



Penny Italia

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

Pursuant to Legislative Decree No. 231/2001

Approved at the Board of Directors' meeting on 28 September 2020

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GENERAL SECTION

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1 Definitions

Decree: Legislative Decree No. 231 of 8 June 2001¹.

Confindustria Guidelines: the Guidelines for the development of organisational, management and control models pursuant to Legislative Decree 231/2001, approved by Confindustria on 7 March 2002 and last updated in June 2021.

Organisational, Management and Control Model pursuant to Legislative Decree 231/2001: this Organisational, Management and Control Model is drawn up in accordance *with* Legislative Decree 231/2001.

Company: Penny Market S.r.l. (hereinafter also referred to simply as Penny Italia)

Group/REWE Group: the multinational REWE Group of which Penny Market S.r.l. is a part.

Sensitive Activities: activities that may entail the risk of committing Offences.

Code of Ethics/Code: the document referred to in Chapter 4 (paragraph VIII).

Recipients: the persons defined in Chapter 4 (paragraph IV).

Employees: persons subject to the management or supervision of one of the senior managers; therefore, but not limited to, all persons, including managers, who have an employment relationship of any kind with the Company, as well as workers on secondment or employed under quasi-subordinate employment contracts.

Entity/Entities: all entities with legal personality, companies and associations, including those without legal personality.

Electronic document: any electronic medium containing data or information having probative value or programmes specifically designed to process such data.

Administrative offences: the administrative offences referred to in Article *187-quinquies* of the Consolidated Law on Financial Intermediation (T.U.F.).

Supervisory Body (SB): the Supervisory Body provided for by Legislative Decree 231/2001.

Offences: the offences referred to in Legislative Decree No. 231 of 8 June 2001.

Corporate Body/Bodies: the Board of Directors and those who perform, even *de facto*, management, administrative, executive or supervisory functions at Penny Market S.r.l. or one of its autonomous organisational units, and the members of the Board of Statutory Auditors.

Special Sections: documents divided into sections (applicable offence) containing general and specific control principles.

Senior Officers: persons holding representative, administrative or management functions within the Company or one of its units with financial and functional autonomy, as well as persons who exercise, even *de facto*, the management or control of the Company.

Subordinate(s): persons subject to the management or supervision of one of the Senior Officers.

¹ And subsequent additions and amendments: this clarification applies to any law, regulation or set of rules referred to in the Model.

Disciplinary System: the disciplinary system defined in Chapter 6.

Breach(es): the breaches defined in Chapter 6.

Report(s): the information to be transmitted as defined.

This is without prejudice to any further definitions contained in the body of this document.

2 Introduction

This document contains a description of the contents of the Organisation, Management and Control Model ("Organisational Model" or simply "Model") adopted by Penny Market S.r.l. ("Penny Market" or the "Company" or "Penny Italia") by resolution of the Board of Directors dated 28 September 2020 and updated by resolutions of the Board of Directors dated 8 September 2021 and 6 May 2024, pursuant to Legislative Decree No. 231 of 8 June 2001 and subsequent amendments and additions ("Legislative Decree 231/2001" or "Decree"), governing the administrative liability of legal persons, companies and associations, including those without legal personality.

This document contains the guidelines and general principles for the adoption of the Model and consists of a "General Part", as well as a "Special Part" and the relevant annexes.

The General Part contains a brief overview of the Decree and its contents, as well as the general rules and principles of the Model; the identification of the Supervisory Body and the definition of its tasks, powers and functions; a description of the sanctions and disciplinary system; the establishment of a system for communication, information and training regarding the Model; and provisions for periodic reviews and updates to the Model.

The Special Section identifies the areas and activities deemed relevant to the Company, as well as a description of the preventive control protocols adopted in relation to each category of offence deemed relevant to the Company pursuant to Legislative Decree 231/2001.

3 Legislative Decree 231/2001

I. The Administrative Liability of Legal Entities

On 8 June 2001, Legislative Decree No. 231 (hereinafter referred to as the "Decree") was issued, which came into force on 4 July of that year. The Decree was intended to bring domestic legislation on the liability of legal persons into line with certain international conventions to which Italy had long been a party, and in particular:

- the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;
- the Convention, also signed in Brussels on 26 May 1997, on the fight against corruption involving officials of the European Community or of the Member States;
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

This Decree, entitled "Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality", introduced into Italian law a regime of administrative liability for entities (companies, associations, etc., hereinafter referred to as "Entities") for certain offences committed, in the interest or for the benefit of such entities, by:

- natural persons holding representative, administrative or managerial functions within the Entities themselves or within an organisational unit thereof, endowed with financial and functional autonomy, as well as natural persons who exercise, even de facto, the management and control of the Entities themselves;
- natural persons subject to the management or supervision of one of the persons referred to above.

The administrative liability of the Entities is in addition to that of the natural person who actually committed the offence, and both are subject to investigation during the same proceedings before the criminal court. Furthermore, the Entity's liability remains even if the natural person who committed the offence is not identified or is not liable to punishment.

The scope of the Decree is very broad and covers all entities with legal personality, companies, associations (including those without legal personality), public economic entities, and private entities holding a public service concession. The legislation does not, however, apply to the State, local public authorities, non-economic public entities, and entities performing functions of constitutional importance (for example, political parties and trade unions).

The provision makes no reference to entities not based in Italy. However, in this regard, an order of the Preliminary Investigating Judge of the Court of Milan (order of 13 June 2007; see also Milan Preliminary Investigating Judge, order of 27 April 2004, and Milan Court, order of 28 October 2004) has established, on the basis of the principle of territoriality, the jurisdiction of the Italian courts in relation to offences committed by foreign entities

in Italy.

II. The offences set out in the Decree

The offences, the commission of which gives rise to the administrative liability of the Entity, are those expressly and exhaustively listed in the Decree and subsequent amendments and additions. In particular:

- 1) **Misappropriation of public funds, fraud against the State, a public body or the European Union, or for the purpose of obtaining public funds, computer fraud against the State or a public body, and fraud in public procurement (Article 24, Legislative Decree No. 231/2001)** [article amended by Law No. 161/2017, Legislative Decree No. 75/2020, Legislative Decree No. 184/2021, Law No. 25/2022 and Law No. 137/2023]:
 - Misappropriation of public funds (Article 316-*bis* of the Criminal Code) [amended by Legislative Decree No. 75/2020 and by Law No. 25/2022];
 - Unlawful receipt of public funds (Article 316-*ter* of the Criminal Code) [amended by Law No. 3/2019, Legislative Decree No. 75/2020 and Law No. 25/2022];
 - Interference with the freedom of tendering (Article 353 of the Criminal Code);
 - Interference with the freedom of the contractor selection procedure (Article 353-*bis* of the Criminal Code);
 - Fraud (Article 640(2)(1) of the Criminal Code) [amended by Legislative Decree No. 75/2020];
 - Aggravated fraud to obtain public funds (Article 640-*bis* of the Criminal Code) [amended by Legislative Decree No. 75/2020 and Law No. 25/2022];
 - Computer fraud (Article 640-*ter* of the Criminal Code) [amended by Legislative Decree No. 75/2020 and Legislative Decree No. 184/2021];
 - Fraud in public procurement (Article 356 of the Criminal Code) [article added by Legislative Decree No. 75/2020];
 - Fraud against the European Agricultural Fund Urgent measures concerning controls on Community aid for olive oil production (Fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development) (Article 2 of Law No. 898 of 23 December 1986) [article added by Legislative Decree No. 75/2020].
- 2) **Cybercrime and unlawful data processing (Article 24-*bis*, Legislative Decree No. 231/2001)** [article added by Law No. 48/2008; amended by Legislative Decree Nos. 7 and 8/2016, Decree-Law No. 105/2019 and Law No. 238/2021]:
 - Electronic documents (Art. 491-*bis* of the Criminal Code);
 - Material forgery committed by a public official in public documents (Article 476 of the Criminal Code);
 - Material forgery committed by a public official in administrative certificates or authorisations (Article 477 of the Criminal Code);
 - Material forgery committed by a public official in certified copies of public or private documents and in certificates attesting to the content of documents (Article 478 of the Criminal Code);
 - Ideological forgery committed by a public official in public documents (Article 479 of the Criminal Code);
 - Ideological forgery committed by a public official in certificates or administrative authorisations (Article 480 of the Criminal Code);
 - Ideological forgery in certificates committed by persons providing a public service (Article 481 of the Criminal Code)

Code);

- Material forgery committed by a private individual (Section 482 of the Criminal Code);
 - Ideological forgery committed by a private individual in a public document (Section 483 of the Criminal Code);
 - Falsification in registers and notifications (Section 484 of the Criminal Code);
 - Falsification of a blank signed document. Public document (Section 487 of the Criminal Code);
 - Other forgeries in a blank signed document (Article 488 of the Italian Criminal Code);
 - Use of a false document (Article 489 of the Criminal Code);
 - Suppression, destruction and concealment of genuine documents (Section 490 of the Criminal Code);
 - Certified copies serving in lieu of missing originals (Section 492 of the Criminal Code);
 - Falsification committed by public officials entrusted with a public service (Article 493 of the Criminal Code);
 - Unauthorised access to a computer or telecommunications system (Article 615-ter of the Italian Criminal Code);
 - Possession, distribution and unauthorised installation of equipment, codes and other means capable of providing access to computer or telecommunications systems (Article 615-quater of the Italian Criminal Code) [amended by Law No. 238/2021];
 - Unlawful interception, obstruction or interruption of computer or telecommunications communications (Article 617-quater of the Criminal Code);
 - Unlawful possession, distribution and installation of equipment and other means designed to intercept, obstruct or interrupt computer or telecommunications communications (Article 617-quinquies of the Italian Criminal Code) [amended by Law No. 238/2021];
 - Extortion (computer-related) (Article 629, paragraph 3, of the Italian Criminal Code) [Introduced by the combined provisions of Articles 16 and 20 of Law No. 90/2024];
 - Damage to information, data and computer programmes (Article 635-bis of the Criminal Code);
 - Damage to public or public-interest information, data and computer programmes (Article 635-ter of the Criminal Code) [heading (and article) amended by Article 16 of Law No. 90/2024];
 - Damage to computer or telecommunications systems (Article 635-quater of the Criminal Code);
 - Possession, distribution and unauthorised installation of computer equipment, devices or programs intended to damage or disrupt a computer or telecommunications system (Article 635-quater.1 of the Criminal Code) [introduced by the combined provisions of Articles 16 and 20, Law No. 90/2024];
 - Damage to computer or telecommunications systems of public interest (Article 635-quinquies of the Italian Criminal Code) [heading (and article) amended by Article 16 of Law No. 90/2024];
 - Computer fraud by an electronic signature certification authority (Article 640-quinquies of the Italian Criminal Code);
 - Failure to report or false reporting of information, data or relevant facts concerning the national cyber security perimeter (Article 1(11) of Decree-Law No. 105 of 21 September 2019);
- 3) **Organised crime offences (Article 24-ter, Legislative Decree No. 231/2001)** [article added by Law No. 94/2009 and amended by Law No. 69/2015]:
- Criminal association (Article 416 of the Criminal Code);
 - Mafia-type association, including foreign ones (Article 416-bis of the Criminal Code) [article amended by Law No. 69/2015];

- Political-mafia electoral dealings (Article 416-ter of the Criminal Code) [as replaced by Article 1(1) of Law No. 62 of 17 April 2014, with effect from 18 April 2014, pursuant to the provisions of Article 2(1) of the same Law No. 62/2014];
 - Kidnapping for the purpose of robbery or extortion (Article 630 of the Criminal Code);
 - Criminal association for the purpose of illicit trafficking in narcotic or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990) [paragraph 7-bis added by Legislative Decree No. 202/2016];
 - All offences committed by taking advantage of the conditions set out in Article 416-bis of the Criminal Code to facilitate the activities of the associations referred to in that article (Law No. 203/91);
 - Time limits for the duration of preliminary investigations (Article 407(2)(a)(5) of the Code of Criminal Procedure).
- 4) **Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, corruption (Article 25, Legislative Decree No. 231/2001) [amended by Law No. 190/2012, by Law No. 3/2019 and Legislative Decree No. 75/2020]:**
- Extortion (Art. 317 of the Criminal Code);
 - Bribery in the exercise of public office (Article 318 of the Italian Criminal Code);
 - Bribery for an act contrary to official duties (Article 319 of the Criminal Code);
 - Aggravating circumstances (Article 319-bis of the Criminal Code);
 - Bribery in judicial proceedings (Article 319-ter of the Criminal Code);
 - Undue inducement to give or promise a benefit (Article 319-quater);
 - Bribery of a person entrusted with a public service (Article 320 of the Criminal Code);
 - Penalties for the briber (Article 321 of the Criminal Code);
 - Instigation to corruption (Article 322 of the Criminal Code);
 - Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, corruption and incitement to corruption of members of international courts or bodies of the European Communities or of international parliamentary assemblies or international organisations, and of officials of the European Communities and foreign states (Article 322-bis of the Criminal Code) [amended by Law No. 190/2012 and Law No. 3/2019];
 - Trafficking in illicit influence (Article 346-bis of the Criminal Code);
 - Embezzlement (limited to the first paragraph) (Article 314 of the Criminal Code);
 - Misappropriation of money or movable property (Article 314-bis of the Criminal Code);
 - Embezzlement by taking advantage of another person's error (Article 316 of the Criminal Code).
- 5) **Counterfeiting of currency, public credit instruments, revenue stamps and identification documents (Article 25-bis, Legislative Decree No. 231/2001) [article added by Decree-Law No. 350/2001, converted with amendments by Law No. 409/2001; amended by Law No. 99/2009; amended by Legislative Decree No. 125/2016]:**
- Counterfeiting of currency, spending and introduction into the country, by prior agreement, of counterfeit currency (Article 453 of the Criminal Code);
 - Alteration of currency (Article 454 of the Criminal Code);
 - Circulation and introduction into the country, without prior agreement, of counterfeit currency (Section 455 of the Criminal Code);

- Circulation of counterfeit currency received in good faith (Article 457 of the Criminal Code);
 - Counterfeiting of revenue stamps, bringing into the country, purchasing, possessing or putting into circulation counterfeit revenue stamps (Section 459 of the Criminal Code);
 - Counterfeiting of watermarked paper used for the manufacture of public credit cards or revenue stamps (Article 460 of the Italian Criminal Code);
 - Manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, revenue stamps or watermarked paper (Article 461 of the Criminal Code);
 - Use of counterfeit or altered revenue stamps (Article 464 of the Criminal Code, paragraphs 1 and 2);
 - Counterfeiting, altering or using trademarks or distinctive signs, or patents, models and designs (Article 473 of the Italian Criminal Code);
 - Importation into the country and trade in products bearing false marks (Article 474 of the Italian Criminal Code).
- 6) **Offences against industry and trade (Art. 25-bis.1, Legislative Decree No. 231/2001)** [article added by Law No. 99/2009]:
- Interference with the freedom of industry or trade (Article 513 of the Criminal Code);
 - Unlawful competition involving threats or violence (Article 513-bis of the Criminal Code);
 - Fraud against national industries (Article 514 of the Italian Criminal Code);
 - Fraud in the conduct of trade (Article 515 of the Criminal Code);
 - Sale of non-genuine foodstuffs as genuine (Section 516 of the Criminal Code);
 - Sale of industrial products bearing false marks (Article 517 of the Criminal Code);
 - Manufacture and trade in goods produced by infringing industrial property rights (Article 517-ter of the Criminal Code);
 - Counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-quater of the Italian Criminal Code).
- 7) **Corporate offences (Art. 25-ter, Legislative Decree No. 231/2001)** [article added by Legislative Decree No. 61/2002, amended by Law No. 190/2012, Law No. 69/2015, Legislative Decree No. 38/2017, Legislative Decree No. 3/2019 and Legislative Decree No. 19/2023]:
- False corporate communications (Article 2621 of the Civil Code) [article amended by Law No. 69/2015];
 - Minor offences (Article 2621-bis of the Civil Code);
 - False corporate disclosures by listed companies (Article 2622 of the Italian Civil Code) [article amended by Law No. 69/2015];
 - Obstruction of an audit (Article 2625(2) of the Civil Code);
 - Unlawful repayment of capital contributions (Article 2626 of the Civil Code);
 - Unlawful distribution of profits and reserves (Article 2627 of the Civil Code);
 - Unlawful transactions involving shares or units of the company or its parent company (Article 2628 of the Civil Code);
 - Transactions prejudicial to creditors (Article 2629 of the Civil Code);
 - Failure to disclose a conflict of interest (Article 2629-bis of the Italian Civil Code) [added by Law No. 262/2005];
 - Fictitious formation of capital (Article 2632 of the Italian Civil Code);
 - Improper distribution of company assets by liquidators (Article 2633 of the Italian Civil Code);

- Corruption between private individuals (Article 2635(3) of the Civil Code) [added by Law No. 190/2012; amended by Legislative Decree No. 38/2017 and Law No. 3/2019];
- Inciting corruption between private individuals (Article 2635-bis of the Civil Code) [added by Legislative Decree No. 38/2017 and amended by Law No. 3/2019];
- Unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code);
- Market manipulation (Article 2637 of the Civil Code);
- Obstruction of the functions of public supervisory authorities (Article 2638, paragraphs 1 and 2, of the Civil Code);
- False or omitted statements for the issue of the preliminary certificate (Article 54 of Legislative Decree No. 19/2023).

8) **Offences committed for the purposes of terrorism or subversion of the democratic order as provided for in the Criminal Code and special laws (Article 25-*quater*, Legislative Decree No. 231/2001) [article added by Law No. 7/2003]:**

- Subversive associations (Article 270 of the Criminal Code);
- Associations with the aim of terrorism, including international terrorism, or subversion of the democratic order (Article 270-bis of the Criminal Code);
- Aggravating and mitigating circumstances (Art. 270-bis.1 of the Criminal Code) [article added by Legislative Decree No. 21/2018]:
- Assistance to members (Article 270-ter of the Criminal Code);
- Recruitment for the purposes of terrorism, including international terrorism (Article 270-*quater* of the Criminal Code);
- Organisation of transport for the purposes of terrorism (Article 270-*quater*.1) [inserted by Decree-Law No. 7/2015, converted, with amendments, by Law No. 43/2015];
- Training for activities for the purposes of terrorism, including international terrorism (Article 270-*quinquies* of the Criminal Code);
- Financing of conduct for the purposes of terrorism (Law No. 153/2016, Article 270-*quinquies*.1 of the Criminal Code);
- Misappropriation of property or money subject to seizure (Article 270-*quinquies*.2 of the Criminal Code);
- Possession of material for terrorist purposes (Article 270-*quinquies*.3 of the Criminal Code) [introduced by Article 1 of Decree-Law 48/2025];
- Conduct for the purposes of terrorism (Article 270-*sexies* of the Criminal Code);
- Attack for terrorist or subversive purposes (Article 280 of the Criminal Code);
- Terrorist act involving lethal devices or explosives (Article 280-bis of the Criminal Code);
- Acts of nuclear terrorism (Article 280-ter of the Criminal Code);
- Kidnapping for the purposes of terrorism or subversion (Article 289-bis of the Criminal Code);
- Kidnapping for the purpose of coercion (Article 289-ter of the Italian Criminal Code) [introduced by Legislative Decree 21/2018];
- Inciting the commission of any of the offences referred to in Chapters One and Two (Article 302 of the Criminal Code);
- Political conspiracy by agreement (Article 304 of the Criminal Code);
- Political conspiracy by association (Article 305 of the Criminal Code);
- Armed gang: formation and participation (Article 306 of the Criminal Code);

- Assistance to participants in a conspiracy or armed gang (Article 307 of the Criminal Code);
 - Seizure, hijacking and destruction of an aircraft (Law No. 342/1976, Article 1);
 - Damage to ground installations (Law No. 342/1976, Art. 2);
 - Penalties (Law No. 422/1989, Art. 3);
 - Active *repentance* (Legislative Decree No. 625/1979, Art. 5);
 - International Convention for the Suppression of the Financing of Terrorism (New York, 9 December 1999, Art. 2).
- 9) **Practices of female genital mutilation (Article 25-*quater*.1**, Legislative Decree No. 231/2001) [article added by Law No. 7/2006]:
- Practices of female genital mutilation (Article 583-*bis* of the Criminal Code).
- 10) **Offences against the individual (Art. 25-*quinquies***, Legislative Decree No. 231/2001) [article added by Law No. 228/2003; amended by Law No. 199/2016 and Law No. 238/2021]:
- Enslavement or servitude (Article 600 of the Criminal Code);
 - Child prostitution (Article 600-*bis* of the Criminal Code);
 - Child pornography (Article 600-*ter* of the Criminal Code);
 - Possession of pornographic material (Section 600-*quater*) [amended by Law No. 238/2021];
 - Virtual pornography (Article 600-*quater*.1 of the Criminal Code) [added by Article 10 of Law No. 38 of 6 February 2006];
 - Tourism initiatives aimed at the exploitation of child prostitution (Section 600-*quinquies* of the Criminal Code);
 - Trafficking in human beings (Article 601 of the Criminal Code) [amended by Legislative Decree No. 21/2018];
 - Purchase and sale of slaves (Article 602 of the Criminal Code);
 - Illegal labour brokering and exploitation (Article 603-*bis* of the Criminal Code);
 - Solicitation of minors (Article 609-*undecies* of the Italian Criminal Code).
- 11) **Market abuse offences (Art. 25-*sexies***, Legislative Decree No. 231/2001) [article added by Law No. 62/2005]:
- Market manipulation (Article 185 of Legislative Decree No. 58/1998) [amended by Law No. 238/2021];
 - Misuse or unlawful disclosure of inside information. Recommendation or inducement of others to commit insider dealing (Article 184 of Legislative Decree No. 58/1998) [amended by Law No. 238/2021].
- 12) **Market abuse relating to crypto-asset markets** (Article 34(1) of Legislative Decree 129/2024):
- Prohibition of insider dealing (Article 89 of EU Regulation 2023/1114);
 - Prohibition on the unlawful disclosure of inside information (Article 90 of EU Regulation 2023/1114);
 - Prohibition of market manipulation (Article 91 of EU Regulation 2023/1114).
- 13) **Offences of manslaughter and causing serious or very serious bodily harm, committed in breach of accident prevention regulations and regulations on the protection of health and hygiene at work (Article 25-*septies***, Legislative Decree No. 231/2001) [article added by Law No. 123/2007; amended by Law No. 81/2018]:
- Manslaughter (Art. 589 of the Criminal Code);
 - Negligent bodily harm (Art. 590 of the Italian Criminal Code).
- 14) **Receiving stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as self-laundering (Art. 25-*octies***, Legislative Decree No. 231/2001) [article added by

Legislative Decree No. 231/2007; amended by Law No. 186/2014 and Legislative Decree No. 195/2021]:

- Money laundering (Art. 648-bis of the Italian Criminal Code) [amended by Law No. 195/2021];
- Receiving stolen goods (Article 648 of the Italian Criminal Code) [amended by Law No. 195/2021];
- Use of money, property or benefits of unlawful origin (Article 648-ter of the Criminal Code) [amended by Law No. 195/2021];
- Self-laundering (Article 648-ter.1 of the Italian Criminal Code) [amended by Law No. 195/2021].

15) **Offences relating to non-cash payment instruments (Article 25-octies.1, Legislative Decree No. 231/2001)** [article added by Legislative Decree No. 184/2021; amended by Law No. 184/2021]:

- Unauthorised use and forgery of non-cash payment instruments (Article 493-ter of the Italian Criminal Code) [amended by Law No. 184/2021];
- Possession and distribution of equipment, devices or computer programmes intended for the commission of offences relating to non-cash payment instruments (Article 493-quater of the Italian Criminal Code);
- Computer fraud (Article 640-ter of the Italian Criminal Code) – in the aggravated form involving the transfer of money, monetary value or virtual currency [amended by Law No. 184/2021];
- Fraudulent transfer of assets (Article 512-bis of the Italian Criminal Code);

16) **Offences relating to copyright infringement (Article 25-novies, Legislative Decree No. 231/2001)** [article added by Law No. 99/2009]:

- Making available to the public, via a computer network system, through connections of any kind, a protected intellectual work, or part thereof (Article 171, Law No. 633/1941, paragraph 1, letter a) *bis*);
- Offences referred to in the previous point committed in respect of works by others not intended for publication, where such acts result in damage to their honour or reputation (Article 171, Law No. 633/1941, paragraph 3);
- Unauthorised duplication, for profit, of computer programs; importation, distribution, sale or possession for commercial or business purposes, or the letting of programmes contained on media not marked by the SIAE; the provision of means to remove or circumvent the protection devices of computer programs (Article 171-bis of Law No. 633/1941, paragraph 1);
- Reproduction, transfer to another medium, distribution, communication, presentation or public demonstration of the contents of a database; extraction or re-utilisation of the database; distribution, sale or letting of databases (Article 171-bis of Law No. 633/1941, paragraph 2);
- Unauthorised duplication, reproduction, transmission or public dissemination by any means, in whole or in part, of intellectual works intended for television, cinema, or the sale or hire of discs, tapes or similar media, or any other medium containing phonograms or videograms of musical, cinematographic or similar audiovisual works, or sequences of moving images; literary, dramatic, scientific or educational works, musical or musical-dramatic works, multimedia works, even if included in collective or composite works or databases; unauthorised reproduction, duplication, transmission or public dissemination, sale or trade, transfer for any reason, or unauthorised importation of more than fifty copies or specimens of works protected by copyright and related rights; the introduction into a telematic network system, via connections of any kind, of a work of the mind protected by copyright, or part thereof (Article 171-ter of Law No. 633/1941);
- Failure to provide the SIAE with the identification details of media not subject to labelling, or making a false declaration (Article 171-septies of Law No. 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, or use for public or private purposes of devices or parts of devices capable of decoding conditional-access audiovisual transmissions broadcast via terrestrial, satellite or cable networks, in both analogue and digital form

(Article 171-*octies* of Law No. 633/1941).

17) **Inducement not to make statements or to make false statements to the judicial authorities (Article 25-*decies*, Legislative Decree No. 231/2001) [article added by Law No. 116/2009]:**

- Inducement not to make statements or to make false statements to the judicial authorities (Art. 377-*bis* of the Criminal Code).

18) **Environmental offences (Art. 25-*undecies*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 121/2011, amended by Law No. 68/2015, amended by Legislative Decree No. 21/2018]:**

- Environmental pollution (Article 452-*bis* of the Italian Criminal Code);
- Environmental disaster (Article 452-*quater* of the Criminal Code);
- Negligent offences against the environment (Article 452-*quinquies* of the Criminal Code);
- Trafficking in and abandonment of highly radioactive material (Article 452-*sexies* of the Criminal Code);
- Aggravating circumstances (Article 452-*octies* of the Criminal Code);
- Killing, destruction, capture, removal or possession of specimens of protected wild animal or plant species (Article 727-*bis* of the Criminal Code);
- Destruction or deterioration of habitats within a protected site (Article 733-*bis* of the Italian Criminal Code);
- Regulation of offences relating to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Law No. 150/1992, Art. 1, Art. 2, Art. 3-*bis* and Art. 6);
- Discharge of industrial waste water containing hazardous substances; discharge onto the ground, into the subsoil and into groundwater; discharge into the sea by ships or aircraft (Legislative Decree No. 152/2006, Article 137, paragraphs 2, 3, 5, 11 and 13);
- Unauthorised waste management activities (Legislative Decree No. 152/2006, Article 256, paragraph 1, letters a) and b), 3, 5, 6, first sentence);
- Remediation of sites (Legislative Decree No. 152/2006, Article 257, paragraphs 1 and 2);
- Illegal trafficking of waste (Legislative Decree No. 152/2006, Article 259);
- Breach of obligations regarding notification, the keeping of mandatory records and forms (Legislative Decree No. 152/2006, Article 258);
- Activities organised for the illegal trafficking of waste (Article 452-*quaterdecies* of the Criminal Code) [introduced by Legislative Decree No. 21/2018];
- Prevention and control of atmospheric emissions – Penalties (Legislative Decree No. 152/2006, Art. 279);
- Intentional pollution (Article 8(1) and (2) of Legislative Decree No. 202/2007 “Implementation of Directive 2005/35/EC on ship-source pollution and related penalties”) (Legislative Decree No. 202/2007, Article 8);
- Negligent pollution (Article 9(1) and (2) of Legislative Decree 202/2007 “Implementation of Directive 2005/35/EC on ship-source pollution and related penalties”) (Legislative Decree No 202/2007, Article 9);
- Elimination and reduction of the use of harmful substances (Law No. 549/1993, Article 3, paragraph 6);
- Prevention and limitation of atmospheric emissions (Legislative Decree No. 152/2006, Art. 279, para. 5).

19) **Employment of third-country nationals residing illegally (Article 25-*duodecies*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 109/2012, amended by Law No. 161 of 17 October 2017]:**

- Facilitation of unlawful entry and aiding and abetting illegal immigration (Article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, Legislative Decree No. 286/1998);

- Employment of irregular migrants (Article 22(12-bis) of Legislative Decree No 286/1998).
- 20) **Racism and xenophobia (Article 25-terdecies**, Legislative Decree No. 231/2001) [article added by Law No. 167 of 20 November 2017, amended by Legislative Decree No. 21/2018]:
- Propaganda and incitement to commit offences on grounds of racial, ethnic and religious discrimination (Article 604-bis of the Criminal Code).
- 21) **Fraud in sporting competitions, unlawful gambling or betting, and gambling carried out using prohibited devices (Article 25-quaterdecies**, Legislative Decree No. 231/2001) [article added by Law No. 39/2019]:
- Fraud in sporting competitions (Article 1, Law No. 401/1989);
 - Illegal operation of gaming or betting activities (Art. 4, Law No. 401/1989).
- 22) **Tax offences (Article 25-quinquiesdecies**, Legislative Decree No. 231/2001) [article added by Law No. 157/2019, amended by Legislative Decree No. 75/2020]:
- Fraudulent declaration through the use of invoices or other documents for non-existent transactions (Art. 2 of Legislative Decree No. 74/2000);
 - Fraudulent declaration by other means (Article 3 of Legislative Decree No. 74/2000);
 - Issuing invoices or other documents for non-existent transactions (Article 8 of Legislative Decree No. 74/2000);
 - Concealment or destruction of accounting documents (Article 10 of Legislative Decree No. 74/2000);
 - Fraudulent evasion of tax payments (Article 11 of Legislative Decree No. 74/2000);
 - Making a false declaration (Article 4 of Legislative Decree No. 74/2000);
 - Failure to file a return (Article 5 of Legislative Decree No. 74/2000);
 - Unlawful set-off (Article 10-quater of Legislative Decree No. 74/2000).
- 23) **Smuggling Offences (Article 25-sexiesdecies**, Legislative Decree No. 231/2001) [Article added by Legislative Decree No. 75/2020 and amended by Article 4 of Legislative Decree No. 141/2024]:
- Smuggling by failure to declare (Art. 78 of Legislative Decree 141/2024);
 - Smuggling by means of a false declaration (Article 79 of Legislative Decree 141/2024);
 - Smuggling in the movement of goods by sea, air and on border lakes (Article 80 of Legislative Decree 141/2024);
 - Smuggling through the unauthorised use of imported goods with total or partial duty relief (Article 81 of Legislative Decree 141/2024);
 - Smuggling in the export of goods eligible for duty drawback (Article 82 of Legislative Decree 141/2024);
 - Smuggling in temporary export and in the special use and processing regimes (Article 83 of Legislative Decree 141/2024);
 - Smuggling of manufactured tobacco (Article 84 of Legislative Decree 141/2024);
 - Aggravating circumstances relating to the offence of smuggling of manufactured tobacco (Article 85 of Legislative Decree 141/2024);
 - Criminal association for the purpose of smuggling manufactured tobacco (Article 86 of Legislative Decree 141/2024);
 - Aggravating circumstances of smuggling (Article 88 of Legislative Decree 141/2024);

- Evasion of the assessment or payment of excise duty on energy products (Article 40 of Legislative Decree 504/1995);
- Illegal manufacture of alcohol and alcoholic beverages (Article 41 of Legislative Decree 504/1995);
- Conspiracy to illegally manufacture alcohol and alcoholic beverages (Article 42 of Legislative Decree 504/1995);
- Evasion of the assessment and payment of excise duty on alcohol and alcoholic beverages (Article 43 of Legislative Decree 504/1995);
- Aggravating circumstances (Article 45 of Legislative Decree 504/1995);
- Tampering with devices, imprints and markings (Art. 46 Legislative Decree 504/1995);
- Shortages and surpluses in the storage and movement of products subject to excise duty (Article 47 of Legislative Decree 504/1995);
- Irregularities in circulation (Article 49 of Legislative Decree 504/1995).

24) **Offences against cultural heritage (Art. 25-septiesdecies, Legislative Decree No. 231/2001)** [Article added by Legislative Decree No. 22/2022]:

- Theft of cultural property (Article 518-bis of the Criminal Code);
- Misappropriation of cultural heritage (Article 518-ter of the Criminal Code);
- Receiving stolen cultural property (Article 518-quater of the Criminal Code);
- Falsification of private documents relating to cultural heritage (Article 518-octies of the Criminal Code);
- Offences relating to the disposal of cultural property (Article 518-novies of the Criminal Code);
- Illegal importation of cultural property (Article 518-decies of the Italian Criminal Code);
- Illegal removal or export of cultural heritage (Article 518-undecies of the Italian Criminal Code);
- Destruction, dispersal, deterioration, defacement, defiling and unlawful use of cultural or landscape heritage (Article 518-duodecies of the Italian Criminal Code);
- Counterfeiting of works of art (Article 518-quaterdecies of the Italian Criminal Code).

25) **Money laundering of cultural heritage and the devastation and looting of cultural and landscape heritage (Article 25-duodevicies, Legislative Decree No. 231/2001)** [Article added by Legislative Decree No. 22/2022]:

- Money laundering of cultural heritage (Article 518-sexies of the Italian Criminal Code);
- Destruction and looting of cultural and landscape heritage (Article 518-terdecies of the Italian Criminal Code).

26) **Offences against animals (Art. 25-undevicies of Legislative Decree No. 231/2001)** [Category of offences introduced into Legislative Decree No. 231/2001 by Art. 8 of Law No. 82 of 6 June 2025 (the latter having entered into force on 1 July 2025)]:

- Killing of animals (Article 544-bis of the Italian Criminal Code);
- Cruelty to animals (Article 544-ter of the Criminal Code);
- Prohibited shows or events (Article 544-quater of the Criminal Code);
- Prohibition of animal fighting (Article 544-quinquies of the Criminal Code);
- Killing or causing harm to another person's animals (Article 638 of the Criminal Code).

27) **Liability of legal entities for administrative offences arising from criminal offences (Art. 12, Law No. 9/2013)** [The following apply to entities operating within the virgin olive oil supply chain]:

- Use, adulteration and counterfeiting of foodstuffs (Article 440 of the Criminal Code);
- Trade in counterfeit or adulterated foodstuffs (Article 442 of the Criminal Code);
- Trade in harmful foodstuffs (Art. 444 of the Italian Criminal Code);
- Counterfeiting, alteration or use of distinctive signs of intellectual property or industrial products (Article 473 of the Criminal Code);
- Importation into the country and trade in products bearing false marks (Section 474 of the Criminal Code);
- Fraud in the conduct of trade (Article 515 of the Italian Criminal Code);
- Sale of non-genuine foodstuffs as genuine (Article 516 of the Italian Criminal Code);
- Sale of industrial products bearing false marks (Article 517 of the Italian Criminal Code);
- Counterfeiting of geographical indications and designations of origin of agri-food products (Article 517-*quater* of the Criminal Code).

28) **Transnational offences (Law No. 146/2006)** [The following offences, if committed in a transnational manner, constitute grounds for the administrative liability of legal entities]:

- Definition of a transnational offence (Article 3, Law No. 146/2006);
- Provisions against illegal immigration (Article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, of the consolidated text referred to in Legislative Decree No. 286 of 25 July 1998);
- Criminal association for the purpose of illicit trafficking in narcotic or psychotropic substances (Article 74 of the consolidated text referred to in Presidential Decree No. 309 of 9 October 1990);
- Criminal association for the purpose of smuggling foreign manufactured tobacco (Article 291-*quater* of the consolidated text referred to in Presidential Decree No. 43 of 23 January 1973);
- Inducement not to make statements or to make false statements to the judicial authorities (Article 377-*bis* of the Criminal Code);
- Aiding and abetting (Section 378 of the Criminal Code);
- Criminal association (Section 416 of the Criminal Code);
- Mafia-type association (Article 416-*bis* of the Criminal Code).

For details of the above offences, please refer to Annex 1 "Regulatory Analysis and Catalogue of Offences".

III. Criteria for attributing liability to the Entity

Where one of the Offences is committed, the Entity may be held liable under certain conditions, which may be described as "criteria for attributing liability to the Entity". The criteria for attributing liability to the Entity are "objective" and "subjective".

The objective criteria provide that Entities may be held liable whenever the unlawful conduct strictly listed in the Decree occurs, provided that:

- the offence was committed **in the interest** or **for the benefit** of the organisation;

- the offence was committed:
 - “by persons holding positions of representation, administration or management within the Entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, even *de facto*, the management and control of the same” (so-called “**Senior Officers**”);
 - “by persons subject to the management or supervision of one of the persons referred to in point (a)” (so-called “**Subordinate Persons**”).

As regards the concept of “interest”, this arises whenever the unlawful conduct is carried out with the intention of procuring a benefit for the Company; the same liability is equally attributable to the Company whenever it derives any indirect *benefit* (whether financial or otherwise) from the unlawful conduct, even if the perpetrator of the offence did not act with the sole aim of conferring a benefit on the legal entity. Conversely, the Entity's liability is excluded where the offence, even if committed in breach of the provisions of the Model, has not resulted in any benefit nor was committed in the Entity's interest, but rather for the exclusive interest and benefit of the perpetrator of the criminal conduct.

The interest and benefit of the Entity are two alternative criteria, and for the Entity to be held liable, it is sufficient that at least one of the two applies. The law does not require that the benefit obtained or expected by the Entity be necessarily of an economic nature: liability arises not only when the unlawful conduct has resulted in a financial advantage, but also in cases where, even in the absence of such a concrete result, the offence is intended to favour the Entity's interests. The Entity is not liable, however, if the offence was committed independently of or against its interests, or in the exclusive interest of the perpetrator or third parties.

Such an interest may also be identified within a group of companies, in the sense that the parent company may be held liable for an offence committed in the course of the subsidiary's business if an interest or benefit to the parent company can also be identified.

However, for the parent company to be held liable, it is necessary that:

- the parent company's interest or benefit is immediate and direct, even if not of a financial nature;
- the person who contributed to the commission of the offence (with a causally relevant contribution proven in concrete terms) is functionally linked to the Company.

With regard to offences of negligence, such as manslaughter or serious or very serious personal injury committed in breach of the regulations on health and safety at work (pursuant to Article *25-septies* of the Decree) and certain environmental offences (pursuant to Article *25-undecies* of the Decree), the interest and/or benefit of the Entity shall not be linked to the event (such as, for example, the death of the worker), but to the conduct causing such event, provided that

such conduct was deliberate and intentional, aimed at benefiting ^{the Entity}².

Therefore, the interest and/or benefit may be identified in the saving of safety costs or in the acceleration of service delivery or in the increase in productivity resulting from the failure to adopt the necessary accident prevention or environmental safeguards required by law.

The Entity, however, is not liable if the Offence was committed independently of or against its interests, or in the exclusive interest of the perpetrator of the offence or of third parties.

Articles 6 and 7 of the Decree govern the criteria for the subjective attribution of the Entity's liability, which vary depending on whether the Offence is committed by a Senior Manager or a Subordinate.

In the case of offences committed by Senior Officers, Article 6 of the Decree provides for a specific form of exemption from the Entity's liability, provided that the Entity demonstrates that:

- the task of supervising the functioning and compliance with the Model, as well as ensuring its updating, has been entrusted to the Supervisory Body;
- there was no omission or failure of supervision on the part of the Supervisory Body;
- the persons who committed the offence acted by fraudulently circumventing the measures provided for in ^{the Model}³.

The conditions listed above must be met jointly in order for the Entity's liability to be excluded; the Entity's exemption from liability therefore depends on the Entity itself proving the adoption and effective implementation of a Model for the Prevention of Offences and the establishment of a Supervisory Body.

In the case, however, of offences committed by a subordinate, Article 7 of the Decree provides that the Entity shall be held liable only if the offence was made possible by a failure to comply with management and supervisory obligations, such failure being deemed excluded if the Entity, prior to the commission of the offence, had adopted and effectively implemented a Model suitable for preventing offences.

With specific reference to the subject of health and safety in the workplace, Article 30 of Legislative Decree No. 81 of 9 April 2008 establishes that the Model capable of exempting the entities referred to in the Decree from administrative liability must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all relevant legal obligations:

- compliance with the technical and structural standards laid down by law relating to equipment, installations and workplaces,

² Consequently, conduct arising from mere incompetence, a simple underestimation of risk or the imperfect implementation of accident prevention measures would not be relevant for the purposes of the entity's liability.

³ The fraud referred to in the Decree does not necessarily require deception or trickery but presupposes that the breach of the Model is caused by a circumvention of the control measures provided for therein that is capable of 'undermining' their effectiveness.

chemical, physical and biological agents;

- risk assessment activities and the preparation of the resulting prevention and protection measures;
- activities of an organisational nature, such as emergencies, first aid, contract management, regular safety meetings, and consultations with workers' safety representatives;
- health surveillance activities;
- providing information and training to workers;
- monitoring activities to ensure that workers comply with safety procedures and instructions;
- the acquisition of documentation and certifications required by law;
- periodic checks on the application and effectiveness of the procedures adopted.

The Model must provide for appropriate systems for recording the completion of the activities listed above. In any case, the Model must provide, as required by the nature and size of the organisation and the type of activity carried out, a structure of functions that ensures the technical expertise and powers necessary for the verification, assessment, management and control of risk, as well as a disciplinary system suitable for sanctioning non-compliance with the measures set out in the Model. The Model must also provide for an appropriate system to monitor its implementation and the continued suitability of the measures adopted over time.

IV. The sanctions provided for in the Decree

The penalty system, in the event of the commission of the offences listed above, provides for the application of the following administrative penalties:

- a) financial penalties;
- b) disqualification sanctions;
- c) confiscation;
- d) publication of the judgment.

a) Fines

Where the entity is convicted, a financial penalty is always imposed. The financial penalty is determined by the judge using a system based on units. The number of units (ranging from no fewer than one hundred to no more than one thousand, with amounts varying from a minimum of €258.22 to a maximum of €1,549.00) depends on the seriousness of the offence, the degree of the entity's liability, the measures taken to

eliminate the consequences of the offence and mitigate its effects or to prevent the commission of unlawful acts. Furthermore, in order to ensure the effectiveness of the penalty, the amount of the unit is determined by the judge on the basis of the entity's financial and asset situation.

The financial penalty is reduced if:

- a) the perpetrator committed the offence primarily in their own interest or that of third parties and the organisation derived no benefit or only a minimal benefit from it;
- b) the financial damage caused is of a particularly minor nature, or if, prior to the opening of the trial at first instance;
- c) the Entity has fully compensated for the damage and has eliminated the harmful or dangerous consequences of the offence or has in any case taken effective steps to that end; and d) a Model has been adopted and made operational.

In practice, financial penalties may range from a minimum of €25,822.84 (reducible, pursuant to Article 12 of the Decree, by up to half) to a maximum of €1,549,370.69. The judge determines the number of instalments taking into account:

- a) the seriousness of the offence;
- b) the degree of the entity's liability;
- c) the measures taken to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences.

b) Disqualification sanctions

Disqualification sanctions apply in relation to offences for which they are expressly provided, where at least one of the following conditions applies:

- I. the Entity has derived a significant profit from the offence and the offence was committed by persons holding a representative, administrative or managerial position within the Entity or by persons subject to the direction or control of the former, and the commission of the offence was caused or facilitated by serious organisational shortcomings;
- II. in the event of repeated offences.

The Decree provides for the following disqualification sanctions, which may last for a period of not less than three months and not more than two years:

- disqualification from carrying out the activity;
- suspension or revocation of authorisations, licences or concessions necessary for the commission of the offence;
- prohibition on contracting with the Public Administration;

- exclusion from benefits, funding, grants and subsidies, and/or revocation of any already granted;
- a ban on advertising goods or services.

Under current legislation, disqualification sanctions do not apply in cases of corporate offences and *market abuse*. It should be noted that, for such offences, only financial penalties are provided for, the amount of which is doubled under Article 39(5) of Law 262/2005 ("Provisions for the protection of savings and the regulation of financial markets").

The Decree also provides that, where the conditions for the application of a disqualification sanction ordering the suspension of the company's activities are met, the judge, instead of applying the disqualification sanction, may order the continuation of the activity by a commissioner for a period equal to the duration of the disqualification sanction that would have been applied, where at least one of the following conditions applies:

- the company provides a public service or a service of public necessity, the interruption of which could cause serious harm to the community;
- the interruption of the company's activities may, taking into account its size and the economic conditions of the area in which it is situated, have significant repercussions on employment.

Once it has been established that one of the two conditions is met, the judge shall, by judgment, order the continuation of the entity's activities under the supervision of a commissioner, specifying the latter's duties and powers with particular reference to the specific area in which the offence was committed; the commissioner shall then implement organisational measures suitable for preventing the commission of offences of the type that occurred and may not carry out acts of extraordinary administration without the judge's authorisation.

Despite the protection of the public interest, the judicial commissioner is still an alternative to a disqualification order and must therefore have a punitive nature; this is achieved through the confiscation of the profits derived from the continuation of the business. Finally, it should be noted that the judicial commissioner solution cannot be adopted where a disqualification order has been imposed on a permanent basis.

Disqualification sanctions are normally temporary, but in the most serious cases they may exceptionally be applied with definitive effect.

Article 16 of Legislative Decree 231/2001 defines when a disqualification order must be applied on a permanent basis: permanent disqualification from carrying out the activity may be applied if the entity has derived a significant profit from the offence and has already been sentenced, at least three times in the last seven years, to temporary disqualification from carrying out the activity. Furthermore, the judge may impose on the entity, on a permanent basis, the sanction of a ban on contracting with the public administration or a ban on advertising goods or services, where it has already been sentenced to the same sanction at least three times in the last seven years. Finally, in the case of an illicit enterprise, that is, an organisation whose sole purpose is to enable or facilitate the commission of offences,

a permanent ban on carrying out business activities must always be imposed.

Furthermore, disqualification sanctions may also be applied as a precautionary measure, i.e. prior to conviction, where there is serious evidence of the entity's liability and there are well-founded and specific grounds for believing that there is a real danger of offences of the same type as that under investigation being committed. Disqualification sanctions do not apply if the financial penalty is imposed at a reduced rate.

Disqualification sanctions, however, do not apply if the entity, prior to the opening of the trial at first instance:

- has compensated for the damage and eliminated the harmful or dangerous consequences of the offence (or has at least made effective efforts to do so);
- has made the proceeds of the offence available to the judicial authorities;
- has eliminated the organisational shortcomings that led to the offence by adopting and effectively implementing appropriate organisational models designed to prevent the commission of further offences of the same nature as that which occurred.

As with financial penalties, the type and duration of disqualification orders are determined by the competent criminal court, taking into account the provisions of Article 14 of the Decree.

Disqualification sanctions must relate to the specific sector of activity of the entity and must comply with the principles of adequacy, proportionality and subsidiarity, in particular where applied as a precautionary measure.

Where multiple offences are involved, the penalty applicable to the most serious offence shall apply.

The duration of the disqualification is generally temporary (from a minimum of 3 months to a maximum of 7 years), with the exception of certain specific cases in which the temporary nature of the disqualification is replaced by a permanent one. For example:

- a) in the event of a repeat offence;
- b) in the event of substantial financial gain;
- c) in the event of the offence being committed at least three times in the last seven years.

c) Confiscation

The confiscation of the proceeds or profits of the offence is always ordered by the criminal court in the conviction, except for the portion that may be returned to the injured party. This is without prejudice to rights acquired by third parties in good ^{faith}⁴.

Where it is not possible to confiscate the proceeds or profits of the offence, confiscation may be applied to

⁴ For the purposes of confiscation, reference must be made to the time of commission of the offence and not to the time of receipt of the proceeds, so that proceeds deriving from an offence which, at the time of commission of the conduct, was not included in the list of predicate offences referred to in the Decree (but was so at the time of receipt of the proceeds) shall not be subject to confiscation.

sums of money, assets or other benefits of equivalent value to the proceeds or profit of the offence.

In reality, the Decree provides for other forms of asset forfeiture, even in the absence of a conviction. The first scenario is covered by Article 6(5), which provides for the mandatory confiscation of the profit that the entity has derived from the offence even where the entity is not held liable, by virtue of exculpatory evidence provided, for the administrative offence arising from the offence committed by persons in senior positions; in such a case, confiscation serves a compensatory function, necessary to restore the economic balance disrupted by the predicate offence, and a preventive function, i.e. it neutralises any objective risk associated with the profit accruing to the entity.

Article 15(4) also provides for the confiscation of the profit derived from the continuation of the undertaking's activities when this is ordered by the judicial administrator and in lieu of the application of the disqualification sanction that results in the cessation of the entity's activities where the following conditions are met (the entity provides a public service or a service of public necessity, the interruption of which may cause serious harm to the community; or the interruption of the entity's activities may have serious repercussions on employment; or the activity is carried out in industrial plants or parts thereof declared to be of national strategic interest).

Finally, Article 23 provides for the confiscation of the profit derived by the entity from the continuation of its activities as the principal sanction for breaching the obligations and prohibitions imposed on it through a sanction or a precautionary disqualification measure.

d) Publication of the judgment

The criminal court may order the publication of the conviction where a disqualification order is imposed on the entity.

The judgment is published in accordance with Article 36 of the Criminal Code, as well as by posting it in the municipality where the entity has its principal place of business.

V. Conditions for exemption from administrative liability

The Decree expressly provides, in Articles 6 and 7, for the exemption of the Entity from administrative liability for offences committed for its own benefit and/or interest if the Entity has adopted effective and efficient organisational, management and control models (hereinafter also the "Model"), suitable for preventing the very unlawful acts referred to in the legislation.

In particular, where the offence is committed by Senior Officers, the Entity shall not be liable if it proves that:

- the Entity's management body adopted and effectively implemented, prior to the commission of the offence, organisational, management and control models suitable for preventing offences of the type that occurred;
- the task of supervising the functioning and compliance with the models, as well as ensuring their updating, has been entrusted to a Supervisory Body of the Organisation endowed with independent powers of

initiative and control;

- the persons who committed the offence acted by fraudulently circumventing the aforementioned organisational and management models;
- there was a failure to supervise or insufficient supervision on the part of the Supervisory Body responsible for monitoring the functioning and compliance with the organisational and management models.

For offences committed by subordinates, the Entity may be held liable only if it is established that the commission of the offence was made possible by a failure to comply with management or supervisory obligations. In this case, the Decree attributes liability to a breach of management and supervisory duties, which typically rest with senior management (or persons delegated by them).

Failure to comply with management or supervisory obligations does not apply if the entity, prior to the commission of the offence, has adopted and effectively implemented an organisational, management and control model suitable for preventing offences of the type that occurred.

The mere adoption of the Model by the management body is not, however, sufficient to exempt the entity from liability; rather, it is necessary for the Model to be suitable, effective and efficient. In this regard, the Decree sets out the essential characteristics for the establishment of an organisational, management and control model.

In particular, for the prevention of offences, the Model must (Article 6(2) of the Decree):

- identify and define the business activities within which there is a possibility that offences covered by the Decree may be committed;
- establish specific protocols aimed at planning the development and implementation of the organisation's decisions in relation to the offences to be prevented;
- establish the procedures for identifying and managing the financial resources necessary to prevent the commission of such offences;
- provide for reporting obligations to the Supervisory Body responsible for monitoring the functioning and compliance with the organisation, management and control model, in order to ensure its effective operation;
- establish an internal disciplinary system suitable for sanctioning non-compliance with the measures set out in the organisation, management and control model, in order to ensure its effectiveness.

Furthermore, with regard to the effective implementation of the Model, the following is provided for (Article 7(4)):

- a periodic review and any amendment of the Model itself when significant breaches of the requirements are discovered or when changes occur in the organisation or its activities;
- the introduction of a disciplinary system designed to penalise non-compliance with the measures set out

in the Model itself.

In addition to these requirements, with regard to offences committed in breach of legislation on health and safety at work, there are those specifically laid down in Article 30(1) of Legislative Decree No. 81 of 9 April 2008 81 ("Legislative Decree 81/08"), according to which the Organisational Model must be such as to ensure a company system for the fulfilment of all legal obligations relating to:

- a) compliance with the technical and structural standards laid down by law concerning equipment, installations, workplaces, and 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, contract management, regular safety meetings, and consultations with workers' safety representatives;
- d) health surveillance activities;
- e) activities relating to the provision of information and training to workers;
- f) monitoring activities to ensure workers comply with safety procedures and instructions;
- g) the acquisition of documentation and certifications required by law;
- h) periodic checks on the application and effectiveness of the procedures adopted.

The Model must also provide for appropriate systems for recording the performance of the activities described above, as well as a structure of functions designed to ensure the technical expertise and powers necessary for the verification, assessment, management and control of risk, and a disciplinary system capable of sanctioning non-compliance with the measures set out in the Model.

The organisational model must also provide for an appropriate system to monitor the implementation of the model itself and the continued suitability of the measures adopted over time. The review and any amendment of the organisational model must be carried out when significant breaches of the regulations on accident prevention and occupational health and safety are discovered, or in the event of changes to the organisation and activities in relation to scientific and technological progress.

VI. The Confindustria "Guidelines"

Article 6 of the Decree expressly provides that the Model may be adopted on the basis of codes of conduct drawn up by associations representing the bodies concerned.

Following numerous legislative measures that have extended the scope of administrative liability

to further categories of offences, Confindustria has updated the Guidelines for the development of organisational models. In June 2021, the updated version of the Guidelines (which replaces the previous versions, approved in 2004, 2008 and 2014) was submitted to the Ministry of Justice.

On 28 June, the Ministry of Justice announced the conclusion of the review process for the new version of the Guidelines, with their approval.

In defining the Model, the Confindustria Guidelines provide for the following design phases:

- identification of **risk areas**, aimed at highlighting the business functions within which the prejudicial events provided for by the Decree may occur;
- establishment of a **control system** capable of preventing risks through the adoption of specific protocols. The most significant components of the control system devised by Confindustria are:
 - code of ethics;
 - organisational system;
 - manual and IT procedures;
 - authorisation and signing powers;
 - integrated control and management systems;
 - communication to staff and staff training.

The components of the control system must be based on the following principles:

- verifiability, documentability, consistency and coherence of every operation;
- application of the principle of segregation of duties (no one may manage an entire process independently);
- documentation of controls;
- provision of an appropriate system of sanctions for breaches of the code of ethics and the procedures/protocols set out in the model;
- identification of the requirements for the supervisory body, which can be summarised as:
 - autonomy and independence;
 - professionalism;
 - continuity of action.
- provision for procedures for the management of financial resources;
- reporting obligations of the supervisory body.

Failure to comply with specific points of the aforementioned Guidelines does not invalidate the Model. Indeed, the Model adopted by the Organisation must necessarily be drawn up with specific reference to the Company's actual circumstances, and may therefore also deviate from the Confindustria Guidelines, which, by their nature, are of a general nature.

It should also be noted that the Guidelines issued by Confindustria are dynamic in nature and may, over time, be subject to updates and revisions, which must be taken into account during analysis.

VII. Attempted offences and offences committed abroad

The Organisation is also liable for offences arising from attempted offences and offences committed abroad.

In cases where the offences provided for in the Decree are committed in the form of an attempt, financial penalties and disqualification sanctions are reduced by one-third to one-half, whilst the imposition of sanctions is excluded in cases where the Entity voluntarily prevents the commission of the act or the occurrence of the event. The exclusion of sanctions is justified, in such cases, by the severance of any relationship of identification between the Entity and persons acting in its name and on its behalf.

Pursuant to Article 4 of the Decree, an entity with its registered office in Italy may be held liable in relation to offences – covered by the Decree itself – committed abroad, in order to ensure that criminal conduct occurring frequently is not left unpunished, and to prevent easy circumvention of the entire regulatory framework in question.

The conditions on which the Entity's liability for offences committed abroad is based are:

- the offence must be committed abroad by a person functionally linked to the entity, pursuant to Article 5(1) of the Decree;
- the Entity must have its principal place of business within the territory of the Italian State;
- the conditions set out in Articles 7, 8, 9 and 10 of the Criminal Code, with reference to the punishability of offences committed abroad, must be met (Annex B – 'Articles of the Criminal Code referred to in Article 4 of Legislative Decree 231/2001' – describes the specific types of offences);
- no proceedings are brought against the Entity in the State where the offence was committed.

4 The Organisation, Management and Control Model of Penny Market S.r.l.

I. The Company

With a widespread and extensive presence throughout the country, Penny Market S.r.l. (hereinafter also Penny Market or the "Company" or "Penny Italia") is a food discount retailer forming part of the REWE Group, one of the leading retail groups on the German and European markets in the large-scale retail sector.

Penny Italia was established, as part of the REWE Group's international expansion, in the summer of 1994 in partnership with an Italian sector partner, with the opening of its first store in Cremona. The alliance proved advantageous as it combined German discount retail expertise with knowledge of the Italian mass retail market. Consequently, in 1999, Penny Italia achieved

Penny Italia's Organisational, Management and Control Model

sufficient financial strength and became independent: it was fully acquired by the REWE Group, for which the discount channel is of particular strategic importance. In 2000, in line with its expansion strategy, Penny acquired more than 50 stores from Plus Italia in Liguria, Tuscany and Umbria, establishing itself as the market leader in these regions.

The Company operates in the retail sector, specialising in food and beverages, through a sales network comprising numerous outlets spread throughout the country, served by distribution centres located in strategic locations across the peninsula to ensure efficient goods distribution.

Today, Penny Italia has over 400 stores across Italy, served by 8 distribution centres and over 4,000 employees.

The Company is mindful of the need to ensure fairness and transparency in the conduct of its business and corporate activities, to safeguard its position and image, the expectations of its shareholders and the work of its employees, and is aware of the importance of establishing an up-to-date internal control system capable of preventing unlawful conduct by its directors, employees, representatives and business partners.

To this end, Penny Italia has launched a project to analyse its organisational, management and control tools, aimed at verifying the compliance of the behavioural principles and procedures already adopted with the objectives set out in the Decree and at implementing the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the "Model").

By adopting the Code, Penny Italia intends to pursue the following objectives:

- to prohibit conduct that may constitute the offences referred to in the Decree;
- to raise awareness that any breach of the Decree, the provisions contained in the Model and the principles of the Code of Ethics may result in the imposition of sanctions (of a financial and disqualification nature) on the Company as well;
- enable the Company, through a structured system of procedures and constant monitoring of the correct implementation of this system, to prevent and/or promptly address the commission of offences relevant under the Decree.

Penny Italia's organisational structure is designed to ensure, on the one hand, the separation of tasks, roles and responsibilities between operational and control functions and, on the other, maximum efficiency.

In particular, the company's organisational structure is based on a precise definition of the tasks and competences of each corporate function and the associated responsibilities.

Below is a list of the most significant functions in relation to the Model:

- **Accounting & Finance:** this function is responsible for all administrative, tax and financial activities related to the Company's operations. It is also responsible for preparing the accounting documentation required for the closing of the financial statements.
- **Controlling:** this function is responsible for ensuring management control, coordinating the budgeting process, analysing and evaluating reporting data, and measuring performance. Within the Controlling Department, there is the **MPDA** function, which guarantees the accuracy and reliability of data relating to stock levels and, consequently, to stock discrepancies, as well as adjustments to stock levels in shops and warehouses through the daily monitoring of goods movements and master data. In collaboration with the Sales and Logistics Departments, it is responsible for drafting and updating operational procedures relating to goods management and the execution of various types of stock-taking in stores and warehouses, ensuring their correct scheduling, frequency and processing.
- **Procurement:** this function is responsible for the process of qualifying and monitoring suppliers relating to specific product groups and value thresholds, as well as for establishing, maintaining and updating the Supplier Register.
- **Purchasing & Category:** this function is dedicated to the procurement of all commercial goods displayed in retail outlets across the country. Furthermore, the function includes a number of roles within distribution centres responsible for monitoring stock levels and procurement (see the Disposition section).
- **Sales:** this function is responsible for all activities related to the sale of commercial products at retail outlets across the country. Furthermore, in collaboration with other functions within the Company, the function—through the role of Space Store Coordinator / Space Management—is responsible for the internal layout of retail outlets and for monitoring the KPIs assigned to sales network staff. Additionally, the function is involved in the process of planning promotions (the responsibility of the Strategic Marketing Department).
- **Logistics:** this function is dedicated to managing all goods handling activities carried out by the Company and the management of distribution centres located throughout Italy.
- **Human Resources:** this function handles all activities relating to the design, organisational development, training and strategies of Human Resources, including the recruitment, assessment and administrative management of the Company's staff.
- **Expansion:** this function is responsible for carrying out all preparatory activities for the Company's expansion across the country through the opening of new retail outlets.
- **Construction:** this function is responsible for organising and managing the opening of new retail outlets, including the technical and administrative procedures required for the construction work. It is also responsible for the technical management and maintenance of the retail outlets.
- **Strategic Marketing:** this function is dedicated to the marketing and brand promotion activities of the

. It is also responsible for all CRM activities related to customer loyalty, including through the development of dedicated promotional campaigns. Finally, it is the department responsible for managing the development of own-brand (private label) products.

- **Quality:** this function is responsible for the verification activities carried out on suppliers and their products. It also monitors and develops the quality of private label products sold within the Penny network and manages complaints and reports relating to products.
- **ICT:** this function manages and develops the networks, software and hardware maintenance used by the Company's staff.
- **Legal & Compliance:** this function is responsible for managing legal matters in which the Company is involved and for all compliance activities necessary to ensure compliance with current regulations.
- **Security:** this function is responsible for managing security activities relating to stores and the handling of cash. It is also responsible for opening and managing claims.
- **Commercial Auditing:** this function is responsible for conducting audits within retail outlets to verify consistency between commercial offers and the products actually sold in stores.
- **Supply Chain:** this function is responsible for the procurement of goods within the various Distribution Centres, from which the relevant retail outlets are then supplied.
- **Corporate Communications:** reporting directly to the board, this is the corporate function responsible for shaping, building and safeguarding the brand's reputation among all its stakeholders. It operates as a cross-functional unit supporting all other departments, with a remit covering Internal Communications, External Communications, Public & Corporate Affairs, Crisis Communications Management, PR and People Engagement.

II. Governance Model

Penny Italia's corporate governance, based on the traditional model, is structured as follows:

Shareholders' Meeting, authorised to resolve at ordinary and extraordinary meetings on matters reserved for it by law or the Articles of Association. The shareholder holding 100% of the shares is REWE International Dienstleistungsgesellschaft m.b.H.

Board of Directors, vested with the broadest powers for the management of the Company, with the authority to take all appropriate actions to achieve the corporate objectives, with the exception of those actions reserved – by law and the Articles of Association – for the Shareholders' Meeting.

Board of Statutory Auditors, which is responsible for supervising: a) compliance with the law and the Articles of Association, as well as adherence to the principles of sound management; b) the adequacy of the Company's organisational structure, internal control system and administrative and accounting system, including with regard to the reliability of

the latter in accurately representing management events; c) the adequacy of the instructions given to subsidiaries regarding the information to be provided to fulfil disclosure obligations.

An auditing firm, registered in the special register of Consob, which carries out the audit, appointed by the Shareholders' Meeting.

Finally, with particular regard to the proper management of specific categories of service and procurement contracts (including so-called 'labour-intensive' contracts), a **Supplier Assessment Committee** has been established to assess operational suppliers. The committee comprises the Head of *Procurement*, the Legal & Compliance Director and the Head of the Department / Department requesting or benefiting from the goods or services (or their substitute or delegate).

III. Purpose of the Model

The purpose of the Model is to establish a structured and comprehensive system of procedures and control activities (both preventive and ex post) aimed at reducing the risk of offences being committed by identifying the "Processes" and "Activities" susceptible to such offences and establishing corresponding procedures.

The principles contained in this Model must, on the one hand, lead to the potential perpetrator of the offence becoming fully aware of the risk of committing an offence (the commission of which is strongly condemned and contrary to the interests of Penny Italia, even when it might appear to benefit the company), and, on the other hand, through constant monitoring of activities, enable Penny Italia to react promptly to prevent or stop the commission of the offence itself.

One of the aims of the Model is, therefore, to foster awareness among Employees, Corporate Bodies, Service Companies, Consultants and Partners, who operate on behalf of or in the interests of the Company within the scope of "Processes" and "Sensitive Activities", that they may incur – in the event of conduct not in compliance with the provisions of the Code of Ethics and other company rules and procedures – offences liable to criminal consequences not only for themselves but also for the Company.

Furthermore, the aim is to actively deter any unlawful conduct through the Supervisory Body's ongoing monitoring of individuals' actions in relation to "Processes" and "Sensitive Activities" and the imposition of disciplinary or contractual sanctions.

The key features of this Model are: **effectiveness, specificity and timeliness**.

a) Effectiveness

The effectiveness of a Model depends on its practical suitability for developing decision-making and control mechanisms capable of eliminating – or at least significantly reducing – the area of liability risk. This suitability is guaranteed by the existence of preventive and subsequent control mechanisms capable of identifying

transactions exhibiting anomalous characteristics, such as to flag conduct falling within the processes and tools for timely intervention in the event of the identification of such anomalies. The effectiveness of a Model, in fact, also depends on the efficiency of the tools capable of identifying 'signs of wrongdoing'.

b) Specificity

The specificity of a Model is one of the elements that characterises its effectiveness.

- Specificity linked to processes is required, as referred to in Article 6(2)(a) of the Decree, which mandates a review of the Company's activities within which offences may be committed;
- Pursuant to Article 6(2)(b) of the Decree, it is equally necessary for the Model to provide for specific processes for the formation of the entity's decisions and for implementation processes within 'sensitive' sectors.

Similarly, the identification of procedures for the management of financial resources, the development of a system of reporting obligations, and the introduction of an appropriate disciplinary system are requirements that necessitate the specificity of the individual components of the Model.

Furthermore, the Model must take into account the Company's specific characteristics, its size and the nature of its activities, as well as its history.

c) Relevance

A Model is effective in reducing the risks of criminal offences if it is constantly adapted to the characteristics of the company's structure and business activities.

In this regard, Article 6 of the Decree provides that the Supervisory Body, which has independent powers of initiative and control, is responsible for overseeing the updating of the Model.

Article 7 of the Decree establishes that the effective implementation of the Model must include periodic review, as well as any necessary amendments to the Model should any violations be discovered or should changes occur in the Company's business or organisational structure.

IV. Intended Audience

The rules contained in the Model apply:

- to those within the Company who hold formal positions, such as legal representative, director or member of the board of statutory auditors;
- to those who perform, even de facto, management, administrative, executive or supervisory functions within the Company or in one of its autonomous organisational units;

- to those who perform management functions as heads of specific organisational units;
- to those who, although not formally appointed, effectively carry out management and control activities within the Company;
- the Company's employees, of any rank and under any type of contractual relationship, even if seconded abroad to carry out their duties;
- to the Company's employees, even if seconded abroad to carry out their duties;
- all those who collaborate with the Company under a quasi-subordinate employment relationship, such as project-based workers, temporary workers, agency workers, etc.;
- to those who, although not employees of the Company, act on its behalf or in its interests.
- those individuals acting in the Company's interest, as they are linked to it by contractual legal relationships or agreements of another nature, such as, for example, joint-venture partners or partners for the implementation or acquisition of a business project.
- all persons within the Group whose activities or decisions have an impact on the Company.

The Model constitutes an indispensable reference for all those who contribute to the development of the various activities, in their capacity as suppliers of materials, services and works, consultants, and partners with whom Penny Italia operates.

V. The methodology for preparing the MOG and conducting the Risk Self-Assessment

The process of defining the Model is divided into the following stages:

1) Preliminary analysis of the corporate context

The aim of this phase was to conduct a preliminary examination, through document analysis and interviews with informed parties within the corporate structure, of the organisation and activities carried out by the various departments, as well as the business processes into which these activities are organised.

2) Identification of business areas and processes at 'risk of offence'

Through the aforementioned preliminary analysis of the corporate context, the following were identified:

- areas of activity 'vulnerable' to the commission of offences, namely activities within which opportunities for the unlawful conduct set out in the Decree could hypothetically arise,
- the processes "instrumental" to the commission of the offences referred to in the Decree, namely the processes within which, in principle, the conditions and/or means for committing offences could arise.

The aforementioned analysis is set out in the "risk assessment" or "mapping of sensitive activities and instrumental processes", as set out in Annex 2.

For the identified areas of activity and sensitive instrumental processes, the potential

risk-crime scenarios, the possible ways in which they might occur, and the functions and individuals typically involved. An assessment was therefore carried out of the potential risk level associated with each sensitive activity or process, using a *risk assessment* methodology based on the following elements and set out in Annex 3:

1. identification and weighting of the two main axes for risk analysis:
 - probability axis, indicating the likelihood of the risk event occurring;
 - impact axis, indicating the consequences of the risk event occurring;
2. assignment and weighting, for each of the macro-axes, of specific assessment parameters, according to the following scheme:
 - For the probability axis:
 - frequency of occurrence/performance of the described activity and other economic and quantitative indicators of the significance of the business activity or process (e.g. economic value of the transactions or acts carried out, number and type of parties involved, etc.);
 - probability of the alleged offence occurring within the operational context (e.g. presumed 'ease' of committing the criminal act relative to the relevant context);
 - any previous instances of offences committed within the Company or, more generally, within the sector in which it operates.
 - For the impact axis:
 - the severity of the sanctions potentially associated with the commission of one of the offences provided for by Legislative Decree 231/2001 in the course of business;
 - potential benefit that would accrue to the Company as a result of the commission of the alleged unlawful conduct and which could act as an incentive for company staff to commit the unlawful conduct;
3. assignment of a *score* to each assessment parameter based on a qualitative scale (e.g. very low – low – medium – high – very high);
4. definition of *the final score* (axis and total) and assignment of a summary risk assessment based on this, classified as follows: RED – high risk, YELLOW – medium risk, GREEN – low risk.

It should be noted that the above variables have been used to define a grading of the overall risk associated with individual sensitive activities/processes.

3) Design of the Model

Following the activities described above, Penny Italia deemed it appropriate to define the operating principles and reference 'protocols' of the Model it intends to implement, which are set out in the specific sections of

this Document.

VI. Structure of the Model

The Model consists of all the “components” identified in paragraph VII below and of all the procedures, company and group *policies*, and management and control systems referred to and/or provided for in this document.

This document consists of a General Part and a Special Part.

The **General Part** describes the provisions contained in Legislative Decree 231/01, the indication – in the parts relevant to the Decree – of the legislation specifically applicable to the Company, the description of offences relevant to the Company, the indication of the Model's addressees, the operating principles of the Supervisory Body, the definition of a system of sanctions dedicated to addressing breaches of the Model, and the indication of the Model's communication and staff training obligations.

The **Special Section** sets out the processes and related ‘sensitive’ activities – that is, activities which the Company has identified as being at risk of offences, following the risk analyses conducted – in accordance with the Decree, the general principles of conduct, the preventive measures to safeguard the aforementioned activities, and the essential control measures designed to prevent or mitigate offences.

The following also form an integral part of the Model:

- all documents attached thereto;
- the Risk Self-Assessment aimed at identifying sensitive activities;
- the Code of Ethics, which defines the Company's principles and rules of conduct;
- all provisions, internal measures, acts or operational procedures that constitute the instruments for implementing the Model.

These acts and documents are available, in accordance with the procedures laid down for their dissemination, within the company and on the company intranet.

VII. Key elements of the Model

With reference to the requirements identified in the Decree and relevant best practices, the essential components of the Model adopted by Penny Market can be summarised as follows:

- an **internal regulatory system**, aimed at preventing predicate offences, which includes, among other things:
 - the REWE Group Code of Ethics adopted by the Company, to be understood as an integral part of the

Model 231, which sets out the ethical commitments and responsibilities in the conduct of business and corporate activities undertaken by all those acting on behalf of or in the interests of Penny Market;

- internal procedural rules (so-called "protocols") also designed to regulate operating procedures in sensitive activities, which constitute the rules to be followed in the conduct of corporate activities, setting out the controls to be carried out in order to ensure their correctness, effectiveness and efficiency.
- a **management control system** and a **system for monitoring cash flows** in sensitive activities.

The management of cash flows is carried out in accordance with the principles of traceability and documentability of transactions carried out, as well as consistency with the powers and responsibilities assigned.

The management control system adopted by Penny Market is structured around the various stages of annual budget preparation, analysis of periodic final accounts and the preparation of forecasts.

These systems ensure:

- the involvement of multiple parties, in terms of appropriate segregation of duties for the processing and transmission of information, so as to ensure that all disbursements are requested, authorised and carried out by independent functions or by parties that are as distinct as possible;
- the preservation of assets, with a corresponding prohibition on carrying out risky financial transactions;
- the ability to provide timely notification of the existence and emergence of critical situations through an adequate and timely system of information flows and reporting;
- an **organisational structure** consistent with the company's activities, designed to ensure proper conduct, as well as to guarantee a clear and systematic allocation of tasks and an appropriate segregation of duties, through:
 - an organisational chart, which illustrates the Divisions into which the company's activities are divided, the Functions reporting to the Divisions and the lines of hierarchical reporting;
 - organisational arrangements, which describe the assigned responsibilities, areas of activity and the coordination between the various departments/functions, and which reflect the company's actual operations;
 - a system of powers. In particular, the Company grants:
 - powers of permanent representation, through registered powers of attorney, in relation to the performance of activities connected with the permanent responsibilities provided for within the company's organisation;
 - any powers relating to individual transactions, conferred by powers of attorney, in accordance with the laws defining the forms of representation and the types of individual deeds to be executed,

as well as taking into account the various requirements for enforceability against third parties.

The Company ensures the constant updating and consistency between the system of powers and the defined organisational and managerial responsibilities, for instance, on the occasion of a review of the Company's macro-organisational structure (e.g., the establishment of Divisions), significant changes in responsibilities and changes in key positions within the structure, the departure from the organisation of individuals holding corporate powers, or the arrival of individuals requiring corporate powers;

- a **management system for outsourced processes**. The Company also relies on the support of third parties to carry out its activities. The outsourcing of activities is formalised through the conclusion of specific service contracts which ensure that the Company:
 - make all decisions in accordance with its autonomy, whilst retaining the necessary responsibility for outsourced activities;
 - consequently retain the ability to monitor the adequacy of the outsourced services.

In particular, these contracts provide for:

- the activity being outsourced, the methods of execution and the relevant remuneration;
- that the supplier carries out the outsourced activities in accordance with current legislation and the Company's provisions;
- that the supplier guarantees the confidentiality of data relating to the Company;
- that the Company has the right to monitor and access the supplier's activities and documentation, including the possibility of carrying out specific second-party audits;
- that the Company may terminate the contract without incurring disproportionate costs or costs that would, in practice, prejudice the exercise of the right of termination;
- a system of penalties in the event of breach of contract;
- specific clauses regarding administrative liability pursuant to Legislative Decree 231/2001 (acceptance by the supplier of the provisions of the Code of Ethics and Model 231, and termination of the contractual relationship in the event of a breach of Legislative Decree 231/2001 and/or the Model and/or the Code of Ethics);
- the identification of expected service and control levels (Service/Controls Level Agreement) where possible.

The relevant Company officials verify, including through monitoring of the agreed service and control levels, compliance with the contractual clauses and the adequacy of the services provided by the outsourcer;

- a **Supervisory Body** – meeting the requirements of autonomy, independence, continuity of action and professionalism – tasked with overseeing the functioning of and compliance with the 231 Model and proposing updates thereto, subject to the granting, for this purpose, of powers, resources and access to the

information necessary to carry out its activities;

- a **training and information system** aimed at disseminating the contents and principles of the Model to all Recipients;
- a specific **disciplinary system**, in line with applicable labour law and the provisions of the relevant National Collective Labour Agreement, designed to sanction breaches of the 231 Model as well as unlawful conduct relevant under the combined provisions of Legislative Decree 24/2023 and Legislative Decree 231/2001.

VIII. Code of Ethics

The Company deemed it appropriate and necessary to set out in the Code of Ethics, adopted by resolution of the Board of Directors on 06/05/2024, the values to which all its directors, employees and collaborators in various capacities must adhere, accepting responsibilities, structures, roles and rules for the breach of which they assume personal liability both within and outside the company.

The Code of Ethics adopted by the Company also sets out the ethical commitments and responsibilities in the conduct of business and corporate activities and defines the set of values and principles that inspire the companies of the REWE Group.

The fundamental ethical principles set out in the Code and by which the Company is guided are compliance with the law, transparency and sound management, trust, honesty and cooperation, integrity, competence and loyalty, with a view to competing effectively and fairly in the market, improving customer satisfaction and developing the skills and professional growth of its human resources.

For the Company, adherence to these principles in the conduct of business constitutes a necessary condition, as well as a competitive advantage, for pursuing and achieving corporate objectives, which consist in creating and maximising value for those who work for the Company, for customers and for society as a whole.

The rules of conduct contained in this Model complement those of the Code of Ethics, although the Model, given the objectives it seeks to achieve in implementing the provisions set out in the Decree, has a different scope from the Code itself. In this respect, in fact:

- the Code of Ethics represents an instrument adopted independently and applicable in general terms by the Company for the purpose of setting out the principles of 'corporate ethics' that the Company recognises as its own and which it requires all Employees to observe;
- the Model, on the other hand, responds to specific requirements contained in the Decree, aimed at preventing the commission of particular types of offences (for acts which, although apparently committed for the benefit of the company, may give rise to administrative liability under the provisions of the Decree itself).

IX. Basis of the Model

In drawing up the Model, Penny Italia has taken its corporate organisation into account in order to identify the areas of activity most exposed to the risk of potential offences being committed.

The Company has also taken into account its internal control system in order to assess its ability to prevent the offences covered by the Decree in the areas of activity identified as being at risk.

More generally, Penny Italia's internal control system must ensure, with reasonable certainty, the achievement of operational, reporting and compliance objectives:

- the operational objective of the internal control system concerns the Company's effectiveness and efficiency in utilising resources, protecting itself from losses and safeguarding corporate assets; this system is also designed to ensure that staff act in pursuit of corporate objectives, without placing other interests before those of Penny Italia;
- the reporting objective involves the preparation of timely and reliable reports to support decision-making both within and outside the company;
- the compliance objective, on the other hand, ensures that all operations and actions are conducted in compliance with laws and regulations, prudential requirements and internal company procedures.

In particular, the internal control system is based on the following elements:

- a formalised organisational structure with clear allocation of responsibilities;
- a procedural system;
- IT systems designed to segregate duties;
- a management control and reporting system;
- authorisation and signing powers assigned in line with responsibilities;
- an internal communication and staff training system.

Penny Italia's internal control system is based on the following principles:

- every operation, transaction and action must be accurate, verifiable, consistent and documented;
- no one must be able to manage an entire process independently (so-called segregation of duties);
- the internal control system must be able to document the performance of controls, including supervisory controls. All staff, within the scope of their duties, are responsible for the definition and proper functioning of the control system through line controls, consisting of the set of control activities that individual operational units carry out on their processes.

X. Amendments to the Model

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All substantial amendments and additions to the Model itself fall within the remit of the Company's Board of Directors, as this Model is an act issued by the governing body (see Decree, Art. 6).

In order to ensure the stability and effectiveness of the Model, decisions regarding substantial amendments and additions to the Model must be approved by a vote of at least two-thirds of the directors present at the meeting.

XI. Offences relevant to Penny Italia

The preparation of the Model was preceded by a series of preparatory activities in line with the provisions of the Decree.

The Decree expressly provides, in Article 6(2)(a), that the entity's Model must identify the business activities within which the offences referred to in the Decree may potentially be committed.

In compliance with these requirements, organisational and management models may be adopted on the basis of codes of conduct drawn up by representative trade associations and deemed suitable by the Ministry of Justice.

As mentioned in paragraph V, the Company has conducted a thorough analysis of its organisational, management and control tools, aimed at verifying the alignment of the behavioural principles and procedures already adopted with the objectives set out in the Decree and, where necessary, adapting them.

Following this analysis, the Company undertook a process to improve its internal control system with the aim of addressing the critical issues identified during the risk assessment activities, for example, by formalising the operational procedures designed to regulate key processes and by adopting internal policies and protocols to oversee high-risk activities, which form an integral and substantial part of this Organisational Model.

Based on the analysis conducted, including during the update of the Model, the offences that could potentially be committed within the corporate context of Penny Italia are as follows:

OFFENCES PROVIDED FOR BY THE DECREE	Applicability to Penny Italia
Offences in dealings with the public administration (Art. 24-25)	Yes
Cybercrimes and unlawful data processing (Art. 24-bis)	Yes

OFFENCES PROVIDED FOR BY THE DECREE	Applicability to Penny Italia
Organised crime offences (Art. 24-ter)	Yes
Counterfeiting of currency, public credit cards, revenue stamps and identification documents or marks (Art. 25-bis)	Yes
Offences against industry and commerce (Art. 25-bis1)	Yes
Corporate offences (Art. 25-ter)	Yes
Offences committed for the purposes of terrorism or subversion of the democratic order (Art. 25- <i>quater</i>)	No
Practices involving female genital mutilation (Art. 25- <i>quater</i> 1)	No
Offences against the individual (Art. 25- <i>quinquies</i>)	Yes
Market abuse (Art. 25- <i>sexies</i>)	No
Market abuse involving crypto-assets (Art. 34(1) of Legislative Decree 129/2024)	No
Causing death by negligence and causing serious or very serious injury by negligence, committed in breach of regulations on health and safety at work (Art. 25- <i>septies</i>)	Yes
Receiving stolen goods, money laundering and the use of money, property or benefits of illicit origin, as well as self-laundering (Art. 25- <i>octies</i>)	Yes
Offences relating to non-cash payment instruments (Art. 25- <i>octies</i> .1)	Yes
Offences relating to copyright infringement (Art. 25- <i>novies</i>)	Yes
Inducement to make false statements or to withhold statements to the judicial authorities (Art. 25- <i>decies</i>)	Yes
Environmental offences (Art. 25- <i>undecies</i>)	Yes

OFFENCES PROVIDED FOR BY THE DECREE	Applicability to Penny Italia
Employment of third-country nationals whose stay is irregular (Art. 25-duodecies)	Yes
Racism and Xenophobia (Art. 25-terdecies)	Yes
Fraud in sporting competitions, illegal gambling or betting, and gambling carried out using prohibited devices (Art. 25-quaterdecies)	No
Tax offences (Art. 25-quinquiesdecies)	Yes
Smuggling offences (Art. 25-sexiesdecies)	No
Offences against cultural heritage (Art. 25-septiesdecies)	Yes
Money laundering of cultural property and destruction and looting of cultural and landscape heritage (Art. 25-doudecies)	Yes
Offences against animals (Art. 25-undecies)	No
Transnational offences (Law No. 146/2006)	Yes

The offences referred to in Articles 25-*quater* (Offences committed for the purposes of terrorism or subversion of the democratic order), 25-*quater.1* (Practices involving female genital mutilation), 25-*quaterdecies* (Fraud in sporting competitions, unlawful gambling or betting, and gambling carried out using prohibited devices) and 25-*undecies* (Crimes against animals) were not considered applicable as the likelihood of such offences occurring was assessed as extremely remote, given the Company's *core business*.

As regards the offences referred to in Articles 25-*sexies* (Market abuse) and 34(1) of Legislative Decree 129/2024 (Market abuse of crypto-assets), these are not applicable as the Company is not listed on the stock exchange.

With regard to the offence referred to in Article 25-*octies* (Receiving stolen goods, money laundering and the use of money, property or benefits of illicit origin, as well as self-laundering), it should be noted that the risk mapping was carried out in accordance with the Confindustria Circular of 12 June 2015 (19867), with the aim of avoiding automatic charges for self-laundering, by strictly interpreting Article 648-*ter.1* and, therefore, emphasising the most characteristic element of money laundering conduct, namely the ability to conceal the unlawful nature of the proceeds. In line with a literal and substantive interpretation of the provision, emphasis was placed on the constituent elements

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of the offence with a view to punishing only those acts that constitute a further criminal offence beyond that attributable to the predicate offence.

Therefore, with specific reference to self-laundering, we have mapped this risk not in relation to the source of the proceeds, but in relation to the actual self-laundering conduct. Essentially, this involves the management of financial resources, liquidity and liquidity investments.

Finally, with regard to the offence referred to in Article 25-*sexiesdecies* (Smuggling offences), this is not applicable as, at present, Penny Italia manages all import activities on a 'free at destination' basis.

For the sake of completeness, we would like to inform you that the offences introduced by Law No. 137/2023 (published in the Official Gazette No. 236/2023) have been included in the General Section, whilst the predicate offences will be subject to analysis and further examination during the next update of the Organisational Model.

The main business processes within which a potential risk of committing the offences under the Decree has been identified are as follows:

#	Process	
1	Purchasing	ACQ
2	Administration, Finance and Control	AFC
3	Development	SVIL
4	Human Resources	HR
5	Legal	LEG
6	Logistics	LOG
7	Marketing and Communication	MKT
8	Quality	QUA
9	Sales	VEN
10	Relations with the Public Administration	RPA

#	Process	
11	Information Technology	IT
12	Environment	AMB
13	Health and Safety at Work	OHS
14	Reorganisation and Allocation	SUPPLY CHAIN

XII. General and Specific Internal Control Principles

The Company's organisational system must comply with the fundamental requirements of: explicit formalisation of rules of conduct; a clear, formal and accessible description and identification of the activities, duties and powers assigned to each department and to the various professional roles and positions; a precise description of control activities and their traceability; and adequate segregation of operational and control roles.

In particular, the following general principles of internal control must be pursued: Rules of

conduct

- Existence of a Code of Ethics setting out general rules of conduct to safeguard the activities carried out.

Definitions of roles and responsibilities

- Internal regulations must set out the roles and responsibilities of organisational units at all levels, describing the specific activities of each structure in a consistent manner;
- these regulations must be made available and known within the organisation.

Internal procedures and rules

- Sensitive activities must be regulated, in a consistent and appropriate manner, through the company's regulatory instruments, so that the operational procedures for carrying out the activities, the related controls and the responsibilities of those involved can be identified at all times;
- A Manager must be identified and formally appointed for each sensitive activity, typically coinciding with the head of the organisational unit responsible for managing that activity.

Segregation of duties

Penny Italia's Organisational, Management and Control Model

- Within every relevant business process, the functions or persons responsible for decision-making and implementation must be separated from those who record and control the decision;
- there must be no overlap between those who make or implement decisions, those who prepare the accounting records of the transactions decided upon, and those required to carry out the controls on such transactions as prescribed by law and by the procedures set out in the internal control system.

Authorisation and signing powers

- A system of delegated powers must be established within which there is a clear identification and specific assignment of powers and limits to the persons acting on behalf of the company and expressing its will;
- organisational and signing powers (delegations, powers of attorney and associated spending limits) must be consistent with the organisational responsibilities assigned;
- powers of attorney must be consistent with the internal system of delegations;
- mechanisms are in place for the disclosure of powers of attorney;
- the system of delegated powers must identify, amongst other things:
 - the professional requirements and skills that the delegate must possess in view of the specific scope of the delegation;
 - the express acceptance by the delegate or sub-delegate of the delegated functions and the consequent assumption of the obligations conferred;
 - the operational procedures for managing expenditure commitments;
- delegations are granted in accordance with the principles of:
 - decision-making and financial autonomy of the delegate;
 - the delegate's technical and professional suitability;
 - independent availability of resources adequate to the task and continuity of performance.

Control and traceability activities

- within the framework of procedures or other internal regulations, operational controls and their characteristics (responsibilities, evidence, frequency) must be formalised;
- documentation relating to sensitive activities must be properly formalised and include the date of compilation, viewed inspected of document and the signature recognisable of

compiler/supervisor; this must be stored in a suitable location for safekeeping, in order to protect the confidentiality of the data contained therein and to prevent damage, deterioration and loss;

- it must be possible to trace the creation of documents and the relevant authorisation levels, the progression of operations, materials and records, with evidence of their rationale and purpose, to ensure the transparency of the decisions made;
- the person responsible for the activity must produce and maintain adequate monitoring reports containing evidence of the checks carried out and of any anomalies;
- where possible, provision must be made for the adoption of IT systems that ensure the correct and accurate attribution of each operation, or a segment thereof, to the person responsible for it and to those involved in it. The system must prevent any untraceable modification of records;
- documents relating to the Company's activities, and in particular documents or electronic records concerning sensitive activities, shall be archived and retained by the relevant department in such a way as to prevent subsequent modification, unless duly recorded;
- access to documents already archived must always be justified and granted only to persons authorised in accordance with internal regulations or their delegates, to the Board of Statutory Auditors or equivalent body or to other internal control bodies, to any appointed external auditors and to the Supervisory Body.

XIII. Provision of intra-group services

The provision of goods or services by companies within the REWE Group, with particular reference to goods or services that may relate to processes at risk of criminal offences and related Sensitive Activities, must take place in accordance with the following principles:

- the obligation that all intra-group contracts be entered into in writing and that the Company's Supervisory Body be notified of such contracts, which may, where appropriate, inspect them;
- the obligation on the part of the supplying company to certify the accuracy and completeness of the documentation produced and the information communicated to the Company in accordance with legal obligations;
- the lending company undertakes to comply, for the duration of the contract, with the fundamental principles of the Code of Conduct and the Model, as well as the provisions of Legislative Decree 231/2001, and to operate in accordance with them.

5 Supervisory Body

I. The Supervisory Body and its requirements

In order to ensure that the Company is exempt from administrative liability in accordance with the provisions

Article 6 of the Decree, the Company must identify and establish a Supervisory Body endowed with the authority and powers necessary to oversee, in complete autonomy, the functioning of and compliance with the Model, as well as to ensure its updating, proposing any amendments or additions deemed appropriate to the Company's Board of Directors.

The members of the Company's Supervisory Body (hereinafter also "SB") are selected from individuals who meet the requirements of autonomy, independence and professionalism required by the Decree to perform this role.

Decree 231/01 provides no guidance whatsoever regarding the composition of the SB; therefore, the choice between a single-member or multi-member SB and the identification of its members – whether internal or external to the organisation – must take into account - as suggested by the Confindustria Guidelines and as confirmed by relevant case law - the objectives pursued by the law and the corporate context in which the SB will operate, as it must ensure the effectiveness of controls in relation to the size and organisational complexity of the entity.

Based on these guidelines, the SB must possess the following main characteristics:

Autonomy and independence

The requirements of autonomy and independence that the SB must necessarily possess, so that the Company may be exempt from liability, relate in particular to the functioning of the SB itself. The position of the SB within the Company must therefore ensure the autonomy of the control initiative from any interference or influence from the Company and its management bodies. These requirements are ensured by placing the SB in a top-level position within the corporate organisation, without assigning to it, either formally or de facto, any executive role that might involve it in the Company's decisions and operational activities, which would otherwise deprive it of the necessary objectivity of judgement when verifying conduct and the Model.

The requirements of autonomy and independence must apply not only to the SB as a whole but also to its individual members: in the case of an SB with multiple members, where some are external and others internal, as total independence from the Company cannot be required of internal members, the degree of independence of the SB must be assessed as a whole.

In order to ensure that the requirements described above are effectively met, it is advisable that the members of the SB possess certain formal subjective requirements that further guarantee their autonomy and independence, as provided for in the Confindustria Guidelines for the establishment of organisational, management and control models pursuant to Legislative Decree No. 231 of 8 June 2001, No. 231, approved on 7 March 2002 and updated in March 2014 (e.g. good repute, absence of conflicts of interest with corporate bodies and senior management, etc.).

Professionalism

The members of the Supervisory Board must possess, as also specified in certain court rulings,

specific technical skills in order to carry out their inspection and control duties effectively. These are specialist techniques typical of those engaged in inspection, consultancy and legal work.

With regard to the inspection and analysis of the control system, it is advisable for members of the SB to have experience, for example, in risk analysis and assessment techniques, in measures for risk mitigation, in *flow-charting* procedures and processes to identify weaknesses, and in interview techniques and questionnaire design.

It should be noted, in any case, that the SB, in order to fulfil its duties, may utilise, in addition to the specific expertise of individual members, internal company resources or external consultants.

Continuity of action

In order to ensure the effective and consistent implementation of the Organisational Model, the SB must ensure continuity in the performance of its functions, which should not be understood as "continuous presence", but rather as the effectiveness and frequency of monitoring.

The definition of aspects relating to the SB's continuity of action, such as the scheduling of activities, the recording of minutes of meetings, and the frequency and manner of meetings, is left to the SB itself, which, in exercising its power of self-regulation, must govern its own internal functioning. In this regard, it is advisable for the SB itself to draw up regulations governing its activities (e.g. procedures for convening meetings, documentation of activities, etc.).

Finally, it should be noted that Law No. 183 of 2011 (the so-called Stability Law for 2012) expressly provided for the possibility for joint-stock companies to entrust the functions of the Supervisory Body to the Board of Statutory Auditors (Article 6, paragraph 4-bis of the Decree). Therefore, the Company has the right to opt for this form of organisation of the Supervisory Body, also in view of the need for an overall rationalisation of the control system adopted.

Unrestricted access

Unrestricted access to all company information it deems relevant.

Autonomy of expenditure

Autonomy in expenditure as regards the performance of its functions, provided that such expenditure is necessary for the implementation and operation of the Model.

II. Composition of the Supervisory Body, appointment, removal, grounds for ineligibility and forfeiture of office of its members

The number and qualifications of the members of the Supervisory Body are determined by the Board of

, which appoints the Supervisory Body and its Chair by means of a specific, reasoned board resolution, confirming that the members of the Supervisory Body meet the requirements of autonomy, independence and professionalism.

The members of the Supervisory Body remain in office for three years until the approval of the company's financial statements for the third year and may be re-elected.

In carrying out their duties, the members of the Supervisory Body must maintain the necessary requirements of autonomy and independence required by the Decree: they must therefore immediately notify the Board of Directors and the Supervisory Body itself of the occurrence of any situations that prevent them from continuing to meet these requirements.

The appointed members of the Supervisory Body remain in office for the entire duration of their term, regardless of any changes to the composition of the Board of Directors that appointed them, unless the renewal of the Board of Directors is due to the commission of one of the offences covered by the Decree: in such a case, the newly elected administrative body shall establish a new Supervisory Body.

The following persons may not be elected to the Supervisory Body and, if elected, shall automatically forfeit their office:

- those who are in the circumstances provided for in Article 2382 of the Civil Code (disqualification, incapacitation, bankruptcy, conviction to a penalty entailing disqualification, even temporary, from public office or the inability to hold executive office);
- the spouse, relatives and relatives by marriage up to the fourth degree of the Company's non-independent directors; the spouse, relatives and relatives by marriage up to the fourth degree of the non-independent directors of the Company's subsidiaries, of the companies controlling the Company and of those subject to joint control;
- those who have been convicted by a judgment, even if not yet final (including that handed down pursuant to Article 444 of the Code of Criminal Procedure):
 - to imprisonment for a term of not less than one year: i) for one of the offences provided for by Royal Decree No. 267/1942; ii) for one of the offences provided for by the regulations governing banking, financial, securities, market and payment instrument activities; iii) for an offence against the public administration, against public trust, against property, against the public economy or in relation to taxation;
 - imprisonment for a term of not less than two years for any intentional offence;
 - for one or more offences among those provided for and referred to in the Decree, regardless of the type of sentence imposed;
 - for an offence resulting in a sentence entailing disqualification, even temporary, from public office or temporary disqualification from management positions in legal persons and

companies.

- those against whom one of the preventive measures provided for in Article 3 of Law No. 55 of 19 March 1990, as amended, has been applied.

In the event of the appointment of an external member, the latter must not have any commercial relations with the Company that could give rise to conflicts of interest.

Subject to cases of automatic forfeiture, members of the Supervisory Board may not be removed by the Board of Directors except for just cause.

The following constitute just cause for removal:

- a conviction of the Company under the Decree, or a plea bargain, where the records show "omission or insufficient supervision" on the part of the Supervisory Board as provided for in Article 6(1)(d) of the Decree;
- failure to maintain confidentiality regarding information of which they become aware in the performance of their duties;
- failure to attend more than two consecutive meetings of the Supervisory Board without just cause.

In the event of the resignation or automatic forfeiture of office of a member of the SB, the latter shall promptly notify the Board of Directors, which shall take the necessary decisions without delay.

The SB shall be deemed to have lapsed if, due to resignation or other causes, the majority of its members are no longer in office. In such a case, the Board of Directors shall appoint all members of the SB anew.

Where there are serious grounds for doing so, the Board of Directors shall suspend one or all members of the SB from their duties, promptly appointing a new member or the entire SB *on an interim basis*.

III. The Supervisory Body of Penny Italia

On the basis of the assumptions and considerations set out above, at the same time as adopting its Organisational Model, the Company established the Supervisory Body (SB) and appointed its members. In its current composition, the SB was appointed by resolution dated 28 September 2020.

The decision was made to entrust the functions of the Supervisory Body to a collegial body comprising three members (two external members and one internal member).

Given the size and characteristics of the company's organisation and the complexity of the tasks the SB is required to perform, the composition described above appears to be the most suitable for ensuring

the autonomy, professionalism and continuity of action that must characterise the work of said Body.

The decision to appoint the external member as Chair of the Supervisory Body meets the need to strengthen the requirements of autonomy and independence of the Body, as well as its professionalism. More specifically, an external professional with expertise in compliance with Legislative Decree 231/2001 has been appointed as Chair of the Supervisory Body.

The presence of two members of the Supervisory Body from outside the Company and one from within therefore meets the need to ensure the continuity of the Supervisory Body's actions within the practical reality of the business, providing the necessary support for the management of information flows and the internal coordination of activities between the Supervisory Body and the Company's organisational units.

IV. Duties, Powers and Functions of the Supervisory Body

The Supervisory Body performs the supervisory and control functions provided for by the Decree and the Model.

The Supervisory Body has independent powers of initiative and control within the Company sufficient to enable the effective performance of the functions provided for by the Decree and the Model.

For all purposes necessary for the proper performance of its duties, the Supervisory Body has adequate financial resources, which are allocated to it on the basis of *an expenditure budget* approved by the Board of Directors, upon the proposal of the Supervisory Body itself. The activities carried out by the Supervisory Body may not be subject to scrutiny by any other corporate body or structure, it being understood that the Board of Directors is in any case required to monitor the adequacy of its actions, as the Board of Directors bears ultimate responsibility for the functioning and effectiveness of the Model.

The SB is required to carry out the following activities:

- a) Verification and supervision activities:
 - monitoring compliance with the Model;
 - verifying the actual adequacy and capacity of the Model to prevent the commission of the offences provided for in the Decree;
 - overseeing the correct application of the Disciplinary System by the company departments responsible for it;
- b) Updating the Model
 - assessing the continued soundness and functionality of the Model over time, ensuring that the Company ensures the Model is updated and, if necessary, proposing to the Board of

or to the relevant company departments, where appropriate, to adapt it in order to improve its adequacy and effectiveness in light of changes in corporate and/or legislative conditions;

- follow-up activities, i.e. verifying the implementation and effective functioning of the proposed solutions.

c) Information and training

- promoting awareness and understanding of the Model within the company;
- promoting and monitoring initiatives, including training courses and communications, aimed at ensuring all Recipients have an adequate understanding of the Model;
- assessment of and response to requests for clarification from company departments or from the administrative and control bodies, where these are related to and/or connected with the Model.

d) Reporting to and from the Supervisory Body

- implementing, in accordance with the Model, an effective flow of information to the relevant corporate bodies regarding the effectiveness and compliance with the Model;
- verification of the timely fulfilment, by the relevant parties, of all
- relating to the Model;
- examination and assessment of all information and/or reports received in relation to the Model (including those concerning any breaches thereof) in accordance with the provisions of the "Whistleblowing Policy" in force (referred to in Chapter 7 below);
- in the event of inspections by institutional bodies, including public authorities, provision of the necessary information to the inspecting bodies.

As part of the activities set out above, the SB shall carry out the following duties:

- promote the dissemination and verification within the company of knowledge and understanding of the principles outlined in the Model;
- collect, process, store and update all information relevant to verifying compliance with the Model;
- periodically verify and monitor the identified areas and activities at risk, carrying out, where it deems necessary for the performance of its functions, even unannounced checks (so-called "surprise checks");
- verify and monitor the proper maintenance and effectiveness of all documentation relating to the activities/operations identified in the Model;

- periodically review the powers of attorney and internal delegations of authority in force, recommending the necessary amendments should they no longer be consistent with organisational and managerial responsibilities;
- establish (by requesting this from the relevant company departments) specific “dedicated” information channels (e.g. email addresses), designed to facilitate the flow of information (Information Flows) to the Body;
- periodically assess the adequacy of the Model in relation to the provisions and regulatory principles of the Decree and the corresponding need for updates;
- periodically assess the adequacy of the information flow and adopt any necessary corrective measures;
- communicate and report periodically to the Board of Directors on the activities carried out, on reports received that are relevant to matters pertaining to Legislative Decree 231/01 in accordance with the provisions of the “Whistleblowing Policy” in force, and on corrective and improvement measures to the Model and their status of implementation.

For the purposes of carrying out the duties entrusted to it, the Supervisory Body is vested with the powers and authority set out below:

- issue regulations and service orders designed to govern the activities of the Supervisory Body;
- access any and all company documents relevant to the performance of the functions assigned to the Supervisory Body, including the company books referred to in Article 2421 of the Civil Code;
- request the cooperation, including on an ongoing basis, of internal departments or engage external consultants of proven professionalism where this is necessary for the performance of verification and control activities or for updating the Model;
- require the parties to whom the request is addressed to promptly provide the information, data and/or details requested of them in order to identify aspects relating to the various company activities relevant under the Model and to verify the effective implementation thereof by the company's organisational structures;
- conduct the internal investigations necessary to ascertain alleged breaches of the provisions of this Model;
- request from the company departments responsible for and delegated to manage disciplinary proceedings and impose sanctions any information, data and/or details useful for monitoring the correct application of the disciplinary system;
- request, through the appropriate channels and persons, a meeting of the Board of Directors to address urgent matters;
- access the documentation prepared by the Board of Statutory Auditors;

- request that department heads attend, without voting rights, the meetings of the Supervisory Body.

Given the functions of the Supervisory Body and the specific professional expertise required by them, in carrying out its supervisory and control activities, the Supervisory Body may avail itself of the support of other internal functions within the Company which, from time to time, may be necessary for the effective performance of verification activities.

The Supervisory Body, should it deem it appropriate and/or in cases where activities requiring professional specialisations not present within the Body itself or within the Company are required of this function, shall have the right to avail itself of the specific professional skills of external consultants to whom it may delegate predefined areas of investigation and the technical operations necessary for the performance of the control function. In all cases, consultants must always report the results of their work to the Supervisory Body.

V. Reporting by the Supervisory Body

The Supervisory Body reports on the implementation of the Model and the activities carried out in accordance with the following *reporting* guidelines:

- at least annually, to the Board of Directors, to which a written report must be submitted covering, in particular:
 - the overall activities carried out during the reporting period;
 - a *review* of the reports received (in accordance with the provisions of the "Whistleblowing Policy" in force) and the actions taken by the Supervisory Body or by other parties,
 - including any disciplinary sanctions (relating to conduct relevant for the purposes of the Decree) that may have been imposed by the competent bodies;
 - the critical issues that have emerged in relation to the Model and the necessary and/or appropriate corrective and improvement measures for the Model and their status of implementation;
 - the identification, on an annual basis, of the work plan for the following year;
 - the status of implementation;
- on an ongoing basis and whenever it deems it necessary, to the Chief Executive Officer and the Board of Directors. In particular, the Supervisory Body shall:
 - promptly report to the Board of Directors any breach of the Model deemed to be substantiated by the Supervisory Body itself, of which it has become aware through reports from whistleblowers (in accordance with the provisions of the "Whistleblowing Policy") or which it has ascertained itself;

- promptly report to the Board of Directors any organisational or procedural shortcomings identified that are likely to give rise to a real risk of offences being committed that are relevant for the purposes of the Decree;
- report to the Chief Executive Officer or the Board of Directors the existence of regulatory changes that are particularly relevant to the implementation and effectiveness of the Model;
- promptly forward to the Board of Directors any other information relevant to the proper performance of the Body's functions, as well as to the proper compliance with the provisions of the Decree.

The Supervisory Body of Penny Italia may be convened at any time by the aforementioned bodies or may itself submit a request to that effect, to report on the functioning of the Model or on specific situations.

VI. Information flows to the Supervisory Body

The Decree sets out, amongst the requirements that the Model must meet, the establishment of reporting obligations to the Supervisory Body. These flows concern all information and documents that must be brought to the attention of the Supervisory Body, in accordance with the protocols adopted and the individual Special Parts of the Model.

For each "area at risk of offence", one or more "Internal Officers" will be identified who must, amongst other things, provide the Supervisory Body with information flows in accordance with the methods and frequency defined in a specific "Information Flow Protocol", which forms an integral part of this Organisational Model. It is considered appropriate, in fact, that the management of information flows to the Supervisory Body be governed by a specific procedure, duly disseminated and communicated to all recipients, with the aim of ensuring greater effectiveness in the implementation of information flows.

In any case, the information flows transmitted to the Supervisory Body must necessarily include information concerning:

- measures and/or reports from judicial police bodies, or from any other authority, including administrative bodies, involving the Company or senior management, from which it is evident that investigations are being conducted, including against unknown persons, for the offences referred to in the Decree, without prejudice to legally imposed obligations of confidentiality and secrecy;
- requests for legal assistance submitted by managers and/or employees in the event of legal proceedings being initiated, in particular for offences covered by the Decree;
- audits carried out by managers of other company departments which have revealed facts, acts, events or omissions that raise concerns regarding compliance with the provisions of the Decree or the Code;
- changes to the system of delegations and powers of attorney, amendments to the Articles of Association or changes

to the company organisation chart;

- disciplinary proceedings initiated in relation to breaches of the Code of Ethics or the Organisational Model and their outcomes (including where proceedings are dropped);
- reports of serious accidents (in any case, any accident with a prognosis exceeding 40 days) involving employees, maintenance staff, contractors and/or collaborators present at the Company's workplaces;
- any orders received from a superior and deemed to be in breach of the law, internal regulations or the Model;
- a list of public funding applied for/obtained during the period, together with the project's progress; reports of inspections, visits and investigations by public supervisory bodies and any penalties imposed;
- ongoing litigation (both as claimant and defendant) and, upon conclusion, the relevant outcomes;
- any requests for or offers of money, gifts or other benefits from public officials or persons entrusted with public service duties;
- any significant budget deviations or expenditure anomalies not duly justified, which have emerged from authorisation requests during the finalisation phase of Management Control;
- any omissions, negligence or falsification in the keeping of accounts or in the retention of documentation on which the accounting records are based;
- any reports, not promptly investigated by the relevant departments, concerning either deficiencies or inadequacies in the premises, work equipment or protective equipment made available by the Company, or any other hazardous situation relating to environmental protection and health and safety at work.

The Supervisory Body has established a specific framework for formalised information flows, set out in the document "Table of Information Flows to the Supervisory Body" and duly communicated to the relevant owners. Please note that the information flows outlined in this way must be sent to the Supervisory Body by email to the following address: organismodivigilanza@penny.it.

Finally, the Company has established a dedicated reporting channel, the details of which are set out in Chapter 7 below.

VII. Submission of information on changes to the company's organisational structure to the Supervisory Body

In order to facilitate the verification and monitoring activities carried out by the Supervisory Body with regard to activities at risk of criminal offences and in light of the organisational structure adopted by the Company, the Internal Managers identified within the company organisation as points of contact for the Supervisory Body must provide the Supervisory Body, each in relation to the activities carried out directly or in any case under their responsibility, at the intervals and in the manner determined by the Company, including upon the proposal of the Supervisory Body, with the following information:

- information relating to organisational changes (for example, changes to the company's organisational charts, revisions to existing procedures or the adoption of new procedures or policies, etc.);
- updates and changes to the system of delegated powers and authority;
- any communications from the statutory auditor concerning aspects that may indicate weaknesses in the internal control system;
- copies of the minutes of meetings of the Board of Directors and the Board of Statutory Auditors revealing organisational changes, critical issues in the implementation of the internal control system or, in any case, facts or information relevant to the proper implementation or the need to update the Organisational Model;
- a copy of any communications made to the Supervisory Authority (e.g. the Italian Competition and Market Authority, the Italian Data Protection Authority, etc.);
- any other information that the Supervisory Body may require in the performance of its duties.

VIII. The Supervisory Body's Rules of Procedure

The Supervisory Body is responsible for drawing up its own internal regulations aimed at governing the specific aspects and procedures of its activities, including those relating to its organisational and operational structure.

IX. Recording of information

The Supervisory Body is required to maintain appropriate documentary evidence, namely specific meeting minutes, of all requests, consultations and meetings between the Supervisory Body and other company functions. Such documentation shall be kept under the responsibility of the Supervisory Body itself.

All information, reports and notifications provided for in this Model are stored by the Supervisory Body in a dedicated and confidential digital and/or paper archive in accordance with the provisions of EU Regulation 2016/679 and Legislative Decree 196/2003, as amended and/or supplemented, for a period of 10 years.

6 Sanctions system

I. General principles

The effectiveness of the Model is also linked to the adequacy of the sanctions system for breaches of the rules of conduct and, in general, of internal procedures and regulations.

The Disciplinary System operates in compliance with current legislation, including collective bargaining agreements,

is primarily an internal matter for Penny Italia; it is not intended to replace, but rather to serve as a preventive and complementary measure to the laws and regulations in force, as well as to supplement other internal company rules.

The application of the disciplinary measures established by the Model does not replace any further sanctions of a different nature (such as, for example, criminal, administrative, civil and tax sanctions) that may arise from the same offence.

Insofar as not expressly provided for in the Disciplinary System, the provisions of law and regulations shall apply, and in particular the provisions of Article 7 of Law No. 300 of 20 May 1970 (Workers' Statute), as well as the provisions of collective bargaining agreements and applicable company regulations.

The imposition of disciplinary sanctions for breaches of the rules of conduct and non-compliance with company regulations is independent of any criminal proceedings and their outcome, as these regulations are adopted by the company in full autonomy, regardless of whether the conduct in question constitutes a criminal offence.

The sanction shall be proportionate to the seriousness of the offence and any repetition thereof; recidivism shall also be taken into account for the purposes of imposing a potential dismissal sanction.

An incorrect interpretation of the principles and rules established by the Model may constitute an exemption only in cases of conduct in good faith where the constraints imposed by the Model exceed the level of scrutiny required of a person acting with due diligence.

The following are punishable:

- breaches of the internal procedures set out in this Model or the adoption, in the performance of Sensitive Activities, of conduct that does not comply with the requirements of the Model, whether or not such conduct exposes the company to an objective risk of committing one of the Offences under Legislative Decree 231/2001;
- conduct in breach of the provisions of this Model and clearly aimed at committing one or more Offences;
- the adoption of conduct in breach of the provisions of this Model, such as to result in the actual or potential imposition on the Company of sanctions provided for by Legislative Decree 231/2001.

The sanctions, of a disciplinary and contractual nature, and any claim for damages, will also be commensurate with the level of responsibility and autonomy of the Employee, or with the role and the intensity of the fiduciary relationship associated with the role assigned to Directors and Service Companies (meaning third-party companies with which the Company has contractual relationships).

The sanctions system is subject to constant review and assessment by the Supervisory Body, the Chief Executive Officer and the Human Resources Director, the latter two remaining responsible for the practical application of the disciplinary measures outlined herein against the Employee, upon

report by the Supervisory Body and after consulting the line manager of the person responsible for the misconduct.

The disciplinary sanctions system shall also apply to the Supervisory Body or to those individuals, whether Employees or Directors, who, through negligence or incompetence, have failed to identify and consequently eliminate conduct in breach of the Model.

II. Recipients and the system of sanctions and/or remedies

An essential aspect for the effectiveness of the Model is the establishment of an adequate system of sanctions for breaches of the rules of conduct imposed for the purpose of preventing the offences referred to in the Decree and, in general, of the internal procedures provided for by the Model itself.

The application of disciplinary sanctions is independent of the outcome of any criminal proceedings, as the rules of conduct imposed by the Model are adopted by the company in full autonomy, irrespective of the offence that any conduct may give rise to.

— Sanctions for employees

With the exception of verbal warnings, the procedures set out in Article 7 of Law No. 300 of 30 May 1970 (Workers' Statute) and the contractual provisions referred to in the National Collective Labour Agreement for the Commerce Sector, to which reference is made, apply to conduct by employees that breaches the individual rules of conduct set out in this Model.

In particular, in the event of (a) a breach of the provisions of the Code, its internal procedures (e.g. failure to comply with procedures, failure to provide the information requested by the Supervisory Body, failure to carry out checks, etc.), the Code of Ethics, the Decree or any other criminal provision included therein, or (b) failure to comply with the provisions of the Model when carrying out activities in 'high-risk' areas, or (c) causing damage to the Company or creating an objective situation of danger to its assets (the 'Disciplinary Offences'), the following disciplinary measures shall apply to Employees:

- verbal warning;
- written warning;
- a fine not exceeding the equivalent of 4 hours' normal pay;
- suspension from pay and duty for a maximum of 10 days;
- dismissal.

— Notification of the offence and the employee's defence

The allegation of the offence must be made to the employee in writing, specifying the

facts constituting the offence. The disciplinary measure may not be issued until 5 days have elapsed from the date of such notification, during which time the employee may submit their defence. If the measure is not issued within the following 5 days, such justifications shall be deemed accepted. Conversely, if the employee's justifications are not accepted, the disciplinary measure must be issued within 6 days of the notification of the offence, even if the employee does not provide any justification.

Where the alleged breach is of such a serious nature as to warrant the maximum penalty, namely dismissal, the employee may be suspended from work as a precautionary measure until the disciplinary measure is imposed, without prejudice to their right to receive remuneration for the period in question.

The imposition of the measure must be justified and communicated in writing. Disciplinary measures other than dismissal may be challenged through the trade union in accordance with the provisions of the relevant National Collective Labour Agreement. Sanctions shall not be taken into account two years after their application.

— Disciplinary sanctions

1. In the case of a "written warning":

an employee who, for the first time, breaches the internal procedures set out in this Model (for example, by failing to follow the prescribed procedures, failing to notify the Supervisory Body of the required information, etc.) or adopts, in the performance of their duties, conduct that does not comply with the provisions of the Code itself, such conduct being deemed a failure to carry out orders issued by the company, whether in writing or verbally.

2. In the "Fine" measure:

an employee who repeatedly breaches the internal procedures set out in this Code or, in the course of their duties, repeatedly behaves in a manner inconsistent with the provisions of the Code itself, even before such breaches have been individually ascertained and contested, as such conduct must be regarded as repeated failure to carry out orders issued by the company, whether in writing or verbally; taking into account the seriousness of the conduct and the duties performed by the employee, a fine may be imposed even in the case of a first offence. The amount of the fine imposed may not exceed the limits set out in the relevant National Collective Labour Agreements.

3. In the case of 'Suspension from work and pay':

an employee who commits a repeat offence involving violations already punished with a fine in the preceding six months; taking into account the seriousness of the conduct and the duties performed by the employee, a fine may be imposed even in the case of a first offence if the employee, by violating the internal procedures set out in this Model or by adopting, in the performance of activities in high-risk areas, behaviour that does not comply with the provisions of the Model itself, as well as by performing acts contrary to the Company's interests, causes damage to the Company or exposes it to an objective situation of danger to

integrity of the company's assets, as such conduct constitutes a failure to carry out the orders issued by the company, whether in writing or verbally. The period of suspension from pay may not exceed that provided for in the relevant National Collective Labour Agreements.

4. In the case of "Dismissal without notice":

an employee who, in the course of their duties, adopts conduct that is in clear breach of the provisions of this Code and such as to result in the actual application against the Company of the measures provided for by the Decree, such conduct being deemed to cause the Company serious moral and/or material harm, as well as constituting acts involving wilful misconduct or gross negligence causing damage to the Company.

The type and extent of each of the above-mentioned sanctions shall be applied, in accordance with the Company's provisions, in relation to:

- the intentional nature of the conduct or the degree of negligence, imprudence or incompetence, also taking into account the foreseeability of the event;
- the employee's overall conduct, with particular regard to the existence or otherwise of previous disciplinary records, within the limits permitted by law;
- the employee's duties;
- the functional position of the persons involved in the events constituting the breach;
- other specific circumstances accompanying the disciplinary breach.

— Sanctions against managers

In the event that managers commit a disciplinary offence, the following measures shall be applied to those responsible in accordance with the provisions of the National Collective Labour Agreement for Industrial Managers:

- in the event of a minor breach of one or more procedural or behavioural rules set out in the Model, the manager shall receive a written warning to comply with the Model, which is a necessary condition for maintaining the relationship of trust with the Company;
- in the event of a serious breach – or repeated breaches – of one or more provisions of the Code such as to constitute a material breach, the executive shall be subject to dismissal with notice;
- where the breach of one or more provisions of the Model is of such gravity as to irreparably damage the relationship of trust, making it impossible to continue the employment relationship even on a temporary basis, the employee shall be subject to dismissal without notice.

— Sanctions against members of the Supervisory Body

In the event of disciplinary offences committed by members of the Supervisory Body, the Board of Directors must be promptly informed and may issue a written reprimand to such member of the Supervisory Body or remove them from office, depending on the seriousness of the offence committed. The sanctions provided for employees and managers shall also apply to members of the Supervisory Body who fall into these categories.

The Company may impose sanctions on the Supervisory Body in the event of a breach of this Code. Anyone who becomes aware of a breach is required to inform the Board of Directors immediately: the Board, after notifying the party of the breach and allowing them adequate opportunity to defend themselves, shall take appropriate measures, including, for example, the removal of the Supervisory Body and the subsequent appointment of a new Supervisory Body to replace the previous one.

— Measures against Directors and Statutory Auditors

In the event of disciplinary offences committed by Directors or Statutory Auditors of the Company, the SB shall inform the entire Board of Directors and the Board of Statutory Auditors, who shall take the appropriate measures provided for by current legislation, in line with the seriousness of the breach and in accordance with the powers provided for by law and/or the Articles of Association (statements in the minutes of meetings, requests to convene or the convening of a General Meeting with appropriate measures against those responsible for the breach on the agenda, dismissal for just cause, etc.).

— Measures regarding Employees, Partners and Consultants

External collaborators, suppliers, consultants and partners of the Company, with particular reference to those involved in the provision of activities, supplies or services relating to activities at risk under the Model, are informed of the adoption of the Model and of the Company's requirement that their conduct comply with the principles of conduct set out therein.

The Company assesses the methods (e.g. dissemination via the Intranet), depending on the different types of external collaborators and partners, by which to inform such parties of the policies and procedures followed by the Company pursuant to the adoption of the Model and to ensure that such parties comply with these principles, also providing for the inclusion of appropriate contractual clauses obliging such parties to comply with the provisions of the Model itself, under penalty of automatic termination of the contractual relationship and without prejudice to any claim for compensation should such conduct result in damage to the Company.

III. Updating the Model

The adoption and effective implementation of the Model are – by express provision of the law – a responsibility entrusted to the Board of Directors. It follows that the power to adopt any updates to the Model lies, therefore, with the Board of Directors, which shall exercise it by resolution in accordance with the procedures laid down for its adoption.

The updating process, understood as both additions and amendments, is intended to ensure the adequacy and suitability of the Model, assessed in relation to its preventive function against the commission of offences provided for by the Decree.

It is, however, the responsibility of the Supervisory Body to carry out a practical assessment of the necessity or advisability of updating the Model, and to bring this requirement to the attention of the Board of Directors.

In this regard, it should be noted that the Decree expressly stipulates the need to update the Model in order to ensure that it is constantly 'tailored' to the specific needs of the organisation and its day-to-day operations. Adjustments and/or updates to the Model may, for example, be necessary in the event of:

- changes in the law;
- breaches of the Model and/or findings emerging during assessments of its effectiveness (which may also be drawn from experiences relating to other companies);
- changes to the organisation's structure, including those resulting from extraordinary financial transactions or from changes in business strategy arising from new areas of activity undertaken.

IV. Staff information and training

It is Penny Italia's general objective to ensure that all recipients of the Model have a proper understanding and awareness of the rules of conduct contained therein. All staff, as well as senior management, consultants, partners and external collaborators, are required to have full knowledge of both the objectives of fairness and transparency that the Model aims to achieve, and the methods by which the Company intends to pursue them.

In this context:

— **Initial communication and information:** the adoption of the Model is communicated to employees, department heads and managers through:

- the sending of a communication signed by the Chief Executive Officer to all staff regarding the contents of the Decree, the importance of the effective implementation of the Model, and the methods of information provision envisaged by the Company;
- making the Model available in the most appropriate ways, including: i) distributing a copy of it during training sessions; ii) appropriate dissemination on the intranet and the Internet; iii) sending it in electronic format;

— **Training:** Adequate training is also provided for the Company's staff and collaborators on the contents of the Decree and the Model. This training is structured in the following phases:

- general training: i.e. general training aimed at informing participants about the requirements of the Decree and the contents of the Model adopted by the Company;
- specific training: i.e. specific training for those working in areas at risk of criminal offences, aimed at informing participants, in particular, of a) the specific risks to which the area in which they operate is exposed and b) the principles of conduct and company procedures they must follow in the performance of their duties. In particular, the training must cover, in addition to the Code of Ethics, other preventive measures such as procedures, policies, information flows and other protocols adopted by the Company in relation to the various high-risk activities.

In order to ensure adequate training for the recipients, it is also necessary for the training to be repeated i) in the event of changes in duties that affect conduct relevant to the Model (including individual training in the form of specific and personal instructions); ii) in relation to the introduction of substantial amendments to the Model or, even prior to this, the occurrence of new events of particular significance in relation to the Model (group training).

The training programme is organised, in terms of content and delivery methods, taking into account the qualifications of the recipients and the level of risk in the area in which they operate, and may therefore provide for different levels of detail, with particular attention paid to those employees working in high-risk areas.

The training courses, their timing and implementation methods will be defined by the Head of Human Resources after consulting the Supervisory Board, which will also determine the methods for monitoring course attendance and the quality of the training programme content. In particular, training may be delivered through classroom sessions, e-learning, and the provision of information materials designed to explain the contents of the Decree, the Organisational Model and its components (including the Code of Ethics and the Disciplinary System). In this regard, the relevant training activities must be planned and actually carried out both at the time of recruitment and in the event of any changes in duties, as well as following updates and/or amendments to the Model.

Participation in training courses on the Model is mandatory; failure to participate in training activities constitutes a breach of the Model itself and may result in the application of disciplinary sanctions. The Company has implemented a system to monitor the actual completion of training courses, with particular reference to Course 231, by the recipients in order to identify any recipients who have not completed the course and to arrange for appropriate corrective measures.

Furthermore, methods are in place to assess the learning of training recipients through questionnaires testing their understanding of the concepts covered during the training sessions, with an obligation to repeat the training in the event of an unsatisfactory outcome.

The information and training system is constantly reviewed and, where necessary, amended by the Supervisory Body, in collaboration with the Human Resources Department or other department heads.

7 Whistleblowing

For the purposes of reporting, violations are considered to be behaviours, acts or omissions consisting of unlawful conduct relevant under Legislative Decree 231/01 or breaches of the Model.

An internal report is defined as the written or oral communication of information regarding violations, acquired within the workplace, submitted via the channel established by the Company, which guarantees the confidentiality of the reporter and the person involved (a natural or legal person mentioned in the report as the person to whom the violation is attributed or implicated in the report), the content of the report and the related documentation.

Information on violations concerns information, including reasonable suspicions, regarding violations committed or which, on the basis of concrete evidence, may be committed within the organisation, as well as evidence regarding conduct aimed at concealing such violations.

The Company provides clear information on the channel, procedures and conditions for making internal reports within the "Whistleblowing Policy", published on the Company's website.

The *whistleblowing* process implemented by Penny Market provides for the following dedicated internal reporting channels:

- **the Hintbox online tool** available on the company website (www.penny.it - governance section) at the following link: <https://www.penny.it/note-legali/governance>;
- at the request of the reporting person, **the option to make the report orally** through a face-to-face meeting with the Reports Manager formally appointed by the Company, to be arranged within a reasonable timeframe. During this meeting, the report, subject to the whistleblower's consent, is documented by the staff responsible by recording it on a device suitable for storage and playback or by means of minutes. In the case of minutes, the whistleblower may verify, correct and confirm the minutes of the meeting by signing them.

The Company has entrusted the management of internal reports pursuant to Article 4, paragraph 2 of Legislative Decree No. 24/2023 to a committee comprising the Legal & Compliance Director, the Compliance Manager and the Decentralised Compliance Officer, who is the CFO.

In accordance with the provisions of Legislative Decree 24/2023, the internal reporting channels guarantee the confidentiality of the identity of the reporting person, the person involved and any person mentioned in the report, as well as the content of the report and the related documentation.

The reporting channels comply with the protective measures provided for by law, including the prohibition on taking retaliatory action, even in the form of an attempt or threat.

The adoption of discriminatory measures against individuals who make reports may be reported by the whistleblower to ANAC for action within its remit.

Any failure to comply with the "Whistleblowing Policy" may also be relevant for the purposes of the disciplinary system referred to in the Model.

All processing of personal data is carried out in accordance with Regulation (EU) 2016/679, Legislative Decree No 196 of 30 June 2003 and Legislative Decree No 51 of 18 May 2018.