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SUSTAINABILITY POLICY

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Introduction

Foreword

The Newlat Food Group (hereinafter also referred to as "Newlat Food" or "Group" or "Company") considers it consistent with the values of its Code of Ethics and Conduct and its commitment to sustainable development to adopt and integrate sustainability objectives into its strategy. Newlat Food's approach to sustainability also reflects a strong coherence and synergy with the Group's mission: to pursue consumer well-being through the production of healthy, quality products at affordable prices, promoting the best Italian tradition. For the Group, in fact, responsible development passes through a conduct of business that takes into account multiple aspects, including the creation of value for all its stakeholders, and that aims to offer products not only with a reduced environmental impact but also healthy and safe for the consumer, accessible to all segments of the population, respectful of all eating habits and customs and made in compliance with ethical and social principles.

Acting in an economically, socially and environmentally responsible manner is a value that the Group feels to be its own and this Sustainability Policy is the result of the Group's progressive evolution in the management of ESG (Environmental, Social and Governance) issues.

Newlat Food, in order to move towards inclusive, responsible and sustainable development, has decided to support the United Nations 2030 Agenda by contributing to the achievement of the Sustainable Development Goals (SDGs). The SDGs relevant to Newlat Food's business and to which the Group has made commitments are: Zero Hunger, Good Health and Well-being, Decent Work and Economic Growth, Reduced Inequality, Responsible Consumption and Production, Climate Action and Life on Land.



Purpose

This Policy establishes a formal and public commitment to the adoption of responsible behaviour and actions by the Group, in relation to the internal and external regulatory environment and to environmental, social and governance issues considered relevant for the Group, in line with the Integrated Management System Policy and the results of the Materiality Analysis - an activity

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systematically conducted by Newlat Food in order to identify the most relevant issues for the Company and its Stakeholders. The materiality analysis provides input for the definition of ESG objectives, which in turn help to identify the commitments in this document towards which the Group intends to direct its efforts.

The commitments defined in this Policy support the integrated risk management process. Among these, the ones most affected are risks related to environmental, social and governance factors to which the Group is exposed. For these risks, Newlat Food sets up dedicated organisational measures, processes, controls and tools with the aim of reducing them and minimising their possible impacts.

In a nutshell, the Sustainability Policy

- defines Newlat Food's commitments to environmental, social and governance issues, with a view to continually improving its non-financial performance;
- supports the process of defining strategic environmental, social and governance choices, encouraging the integration of sustainability into the company's strategy and operations;
- increases the level of knowledge and awareness of policies and expected results on 'material' topics;
- spreads the culture of sustainability, inside and outside the company, also through the development of training programmes and specific projects.

Background reference

Below are the external and internal regulatory references and standards considered in the definition of the Group Sustainability Policy.

External legislation and standards

- United Nations Global Compact (UNGC);
- International Labour Organization (ILO) Conventions;
- United Nations (UN) Universal Declaration of Human Rights;
- UN Guiding Principles on Business and Human Rights ("Ruggie Report");
- OECD Guidelines for Multinational Enterprises;
- UN Sustainable Development Goals (SDG);
- UN Climate Change Conference in Paris (COP21);
- European Green Deal;
- Task force on Climate-related Financial Disclosures (TCFD);
- GRI Sustainability Reporting Standards;
- Corporate Governance Code, approved by the Corporate Governance Committee of Borsa Italiana, January 2020;
- SA8000 International Standard developed by Social Accountability International (SA8000:2014);
- Sedex Members Ethical Trade Audit (SMETA) developed by the Sedex Associate Auditor Group;
- Environmental Management Standard according to International Standard UNI EN ISO 14001:2015;
- Occupational Health and Safety Management Standard according to the international standard UNI EN ISO 45001;
- Health and safety regulations in force in the countries where the Group's plants are located;

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- International food safety standards and certifications (e.g. BRCGS and IFS).

Internal regulations and standards

- Group Code of Ethics and Conduct;
- Organisation, Management and Control Models adopted pursuant to Legislative Decree 231/2001 by the main Group Companies;
- Group Integrated Management System Policy;
- Diversity and Inclusion Policy;
- Human Rights Policy;
- Internal Procedural System;

Group Commitments

Through this Policy, we outline Newlat Food's main commitments in relation to the most impactful environmental, social and governance issues.

Protection of the environment and ecosystems, sustainability of agricultural practices and fight against climate change

Newlat Food is inspired by the principle of safeguarding the environment and biodiversity, and therefore respects the environment as a resource to be protected for the benefit of the community and future generations in order to ensure compatibility between economic initiative and environmental needs.

In fact, the Group, well aware of the impacts that derive from its business activities and the role it can play in spreading responsible behaviour, is fully committed to protecting the environment through careful management that aims at strict compliance with current legislation and the effective implementation of preventive measures to limit environmental impact. These practices, oriented towards effective risk management, aim to meet the challenges posed by climate change, adapting to them and contributing to their mitigation with a view to pursuing long-term value creation.

The main objectives on which the commitments and areas of development of the Group's companies with respect to environmental challenges are articulated are:

1. The adoption of **sustainable agricultural practices** and the **responsible management of the supply chain**, aimed at fostering respect and continuous improvement of the Group's standards.
2. The pursuit of **ever-increasing process efficiency** with a view to reducing the consumption of energy, materials and CO₂ emissions in order to limit the environmental impact of its activities.
3. The search for and adoption of **packaging with a lower environmental impact**, through the increasing use of recycled, recyclable and renewable materials, the reduction in absolute terms of the quantity and types of materials used and the choice of materials from responsibly managed sources.

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Always with a view to managing and limiting environmental impacts, the Group promotes circular economy strategies with a principle of territorial specificity. In fact, one of its objectives is to increasingly increase circularity practices where the right conditions exist.

Newlat Food requires its suppliers, partners and all other parties outside the company that are linked to the company by business relationships to comply with certain environmental criteria in line with the Group's principles and values.

Product quality and safety and consumer care

Guaranteeing the quality and safety of the products offered are essential elements that the Group ensures thanks to

- a careful selection of raw materials based on strict supplier evaluation and selection processes;
- several checks and analyses carried out on the product during all stages of the production process;
- in-depth control of distribution methods;
- the involvement of all employees in activities to raise awareness on quality, food safety and traceability;
- significant and constant investment in research and development;
- obtaining certifications, whether mandatory or voluntary, with a view to continuous improvement and as a way of implementing a system of further specific controls throughout all phases of the procurement and production cycle.

In order to ensure that all aspects relating to product quality and safety are constantly monitored, the Group has issued a Quality Policy, supported by a management system and specific internal functions responsible for monitoring this issue.

Newlat Food is also committed to ensuring transparency and responsiveness in its relations with all consumers and to continuously improving its ability to meet their needs, pursuing responsible marketing and labelling and offering products of excellence customised to different lifestyles and consumption patterns. The Group is, therefore, constantly committed to reformulating its market offer in order to respect consumers' growing sensitivity to social and environmental issues, thus promoting the integration of sustainability criteria into everyday choices.

Health and safety of employees and protection and enhancement of human capital

Newlat Food recognises the centrality of human resources, believing that the professional contribution of people, offered within a framework of loyalty and mutual trust, is an important factor in the success of any business.

Therefore, the basis of the Company's activities remains its constant and unwavering commitment to ensure health and safety at work. In concrete terms, each Group company is committed to:

- creating and maintaining environments, workstations, equipment and production and work methods that are healthy and safe for each employee, through an adequate assessment of the risks that may contribute to the potential occurrence of accidents and/or occupational

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diseases in the workplace, in full compliance with current legislation on health and safety at work;

- promoting a culture of risk prevention and management and involving and sensitising all personnel to active and responsible participation, including through appropriate training and communication.

Newlat Food also believes that the ability to attract and retain the best talents is crucial to creating long-term value, which is why it is committed to enhancing the value of its human resources starting with the selection process and throughout their career, investing in their well-being and professional development. In particular, the Group considers the training and updating of its employees' skills to be indispensable resources for its own success and competitiveness and, to this end, is committed to spreading a culture based on the enhancement of the individual in the various contexts in which it operates.

Inclusion, diversity, protection of human rights and promotion of the local community

An inclusive, fair and sustainable approach to managing people means prohibiting any form of discrimination and - at the same time - committing to ensuring respect for human rights, not only among the Company's employees, but also in the supply chain, within business partnerships and, more generally, in all the communities in which the Group operates.

As set out in the Diversity and Inclusion Policy, the Group takes the advantage of being multi-cultural, believing that the integration of different skills, abilities and aptitudes contributes fundamentally to the creation of value: for this reason, the Company is committed to supporting the development of everyone, regardless of gender, sexual orientation, ethnicity, nationality, religion, age, disability, marital status, membership of political parties or associations, physical and/or economic condition and strongly condemns all possible forms of intolerance and discrimination, starting from the selection for employment in the Company. In this regard, the Group is committed to promoting gender balance at all levels of the company through selection processes based on the possession of certain qualifications and/or professional experience and a fair salary level that reflects the skills, abilities and professional experience of each employee, thus guaranteeing the application of the principle of equal opportunities, with the aim of pursuing salary equity.

Furthermore, the Group promotes the protection and promotion of human rights. With this in mind, including in its relations with the supply chain, Newlat Food is committed to preventing all forms of coercion and exploitation of labour, including child labour, forced labour and irregular labour, recognising the merit and potential of its employees as key criteria for professional development and ensuring compliance with industry regulations on working hours and remuneration. The Group is also committed to guaranteeing workers' freedom of association, recognising the right to collective bargaining. Confirming the importance of this area, Newlat Food has adopted a Human Rights Policy that integrates respect for and promotion of fundamental human rights into the Group's broader sustainability strategy.

Lastly, the Company has long been committed to promoting initiatives aimed at enhancing not only the economic, but also the social and cultural development and well-being of the communities in which it operates, through sponsorships, fundraising and campaigns to support research and

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scientific dissemination, donations of surplus food to local communities and to support the fight against food waste.

Transparency, ethics and legality

Acting within the law and respecting the highest ethical standards are the fundamental principles on which both Newlat Food's Code of Ethics and Conduct and all of the Company's activities, initiatives, reports and communications are based.

The Group is committed to operating in accordance with these principles through governance and business conduct models that are consistent with all laws, codes, regulations, national and international directives and practices generally recognised by all countries in which Newlat Food is active. To this end, the Companies of the Group have adopted an organisational, management and control model¹, procedures, monitoring tools and rules of conduct, also adhering to codes², to minimise any form of unethical conduct, corruption, bribery and other unlawful acts with the aim of procuring direct or indirect advantages for the Company itself, putting in place preventive measures to counter any type of illegal practice.

This commitment also applies to anyone who has dealings with the Group: in fact, Newlat Food will not initiate or continue any relationship with anyone who does not intend to align himself/herself with these principles.

Finally, Newlat Food ensures that all employees are provided with information/training in order to increase the culture of legality and prevent fraudulent behaviour, episodes of corruption and money laundering. Procedures are also in place for the internal reporting of irregularities or violations, actual or alleged, of rules and principles to the relevant corporate bodies and to the Ethics Committee, the Group's reference figure for issues relating to the implementation of and compliance with the Code of Ethics and Conduct.

Dialogue with Stakeholders

Sustainable business is also measured by the awareness of having to operate in the interest of all stakeholders and the community in general, as stated in the Group's Code of Ethics. Dialogue with Stakeholders is, therefore, of fundamental importance as it enables the Company to gather relevant information on the context in which it operates and to receive constant feedback on its actions, thus facilitating responsible development of its business and environment.

Newlat Food is therefore committed to establishing a close relationship with its Stakeholders, encouraging their participation in the Group's activities and making them aware of the results achieved with respect to its economic and non-financial objectives.

¹ The model is implemented pursuant to Legislative Decree 231/2001 by the Group companies based in Italy, namely Newlat Food SpA and Centrale del Latte d'Italia SpA.

² With a view to ensuring a better level of efficiency and transparency in their corporate governance, the Italian companies Newlat Food SpA and Centrale del Latte d'Italia SpA have adhered to the Corporate Governance Code for listed companies, drawn up by the Corporate Governance Committee of Borsa Italiana.

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Enforcement, Monitoring and Accountability

Application and dissemination

This Policy has been formally approved by the Board of Directors of Newlat Food S.p.A. and applies to employees, corporate bodies, partners and suppliers of all Group Companies that fall within the scope of consolidation, together with the laws and regulations in force in the countries in which the Company operates, permeating the corporate culture on the basis of the principles of conduct already defined in the Code of Ethics and other Company policies and strategies and external regulations.

Newlat Food promotes the adoption of the contents of the Policy by all Group companies, including those abroad, by communicating it to all personnel and making it available to interested Stakeholders through appropriate communication channels in addition to the Company's corporate website. The Group also undertakes to keep the Policy active and to up-to-date according to regulatory requirements, interventions by Regulatory Authorities, business strategies or in case there are changes both in the internal context (e.g.: changes in business processes, reorganisations, changes in the materiality matrix, etc.) and in the external context (e.g.: changes in the sustainability context, significant changes in the Group's business sectors, etc.).

Monitoring, reporting and reporting

Compliance with the commitments contained in this Policy is regularly reported by the Sustainability Department to the Parent Company's Board of Directors, after review of the Control, Risk and Sustainability Committee. The adherence to ESG commitment is assessed through the systematic monitoring of specifically identified indicators, in agreement with the corporate bodies and structures concerned. The Company's environmental, social and economic performance and impacts are also reported in the Consolidated Non-Financial Statement, contained in the Annual Financial Report and drawn up in accordance with the transparency principles of the Global Reporting Initiative (GRI) international standard. This transparency is also requested by the Group's main Stakeholders as a response to the growing attention to elements of social and environmental responsibility.

All recipients are required to report any conduct that does not comply with the principles contained in this Policy, by referring - as described in the Group's Code of Ethics and Conduct - to the channel accessible from the "Whistleblowing" section of the website <https://www.newlat.it/>, or by inserting a written communication in the mailboxes provided in the corporate areas.

Roles and responsibilities

Board of Directors

It pursues sustainable success through the implementation of a strategy aimed at including environmental, social and governance elements by considering in its assessments all risks that may be relevant from the perspective of sustainability in the medium to long term.

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Control, Risk and Sustainability Committee

It supports the Board of Directors on sustainability issues, in particular, it examines and evaluates sustainability policies, defines sustainability guidelines and plans, monitors the inclusion of the Company in ESG indices and examines the content of non-financial reporting.

Sustainability Management Committee

Composed of the main corporate functions involved in the development of business policies and practices, such as Operations, Human Resources, Finance, Investor Relations, Quality and R&D, Purchasing and Marketing, the Committee interacts transversally with all corporate entities, guiding the decision-making processes and responsibility for specific ESG initiatives and optimising the coordination of all parties involved.

Sustainability Function

Reporting directly to the Board of Directors, the sustainability function performs a research and in-depth role on regulatory and contextual developments in the field of sustainable development, sharing the evidence that emerges with the functions involved from time to time and suggesting any improvement actions on the basis of the mapping and assessment of processes, risks and controls adopted within the Group. The sustainability function also supports all activities aimed at drafting non-financial reports and disclosures, including the Consolidated Non-Financial Statement contained in the Annual Financial Report.

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