



Enrico Giotti S.p.A.
- Subject to management and
coordination of
McCormick Italy Holdings s.r.l. -

Organization, Management and Control Model

pursuant to art. 6, paragraph 3, of Legislative Decree no. 231 of 8 June 2001

General Part

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DEFINITIONS

The definitions indicated below apply in this General Part as well as in the individual Special Parts, without prejudice to the further definitions contained in the latter.

- **Risk Areas:** the areas of activity of Enrico Giotti S.p.A. in which the risk of committing crimes is profiled, in more concrete terms.
- **Sensitive Activities:** activities that are instrumental or in any case relevant to the commission of a Crime in the identified Risk Areas.
- **Capogruppo:** McCormick Italy Holding S.r.l.
- **CCNL:** the National Collective Agreement for the chemical industry for the Scandicci site and the contract for the food industry for the Morazzone site.
- **Board of Statutory Auditors:** the Board of Statutory Auditors of Enrico Giotti S.p.A..
- **Board of Directors:** the Board of Directors of Enrico Giotti S.p.A.
- **Consultants:** persons acting in the name and/or on behalf of the Company by virtue of a mandate contract or other contractual relationship of professional collaboration.
- **Decree:** Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and additions.
- **Safety Decree:** Legislative Decree no. 81 of 9 April 2008 on "*Implementation of Article 1 of Law no. 123 of 3 August 2007 on the protection of health and safety in the workplace*" and its subsequent amendments and additions.
- **Whistleblowing Decree:** Legislative Decree No. 24 of 10 March 2023 "*Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national law*".
- **Employees:** persons with an employment relationship with the Company, including managers.
- **Risk Analysis Document or Risk Assessment 231:** the document drawn up following an analysis carried out on the company's activities, identifying the Risk Areas and Sensitive Activities in terms of relevance pursuant to Legislative Decree no. 231/2001.
- **Entities:** entities with legal personality or companies and associations, including those without legal personality (corporations, partnerships, consortia, etc.).
- **Company Representatives:** directors, auditors, liquidators and employees of the Company.
- **Suppliers:** suppliers of goods and providers of work and services, other than Consultants, not linked to the Company by subordination.
- **McCormick Group and Group:** Enrico Giotti S.p.A. and the other companies of the McCormick Italy Holding Group.
- **Workers:** people who, regardless of the type of contract, carry out a work activity within the Company's organisation.
- **Guidelines:** the Guidelines for the construction of the organisational, management and control model pursuant to Legislative Decree 231/2001 approved by Confindustria (on 7 March 2002 and subsequent amendments and additions).

- **McCormick:** McCormick Italy Holding S.r.l.
- **Model:** the Organisation, Management and Control Model provided for by Decree no. 231/2001 adopted by the Company.
- **Supervisory Body or SB:** the body responsible for supervising the operation and compliance with the Model.
- **Corporate Bodies:** Shareholders' Meeting, Board of Directors, Board of Statutory Auditors and Independent Auditors.
- **P.A.:** the public administration and, with reference to crimes against the public administration, public officials and persons in charge of a public service (e.g. concessionaires of a public service).
- **Partners:** the contractual counterparties with whom the Company enters into some form of contractually regulated collaboration (temporary business association, joint ventures, consortia, license, agency, collaboration in general).
- **Offences:** the types of offences to which the discipline provided for by Legislative Decree no. 231/2001 on administrative liability applies.
- **Sanctioning system:** disciplinary actions suitable for sanctioning non-compliance with the Model.
- **Company or Giotti:** means Enrico Giotti S.p.A. with registered office in Viale Pisana, 592, 50018, Scandicci (FI).

1. LEGISLATIVE DECREE NO. 231/2001

1.1 The administrative criminal liability of legal persons

Legislative Decree no. 231 containing the "*Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality*", was issued on 8 June 2001 in execution of the delegation referred to in Article 11 of Law no. 300 of 29 September 2000 and has been in force since 4 July 2001. With the Decree, the Legislator intended to adapt the national legislation to the numerous international conventions to which Italy adhered (Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Communities, Brussels Convention of 26 May 1997 on the fight against corruption where officials of the European Community or of other Member States are involved, OECD Convention of 17 December 1997 on combating bribery of foreign public officials in business and international transactions).

In this way, a regime of administrative liability for entities has been introduced into the Italian legal system: the discipline is in fact applicable "*to entities with legal personality and to companies and associations, including those without legal personality*" (Article 1 "*Subjects*" of the Decree), for the crimes, exhaustively listed, if committed in their interest or advantage by subjects in possession of certain requirements. The scope of application of the Decree is very broad and concerns all entities with legal personality, companies, associations, including those without legal personality, public economic entities, private entities concessionaires of a public service. The legislation is not applicable to the State, local public bodies, non-economic public bodies, and bodies 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 (order of 13 June 2007; see also GIP Milan, order of 27 April 2004, and Court of Milan, order of 28 October 2004) established, basing the decision on the principle of territoriality, the existence of the jurisdiction of the Italian court in relation to crimes committed by foreign entities in Italy. The Decree also applies to crimes committed abroad, provided that they are committed in the interest or to the advantage of an entity that has its headquarters in Italy and that is not at the same time already the subject of a law enforcement measure in the foreign State where the crime was committed.

In this way, for the first time, and at the level of a source of primary rank, a direct liability of the Entities is sanctioned following the ascertainment of certain crimes committed in the interest or to the advantage of the company by its representatives, managers and employees. Moreover, in the event of a crime 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 crime was made possible by the failure to comply with the obligations of management or supervision.

Specifically, from a subjective point of view, it must be:

- natural persons who hold representation, administration or management functions of the Entities or of one of their organizational units with financial and functional autonomy (directors, general managers, persons in charge of secondary offices or business units provided that they have financial and functional autonomy) even if this top position is a mere de facto one; or
- natural persons subject to the direction or supervision of one of the above-mentioned subjects, if the commission of the crime was made possible by the omission of supervision.

Finally, as anticipated, the necessary requirement for the liability of the Entities is the commission of the crime and that the same has been carried out "*in the interest or to the advantage of the company itself*".

The liability of the entities thus identified is autonomous from that of the natural person who is the material perpetrator of the crime and exists (pursuant to Article 8 "*Autonomy of the liability of the entity*" of the Decree) even if the perpetrator 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 the Entities is always added, and never replaced, to that of the natural person who committed the crime.

1.2 The interest or benefit to the entity

Liability arises only on the occasion of the commission of certain types of crime by persons linked in various ways to the entity and only in the hypothesis that the unlawful conduct has been carried out in the interest or advantage of the same (Article 5 "*Liability of the entity*" of the Decree). Therefore, not only when the unlawful conduct has resulted in an advantage, financial or otherwise, for the entity, but also in the event that, even in the absence of such a concrete result, the offence is justified in the interest of the Company.

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

Finally, the report also suggests that the investigation into the existence of the first requirement (interest) requires an *ex ante* verification, vice versa that of the advantage that can be derived from the entity even when the natural person has not acted in his interest, always requires an *ex post verification*, since only the result of the criminal conduct must be assessed.

1.3 The penalties provided for by Legislative Decree 231/2001

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

The entity is held responsible for the crimes referred to in the Decree even if these are carried out in the form of the attempt. In such cases, however, the financial penalties and disqualification are reduced from one third to half.

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

Financial penalties

Financial penalties are regulated in articles 10 "*Administrative fine*", 11 "*Criteria for measuring the financial penalty*" and 12 "*Cases of reduction of the financial penalty*" of the Decree and the concrete application takes place in instalments, in number not less than 100 and not more than 1000, while the amount of each instalment ranges from a minimum of € 258 to a maximum of € 1,549. The Judge determines the number of shares in relation to certain parameters, including the seriousness of the fact, the degree of responsibility of the company, the activities carried out to eliminate or mitigate the consequences and prevent the commission of further offences.

The concrete determination of the amount of the share is carried out on the basis of the economic and financial conditions of the entity. In the event of the acting party's own interest (prevailing) or in any case in the absence of an advantage for the entity, the amount of the share is always equal to 103.29 euros.

In addition, financial penalties are reduced:

- a) half in the absence of a significant advantage or in the presence of a minimal advantage for the company and a particularly minor damage;
- b) from one third to one half if before the opening of the first instance hearing the entity has provided:
 1. full compensation for the damage and the elimination of the harmful or dangerous consequences of the crime or the implementation of appropriate measures for this purpose;

2. immediate implementation and adoption of an organizational model where missing or revision of the existing one, suitable for preventing crimes of the kind that occurred;
3. from half to two thirds in the event that both conditions under 1 and 2 are met.

Disqualification sanctions

The disqualification sanctions – indicated in Article 9 "*Administrative sanctions*" of the Decree are:

- the prohibition from exercising the activity;
- the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- the prohibition of contracting with the Public Administration, except to obtain the performance of a public service;
- the exclusion from concessions, loans, contributions or subsidies and possible revocation of those already granted;
- the prohibition of advertising goods or services.

Confiscation

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

Similarly, the judicial authority may order the seizure, both preventive and precautionary, of assets susceptible to confiscation in the event of a danger of dispersion of the guarantees for any State credits (court costs, financial penalties).

The publication of the judgment

The publication of the sentence is a possible sanction and presupposes the application of a disqualification sanction (art. 18 "*Publication of the sentence of conviction*" of the Decree).

If the aforementioned subjective and objective conditions are met, the competence to ascertain the crime, the liability of the entity as well as the determination of the *year* and *the quantum* of the sanction lies with the criminal judge competent for the proceedings relating to the crimes on which administrative liability depends. At the request of the Public Prosecutor, the applicability of disqualification sanctions as a precautionary measure is also provided, where the typical needs exist.

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

Art. 6 "*Persons in top positions and organisational models of the entity*" and 7 "*Subjects subject to the management of others and organisational models of the entity*" of the Decree provide for specific forms of exemption from the administrative liability of the Entities. Specifically, Article 6, paragraph 1 provides that the entity is in any case exempt from liability if it demonstrates:

- the adoption and effective implementation – before the commission of the act – of a Model suitable for preventing crimes of the kind that occurred;
- the effective existence of a Supervisory Body 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 offence have acted by fraudulently circumventing the aforementioned Model;
- supervision by the Supervisory Body has not been omitted or neglected.

For the purposes of the aforementioned exemption value, the form prepared must include the following elements:

- the "mapping" of the Risk Areas, i.e. the areas within which there is the possibility that the crimes provided for by the Decree may be committed;
- the provision of specific protocols aimed at planning the formation and implementation of the decisions of the entity 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 the Bodies of appropriate communication channels by and towards the SB;
- the definition of a Sanctioning System to be applied in the event of non-compliance with the measures indicated in the Model;
- the modification of the Model and the restoration of the conditions of validity following violations, or in the presence of changes in the organization or activity of the company.

The provision of the aforementioned Article 6 "*Persons in a top position and organisational models of the entity*" and the aforementioned exemption effectiveness must 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. In this way, the link between the active conduct of the company in preventing the event and the exempt effectiveness that is recognized even in the event of an attempted crime committed by one of its employees is reaffirmed.

1.5 The current scenario: a regulatory framework in the making

Since its original introduction, the legislator has intervened several times on the discipline of the administrative liability of legal persons, expanding the original system of crimes referred to in the Decree with the addition of numerous new criminal offences.

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

The described framework must be completed with the contents of the Security Decree (Legislative Decree no. 81 and subsequent amendments, issued on 9 April 2008) which, in art. 30 "*Organization and management models*", paragraph 1, makes a formal reference to the discipline in question, providing that:

"The organisational and management model suitable for effective exemption from administrative liability of legal persons, companies and associations, including those without legal personality, referred to in Legislative Decree no. 231 of 8 June 2001, must be adopted and effectively implemented, ensuring a business system for the fulfilment of all legal obligations relating to:

- a) compliance with the technical-structural standards of the law relating to equipment, plants, workplaces, chemical, physical and biological agents;*
- b) risk assessment activities and the preparation of consequent prevention and protection measures;*
- c) activities of an organisational nature, such as emergencies, first aid, procurement management, periodic safety meetings, consultations of workers' safety representatives;*
- d) health surveillance activities;*
- e) information and training activities for workers;*
- f) supervisory activities with reference to compliance with procedures and instructions for safe work by workers;*
- g) the acquisition of documentation and certifications required by law;*
- h) periodic checks on the application and effectiveness of the procedures adopted."*

In this way, the need for each company to comply with the Decree is confirmed, adopting a valid organizational model (also) responsible for the management and containment of risks related to the area of safety in the workplace. This regulatory extension also requires that all the activities already carried out in the security sector be accounted for within the Model so as to harmonise their contents.

With reference to the numerous regulatory interventions relating to the Decree and/or to the types of offences referred to in it since its entry into force to date, we represent the following.

In the two-year period 2014 - 2015, through various legislative measures amending art. 25-octies "*Receiving stolen goods, laundering and use of money, goods or utilities of illegal origin, as well as self-laundering*" of the Decree, the catalogue of predicate offences for the liability of entities for administrative offences is enriched with additional offences, some completely new and others restored and/or extended in their scope of application. The reference is to the following regulatory interventions:

- Law no. 186 of 15 December 2014, in force since 1 January 2015, which inserted into the Criminal Code the new article 648-ter "*Use of money, goods or utilities of illicit origin*" no. 1), with the consequent introduction of an autonomous figure of crime: the crime of so-called "*self-laundering*";
- Law no. 68 of 28 May 2015, in force since 29 May 2015, containing new hypotheses of crimes in environmental matters (the so-called "*environmental crimes*"). "*eco-crimes*";
- [Law](#)no. 69 of 27 May 2015, in force since 14 June 2015, which, in addition to making changes - especially quantitative - to various rules on crimes against the Public Administration and mafia-type associations, restores the punishability of false accounting.

In 2016, Law no. 199 of 29 October included a new type of crime against the individual personality in the catalogue of crimes: the crime of "*Illegal intermediation and exploitation of labour*", aimed at combating the so-called "*caporalato*" with a consequent amendment to the text of art. 603 bis "*Illegal intermediation and exploitation of*

labour" of the Criminal Code - originally introduced by Decree Law no. 138/2011 then converted by Law no. 148 of 2011.

The years 2017/2018 also offer space for multiple interventions by the legislator, aimed once again at expanding the scope of application of the Decree. In particular, this is done through:

- reformulation of the crime of corruption between private individuals (Article 2635 "*Corruption between private individuals*" of the Civil Code), flanked by the new offence of incitement to corruption between private individuals (Article 2635 bis "*Instigation of corruption between private individuals*" of the Civil Code), by Legislative Decree no. 38 of 15 March 20017;
- introduction of new sanctions, both financial and disqualification, imposed for the crimes of procured illegal entry and aiding and abetting illegal immigration by Law no. 161 of 17 October 2017, amending the code of anti-mafia laws and prevention measures (already contemplated by Legislative Decree no. 159/2011) as well as the Criminal Code and the Code of Criminal Procedure together with the delegation to the Government for the protection of work in seized and confiscated companies;
- introduction of the obligation, also in the private sector, to protect employees who make "*reports of crimes or irregularities*" of which they have become aware in the performance of their duties, by means of Law no. 179 of 30 November 2017 (Law on the so-called whistleblowing);
- insertion of Article 25-terdecies "*Racism and xenophobia*" of the Decree, by Law No. 167 of 20 November 2017 on "*Provisions for the fulfilment of the obligations deriving from Italy's membership of the European Union - European Law 2017*" which extends the liability of entities to various cases focused on incitement, discrimination and violence, or their propaganda or incitement, for racial reasons, ethnic, national or religious law, with provision for both financial and disqualification sanctions;
- repeal of certain environmental crimes referred to in Legislative Decree 152/06 (so-called T.U.A.) with translation of the related provisions directly into the Criminal Code, by Legislative Decree no. 21 of 1 March 2018, containing "*Implementing provisions of the principle of delegation of the code reservation in criminal matters*".

On 25 December 2019, Law Decree 124/2019 came into force, containing "*Urgent provisions on tax matters and for non-deferrable needs*" (the so-called Tax Decree), as converted by Law 157/2019. This Decree extends the administrative liability of entities to a series of tax offences, introducing article 25 *quinquiesdecies* "*Tax Crimes*" into the catalogue of Offences. Legislative Decree 75/2020 also implements the provisions of Directive (EU) 2017/1371 (the so-called PIF Directive) through the introduction, in Article 25 *quinquiesdecies* "*Tax Crimes*" of the Decree, of additional types of crimes, i.e. the crimes of unfaithful declaration, failure to declare and undue compensation, when these crimes have the element of transnationality and the evaded VAT tax is not lower to 10 million euros.

On 29 November 2021, Legislative Decree no. 184 of 8 November 2021 was published, which expands the catalogue of offences by introducing Article 25-octies.1 "*Offences relating to non-cash payment instruments*" relating to offences relating to non-cash payment instruments. In particular, the offences referred to in Articles 493-ter "*Undue use and falsification of non-cash payment instruments*", 493-quarter "*Possession and dissemination of equipment, devices or computer programs aimed at committing offences concerning payment instruments other than cash*" and 640-ter "*Computer fraud*" of the Criminal Code, in the case aggravated by the realization of a transfer of money, monetary value or virtual currency.

Law no. 22 was published in the Official Gazette no. 68 of 22 March 2022, which extended the catalogue of predicate offences contained in the Decree, introducing arts. 25 septiesdecies "*Crimes against cultural heritage*" and 25-duodevicies "*Laundering of cultural property and devastation and looting of cultural and landscape property*".

Specifically:

- (i) Article 25-septiesdecies "*Crimes against cultural heritage*" introduced, as predicate crimes, the crimes of the Criminal Code referred to in articles: 518-novies "*Violation in the matter of alienation of cultural property*"; 518-ter "*Misappropriation of cultural property*"; 518-decies "*Illegal importation of cultural goods*"; 518-undecies "*Illegal exit or export of cultural property*", art. 518-duodecies "*Destruction, dispersion, deterioration, disfigurement, soiling and illegal use of cultural or landscape property*"; 518-quaterdecies "*Counterfeiting of works of art*"; 518-bis "*Theft of cultural property*", 518-quarter "*Receiving stolen cultural property*"; and 518-octies "*Forgery in private deed relating to cultural heritage*".
- (ii) Article 25-duodevicies "*Laundering of cultural property and devastation and looting of cultural and landscape property*" introduced, as predicate offences, the offences of the Criminal Code referred to in articles: 518-sexies "*Laundering of cultural property*" and 518-terdecies "*Devastation and looting of cultural and landscape property*" of the Criminal Code.

With Legislative Decree no. 156 of 4 October 2022, published on 22 October 2022, the legislator amended paragraph 1-bis of art. 25-quinquiesdecies "*Tax crimes*", of the Decree. In particular, in the aforementioned article, the words "*if committed in the context of cross-border fraudulent schemes and in order to evade value added tax for a total amount not lower*" are replaced by the following: "*when they are committed in order to evade value added tax in the context of cross-border fraudulent schemes linked to the territory of at least one other Member State of the European Union, from which an overall damage equal to or greater results or may result*".

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

On 9 October 2023, Law no. 137/2023 was published in the General Series of the Official Gazette no. 236 of "Conversion with amendments of Decree no. 105 of 10 August 2023 containing urgent provisions on criminal proceedings, civil proceedings, forest fire fighting, recovery from drug addiction, health and culture, as well as in the field of personnel of the judiciary and public administration", which amends arts. 24, 25-octies.1 of Legislative Decree 231/2001 and arts. 452 bis and 452 quarter of the Italian Civil Code, (referred to in art. 25-undecies "*Environmental crimes*" of Legislative Decree 231/01).

The following offences have been introduced in catalogue 231:

- "Disturbed freedom of enchantments" (Article 353 of the Criminal Code): "Whoever, with violence or threat, or with gifts, promises, collusion or other fraudulent means, prevents or disturbs the tender in public tenders or private tenders on behalf of public administrations, or removes bidders from them, shall be punished with imprisonment from six months to five years and a fine from 103 to 1,032 euros.

If the culprit is a person appointed by law or by the Authority to the aforementioned auctions or tenders, imprisonment is from one to five years and the fine from 516 to 2,065 euros.

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

- "Disturbed freedom of the procedure for choosing the 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 methods of choosing the contractor by the public administration shall be punished with imprisonment from six months to five years and with a fine from 103 to 1,032 euros".

Art. 25-octies.1, following the introduction of art. 512-bis of the Criminal Code "Fraudulent transfer of valuables" in the list of crimes 231, is now changed to: "Crimes relating to payment instruments other than cash and fraudulent transfer of values".

Finally, Law 137/2023 also amended arts. 452-bis of the Criminal Code "Environmental pollution" and 452-quarter of the Criminal Code "Environmental disaster", referred to in art. 25-undecies of Legislative Decree 231/2001 "Environmental Crimes". Especially:

paragraph 2 of art. 452-bis of the Criminal Code has been amended as follows: "When pollution is produced in a protected natural area or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species, the penalty is increased from one third to one-half. In the event that pollution causes deterioration, compromise or destruction of a habitat within a protected natural area or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, the penalty is increased from one third to two thirds".

paragraph 2 of art. 452-quarter of the Criminal Code has been amended as follows: "When the disaster is produced in a protected natural area or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species, the penalty is increased from one third to one-half".

The following laws are also worth mentioning:

- Law no. 206/2023, which amended the case of *Sale of industrial products with false signs* (Article 517 of the Criminal Code, previously referred to in Article 25-bis.1 of Legislative Decree 231/2001);
- Law no. 6/2024, which amended the case of *Destruction, dispersion, deterioration, disfigurement, soiling and illegal use of cultural or landscape property* (art. 518-duodecies, previously referred to in art. 25-septesdecies of Legislative Decree 231/2001).

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

Following the above-mentioned, repeated, regulatory interventions, the range of potential areas of risk for the Entities must also be expanded, in order to include the most recently introduced cases. The regulatory evolution described above demonstrates the incessant extension of the predicate offences of liability referred to in the Decree.

The fact of experience - which can be deduced from a regulatory production that from 2001 to today has not known a 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 type of crime (new or reformed) that carries a high social alarm, with respect to which the extension of administrative liability is understood as the main tool of contrast.

Referring as of now to the individual Protocols of the **Special Part and to Annex no. 1 to the Model - Catalogue of Crimes Prerequisite** for the detail and analysis of the crimes referred to in the Decree, it is already appropriate to underline the danger of some of the aforementioned criminal hypotheses aimed at concealing the proceeds deriving from crimes previously committed (so-called self-laundering) or at creating a supply of money, the so-called. slush funds, to be used for the pursuit of more or less lawful purposes but in any case in a hidden way and in violation of the transparency rules dictated on the subject of bookkeeping (false corporate communications).

Finally, the described framework must be integrated with the figure of the 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 10 March 2023 *"Implementation of EU Directive 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national law"*.

Law 179/2017 amended Article 6 *"Persons in top positions and organisational 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, in order to protect the integrity of the entity, detailed reports of unlawful conduct, relevant pursuant to this Decree and based on precise and consistent factual elements, or of violations of the entity's organization and management model, of which they have become aware due to the functions performed; these channels guarantee the confidentiality of the identity of the whistleblower in the management of the report;*
2. *at least one alternative reporting channel suitable for ensuring, by electronic means, the confidentiality of the identity of the whistleblower;*
3. *the prohibition of retaliatory or discriminatory acts, direct or indirect, against the whistleblower for reasons linked, directly or indirectly, to the report;*
4. *in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who violate the whistleblower's protection measures, as well as those who carry out with intent or gross negligence;*
5. *reports that turn out to be unfounded."*

This paragraph was further amended by the new rules introduced by the aforementioned Legislative Decree no. 24/2023, which replaced the aforementioned paragraph 2-bis as follows : *"The models referred to in paragraph 1, letter a), provide, pursuant to the legislative decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, the internal reporting channels, the prohibition of retaliation and the disciplinary system, adopted pursuant to paragraph 2, letter e)".* The Whistleblowing Decree brings together in a single regulatory text the entire regulation of reporting channels and the protections granted 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 the reporting channels and assigns specific competences to the A. N.A.C., as well as regulating in greater detail some aspects already provided for by the previous legislation.

Legislative Decree no. 24 of 10 March 2023 specifies – in the part relating to the *"Definitions"* (Article 2) – that the 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 offences, unlawful conduct relevant to the Decree, violations of the Model.

The Whistleblowing Decree also provides that protection from retaliatory treatment must be guaranteed to all persons who report violations of which they have become aware in the context of their work context (employees or collaborators, subordinate and self-employed workers, freelancers, volunteers and trainees, including unpaid ones, shareholders and people with administrative, managerial, control, supervision or representation) as well as to "facilitators": colleagues, relatives or stable affections of the person who has reported. With reference to the whistleblowing management system, the Company uses the channel set up by the Parent Company and governed by the "Business Ethics Policy" (also "BEP").

At Group level, in fact, a special reporting system (McCormick Alert) has been implemented, accessible to all Employees via the link "mccormick.alertline.com/gcs/welcome?locale=it", operating in a manner suitable for guaranteeing the confidentiality of the identity of the whistleblower and the right to be protected.

Through the reporting system, it is possible to report, confidentially and confidentially, violations of ethical principles, company policies and procedures and in general violations of the law. Reports relating to possible violations in the 231 area are brought to the attention of the Supervisory Body, which analyzes them and takes the appropriate measures.

1.6 The Company's changes

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

In the event of transformation of the entity, liability remains for crimes committed prior to the date on which the transformation took effect (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 event of a merger, the entity resulting from the merger itself, even 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 proceedings to ascertain the liability of the entity, the judge will have to take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of a demerger (Article 30 "*Demerger of the entity*" of the Decree), the liability of the demerged entity for crimes committed prior to the date on which the demerger took effect remains unaffected and the entities benefiting from the demerger are jointly and severally obliged to pay the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, except in the case of an entity to which the branch of activity in which the offence was committed has been transferred, even in part; Disqualification sanctions apply to the entity (or entities) into which the branch of activity in which the offence was committed has remained or merged. If the demerger took place before the conclusion of the proceedings to ascertain the liability of the entity, the judge will have to take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of the transfer or contribution of the entity in the context of which the offence was committed, without prejudice to the benefit of the prior enforcement of the transferor entity, the transferee is jointly and severally obliged with the transferor entity to pay the financial penalty, within the limits of the value of the transferred entity and within the limits of the financial penalties resulting from the compulsory or due accounting books for offences of which the transferee was in any case aware.

1.7 The guidelines drawn up by the trade associations

Article 6 of the Decree, paragraph 3 "*Persons in top positions and organisational models of the entity*", provided that the organisational and management models may be adopted on the basis of codes of conduct drawn up by the associations representing the entities and communicated to the Ministry of Justice which, in agreement with the competent Ministries, may formulate, within thirty days, observations on the suitability of the models to prevent crimes.

Ministerial Decree no. 201 of 26 June 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*") reaffirms that the associations representing the entities communicate to the Ministry of Justice codes of conduct containing specific and concrete sector indications for adoption and implementation the organization and management models envisaged; it also expressly provides that after thirty days from the date of receipt by the Ministry of Justice without any observations being made, this code becomes effective.

On the basis of this provision, all the main trade associations have approved and published their own codes of conduct.

In particular, it is worth mentioning the contribution offered by Confindustria, which has defined its Guidelines aimed at establishing a valid preventive control system. These Guidelines were issued on 7 March 2002, supplemented on 3 October 2002 with an appendix relating to the so-called corporate offences (introduced in Legislative Decree 231/2001 with Legislative Decree no. 61/2002), updated on 24 May 2004 and transmitted to the Ministry of Justice on 18 February 2008 for adjustments aimed at providing indications on the appropriate measures to prevent the commission of the new predicate offences in the field of market abuse; practices of female genital mutilation, transnational organized crime, occupational health and safety and anti-money laundering (update as of March 31, 2008).

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

Finally, the aforementioned Guidelines were approved by the Ministry of Justice in their latest version on 8 June 2021.

The fundamental phases that the Guidelines identify in the construction of organization and management models can be schematized 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 ways events detrimental to the objectives indicated by the Decree may occur;
- a second phase consisting in the design of a control system reasonably capable of preventing or reducing the risk of committing crimes through the adoption of appropriate protocols. In this context, particular importance is given to the organisational 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 company information, both towards third parties and internally;
 - compliance with laws, regulations, rules and internal policies.

It is reiterated that the most relevant components of the company's preventive control system are:

- a) the Code of Ethics;

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- b) a sufficiently formalised and clear organisational system, especially with regard to the attribution of responsibilities;
- c) manual and IT procedures (information systems) such as to regulate the performance of activities by providing the appropriate control points. In this context, a particularly effective preventive tool is the control tool represented by the separation of tasks between those who carry out crucial phases (activities) of a risky process;
- d) the authorization and signing powers assigned in line with the organizational and management responsibilities defined;
- e) the integrated control system capable of providing timely reporting of the existence and occurrence of situations of general and/or particular criticality;
- f) communication to staff and their training.

The components described above must be organically integrated into a system architecture that respects a series 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 carried out at any time that certify the characteristics and reasons for the operation and identify who authorised, carried out, recorded and verified the operation itself;
- *no one can manage an entire process independently*: the system must guarantee the application of the principle of separation of functions, according to which the authorization to carry out an operation must be under the responsibility of a person other than the person who accounts, operationally executes or controls the operation;
- *Documentation of controls*: the control system must document (possibly through the drafting of reports) the performance of controls, including supervision.

In any case, any divergences with respect to specific points of the Confindustria Guidelines respond to the need to adapt the organisational and management measures to the activity actually carried out by the Company and the context in which it operates.

In addition, numerous trade associations (ABI, ANIA, ANCE) have also issued their own directives aimed at members of the sector, in substantial continuity with those of a general nature already prepared by Confindustria, but developing and deepening in a targeted manner the areas pertinent to the reference sector and the peculiarities deriving from the nature of the activity carried out.

Finally, it should be noted that non-compliance with specific points of the aforementioned guidelines does not in itself affect the validity of the Model.

2. THE COMPANY

2.1 History and business model of the Company

Enrico Giotti S.p.A., a company founded at the beginning of the century from the entrepreneurial intuition of the founder Enrico Giotti, has always been a leading company in the market of flavors and aromas for use in the food sector, recently established beyond national borders on foreign markets (Eastern Europe, Mediterranean Africa, South East Asia). The *core business* has always been focused on the manufacture of flavours, essences, extracts for

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the food and non-food sector, as well as on the related commercial and representative activity, with or without deposit, of natural and non-natural dyes, chemical products and processing aids, fruit and vegetable juices, natural, concentrated and dehydrated, in any case, more generally the production and marketing of raw materials for the food and non-food industry.

The desire to diversify the company's activities - which led Giotti to differentiate production by making use of third-party industries for this purpose - marked the transition from a production reality to a service company, whose offer included not only the finished product but also the skills, technology and know-how underlying the production and marketing of the products in the portfolio.

Between the 80s and 90s, the industrialization process was already completed and the company's business already appeared in its current conformation, divided into:

- flavourings for the food industry;
- concentrated juice drinks;
- extracts of aromatic herbs.

Subsequently, the following are recorded:

- the effective consolidation strategies (2014-2015) implemented in foreign markets, especially the Middle and Far East (India, China);
- the acquisition of total control (2016) of Giotti S.p.A. by *McCormick & Company Incorporated*, world leader in spices, which gives further acceleration to the ongoing growth process.

McCormick & Company Incorporated, an American multinational company dedicated to the production, marketing and distribution of spices, seasoning mixes, sauces and other products serving the food industry, operates worldwide through an extensive network of subsidiaries, owned directly or indirectly, both for the consumer market (points of sale) and by participating in the production chain through supplies to food producers and food companies. Entertainment.

Giotti S.p.A., owned through McCormick Italy Holdings S.r.l., is therefore the vehicle for McCormick's entry into the Italian / European market, taking advantage of the company's innate predisposition towards the search for increasingly specific products, capable of anticipating and satisfying market needs, with particular attention to new needs (e.g. with regard to products compliant with kosher regulations, halal, organic, *Nop* - for the North American market).

The Model refers to the organisational structure currently in place, considered as a whole with reference to the various offices/plants (Scandicci, Morazzone) as formalised in the organisational charts - including the specific one for safety.

2.2 The Company's Governance Model

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

For the Company, this 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 peculiarity of its organisational structure and the activities carried out, the Company has favoured the traditional system of administration and control.

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

The Company's Corporate Bodies are:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Independent Auditors.

On the basis of the Articles of Association, the Board of Directors is vested with all the powers of ordinary and extraordinary management of the Company without exceptions of any kind and may carry out all acts, including dispositions, deemed appropriate for the achievement of the corporate purpose, with the sole exception of those that the Articles of Association and the law expressly reserve to the Shareholders' Meeting.

Pursuant to the Articles of Association, the Board of Directors has the right to delegate its powers to one or more of its members.

The representation of the Company vis-à-vis third parties and in court and the corporate signature is the responsibility of the Chairman of the Board of Directors and the Directors to whom powers have been delegated pursuant to the Articles of Association.

The control body in Enrico Giotti S.p.A. is currently represented by the Board of Statutory Auditors.

If the legal requirements are met, the statutory audit of the Company's accounts is carried out by an Auditing Company registered in the Register established at the Ministry of Economy and Finance.

The key principles of the *Governance* system are:

- ensure the regularity of management operations;
- identifying, monitoring and minimizing risks;
- to achieve maximum transparency towards those with legitimate interests in the Companies and the activities carried out by them;
- to meet the legitimate expectations of Members and third parties involved in any capacity;
- avoid any type of transaction to the detriment of creditors and other third parties that may be involved;
- ensure optimal risk management and the prevention of any conflict of interest between the
- Business Management and Ownership.

2.3 The authorization system of Enrico Giotti S.p.A.

As required by good practice and also specified in the Guidelines, the Administrative Body is the body appointed by statute to formally confer and approve proxies and powers of attorney.

As already mentioned in the previous paragraph, the Board of Directors of the Company - by the Articles of Association - holds all the powers of ordinary and extraordinary administration for the achievement of the corporate purpose, with the sole exception of those that the Articles of Association and the law expressly reserve to the Shareholders' Meeting.

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Due to the specific needs of the Company, special powers of attorney and delegations have been assigned to certain Function Managers, holders of signing powers for the stipulation of deeds and contracts (both active and passive) within certain expenditure thresholds.

In this regard, it should be noted that the Guidelines specify that *"it is appropriate that the attribution of proxies and powers of signature relating to the management of financial resources and the taking and implementation of the decisions of the entity in relation to activities at risk of crime:*

- *is formalized in accordance with the applicable legal provisions;*
- *clearly indicates the delegated subjects, the skills required of the recipients of the delegation and the powers respectively assigned;*
- *provides for limitations on the delegations and spending powers conferred;*
- *provides for solutions aimed at allowing control over the exercise of delegated powers;*
- *provides for the application of sanctions in the event of violations of delegated powers;*
- *is arranged in accordance with the principle of segregation;*
- *is consistent with the company regulations and other internal provisions applied by the company".*

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

2.4 Essential requirements of the delegation system

The essential requirements of the delegation system, for the purposes of effective crime prevention, 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 a formal delegation (Consultants and Contractual Partners must be appointed in this sense in the specific consultancy or *partnership contract*);
- b) the delegations must combine each management power with the relative responsibility and an adequate position in the organization chart and be updated as a result of organizational changes;
- c) Each delegation must specifically and unequivocally define:
 - the powers of the delegate;
 - the subject (body or individual) to whom the delegate reports hierarchically or *by law* or by statute.

2.1 Essential requirements of the power of attorney system

The essential requirements of the system of attribution of prosecutors, for the purposes of effective prevention of crimes, are the following:

- a) functional powers of attorney are conferred exclusively to persons with internal delegation describing the related management powers;
- b) the powers of attorney must be promptly updated in the event of the assumption of new responsibilities, transfer to various tasks incompatible with those for which it was assigned, resignation, dismissal, etc.;

- c) The powers of attorney that attribute a single power of signature and without spending limits are accompanied by a specific internal provision that establishes the extent of the powers of representation or that regulates the methods of exercising these powers, also involving the corporate functions concerned.

The SB periodically verifies, with the support of the other competent functions, compliance with the system of delegations and powers of attorney implemented by Giotti and their consistency with the principles and general rules indicated above. At the same time, at the end 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 attorney or there are other anomalies.

2.5 Business organizational tools and financial resource management systems

As represented in the previous paragraphs, the Company is equipped with organisational tools based on general principles of knowledge within the Company and a clear and formal delimitation of roles, with a complete description of the tasks of each function and the related powers. In the areas of activity of the Company 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) adequate level of formalization, maintaining a written record of each relevant step of the process;
- b) separation, within each process, between the subject who initiates it (decision-making impulse), the subject who executes and concludes it and the subject who controls it;
- c) to prevent the reward systems of entities with spending powers or decision-making powers of external relevance from being based on substantially unattainable performance targets.

With regard to the methods of managing financial resources, Article 6 "*Persons in top positions and models of organisation of the entity*", paragraph 2, letter c) of the Decree provides that the models provide for "methods of management of financial resources suitable for preventing the commission of crimes"; this provision finds its rationale in the fact that most of the crimes referred to in the Decree can be carried out through the financial resources of the companies (e.g.: establishment of extra-accounting funds for the realization of acts of corruption).

The process of managing financial resources refers to activities relating to outgoing monetary and financial flows for the fulfilment of social obligations of various kinds, which can essentially be traced back to the following macro-groups:

- ordinary flows, related to current activities/transactions such as, by way of example, purchases of goods and services and licenses, financial, tax and social security charges, salaries and wages;
- extraordinary flows, related to financial transactions such as, by way of example, subscriptions, share capital increases and credit transfers.

In particular, in compliance with the principles of transparency, verifiability and inherence to the company's activity, this management process includes the following phases:

- planning, by the individual functions, of periodic and/or spot financial needs and communication - duly authorized - to the competent Function;
- preparation (by the competent Department) of the necessary financial resources for the established deadlines;
- duly formalized request for payment order;
- verification of the correspondence between the amount carried by the security and the payment order;
- disbursement of the required financial resources, subject to obtaining the necessary authorizations.

Finally, the control system relating to the process of managing financial resources is based on the qualifying elements of the separation of roles in the key phases of the process, adequately formalized, and the traceability of the acts and authorization levels to be associated with the transactions.

In particular, the specific control elements are represented as follows:

- existence of different actors operating in the different phases/activities of the process;
- request for the payment order to discharge the duly formalized obligation;
- control over the making of the payment;
- final reconciliations;
- existence of authorization levels for both the request for payment and the disposition, articulated according to the nature of the transaction (ordinary/extraordinary) and the amount;
- existence of a systematic flow of information that guarantees constant alignment between powers of attorney, operational delegations and authorization profiles residing in the information systems;
- systematic reconciliation activities, both of intercompany accounts and of accounts held with credit institutions;
- traceability of the acts and individual phases of the process (with specific reference to the cancellation of documents that have already given rise to a payment).

2.6 The tax strategy

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

The tax strategy is approved by the Board of Directors of the Parent Company 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 document called "*Tax Strategy*", the Group pursues the following objectives in the management of taxation:

- "*Fair share of taxes*": ensuring compliance with obligations in a timely manner and the payment of the correct tax burden;
- "*Monitoring of Tax Risks*": controlling and overseeing tax risks by undertaking to manage and contain the risk of incurring the violation of tax rules or the abuse of the principles and purposes of the tax system;
- "*Tax ethics*" to spread awareness, within the company organization, of the values of honesty and integrity, which, in the Tax Strategy, are placed at the basis of tax management.
- "*Trust and Transparency*" to create forms of enhanced relationship with the Tax Administration and with the competent tax authorities, operating with transparency, fairness and loyalty.

2.7 The management of intra-group contracts

The provision of services carried out by McCormick Italy Holdings S.r.l. on behalf of Enrico Giotti S.p.A. is governed by the Services Agreement signed by the companies in 2017. By virtue of the aforementioned contract, the Parent Company undertakes to provide the Company with certain services of the following nature:

- Tax (including: support and assistance in Mergers & Acquisitions; Tax Audit; tax disputes, etc.);
- Financial (support in defining the financial impacts of extraordinary transactions and their most efficient configuration; coordination and development of strategic projects in the financial area);
- Innovative, technical and non-technical (including: management, scouting, engineering and development of technologies, equipment and information systems, etc.).

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

- Management of production plants;
- Purchasing management;
- Continuous Improvement Management;
- Quality control and food safety;
- Safety in the workplace.

Finally, the following Intercompany contracts are in the process of being approved:

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

3. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF ENRICO GIOTTI S.P.A.

3.1 Premise

Enrico Giotti S.p.A., sensitive to the need to ensure conditions of fairness in the conduct of business and the activities carried out, as well as to protect its position and image, that of the Group to which it belongs and the work of its Employees - in support of the necessary process of identification, measurement, management and monitoring of the main risks that impact on the proper performance of corporate activities - has decided to update its Compliance Model. Organization, Management and Control pursuant to Legislative Decree no. 231 of 8 June 2001.

To this end, although the adoption of the Model is provided for by law as optional and not mandatory, this work represents the last step in the framework of adaptation to the regulatory dictate of the Decree already undertaken in the past by the Company. In fact, the first edition of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 was then followed by several updating interventions, in order to incorporate the regulatory changes that have occurred over time.

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The preparation and constant updating of the Model represents a strategic tool for the Company to constantly improve the Governance system and to pursue correct and transparent conduct, in compliance with current regulations and in line with the ethical and social values that inspire the Company in carrying out its activities.

The Model adopted by the Company constitutes, in line with the Code of Ethics, the tool to reiterate the absolute condemnation of any unlawful conduct, 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:

- consolidate a culture of risk prevention and control in the context of achieving the statutory objectives;
- provide for a system of constant monitoring of activities aimed at allowing the Company to prevent or prevent the commission of predicate offences;
- 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 monitoring the risk of committing crimes through the identification of the related Sensitive Activities;
- constitute an effective tool for the management of the Company, also recognising the Model as a function of creating and protecting the value of the Company itself;
- provide adequate information to Company Representatives, Employees, Consultants, Workers and Suppliers, regarding:
 - activities that involve the risk of committing 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 sanctioning consequences that may arise to them or to the Company as a result of the violation of laws or internal provisions.
- to disseminate and affirm a culture based on legality, with the express rejection by the Company of any conduct contrary to the law or internal provisions and, in particular, to 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, preventive and subsequent controls, as well as internal and external information.

To this end, the Model provides for suitable measures to improve the efficiency and effectiveness in carrying out activities in constant compliance with the law and the rules, identifying measures aimed at promptly eliminating risk situations.

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

- ensure that human resources are hired, directed and trained according to the criteria expressed in the Code of Ethics and in compliance with the relevant legal regulations, in particular art. 8 of the Workers' Statute;
- encourage collaboration in the most efficient implementation of the Model by all parties operating within the Company or with it, also guaranteeing the protection and confidentiality of the identity of those who provide truthful information useful for identifying conduct that does not comply with those prescribed;

- ensure that the allocation of powers, competences and responsibilities and their assignment within the Company comply with the principles of transparency, clarity, verifiability and are always consistent with the actual activity carried out by the Company;
- provide that the determination of the Company's objectives, at any level, meets realistic criteria and objective feasibility;
- identify and describe the activities carried out by the Company, its functional structure and the organisation chart in constantly updated documents, with a precise indication of the powers, competences and responsibilities attributed to the various subjects, with reference to the performance of individual activities;
- implement training programmes, with the aim of ensuring effective knowledge of the Code of Ethics and the Model by all those who work in or with the Company, who are directly or indirectly involved in risky activities and transactions.

Last but not least, and in compliance with the provisions of the Safety Decree, the adoption and implementation of the Model pursue the fundamental interest of protecting the safety of workers, providing for a series of assessment and control activities on the conditions of performance of work.

The Model therefore performs the following functions:

- make all those who work in the name and on behalf of Enrico Giotti S.p.A. aware of the need for punctual compliance with the Model, the violation of which entails severe disciplinary sanctions;
- punish any behaviour that, inspired by a misunderstood social interest, is in contrast with laws, regulations or, more generally, with principles of fairness and transparency;
- inform about the serious consequences that could arise for the Company (and therefore for all its employees, managers and top management) from the application of the financial and disqualification sanctions provided for by the Decree and the possibility that they may also be ordered as a precautionary measure;
- allow the Company constant control and careful supervision of sensitive processes so as to be able to intervene promptly where risk profiles arise.

3.2 The Project for the definition of the Organization and Management Model of Enrico Giotti S.p.A.

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

Phase 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 in which the crimes expressly referred to in the Decree could hypothetically be committed and in order to identify the managers, i.e. the resources with an in-depth knowledge of these processes/activities and the control mechanisms currently in place.

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

Phase 2 – Business process analysis

Once the areas and activities potentially at risk have been identified, the following have been identified, analysed and formalised for each business process:

- the main phases;
- the potential opportunities for the crime to be committed;
- the functions and roles/responsibilities of the internal and external parties involved;

in order to verify in which sensitive process or activity and in what ways the offences referred to in the Decree could theoretically take place.

Step 3 - Identify sensitive activities

Following the analysis of the organisational structure and on the basis of the information acquired during the interviews carried out with the Heads of Departments and their collaborators, the Company has:

- identified the Sensitive Activities: for each internal process within the company, the activities in which it is theoretically possible to commit the offences envisaged by the Decree were identified and described. The theoretical possibility of committing the offences has been 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 any hypotheses of complicity in the offence) and without taking into account the control systems already in place;
- identified the control procedures already in place: the organisational practices/control procedures reasonably suitable for preventing the offences considered, already operating in the sensitive areas previously identified, were identified;
- assessed the level of risk: the Company has 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, Giotti has identified the possible areas of improvement/criticality ("gaps") with respect to the reference control principles, market benchmarks and best practices for the purposes of the Decree for more effective protection with respect to the risks 231 detected.
- identification of prevention procedures and protocols: organisational practices and prevention protocols that must be implemented to prevent the commission of offences have been identified. The organisational practices implemented by Enrico Giotti S.p.A. establish the methods and rules to be followed in carrying out Sensitive Activities. Specific preventive and periodic checks guarantee the correctness, effectiveness and efficiency of Enrico Giotti S.p.A. in the performance of its activities.

3.3 Crimes relevant to Enrico Giotti S.p.A.

In consideration of the structure and activities carried out, Enrico Giotti S.p.A. identified the following predicate offences 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);
- crimes of organized crime (art. 24-ter of the Decree);
- transnational crimes (art.10 - Law no. 146 of 16 March 2006 amended by Law no. 236/2016);

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- the offences of counterfeiting coins, public credit cards, revenue stamps and identification instruments or signs (Art. 25-bis, Legislative Decree no. 231/2001);
- crimes against industry and commerce (art. 25-bis.1 of the Decree);
- corporate crimes (Article 25-ter of the Decree);
- crimes of corruption between private individuals (Article 25-ter, paragraph 1, letter s-bis) of the Decree);
- crimes against the individual personality (art. 25-quinquies of the Decree);
- Offences of market abuse (Art. 25-sexies, Legislative Decree no. 231/2001);
- the crimes of manslaughter and serious or very serious culpable injuries, committed in violation of the rules on the protection of health and safety at work (art. 25 – septies of the Decree);
- the crimes of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin, as well as self-laundering (Article 25-octies of the Decree);
- crimes relating to payment instruments other than cash (Article 25-octies.1 of the Decree);
- crimes relating to copyright infringement (Article 25-novies of the Decree);
- the crimes of inducement not to make declarations or to make false declarations to the judicial authorities (art. 25-decies of the Decree);
- environmental crimes (art. 25-undecies of the Decree);
- the offences of employment of illegally staying third-country nationals (Article 25-duodecies of the Decree);
- tax crimes (art. 25-quinquiesdecies of the Decree);
- the crimes of market abuse (art. 25-sexies of the Decree);
- Smuggling offence (Art. 25-sexiesdecies, Legislative Decree 231/2001);

Thus excluding:

- crimes with the purpose of terrorism or subversion of the democratic order provided for by the penal code and special laws (Art. 25-quarter, Legislative Decree no. 231/2001);
- crimes involving the practice of mutilation of the female genital organs (Article 25-quarter.1 of the Decree);
- crimes of xenophobia and racism (art. 25-terdecies of the Decree);
- fraud in sports competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited machines (art. 25-quaterdecies of the Decree);
- crimes against cultural heritage (Art. 25-septiesdecies, Legislative Decree 231/2001) and of Laundering of cultural property and devastation and looting of cultural and landscape property (Art. 25-duodevices, Legislative Decree 231/2001).

The choice of Enrico Giotti S.p.A. to limit the analysis to the above-mentioned offences and to adopt the specific control measures referred to in this Model was made on the basis of considerations that take into account:

- the main activity carried out by Enrico Giotti S.p.A.;
- the socio-economic context in which Enrico Giotti S.p.A. operates;

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- the legal and economic relationships that Enrico Giotti S.p.A establishes with third parties;
- interviews with the top management of Enrico Giotti S.p.A. and interviews carried out with department heads as identified during the *Risk Assessment 231 activity*.

For other offences – not considered by this Model – the Company believes that the set of principles of conduct indicated in the Code of Ethics and the principles and rules of governance that can be inferred from the Articles of Association of Enrico Giotti S.p.A. can constitute an effective prevention system.

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

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

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

- consistency of the powers, responsibilities and powers of authorization to sign with the organizational responsibilities assigned;
- principle of separation of duties, according to which "no one can independently manage an entire significant/risky process". More specifically, the authorization to carry out a transaction must be under the responsibility of a person other than the person who accounts, carries out operations or controls;
- identification of the key controls necessary to minimise the risk of committing the Offences and the related implementation methods (authorisations, reports, minutes, etc.);
- verifiability, traceability, consistency and adequacy of every operation, transaction, action.

The 231 Control Protocols identify the *owners* of the controls, the periodicity of the same and the type (preventive or subsequent). The 231 Control Protocols also refer to the formalised policies and procedures of Enrico Giotti S.p.A. that regulate Sensitive Activities and which contain additional preventive control points of the risks of crime identified.

3.5 Amendments to the Model adopted by Enrico Giotti S.p.A.

Although the adoption of the Model is provided for 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 issued by the administrative body (in accordance with the provisions of Article 6 "*Persons in top positions and organisational models of the entity*", paragraph 1, letter a) of the Decree), subsequent amendments and additions are subject to the competence of the Board of Directors, without prejudice to the latter's right to delegate the Chief Executive Officer for minor changes.

The aforementioned changes may also be made following the evaluations and consequent proposals by the Supervisory Board of Enrico Giotti S.p.A., when:

- significant changes have occurred in the regulatory framework, organization or activity of the Company;
- violations or circumvention of the provisions contained therein have occurred, which have demonstrated their ineffectiveness for the purposes of preventing crimes.

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To this end, the SB receives information and reports regarding changes in the organisational framework, procedures and organisational and management methods of Enrico Giotti S.p.A..

The Board of Directors resolves annually on the possible ratification of all amendments and additions that have been made by the Chief Executive Officer, after consulting the Supervisory Body. 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 Chief Executive Officer.

As a result of this update, the traditional structure of the *231 Organizational Model* of Enrico Giotti 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 therein, followed by a "**Special Part**" of an operational nature – has not changed. The most significant changes in this update to the Model concern the Special Section. Specifically, it is now composed, *inter alia*, of specific 231 Control Protocols for each of the sensitive activities at risk of committing the crimes identified in the *231 Risk Assessment*. In summary, we have moved from an approach by "Crimes" to an approach by "Trials" aimed at greater understanding and possibility of using the Model.

4. THE CODE OF ETHICS

4.1 Elaboration and approval of the Code of Ethics

Enrico Giotti S.p.A., from the outset, has shown itself to be sensitive to the need for every company activity to conform to the values and policies enshrined in its Code of Conduct containing the fundamental inspiring principles of the Company integrated, with specific reference to the Decree, by those provided for in its code of ethics. At the same time as the revision of the Model, the Company has 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, namely the corporate "Code of Ethics" (**Annex 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 constitutes a guide relating to the principles and legality requirements that govern the Company's conduct.

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

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

In particular, the Code of Ethics therefore contains and reaffirms the social, fairness and transparency values to which the Company is informed, also requiring that all corporate operations be implemented in accordance with the following criteria:

- correct 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, the corporate Code of Ethics currently in force are considered compatible tools and intended to complement each other, as they are inspired by the fundamental canons of fairness and transparency that must inform corporate actions.

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

The Code of Ethics contains the general principles and rules of conduct to which Enrico Giotti S.p.A. recognises a positive ethical value and to which all Company Representatives, Employees, Consultants, Workers and Suppliers must comply.

The above-mentioned parties are required to observe and ensure compliance, within the scope of their competence, with 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 aligning conduct with particularly high ethical standards and based on the utmost fairness and transparency, guarantees the possibility of safeguarding the interests of stakeholders, as well as preserving the image and reputation of Enrico Giotti 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 fully adapting to the provisions of the Decree, the ethical principles and rules of conduct formalised within the Code of Ethics have been developed in specific 231 Protocols that govern the main processes within the Company.

Compliance with the Code of Ethics, together with compliance with the 231 Control Protocols, not only serves 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 the transactions and the adherence to its ethical and behavioral principles of the actions implemented, the Company carefully monitors compliance with the Code of Ethics by intervening, if necessary, with corrective actions and appropriate sanctions.

In this regard, the violation of the Code and the Model, in addition to being a cause of inefficiencies and organizational dysfunctions, may result in the application of the Sanctioning System provided for in the Model itself, regardless of the criminal or administrative offence that the violation may constitute.

Similarly, failure to comply with the Code of Ethics by Company Representatives, Employees, Consultants, Workers and Suppliers is considered by the Company itself as a breach of contract, which may legitimize the termination of the contract and any claim for damages.

5. THE DISCIPLINARY SYSTEM

5.1 The elaboration and adoption of the Disciplinary System

Pursuant to Articles 6 "*Persons in top positions and organisational models of the entity*" and 7 "*Persons subject to the management of others and organisational models of the entity*" of the Decree, the Model can be considered effectively implemented, for the purposes of Giotti's exclusion of liability, if it provides for a disciplinary system suitable for sanctioning non-compliance with the measures indicated therein.

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

On the basis of this Disciplinary System, violations of the Model and the related 231 Control Protocols committed by persons in "*top*" positions, as holders of representation, administration or management functions of the Company, as well as violations carried out by persons subject to the supervision or management of others or operating in the name and/or on behalf of Giotti, as well as all employees and/or collaborators of the Company, are subject to sanctions. Society.

In compliance with the provisions of the Guidelines, the establishment of disciplinary proceedings, as well as the application of the related sanctions, is independent of the possible establishment 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 Enrico Giotti S.p.A. is summarised below.

For the complete regulation of this system, please refer to **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 the provisions contained therein is guaranteed.

The Disciplinary System of Enrico Giotti S.p.A. is divided into the following sections:

- Introduction;
- Assumptions;
- Recipients;
- Identification of Pipelines;
- Sanctions: application criteria and types;
- Coordination between contractual disciplinary proceedings and disciplinary proceedings 231
- The procedure for imposing sanctions;
- Reporting Charges.

6. THE SUPERVISORY BODY

Article 6 "*Persons in top positions and organisational models of the entity*", paragraph 1, letter b) of the Decree provides that the task of supervising the functioning and compliance with the Organisation, Management and Control Model and of overseeing its updating with respect to regulatory developments and organisational 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 Body*" which is an integral part of the Model itself (**Annex no. 5 to the Model – Statute of the Supervisory Body**)

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

- Functions and powers;
- Obligations and responsibilities;
- Requirements of the Members of the Supervisory Body;
- Composition and Appointment;
- Term of Office, Revocation, Termination and Replacement of Members;
- Confidentiality Obligations;
- Information flows towards the Body;
- Reporting of the Body to the Corporate Bodies and the Top Management;

- Convocation of meetings, voting and resolutions;
- Remuneration of the Members of the Body;
- Amendments to the SB Regulations.

In referring to the aforementioned Articles of Association for the specific discussion of each aspect, we focus below on some aspects relating to the Supervisory Body.

6.1 The composition of the Body and its requirements

The Company has appointed, by resolution of the Administrative Body, the Supervisory Body, as a permanent body with a collegial and mixed composition, composed of three standing members: a company contact person, as an internal member, supported by two external and independent subjects, to guarantee the necessary autonomy and impartiality of the Body.

On the occasion of the first meeting of the Body itself (so-called inaugural meeting), the SB elects its President, choosing him from among its external members.

The members of the SB receive a renewable three-year term of office upon 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 Articles of Association, to which reference is made.

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

- **autonomy and independence**, as a body that reports directly to the administrative body;
- **professionalism, as it is equipped with a wealth of tools and techniques suitable for the performance of the assigned tasks and specialized inspection techniques typical of business consulting**;
- **continuity of action**, as it is a structure set up *ad hoc* and dedicated solely to the supervision of the Model, as it lacks operational tasks that could lead it to take decisions with economic and financial effects;
- **integrity** and absence of conflicts of interest: these requirements are understood in the same terms provided for by law with reference to directors and members of the supervisory body.

6.2 Functions and powers of the Supervisory Body

The functions of the Company's Supervisory Body include all the typical analysis activities for the assessment of the preventive effectiveness of the Model with regard to Crimes and supervision of the implementation of the Model itself, including the detection of any violations, as described in detail in *the "Regulations of the Supervisory Body"*.

Equally important is the supervision of the updating of the Model both in relation to regulatory changes and organisational changes resulting from changes in the corporate structure: in the event of changes and/or additions that may be 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 approval of the Administrative Body of Enrico Giotti S.p.A..

The tasks of the Supervisory Body include in particular the following activities:

1. Verification and supervision of the Model, which involve:

- Verification of the adequacy of the Model, i.e. verification of its abstract suitability to prevent the occurrence of unlawful conduct;
- verifying the effectiveness of the Model, i.e. the correspondence between the concrete behaviours and those formally envisaged by the Model itself;
- monitoring the activities carried out by the Company through periodic checks, within the Areas at Risk of Crime, of individual transactions or acts, as well as random and unannounced checks on the effective compliance with existing procedures and other control systems;
- the activation of the competent structures for the development of organisational practices/operating and control procedures that adequately regulate the performance of activities;
- the constant monitoring of the company areas and their evolution, also through information requested from the Managers of each function/area;
- updating the Model, proposing to the Board of Directors, if necessary, the adaptation of the same, in order to improve its effectiveness, also in consideration of any regulatory interventions and/or changes in the organisational structure or activities of Enrico Giotti S.p.A. and/or significant violations of the Model;
- the collection of reports from any employee or third party to the Company regarding:
 - any critical issues with the measures introduced by this Model;
 - violations of the same;
 - any situation that gives rise to potential exposure to the risk of crimes pursuant to 231;
- the collection, conservation and management, in a specially dedicated archive, of documentation relating to:
 - the information collected or received in the course of its business;
 - evidence of the various activities carried out;
 - the documentation relating to the meetings with the Corporate Bodies to which the Supervisory Body refers;

2. Information and training on the Model, namely:

- promote and monitor initiatives aimed at promoting the dissemination of the Model to all parties required to comply with the relevant provisions (i.e. to the so-called Recipients);
- promote and monitor initiatives, including courses and communications, aimed at promoting adequate knowledge of the Model by all Recipients;
- promptly verify, also through the possible preparation of opinions, requests for clarification and/or advice from the functions or personnel or from the administrative bodies in relation to the correct interpretation and/or concrete functioning of the activities described through specific procedures within the Model;

3. management of information flows to and from the SB:

- ensure the timely fulfilment, by all interested parties, of the reporting activities relating to compliance with and the concrete implementation of the Model;

- inform the competent bodies about the activities carried out, the results and the planned activities;
- report to the competent bodies, for the adoption of the measures deemed appropriate, any violations of the Model and the persons held responsible, if necessary proposing the sanctions deemed most appropriate;
- provide the necessary support to the inspection bodies in the event of controls carried out by institutional subjects, including the Public Authority.

In order to carry out the tasks assigned to them, the Supervisory Body 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 usable by the SB after notifying the Legal Representative, for the conduct of the inspection activities within its competence, as defined in the so-called "Action Plan" agreed annually, and on the basis of an estimate of possible contingencies. The SB can also make use of the support of external consultants, with total bearing of the costs borne by its own budget, while maintaining ownership of inspection activities. Finally, while maintaining ownership of the activities, it can use the support of external consultants, with total bearing of the costs borne by its own budget.

The SB, also through the resources at its disposal, has the right to:

- freely access all the functions, archives and documents of the Company without any prior consent or the need for authorization, in order to obtain any information, data or document deemed necessary;
- arrange, where deemed necessary, for the hearing of resources who can provide useful information or guidance regarding the performance of the Company's activities or any malfunctions or violations of the Model;
- avail themselves, under their direct supervision, of the assistance of all the Company's structures or external consultants.

6.3 The regulations of the Supervisory Body

In addition to the provisions of the document entitled "*Articles of Association of the Supervisory Board of Enrico Giotti 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 carries out its activities.

In particular, the following aspects are regulated within the framework of these internal regulations:

- The convocation of the SB;
- The meetings of the Supervisory Board;
- The methods of storage and access to documentation;
- The functions of the Chairman of the Supervisory Board;
- Activities related to the fulfilment of verification and supervision tasks;
- Activities related to the fulfilment of the tasks of updating the Model;
- Activities related to the fulfilment of the Information and Training tasks of the Recipients of the Model;
- Activities related to the fulfilment of the tasks of managing information flows;
- The management of reports of violations of the Model;
- The activity of verifying and assessing the suitability of the disciplinary system.

6.4 Information flows towards the Supervisory Body

Article 6 "*Persons in top positions and organisational models of the entity*", paragraph 2, letter d) of the Decree, requires the provision in the Organisation, Management and Control Model of information obligations towards the Body responsible for supervising the operation and compliance with the Model itself.

For the purposes of effective and complete supervision of the effectiveness of the Model, so as to ascertain any violations, first of all, the persons in charge of managing each area, although not formally responsible, are obliged to provide the Supervisory Body with all potentially relevant information. This obligation, which is particularly important for the areas identified as sensitive following the *Risk Assessment 231*, provides for the reporting of both the results of the verification activities periodically carried out in these areas, and any probable anomaly or any anomaly that may have occurred. In this regard, the Company has identified a Key Officer for each process in which the Sensitive Activities are identified, who is obliged to send standardised reports to the SB, the subject matter of which is determined in the "*Information flows to the Supervisory Body*" Procedure, to which reference is made.

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

The methods of transmission of this information are those set out in the summary document prepared by the SB within the control and monitoring system implemented ("*Summary statement of information flows to the SB*"), referred to in full in the "**Regulations of the Supervisory Body**".

By way of example, the following is a list of some categories of information that must be necessarily be transmitted to the Supervisory Body:

- the measures and/or information coming from the Judicial Police, or from any other authority, which shows that investigations are being carried out, including against unknown persons, for the crimes referred to in the Decree;
- requests for legal assistance forwarded by employees and/or managers against whom the Magistracy is proceeding for one of the crimes referred to in the Decree;
- the results of any commissions of inquiry or internal reports from which responsibility for the hypotheses of crime referred to in the Decree emerges;
- news relating to the implementation of this Model within the Company and its outcomes;
- the results of any disciplinary proceedings carried out and the sanctions imposed, with the related reasons.

In general, the obligation to communicate is incumbent on the Board of Directors, Employees and those who receive professional assignments from Enrico Giotti S.p.A. and concerns any information relating to the commission of crimes, conduct contrary to the rules of conduct provided for by the Giotti Model and any deficiencies in the organizational structure or procedures in force.

In addition, the circumstance already referred to in Paragraph 2.1. The fact that Enrico Giotti S.p.A. belongs to a Group structure that is deeply interpenetrated both at the decision-making and operational level, requires, at least in a protective way, to extend the aforementioned disclosure obligation also to those who, although formally employed by another subsidiary of the Group, become aware of relevant information concerning Enrico Giotti S.p.A.

There is no doubt, in fact, that Enrico Giotti S.p.A. – like any other subsidiary of the McCormick Group – is also affected by corporate choices and strategies. Similarly, also in the implementation of the internal decision-making process, the Company cannot disregard the assessment of the Group's interest. This circumstance, at an operational

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level, translates into a process of sharing the main decisions with the top management of the McCormick Group with competences extended to the Italian subsidiaries.

Violation of this obligation to provide information constitutes a disciplinary offence, sanctioned in accordance with the provisions of the Disciplinary System provided for by the Model, by law and by the applicable contracts.

In any case, the following information must be mandatorily and immediately transmitted to the SB:

- a) which may relate to violations, including potential violations, of the Model, including but not limited to:
- any orders received from the superior and deemed to be in conflict with the law, internal regulations and/or the Organization, Management and Control Model;
 - any requests and offers of gifts (exceeding the modest value) or other benefits from public officials or persons in charge of public service;
 - any omissions, negligence or falsification in the keeping of accounts or in the storage of the documentation on which the accounting records are based;
 - the measures and/or news coming from judicial police bodies
 - by any other authority from which it is evident that investigations are being carried out, even indirectly, involving Giotti, his Employees or the members of the Corporate Bodies;
 - requests for legal assistance forwarded to Giotti by Employees, in the event of the initiation of criminal proceedings against them;
 - the news relating to the disciplinary proceedings in progress and any sanctions imposed or the reason for their dismissal;
- b) relating to the activities of Enrico Giotti S.p.A. that may be relevant with regard to the performance by the SB of the tasks assigned to it, including but not limited to:
- the reports prepared as part of their activities by the Key Officers appointed, with the content and periodicity provided for by the "Information flows to the Supervisory Body" Procedure;
 - news relating to organisational changes;
 - the updates of the system of powers and delegations;
 - decisions relating to the request, disbursement and use of any public funding.

During the investigation activity following the report, the SB must act in such a way as to ensure that the subjects involved are not subject to retaliation, discrimination or penalization, ensuring the confidentiality of the person making the report. In order to facilitate reports to the SB by persons who become aware of violations of the Model, including potential ones, the Company activates the appropriate dedicated communication channels, such as a special e-mail box (italy-odv@it.mccormick.com).

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

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

Through these channels, the SB receives reports concerning:

- violations, overt or suspected, of the provisions contained in the Organizational Model and in the Code of Ethics adopted by the Company;
- conduct and/or conduct that may constitute one of the relevant offences pursuant to Legislative Decree no. 231/2001;
- other possible violations and/or non-compliance with company procedures/policies in force;
- any other active and omissive conduct, overt or suspected, likely to represent a violation of the obligations deriving from the employment contract concluded between Giotti and employees and/or assimilated personnel;
- breaches of Union law.

The SB ensures that the person making the report, if identified or identifiable, is not subject to retaliation, discrimination or in any case penalization, thus ensuring their confidentiality, unless any legal obligations impose otherwise.

Upon receipt of the report of the violation, the Company's 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 competent from time to time for the effective application of sanctions.

In any case, the phases of contesting the violation, as well as those of determining and effectively applying sanctions, are carried out in compliance with the laws and regulations in force, as well as the provisions of the Contract applied to all Giotti Employees and the regulations, where applicable.

Any information, report or report required by the Model is stored by the SB in a special archive. Access to the archive is allowed only to members of the SB.

Access by persons other than the members of the Body must be authorised in advance by the latter and be carried out in accordance with the procedures established by the same.

Please refer to the Procedure "*Information flows to the Supervisory Body*" for more details on information flows to the SB.

6.5 Reporting by the Supervisory Body to the Corporate Bodies and the Top Management of Enrico Giotti S.p.A.

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

The following obligations to inform the Board of Directors are entrusted to the Body:

- of an ongoing nature, in any circumstance in which it deems it necessary and/or appropriate for the fulfilment of the obligations provided for by 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 considered well-founded, of which it has become aware through knowledge or which it has itself ascertained;
- through a written report to the Board of Directors every six months on the activities carried out, on the reports received, on any disciplinary sanctions proposed, on suggestions regarding the 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, on the state of implementation of improvement measures approved by the Board of Directors Administration. This report is also presented by the SB to the Board of Statutory Auditors of the Company.

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Reporting to the Board of Directors also concerns:

- the overall activity carried out during the period, with particular reference to verification activities;
- any critical issues that have emerged both in terms of conduct or events within Verisure and in terms of the effectiveness of the Model;
- the necessary and/or appropriate corrective and improvement measures to the Model and their state of implementation;
- the assessment of conduct that is not in line with the Model or the Code of Ethics;
- the detection of organizational or procedural deficiencies such as to expose Giotti to the danger that crimes relevant to the Decree will be committed;
- any lack of or lack of cooperation on the part of the functions in the performance of their duties or of the Key Officer in the forwarding of the reports for which he is responsible;
- the statement of expenses incurred;
- any regulatory changes that require the updating of the Model;
- any information deemed useful for the purpose of taking urgent decisions;
- activities that could not be carried out to justify reasons of time and resources.

Annually, the SB also submits the plan of activities for the following year to the Board of Directors.

Meetings with the Corporate Bodies to which the SB refers must be recorded and a copy of the minutes is kept by the Supervisory Body itself.

As already pointed out, the main aspects relating to the functioning of the Supervisory Body are governed by the Articles of Association approved by the Board of Directors.

7. TRAINING PLAN AND COMMUNICATION ACTIVITIES CONCERNING THE MODELLO

7.1 Information activities regarding the Model

Employee Information

For the purposes of the effectiveness of this Model, Giotti's main objective is to ensure that the resources already present in the Company and those in the future are properly aware of the rules of conduct contained therein. The level of knowledge is achieved with different degrees of depth in relation to the different level of involvement of the resources themselves in the Risk Areas and in the Sensitive Activities.

To this end, the adoption of this Model as well as the Code of Ethics is communicated to all Employees. This communication takes place through the publication of the Model on the company Intranet or by sending a written communication or informative e-mail, followed by express acceptance and declaration of acknowledgment by the same formalized in writing or by e-mail.

When new hires are used or new temporary employment relationships are established, on the other hand, an information kit is given with which to ensure that they have the knowledge considered of primary importance.

The obligation of the Recipients to comply with the contents of the Model is understood to be part of the duty of diligence referred to in art. 2104 and 2105 of the Civil Code.

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Information for Consultants and Partners

Third parties who collaborate with Enrico Giotti S.p.A. under consultancy, commercial partnership or supply contracts must be notified of the adoption of the Model by the Company and introduce - in the relevant contract - a specific contractual clause concerning, among other things, the obligation to comply with the principles set out in the Model and in the Code of Ethics.

Specific information may also be provided on the policies and procedures adopted by Enrico Giotti S.p.A. on the basis of this Model or containing provisions applicable to them, as well as the texts of the contractual clauses usually used in this regard for their possible inclusion in contracts with subcontractors.

7.2 The training plan

The training activity aimed at disseminating knowledge of the regulations referred to in Legislative Decree 231/2001 is differentiated, in terms of content and delivery methods, according to the qualification of the Recipients, the level of risk of the area in which they operate, and whether or not the Recipients have functions of representing the Company.

In particular, Enrico Giotti S.p.A. takes care of the adoption and implementation of an adequate level of knowledge through the organization of personalized training courses on the specific company reality, the dissemination of teaching material and the organization of tests to evaluate the knowledge acquired.

Failure to participate in the training activity without justification by the Company Representatives constitutes a violation of the principles contained in this Model and, therefore, will be sanctioned pursuant to the provisions of the paragraph on the Sanctioning System.