



Drogheria e Alimentari S.p.A.
**- Subject to management and
coordination of**
McCormick Italy Holdings s.r.l. -

**Organization, Management and
Control Model**

Pursuant to Article 6, paragraph 3, of Legislative Decree No. 231 of June 8, 2001

General Part

AUTO TRANSLATED DOCUMENT USING WORD TRANSLATION TOOLS

Approved by the Board of Directors

on 17/07/2024

All information and data contained in this protocol are the exclusive property of Drogheria e Alimentari S.p.A. and are covered by confidentiality and privacy restrictions.

They are disclosed by virtue of the employment relationship with Drogheria e Alimentari S.p.A.

In order to ensure the security and proper use of the information contained in this protocol, we therefore urge you to comply with the instructions provided by Drogheria e Alimentari S.p.A., doing what is necessary to ensure that this information is not subjected to processing that is not permitted or differs from its purposes and is not disclosed to third parties, divulged or accessed by unauthorized persons.

Any need for external communication of such information must be authorized in advance by Drogheria e Alimentari S.p.A.. Anyone will be held responsible for any improper and non-compliant use.

Drogheria e Alimentari S.p.A. Organization, Management and Control Model ex D.Lgs.231/2001	File Name: DeA_MOGC231/2001- final version 17/07/2024
DROGHERIA AND ALIMENTARI SPA - CONFIDENTIAL AND PROPRIETARY	

DOCUMENT CONTROL BOARD

IDENTIFICATION

DOCUMENT TITLE	Organization, management and control model pursuant to Art. 6, paragraph 3, of Legislative Decree No. 231 of June 8, 2001 <i>General Part</i>
-----------------------	---

REVIEWS

VERSION	ISSUE DATE	COMMENT	SIGNATURE
V.01	03/11/2013	First issue	
V.02	14/01/2019	Update	
V.03	17/07/2024	Update	

INDEX

Organization, Management and Control Model	1
DEFINITIONS	4
1. LEGISLATIVE DECREE NO. 231/2001	6
1.1 Administrative criminal liability of legal persons:.....	6
1.2 The interest or benefit to the entity.....	7
1.3 The sanctions provided for in Legislative Decree 231/2001	7
1.4 Adoption of the Organization, Management and Control Model as an exemption from administrative liability	9
1.5 The current scenario: a regulatory framework <i>in the making</i>	10
1.6 The changing events of the Society.....	17
1.7 Guidelines developed by trade associations.....	18
2. THE SOCIETY.	20
2.1 THE CONSTRUCTION OF THE "ORGANIZATION AND CONTROL MODEL"	20
2.2 The Company's Governance Model.....	21
2.3 The authorization system of Drogheria e Alimentari S.p.A.....	22
2.4 Essential requirements of the proxy system	23
2.5 Essential requirements of the proxy system	23
2.6 Business organizational tools and financial resource management systems	24
2.7 Fiscal strategy	25
2.8 The management of intercompany contracts.....	26
3. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF DROGHERIA E ALIMENTARI S.P.A.	27
3.1 Background	27
3.2 The Project for defining the Organization and Management Model of Drogheria e Alimentari S.p.A.	29
3.3 Relevant crimes for Drogheria e Alimentari S.p.A.....	30
3.4 Control principles in drafting the control protocols of the Special Part of the Model.....	32
3.5 Amendments to the Model adopted by Drogheria e Alimentari S.p.A.	32
4. THE CODE OF ETHICS.....	33
4.1 Development and approval of the Code of Ethics	33
4.2 Purpose and structure of the Code of Ethics. The addressees of the Code of Ethics	34
5. THE DISCIPLINARY SYSTEM.....	35
5.1 The development and adoption of the Disciplinary System	35
5.2 The Structure of the Disciplinary System	36
6. THE SUPERVISORY BODY.....	36
6.1 The composition of the Body and its requirements	37
6.2 Functions and powers of the Supervisory Board.....	37
6.3 The regulations of the Supervisory Board.....	40
6.4 Information flows to the Supervisory Board	40
6.5 Reporting by the Supervisory Board to the Corporate Bodies and Top Management of Drogheria e Alimentari S.p.A. 43	
7. TRAINING PLAN AND COMMUNICATION ACTIVITIES CONCERNING THE MODEL	45
7.1 Information activities regarding the Model	45
7.2 The training plan	45

DEFINITIONS

The following definitions apply in this General Section as well as in the individual Special Sections, subject to the additional definitions contained therein.

- **Risk Areas:** the areas of activity of Drogheria e Alimentari S.p.A. in which the risk of commission of the Crimes appears to be looming, in more concrete terms.
- **Sensitive Activities:** the activities instrumental or otherwise relevant to the commission of an Offence in the identified Risk Areas.
- **Parent Company:** McCormick Italy Holding S.r.l.
- **CCNL:** the National Collective Bargaining Agreement applicable to Drogheria e Alimentari S.p.A.
- **Board of Statutory Auditors:** the Board of Statutory Auditors of Drogheria e Alimentari S.p.A.
- **Board of Directors or BoD:** the Board of Directors of Drogheria e Alimentari S.p.A.
- **Consultants:** those individuals who act in the name and/or on behalf of the Company under a mandate contract or other contractual relationship of professional collaboration.
- **Decree:** the Legislative Decree No. 231 of June 8, 2001, as amended and supplemented.
- **Safety Decree:** the Legislative Decree No. 81 of April 9, 2008, on "*Implementation of Article 1 of Law No. 123 of August 3, 2007, on the protection of health and safety in the workplace*" and its subsequent amendments and additions.
- **Whistleblowing Decree:** Legislative Decree No. 24 of March 10, 2023, "*Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report breaches of Union law and on provisions concerning the protection of persons who report breaches of national laws.*"
- **Employees:** those persons having an employment relationship with the Company, including managers.
- **Risk Analysis Document or Risk Assessment 231:** the document prepared following an analysis activity conducted on the company's business, bearing the identification of Risk Areas and Sensitive Activities from the point of view of relevance pursuant to Legislative Decree No. 231/2001.
- **Entities:** entities provided with legal personality or companies and associations, including those without legal personality (corporations, partnerships, consortia, etc.).
- **Corporate Officers:** directors, auditors, liquidators and Employees of the Company.
- **Suppliers:** suppliers of goods and providers of work and services, other than Consultants, not bound to the Company by subordination.
- **Group and McCormick Group:** Drogheria e Alimentari S.p.A. and the other companies in the McCormick Italy Holding group.
- **Workers:** people who, regardless of contract type, perform work within the Company's organization.

- **Guidelines:** the Guidelines for the construction of the organization, management and control model pursuant to Legislative Decree 231/2001 approved by Confindustria (dated March 7, 2002 and subsequent amendments and additions).
- **McCormick:** McCormick Italy Holding S.r.l.
- **Model:** the Organization, Management and Control Model required by Decree No. 231/2001 adopted by the Company.
- **Supervisory Board or SB:** the body in charge of supervising the operation of and compliance with the Model.
- **Corporate bodies:** shareholders' meeting, board of directors, board of auditors and auditing firm.
- **P.A.:** the public administration and, with reference to crimes against the public administration, public officials and public service officers (e.g., public service concessionaires).
- **Partners:** the contractual counterparts with whom the Company comes to some form of contractually regulated collaboration (temporary business association, joint venture, consortium, license, agency, collaboration in general).
- **Offenses:** the types of offenses to which the regulations of Legislative Decree No. 231/2001 on administrative responsibility apply.
- **Penalty System:** the disciplinary actions suitable for punishing non-compliance with the Model.
- **Company or Drogheria:** means Drogheria e Alimentari S.p.A. with registered office at Via Nilde Iotti, 23/25, 50038, Scarperia e San Piero (FI).

1. LEGISLATIVE DECREE NO. 231/2001

1.1 The administrative criminal liability of legal persons:

Legislative Decree No. 231 "Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality," was issued on June 8, 2001 in execution of the delegation of authority under Article 11 of Law No. 300 of September 29, 2000, and has been in force since July 4, 2001. With the Decree, the Legislature intended to bring the national legislation into line with the numerous international conventions to which Italy was already a party (Brussels Convention of July 26, 1995 on the Protection of the Financial Interests of the European Communities, Brussels Convention of May 26, 1997 on Combating Bribery where Officials of the European Community or Other Member States are Involved, OECD Convention of December 17, 1997 on Combating Bribery of Foreign Public Officials in Economic and International Transactions).

In this way, a regime of administrative responsibility has been introduced in the Italian legal system for Entities: in fact, the discipline is applicable to *"entities provided with legal personality and to companies and associations, including those without legal personality"* (Article 1 *"Subjects"* of the Decree), the Crimes, which are exhaustively listed, when committed in their interest or to their advantage by persons meeting certain requirements.

The scope of application of the Decree is very broad and covers all entities provided with legal personality, companies, associations, including those without legal personality, public economic entities, and private entities that are concessionaires of a public service. On the other hand, the legislation does not apply to the state, territorial public entities, noneconomic public entities, and entities that perform functions of constitutional importance (such as, for example, political parties and trade unions). The rule does not refer to entities not based in Italy. However, in this regard, an order of the GIP of the Court of Milan (ord. June 13, 2007; see also GIP Milan, ord. April 27, 2004, and Court of Milan, ord. Oct. 28, 2004) has sanctioned, basing the decision on the principle of territoriality, the existence of the jurisdiction of the Italian judge in relation to crimes committed by foreign entities in Italy. The Decree also applies to offenses committed abroad, provided that they are committed in the interest or to the advantage of an entity that has its head office in Italy and that is not at the same time already the subject of a contrasting measure in the foreign state where the crime was committed.

Thus, for the first time, and at the level of a source of primary rank, direct liability of entities resulting from the detection of certain crimes committed in the interest or to the advantage of the company by its representatives, managers and employees is enshrined. Moreover, in the event of an offense committed by a person subject to the management or supervision of others, there is a presumption of liability against the company where it appears that the commission of the offense was made possible by the failure to comply with the obligations of management or supervision.

Specifically, from a subjective standpoint it must be:

- Individuals who hold positions of representation, administration or management of the

Entities or of one of their organizational units with financial and functional autonomy (directors, general managers, persons in any case in charge of secondary offices or business branches provided they have financial and functional autonomy) even if this top position is merely de facto; or

- individuals subject to the direction or supervision of one of the above individuals, if the commission of the crime was made possible by the omission of supervision.

Finally, a prerequisite for the company's liability is that the crime was committed and that it was carried out "*in the interest or for the benefit of the company itself.*"

The liability of Entities thus identified is autonomous with respect to that of the natural person who is the material author of the crime, and subsists (pursuant to Article 8 "*Autonomy of the Entity's Liability*" of the Decree) even when the author of the crime has not been identified or when the crime has been extinguished for a cause other than amnesty. In any case, the liability of Entities is always in addition to, and never in place of, that of the individual perpetrator of the crime.

1.2 The interest or benefit to the entity

Liability arises only when certain types of offenses are committed by persons linked in various ways to the entity and only in the hypotheses that the illegal conduct was carried out in the interest or advantage of the entity. Therefore, not only when the illicit conduct has resulted in an advantage, patrimonial or otherwise, for the entity, but also in the hypothesis that, even in the absence of such concrete result, the offence finds reason in the interest of the Company.

On the meaning of the terms "*interest*" and "*advantage*," the Government Report accompanying the Decree attributes to the former a subjective valence, i.e., referring to the will of the material (natural person) perpetrator of the crime (he must have acted having as the purpose of his action the realization of a specific interest of the entity), while to the latter a valence of an objective type, thus referring to the actual results of his conduct (the reference is to cases in which the perpetrator, although not directly targeting an interest of the entity, nevertheless realizes an advantage in its favor).

Lastly, the report again suggests that the investigation into the existence of the first requirement (interest) requires an *ex ante* verification, conversely, the investigation into the advantage that can be gained by the entity even when the individual has not acted in its interest always requires an *ex post* verification, as only the result of the criminal conduct has to be evaluated.

1.3 The sanctions provided for in Legislative Decree 231/2001.

The applicable penalties are of various kinds: pecuniary, interdictory as well as measures such as confiscation and publication of the judgment.

The entity is held liable for the Offenses under the Decree even if they are carried out in the forms of attempt. In such cases, however, the pecuniary and disqualification penalties are reduced by one-third to one-half.

The entity is not liable if it voluntarily prevents the performance of the action or realization of the event.

Financial penalties

The pecuniary sanctions are regulated in Articles 10 "*Pecuniary Administrative Sanction*," 11 "*Criteria for Commensuration of the Pecuniary Sanction*," and 12 "*Cases of Reduction of the Pecuniary Sanction*" of the Decree, and the concrete application is by quotas, in a number of not less than 100 and not more than 1,000, while the amount of each quota ranges from a minimum of €258 to a maximum of €1,549. The Judge determines the number of quotas in relation to certain parameters, including the seriousness of the act, the degree of responsibility of the company, the activities carried out to eliminate or mitigate the consequences and prevent the commission of further offenses.

The actual determination of the amount of the fee is made on the basis of the economic and asset conditions of the entity. In the case of the agent's own interest (prevailing) or otherwise in the absence of an advantage to the entity, the amount of the fee is always 103.29 euros.

In addition, fines are reduced:

- a) to half in the absence of a significant advantage or in the presence of minimal advantage to society and particularly minor damage;
- b) by one-third to one-half if before the opening of the first instance hearing the institution has provided:
 1. full compensation for the damage and the elimination of the harmful or dangerous consequences of the crime or the implementation of suitable measures for this purpose;
 2. immediate implementation and adoption of an organizational model where one is missing or revision of an existing one suitable for preventing crimes of the kind that occurred;
 3. One-half to two-thirds in the case where both conditions sub 1 and 2 concur.

Disqualifying sanctions

The prohibitory sanctions-indicated in Article 9 "*Administrative Sanctions*"-of the Decree are:

- Disqualification from engaging in the business;
- The suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- The prohibition of contracting with the public administration, except to obtain the performance of a public service;
- exclusion from facilitations, financing, contributions or subsidies and possible revocation of those already granted;
- A ban on advertising goods or services.

Confiscation

Confiscation of the price or profit of the crime is a mandatory penalty that follows any conviction (Article 19 "*Confiscation*" of the Decree).

Similarly, the judicial authority may order the seizure, both preventive and conservative, of property susceptible to confiscation in the event of danger of the dispersion of collateral for possible state claims (court costs, fine).

The publication of the judgment

The publication of the judgment is a contingent sanction and presupposes the application of a disqualifying sanction (Article 18 "*Publication of the judgment of conviction*" of the Decree).

If the above-mentioned subjective and objective conditions are met, the competence to ascertain the crime, the liability of the entity as well as the determination of the *anter* and *quantum* of the sanction lies with the criminal judge competent for the proceedings related to the crimes on which the administrative liability depends. Provision is also made, at the request of the Public Prosecutor, for the precautionary applicability of prohibitory sanctions, where the typical requirements exist.

1.4 The adoption of the Organization, Management and Control Model as an exemption from administrative liability

Article 6 "*Subjects in top management positions and organizational models of the entity*" and 7 "*Subjects under the direction of others and organizational models of the entity*" of the Decree provide forms of exemption from administrative liability for entities. Specifically, Article 6 paragraph 1 of the Decree provides that the entity is nevertheless exempt from liability where it proves:

- the adoption and effective implementation *ex ante*, of an Organization and Management Model with sufficient preventive suitability against crimes of the kind that have occurred;
- the actual existence of a Supervisory Board vested with sufficient and autonomous powers of initiative and control, responsible for the supervision, application and maintenance of this Model;
- the persons who committed the offense acted by fraudulently circumventing the said Model;
- supervision by the Supervisory Board has not been omitted or neglected.

For the purpose of the aforementioned exemption value, the template prepared should cover the following elements:

- The "mapping" of the Risk Areas i.e., the areas that are potentially susceptible to the occurrence of the offenses under the Decree;
- The provision of specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the crimes to be prevented;

- The definition of management methods, with particular regard to the economic-financial aspect, suitable for reducing the risk of committing crimes;
- The provision within within Entities, of appropriate channels of communication by and to tSB;
- The definition of a Penalty System to be applied in case of non-compliance with the measures indicated in the Model;
- modification of the Model and restoration of the conditions of validity following violations, or in the presence of changes in the organization or activity of the company.

The provisions of the aforementioned Article 6 "*Persons in top positions and organizational models of the entity*" and the aforementioned exempting efficacy should also be read in conjunction with the provisions of Article 26 "*Attempted crimes*" of the Decree, which establishes in paragraph 2 the exclusion of liability for the company that voluntarily prevents the performance of the action or the realization of the event. This reaffirms the link between the company's active conduct in preventing the event from occurring and the exempting efficacy that is recognized even in the case of an attempted crime committed by one of its employees.

1.5 The current scenario: a regulatory framework in the making

Since its original introduction, the legislature has intervened several times on the regulation of the administrative liability of legal persons, expanding the original framework of so-called "predicate" crimes by adding numerous new criminal offenses.

Currently, the complex regulatory framework includes a heterogeneous range of Offenses. In addition to the traditional hypotheses of crimes committed against the Public Administration, there are also cases of market abuse and corporate offenses, crimes against public order (the so-called of transnational organized crime, introduced through the transposition of the United Nations Convention and Protocols adopted by the General Assembly on November 15, 2000 and May 31, 2001"); crimes against property (money laundering and the use of money, goods or utilities of illicit origin); crimes against physical safety (with Law No. 38 of February 6, 2006 on the subject of "*Provisions on the fight against the sexual exploitation of children and child pornography, including by means of the Internet*"), crimes against illegal immigration provided for by Legislative Decree 286/1998 c.d. Consolidated Text on the discipline of immigration and rules on the condition of foreigners; crimes against security provided for by Law 123/2007 bearing "*Measures on the protection of health and safety at work*"); crimes against the security of computer networks (so-called computer crime crimes); crimes against industry and trade; environmental crimes (Legislative Decree No. 121/2011), tax crimes and smuggling crimes.

The described framework must be completed with what is contained in the Safety Decree (Legislative Decree No. 81, as amended, issued on April 9, 2008), which in Art. 30, paragraph 1, makes a formal reference to the discipline in question, providing that:

"The organization and management model suitable for exemption from administrative liability of legal persons, companies and associations, including those without legal

personality under Legislative Decree No. 231 of June 8, 2001, must be adopted and effectively implemented, ensuring a company system for the fulfillment of all related legal obligations:

- a) to compliance with legal technical and structural standards related to equipment, facilities, workplaces, chemical, physical and biological agents;
- b) To the activities of assessing risks and preparing the resulting prevention and protection measures;
- c) to activities of an organizational nature, such as emergencies, first aid, contract management, periodic safety meetings, and consultation with workers' safety representatives;
- d) To health surveillance activities;
- e) To worker information and training activities;
- f) to supervisory activities with reference to compliance with the procedures and instructions for working in safety by workers;
- g) The acquisition of documentation and certifications required by law;
- h) To periodic reviews of the implementation and effectiveness of the procedures adopted."

This confirms, in fact, the need for every company to comply with the Decree by adopting a valid organizational model deputed (also) to the management and containment of risks related to the area of safety in the workplace. This regulatory extension also requires to give account within the Model of all the activities already carried out in the area of safety so as to harmonize its contents.

In the two-year period 2014 - 2015, through various legislative measures amending Article 25-octies "Receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-money laundering" of the Decree , the catalog of predicate offenses for the liability of entities for administrative offenses is enriched with additional crime figures, some entirely new and others restored and/or extended in their applicative scope. Reference is made to the following recent regulatory interventions:

- Law No. 186 of Dec. 15, 2014, effective Jan. 1, 2015, which inserted a new Article 648-ter "Use of money, goods or utilities of unlawful origin" No. 1) into the Criminal Code, resulting in the introduction of an independent figure of crime: the crime of so-called "self-money laundering."
- Law No. 68 of May 28, 2015, effective May 29, 2015, setting forth new cases of environmental crimes (the so-called "ecorelates");
- Law No. 69 of May 27, 2015, effective June 14, 2015, which, in addition to making changes-mostly of a quantitative nature-to several regulations on crimes against the P.A. and mafia-type association, restores the punishability of false accounting (under the rubric "False corporate communications").

In 2016, Law No. 199 of October 29 included in the Catalogue of Crimes a new figure of crime against the individual personality: the crime of "*Illegal intermediation and exploitation of labor*," aimed at combating the so-called "caporalato" with consequent amendment of the text of Article 603 bis "*Illegal intermediation and exploitation of labor*" of the Penal Code, originally introduced by Decree Law No. 138/2011 then converted into Law No. 148 of 2011.

The years 2017 / 2018 also offer room for multiple interventions of the legislature, directed once again at broadening the scope of application of the Decree. In particular, this is done through:

- reformulation of the crime of bribery among private individuals (Article 2635 "Bribery among private individuals" of the Civil Code), flanked by the new case of incitement to bribery among private individuals (Article 2635 bis "*incitement to bribery among private individuals*" of the Civil Code), by Legislative Decree No. 38 of March 15, 20017;
- Introduction of new penalties, both pecuniary and interdictory, imposed for the crimes of procuring illegal entry and aiding and abetting illegal immigration by Law No. 161 of October 17, 2017, on amendments to the Code of Anti-Mafia Laws and Prevention Measures (formerly covered under Legislative Decree No. 159/2011) as well as the Criminal Code and the Code of Criminal Procedure along with the delegation of authority to the government for the protection of labor in seized and confiscated companies;
- Introduction of an obligation, including in the private sector, to protect employees who make "*reports of crimes or irregularities*" they become aware of in the course of their duties, through Law No. 179 of November 30, 2017 (Law on so-called *whistleblowing*);
- Inclusion of Article 25-terdecies "*Racism and Xenophobia*" in the Decree, by Law No. 167 of November 20, 2017 on "*Provisions for fulfillment of obligations arising from Italy's membership in the European Union - European Law 2017*" which extends the liability of entities to various offenses focused on incitement, discrimination and violence, or their propaganda or instigation, on racial, ethnic, national or religious grounds, with provision for both pecuniary and prohibitory sanctions;
- Repeal of some environmental crimes under Legislative Decree 152/06 (so-called T.U.A.) with translation of the relevant provisions directly within the Criminal Code, by Legislative Decree No. 21 of March 1, 2018, bearing "Provisions implementing the delegation principle of code reservation in criminal matters."

On December 25, 2019, Decree Law 124/2019, bearing "*Urgent provisions on fiscal matters and for unavoidable needs*" (so-called Tax Decree), as converted by Law 157/2019, entered into force. This Decree extends the administrative liability of Entities to a series of tax offenses, introducing Article 25 *quinquiesdecies* "*Tax Offenses*" into the catalog of Offenses. With Legislative Decree 75/2020, the provisions of Directive (EU) 2017/1371 (so-called PIF Directive) are, moreover, implemented through the introduction to Article 25 *quinquiesdecies* "*Tax Crimes*" of the Decree, of additional types of offenses, namely the

crimes of misrepresentation, omitted declaration and undue compensation, when these crimes have the element of transnationality and the VAT evaded is not less than 10 million euros.

On December 25, 2019, Decree Law 124/2019, bearing "*Urgent provisions on tax matters and for unavoidable needs*" (so-called Tax Decree), as converted by Law 157/2019, entered into force. This Decree extends the administrative liability of Entities to a series of tax offenses, introducing Article 25 *quinquiesdecies* "*Tax Offenses*" into the catalog of Offenses. Legislative Decree 75/2020 also transposes the provisions of Directive (EU) 2017/1371 (so-called PIF Directive) through the introduction, to Article 25 *quinquiesdecies* "*Tax Crimes*" of the Decree, of additional offenses, namely the crimes of misrepresentation, omitted declaration and undue compensation, when these crimes have the element of transnationality and the VAT evaded is not less than 10 million euros.

On November 29, 2021, Legislative Decree No. 184 of November 8, 2021 was published, which expands the catalog of Crimes by introducing Article 25-octies.1 "*Crimes related to non-cash payment instruments*" regarding crimes related to non-cash payment instruments. Specifically, the crimes referred to in Articles 493-ter "*Undue use and counterfeiting of non-cash payment instruments,*" 493-quater "*Possession and dissemination of computer equipment, devices or programs aimed at committing crimes regarding non-cash payment instruments,*" and 640-ter "*Computer fraud*" of the Criminal Code are introduced, in the hypothesis aggravated by the realization of a transfer of money, monetary value or virtual currency.

In the Official Gazette No. 68 of March 22, 2022, Law No. 22 was published, which expanded the catalog of predicate offenses contained in the Decree, introducing, Articles 25fdecies "*Crimes against cultural heritage*" and 25-duodevicies "*Laundering of cultural property and devastation and looting of cultural and scenic property.*"

Specifically:

- (i) Article 25-septiesdecies "*Crimes against cultural heritage*" introduced, as predicate Crimes, the crimes of the Criminal Code set forth in articles: 518-novies "*Violation of alienation of cultural property*"; 518-ter "*Misappropriation of cultural property*"; 518-decies "*Illegal import of cultural property*"; 518-undecies "*Illegal exit or export of cultural property,*" the articles. 518-duodecies "*Destruction, dispersion, deterioration, defacement, defacement, and illegal use of cultural or landscape goods*"; 518-quaterdecies "*Counterfeiting of works of art*"; 518-bis "*Theft of cultural goods,*" 518-quarter "*Receiving stolen cultural goods*"; and 518-octies "*Forgery in private writing relating to cultural goods.*"
- (ii) Article 25-duodevicies "*Laundering of Cultural Assets and Devastation and Looting of Cultural and Scenic Assets*" introduced, as predicate Crimes, the crimes of the Criminal Code set forth in Articles: 518-sexies "*Laundering of Cultural Assets*" and 518-terdecies "*Devastation and Looting of Cultural and Scenic Assets*" of the Criminal Code.

With Legislative Decree No. 156 of October 4, 2022 published on October 22, 2022, the legislature amended paragraph.1-bis of Article 25-quinquiesdecies, "*Tax crimes,*" of the

Decree. In particular, in the said article, the words "when committed as *part of cross-border fraudulent schemes and in order to evade value-added tax for a total amount of no less than*" are replaced by the following "*when committed in order to evade value-added tax as part of cross-border fraudulent schemes connected to the territory of at least one other member state of the European Union, from which a total damage equal to or greater than*" results or may result.

With regard to legislative changes that occurred during 2023, the following should be noted

On October 9, 2023, Law No. 137/2023 of "Conversion with amendments of Decree No. 105 of August 10, 2023, containing urgent provisions on criminal trial, civil trial, combating forest fires, recovery from drug addiction, health and culture, as well as on the personnel of the judiciary and public administration," was published in the General Series of the Official Gazette No. 236, amending Articles 24, 25-octies.1 of Legislative Decree 231/2001 and articles 452 bis and 452 quater cp, (referred to in art. 25-undecies "Environmental crimes" Legislative Decree 231/01).

The following crimes have been introduced into the 231 catalog:

- "Disturbing the freedom of auctions" (Article 353 of the Criminal Code): "Whoever, by violence or threat, or by gifts, promises, collusion or other fraudulent means, prevents or disturbs the bidding in public auctions or private bidding on behalf of public administrations, or turns away bidders, shall be punished by imprisonment from six months to five years and a fine from 103 to 1,032 euros.

If the culprit is a person in charge by law or authority of the aforementioned auctions or bidding, imprisonment shall be from one to five years and a fine from 516 euros to 2,065 euros.

The penalties established in this article shall also apply in the case of private bidding on behalf of private individuals, directed by a public official or legally authorized person; but they shall be reduced by half."

- "Disturbing the freedom of the procedure for choosing a contractor" (Article 353 bis of the Criminal Code): "Unless the fact constitutes a more serious crime, anyone who with violence or threats, or with gifts, promises, collusion or other fraudulent means, disturbs the administrative procedure aimed at establishing the content of the notice or other equivalent act in order to condition the manner in which the public administration chooses a contractor shall be punished by imprisonment from six months to five years and a fine from 103 to 1,032 euros."

Article 25-octies.1, following the introduction of Article 512-bis of the Criminal Code "Fraudulent transfer of valuables" into the list of 231 crimes, is now amended to: "Crimes relating to non-cash payment instruments and fraudulent transfer of values."

Finally, Law 137/2023 also amended Articles 452-bis of the Criminal Code "Environmental Pollution" and 452-quater of the Criminal Code "Environmental Disaster," referred to in Article 25-undecies of Legislative Decree 231/2001 "Environmental Crimes." Specifically:

co. 2 of Art. 452-bis of the Criminal Code has been amended as follows "When the pollution

is produced in a protected natural area or subject to landscape, environmental, historical, artistic, architectural or archaeological constraint, or to the detriment of protected animal or plant species, the punishment is increased from one third to one half. In cases where the pollution causes deterioration, impairment or destruction of a habitat within a protected natural area or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, the punishment shall be increased by one-third to two-thirds."

co. 2 of Art. 452-quater of the Criminal Code was amended as follows "When the disaster is produced in a protected natural area or one subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species, the punishment is increased from one third to one half."

The following laws are also noted:

- o Law No. 206/2023, which amended the case of *Sale of industrial products with false signs* (Art. 517 of the Criminal Code, previously referred to in Art.25-bis.1 of Legislative Decree 231/2001);
- o Law No. 6/2024, which amended the offence of *Destruction, dispersion, deterioration, defacement, defacement and illegal use of cultural or scenic heritage* (Art. 518-duodecies, previously referred to in Art. 25-septesdecies Legislative Decree 231/2001).

On March 7, 2023, Legislative Decree No. 19 of March 2, 2023 was published, on "*Implementation of Directive (EU) 2019/2121 of the European Parliament and of the Council of November 27, 2019 amending Directive (EU) 2017/1132 as regards cross-border transformations, mergers and divisions.*" Article 55, "*Amendments to Legislative Decree No. 231 of June 8, 2001,*" of the new legislation intervenes in Article 25-ter, "*Corporate Offenses,*" of the Decree, extending the punishability of the legal person to the offenses provided for in "*other special laws*" (not only the Civil Code). In addition, a new letter "s-ter" is added, which provides for the application of financial penalties to the entity: "*for the crime of false or omitted statements for the issuance of the preliminary certificate provided for in the implementing legislation of Directive (EU) 2019/2121, of the European Parliament and of the Council, of November 27, 2019, the financial penalty from one hundred and fifty to three hundred quotas*" (the preliminary certificate is the accompanying document of extraordinary cross-border transactions).

As a result of the aforementioned repeated regulatory interventions, the list of potential areas of risk for organizations must also be expanded to include more recently introduced cases.

The datum of experience - inferable from a normative production that from 2001 to the present has known no solution of continuity - is proof of a now consolidated *modus operandi* of the legislator, aimed at including in the text of Legislative Decree 231/2001 every case of crime (new or reformed) carrying a high social alarm, with respect to which the enlargement of administrative responsibility is intended as the main instrument of contrast.

Referring as of now to the individual Protocols of the **Special Part and to Annex no. 1 to the Model - Catalogue of Predicate Crimes for the** details and analysis of the crimes referred to in the Decree, already here, however, it is appropriate to emphasize the dangerousness of some of the mentioned criminal hypotheses, aimed at concealing the

proceeds from previously committed own crimes (c.d. self-laundering) or the creation of a money supply, the so-called slush funds, to be used for the pursuit of more or less lawful purposes but in any case in a concealed manner and in violation of the rules of transparency dictated on the subject of keeping accounting records (false corporate communications).

At present, therefore, as a result of the amendments and additions that have taken place to date, from an objective point of view, the direct liability of the company derives directly from a vast and heterogeneous compendium of crimes, which can be classified in the macro-areas listed below.

Lastly, the described framework must be supplemented with the figure of so-called "whistleblowing" referred to in Law 179/2017 *"Provisions for the protection of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship"* and Legislative Decree No. 24 of March 10, 2023 *"Implementation of EU Directive 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons who report breaches of Union law and on provisions concerning the protection of persons who report breaches of national regulatory provisions."*

Law 179/2017 amended Article 6 *"Persons in top positions and organizational models of the entity"* of the Decree, introducing paragraph 2-bis, pursuant to which: "The models referred to in letter a) of paragraph 1 also provide:

1. one or more channels that allow the persons indicated in Article 5, paragraph 1, letters a) and b), to submit, for the protection of the entity's integrity, circumstantiated reports of unlawful conduct, relevant under this Decree and based on precise and concordant elements of fact, or violations of the organization and management model of the entity, of which they have become aware by reason of the functions performed; these channels guarantee the confidentiality of the reporter's identity in the activities of managing the report;
2. At least one alternative reporting channel that is suitable for ensuring, by means of information technology, the confidentiality of the reporter's identity;
3. The prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the reporter for reasons directly or indirectly related to the report;
4. in the disciplinary system adopted in accordance with paragraph 2 (e), sanctions against those who violate the measures for the protection of the reporter, as well as those who carry out with malice or gross negligence;
5. reports that turn out to be unfounded.

The aforementioned Legislative Decree No. 24/2023 replaced the aforementioned paragraph 2-bis as follows *"The models referred to in paragraph 1(a) shall provide, pursuant to the legislative decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, internal reporting channels, prohibition of retaliation and the disciplinary system adopted pursuant to paragraph 2(e)."*

The Whistleblowing Decree brings together in a single regulatory text the entire discipline of reporting channels and protections afforded to whistleblowers in both the public and private sectors, with the aim of extending and strengthening the protection of people who

report violations of national and European regulations.

The aforementioned Decree introduces, *inter alia*, important innovations in relation to reporting channels and assigns specific powers to the A.N.A.C., in addition to regulating in greater detail some aspects already provided for in the previous legislation.

Legislative Decree No. 24 of March 10, 2023 specifies-in the part on "*Definitions*" (Article 2)-that violations subject to reporting consist of conduct that harms the public interest or the integrity of the public administration or private entity or the financial interests of the European Union and/or concerning the internal market; such conduct may consist of administrative, accounting, civil or criminal offenses, unlawful conduct relevant under the Decree, violations of the Model.

The Whistleblowing Decree also stipulates that protection from retaliatory treatment must be guaranteed to all individuals who report violations of which they have become aware within their work context (employees or collaborators, subordinate and self-employed workers, freelancers, volunteers and trainees including unpaid ones, shareholders and persons with administrative, management, control, supervisory or representative functions) as well as to "facilitators": colleagues, relatives or stable affections of the person who reported.

With regard to the system for handling reports, the Company makes use of the channel established by the Parent Company and regulated through the "Business Ethics Policy" (also "BEP").

In fact, at the Group level, a special reporting system (Alert McCormick) has been implemented that is accessible to all Employees through the link "mccormick.alertline.com/gcs/welcome?locale=en," operating in ways that guarantee the confidentiality of the reporter's identity and the right to be protected.

Through the reporting system it is possible to make confidential and confidential reports of violations of ethical principles, company policies and procedures and in general violations of the law. Reports pertaining to possible violations in the 231 area are brought to the attention of the Supervisory Board, which analyzes them and takes appropriate action.

1.6 The changing events of the Society

The Decree regulates the entity's liability regime in the event of transformation, merger, demerger and transfer.

In the event of transformation of the entity, liability for Offenses committed prior to the date on which the transformation took effect remains unaffected (Article 28 "*Transformation of the Entity*" of the Decree). The new entity will therefore be the recipient of the penalties applicable to the original entity, for acts committed prior to the transformation.

In the case of a merger, the entity resulting from the merger itself, including by incorporation, is liable for the Crimes for which the entities that participated in the merger were responsible (Article 29 "*Merger of the Entity*" of the Decree). If it took place before the conclusion of the judgment to establish the liability of the entity, the judge must take into account the economic conditions of the original entity and not those of the merged

entity.

In the case of a demerger (Article 30 "*Demerger of the Entity*" of the Decree), the liability of the demerged entity for Offences committed prior to the date on which the demerger took effect remains unaffected, and the entities benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged entity to the extent of the value of the net assets transferred to each individual entity, unless it is an entity to which the branch of activity within which the offence was committed was also partially transferred; disqualification penalties apply to the entity (or entities) into which the branch of activity within which the crime was committed has remained or merged. If the demerger took place before the conclusion of the judgment to establish the liability of the entity, the court must take into account the economic conditions of the original entity and not those of the merged entity.

In the event of the assignment or transfer of the entity within the scope of which the crime was committed, except for the benefit of the prior enforcement of the assigning entity, the assignee is jointly and severally obligated with the assigning entity to pay the financial penalty, within the limits of the value of the assigned entity and within the limits of the financial penalties that result from the mandatory books of accounts or due for offenses of which the assignee was otherwise aware.

1.7 The guidelines developed by trade associations

The Decree, in Article 6, "*Subjects in top positions and organizational models of the entity*," paragraph 3, provided that organizational and management models may be adopted on the basis of codes of conduct drawn up by associations representing entities and communicated to the Ministry of Justice, which, in consultation with the relevant ministries, may make comments within 30 days on the suitability of the models to prevent the Offenses.

Ministerial Decree No. 201 of June 26, 2003 ("*Regulation containing regulatory provisions relating to the procedure for ascertaining the administrative offence of legal persons, companies and associations, including those without legal personality*") reiterates that associations representing entities shall communicate to the Ministry of Justice the codes of conduct containing specific and concrete sectoral indications for the adoption and implementation of the planned organization and management models; it also expressly provides that thirty days after the date of receipt by the Ministry of Justice without any comments being made, such code shall take effect.

Based on this provision, all major trade associations have approved and published their own codes of conduct.

In particular, it seems appropriate to recall the contribution made by Confindustria, which defined its own Guidelines aimed at establishing a valid system of preventive control. These Guidelines were circulated on March 7, 2002, supplemented on October 3, 2002 with an appendix on so-called corporate crimes (introduced into Legislative Decree 231/2001 by Legislative Decree no. 61/2002), updated on May 24, 2004, and transmitted to the Ministry of Justice on February 18, 2008 for adjustments aimed at providing indications regarding suitable measures to prevent the commission of the new alleged crimes ~~in~~ areas of market

abuse, female genital mutilation practices, transnational organized crime, occupational health and safety and anti-money laundering (updated as of March 31, 2008).

An analytical revision of the aforementioned Guidelines, extended to environmental crimes and new corrupt offenses, was completed in March 2014: the outcomes of this revision were approved by the Ministry of Justice on July 21, 2014.

The basic steps that the Guidelines identify in the construction of organization and management models can be outlined as follows:

- a first phase, consisting of the identification of risks, i.e., the analysis of the business context to highlight where (area/sector of activity) and in what manner events detrimental to the objectives indicated by the Decree may occur;
- a second phase consisting of the design of the control system, reasonably capable of preventing or reducing the risk of commission of the Offences through the adoption of appropriate protocols. In this context, of particular importance are the organizational structures, activities and rules implemented by *management* and company personnel, within the framework of the internal control system, aimed at ensuring:
 - Effectiveness and efficiency of management operations;
 - Reliability of corporate information, both to third parties and internally;
 - Compliance with laws, regulations, rules and internal policies.

It is reiterated that the most relevant components of the corporate control system are:

- a) The Code of Ethics with reference to the crimes considered;
- b) A sufficiently formalized and clear organizational system, especially with regard to the allocation of responsibilities;
- c) manual and computer procedures (information systems) such as to regulate the performance of activities by providing the appropriate control points. In this area, a particular preventive effectiveness has the control tool represented by the separation of duties between those who carry out crucial phases (activities) of a process at risk;
- d) assigned authorization and signature powers consistent with defined organizational and managerial responsibilities;
- e) The management control system capable of providing timely warning of the existence and occurrence of general and/or particular critical situations;
- f) Communication to and training of staff.

The components described above must integrate organically into a system architecture that respects

A set of control principles, including:

- *every operation, transaction, action must be verifiable, documented, consistent and congruous*: for each operation there must be adequate documentary support on

which checks can be made at any time to attest to the characteristics and reasons for the operation and identify who authorized, carried out, recorded, verified the operation;

- *no one can independently manage an entire process: the system must ensure the application of the principle of separation of functions, whereby the authorization to carry out a transaction, must be the responsibility of a person other than the person who accounts for, operationally executes or controls the transaction;*
- *documentation of controls: the control system must document (possibly through the preparation of minutes) the performance of controls, including supervisory controls.*

In any case, any deviations from specific points of the Confindustria Guidelines respond to the need to adapt organizational and management measures to the activity concretely carried out by the Company and the context in which it operates.

In addition, a number of trade associations (ABI, ANIA, ANCE) have also taken steps to issue their own directives addressed to industry members, in substantial continuity with those of a general nature already prepared by Confindustria, but developing and deepening in a targeted manner the areas relevant to the sector of reference and the peculiarities arising from the nature of the activity carried out.

The Company has also taken into account the Simplified Procedures for the Adoption and Effective Implementation of Health and Safety Organization and Management Models in Small and Medium-Sized Enterprises prepared by the Permanent Advisory Commission on Occupational Health and Safety. The document contains simplified organizational indications, of an operational nature, useful for the preparation and effective implementation of a company system suitable for preventing the crimes provided for in Article 25-septies "Manslaughter or serious or very serious injury committed in violation of the rules on the protection of health and safety at work," in accordance with Legislative Decree No. 231 of June 8, 2001 (referred to in Article 30 of Legislative Decree 81/08, as amended and supplemented).

Finally, it is worth noting that non-compliance with specific points of the aforementioned Guidelines does not in itself invalidate the validity of the Model.

2. THE SOCIETY.

2.1 THE CONSTRUCTION OF THE "ORGANIZATION AND CONTROL MODEL"

Drogheria e Alimentari S.p.A. was founded in Florence in 1880 as a master company dedicated to the production and marketing of spices and herbs, directly imported from their countries of origin.

At the end of the 1980s, the evolution of the business, together with the growing complexity of the target market segment, led the then owners (Carapelli / Barbagli families) to seek the support of other companies already operating in the sector in order to invest in research and development activities, so as to expand the range of products to be made available to consumer needs.

Hand in hand with production growth, a modern managerial vision has also been fostered,

focusing on investment in cutting-edge technology and complete control of the production process chain, starting with the purchase of raw materials.

Through targeted strategies of acquisitions and mergers, the company arrives at its current corporate conformation culminating in its entry (May 2015) into the international McCormick Group, which currently controls it wholly through McCormick Italy Holdings S.r.l.

McCormick & Company Incorporated, in fact, is a *leading* U.S. multinational manufacturer, marketer, and distributor of spices, seasoning mixes, sauces, and other products the food industry, operating worldwide through an extensive network of subsidiaries, either directly or indirectly owned.

The business segments in which it operates are multiple and heterogeneous, targeting both the consumer market (through outlets) and participating in the production chain through supplies to food producers and food service enterprises.

The current headquarters of Drogheria e Alimentari S.p.A., within the new plant located in Scarperia e San Piero (Florence), includes a modern, state-of-the-art facility both in terms of production capacity (with 9 production lines located on an area of approx. 34,000 sq. m.) and in line with current regulatory requirements for the protection of workers' health and the environment, through the use of innovative technology with high automation and low impact on the surrounding areas. Of considerable importance, finally, are the technical areas (e.g., Quality) with highly qualified and specialized personnel (teams composed of technicians, e.g., food technologist biologists) active in the identification and selection of materials and production processes that are, at the same time, qualitatively superior and with reduced environmental impact.

The Model refers to the organizational structure currently in place, unified and as formalized in the organizational charts-including the specific safety chart.

2.2 The Company's Governance Model

"*Governance*" is defined as the system aimed at ensuring the integrity of Drogheria e Alimentari S.p.A. and safeguarding its assets, preserving its value for all *stakeholders* (employees, suppliers, social environment, etc.), ensuring information transparency, fairness, effectiveness and efficiency in the conduct of activities and, therefore, processes.

For the Company, it is the set of rules and procedures that govern the decision-making, control and monitoring processes of the Company's life.

In light of the peculiarities of its organizational structure and activities, the Company has favored the traditional system of administration and control.

Governance is governed by the Articles of Association as well as by a system of proxies and powers of attorney adhering to and consistent with the organizational system adopted by the Company.

The Corporate Bodies of the Society are:

- Members' Meeting;
- Board of Directors;

- Board of Auditors;
- Auditing firm.

According to the company's Bylaws, the Administrative Body is vested with all powers of ordinary and extraordinary management of the Company without exception and may perform all acts, including acts of disposition, deemed appropriate for the achievement of the corporate purpose, with the sole exclusion of those that the Bylaws themselves and the law expressly reserve to the Shareholders' Meeting.

Pursuant to the Bylaws, the Board of Directors has the power to delegate its powers to one or more of its members.

Representation of the Company vis-à-vis third parties and in court, and the corporate signature is vested in the Chairman of the Board of Directors and the Directors to whom powers have been delegated in accordance with the bylaws.

The Company's controlling body is currently represented by the Board of Statutory Auditors.

If the legal prerequisites are met, the statutory audit of the accounts on the Company is exercised by an auditing firm registered in the Register established at the Ministry of Economy and Finance.

2.3 The authorization system of Drogheria e Alimentari S.p.A.

As required by good practice and also specified in the Guidelines, the Administrative Body is the statutory body responsible for formally granting and approving proxies and powers of attorney.

As already mentioned in the preceding paragraph, the Board of Directors of the Company- as per the Bylaws- holds all powers of ordinary and extraordinary administration for the achievement of the corporate purpose, with the sole exclusion of those that the Bylaws themselves and the law expressly reserve to the Shareholders' Meeting.

Due to the specific needs of the Company, special powers of attorney and proxies have been granted to certain Function Managers, who hold signatory powers to enter into deeds and contracts (both assets and liabilities) within certain expenditure thresholds.

In this regard, it is recalled that the Guidelines specify that *"it is appropriate that the allocation of proxies and signatory powers relating to the management of financial resources and the making and implementation of the entity's decisions in relation to activities at risk of crime:*

- *Is formalized in accordance with applicable legal provisions;*
- *clearly indicates the delegated parties, the competencies required of the delegation recipients, and the powers respectively assigned;*
- *Provides for limitations on the delegated powers and spending powers conferred;*
- *provides direct solutions to enable control over the exercise of delegated powers;*
- *Provides for the application of sanctions for violations of delegated powers;*
- *Is arranged consistent with the principle of segregation;*

- *Is consistent with company regulations and other internal regulations applied by the company."*

The system of proxies and signatory powers, as outlined above, must be constantly applied as well as regularly and periodically monitored as a whole and, where appropriate, updated due to changes in the structure of the entity, so as to correspond and be as consistent as possible with the hierarchical - functional organization of the Company.

2.4 Essential requirements of the proxy system

The essential requirements of the delegation system for the purpose of effective prevention of Offenses are as follows:

- a. all those (Employees and Corporate Bodies) who have relations on behalf of the Company with third parties and, in particular, with the Public Administration, must be provided with formal delegation of authority (Consultants and Contractual Partners must be so mandated in the specific consulting or *partnership* contract);
- b. delegations of authority must combine each management power with its corresponding responsibility and appropriate position in the organizational chart and be updated as a result of organizational changes;
- c. each proxy must specifically and unambiguously define:
 - The powers of the delegate;
 - the entity (body or individual) to whom the delegate reports hierarchically or *ex lege* or statutorily.

2.5 Essential requirements of the proxy system

The essential requirements of the power of attorney system for the purpose of effective prevention of Offenses are as follows:

- a. functional powers of attorney are granted exclusively to individuals with internal delegation of authority describing the relevant management powers;
- b. powers of attorney must be promptly updated in case of assumption of new responsibilities, transfer to different duties incompatible with those for which it was conferred, resignation, dismissal, etc;
- c. Powers of attorney that grant single signatory power with no spending limits are accompanied by a special internal provision that establishes the extent of the powers of representation or regulates the manner in which such powers are exercised, also involving the relevant corporate functions.

The SB periodically verifies, with the support of the other relevant functions, compliance with the system of proxies and powers of attorney implemented by Drogheria and their consistency with the principles and general rules indicated above. At the same time, at the outcome of the checks, the SB recommends any changes or additions when the

management power and/or qualification does not correspond to the powers of representation conferred on the proxy or there are other anomalies.

2.6 Business organizational tools and financial resource management systems

As represented in the preceding paragraphs, the Company is equipped with organizational tools marked by general principles of knowability within the Company and clear and formal delimitation of roles, with a complete description of the tasks of each function and their powers. In those areas of the Company's activities in which it has been deemed appropriate to proceed with the implementation of formalized internal procedures, they must therefore comply with the following general rules:

- a) appropriate level of formalization, keeping written records of each relevant step in the process;
- b) separateness, within each process, between the person who initiates it (decision-making impulse), the person who executes and concludes it, and the person who controls it;
- c) Prevent reward systems for individuals with externally significant spending power or decision-making authority from being based on substantially unattainable performance targets.

Regarding the methods of management of financial resources, Article 6 "*Subjects in apical positions and organizational models of the entity*," paragraph 2 (c) of the Decree stipulates that the models shall provide for "*methods of management of financial resources suitable to prevent the commission of crimes*"; this provision finds its rationale in the observation that most of the Crimes under the Decree can be carried out through the financial resources of companies (e.g.: establishment of extra-accounting funds for the implementation of acts of corruption).

The financial resources management process refers to activities related to monetary and financial outflows for the fulfillment of social obligations of various kinds, which in essence can be traced to the following macro-groups:

- flows of an ordinary nature, related to current activities/operations such as, but not limited to, purchases of goods and services and licenses, financial, tax and social security charges, salaries and wages;
- flows of an extraordinary nature, related to transactions of a financial nature such as, for example, subscriptions, share capital increases, and credit assignments.

Specifically, in accordance with the principles of transparency, verifiability and inherent to the business activity, this management process includes the following steps:

- planning, by individual functions, of periodic and/or spot financial requirements and communication-duly authorized-to the relevant Function;
- Arrangement (by the relevant Function) of the necessary financial resources by the established deadlines;

- Request for payment arrangement duly formalized;
- Verification of the correspondence between the amount carried by the bond and the payment arrangement;
- Disbursement of the requested financial resources after obtaining the necessary approvals.

Finally, the control system related to the financial resources management process is based on the qualifying elements of role separation in the key stages of the process, adequately formalized, and traceability of acts and authorization levels to be associated with operations.

Specifically, the specific control elements are as follows:

- Existence of different actors operating at different stages/activities of the process;
- Request for the payment arrangement to fulfill the duly formalized obligation;
- Control over the making of payment;
- Reconciliations on final accounts;
- Existence of authorization levels for both payment request and disposition, articulated according to the nature of the transaction (ordinary/ordinary) and the amount;
- Existence of a systematic information flow that ensures constant alignment between powers of attorney, operational proxies and authorization profiles residing in information systems;
- Systematic performance of reconciliation activity, both of intercompany accounts and accounts held with credit institutions;
- traceability of acts and individual steps in the process (with specific reference to the cancellation of documents that have already originated a payment).

2.7 The fiscal strategy

McCormick Italy Holding S.r.l. defines the tax strategy, i.e., the objectives to be pursued and the principles applicable in managing its own taxation and that of its wholly owned subsidiaries including Drogheria e Alimentari S.p.A.

The tax strategy is approved by the Parent Company's Board of Directors and finds its practical declination in the construction of a Tax Control Framework that is part of the broader design of the internal control and risk management system adopted by the Group.

As represented in the Fiscal Strategy document, the Group pursues the following objectives

in managing taxation:

- "*Fair share of taxes*": ensuring compliance in a timely manner and the proper discharge of the tax burden;
- "*Monitoring Tax Risks*": monitoring and guarding against tax risks by making a commitment to manage and contain the risk of incurring tax violations or abuse of the principles and purposes of the tax system;
- "*Tax ethics*" spread awareness within the business organization of the values of honesty and integrity, which, in the Tax Strategy, are placed at the foundation of tax management.
- "*Trust and Transparency*" realize enhanced forms of relationship with the Internal Revenue Service and relevant tax authorities, operating with transparency, fairness and loyalty.

2.8 The management of intercompany contracts

The services performed by McCormick Italy Holdings S.r.l. on behalf of the Company are governed by the services agreement (Services Agreement) signed by the companies. Under the aforementioned agreement, the Parent Company undertakes to provide the Company with certain services:

- treasury and financial (including: assisting in the development of a planning and control system for financial needs assessment; assisting in cash flow management; etc.)
- Tax (including: support and assistance in Mergers & Acquisitions; Tax Audit; tax disputes etc.);
- Consulting, aimed at the integration of the procurement process (including: consolidation and control of procurement activities; implementation of systems and processes in accordance with the Parent Company's standards);
- Operational and management (including: assisting in business management operations; creating and assisting in the implementation of strategic development plans etc.);
- Financial and Control ;
- Extraordinary finance (support in defining the financial impacts of extraordinary operations and their most efficient configuration; coordination and development of strategic projects in the financial area);
- of innovation, technical and non-technical (including: management, scouting, engineering and development of technology, equipment and information systems, etc.).

In addition, the Company entered into - in April 2021 - with Enrico Giotti S.p.A. (another Group company) a "*Cost Sharing Agreement*" under which Enrico Giotti S.p.A., through its own structure and its own highly specialized and previously identified employees, provides Drogheria e Alimentari with certain strategic services in the following areas:

- Quality and regulatory.

The Company has approved the following intercompany contracts:

- EMEA General Management Fees Agreement;
- EMEA General Supply Chain Central Cost Agreement;

Instead, the following Intercompany contract appears to be under approval:

- Global General Central Cost Agreement.

3. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF DROGHERIA E ALIMENTARI S.P.A.

3.1 Foreword

Drogheria e alimentari S.p.A., sensitive to the need to ensure conditions of fairness in the conduct of business and activities carried out, as well as to protect its own position and image, that of the Group to which it belongs and the work of its Employees - in support of the necessary process of identifying, measuring, managing and monitoring the main risks that impact on the proper performance of business activities - has decided to update its Organization, Management and Control Model pursuant to Legislative Decree No. 231 of June 8, 2001.

To this end, although the adoption of the Model is provided for by law as optional and not mandatory, this work represents the latest step in the framework of compliance with the Decree's regulatory requirements already undertaken in the past by the Company. In fact, the first edition of the Model was then followed by several updates in order to incorporate the regulatory changes that have occurred over time.

The preparation and constant updating of the Model represents for the Company a strategic tool for the constant improvement of the Governance system and for the pursuit of correct and transparent behavior, in compliance with current regulations and in line with the ethical-social values by which the Company is inspired in the performance of its activities.

The Model adopted by the Company constitutes, in line with the Code of Ethics, the instrument to reiterate the absolute condemnation of any unlawful behavior, as well as, the tool to ensure that the execution of all company activities takes place according to uniform and controlled procedures.

Through the adoption of the Model, the Company intends to:

- To consolidate a culture of risk prevention and control in the context of achieving statutory objectives;
- Provide a system of constant monitoring of activities aimed at enabling the Company to prevent or prevent the commission of the predicate offenses;

- to fully comply with the provisions of the law and the inspiring principles of the Decree through the formalization of a structured and organic system, already existing, of organizational practices/procedures and control activities (ex ante and ex post) aimed at preventing and guarding against the risk of commission of the Offences through the identification of the relevant Sensitive Activities;
- constitute an effective management tool for the Company, recognizing the Model also has a function of creating and protecting the Company's value;
- Provide adequate information to Corporate Officers, Employees, Consultants, Workers and Suppliers regarding:
 - activities that entail the risk of commission of crimes in the event of conduct that does not comply with the requirements of the Code of Ethics and other ethical rules/organizational practices/procedures (as well as the law);
 - the punitive consequences that may befall them or the Company as a result of violating legal or internal regulations.
- to disseminate and affirm a culture marked by legality, with the Company's express disapproval of any behavior contrary to the law or internal provisions and, in particular, the provisions contained in this Model;
- provide for an efficient and balanced organization of the Company, with particular regard to decision-making processes and their transparency, controls, preventive and subsequent, and internal and external information.

To this end, the Model provides appropriate measures to improve the efficiency and effectiveness in the performance of activities in constant compliance with the law and rules, identifying measures aimed at the timely elimination of risk situations.

In particular, the Company adopts and implements effective organizational and procedural choices to:

- Ensure that human resources are hired, directed and trained in accordance with the criteria expressed in the Code of Ethics and in compliance with relevant legal regulations, particularly Article 8 of the Workers' Statute;
- Encourage cooperation in the most efficient implementation of the Model by all persons working within or with the Company, including ensuring protection and confidentiality regarding the identity of those who provide truthful and useful information to identify conduct that differs from that prescribed;
- Ensure that the distribution of powers, competencies and responsibilities and their allocation within the Company are in accordance with principles of transparency, clarity, verifiability and are always consistent with the activity actually carried out by the Company;
- provide that the determination of the Company's objectives, at any level, meet realistic criteria of objective achievability;
- Identify and describe the activities carried out by the Company, its functional organization and organizational chart in documents that are constantly updated, with

the precise indication of powers, competencies and responsibilities assigned to the various individuals, with reference to the performance of individual activities;

- implement training programs, with the aim of ensuring the effective knowledge of the Code of Ethics and the Model by all those working in or with the Company, who are directly or indirectly involved in activities and operations at risk.

Last but not least, and in compliance with the provisions of the Safety Decree, the adoption and implementation of the Model pursues the fundamental interest of protecting the safety of workers by providing for a series of evaluation and control activities on the conditions under which work performance is carried out.

Thus, the Model fulfills the following functions:

- make all those who work in the name and on behalf of Drogheria e Alimentari S.p.A. aware of the need for timely compliance with the Model, the violation of which carries severe disciplinary sanctions;
- To punish any behavior that, inspired by a misunderstood social interest, is in conflict with laws, regulations or, more generally, with principles of fairness and transparency;
- inform about the serious consequences that could result for the Company (and therefore all its employees, managers and top management) from the application of the pecuniary and prohibitory sanctions provided for in the Decree and the possibility that they may also be ordered as precautionary measures;
- enable the Company to constantly monitor and carefully supervise sensitive processes so that it can intervene promptly when risk profiles emerge.

3.2 The Project to Define the Organization and Management Model of Drogheria e Alimentari S.p.A.

The Model, as prescribed by the Decree and recommended by the Guidelines as well as existing best practices on the subject, has been updated according to the methodological steps represented below.

Step 1 - Organizational analysis and identification of business processes

In this phase, an analysis of the company context was carried out in order to identify the processes and activities within the scope of which the Offences expressly referred to in the Decree could, hypothetically, be committed, and in order to identify those responsible, i.e., the resources with in-depth knowledge of these processes/activities and the control mechanisms currently in place.

Therefore, the relevant documentation (organizational chart, adopted procedures, organizational arrangements, etc.) was collected and examined, and interviews were conducted with the identified managers in order to define the activities performed by them, as well as the business processes in which these activities are divided and their concrete and effective implementation.

Step 2 - Business process analysis

Having identified areas and activities potentially at risk, the following were identified, analyzed and formalized for each business process:

- the main steps;
- The potential opportunities for the crime to be carried out;
- The functions and roles/responsibilities of the internal and external parties involved;

in order to ascertain in which process or sensitive activity and in what manner the offenses referred to in the Decree could abstractly occur.

Step 3 - Identification of sensitive activities

As a result of the analysis of the organizational structure and based on the information acquired during the interviews conducted with Function Managers and their collaborators, the Company has:

- Identified the Sensitive Activities: for each type of crime, the activities in which it is theoretically possible for the crimes provided for by the Decree to be committed have been identified and described. The theoretical possibility of the commission of the Offenses was assessed with reference to the intrinsic characteristics of the activity, considering the systemic interdependence existing between the various risk events, regardless of who carries it out (considering possible hypotheses of complicity in the crime) and without taking into account the control systems already in operation;
 - identified existing control procedures: organizational practices/control procedures reasonably suitable for preventing the Offenses considered, already operating in the previously identified sensitive areas, were identified;
 - assessed the level of risk: the Company carried out a critical analysis of its internal control system for each Sensitive Activity at risk of crime 231 identified in *Risk Assessment 231*, in order to identify hypotheses for improvement/implementation. In other words, Drogheria identified possible areas of improvement/criticality ("gaps") with respect to reference control principles, market benchmarks and best practices for the purposes of the Decree for more effective protection against the 231 risks identified.
 - Identified prevention procedures and protocols: the organizational practices and prevention protocols that must be implemented, to prevent the commission of the Offenses, have been identified. The organizational practices implemented by the Company establish the methods and rules to be followed in the performance of Sensitive Activities. Specific preventive and periodic controls guarantee the correctness, effectiveness and efficiency of Drogheria e Alimentari S.p.A. in carrying out its activities.

3.3 Relevant crimes for Drogheria e Alimentari S.p.A.

In view of its structure and activities, the Company has identified the following predicate offenses as relevant:

- crimes against the Public Administration (Articles 24 and 25 of the Decree);
- computer crimes and unlawful data processing (Article 24-bis of the Decree);
- organized crime offenses (Article 24-ter of the Decree);
- transnational crimes (Art.10 - Law No. 146 of March 16, 2006 as amended by Law No. 236/2016);
- the crimes of Counterfeiting money, public credit cards, revenue stamps and instruments or signs of recognition (Art. 25-bis, Legislative Decree No. 231/2001);
- crimes against industry and trade (Article 25-bis.1 of the Decree);
- corporate crimes (Article 25-ter of the Decree);
- crimes of bribery among private individuals (Article 25-ter, paragraph 1, lett s-bis), of the Decree);
- crimes against the individual (Article 25-quinquies of the Decree);
- Market abuse offenses (Art. 25-sexies, Legislative Decree No. 231/2001);
- the crimes of culpable homicide and serious or very serious culpable injury, committed in violation of the regulations on the protection of health and safety at work (Article 25 - septies of the Decree);
- the crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering (Article 25-octies of the Decree);
- offenses involving non-cash payment instruments (Article 25-octies.1 of the Decree);
- copyright infringement crimes (Article 25-novies of the Decree);
- the crimes of inducing people not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree);
- environmental crimes (Article 25-undecies of the Decree);
- the crimes of employing third-country nationals whose stay is irregular (Article 25-duodecies of the Decree);
- tax crimes (Article 25-quinquiesdecies of the Decree);
- market abuse crimes (Article 25-sexies of the Decree);
- Offense of smuggling (Art. 25-sexiesdecies, Legislative Decreeon.231/2001);

Thus excluding:

- Crimes for the purpose of terrorism or subversion of the democratic order provided for in the Criminal Code and special laws (Art. 25-quater, Legislative Decree No. 231/2001);
- crimes integrating practices of female genital mutilation (Article 25-quater.1 of the Decree);
- crimes of xenophobia and racism (Article 25-terdecies of the Decree);
- fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited devices (Article 25- quaterdecies of the Decree);
- Crimes against cultural heritage (Art. 25-septiesdecies, Legislative Decree, 231/2001) and Laundering of cultural property and devastation and looting of cultural and scenic heritage (Art. 25-duodevicies, Legislative Decree 231/2001).

Drogheria e Alimentari S.p.A.'s decision to limit the analysis to the Offenses listed above and to adopt for them the specific control safeguards set forth in this Model was made on the basis of considerations that take into account:

- Of the main activity carried out by Drogheria e Alimentari S.p.A;
- Of the socioeconomic environment in which the Society operates;
- Of the legal and economic relationships and relations that Drogheria e Alimentari S.p.A. establishes with third parties;
- of interviews with the top management of Drogheria e Alimentari S.p.A. and from interviews conducted with department heads as identified during the *231 Risk Assessment* activity.

For other Crimes - not considered by this Model - the Company believes that the set of principles of behavior indicated by the Code of Ethics and the principles and rules of governance inferable from the Drogheria e Alimentari S.p.A. Bylaws may constitute an effective system of prevention.

The Supervisory Board and the Corporate Bodies, are required to monitor the company's activities and supervise the adequacy of the Model, including identifying any new prevention needs, which require updating the Model.

3.4 The control principles in drafting the control protocols of the Special Part of the Model

After identifying the Sensitive Activities in the mapping contained in Risk Assessment 231, a process of involvement of the relevant structures was initiated in order to proceed with the formalization of general and special controls, contained in special 231 control protocols ("**231 Control Protocols**"), ensuring the following control principles and minimum requirements:

- consistency of powers, responsibilities, and signature authority with assigned organizational responsibilities;
- principle of separation of functions, according to which "no one can independently manage an entire significant/risk process." More specifically, the authorization to carry out a transaction must be under the responsibility of a person other than the person who accounts, operationally executes or controls;
- Identification of key controls necessary to minimize the risk of commission of the Offenses and their implementation methods (authorizations, reports, minutes, etc.);
- verifiability, traceability, consistency and appropriateness of every operation, transaction, action.

Control Protocols 231 identify the *owners of the controls*, the frequency of the controls and the type (preventive or subsequent). Control Protocols 231 also refer to the policies and procedures formalized by Drogheria e Alimentari S.p.A. that regulate Sensitive Activities and contain additional preventive control points of identified crime risks.

3.5 The amendments to the Model adopted by Drogheria e Alimentari S.p.A.

Although the adoption of the Model is stipulated by law as optional and not mandatory, the Company has nevertheless deemed it necessary to proceed with the preparation and constant updating of its Model, the adoption of which is subject to resolution by the Board of Directors.

Since the Model is an act of issuance of the administrative body (in accordance with the requirements of Article 6 "*Persons in apical positions and organizational models of the entity*," paragraph 1, letter a) of the Decree), subsequent amendments and additions are referred to the competence of the Board of Directors, without prejudice to the latter's right to delegate for minor amendments the Managing Director.

The above changes may also be made as a result of the evaluations and consequent proposals by the SB Drogheria e Alimentari S.p.A. when:

- significant changes in the Company's regulatory framework, organization, or business have occurred;
- violations or circumventions of its requirements have occurred, which have demonstrated its ineffectiveness for the prevention of the Crimes.

For these purposes, the SB receives information and reports on changes in the organizational framework, procedures, and organizational and management methods of Drogheria e Alimentari S.p.A.

The Board of Directors deliberates annually on the possible ratification of all amendments and additions that have been made by the Chief Executive Officer, after consultation with the Supervisory Board. The pending ratification by the Board of Directors does not, however, suspend the provisional effectiveness of the amendments and additions made in the meantime by the Managing Director.

As a result of this update, the traditional structure of the *Organizational Model 231* of Drogheria e Alimentari S.p.A. - consisting of a first part of a general nature ("**General Part**") containing the principles of law contemplated in Legislative Decree 231/2001 and fully implemented within it, followed by a "**Special Part**" of an operational nature - has not changed. The most significant changes in this update to the Model concerned precisely the Special Part. Specifically, it now consists, *inter alia*, of specific 231 Control Protocols for each of the sensitive activities at risk of commission of the Offenses identified in *Risk Assessment 231*. In short, there has been a shift from an approach by "Crimes" to an approach by "Processes" aimed at a greater understanding and possibility of use of the Model.

4. THE CODE OF ETHICS

4.1 Development and approval of the Code of Ethics

Drogheria e Alimentari S.p.A., since its inception has been sensitive to the need for all company activities to conform to the values and policies enshrined within its Code of Conduct containing the Company's fundamental inspirational principles supplemented, with specific reference to the Decree, by those provided for within its Code of Ethics.

Concurrently with the revision of the Model, the Company decided to merge the principles and rules of conduct previously expressed in the Code of Ethics and the Code of Conduct into a single document, i.e., the Company's "Code of Ethics" (**Attachment No. 3 to the Model - Code of Ethics**).

The set of ethical principles and values expressed in the company's Code of Ethics are shared with all Company Representatives, Employees, Consultants, Workers and Suppliers.

The Code of Ethics is distributed to all Employees and is a guide related to the principles and requirements of legality that govern the conduct of the Company.

The Code of Ethics was drafted on the basis of the provisions stipulated in the Decree, in accordance with the Guidelines prepared by Confindustria, issued on March 7, 2002, updated in 2008, in 2014 and, finally, in June 2021.

All Recipients are therefore required to treat every transaction involving the Company in accordance with the rules and principles contained in the Model and its annexes.

Specifically, within the Code of Ethics, therefore, are contained and reaffirmed the social values of fairness and transparency that the Company adheres to, while also requiring that all business operations be implemented in accordance with the following criteria:

- fair and truthful representation of the facts;
- efficient and timely communication;
- Clear separation of roles between the representative and/or managerial function and the executive function.

Therefore, the Model and the principles contained therein and the company's Code of Ethics currently in force are considered compatible instruments that are destined to complement each other, insofar as they are inspired by the fundamental canons of fairness and transparency to which corporate action must be informed.

4.2 Purpose and structure of the Code of Ethics. The recipients of the Code of Ethics

The Code of Ethics encapsulates the general principles and rules of conduct to which Drogheria e Alimentari S.p.A. recognizes positive ethical value and with which all Company Representatives, Employees, Consultants, Workers and Suppliers must comply.

The above individuals are required to observe and enforce, to the extent of their competence, the principles contained in the Code of Ethics binding on all of them.

The set of rules contained in the Code of Ethics, moreover, by conforming behavior to particularly high ethical standards marked by the utmost fairness and transparency, guarantees the possibility of safeguarding the interests of stakeholders, as well as preserving the image and reputation of Drogheria e Alimentari S.p.A., while ensuring an ethical approach to the market, with regard to both the activities carried out within the Italian territory and those relating to international relations.

With a view to complete compliance with the provisions of the Decree, the ethical principles and behavioral rules formalized within the Code of Ethics have been developed into specific

Protocols 231 that govern, within the Company, the main processes.

Compliance with the Code of Ethics, together with observance of the 231 Control Protocols, serves not only to spread a culture sensitive to legality and ethics, but also to protect the interests of Company Representatives, Employees, Consultants, Workers and Suppliers, preserving the Company itself from serious liability, sanctions and reputational damage. For these reasons and to ensure the transparency of operations and adherence to its ethical and behavioral principles of the actions taken, the Company carefully monitors compliance with the Code of Ethics, intervening, if necessary, with corrective actions and appropriate sanctions.

In this regard, violations of the Code and the Model, in addition to building causes of organizational inefficiencies and dysfunctions, may lead to the application of the Sanctions System provided for in the Model itself, regardless of whether the violation is a criminal or administrative offense.

Likewise, non-compliance with the Code of Ethics by Company Representatives, Employees, Consultants, Workers and Suppliers is considered by the Company itself as breach of contract, which may legitimize the termination of the contract and possible claim for damages.

5. THE DISCIPLINARY SYSTEM

5.1 The development and adoption of the Disciplinary System.

Pursuant to Articles 6 "Persons in Top Management Positions and Organization Models of the Entity" and 7 "Persons Subject to the Management of Others and Organization Models of the Entity" of the Decree, the Model can be considered effectively implemented, for the purposes of the exclusion of Drogheria's liability, if it provides for a disciplinary system suitable for sanctioning non-compliance with the measures specified therein.

The Disciplinary System is aimed at sanctioning violations of principles, norms and measures set forth in the Model and the related 231 Control Protocols, in compliance with the rules set forth in the CCNL, as well as with the laws or regulations in force.

On the basis of this Disciplinary System, both violations of the Model and related Control Protocols 231 committed by individuals in "apical" positions, insofar as they hold positions of representation, administration or management of the Company, as well as violations carried out by individuals subject to the supervision or management of others or operating in the name and/or on behalf of the Drogheria as well as all employees and/or collaborators of the Company are subject to sanction.

In compliance with the provisions of the Guidelines, the initiation of disciplinary proceedings, as well as the application of the relevant sanctions, is irrespective of the possible initiation and/or outcome of any criminal proceedings concerning the same conduct relevant to the Disciplinary System.

5.2 The Structure of the Disciplinary System

The Disciplinary System adopted by Drogheria e Alimentari S.p.A. is summarized below.

For the complete regulation of this system, see **Annex No. 4 to the Model - Disciplinary System**, which is an integral part of the Model.

The Disciplinary System is made available to all Recipients so that full knowledge of its provisions is ensured.

The Disciplinary System of Drogheria e Alimentari S.p.A. is divided into the following sections:

- Introduction;
- Prerequisites;
- Target subjects;
- Identification of Pipelines;
- Penalties: application criteria and types;
- Coordination between contractual and 231 disciplinary proceedings
- The process of imposing sanctions;
- Communication Charges.

6. THE SUPERVISORY BODY

Article 6, "*Persons in Apical Positions and Organizational Models of the Entity*," paragraph 1, letter b) of the Decree stipulates that the task of supervising the operation of and compliance with the Organization, Management and Control Model and overseeing its updating with respect to regulatory developments and organizational changes is entrusted to a body of the Company, endowed with autonomous powers of initiative and control.

In this regard, the Board of Directors approved the document called "*Statute of the Supervisory Board*" which is an integral part of the Model itself (**Annex No. 5 to the Model - Statute of the Supervisory Board**)

This document regulates the profiles of primary interest to this Body, including:

- Functions and powers;
- Obligations and responsibilities;
- Requirements of the Members of the Supervisory Board;
- Composition and Appointment;
- Duration in Office, Revocation, Termination and Replacement of Members;
- Obligations of Confidentiality;
 - Information flows to the Body;
- Reporting of the Body to the Corporate Bodies and Top Management;
- Convening Meetings, Voting and Resolutions;
- Retribution of Members of the Body;

-Amendments to the Rules and Regulations of the SB.

While referring for the specific discussion of each aspect to the aforementioned Bylaws, we dwell below on some aspects related to the Supervisory Board.

6.1 The composition of the Body and its requirements

The Company has appointed, by a resolution of the Administrative Body, the Supervisory Board as a permanent body with a collegial and mixed composition, composed of three effective members: a company contact person, as an internal member, flanked by two external and independent individuals, to guarantee the necessary autonomy and third party status of the Board.

At the first meeting of the Body itself (so-called induction meeting), the SB proceeds to elect its Chairman, choosing him from among its external members.

The members of the SB receive a three-year renewable appointment by resolution of the Board of Directors.

The SB is required to report to the Board of Directors according to the types of reporting expressly provided for in the Bylaws, to which reference is made.

In accordance with the Confindustria Guidelines, Drogheria's SB is characterized by the following requirements:

- **autonomy and independence**, as a body reporting directly to the administrative body;
- **professionalism**, as it is equipped with a wealth of tools and techniques suitable for the performance of assigned tasks and specialized inspection techniques specific to business consulting;
- **continuity of action**, since it is a structure established ad hoc and dedicated solely to supervisory activities on the Model, as it has no operational duties that could lead it to make decisions with economic-financial effects;
- **Honorability** and absence of conflicts of interest: these requirements are understood in the same terms as those provided by the Law with reference to directors and members of the supervisory board.

6.2 Functions and powers of the Supervisory Board

Falling within the functions of the Company's Supervisory Board are all the typical activities of analysis for the assessment with regard to the preventive effectiveness of the Model with respect to the Offenses and supervision of the implementation of the Model, including the detection of any violations, as described in detail in the "*Regulations of the Supervisory Board.*"

Of similar importance is also the supervision of the activity of updating the Model both in dependence of regulatory changes and organizational changes resulting from changes in

the corporate structure: in cases of changes and/or additions that may become necessary, the SB will propose to the competent Corporate Bodies the adjustments and updates to the Model that it deems appropriate.

The Body itself, where necessary, also takes care of updating its Regulations, submitting the relevant amendments to the Administrative Body of Drogheria e Alimentari S.p.A. for approval.

The duties of the Supervisory Board include the following activities in particular:

Verification and supervision of the Model, involving:

- Verification as to the adequacy of the Model, that is, verification as to its abstract suitability to prevent the occurrence of unlawful conduct;
- verification regarding the effectiveness of the Model, i.e., with regard to the correspondence between the concrete behaviors and those formally provided for by the Model itself;
- monitoring of the activity carried out by the Company through periodic audits, within the Crime Risk Areas, of individual transactions or acts as well as random and unannounced audits on the actual compliance with existing procedures and other control systems;
- The activation of the relevant structures to develop organizational practices/operational and control procedures that adequately regulate the conduct of activities;
- Constant monitoring of business areas and their development, including through information requested from the Managers of each function/area;
- the updating of the Model, proposing to the Board of Directors, if necessary, the adjustment of the same, in order to improve its effectiveness, also in view of any supervening regulatory interventions and/or changes in the organizational structure or activity of the Drogheria and/or detected and significant violations of the Model;
- The collection of reports from any employee or third party to the Company regarding:
 - Any critical aspects of the measures introduced by this Model;
 - violations of the same;
 - Any situation that is a source of potential exposure to the risk of Offenses 231;
- The collection, storage and management, in a specially dedicated archive, of inherent documentation:
 - The information collected or received in the course of its work;
 - Evidence of the various activities carried out;

- Documentation of meetings with Corporate Bodies to which the Supervisory Board reports;
1. Information and training on the Model, namely:
 - Promote and monitor initiatives aimed at fostering the dissemination of the Model among all those required to comply with its provisions (i.e., toward the so-called Recipients);
 - Promote and monitor initiatives, including courses and communications, aimed at fostering adequate knowledge of the Model by all Recipients;
 - to promptly acknowledge, also through the possible preparation of opinions, requests for clarification and/or advice coming from the functions or personnel or administrative bodies in relation to the correct interpretation and/or concrete functioning of the activities described through appropriate procedures within the Model;
 2. Management of information flows to and from the SB:
 - ensure the timely fulfillment by all stakeholders of reporting activities pertaining to compliance with and actual implementation of the Model;
 - To inform the relevant bodies about the activity carried out, results and planned activities;
 - report to the competent bodies, for the adoption of the measures deemed appropriate, any violations of the Model and the individuals deemed responsible, if necessary proposing the sanctions deemed most appropriate;
 - To provide the necessary support to inspection bodies in the event of inspections put in place by institutional entities, including the Public Authority.

In order to carry out the tasks assigned to them, the Supervisory Board has the financial resources, defined at the beginning of each financial year, necessary and adequate for the performance of the same, allocated by the Company and deployable by the Supervisory Board upon prior notice to the Legal Representative, for the conduct of the inspection activities within its competence, as defined in the so-called "Action Plan" agreed annually, and based on an estimate of possible contingencies. The SB may also make use of the support of external consultants, with total cost borne by its budget, while retaining ownership of inspection activities. Finally, while retaining ownership of the activities, it may make use of the support of external consultants, with total bearing of costs from its own budget.

The SB, including through the resources at its disposal, has the power to:

- free access at all functions, files and documents of the Company without any prior consent or need for authorization, in order to obtain any information, data or document deemed necessary;

- arrange, when deemed necessary, for the hearing of resources who can provide useful information or indications regarding the conduct of the Company's business or any dysfunctions or violations of the Model;
- make use, under its direct supervision, of the assistance of all the Company's facilities or external consultants.

6.3 The regulations of the Supervisory Board

To complete the provisions of the document called "*Statute of the Supervisory Board of Drogheria e Alimentari S.p.A.*" (Annex 5 to the Model), approved by the Board of Directors, the SB, once appointed, draws up its own internal regulations, aimed at regulating the concrete ways in which it exercises its activities.

Specifically, within the framework of these rules of procedure, the following aspects are regulated:

- The convening of the SB;
- The meetings of the SB;
- The methods of preservation and access to documentation;
- The functions of the Chairman of the SB;
- Activities related to the fulfillment of verification and supervision tasks;
- Activities related to fulfilling the tasks of updating the Model;
- The activities related to the fulfillment of the tasks of Information and Training of the Model's Recipients;
- Activities related to the fulfillment of information flow management tasks;
- The handling of reports of violations of the Model;
- The activity of verifying and evaluating the suitability of the disciplinary system.

6.4 Information flows to the Supervisory Board

Article 6 "*Subjects in apical position and organizational models of the entity*" paragraph 2 letter d) of the Decree requires the provision in the Organization Management and Control Model of information obligations towards the Body in charge of supervising the functioning and observance of the Model itself.

For the purpose of effective and complete supervision of the effectiveness of the Model, so as to ascertain any violations thereof, first and foremost, the individuals in charge of the management of each area, although not formally responsible, are obliged to provide the Supervisory Board with all potentially relevant information. This obligation, which is particularly important for areas identified as sensitive as a result of *Risk Assessment 231*, provides for the reporting of both the results of the verification activities carried out periodically in these areas and any anomalies that are likely or may have occurred. In this

regard, the Company has taken steps - for each process in which Sensitive Activities are identified - to identify a Key Officer who is obliged to transmit standardized reports to the Supervisory Board, the subject of which is determined in the Procedure "*Information Flows to the Supervisory Board*," to which reference is made.

The Key Officer ensures the collection of information, its initial examination, its systematization according to the criteria in the report, and finally its transmission to the SB.

The methods of transmission of such information are those set forth in the summary document prepared by the SB within the implemented control and monitoring system (Procedure "*Information Flows to the SB*"), which is referred to in full within the "**Regulations of the Supervisory Board.**"

By way of example only, the following are some categories of information that must necessarily be transmitted to the Supervisory Board:

- measures and/or news coming from Judicial Police organs, or any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for the Crimes referred to in the Decree;
- requests for legal assistance made by employees and/or managers against whom the Judiciary is proceeding for one of the Offenses under the Decree;
- the findings of any commissions of inquiry or internal reports from which responsibility for the offenses under the Decree emerges;
- news about the implementation of this Model within the Company and its outcomes;
- The findings of any disciplinary proceedings held and any sanctions imposed, with the reasons for them.

In general, the obligation to report falls on the Board of Directors, Employees and those who receive professional appointments from Drogheria e Alimentari S.p.A. and concerns any news related to the commission of offenses, conduct contrary to the rules of conduct set forth in the Company's Model and any shortcomings in the organizational structure or current procedures.

Moreover, the circumstance already mentioned in Paragraph 2.1. above of Drogheria e Alimentari S.p.A.'s belonging to a Group structure that is deeply interpenetrated at both the decision-making and operational levels, requires, at least tuzioristically, that the aforementioned disclosure obligation also be extended to those who, although formally employees of another Group subsidiary, become aware of relevant information concerning Drogheria e Alimentari S.p.A.

Indeed, it seems unquestionable that Drogheria e Alimentari S.p.A. - like any other subsidiary of the McCormick Group - is also affected by *Corporate* matrix choices and strategies. Similarly, even in implementing the internal decision-making process, the Company cannot disregard the assessment of the Group's interest. This circumstance, at the operational level, translates into a process of sharing major decisions with the top management of the McCormick Group with responsibilities extended to the Italian

subsidiaries.

Violation of this duty to inform constitutes a disciplinary offence, sanctioned in accordance with the provisions of the Disciplinary System set forth in the Model, the law and applicable contracts.

In any case, information must be compulsorily and immediately forwarded to the SB:

- a) that may relate to violations, even potential violations, of the Model, including but not limited to:
- any orders received from the superior and deemed contrary to the law, internal regulations and/or the Organization Management and Control Model;
 - Any requests for and offers of gifts (in excess of modest value) or other benefits from public officials or public service officers;
 - any omissions, neglect or falsification in the keeping of accounts or in the preservation of documents on which accounting records are based;
 - Orders and/or reports from law enforcement agencies
 - by any other authority from which it can be inferred that investigations are being carried out that affect even indirectly the Drogheria, its Employees or members of the Corporate Bodies;
 - requests for legal assistance forwarded to the Drogheria Store by Employees, in the event that criminal proceedings are initiated against them;
 - news about pending disciplinary proceedings and any sanctions imposed or the reasons for their dismissal;
- b) relating to the activities of Drogheria e Alimentari S.p.A. that may be relevant to the performance by the SB of its assigned duties, including but not limited to:
- reports prepared within the scope of their activities by the appointed Key Officers, with the content and periodicity stipulated in the Procedure "Information Flows to the Supervisory Board."
 - News about organizational changes;
 - Updates to the power and delegation system;
 - Decisions regarding the application for, disbursement, and use of any public funding.

The SB in the course of the investigation activity that follows the report must act in such a way as to ensure that the individuals involved are not subject to retaliation, discrimination or penalization, ensuring the confidentiality of the individual making the report. The Company, in order to facilitate reports to the SB by individuals who become aware of violations of the Model, even potential ones, activates the appropriate dedicated communication channels, such as a special e-mail box(ODV_ITALY@it.mccormick.com).

A special reporting system (McCormick alert) accessible to all Employees via the link "mccormick.alertline.com/gcs/welcome?locale=en" has also been implemented at the Group level, operating in a manner that ensures the confidentiality of the reporter's identity and the right to be protected.

Finally, the Company has and will in the future organize appropriate courses or seminars where a specific training need is found.

Through these channels, the SB receives reports concerning:

- overt or suspected violations of the requirements contained in the Organizational Model and Code of Ethics adopted by the Company;
- conduct and/or behavior that may constitute one of the relevant crimes under Legislative Decree No. 231/2001;
- other possible violations and/or non-compliance with current company procedures/policies;
- any other active and omissive conduct, overt or suspected, likely to represent a violation of the obligations descending from the employment contract concluded between Drogheria e Alimentari S.p.A. and its employees and/or assimilated personnel;
- Violations of Union law.

The SB ensures that the person making the report, if identified or identifiable, is not subject to retaliation, discrimination or otherwise penalized, thereby ensuring his or her confidentiality, unless any legal requirements dictate otherwise.

Upon receiving the report of the violation, the Company Bodies indicated in the Disciplinary System shall decide on the possible adoption and/or modification of the measures proposed by the SB, activating the functions from time to time responsible for the actual application of sanctions.

In any case, the stages of contestation of the violation, as well as those of determination and actual application of sanctions, are carried out in compliance with the laws and regulations in force, as well as with the provisions of the Contract applied to all employees of Drogheria e Alimentari S.p.A. and the regulations, where applicable.

Any information, alerts or reports required by the Model are kept by the SB in a special file. Access to the archive is allowed only to the members of the SB.

Access by parties other than members of the Body must be authorized in advance by the Body and be carried out in the manner established by the Body.

Please refer to the Procedure "*Information Flows to the Supervisory Board*" for more details regarding direct information flows to the Supervisory Board.

6.5 Reporting by the Supervisory Board to the Corporate Bodies and Top

Management of Drogheria e Alimentari S.p.A.

The SB reports on the implementation of the Model and the emergence of any critical issues related to it.

The following reporting obligations to the Board of Directors are referred to the Body:

- of an ongoing nature, in any circumstance in which it deems it necessary and/or appropriate for the fulfillment of the obligations provided for in the Decree, providing any relevant and/or useful information for the proper performance of its functions and reporting any violation of the Model, which is deemed well-founded, of which it has become aware through knowledge or which it has itself ascertained;
- by means of a written report to the Board of Directors on a six-monthly basis on the activities carried out, the reports received, any disciplinary sanctions proposed, suggestions regarding corrective actions to be taken to remove any anomalies found, which limit the effective ability of the Model to prevent the commission of the Offences referred to in the Decree, the status of implementation of improvement actions decided by the Board of Directors. This report is also submitted by the SB to the Company's Board of Statutory Auditors.

Reporting to the Board of Directors is also concerned with:

- The overall activity carried out during the period, with particular reference to those of verification;
- any critical issues that have emerged both in terms of behaviors or events internal to Verisure and in terms of the effectiveness of the Model;
- the necessary and/or appropriate corrective and improvement actions of the Model and the status of their implementation;
- the detection of conduct not in line with the Model or the Code of Ethics;
- the detection of organizational or procedural deficiencies such as to expose Drogheria to the danger that crimes relevant to the Decree may be committed;
- any failure or lack of cooperation on the part of the functions in the performance of their duties or of the Key Officer in the submission of reports under his or her purview;
- The statement of expenses incurred;
- Any regulatory changes that require the Model to be updated;
- Any information deemed useful in making urgent determinations;
- Activities that could not be carried out to justify reasons of time and resources.

Annually, moreover, the SB submits the activity plan for the following year to the Board of Directors.

Meetings with Corporate Bodies to which the Supervisory Board reports must be minuted, and copies of the minutes are kept by the Supervisory Board itself.

As noted above, the main aspects related to the operation of the Supervisory Board are governed by the Bylaws approved by the Board of Directors.

7. TRAINING PLAN AND COMMUNICATION ACTIVITIES CONCERNING THE MODEL

7.1 Information activities regarding the Model

Employee Information

For the purposes of the effectiveness of this Model, it is the Company's main objective to ensure proper knowledge of the rules of conduct contained herein to both existing and future resources of the Company. The level of knowledge is achieved with different degree of depth in relation to the different level of involvement of the same resources in the Risk Areas and Sensitive Activities.

To this end, the adoption of this Model as well as the Code of Ethics is communicated to all Employees. This communication is made by publishing the Model on the corporate intranet or by sending a written communication or informative e-mail, followed by express acceptance and declaration of acknowledgement by them formalized in writing or by e-mail.

On the other hand, when new hires are made or new administered labor relations are established, an information kit is delivered with which to assure them of the knowledge considered to be of primary importance.

The Recipients' obligation to comply with the contents of the Model is understood to be part of the duty of care under Articles 2104 and 2105 of the Civil Code.

Informing Consultants and Partners

Third parties who collaborate with Drogheria e Alimentari S.p.A. by virtue of consulting, business partnership or supply contracts must be made aware of the Company's adoption of the Model and introduced - in the relevant contract - a special contractual clause concerning, among other things, the obligation to comply with the principles set forth in the Model and the Code of Ethics.

Appropriate information may also be provided on the policies and procedures adopted by Drogheria e Alimentari S.p.A. on the basis of this Model or containing prescriptions applicable to them as well as the texts of contractual clauses customarily used in this regard for their possible inclusion in contracts with subcontractors.

7.2 The training plan

Training activities aimed at disseminating knowledge of the regulations set forth in Legislative Decree 231/2001 are differentiated, in content and delivery methods, according to the qualification of the Recipients, the risk level of the area in which they operate, and whether or not the Recipients have functions of representation of the Company.

In particular, Drogheria e Alimentari S.p.A. takes care of the adoption and implementation of an adequate level of knowledge through the organization of training courses tailored to the specific business reality, the dissemination of educational materials and the organization

of tests to assess the knowledge acquired.

Non-participation in the training activity without justification by Company Representatives constitutes a violation of the principles contained in this Model and, therefore, will be sanctioned in accordance with the provisions set forth in the paragraph on the Sanctions System