



THE CODE OF SELF-DISCIPLINE FOR LISTED COMPANIES.

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CODE OF SELF-DISCIPLINE

Centrale del Latte di Torino & C. S.p.A. has adopted the following Code of Self-discipline to implement Corporate Governance, the latter being intended as that system of rules by which companies are managed and controlled.

This code has been extrapolated from the Code of Self-discipline attached to the Report on Corporate Governance of Listed Companies, the recommendations of which have been implemented by the Company unless stated otherwise.

1. Role of the Board of Directors

The Company is guided by a Board of Directors that meets at regular intervals.

Board members are nominated by the shareholders' meeting for a term of 3 (three) years.

The Board of Directors:

- reviews and approves the Company's strategic, business and financial plans;
- assigns and revokes delegation to Managing Directors and committees, defining the powers, operating methods and timing - normally quarterly - that those delegated must report to the Board on their activities;
- reviews proposals and consults with the Board of Statutory Auditors to determine compensation for management, emoluments due to single Board members and members of internal committees;
- supervises operating trends, with particular reference to situations of possible conflict of interest, on the basis of information received from Managing Directors and the Internal Audit Committee, and also periodically checks actual results against those planned;
- reviews and approves all significant economic, balance sheet and financial operations;
- checks the adequacy of the Company's general organisational and administrative structure;
- reports to shareholders during shareholders' meetings.

2. Composition of the Board of Directors

The Board comprises executive and non-executive members.

The number and standing of non-executive members is such as to ensure that their judgement can have a significant weight in decisions taken by the Board.

The Board of Directors for the three-year period 1999-2001 comprises:

Executive members

- Luigi LUZZATI Chairman
- Riccardo POZZOLI Executive Vice Chairman and Managing Director
- Aroldo LUZZATI Managing Director

Non-executive members

- Antonio Felice FORCHINO Vice Chairman

- Adele ARTOM Director
- Ermanno RESTANO Director
- Pietro Angelo CERRI Director
- Alessandro MARINA Director
- Germano TURINETTO Director

3. Independent Board members

A sufficient number of the non-executive members are independent in the sense that:

- the autonomy of their judgement is not conditioned by significant financial relations with the Company, its subsidiaries, executive directors or groups of shareholders' with a controlling interest in the Company;
- they neither directly or indirectly own sufficient shares to enable them to exercise control over the Company, nor are they parties to shareholders' agreements to gain control of the Company.

In the current Board of Directors the following persons are independent members:

- Pietro Angelo CERRI
- Alessandro MARINA
- Germano TURINETTO

4. The Chairman of the Board of Directors

The Chairman of the Board of Directors convenes the meetings and makes every effort to ensure necessary information and documentation is provided to members before the date concerned so that the latter are able to participate in discussed in an informed manner.

The Chairman coordinates Board activities and chairs the meetings.

5. Information to the Board of Directors

General Managers and the Audit Committee periodically report to the Board of Directors and Statutory Auditors on activities performed while exercising the powers delegated to them, and also provide information on any atypical or unusual operations which, however, would not normally be reviewed and approved by the Board.

Exactly the same information is provided to both the Board of Directors and Statutory Auditors.

6. Treatment of confidential information

All Board members are required to keep all information and documents acquired while performing their duties confidential and to adhere to procedures as regards divulging such information and documentation.

In the Board meeting held on December 18 2000 a resolution was passed to allow only the Chairman and Managing Directors to divulge information and documentation concerning the

Company, particularly with reference to price sensitive information. The individuals mentioned may make use of the consultancy company assigned to provide financial information.

7. Nomination of Board Members

Proposals for nomination to the position of Board member, accompanied by a detailed description of the personal and professional qualities of candidates concerned, are deposited at the Company's offices at least ten days before the shareholders' meeting.

The Board of Directors does not believe it necessary to create a nominations' committee within the Board as no problems have arisen to prepare proposals for nomination.

8. Remuneration of Board Members

The Board of Directors may form an internal remuneration committee within the Board. This committee, comprised mainly of non-executive members, formulates proposals to the Board as regards remuneration of Managing Directors and those who hold special positions, and if requested by the Managing Directors, proposals for criteria to establish the remuneration of top management. Normally the remuneration of Managing Directors and top management includes a part linked to achievement of specific financial results and/or objectives.

The current Board has not nominated a remuneration committee as it intends to extend the activity concerned to all Board members.

In the meeting of March 9 2001 a proposal was adopted to establish variable remuneration for Managing Directors and top management based on the planned results for 2001.

9. Internal Audit

The Board of Directors recognises the importance of an internal audit system that verifies if internal operating and administrative procedures are followed, in order to ensure operations are conducted in a sound and efficient manner.

The Audit Committee representative assigned to this task does not report to a manager within the operations area but instead gives an account of activities performed to the Managing Directors, Internal Audit Committee and Statutory Auditors.

10. Internal Audit Committee

In the meeting held on March 9 2001 the Board established an Internal Audit Committee, the role of which is to act in an advisory capacity and make proposals, comprised of four members, of whom three are non-executive Board members (two of whom are also independents) and also the Audit Committee representative.

These are the members:

- Alessandro MARINA
- Ermanno RESTANO
- Germano TURINETTO
- Giancarlo MORETTO - Audit Committee representative

11. Investor relations

The Board has nominated Vittorio VAUDAGNOTTI, the Company's Administrative Manager, as the person responsible for investor relations, a role that entails handling relations with shareholders and institutional investors and providing them with documentation and information on the Company.

12. Shareholders' meetings

Board members encourage and facilitate participation of shareholders in shareholders' meetings. Unless they have other pressing engagements, all Board members participate in shareholders' meetings.

These meetings are an opportunity to provide information on the Company to shareholders in compliance with guidelines governing price sensitive information.

To date the Board has not introduced regulations to provide for the orderly, efficient running of shareholders' meetings as it has been deemed unnecessary to implement such measures.

13. Statutory Auditors

Proposals to the shareholders' meeting for nomination to the position of Statutory Auditor, accompanied by a detailed description of the personal and professional qualities of candidates concerned, are deposited at the Company's offices at least ten days before the shareholders' meeting.