



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

DIRECTORS' REPORT pursuant to Article 125-ter of Italian Legislative Decree no. No. 58 of 24 February 1998, as well as art. 84-ter of the CONSOB Issuers' Regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, on item 4 on the agenda of the **ORDINARY SHAREHOLDERS' MEETING** to be held at the registered office of the company Newlat Group S.A., located in Via Geretta 8, Paradiso (Switzerland), on first call, on 29 April 2024 at 10 am, and if necessary on second call on 6 May 2024, same place and time.

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

This Report is made available at the registered office of the Issuer, in the centralised authorised storage mechanism called eMarket Storage and managed by Teleborsa S.r.l., available at www.emarketstorage.com, and on the Company's website at www.centralelatteitalia.com (the "**Website**") on 20 March 2024.



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

Subject to the approval of the new text of the Articles of Association under item 1.a. on the agenda of the Shareholders' Meeting in extraordinary session:

- a. Determination of the number of members of the Board of Directors;**
- b. Determination of the term of office of the Board of Directors and the Management Control Committee;**
- c. Appointment of the Directors and members of the Management Control Committee; and**
- d. Determination of the remuneration due to the Directors and members of the Management Control Committee.**

Shareholders,

with the approval of the financial statements as at 31 December 2023 concludes the term of office of the Board of Statutory Auditors of Centrale del Latte d'Italia S.p.A. (the "**Company**"), appointed by the Ordinary Shareholders' Meeting of 29 April 2021. Furthermore, all the members of the Board of Directors appointed by the Shareholders' Meeting on 27 April 2023 notified the Company on 20 March 2024 of their resignation from their respective positions as Directors with effect subject to the approval by the Shareholders' Meeting of item 1.a on the agenda - extraordinary part (i.e. adoption of the one-tier administration and control model) and effective as of the constitution of the new governing body appointed by the Shareholders' Meeting pursuant to item 4 on the agenda - ordinary part. The introduction of the one-tier system would make it necessary to renew the governing body.

In this regard, the Shareholders' Meeting convened for 29 April 2024 on first call, and for 6 May 2024 on second call, will first of all be called upon to resolve, on an extraordinary basis, on the approval of the new text of the Articles of Association, which among other things envisages the adoption of the one-tier administration and control model pursuant to Articles 2409-sexiesdecies et seq. of the Italian Civil Code, effective as of the registration of the resolution in the Company Register (on this point, see the Board of Directors' report on item 1.a of the agenda for the extraordinary part).

If the aforementioned proposed amendments to the articles of association are approved, the Shareholders' Meeting will then proceed to appoint the new Board of Directors (and the Management Control Committee) on the basis of the new rules of the articles of association, effective as of the registration in the Company Register of the resolution adopting the new Articles of Association. On the other hand, it will not be necessary to appoint the Board of Statutory Auditors as it does not exist in the "one-tier" system and is replaced by the Management Control Committee.

If on the other hand these changes are not approved, the election of the Board of Directors referred to in this item no. 4 on the agenda will not take place, and therefore a new Shareholders' Meeting will be convened for the appointment of the Board of Statutory Auditors in accordance with the current articles of association and in compliance with the regulations and terms of the law and regulations.

For further information on the new Articles of Association, see the Directors' Report on item 1.a. of the agenda for the extraordinary session of the Shareholders' Meeting.

a. Determination of the number of members of the Board of Directors

Pursuant to Article 12 of the new Articles of Association, the Company is administered by a Board of Directors consisting of a minimum of 7 (seven) and a maximum of 15 (fifteen) members, of whom 3 (three), pursuant to Articles 12 and 21 of the new Articles of Association, are also members of the Management Control Committee. The Shareholders' Meeting is therefore called upon to determine the number of members of the Board of Directors within the aforementioned limits.

In light of the above, the Board of Directors invites the Shareholders to make proposals regarding the determination of the number of members of the Board of Directors in the manner and timing specifically indicated in the notice of call.

b. Determination of the term of office of the Board of Directors and the Management Control Committee

Pursuant to Article 12 of the new Articles of Association, the Directors (and the members of the Management Control Committee) have a maximum term of office of 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. Therefore, the maximum term of the Board of Directors to be appointed will be until the date of the Shareholders' Meeting convened for the approval of the financial statements for the year ending 31 December 2026.

In light of the above, the Board of Directors invites the Shareholders to make proposals regarding the determination of the term of office of the Board of Directors in the manner and timing specifically indicated in the notice of call.



c. Appointment of the Directors (including the members of the Management Control Committee)

c.1 Mechanism for appointing the Board of Directors on the basis of slate voting

Pursuant to Article 12 of the new Articles of Association, the Directors (including the members of the Management Control Committee) are appointed by the Ordinary Shareholders' Meeting in compliance with the regulations in force from time to time on gender balance, on the basis of slates submitted by the Shareholders in which the candidates must be listed in sequential order. The Board of Directors appointed by the Ordinary Shareholders' Meeting will subsequently appoint the members of the Management Control Committee in accordance with the requirements of the law and the Articles of Association.

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. By Executive Determination of the Head of Corporate Governance No. 92 of 31 January 2024, Consob determined 2.5% of the share capital as the shareholding percentage required for the submission of slates for the election of the Company's governing body. Ownership of the minimum stake necessary for the submission of the slates is determined in relation to the shares that are registered to the shareholder on the day when the slates are submitted to the Company. The relevant communication made by the authorised intermediary may also be transmitted to the Company even after the filing provided that it is made by the deadline for the publication by the Company of the slates themselves, i.e. by the 21st (twenty-first) day prior to the date of the Shareholders' Meeting (i.e. by 6 pm on 8 April 2024).

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 the TUF may not be included on the slates.

Shareholders submitting a "minority slate" are recipients of the recommendations made by Consob in Communication No. DEM/9017893 of 26 February 2009. More specifically, pursuant to the aforesaid Communication No. DEM/9017893 of 26 February 2009, shareholders submitting a "minority slate" must file a statement with the slate attesting to the absence of any direct or indirect relationship of connection pursuant to Article 147-ter, paragraph 3, of the TUF and Article 144-quinquies of Consob Issuers' Regulation No. 11971/99 and subsequent amendments ("Issuers' Regulation") with shareholders who hold, jointly or otherwise, a controlling or relative majority interest, identifiable on the basis of the communications of significant shareholdings pursuant to Article 120 of the TUF or the publication of shareholders' agreements pursuant to Article 122 of the TUF.

The slates submitted by Shareholders must be deposited at least twenty-five days before the date set for the Shareholders' Meeting on first call (i.e. by 4 April 2024), in the following manner:

- at the company's registered office at Via Filadelfia 220 - 10137 Turin, on a business day, i.e. Monday to Friday, from 8.30 am to 6 pm;
- by means of the PEC certified email address mail@pec.centralelatteitalia.com; in the case of submission of slates by PEC certified email, a copy of a valid identity document of the submitters must also be attached.

Recall that, pursuant to Article 12 of the new Articles of Association, the slates:

- must be divided into two sections both ordered progressively by number (i.e. with candidates listed with the number from one onwards in each section);
- must indicate (i) in the first section the candidates for the position of Director other than the persons indicated in the second section and (ii) in the second section the potential candidates as members of the Management Control Committee, who meet the requirements; and
- 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.

Together with each of the slates, the eligible persons who submitted them must also file the following signed and dated documentation by the legal deadline for filing:

- information on the identity of those who have submitted the slates, indicating the total percentage of shareholdings held;
- exhaustive information on the personal and professional characteristics of the candidates indicated in the slate (i.e. curriculum vitae of each and a list of the relevant directorships and auditing positions held in other companies);
- 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;
- the declaration of the individual candidates as to whether or not they meet the independence requirements prescribed by Articles 148 TUF and 2399 of the Italian Civil Code, and by the Corporate Governance Code.

Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

The slates will be made available to the public at the registered office, on the website www.centralelatteitalia.com in the Investor



Relations section and via the authorised eMarket Storage mechanism at www.emarketstorage.com at least twenty-one days prior to the Shareholders' Meeting on first call (i.e. by 8 April 2024).

The Board of Directors invites Shareholders to submit slates of candidates in compliance with the aforementioned requirements.

c.2 Composition of the Board of Directors

Pursuant to Article 12 of the new Articles of Association, the Directors must meet the requirements of the law, the new Articles of Association and other applicable provisions. More specifically, (i) at least one-third of the Directors (without prejudice to any greater number envisaged by the laws and regulations applicable 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 set forth in Article 148, paragraph 3, TUF); and (ii) at least 3 (three) Directors – including all the members of the Management Control Committee – must meet the requirements set forth in Article 148, paragraphs 3 and 4, TUF; in addition, of the latter, at least 1 (one) Director – who is a member of the Management Control Committee – must be enrolled in the register of statutory auditors.

Pursuant to Article 21 of the new 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 Article 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.

In any case the composition of the Board of Directors must be suitable to ensure gender balance in accordance with current law. That said, this requirement does not apply to the composition of the Management Control Committee.

Without prejudice to the foregoing, the Board of Directors invites Shareholders to consider: (i) the above requirements; and (ii) the recommendations on the composition of the governing body (with particular regard to directors meeting the independence requirements) contained in the Corporate Governance Code when composing slates.

c.3 Method of appointing the Board of Directors and the Management Control Committee

Pursuant to Article 12 of the new Articles of Association, the election of Directors is conducted as follows:

- from the slate that has obtained the highest number of votes ("**Majority Slate**") are taken (i) 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 minus three; and (ii) 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 ("**Minority Slate**"), in the sequential order in which they are listed on the slate itself.

The role of Chair of the Management Control Committee falls to the Director drawn from the Minority Slate, or 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 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.

In any event, without prejudice to the provisions of the new Articles of Association, for the members of the Management Control Committee the loss of the requisites envisaged by law or by the articles of association to hold the office of Director determines the disqualification of the Director. However, the loss of a requisite of independence indicated above in the case of a Director does not determine the disqualification if the requisite remains with the minimum number of Directors who, according to the laws in force and the new Articles of Association, must meet such requisite.

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 Slate 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.

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. 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.

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 new 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 above 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 new Articles of Association the Board of Directors shall appoint the replacement in accordance with the provisions of this article, so as to ensure that the members of the Management Control Committee meet the requirements of the regulations in force and the new Articles of Association.

d Determination of the remuneration due to the Directors and members of the Management Control Committee.

Pursuant to Article 12 of the new Articles of Association, the Shareholders' Meeting determines the remuneration of the members of the Board of Directors.

Pursuant to Article 21 of the new 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.

With regard to the above, the Board of Directors invites the Shareholders to make specific determinations on the fixed remuneration to be paid to the members of the Board of Directors and the members of the Management Control Committee for the entire period of office. Specifically, without prejudice to the reimbursement of expenses incurred by reason of the office, the Board of Directors invites Shareholders to establish:

- the remuneration of each member of the Board of Directors who is not also a member of the Management Control Committee;
- the additional remuneration for each member of the Board of Directors who is also a member of the Management Control Committee; and
- the additional remuneration for the Chair of the Management Control Committee.

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Notwithstanding the foregoing, Shareholders who submit a slate containing a number of candidates exceeding half of the members to be elected are invited to draft and to submit to the PEC certified email address mail@pec.centralelatteitalia.com proposals regarding issues on which no specific resolution proposal has been formulated by the Directors, and in particular proposals functional to the process of appointing the Board of Directors (i.e. determination of the number of members of the Board of Directors, determination of the term of office of the Board of Directors and of the Management Control Committee, appointment of the Directors and members of the Management Control Committee; and determination of the remuneration due to the Directors and members of the Management Control Committee) well in advance so that such proposals can be published by the Company at the same time as the slates.

Turin, 20 March 2024

For the Board of Directors
The Chair
Angelo Mastroia