

**MODEL OF ORGANIZATION,
MANAGEMENT AND CONTROL
of FlavourArt S.r.l. single-member
company**

pursuant to Legislative Decree No. 231 of June 8.

***"Discipline of administrative responsibilities of legal persons,
companies and associations, including those without legal
personality, pursuant to Article 11 of Law No. 300 of
September 29, 2000."***

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REVISION	DATE	OBJECT OF THE CHANGE
1	18/11/2021	First issue and adoption
2	30/09/2024	Integrations related to the new regulations on whistleblowing
3	14/07/2025	Integration into offences relating to excise duties

CORPORATE ROLE	FIRST AND LAST NAME	SIGNATURE
CEO	Massimiliano Mancini	
CFO	Nicola Paletta	

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GLOSSARY

Code of Ethics: the set of principles and values that guide FlavourArt's activities.

Legislative Decree: Legislative Decree No. 231 of June 8, 2001, entitled "*Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of September 29, 2000*," published in the Official Gazette No. 140 of June 19, 2001, as well as subsequent amendments and additions, including Law 113/2019.

Collaborators and Consultants: individuals who have collaborative or consulting relationships with the Company without being bound by employment, commercial representation or other relationships that result in professional services of a non-subordinate nature, whether continuous or occasional, as well as those who, by virtue of specific mandates and powers of attorney, represent the Company towards third parties.

Board of Directors (also referred to as BoD or Governing Body): the Board of Directors of FlavourArt S.r.l.

Recipients: the subjects to whom the provisions of this Model apply, as defined in more detail below. Individuals and legal entities operating on behalf of FlavourArt S.r.l. In particular, employees, suppliers (both of ongoing services and specific supplies), collaborators, consultants and business partners.

Decree or D.Lgs. 231/2001: Legislative Decree No. 231 of 8 June 2001, containing the '*Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*', as amended from time to time.

Employees: All employees of FlavourArt, both in apical and subordinate positions.

FlavourArt S.r.l. (also referred to as the Company or FlavourArt): the Company with registered office in Oleggio (NO), Via delle Industrie no. 26, registered in the Monte Rosa Laghi Alto Piemonte Register of Companies with Tax Code and Company Registration No. 02068090030, which has adopted this Organization, Management and Control Model.

Suppliers: those who supply goods or services to the Company.

Model of Organization, Management and Control: Model of Organization, Management and Control (hereinafter also referred to as the 'Model' or 'Model 231') adopted by the Company, as provided for in Articles 6 and 7 of Legislative Decree 231/2001, as a comprehensive set of principles, rules, provisions, organizational schemes and related tasks and responsibilities, aimed at preventing the offences referred to in the same Legislative Decree.

Supervisory and Control Body (also referred to as SB): a body provided for in Article 6 of the Legislative Decree, with the task of supervising the operation of and compliance with the Organization, Management and Control Model, as well as ensuring that it is updated.

Stakeholders: all groups of individuals consisting of people, organizations, and communities that influence in FlavourArt's activity or are directly or indirectly affected by it.

Principles of Conduct: general principles of conduct, set out in the Special Sections, which Recipients must follow in carrying out the activities envisaged by the Organization, Management and Control Model.

Risk Processes: company activities or phases thereof whose performance could give occasion to the unlawful conduct referred to in the Legislative Decree.

Protocol: specific procedure, or specific behavioral requirements or requirements to complement existing procedures for the prevention of crimes and administrative offenses and for the identification of individuals involved in the risk phases of business processes.

Offenses: events provided for by law as offenses that, if committed in the interest or to the advantage of the Company, may result in administrative liability of FlavourArt.

Environmental Management System: comprehensive set of provisions (protective measures - delegation of functions - assignments of responsibility and representation - qualification and evaluation systems - management methods - education, information and training activities - supervisory duties - documentation requirements - etc.) adopted by FlavourArt for the fulfillment of legal obligations related to environmental protection.

Safety Management System: comprehensive set of provisions (protective measures - delegation of functions - assignments of responsibility and representation - qualification and evaluation systems - management methods - prevention and protection services and tasks - education, information and training activities - supervisory tasks - emergency procedures - documentation requirements - etc.) adopted by FlavourArt for the fulfillment of legal obligations related to occupational health and safety management.

Disciplinary System: set of sanctions against Recipients who fail to observe the Principles of Conduct and Protocols contained in the Organization, Management and Control Model.

Whistleblower: the person who makes a detailed report relating to either the commission of unlawful conduct relevant pursuant to Legislative Decree 231/2001 or violations of the Organisational Model, which has come to their knowledge by virtue of their duties, provided that the report is based on precise and consistent facts.

Senior Management (so-called Top Management): Chairman, Chief Executive Officer, other members of the Board of Directors, Company Executives.

DOCUMENT STRUCTURE

FlavourArt's Model of Organization, Management and Control consists of a **General Part**, a **Special Part** - consisting of the Special Part "by crime" and the Special Part "by process," and the **Annexes** that form an integral and substantial part of the Model.

The **General Part** consists of three sections, the contents of which are summarized below:

- (i) **Section I**, which is general in nature, is aimed at illustrating the contents of the Legislative Decree and subsequent amendments and additions, in order to provide all Recipients of the document with an overview of the regulatory system within which the Company's Organization, Management and Control Model fits;
- (ii) **Section II** describes the articulation of the Organization, Management and Control Model and defines its contents: description of the Company, adoption, identification of activities at risk, ways of managing financial flows within the Company, definition of protocols, characteristics and functioning of the Supervisory Board, information flows, training and information activities, and ways of updating the Organization, Management and Control Model itself;
- (iii) **Section III** reports the disciplinary system to be activated against Recipients who fail to observe the Protocols contained in the Organization, Management and Control Model.

The **Special Part** consists of as many documents as the number of predicate offenses and/or risk processes that emerged from the risk analysis conducted. They are attached to the Special Part:

- (i) **Special Part "by crime"**: consists of as many documents as the number of predicate offenses that emerged as applicable from the risk analysis carried out;
- (ii) **Special Part "by process"**: consists of as many documents as there are processes managed by the Company that emerged as applicable from the risk analysis performed.

The **Annexes** consist of:

- (i) **Annex 1** - Catalogue of Administrative Offenses and Offences;
- (ii) **Annex 2** - Risk Self-Assessment.

SECTION I

1. Recipients and scope

Legislative Decree No. 231 of June 8, 2001, introduced into the Italian legal system a system of administrative liability for entities. The enactment of the Legislative Decree is part of a national legislative context of implementation of international obligations.

The original text, which referred to a series of offenses committed against the public administration, was supplemented by subsequent legislative measures that expanded the range of offenses whose commission may result in the administrative liability of the Entity. Most recently, tax offenses and, by necessity of EU origin, the crime of smuggling were introduced.

The **administrative liability of the Entity**-in a sense analogous to criminal liability, which, however, is personal-arises in connection with the commission, by a person linked by a functional relationship with the Entity itself, of one of the Offences specifically provided for in Legislative Decree 231/01.

The Entity's liability may exist if the Crimes are committed by an apical or subordinate person in **the interest or advantage** of the Entity itself, while it is considered to be excluded if the perpetrator of the Crimes has acted exclusively in his own interest or that of third parties.

The functional relationship that binds the offender to the legal person may be one of representation, subordination or collaboration, within the limits provided for by the Legislative Decree. If the perpetrator of the Offence is a natural person who holds functions of representation, administration, management or control of the Entity or one of its organizational units with financial and functional autonomy, as well as a person who exercises, even de facto, the management and control of the Entity, a presumption of liability is established against the latter. This is in view of the fact that the natural person expresses, represents and implements the management policy of the Entity.

There is no presumption of liability against the Entity if the perpetrator of the Offence is a person subject to the direction or supervision of one of the persons referred to in the preceding sentence, so that, in such a case, the act of the subordinate entails the liability of the Entity only if it turns out that its realization was made possible by the failure to comply with the obligations of direction and supervision.

The (administrative) liability of the Entity is additional to the (criminal) liability of the natural person and not a substitute for it. From the substantial autonomy of this responsibility follows the circumstance that the Entity is held liable for the crime even when the perpetrator has not been identified or cannot be charged, or if the crime is extinguished for reasons other than amnesty. The criminal liability of the individual remains governed by common criminal law.

The Legislature has provided for a **system of sanctions** that is characterized by the application to the legal person of a sanction, as a rule, pecuniary. Along with the pecuniary sanction, disqualifying sanctions may also be applied in some cases, such as disqualification from conducting business, suspension or revocation of authorizations, licenses concessions functional to the commission of the offence, a ban on contracting with the Public Administration, exclusion from facilitations, financing, contributions or subsidies, the possible revocation of those already granted, and a ban on advertising goods or services.

In addition to the aforementioned penalties, pecuniary and prohibitory, there is the confiscation (always ordered with the conviction) of the price or profit of the crime (including "for equivalent") and, in certain cases, the publication of the conviction.

The Legislature has, moreover, provided that the aforementioned interdictory measures-if there are serious indications of the Entity's liability and there are well-founded and specific elements that suggest a concrete danger of the commission of offenses of the same nature-can also be applied, at the request of the Public Prosecutor, as a precautionary measure, already at the investigation stage.

Upon the occurrence of specific conditions, the Criminal Judge, when applying a disqualification penalty that would result in the interruption of the Entity's activity, has the power to appoint a commissioner to supervise the continuation of the activity itself, for a period corresponding to the duration of the disqualification penalty that would have been applied.

Foreign companies operating in Italy are also subject to the regulations set forth in the Legislative Decree, regardless of whether or not there are rules in their country that similarly regulate the same matter.

2. The Models of Organization, Management and Control

The Legislative Decree provides a specific form of **exemption from liability** for the Entity if:

- a) the management body has adopted and effectively implemented "organization, management and control models" suitable for preventing crimes;
- b) the task of supervising the operation of and compliance with the models as well as ensuring that they are kept up-to-date has been entrusted to a body of the entity with autonomous powers of initiative and control;
- c) the persons who committed the crime acted by fraudulently circumventing the aforementioned organization, management and control models;
- d) there has been no failure or insufficient supervision by the body referred to in (b) above.

The **Organization, Management and Control Model** is the set of rules, set out in the Special Sections and Protocols, both behavioral ("Principles of Conduct") and operational ("Operational Modalities") whose observance - in the performance of activities within the Risk Processes - makes it possible to prevent illegal, improper, irregular conduct. Failure by Recipients to comply with the Principles of Conduct in the Special Parts and Operating Procedures is punishable. To this end, the Organization, Management and Control Model also consists of a disciplinary system (see Section III).

2.1 Activities preliminary to the creation of an Organization, Management and Control Model

The elements that must characterize an Organization, Management and Control Model in order to have exempting effectiveness-according to the provisions of Legislative Decree 231/01-are effectiveness and adequacy.

Effectiveness is achieved with the proper adoption and application of the Model also through the activity of the Supervisory Board, which operates in the verification and monitoring actions and, therefore, evaluates the consistency between the concrete behaviors and the established Model.

Adequacy, on the other hand, depends on the suitability, in concrete terms, of the Model to prevent the crimes covered in the decree. It is ensured by the existence of preventive and corrective control mechanisms, so that those operations or "sensitive processes" that possess anomalous characteristics can be identified.

Therefore, the preparation of the Model required a series of activities aimed at building a risk prevention and management system in line with the provisions of Legislative Decree 231/2001. They were, therefore, analyzed and examined:

- the governance model;
- the organizational structure, functions and corporate powers of attorney;
- the internal regulations and control provisions;
- the information system;
- the outcomes of interviews conducted with senior figures in the Company.

Once the elements indicated above had been evaluated, the company activity was analyzed exhaustively in order to identify, among the "predicate crimes" envisaged by decree 231, those which, albeit hypothetically and abstractly, could be configured in the operation of the company.

To this end, the analysis was carried out on the aspects listed above, involving the top management of the Company.

The risk prevention and management system has been defined, without relying exclusively on the concept of "acceptable risk" as normally understood in the economic-corporate context. In fact, from an economic point of view, the risk is considered "acceptable" when the additional controls "cost" more than the resource to be protected.

Obviously such logical path is not sufficient to satisfy the principles established by decree 231.

In order to identify a risk threshold, a necessary element given that otherwise the quantity of preventive controls would have been virtually infinite, with obvious consequences on the effectiveness of the Model and on the operational continuity of the Company, the following approaches have been adopted:

- **with reference to malicious cases**, the risk was considered adequately faced, in the presence of a preventive control system such that it cannot be circumvented except fraudulently, thus adhering to the regulatory provisions of 231;
- **instead, with reference to negligent crimes**, the conceptual threshold of acceptability is represented by the realization of a conduct characterized by involuntary behavior that does not comply with the principles and rules established by the Model, despite the provision of specific protocols and the punctual observance of the supervisory obligations set forth in the Decree by the specific Supervisory Body.

Therefore, given that the Model has to deal with both malicious and negligent hypotheses, the first objective pursued was the regulation and supervision of activities that involve a risk of crime in order to avoid their commission.

On this logical assumption, the areas potentially exposed to the risk of crime were mapped, using the best practices and the indications provided by the Confindustria guidelines as a point of reference.

The mapping and control & risk self-assessment activity (the results of which are illustrated and analyzed in the Special Sections of the Model) also involved the assessment of procedures, operating instructions, records or documents capable of providing evidence of the internal processes and methods of exercise of the control activities, in order to take due consideration of what has been implemented by the company and to evaluate its suitability also as measures for the prevention of crimes and control over sensitive processes.

SECTION II

3. Company Description

FlavourArt S.r.l., based in Oleggio (NO), is an Italian company engaged in the production and marketing of food flavourings. Since 2007 it has been addressing a vast and international audience, thanks to the decision to address consumers directly through the e-shop. FlavourArt was a pioneer in the sector of liquids and flavors for electronic cigarettes, establishing itself as a market leader in 2014 and establishing high quality standards and proposing innovative formulations that fully meet the needs of consumers.

The Company's purpose is the following activities:

- creation and production of flavorings and semi-finished food products and related marketing;
- purchase, resale - both wholesale and retail - preparation and mixing of raw materials for the production and subsequent bottling, including labeling, of liquid for electronic vaporizers (so-called electronic cigarettes), on own account and on behalf of third parties;
- purchase, resale, storage and handling of chemical substances, including nicotine with a purity of 99% (ninety-nine percent), mixing it with other chemical elements, also for the purpose of producing liquids for electronic vaporizers, with wholesale and retail of such blends;
- purchase and resale - both wholesale and retail - of electronic vaporizers (so-called electronic cigarettes), products and accessories for their use and related to them, as well as other gift items.

Today, FlavourArt is internationally recognised as a leader in the production of food-grade flavourings and liquids for electronic cigarettes, with a presence in over 40 Countries.

4. Ethical code

FlavourArt has adopted its own Code of Ethics which defines the values to which the Company is inspired in carrying out its activities. The Code of Ethics is an official corporate document and, as such, illustrates the rights and duties, as well as the responsibilities of the Company towards the stakeholders. In particular, the Code of Ethics contains the ethical principles and rules of conduct that the top management, employees, consultants, collaborators and all those who work in the name or on behalf of FlavourArt are required to respect and/or share (suppliers and business partners).

In this perspective, the principles contained in the Code of Ethics also constitute a useful interpretative reference in the concrete application of the Model in relation to corporate dynamics. The Model, in fact, responds to the need to prevent, as far as possible, the commission of the offenses envisaged by Legislative Decree 231/01 through the preparation of specific rules of conduct. From this emerges the difference between the Code of Ethics and the Model; the Code of Ethics, in fact, is a general tool aimed at promoting a "company ethics", but without a specific procedure, which the Company recognizes as its own and which requires compliance by all Employees, Directors, Consultants and Business Partners as well as all those who establish relations or relationships with the Company.

The provisions of the Organisation, Management and Control Model are inspired by the ethical principles and rules of conduct contained in the Code of Ethics and are integrated and compatible with it. The Code of Ethics therefore has binding effect for the recipients.

5. Recipients

This Organizational, Management and Control Model is intended to:

- directors and executives with functions of representation, administration or management of the Company;
- employees or other persons whatever the relationship that binds them to the Company subject to the management or supervision of one of the aforementioned subjects.

Compliance with the provisions dictated by the Legislative Decree, as well as compliance with the behavioral principles indicated in the Code of Ethics, is also required of Third Parties who work for the Company, through the provision of specific contractual clauses.

6. Adoption and updating of the Model by the Company

FlavourArt, with the adoption of this edition of the Organisation, Management and Control Model, has set itself the objective of equipping itself with a set of Principles of Conduct and Protocols aimed at planning the formation and implementation of decisions in relation to crimes to be prevented, in compliance with the system of attribution of functions and delegations of powers, as well as internal procedures.

The Protocols, included in the Special Sections and understood as rules which the Recipients must comply with, are added to the entire organizational complex of FlavourArt (system manuals, procedures, organization charts, job descriptions and system of attribution of powers) and are integrated and compatible with the same.

The Organisational, Management and Control Model is an "act issued by the executive body", pursuant to art. 6 co. 1 lit. a) of Legislative Decree 231/2001, and, therefore, the competence regarding any amendments and additions to the Model itself are the prerogative of the Administrative Body of the Company.

In particular, the Administrative Body will take care of updating the Model upon the occurrence of particular circumstances such as, by way of example but not limited to:

- regulatory changes regarding the administrative liability of Entities, including any significant innovations in the interpretation of the provisions on the subject deriving from new jurisprudential guidelines and/or authoritative and acceptable doctrinal guidelines;
- changes to the corporate structure;
- identification of new sensitive activities, or changes to those previously identified, also possibly connected to the start-up of new business activities, changes to the internal structure of FlavourArt and/or the methods of carrying out business activities;
- commission of the Predicate Offenses by the Recipients and Third Parties or, more generally, in the event of serious violations of the Model;
- detection of deficiencies and/or gaps in the provisions of the Model following checks on its effectiveness.

In compliance with the provisions of art. 6, paragraph 1, lett. b) of the Decree, the Supervisory Body is entrusted with the task of promoting the updating of the Model.

To this end, the Supervisory Body, also availing itself of the support of the company functions responsible for monitoring regulatory changes, organizational changes and changes relating to the types of activities carried out by the Company, identifies and informs the Board of Directors of the need to proceed with the updating of the Model, also providing indications on the methods according to which to proceed with the implementation of the related interventions.

The functions in charge carry out the interventions approved according to the instructions received and, after consulting with the Supervisory Body, submit the proposals for updating the Model arising from the outcomes of the related project to the approval of the Board of Directors ("BoD").

The BoD therefore, resolves on the revision of the Model and the adoption of the modifications and additions necessary for its updating, as identified as a result of the project referred to in the previous paragraphs.

The approval of the update of the Model is communicated to the Supervisory Body, which, in turn, supervises the correct implementation and dissemination of the updates made. The modifications or additions to the Model must be approved by the Board of Directors.

For non-substantial changes, the Board of Directors will appoint a delegate who will be able to make use of the opinion of the Supervisory Body. These changes will be communicated to the Board of Directors and ratified by the latter or possibly integrated or modified in the first useful meeting. The pending ratification does not deprive the modifications adopted in the meantime of effectiveness.

The Company believes that the adoption of the Model constitutes, together with the codification of precise rules of conduct, an effective tool for raising awareness towards all the subjects who operate in the name and/or on behalf of the company, so that in carrying out their activities are induced to conduct inspired by ethics and in line with the rules and procedures contained in the Model.

6.1 Methodological approach and structure of the Organizational, Management and Control Model

The Company has drawn up its Organizational, Management and Control Model at the end of a complex process by observing the initiatives already implemented in terms of both control and "corporate governance", the Guidelines drawn up by Confindustria, as well as the main jurisprudential provisions elaborated in matter.

FlavourArt, due to its current operations and its organizational structure, has therefore followed a process of elaboration of the Model which can be schematized according to the following fundamental points:

- a) identification of areas at risk, aimed at verifying in which company areas/sectors it is possible to commit crimes;
- b) analysis of the existing preventive control system and assessment of residual risks, in order to adopt an overall control system aimed at reducing risks through the adoption of appropriate protocols;
- c) obligation on the part of the corporate functions, and in particular those identified as being most "at risk", to provide information to the Supervisory Body, both on a structured basis (periodic reporting in implementation of the Organisational, Management and Control Model itself), and for report anomalies or atypicalities found in the context of the information available (in the latter case the obligation is extended to all employees without following hierarchical lines).

Identification

In compliance with the indications contained in the Legislative Decree - according to which the Model must "identify the activities in which crimes may be committed" (see art. 6, paragraph 2, letter a) - FlavourArt has proceeded to carry out an accurate verification of the activities carried out, as well as of its own organizational structures, in order to identify the corporate processes "sensitive" to the commission of the offenses indicated in the Legislative Decree and, consequently, identify the "risk of crime" identifiable in the various sectors of activity.

The work of creating the Model therefore developed in various phases, which were carried out in compliance with the fundamental principles of the documentation and verifiability of the activities, so as to allow the understanding and reconstruction of all the project activity carried out, as well as the respect of the dictates of the Legislative Decree.

Identification of at-risk activities

Following a preliminary review of the official documentation available at the Company and useful for carrying out the analysis, a detailed mapping of the Company's operations was conducted through interviews and questionnaires.

The mapping exercise made it possible to highlight the activities "at risk of crime", i.e. those activities of the Company whose performance may constitute an opportunity for the commission of the offences referred to in the Legislative Decree and, therefore, subject to analysis and monitoring.

This was followed by a detailed analysis of each individual activity, specifically aimed at verifying the precise content, concrete operating methods, division of responsibilities, and the existence or non-existence of each of the offences indicated in the Legislative Decree.

In light of the assessment carried out, FlavourArt has identified the company activities or phases thereof in which offences may theoretically be committed: the *Processes at Risk*.

In the current revised version of the Organization, Management and Control Model, the areas of activity identified in the Special Sections relating to the following categories of predicate offences are identified as Risk Processes in relation to the Legislative Decree and are consequently regulated for the purpose of preventing the commission of offences:

- **offences committed in relations with the Public Administration** (Articles 24 and 25);
- **offences relating to cybercrime** (Article 24-bis);
- **offences relating to organized crime** (Article 24-ter);
- **offences of counterfeiting currency, public credit cards, revenue stamps and identification instruments or marks** (Article 25-bis);

- **offences against industry and commerce** (Article 25-bis.1);
- **offences relating to companies** (Article 25-ter);
- **offences relating to terrorism or subversion of the democratic order** (Article 25-quater);
- **offences against the individual** (Article 25-quinquies);
- **offences of manslaughter and serious or very serious injury committed in violation of accident prevention and occupational health and safety regulations** (Article 25-septies);
- **offences relating to receiving, laundering and using money, goods or benefits of illegal origin** (Article 25-octies);
- **offences relating to copyright infringement** (Article 25-novies);
- **offences of inducing others not to make statements or to make false statements to the judicial authorities** (Article 25-decies);
- **environmental offences** (Article 25-undecies);
- **offences against the employment of third-country nationals whose stay is irregular** (Article 25-duodecies);
- **transnational offences** (Law 146/06);
- **tax offences** (Article 25-quinquiesdecies);
- **smuggling and excise duties** (Article 25 sexiesdecies).

In relation to its business activities, the Company has deemed the following offences to be inapplicable or adequately covered by the provisions of the Code of Ethics:

- **female genital mutilation** (Article 25-quater 1);
- **market abuse offences** (Article 25-sexies);
- **racism and xenophobia** (Article 25-terdecies);
- **fraud in sports competitions** (Article 25-quaterdecies);
- **crimes against cultural heritage** (Article 25-septiesdecies);
- **laundering of cultural assets and devastation and looting of cultural and landscape assets** (Art. 25-duodevices);
- **offences under Law 9/2013, Art. 12** concerning entities operating in the virgin olive oil supply chain.

The Company undertakes to continuously monitor its activities, both in relation to the offences listed above and in relation to possible amendments and additions to the Legislative Decree.

Design of organizational and procedural controls

Pursuant to the provisions of Article 6, paragraph 2, of the Decree, the Organization, Management and Control Model must, among other things, *'provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented'*.

The aforementioned provision highlights the need to establish – or improve where existing – specific mechanisms for proceduralizing management and decisions, in order to make the various stages of each business process documented and verifiable.

It is therefore clear that the set of organizational structures, activities and operating rules applicable – as indicated by management – within the company must be designed for this specific purpose, with the aim of ensuring, with reasonable certainty, the achievement of the objectives falling within an adequate and efficient risk monitoring system, including that of incurring the penalties provided for by the Legislative Decree.

Management believes that the most relevant components of this preventive control system are as follows:

- Code of Ethics;
- formalized organizational system;
- appropriate formalization of company procedures;
- efficient control and management systems;
- communication and training activities aimed at staff and collaborators.

The existing organizational structure is based on the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- separation of functions (no one can independently manage all stages of a process);
- documentation of controls;
- segregation of sensitive data;
- introduction of an adequate system of sanctions for violations of the rules and procedures set out in the Organization, Management and Control Model;
- identification of a Supervisory Body characterized by autonomy and independence, professionalism and continuity of action.

7. Dissemination, communication and training

Adequate training and constant/periodic information to personnel regarding the principles and provisions contained in the Model are factors of great importance for the correct and effective implementation of the corporate prevention system.

The Recipients are required to have full knowledge of the objectives of correctness and transparency that are intended to be pursued with the Model and of the methods through which the Company has intended to pursue them, preparing an adequate system of procedures and controls.

7.1 Dissemination of the Organization, Management and Control Model

FlavourArt promotes the diffusion and knowledge of the Model by all the subjects identified in the previous paragraph.

The adoption of this Model and all its Annexes is communicated to the internal Recipients by delivering a copy (in paper and/or electronic format with the first payslip available) and signing the receipt.

New employees will be notified of the adoption of the Model, as well as a copy of the same and of the Code of Ethics.

The Model is also available for consultation on the following media:

- Company bulletin board dining room;
- Virtual company bulletin board (Dropbox folder accessible to all company email address holders).

7.2 The training and information of managers and employees

The training activity aimed at spreading knowledge of the legislation referred to in the Legislative Decree is differentiated, in terms of content and methods of delivery, according to the qualification of the recipients, the level of risk of the area in which they operate and the possession or less representative functions of the company.

In particular, the level of training and information of the Company's personnel has a greater degree of detail with regard to those who operate in areas of activity at risk.

In addition to specific courses, training also includes the use of dissemination tools, such as, by way of example, occasional update e-mails or internal information notes.

In any case, following the formal adoption of a new version of the Model by the Board of Directors, a general introductory course is held aimed at illustrating the reference regulatory framework, the reference principles of the Model, the disclosure obligations and the rules behaviors to follow in risk areas.

The training program can be implemented in ways that allow, among other things, to update all Recipients on the news, additions to the legislation and the Model.

For new recruits operating in areas of activity at risk, specific training sessions are envisaged, subject to prior agreement with the relative hierarchical manager.

The SB is assigned the task of verifying that the corporate functions implement initiatives for the dissemination of knowledge and understanding of the Model.

Compulsory participation in training sessions is formalized through the request, possibly electronically, of the attendance signature.

Within the scope of its powers, the SB may envisage specific controls aimed at verifying the quality of the content of the training programs and the effective effectiveness of the training provided.

Failure to participate without justified reason may be assessed by the Company as a violation of the Model.

7.3 Information to consultants, suppliers and business partners

FlavourArt promotes knowledge of and compliance with the Model also among partners, consultants in various capacities and suppliers. These are therefore provided with specific information on the principles, policies and procedures that the Company has adopted on the basis of this Model, as well as the texts of the contractual clauses which, consistently with the principles, policies and procedures contained in the Model as well as in the Code of Ethics, will be adopted by the Company.

8. Whistleblowing

Whistleblowing refers to the regulation for the protection of persons who report violations of national or European Union law provisions which harm the public interest or the integrity of the public administration or private entity, of which they have become aware in a public or private employment context. The purpose of the report is to bring to the attention of the persons to whom it is addressed by the model and by the procedure annexed to it according to the modalities governed by it.

8.1 The legislation

The matter, previously regulated in the public sphere for administrations and equivalent bodies has been extended specifically regulated, also for the private sector, by Law 179/2017 of December 2017 and the subsequent Legislative Decree 24 of 10 March 2023.

For the protection of whistleblowers, the new provision introduced by Legislative Decree 24 establishes:

- the adoption, in the organization models, of one or more reporting channels suitable to guarantee the confidentiality of the identity of the whistleblower;
- the prohibition of retaliatory or discriminatory acts, direct or indirect, against the whistleblower for reasons relating to the report, except in cases of false reporting;
- the adoption of disciplinary sanctions against anyone who breaches the measures for the protection of the reporter or who makes, with malice or serious misconduct, reports that turn out to be unfounded.

Against the adoption of any retaliatory or discriminatory measures, provision is made for the possibility of lodging a complaint with the National Labour Inspectorate or a trade union organisation and, in any case, the nullity of dismissal, change of duties, and any other retaliatory or discriminatory measure adopted against the whistleblower is established, with an inversion of the burden of proof that places on the employer the burden of proving that the imposition of disciplinary sanctions or the adoption of any other measure having a detrimental effect on the whistleblower (demotions, dismissals, transfers or any other organisational measure having negative effects) is based on reasons unrelated to the whistleblowing itself.

8.2 The content of the report, the subject of the report and the verification and reporting channels

These aspects are regulated in detail in the 'Whistleblowing Policy' adopted by the Company in order to regulate the process of managing reports in accordance with the relevant regulatory provisions; in particular, Article 6, paragraph 2-bis, of Legislative Decree 231/2001 stipulates that the Model must provide for internal reporting channels in accordance with Legislative Decree 24/2023.

Reports can be made **in writing** via an IT platform accessible at the following address:

wb.flavourart.it

Or **verbally**

via a voice messaging system available on the platform

or

via a face-to-face meeting, at the request of the Whistleblower, via the platform

The reporting channels guarantee, including through the use of encryption tools, the confidentiality of the identity of the whistleblower, as well as the content of the report and related documentation.

The Company guarantees the protection of the whistleblower from any form of retaliation and/or discrimination. Protection against acts of retaliation is extended to all persons broadly connected to the organization and/or the whistleblower, as defined in Article 3 of Legislative Decree 24/2023.

It should be noted that reporting entities or persons may not suffer any retaliation pursuant to Article 17 of Legislative Decree 24/2023.

The measures to protect the whistleblower apply in accordance with the provisions of Chapter III of Legislative Decree 24/2023.

With regard to reports made by individuals who have disclosed their personal details and who are acting in bad faith and/or whose reports are found to be slanderous/defamatory, the measures provided for in Section III “*Disciplinary and sanctioning system*” below will be activated, and appropriate legal protection measures will be assessed. Except in cases of liability for slander or defamation, the submission of a report under this procedure does not constitute a breach of the obligations arising from the employment relationship.

8.3 Whistleblower protection

The identity of the whistleblower is protected both at the whistleblowing stage and in any subsequent context to the report, except in cases where the identity must be revealed by law (e.g. criminal, tax or administrative investigations, inspections by control bodies, etc.). The identity of the whistleblower may be disclosed to the persons responsible for managing the entire disciplinary procedure and to the accused only in cases where: there is the express consent of the whistleblower;

the accusation of the disciplinary charge is based, in whole or in part, on the whistleblowing and knowledge of the identity of the whistleblower is absolutely essential for the accused's defence.

All persons receiving or involved in the handling of the report are required to protect the confidentiality of the identity of the whistleblower.

No form of direct or indirect retaliation or discriminatory measures (e.g. unjustified disciplinary actions, harassment in the workplace and any other form of retaliation or resulting in intolerable working conditions) affecting working conditions for reasons directly or indirectly linked to the whistleblowing shall be permitted or tolerated against the employee making the report.

The person who believes that he/she has suffered discrimination because he/she made a report of wrongdoing must give detailed notice of the discrimination that has occurred to the SB which, having promptly assessed the existence of the elements, may report the hypothesis of discrimination:

a) to the Head of the office to which the employee who is the author of the alleged discrimination belongs, who shall promptly assess the appropriateness and/or necessity of adopting all the acts or measures to restore the situation and/or remedy the negative effects of the discrimination and the existence of the grounds for initiating disciplinary proceedings against the employee who is the author of the discrimination

b) to the Managing Director, if the author of the discrimination is a Manager of the Company.

9. Supervisory and Control Body

9.1 Role of the Supervisory Body

The **Board of Directors** of FlavourArt, in implementation of the provisions of the Legislative Decree, with the same resolution with which it adopted this version of the Model, appointed the **Supervisory and Control Body (SB)**, which is entrusted with the task to supervise the **functioning and observance of the Organizational Model, Management and Control**, as well as to **promote its updating**. Therefore, the supervisory and control activities envisaged by the Model are the responsibility of the FlavourArt Supervisory Body.

The appointment of the SB, as well as any revocation (for just cause), are the responsibility of the Board of Directors. The SB reports directly to the **Board of Directors**.

According to the provisions of the Decree (articles 6 and 7) and the indications contained in the Report accompanying the Legislative Decree, the characteristics of the SB must be:

- autonomy and independence;
- professionalism;
- continuity of action.

Autonomy and independence

The autonomy and independence requirements guarantee the effective fulfillment of the tasks and functions assigned to the SB. To this end, it is necessary that the SB is not directly involved in the management activities that constitute the object of its control activity nor is it hierarchically subordinated to those who carry out said activities.

These requisites can be obtained by guaranteeing the SB the highest hierarchical independence, providing for a reporting activity to the Top Management, or to the Board of Directors.

Professionalism

The SB must possess adequate technical-professional skills for the functions it is called upon to perform. These characteristics, combined with independence, guarantee the objectivity of judgement.

Continuity of action

The SB must:

- work constantly on the supervision of the Model with the necessary powers of investigation, also with the support of external consultants;
- verify the implementation of the Model and ensure its constant updating;
- not to carry out operational tasks that could affect the overall vision of the company activities that is required of it.

9.2 *Composition and appointment of the Supervisory Body*

FlavourArt, in consideration of its peculiarities and operational activities, has opted for the choice of a monocratic body. Upon appointment, the Board of Directors obtains evidence of the independence and professionalism requirements as well as the integrity requirements pursuant to art. 109 of Legislative Decree 1 September 1993, n. 385 ("Professionalism and integrity requirements of company representatives").

Legislative Decree 231/01 does not provide specific indications regarding the composition of the Supervisory Body. In the absence of such indications, the Company has opted for a solution which, taking into account the purposes pursued by the law and the guidelines obtainable from published jurisprudence, is able to ensure, in relation to its size and organizational complexity, the effectiveness of the controls to which the Supervisory Body is responsible.

Considering this, the SB remains in office for three years from the date of appointment. The replacement of him before the expiry of the mandate can only take place for just cause or justified reason, meaning by such, by way of example:

- the voluntary renunciation by the SB;
- supervening incapacity due to natural causes;
- the lack of respectability requirements;
- failure to notify the Board of Directors of the occurrence of a cause for forfeiture referred to in the following paragraph;
- the occurrence of one of the causes of suspension or revocation referred to in the following paragraph.

The Board of Directors of FlavourArt establishes, for the entire duration of the office, the annual remuneration due to the member of the Supervisory Body as well as the economic budget through which to operate.

For all other operational aspects, the SB will self-regulate itself through a specific Regulation, accompanied by rules aimed at guaranteeing its best functioning. The adoption of this regulation is brought to the attention of the Board of Directors at the first useful meeting.

9.3 *Causes of (in)eligibility, revocation, forfeiture and suspension of the Supervisory Body*

As far as the integrity requirements are concerned, those who meet the conditions envisaged by art. 2382 of the civil code «Causes of ineligibility and forfeiture».

In order to allow the Board of Directors to evaluate the existence or otherwise of reasons for incompatibility with the function or conflict of interest, the SB must communicate during the examination of the appointment proposal:

- conflicts of interest, even potential ones, with the Company;
- ownership, direct or indirect, of shareholdings relevant to the Company pursuant to article 2359 of the civil code;
- administration functions with delegated powers or executive positions at the Company;
- pending, in Italy or abroad, of criminal proceedings or convictions, even if not final, or application of the penalty at the request of the parties («plea bargain»).

It will be the responsibility of the SB to promptly notify any changes that may occur during the mandate.

Upon receipt of this communication, the Board of Directors is responsible for evaluating the integrity and compatibility requirements.

Revoke

The Board of Directors of FlavourArt S.r.l. may revoke the SB in the event that significant breaches occur with respect to the mandate conferred, in relation to the tasks indicated in the Model; in the event of a breach of the obligations referred to in the SB Regulations, as well as when the Board of Directors becomes aware of the aforementioned causes of ineligibility, prior to the appointment to the SB and not indicated in the self-certification; when the causes of forfeiture specified below occur.

Decadence

The Supervisory Body ceases to hold office when, following its appointment, it is:

- in one of the situations contemplated in the art. 2382 of the civil code «Causes of ineligibility and forfeiture»;
- in case of loss of integrity requirements.

Suspension

The following constitute grounds for suspension from the Supervisory Body function:

- the application of a personal precautionary measure;
- the provisional application of one of the preventive measures envisaged by art. 10, paragraph 3, of law 31 May 1965, n. 575 «Provisions against the mafia», as replaced by article 3 of the law of 19 March 1990, n. 55 and subsequent amendments.

9.4 *Verification of the effectiveness and constant adaptation of the Organizational, Management and Control Model and Intervention Plan*

The Supervisory Body, in coordination with the managers identified by the corporate organization chart, must periodically verify the effectiveness and suitability of the Model to prevent the commission of the offenses referred to in the Legislative Decree. In particular, the following are foreseen:

- **checks on individual deeds:** to this end, it will periodically check the deeds and contracts relating to processes at risk, according to methods identified by the same;
- **checks of the protocols:** to this end, it will periodically check the effectiveness and implementation of

the protocols of this Model;

- **verification of the level of knowledge** of the Model also through the analysis of requests for clarifications or reports received;
- **periodic updating** of the Control & Risk Self Assessment activity aimed at reviewing the map of potentially risky activities, in particular in the presence of changes to the organization or business of FlavourArt, as well as in the event of additions or amendments to the Legislative Decree.

For the purposes of a planned exercise of the supervisory powers assigned, the SB presents its **Action Plan** or **Audit Plan** annually to the Board of Directors, informing it about the activities it expects to carry out and the areas that will be subject to checks. The Supervisory Body can however carry out, within the context of sensitive company activities and if it deems it necessary for the purpose of carrying out its functions, checks not envisaged in the Intervention Plan (so-called "surprise checks").

In implementing the Action Plan, the SB adopts procedures useful for carrying out the supervisory and control activity, which will be communicated to the departments involved, and can set up working groups on particular issues. In the event of particular circumstances (for example, emergence of previous violations or high turnover), the SB will take care to apply systematic research and identification procedures for the risks being analyzed.

In particular, he may request to consult the documentation relating to the corporate activity and from the subjects in charge of the processes at risk subject to control and/or verification, possibly extracting a copy, as well as carry out interviews and request, if necessary, written reports. During these operations, he must keep the function manager constantly informed.

Following the checks carried out, the SB can report any observations and/or suggestions to the functions concerned from time to time.

The activity carried out by the SB must be documented, also in summary form. The relative documentation must be kept by the SB itself, so that its confidentiality is ensured, also in compliance with the legislation on the protection of personal data.

The SB, following the checks carried out, the regulatory changes that have occurred from time to time as well as the possible onset of new processes at risk, proposes to the Board of Directors the adjustments and updates to the Model it deems appropriate.

For the verification activity, the SB can make use of the support of external consultants with adequate expertise in the matter.

For the specific purposes of performing the assigned functions, the Board of Directors, also taking into account the activities of the SB, assigns it a budget for carrying out the activity, in order to ensure adequate economic and managerial autonomy, except in the case of documented emergencies for which the SB can cover the expense, informing the Chairman and communicating it to the next possible Board of Directors.

9.5 Disclosure obligations towards the Supervisory Body and Whistleblowing

Legislative Decree 231/2001 states, among the requirements that the Model must satisfy, the establishment of specific information obligations towards the Supervisory Body by the Company functions, aimed at allowing the Body itself to carry out the own supervisory and verification activities.

Therefore, each Recipient of this Model is obliged to promptly report the following information to the SB:

- the commission or attempted commission of unlawful conduct envisaged by the Legislative Decree;
- any violations of the behavioral and operational methods set out in the Model of which they have directly or indirectly become aware;
- in any case, any act, fact, event or omission detected or observed in the exercise of the assigned responsibilities and tasks, with a critical profile with respect to the provisions of the Legislative Decree;
- observations on the adequacy of the system, highlighting emerging needs.

By way of example, the following must be communicated to the SB:

- **on a periodic basis:** information, data, news and documents as identified in the protocols and procedures

provided by the Company;

- **on an occasional basis:** any other information, of any kind, pertaining to the implementation of the Model in the areas of activities at risk of crime, which may be useful for the purposes of carrying out the tasks of the Body, as well as what is formally requested by the same to the individual company functions, according to the methods and times defined by the Body itself.

Furthermore, the information concerning:

- anomalies, atypical features and violations of the Model found in the performance of work activities included in the "risk areas";
- detailed reports of unlawful conduct or violations of the Model, relevant pursuant to Legislative Decree 231/2001 and based on precise and consistent factual elements;
- the provisions and/or information coming from judicial police bodies, or from any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for the crimes indicated by the Decree;
- visits, inspections and investigations undertaken by the competent bodies (by way of example only: ASL, INPS, INAIL, Guardia di Finanza, etc.) and, upon their conclusion, any findings and penalties imposed;
- requests for legal assistance in the event of the initiation of legal proceedings;
- information relating to the disciplinary proceedings carried out and any sanctions imposed (including measures against employees) or to the dismissal of such proceedings including the related reasons.

The SB must also be promptly informed of:

- changes to the composition of the corporate bodies;
- significant changes in the corporate organizational structure and in the granting of delegation of powers;
- participation in company formation and joint venture agreements.

The SB guarantees absolute anonymity to the authors of the reports. In response to a report, the SB can, on the basis of the information/knowledge at its disposal:

- not give rise to further investigations and checks, possibly informing the reporting person;
- carry out all inspection and control activities to ascertain the existence of the fact reported.

To this end, each report/communication sent to the SB is kept by the SB itself in a special computer and/or paper archive kept in compliance with the provisions of Legislative Decree no. 196/2003 and subsequent amendments. It should be noted that only the members of the SB will have access to these communications, who undertake to use them solely for the purposes of inspections and verifications proper to the function they cover.

The above reporting obligations must be fulfilled by written communication, to be sent directly to the SB by post or by forwarding an e-mail to the e-mail address odv@flavourart.it.

Finally, with reference to **whistleblowing**, the Supervisory Body will evaluate the reports received and may summon, if it deems it appropriate, both the whistleblower to obtain more information, and the alleged perpetrator of the violation, also giving rise to all the assessments and the investigations that are necessary to ascertain the validity of the report.

Any information acquired by the SB, regardless of the means of communication used, will be treated in such a way as to guarantee:

- respect for the confidentiality of the reporting person and of the forwarded report;
- the non occurrence of acts of retaliation, penalization or discrimination against the whistleblowers;
- the protection of the rights of subjects in relation to which reports have been made in bad faith and subsequently found to be unfounded, without prejudice in this case to the possibility of carrying out the appropriate actions against those who intentionally made the false report.

9.6 Treatment of reports

The SB evaluates all reports of violations received or non-compliance with the Model detected in the exercise of its activity.

The Recipients are required to collaborate with the SB, in order to allow the collection of additional information deemed necessary by the SB for a correct and complete assessment of the report. Any consequent measures are applied in compliance with the provisions of the Disciplinary System referred to in the dedicated paragraph.

The SB immediately informs the hierarchical manager of the person who committed the violation and the Head of the Human Resources Department of any non-compliance with the Model detected in the exercise of its activity or reported by other corporate Organizational Units (subject to verification of their legitimacy), to the end of the application, against the person responsible for the violation, of the procedure pursuant to the Disciplinary System referred to in the dedicated paragraph.

If the violation is particularly serious or concerns the Company's top management or directors, the SB informs the Board of Directors.

9.7 Information from the Supervisory Body to the Corporate Bodies

The SB reports directly to the Board of Directors and maintains relations with the Control Committee on matters pertaining to the Model.

The **SB informs**, also in writing, **the Board of Directors** on the application and effectiveness of the Organizational, Management and Control Model at least annually (indicating in particular the controls carried out and their outcome, as well as any updating of processes at risk), or at different times with reference to specific or significant situations.

The **SB may be summoned by the Board of Directors** to report on its activity and may ask to confer with the same. The SB may also ask to be heard by the Board of Directors whenever it deems it appropriate to promptly report violations of the Model or request attention to critical issues relating to the functioning of and compliance with the Model itself. In case of need and/or urgency, the SB may confer directly with the Chairman of the Board of Directors, with the Chief Executive Officer or with the members of the Control Committee.

The SB is competent to provide the appropriate clarifications in the presence of interpretative problems or questions relating to the Model.

SECTION III

10. Disciplinary and sanctioning system

10.1 *Function of the disciplinary system*

The provision of an appropriate system of sanctions for non-compliance with the rules set out in the Model is a requirement of Legislative Decree 231/2001 for the exemption of administrative liability of entities and to ensure the effectiveness of the Model itself.

It should be noted that, in the event of reports, the Company and its representatives are prohibited from taking direct or indirect retaliatory or discriminatory action against the reporting person for reasons directly or indirectly related to the report. In this regard, it is clarified that disciplinary sanctions are provided for:

- in the event of failure to comply with the principles and obligations of conduct set out in the Model;
- when it is ascertained that retaliation has been committed or that the report has been obstructed or attempted to be obstructed or that the whistleblower's obligation of confidentiality has been violated;
- when reporting channels have not been established, procedures for making and managing reports have not been adopted, or the adoption of such procedures does not comply with those referred to in Articles 4 and 5 of Legislative Decree 24/2023, as well as when it is ascertained that the verification and analysis of the reports received has not been carried out;
- against those who make reports that prove to be unfounded with intent or gross negligence.

The imposition of sanctions for violation of the principles and rules of conduct set out in the Organisational Model is independent of any criminal proceedings and the outcome of the subsequent judgement for the commission of one of the unlawful acts provided for in the Decree.

Following notification to the Supervisory Body of one of the above-mentioned cases, an investigation procedure is initiated in accordance with the provisions of the worker's relevant national collective labour agreement; this investigation procedure is conducted by the corporate bodies responsible for imposing disciplinary sanctions, taking into account the seriousness of the conduct, any repeat offences or the degree of fault.

FlavourArt, through the bodies and functions specifically responsible for this, shall then impose, with consistency, impartiality and uniformity, sanctions proportionate to the respective violations and/or unlawful conduct and in accordance with the provisions in force governing employment relationships.

The sanctions for the various professional figures are indicated below.

10.2 *Measures against non-executive subordinate workers*

Compliance with the provisions and rules of conduct set forth in the Model constitutes fulfillment by FlavourArt employees of the obligations set out in art. 2104, paragraph 2, of the Italian Civil Code; obligations of which the content of the same Model represents a substantial and integral part.

The violation of the individual provisions and behavioral rules referred to in the Model by FlavourArt employees always constitutes a disciplinary offence.

The predetermination of the substantive and procedural rules, i.e. of the relevant disciplinary facts, of the sanctions corresponding to these facts and of the procedures for contesting the sanctions imposed is entrusted to the CCNL National Collective Bargaining Agreement for Food Industry (Industry).

Disciplinary measures and sanctions can be imposed against employees of FlavourArt in compliance with the provisions of art. 7 of the law of 20 May 1970, n. 300 (so-called "Workers' Statute") and any applicable special regulations.

For workers, these measures are as follows:

- verbal warning;
- written warning;
- fine not exceeding the amount of three hours' pay;
- suspension from work and from pay for a period not exceeding 3 days of effective work;
- dismissal without notice but with severance pay.

Therefore, any violation of the rules established by the Model or referred to by it constitutes a disciplinary offense and, in any case, the commission (even in the form of an attempt) of any criminal offense to which Legislative Decree 231/01 is applicable.

An employee who violates the internal procedures envisaged or referred to in this Model - for example fails to comply with the prescribed procedures, fails to notify the Supervisory Body of the prescribed information, fails to carry out checks - or adopts, in carrying out sensitive Activities, a behavior that does not comply with the provisions of the Model itself. The sanction will be commensurate with the seriousness of the infraction and with the recurrence of the same (the recurrence will also be taken into account for the purpose of commensurating a possible expulsion sanction).

In any case, the following behaviors constitute a serious transgression, unless a behavior punishable with one of the provisions referred to in the following points occurs:

- failure to fulfill the obligations of "reporting" and "information" towards the Supervisory Body;
- unjustified or systematic non-participation in training initiatives on the subject of 231, promoted by the Company;

- failure to comply with the general rules of conduct;
- failure to comply with the specific control protocols envisaged for sensitive activities in the special part of this Model and the related information flows.

An employee who adopts a behavior that does not comply with the provisions of the Model and unambiguously aimed at committing a crime sanctioned by Legislative Decree 231/2001, incurs the provision of dismissal with notice. conduct "an infringement of work discipline and diligence" referred to in article 10 letter a "Dismissal for shortcomings".

An employee who adopts, in the performance of sensitive activities, a behavior clearly in violation of the provisions of the Model, such as to determine the concrete application against the Company of measures envisaged by Legislative Decree 231/2001, shall be subject to dismissal without notice. , having to identify behavior that "causes serious moral or material damage to the company" as well as constitutes an "action that constitutes a crime under the law", pursuant to article 10 letter b "Dismissal for misconduct".

For each news of violation of the Model, a disciplinary action will be promoted by the function in charge aimed at ascertaining the violation itself. In particular, in the assessment phase the employee will be notified of the charge in advance and he will also be guaranteed a reasonable deadline for replying in relation to his defence. Once the violation has been ascertained, a disciplinary sanction proportionate to the seriousness of the violation committed and to any recurrence will be imposed on the perpetrator.

It is understood that in any case the procedures, provisions and guarantees provided for by art. 7 of the Workers' Statute and the contractual legislation on disciplinary measures.

With regard to the verification of infringements concerning this Model, the disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of the respective powers and responsibilities, to the management of FlavourArt remain valid.

The sanctions and any compensation for damages are commensurate with the level of responsibility and autonomy of the employee, with the possible existence of previous disciplinary proceedings against him, with intentionality or with the degree of guilt attributable to his behavior as well as with the seriousness of the same, by this meaning the level of risk to which the company can reasonably be considered exposed - pursuant to and by effect of Legislative Decree 231/2001 - following the censured conduct.

The disciplinary system, including its concrete application, is continuously monitored by the Personnel Department with the support, if necessary, of the Supervisory Body.

Employees will be given immediate and widespread information about the introduction of the new provisions.

Each deed relating to the disciplinary procedure must be communicated to the Supervisory Body for the assessments and monitoring of its competence.

10.3 *Measures against Managers*

In the event of violation of the Model by managers, the Company will apply the most suitable measures against those responsible in compliance with the provisions of current legislation and the applicable National Collective Labor Agreement.

By way of example, the following constitute infringements:

- the commission (even in the form of an attempt) of any criminal offense for which Legislative Decree 231/01 is applicable;
- failure to comply with the rules prescribed by the Model;
- failure to supervise subordinates regarding compliance with the Model and the rules referred to by it;
- non-fulfilment of the "report" and "information" obligations towards the Supervisory Body set out in paragraph 4.3;
- the tolerance or failure to report irregularities committed by other employees or partners of the Company.

In any case, if the violation of the Model causes the relationship of trust to fail, the sanction is identified in the termination of the employment relationship.

Each deed relating to the sanctioning procedure must be communicated to the Supervisory Body for the assessments and monitoring of its competence.

10.4 *Measures against the Directors*

The Supervisory Body, having received a report of violation of the provisions and rules of conduct of the Model by members of the Board of Directors, must promptly inform the Supervisory Bodies of the incident. The recipients of the information from the Supervisory Body, having assessed the validity of the report and carried out the necessary checks, will be able to take the appropriate measures, according to the provisions of the Articles of Association, including, if necessary, the convening of the shareholders' meeting, in order to adopt the most suitable measures required by law.

It is specified, by way of example, that it constitutes a violation of the duties of the directors:

- the commission, even in the form of an attempt, of a crime for which Legislative Decree 231/01 is applicable in the performance of one's duties;
- failure to comply with the rules prescribed by the Model;
- failure to supervise employees or partners of the Company regarding compliance with the Model and the rules referred to by it;
- non-fulfilment of the "reporting" obligations towards the Supervisory Body set out in paragraph 8;
- tolerance of irregularities committed by employees or partners of the Company.

Each deed relating to the sanctioning procedure must be communicated to the Supervisory Body for the assessments and monitoring of its competence.

10.5 *Measures against commercial partners, consultants and external collaborators*

The adoption - by commercial partners, suppliers, consultants and external collaborators, however named, or other subjects having contractual relationships with the Company - of behaviors in contrast with the principles and values contained in the Code of Ethics will be sanctioned according to the provisions in the specific contractual clauses that will be included in the related contracts.

The serious or repeated violation of the principles contained in the FlavourArt Code of Ethics will be considered a breach of the contractual obligations and may give rise to the termination of the contract by the Company.

10.6 *Legal termination of the contractual relationship*

In particular, the legal termination of the contractual relationship pursuant to art. 1456 of the civil code may be declared by FlavourArt in the event that the Third Parties have:

- a. violated the principles also contained in the Company's Code of Ethics pertaining to the object of the assignment or have engaged in conduct aimed at committing a significant offense pursuant to the Legislative Decree;
- b. violated and/or circumvented the FlavourArt control system, also through the removal, destruction or alteration of the documentation pertaining to the assignment, or prevented the persons in charge and the SB from controlling and/or accessing the information requests and documentation;
- c. failed to provide FlavourArt and/or its control bodies with the documentation certifying the activity carried out or have provided it incomplete or untrue, thus preventing its transparency and verifiability;
- d. violated, even through omissive conduct, rules, regulations and/or other corporate provisions regarding the protection of health and safety in the workplace, in relation to environmental issues.

10.7 *Whistleblowing-related sanctions*

Violation of the provisions of Article 2 of Legislative Decree 24/2023 constitutes a disciplinary offence if committed by employees of the company or a contractual offence if committed by external parties.

In particular, the aforementioned violations are reported:

- retaliation or when it is established that the report was obstructed or an attempt was made to obstruct it or that the duty of confidentiality was breached;
- the failure to set up reporting channels, the failure to adopt procedures for making and handling reports, or the fact that the adoption of such procedures does not comply with those set out in Articles 4 and 5 of Legislative Decree 24/2023, as well as the failure to carry out verification and analysis of the reports received.