Management Model pursuant to Italian Legislative Decree no. 231.

G1-2 – Management of relationships with suppliers

Among the principles in the Codes of Conduct is the commitment to promote fair business practices and to comply with trade regulations. Specifically, CLI is committed to ensuring fair negotiations and fair competition, avoiding taking advantage of any imbalance in contractual strength, especially with regard to smaller counterparties, and refraining from collusive behaviour in compliance with the value of free competition.

At present there is still no specific policy on late payments to SMEs. However, the Company adopts an approach based on compliance with the above principles.

In fact, as mentioned in the previous sections, adopting proper practices, including those relating to payments, is essential not only to protect suppliers – especially small and medium-sized enterprises – from the risks of economic instability, but also to prevent possible critical issues with procurement. Late payments or unfair practices could in fact jeopardise relations with suppliers, jeopardising the continuity of supply.

In this context, the supplier evaluation process plays a crucial role in ensuring compliance with applicable regulations and authorisation requirements. To reduce potential procurement risks and verify professional suitability, CLI may request specific documentation such as food safety management plans, samples of materials and raw materials, as well as checks on contractual and insurance aspects.

During the evaluation phase the quality and safety of supplies are also analysed, as defined through specifications and data sheets. These requirements can go beyond the minimum thresholds laid down in the regulations, including parameters related to environmental sustainability and compliance with ethical and social principles. In fact, supplier qualification audits involve the verification of specific criteria, including for example the possession of environmental certifications such as ISO 14001, ethical certifications such as SA8000 and the SMETA audit, as well as certifications relating to animal welfare, worker safety and the quality of raw materials supplied.

G1-3 – Prevention and detection of corruption and bribery

With regard to the prevention and detection of corruption and bribery, the Group has implemented specific policies including Codes of Conduct and Organisation and Management Models compliant with Italian Legislative Decree no. 231/01, adopted by Italian companies. The system is supported by a set of procedures and tools such as whistleblowing channels, periodic risk assessments and entities such as ethics committees dedicated to overseeing compliance and managing possible violations.

In addition to training, CLI has implemented further control measures, including:

1. Risk assessment: regular analysis of risks related to governance issues, and in particular corruption and bribery.
2. Whistleblowing channels: tools accessible to all employees with specific investigation protocols, a topic covered extensively in the previous sections.
3. Continuous monitoring: regular reviews of financial transactions and employee activities to identify any anomalies.

G1-4 – Incidents of corruption or bribery

No convictions or fines for incidents of corruption were carried out in 2024. In any case, internal regulatory instruments provide for the application of possible disciplinary sanctions – up to and including dismissal for cause – in the event of violation of the internal anti-corruption policy and procedures, depending on the seriousness of the violation.

G1-5 – Political influence and lobbying activities

Although the Double Materiality assessment revealed a significant risk concerning lobbying and political involvement, in particular due to the potential for conflicts of interest or association with corruption and fraud, CLI does not currently engage in any material activities in this area.

No political contributions were made in 2024, either in cash or in kind. The only donations in kind made by the company concern sponsorships, mainly of a sporting nature, and contributions to charities and foundations, such as the supply of lung ventilators for neonatal therapy. Such donations are always in accordance with the company's procedures on gifts, gratuities and benefits, which set out clear principles so that such contributions are not suspect. These procedures also provide for an approval structure with predetermined thresholds.

Centrale del Latte d'Italia is not registered in the EU transparency register or in any equivalent transparency register of a Member State. However, it is a member of trade associations, including Unindustria and Assolatte, the national association that brings together the main players in the dairy sector.

G1-6 – Payment practices

Centrale del Latte d'Italia is currently not in a position to provide specific details with respect to SMEs, but this information will be made available in the coming years. However, with regard to payment practices towards suppliers, the Company's average payment time is 92 days. Below are the various categories of supply with their payment terms and the percentage of payments complying with these terms:

Supplier category	**Payment terms**	**% payments respecting such terms**
Raw materials, ingredients and resold products	30-60 days	95%
Packaging	60-90 days	88%
Maintenance, services and investments	90-120 days	83%

In 2024 there were no ongoing legal proceedings related to late payments.

Annex 1/A: SHARE OF TURNOVER DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2024

Esercizio finanziario N	*2024*			Criteri per il contributo sostanziale						Criteri DNSH ("non arrecare un danno significativo") (h)									
Attività economiche (1)	Codice (a) (2)	Fatturato (3)	Quota del fatturato, anno N (4)	Mitigazione dei cambiamenti climatici (5)	Adattamento ai cambiamenti climatici (6)	Acqua (7)	Inquinamento (8)	Economia circolare (9)	Biodiversità (10)	Mitigazione dei cambiamenti climatici (11)	Adattamento ai cambiamenti climatici (12)	Acqua (13)	Inquinamento (14)	Economia circolare (15)	Biodiversità (16)	Garanzie minime di salvaguardia (17)	Quota di fatturato allineato (A.1) o ammissibile (A.2) alla tassonomia anno N-1 (18)	Categoria attività abilitante (19)	Categoria attività di transizione (20)
Testo		EUR	%	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	%	A	T
A. ATTIVITA' AMMISSIBILI ALLA TASSONOMIA																			
A.1 Attività ecosostenibili (allineate alla tassonomia)																			
N/A	N/A	€0,00	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	%		
Fatturato delle attività ecosostenibili (allineate alla tassonomia) (A.1)		€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0%		
Di cui abilitanti			0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	A	
Di cui di transizione			0,00%	0,00%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2 Attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (g)																			
				AM; N/AM (f)	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*										
N/A	N/A	€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%										
Fatturato delle attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (A.2)		€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
Fatturato delle attività ammissibili alla tassonomia (A.1 + A.2)		€0,00	0,0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
B. ATTIVITA' NON AMMISSIBILI ALLA TASSONOMIA																			
Fatturato delle attività non ammissibili alla tassonomia		€349.712.000	100%																
TOTALE		€349.712.000																	

	Quota di fatturato/Fatturato totale	
	Allineata per obiettivo	*Ammissibile per obiettivo*
CCM	*0%*	*0%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*0%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

Annex 1/B: SHARE OF CAPEX DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2024

Esercizio finanziario N	*2024*			Criteri per il contributo sostanziale						Criteri DNSH ("non arrecare un danno significativo") (h)									
Attività economiche (1)	Codice (a) (2)	CapEx (3)	Quota di CapEx, anno N (4)	Mitigazione dei cambiamenti climatici (5)	Adattamento ai cambiamenti climatici (6)	Acqua (7)	Inquinamento (8)	Economia circolare (9)	Biodiversità (10)	Mitigazione dei cambiamenti climatici (11)	Adattamento ai cambiamenti climatici (12)	Acqua (13)	Inquinamento (14)	Economia circolare (15)	Biodiversità (16)	Garanzie minime di salvaguardia (17)	Quota di CapEx allineato (A.1) o ammissibile (A.2) alla tassonomia anno N-1 (18)	Categoria attività abilitante (19)	Categoria attività di transizione (20)
		EUR	%	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	%	A	T
A. ATTIVITA' AMMISSIBILI ALLA TASSONOMIA																			
A.1 Attività ecosostenibili (allineate alla tassonomia)																			
N/A	N/A	€0,00	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0,00%		
CapEx delle attività ecosostenibili (allineate alla tassonomia) (A.1)		€0,00	0%	N/A	N/A	N/A	N/A	N/A	N/A								0,00%		
Di cui abilitanti		€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	%	A	
Di cui di transizione		€0,00	0,00%	%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	%		T
A.2 Attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (g)																			
				AM; N/AM (f)	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*										
			%														%		
Costruzione, ampliamento e gestione di sistemi di raccolta, trattamento e distribuzione dell'acqua	5.1 **CCM**/CCA	€3.100,00	0,09%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Costruzione, espansione e gestione di sistemi di raccolta e trattamento delle acque reflue	5.3 **CCM**/CCA	€62.537,00	1,87%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
CapEx delle attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (A.2)		65.637,00 €	1,97%	1,97%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
CapEx delle attività ammissibili alla tassonomia (A.1 + A.2)		65.637,00 €	1,97%	1,97%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
B. ATTIVITA' NON AMMISSIBILI ALLA TASSONOMIA																			
CapEx delle attività non ammissibili alla tassonomia		€3.272.674,00	98,03%																
TOTALE		€3.338.311,00																	

	Quota di CapEx/CapEx totale	
	Allineata per obiettivo	*Ammissibile per obiettivo*
CCM	*0%*	*1,97%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*0%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

Annex 1/C: SHARE OF OPEX DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – DISCLOSURE FOR THE YEAR 2024

Esercizio finanziario N	*2024*			Criteri per il contributo sostanziale						Criteri DNSH ("non arrecare un danno significativo") (h)									
Attività economiche (1)	Codice (a) (2)	OpEx (3)	Quota di OpEx, anno N (4)	Mitigazione dei cambiamenti climatici (5)	Adattamento ai cambiamenti climatici (6)	Acqua (7)	Inquinamento (8)	Economia circolare (9)	Biodiversità (10)	Mitigazione dei cambiamenti climatici (11)	Adattamento ai cambiamenti climatici (12)	Acqua (13)	Inquinamento (14)	Economia circolare (15)	Biodiversità (16)	Garanzie minime di salvaguardia (17)	Quota di OpEx allineato (A.1) o ammissibile (A.2) alla tassonomia anno N-1 (18)	Categoria attività abilitante (19)	Categoria attività di transizione (20)
		EUR	%	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	*Sì; No; N/AM (b) (c)*	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	Sì/No	%	A	T
A. ATTIVITA' AMMISSIBILI ALLA TASSONOMIA																			
																			0
N/A	N/A	0,00 €	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
OpEx delle attività ecosostenibili (allineate alla tassonomia) (A.1)		€0,00	0,00%	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
Di cui abilitanti		€0,00	%	%	%	%	%	%	%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	%	A	
Di cui di transizione		€0,00	%	%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	%		T
A.2 Attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (g)																			
				AM; N/AM (f)	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*										
			%														%		
Installazione e funzionamento di pompe di calore elettriche	4.16 **CCM**/CCA	€33.454,77	0,12%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Cogenerazione ad alto rendimento di calore/freddo ed energia elettrica a partire da combustibili gassosi fossili	4.30 **CCM**/CCA	€316.587,00	1,10%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Costruzione, espansione e gestione di sistemi di raccolta, trattamento e fornitura di acqua	5.1 **CCM**/CCA	€18.992,00	0,07%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Rinnovo di sistemi di raccolta, trattamento e fornitura di acqua	5.2 **CCM**/CCA	€1.181,44	0,00%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Costruzione, espansione e gestione di sistemi di raccolta e trattamento delle acque reflue	5.3 **CCM**/CCA	€477.476,75	1,66%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Ristrutturazione di edifici esistenti	7.2 **CCM**/CCA/ 3.2 CE	€14.156,00	0,05%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
Installazione, manutenzione e riparazione di dispositivi per l'efficienza energetica	7.3 **CCM**/CCA	€19.095,99	0,07%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,00%		
OpEx delle attività ammissibili alla tassonomia ma non ecosostenibili (attività non allineate alla tassonomia) (A.2)		€880.943,95	3,06%	3,06%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
OpEx delle attività ammissibili alla tassonomia (A.1 + A.2)		€880.943,95	3,06%	3,06%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
B. ATTIVITA' NON AMMISSIBILI ALLA TASSONOMIA																			
OpEx delle attività non ammissibili alla tassonomia		€27.894.056,05	96,94%																
TOTALE		€28.775.000,00																	

	Quota di OpEx/OpEx totale	
	Allineata per obiettivo	*Ammissibile per obiettivo*
CCM	*0%*	*3,06%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*0%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

Annex 1/D - TEMPLATE 1 - GAS AND NUCLEAR TABLE:

Line	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Annex 1/E TEMPLATE 4 AND TEMPLATE 5 - GAS AND NUCLEAR:

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

Line	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages) - OpEx					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€ 316,587.00	36%	€ 316,587.00	31%	€ 0	0%
2	**Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity not included in line 1 in the denominator of the applicable KPI**	€ 564,356.95	64%	€ 564,356.95	69%	€ 0	0%
3	**Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity in the denominator of the applicable KPI**	€ 880,943.95	100%	€ 880,943.95	100%	**€ 0**	**0%**

Template 5 - Taxonomy non-eligible economic activities

Line	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€ 0.00	0%
2	**Amount and proportion of other taxonomy-non-eligible economic activity not included in line 1 in the denominator of the applicable KPI**	€ 27,894,056.05	100%
3	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI'**	**€ 27,894,056.05**	100%

INDEX

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
BP 1	General basis for preparation	*ESRS 2 BP-1 - General basis for preparation of the sustainability statements*	
BP 2	Disclosures in relation to specific circumstances	*ESRS 2 BP-2 - Disclosures in relation to specific circumstances*	
GOV 1	The role of the administrative, management and supervisory bodies	*ESRS 2 GOV-1 - The role of the administrative, management and supervisory bodies*	ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d) - SFDR reference: Indicator number 13 Table #1 of Annex I - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e) - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II
GOV 2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	*ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies*	
GOV 3	Integration of sustainability-related performance in incentive schemes	*ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes*	
GOV 4	Statement on due diligence	*ESRS 2 GOV-4 Statement on due diligence*	ESRS 2 GOV-4 Statement on due diligence paragraph 30 - SFDR Reference: Indicator number 10 Table #3 of Annex 1
GOV 5	Risk management and internal controls over sustainability reporting	*ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
SBM 1	Market position, strategy, business model and value chain	*ESRS 2 SBM-1 - Strategy, business model and value chain*	ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i - SFDR reference: Indicators number 4 Table #1 of Annex 1 - Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii - SFDR reference: Indicator number 9 Table #2 of Annex I - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii - SFDR reference: Indicator number 14 Table #1 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
SBM 2	Interests and views of stakeholders	*ESRS 2 SBM-2 - Interests and views of stakeholders*	
SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	*ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*	ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f) - SFDR reference: Indicator number 13 Table #3 of Annex I ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g) - SFDR reference: Indicator number 12 Table #3 of Annex I ESRS 2- SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b) - SFDR reference: Indicator numbers 12 and 13 Table #3 of Annex 1
IRO 1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	*ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities* *ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities* *ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities* *ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities*	ESRS 2-IRO 1 - E4 paragraph 16 (a) i - SFDR reference: Indicator number 7 Table #1 of Annex I ESRS 2- IRO 1 - E4 paragraph 16 (b) - SFDR reference: Indicator number 10 Table #2 of Annex I ESRS 2- IRO 1 - E4 paragraph 16 (c) - SFDR reference: Indicator number 14 Table #2 of Annex I

ESRS	**Disclosure Requirements**	**Document sections**	**Information deriving from other EU legislative acts as listed in Appendix B, if applicable**
		ESRS 2 IRO-1 – Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities *ESRS 2 IRO-1 Impact, risk and opportunity management*	
IRO 2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	*ESRS 2 IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement*	
ESRS E1	E1-1 Transition plan for climate change mitigation	*E1-1 - Transition plan for climate change mitigation*	ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14 - EU Climate Law reference: Article 2, paragraph 1, of Regulation (EU) 2021/1119 ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g) - Pillar 3 reference: 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity - Benchmark Regulation reference Article 12.1 (d) to (g), and Article 12.2
	E1-2 Policies related to climate change mitigation and adaptation	*E1-2 - Policies related to climate change mitigation and adaptation*	
	E1-3 Actions and resources in relation to climate change policies	*E1-3 - Actions and resources in relation to climate change policies*	
	E1-4 Targets related to climate change mitigation and adaptation	*E1-4 - Targets related to climate change mitigation and adaptation*	ESRS E1-4 GHG emission reduction targets paragraph 34 - SFDR reference: Indicators number 4 Table #2 of Annex 1 - Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
			- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 6
	E1-5 Energy consumption and mix	*E1-5 - Energy consumption and mix*	ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38 - SFDR reference: Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1 ESRS E1-5 Energy consumption and mix paragraph 37 - SFDR reference: Indicator number 5 Table #1 of Annex I ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 - SFDR reference: Indicator number 6 Table #1 of Annex I
	E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	*E1-6 - Greenhouse gas emissions*	
	E1-7 GHG removals and GHG mitigation projects financed through carbon credits	*E1-7 - GHG removals and GHG mitigation projects financed through carbon credits*	ESRS E1-7 GHG removals and carbon credits paragraph 56 - EU Climate Law reference: Regulation (EU) 2021/1119, Article 2(1)
	E1-8 Internal carbon pricing	*E1-8 Internal carbon pricing*	
	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	*Phase-in*	ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c) - Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission

ESRS	**Disclosure Requirements**	**Document sections**	**Information deriving from other EU legislative acts as listed in Appendix B, if applicable**
			Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk
			ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c) - Pillar 3 reference: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Annex II
ESRS E2	E2-1 Policies related to pollution	*E2-1 – Policies related to pollution*	
	E2-2 Actions and resources related to pollution	*E2-2 – Actions and resources related to pollution*	
	E2-3 – Targets related to pollution	*E2-3 – Targets related to pollution*	
	E2-4 – Pollution of air, water and soil	*E2-4 – Pollution of air, water and soil*	ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28 - SFDR reference: Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1
	E2-5 Substances of concern and substances of very high concern	*The issues were found to be non-material for the Company following the dual materiality assessment*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	E2-6 Anticipated financial effects from pollution-related, risks and opportunities	*Phase-in*	
ESRS E3	E3-1 Policies related to water and marine resources	*E3-1 – Policies related to water and marine resources*	ESRS E3-1 Water and marine resources paragraph 9 - SFDR reference: Indicator number 7 Table #2 of Annex I ESRS E3-1 Dedicated policy paragraph 13 - SFDR reference: Indicator number 8 Table #2 of Annex I ESRS E3-1 Sustainable oceans and seas paragraph 14 - SFDR reference: Indicator number 12 Table #2 of Annex I
	E3-2 Actions and resources related to water and marine resources	*E3-2 – Actions and resources related to water and marine resources*	
	E3-3 Targets related to water and marine resources	*E3-3 – Targets related to water and marine resources*	
	E3-4 Water consumption	*E3-4 – Water consumption*	ESRS E3-4 Total water recycled and reused paragraph 28 (c) - SFDR reference: Indicator number 6.2 Table #2 of Annex I ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29 - SFDR reference: Indicator number 6.1 Table #2 of Annex I
	E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	*Phase-in*	
ESRS E4	E4-1 Transition plan and consideration of biodiversity and	*Phase-in*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	ecosystems in strategy and business model		
	E4-2 – Policies related to biodiversity and ecosystems	*Phase-in*	ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b) - SFDR reference: Indicator number 11 Table #2 of Annex I ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c) - SFDR reference: Indicator number 12 Table #2 of Annex I ESRS E4-2 Policies to address deforestation paragraph 24 (d) - SFDR reference: Indicator number 15 Table #2 of Annex I
	E4-3 – Actions and resources related to biodiversity and ecosystems	*Phase-in*	
	E4-4 – Targets related to biodiversity and ecosystems	*E4-4 – Targets related to biodiversity and ecosystems*	
	E4-5 – Impact metrics related to biodiversity and ecosystems change	*E4-5 – Impact metrics related to biodiversity and ecosystems change*	
	E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	*Phase-in*	
ESRS E5	E5-1 Policies related to resource use and circular economy	*E5-1 – Policies related to resource use and circular economy*	
	E5-2 Actions and resources related to resource use and circular economy	*E5-2 – Actions and resources related to resource use and circular economy*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	E5-3 Targets related to resource use and circular economy	*E5-3 – Targets related to resource use and circular economy*	
	E5-4 Resource inflows	*E5-4 – Resource inflows*	
	E5-5 Resource outflows	*E5-5 – Resource outflows*	ESRS E5-5 Non-recycled waste paragraph 37 (d) - SFDR reference: Indicator number 13 Table #2 of Annex I ESRS E5-5 Hazardous waste and radioactive waste paragraph 39 - SFDR reference: Indicator number 9 Table #1 of Annex I
	E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	*Phase-in*	
ESRS S1	S1-1 – Policies related to own workforce	*Phase-in*	ESRS S1-1 Human rights policy commitments paragraph 20 - SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21 - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22 - SFDR reference: Indicator number 11 Table #3 of Annex I ESRS S1-1 workplace accident prevention policy or management system paragraph 23 - SFDR reference: Indicator number 1 Table #3 of Annex I

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	S1-2 Processes for engaging with own workers and workers' representatives about impacts	*S1-2 – Processes for engaging with own workforce and workers' representatives about impacts*	
	S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	*S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns*	ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c) - SFDR reference: Indicator number 5 Table #3 of Annex I
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	*S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions*	
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*	
	S1-6 – Characteristics of the undertaking's employees	*S1-6 – Characteristics of the undertaking's employees*	
	S1-7 Characteristics of non-employees in the undertaking's own workforce	*Phase-in*	
	S1-8 Collective bargaining coverage and social dialogue	*S1-8 – Collective bargaining coverage and social dialogue*	
	S1-9 Diversity metrics	*S1-9 – Diversity metrics*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	S1-10 Adequate wages	*Phase-in*	
	S1-11 Social protection	*Phase-in*	
	S1-12 Persons with disabilities	*Phase-in*	
	S1-13 Training and skills development metrics	*Phase-in*	
	S1-14 Health and safety metrics	*S1-14 – Health and safety metrics*	ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c) - SFDR reference: Indicator number 2 Table #3 of Annex I - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) - SFDR reference: Indicator number 3 Table #3 of Annex I
	S1-15 Work-life balance metrics	*Phase-in*	
	S1-16 – Compensation metrics (pay gap and total compensation)	*Phase-in*	ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a) - SFDR reference: Indicator number 12 Table #1 of Annex I - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II
	S1-17 – Incidents, complaints and severe human rights impacts	*S1-17 – Incidents, complaints and severe human rights impacts*	ESRS S1-17 Incidents of discrimination paragraph 103 (a) - SFDR reference: Indicator number 7 Table #3 of Annex I ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a) - SFDR reference: Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
			- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)
ESRS S2	S2-1 Policies related to value chain workers	*S2-1 – Policies related to value chain workers*	ESRS S2-1 Human rights policy commitments paragraph 17 - SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S2-1 Policies related to value chain workers paragraph 18 - SFDR reference: Indicator numbers 11 and 4 Table #3 of Annex 1 ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines - SFDR reference: Indicator number 10 Table #1 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1) ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19 - Benchmark Regulation reference: Commission Delegated Regulation (EU) 2020/1816, Annex II
	S2-2 Processes for engaging with value chain workers about impacts	*S2-2 – Processes for engaging with value chain workers about impacts*	
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	*S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns*	
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing	*S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material*	

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	material opportunities related to value chain workers, and effectiveness of those actions	*opportunities related to value chain workers, and effectiveness of those actions*	
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*	
ESRS S3	S3-1 Policies related to affected communities	*S3-1 – Policies related to affected communities*	ESRS S3-1 Human rights policy commitments paragraph 16 - SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17 - SFDR reference: Indicator number 10 Table #1 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)
	S3-2 Processes for engaging with affected communities about impacts	*S3-2 – Processes for engaging with affected communities about impacts*	
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	*S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns*	
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to	*S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions*	ESRS S3-4 Human rights issues and incidents paragraph 36 - SFDR reference: Indicator number 14 Table #3 of Annex I

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	affected communities, and effectiveness of those actions		
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*	
ESRS S4	S4-1 Policies related to consumers and end-users	*S4-1 – Policies related to consumers and end-users*	ESRS S4-1 Policies related to consumers and end-users paragraph 16 - SFDR reference: Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17 - SFDR reference: Indicator number 10 Table #1 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)
	S4-2 Processes for engaging with consumers and end-users about impacts	*S4-2 – Processes for engaging with consumers and end-users about impacts*	
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	*S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns*	
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to	*S4-4 – Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions*	ESRS S4-4 Human rights issues and incidents paragraph 35 - SFDR reference: Indicator number 14 Table #3 of Annex I

ESRS	Disclosure Requirements	Document sections	Information deriving from other EU legislative acts as listed in Appendix B, if applicable
	consumers and end-users, and effectiveness of those actions		
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*	
ESRS G1	G1-1 Corporate culture and business conduct policies and corporate culture	*G1-1 – Corporate culture and business conduct policies and corporate culture*	ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b) - SFDR reference: Indicator number 15 Table #3 of Annex I ESRS G1-1 Protection of whistle- blowers paragraph 10 (d) - SFDR reference: Indicator number 6 Table #3 of Annex I
	G1-2 Management of relationships with suppliers	*G1-2 – Management of relationships with suppliers*	
	G1-3 Prevention and detection of corruption and bribery	*G1-3 – Prevention and detection of corruption and bribery*	
	G1-4 Confirmed incidents of corruption or bribery	*G1-4 Incidents of corruption or bribery*	ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a) - SFDR reference: Indicator number 17 Table #3 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b) - SFDR reference: Indicator number 16 Table #3 of Annex I
	G1-5 Political influence and lobbying activities	*G1-5 – Political influence and lobbying activities*	
	G1-6 Payment practices	*G1-6 – Payment practices*	

Certification of sustainability reporting pursuant to art. 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Angelo Mastrolia, in his capacity as Chairman of the Board of Directors and Fabio Fazzari, in his capacity as Manager responsible for preparing accounting and corporate documents, of the Centrale del Latte d'Italia SpA, certify pursuant to art. 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the sustainability reporting included in the management report has been prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree no. 125 of 6 September 2024;

b) with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Reggio Emilia, 17 March 2025.

The Chairman of the	The Manager in charge
Board of Directors	of preparing the corporate accounting documents
Angelo Mastrolia	Fabio Fazzari

AUDITOR'S REPORT

Independent auditor's limited assurance report on the sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Centrale del Latte d'Italia SpA

Conclusion

In accordance with article 8 of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the sustainability report of Centrale del Latte d'Italia SpA (the "Company") for the year ended 31 December 2024 prepared in accordance with article 3 of the Decree, presented in the specific section of the report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the sustainability report of Centrale del Latte d'Italia SpA for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "Disclosures pursuant to Article 8 of Regulation (EU) 2020/852" of the sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Sustainability Report* section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the directors and the management control committee of Centrale del Latte d'Italia SpA for the sustainability report

The directors of Centrale del Latte d'Italia SpA are responsible for developing and implementing the procedures adopted to identify the information included in the sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the paragraph "ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities" of the sustainability report.

The directors are also responsible for preparing the sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 3 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph "Disclosures pursuant to Article 8 of Regulation (EU) 2020/852".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a sustainability report in accordance with article 3 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The management control committee is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the sustainability report

As disclosed in the paragraph "ESRS 2 BP-1 - General basis for preparation of the sustainability statements", for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the individual Sustainability Report, about future events and possible future actions by the Company. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

Auditor's responsibilities for the limited assurance conclusion on the sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Centrale del Latte d'Italia SpA responsible for the preparation of the information presented in the sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- We understood the Company's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- We understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the sustainability report;
- We understood the process implemented by the Company to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- We identified the disclosures where a material misstatement is likely to arise;
- We defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- We understood the process implemented by the Company to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the sustainability report;
- We reconciled the information reported in the sustainability report with the information reported in the annual financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the annual financial statements, or with management accounting information;
- We verified the structure and presentation of disclosures included in the sustainability report in accordance with the ESRS;
- We obtained management's representation letter.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

STATEMENT OF FINANCIAL POSITION

(in EUR)	At 31 December	
	2024	**2023**
Non-current assets		
Property, plant and equipment	100,168,934	105,693,762
Right-of-use assets	14,960,715	17,914,744
of which from related parties	*8,397,757*	*11,809,430*
Intangible assets	19,506,954	19,526,664
Equity investments in associates	1,396,719	1,396,719
Non-current financial assets measured at fair value through profit or loss	703,424	703,424
Deferred tax assets	-	2,041,362
Total non-current assets	**136,736,746**	**147,276,675**
Current assets		
Inventories	23,443,055	23,737,600
Trade receivables	38,267,542	26,957,162
of which from related parties	*8,328,039*	*7,117,999*
Current tax assets	129,968	129,968
Other receivables and current assets	14,300,105	14,301,410
of which from related parties	*5,866,533*	*5,841,874*
Current financial assets measured at fair value through profit or loss	1,068	1,068
Financial receivables measured at amortised cost	2,540,115	3,024,652
of which from related parties	*2,540,115*	*3,024,652*
Cash and cash equivalents	42,612,731	36,032,058
of which from related parties	*35,218,293*	*29,270,085*
Total current assets	**121,294,584**	**104,183,917**
TOTAL ASSETS	**258,031,330**	**251,460,592**
Shareholders' equity		
Share capital	28,840,041	28,840,041
Reserves	35,620,155	34,833,578
Net profit/(loss)	4,419,221	2,958,814
Total net equity	**68,879,417**	**66,632,433**
Non-current liabilities		
Provisions for employee benefits	5,010,718	5,785,698
Provisions for risks and charges	1,427,812	1,368,796
Deferred tax liabilities	3,414,191	5,994,365
Non-current financial liabilities	30,054,230	38,479,396
Non-current lease liabilities	8,358,345	11,457,951
of which from related parties	*3,920,059*	*7,012,346*
Total non-current liabilities	**48,265,296**	**63,086,207**
Current liabilities		
Trade payables	81,309,050	78,317,270
of which from related parties	*3,926,974*	*21,135,511*
Current financial liabilities	34,740,815	20,937,223
of which from related parties	*187,643*	*8,296,375*
Current lease liabilities	10,032,623	9,673,581
of which from related parties	*8,945,618*	*8,890,173*
Current tax liabilities	43,330	240,596
Other current liabilities	14,760,799	12,573,282
of which from related parties	*3,477,766*	*1,614,636*
Total current liabilities	**140,886,617**	**121,741,952**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**258,031,330**	**251,460,592**

INCOME STATEMENT

(In euros)	Notes	At 31 December	
		2024	**2023**
Revenue from contracts with customers	9.1	349,711,916	333,894,357
of which from related parties		*1,170,971*	*3,176,944*
Cost of sales	9.2	(281,540,706)	(271,001,623)
of which from related parties		*(6,922,657)*	*(6,406,165)*
Gross operating profit/(loss)		**68,171,210**	**62,892,733**
Sales and distribution costs	9.2	(51,695,947)	(49,557,145)
Administrative costs	9.2	(8,563,484)	(8,258,591)
of which from related parties		*(48,000)*	*(48,000)*
Net write-downs of financial assets	9.3	(197,002)	(417,206)
Other revenues and income	9.4	4,079,001	6,086,787
Other operating costs	9.5	(2,056,346)	(1,995,641)
Operating profit/(loss)		**9,737,433**	**8,750,938**
Financial income	9.6	1,729,493	756,173
of which from related parties		*1,533,527*	*649,987*
Financial expenses	9.6	(5,138,758)	(5,347,505)
of which from related parties		*(619,314)*	*(594,265)*
Profit/(loss) before taxes		**6,328,168**	**4,159,605**
Income taxes	9.7	(1,908,947)	(1,200,791)
Net profit/(loss)		**4,419,221**	**2,958,814**
Basic net profit/(loss) per share	9.8	0.32	0.21
Diluted net profit/(loss) per share	9.8	0.32	0.21

STATEMENT OF COMPREHENSIVE INCOME

(In euros)	Notes	At 31 December	
		2024	2023
Net profit/(loss) (A)		**4,419,221**	**2,958,814**
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:			
Actuarial gains/(losses)	8.14	159,716	(5,469)
Tax effect on actuarial gains/(losses)	8.14	(44,561)	1,526
Total other components of comprehensive income that will not be subsequently reclassified to the income statement		**115,155**	**(3,943)**
Total other components of comprehensive income, net of tax effect (B)		**115,155**	**(3,943)**
Total comprehensive net profit/(loss) (A)+(B)		**4,534,376**	**2,954,871**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In euros)	Notes	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity of the Company
At 31 December 2022	**8.14**	**28,840,041**	**34,683,215**	**154,306**	**63,677,562**
Allocation of net profit/(loss) for the previous year		-	154,306	(154,306)	**-**
Net profit/(loss)		-	-	2,958,814	**2,958,814**
Actuarial gains/(losses) net of the related tax effect		-	(3,943)	-	**(3,943)**
Total comprehensive net profit/(loss) for the year		**-**	**150,363**	**2,804,508**	**2,954,871**
At 31 December 2023	**8.14**	**28,840,041**	**34,833,578**	**2,958,814**	**66,632,433**
Allocation of net profit/(loss) for the previous year		-	2,958,814	(2,958,814)	**-**
Net profit/(loss)		-	-	4,419,221	**4,419,221**
Actuarial gains/(losses) net of the related tax effect		-	115,155	-	**115,155**
Treasury shares		-	(2,287,391)	-	**(2,287,391)**
Total comprehensive net profit/(loss) for the year		**-**	**786,578**	**1,460,407**	**2,246,985**
At 31 December 2024	**8.14**	**28,840,041**	**35,620,156**	**4,419,221**	**68,879,418**

STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	At 31 December 2024	At 31 December 2023
Profit/(loss) before taxes		6,328,168	4,159,605
- Adjustments for:			
Amortisation, depreciation and write-downs	8.1-8.2-8.3	15,464,011	16,402,446
Financial expense/(income)	9.6	3,409,264	4,591,333
of which from related parties		*(619,314)*	*(594,265)*
Cash flow generated /(absorbed) by operating activities before changes in net working capital		**25,201,444**	**25,153,384**
Change in inventory	8.7	294,545	1,551,728
Change in trade receivables	8.8	(11,507,382)	5,802,074
Change in trade payables	8.19	2,991,780	4,205,996
Change in other assets and liabilities	8.10-8.20	323,680	2,015,857
Use of provisions for risks and charges and for employee benefits	8.15-8.16	(556,248)	(366,438)
Taxes paid	9.7	(826,456)	(1,148,371)
Net cash flow generated /(absorbed) by operating activities		**15,921,363**	**37,214,229**
Investments in property, plant and equipment	8.1-8.2	(3,336,303)	(2,217,463)
Investments in intangible assets	8.3	(0)	(0)
Net cash flow generated /(absorbed) by investment activities		**(3,336,303)**	**(2,217,463)**
New financial payables	8.18	23,017,166	932,270
Repaid financial payables	8.18	(17,787,094)	(15,522,845)
Repayments of lease liabilities	8.2	(6,170,696)	(6,781,428)
of which from related parties		*(2,740,000)*	*(2,740,000)*
Net interest expense	9.06	(3,276,265)	(4,591,333)
Treasury shares	8.14	(2,287,391)	
Net cash flow generated/(absorbed) by financing activities		**(6,504,387)**	**(25,587,360)**
Total changes in cash and cash equivalents		**6,080,673**	**9,409,406**
Cash and cash equivalents at start of year		**36,032,058**	**26,622,652**
of which from related parties		*29,270,085*	*17,326,604*
Offsetting financial payables		*500,000*	
Total changes in cash and cash equivalents		6,080,673	9,409,406
Cash and cash equivalents at end of year		**42,612,731**	**36,032,058**
of which from related parties		*35,218,293*	*29,270,085*

1. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1.1 General information and significant transactions carried out in 2024

Centrale del Latte d'Italia S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office in Turin, Via Filadelfia 220.

Effective 1 April 2020, the Company became part of the Newlat Food Group, whose Parent Company is now the main shareholder of Centrale del Latte d'Italia S.p.A.

The Company asserts that it is not subject to management and coordination by Newlat Food S.p.A. because: (i) the main decisions relating to the management of the Company are taken within the Company's own bodies; (ii) the Company's Board of Directors is responsible, among other things, for the examination and approval of the Company's strategic, industrial and financial plans and budgets, the examination and approval of the Company's financial and credit access policies, the examination and approval of the organisational structure, the assessment of the adequacy of the Company's organisational, administrative and accounting structure; (iii) the Company operates independently with respect to relations with customers and suppliers, without any interference from parties outside the Company.

2. ADOPTED ACCOUNTING STANDARDS

The accounting standards and measurement criteria adopted in the preparation and drafting of the annual report at 31 December 2024 are set out below.

The annual financial report at 31 December 2024 was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the International Financial Interpretations Committee, which was formerly named the International Financial Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions that have an effect on the assets, liabilities, costs and revenues. The final results may be different to those obtained through these estimates. The financial statement items that most require greater subjectivity on the part of the directors when producing the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables and the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the payables for the purchase of equity investments contained in the other liabilities.

In particular, discretionary measurements and significant accounting estimates relate to the determination of the recoverable amount of non-financial assets calculated as the greater of fair value less costs to sell and value in use. Value in use is calculated based on a discounted cash flow model. The recoverable value depends significantly on the discount rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used. The key assumptions used to determine the recoverable value of the cash-generating unit, including a sensitivity analysis, are described in Note 8.3.

The use of significant accounting estimates and assumptions also relates to the determination of the fair value of assets and liabilities acquired as part of business combinations. In fact, at the date of acquisition, the Company must separately recognise, at their fair value, assets, liabilities and contingent liabilities identifiable and acquired or assumed as part of the business combination, and determine the present value of the strike price of any call options on minority shares. This process requires the preparation of estimates, based on valuation techniques, which require judgement in the forecasting of future cash flows as well as the development of other assumptions such as long-term growth rates and discount rates for valuation models developed also with the use of experts outside the management team.

2.1 Basis of preparation

The Financial Statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes.

The layout adopted for the statement of financial position provides for the separation of assets and liabilities between current and non-current.

An asset is classified as current when:

- it is assumed that this activity is carried out, or is owned for sale or consumption, in the normal course of the operating cycle.
- it is held primarily for the purpose of trading.
- it is assumed that it will be realised within twelve months of the reporting date.
- it consists of cash and cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets as non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it will be extinguished within twelve months of the reporting date.
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Covenants of a liability that could, at the discretion of the counterparty, result in its extinction through the issue of equity instruments do not affect its classification.

The chosen income statement layout provides for the classification of costs by destination.

The statement of other comprehensive income includes the result for the year and, with the same categories, income and expenses that, according to IFRSs, are directly recognised under equity.

The statement of changes in equity includes, in addition to the total gains / losses for the period, the amounts of transactions with shareholders and movements in reserves during the year.

In the statement of cash flows, the financial flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted by the effects of non-monetary operations, by any deferral or provision of previous or future operating inflows or outflows, and by elements of revenue or costs related to financial flows deriving from investment activities or financing activities.

The Financial Statements were drafted in euros, the functional currency of the Company. The statement of financial position, income statement, statement of cash flows, explanatory notes and tables are in thousands of euro, unless otherwise indicated.

The Financial Statements were prepared:

- on the basis of the best knowledge of IFRSs and taking into account the best doctrine on the subject.

- under the going-concern principle, in accordance with the principle of accrual accounting, in compliance with the principle of materiality of information and substance over form, and with a view to encouraging consistency with future presentations. The assets and liabilities and costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards.
- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where application of the fair value criterion is mandatory.

Conversion of items in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than the euro are then adjusted at the exchange rate in place on the reporting date. Any forex differences are reflected in the income statement under "Foreign exchange gains and losses".

2.2 Accounting standards and measurement criteria

Adopted accounting standards

The Financial Statements were prepared based on the IFRSs in force issued by the International Accounting Standards Board ("**IASB**") and endorsed by the European Union at the closing date of each year in question.

Below are the criteria used with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the criteria used to recognise the income components.

Property, plant and equipment

Property, plant and equipment is recognised as such only if the following conditions are met simultaneously:

- it is probable that the future economic benefits related to the asset will be enjoyed by the company.
- the cost can be reliably determined.

Property, plant and equipment are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations made to acquire an asset, at the time of purchase or replacement. Subsequent to initial recognition, property, plant and equipment are valued using the cost method, net of recorded depreciation and any accumulated impairment losses.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the return of the asset to its original condition.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalisation of the costs inherent in the extension, modernisation or improvement of structural elements owned or used by third parties shall be carried out to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful life estimated by the Company for the various categories of property, plant and equipment is shown below:

Category of assets	Useful Life
Land and buildings	10-50 years
Plant and machinery	4-25 years
Industrial and commercial equipment	2-9 years
Other assets	5-20 years

At the end of each financial year, the company checks whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalised assets and, if so, modifies the depreciation criterion, which is considered a change in accounting estimate in accordance with IAS 8.

The value of the asset is completely reversed at the time of its disposal or when the company expects that it will not be able to derive any economic benefit from its disposal.

Capital grants shall be accounted for when it is reasonably certain that they will be received and all conditions relating to them are met. Contributions are then deducted from the value of assets or suspended among liabilities and credited pro rata to the income statement in relation to the useful life of the related assets.

Intangible assets

An intangible asset is an asset that simultaneously fulfils the following conditions:

- it is identifiable
- it is non-monetary
- it has no physical consistency
- it is under the control of the company preparing the accounts
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to acquire it or generate it internally is recognised as a cost when incurred.

Intangible assets are initially stated at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognised as an asset, neither are intangible assets arising from research (or the research phase of an internal project).

An intangible asset arising from development or the development phase of an internal project is recognised if compliance with the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so as to be available for use or sale
- the intention to complete the intangible asset for use or sale
- the ability to use or sell the intangible asset

- the manner in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness
- the availability of adequate technical, financial and other resources to complete the development and the use or sale of the asset
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method, which requires that after initial recognition an intangible asset be carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life estimated by the Company for the various categories of intangible assets is shown below:

Category of assets	Useful Life
Goodwill	unlimited
Trademarks	unlimited
Software licences	5 years
Other assets	5 years

The following main intangible assets can be identified within the Company:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, as described earlier, and then subjected to (at least) annual testing to determine whether it has impaired (for more details, see the below paragraph "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets"). Reversals are not permitted in the case of a previous write-down due to impairment.

Assets with an indefinite useful life

Trademarks, for which the conditions for classification as intangible assets with an indefinite useful life are met, are not amortised systematically and are subject to impairment testing at least once a year and whenever there are indicators of impairment.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as previously described, net of accumulated amortisation and any impairment losses.

Amortisation begins when the asset becomes available for use and is apportioned systematically based on the asset's estimated useful life; the criteria mentioned in the paragraphs "Property, plant and equipment" and "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets", respectively, contain the criteria for the value to be amortised and the recoverability of the book value.

Right-of-use assets and lease liabilities

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it conveys the right to control the use of a specified asset for a period of time. The contract is re-evaluated to verify whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Company applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each class of underlying asset, not to separate the non-lease components from the lease components and to recognise each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which must be added both the following periods:

- periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option, and
- periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option.

In assessing whether the lessee is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option shall be considered. The lessee must redefine the lease term in the event of a change in the non-cancellable lease period.

At the effective date of the contract, the Company recognises the right-of-use asset and the related *lease* liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

- the initial value of the lease liability
- payments due for the lease made on or before the effective date, net of the lease incentives received
- the initial direct costs incurred by the lessee, and
- the estimate of the costs to be incurred by the lessee for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset under the terms and conditions of the lease, unless such costs are incurred for the production of inventories.

On the lease start date, the lessee shall measure the lease liability at the current value of the payments due for the lease but not yet paid. Payments due for the lease include the following amounts:

- fixed payments, net of any outstanding lease incentives
- variable payments due for the lease that depend on an index or rate, initially measured using an index or rate on the effective date
- the amounts expected to be paid by the lessee as guarantees of the residual value

- the exercise price of the purchase option, if the lessee is reasonably certain to exercise the option, and
- lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its marginal lending rate, i.e. the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease agreement.

Subsequent to initial recognition, right-of-use assets are measured at cost:

- net of accumulated depreciation/amortisation and impairment, and
- adjusted to take into account any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- by increasing the book value to take account of interest
- by decreasing the book value to take account of lease payments that have been made, and
- by restating the book value to take account of any new valuations or changes in the lease or revision of payments due for fixed leases.

In the case of lease changes that do not constitute a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated according to the new terms of the lease agreement, using the discount rate at the date of the change.

It should be noted that the Company makes use of two exemptions under IFRS 16, with reference to: (i) short-term leases (i.e. leases with a duration of 12 months or less from the effective date), in relation to certain categories of fixed assets, and (ii) leases of low-value assets. In such cases, the right-of-use asset and the related lease liability are not recognised, and the payments due for the lease are recognised in the income statement.

Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets

On each reporting date, a test is carried out to ascertain whether there are any indicators of impairment of property, plant and equipment and intangible assets that are not fully depreciated/amortised or of indefinite useful life and any assets under development.

Where these indicators are present, the recoverable value of the above-mentioned assets is estimated, and any write-down is recognised in the Income Statement.

In the presence of intangible assets with an indefinite useful life, the recoverable portion of the related amounts must be estimated at least annually, regardless of the presence of impairment indicators.

The recoverable value of an asset is the higher of the fair value, less costs to sell, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if they are significant and can be reasonably determined, those arising from the sale at the end of its useful life, net of any costs of disposal. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of the money, in proportion to the period of the investment and the specific risks of the asset.

For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which said asset belongs.

Impairment is recognised in the income statement if the book value of the asset, or of the CGU to which it is allocated, is higher than its recoverable value. The impairment of a CGU is initially recognised as a reduction in the book value of any goodwill attributed to it and, therefore, as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previous write-down no longer exist, the book value of the asset is restored via the income statement, up to the limit of the net book value that the asset in question would have had without write-down and amortisation/depreciation. Reversals of goodwill impairment are not permitted in the case of a previous write-down due to impairment.

Financial assets

At the time of initial recognition, financial assets must be classified as "Financial assets at amortised cost", "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" on the basis of the following elements:

- the entity's business model for the management of the financial assets, and
- the characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets measured at amortised cost

a) Financial assets measured at amortised cost

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model, and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets valued at historical cost whose short duration makes the effect of discounting negligible, those without a defined maturity or for revocable credit lines.

This category mainly includes trade receivables arising from the transfer of goods and the provision of services, recognised in accordance with the terms of the contract with the customer in accordance with IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already rendered).

In addition, since trade receivables are generally short-term and do not bear interest, they are not amortised and are recorded at their nominal value as stated in the invoices issued or contracts entered into with customers: this provision is also adopted for trade receivables with a contractual maturity of more than 12 months, unless the effect is particularly significant. The choice stems from the fact that the amount of short-term receivables is very similar whether you apply the historical cost method or the amortised cost method, and the impact of discounting would therefore be wholly negligible.

Trade receivables are subject to impairment testing in accordance with IFRS 9. For the purposes of the measurement process, trade receivables are divided into maturity time bands. For performing loans, a collective assessment is made by grouping the individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics based on historical experience and takes into account expected losses.

b) Financial assets at fair value through other comprehensive income

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model, and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Following initial recognition, equity investments that do not qualify as subsidiaries, associates or joint control investees are measured at fair value, and amounts recognised as a counter-entry in equity should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category and not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

This category contains financial assets other than those classed as "Financial assets at fair value through other comprehensive income" or as "Financial assets at amortised cost". This item, in particular, includes only equity instruments held for purposes other than trading for which the Company has not opted for measurement at fair value through other comprehensive income, and bonds.

Financial assets at fair value through profit or loss are initially recognised at fair value, usually represented by the transaction price.

After initial recognition, these financial assets are measured at fair value. Any gains or losses resulting from the change in fair value are attributed to the income statement.

Inventories

Inventories are assets:

- held for sale in the normal course of business
- used in production processes for sale
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognised and measured at the lesser of cost and the net realisable value.

The cost of inventories includes all purchase costs, transformation costs and other costs incurred to bring inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is less than cost, the surplus is immediately written down in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recorded, depending on their nature, at nominal value or amortised cost. Other cash equivalents represent short-term and highly liquid financial commitments that are readily convertible into known cash values and subject to a negligible risk of change in value, with an original maturity or a maturity at the time of purchase of not more than 3 months.

Payables

Trade and other payables are recognised initially at fair value and are subsequently measured using the amortised cost method.

Payables to banks and other lenders are initially stated at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost, applying the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal effective rate initially determined. Payables to banks and other lenders are classified as current liabilities, unless the Company has an unconditional right to defer payment for at least twelve months after the reference date.

Payables are derecognised when they are settled and when the Company has transferred all risks and charges relating to the instrument.

Employee benefits

Employee benefits include short-term benefits, termination benefits and post-employment benefits.

Short-term benefits, which also include incentive programmes in the form of annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (cost provision) after deducting any amount already paid, and as a cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example, the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for termination of employment includes departure incentive plans arising in the event of voluntary resignation involving the participation of the employee or a group of employees in trade union agreements for the activation of so-called solidarity funds, and redundancy plans, which take place when the company unilaterally terminates the contract. The company recognises the cost of these benefits as a financial liability at the earliest of the time when the company is unable to withdraw the offer of these benefits and the time when the company recognises the costs of a restructuring that falls within the scope of IAS 37. Provisions for departures shall be reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds involving a defined contribution by the company.
- the severance indemnity fund, limited to the shares accruing from 1 January 2007 for undertakings with more than 50 employees, irrespective of the destination chosen by the employee.
- employee severance indemnities accruing from 1 January 2007 and earmarked for supplementary pensions, in the case of undertakings with fewer than 50 employees.
- supplementary healthcare funds.

Defined benefit plans, on the other hand, include:

- the severance indemnity, limited to the amount accrued up to 31 December 2006 for all undertakings, as well as the amounts accrued since 1 January 2007 and not intended for supplementary pensions for undertakings with fewer than 50 employees.
- supplementary pension funds that provide for the payment of a defined benefit to members.
- long-service bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of working seniority.

In defined contribution plans, the obligation of the reporting company is determined on the basis of the contributions due for that year and therefore the measurement of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting for defined benefit plans is characterised by the use of actuarial assumptions to determine the value of the obligation. This valuation is entrusted to an external actuary and is carried out annually. For discounting purposes, the company uses the projected unit credit method, which projects future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. Actuarial gains and losses are recognised as a counter-entry in equity as required by IAS 19.

Provisions for risks and charges, and contingent assets and liabilities

Contingent assets and liabilities can be divided into several categories depending on their nature and their accounting impact. Specifically:

- the provisions are actual obligations of an uncertain amount and occurrence/maturity which arise from past events and for which it is probable that there will be a financial outlay that can be reliably estimated in terms of amount.
- contingent liabilities are possible obligations with a distinct probability of having to make a financial outlay.
- remote liabilities are those for which a financial outlay is unlikely.
- potential assets are assets which are uncertain and cannot therefore be recognised in the financial statements.
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract.
- restructuring is a programme planned and controlled by the company's management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognising the charge, provisions are recorded in cases where there is uncertainty about the maturity or the amount of the flow of resources necessary to fulfil the obligation or other liabilities and in particular trade payables or provisions for presumed payables.

Provisions differ from other liabilities in that there is no certainty as to their maturity or the amount of future expenditure required. Due to their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

Liabilities or allocations to a provision are recognised when:

- there is a current legal or implied obligation resulting from past events.
- it is probable that resources designed to produce economic benefits will have to be used to settle the obligation.
- the obligation can be reliably estimated.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, the liability is classed as a contingent liability.

The allocation to the provision for risks and charges is an amount that represents the best possible estimate of the expenditure needed to liquidate the relevant obligation outstanding on the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. The amount of the allocation reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that they will occur.

Once the best possible estimate of the expense necessary to settle the related obligation outstanding on the reporting date has been determined, the current value of the provision is determined, in the event that the effect of the present value of money is a relevant aspect.

Revenue from contracts with customers

In accordance with IFRS 15, revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified.
- performance obligations set forth in the contract have been identified.
- the price has been determined.
- the price has been allocated to the individual performance obligations set forth in the contract.
- the performance obligation set forth in the contract has been met.

The Company recognises revenue from contracts with customers when (or as) it fulfils the performance obligation, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Company transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the entity's service as it is provided.
- the service of the Company creates or improves the asset (e.g. work in progress) that the customer controls as the asset is created or improved.
- the service of the Company does not create an asset which has an alternative use and the Company has the enforceable right to payment for the service completed until the date considered.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Company recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions, incentives, penalties or other similar elements), the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group Company the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Company expects them to be recovered. Incremental costs for obtaining the contract are costs that the Company incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Recognition of costs

Costs are recognised in the income statement according to the accruals principle.

Dividends

Dividends received are recognised in the income statement according to the accruals principle, i.e. in the year in which the related right to receive them emerges, following the shareholders' resolution to distribute dividends from the investee company.

Distributed dividends are shown as changes in equity in the year in which they are approved by the Shareholders' Meeting.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the tax rates in force at the date of the financial statements. Current taxes for the year and for prior years, where unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current year and for prior years, must be determined at the value expected to be recovered from or paid to, respectively, the tax authorities, applying the tax rates and legislation that is in force or imminent at the reporting date.

Deferred taxes can be divided into:

- deferred tax liabilities, which are the amounts of income taxes payable in future years relating to taxable temporary differences.
- deferred tax assets, which are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry-over of unused tax losses, carry-over of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the temporary taxable or deductible differences identified, or to unused tax losses and unused tax credits. Deferred tax assets and liabilities may be offset when there is a legal right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle current tax assets and liabilities on a net basis.

At each reporting date, recognised and unrecognised deferred tax assets are revalued to check whether they are likely to be recovered.

Net profit/(loss) per share

Basic earnings per share are calculated by dividing the net profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average number of shares in circulation is modified assuming that all assignees exercise rights with a potentially dilutive effect, while the profit (loss) pertaining to the Company is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

2.3 Recently issued accounting policies

Below is a list of the New Accounting Policies, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2024 and their descriptions:

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2024	Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579
1 January 2024	Classification of liabilities as current and non-current (Amendments to IAS 1) and Non-current liabilities with conditions (Amendments to IAS 1)	20 Dec 2023 (EU) 2023/2822
1 January 2024	Financing agreements for supplies (Amendments to IAS 7 and IFRS 7)	15 May 2024 (EU) 2024/1317

Amendments to IFRS 16

1) With Regulation (EU) No. 2023/2579 of 20 November 2023, the European Commission endorsed the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)", published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB Board clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- The lessee-seller applies the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback.
- In applying the above paragraphs of IFRS 16, the seller-lessee shall determine the "lease payments payable" or the "revised lease payments payable" in a manner that does not recognise any amount of gain or loss that relates to the right-of-use asset retained thereby. The lease liability is then reduced by the amount of the initially estimated lease payments payable, with any difference between the estimated and actual payments recognised in profit/(loss) for the year.

- The application of the above provisions does not preclude the lessee-seller from recognising in profit or loss the gain or loss arising from the partial or total termination of the contract as required by paragraph IFRS 16.46(a).

The lessee-seller must establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

2) <u>With Regulation (EU) No. 2023/2822 of 19 December 2023, the European Commission endorsed the following documents published by the IASB Board:</u>

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020.
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

Amendments to IAS 1

Right to defer settlement of a liability for at least 12 months after the end of the financial year

The IASB Board's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

Specifically, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an "unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period" and IAS 1.73 referred instead to "an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement". It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have a right to defer settlement of a liability for at least 12 months at the end of the financial year, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB Board clarified that:

- The right to defer the settlement of a liability for a period of at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be "substantive and...must exist at the end of the reporting period".
- The classification of a liability as current or non-current must not be affected by an entity's intentions to exercise or not to exercise the right to defer payment beyond 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the end of the reporting period and the date of its publication (e.g. a decision to repay a loan early).

Methods for settling a liability

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, the term settled (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of:

a) cash or other economic resources, e.g. goods or services, or

b) the entity's own equity instruments, unless paragraph 76B applies.

Contractual provisions in a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect the classification of the liability as current or non-current if, by applying IAS 32 “Financial Instruments: presentation in the financial statements”, the entity classifies the option as an equity instrument, recognising it separately from the financial liability as a component of equity of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

Financial reporting

An entity must disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 “Events after the Reporting Period”:

a) Long-term refinancing of a liability classified as current.

b) Rectification of the breach of a long-term financing contract classified as current.

c) Granting by the lender of a grace period to rectify a breach of a long-term financing contract classified as current.

d) Settlement of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose the timing of such settlement in the notes.

Liabilities from loan contracts with covenants

The IASB Board has clarified that where the right to defer the settlement of a liability arising from a loan contract for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the contract have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting period is not relevant to the classification of the liability in the statement of financial position.

Disclosure of liabilities arising from loan contracts with covenants

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan contracts, which are classified as non-current liabilities in the statement of financial position, and whose right to defer their settlement for at least 12 months after the end of the reporting period is subject to covenant compliance:

a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities.

b) Information about any facts and circumstances that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the end of the reporting period would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for financial years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

Amendments to IAS 7 - IFRS 7

With Regulation (EU) no. 2023/1317 of 15 May 2024, the European Commission endorsed the amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”, which requires disclosures about supply financing arrangements that enable users of financial statements to evaluate the effects of these arrangements on the entity's liabilities and cash flows as well as its exposure to liquidity risk.

Supply finance arrangements are characterised by the fact that one or more lenders offer to pay amounts owed by an entity to its suppliers and that the entity agrees to pay according to the terms and conditions of the arrangements on the same or a later date as the suppliers are paid. Such agreements guarantee to the entity the extension of payment terms or to its suppliers the anticipation of payment terms with respect to the due date for payment of the invoice. Supply finance agreements are often referred to as supply chain finance agreements, supplier debt financing or indirect factoring. Arrangements that are solely credit support instruments for the entity (e.g. financial guarantees, including letters of credit used as collateral) or instruments used by the entity to settle amounts due directly with a supplier (e.g. credit cards) are not supply finance arrangements.

For its supply finance arrangements the entity must disclose in aggregate form:

a) The terms and conditions of the arrangements (e.g. the extension of payment terms and the securities or guarantees provided). However, in the case of arrangements with different terms and conditions, the entity shall indicate these separately.

b) At the beginning and end of the financial year:

   I. The carrying amounts of financial liabilities that are part of a supply finance arrangements and the items associated with those carrying amounts presented in the entity's statement of financial position.

II. The carrying amounts of the financial liabilities indicated in point i) above for which the suppliers have already received payments from the lenders and the items associated with those carrying amounts.

III. The range of payment due dates (e.g. 30-40 days after the invoice date) for both the financial liabilities indicated under point i) and comparable trade payables that are not part of a supply finance arrangement. Comparable trade payables are, for example, trade payables of the entity incurred within the same line of business or legal system as the financial liabilities referred to in point i). If the intervals between payment due dates are long, the entity must provide an explanation of those intervals or indicate additional intervals (e.g. stratified intervals).

c) The type and effect of non-cash changes in the carrying amounts of the financial liabilities specified in letter b), point i). Examples of non-cash changes include the effect of business combinations, exchange rate differences or other transactions that do not require the use of cash or cash equivalents.

Other factors that the entity might consider in providing the required disclosure include but are not limited to:

a) It has signed financing agreements (e.g. commercial paper) or other credit lines (e.g. stand-by credit lines) that can be accessed to meet liquidity needs.

b) It hold deposits with central banks to meet liquidity needs.

c) It has very diverse sources of funding.

d) It has significant concentrations of liquidity risk in its assets or sources of funding.

e) It has internal control processes and contingency plans for liquidity risk management.

f) It has instruments that include accelerated repayment terms (e.g. following a downgrade in the entity's creditworthiness).

g) It has instruments that may require the provision of financial collateral (e.g. margin calls for derivatives).

h) It has instruments that allow the entity to decide whether to settle financial liabilities by delivering cash (or another financial asset) or by delivering its own shares.

i) It has instruments subject to framework netting agreements or

j) It has had or has access to supply finance arrangement (as described in IAS 7) that provide the entity with extended payment terms or its suppliers with early payment terms.

Accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2025

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2025	Lack of exchangeability (Amendments to IAS 21)	13 Nov 2024 (EU) 2024/2862

Amendments to IAS 21

With Regulation (EU) no. 2024/2862 of 13 November 2024, the European Commission endorsed the amendment to the regulation regarding IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology to ascertain whether one currency can be converted into another, and when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the Directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances.

Applying these estimates and assumptions affects the amounts presented in the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income and the Statement of Cash Flows, and in other information provided. The amounts of the financial statement items for which the aforementioned estimates and assumptions have been used may differ, even significantly, from those reported in the financial statements that highlight the effects of the occurrence of the event being estimated, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The following areas require the directors to be most subjective when producing the estimates and would significantly affect the Company's results if there were a change in the conditions underlying the assumptions used:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to testing in order to ascertain whether impairment has occurred when indicators exist that predict difficulties in recovering the corresponding net book value through use. Checking for the existence of the aforementioned indicators requires directors to make subjective valuations based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that impairment may have occurred, the Group calculates said impairment using what are deemed to be suitable valuation techniques. Correctly identifying impairment indicators, as well as the estimates for their calculation, depends on subjective valuations and factors that can vary over time, influencing the valuations and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is verified annually in order to check for any impairment that should be recognised in the income statement. In particular, the test in question involves allocating goodwill to cash generating units and then calculating the relative recoverable value, understood as the greater of fair value and value in use. If the recoverable value is less than the book value of the cash generating units, the goodwill allocated to them is written down.

c) Impairment of intangible assets with an indefinite useful life (trademarks): the value of trademarks with an indefinite useful life is subject to an annual impairment test. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit forecast period of 4 years in accordance with the budgets approved by the Company. After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future developments and possible developments in the market the Company competes in. Therefore, write-downs may be necessary in subsequent years.

d) Provision for bad debts: the determination of this provision reflects management estimates related to the historical and expected solvency of the bad debts in question.

e) Provisions for risks and charges: it is sometimes hard to determine whether or not a current obligation (legal or implied) exists. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors believe it to be merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting any allocation being made.

f) Useful life of property, plant and equipment and intangible assets: useful life is determined when the asset is recorded in the financial statements. Useful life is measured based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. As a result, the effective useful life may differ from the estimated useful life.

g) Prepaid tax assets: prepaid tax assets are recognised to the extent that it is probable that there will be sufficient future tax gains against which temporary differences or any tax losses may be used.

h) Inventories: Closing inventories of obsolete or slow-to-move products are periodically subjected to valuation tests and are written down where their recoverable value is less than their book value. The write-downs carried out are based on assumptions and estimates of the directors based on their experience and the historical results achieved.

i) Lease liabilities and right-of-use on third-party assets: the amount of the lease liability and consequently of the related right-of-use assets depends on the determination of the lease term. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease agreements. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that has an impact on management's reasonable certainty of exercising an option not previously considered in determining the lease term or not exercising an option previously considered in determining the lease term.

4. MANAGEMENT OF FINANCIAL RISKS

The main business risks identified, monitored and, as specified below, actively managed by the Company are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Company operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Company's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Company to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Company's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

4.1 Market risk

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Company's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in economic results and equity.

The main exchange rates to which the Company is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.

The Company does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Company's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Company operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Company uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the Separate income statement and Separate shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period, while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2024	(155)	155	(155)	155
Year ended 31 December 2023	(188)	188	(188)	188

4.2 Credit risk

The Company is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Company's commercial activity, where its counterparties are mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The Company manages the credit risk of both types of customers through a consolidated practice, which provides for targeted and prudent management with a credit limit granted on the basis of commercial, financial and perceived market risk information.

The Company operates in business areas with low levels of credit risk, given the nature of its activities and the fact that its credit exposure is spread over a large number of customers. Assets are recognised net of any write-downs determined on the basis of counterparties' default risk, taking into account available solvency information and historical and prospective data.

Positions are regularly monitored for compliance with payment terms and overdue reminder actions are conducted in coordination with the sales force. If, on the other hand, a spot analysis of the individual case reveals an objective condition of partial or total bad debt, the amount of the write-down takes into account an estimate of recoverable flows. The credit management methodology means it is not deemed important to divide customer exposure into different risk classes.

Moreover, the Company has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

The credit risk deriving from receivables that the Company has with banks is, on the other hand, moderate and derives substantially from temporary surplus liquidity stocks usually invested in bank deposits and current accounts.

The following table provides a breakdown of trade receivables at 31 December 2024 and 2023 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2024	18,716	17,647	1,082	3,447	**40,892**
Provision for bad debts	-	-	-	(2,624)	**(2,624)**
Net trade receivables at 31 December 2024	**18,716**	**17,647**	**1,082**	**823**	**38,268**
Gross trade receivables at 31 December 2023	3,297	17,854	2,541	5,774	**29,446**
Provision for bad debts	-	-	-	(2,509)	**(2,509)**
Net trade receivables at 31 December 2023	**3,297**	**17,854**	**2,541**	**3,265**	**26,957**

4.3 Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Company will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Company may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Company's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Company's liquidity is the resources absorbed by operating activities: the sector in which the Company has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chair involved in decisions that could have an impact on the Company's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Company's financing activity involves negotiating credit lines with the banking system and continually monitoring the Company's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2024 and 2023, expressed according to the following assumptions:

(i) cash flows are not discounted

(ii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms

(iii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included

(iv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date, and

(v) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2024					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	34,741	13,259	15,098	2,238	**65,336**	**64,795**
Lease liabilities	10,033	3,293	4,172	894	**18,392**	**18,391**
Trade payables	81,309	-	-	-	**81,309**	**81,309**
Other current liabilities	14,761	-	-	-	**14,761**	**14,761**

	At 31 December 2023					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	20,937	10,710	24,218	4,552	**60,417**	**59,417**
Lease liabilities	9,674	4,234	7,607	1,367	**22,882**	**21,132**
Trade payables	78,317	-	-	-	**78,317**	**78,317**
Other current liabilities	12,573	-	-	-	**12,573**	**12,573**

5. CAPITAL MANAGEMENT POLICY

The Company's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in compliance with contractual commitments made with lenders.

The Company provides itself with the capital necessary to finance the needs of business development and operations; the sources of financing are divided into a mix of risk capital and debt capital, to ensure a balanced financial structure and the minimisation of the total cost of capital, thereby benefiting all stakeholders.

The remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations have been fulfilled, including debt servicing; therefore, in order to ensure an adequate return on capital, the safeguarding of business continuity and business development, the Company continually monitors the level of debt in relation to equity, business performance and expected cash flow forecasts, in the short and medium/long term.

6. FINANCIAL ASSET AND LIABILITY CATEGORIES AND INFORMATION ON FAIR VALUE

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category at 31 December 2024 and 2023:

(In thousands of euros)	Book value at 31 December	
	2024	**2023**
FINANCIAL ASSETS:		
Financial assets at amortised cost:		
Financial receivables measured at amortised cost	2,540	3,025
Trade receivables	38,268	26,957
Other receivables and current assets	7,349	7,328
Cash and cash equivalents	42,613	36,032
	90,770	**73,342**
Financial assets valued at fair value through profit or loss:		
Non-current financial assets measured at fair value through profit or loss	703	703
Current financial assets measured at fair value through profit or loss	1	1
	704	**704**
TOTAL FINANCIAL ASSETS	**91,474**	**74,046**

(*) Only for the item relating to advances, other receivables and accrued income and prepaid expenses.

(In thousands of euros)	Book value at 31 December	
	2024	**2023**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost:		
Non-current financial liabilities	30,054	38,479
Non-current lease liabilities	8,358	11,458
Trade payables	81,309	78,317
Current financial liabilities	34,741	20,937
Current lease liabilities	10,033	9,674
Other current liabilities (*)	4,670	2,975
TOTAL FINANCIAL LIABILITIES	**169,165**	**161,840**

(*) Only for other payables and accrued expenses and deferred income.

The tables above show that most of the outstanding financial assets and liabilities are short-term items. In view of their nature, for most items, the book value is considered a reasonable approximation of the fair value.

Non-current financial assets and liabilities are settled or valued at market rates and it is therefore considered that their fair value is substantially in line with current book values.

Information on fair value

In relation to assets and liabilities recognised in the statement of financial position and measured at fair value, IFRS 13 requires that these values be classified on the basis of a hierarchy of levels, reflecting the significance of the inputs used in determining fair value. The following table shows the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using unadjusted prices listed on active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the entity's ability to transact the asset or liability at the price of that market on the valuation date.
- **Level 2**: fair value determined with valuation techniques using variables observable on active markets. The inputs for this level include: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in non-active markets; (c) data other than observable listed prices for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implicit volatility, credit spreads, input corroborated by the market.
- **Level 3**: fair value determined with valuation techniques using non-observable market variables.

The following tables summarise the financial assets and liabilities measured at fair value, broken down by hierarchy, at 31 December 2024 and 2023:

(In euros)	At 31 December 2024		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	-	-	703
Current financial assets measured at fair value through profit or loss	-	-	1
Total financial assets measured at fair value	**-**	**-**	**704**

(In euros)	At 31 December 2023		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	-	-	703
Current financial assets measured at fair value through profit or loss	-	-	1
Total financial assets measured at fair value	**-**	**-**	**704**

There were no transfers between the different levels of the fair value hierarchy in the periods considered.

7. OPERATING SEGMENTS

IFRS 8 - *Operating Segments* defines an operating segment as a component:

- That engages in business activities from which it may earn revenues and incur expenses.
- Whose operating results are reviewed regularly by the entity’s chief operating decision maker.
- For which discrete financial information is available.

For the purposes of IFRS 8, the Company's activity is identifiable in the following business segments: Milk Products, Dairy Products and Other Activities.

Note that the Dairy and Other activities sectors refer to operating and financial data that were transferred to Centrale del Latte d'Italia S.p.A. as a result of the lease of business operations from the controlling company Newlat Food S.p.A., effective from 1 January 2021. On the other hand, with regard to the scope of the Company's activities not pertaining to the mentioned branch, consistent with the previous years the economic and financial components of the financial statements are totally ascribable to the "Milk products" sector, in consideration of the organisation of the existing production and product marketing.

The tables below show the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Company's performance at and for the year ended 31 December 2024 and 2023, and the reconciliation of these items with respect to the corresponding amount included in the annual Financial Statements:

(In thousands of euros)	**At 31 December 2024**			
	Milk products	Dairy products	Other Products	**Total**
Revenue from contracts with customers (third parties)	274,547	60,139	15,026	**349,712**
EBITDA (*)	19,316	5,498	386	**25,200**
EBITDA margin	7.04%	9.14%	2.57%	**7.21%**
Amortisation, depreciation and write-downs	14,589	587	89	15,265
Net write-downs of financial assets			197	197
Operating profit/(loss)	**4,727**	**4,911**	**100**	**9,737**
Financial income	-	-	1,729	1,729
Financial expenses	-	-	(5,139)	(5,139)
Profit/(loss) before taxes	**4,727**	**4,911**	**(3,309)**	**6,328**
Income taxes	-	-	(1,909)	(1,909)
Net profit/(loss)	**4,727**	**4,911**	**(5,218)**	**4,419**
Total assets	180,874	9,840	67,317	258,031
Total liabilities	90,591	16,223	82,338	189,152
Investments	2,879	457	-	3,336
Employees (number)	535	65	12	612

(*) EBITDA is calculated as the absolute sum of the operating result, net write-downs of financial assets and depreciation/amortisation and write-downs.

(In thousands of euros)	At 31 December 2023			
	Milk products	Dairy products	Other Activities	**Total**
Revenue from contracts with customers (third parties)	262,449	57,189	14,256	**333,894**
EBITDA (*)	20,294	4,523	336	**25,153**
EBITDA margin	7.73%	7.91%	2.36%	**7.53%**
Amortisation, depreciation and write-downs	15,391	460	133	15,984
Net write-downs of financial assets	-	-	417	417
Operating profit/(loss)	**4,903**	**4,063**	**(214)**	**8,751**
Financial income	-	-	756	756
Financial expenses	-	-	(5,348)	(5,348)
Profit/(loss) before taxes	**4,903**	**4,063**	**(4,806)**	**4,159**
Income taxes	-	-	(1,201)	(1,201)
Net profit/(loss)	**4,903**	**4,063**	**(6,006)**	**2,959**
Total assets	180,328	8,073	63,059	251,460
Total liabilities	90,842	14,374	79,612	184,828
Investments	2,234	268		2,502
Employees (number)	532	66	14	612

(*) EBITDA is calculated as the absolute sum of the operating result, net write-downs of financial assets and depreciation/amortisation and write-downs.

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 Property, plant and equipment

The table below shows a breakdown of and changes in the item "Property, plant and equipment" for the years 31 December 2024 and 2023:

(In thousands of euros)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Leasehold improvements**	**Assets under construction and payments on account**	**Total**
Historical cost at 31 December 2023	**85,488**	**131,378**	**18,604**	**358**	**818**	**236,646**
Investments	64	2,533	251	-	488	3,336
Disposals	-	(10)	(158)	-	-	(168)
Reclassifications	-	671	-	-	(671)	-
Historical cost at 31 December 2024	**85,552**	**134,572**	**18,697**	**358**	**636**	**239,814**
Accumulated amortisation/depreciation as at 31 December 2023	**28,392**	**84,629**	**17,606**	**325**	**-**	**130,951**
Depreciation/Amortisation	1,536	6,976	378	2	-	**8,892**
Disposals	-	(10)	(158)	-	-	**(168)**
Reclassifications	-	(31)	-	-	-	**(31)**
Accumulated amortisation/depreciation as at 31 December 2024	**29,928**	**91,564**	**17,826**	**327**	**-**	**139,644**
Net carrying amount at 31 December 2023	**57,096**	**46,749**	**998**	**33**	**818**	**105,694**
Net carrying amount at 31 December 2024	**55,624**	**43,007**	**871**	**31**	**636**	**100,169**

Investments in property, plant and equipment for the year ended 31 December 2024 totalled Euro 3,336 thousand and were attributable to the renovation of packaging lines in the milk and dairy sector. For more information on investments, please refer to the specific chapter "Investments" in the Report on Operations.

The net value of tangible assets disposed of during 2024 is Euro 168 thousand.

At 31 December 2024 there were no capital contributions classified as a reduction in core plant and equipment.

During the year, the Company did not record write-downs of property, plant and equipment.

8.2 Right-of-use assets and lease liabilities

The table below shows a breakdown of the item "Right-of-use assets" for the year ended 31 December 2024:

(In thousands of euros)	**Right-of-use assets**
Historical cost at 31 December 2023	**39,948**
Investments	3,436
Disposals	(2,771)
Historical cost at 31 December 2024	**40,613**
Accumulated amortisation/depreciation as at 31 December 2023	**22,032**
Depreciation/Amortisation	6,354
Disposals	(2,765)
Reclassifications	31
Accumulated amortisation/depreciation as at 31 December 2024	**25,652**
Net carrying amount at 31 December 2023	**17,916**
Net carrying amount at 31 December 2024	**14,961**

At 31 December 2024, the Company found no indicators of long-term impairment for right-of-use assets.

The additions for the year mainly refer to the lease of capital goods used in the production process.

The following table shows the undiscounted contractual values of the Company's lease liabilities as at 31 December 2024:

(In thousands of euros)	**At 31 December 2024**					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**Beyond 5 years**	**Contract value**	**Book value**
Lease liabilities	10,033	3,293	4,172	894	**18,392**	**18,391**

(In thousands of euros)	**At 31 December 2023**					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**Beyond 5 years**	**Contract value**	**Book value**
Lease liabilities	9,674	4,234	7,607	1,367	**22,882**	**21,132**

The discount rate was determined on the basis of the marginal borrowing rate of the Company, with a similar maturity and collateral, needed to obtain an asset of similar value to the right-of-use asset in a similar economic climate. The Company has decided to apply a single discount rate to a lease portfolio with reasonably similar characteristics, such as leases with a similar residual maturity for a similar underlying asset class, in a similar economic climate.

The right-of-use assets mainly refer to the business unit lease agreement between Newlat Food S.p.A. and the Company whereby the former leased the latter the operations related to the production and sale of products in the "Milk & Dairy" sector, expiring on 31 December 2026.

8.3 Intangible assets

The table below shows a breakdown of and changes in the item "Intangible assets" for the year ended 31 December 2024:

(In thousands of euros)	**Goodwill**	**Concessions, licences, trademarks and similar rights**	**Assets under development**	**Total**
Historical cost at 31 December 2023	**570**	**42,395**	**2**	**42,967**
Investments	-	-	-	-
Historical cost at 31 December 2024	**570**	**42,395**	**2**	**42,967**
Accumulated amortisation/depreciation as at 31 December 2023	**220**	**23,200**	**-**	**23,440**
Depreciation/Amortisation	-	20	-	20
Accumulated amortisation/depreciation as at 31 December 2024	**220**	**23,240**	**-**	**23,460**
Net carrying amount at 31 December 2023	**350**	**19,157**	**2**	**19,527**
Net carrying amount at 31 December 2024	**350**	**19,155**	**2**	**19,507**

There were no indicators of long-term impairment for intangible assets for the year ended 31 December 2024.

The following is a description of the main items that make up intangible assets:

Concessions, licences, trademarks and similar rights

The item "Concessions, licences, trademarks and similar rights" consists mainly of trademarks with an indefinite useful life, the value of which is shown below as at 31 December 2024 and 2023:

(In thousands of euros)	**At 31 December**	
	2024	**2023**
Trademarks with an indefinite useful life	19,132	19,132
Total net book value	**19,132**	**19,132**

With the merger by incorporation of Centrale del Latte di Vicenza and Centrale del Latte della Toscana, they are included as intangible assets with an indefinite useful life, in addition to the "Centro Latte Rapallo – Latte Tigullio" brand already owned by Centrale del Latte d'Italia S.p.A. (Euro 5,891 thousand), the trademarks "Mukki" (Euro 7,955 thousand) and "Centrale del Latte di Vicenza" (Euro 5,286 thousand) for a total of Euro 19,132 thousand.

Trademarks with an indefinite useful life are tested for impairment at least annually on the basis of the requirements of IAS 36.

The value in use is determined using the discounted cash flow (DCF) method, using a discount rate and an explicit forecast period of four years in accordance with the updated Business Plan approved by the Board of Directors on 17 March 2025.

The cash flows used by the Directors for impairment testing purposes do not include the economic and financial components arising from the lease of the "Milk & Diary" business operations.

After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future developments and possible developments in the market the Company competes in. Therefore, write-downs may be necessary in subsequent years.

The analysis required by IAS 36 concerning the determination of cash-generating units led the directors to identify a single CGU coinciding with the company's scope, excluding everything that flows from the M&D business unit lease, in accordance with, among other things, the management structure and the decision-making and strategic planning process, as well as the company's performance review model.

The impairment test, approved by the Board of Directors on 17 March 2025, was prepared with the support of an independent professional, comparing the book value with the recoverable value of the related cash generating unit (CGU).

The recoverable amount is the value in use, determined by discounting the CGU's forecast data ("DCF Method") for the four years after the reporting date.

The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, the current maintenance of EBITDA and operating cash flows, as well as a growth rate of the terminal value and the weighted average cost of capital in line with market data (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and in fact aligned with the margin achieved in 2024.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a 1.0% growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

Growth rate:	1.0%
WACC:	7.09%

For the purposes of estimating the value in use of the CGU:

(i) the following sources of information have been used:

a) internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the indefinite useful life impairment test as at 31 December 2024 the updated 2025-2028 Business Plan was used, estimating the result flows in a uniform manner for subsequent years. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2025. For the purpose of estimating the value in use, "maintenance" investments of approximately Euro 4.5 million were envisaged. For the impairment test as at 31 December 2024, in the interests of prudence, no improvements in operating costs are predicted aside from those already achieved in the current year, and therefore a constant margin was considered over the period.

b) External sources: for the purpose of the impairment test, external sources of information were used to calculate the cost of capital, the estimate of which was based on:

- the CAPM to estimate the cost of equity

- the WACC formula for estimating the weighted average cost of capital (after tax).

The cost of capital was calculated using the financial structure of the panel of comparables considered in the analysis.

(ii) the following main basic assumptions were also used:

a) average revenue increase of 1% per annum from 2025 to 2028, and

b) EBITDA margin in the forecast years of 8.6%.

The revenue growth assumed for the years of the period is substantially in line with the growth expectations of the Italian market, in view of the good competitive position of the company, but above all in view of (i) the Company's planned growth strategies; (ii) a guaranteed supply chain with strong local roots.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its net invested capital by more than Euro 62 million.

The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 7.09% and a terminal cash flow growth rate (g) of 1.0%. Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

8.4 Equity investments in associates

At 31 December 2024 the investments in associate companies amounting to Euro 1,397 thousand refer mainly to the investment held by Centrale del Latte d'Italia SpA in Mercafir Scpa. The value of shareholders' equity is consistent with the value recorded at 31 December 2024.

8.5 Non-current financial assets measured at fair value through profit or loss

At 31 December 2024 and 2023, non-current financial assets measured at fair value through profit or loss amounted to Euro 703 thousand mainly related to the investment in Futura S.r.l., which was measured at fair value identified with the support of independent experts. This fair value is classifiable as level 3 on the basis of the parameters used in the valuation techniques applied.

The fair value of the company Futura S.r.l. was determined using the equity method. This method of estimation is based on the principle of the expression at current value of the individual assets and liabilities that make up the assets of a company or a functional part of it. According to this methodology, the value is the result of an estimate – at market values and assuming a going concern – of all tangible and intangible assets (in cases where they can be determined individually), less all liabilities.

This method does not explicitly take into account the aspects related to the company's ability to produce future economic results.

This method is commonly used to evaluate non-operating holding companies of equity investments, such as Futura S.r.l., whose main activities are equity investments and business units leased to investee companies.

The value of the equity investment net of the holding company discount is equal to Euro 689 thousand.

The value of other equity investments held (not significant) is considered to represent the fair value of the equity interest (mainly consortium investments).

8.6 Deferred tax assets

Prepaid tax assets are recognised where it is probable that future taxable income will be realised against which they can be used.

Prepaid tax assets arise from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to that asset or liability for tax purposes.

Deferred tax assets from 2024 were offset against deferred tax liabilities. See Note 8.17 for more information.

8.7 Inventories

The following table shows a breakdown of "Inventories" as at 31 December 2024 and 2023:

(In thousands of euros)	**At 31 December**	
	2024	**2023**
Raw materials, supplies, consumables and spare parts	13,913	14,481
Finished products and goods	9,680	9,377
Advance payments	26	26
Total gross inventories	**23,619**	**23,884**
Inventory write-down reserve	(176)	(147)
Total inventories	**23,443**	**23,737**

Inventories are recorded net of the obsolescence reserve, which amounted to Euro 176 thousand at 31 December 2024 and related mainly to spare parts for slow-moving machinery. The table shows the changes in the write-down reserve:

(In thousands of euros)	**Inventory write-down reserve**
Balance at 31 December 2023	**(147)**
Provisions	(29)
Balance at 31 December 2024	**(176)**

8.8 Trade receivables

The following table shows a breakdown of "Trade receivables" as at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December	
	2024	2023
Trade receivables from customers	32,564	22,430
Trade receivables from related parties	8,328	7,118
Trade receivables (gross)	40,892	29,548
Provision for doubtful trade receivables	**(2,624)**	**(2,590)**
Total trade receivables	**38,268**	**26,957**

The following table displays the changes in the provision for doubtful trade receivable for the year ended 31 December 2024:

(In thousands of euros)	Provision for doubtful trade receivables
Balance at 31 December 2022	**(3,034)**
Provisions	(417)
Uses	861
Balance at 31 December 2023	**(2,590)**
Provisions	(198)
Uses	164
Balance at 31 December 2024	**(2,624)**

Analysis of the credit risk, including details of the provisioning for doubtful receivables for the individual bands of overdueness, can be found in the Report on Operations in the section "Management of Financial Risks" above.

Analysis of trade receivables from related parties can be found in the section "Transactions with Related Parties" below.

The book value of trade receivables is deemed to approximate their fair value.

8.9 Current tax assets and liabilities

Current tax assets totalled Euro 130 thousand as at 31 December 2024 and 2023.

Current tax liabilities totalled Euro 43 thousand at 31 December 2024 and Euro 241 thousand at 31 December 2023.

The changes in the net balances of the assets and liabilities under review for the year ended 31 December 2024 mainly concern the setting aside of current income taxes amounting to Euro 2,463 thousand and payments and offsets amounting to Euro 226 thousand.

8.10 Other receivables and current assets

The following table shows a breakdown of "Other receivables and current assets" as at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December	
	2024	**2023**
Tax assets	6,947	6,969
Receivables from social security institutions	5	4
Accrued income and prepaid expenses	444	534
Advance payments	781	851
Other receivables	6,123	5,943
Total other receivables and current assets	**14,300**	**14,301**

Other receivables refer mainly to a receivable owed by the parent company Newlat Food SpA that arose from the lease of the Milk & Dairy operations (Euro 5.3 million).

Payments on account at 31 December 2024 and 2023 mainly refer to down payments for supplies.

Tax receivables at 31 December 2024 mainly include VAT receivables from the tax authority for Euro 5,782 thousand, tax credits for Euro 672 thousand and receivables from tax consolidation for Euro 523 thousand.

8.11 Current financial assets measured at fair value through profit or loss

The following table provides a breakdown of "Current financial assets measured at fair value through profit or loss" at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December	
	2024	**2023**
Current financial assets measured at fair value through profit or loss	1	1

8.12 Financial Receivables measured at amortised cost

Financial receivables of Euro 2,540 thousand include financial receivables from the related party New Property SpA for Euro 2,525 thousand and from the indirect parent company Newlat Group SA for Euro 15 thousand.

8.13 Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December	
	2024	**2023**
Bank and postal deposits	42,514	35,530
Cash in hand	99	502
Total cash and cash equivalents	**42,613**	**36,032**

Bank deposits refer mainly to centralised treasury relations with the parent company Newlat Food SpA, amounting to Euro 35,218 thousand. The latter are readily liquidated and payable by the parent company. The remaining bank deposits refer to cash and cash equivalents deposited in current accounts held with leading banking and financial institutions.

At 31 December 2024, cash and cash equivalents were not subject to restrictions or constraints.

Please see the statement of cash flows for changes in the "Cash and cash equivalents" item during the periods under review.

8.14 Shareholders’ equity

At 31 December 2024 the item Shareholders' Equity totalled Euro 68,879 thousand. The statement of changes in equity is shown in the relevant section.

The changes that affected shareholders' equity for the year ended 31 December 2023 related to the following:

- The recognition of profit for the year in the amount of Euro 4,419 thousand.
- Actuarial gain of Euro 115 thousand relating to the discounting of the employee severance indemnity provision.
- Purchase of own shares for Euro 2,287 thousand.

Share capital

The fully subscribed and paid-in share capital totalled Euro 28,840,041.20 divided into 14,000,020 shares with no par value.

Legal reserve

At 31 December 2024, the legal reserve totalled Euro 2,358 thousand.

Reserves

See the statement of changes in shareholders' equity in the financial statements for details and changes in reserves in 2024. The table below shows the possibility of use with respect to 31 December 2024:

Nature/ description	Amount	Possible use	Quota available
Share capital	28,840,041	B	28,840,041
Capital reserves:			
Bond Provision Italian Law 413/91	196,523	A, B	196,523
FTA reserve	1,265,968	B	1,265,968
Share premium reserve	17,420,592	A,B,C	17,420,592
Other non-distributable reserves	(49,547)	A, B	(49,547)
Treasury shares	(2,287,391)	B	(2,287,391)
Profit reserves:			
Legal reserve	2,357,971	B	2,357,971
Extraordinary reserve	20,027,281	A,B,C	20,027,281
Other reserves	(3,311,242)	A,B,C	(3,311,242)
Total			**64,460,196**
Non-distributable portion			**30,323,565**
Residual distributable portion			**34,136,631**

Notes:
A - Available for capital increases
B - Available to cover any losses
C - Distributable to shareholders

8.15 Provisions for employee benefits

The table below shows a breakdown of and changes in the item "Provisions for employee benefits" for the years 31 December 2024 and 2023:

(In thousands of euros)	**Employee severance indemnity**
Balance at 31 December 2022	**6,279**
Financial expenses	219
Actuarial losses/(gains)	6
Benefits paid	(718)
Balance at 31 December 2023	**5,786**
Financial expenses	170
Actuarial losses/(gains)	(160)
Benefits paid	(785)
Balance at 31 December 2024	**5,011**

Provisions for employee benefits represent the estimated obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees when their employment with the company ends.

Employee severance indemnity (TFR)

The debt for Centrale del Latte's employee severance indemnity, which falls within the IAS 19 definition of defined benefit plans, was determined according to actuarial logic. The following are the main actuarial, financial and demographic assumptions used to determine the value of the liability at 31 December 2024 and 2023, in accordance with the provisions of IAS 19:

	At 31 December	
	2024	**2023**
Financial assumptions		
Discount rate	3.29%	3.15%
Inflation rate	2.00%	2.25%
Annual rate of salary increase	2.00%	2.25%
Demographic assumptions		
Death	SIM/SIF2002 ISTAT table	SIM/SIF2002 ISTAT table
Retirement	Achievement of the first pensionable requirement according to current legislation	Achievement of the first pensionable requirement according to current legislation

The following table summarises the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute terms) that would have occurred as a result of changes to the reasonably possible actuarial assumptions on 31 December 2024 and 2023:

(In thousands of euros)	**Discount rate**		**Inflation rate**		**Rate of turnover**	
	+0.50%	**-0.50%**	**+0.50%**	**-0.50%**	**+1%**	**- 1%**
Employee benefits (severance indemnities) at 31 December 2024	83	(83)	53	(53)	9	(9)
Employee benefits (severance indemnities) at 31 December 2023	(247)	247	160	(-160)	17	(17)

8.16 Provisions for risks and charges

The table below shows a breakdown of and changes in the item "Provisions for risks and charges" for the year ended 31 December 2024:

(In thousands of euros)	**Provision for agents' indemnities**	**Other provisions for risks and charges**	**Total provisions for risks and charges**
Balance at 31 December 2022	**1,168**	**68**	**1,236**
Provisions	134	-	134
Uses	(1)	-	(1)
Balance at 31 December 2023	**1,301**	**68**	**1,369**
Provisions	129	-	129
Uses	(70)	-	(70)
Balance at 31 December 2024	**1,360**	**68**	**1,428**

The provision for agents' indemnities represents a reasonable forecast of the charges that would be borne by the Company in the event of future interruption of agency relationships.

8.17 Deferred tax liabilities

The following table shows a breakdown of "Deferred tax liabilities" as at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December	
	2024	**2023**
Intangible assets	5,104	5,104
Property, plant and equipment	783	809
Other	74	82
Gross deferred tax liabilities	**5,961**	**5,995**
Offsetting with prepaid tax assets	(2,547)	(2,041)
Deferred tax liabilities	**3,414**	**3,954**

In 2024 the Company offset deferred tax assets against deferred tax liabilities, as the conditions were met.

The table below shows the changes in deferred tax liabilities for the year ended 31 December 2024:

(In thousands of euros)	**Intangible assets**	**Property, plant and equipment**	**Others**	**Total**
Balance at 31 December 2023	**5,104**	**809**	**82**	**5,995**
Provisions (releases) to income statement	-	(26)	(53)	(79)
Provisions (releases) to statement of other comprehensive income	-	-	45	45
Balance at 31 December 2024	**5,104**	**783**	**74**	**5,961**

The table shows a breakdown of "Prepaid tax assets" as at 31 December 2024

(In thousands of euros)	At 31 December	
	2024	**2023**
Provisions	913	908
Restoration of M&D Expenses	1,539	1,072
Depreciation/Amortisation	93	59
Other	2	2
Deferred tax assets	**2,547**	**2,041**

The table below shows the changes in deferred tax assets for the year ended 31 December 2024:

(In thousands of euros)	**Provi sions**	**M&D expenses**	**Depreciation/ Amortisation**	**Other**	**Total**
Balance at 31 December 2023	**908**	**1,072**	**59**	**2**	**2,041**
Provisions (releases) to income statement	5	467	34	-	506
Balance at 31 December 2024	**913**	**1,539**	**93**	**2**	**2,547**

8.18 Current and non-current financial liabilities

The following table shows a breakdown of "Current and non-current financial liabilities" as at 31 December 2024 and 2023:

(In thousands of euros)	At 31 December 2024		At 31 December 2023	
	Current portion	Non-current portion	Current portion	Non-current portion
Total financial liabilities	**34,741**	**30,054**	**20,937**	**38,479**

Some loan agreements require compliance with financial parameters, all of which were complied with as at 31 December 2024.

The following table shows the Net Financial Position, according to the classification scheme indicated in the Consob Communication:

(In thousands of euros)	At 31 December	
Net financial debt	**2024**	**2023**
A. Cash and cash equivalents	7,394	6,762
B. Cash equivalents	35,219	29,270
C. Other current financial assets	2,540	3,026
D. Cash and cash equivalents (A)+(B)+(C)	**45,153**	**39,058**
E. Current financial payables	(34,312)	(19,125)
F. Current portion of non-current financial debt	(10,461)	(11,486)
G. Current financial indebtedness (E)+(F)	**(44,773)**	**(30,611)**
H. Net current financial indebtedness (G)+(D)	**380**	**8,447**
I. Non-current financial payables	(38,413)	(49,937)
J. Debt instruments	-	-
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(H)	**(38,413)**	**(49,937)**
M. Net financial debt (H)+(L) determined in accordance with CONSOB and ESMA communications	**(38,033)**	**(41,490)**

Without considering the effects of IFRS 16, the net financial position would be determined as follows:

(In thousands of euros)	At 31 December	
	2024	2023
Financial debt before lease liabilities	**(38,032)**	**(41,490)**
Non-current lease liabilities	8,358	11,458
Current lease liabilities	10,033	9,674
Financial debt net of lease liabilities	**(19,641)**	**(20,359)**

The following table shows, in accordance with IAS 7, changes in financial liabilities arising from cash flows generated and/or absorbed by financing activities, as well as from non-monetary items.

(In thousands of euros)	At 31 December 2023	New loans	Reclassifications	Repayments	At 31 December 2024
Non-current financial liabilities	38,479	-	(8,425)	-	30,054
Current financial liabilities	20,937	23,017	8,425	(17,638)	34,741
Total financial liabilities	**59,416**	**23,017**	**-**	**(17,638)**	**64,795**

The reimbursements shown above are net of the annual amortised cost.

8.19 Trade payables

The following table shows a breakdown of "Trade payables" as at 31 December 2024 and 2023:

(In thousands of euros)	**At 31 December**	
	2024	**2023**
Trade payables to suppliers	77,382	57,182
Trade payables to related parties	3,927	21,136
Total trade payables	**81,309**	**78,317**

This item mainly includes payables relating to the Company's normal production activities.

Analysis of trade payables to related parties can be found in the section "Transactions with Related Parties" below of the Annual Financial Statements.

The book value of trade payables is deemed to approximate their fair value.

8.20 Other current liabilities

The following table shows a breakdown of "Other current liabilities" as at 31 December 2024 and 2023:

(In thousands of euros)	**At 31 December**	
	2024	**2023**
Payables to employees	5,493	5,305
Payables to social security institutions	1,551	1,380
Tax liabilities	4,908	2,912
Accrued expenses and deferred income	2,401	2,617
Miscellaneous payables	407	358
Total other current liabilities	**14,761**	**12,573**

Payables to employees relate to salaries to be settled and deferred charges such as holidays, leave and additional monthly payments.

Payables to social security institutions mainly refer to liabilities with the INPS and other social security institutions for the payment of contributions.

Tax payables at 31 December 2024 mainly include payables to the tax authority for withholding taxes, amounting to Euro 1,430 thousand and for tax consolidation amounting to Euro 3,478 thousand.

9. NOTES TO THE INCOME STATEMENT

9.1 Revenue from contracts with customers

The following table displays a breakdown of "Revenue from Contracts with Customers" by operating segment:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Milk products	274,547	262,449
Dairy products	60,139	57,189
Other Activities	15,026	14,256
Total revenue from contracts with customers	**349,712**	**333,894**

The following table displays a breakdown of "Revenue from Contracts with Customers" by distribution channel:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Mass Distribution	220,519	208,628
B2B partners	11,432	11,666
Normal trade	83,855	81,390
Private labels	16,073	15,307
Food services	17,833	16,903
Total revenue from contracts with customers	**349,712**	**333,894**

The following table displays "Revenue from Contracts with Customers" by geographical area:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Italy	305,470	292,951
Germany	17,686	15,651
Other countries	26,556	25,292
Total revenue from contracts with customers	**349,712**	**333,894**

Sectoral information is given in Section 7 of the Annual Financial Statements above.

Revenue from contracts with customers for the year ended 31 December 2024 is almost exclusively related to the sale of goods. Revenues associated with such sales of goods are recognised when control of the asset is transferred to the customer.

9.2 Operating costs

The table below shows details of the operating costs broken down according to their use:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Cost of sales	(281,541)	(271,002)
Sales and distribution costs	(52,696)	(49,557)
Administrative costs	(8,563)	(8,258)
Total operating costs	**(341,800)**	**(328,817)**

The table below shows details of the same operating costs broken down according to their nature:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Raw materials and finished products	191,310	180,706
Personnel costs	35,434	33,983
Packaging	22,761	23,220
Transport	25,715	24,832
Depreciation/Amortisation	15,267	15,985
Utilities	19,659	20,468
Sales commissions	8,777	8,180
Maintenance and repair	6,955	6,710
Porterage and logistics	4,255	3,783
Cost for use of third-party assets	1,212	677
Commercial expenses	2,940	2,708
Other minor costs	2,151	1,925
Surveillance and cleaning	1,178	1,161
Advertising and promotions	1,001	1,224
Administrative costs	799	744
Consultancy and professional services	788	782
Insurance	682	693
Laboratory analysis and testing	210	190
Remuneration of the chair and directors	315	303
External auditor's fees	131	100
Royalties payable	71	76
Rental	161	213
Other costs	28	110
Board of Statutory Auditors	-	45
Total costs	**341,800**	**328,817**

Operating expenses for the year ended 31 December 2024 were up due to an increase in the quantities sold during the year and an average increase in the main components of the cost of sales (mainly an increase in personnel costs due to the renewal of the national collective agreement and the increase in the average purchase cost of raw materials).

9.3 Net write-downs of financial assets

The item "Net write-downs of financial assets", amounting to Euro 197 thousand for the year ended 31 December 2024, refers mainly to the write-down of trade receivables. A breakdown of changes to the provision for bad debts for the year ended 31 December 2024 can be found in Note 8.8 "Trade receivables" above of the Annual Financial Statements.

9.4 Other revenues and income

The following table provides a breakdown of "Other revenues and income":

(In thousands of euros)	Year ended 31 December	
	2024	**2023**
Leases receivable	31	30
Repayments and compensation	772	100
Operating grants	263	336
Other minor revenues	3,013	5,621
Total other revenue and income	**4,079**	**6,087**

9.5 Other operating costs

The following table shows a breakdown of "Other operating costs":

(In thousands of euros)	Year ended 31 December	
	2024	**2023**
Stamps, duties and local taxes	675	644
Other operating costs	1,381	1,352
Total other operating costs	**2,056**	**1,996**

9.6 Financial income and expenses

The following table provides a breakdown of "Financial income":

(In thousands of euros)	Year ended 31 December	
	2024	**2023**
Other financial income	1,730	756
Total financial income	**1,730**	**756**

The following table provides a breakdown of "Financial expenses":

(In thousands of euros)	Year ended 31 December	
	2024	**2023**
Interest on loans	2,575	2,685
Other financial expenses	2,286	2,313
Fees and commissions	261	304
Exchange rate differences	17	45
Total financial expenses	**5,139**	**5,347**

9.7 Income taxes

The following table provides a breakdown of "Income taxes":

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Current taxes	2,464	1,436
Prior-year taxes	28	5
Total current taxes	**2,492**	**1,441**
Decrease (increase) in prepaid taxes	(506)	(146)
Increase (decrease) in deferred taxes	(77)	(94)
Total deferred taxes	**(583)**	**(240)**
Total income taxes	**1,909**	**1,201**

The following table displays a reconciliation of the theoretical tax rate with the effective impact on the pre-tax result:

(In thousands of euros)	**Year ended 31 December**	
	2024	**2023**
Profit/(loss) before taxes	**6,328**	**4,160**
Theoretical rate	27.9%	27.9%
Theoretical tax charge	**1,766**	**1,161**
Adjustments		
Permanent difference	115	36
Prior-year taxes	28	5
Income taxes	**1,909**	**1,201**

9.8 Net profit/(loss) per share

The table below shows the net profit/loss per share, calculated as the ratio of net income to the weighted average number of ordinary shares in circulation during the period:

	Year ended 31 December	
	2024	**2023**
Profit for the year in thousands of euros	4,419	2,959
Weighted average number of shares in circulation	13,936	14,000
Earnings per share (in Euro)	**0.32**	**0.21**

The diluted earnings per share is the same as the basic earnings per share because there are no financial instruments with potential dilutive effects.

TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with related parties, identified based on criteria defined by IAS 24 – "Related Party Disclosures", are mainly of a commercial or financial nature and were carried out under normal market conditions. Despite this, there is no guarantee that, if these transactions had been conducted between or with third parties, said third parties would have negotiated and entered into the relevant contracts, or executed the transactions themselves, under the same conditions and in the same manner.

The Company deals with the following related parties:

- Newlat Group S.A., indirect parent company
- Newlat Food S.p.A., direct parent company
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by the parent companies**").

The following table provides a detailed breakdown of the statement of financial position items relating to the Company's transactions with related parties at 31 December 2024 and 2024:

(In thousands of euros)	Direct parent company	Indirect parent company	Companies controlled by the parent companies	Total	Total statement of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property			
Right-of-use assets						
At 31 December 2024	5,520	-	2,877	8,397	14,961	56.13%
At 31 December 2023	8,281	-	3,528	11,809	17,915	65.92%
Trade receivables						
At 31 December 2024	7,395	933	-	8,328	38,268	21.8%
At 31 December 2023	6,920	197	-	7,117	26,957	26.4%
Other receivables and current assets						
At 31 December 2024	5,867	-	-	5,867	14,300	40.9%
At 31 December 2023	5,842	-	-	5,842	14,301	40.8%
Current financial assets at amortised cost						
At 31 December 2024	-	15	2,525	2,540	2,540	100.0%
At 31 December 2023	-	-	3,025	3,025	3,025	100.0%
Cash and cash equivalents						
At 31 December 2024	35,218	-	-	-	42,613	82.6%
At 31 December 2023	29,270	-	-	29,270	36,032	81.2%
Non-current lease liabilities						
At 31 December 2024	1,988	-	1,932	3,920	8,358	46.9%
At 31 December 2023	3,945	-	3,068	7,013	11,458	61.2%
Trade payables						
At 31 December 2024	2,259	12	1,376	3,927	81,309	4.8%
At 31 December 2023	20,960	30	145	21,135	78,317	27.0%
Current financial liabilities						
At 31 December 2024	187	-	-	187	34,741	0.5%
At 31 December 2023	5,272	3,025	-	8,297	20,937	39.6%
Current lease liabilities						
At 31 December 2024	8,310	-	636	8,946	10,033	89.2%
At 31 December 2023	8,279	-	611	8,890	9,674	91.9%
Other current liabilities						
At 31 December 2024	3,478	-	-	3,478	14,761	23.6%
At 31 December 2023	1,615	-	-	1,615	12,573	12.8%

The following table provides a breakdown of the income statement items relating to the Company's transactions with related parties for the years ended 31 December 2024 and 2023:

(In thousands of euros)	Direct parent company	Indirect parent company	Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property	Others			
Revenue from contracts with customers							
At 31 December 2024	1,171	-	-	-	1,171	349,712	0.3%
At 31 December 2023	3,177	-	-	-	3,177	333,894	1.0%
Cost of sales							
At 31 December 2024	5,782	-	809	332	6,923	295,424	2.3%
At 31 December 2023	5,393	-	775	238	6,406	271,002	2.4%
Administrative costs							
At 31 December 2024	-	48	-	-	48	4,569	1.1%
At 31 December 2023	-	48	-	-	48	8,259	0.6%
Financial income							
At 31 December 2024	760	773	-	-	1,533	1,729	88.6%
At 31 December 2023	453	197	-	-	650	756	86.0%
Financial expenses							
At 31 December 2024	416	74	129	-	619	5,139	12.0%
At 31 December 2023	434	8	152	-	594	5,139	11.6%

Transactions with parent company Newlat Food SpA

Cash and cash equivalents, amounting to Euro 35,318 thousand at 31 December 2024, are attributable to the cash pooling of the direct parent Newlat Food S.p.A.

Assets for right of use refer to the lease of the Milk & Dairy segment business unit granted as of 1 January 2021 and renewed during the year in 2023 until 2026.

Transactions with the indirect parent company Newlat Group SA

Current financial assets amounting to Euro 15 thousand at 31 December 2024 are attributable to the cash pooling with Newlat Group SA.

Administrative expenses of Euro 48 thousand at 31 December 2024 are attributable to operating expenses incurred in connection with service contracts with the parent company Newlat Group SA.

Transactions with companies controlled by the parent companies

The following are the companies controlled by the parent companies with which the Company has conducted transactions during the periods under review:

- New Property S.p.A., a real estate company to which lease royalties are paid

- Other companies controlled by the parent companies, such as Newservice S.r.l.

Transactions with New Property S.p.A.

At 31 December 2024, right-of-use assets amounting to Euro 3,528 thousand and current and non-current lease liabilities amounting respectively to Euro 636 thousand and Euro 1,932 thousand refer to real estate assets that were leased to Newlat and subsequently transferred as part of the lease of the Milk & Dairy business unit. The recognition of these contracts according to IFRS 16 led to the recognition of depreciation, recorded in the cost of sales, of Euro 809 thousand, and financial charges of Euro 129 thousand for the year ended 31 December 2024.

As at 31 December 2024, financial receivables from New Property S.p.A. totalling Euro 2,525 thousand were recorded.

With the exception of the related parties identified above, there were no transactions with companies related to executives with strategic responsibilities.

10. OTHER INFORMATION

10.1 Government contributions

Pursuant to Article 1, paragraph 125 of Italian Law 124/2017, note that the company did not receive any operating grants during 2024.

10.2 Directors' fees

The remuneration of the Directors and the members of the Statutory Auditors Committee amounted to Euro 315 thousand.

10.3 External Auditor's fees

Fees due to the independent auditors (PricewaterhouseCoopers SpA) for services rendered to the Company for the year ended 31 December 2024 amounted to a total of Euro 131 thousand and related to:

- Fees for the provision of legal audit services, amounting to Euro 90 thousand.
- Fees for services other than the legal audit and for the issuing of a certificate, in the amount of Euro 41 thousand.

10.4 Environmental and climate risks

Climate change is a major disruptive force with the potential to bring about substantial changes in the Company's operations in the short, medium and long term. Many of the potential impacts of climate change can be defined as risks: physical risks to our environment or risks related to the transition to a low-carbon economy in pursuit of the goals of the Paris Agreement. Climate risk can affect companies, financial institutions, households, countries and the financial system in general. However, opportunities may arise for those companies that favour the transition to a low-carbon economy, such as improved attractiveness to investors, enhanced reputation of the company among stakeholders, and increased long-term business sustainability.

The Newlat Group, and consequently the Company, constantly monitor climate change-related risks and conduct regular assessments to measure its resilience against risks deemed to be material. This analysis was also carried out in 2024, at the same time as the Group ERM update. There are also other elements that increase the Company's resilience. Foremost among these is the financial strength of the Company and the Group it belongs to, which allows it to obtain capital at a sustainable cost, facilitating the financing of strategic investments and risk mitigation measures without compromising its financial equilibrium.

Furthermore, the ability to convert, upgrade or decommission existing assets is a key factor in adaptability, allowing resources to be optimised, reducing the risk of obsolete assets and responding in a timely manner to market developments or critical operational needs.

The aforementioned risk analysis included assessing the impact of climate change on the supply chain, corporate assets and financial performance, while also considering compliance with environmental regulations and international commitments to transition to a low-carbon economy.

This assessment of the impacts of climate change on our operations carried out in 2024 did not reveal any issues that would compromise the ordinary course of business or that could not be addressed with the resources available, and no significant material economic issues arose that affected the preparation of these financial statements.

Specifically, the following considerations were made:

- The risk of critical dependencies and/or possible disruptions in the supply chain was mitigated through the activation of contingency plans and the geographical diversification of suppliers.
- With regard to risks to assets, infrastructure and business continuity, no significant problems related to extreme weather events were encountered in recent years. Constant monitoring of these aspects allows timely preventive measures to be taken to minimise any impacts.
- With regard to regulatory compliance, the Company has established an environmental management system with people dedicated both to controlling consumption and emissions and to monitoring the evolution of European regulations to ensure full compliance with any decarbonisation directives.

Lastly, the Company took into account the impacts of climate change with regard to:

- Cash flow projections used in impairment assessments of the value in use of non-current assets including goodwill and other assets with indefinite useful lives. No risk factors were identified in 2024.
- The factors that determine the carrying value of non-current assets (such as residual values, useful lives and depreciation methods, provisions and onerous contracts). No risk factors were identified in 2024.

10.5 Inflation

The sector the Company competes in has been exposed to the challenges of incremental inflationary pressures. Although there are some favourable factors for the global economy stemming from the further easing of global supply chain pressures due to improving supply and weakening demand, downside risks to global growth persist. The risks arising from the relative weakening of industry sector performance together with changes in consumer behaviour, as well as the overall evolution of the macroeconomic landscape, are constantly monitored by the Company to mitigate any impacts. Once again in 2024 the intensification of inflationary pressures was mitigated by the favourable sales mix and price increases applied throughout the year.

10.6 Outlook

Considering the short period of time historically covered by the Company's order book and the difficulties and uncertainties of the current global economic situation, it is not easy to develop forecasts for the next year, which in any case seems to be very positive. The company will continue to pay particular attention to cost controls and financial management in order to maximise the generation of free cash flow, to be allocated both to organic growth externally and to the remuneration of Shareholders.

Based on the information available at the date of preparation of this report, the Directors believe they have reasonably excluded impacts attributable to significant negative impacts.

10.7 Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Company feels it is fair and reasonable to assume it status as a going concern in view of its ability to generate cash flows from operating activities and fulfil its obligations in the foreseeable future, particularly in the next 12 months, based on the solid financial structure as described below:

- The considerable level of cash reserves available at 31 December 2024.
- The presence of authorised and unused lines of credit at 31 December 2024 from the Company to the majority shareholder Newlat Food SpA.
- The continual support given by the leading banks to the company and the Newlat Group it belongs to, partly because of its market-leading status.

It should also be noted that the cash and cash equivalents at 31 December 2024, the cash pooling with the direct Parent, the credit lines currently available and the cash flows that will be generated by operational management are considered more than sufficient to fulfil obligations and finance the Company's operations.

10.8 Events after the reporting date

There are no further significant events subsequent to the closing date of this annual report.

10.9 Proposal for allocation of the net result

Dear Shareholders, the annual financial statements that we submit for your approval show a profit of Euro 4,419,221, of which we propose to allocate 5% to the legal reserve and the remaining 95% to the extraordinary reserve.

CERTIFICATION OF THE ANNUAL FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

Taking into consideration article 154 -bis (3) and (4) of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Angelo Mastrolia, as Chair of the Board of Directors, and Fabio Fazzari, as Financial Reporting Officer, of Central del Latte d'Italia SpA, certify:

− The financial statements are adequate, in relation to the characteristics of the company, and

− The effective application of the administrative and accounting procedures for preparing the financial statements during the 2024 financial year.

It is furthermore declared that the financial statements at 31 December 2024:

a) were prepared in compliance with the applicable international accounting standards adopted by the European Community, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond with the accounting books and records;

c) provide a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations as well as the issuer's situation, together with a description of the key risks and uncertainties the issuer is exposed to.

Reggio Emilia, 17 March 2025

The Chairman of the
Board of Directors
Angelo Mastrolia

Financial Reporting Officer
Fabio Fazzari

AUDITOR'S REPORT

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Centrale del Latte d'Italia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Centrale del Latte d'Italia SpA (the Company), which comprise the statement of financial position as of 31 December 2024, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and the explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of recoverability of Intangible Assets with an indefinite useful life *Explanatory* notes *to the financial statements as of 31 December 2024: Note 8.3 "Intangible Assets"* The intangible assets reported in the Company's financial statements as of 31 December 2024 amount to Euro 19,507 thousand, of which Euro 19,482 thousand relating to assets with an indefinite useful life, breakdown as follow: • Trademark Mukki: Euro 7,955 thousand; • Trademark Centrale Latte Rapallo – Latte Tigullio: Euro 5,891 thousand; • Trademark Centrale del Latte di Vicenza: Euro 5,286 thousand; • Goodwill: Euro 350 thousand. At least once a year the management of the Company carries out, as required by the IAS 36 "Impairment of Assets", the assessment of the recoverability of intangible assets with an indefinite useful life accounted for in the financial report through specific analysis (impairment test), with the support of an independent expert. The recoverability of the value of the identified Cash Generating Units ("CGUs") to which these assets belong, was verified comparing the carrying amount of net invested capital with its recoverable amount. The recoverable amount used for this analysis is the higher between *fair value* less cost to sell and value in use of the CGU to which these assets refer. The value in use is determined by discounting expected future cash flows for the 2025-2028 period for the identified CGU, as well as their respective terminal value.	We carried out an understanding and evaluating of the impairment test procedures prepared by the management and approved by the Control and Risks Committee and by the Company' Board of Directors, in order to assess compliance with the requirements of the international accounting standards IAS 36. We analyzed the reasonableness of the considerations made by the management with the support of an independent professional for the identification of the CGU, verifying its consistency with the structure of the Company, and determination of its value in use. Our procedures focused on examining the reasonableness of the main assumptions relating the future cash flows set out in the 2025-2028 business plan, such as the expected revenue growth rate and the discounting rate used; furthermore, specific sensitivity analyses were performed, aimed at evaluating the impact on the results of the tests of changes in the main parameters adopted. Moreover, we also verified the overall mathematical correctness of the plan and of the impairment test model approved by the Board of Directors, reviewing the method followed to obtain the discounting rate and the long-term growth rate. We also compared the book values of the assets and liabilities subject to impairment used for comparison with the respective value in use.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The Company's Board of Directors approved the *impairment* test, as well its cash flows represented therein, in a specific meeting held as at 17 March 2025. The intangible assets with an indefinite useful life are considered as a key audit matter due to their size and to the inherent estimates elements influencing the valuations made by the Directors on their recoverability. The main elements of estimation are the forecast of the growth rate in turnover, EBITDA and operating cash flows, as well as the long-term growth rate of the terminal value and the discount rate of the same.	We also compared the book values of the assets and liabilities subject to impairment used for comparison with the respective value in use. Finally, we verified the completeness and accuracy of the information provided in the explanatory notes.

Responsibilities of the Directors and the Management Control Committee for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The management control committee is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 29 April 2021, the shareholders of Centrale del Latte d'Italia SpA in general meeting engaged us to perform the statutory audit of the Company's financial statements for the years ending 31 December 2021 to 31 December 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Centrale del Latte d'Italia SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Centrale del Latte d'Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Centrale del Latte d'Italia SpA as of 31 December 2024, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the individual sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the financial statements of Centrale del Latte d'Italia SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the individual sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the individual sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

As disclosed by the Directors on the cover page, the accompanying financial statements of Centrale del Latte d'Italia SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE MANAGEMENT CONTROL COMMITTEE

CENTRALE DEL LATTE D'ITALIA S.p.A.

Registered office in Turin, Via Filadelfia 220

Share capital Euro 28,840,041.20 fully paid-in

Turin Company Register

Tax code and VAT no. 01934250018

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<u>Report of the Management Control Committee to the Shareholders' Meeting relating to the Financial statements for the year ended 31/12/2024</u>

Shareholders,

This Report was drawn up by the Management Control Committee appointed for the three years of 2024-2026 by the Shareholders' Meeting held on 29 April 2024 composed of members of the Board of Directors who all meet the required standards of integrity, professionalism and independence, namely Mr Giovanni Rayneri (Chair), Ms Valeria Bruni Giordani and Professor Anna Claudia Pellicelli.

As is known, at its meeting of 29 April 2024, on the proposal of the Board of Directors made at its meeting of 18 March 2024, the Shareholders' Meeting opted for the adoption of the so-called "one-tier" governance system instead of the traditional model, as it was considered capable of improving corporate governance compared to the latter, streamlining the organisational, administrative and accounting structures, ensuring more effective controls through complete and constant information flows and overcoming inefficiencies caused by the existence of a supervisory board separate from management.

This new corporate structure provides for the presence of the Board of Directors, responsible for strategic direction and management functions, and the Management Control Committee within this corporate body, which performs control functions.

In exercising its functions and to better perform them, in addition to attending all meetings of the Board of Directors and engaging in dialogue with the Company's Management, the Financial Reporting Officer, the head of Internal Audit and the external auditing firm, the Management Control Committee exchanges information of mutual interest and coordinates with the Supervisory Body established under Italian Legislative Decree 231/2001, maintaining continuous dialogue and updates regarding the outcome of the respective activities.

Pursuant to Article 153, paragraph 1, of Italian Legislative Decree 58/1998 ("TUF"), the Management Control Committee is required to report to the Shareholders' Meeting convened to approve the financial statements on the oversight carried out and on any omissions or objectionable matters.

Therefore, with this Report, taking into account Consob recommendations on the matter, especially Communication no. 1025564 of 6 April 2001 and subsequent updates, the Management Control Committee reports to you on the outcome of its activities carried out from its appointment until today, together with its observations and proposals regarding the Financial Statements as at 31 December 2024 and their approval.

We remind you that the Management Control Committee carries out the duties envisaged for the supervisory board by the Articles of Association and by Article 2409-octiesdecies of the Italian Civil Code, as well as the duties assigned by Article 19 of Italian Legislative Decree no. 39 of 27/01/2010 to the internal control and audit committee, and is therefore responsible for supervising compliance with laws, regulations and the Articles of Association, and observance of the principles of proper administration, with particular reference to the adequacy, efficiency and functionality of the Company's organisational structure and internal control system, as well as the administrative and accounting system and its ability to correctly represent operational events.

In compliance with the Corporate Governance Code, within the Board of Directors the following Committees have been established, whose members are all Directors meeting the requirements of independence, as well as integrity and professionalism:

- Control, Risk and Sustainability Committee, whose members are Mr Giovanni Rayneri (Chair), Ms Valeria Bruni Giordani and Professor Anna Claudia Pellicelli, which assists the Board of Directors in evaluating and deciding on the Internal Control and Risk Management System, the approval of the Financial Statements and Half-Yearly Reports and maintains relations with the external auditing firm tasked with the statutory audit of the accounts.

- Remuneration and Appointments Committee, whose members are Professor Anna Claudia Pellicelli (Chair), Ms Valeria Bruni Giordani and Mr Giovanni Rayneri, plays an advisory and recommendatory role, with investigative functions, in the assessments and decisions relating to the composition of the Board of Directors and to the remuneration of directors and managers with strategic responsibilities, overseeing their application and making general recommendations on the matter.

- The Committee for Transactions with Related Parties, whose members are Ms Valeria Bruni Giordani (Chair), Professor Anna Claudia Pellicelli and Mr Giovanni Rayneri, whose task is to make sure that the substantive propriety of transactions with related parties is guaranteed by issuing specific opinions when the case arises, such opinions attesting to the Company's interest in carrying out a certain transaction as well as the cost-effectiveness and fairness of the related conditions.

Each of the above Committees has adopted its own Rules, which are followed in carrying out their duties.

During the financial year ended 31 December 2024, the Management Control Committee carried out the supervisory activities envisaged by law and by the Articles of Association.

Specifically, pursuant to the combined provisions of Article 149, paragraph 1, of the "TUF", Article 19, paragraph 1, of Legislative Decree 39/2010, and Article 2409-octiesdecies of the Italian Civil Code, the Committee monitored:

* Compliance with the law and the Articles of Association, as well as observance of the principles of proper administration in carrying out company activities, holding periodic meetings with the Financial Reporting Officer and with the auditing firm, also to verify that management choices were based on an adequate information flow to corporate bodies and that decision-making processes took into account the risks and effects of management choices adopted. The Committee found that the information flows between corporate structures and the Chief Executive Officer, as well as between the latter and the Board of Directors, were continuous, with exchanges of information both informally and through periodic meetings. The Committee oversaw compliance with provisions regarding significant economic, financial and asset transactions, finding that they complied with the law and the Articles of Association and were not manifestly imprudent, reckless, in conflict of interest, contrary to resolutions adopted by the Shareholders' Meeting or such as to jeopardise the integrity of the company's assets. The Committee identified no management irregularities or performance anomalies during its oversight.

* The Company's compliance with the preparation of the Corporate Governance and Ownership Structure Report and noted favourably that the Report had been drawn up taking into account the Recommendations addressed by the Chair of the Italian Corporate Governance Committee to all the Chairs of the governing bodies of Italian listed companies.

* The adequacy of the Company's organisational structure for the areas within its purview, the internal control system and the administrative and accounting system, as well as their suitability to correctly represent operations.

* The effective implementation of corporate governance rules envisaged by law, by the Articles of Association and by the Corporate Governance Code adopted by the Company.

* The financial reporting process and the adequacy of the Company's administrative and accounting system, as well as its reliability in correctly representing operations.

* The statutory audit of the annual accounts, as well as the independence of the PricewaterhouseCoopers S.p.A. auditing firm.

During the year, the Management Control Committee acquired information for the performance of its functions both through meetings with corporate departments and by virtue of what was reported during the meetings of the Board of Directors and the various board committees. These meetings and gatherings were mainly held remotely via video conference, with the relevant documentation subject to review and discussion sent by email.

During the year this Report refers to, the Management Control Committee met 4 times to carry out its work.

In carrying out its institutional activities, the Management Control Committee states that it:

    - Supervised compliance with the law and the Articles of Association and the Rules in force, as well as with the principles of proper administration.

- Attended the meetings of the Shareholders' Meeting and the Board of Directors, gathering knowledge of the Company’s activities and significant transactions in accordance with the provisions of the law and the Articles of Association.

- Acquired the information necessary to carry out its activities on compliance with the law and the Articles of Association, compliance with the principles of proper administration, as well as on the adequacy of the Company’s organisational structure and of the internal and administrative-accounting control systems by collecting data, analysing and acquiring information from the managers of the main functions concerned, as well as from the independent auditors PricewaterhouseCoopers S.p.A.

- Made use of all the internal and external information flows implemented by the Company, which are considered suitable to guarantee that we can verify the compliance of the organisational structure, internal procedures, corporate acts and resolutions of the corporate bodies with the law, the articles of association and the applicable rules.

- Verified that all resolutions were in accordance with the Company's interest and supported by appropriate documentation.

- As "Internal Control and Audit Committee" pursuant to Article 19, paragraph 2, letter c), of Italian Legislative Decree no. 39/2010, supervised a) the financial reporting process, b) the effectiveness of internal control, internal audit and risk management systems, c) the statutory audit of annual accounts and d) the independence of the entity in charge of the statutory audit, specifically with regard to the possible provision of services other than the audit.

- At its meetings received the results of the quarterly audits done by the company responsible for performing the statutory audit and received the information on the audit plan.

- Pursuant to art. 19, paragraph 3 of Italian Legislative Decree no. 39/2010, received the Report of the independent auditors on the financial statements, illustrating what emerged during the statutory audit and any "significant shortcomings" found in the internal control system with respect to the financial reporting process. The Report of the independent auditors on the financial statements, issued today pursuant to Articles 14 of Italian Legislative Decree no. 39/2010 and 10 of Regulation (EU) no. 537/2014, does not contain any findings or information worthy of note, and certifies that the Financial Statements were prepared clearly and in compliance with the rules governing their preparation and provide a true and correct picture of the financial situation, economic result and cash flows of Centrale del Latte d'Italia S.p.A. for the year ended 31 December 2024.

- In the aforementioned Report, the assessment of the recoverability of the value of intangible assets with an indefinite useful life, and in particular of the trademarks (Mukki, Centrale del Latte di Rapallo - Latte Tigullio, Marchio Centrale del Latte di Vicenza), which is supported by the audit procedures in response, is designated as a key audit matter (KAM). The aforementioned Report also certifies that the Report on Operations and the information presented in the corporate governance and ownership report are consistent with the financial statements and that there were no significant shortcomings in the internal control system with respect to the financial reporting process that need to be brought to the attention of the Internal Control and Audit Committee.

- Pursuant to art. 17, paragraph 9, letter a) of Italian Legislative Decree no. 39/2010, received from the independent auditors confirmation of its independence and the absence of any reasons for incompatibility pursuant to art. 10 and 17 of Italian Legislative Decree no. 39/2010, as well as the communication of non-statutory audit services provided to the Company by the statutory auditors or entities belonging to the network thereof.

- Pursuant to art. 17, paragraph 9, letter b) of Italian Legislative Decree 39/2010, discussed with the auditing firm the risks related to the independence thereof, as well as the measures adopted by such auditing firm to limit these risks.

- Received regular periodic reports from the Supervisory Body required by the Organisation, Management and Control Model ("OMCM") adopted by the Company pursuant to Italian Legislative Decree 231/2001 and examined its Annual Report.

- Met for regular updates with the head of Internal Audit, who presented the activity plan updated from time to time with specific reports on the outcomes of the work done.

- Monitored the concrete implementation of the corporate governance rules envisaged by the Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A., as adopted by the Company.

- Pursuant to art. 4, paragraph 6 of the Regulation approved by Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments, monitored compliance with the Procedure on Transactions with Related Parties, which the Company adopted on 1 January 2011 and subsequently amended by resolution of the Board of Directors of 25 June 2021, with effect from 1 July 2021, in order to comply with Consob resolution no. 21624 of 10 December 2020 in implementation of the delegated power contained in Italian Legislative Decree no. 49 of 10 June 2019 which transposed Directive EU 828/201/EU ("SHRD II").

- Based on the statements made by the Directors and the assessments made by the Board of Directors, noted that the criteria and procedures used by the Board of Directors to assess the independence of its members were correctly applied.

During the supervisory activities of the Management Control Committee, carried out in the manner described above, no significant events emerged such as to require a report to the Supervisory Authority.

Based on the information acquired, the Management Control Committee considers that the principles of sound administration are respected and that managerial choices are made according to the principle of correct information and reasoning, and that the Directors are aware of the riskiness and effects of the operations assumed and executed.

Based on the information acquired, the Committee found compliance with the obligations regarding regulated information, inside information, or information requested by the Supervisory Authority, in this regard specifying that the Company's certifications and communications comply with the schemes and contents envisaged by Consob.

Taking into account the "Annual transparency report" prepared by the auditing firm PricewaterhouseCoopers S.p.A., published on its website on 30 October 2024, as well as the formal confirmation of its independence issued by the aforementioned company and the communication of the assignments conferred, having verified that no assignments have been made for services that may compromise the independence of the auditor pursuant to Article 17 of Italian Legislative Decree 39/2010, the Management Control Committee does not consider that there are critical aspects regarding the independence of the auditor PricewaterhouseCoopers S.p.A.

We note that, in addition to the statutory audit, including the full statutory audit of the financial statements and the limited audit of the half-yearly report, for which the annual fee was 90 thousand euros, the auditing firm was also granted the following additional fees for the following activities with our favourable opinion:

- 40 thousand euros for each financial year for the limited assurance of sustainability reporting, with an assignment granted by the Shareholders' Meeting for the financial statements for the three years of 2024-2026.

- 1 thousand euros for the provision of services other than the statutory audit, consisting of the certification of the balances of the Municipality of Florence.

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With regard to the financial year ended 31 December 2024, there were no particular events worthy of note.

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The Management Control Committee also verified compliance with the rules of law and regulations relating to the preparation, layout and formats of the Financial Statements and related documents.

The Committee more generally verified the compliance of the Report on Operations for the financial year 2024 relating to the Company’s Financial Statements with the laws and regulations in force and its consistency with the resolutions adopted by the Board of Directors.

The financial statements are prepared in accordance with International Financial Reporting Standards and the relevant provisions of the Supervisory Authority.

Both the Notes to the Financial Statements and the Report on Operations accurately describe the main risks and uncertainties that the Company is exposed to, the information related to the environment and personnel and include the contents required by international accounting standards and national legislation necessary to understand the Company's economic, asset and financial situation and operating results, as well as the execution of any transactions with related parties.

The measurement criteria followed are set out in the Notes to the Financial Statements and comply with the international accounting standards adopted.

Indeed, the Financial Reporting Officer and the Board of Directors took due account of the joint Bank of Italy/Consob/ ISVAP document no. 4 of 3 March 2010 with regard to "*the information provided in the financial reports (Annual and semi-annual financial statements) on impairment tests, on the contractual clauses of payables and on the 'Hierarchy of fair value'*".

Based on the checks performed, first it is noted that the Financial Statements submitted for your attention correspond to the results of the company accounts, and with respect to form and content they have been drawn up clearly, in compliance with current laws.

The Financial Statements provide a truthful and correct representation of the Company's equity and financial situation and of the profit or loss for the year 2024, as they are the result of the application of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as from the provisions issued in implementation of art. 9 of Italian Legislative Decree no. 38/2005 (the term "IFRS" also includes International Accounting Standards (IAS) that are in force today).

In the Explanatory Notes, the Board of Directors provided all the information required by law and deemed appropriate to allow for a fair and correct view of the Company's financial position. The Board of Directors has adequately represented the events that led to the financial changes during the year and how these have affected company's liquidity and solvency.

Ample space was given to disclosing the financial and operational risks the Company is exposed to, as well as the measurement criteria used for the items of the financial statements.

The structure and content of the Statement of financial position, Statement of profit or loss, Statement of changes in equity, Statement of cash flows and Explanatory Notes are adequate and therefore the Management Control Committee considers it unnecessary to group items or add new ones or adapt to those envisaged in the "IFRS" and "IAS" with respect to the business carried out.

The Management Control Committee confirms that in preparing the Financial Statements, the Directors did not make any exceptions to provisions of law in accordance with art. 2423 of the Italian Civil Code, nor to the provisions of "IAS" no. 8 - "Changes in estimates and accounting errors".

* * *

We note that for the first time the Company is presenting its sustainability report following the requirements set by the European Sustainability Reporting Standards ("ESRS"), in line with Directive EU 2022/2464, Corporate Sustainability Reporting Directive ("CSRD"), pursuant to Italian Legislative Decree 125/24, and that the latter was subject to limited audit by the auditing firm, unlike previous years when the Non-Financial Statement ("NFS") pursuant to Italian Legislative Decree 254/16 was presented by the parent company Newlat Food S.p.A. at the Group consolidated financial statement level, as your Company was not obliged to comply with this requirement.

The Sustainability Document was drawn up on an individual basis, bearing in mind that the sites where the Company operates are all located in Italy (Turin, Florence, Reggio Emilia, Lodi, Salerno, Vicenza and Rapallo).

The Impacts, Risks and Opportunities (IROs) subject to disclosure were identified through a dual materiality assessment.

We note that the Sustainability Report covers only part of the information related to Centrale del Latte d'Italia's upstream and downstream value chain, as allowed by the transitional regulation.

* * *

In conclusion, as detailed throughout this Report, the Management Control Committee has verified the functionality of the internal procedures, which have proven capable of ensuring compliance with legal, regulatory and statutory provisions, after verifying that the decision-making process adequately considers the risks and effects of the management choices adopted and that the corporate bodies have an adequate information flow system. The organisational structure, the administrative and accounting system and the statutory audit process have proven to be adequate and functional for the tasks they are required to perform. Specifically, the Committee believes that the Company's administrative and accounting system is capable of ensuring a correct representation of operations and that there are no significant deficiencies in the internal control system regarding the financial reporting process, having also verified the effective application of administrative and accounting procedures for the preparation of the annual financial statements and of all other financial communications. The Committee has also verified that there are no critical issues that could undermine the risk management and governance process, nor the structure of the internal control system.

Taking into account all of the above, considering the opinion expressed by the auditing firm and acknowledging the certifications jointly issued by the Chair and Chief Executive Officer and the Financial Reporting Officer, for the matters within its purview the Management Control Committee has not identified any obstacles to the approval of the financial statements as at 31 December 2024, including the related Explanatory Notes and the Report on Operations, as approved by the Board of Directors on 17 March 2025.

The Management Control Committee also expresses its favourable opinion on the proposal made by the Board of Directors regarding the allocation of the net profit for the year.

Turin, 31 March 2025

Management Control Committee

Mr Giovanni Rayneri

Ms Valeria Bruni Giordani

Professor Anna Claudia Pellicelli