

Consolidated non-financial statement

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Drafted pursuant to Italian Legislative
Decree 254/2016

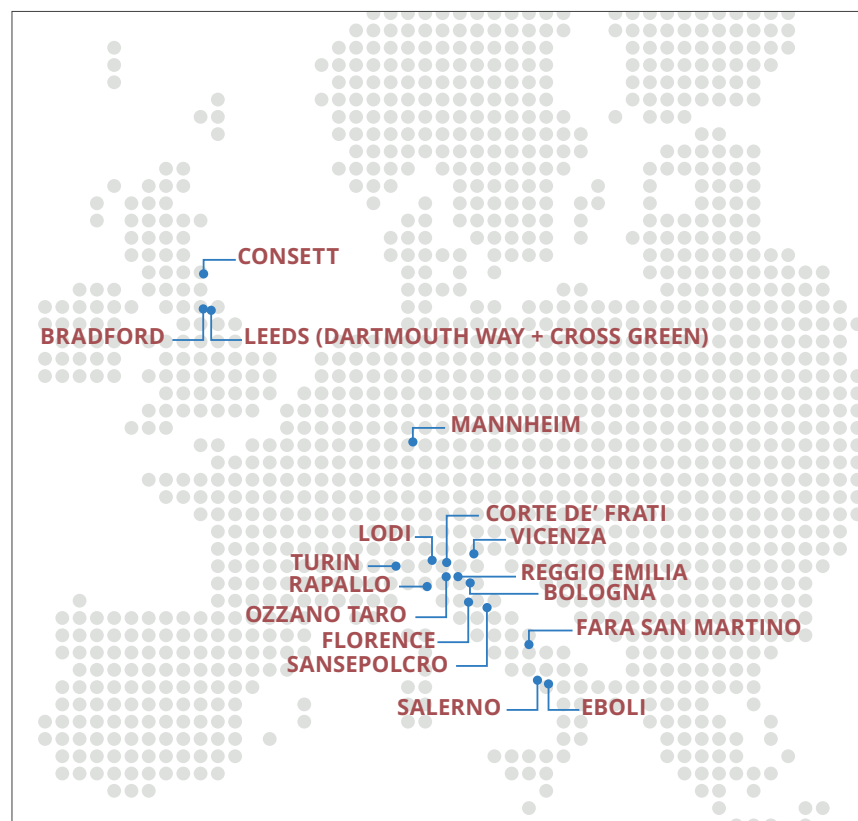


2.1

Methodological note

[2-1]; [2-2]; [2-3]; [2-4]; [2-5]

The Consolidated Non-Financial Statement (hereinafter also referred to as the “NFS” or “Statement”) of the Newlat Food Group (hereinafter also referred to as the “Group” or the “Company”) was prepared in accordance with the provisions of Legislative Decree no. 254 of 30 December 2016, transposing European Directive 2014/95/EU as amended and supplemented into Italian law.



The indicators reported refer to the reporting year that runs from 1 January to 31 December 2022. Where possible and for the best comparison, the data and information of the previous two years have also been reported.

With regard to the changes in the Group's structure over the three-year period in question, note that in April 2020 the Group acquired Centrale del Latte d'Italia S.p.A., which had four operating plants: Florence, Turin, Vicenza and Rapallo (GE). Since 2021, the factories in Lodi, Reggio Emilia and Salerno have been leased from Newlat Food S.p.A. to Centrale del Latte d'Italia S.p.A. Finally, in August 2021 the Group acquired the British company Symington's Limited. For greater clarity, see Table 1.

TABLE 1 SCOPE OF CONSOLIDATION							
Corporate evolution			Plants (identified by geographical location)	2022	2021	2020	2019
From 2021							
Centrale del Latte di Salerno S.p.A.	Newlat Food S.p.A.	Centrale del Latte d'Italia S.p.A.	Salerno ¹	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
Newlat Food S.p.A.			Reggio Emilia	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
			Lodi	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
		Newlat Food S.p.A.	Corte de' Frati (CR)	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
			Bologna	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
			Ozzano Taro (PR)	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
			Sansepolcro (AR)	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
Eboli (SA) ²		<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>		
Delverde S.p.A.		Fara San Martino (CH)	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>	
Newlat GmbH			Mannheim (Germany)	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
Centrale del latte d'Italia S.p.A.			Turin	<i>n</i>	<i>n</i>	<i>n</i>	
			Vicenza	<i>n</i>	<i>n</i>	<i>n</i>	
			Rapallo (GE)	<i>n</i>	<i>n</i>	<i>n</i>	
			Florence ³	<i>n</i>	<i>n</i>	<i>n</i>	
Symington's Limited			Dartmouth Way + Cross Green – Leeds (United Kingdom) ⁴	<i>n</i>	<i>n</i>		
			Bradford (United Kingdom)	<i>n</i>	<i>n</i>		
			Consett (United Kingdom)	<i>n</i>	<i>n</i>		

¹ The Salerno plant also manages the warehouse in Pozzuoli

² In Eboli (SA) there are two production units: the processing plant and the mill

³ The Florence plant also manages the warehouses in Arezzo, Livorno, San Vincenzo, Siena, Massa, Grosseto and the island of Elba

⁴ The Dartmouth Way plant also operates a warehouse in Leeds

The reporting boundary for non-financial information as at 31.12.2022 is therefore Newlat Food S.p.A. (hereinafter also “Newlat Food”) and its subsidiaries Newlat GmbH Deutschland, Centrale del Latte d'Italia S.p.A. (hereinafter also “CLI” or “Centrale del Latte d'Italia”) and Symington's Limited (hereinafter also “Symington's”), consolidated on a line-by-line basis in the Consolidated Financial Statements as at 31 December 2022.

This Consolidated Non-financial Statement is prepared in accordance with the 2021 GRI Universal Standards, published by the Global Reporting Initiative (GRI) and last updated in October 2021 for GRI 1 Foundation, GRI 2 General Disclosures, GRI 3 Material Topics. The following GRI reporting principles necessary to define the content and quality of the document have been taken into consideration in drafting the Statement, namely: accuracy, balance, clarity, comparability, completeness, timeliness and verifiability by providing information on its impacts also with respect to the broader context of sustainability as reported in GRI Standard 1 Foundation.

For greater clarity, references to the GRI Standards are given within the text highlighted with the symbol *[GRI No.]*.

This Statement sets out non-financial information relating to issues considered material to the Group, taking into account the relevant stakeholders and business model.

In order to provide an accurate representation of the ESG performance achieved, the inclusion of dimensions that are directly measurable was prioritised, avoiding where possible reference to estimates, which, where required, are based on the best possible methods available or on sample surveys, and their use is indicated within the individual indicators.

During the 2022 reporting process, note that it was decided to update specific 2021 data following refinements made to their calculations, as reported in the notes to the pertinent tables. In particular, up-to-date data can be found in the chapters Protection of Employment and Protection of Human Rights, Reduction of Inequalities, Respect for Diversity and Inclusion.

The reporting process coordinated by the Administration, Finance and Control department used special Reporting Packages sent to the relevant information officers.

The Statement was approved by the Newlat Food S.p.A. Board of Directors on 17/03/2023.

The independent audit of the non-financial statement – Limited assurance – was entrusted to PricewaterhouseCoopers S.p.A. and was completed with the issue of the “Independent auditor's report on the consolidated non-financial statement pursuant to art. 3.C.10, Italian Legislative Decree no. 254/2016 and art. 5 of the Consob regulation adopted with resolution no. 20267 of January 2018”. The Report is available on page 128 of this document.

As required by Regulation EU 852/2020 (EU Taxonomy), Article 8 - Transparency of undertakings in non-financial statements, the Group is required to provide information on its so-called Taxonomy eligible activities, and in particular to turnover, capital expenditures and operating expenditures related to assets or processes associated with economic activities considered as environmentally sustainable in accordance with the relevant delegated acts. This information, reported in the chapter “Regulation EU 852/2020”, is not subject to the Limited assurance mentioned above.

For more information regarding the publication of the Non-Financial Statement, write to sostenibilita@newlat.com.



2.2

Business model and value chain

[GRI 2-6];

Newlat Food Group was founded in 2004 in Reggio Emilia, where its registered office is still located today.

The Group has pursued and is pursuing continuous growth, thanks also to the implementation of a policy focused on the acquisition of both nationally and internationally recognized companies and brands.

The history of Newlat Food Group begins with the first acquisition of the Guacci brand in 2004, then continues the following year with the acquisition first of the Pezzullo brand and then of the entire plant located in Eboli (then owned by Nestlé).

In the following years, from 2008, the Group expanded its product portfolio by acquiring Giglio, a company specialising in the milk and dairy sector.

There were more acquisitions in 2008, first with the purchase of the historic Buitoni plant in Sansepolcro, Arezzo, belonging to Nestlé, and subsequently with the acquisition of the licence to use the Buitoni brand, a concession maintained until 1 January 2022. Since then, the Sansepolcro plant has continued to operate, producing products under the Group's own brands with the same care and quality.

In 2020, the Group also acquired a majority stake in Centrale del Latte d'Italia.

The following year saw the acquisition of 100% of the ordinary shares of the British company Symington's Limited, a business operating in the food sector with the production of Instant Noodles and Ready Food.

Finally, in 2022 the Group began the process of acquiring the French company EM Foods and finalised the acquisition in early 2023. The company is an important production and research site in the business of cake and bakery mixes, both for private consumption and for the Ho.Re.Ca and industrial channels.

The recent acquisition is also strategic because its geographical location, which completes the Group's presence in the four most important European countries in terms of size and consumption: Germany, the UK, France and Italy, thus facilitating integrated logistics at a European level.

In fact today, thanks to the strategy pursued, in addition to its recent expansion in France the Group has an established position in the domestic market and a significant presence in the German and British markets through its subsidiaries Newlat GmbH and Symington's, the latter also present in the US and Australian markets.

Below is a list of the Trademarks and Companies involved in the acquisitions, reporting the year in which the transaction was concluded.

TABLE 2 ACQUISITIONS OF COMPANIES AND BRANDS

Company/Trademark	Year of Acquisition
Guacci	2004
Pezzullo	2005
Corticella	2006
Matese	2008
Giglio	2008
Sansepolcro factory	2008
Polenghi Lombardo	2009
Optimus	2009
3Glöcken	2013
Birkel	2013
Centrale del Latte di Salerno	2014
Ozzano Taro plant (Plasmon co-packing)	2015
Delverde	2019
Centrale del Latte D'Italia (Mukki, Tapporosso, Latte Tigullio, Centrale del Latte Vicenza)	2020
Symington's (Naked, Mugshot, Ragu, Chicken Tonight)	2021

As can be seen from table above relating to the reporting scope, the Group operates through 18 production plants, of which 14 are in Italy, one in Germany and three in the United Kingdom, plus one in France from 2023, divided as follows:

- » **5 pasta factories, one of which also produces baked goods;**
- » **7 milk processing plants;**
- » **2 mills;**
- » **1 plant for gluten-free, protein-free and baby food products;**
- » **3 soup and ready meal establishments.**

The Group employs more than 2,000 people, mainly at the production sites in Italy and England.

With regard to the reporting period in question, note that the business of the Company – being related to essential goods, i.e. necessary for daily consumption – did not have a significant impact on sales despite the macroeconomic condition marked by uncertainty and high inflation. This aspect demonstrated the resilience of the Group's business model, even in a context as complex and difficult as that of the past few years.



The company is a major player in the Italian and European agro-food industry and its main activities consist in the selection of suppliers and the purchase of raw materials necessary for its business and the production, processing, packaging, sale and distribution of food and beverages. The Group buys both food ingredients and packaging, which are essential to package the product and ensure maximum quality and proper preservation, and services, which are essential to ensure the continuity of production processes. The table below shows the total expenditures and the share of purchases broken down by category of supplier.

Suppliers - expenditure (million)						
2022		2021		2020		
Type of Supply	€	%	€	%	€	%
Goods	439	77%	304	71%	274	74%
Services	135	23%	124	29%	98	26%
Total	574	100%	428	100%	372	100%

Most purchases are related to the supply of raw materials and semi-finished products, thus reflecting the characteristics of the company's businesses, which focus on the production of basic foodstuffs. It is also possible to note a gradual increase in expenditures on goods and services due to the growth of the Group, mainly through the acquisitions made in the last three years, the consequent expansion in the market and the widening of the range of products offered.

The Group cares about the quality and safety of its products in order to protect the health of the consumer. It operates in a B2B market, whose main customers are large-scale retailers and traditional food shops, which are punctually restocked to guarantee the end customer a fresh product that is always available. Product quality, freshness and safety are ensured not only through the numerous checks performed on the product during all stages of the production cycle, but also through careful selection of raw materials and suppliers, the latter qualified on the basis of various elements, including: high quality standards, fulfilment of the Group's business

and responsible growth objectives and optimisation of the cost of raw materials, in order to maintain a competitive advantage in terms of quality and overall service offered to the customer.

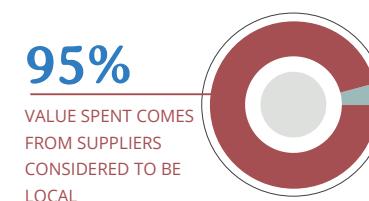
To make this possible, the Group is committed to tracing and certifying the origin of raw materials, where possible favouring suppliers operating within the same countries where the Company's production plants are located. Given the high spoilage rate of some ingredients, such as dairy products, the relative proximity of suppliers and processing sites is of paramount importance to ensure optimum quality and food safety conditions throughout the production chain, right up to the end consumer. In fact, the Group has strong control over the milk supply chain, with local suppliers – especially in Piedmont, Veneto, Tuscany and Campania – that are frequently monitored and which it invests in with a view to mutual long-term appreciation.

The following tables show the share of purchases from local suppliers in the Group's total expenditures, also showing the amount spent on local suppliers, broken down by company and respective countries of operation.

Suppliers - expenditure (million)		2022		2021		2020	
		€M	%	€M	%	€M	%
Purchase of goods and services from Newlat Food S.p.A. and CLI S.p.A.		489	100%	338	100%	323	100%
<i>of which purchase of goods and services from ITALY</i>		461	94%	329	98%	299	92%
Suppliers - expenditure (million)		2022		2021		2020	
		€M	%	€M	%	€M	%
Purchase of goods and services of Newlat GmbH		55	100%	47	100%	49	100%
<i>of which purchase of goods and services from GERMANY</i>		50	90%	44	94%	32	66%
Suppliers - expenditure (million)		2022		2021			
		€M	%	€M	%		
Purchase of goods and services of Symington's Ltd		85	100%	43	100%		
<i>of which purchase of goods and services from ENGLAND</i>		82	97%	36	84%		

¹ Suppliers are considered to be local if they have their registered office in the same country in which the supply is purchased and processed by one of the Group's plants. Therefore, the local suppliers of Germany and the United Kingdom are considered to have their registered offices in the two respective countries, and similarly all those based in Italy are considered to be local suppliers for Italy.

As proof of the great attention that the Company pays to the development of its own territory and to supporting local industries, the figures show the high percentage of goods and services purchased from suppliers located in the same country in which the various Group companies operate. As much as 95% of value spent comes from suppliers considered to be local.



The Group's contribution to the 2030 Agenda

The Company's business contributes to achieving some of the 17 Sustainable Development Goals (SDGs) identified by the United Nations in its 2030 Agenda.



Indeed, the implementation of the 2030 Agenda requires a strong involvement not only of institutions, but of all actors in the community, including businesses. Among the goals that the international community has set itself, many are closely related to current food systems. Approximately one-third of global greenhouse gas emissions are due to the agri-food system², 70% of the world's freshwater withdrawals are directed to agriculture³, and in Italy alone employment in the agri-food chain accounts for more than 17 million people⁴. Aware of the potential impact on ESG issues, the Group has initiated a process to boost its contribution to achieving the Sustainable Development Goals. These Goals have been identified considering the specificities of the food sector and taking into account the Group's business model, its Code of Ethics, practices, policies and activities. In light of these considerations, the following are the Goals the Group can contribute to.

² Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: <https://ourworldindata.org/environmental-impacts-of-food#breakdown-of-where-food-system-emissions-come-from>

³ Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: <https://ourworldindata.org/environmental-impacts-of-food>

⁴ Cirianni, A., Fanfani, R., & Gismondi, R. (2021). *Struttura produttiva e performance economica della filiera agroalimentare italiana*. Rome: Istat. Taken from https://www.istat.it/it/files/2021/06/IWP_4-2021.pdf



Zero hunger

The Group recognises the importance of sustainable agricultural practices and production systems, and in the course of its business has contributed to supporting agricultural productivity through continuous collaboration with supply chains.



Good health and well being

Among Newlat Food's objectives is to listen to and meet the needs and demands of consumers, including the growing focus on health and wellness. The Group adopts actions aimed at improving quality, production and health and hygiene parameters, spreading and promoting the culture of food quality and safety throughout all phases of the procurement and production cycle. Furthermore, Newlat Food has always promoted a healthy and balanced eating style, basing its business on foods at the base of the food pyramid and dedicating constant investments in research and development aimed at satisfying consumers with precise nutritional needs related to age, intolerances or allergies, and ethical, cultural and religious reasons.



Decent work and economic growth

Contributing to lasting, inclusive and sustainable economic growth occurs through business choices and strategies oriented towards diversification, technological upgrading, innovation and global resource efficiency in consumption and production in an attempt to decouple economic growth from environmental degradation.

Newlat Food is committed to taking immediate and effective measures to eliminate all forms of forced labour, protecting labour rights, promoting a safe and secure working environment for all workers, contributing to full and productive employment, and offering decent work with equal pay for work of equal value.



Reduced inequalities

The development and boosting of the social and economic inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic or other status takes place by supporting equal opportunities and reducing inequalities in outcomes, including through the adoption of appropriate recruitment, hiring, training, remuneration, rewarding procedures and for the promotion of diversity and respect for human rights.



Responsible consumption and production

The Group pursues sustainable models of production and consumption through the efficient use of natural resources, striving to contain waste along the production and supply chains, monitoring the release of pollutants into the air, water and soil, and limiting the production of waste by promoting its recycling.

With a view to increasing transparency, Newlat Food not only integrates sustainability information into its regular reports, but through the organisation of seminars, visits and educational tours contributes to disseminating relevant information and spreading awareness on sustainable development and lifestyles in harmony with nature.



Climate action

The fight against climate change is carried out by integrating measures to counter the Group's environmental footprint into its strategy. Newlat Food systematically measures and reports its impacts with the aim of limiting them as much as possible.



Life on land

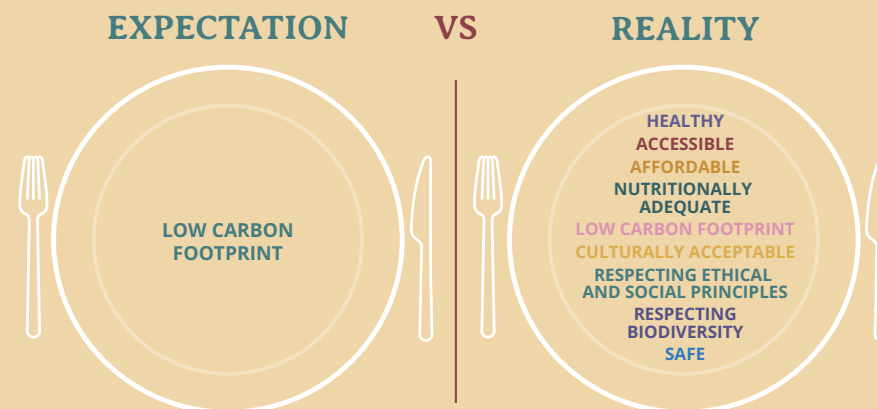
The protection of biodiversity, conservation and sustainable use of water resources and terrestrial ecosystems is also achieved through full compliance with international agreements and environmental regulations implemented in the Group's strategy through the adoption of specific targeted environmental policies and practices.

The Group's Mission and Vision

By virtue of its values, policies and activities, the Company has defined a Group mission and vision. The mission is to pursue consumer well-being through the production of healthy, quality products at affordable prices, promoting the best Italian tradition, while the Group's vision is to convey brands "Made in Italy" that are representative of healthy food and have a worldwide reach, as well as to act as a well-established player in the agri-food sector.

For our Group, responsible development means conducting business in a way that takes into account multiple aspects and does not only aim to offer a product with a reduced environmental impact. In fact, Research and Development also takes into account – with equal attention – the impact of food on human health and consumer safety, accessibility to all sections of the population and respect for all eating habits and customs.

How to eat sustainably



The corporate governance model and sustainability management

[2-9]

Newlat Food S.p.A. has structured a Corporate Governance Model based on the recommendations of Borsa Italiana's Corporate Governance Code.

Newlat Food S.p.A. has adopted a traditional form of administration and control. Therefore, corporate management is assigned to the Board of Directors, the supervisory functions to the Board of Statutory Auditors, and the statutory audit, as well as the financial audit, to the Independent Auditors appointed by the Shareholders' Meeting.

[2-10]; [2-11] For a more in-depth description of the members of the Board of Directors, the Internal Committees and the Board of Statutory Auditors and their selection and appointment process, see the sections "Directors' Report on Operations" and "Report on Corporate Governance and Ownership Structures" contained in this document.

The Group is focusing on the adaptation of its corporate structure, on international best practices, on the updating of its relevant Codes, and on the implementation of risk management processes according to the main reference frameworks. Sustainability management has become an integral part of the Group's strategy from 2021. During the same year, a Sustainability Management Committee was also set up, reporting directly to the Board of Directors, comprising the main corporate functions involved in the development of business policies and practices.

The Group also integrated the main ESG risks into its Enterprise Risk Management (ERM) model, assessing with management how to manage them and identifying remedial activities where deemed necessary. Please refer to the section "Policies and risks" for further details.

With the aim of increasing its transparency, commitment and focus on ESG issues, the Group has established a multi-year Sustainability Plan, approved by the Board of Directors and illustrated below. Among the goals that Newlat Food achieved during 2022 are:

- » Initiation of a path of integration of policies and values through the formalisation of shared policies on ESG issues and the publication of a single Code of Ethics and Conduct for the Group.
- » Advancement of stakeholder engagement through active involvement and the establishment of a dialogue channel.
- » Greater control over the supply chain by integrating additional ESG elements into the supplier evaluation.
- » Development of a training programme on ESG issues to raise awareness among employees.
- » A constant focus on the health and safety of employees by maintaining third-party assurance of the OHS Management System for Italian plants.

The Sustainability Plan is subject to continuous updates: in 2022 new objectives and targets were incorporated, detailed in the table below.

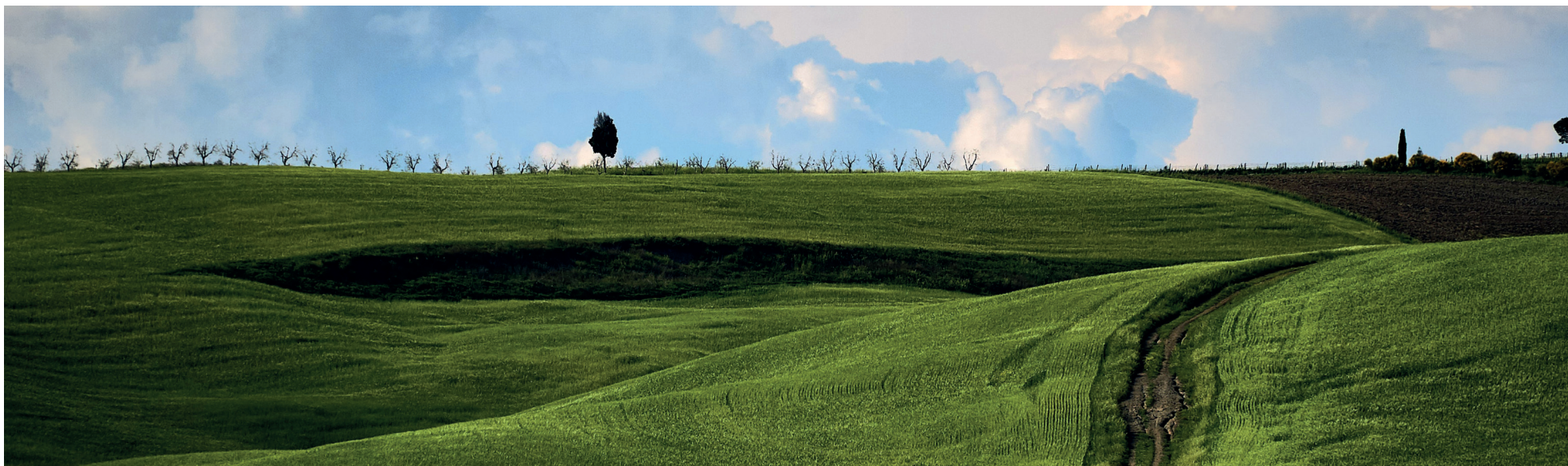


























TABLE 5

Group Sustainability Plan

GOAL	TARGET	DEADLINE	SDGS
Sustainable supply chain	Publication of a Supplier Code of Conduct	2023	      
	Maintain the share of high-quality milk from local supply chains with animal welfare certification at or above 90%	2025	
Reduction of environmental impacts	Pursuit of SMETA certification of EM Foods	2023	  
	Keep the waste recyclability rate above 80%	2024	
Protection of health and safety	Implementation of ISO 14001-certified EMS in all Centrale del Latte d'Italia plants	2023	 
	Maintain third-party certification of the Occupational Health and Safety Management System for Italian plants	2023	
Develop employees and increase their ESG awareness	10% increase in training provided to Group employees on ethics, anti-corruption and other key sustainability issues	2023	   
		2023	
Integrity and transparency	Extension of whistleblowing to non-EU countries	2023	  
	Define an anti-corruption policy		
Advancement of stakeholder engagement	Formalisation of a policy on the qualitative and quantitative composition of the BoD	2023	 
	Ensure direct involvement and listening to all stakeholder categories identified		
Cohesion and corporate climate	Initiation of at least one project or initiative to actively involve staff	2023	  
		2023	



[2-12]; [2-13]; [2-14]

Roles, responsibilities and competencies in sustainability

The Board of Directors, which among other things is responsible for reviewing and approving the reported non-financial information, pursues sustainable success through the implementation of a strategy to include environmental, social and governance elements by considering all risks that may be relevant to sustainability in the medium to long term in its assessments.

For ESG-related aspects, the BoD has a Control, Risk and Sustainability Committee that examines and evaluates sustainability policies, supports the definition of sustainability guidelines and plans, monitors the Company's exposure and examines the content of non-financial reporting.

The Sustainability Steering Committee guides the decision-making processes and responsibilities for specific ESG initiatives. The committee is 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 presence of such a committee allows for the multilateral interaction of all corporate entities, thus optimising the coordination of all parties.

Finally, there is the Sustainability Function, which reports directly to the BoD. It performs research and studies regulatory and contextual developments in the field of sustainable development, sharing the evidence with the functions involved from time to time and suggesting any improvement actions based on the mapping and assessment of processes, risks and controls adopted within the Group. The sustainability function also supports all activities aimed at preparing non-financial reports and disclosures, including this Consolidated Non-financial Statement.



Regulation EU 852/2020

The Taxonomy Regulation (hereinafter also "Regulation") is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. Following the issuance of this document, from 2021, being subject to European Directive 2014/95/EU on the Non-Financial Statement, the Group is required to disclose information regarding the alignment to the taxonomy using specific indicators, namely the share of turnover, capital expenditures (Capex) and operating expenditures (Opex) associated with so-called taxonomy-eligible economic activities, i.e. able to generate a potentially substantial contribution to the first two environmental objectives contained in the Regulation: mitigation and adaptation to climate change.

In line with article 8, paragraph 2 of the Regulation and on the basis of the activities that the Group carries out as a company active in the food sector, all the activities defined as taxonomy eligible and listed in the Delegated Act (hereinafter also "Act") were examined.

From the 2021 reporting year, the KPIs Revenue, Capex and Opex must be reported in relation to taxonomy eligible and non-taxonomy eligible economic activities. After an in-depth analysis involving all business divisions and functions, a limited share of the activities managed by the Group were found to be taxonomy eligible. However, none of these generate revenues, so only operating and capital expenditures are considered taxonomy eligible.

Capex and Opex taxonomy eligible relate to the management of owned real estate, the expansion of production sites and the operation or installation of production and water treatment facilities.

The Group's Revenues derive from non-taxonomy-eligible activities, therefore they are not covered by the current Act.

The table below provides information on Revenues, Capex and Opex.

On the other hand, it has not been possible to identify the share of Capex and Opex that is taxonomy aligned according to the provisions of the Delegated Act, since to date it is not possible to determine the alignment of the aforementioned activities as there is no possibility of guaranteeing minimum safeguard criteria.

TABLE 6 SHARE OF TAXONOMY-ELIGIBLE AND NON-TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN CONSOLIDATED TOTAL TURNOVER, CAPEX AND OPEX		
FY2022	Share of taxonomy-eligible economic activities (in %)	Share of non-taxonomy-eligible economic activities (in %)
Revenues	0%	100%
Capital expenditures (Capex)	4.3%	95.7%
Operating expenditures (Opex)	0.2%	99.8%

2.3

Stakeholder engagement

[2-29]

Newlat Food Group is constantly in contact with different types of subjects, which generate interests and expectations in relation to the Group. These subjects can therefore be defined as stakeholders and can refer to subjects within the Group structure, such as partners and shareholders and employees, as well as outside the Group, as is the case with suppliers, customers, consumers and local communities.

Each type of stakeholder corresponds to a different and specific type of relationship. This diversity is a direct consequence of the substantial difference between their interests and expectations.

It follows that the Group, in its desire to pay increasing attention to the dialogue with these subjects, will have to address them differently, through a carefully and precisely targeted dialogue.

Indeed, the importance of this dialogue is mainly due to the fact that it allows the Group to achieve the objectives of improving and enhancing the knowledge of its network, enabling, on the one hand, an increase in the positive impacts generated and, on the other, to mitigate the negative impacts of business activities on the environment and society. The dialogue allows the Group to gather important information on the context it operates in and to receive constant feedback on its work, thus facilitating responsible development of its business and environment.

In 2021, with the aim of establishing a profitable and ongoing dialogue with all stakeholders, the Group launched a multi-year Stakeholder Engagement plan that involved numerous parties through one-to-one meetings, workshops and online surveys. Such an exercise will allow timely identification of changes in the Group's impacts and the evolution of business dynamics accordingly.

The Company stakeholders are represented in schematic form in Figure 1, which shows that the Group wants to give its stakeholders equal, albeit specific, importance.

A brief description of each stakeholder and the relevant aspects is given below:

- » Stakeholders.
- » Specific interests of each stakeholder.
- » Type of relationship and dialogue objectives.
- » Importance and attention given by the Group, including with reference to the significant areas.

FIGURE 1

Group stakeholders





Partners and shareholders

Newlat Food and Centrale del Latte d'Italia are listed on the Star segment of the Mercato Telematico Azionario of Borsa Italiana S.p.A. The shareholding structure of the two companies as of December 2022 is shown in Figure 2 and in Figure 3.

FIGURE 2
Distribution of Newlat Food S.p.A. shares

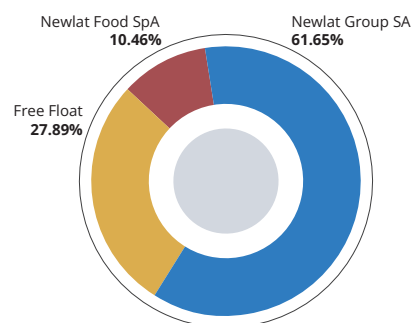
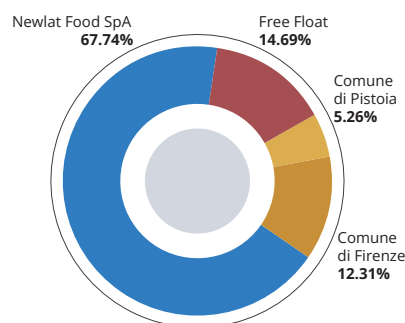


FIGURE 3
Distribution of Centrale del Latte d'Italia S.p.A. shares



In addition to the standard forms of communication of a binding nature, the Group wants to focus on partners and shareholders, through this document and through an internal report that is truthful, usable and prompt.

In order to ensure commitment to this objective, the Group has established specific figures, such as Investor Relators (for communications to partners and shareholders) and the Reporting Officer, as well as the usual internal and external control bodies (to ensure that the data reported to management is true).



Employees

The company has always regarded its personnel as one of its most important assets. The Group constantly invests in its employees to ensure a healthy and safe working environment, continuous professional development and their direct involvement.

Newlat Food develops its relationship with workers by defining group guidelines, aimed at defining and sharing the company's values and mission.



Suppliers

In order to make its products, the Company uses suppliers that support the Group in achieving its business and sustainable development objectives. In particular, the Group wants high quality standards to be guaranteed for its products, optimising the cost of raw materials, in order to maintain a competitive advantage also on the commercial side.

For this reason too, the Company aims to develop long-term partnerships and collaborations. In this way, the Group establishes virtuous supply circles, oriented towards trust and future growth.



Customers

The Group's sales network consists mainly of agents with whom the Company has established solid collaborative relationships over time, in order to efficiently and effectively reach its customers. Although most customers belong to the large-scale retailing segment, the Group has always kept the smallest distribution channels open, trying to reach the end consumer more directly.

The Group carries out promotional and marketing activities in order to establish a direct dialogue with its customers. However, there is an awareness that the strongest tool for dialogue is the Company's focus on the level of quality and food safety of its products. For this reason, the Group, wanted to implement a system of specific safeguards throughout all phases of the procurement and production cycle, including through obtaining various certifications.



Local community

The Group aims to establish a clear and well-defined presence within the context in which it operates. In this regard, the context is understood as the geographical area in which the Group operates, but also as the set of elements that make up these areas. Among these elements is the local community and its socio-economic development. The company plans and conducts various initiatives to support the many communities it operates in, sometimes for charity, sometimes to raise awareness, sometimes for development.

It is also worth mentioning the contribution to the local supply chain that the Group, as a successfully operating business on the market, provides across a large part of the country.



Certifying bodies

The Group wanted to implement a management system for its operations over time that would allow full compliance with current regulations, as well as compliance with industry best practices.

In order to adapt sufficiently to these aspects, the Group has invested in some of the most important certifications related to the sector, focusing on ensuring high quality in its products and standards applied to production processes.

More detailed information on the types and applicability of certifications per facility can be found in the section “Certifications” and in Annex 1, at the end of this document.



Consumers

Consumer satisfaction has always been the Group's primary objective. The company takes great care to ensure the quality and safety of its products. In pursuit of this objective, the Group seeks to continuously innovate through significant and constant investments in research and development, in order to meet the growing needs of the market, both in terms of nutrition and taste. Furthermore, thanks to its wide range of products, the Group aims to satisfy particular groups of consumers with specific nutritional needs due to age, health reasons, food intolerances, or ethical, cultural and religious factors.



Trade unions

In their role as representatives of the workers, trade unions are the interlocutors with which the Group deals with regard to the application of contracts, the management of regulations and the definition of projects and initiatives concerning employees with a view to promoting and protecting work in the company's activities.



Investors

Those who choose to invest and place their trust in the Group have always been at the heart of what the company does. The support provided is indispensable, and the desire to establish a long-term relationship has always been a common goal. Among them are now mainly people who have seen the Group's business grow over time and who pursue responsible development.



Credit institutions

The Group's growth opportunities pass through relations with credit institutions, as irreplaceable partners for the development of the Company's resources and financial capabilities. Proving to be a reliable partner and attentive to the pursuit of growth that respects the interests of all stakeholders is a key element of shared success.



Farmers and supply chains

The relationship with the players in the agricultural world which the Group purchases its raw materials from is of fundamental importance to guarantee operational continuity, product quality and safety and to achieve consumer satisfaction. The Group maintains relations with numerous farmers within various supply chains and recognises their efforts through regular audits to ensure high standards for the end consumer, not only in terms of quality but also environmental and social impact. In fact, the company encourages farming practices that are attentive to social and environmental impacts, supporting the development of farmers. In particular, as far as milk is concerned, through its subsidiary Centrale del Latte d'Italia the Group has developed an extensive control over the supply chain, thus allowing for an adequate recognition of milk producers and the safeguarding of the territory and the zootechnical heritage through, for example, the promotion of the respect of animal welfare principles.



Lenders

Lenders contribute to the development of the Group through the lending of capital, therefore the Group assures its lenders of the transparency of the information reported having an impact on their assessments and decisions. The company maintains relations with lenders based on propriety and transparency, guaranteeing stability and credibility. Similarly, lenders are chosen from among those with all the necessary guarantees of soundness, transparency and who operate in the market with consolidated experience.



Universities and research institutes

The synergies between the Group, universities and other research bodies have enabled it to undertake projects geared towards innovation, research and the development of processes and products aimed at increasing consumer satisfaction. Thanks to these partnerships, the Group also carries out training, mainly related to the promotion of a healthy food culture. The institutions and universities the Group works with include those in the regions it operates in most, with a view to increasingly consolidating and developing the relationship with the local area.



2.4

Material topics for the group

[GRI 3-1]; [GRI 3-2]

The identification of material topics is the result of the process of identifying, assessing and prioritising ESG elements relevant to the Newlat Food Group and its stakeholders, as required by the International GRI Standards guidelines.

The concept of “significance” is also closely related, among other aspects, to the ability of these topics to affect the Group’s capacity to create value not just in the short term, but also in the medium and long term.

Double materiality

In recent years, it has become increasingly clear how ESG issues create risks and opportunities from a dual perspective: financial and impact. In line with the main international standards, we are therefore moving from a concept of single materiality, whose focus and starting point was the business itself, to a concept of double materiality that considers how relevant topics – along with their associated risks and opportunities – can positively or negatively impact the business and the ecosystem the company operates in. According to recent regulatory developments at the European level, companies should therefore disclose both the information needed to understand their impacts on people and the environment, the so-called impact materiality (with an “inside-out” perspective), and the information needed to understand how sustainability issues affect business and financial performance, i.e. financial materiality (with an “outside-in” perspective).

Impact materiality (inside-out perspective)

The process of updating the identification of material topics for this NFS first required the assessment of material topics both from an internal perspective, through the involvement of management, and from an external perspective, through the direct involvement of stakeholders. The Group had already introduced the concept of risk and opportunity as the basis for the assessment in the previous update of the materiality matrix (FY 2021) to better assess the impacts generated and suffered in the process of identifying material topics.

In detail, the method used for the identification and prioritisation of material topics went through the following steps:

» Step 1 – Identification of relevant topics

- » Possible topics relevant to the Group were identified through benchmarking with global macro trends and major sustainability reporting frameworks, with the requirements of investors and ESG rating companies, with commitments undertaken by customers and suppliers, and through comparison with a panel of companies and industry organisations.

» Step 2 – Stakeholder involvement

- » Following the identification of relevant topics, it was necessary to identify material topics and to define the importance of these for the Group and its stakeholders. Relevant topics were then assessed both internally and externally by initiating a Stakeholder Engagement Plan to define the priority for the Group. Through the administration of surveys, one-to-one meetings and workshops, among other things stakeholders were asked to assess the opportunities and risks involved in dealing with each topic.
- » The assessments are integrated and weighted in order to better represent the expectations of the stakeholders with regard to topics more important to them.

» Step 3 – Validation of the material topics

- » The results of the evaluation were shared with key internal stakeholders and subsequently approved by them. Since over time there can be perceptible changes with respect to the evaluation and prioritisation of each topic, material topics are systematically re-evaluated in such a way as to enable alignment with stakeholder interests and expectations.

» Step 4 – Management of the material topics

- » In this Statement, among other things the Group reports on its performance, the impacts of its operations and how they are managed. Each topical area is thus linked with a corporate function, which helps to define the actions necessary for the management and improvement of ESG aspects.

The result of the materiality analysis process described above consists of 13 topics, subject to approval by the Board of Directors, considered key to responsible development of the business and to assessing and managing its impacts.

FIGURE 4
Materiality matrix



Financial materiality (outside-in perspective)

In order to further develop the process and align with the 2021 GRI Standards and the double materiality principles introduced by CSRD, Newlat Food has integrated the concept of financial materiality into the materiality analysis, whereby the company considers the risks and opportunities arising from the management of ESG issues and the impact these might have on financial performance. Starting therefore from a Risk Assessment, including of ESG risks, the (current and potential) impacts suffered and sometimes generated with respect to the relevant topics were identified, including financial impacts. The main positive and negative impacts were considered according to their level of magnitude and probability of occurrence. The assessment performed yielded the results shown in the following table.

Double materiality


Integrating the results of the evaluations obtained from impact materiality and financial materiality and the related outside-in and inside-out perspectives, the material topics were ordered according to the value attributed in terms of double materiality, as a holistic combination of the two views. According to this criterion, the most affected and impactful topics are:

- » Product quality, safety and traceability
- » Listening to and protecting the consumer
- » Protection of worker health and safety
- » Sustainable packaging

TABLE 7

Double materiality

The following table shows the results of the analysis, illustrating the main negative and positive impacts – actual and potential – suffered and generated by the Company for each ESG issue and the resulting level of double materiality.

MATERIAL TOPICS IDENTIFIED AND PROPOSED FOR ASSESSMENT	MAIN IMPACTS	IMPACT MATERIALITY	FINANCIAL MATERIALITY	DOUBLE MATERIALITY	MATERIAL TOPICS IDENTIFIED AND PROPOSED FOR ASSESSMENT	MAIN IMPACTS	IMPACT MATERIALITY	FINANCIAL MATERIALITY	DOUBLE MATERIALITY
Product quality, safety and traceability	 Dissemination of rule- and regulation-compliant practices along the value chain and protection of stakeholders				Process environmental impact	 Reduction of environmental impact, respect for biodiversity and protection of resources			
	 Potential disservices, complaints and returns by customers or consumers due to product quality defects, as well as reputational damage					 Pollution of air, water and land, and acceleration of climate change			
Listening to and protecting the consumer	 Consumer health protection and product innovation to meet consumer and customer needs				Employment protection	 Job creation in the regions where the Group operates and promotion of a work environment that respects work-life balance			
	 Misalignment between market demand and supply due to changes in consumer habits					 Loss of know-how and possible impairment of efficient business continuity			
Protection of worker health and safety	 Protection of the health and safety of employees and co-workers and development of a safety culture, also outside the workplace				Legality, ethics and anti-corruption	 Spread a culture of legality among employees and promote respect for ethics			
	 Failure to disseminate and respect good practices can lead to worker injuries, absenteeism and sanctions					 Potential violation of local practices and cultures resulting from conducting business or engaging in behaviour contrary to the company's ethical standards or internal procedures			
Sustainable packaging	 Anticipate and prevent regulations on the banning of impactful or harmful materials				Responsible development and growth	 Positive fusion of new realities entering the Group, as well as support for the integration and enrichment resulting from the introduction of new cultures			
	 Lack of environmental and economic impact assessment (in case of regulatory intervention), as well as fluctuations in prices and availability of materials					 Instability (political, economic, fiscal, regulatory) in the global economy and in the countries where the Group produces or sells			
Sustainable farming practices, animal welfare and attention to raw materials	 Contribution to the creation of a sustainable value chain through the integration of social and environmental criteria in the selection of suppliers and support for the supply chain				Transparent governance and corporate identity	 Involvement of all stakeholders to increase and ensure their satisfaction and to seize the opportunities offered by a continuous dialogue with stakeholders			
	 Climate change such as temperature increase, loss of biodiversity, reduced water availability and/or soil productivity, which may affect the supply chain					 Potential non-compliance with laws and regulations and misrepresentation of facts to stakeholders			
Education, training and development of people	 Employee retention, increased attractiveness and increased competitiveness and level of corporate innovation				Protection of human rights, reduction of inequalities and respect for diversity and inclusion	 Promotion of human rights and diversity through the dissemination of a corporate culture based on the promotion of a discrimination-free environment			
	 Potential loss of talent due to lack of adequate staff development strategy and corporate welfare practices					 Encouragement of negative practices in the supply chain and fostering of a working environment that does not respect those who can contribute to value creation			
					Promoting the regions and communities the Group operates in	 Socio-economic development of local communities and promotion of community welfare through the implementation of social initiatives			

The table below also shows the relationship between the topics enumerated in Italian Legislative Decree 254/16 and the material aspects identified by the Group, which will be detailed in the following pages.

TABLE 8 RECONCILIATION BETWEEN THE AREAS OF ITALIAN LEGISLATIVE DECREE 254/16 AND THE GROUP'S MATERIAL TOPICS		
Areas indicated by Italian Legislative Decree 254/16	Material topic	Description of the material topic
Environmental aspects	Sustainable packaging	Among the materials used by the Group, a significant part is linked to packaging, an object that must guarantee the quality and satisfaction of the end consumer of each of our products. In order to ensure the best possible environmental performance, our focus is on reducing packaging material in absolute terms, prioritising recyclable materials and preferably materials from renewable sources. We are also committed to adopting and promoting behaviour with our stakeholders aimed at improving the environmental impact of packaging.
	Process environmental impact	The Group's entire value chain has an impact on the environment, from procurement through production to distribution. Current production and research and development for new products and technologies must aim for continuous improvement to limit the environmental impact in terms of energy consumption, emissions, waste production and water consumption. The latter is a limited and fundamental resource, which is of particular importance for our production. Monitoring and making efficient use of water in our factories is an ongoing commitment, as is careful management of water withdrawals and discharges to reduce consumption and impacts on water basins.
	Sustainable farming practices, animal welfare and attention to raw materials	Supporting sustainable agriculture that meets the world's food needs while protecting the environment and safeguarding farmers and consumers is a key element in ensuring a long-term business vision. Sustainable agriculture aims to increase productivity in food systems, protect and enhance natural resources, improve livelihoods, increase resilience and adapt the governance of the sector to new challenges. The monitoring of the entire supply chain allows the development of milk producers by promoting initiatives aimed at safeguarding the local region and the livestock. The Group is committed to joint projects with suppliers to raise quality and quantity standards, improve animal welfare and promote the production of the highest quality raw materials.
Social aspects	Product quality, safety and traceability	Ensuring maximum food safety throughout the production chain, from the selection of the raw material to their processing and packaging through to the traceability of distribution by means of a constant control and verification system that allows rapid intervention if necessary.
	Listening to and protecting the consumer	The consumer is at the centre of the group's brand activities. With this in mind, we are committed to ensuring the highest quality of our products and consumer satisfaction, listening and responding to their requests and needs, welcoming their opinion as a possible source of improvement and innovation and promoting opportunities and channels of communication.
	Promoting the regions and communities the Group operates in	The Group's industrial operations cannot disregard the surrounding region that they are both users and an active part of. With this in mind, we are committed to promoting initiatives to enhance and develop local communities and regions.

TABLE 8 RECONCILIATION BETWEEN THE AREAS OF ITALIAN LEGISLATIVE DECREE 254/16 AND THE GROUP'S MATERIAL TOPICS		
Areas indicated by Italian Legislative Decree 254/16	Material topic	Description of the material topic
Personnel aspects	Protection of worker health and safety	Guaranteeing the right of every worker to work in a healthy, safe place by promoting training and initiatives aimed at ensuring a safe, secure environment for all workers, regardless of ability and type of employment relationship is a priority. The Group is committed to implementing a system that ensures active control over the protection of workers in compliance with applicable regulations.
	Employment protection	Promoting the conditions to guarantee workers a stable, long-lasting employment relationship, investing in their professional development and internal growth, pursuing their protection through constant dialogue with the trade unions.
	Education, training and development of people	Create an organisation of people of value through training that enables the development of professional and cross-cutting skills, as well as special attention to the education of new hires, in order to create a talent retention and human capital development system within the Group.
Respect for human rights	Protection of human rights, reduction of inequalities and respect for diversity and inclusion	Ensure respect for the Universal Declaration of Human Rights and combat discrimination on grounds of gender, age, disability, ethnic, social and geographical origin, trade union membership, language, religion, political or sexual orientation, gender identity, nationality, marital status, in recruitment, hiring, training, remuneration, reward and dismissal procedures.
Fight against active and passive corruption	Legality, ethics and anti-corruption	The group operates on the basis of the ethical principles of legality and anti-corruption through internal procedures aimed at complying with the rules of conduct for all its stakeholders.
	Transparent governance and corporate identity	Respect for the values of integrity, transparency, accountability and fairness that allow for dialogue with all stakeholders and facilitate their involvement. Report social, economic and environmental performance as transparently and comprehensively as possible to build a strong corporate identity and continuous improvement objectives.
Cross-cutting aspects	Responsible development and growth	In line with the Group's policies and in accordance with the corporate vision, promote innovation through a system of generation, selection and development of new product projects, assessing their feasibility within the Group's own plants or seeking partnerships with external companies. The Group seeks opportunities for international growth in order to strengthen its competitiveness and expand its scope of action in an efficient, responsible manner, in compliance with relevant regulations and sustainable development.



2.5

The risk identification process

As noted above, the Newlat Food Group has implemented an Enterprise Risk Management (ERM) model to measure, monitor and manage risks in accordance with internationally recognised approaches. The Model is a tool of the Board of Directors drafted with the cooperation of all corporate functions, in order to have a complete, updated mapping of the risks that the Group is exposed to, an assessment and classification of such risks by means of common metrics aimed at identifying and prioritising measures to ensure their proper management.

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, including ESG risks. The impacts related to climate change were also taken into account in the risk assessment.

Periodic monitoring of the ERM model ensures continuous monitoring of the development of risks, the status of implementation of treatment plans and the emergence of new risks.

Following is a summary of the main risks generated and suffered in the areas of business identified by Italian Legislative Decree. 254/2016. 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.

Risks related to environmental aspects

In its production operations, the Group is exposed to specific environmental risks generated by and related to the following aspects:

- » Energy consumption
- » Waste generation
- » Management of processing scrap
- » Noise pollution from production processes
- » Emissions into the atmosphere
- » Withdrawal, consumption and discharge of water, as well as its treatment
- » Spillage of hazardous substances

With regard to climate change impacts, the Group has some plants close to water courses and one plant located not far from a reservoir, which have not caused significant problems in recent years. More potential impacts related to climate change can be found at the level of the supply chain, since agriculture and livestock breeding are closely linked to the climatic conditions of the areas the raw materials come from.

Other potential risks that are not currently considered critical may relate to the transition of business to a green economy.

Risks related to social aspects

The main risks related to social issues include the risk of not respecting the balance of environmental and animal resources at the basis of the supply chain of all the Group's products, the risk of defining an inadequate supplier evaluation system in terms of analysing compliance with social issues, the risk of incorrect application of competition and the free market, as well as the risk of not supporting the generation of socio-economic development in the local community and the risk of the supply chain.

Closely related to regulatory aspects, also worth mentioning is the risk of producing and selling products that do not comply with current regulatory requirements on food quality and safety.

As regards the risks incurred, the risk of incorrect application of competition and the free market by the supply chain relied on by the Group should be considered. The consequence of this risk would be the potential application of monopolistic policies by suppliers, favoured by the limited availability of raw materials, and their failure to comply with sustainability issues considered by the Company to be significant.

Risks related to personnel aspects

With regard to personnel management, the following risks have been defined for the Group:

- » Risk of lack of attractiveness and/or inability to retain key resources and skills.
- » Risk of not finding valuable personnel or who best meet the needs of the specific reference business.
- » Risk of the personnel's lack of training, including in the form of continuous updating.
- » Risk linked to the non-effective implementation of activities and projects aimed at developing a continuous dialogue between the company and its employees.

In addition to the aforementioned risks, there are also risks associated with the failed/inadequate implementation of measures to bring company procedures and operations into line with current regulations on worker health and safety.

This risk must also be understood as a risk incurred, if the consequences of non-compliance with the regulations in force are attributable to non-compliance by the employee. Among the risks incurred, mention should also be made of the risk associated with the limited availability and quality of direct and indirect labour, as well as the risk of loss of interest in working in the

company, with consequent production discontinuity due to conflicts and a reduction in the efficiency and effectiveness of the services rendered.

Risks relating to respect for human rights

With reference to respect for human rights, the Group is mainly exposed to the risks generated by:

- » Exploitation of child labour
- » Use of forced labour (or off the books) and illegal brokering
- » Violation of the rights of workers and individuals in general (the main one being discrimination)

These risks are also relevant for the Group with regard to the hypothesis of direct and indirect financing of organisations that operate in violation of human rights.

The following risks have been identified:

- » Risk of being subject to the management and control of legal persons/entities that are not concerned about the respect of human rights.
- » Risk of being financed directly or indirectly by organisations that do not operate in accordance with legal requirements.

Risks related to corruption issues

The risk of corruption must be considered taking into account that the Group operates in countries with a medium/high risk of corruption, such as Italy, or a medium risk, such as Germany.

The risk of corruption is especially relevant for the Group with regard to relations between private individuals. The risk of corruption towards public bodies/authorities/bodies, taking into account the Group's overall relations appears to be potential.

The main risks identified are:

- » Risk of corruption related to ordinary business activities in relationships with suppliers, customers and third parties of all kinds.
- » The risk of corruption linked to the management of relations and obligations vis-à-vis the Public Administration and the Supervisory Authorities (e.g. the management of inspection visits or the transmission of data and communications).

Among the risks incurred, we find the same risks as those identified above should the Group act as a passive party to corrupt conduct.



2.6

Environmental aspects

Sustainable farming practices, animal welfare and attention to raw materials

The adoption of sustainable agricultural practices, the respect and promotion of animal welfare and the attention paid to the selection of raw materials are of fundamental importance to the Group. In fact, these elements are closely interconnected: practices that respect the environment and animal welfare allow for a reduction and more prudent use of potentially harmful substances such as plant protection products and antibiotics, thus procuring products of higher quality and safer for the final consumer. Moreover, for some time now these elements have taken on a particular importance in the agri-food sector, both because of its specific vulnerability to certain risk factors, such as climate change, and because of the particular importance of the relationship of trust between producers and consumers with regard to the quality, safety and sustainability of agri-food production.

With this in mind, for example, the British company Symington's is a member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that promotes the cultivation and use of sustainable palm oil, and uses palm oil in its products exclusively from certified and sustainable sources.

The Group also promotes responsible practices and high quality raw materials through continuous collaboration with its supply chains. The raw materials used as ingredients in the production process are mainly semolina for dry pasta, flour for baked goods and milk for dairy products.

With regard to the semolina supply chain, a supply chain project has been set up to procure **100% Italian wheat from suppliers certified** under ISO 22005, who provide the Group with organic and wholemeal ingredients to make Delverde pasta.

With regard to milk, the company **Centrale del Latte d'Italia** has a strong control of the production chain, and thanks to close cooperation with farms and conferring breeders it has implemented numerous projects and chain agreements focused on the long term, aimed on the one hand at developing the production of Italian milk, and on the other at guaranteeing high safety and quality standards. **There are 11 managed supply chains**, including:

- » **The 100% Tuscan Milk Chain** with 49 stables, all certified for animal welfare and mainly family-run, with an average of about 40 head and in some cases just seven or eight cows.
- » **Mugello Selection Milk Chain**, which includes about 30 farms in the Tuscan Apennines, also certified for animal welfare.

- » **Maremma Selection Milk Chain**, 16 farms with animal welfare certification, all located in the province of Grosseto.
- » **100% Italian Infant Milk and 100% Italian Organic Infant Milk supply chains**, all of which are family-run short supply chains, certified for animal welfare and from which the milk is obtained, collected within 24 hours of the first milking, which meets specific requirements regulated by the Sistema Rintracciabilità Infanzia (SRI) specification. All stables belonging to the two supply chains are geolocated to ensure a minimum distance from industrial areas, motorways and other sources of pollution. The Organic Baby Milk chain also boasts one of the first five European farms to have implemented a robotised system for the distribution of food rations to cattle. The same farm supplies around 80% of its food rations through self-management of its own fields, thus representing an example of a closed-cycle supply chain.
- » **100% Piedmontese Milk Chain**, from which raw material is obtained from 33 Piedmontese farms with animal welfare certification. Four of them breed cows with the original genetic heritage, selected to produce milk with the protein Beta-Casein A2, which gives the milk a high nutritional value.
- » **Latte del Parco Chain**, obtained exclusively from raw material coming from farms located in the territory of the Cilento Vallo di Diano e Alburni Park and which operate in respect of animal welfare.

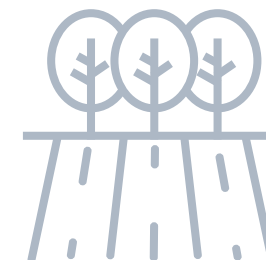
Integrated supply chain project (PIF)

The Group's commitment has taken concrete form in the PIF called "Promotion of Tuscan Cow's Milk" and undertaken by the Mukki brand together with the Tuscan farms that supply this raw material. The project aims to develop a well-structured milk supply chain with a low environmental impact, which increases animal welfare and the quality of the milk. The Florence production plant and the participating farmers aim to develop solutions for improvement and innovation on several fronts. These include:

- » The promotion of renewable energies, optimising and rationalising their use.
- » The modernisation of machinery and equipment, thus reducing atmospheric emissions, increasing production and animal welfare and improving safety in the workplace.
- » The construction and renovation of farm production facilities, such as stables, manures and barns, with a view to improving animal welfare, and consequently the quality and quantity of production.

Among the objectives that Mukki is aiming to achieve through the PIF are also projects aimed at reducing the environmental impact of the entire life cycle of Tuscan milk. Thus, an innovative Production Regulation of Tuscan Milk has been drawn up that defines a set of rules, good practices, requirements and production methods for conferring companies. Furthermore, a Life Cycle Assessment (LCA) has been undertaken, which has led to an Environmental Product Declaration (EPD) on the Mukki 100% Tuscan Milk line in addition to those previously obtained on the Mugello Selection Milk line. A process was then launched to analyse Tuscan milk with a view to pursuing both a continuous improvement in nutritional quality and a reduction in methane emissions into the atmosphere.

Finally, as part of the PIF an animal welfare assessment was initiated among the conferring farms using the Classyfarm method.



Animal welfare

For some time, the European Community public opinion and consumer associations have been paying increasing attention to the issue of animal welfare. For the Group, respect for animal welfare is of fundamental importance as it is closely linked to the quantity, quality and safety of milk. In fact, stress alters the hormones responsible for, among other things, the activity of the mammary glands in animals: the adrenaline released in a state of poor well-being leads to a reduction in the milk obtained from the milking process. Furthermore, a stressful condition can lead to a reduction in the protein and fat content, thus altering the nutritional properties of the product and even compromising the cheese production process.¹ Animal welfare also means improving the health of cattle and reducing the use of drugs, which are responsible for antibiotic resistance. In fact, the presence of antibiotics in foodstuffs is an extremely important issue for the health and safety of the consumer: the drugs used for therapeutic interventions on an animal can be transferred to milk and thus be ingested by the consumer. Respect for animal welfare is therefore an advantage for farmers, who gain in productivity, product quality and animal life span, for the consumer, who gets a healthier, higher quality product, and for the environment, with less impactful structures that are more integrated with the surrounding landscape and more energy efficient.

The Group's commitment to protecting the health and welfare of the dairy cows on its conferring farms is therefore an essential factor, as is respect for the environment and care for the consumer. With a view to continually improving the quality and safety of its products, the company has undertaken to increase the proportion of milk from suppliers who guarantee animal welfare: 100% of the fresh, high-quality milk of the Tapporosso and Latte Tigullio brands comes from farms in Piedmont that have animal welfare certification, as does the high quality fresh milk of the Centrale del Latte di Vicenza brand. Recently, Centrale del Latte Salerno also launched a project to promote animal welfare among its contributing farmers. In this regard, the Latte del Parco line is only made with milk from stables with the "Gli Allevamenti del Benessere" certification, recognised by the Italian Livestock Farm Association (AIA).

Currently, 92.5% of High-Quality milk from local suppliers comes from supply chains with animal welfare certification. In Turin, Rapallo, Vicenza and Florence this share reaches 100%.

% HIGH QUALITY MILK FROM LOCAL SUPPLIERS COMES FROM SUPPLY CHAINS WITH ANIMAL WELFARE CERTIFICATION.



Supplier selection

The Group's suppliers mainly include those for food raw materials, especially milk and semolina, for packaging, for finished products made by third parties, for services and for auxiliary production materials. Such materials, products and services may have a direct or indirect impact on the quality and safety of the products offered by the Company. The Group undertakes to require its suppliers and external contractors to comply with the principles of conduct adopted by the Group itself. For this reason, each supplier, business partner or external contractor is notified of the existence of the Code of Ethics, the Organisational Model pursuant to Italian Legislative Decree 231/01 and the regulatory principles adopted by Newlat Food Group.

[GRI 308-1]; [GRI 414-1]

Therefore, the Group's Italian companies, in addition to taking into account certain key elements such as the professionalism and experience of suppliers or a quality-price ratio that also fully satisfies the end consumer, have implemented a structured supplier evaluation and selection process that ensures both high standards from the point of view of quality and safety of supply and the consideration of environmental and social criteria.



In order to manage these requirements correctly and to promote continuous improvement, the company applies an Integrated Quality Management System procedure that covers the procurement process, supplier qualification and audits, thus enabling suppliers to be accredited and their performance monitored over time:

1. Pre-qualification and supplier risk assessment

The pre-qualification process is essential to verify that the supplier complies with all national and EU regulations and has all the necessary authorisations. In order to assess the professional suitability of the supplier, minimising any risks associated with the supply, the Group may, for example, request the HACCP plan, DURC documentation, samples of materials and raw materials estimates, or verify the regular payment of wages or take out insurance to cover any damage caused by the supplier. Furthermore, the quality and safety characteristics of the raw materials supplied are checked at this stage. These are defined in specifications and technical sheets that are the result of cooperation and discussions with the suppliers themselves, and include requirements that are much more ambitious than those laid down in current laws, such as

¹ Pulina, et al. (2016). "Sustainable ruminant production to help feed the planet". *Italian Journal of Animal Science*.

environmental protection and compliance with ethical and social principles. The checklists used for supplier qualification audits contain specific references to these criteria, including possession of environmental certification, such as ISO 14001, ethical certification, such as SA8000, SMETA, animal welfare, worker health and safety conditions and the quality of raw materials supplied, which is also assessed on the basis of information on the potential risk of genetically modified organisms (GMOs) or any recalls.

Suppliers of raw materials and ingredients

All suppliers of raw materials and ingredients are assigned a risk level using a risk assessment form. In the pre-qualification phase, suppliers of milk and of all raw materials subject to constraints by Regulations and Chain Contracts (e.g. the Tuscan Milk Chain, the Italian Wheat Chain, or the Infant Milk Chain) are subject to preliminary audits divided into two complementary phases: an assessment of the structures and management of the farm and a hygiene and health check aimed at examining hygiene and food safety aspects. These audits cover both the site where the raw material is processed and the farm where primary production takes place. During farm visits and inspections, farmers are also made aware of the importance of environmentally friendly practices, animal welfare principles and the prudent use of medicines. Moreover, milk samples are systematically taken from each farm and analysed by accredited internal and external laboratories for fat, protein, lactose, somatic cells, bacterial count and other nutritional parameters in order to verify compliance with the regulations in force and to classify the quality of the milk (high quality, for example), thus determining the appropriate payment based on these values.

Suppliers of primary packaging, ancillary materials, finished products made by third parties and services

The risk class of these categories of suppliers is not determined through a risk assessment form, but on the basis of the relevance and impact of the individual product or service on the end result to be ensured. The assessment and selection of suppliers may also be based on further criteria: in the case of finished products, the Procedure may for example provide for the request of a product sample which is subject to sensory evaluation and chemical and microbiological conformity to ascertain quality and safety standards. Similarly, the selection of a packaging supplier may be based among other things on compliance with the material data sheet, suitability for food contact, the performance of the materials supplied on the packaging lines, the guaranteed integrity of strength and durability of the packaging, etc.

2. Performance monitoring and supplier retention

If the supplier meets the requirements set out in the Procedure, it is declared eligible to be added to the Group's supplier list, and subsequently performance monitoring is initiated. This assessment is performed at a frequency determined on the basis of the level of risk attributed to each supplier and by various means, such as updating informative documents, performing audits and monitoring visits or analysing any complaints received. A non-compliant audit may lead to the supplier being declared ineligible to supply to the Group. If, on the other hand, the score is sufficient but below a certain threshold, the supplier will receive feedback on the issues raised and an improvement plan to correct any non-conformities.

Process environmental impact

The Group's primary objective is to ensure the continuity of production through a constant supply of resources employed in production operations. The awareness that each production can have an impact on the local region makes it necessary to pursue certain strategies. In this sense, the Group is striving for ever-increasing process efficiency with a view to limiting the environmental impact of its plants. The choices that the company makes to achieve this goal are, for example, the introduction of more efficient machinery, the selection of energy from renewable sources or raising people's awareness of reducing consumption. Furthermore, over the years some of the Group's plants have adopted an Environmental Management System in accordance with the UNI ISO 14001 international standard and certified by a third party. Today, there are five such plants: Ozzano Taro (PR), Turin, Vicenza, Rapallo (GE) and Florence. It is being considered to extend this management system to the Group's other Italian plants as well, with a view to pursuing continuous improvement in its environmental practices and increasing worker awareness. In accordance with its commitment to containing the use of non-renewable resources, for the Florence plant the Group has obtained certification of the Organisation's Carbon Footprint as per the ISO 14064 standard.

All consumption, atmospheric emissions, water use and waste production are systematically monitored, so that the values for these data can be determined and the results achieved can be accurately quantified following the improvements made. The main areas of analysis of the Group's environmental impact, discussed in more detail on the following pages, include:

- » Energy consumption and emissions
- » Water management and use of water
- » Waste management and spills

Energy consumption and emissions

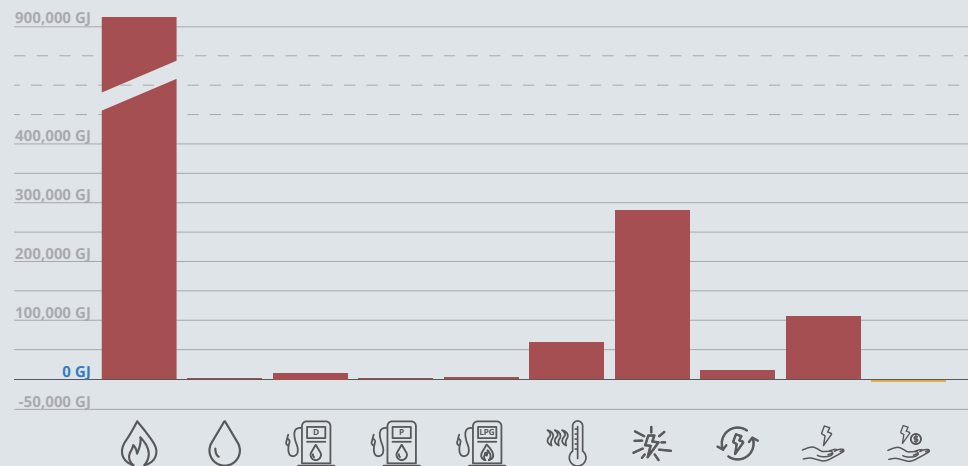
Energy consumed within the organisation

The Group's energy consumption comes from various sources. Energy is used within the production process to power machinery and equipment. For the world of pasta and bakery products, energy consumption is therefore due to the cooking and drying processes. While for the milk world energy is mainly used in heat treatments and to power the cold chain, which are essential to guarantee the safety of the final product. The Group also uses diesel in the production plants to provide continuous power to the refrigeration cells in case of emergency, by means of generators.

Energy is also used in part for the lighting and air conditioning of work spaces, such as offices, plants and warehouses, as well as for the operation of all electronic devices and to power the Group's fleet of cars and goods transport vehicles for direct sales to customers.

The energy sources used by the Group are both renewable and non-renewable. The Group's energy consumption is shown below.

Energy consumed in 2022



1,324,086 GJ
TOTAL ENERGY CONSUMED

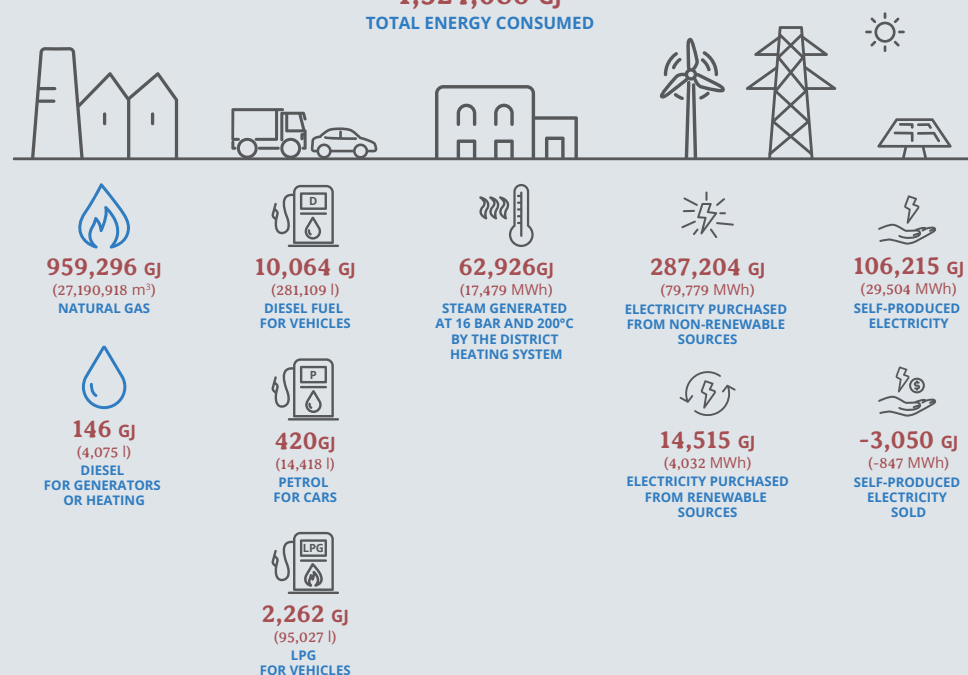


TABLE 9 ENERGY CONSUMED WITHIN THE ORGANISATION, DIVIDED INTO RENEWABLE AND NON-RENEWABLE SOURCES [GRI 302-1]

Sources	UdM	2022	2021	2020
Natural gas	m ³	27,190,918	25,858,068	25,499,402
Diesel for generators or heating	l	4,075	6,535	30,308
Diesel fuel for vehicles	l	281,109	287,385	-
Petrol for cars	l	14,418	13,825	-
LPG for vehicles	l	95,027	48,405	-
Steam ²	MWh	17,479	19,474	21,189
Electricity purchased	MWh	83,811	74,992	69,898
of which from non-renewable sources	MWh	79,779	71,212	67,012
of which from renewable sources	MWh	4,032	3,780	2,886
Self-produced electricity	MWh	29,504	25,718	26,234
Self-produced electricity sold	MWh	(847)	(43)	(152)

Sources ³	UdM	2022	2021	2020
Natural gas	GJ	959,296	912,273	913,022
Diesel for generators or heating	GJ	146	234	1,320
Diesel fuel for vehicles	GJ	10,064	10,289	-
Petrol for cars	GJ	420	403	-
LPG for vehicles	GJ	2,262	1,161	-
Steam	GJ	62,926	70,105	76,280
Electricity purchased	GJ	301,719	269,971	251,633
of which from non-renewable sources	GJ	287,204	256,363	241,243
of which from renewable sources	GJ	14,515	13,608	10,390
Self-produced electricity	GJ	106,215	92,585	94,443
Self-produced electricity sold	GJ	(3,050)	(155)	(548)
Total energy consumed ⁴	GJ	1,324,086	1,252,583	1,245,389

² Value relative to the steam generated at 16 bar and 200°C by the district heating system.

³ The conversion factors used to calculate the value of GJ of energy consumed come from the "National Standard Parameters Table - ISPR 2020" for the year 2021 and from DEFRA's "GHG Conversion Factors for Company Reporting" for 2020.

⁴ The total amount of energy consumed does not include the amount of fuel used for the car fleet shown in the table, nor the amount of electricity self-produced (nor sold to third parties) by the natural gas-fired cogeneration plants, since the share of energy is already included within natural gas consumption.

Since 2021 the Group has also started to quantify the fuel consumption of its own vehicles, whether diesel, petrol or LPG. A significant share of this consumption is accounted for by Symington's company-owned vehicles.

The increase in the Group's energy consumption in 2022 is mainly attributable to the inclusion of the British company Symington's for the entire year in the scope of consolidation, whereas in 2021 it was only controlled by Newlat Food for a few months of the year.

For the purposes of reporting actual consumption, only properties owned by the Group or that are in any case under the direct control of the latter have been taken into account.

Most of the Group's self-produced energy comes from cogeneration plants, but also from solar panels. Projects are being studied to extend alternative sources of energy production in plants and to reduce their consumption, with the aim of reducing the environmental impact of production and consumption.

Energy intensity

The Group considered the product produced in the relevant reporting year as a representative unit of the energy intensity. Energy intensity was thus obtained by determining the ratio of energy consumed, expressed in Giga joules, per tonne of product produced. The figure was down and reflects production efficiencies and higher volumes handled by the Group during the year.

TABLE 10 ENERGY INTENSITY CALCULATED AS THE RATIO OF ENERGY CONSUMED TO PRODUCT PRODUCED [GRI 302-3]			
Formula	Absolute values	Energy Intensity index	
FY 2022			
Total energy consumed (GJ)	1,324,086	= 2.84	
Total product produced (tonnes)	466,117		
FY 2021			
Total energy consumed (GJ)	1,252,583	= 3.03	
Total product produced (tonnes)	413,279		



We also monitor the relationship between energy consumed and turnover to analyse commercial efficiency.

TABLE 11 ENERGY INTENSITY CALCULATED AS THE RATIO OF ENERGY CONSUMED TO TURNOVER [GRI 302-3]				
Formula	Absolute values		Energy Intensity index	% Change YoY
FY 2022				
Total energy consumed (TJ)	1,324,086	=	1.79	-10.5%
Turnover (€M)	741.094			
FY 2021				
Total energy consumed (TJ)	1,252.583	=	2.00	- 17.01%
Turnover (€M)	625.226			
FY 2020				
Total energy consumed (TJ)	1,245.389	=	2.41	- 23.00%
Turnover (€M)	516.943			

The table shows a gradual reduction in the Group's energy intensity index over the last three years.

Reducing energy consumption

[GRI 302-4]

The company aims to continuously improve the efficiency of its production processes. Limiting the environmental impact makes it possible to strengthen the competitiveness of companies, especially those that intend to respond to the growing environmental awareness of consumers, as in the case of the Group.

With this in mind, a number of programmes and investments aimed at reducing energy consumption were launched in 2022. Among them, a 2,800 m² photovoltaic plant with a power output of 340 kW was built at the Florence headquarters, which will allow for savings of about 180 tonnes of CO₂ in 2023. At the Fara San Martino plant a new energy-efficient compressor was installed, reducing energy consumption by 30% and thus enabling an estimated annual saving of 282 MWh compared to the system previously in operation. New compressors were also recently installed at the Sansepolcro and Eboli sites, thanks to which a reduction in CO₂ emissions of 21% and 7% respectively is expected in one year compared to the systems previously in operation. In addition, a multi-year plan to increase the energy efficiency of lighting systems by installing LED technology is under way in all Group plants. At the Vicenza site, new boilers were recently installed, thanks to which it has been possible to achieve a reduction in nitrogen oxides emitted into the atmosphere.

Direct and indirect GHG⁵ emissions

The following data illustrate the amount of CO₂eq emissions produced by the Group, both directly (Scope 1) and indirectly (Scope 2), in the course of its production operations. Emissions are net of any allowance trades with third parties or purchases of Guarantee of Origin (GO) certificates.

TABLE 12 DIRECT AND INDIRECT GHG EMISSIONS [GRI 305-1]; [GRI 305-2] ⁶			
Emissions – tCO ₂ e	2022	2021	2020
Direct emissions Scope 1 ⁷	49,751	47,356	45,964
Indirect emissions Scope 2 – market based	41,354	40,888	39,588
Indirect emissions Scope 2 – location based	32,048	26,965	26,026
Total Emissions (market based)	91,105	88,244	85,552
Total Emissions (location based)	81,800	74,321	71,990

Emissions into the atmosphere produced by the Group are closely linked to electricity consumption, the consumption of natural gas, the use of fossil fuels and emissions deriving from the climate altering substances present in the cold rooms.

Total emissions increased, following a steady trend that goes hand in hand with the Group's growth. In fact, between the 2021 figure and the 2022 figure the increase is justified by the consolidation for the entire year of the British company Symington's (previously consolidated for only five months).

In order to provide an indication of performance over the three-year period with respect to turnover, the carbon intensity, down 8.6% year-on-year - is shown below.

⁵ Greenhouse gases

⁶ Data from the previous two years have been updated to make them comparable with the year 2021 in which the Scope 2 emissions were calculated using the Location-based and Market-based methods. The GHG Emissions Calculation tool was used to calculate the emissions:

Scope 1, fuels: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;

Scope 1, refrigerant gases: European regulation Fgas 517-2014;

Scope 2, steam: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;

Scope 2, location-based electricity: Isprambiente, "Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei", Ed. 2020;

Scope 2 2021, market-based electricity: AIB European Residual Mixes 2018 v1.2 (published July 2019).

Scope 2 2022: Market-based electricity: AIB European Residual Mixes 2021 v1.0 (published May 2022).

⁷ Unlike 2020, the 2021 and 2022 Scope 1 emissions figure includes the company car fleet and emissions from the use of climate-change agents in refrigeration systems.

Carbon intensity

TABLE 13 CARBON INTENSITY [GRI 305-4]				
Formula	Absolute values		Carbon Intensity index	% Change YoY
FY 2022				
Total emissions (tCO ₂ e)	91,105	=	0.1952	-8.6%
Total product produced (tonnes)	466,117			
FY 2021				
Total emissions (tCO ₂ e)	88,244	=	0.2135	-
Total product produced (tonnes)	413,279			

TABLE 14 CARBON INTENSITY CALCULATED AS THE RATIO OF TOTAL EMISSIONS TO TURNOVER [GRI 305-4]				
Formula	Absolute values		Energy Intensity index	% Change YoY
FY 2022				
Total emissions (tCO ₂ e)	91,105	=	122.93	-12.90%
Turnover (€M)	741.094			
FY 2021				
Total emissions (tCO ₂ e)	88,244	=	141.14	-14.72%
Turnover (€M)	625.226			
FY 2020				
Total emissions (tCO ₂ e)	85,552	=	165.50	-13.67%
Turnover (€M)	516.943			

For the second consecutive year, the Group's environmental performance between 2021 and 2022 was also recognised by a major study carried out by Statista (a German digital platform that manages one of the world's leading statistics and business intelligence portals) and published in the *Corriere della Sera* newspaper. In fact, the Group is one of the most climate-conscious Italian companies, thanks to the improvement in the ratio of CO₂ emissions to turnover.

CARBON INTENSITY 2022

-8.6%

Carbon intensity calculated
as the ratio of total emissions
to product produced



-12.9%

Carbon intensity calculated
as the ratio of total emissions
to turnover

Home-work commuting plan

The Group pays close attention to the daily commute of employees, especially for its main Italian plants close to metropolitan areas, and draws up a Home-Work Commuting Plan. This plan is aimed at promoting a reduction in the use of individual motor vehicles in systematic home-work commuting, thus helping to decongest vehicle traffic and reducing the resulting environmental impact. To do this, the Group first carried out an internal survey to monitor the commuting habits of staff and to raise awareness of this issue. Following the survey, various initiatives to promote more sustainable mobility were considered, updated over time on the basis of the results of regular employee surveys, with the aim of monitoring travel trends following the awareness-raising activities undertaken and measures adopted.

Water management and use of water

[GRI 303-1]; [GRI 303-2]

Water is a precious resource and its responsible use is one of the basic principles of environmental protection and preservation. The Group uses water both as a raw material, e.g. in the production of dry pasta, baked goods and some ready meals, and for cooling, rinsing and washing production facilities and machinery, which is essential to ensure high standards of hygiene. In smaller quantities, water is also used to provide hygiene services to employees. With a view to limiting waste as much as possible and optimising water use, the group's companies have set up a monitoring system to manage water as efficiently as possible.

The water used by the Group comes mainly from groundwater, drawn from its own wells, or from water supplied by the public waterworks. In compliance with regulatory standards for the food industry, the Group uses only potable water as an ingredient.

The Group pays careful attention to the disposal of wastewater to avoid damage to the environment caused by an improper performance of this activity. Water discharges are managed in full compliance with the regulations in force in the various states where the plants are located.

The way in which wastewater is managed differs from site to site on the basis of different production processes, and consequently different management methods. Before being discharged, where necessary wastewater is treated in biological or chemical-physical purification plants, either within the Group or by third parties, in order to reduce impurities and the concentration of pollution parameters. In fact, industrial water discharges must comply with limit values established in current regulations.

Incoming and outgoing water is periodically subjected to routine sampling and analysis, generally performed by qualified laboratories. Among the measures to make water use more efficient, 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, on the other hand, in order to reduce water consumption in milk processing a drinking water plant was installed that allows for the recovery of 30,000 m³ of water per year, a volume equal to 12 Olympic-size swimming pools. The Rapallo plant, in addition to the analyses performed by the managing body, provides for further periodic self-checks to verify compliance with the parameters of the wastewater discharged into the public sewerage system.

The following table shows the Group's water withdrawals for the year 2022, broken down by type and source of supply. As most of the factories operate in areas considered by the WRI (World Resource Institute) as high or extremely high water stress, the water from these areas is 848,035 m³, or approximately 20% of the total water abstracted. Plants in these areas⁸ include those in Bologna, Fara San Martino (CH), Corte de Frati (CR), Eboli, Salerno, Sansepolcro and Florence.

8 All other Group plants operate in areas considered to be at medium-high or lower risk of water stress.

Water withdrawal in 2022

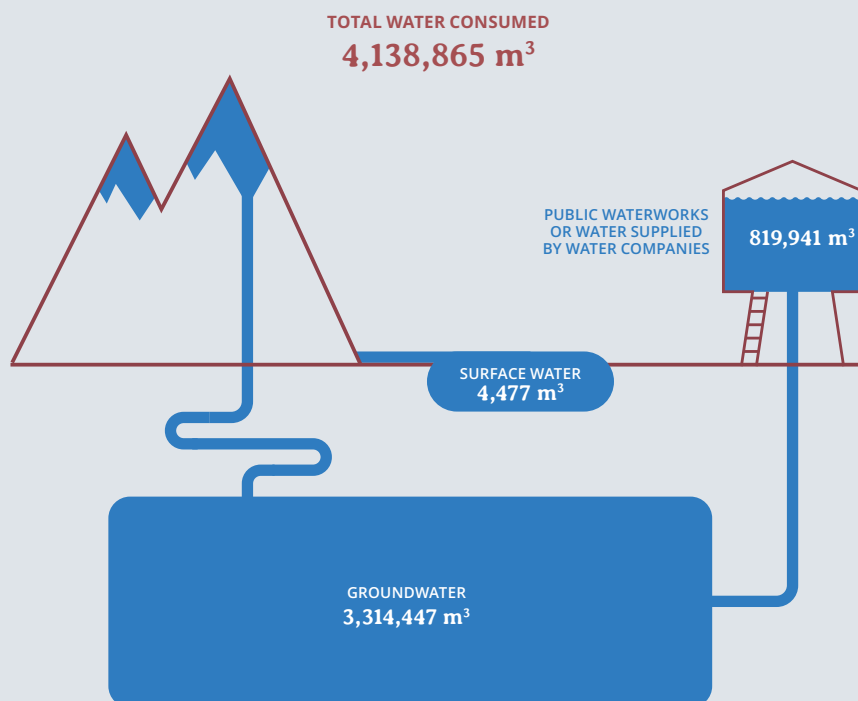


TABLE 15 WATER WITHDRAWAL [GRI 303-3]⁹

	2022	2021	2020
Water sources - m³	< 1000 mg/L	< 1000 mg/L	< 1000 mg/L
Surface water	4,477	3,939	34,647
Groundwater	3,314,447	3,007,983	2,779,903
Public waterworks or water supplied by water companies	819,941	758,072	464,306
Total water consumed	4,138,865	3,769,994	3,278,856

As in previous years, in 2022 only fresh water (with ≤1,000 mg/l total dissolved solids) was taken. By virtue of the consolidation of Symington's for the entire year of 2022 the Group experienced an increase in water withdrawals compared to the previous two years.

⁹ As a result of refinements in the calculation of water withdrawal, the water withdrawn in 2020 is only freshwater.

Waste management and spills

In order to reduce the impact of waste produced by the Group's activities on the environment and optimise the recovery of production waste and surpluses, the Company is constantly looking for effective and efficient solutions. Among the various fronts, in addition to the efficiency of the industrial process, which is constantly measured and monitored, initiatives are conducted to promote the circularity of the Group's economy, without prejudice to the importance of careful differentiation of the waste produced to promote recycling.

In more than half of the locations the proportion of waste not destined for disposal but recycled or recovered is over 90%.

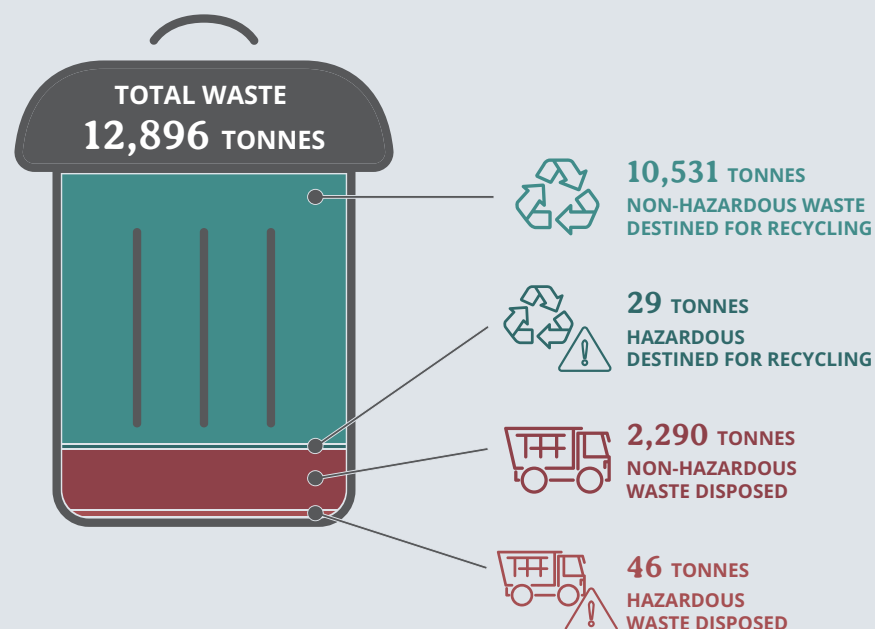
This was achieved by the plants of:

- » Bologna
- » Corte de' Frati (CR)
- » Eboli (SA)
- » Florence
- » Lodi
- » Mannheim
- » Ozzano Taro
- » Reggio Emilia
- » Vicenza

Among these, in the plants in Bologna, Corte de' Frati (CR), Mannheim and Ozzano Taro the share of waste destined for recycling or recovery (i.e. not for disposal) even reaches 100%. Moreover, to reduce waste production, almost all animal and vegetable waste and surpluses were reused in animal husbandry in 2022 to support the circular economy practices of the sector.

The waste disposed of comes mainly from production processes, and with a view to continuous improvement over the years the Group has implemented a constant, accurate monitoring system aimed at quantifying waste and tracking its recovery and disposal. Waste management is based on specific procedures, in accordance with the legal provisions of the various states that the Group's plants are located in.

Waste by type and disposal in 2022



The table summarises the amount of waste produced in the past three years and how it was disposed of.

TABLE 16 WASTE BY TYPE AND DISPOSAL [GRI 306-3]¹⁰

Waste - Tonnes	2022			2021			2020		
	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Disposal	46	2,290	2,336	43	1,588	1,631	32	1,315	1,347
Recycling	29	10,531	10,560	25	9,050	9,075	21	6,088	6,109
Total	75	12,821	12,896	68	10,638	10,706	53	7,403	7,456

¹⁰ The waste presented in the previous NFS as destined for Incineration, Landfill and Consortium Sewerage Treatment has now been reclassified under Disposal.

Following an update to the GRI standards, the reporting items of Indicator 306-3 were changed. For the sake of comparability, the information is reported both according to the last edition of the standards and according to the 2021 update.

TABLE 17 HAZARDOUS AND NON-HAZARDOUS WASTE [GRI 306-4]; [GRI 306-5]

Non-hazardous waste FY2022			
	Diverted from disposal	Disposed of at an external site	Total
Other recovery operations	3,747	0	3,747
Other disposal operations	0	1,061	1,061
Landfilling	0	334	334
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	895	895
Preparation for re-use	0	0	0
Recycling	6,784	0	6,784
Total	10,531	2,290	12,821
Hazardous waste FY2022			
	Diverted from disposal	Destined for disposal at an external site	Total
Other recovery operations	0	0	0
Other disposal operations	0	17	17
Landfilling	0	26	26
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	3	3
Preparation for re-use	0	0	0
Recycling	29	0	29
Total	29	46	75

During 2022 there was an increase in the amount of waste produced by the Group, mainly due to the increase in the reporting boundary. Thanks to virtuous practices favouring the recycling of waste, as well as attention to waste management, the share of recycled or recovered waste amounts to 82%.

[GRI 2-27] In 2022 the Group received four fines totalling Euro 22,971 for exceeding discharge limits in public sewers. These fines did not entail any major consequences.

Fighting waste

Combating food waste can make a significant contribution to reducing environmental impacts. Such waste accounts for 6% of global greenhouse gas emissions.¹¹ The Group has undertaken various activities aimed at reducing food waste, thus contributing to the promotion of virtuous conduct to foster a circular economy.

One of these initiatives is participation in the TECH4MILK project. In partnership with the University of Turin and the Institute of Food Production Sciences, Centrale del Latte d'Italia has provided human resources, expertise and advanced milk sterilisation equipment to optimise the thermal treatment processes of UHT milk. This project aims to extend the shelf-life of UHT milk and thus reduce the amount of beverage discarded due to exceeding the expiry date.

The Group also donates surplus products to support people in need, with a view to making the most of products close to their expiry date. Products that have expired but are still perfectly suitable for consumption are donated free of charge to the needy through local associations and charities such as Banco Alimentare.

Also with a view to contributing to the fight against waste, the company Centrale del Latte d'Italia has implemented new production and packaging lines for fresh and UHT milk that guarantee a reduction in waste materials and greater possibilities for recycling.

¹¹ Ritchie, H. (2020). Food waste is responsible for 6% of global greenhouse gas emissions. Taken from Our World in Data: <https://ourworldindata.org/food-waste-emissions>

Sustainable packaging

To make its products, the Group mainly uses raw materials of vegetable or animal origin, in addition to packaging materials and packaging, which are necessary to preserve the products during distribution and sale and to ensure quality, safety, goodness and proper preservation for the final consumer over time and thus contribute to reducing food waste.

In fact, it is estimated that in upper-middle-income countries as much as 67% of food waste occurs in households,¹² sometimes as a result of poor storage due to packaging. Functional packaging extends the shelf-life of the food, allows the appropriate quantity to be purchased and helps in interpreting the expiry date providing information on proper storage. Packaging is therefore crucial to support the fight against food waste.

Current regulations concerning materials in contact with foodstuffs sometimes impose a reduced freedom of choice for the Group, however it is believed that implementing increasingly responsible solutions is of fundamental importance. With increasing consumer and governmental initiatives to reduce the environmental impacts of packaging and in light of the Plastics Strategy presented by the European Union, the adoption of sustainable packaging can create new opportunities for innovation and competitiveness for the private sector, contributing to the achievement of a circular economy.

¹² United Nations Environment Programme (2021). Food Waste Index Report 2021. Nairobi.



In this context, the sustainability of packaging represents a path of continuous improvement for the Group to limit its environmental impact without sacrificing the safety, resistance and durability of its packaging. The company pursues this goal through a multifaceted commitment:

- » Use recycled, recyclable and renewable materials, moderating the use of virgin materials.
- » Reduce the amount of packaging material in absolute terms.
- » Reduce the types of material used.
- » Choose materials responsibly.

With this in mind, Centrale del Latte di Torino has long been a member of CORIPET, a voluntary consortium for the recycling of PET plastic bottles. Thanks to this synergy, today all fresh and ESL¹³ milk in PET plastic bottles of the Tapporosso and Latte Tigullio brands (produced in the Turin plant) come from recycled rPET plastic, a lightweight, highly resistant material that is itself recyclable. The Vicenza plant is also introducing rPET packaging for use with a selection of products, such as ESL milk and highly digestible UHT.¹⁴

The Group has also increased its use of innovative and renewable materials for packaging. The Florence plant uses Tetra Rex Plant Based,¹⁵ a renewable material composed of cardboard and plastic of vegetable origin, obtained from sugar cane, for its 1 litre packs of fresh milk and ESL bearing the Mukki brand. The Tapporosso and Latte Tigullio brands have also launched Plant-based Tetra Rex packaging for the ESL Bio milk range. Compared to the old packaging, the adoption of the new packaging allows a reduction in CO₂ emissions. Mukki's Plant-based Tetra Rex packaging have been certified carbon neutral by the Carbon Trust since 2021. This recognition is also in progress for the Tapporosso brand. By adopting Tetra Rex Plant-based packaging, Mukki has also changed its secondary packaging from plastic baskets to cardboard boxes, thus reducing its annual use of plastic.

Among the various initiatives aimed at using alternative materials to plastic, Centrale del Latte d'Italia S.p.A. has adopted fully recyclable paper pots for its 100% natural yoghurt line (produced under the brands Mukki, Tapporosso, Latte Tigullio and Centrale del Latte Vicenza). Brown paper packaging, also certified zero-emission, is another important innovation adopted by the Group. Brown paper, which is not chemically bleached, lighter and totally recyclable, has been introduced on the LAATTE (branded Tapporosso and Latte Tigullio) and Latte del Parco (branded Centrale del Latte Salerno) lines. On the latter line, which is also certified carbon neutral, the packaging also plays the important role of informing the consumer about the origin and route of the milk. Using a QR code, it is possible to identify the time of milking and the milking stalls, and to learn about the history and the regions of the farms involved.

The Group also pays particular attention to the responsible management of packaging raw materials: 99% of the packaging used by Centrale del Latte d'Italia is made from FSC-certified paper and therefore obtained from forests managed in accordance with strict environmental, social and economic standards.

¹³ Extended Shelf Life milk

¹⁴ Ultra High Temperature - long-life milk

¹⁵ Tetra Rex Plant-based packages are produced by Tetra Pak, a company engaged in food processing and packaging solutions.



Also in the pasta and bakery world, investments are currently being made to innovate current packaging for better environmental performance. Among the various projects being tested are, for example, the development of a recyclable and compostable wrapper for rusks and the adoption of packaging for dry pasta in various formats made from 30% recycled plastic materials. FSC-certified paper packaging has long been used by the Pezzullo brand for all its pasta lines. Pezzullo also pays attention to the sustainability of secondary packaging: collaboration with the 100% Campania network¹⁶ has made it possible to use cartons for transporting the pasta made from paper and cardboard from the separate waste collection of families and companies in the Campania region. Recently the UK subsidiary Symington's also innovated its product packaging, switching to the use of recyclable packaging on its Sachets line of Mugshot brand products and other private label lines. In the same year, Symington's obtained FSC Chain of Custody certification for its paper packaging.

¹⁶ 100% Campania is a network formed by six companies in Campania belonging to the paper and packaging chain with the aim of developing environmentally friendly and sustainable packaging and supports from the waste from the local separate collection of paper and cardboard.



2.7

Social aspects

Product quality, safety and traceability

One of the Group's primary objectives has always been to guarantee the quality and safety of the products it offers. This is ensured by a careful selection of raw materials, numerous checks carried out on the product during all stages of the production process, extensive controls of distribution methods, the involvement of all employees in activities to raise awareness of these materials and significant and constant investment in research and development, aimed at improving the products offered in terms of both nutrition and taste. In order to ensure that all aspects of product quality and health and safety are constantly monitored, the Group has a Quality Policy, supported by a management system and specific internal functions responsible for monitoring this issue.

Food quality and safety monitoring cover all stages of the food chain, with prevention and control of known and emerging risks. The adoption of such a management system therefore enables the Group to guarantee the end consumer a safe, quality product that complies with the standards and regulations in force in all the countries it operates in.

The Company ensures the quality and safety of the products it offers right from the supplier selection phase, their qualification being based on the rigorous evaluation and selection processes discussed in the previous section. The adequacy of procurement requirements is formalised in the specifications and contracts outlined with suppliers and verified through continuous and effective controls to monitor quality and food safety indicators. As soon as the raw materials arrive at the plant, the first analyses are performed on the product so that it can be accepted or rejected if it does not meet the required parameters. The Group also promotes the quality and food safety of the products it offers through regular internal audits on production processes, aimed at ascertaining the adequate hygienic conditions and the correct structural requirements of the production sites, promptly identifying potential areas for intervention and improvement. With this in mind, quality and safety assessments of the finished products are organised each day within the plants to verify that the production process has met the established criteria.

A high level of food safety is also achieved thanks to the effective adoption of control systems and protocols, including the HACCP (Hazard Analysis Critical Control Points) methodology, which makes it possible to manage the potential risks known and regulated by regulations deriving from chemical, physical, biological and microbiological contaminants, or the systematic monitoring of packaging safety, verified through scrupulous controls on the finished product aimed at minimising the potential risk of migration of harmful substances, such as MOSH, MOAH and bisphenol A. Over the years, the company has also outlined a structured system for preventing and combating food and product fraud, following the guidelines of a number of

international standards, including the International Food Safety Standard (IFS). The process has several stages:

- » Identify potential critical issues concerning fraudulent activities throughout the supply chain.
- » Assess the vulnerability of each category of raw materials, ingredients or packaging materials by assigning a risk level.
- » Develop and implement a fraud mitigation plan, outlining specific mitigation actions for each plant and based on the level of risk.
- » Review and update the vulnerability on an annual basis or whenever there is a change in the identified risk levels.

The Group's commitment is also reflected in its constant attention to product production phases. With regard to the processing of dairy products and the production of dry pasta, the company strictly follows production regulations and standards with the aim of offering the end consumer a safe, genuine product that respects tradition. In the instant food, baby food and bakery product lines, on the other hand, there are continuous activities to reformulate existing recipes and create new products, aimed at continuous improvement in terms of safety, quality and goodness, including from a nutritional point of view.

The traceability of raw materials and ingredients is one of the other key elements that ensure high standards of quality and food safety for the Group and consumers. As supply chains are complex and articulated systems, it is necessary to provide appropriate assurances regarding the control and management measures implemented to mitigate the risks that raw materials may face on their way to the final consumer. Also, in view of the growing demands of consumers, who are increasingly attentive to the traceability and safety of the products they buy, the Company is constantly collaborating with the various players in the supply chain in order to identify the causes of potential risks and, if necessary, take appropriate measures to prevent any problems from arising.

Certifications

For the Group, earning certifications, whether mandatory or voluntary, is both a driver for continuous improvement and a way of implementing a system of specific controls throughout all phases of the procurement and production cycle. In fact, with these certifications the company is committed to satisfying the many needs of consumers with respect to social and environmental issues and to seeking high standards of quality and safety in order to promote the characteristics of the products it offers.

The Group has earned a total of 164 certifications. The average number of certifications per site¹ is 9.1.

All facilities of Newlat Food and Centrale del Latte d'Italia are ISO 9001:2015 certified for their quality management system, which enables them to pursue continuous improvement of company processes and performance, thus enabling the Company to assure its customers and consumers that the quality of its products will be maintained over time. Again with a view to ensuring well-defined quality standards, more than half of the Group's plants have obtained

¹ Excluding warehouses



BRCGS and IFS certifications with the aim of strengthening and promoting food safety throughout the value chain. The Group also has "organic" certifications, which ensure pesticide- and chemical-free cultivation, traceability of raw materials and manufacturing and sales processes in accordance with certain standards, both for the milk and pasta lines. Both lines have also earned accreditations for the traceability of the supply chain, such as the ISO 22005:2008 certification, which attests to the 100% Italian origin of the raw materials milk and semolina. Finally, the company has obtained Non-GMO Project certification, which attests to the absence of genetically modified organisms (GMOs) in the non-dairy beverage line. Obtaining this certification has enabled the company, which is one of the few Italian companies to hold it, to become a key player in the plant-based food sector. In addition to product and supply chain certifications, three of the Group's laboratories – at the Ozzano Taro, Salerno and Florence plants – have earned ISO 17025:2018 certification.

With a view to continuous improvement and harmonisation of company processes, which is necessary since the growth of the Group has led to an increase in the number of production sites, each of which already has its own management systems, a Group policy has been defined and a process is under way to standardise existing systems under a central coordination.

[GRI 416-2] Commitment to high standards of food quality and safety is also reflected in the low number of incidents of non-compliance concerning the health and safety impacts of the products offered. Thanks to the effectiveness of numerous controls, seven incidents of non-compliance with voluntary codes were recorded during 2022, a decrease of 56.25% compared to last year. Most of these incidents resulted in self-initiated quality recalls, while the only recall concerned a product bought from a third party. No administrative or criminal sanctions have been imposed on the Company over the entire three-year period due to the low level of non-compliance recorded.

Listening to and protecting the consumer

One of the Group's objectives is to listen to and meet the needs and requirements of consumers as purchasing habits shift towards more conscious and responsible consumption. On the one hand, in light of the increasing talk of sustainable development, consumers are paying increasing attention to the environmental and social impact of their diet. In fact, we are witnessing a rapid change in eating habits as a result of choices oriented towards greater awareness of agricultural practices that respect the environment, the local region and animal welfare. On the other hand, partly as a result of the pandemic of the last two years, there is growing attention to the way food is produced, seen as a determining factor in everyone's health and well-being. The Group has always promoted a healthy and balanced diet, and in fact the Company's production is based mainly on foods such as milk, unseasoned dairy products, pasta and other lightly refined baked goods: all foods at the bottom of the food pyramid, for which daily consumption is recommended. Today, however, consumers are also increasingly attentive to the origin, quality and impact of food products, so the Group is constantly investing in projects aimed at satisfying consumers who are increasingly sensitive to environmental and nutritional issues.

On the one hand, there have been innovations in the materials used for product packaging, a subject discussed in more detail in the previous sections. At the same time, product lines have been created from farms with animal welfare certification, organic, from local raw materials, in recognition of the commitment to promote and protect the local region.

The wide range of products on offer also means that consumers with specific nutritional needs can be catered for.

For consumers who need specific nutrients, the Mukki brand has launched infant formula product lines developed in collaboration with child nutrition experts, such as Mukki Bimbo, which contains a mix of ingredients carefully selected for children aged 1 to 3 and made according to even stricter specifications than those in place for early childhood. In addition to this, there are other special lines, such as Mukki Donna milk, enriched with vitamins and minerals to support the specific nutritional needs of women, and Mukki Training milk, with a high protein content intended for athletes.

There are also products formulated for consumers with special nutritional needs due to intolerances or allergies. These include the LAATTE line, made by selecting raw materials exclusively with beta-casein A2 protein, which enhances the natural digestibility of milk, lactose-free product lines, such as Latte Zero, designed for those who are lactose intolerant. For consumers on a gluten-free diet, the latest developments include the launch of the Delverde Gluten Free range and the Delverde 100% Legumes range.

The Group also aims to satisfy consumers with nutritional needs related to ethical, cultural and religious reasons. The new Naked ULTIMATE range, 100% vegan noodles and the Cuore Veg range of non-dairy drinks and desserts are designed for those who prefer an alternative to animal products. The Group also has halal and kosher certifications that ensure full compliance with food rules and traditions.

Finally, for consumers seeking well-being through their diet, there are functional, probiotic, whole-food and low-fat and high-protein products. These include the Benessere line of milk under the Mukki brand, enriched with nutrients for heart and bone health, the Flora Plus yoghurt launched by Centrale del Latte di Vicenza and containing vitamin B6 which contributes to the

proper functioning of the immune system, the Delverde line of wholemeal pasta or the Naked brand instant noodles made with ingredients of natural origin. New this year is the launch of the new Delverde High Protein pasta.

Consumer protection in compliance with current regulations

A wide range of product offerings and a constant quest to ensure maximum customer satisfaction entails various risks, including regulatory risks related to the labelling of many products, as well as those related to process and product quality, or those related to communicating with customers and consumers to promote the articles.

[GRI 417-2]; [GRI 417-3] Consumer protection is the result of a careful process that, by pursuing responsible marketing and labelling, has not resulted in any sanctions during 2022. The Group guarantees accurate, transparent, complete and truthful information that can be found directly on product packaging or on the websites of the Group and the various brands, so that consumers can make a rational, informed decision. Specifically, aware of the importance of the correct use of advertising media, the Company encourages the adoption of high standards of responsibility and transparency in the promotion of its products.

[GRI 418-1] Finally, the Group pays great attention to the protection of customer and consumer data, avoiding any improper use of such information, in compliance with the relevant regulations. During 2022, no complaints were received concerning breaches of customer privacy and/or loss of customer data.



Promoting the regions and communities the group operates in

The Group's industrial activities are closely linked to the local regions and communities it operates in. The company has always been committed to promoting a variety of initiatives aimed at promoting and developing local communities and regions. The activities undertaken in support of the community thus make it possible to strengthen the link with the region and to restore the trust that consumers place in the brand. In 2022 the Group made this link concrete by means of numerous initiatives and projects of various kinds, such as donations, sponsorships, product giveaways and partnerships with local bodies or universities aimed at supporting initiatives and activities to raise awareness and sometimes even educate adults and children, consumers and non-consumers.

The group works with charities, parishes and other associations such as food banks, Caritas, the Italian Red Cross and Civil Protection to support people in need by donating food. Among other projects aimed at supporting local communities, Centrale del Latte di Vicenza participated in the creation of a Donated Human Milk Bank (BLUD) by setting up a specific laboratory for pasteurising and freezing human breast milk to be used for babies born prematurely in the neonatal intensive care unit of the San Bortolo Hospital in Vicenza. Moreover, in 2022, following a grant from the Agenzia per le Erogazioni in Agricoltura (AGEA), the Reggio Emilia plant produced more than 1.8 million litres of UHT milk as food aid for the needy in Italy.

With a view to promoting well-being, solidarity and social cohesion, the Group supported social and cultural initiatives such as conferences and educational meetings and local sporting events such as marathons, marches, tournaments and summer camps through sponsorships and donations of dairy products, pasta, baked goods and ready meals.

A further initiative aimed at promoting the region took the form of the Latte del Parco product line at the end of 2020. This product is the result of a project undertaken by Centrale del Latte Salerno under the patronage of Legambiente, aimed at promoting the natural and cultural wealth of the Cilento, Vallo di Diano e Alburni national park area and promoting local excellence while limiting environmental impact. Again with a view to consolidating relations with its suppliers, strengthening the livestock supply chain and ensuring stability for the supplying farms, Centrale del Latte d'Italia signed an agreement with the Tuscan milk producers of the Mukki chain setting the price of milk at the stable for the three-year period 2021-2023.

With a view to promoting the promotion and protection of the local area, including through raising awareness among children, the Latte Tigullio brand launched the Combomerenda product, which features a collection of cards of different characters, the Combo fighters, friends of the environment and defenders of the sea and nature.

Initiatives in the local region are complemented by activities in the company. For some time now, Centrale del Latte d'Italia has been organising free educational visits for both students and adults during which it is possible to explore the entire milk production cycle, touching the cutting-edge tools and technologies used to process the milk we consume every day. Recently the Turin plant launched a new educational programme dedicated to primary and secondary schools: a Virtual Tour of Centrale del Latte di Torino. In addition to exploring the stages of milk production, the visits include a series of educational courses on health, well-being and healthy eating. In this

context, together with the MIUR² and various professionals in the food sector, the Turin plant organises seminars aimed at providing teachers with updates on the importance of nutrition for pupils, from nursery to high school. Some of the Group's factories also offer the possibility of visiting the farms and herds the milk actually comes from in order to bring producers and consumers closer together.

The numerous factories spread throughout the region contribute to support the communities they operate in, generating income for their workers and for their direct and indirect suppliers. In fact, the numerous supply chains managed by the Group are among the primary beneficiaries of the value generated by its business.

Partnerships with universities

[2-28] In addition to its membership in industry associations such as Confindustria, Assolatte and others, the Group has established numerous partnerships with universities, institutes and research institutes. In fact, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. are increasingly partnering with Italian universities to promote research, development and innovation projects of strategic importance for boosting the competitiveness of the production system, including through the consolidation of research centres and facilities. These synergies are aimed on the one hand at promoting educational and training initiatives, and on the other at stimulating innovation, research and development, thus generating a virtuous circle of knowledge creation and technical skills.

In addition to the numerous visits and conferences aimed at raising awareness of the company's business, every year Centrale del Latte d'Italia and Newlat Food offer university students opportunities to enter the company through internships and apprenticeships.

Moreover, important partnerships have been established with organisations and universities, including the University of Pisa, the Sant'Anna School for Advanced Studies and Further Education and the National Research Centre (CNR) in order to promote innovative technologies and methods for the continuous improvement of milk quality and the adoption of more sustainable agricultural and production practices.

Major ongoing projects include:

PIF - Promoting the value of Tuscan cow's milk

Already mentioned above, the project will be carried out together with all the Tuscan breeders (100% direct and indirect participants) who have historically conferred milk to Centrale, in partnership with the University of Pisa and the Sant'Anna School for Advanced Studies and Further Education.

Working with Centrale del Latte d'Italia S.p.A., the Sant'Anna School performed an overall assessment of the potential environmental impacts associated with the management of the four agricultural systems at different levels of ecological intensification, using the Life Cycle Assessment (LCA) methodology. In the project, an integrated model of interview data and processed data was developed for modelling impacts related to cattle enteric fermentation

² Ministry of Education and Ministry of University and Research

and nitrogen and phosphorus excretion. The assessment of impacts associated with the Tuscan Milk production chain will be based on a comprehensive set of potential environmental impact indicators that take into account resource consumption (renewable and non-renewable energy, water), waste production, emissions into the environment (greenhouse gas emissions, acidification potential, eutrophication and photochemical smog production) as recommended by the European Platform for LCA (ILCD) and the PCR (Product Category Rules) "Processed Liquid Milk and Cream" and the "General Programme Instruction" of the EPD (Environmental Product Declaration) system.

TECH4MILK - innovative technologies and solutions at the service of Piedmont's milk supply chain to promote its competitiveness and sustainability

TECH4MILK consists of 5 sub-projects that aim to improve the sustainability of the supply chain from primary production to processing and to promote concrete solutions and monitoring mechanisms to increase the competitiveness of Piedmontese dairy production in national and international markets, creating social and environmental as well as economic value.

The university involved is the University of Turin - Department of Agricultural, Forestry and Food Sciences and Department of Veterinary Sciences.

Specifically, the Turin plant participated as leader in the sub-project entitled "Optimisation of production and processing processes and development of new products to increase the competitiveness of the Piedmontese milk chain in national markets".

"NU.T.RA.PA.C." – New technologies for processing, packaging and preservation of food, bakery and dairy products³

The NU.T.RA.PA.C. project was launched in cooperation with the University of Modena and Reggio Emilia, specifically the Department of Life Sciences, involving the Lodi, Ozzano Taro and Sansepolcro sites. The project consists of six sub-projects, planned in the three different plants:

- I. Research into new packaging solutions oriented towards quality and food safety - Sansepolcro and Ozzano Taro plants;
- II. Development of new packaging processes/plant solutions - Sansepolcro and Ozzano Taro plants.
- III. Research of technologies to contain acrylamide content and prevent risk of cross-contamination of allergens, for biscuits intended for specific consumer groups - Ozzano Taro plant.
- IV. Development of new processes/plant solutions for preparation, moulding and baking - Ozzano Taro plant.
- V. Research on new technological solutions for food processing and preservation with regard to dairy products (mascarpone) - Lodi plant.
- VI. Development of new processes/plant solutions for food processing and preservation, with regard to dairy products (mascarpone) - Lodi plant.

With the launch of this project, various initiatives will be implemented to further increase food quality and safety and limit food waste through new solutions aimed at increasing the preservation and freshness of the products offered, thus meeting the needs and requirements of consumers.

From food waste to the development of functional foods in synergy between research and business: dairy processing by-products as a source of bioactive molecules

This project involves a collaboration between the Vicenza plant and the University of Padua and seeks to make use of milk production waste with the aim of reducing waste, encouraging the circular bio-economy in accordance with the objectives of the European Green Deal for the recovery of agro-food industry waste and identifying bioactive molecules and peptides with antioxidant and anti-inflammatory properties for the possible subsequent functionalisation of foodstuffs with these bioactive molecules.

The project consists of the following phases:

- » Evaluation of milk processing by-products, both in terms of quality and protein composition.
- » Extraction of the various peptide fractions from the protein component to identify bioactive peptides with antioxidant and/or anti-inflammatory activity.
- » Once the bioactive peptides have been identified, their bioavailability will be analysed using cell lines simulating the intestinal epithelium.
- » Cellular assessment of the expression of antioxidant and anti-inflammatory enzyme proteins by Western blot and RT PCR techniques to evaluate their effects on gene transcription.
- » In vivo evaluation of the peptides of interest to assess whether the effects shown in vitro can also be transferred to a complex organism.

Dairy by-product fractionation tests using nanofiltration/reverse osmosis for the separation and recovery of molecules of interest (lactose, vitamins, mineral salts)

Carried out in collaboration with the Department of Sustainability of Production and Territorial Systems (ENEA), the project envisages using specific filtration technologies such as microfiltration, ultrafiltration, nanofiltration and reverse osmosis of the permeate, i.e. what remains from mascarpone processing, to obtain proteins (caseins and seroproteins), simple sugars, mineral salts and vitamins. Thus, in addition to the recovery of molecules of interest, a product that would otherwise be discarded is retained.

³ Project no. F/170019/00/X42- POSITION 19 - CUP B89J22002380005. Expected duration: 01/01/2020 to 08/06/2023. "Enterprise and Competitiveness" National Operating Programme 2014-2020 ERDF. Axis I - Investment priority 1b - Action 1.1.3

Protection of worker health and safety

[GRI 403-1]; [GRI 403-2]; [GRI 403-3]; [GRI 403-4]; [GRI 403-5]; [GRI 403-6]; [GRI 403-7]

One of the main risks created by business activities is related to the health and safety of workers who mainly work in production, and the protection of its workforce has always been at the top of the Group's commitments.

In fact, the health and safety of personnel is a subject that is treated with particular care, sensitivity and attention in order to guarantee and promote a safe environment in the workplace. The Group adopts health and safety management systems that comply with the requirements of the relevant regulations. The regulations refer to the laws of the countries where the plants are located: Italian Legislative Decree 81/2008 for the companies located in Italy, i.e. Centrale del Latte d'Italia and Newlat Food, the 1974 Health & Safety at Work etc. Act for the Symington's Group located in England and the Arbeitssicherheitsgesetz for the plant located in Germany.

In view of the Group's growth through the acquisition and integration of other companies, the constant objective is to make the management of health and safety risks at work more efficient and effective by harmonising and standardising the systems in place in the various locations. It is also aimed at implementing a single training plan, divided by country, for all employees of the various company sites.

For the Group, the identification and assessment of the hazards and risks that may contribute to the potential occurrence of accidents and/or occupational illness in the workplace is the first and most important requirement to be complied with to ensure the health and safety of workers and to identify the measures to be implemented to protect them. All facilities, workplaces, machines, equipment and working methods are subject to assessments in several areas, including warehouse work, laboratory work, maintenance and activities carried out in external areas. At the same time, assessments were made of cross-cutting risks, including risks of fire, noise, vibration, etc. Performed by consultants with proven professional experience, the assessments are systematically repeated, and when activities, installations and equipment are introduced or modified or following any accidents or major incidents, these assessments are reviewed. Workers are encouraged to move away from any hazards or dangerous situations at work and to report them to the appropriate persons. All reports received are collected, assessed and then submitted to the employer or management during regular meetings. At these meetings, the problems that have arisen, any accidents and near misses are highlighted and discussed, and if necessary corrective actions are identified and defined. Following the reporting of accidents or injuries, a procedure is undertaken to establish the details of the incident and any corrective or preventive action.

The Group constantly monitors the health situation of its employees through the supervision of a company physician: all employees are subject to a medical examination to ensure good health and fitness for work. The examination is repeated at a frequency defined by the doctor on the basis of each employee's job description and any resulting risks. Worker participation in occupational health and safety issues is ensured through periodic meetings between the main actors responsible for health and safety and the workers themselves. Moreover, Symington's has provided its workers with the Engage application, which allows direct communication on health and safety issues.

As required by the laws of the countries the Company operates in, the Group provides employees with both general and specific training on health and safety in the workplace. The participation of employees in training is mandatory and takes place during working hours. The effectiveness of the training provided is assessed through employee feedback and the administration of final tests.

The Group promotes workers' health through healthcare funds that allow for the reimbursement or reduction of healthcare costs or through facilitated access to private health and life insurance services.

The Company regularly monitors all accidents that occur in the workplace.

[GRI 403-10] In 2022, as in the previous two years, no occupational illnesses were recorded. The injuries recorded so far are minor, such as minor cuts, bruises and burns. The table below shows the situation regarding accidents at work in the Group.

TABLE 18 WORK-RELATED INJURIES [GRI 403-9]			
	2022	2021	2020
Number of deaths as a result of work-related injuries	0	0	0
Number of serious work-related injuries	1	0	0
Number of recordable work-related injuries	28	44	26
Number of hours worked	3,369,663	2,976,201	2,202,516
Death rate as a result of work-related injuries	-	-	-
Rate of high-consequence work-related injuries	0.3	-	-
Rate of recordable work-related injuries	8.3	14.8	11.8

Compared to the last reporting year, there was a serious injury at the British company Symington's due to crushing. Despite this, thanks to the constant monitoring of employee health and safety issues, the occupational injury rate at Group level decreased by 44% compared to 2021.

In fact, the occupational health and safety management system is subject to periodic audits by third parties to ensure the application and effectiveness of the procedures adopted and the controls in place. With these audits, the Group seeks to ensure impartiality and third-party verification. The occupational health and safety management system covers all activities and tasks within the company and includes all workers, both employees and external contractors. In fact, the Group's business does not provide for outsourcing activities in places where it is difficult to monitor and ensure the health and safety of personnel. On the contrary, a limited number of non-employee workers operate in the Group's plants, whose safety conditions are evaluated jointly by the Company's health and safety managers and the managers of these workers' employer.

With reference to non-employees of the Group but still under the control of the organisation, a system for monitoring hours has not yet been established. Such workers mainly correspond to: cleaning, portage and concierge staff or any workers belonging to external companies. Temporary workers are only present in a few plants, and even then in limited numbers.

Over the last two years, general risks have been compounded by the impact that the spread of SARS-CoV-2 has had and is still having on a global scale. To cope with this, the Group has put in place certain measures to protect its resources in accordance with current protocols, starting with the timely updating of the risk assessment to incorporate the risks associated with the evolution of the COVID-19 pandemic.

Employment protection

One of the company's strengths is certainly its human capital, made up of all the employees and contractors who gravitate around the company system. In fact, human resources represent an indispensable resource for the creation of value, guaranteeing company competitiveness and constant and sustainable development, ensuring customers and consumers a quality product and thus enabling the Group to achieve its objectives in the short, medium and long term. In turn, the Group generates opportunities through the creation of employment in the regions it operates in and the inclusion and development of talent in its business. The Group's practice is to attract resources, train them, develop them and consolidate relationships with them over time. In fact, the company pays particular attention to the early stages of hiring, when it seeks the best match between the skills required and the candidates' profiles. This is also confirmed by the following figures.

The Group therefore offers all employees a safe, stimulating working environment, promoting respect for employees' personal space and enabling a work-life balance.

Information on employees and other workers

[GRI 2-7]; [GRI 2-8]

The Group's workforce varied significantly in the three-year period 2020-2022 due to the acquisitions made during the years covered by the report. Specifically, there is an increase in both permanent and fixed-term contracts.

TABLE 19 EMPLOYEES WITH A PERMANENT OR FIXED-TERM CONTRACT									
Employees	2022			2021 ⁴			2020		
Contract type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,437	565	2,002	1,427	540	1,967	1,040	342	1,382
Fixed-term	158	29	187	106	21	127	106	17	123
Total	1,595	594	2,189	1,533	561	2,094	1,146	359	1,505

TABLE 20 EMPLOYEES WITH FULL-TIME OR PART-TIME CONTRACTS									
Employees	2022			2021			2020		
Type of Contract - FT/PT	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full - Time	1,562	512	2,074	1,497	469	1,966	1,122	300	1,422
Part-time	33	81	114	37	91	128	24	59	83
With non-guaranteed hours ⁵	-	1	1	-	-	-	-	-	-
Total	1,595	594	2,189	1,534	560	2,094	1,146	359	1,505

⁴ Following a refinement of the criteria used for reporting on the employees of the British company Symington's, the number of employees for the year 2021 was adjusted.

⁵ Data not available for 2021-2020

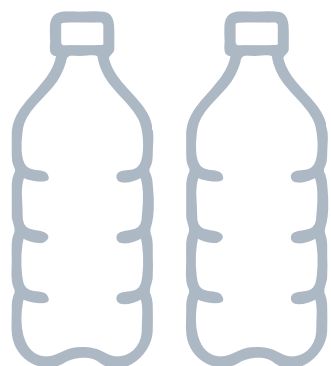


TABLE 21 EMPLOYEES BY GEOGRAPHICAL AREA									
Employees	2022			2021			2020		
Geographical Area	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	1,076	328	1,404	1,024	316	1,340	1,037	329	1,366
England	407	236	643	404	213	617 ⁶	-	-	-
Germany	112	30	142	106	31	137	109	30	139
Total	1,595	594	2,189	1,528	571	2,094	1,146	359	1,505

The Group's activities are growing year on year, also following the acquisition of the British company. Full-time contracts increased from 1,966 to 2,074, while part-time contracts increased from 128 to 114.

[GRI 401-2] In any case, the Group does not differentiate between full-time employees, part-time employees, fixed-term employees or permanent employees in the granting of benefits, but treats all equally.

More than half of the Group's employees work in Italy, where the Group has its foundations, although from 2021 the number of employees working abroad will become significant: almost 800 people divided between the UK and Germany, reflecting the Group's international expansion. These will be joined by approximately 100 people working at the newly acquired French company.

Collective bargaining agreements

The Group pays attention to the protection of its employees and is committed to strictly complying with the regulations in force.

As in the previous two years, again in 2022 all employees of the Italian companies and 90% of the employees of Newlat GmbH are covered by collective labour agreements. Such agreements, also because of the different trade union organisation and contractual conditions in the Anglo-Saxon world, are not envisaged in the English company Symington's Ltd.

TABLE 22 EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS [GRI 2-30]			
Newlat Food Group employees	2022	2021	2020
Number of employees - Group	2,189	2,094	1,505
No. of employees covered by collective or supplementary agreements - Group	1,532	1,467	1,491
% employees covered by collective or supplementary agreements - Group	70%	70%	-

In Italy, all employees are covered by a national collective agreement (CCNL), to which is added a supplementary contract, which applies to almost all employees (99%).

⁶ Following a refinement of the criteria used for personnel reporting, the number of employees of the British company Symington's was changed.

New employee hires and employee turnover

[GRI 401-1]

The tables below show the data regarding resignations and recruitment during the three-year period 2020-2022.

As is evident from the data in the following tables, the Group is in an expansionary phase, with a turnover rate typical of the conditions created by pursuing growth through external lines, while maintaining a positive income-expenditure balance.

As in previous years, it is evident that the turnover and hiring process is decreasing the average age of personnel, with a high number of under-30s entering the workforce and an older age group leaving. The staff renewal process is one of the pillars for growth and the maintenance of competitive advantage. This process is ongoing and an attempt is being made to maintain the right balance between experience and innovation, thus ensuring that new resources can join the workforce.

TABLE 23 HIRING IN THE NEWLAT FOOD GROUP									
Employees	2022			2021			2020		
New hires	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	152	49	201	74	15	89	53	7	60
30-50	131	65	196	41	17	58	31	9	40
>50	31	9	40	16	2	18	6	0	6
Total	314	123	437	131	34	165	90	16	106

TABLE 24 TURNOVER IN NEWLAT FOOD GROUP									
Employees	2022			2021			2020		
Employee turnover	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	78	24	102	46	19	65	15	6	21
30-50	102	54	156	45	30	75	16	8	24
>50	72	12	84	56	15	71	52	12	64
Total	252	90	342	147	64	211	83	26	109

Education, training and development of people

The attention, protection and development of people are elements underpinning the Group's growth, the importance of which is also recognised by the current Code of Ethics. They are asked to work with loyalty and mutual trust for the benefit of common success.

The professionalism and skills developed by all employees are an important success factor for any company. The continuous training of personnel and the adoption of a corporate culture aimed at supporting the professional development of workers are a fundamental requirement for ensuring high product and process standards, and consequently for the responsible development of the Group. The Company therefore promotes the professional and personal growth of its employees, establishing a culture based on the development of the individual in the various operational contexts.

The commitment to ensure the growth of its personnel goes hand in hand with the Group's priorities for meeting the needs of its stakeholders, organising training courses deemed to be a priority for this purpose and providing incentives for staff at all levels to participate in them. Based on the data below, it can be seen that the Group does not make any distinction when it comes to gender in its investments in training and development.

[2-17]

In order to actively involve employees, raise awareness of environmental, ethical and social issues and stimulate the dissemination of new positive behaviour, a training plan on ESG issues was developed in 2022, also involving top management with the aim of promoting the highest governance body's knowledge of sustainable development. Thanks to these sessions, the establishment of a Sustainability Steering Committee involving the main corporate functions, and the presence of a Control, Risk and Sustainability Committee allowing for constant discussion on ESG issues, the highest governing body and all function Departments are involved and informed on business performance with respect to strategy implementation, target achievement and the implementation of preventive or corrective actions to mitigate any and/or actual impacts of the Group, also with respect to responsible development objectives.

Employee training

With this in mind, and in compliance with the regulations of the various countries that the Group operates in, employees are guaranteed constant training from the moment they are hired.

The training provided focuses mainly on food safety, occupational health and safety and other aspects considered to be of high added value for the Group and its stakeholders, the aim being also to increase technical and professional skills. Training is thus aimed at both preserving and expanding the know-how acquired over time by the Group.

Average hours of training	2022			2021 ⁷			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	8	7	8	4	11	4	4	3	3
Managers + Office personnel	6	6	6	5	4	4	2	3	3
Manual workers + Technical managers	7	12	8	15	7	14	13	5	12
Total	7	9	8	13	6	11	11	4	9

Remuneration and Compensation

In 2022 the Group started reporting the annual total compensation rate, which is shown in the following table by country.

	Italy		Germany		England	
	2022	2021	2022	2021	2022	2021
Annual total compensation rate ⁸	4.23	5.55	3.36	3.62	7.25	-
Ratio of the percentage increase of the highest paid individual to the median compensation	-133.54	-	-0.16	-	-	-

The annual total compensation rate represents the ratio of the compensation of the highest paid individual to the median annual salary among all employees. That is to say, in Italian companies, the compensation of the highest paid individual is 4.23 times higher than the median salary of all employees, the same applies to German and English companies, where this ratio is 3.36 and 7.25 respectively.

The data show that for both companies there was a decrease in the rate of compensation between 2021 and 2022, a trend reflecting a decrease in the pay of the highest-paid individual against an increase in the median salary, sometimes due to changes in senior figures.

[2-18]; [2-19]; [2-20]

Comprehensive qualitative and quantitative information on remuneration policies for the parent company is provided in the Remuneration Policy and Compensation Report (hereinafter also referred to as "Remuneration Policy"), which is publicly available in the relevant section of the company's website.

⁷ Training hours for Symington's are not available.

⁸ For Italian companies, the annual compensation rate was calculated taking into account the base salary of the employees.

The Board of Directors has set up an internal Appointments and Remuneration Committee, an independent committee that supports the BoD in evaluating and deciding on the remuneration of Directors and Executives with strategic responsibilities, formulating proposals that are functional to the pursuit of the sustainable success and responsible development of the Group and taking into account the need to recruit, retain and motivate people with the expertise and professionalism required by the role held, thus strengthening the alignment between the interests of management, shareholders and other stakeholders.

In this regard, in addition to defining the fixed component of the remuneration of Directors and Executives with Strategic Responsibilities, the 2022 Remuneration Policy envisages that a portion of their short- and medium-long term variable remuneration be linked not only to economic, equity and strategic parameters, but also to non-financial performance objectives concerning ESG issues. These include, for example, the reduction of CO₂ emissions with a view to promoting the energy transition and circular economy principles in keeping with the sustainability strategy defined by the Group.

The performance of top management in the area of responsible development is therefore periodically assessed both internally based on established ESG objectives, and externally through the obtaining and renewal of validated certifications and assessments by third parties that provide for the maintenance of certain requirements and the achievement of improvement objectives as needed. These include, for example, compliance with ethical and occupational health and safety standards, validation of environmental and quality management systems, and other food safety certifications, explained in more detail in the Certifications section.



Protection of human rights, reduction of inequalities, respect for diversity and inclusion

[GRI 2-23]; [GRI 2-24]; [GRI 2-25]

Throughout the value chain there are potential risks for human rights violations. Among the most sensitive areas are the supply chain and the employed workforce. The impacts of the Group's work on the latter, however, are dominated by a strong core culture on these aspects, such as the culture in Italy, Germany and England, the countries where the Group produces and where the entire workforce works. In these countries there are also regulations in place that facilitate the management of impacts on the inviolable rights of the individual. To support its commitment, in 2022 the Group issued a Human Rights Policy and a Diversity and Inclusion Policy, taking national and international best practices, guidelines and standards such as the Universal Declaration of Human Rights, the Ten Principles of the Global Compact proposed by the United Nations, and the Fundamental Conventions of the International Labour Organisation as sources of reference. All commitments made through the policies were approved by the highest governing body, communicated to partners and all other stakeholders via the company website and disseminated to employees through training sessions.

Starting with the selection process and throughout the career path, the Group adopts and promotes conduct based on propriety and protection of personal dignity. This commitment also translates into the dissemination of a corporate culture based on the promotion of a working environment free of all discrimination. In fact, the Company strongly condemns and opposes with positive actions any direct or indirect form of discrimination based on sex, ethnicity, nationality, religion, age, disability, gender, sexual orientation, marital status, membership in political parties or associations, physical and/or economic condition and any other possible form of intolerance. At the same time, the Group recognises the respect and promotion of diversity as an added value for the development of a successful corporate culture capable of fully capitalising on Human Capital.

In the process of internationalisation and expansion, the Group's staff has not only expanded in number, but also in terms of nationality, culture and expertise, thus making a positive contribution to the company's growth. In addition to supporting such diversity, the Company recognises, promotes and defends full equality and equal opportunities without differences among its employees.

Even in its relations with the supply chain, the Group is committed to observing the principles set out in the Universal Declaration of Human Rights, the relevant national and international laws and the Code of Ethics.

In order to communicate its commitment to its suppliers, when signing agreements or contracts the Group provides them with its Organisational Model pursuant to Italian Legislative Decree 231/01 and its Code of Ethics with the aim of sharing its principles and attention to respect for human rights and inequalities.

[GRI 406-1] As evidence of the Group's proper conduct during the year, as in the previous two-year period, there were no incidents of discrimination.

Diversity among employees

The composition of employees shows that there is a process of generational turnaround between older and younger workers. The share of under-30s in the last three years has increased from 10% in 2020 to 11% in 2021 to 14% in 2022, a relative increase of 40% in three years.

As previously indicated, this process is of particular interest for the future growth of the Group.

TABLE 27 DIVERSITY AMONG EMPLOYEES [GRI 405-1]								
Group Employees 2022	< 30		30 - 50		> 50		Total	
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	-	9	-	15	2	27	1%
Managers + Office personnel	20	49	111	140	154	85	559	26%
Manual workers + Technical managers	228	26	569	189	488	103	1,603	73%
Total	249	75	689	329	657	190	2,189	100%
% by age group	77%	23%	68%	32%	78%	22%		
% of Total	11%	3%	31%	15%	30%	9%		
Group Employees 2021	< 30		30 - 50		> 50		Total	
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	0	10	0	19	2	32	2%
Managers + Office personnel	12	32	112	140	154	86	536	26%
Manual workers + Technical managers	175	19	575	188	476	93	1,526	73%
Total	188	51	697	328	649	181	2,094	100%
% by age group	79%	21%	68%	32%	78%	22%		
% of Total	9%	2%	33%	16%	31%	9%		
Group Employees 2020	< 30		30 - 50		> 50		Total	
	Men	Women	Men	Women	Men	Women	no.	%
Executives	-	-	9	1	18	2	30	2%
Managers + Office personnel	6	22	74	89	166	74	431	28%
Manual workers + Technical managers	112	2	404	103	356	67	1,044	70%
Total	118	24	487	193	540	143	1,505	100%
% by age group	83%	17%	72%	28%	79%	21%		
% of Total	8%	2%	32%	13%	36%	9%		

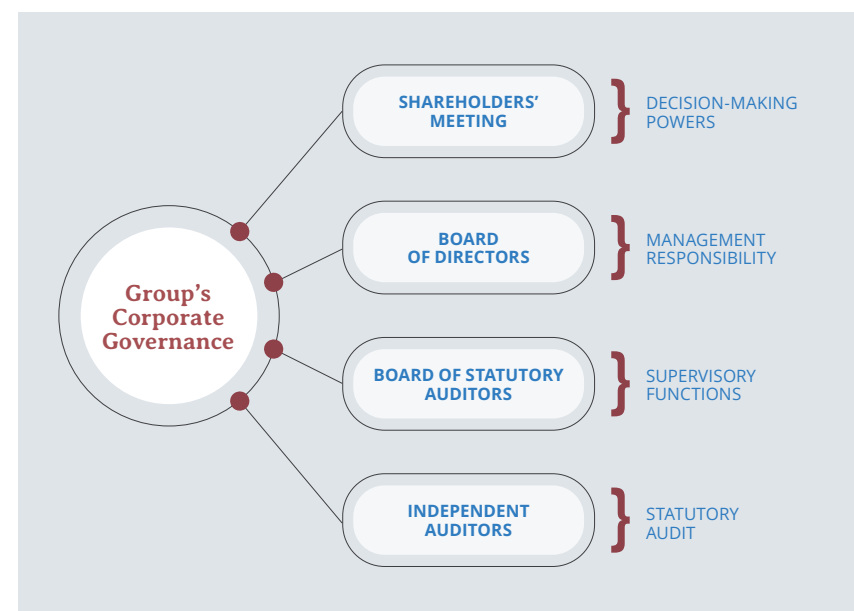
The Group aims not to create a difference in treatment between men and women and does not implement policies or practices designed to favour one over the other.

2.8

Governance

Transparent governance and corporate identity

Transparency and integrity are the values that guide the Group in defining its Corporate Governance system. In fact, an integral and transparent governance structure and constant attention to compliance with laws and regulations contribute decisively to increasing both the competitiveness of the Company and the sustainability of its development in the medium and long term, among other things promoting a relationship of trust between the Company and its stakeholders, with whom there is continuous and transparent communication. Based on these principles and values of Corporate Governance, the Group defines the structure of functions and responsibilities and develops an appropriate control system, ensuring both conscious management choices and an effective monitoring of business risk management. The control system in place is also aimed at guaranteeing a correspondence between the corporate identity and the way the company operates: in fact, one of the objectives is to monitor the alignment between the practices adopted internally, the mission, the vision and the image that stakeholders have of the Group.



With the aim of improving the efficiency and transparency of their corporate governance, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. adopted the Corporate Governance Code for Listed Companies published by the Corporate Governance Committee of Borsa Italiana. The Group's Corporate Governance is structured according to the traditional model, therefore the sovereign body of the company with decision-making powers is the Shareholders' Meeting, management responsibility is entrusted to the Board of Directors, supervisory functions to the Board of Statutory Auditors, and the statutory audit is assigned to Independent Auditors. The composition of the Boards of Directors of the Group companies at the end of the year is shown in the following table.

TABLE 28 DIVERSITY IN GOVERNANCE BODIES - BOD [GRI 405-1]							
Group 2022	< 30		30 - 50		> 50		Total
Diversity of Governance Bodies - BoD	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	5	1	2	3	12
% Members of Governance Bodies by age group	-	100%	83%	17%	40%	60%	-
% Members of Governance Bodies of the Total	-	8%	42%	8%	17%	25%	-
Group 2021	< 30		30 - 50		> 50		Total
Diversity of Governance Bodies - BoD	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	5	1	2	3	12
% Members of Governance Bodies by age group	-	100%	83%	17%	40%	60%	-
% Members of Governance Bodies of the Total	-	8%	42%	8%	17%	25%	-
Group 2020	< 30		30 - 50		> 50		Total
Diversity of Governance Bodies - BoD	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	2	1	2	1	7
% Members of Governance Bodies by age group	-	100%	66%	33%	66%	33%	-
% Members of Governance Bodies of the Total	-	14%	29%	14%	29%	14%	-

Tax management

[GRI 207-1; GRI 207-2]; [GRI 207-3]

In line with the principles defined in the Code of Ethics, the Group also acts in accordance with the values of transparency and integrity in the management of its taxes. Acting responsibly from a fiscal point of view is essential for the protection of social assets and for the creation of value in the medium and long term. Moreover, the Company sees the payment of taxes as an important channel through which to contribute to the economic and social development of the countries it is present in.

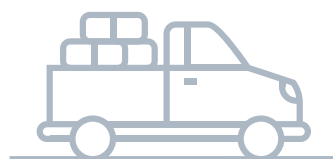
With this in mind, the Group pays great attention to compliance with tax regulations, acting with extreme responsibility and committing itself to interpreting the relevant tax rules and principles in the individual jurisdictions it operates in, i.e. Italian, English and German. As a Group tax strategy has not yet been formalised, the Board of Directors defines the approach to be adopted, with the aim of ensuring uniform tax management for all interested entities. Responsibility for compliance lies with the internal departments of each subsidiary, while the parent company's Administration, Finance and Control department is responsible for supervising and coordinating intercompany relations. This approach is inspired by a logic that on the one hand guarantees the correct and timely calculation and payment of taxes due by law and the execution of the related obligations, and on the other the correct management of tax risk, understood as the risk of violating tax rules or abusing the principles and purposes of the tax system. In detail, tax-related risks are identified and managed according to the company's Enterprise Risk Management model.

The Company has also adopted a set of rules, procedures and principles that are part of the broader system of organisation and control and that are to be considered fundamental points of reference that all parties are required to respect depending on the type of relationship they have with the Group.

The Group maintains a collaborative and transparent relationship with tax authorities, institutions and trade associations. The objective is to manage compliance and reputational risks and safeguard corporate assets, as well as to pursue the primary interest of creating value for shareholders over the medium and long term.

Furthermore, the Group does not operate with the aim of benefiting from domestic or international conduct and operations that do not reflect economic reality and from which undue tax advantages could be obtained, such as for example investments in or through countries considered to have privileged taxation with the sole aim of reducing the tax burden. For tax purposes, intercompany relationships are conducted at arm's length, as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as far as possible.

The Group uses tax incentives generally applicable to all operators, complying with all specific regulations only where the incentives are aligned with its industrial and operational objectives and in line with the economic substance of its investments.



For the Group, tax compliance is considered to be one of the fundamental aspects of the Company's ethical and responsible management. Consequently, violations of tax laws are among those that can be reported through the Company's internal channels. To date, the Group has not received any solicitations from its stakeholders on tax issues.

TABLE 29 COUNTRY-BY-COUNTRY REPORTING [GRI 207-4]							
Names of resident entities	Main activities of the organisation	Number of employees	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Corporate income tax accrued on profits/losses
Italy							
Newlat Food S.p.A.	Production of dry pasta and baked goods	799	178,934,294	52,522,854	4,398,900	131,136,670	-1,097,045
Centrale del Latte d'Italia S.p.A.	Production and processing of dairy products	605	307,456,146	1,510,455	621,068	223,942,849	-466,761
Total Italy		1,404	486,390,440	54,033,309	5,019,968	355,079,518	-1,563,806
Germany							
Newlat GmbH	Production of dry pasta	142	118,762,505	-	5,119,679	38,450,738	-1,652,813
Total Germany		142	118,762,505	-	5,119,679	38,450,738	-1,652,813
United Kingdom							
Symington's Ltd	Production of ready meals (instant noodles, sauces, soups)	643	137,316,478	-	594,540	53,226,046	-112,963
Total United Kingdom		643	137,316,478	-	594,540	53,226,046	-112,963

Legality, ethics and anti-corruption

In order to operate in a proper, law-abiding manner and avoid any type of active or passive corruption, the Group is committed to putting in place the necessary preventive measures to mitigate the risks of non-compliance with the laws of all the countries it operates in, and by means of a Code of Ethics it informs its collaborators of the values that inspire it and the principles and guidelines that guide the behaviour of all the Company's internal and external stakeholders.

In accordance with Italian Legislative Decree 231/2001, Newlat Food has also adopted an Organisation, Management and Control Model (OMCM) aimed among other things at preventing corruption-related offences. In order to ensure the effective application of its OMCM, the company has planned and effectively adopted a structured system of procedures and implemented dedicated control activities. The Italian subsidiary Centrale del Latte d'Italia has also adopted its own OMCM for the same purposes.

Both companies have also appointed a Supervisory Board (SB), which has been entrusted with the task of monitoring the correct application and effectiveness of the OMCM. This task is ensured by the Supervisory Board by means of a specific audit plan and by examining the information flows submitted periodically by the relevant corporate functions.

[2-15] [2-16]; [2-26] Both Newlat Food and its Italian subsidiary Centrale del Latte update their 231 Models, as well as implementing a whistleblowing channel in accordance with the provisions contained in the recent EU Directive 1937/2019. These channels allow all stakeholders (employees, customers, suppliers and partners) or even third parties to submit confidential or anonymous reports on any circumstance, event and/or action deemed to be contrary to the principles adopted by the Group. The channel is available in Italian, English and the languages of the countries the Newlat Food group operates in.

Newlat Food's constant attention to ethical issues and social responsibility has led the company to identify an Ethics Officer within its staff to whom it entrusts the management of complaints and reports on this issue. This action was supported by the provision of specific channels and procedures.

Conflicts of interest

In order to prevent conflicts of interest, every transaction or operation must be undertaken solely and exclusively in the interest of the Group in a proper and transparent manner as enshrined in the principles contained in the Group's Code of Ethics and Conduct. If a conflict of interest arises or if an employee foresees that a situation may lead to a conflict of interest, they must report it so that the Group can take appropriate action to maintain independence of judgement and choice. Several channels exist to report any relevant critical issues to the highest governing body, including the whistleblowing channel mentioned above or the anonymous reporting boxes present in the various Group offices.

Note that constant coordination between the parties involved in the control system in accordance with the provisions of the Corporate Governance Code makes it possible to best meet the expectations of all stakeholders.

[GRI 205-3]; [GRI 206-1]; [GRI 2-27] As a result of the audits and investigations carried out, no substantiated bribery incidents were recorded during 2022. Similarly, there were no actions for anti-competitive behaviour, antitrust or monopolistic practices, nor penalties for non-compliance with social and economic laws and regulations.

Most of the Italian plants and the UK company have obtained SMETA (Sedex Members Ethical Trade Audit) certification, aimed at promoting transparency and demonstrating the good ethical practices adopted by the Group, not only within the Company but also along the entire supply chain. The certification bases its assessment criteria on the ETI (Ethical Trade Initiative) code, integrating them with national and local laws in the countries concerned and based on four pillars: compliance with labour regulations, business ethics, health and safety in the workplace and the environment.

Earning certification therefore allows, on the one hand, strengthening the control systems of the supply chain through the identification and mitigation of potential risks in an effective manner, and on the other hand promoting the good practices identified through a systematic monitoring of the supply chain. Therefore, such certification leads to various benefits, including:

- » Knowing, monitoring and evaluating the working conditions and health and safety of workers applied by its suppliers, strengthening commercial relations with suppliers who are more virtuous in adopting good practices and international standards.
- » Promoting respect for human rights and decent working conditions, thereby encouraging compliance with relevant rules, regulations and policies, such as the Modern Slavery Act (2015), and deterring the adoption of unlawful practices, such as unauthorised subcontracting.



Responsible development and growth

Up until now the Group has pursued steady, significant growth, keeping in mind and systematically monitoring not only its economic performance, but also its environmental and social performance. Given the growing consumer awareness of ESG issues and the urgent demand for ESG-friendly products, integrating sustainability strategies and objectives into business operations is no longer just an option but a necessity, as well as a competitive factor for the entire private sector. This trend is even more pronounced for the agri-food sector, which is particularly exposed to certain environmental risk factors such as extreme heat waves, reduced availability of water, the spread of pests and diseases and other phenomena linked to climate change.

For these reasons, the Group operates so that the value created increases not only in the short term, but above all in the medium and long term, promoting ethical conduct, reconciling the legitimate expectations of the various stakeholders and limiting the direct and indirect environmental impact of its production in order to preserve the environment for the benefit of future generations and in compliance with current regulations. With this in mind, the Research and Development (R&D) division, also thanks to constant targeted investments, is committed to identifying new and innovative solutions, both in production and in processes, paying particular attention to safety and environmental performance, with the aim of pursuing increasingly responsible development.

One of the growth strategies pursued by the Group is the continuous search for opportunities for international development, with the aim of strengthening competitiveness, expanding and differentiating the range of products offered and increasing the share of exports of Italian products in foreign markets. In fact, considering that exports of Italian agri-foodstuffs are constantly increasing, growth and consolidation in international markets enables the company to pursue its objectives, promoting and supporting the creation of value for all its stakeholders. In 2022 the company finalised an agreement with EM Foods, based in France, to consolidate its position in the main countries in the European region. The proportion of consolidated turnover deriving from the Italian market is constantly decreasing, as a result of the Group's strategy to develop in foreign markets as well. The objective of expansion, including into other markets such as Asia and the Americas, goes hand in hand with investments to ensure a high level of product quality and to seek solutions that are increasingly close to consumers and stakeholders' needs.

In fact, the Company's growth occurs mainly through processes of acquisition of companies and brands, selected not only on the basis of competitiveness and profitability but also with respect to values and objectives shared with the Group, including integrity, transparency, the commitment to limit the impact of its operations on the environment, the observance of principles and rules on human rights and the protection of the community.

Table of correlation with italian legislative decree 254/16

Scope of Italian Legislative Decree 254/2016	Material topic	Reference Chapter	Standard-Specific Topic GRI STANDARDS 2021 (2021 update)	Limitations on the 2022 reporting scope ¹	Reasons for omission and explanation
	Directors' report on operations - Letter to shareholders	2-22	Statement on the sustainable development strategy	-	-
		2-1	Organisational details	-	-
	Introduction – Methodological note	2-2	Entities included in the organisation's sustainability reporting	-	-
		2-3	Reporting period, frequency and contact point	-	-
		2-4	Restatements of information	-	-
		2-5	External assurance	-	-
		Introduction - Business Model and Value Chain	2-6	Activities, value chain and other business relationships	-
	2-9		Governance structure and composition	-	-
	Introduction – Corporate Governance Model and Sustainability Management	2-10	Nomination and selection of the highest governance body	-	-
		2-11	Chair of the highest governance body	-	-
		2-12	Role of the highest governance body in overseeing the management of impacts	-	-
		2-13	Delegation of responsibility for managing impacts	-	-
		2-14	Role of the highest governance body in sustainability reporting	-	-
		Introduction – Stakeholder Engagement	2-29	Approach to stakeholder engagement	-
	Introduction – Materiality		3-1	Process to determine material topics	-
		3-2	List of material topics	-	-

1 Unless otherwise stated, this includes all Newlat Food Group companies consolidated on a line-by-line basis, as indicated in the Methodological Note

Scope of Italian Legislative Decree 254/2016	Material topic	Reference Chapter	Standard-Specific Topic GRI STANDARDS 2021 (2021 update)		Limitations on the 2022 reporting scope¹	Reasons for omission and explanation	
Environmental aspects	Sustainable farming practices, animal welfare and attention to raw materials	Sustainable farming practices, animal welfare and attention to raw materials	3-3	Management of material topics	-	-	
			2-25	Processes to remediate negative impacts	-	-	
			308-1	New suppliers that were screened using environmental criteria	Only for the companies: Centrale del Latte d'Italia and Newlat Food	Information unavailable/ incomplete for the foreign companies Newlat GmbH and Symington's as there is no structured data collection. The Group will report on this data in future years.	
			414-1	New suppliers that were screened using social criteria	Only for the companies: Centrale del Latte d'Italia and Newlat Food	Information unavailable/ incomplete for the foreign companies Newlat GmbH and Symington's as there is no structured data collection. The Group will report on this data in future years.	
	Process environmental impact	Process environmental impact	3-3	Management of material topics	-	-	
			302-1	Energy consumption within the organisation	-	-	
		Process environmental impact - Energy consumption and emissions	302-3	Energy intensity	-	-	
			302-4	Reduction of energy consumption	-	-	
			305-1	Direct GHG emissions (Scope 1)	-	-	
			305-2	Indirect GHG emissions from energy consumption (Scope 2)	-	-	
			305-4	GHG emissions intensity	-	-	
		Process environmental impact - Water management and use of water	303-1	Interaction with water as a shared resource	-	-	
			303-2	Management of water discharge-related impacts	-	-	
			303-3	Water withdrawal	-	-	
		Process environmental impact - Waste management and spills	306-3	Waste generated	-	-	
			306-4	Waste diverted from disposal	-	-	
			306-5	Waste directed to disposal	-	-	
			2-27	Compliance with laws and regulations	-	-	
		Sustainable packaging	Sustainable packaging	3-3	Management of material topics	-	-
				2-25	Processes to remediate negative impacts	-	-

Scope of Italian Legislative Decree 254/2016	Material topic	Reference Chapter	Standard-Specific Topic GRI STANDARDS 2021 (2021 update)	Limitations on the 2022 reporting scope¹	Reasons for omission and explanation
Environmental aspects	Sustainable packaging	Sustainable packaging	301-1 Materials used by weight or volume	-	Information unavailable/incomplete. The data is not treated quantitatively, but only qualitatively. The company has set up a working group and will report on this issue in future years.
Social aspects	Product quality, safety and traceability	Product quality, safety and traceability	3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
			416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	-
	Listening to and protecting the consumer	Listening to and protecting the consumer	3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
		Listening to and protecting the consumer – Consumer protection in compliance with current regulations	417-2 Incidents of non-compliance concerning product and service information and labelling	-	-
			417-3 Incidents of non-compliance concerning marketing communications	-	-
			418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-
	Promoting the regions and communities the Group operates in	Promoting the regions and communities the Group operates in	3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
			2-28 Membership associations	-	-
		Introduction - Business Model and Value Chain	204-1 Proportion of spending on local suppliers	-	-
Personnel aspects	Protection of worker health and safety	Protection of worker health and safety	3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
			403-1 Occupational health and safety management system	-	-
			403-2 Hazard identification, risk assessment, and incident investigation	-	-
			403-3 Occupational health services	-	-
			403-4 Worker participation, consultation, and communication on occupational health and safety	-	-

Scope of Italian Legislative Decree 254/2016	Material topic	Reference Chapter	Standard-Specific Topic GRI STANDARDS 2021 (2021 update)	Limitations on the 2022 reporting scope¹	Reasons for omission and explanation
Personnel aspects	Protection of worker health and safety	Protection of worker health and safety	403-5 Worker training on occupational health and safety	-	-
			403-6 Promotion of worker health	-	-
			403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	-
			403-9 Work-related injuries	-	-
			403-10 Work-related ill health	-	-
	Employment protection	Employment protection	3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
			2-7 Employees	-	-
			2-8 Workers who are not employees	-	Information unavailable/incomplete, the figure is presented qualitatively. The Company has set up a working group and will report on this issue in the coming years.
			2-30 Collective bargaining agreements	-	-
			401-1 New employee hires and employee turnover	-	-
			401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	-
			3-3 Management of material topics	-	-
			2-25 Processes to remediate negative impacts	-	-
			2-17 Collective knowledge of the highest governance body	-	-
	Education, training and development of people	Education, training and development of people – Employee training	404-1 Average hours of training per year per employee	-	-
			2-18 Evaluation of the performance of the highest governance body	-	-
		Education, training and development of people – Remuneration and compensation	2-19 Remuneration policies	-	-
			2-20 Process to determine remuneration	-	-
			2-21 Annual total compensation ratio	-	-

Scope of Italian Legislative Decree 254/2016	Material topic	Reference Chapter	Standard-Specific Topic GRI STANDARDS 2021 (2021 update)		Limitations on the 2022 reporting scope ¹	Reasons for omission and explanation		
Human rights	Protection of human rights, reduction of inequalities and respect for diversity and inclusion	Protection of human rights, reduction of inequalities and respect for diversity and inclusion	3-3	Management of material topics	-	-		
			2-25	Processes to remediate negative impacts	-	-		
			2-23	Policy commitments	-	-		
			2-24	Embedding policy commitments	-	-		
			406-1	Incidents of discrimination and corrective actions taken	-	-		
			405-1	Diversity of governance bodies and employees	-	-		
Anti-corruption	Transparent governance and corporate identity	Transparent governance and corporate identity	3-3	Management of material topics	-	-		
			2-25	Processes to remediate negative impacts	-	-		
			405-1	Diversity of governance bodies and employees	-	-		
		Transparent governance and corporate identity – Tax management	207-1	Approach to taxation	-	-		
			207-2	Tax governance, control and risk management	-	-		
			207-3	Stakeholder engagement and management of tax concerns	-	-		
			207-4	Country-by-country reporting	-	-		
			Legality, ethics and anti-corruption	Legality, ethics and anti-corruption	3-3	Management of material topics	-	-
					2-25	Processes to remediate negative impacts	-	-
	2-15	Conflicts of interest			-	-		
	2-16	Communication of critical concerns			-	-		
	2-26	Mechanisms for seeking advice and raising concerns			-	-		
	205-3	Ascertained incidents of corruption and actions taken			-	-		
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			-	-		
	2-27	Compliance with laws and regulations	-	-				
	Cross-cutting aspects	Responsible development and growth	Responsible development and growth	3-3	Management of material topics	-	-	
2-25				Processes to remediate negative impacts	-	-		

Annexes

Annex 1/a: Certifications held by the company Centrale del Latte d'Italia S.p.A. - Plants

Centrale del Latte d'Italia S.p.A.	Plants						
Certification	Turin	Rapallo	Vicenza	Florence	Lodi	Reggio Emilia	Salerno
Management System Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)	•	•	•	•	•	•	•
Plant export authorisation - South Korea	•			•	•	•	
Plant export authorisation - Custom Union					•		
Plant export authorisation - Panama					•		
Plant export authorisation - Brazil					•	•	
Plant export authorisation - China	•			•	•		
Plant export authorisation - Saudi Arabia				•			
ORGANIC (EU Reg. 848/2018)	•	•	•	•	•	•	•
BRCGS/BRCGS (not published)			•	•	•		
DT 87 - Technical Document for the certification of the A2A2 Milk Supply Chain	•	•					
DT 86: Document for the certification of dairy products made with milk from farms having certification issued by CReMBA on animal welfare	•	•					
Control service applied to animal welfare according to requirements that are more restrictive than the law, verified through Classyfarm and the requirements of the "Sustainable Production Chain of Tuscan Cow's Milk" specifications				•			
US FDA Registration			•		•		
FSSC 22000	•	•					
IFS/IFS (not published)			•	•	•	•	
UNI EN ISO 14001:2015	•	•	•	•			
UNI EN ISO 22005:2008	•	•	•	•			
UNI EN ISO 14064:2018				•			
UNI EN ISO 9001:2015 (multisite)	•	•	•	•	•	•	•
Kosher	•				•		
Halal	•		•	•	•	•	
NON-GMO (US products only)			•				
SMETA					•	•	
UNI CEI EN ISO/IEC 17025:2018				•			•
Registration regional HACCP laboratories list Tuscany region				•			
Vegan			•				
Development of national livestock productions "Guarantee of Animal Welfare							•

Annex 1/b: Certifications held by the company Newlat Food S.p.A.

Newlat Food S.p.A.	Plants					
Certification	Cremona	Bologna	Sansepolcro	Fara S. Martino	Eboli	Ozzano Taro
AOECS gluten-free products						•
AIC						•
Management System Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)	•	•	•	•	•	•
Plant export authorisation - China						•
ORGANIC (EU Reg. 848/2018)	•		•	•	•	•
ORGANIC (JAS - Japanese Agriculture Standard)				•		
ORGANIC (IBD - Brazil Standard)				•		
BRCGS/BRCGS (not published)	•		•	•	•	•
US FDA Registration	•		•	•	•	•
IFS/IFS (not published)	•		•	•	•	•
UNI EN ISO 14001:2015						•
UNI EN ISO 22005:2008				•		
UNI EN ISO 9001:2015 (multisite)	•	•	•	•	•	•
Kosher	•	•	•	•	•	•
Halal						•
NON-GMO (US products only)				•		
SMETA	•	•	•	•	•	•
UNI CEI EN ISO/IEC 17025:2018						•
Vegan				•		

Annex 1/c: Certifications held by the company Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A. - Warehouses

Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A.	Warehouses									
Certification	San Vincenzo	Livorno	Grosseto	Massa	Elba	Arezzo	San Pietro (Rapallo)	Pozzuoli	Rome	Lecce
Organic (EU Reg. 834/2007)	•	•	•	•	•	•	•	•	•	•
UNI EN ISO 9001:2015 (multisite)	•	•	•	•	•	•	•	•	•	•
UNI EN ISO 14001:2015							•			

Annex 1/d: Certifications held by Newlat Deutschland GmbH and Symington's Ltd

Newlat GmbH	Plants		
Certification	Mannheim		
Organic	•		
Gluten-free	•		
IFS	•		
ISO50001	•		
Kosher	•		
Schwäbische Spätzle	•		
Symington's Ltd.	Plants		
Certification	Dartmouth Way - Leeds	Bradford	Consett
BRCGS	•	•	•
RSPO	•	•	•
Rainforest Alliance	•		
SMETA		•	
Halal			•

Independent Auditor's Report

[GRI 2-5: External Assurance]

NEWLAT FOOD SPA

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018

YEAR ENDED 31 DECEMBER 2022



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Newlat Food SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Newlat Food SpA and its subsidiaries (the "Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 17 March 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "Regulation EU 852/2020" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" published in 2021 by the GRI – Global Reporting Initiative (the "GRI Standards"), disclosed within the paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
 - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.



In detail, we held meetings and interviews with the management of Newlat Food SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the Sansepolcro (AR) and Reggio Emilia sites of Newlat Food SpA and for the Leeds, Consett and Bradford sites of Symington's Ltd which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we carried out meetings with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Newlat Food Group for the year ended on 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Newlat Food Group do not extend to the information set out in the paragraph “Regulation EU 852/2020” of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 31 March 2023

PricewaterhouseCoopers SpA

Signed by

Davide Abramo Busnach
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation.