



Penny Italy

**ORGANISATION MODEL,
MANAGEMENT AND CONTROL
PURSUANT TO LEGISLATIVE DECREE NO.
231/2001**

Approved at the meeting of the Board of Directors on 28.09.2020

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GENERAL PART

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1 Definitions

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

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

Organisation, Management and Control Model *pursuant to Legislative Decree No. 231/2001*: this Organisation, Management and Control Model as provided for in Legislative Decree No. 231/2001.

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

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

Sensitive Activity(ies): the activities that may entail the risk of commission of Offences.

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

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

Employees: persons subject to the direction or supervision of one of the top management; therefore, but not limited to, all persons, including executives, who have a subordinate working relationship, of whatever nature, with the Company, as well as workers on secondment or under para-subordinate employment contracts.

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

Computer document: any computer medium containing data or information with evidentiary effect or programs specifically intended to process them.

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

Supervisory Board (OdV): the supervisory board provided for by Legislative Decree 231/2001.

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

Corporate Body(ies): the Board of Directors and those who perform, even de facto, functions of management, administration, direction or control of Penny Market S.r.l. or one of its autonomous organisational units and the members of the Board of Auditors.

Special Part(s): documents divided into sections (applicable offence) containing general and special control principles.

Senior persons: persons who hold positions of representation, administration or management of the Company or of one of its units with financial and functional autonomy, as well as persons who exercise, even de facto, management or control of the Company.

Subordinate(s): persons subject to the direction or supervision of one of the Key Persons.

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

Disciplinary System: the disciplinary system defined in Chapter 6.

Violation(s): the violations defined in Chapter 6.

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

Further definitions contained in the body of this document remain unaffected.

2 Foreword

This document contains the description of the contents of the Organisational, 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 on 28.09.2020 and updated with the resolution of the Board of Directors of 08.09.2021 and 06.05.2024, 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 of adoption describing the Model and consists of a 'General Section', as well as the 'Special Section' and its annexes.

The General Section contains a concise illustration of the Decree and its contents, as well as the rules and general principles of the Model; the identification of the Supervisory Body and the definition of the tasks, powers and functions of this body; the description of the sanctions and disciplinary system; the definition of a system of communication, information and training on the Model; as well as the provision for periodic audits and updating of the Model.

The Special Section contains the identification of the areas and activities considered relevant for the Company, as well as the description of the preventive control protocols adopted with regard to each category of offence considered relevant for the Company pursuant to Legislative Decree 231/2001.

3 The Legislative Decree 231/2001

I. The Administrative Responsibility of Entities

On 8 June 2001, Legislative Decree No. 231 (hereinafter referred to as the 'Decree') was issued - in execution of the delegation referred to in Article 11 of Law No. 300 of 29 September 2000 - and came into force on the following 4 July, which aimed to bring domestic legislation on the liability of legal persons into line with certain international conventions to which Italy had already adhered for some time, 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 combating corruption involving officials of the European Community or its Member States;
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

This Decree, entitled 'Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality', introduced into the Italian legal system a system of administrative liability for entities (companies, associations, etc., hereinafter referred to as 'Entities') for certain offences committed, in their interest or to their advantage, by

- natural persons performing functions of representation, administration or management of the Bodies themselves or of one of their organisational units, endowed with financial and functional autonomy, as well as natural persons exercising, also de facto, the management and control of the Bodies themselves;
- natural persons subject to the direction or supervision of one of the above-mentioned persons.

The administrative liability of Entities is additional to that of the natural person who materially committed the offence, and both are subject to assessment in the course of the same proceedings before the criminal court. Moreover, the liability of the Entity remains even if the natural person who committed the offence is not identified or is not punishable.

The scope of application of the Decree is very broad and concerns all entities endowed with legal personality, companies, associations, including those without legal personality, public economic entities, and private entities entrusted with a public service. On the other hand, the legislation does not apply to the State, public territorial bodies, non-economic public bodies, and bodies that perform functions of constitutional importance (e.g. political parties and trade unions).

The rule does not refer to entities not established in Italy. However, in this regard, an order of the Judge for Preliminary Investigations of the Court of Milan (order of 13 June 2007; see also GIP Milan, order of 27 April 2004, and Court of Milan, order of 28 October 2004) has sanctioned, on the basis of the principle of

territoriality, the existence of the jurisdiction of the Italian judge in relation to offences committed by foreign entities in Italy.

II. The offences under the Decree

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

1) **Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public supplies (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];
- Misappropriation 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];
- Obstructing the freedom to invite tenders (Article 353 of the criminal code);
- Disturbing the freedom to choose a contractor (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 by Law no. 25/2022];
- Computer fraud (Article *640-ter of the Criminal Code*) [amended by Legislative Decree No. 75/2020 and by Legislative Decree No. 184/2021];
- Fraud in public supply (Article 356 of the criminal code) [Article added by Legislative Decree No. 75/2020];
- Fraud to the detriment of the European Agricultural Fund Urgent measures concerning the control of Community aids to the production of olive oil (Fraud to the detriment of the European Agricultural Guarantee Fund and of the European Agricultural Fund for Rural Development) (Article 2. L. n. 898 of 23/12/1986) [Article added by Legislative Decree n. 75/2020].

2) **Computer crimes and unlawful processing of data (Article 24-bis, Legislative Decree no. 231/2001)** [Article added by Law no. 48/2008; amended by Legislative Decree no. 7 and 8/2016, by Legislative Decree no. 105/2019 and Law no. 238/2021]:

- Computer documents (Article *491-bis of the Criminal Code*);
- Material forgery committed by a public official in public deeds (Article 476 of the criminal code);
- Material forgery committed by a public official in certificates or administrative authorisations (Article 477 of the criminal code);
- Material forgery committed by a public official in certified copies of public or private deeds and in certificates of the contents of deeds (Article 478 of the criminal code);
- Ideological forgery committed by a public official in public deeds (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 of certificates committed by persons performing a service of public necessity (Article 481 of the criminal code);
 - Material forgery committed by a private individual (Article 482 of the criminal code);
 - Ideological forgery committed by a private individual in a public deed (Article 483 of the criminal code);
 - Forgery of records and notifications (Article 484 of the Criminal Code);
 - Forgery of a signed blank sheet. Public act (Article 487 of the criminal code);
 - Other forgery of signed blank sheets (Article 488 of the criminal code);
 - Use of a false act (Article 489 of the Criminal Code);
 - Suppression, destruction and concealment of true acts (Article 490 of the criminal code);
 - Authentic copies that take the place of missing originals (Art. 492 of the Criminal Code);
 - False acts committed by public employees in charge of a public service (Article 493 of the Criminal Code);
 - Unauthorised access to a computer or telecommunications system (Article *615-ter of the* criminal code);
 - Illegal possession, dissemination and installation of equipment, codes and other means of accessing computer or telecommunication systems (Article *615-quater of the* criminal code) [amended by Law No. 238/2021];
 - Illegal possession, dissemination and installation of computer equipment, devices or programmes intended to damage or interrupt a computer or telecommunications system (Article *615-quinquies of the* Criminal Code) [amended by Law No. 238/2021];
 - Illegal interception, obstruction or interruption of computer or telematic communications (Article *617-quater of the* criminal code);
 - Unauthorised possession, dissemination and installation of equipment and other means of intercepting, impeding or interrupting computer or telematic communications (Article *617-quinquies of the* Criminal Code) [amended by Law no. 238/2021];
 - Damage to computer information, data and programmes (Article *635-bis of the* Criminal Code);
 - Damage to computer information, data and programmes used by the State or other public body or in any case of public utility (Article *635-ter of the* Criminal Code);
 - Damage to computer or telecommunications systems (Article *635-quater of the* criminal code);
 - Damage to computer or telecommunications systems of public utility (Article *635-quinquies of the* criminal code);
 - Computer fraud by the electronic signature certifier (Article *640-quinquies of the* criminal code);
 - Failure to disclose or untrue disclosure of information, data, facts relevant to the national cybersecurity perimeter (Article 1, paragraph 11, Decree-Law No. 105 of 21 September 2019);
- 3) **Organised crime offences (Art. 24-ter**, Legislative Decree no. 231/2001) [article added by Law no. 94/2009 and amended by Law no. 69/2015]:
- Criminal conspiracy (Article 416 of the criminal code);

- Mafia-type association including foreigners (Article *416-bis of the Criminal Code*) [Article amended by Law No. 69/2015];
 - Political-mafia electoral exchange (Article *416-ter of the Criminal Code*) [so replaced by Article 1, paragraph 1, Law No. 62 of 17 April 2014, as from 18 April 2014, pursuant to the provisions of Article 2, paragraph 1 of the same Law No. 62/2014];
 - Kidnapping for the purpose of robbery or extortion (Article 630 of the criminal code);
 - Association aimed at the illegal trafficking of 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 if committed by availing oneself of the conditions provided for in Article *416-bis of the criminal code* to facilitate the activities of the associations provided for in the same Article (Law No. 203/91);
 - Maximum duration of preliminary investigations (Article 407(2)(a)(5) of the Code of Criminal Procedure).
- 4) **Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of office (Art. 25, Legislative Decree no. 231/2001)** [amended by Law no. 190/2012, Law no. 3/2019 and Legislative Decree no. 75/2020]:
- Extortion (Article 317 of the Criminal Code);
 - Corruption for the exercise of a function (Article 318 of the 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 acts (Article *319-ter of the criminal code*);
 - Undue inducement to give or promise benefits (Article *319-quater*);
 - Bribery of a person in charge of a public service (Article 320 of the criminal code);
 - Penalties for the corruptor (Article 321 of the Criminal Code);
 - Incitement to bribery (Article 322 of the criminal code);
 - Embezzlement, extortion, undue induction to give or promise benefits, bribery and incitement to bribery of members of international courts or bodies of the European Communities or of international parliamentary assemblies or of international organisations and of officials of the European Communities and of foreign States (Article *322-bis of the Criminal Code*) [amended by Law no. 190/2012 and by Law no. 3/2019];
 - Trafficking in unlawful influence (Article *346-bis of the Criminal Code*);
 - Embezzlement (limited to the first paragraph) (Article 314 of the Criminal Code);
 - Embezzlement by profiting from another person's error (Article 316 of the criminal code);
 - Abuse of office (Article 323 of the criminal code).
- 5) **Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis, Legislative Decree no. 231/2001)** [Article added by Legislative Decree no. 350/2001, converted with amendments by Law no. 409/2001; amended by Law no. 99/2009; amended by Legislative Decree 125/2016]:
- Counterfeiting of money, spending and introduction into the State, in concert, of counterfeit money

(Article 453 of the Criminal Code);

- Alteration of currency (Article 454 of the Criminal Code);
- Spending and introduction into the State, without concert, of counterfeit money (Article 455 of the criminal code);
- Spending of counterfeit money received in good faith (Article 457 of the Criminal Code);
- Forgery of revenue stamps, introduction into the State, purchase, possession or putting into circulation of forged revenue stamps (Article 459 of the Criminal Code);
- Counterfeiting watermarked paper in use for the manufacture of public credit cards or stamps (Article 460 of the criminal code);
- Manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (Article 461 of the Criminal Code)
- Use of forged or altered stamps (Article 464(1) and (2) of the Criminal Code);
- Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Article 473 of the criminal code);
- Introduction into the State and trade of products with false signs (Article 474 of the Criminal Code).

6) **Crimes against industry and trade (Article 25-bis.1, Legislative Decree no. 231/2001)** [article added by Law no. 99/2009]:

- Disturbing the freedom of industry or trade (Article 513 of the criminal code);
- Unlawful competition with threats or violence (Article 513-bis of the Criminal Code);
- Fraud against national industries (Article 514 of the criminal code);
- Fraud in the exercise of trade (Article 515 of the criminal code);
- Sale of non-genuine foodstuffs as genuine (Article 516 of the criminal code);
- Sale of industrial products with false signs (Article 517 of the Criminal Code);
- Manufacture of and trade in goods made by usurping 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 criminal code).

7) **Corporate offences (Article 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];
- Misdemeanours (Article 2621-bis of the Civil Code);
- False corporate communications by listed companies (Article 2622 of the Civil Code) [Article amended by Law No. 69/2015];
- Obstruction of control (Article 2625(2) of the Civil Code);
- Undue return of contributions (Article 2626 of the Civil Code);
- Illegal distribution of profits and reserves (Article 2627 of the Civil Code);

- Illegal transactions involving shares or quotas of the company or the parent company (Article 2628 of the Civil Code);
 - Transactions to the detriment of creditors (Article 2629 of the Civil Code);
 - Failure to disclose a conflict of interest (Article *2629-bis of the Civil Code*) [added by Law No. 262/2005];
 - Fictitious capital formation (Article 2632 of the Civil Code);
 - Improper distribution of company assets by liquidators (Article 2633 of the Civil Code);
 - Bribery among private individuals (Article 2635 of the Civil Code) [added by Law No. 190/2012; amended by Legislative Decree No. 38/2017 and Law No. 3/2019];
 - Instigation of bribery among private parties (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 rigging (Article 2637 of the Civil Code);
 - Obstructing the exercise of the functions of public supervisory authorities (Article 2638(1) and (2) of the Civil Code);
 - False prospectus (Article *173-bis TUF*)
 - False or omitted declarations for the issue of the preliminary certificate (Article 54 of Legislative Decree No. 19/2023)
- 8) **Crimes for the purpose of terrorism or subversion of the democratic order provided for by 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 for the purposes of terrorism, including international terrorism or subversion of the democratic order (Article *270-bis of the criminal code*);
 - Aggravating and mitigating circumstances (Article *270 bis.1* of the Criminal Code) [Article added by Legislative Decree No. 21/2018];
 - Assistance to associates (Article *270-ter of the criminal code*);
 - Enlistment for the purposes of terrorism, including international terrorism (Article *270-quater of the Criminal Code*);
 - Organisation of transfer for the purpose of terrorism (Article *270-quater.1*) [inserted by Decree-Law No. 7/2015, converted, with amendments, by Law No. 43/2015];
 - Training in activities for the purposes of terrorism, including international terrorism (Article *270-quinquies of the criminal code*);
 - Financing of conduct for terrorist purposes (Law No. 153/2016, Article *270-quinquies.1* of the Criminal Code);
 - Subtraction of seized property or money (Article *270-quinquies.2* of the Criminal Code);
 - Conduct for the purposes of terrorism (Article *270-sexies of the criminal code*);
 - Attacks for the purposes of terrorism or subversion (Article 280 of the criminal code);

- Act of terrorism with deadly or explosive devices (Article *280-bis* of the criminal code);
 - Acts of nuclear terrorism (Article *280-ter* of the criminal code);
 - Kidnapping for the purpose of terrorism or subversion (Article *289-bis* of the criminal code);
 - Kidnapping for the purpose of coercion (Article *289-ter* of the Criminal Code) [introduced by Legislative Decree 21/2018];
 - Incitement to commit any of the offences provided for in Chapters 1 and 2 (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 gangs: formation and participation (Article 306 of the criminal code);
 - Assisting participants in conspiracies or armed gangs (Article 307 of the criminal code);
 - Possession, hijacking and destruction of an aircraft (Law No. 342/1976, Art. 1);
 - Damage to ground installations (L. No. 342/1976, Art. 2);
 - Sanctions (L. No. 422/1989, Art. 3);
 - Involuntary *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) **Female genital mutilation practices (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) **Crimes against the individual (Article 25-*quinquies***, Legislative Decree no. 231/2001) [Article added by Law no. 228/2003; amended by Law no. 199/2016 and by Law no. 238/2021]:
- Reduction to or maintenance in slavery 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 (Article *600-quater*) [amended by Law No. 238/2021];
 - Virtual pornography (Article *600-quater*.1 of the Criminal Code) [added by Article 10, Law No. 38 of 6 February 2006];
 - Tourism initiatives aimed at the exploitation of child prostitution (Article *600-quinquies* of the criminal code);
 - Trafficking in persons (Article 601 of the Criminal Code) [amended by Legislative Decree 21/2018];
 - Purchase and sale of slaves (Article 602 of the criminal code);
 - Illegal intermediation and exploitation of labour (Article *603-bis* of the criminal code);
 - Solicitation of minors (Article *609-undecies* of the criminal code).
- 11) **Market abuse offences (Article 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];
 - Abuse or unlawful communication of inside information. Recommending or inducing others to commit insider trading (Article 184 of Legislative Decree no. 58/1998) [amended by Law no. 238/2021].
- 12) **Other cases of market abuse (Article 187-quinquies TUF)** [Article amended by Legislative Decree No. 107/2018]:
- Prohibition of insider dealing and unlawful disclosure of inside information (Art. 14 EU Reg. No. 596/2014);
 - Prohibition of market manipulation (Art. 15 EU Reg. No. 596/2014).
- 13) **Crimes of culpable homicide and grievous or very grievous bodily harm, committed in breach of the rules on accident prevention and on the protection of hygiene and health at work (Article 25-septies, Legislative Decree no. 231/2001)** [Article added by Law no. 123/2007; amended by Law no. 81/2018]:
- Manslaughter (Article 589 of the Criminal Code);
 - Unintentional bodily harm (Article 590 of the Criminal Code).
- 14) **Receiving, laundering and using money, goods or benefits of unlawful origin, as well as selflaundering (Article 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 (Article 648-bis of the Criminal Code) [amended by Law No. 195/2021];
 - Receiving stolen goods (Article 648 of the Criminal Code) [amended by Law No. 195/2021];
 - Use of money, goods 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 Criminal Code) [amended by Law No. 195/2021].
- 15) **Offences relating to payment instruments other than cash (Article 25-octies.1, Legislative Decree no. 231/2001)** [Article added by Legislative Decree no. 184/2021; amended by Law no. 184/2021]:
- Misuse and falsification of non-cash payment instruments (Article 493-ter of the Criminal Code) [amended by Law No. 184/2021];
 - Possession and distribution of computer equipment, devices or programmes aimed at committing offences involving non-cash payment instruments (Article 493-quater of the Criminal Code);
 - Computer fraud (Article 640-ter of the criminal code) [amended by Law No. 184/2021];
 - Fraudulent transfer of valuables (Article 512-bis of the Criminal Code).
- 16) **Copyright infringement offences (Article 25-novies, Legislative Decree no. 231/2001)** [Article added by Law no. 99/2009]:
- Making available to the public, in a system of telematic networks, by means of connections of any kind, a protected intellectual work, or part of it (Article 171, Law No. 633/1941, paragraph 1, letter a) *bis*);
 - Offences referred to in the preceding point committed on other people's works not intended for publication if their honour or reputation is offended (Article 171, Law No. 633/1941, paragraph 3);
 - Unauthorised duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or entrepreneurial purposes or rental of programs contained in media not marked by the SIAE; preparation of means to remove or circumvent protection devices for computer programs

(Article 171-bis, paragraph 1 of Law No. 633/1941);

- Reproduction, transfer to another medium, distribution, communication, presentation or demonstration in public, of the contents of a database; extraction or re-use of the database; distribution, sale or rental of databases (Article 171-bis, Law No. 633/1941, Section 2);
- Unauthorised duplication, reproduction, transmission or dissemination in public by any process, in whole or in part, of intellectual works intended for the television, cinema, sale or rental of records, tapes or similar media or any other media containing phonograms or videograms of musical, cinematographic or audiovisual works assimilated or sequences of moving images literary, dramatic, scientific or didactic, musical or dramatic-musical, multimedia works, even if included in collective or composite works or databases; reproduction, duplication, transmission or unauthorised broadcasting, 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; entering into a system of telematic networks, through connections of any kind, of an original work protected by copyright, or part of it (Article 171-ter law no. 633/1941);
- Failure to notify the SIAE of the identification data of the media not subject to the mark or false declaration (Article 171-septies of Law No. 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, use for public and private use of apparatus or parts of apparatus suitable for decoding audiovisual transmissions with conditional access made over the air, by satellite, by cable, 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 (Article 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 criminal code);
- Environmental disaster (Article 452-quater of the criminal code);
- Culpable offences against the environment (Article 452-quinquies of the Criminal Code);
- Trafficking and abandonment of highly radioactive material (Article 452-sexies of the criminal code);
- Aggravating circumstances (Article 452-octies of the Criminal Code);
- Killing, destroying, capturing, taking or keeping 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 criminal code);
- Discipline 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)
- Discharges of industrial waste water containing hazardous substances; discharges to the soil, subsoil and groundwater; discharges into the sea from ships or aircraft (Legislative Decree No. 152/2006, Art. 137, paragraphs 2, 3, 5, 11 and 13);
- Unauthorised waste management activities (Legislative Decree No. 152/2006, Article 256, paragraphs 1(a) and (b), 3,5,6, first sentence);

- Remediation of sites Legislative Decree no. 152/2006, art. 257, paragraphs 1 and 2);
 - Illegal waste trafficking (Legislative Decree No. 152/2006, Article 259);
 - Breach of reporting obligations, keeping of compulsory registers and forms (Legislative Decree No. 152/2006, Article 258);
 - Organised activities for the illegal trafficking of waste (Article *452-quaterdecies of the Criminal Code*) [introduced by Legislative Decree No. 21/2018];
 - Prevention and limitation of emissions into the atmosphere - Sanctions (Legislative Decree No. 152/2006, Art. 279);
 - Malicious pollution (art. 8 paragraphs 1 and 2 D. Legislative Decree no. 202/2007 "Implementation of Directive 2005/35/EC on ship-source pollution and related sanctions") (Legislative Decree no. 202/2007, Art. 8);
 - Negligent pollution (art. 9 paragraphs 1 and 2 D. Legislative Decree no. 202/2007 "Implementation of Directive 2005/35/EC on ship-source pollution and related sanctions") (Legislative Decree no. 202/2007, Art. 9);
 - Cessation and reduction of the use of harmful substances (Law No 549/1993 Art. 3, para. 6);
 - Prevention and limitation of emissions into the atmosphere (Legislative Decree No. 152/2006, Art. 279, par. 5).
- 19) **Employment of third country nationals whose stay is irregular (Art. 25-duodecies**, Legislative Decree no. 231/2001) [article added by Legislative Decree no. 109/2012, amended by Law no. 161 of 17 October 2017]:
- Procuring unlawful entry and aiding and abetting illegal immigration (Article 12(3), (3a), (3b) and (5) of Legislative Decree No. 286/1998);
 - Employment of irregular citizens (Article 22(12a) of Legislative Decree No. 286/1998).
- 20) **Racism and xenophobia (Art. 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 racial, ethnic and religious discrimination (Article *604-bis of the Criminal Code*).
- 21) **Fraud in sporting competitions, unlawful gaming or betting and gambling by means of 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);
 - Unauthorised exercise of gambling or betting activities (Article 4, Law No 401/1989).
- 22) **Tax offences (Art. 25-quinquiesdecies**, Legislative Decree no. 231/2001) [article added by Law no. 157/2019, amended by Legislative Decree no. 75/2020]:
- Fraudulent declaration using invoices or other documents for non-existent transactions (Article 2 of Legislative Decree No. 74/2000);
 - Fraudulent declaration by means of other artifices (Article 3 of Legislative Decree No. 74/2000);
 - Issuance of 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 taxes (Article 11 of Legislative Decree No. 74/2000);

- False declaration (Article 4 of Legislative Decree No. 74/2000);
- Omitted declaration (Article 5 of Legislative Decree No. 74/2000);
- Undue compensation (Article *10-quater* of Legislative Decree No. 74/2000).

23) **Contraband offences (Article 25-sexiesdecies**, Legislative Decree no. 231/2001) [Article added by Legislative Decree no. 75/2020]:

- Smuggling in the movement of goods across land borders and customs areas (Article 282 Presidential Decree No. 43/1973);
- Contraband in the movement of goods in border lakes (Article 283 Presidential Decree No. 43/1973);
- Smuggling in the maritime movement of goods (Article 284 Presidential Decree No. 43/1973);
- Smuggling in the movement of goods by air (Article 285 Presidential Decree No. 43/1973);
- Smuggling in non-customs zones (Article 286 Presidential Decree No. 43/1973);
- Smuggling for undue use of goods imported with customs facilities (Article 287 Presidential Decree No. 43/1973);
- Smuggling in customs warehouses (Article 288 Presidential Decree No. 43/1973);
- Smuggling in cabotage and traffic (Article 289 Presidential Decree No. 43/1973);
- Smuggling in the export of goods eligible for duty drawback (Article 290 Presidential Decree No. 43/1973);
- Smuggling on temporary import or export (Article 291 Presidential Decree No. 43/1973);
- Smuggling of foreign manufactured tobacco (Article *291-bis* Presidential Decree No. 43/1973);
- Aggravating circumstances of the offence of smuggling foreign tobacco products (Article *291-ter* Presidential Decree No. 43/1973);
- Conspiracy to smuggle foreign manufactured tobacco (Article *291-quater* of Presidential Decree No. 43/1973);
- Smuggling of foreign manufactured tobacco (Article 292 Presidential Decree No. 43/1973);
- Aggravating circumstances of smuggling (Article 295 Presidential Decree No. 43/1973);
- Differences between the load and the manifest (Art. 302 Presidential Decree No 43/1973);
- Differences from the declaration of goods intended for definitive importation, warehousing or dispatch to another customs office (Art. 303 Presidential Decree No. 43/1973);
- Differences with respect to declaration for export of goods with refund of duties (Art. 304 Presidential Decree No. 43/1973);
- Failure to discharge the deposit slip. Quantity differences (Art. 305 Presidential Decree No. 43/1973);
- Quality differences with respect to the security bill (Art. 306 Presidential Decree No. 43/1973);
- Penalties for tampering with parcels sent with a bill of lading exempt from inspection (Art. 307 Presidential Decree No. 43/1973);
- Differences in goods stored in private customs warehouses (Art. 308 Presidential Decree 43/1973);
- Differences found in temporary storage warehouses (Art. 309 Presidential Decree No. 43/1973);

- Differences from the declaration of goods for temporary import or export (Article 310 Presidential Decree No. 43/1973);
- Quality Differences in Re-exportation at Temporary Import Discharge (Art. 311 Presidential Decree No. 43/1973);
- Quality Differences in Reimportation at Temporary Export Discharge (Art. 312 Presidential Decree No. 43/1973);
- Quality Differences in Reimportation at Temporary Export Discharge (Art. 313 Presidential Decree No. 43/1973);
- Errors committed in good faith in filling in declarations concerning temporarily imported or exported goods (Article 314 Presidential Decree No. 43/1973);
- Release for consumption without authorisation of temporarily imported goods (Article 315 Presidential Decree No. 43/1973);
- Failure to comply with the obligations imposed on captains (Article 316 Presidential Decree No. 43/1973);
- Failure to comply with customs requirements by aircraft masters (Article 317 Presidential Decree No. 43/1973);
- Omission or delay in lodging the customs declaration (Article 318 Presidential Decree No. 43/1973);
- Failure to comply with customs formalities (Article 319 Presidential Decree No. 43/1973);
- Penalties for violations of the rules on deposits in surveillance zones (Article 320 Presidential Decree No. 43/1973);
- Penalties for violations of the disciplines imposed on navigation in surveillance zones (Article 321 Presidential Decree No. 43/1973);

24) Crimes against the cultural heritage (Article 25- septiesdecies, Legislative Decree no. 231/2001) [Article added by Legislative Decree no. 22/2022]:

- Theft of cultural goods (Article 518-bis of the criminal code);
- Misappropriation of cultural goods (Article 518-ter of the criminal code);
- Receiving stolen cultural goods (Article 518-quater of the Criminal Code);
- Forgery in a private contract relating to cultural goods (Article 518-octies of the criminal code);
- Violations relating to the alienation of cultural goods (Article 518-novies of the Criminal Code);
- Illegal importation of cultural goods (Article 518-decies of the criminal code);
- Illegal export or export of cultural goods (Article 518-undecies of the Criminal Code);
- Destruction, dispersion, deterioration, defacement, defacement and illegal use of cultural or landscape heritage (Article 518-duodecies of the criminal code);
- Counterfeiting of works of art (Article 518-quaterdecies of the Criminal Code).

25) Laundering of cultural goods and devastation and looting of cultural and landscape heritage (Article 25- duodevicies , Legislative Decree no. 231/2001) [Article added by Legislative Decree no. 22/2022]:

- Laundering of cultural goods (Article 518-sexies of the criminal code)

- Destruction and looting of cultural and landscape heritage (Article 518-terdecies of the criminal code).

26) **Liability of entities for administrative offences dependent on crime (Art. 12, L. n. 9/2013)** [This is a prerequisite for entities operating in the virgin olive oil sector]:

- 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 (Article 444 of the Criminal Code);
- Counterfeiting, alteration or use of distinctive signs of original works or industrial products (Article 473 of the criminal code);
- Introduction into the State and trade of products with false signs (Article 474 of the Criminal Code);
- Fraud in the exercise of trade (Article 515 of the criminal code);
- Sale of non-genuine foodstuffs as genuine (Article 516 of the criminal code);
- Sale of industrial products with false signs (Article 517 of the Criminal Code);
- Counterfeiting of geographical indications designations of origin of agri-food products (Article 517-*quater* of the criminal code).

27) **Transnational offences (Law No. 146/2006)** [The following offences constitute grounds for the administrative liability of entities if committed transnationally]:

- Definition of transnational crime (Art. 3, L 146/2006);
- Provisions against clandestine immigration (Article 12(3), (3-*bis*), (3-*ter*) and (5) of the Consolidated Text of Legislative Decree No. 286 of 25 July 1998);
- Association aimed at the illegal trafficking of narcotic or psychotropic substances (Article 74 of the Consolidated Text of Presidential Decree No 309 of 9 October 1990);
- Conspiracy to smuggle foreign manufactured tobacco (Article 291-*quater* of the Consolidated Text of 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 (Article 378 of the criminal code);
- Criminal conspiracy (Article 416 of the criminal code);
- Mafia-type association (Article 416-*bis* of the criminal code).

For details of the aforementioned offences, please refer to Annex 1 'Regulatory Overview and Catalogue of Offences'.

III. Criteria for imputation of liability of the Entity

In the event of the commission of one of the Offences, the Entity may be held liable in the presence of certain conditions, which can be qualified 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 can be held liable whenever the unlawful conduct listed exhaustively

in the Decree takes place:

- the offence was committed *in the interest* or *to the advantage of* the Entity;
- the offence has been committed:
 - "by persons who *hold positions of representation, administration or management of the Entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control of the same*" (so-called '**Senior Persons**');
 - "by persons subject to the direction or supervision of one of the persons referred to in (a)" (so-called "**Subordinates**").

With regard to the notion of 'interest', this takes concrete form whenever the offence is committed with the intention of procuring a benefit to the Company; the same liability is also ascribable to the Company whenever it derives some indirect *advantage* (economic/equity or otherwise) from the offence, even though the offender acted without the exclusive aim of benefiting the legal person. On the contrary, the liability of the Entity is excluded in the event that the offence, although committed in breach of the provisions of the Model, did not entail any advantage nor was committed in the interest of the Entity, but rather in the exclusive interest and advantage of the perpetrator of the criminal conduct.

The interest and advantage of the Entity are two alternative criteria, and for the Entity's liability to exist, it is sufficient that at least one of the two is present. The law does not require that the benefit obtained or hoped for by the Entity necessarily be of an economic nature: liability exists not only where the offence has resulted in a pecuniary advantage, but also where, even in the absence of such a concrete result, the offence is intended to further the interest of the Entity. On the other hand, the Entity is not liable if the offence was committed independently or against its interest or in the exclusive interest of the offender or of third parties.

Interest may also be detected in the context of a group of companies, in the sense that the parent company may be held liable for the offence committed in the subsidiary's activity if an interest or advantage of the parent company can also be recognised.

However, for parental liability to apply, it is necessary that:

- the interest or advantage of the parent company is immediate and direct, even if not pecuniary;
- the person who has contributed to the commission of the Offence (with a causally relevant contribution proven in concrete terms) is functionally linked to the Company.

With reference to culpable offences, such as murder or grievous or very grievous bodily harm committed in violation of the rules on the protection of 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 advantage of the Entity shall not be referred to the event (such as, for example, the death of the worker), but

to the conduct causing such event, provided that it is conscious and intentional and aimed at favouring the Entity².

Thus, the interest and/or advantage may lie in the saving of safety costs or in the increased speed of performance or increased productivity resulting from the failure to adopt the necessary accident or environmental safeguards imposed by law.

On the other hand, the Entity is not liable if the offence was committed independently or against its interest or in the exclusive interest of the offender or of third parties.

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

In the case of Offences committed by Apical Subjects, Article 6 of the Decree provides for a specific form of exemption from liability for the Entity, if the Entity proves that

- the task of supervising the operation of and compliance with the Model, as well as ensuring that it is updated, has been entrusted to the Supervisory Board;
- there was no omission or insufficient supervision by the Supervisory Board;
- the persons who committed the offence acted by fraudulently evading the measures laid down in the Model³.

The conditions listed above must come together in order for the Entity's liability to be excluded; the Entity's exemption from liability therefore depends on the proof by the Entity itself of the adoption and effective implementation of a Model for the prevention of Offences and the establishment of a Supervisory Board.

On the other hand, in the case of Offences committed by a Subordinate Person, Article 7 of the Decree provides that the Entity will be held liable only in the event that the Offence was made possible by its failure to comply with its management and supervisory obligations, a failure which is deemed to be excluded if the Entity, prior to the commission of the Offence, adopted and effectively implemented a Model capable of preventing the 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 entities from administrative liability under the Decree must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all the relevant legal obligations:

² Therefore, conduct resulting from mere inexperience, mere underestimation of the risk or imperfect execution 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 artifice or deception, but presupposes that the violation of the Model is brought about by a circumvention of the control measures provided for therein, which is likely to 'force' its effectiveness.

- compliance with legal technical and structural standards relating to equipment, facilities, workplaces, 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, consultation of workers' safety representatives;
- health surveillance activities;
- information and training activities for workers;
- supervisory activities with regard to workers' compliance with safe working procedures and instructions;
- the acquisition of documents and certifications required by law;
- periodic checks on the application and effectiveness of the procedures adopted.

The Model must provide for suitable systems for recording the performance of the activities listed above. The Model must in any case provide, to the extent required by the nature and size of the organisation and by the type of activity carried out, for an articulation of functions that ensures the technical competences and powers necessary for the verification, assessment, management and control of the risk, as well as a disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model. The Model must also provide for an appropriate control system on its implementation and on the maintenance over time of the conditions of suitability of the measures adopted.

IV. The sanctions provided for in the Decree

The system of sanctions for the commission of the offences listed above provides for the application of the following administrative sanctions:

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

a) Financial penalties

If the entity is convicted, the pecuniary sanction is always applied. The pecuniary sanction is determined by the judge through a system based on quotas. The number of quotas (ranging from no less than one hundred to no more than one thousand and varying in amount from a minimum of Euro 258.22 to a maximum of Euro 1,549.00) depends on the seriousness of the offence, the degree of liability of the entity, the activity carried

out to eliminate the consequences of the offence and mitigate the consequences or to prevent the commission of unlawful acts. In order to make the sanction effective, the amount of the fine is also determined by the Judge on the basis of the Entity's economic and patrimonial conditions.

The fine is reduced if

- a) the offender committed the offence primarily in its own interest or in the interest of third parties and the Entity did not derive an advantage or derived a minimal advantage from it;
- b) the pecuniary damage caused is of particular tenuity, or if, prior to the declaration of the opening of the trial at first instance
- c) the Entity has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence or has in any case taken effective steps to do so; and d) a Model has been adopted and made operational.

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

- a) the seriousness of the fact;
- b) the degree of the entity's liability;
- c) of the activity carried out to eliminate or mitigate the consequences of the act and to prevent the commission of further offences.

b) Disqualification sanctions

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

- 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 and control of the former and the commission of the offence was determined or facilitated by serious organisational deficiencies;
- II. in the event of repeated offences.

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

- disqualification;
- suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- prohibition to contract with the Public Administration;

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

Pursuant to current legislation, disqualification sanctions do not apply in the event of the commission of corporate offences and *market abuse*. In fact, it should be noted that, for such offences, only pecuniary sanctions are provided for, doubled in their amount by Article 39, paragraph 5, of Law 262/2005 ("Provisions for the protection of savings and the regulation of financial markets").

The Decree also provides that, where there are grounds for the application of a disqualification sanction ordering the interruption of the company's activity, the judge, in lieu of the application of 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, when at least one of the following conditions is met

- the company performs a public service or a service of public necessity, the interruption of which may cause serious harm to the community;
- the interruption of the activity may, in view of its size and the economic conditions of the area in which it is located, have significant repercussions on employment.

Once the existence of one of the two prerequisites has been ascertained, the judge shall issue a ruling ordering the continuation of the entity's activity by a commissioner, indicating his duties and powers with particular reference to the specific area in which the offence was committed; the commissioner shall then take care of the action of organisational models suitable to prevent the commission of offences of the kind that occurred and may not perform acts of extraordinary administration without authorisation from the judge.

Notwithstanding the protection of the community, the judicial commissioner is still an alternative to a prohibitory sanction and must therefore be of a sanctioning nature; this is achieved through the confiscation of the profit resulting from the continuation of the activity. Finally, it should be pointed out that the judicial commissioner solution cannot be adopted in the event of the application of a definitive prohibitory sanction.

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

Article 16 of Legislative Decree No. 231/2001 defines when the disqualification sanction is to be applied definitively: a definitive disqualification may be applied if the entity has made a significant profit from the offence and has already been sentenced at least three times in the last seven years to a temporary disqualification from exercising the activity. The judge may also definitively apply to the entity the sanction of a ban on contracting with the public administration or a ban on advertising goods or services, when it has already been sentenced to the same sanction at least three times in the last seven years. Finally, in the case of an unlawful enterprise, i.e. an organisation with the sole purpose of enabling or facilitating the commission of offences, a definitive disqualification from exercising the activity must always be applied.

In addition, prohibitory sanctions may also be applied as a precautionary measure, i.e. prior to conviction, if there are serious indications of the entity's liability and there are well-founded and specific elements such as to suggest that there is a real danger that offences of the same type as the one being prosecuted may be committed. Disqualification sanctions do not apply if the pecuniary sanction is reduced.

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

- has compensated the damage and eliminated the harmful or dangerous consequences of the offence (or at least has effectively done so);
- has made the profit from the offence available to the judicial authority;
- has eliminated the organisational deficiencies that led to the offence by adopting and effectively implementing adequate organisational models capable of preventing the commission of new offences of the kind that have occurred.

As for pecuniary sanctions, the type and duration of disqualification sanctions are determined by the competent criminal court, taking into account the provisions of Article 14 of the Decree.

Disqualifying 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 when applied as a precautionary measure.

In the event of multiple offences, the sanction provided for the most serious one applies.

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 mandatory cases, in which the temporary nature of the disqualification is replaced by its finality. By way of example:

- a) in the event of repetition of the criminal act;
- b) in the case of substantial profit;
- c) in case of repetition at least three times in the last seven years.

c) Confiscation

The confiscation of the price or profit of the offence is always ordered by the criminal court in the conviction, except for the part that can be returned to the injured party. The rights acquired by third parties in good faith are not affected⁴.

When it is not possible to execute confiscation of the price or profit of the Offence, the confiscation may

⁴ For the purposes of confiscation, reference must be made to the time of the commission of the offence and not to the time of receipt of the profit, so that the profit resulting from an offence that was not at the time of the commission of the conduct included in the list of predicate offences under the Decree (but was at the time of receipt of the profit) will not be liable to confiscation.

concern sums of money, goods or other utilities of equivalent value to the price or profit of the Offence.

In fact, the Decree provides for other forms of asset forfeiture, even in the absence of a conviction. The first hypothesis is contemplated by Article 6(5), which provides for the compulsory confiscation of the profit that the entity has derived from the offence even in the event that the entity is not held liable, by virtue of the evidence provided, for the administrative offence dependent on the offence committed by persons in a senior position; in this case, the confiscation has a compensatory function, necessary to restore the economic balance altered by the offence and a preventive function, i.e. it neutralises any objective risk connected with the relapse of the profit in the entity's sphere.

Art. 15, Article 15(4) also provides for the confiscation of the profit deriving from the continuation of the company's activity when this is ordered by the court receiver and in place of the application of the disqualification sanction, which determines the interruption of the company's activity when the requirements are met (the company performs a public service or a public necessity service whose interruption may cause serious harm to the community or the interruption of the company's activity may cause serious repercussions on employment or the company's activity may cause serious repercussions on employment). 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 activity may cause serious repercussions on employment or the activity is carried out in industrial plants or parts thereof declared to be of national strategic interest).

Lastly, Article 23 provides for the confiscation of the profit derived by the entity from the continuation of the activity as the main sanction in breach of the obligations and prohibitions imposed on it by means of a prohibitory sanction or precautionary measure.

d) Publication of the judgment

The criminal court may order the publication of the conviction when a disqualification sanction is imposed on the Entity.

The judgment is published pursuant to Article 36 of the Criminal Code, as well as by posting it in the municipality where the body has its head office.

V. Exempting Condition of Administrative Responsibility

Articles 6 and 7 of the Decree expressly provide for the Entity's exemption from administrative liability for offences committed to its own advantage and/or interest if the Entity has adopted effective and efficient organisation, management and control models (hereinafter also referred to as the 'Model'), suitable for preventing the same offences referred to in the legislation.

In particular, if the offence is committed by Apical Subjects, the Entity shall not be liable if it proves that

- the management body of the Entity has adopted and effectively implemented, prior to the commission of the offence, organisational, management and control models capable of preventing offences of the kind committed;

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- the task of supervising the functioning of and compliance with the models, as well as ensuring that they are updated, has been entrusted to a Supervisory Board of the Entity endowed with autonomous powers of initiative and control;
- the persons who committed the offence acted by fraudulently circumventing the aforementioned organisation and management models;
- there has been a lack of or insufficient supervision by the Supervisory Board responsible for supervising the functioning and observance of the organisation 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 hypothesis, the Decree traces liability to a failure to comply with the duties of management and supervision, which typically fall on the top management (or persons delegated by them).

Failure to comply with the obligations of management or supervision does not occur if the entity, before the offence was committed, adopted and effectively implemented an organisation, management and control model capable of preventing offences of the kind committed.

The mere adoption of the Model by the management body is not, however, a sufficient measure to determine the entity's exemption from liability, since it is rather necessary that the Model is also suitable, effective and efficient. In this regard, the Decree indicates the essential characteristics for the construction of an organisation, management and control model.

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

- identify and define the company activities within the scope of which there is a possibility that offences under the Decree may be committed;
- prepare specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- establish the methods for obtaining and managing financial resources suitable for preventing the commission of such offences;
- provide for information obligations vis-à-vis the Supervisory Board responsible for supervising the operation of and compliance with the organisation, management and control model, in order to enable its concrete operational capacity;
- set up an internal disciplinary system capable of penalising non-compliance with the measures indicated in the organisation, management and control model, in order to ensure its effectiveness.

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

- periodic verification and possible amendment of the Model itself when significant violations of the prescriptions are discovered or when changes occur in the organisation or activity;

- the introduction of an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.

To these requirements must be added, with reference to offences committed in violation of occupational health and safety regulations, those specifically dictated by Article 30(1) of Legislative Decree No. 81 of 9 April 2008 ("Legislative Decree 81/08"), according to which the Organisational Model must be such as to ensure a company system for the fulfilment of all the relevant legal obligations:

- a) compliance with legal technical and structural standards relating to equipment, facilities, workplaces, chemical, physical and biological agents;
- b) risk assessment activities and the preparation of the resulting prevention and protection measures;
- c) activities of an organisational nature, such as emergencies, first aid, contract management, regular safety meetings, consultation of workers' safety representatives;
- d) health surveillance activities;
- e) information and training activities for workers;
- f) supervisory activities with regard to workers' compliance with safe working procedures and instructions;
- g) the acquisition of documents and certifications required by law;
- h) periodic checks on the application and effectiveness of the procedures adopted.

The model must also provide for suitable systems for recording the performance of the activities described above, as well as an articulation of functions such as to ensure the technical competences and powers necessary for the verification, assessment, management and control of the risk, and a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

The organisational model must also provide for an appropriate control system on the implementation of the same model and the maintenance over time of the conditions of suitability of the measures adopted. The review and possible amendment of the organisational model must be adopted when significant violations of the rules on accident prevention and hygiene at work are discovered, or when there are changes in the organisation and activity in relation to scientific and technological progress.

VI. The 'Guidelines' of Confindustria

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

Following the numerous legislative interventions that extended the scope of administrative liability to additional

offences, Confindustria updated the Guidelines for the construction of organisational models. In June 2021, the updated version of the Guidelines (replacing the previous versions, approved in 2004, 2008 and 2014) was sent to the Ministry of Justice.

On 28 June, the Ministry of Justice announced the conclusion of the examination procedure of 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 corporate functions within which the prejudicial events provided for in the Decree may occur;
- setting up a **control system** capable of preventing risks through the adoption of specific protocols. The most relevant components of the control system devised by Confindustria are:
 - code of ethics;
 - organisational system;
 - manual and computerised procedures;
 - powers of authorisation and signature;
 - integrated control and management systems;
 - communication to and training of staff.

The components of the control system must be inspired by the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- application of the principle of separation of functions (no one can manage an entire process independently);
- documentation of controls;
- provision of an adequate system of sanctions for violation of the provisions of the code of ethics and the procedures/protocols laid down in the model;
- identification of the requirements of the supervisory body, which can be summarised as follows:
 - autonomy and independence;
 - professionalism;
 - continuity of action.
- provision of arrangements for the management of financial resources;
- information obligations of the control body.

Failure to comply with specific points of the aforesaid Guidelines does not invalidate the validity of the Model. In fact, the Model adopted by the Entity must necessarily be drafted with specific reference to the concrete reality of the Company, and therefore it may also deviate from the Confindustria Guidelines, which, by their very nature, are general in nature.

It is also emphasised that the Guidelines issued by Confindustria are dynamic in nature and may be subject

to updates and revisions over time, which must be taken into account in the analysis.

VII. Attempted crimes and crimes committed abroad

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

In the event of commission in the form of an attempt of the offences provided for in the Decree, the pecuniary penalties and disqualification sanctions are reduced by between one third and one half, while the imposition of sanctions is excluded in cases where the Entity voluntarily prevents the performance of the action or the realisation of the event. The exclusion of sanctions is justified, in this case, by virtue of the interruption of any relationship of identification between the Entity and the persons who assume to act in its name and on its behalf.

According to the provisions of Article 4 of the Decree, the Entity based in Italy may be held liable in relation to offences - covered by the Decree itself - committed abroad, in order not to leave frequently occurring criminal conduct without a sanction, as well as in order to avoid easy evasion of the entire regulatory framework in question.

The prerequisites 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 head office in the territory of the Italian State;
- the conditions laid down in Articles 7, 8, 9 and 10 of the Criminal Code, with reference to the punishability of offences committed abroad, must be verified (Annex B - "Articles of the Criminal Code referred to in Article 4 of Legislative Decree No. 231/2001", describes the types of offences);
- no proceedings are brought against the Entity in the State where the act was committed.

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

I. The Company

With a widespread presence throughout Italy, Penny Market S.r.l. (hereinafter also referred to as Penny Market or the 'Company' or 'Penny Italia') is a food discounter belonging to the REWE Group, one of the leading commercial groups on the German and European markets in the large-scale retail sector.

Penny Italia was founded, as part of the REWE Group's international expansion process, in the summer of 1994 in partnership with an Italian partner in the sector, with the opening of the first shop in Cremona. The alliance proved to be advantageous as it represented the combination of German experience in discount stores and knowledge of the Italian retail market. As a result, in 1999, Penny Italia achieves adequate solidity and

becomes independent: it passes entirely to the REWE group for which the discount channel is particularly strategic. In 2000, consistent with the expansion process, Penny acquires more than 50 shops from Plus Italia in Liguria, Tuscany and Umbria, establishing itself as a leader in these regions.

The company conducts a retail business with a prevalence of food and beverages, by means of a commercial network that is developed in the numerous sales outlets distributed throughout the country, served by distribution centres located in strategic locations throughout the peninsula to guarantee an efficient goods sorting service.

Today, Penny Italia has over 400 points of sale throughout Italy, served by 7 distribution centres and over 4,000 employees.

The Company is sensitive to the need to ensure conditions of correctness and transparency in the conduct of business and corporate activities, in order to protect its position and image, the expectations of its shareholders and the work of its employees, and is aware of the importance of having an up-to-date internal control system suitable for preventing the commission of 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 correspondence of the behavioural principles and procedures already adopted to the purposes set forth in the Decree and to implement the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the 'Model').

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

- prohibit conduct that may constitute the offences referred to in the Decree;
- spread awareness that violation of the Decree, of the provisions contained in the Model and of the principles of the Code of Ethics, may result in the application of sanctions (pecuniary and prohibitory) also against the Company;
- enable the Company, by means of a structured system of procedures and constant monitoring of the proper implementation of that system, to prevent and/or counteract in a timely manner the commission of offences relevant under the Decree.

Penny Italia's organisational structure is geared towards ensuring, 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 corporate organisational structure is characterised by a precise definition of the tasks and competences of each corporate function and the related responsibilities.

Below is a list of the most significant Functions from the perspective of the Model :

- **Accounting & Finance:** is the function responsible for all administrative, tax and financial activities

related to the Company's business. In addition, it is responsible for preparing the accounting documentation preparatory to the closing of the financial statements.

- **Controlling:** is the function responsible for ensuring management control, coordinating the budgeting process, analysing and evaluating reporting data and measuring performance.
- **Purchasing & Category:** this is the function dedicated to the purchasing activities of all the commercial goods displayed in the points of sale spread throughout the territory. In addition, the function includes within it a number of figures spread throughout the distribution centres responsible for monitoring stock in the warehouse and procurement (see item Disposition).
- **Sales:** this function is responsible for all activities related to the sale of commercial products at points of sale located throughout the territory. Furthermore, in cooperation with other functions of the Company, the function, in the person of the Space Store Coordinator / Space Management, is responsible for the internal layout of the sales outlets and the monitoring of the KPIs assigned to the sales network personnel. In addition, the function is involved in the process of the promotions to be issued (under the responsibility of the Strategic Marketing Department).
- **Logistic:** is the function dedicated to the management of all goods handling activities carried out by the Company and the management of distribution centres located throughout Italy.
- **Human Resources:** this is the function that deals with all activities relating to the design, organisational development, training and strategies of Human Resources, including selection, evaluation and administrative management of the company's personnel.
- **Expansion:** this is the function in charge of carrying out all preparatory activities for the expansion of the company in the territory through the opening of new sales outlets.
- **Construction:** this function is responsible for the organisation and management of the opening of new sales outlets, including the technical and administrative paperwork necessary for carrying out construction work. It is also responsible for the technical management and maintenance of the points of sale.
- **Strategic Marketing:** this is the function dedicated to the marketing and promotion of the Company's brand. Furthermore, it is responsible for all CRM activities related to customer loyalty, also through the construction of dedicated promotional campaigns. Finally, it is the function in charge of managing the development activities of own-brand products (private label).
- **Quality:** this function is responsible for the verification activities carried out on suppliers and their products. In addition, it monitors and develops the quality of private label products on sale in the Penny network and handles product complaints and reports.
- **ICT:** this is the function that manages and develops the networks, software and hardware maintenance used by the company's staff.
- **Legal & Compliance:** this is the function responsible for the management of legal cases in which the

Company is involved and for all compliance activities necessary to comply with current regulations.

- **Security:** this is the function in charge of managing security activities related to points of sale and the movement of money. It is also in charge of the opening and operational management of claims.
- **Commercial Auditing:** this is the function responsible for carrying out in-store audits aimed at verifying the consistency between the commercial offers and the products actually offered for sale by the shops.
- **Disposition:** is the function responsible for the procurement of goods within the various Distribution Centres, from which the respective shops will then be supplied.
- **MPDA:** *is the guarantor of the correctness and reliability of the stock/stock data and consequently of the inventory differences, of the stock adjustments of the shops and warehouses through the activity of daily control of the movements of the goods flow and of the master data. In collaboration with the Sales and Logistics Departments, he is responsible for drafting and updating the operational procedures related to the management of goods and the execution of the various types of inventory at the shops and warehouses, for which he also ensures proper planning, frequency and processing.*
- **Corporate Communications:** *reporting directly to the board, it is the corporate function responsible for designing, building and protecting the brand's reputation towards all its stakeholders. It is cross-functionally configured to support all other departments, with scope of action in Internal Communications, External Communications, Public & Corporate Affairs, Crisis Communications Management, PR and People Engagement.*

II. Model of Governance

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

Shareholders' Meeting, competent to pass resolutions in ordinary and extraordinary session on matters reserved to 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 administration of the Company, with the authority to perform all appropriate acts for the achievement of the corporate purposes, with the exclusion of acts reserved - by law and by the Articles of Association - to the Shareholders' Meeting.

Board of Statutory Auditors, whose task is to supervise: a) compliance with the law and the articles of association as well as observance of the principles of proper administration; b) the adequacy of the Company's organisational structure, the internal control system and the administrative and accounting system, also with regard to the latter's reliability in correctly representing management events; c) the adequacy of the instructions given to subsidiaries in relation to the information to be provided in order to fulfil disclosure obligations.

Auditing **company**, registered in the special register of the Consob, which carries out auditing activities, appointed by the Shareholders' Meeting.

III. Purpose of the Model

The purpose of the Model is to set up a structured and organic system of procedures and control activities (preventive and ex post) aimed at reducing the risk of offences being committed by identifying 'Processes' and 'Sensitive Activities' that are sensitive to the commission of offences and their consequent proceduralisation.

The principles contained in this Model must lead, on the one hand, to determining a full awareness in the potential perpetrator of the offence of committing an offence (the commission of which is strongly condemned and contrary to Penny Italia's interests even when it could apparently gain an advantage), and on the other hand, through constant monitoring of the activity, to enabling Penny Italia to react promptly in preventing or impeding the commission of the offence itself.

One of the purposes of the Model is, therefore, to develop awareness among Employees, Corporate Bodies, Service Companies, Consultants and Partners, who operate on behalf of or in the interest of the Company in the context of "Processes" and "Sensitive Activities", that they may incur - in the event of conduct that does not comply with the provisions of the Code of Ethics and the other corporate rules and procedures - offences liable to penal consequences not only for themselves, but also for the Company.

Furthermore, it is intended to actively censure any unlawful conduct through the constant activity of the Supervisory Board on the actions of persons with respect to 'Processes' and 'Sensitive Activities' and the imposition of disciplinary or contractual sanctions.

The elements that characterise this Model are: **effectiveness**, **specificity** and **relevance**.

a) Effectiveness

The effectiveness of a Model depends on its suitability in concrete terms to develop decision-making and control mechanisms capable of eliminating - or at least significantly reducing - the area of risk from liability. This suitability is guaranteed by the existence of preventive and subsequent control mechanisms capable of identifying operations that possess anomalous characteristics, such as to signal conduct falling within the processes and tools for prompt intervention in the event of the identification of such anomalies. The effectiveness of a Model, in fact, is also a function of the efficiency of instruments capable of identifying 'offence symptoms'.

b) Specificities

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

- Process-related specificity is required, as referred to in Article 6(2)(a) of the Decree, which requires a census of the Company's activities within the scope of which offences may be committed;
- Pursuant to Article 6(2)(b) of the Decree, it is also necessary for the Model to provide for specific decision-making processes of the entity and implementation processes within the 'sensitive' sectors.

Similarly, the identification of the methods for managing financial resources, the development of a system of reporting duties, and the introduction of an adequate disciplinary system are obligations that require the specificity of the individual components of the Model.

The Model, moreover, must take into account the Company's own characteristics, size and type of activities carried out, as well as the Company's history.

c) News

A model is suitable for reducing the risks of offences if it is constantly adapted to the characteristics of the structure and activity of the business.

In this sense, Article 6 of the Decree provides that the Supervisory Board, holder of autonomous powers of initiative and control, has the function of supervising the updating of the Model.

Article 7 of the Decree stipulates that the effective implementation of the Model includes a periodic verification, as well as its possible amendment when any violations are discovered or changes occur in the Company's activity or organisational structure.

IV. Recipients

The rules contained in the Model apply:

- those who hold formal qualifications within the Company, such as those of legal representative, director, member of the board of auditors;
- those who perform, even de facto, management, administration, direction or control functions in the Company or in an autonomous organisational unit thereof;
- those who perform management functions as heads of specific Organisational Units;
- to those who, although not formally invested, in fact exercise management and control of the Company;
- the Company's employees, of whatever rank and under whatever type of contractual relationship, even if seconded abroad to carry out the activity;
- to Employees of the Company, even if seconded abroad for the performance of activities;
- to all those persons who collaborate with the Company by virtue of a para-subordinate employment relationship, such as project collaborators, temporary workers, interim workers, etc;
- those who, while not belonging to the Company, act on its behalf or in its interest.
- to those persons acting in the interest of the Company, insofar as they are linked to it by contractual legal relations or other agreements, such as, for example, joint-venture partners or associates for the realisation or acquisition of a business project.

- all Group entities whose activities/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, as suppliers of materials, services and works, consultants, partners with which Penny Italia operates.

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

The process of defining the Model consists of the phases described below:

1) Preliminary analysis of the business context

The objective of this phase was the prior examination, by means of document analysis and interviews with informed persons within the corporate structure, of the organisation and activities carried out by the various Functions, as well as the corporate processes in which the activities are articulated.

2) Identification of 'crime risk' areas of activity and business processes

Through the above-mentioned preliminary analysis of the business environment, the following were identified:

- the areas of activity that are 'sensitive' to the commission of offences, i.e. the activities within the scope of which opportunities for the commission of the unlawful conduct provided for in the Decree may hypothetically arise,
- processes 'instrumental' to the commission of the offences referred to in the Decree, i.e. processes in the context of which, in principle, the conditions and/or instruments for committing offences could be created.

This analysis is set out in the 'risk assessment' or 'mapping of sensitive activities and instrumental processes' in Annex 2.

For the areas of activity and the instrumental sensitive processes identified, the potential offence-risk cases were identified, as well as the possible ways in which they could be carried out, the Functions and the persons normally involved. We then proceeded to assess the level of potential risk associated with each sensitive activity/process, according to a *risk assessment* methodology based on the following elements and reported in Annex 3:

1. identification and weighting of the two macro axes for risk analysis:
 - probability axis, indicative of the degree of possibility that the event at risk will occur;
 - impact axis, indicative of the consequences of the realisation of the risk event;
2. assignment and weighting, for each of the macro axes, of specific evaluation parameters, according to the following scheme:
 - For the probability axis:
 - frequency of occurrence/performance of the activity described and other economic-quantitative

- indicators of relevance of the business activity or process (e.g.: economic value of the transactions or acts performed, number and type of persons involved, etc.);
- likelihood of occurrence, in the operational context, of the alleged offence (e.g. presumed 'ease' of realisation of the criminal conduct with respect to the reference context);
 - any history of commission of offences in the Company or more generally in the sector in which it operates.
- For the impact axis:
 - seriousness of the penalties potentially associated with the commission of one of the offences provided for in Legislative Decree No. 231/2001 in the performance of the activity;
 - potential benefit that would accrue to the Company as a result of the commission of the alleged unlawful conduct and that could provide leverage to the commission of the unlawful conduct by Company personnel;
3. assignment of a *scoring* to each evaluation parameter on the basis of a qualitative scale (e.g. very low - low - medium - high - very high);
 4. definition of the *final scoring* (axis and total) and assignment of a synthetic risk rating based on it, qualified as follows RED - high risk, YELLOW - medium risk, GREEN - low risk.

It should be noted that the above variables were used in order to define a gradation of the general risk associated with individual sensitive activities/processes.

3) Model Design

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 special parts of this Document.

VI. Structure of Model

The Model consists of all the 'components' identified in section VII below and by 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 Section and a Special Section.

The **General Section contains** a description of the regulations contained in Legislative Decree 231/01, an indication - in the parts relevant for the purposes of the Decree - of the regulations specifically applicable to the Company, a description of the offences relevant to the Company, an indication of the recipients of the Model, the operating principles of the Supervisory Board, the definition of a system of sanctions dedicated to the control of violations of the Model, and an indication of the obligations of communication of the Model and personnel training.

The purpose of the **Special Section** is to indicate the processes and the relevant 'sensitive' activities - i.e. the activities that have been considered by the Company to be at risk of offences, as a result of the risk analyses conducted - pursuant to the Decree, the general principles of conduct, the prevention elements protecting the aforementioned activities and the essential control measures designed to prevent or mitigate offences.

They also form an integral part of the Model:

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

These deeds and documents can be found, according to the procedures for their dissemination, within the company and on the company intranet.

VII. Fundamental elements of Model

With reference to the requirements identified in the Decree, the fundamental elements developed by Penny Italia in defining the Model can be summarised as follows:

- mapping of sensitive activities, with examples of possible ways of committing offences and instrumental/functional processes potentially associated with the commission of the offences referred to in the Decree, to be subjected, therefore, to periodic analysis and monitoring;
- identification of the ethical principles and rules of conduct aimed at preventing conduct that may constitute the types of offences provided for in the Decree, enshrined in the Code of Ethics adopted by the Company and, in more detail, in this Model;
- Appointment of a Supervisory Board to which specific tasks are assigned to supervise the effective implementation and application of the Model pursuant to Article 6 point b) of the Decree;
- approval of a penalty system suitable to guarantee the effective implementation of the Model, containing the disciplinary provisions applicable in the event of non-compliance with the measures indicated in the Model;
- carrying out information, awareness-raising and dissemination activities for the Addressees of this Model;
- procedures for the adoption and effective application of the Model as well as for any necessary amendments or additions thereto.

VIII. Code of Ethics

The Company deemed it opportune and necessary to set out in the Code of Ethics, adopted by resolution of the Board of Directors on 06/05/20 24, the values to which all its directors, employees and collaborators in various capacities must conform, accepting responsibilities, structures, roles and rules for the violation of which they assume personal responsibility within and outside the company.

The Code of Ethics adopted by the Company also expresses 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 expressed in the Code and by which the Company is inspired are compliance with the law, transparency and correct management, trust, honesty and cooperation, integrity, competence and loyalty, in order to compete effectively and fairly on the market, improve customer satisfaction and develop the skills and professional growth of its human resources.

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

The rules of conduct contained in this Model are integrated with those of the Code of Ethics, although the Model, for the purposes it intends to pursue in implementing the provisions of the Decree, has a different scope from the Code itself. In this respect, in fact:

- The Code of Ethics represents an instrument adopted autonomously and subject to general application by the Company in order to express the principles of "corporate ethics" that the Company recognises as its own and on which it calls for compliance by all Employees;
- on the other hand, the Model responds to specific prescriptions contained in the Decree, aimed at preventing the commission of particular types of offences (for acts which, committed apparently to the company's advantage, may entail administrative liability under the provisions of the Decree).

IX. Model Assumptions

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

The Company also took into account its internal control system in order to verify its capacity to prevent the offences provided for in the Decree in the areas of activity identified as being at risk.

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

- the operational objective of the internal control system concerns the effectiveness and efficiency of the

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Company in deploying resources, protecting itself from losses, and safeguarding the company's assets; this system is also aimed at ensuring that the personnel work towards the pursuit of the company's objectives, without putting other interests before those of Penny Italia;

- the objective of information translates into the provision of timely and reliable reports for decision-making within and outside the company organisation;
- 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:

- formalised and clear organisational system in the allocation of responsibilities;
- procedural system;
- IT systems geared towards segregation of functions;
- management control and reporting system;
- powers of authorisation and signature assigned in line with responsibilities;
- internal communication system and staff training.

Underlying Penny Italia's internal control system are the following principles:

- every operation, transaction and action must be truthful, verifiable, consistent and documented;
- no one should 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 personnel, within the scope of their functions, are responsible for the definition and proper functioning of the control system through line controls, which consist of all the control activities that the individual operating units perform on their processes.

X. Changes to the Model

All amendments and additions of a substantive nature to the Model itself are the responsibility of the Company's Board of Directors, since this Model is an act issued by the management body (see Decree, Art. 6).

In order to ensure the stability and effectiveness of the Model, decisions for substantial amendments and additions to the Model must be approved with the favourable vote of at least two thirds of the directors present at the meeting.

XI. Relevant offences for Penny Italia

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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 should identify the corporate activities in the context of 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 careful analysis of its organisational, management and control tools, aimed at verifying the correspondence of the behavioural principles and procedures already adopted to the purposes set out in the Decree and, where necessary, to adapt them.

Following this analysis, the Company conducted a process of improvement of its internal control system in order to remedy the criticalities highlighted during the Risk Assessment activities, for instance, by formalising the operating procedures intended to regulate instrumental processes and by adopting internal policies and protocols to protect activities at risk, which form an integral and substantial part of this Organisational Model.

On the basis of the analysis conducted, including during the updating of the Model, the offences that could potentially be committed in the Penny Italia business context are the following:

OFFENCES PROVIDED FOR IN THE DECREE	Applicability to Penny Italia
Offences in dealings with the public administration (Art. 24-25)	Yes
Computer crimes and unlawful processing of data (Art. 24-bis)	Yes
Organised crime offences (Art. 24-ter)	Yes
Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Art. 25-bis)	Yes
Crimes against industry and trade (Art. 25-bis1)	Yes
Corporate offences (Art. 25-ter)	Yes
Crimes for the purpose of terrorism or subversion of the democratic order (Art. 25-quater)	No

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OFFENCES PROVIDED FOR IN THE DECREE	Applicability to Penny Italia
Practices of female genital mutilation (Art. 25- <i>quater</i> ¹)	No
Crimes against the individual (Art. 25- <i>quinqies</i>)	Yes
Market abuse (Art. 25- <i>sexies</i>)	No
Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on health and safety at work (Art. 25- <i>septies</i>)	Yes
Receiving, laundering and using money, goods or benefits of unlawful origin, and selflaundering (Art. 25- <i>octies</i>)	Yes
Offences relating to non-cash payment instruments (Art. 25- <i>octies</i> .1)	Yes
Copyright infringement offences (Art. 25- <i>novies</i>)	Yes
Inducement not to make statements or to make false statements to the judicial authorities (Art. 25- <i>decies</i>)	Yes
Crimes against the environment (Art. 25- <i>undecies</i>)	Yes
Employment of third-country nationals whose stay is irregular (Art. 25- <i>duodecies</i>)	Yes
Racism and Xenophobia (Art. 25- <i>terdecies</i>)	Yes
Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Art. 25- <i>quaterdecies</i>)	No
Tax offences (Art. 25- <i>quinqiesdecies</i>)	Yes
Smuggling offences (Art. 25- <i>sexiesdecies</i>)	No
Crimes against the cultural heritage (Art. 25- <i>septiesdecies</i>)	Yes

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OFFENCES PROVIDED FOR IN THE DECREE	Applicability to Penny Italia
Laundering of cultural goods and Devastation and looting of cultural and landscape assets (Art. 25-doudevs)	Yes
Transnational offences (Law No. 146/2006)	Yes

The offences referred to in Articles *25-quater* (Crimes for the purpose of terrorism or subversion of the democratic order), *25-quater1* (Practices of female genital mutilation) and *25-quaterdecies* (Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices) were not considered applicable because the possibility of occurrence of the offences was considered extremely remote, taking into account the Company's *core business*.

As regards the offence referred to in Article *25-sexies* (Market abuse), it is not applicable since the Company is not listed on the Stock Exchange.

With regard to the offence referred to in Article *25-octies* (Receiving, laundering and use of money, goods or benefits of unlawful 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, strictly interpreting Article *648-ter.1* and, therefore, emphasising the most characteristic element of money laundering conduct, i.e. the ability to conceal the illegal nature of the proceeds. In line with a literal and substantive interpretation of the provision, importance has been given to the constituent elements of the offence with a view to punishing only those forms of conduct that express a criminal disvalue in addition to that attributable to the predicate offence.

Therefore, with specific reference to Self-Money Laundering, we have mapped this risk not with respect to the source of the proceeds, but with respect to the actual self-laundering conduct. So, basically, the management of financial resources, liquidity and cash investments.

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

For the sake of completeness, it should be noted that the offences introduced by Law No. 137/2023 (published in the Official Gazette No. 236/2023) have been covered in the General Section, while the predicate offences will be analysed and explored in greater detail in the next update of the Organisational Model.

The main corporate processes within which the potential risk of commission of the offences of the Decree has been identified are as follows:

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#	Process	
1	Purchases	ACQ
2	Administration, Finance and Control	A&F
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
11	Information Technology	EN
12	Environment	AMB
13	Health and Safety at Work	SSL
14	Reorganisation and Allocation	DISPO

XII. General internal control principles and specific

The Company's system of organisation must comply with the fundamental requirements of: explicit formalisation of rules of conduct; clear, formal and knowable description and identification of the activities, tasks and powers attributed to each management and to the various professional qualifications and roles; precise description of control activities and their traceability; adequate segregation of operational and control roles.

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

Behavioural Standards

- Existence of a Code of Ethics describing general rules of conduct to protect the activities carried out.

Definitions of roles and responsibilities

- The internal regulations must outline the roles and responsibilities of the organisational units at all levels, describing the activities of each structure in a uniform manner;
- such regulations must be made available and known within the organisation.

Internal procedures and standards

- Sensitive activities must be regulated, in a consistent and congruous manner, through the company's regulatory instruments, so that at all times the operating methods for carrying out the activities, the relevant controls and the responsibilities of those who have acted can be identified;
- a Person Responsible must be identified and formalised for each sensitive activity, typically coinciding with the head of the organisational structure responsible for managing the activity itself.

Segregation of tasks

- Within each relevant business process, the functions or persons in charge of the decision and its implementation must be separated from those who record it and those who control it;
- there must be no subjective identity between those who take or implement decisions, those who prepare accounting evidence of the operations decided upon, and those who are required to carry out the controls on the same as required by law and by the procedures laid down in the internal control system.

Authorisation and signature powers

- A delegation system must be defined within which there is a clear identification and specific assignment of powers and limits to the persons who operate by committing the company and manifesting its will;
- organisational and signatory powers (delegations, powers of attorney and related expenditure limits) must be consistent with the organisational responsibilities assigned;
- Powers of attorney must be consistent with the internal system of powers of attorney;
- there are mechanisms for publicising powers of attorney;
- the system of delegation must identify, inter alia:
 - the professional requirements and skills that the delegate must possess due to the specific scope of the delegation;

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- the express acceptance by the delegate or sub-delegate of the delegated functions and the consequent assumption of the obligations conferred;
- the operational modalities for managing expenditure commitments;
- delegations are allocated according to the principles of:
 - decision-making and financial autonomy of the delegate;
 - technical and professional suitability of the delegate;
 - autonomous availability of resources adequate to the task and continuity of performance.

Control and traceability activities

- Operational controls and their characteristics (responsibilities, evidence, periodicity) must be formalised in procedures or other internal regulations;
- the documentation relating to sensitive activities must be suitably formalised and bear the date of compilation, acknowledgement of the document and the recognisable signature of the compiler/supervisor; it must be filed in a suitable place for preservation, in order to protect the confidentiality of the data it contains and to avoid damage, deterioration and loss;
- the formation of acts and their authorisation levels, the development of operations, both material and recording, with evidence of their motivation and causation, must be reconstructible to guarantee the transparency of the choices made;
- the person in charge of the activity must produce and maintain adequate monitoring reports containing evidence of the checks carried out and any anomalies;
- Wherever possible, computer systems must be adopted to ensure that each transaction, or segment thereof, is correctly and truthfully attributed to the person responsible for it and to the persons involved in it. The system must provide for the impossibility of (untraced) modification of the records;
- the documents concerning the Company's activities, and in particular the documents or computer records concerning sensitive activities are filed and stored, by the competent management, in such a way that they cannot be subsequently modified, except with appropriate evidence;
- Access to documents already filed must always be justified and allowed only to persons authorised according to internal rules or their delegates, the Board of Statutory Auditors or equivalent body or other internal control bodies, any appointed auditing firm and the Supervisory Board.

XIII. Provision of intra-group services

The provision of goods or services by the REWE Group companies, with particular reference to goods or services that may relate to processes at risk of offences and related Sensitive Activities, must be carried out

in compliance with the following principles:

- obligation that all intra-group contracts be stipulated in writing and that notice of such stipulation be given to the Company's Supervisory Board, which may inspect them if necessary;
- obligation on the part of the lending company to certify the truthfulness and completeness of the documents produced and of the information communicated to the Company by virtue of legal obligations;
- commitment by the lending company to respect, for the duration of the contract, 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 line with them.

5 Organismo di Vigilanza

I. The Supervisory Board and its requirements

In order to ensure that the Company is exempt from administrative liability in accordance with the provisions of Article 6 of the Decree, it is necessary for the Company to identify and establish a Supervisory Board with the authority and powers necessary to supervise, in absolute autonomy, the operation of and compliance with the Model, as well as to take care of its updating, proposing any amendments or additions deemed appropriate to the Company's Board of Directors.

The members of the Company's Supervisory Board (hereinafter also referred to as the '**OdV**') are chosen from among persons who meet the autonomy, independence and professionalism requirements required by the Decree to perform this role.

Decree 231/01 does not provide any indications as to the composition of the Supervisory Board; therefore, the choice between its mono-subjective or multi-subjective composition and the identification of its members - whether internal or external to the entity - must take into account - as suggested by the Confindustria Guidelines and as confirmed by the relevant case law - the purposes pursued by the law and the corporate context in which the Supervisory Board is to operate, since it must ensure the profile of effectiveness of controls in relation to the size and organisational complexity of the entity.

According to these indications, the OdV must possess the following main characteristics:

Autonomy and independence

The requirements of autonomy and independence that the Supervisory Board must necessarily possess, in order for the Company to be exempt from liability, refer in particular to the functionality of the Supervisory Board itself. In other words, the position of the OdV within the Company must ensure the autonomy of the control initiative from any interference or conditioning coming from the Company and its management bodies. These requirements are ensured by placing the Supervisory Body in a top position within the corporate organisation, without formal or even de facto attribution of any executive role that could make it a participant

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 not only refer to the Supervisory Board as a whole, but also to its members considered individually: in the case of Supervisory Boards composed of several members, in which some members are external and others internal, since the internal members are not required to be completely independent of the Company, the degree of independence of the Supervisory Board must be assessed as a whole.

In order to ensure that the requirements described above are actually met, it is advisable that the members of the Supervisory Board possess certain formal subjective requirements that further guarantee their autonomy and independence, as set out in the Confindustria Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree No. 231 of 8 June 2001, approved on 7 March 2002 and updated in March 2014 (e.g. honourability, absence of conflicts of interest with corporate bodies and top management, etc.).

Professionalism

The members of the Supervisory Board must possess, as also specified in some legal rulings, specific technical skills, in order to be able to effectively perform their inspection and control duties. These are techniques of a specialised type, typical of those who perform inspection, consultancy and legal activities.

With reference to the inspection and analysis of the control system, the members of the Supervisory Board should have experience in, for example, risk analysis and assessment techniques, risk containment measures, *flow-charting* of procedures and processes to identify weak points, interview techniques and questionnaire processing.

In any case, it should be noted that the Supervisory Board, in order to fulfil its tasks, may use internal company resources or external consultants, in addition to the specific skills of its individual members.

Continuity of action

In order to ensure the effective and constant implementation of the Organisational Model, the Supervisory Board must guarantee continuity in the exercise of its functions, which must not be understood as 'continuous presence', but as effectiveness and frequency of control.

The definition of aspects relating to the continuity of the Supervisory Board's action, such as the scheduling of activities, the minuting of meetings, and the frequency and modalities of meetings, is left to the Body itself, which, in the exercise of its self-regulatory power, must regulate its internal functioning. In this regard, it is advisable for the Supervisory Board itself to formulate a regulation of its own activities (e.g. procedures for calling 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 corporations to entrust the Board of Statutory Auditors with the functions of Supervisory Board (Article 6, paragraph 4-bis of the Decree). Therefore, the Company has the option of opting for this form of organisation of the Supervisory Board, also in consideration of the need to rationalise the overall control system adopted.

Free access

Free access to all company information it considers relevant.

Autonomy of expenditure

Autonomy of expenditure with regard to the performance of its functions as long as they are necessary for the implementation and operation of the Model.

II. Composition of the Supervisory Board, appointment, revocation, causes of ineligibility and disqualification of its members

The number and qualification of the members of the Supervisory Board are established by the Board of Directors, which appoints the Supervisory Board and its Chairman by means of a specific reasoned Board resolution, which acknowledges the existence of the requirements of autonomy, independence and professionalism that the members of the Supervisory Board must possess.

The members of the Supervisory Board remain in office for three years until the approval of the company budget for the third year and may be re-elected.

The members of the Supervisory Board, in exercising their functions, 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 Board itself of the occurrence of any situations that make it impossible to maintain compliance with these requirements.

The appointed members of the Supervisory Board remain in office for the entire duration of the mandate they receive, regardless of any change in the composition of the Board of Directors that appointed them, unless the renewal of the Board of Directors depends on the commission of one of the offences referred to in the Decree: in this case, the newly elected administrative body will set up a new Supervisory Board.

They cannot be elected as members of the Supervisory Board and, if elected, automatically forfeit their office:

- those who find themselves in the conditions laid down in Article 2382 of the Civil Code (disqualification, incapacitation, bankruptcy, conviction to a penalty entailing disqualification, even temporary, from public office or inability to exercise executive offices);
- the spouse, relatives and kin up to the fourth degree of kin of non-independent directors of the Company; the spouse, relatives and kin up to the fourth degree of kin of non-independent directors of

its subsidiaries, its controlling companies and companies under common control;

- those who have been convicted by a judgment even if not final (including that pronounced 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 in RD no. 267/1942; ii) for one of the offences provided for in the rules governing banking, finance, securities, markets and payment instruments; iii) for an offence against the public administration, public faith, property, the public economy or tax matters;
 - to imprisonment for a term of not less than two years for any non-negligent offence;
 - for one or more offences among those provided for and referred to in the Decree, irrespective of the type of sentence imposed;
 - for an offence which carries a sentence leading to disqualification, including temporary disqualification, from public office or temporary disqualification from the executive offices of legal persons and companies.
- those against whom one of the prevention measures provided for in Article 3 of Law No. 55 of 19 March 1990, as amended, has been applied.

If an external member is appointed, he/she must not have any business relationship with the Company that could lead to conflicts of interest.

Without prejudice to cases of automatic disqualification, the members of the Supervisory Board may not be dismissed by the Board of Directors except for just cause.

They constitute just cause for revocation:

- a conviction of the Company pursuant to the Decree, or a plea bargaining sentence, where the documents show that the Supervisory Board has "omitted or insufficiently supervised" the Company in accordance with Article 6(1)(d) of the Decree;
- a lack of confidentiality with regard to information of which they become aware in the performance of their duties;
- failure to attend more than two consecutive Supervisory Board meetings without a justified reason.

In the event of the resignation or automatic disqualification of a member of the Supervisory Board, the latter shall promptly notify the Board of Directors, which shall take the appropriate decisions without delay.

The Supervisory Board is deemed to have lapsed if the majority of its members cease to serve, due to resignation or other causes. In this case, the Board of Directors shall appoint all the members of the Supervisory Board again.

If there are serious reasons of convenience, the Board of Directors will proceed to order the suspension from office of one or all of the members of the Supervisory Board, promptly providing for the appointment of a new member or of the entire Body *ad interim*.

III. The Supervisory Board of Penny Italia

On the basis of the above assumptions and considerations, at the same time as the adoption of its Organisational Model, the Company set up the Supervisory Board (OdV) and appointed its members. In its current composition, the Supervisory Board was appointed by resolution of 28/09/2020 .

The choice was made to entrust the functions of the Supervisory Board to a body with a collective composition of three members (one external and two internal members).

In view of the size and characteristics of the company organisation and the complexity of the tasks that the Supervisory Board is called upon to perform, the composition described above seems the most suitable to guarantee the autonomy, professionalism and continuity of action that must characterise the work of this Body.

The decision to identify an external member as Chairman of the OdV meets the need to strengthen the requirements of autonomy and independence of the Body, as well as its professionalism. More specifically, an external professional expert in the field of compliance with Legislative Decree No. 231/2001 was identified as Chairman of the OdV.

The presence of two members of the Supervisory Board within the Company and one external responds, therefore, to the need to ensure the continuity of action of the Supervisory Board in the concrete corporate reality, providing the necessary support to the management of information flows and the internal coordination of activities between the Supervisory Board and the corporate organisational units.

IV. Tasks, Powers and Functions of the Supervisory Board

The Supervisory Board performs the supervisory and control functions provided for in the Decree and the Model.

The Supervisory Board has autonomous powers of initiative and control within the Company such as to enable the effective exercise of the functions provided for by the Decree and the Model.

For any requirements necessary for the proper performance of its duties, the Supervisory Board has at its disposal adequate financial resources, which are allocated to it on the basis of an expenditure *budget* approved by the Board of Directors, on the proposal of the Supervisory Board itself. The activities implemented by the OdV cannot be reviewed by any other company body or structure, it being understood that the Board of Directors is in any case called upon to supervise the adequacy of its intervention, since the Board of Directors is ultimately responsible for the functioning and effectiveness of the Model.

The Supervisory Board is called upon to perform the following activities:

a) Verification and supervision activities:

- supervision of compliance with the Model;
- verification of the actual adequacy and capacity of the Model to prevent the commission of the offences provided for in the Decree;
- supervision of the correct application of the Disciplinary System by the corporate functions in charge thereof;

b) Updating the Model

- assessing the maintenance over time of the soundness and functionality of the Model, verifying that the Company takes care of updating the Model and proposing, if necessary, to the Board of Directors or to any competent corporate functions, the adaptation of the same, in order to improve its adequacy and effectiveness, in relation to changed corporate and/or legislative conditions;
- follow-up activities, i.e. verification of the implementation and actual functionality of the proposed solutions.

c) Information and training

- promotion of the dissemination of knowledge and understanding of the Model in the corporate context;
- promotion and monitoring of initiatives, including courses and communications, aimed at fostering adequate knowledge of the Model on the part of all Addressees;
- evaluating and responding to requests for clarification from corporate functions or administrative and control bodies, if connected and/or related to the Model.

d) Reporting to and from the Supervisory Board

- implementation, in accordance with the Model, of an effective flow of information to the competent corporate bodies concerning the effectiveness of and compliance with the Model;
- verification of the punctual fulfilment, by those concerned, of all the activities of
- reporting on the Model;
- Examination and assessment of all information and/or reports received in relation to the Model, (including with regard to possible violations 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 the Public Authority, provision of the necessary information support to the inspection bodies.

Within the scope of the above-mentioned activities, the Supervisory Board will perform the following tasks:

- promote the dissemination and verification in the corporate context of the knowledge and understanding of the principles outlined in the Model;
- collect, process, store and update any information relevant to the verification of compliance with the Model;
- periodically check and control the areas and activities at risk identified, carrying out, where it is deemed necessary for the performance of its functions, also unannounced checks (so-called 'surprise checks');
- Verify and control the regular maintenance and effectiveness of all documentation relating to the activities/operations identified in the Model;
- periodically check the powers of attorney and internal delegations in force, recommending the necessary changes if they are no longer consistent with organisational and management responsibilities;
- set up (by request to the competent corporate functions) specific 'dedicated' information channels (e.g. e-mail addresses), aimed at facilitating the flow of information (Information Flows) towards the Body;
- periodically assess the adequacy of the Model with respect to the provisions and regulatory principles of the Decree and the corresponding needs for updating;
- periodically assess the adequacy of the information flow and take corrective action if necessary;
- communicate and report periodically to the Board of Directors on the activities carried out, on the reports received and relevant with respect to issues pertaining to Legislative Decree no. 231/01, in accordance with the provisions of the "Whistleblowing Policy" in force, on the corrective and improvement measures of the Model and on their implementation status.

In order to perform the duties entrusted to it, the Supervisory Board is vested with the powers and faculties indicated below:

- issue provisions and service orders to regulate the activities of the Body;
- access to any and all company documents relevant to the performance of the functions assigned to the Supervisory Board, including the company books referred to in Article 2421 of the Civil Code;
- request the collaboration, also on a continuous basis, of internal structures or resort to external consultants of proven professionalism in cases where this is necessary for the performance of verification and control activities or for updating the Model;
- order that the recipients of the request promptly provide the information, data and/or news requested from them to identify aspects related to the various corporate activities relevant to the Model and to the verification of its actual implementation by the corporate organisational structures;
- conduct internal investigations necessary to ascertain alleged violations of the provisions of this Model;

- request from the corporate functions in charge of and delegated to the management of disciplinary proceedings and the imposition of sanctions information, data and/or news useful for supervising the correct application of the disciplinary system;
- request, through the appropriate channels and persons, a meeting of the Board of Directors to deal with urgent matters;
- access to the documentation drawn up by the Board of Auditors;
- require the heads of function to attend, without deliberative power, the meetings of the Supervisory Board.

Considering the functions of the Supervisory Board and the specific professional content required by them, in the performance of its supervisory and control activities, the Supervisory Board may avail itself of the support of other internal Company functions that, from time to time, may be necessary for the effective performance of its verification activities.

The Supervisory Board, if it deems it appropriate and/or in cases where activities requiring professional specialisations not present within it, nor within the Company itself, are required from this function, shall have the right to make use of the specific professional skills of external consultants to whom it delegates predefined areas of investigation and the technical operations necessary for the performance of the control function. The consultants shall, in any case, always report the results of their work to the Supervisory Board.

V. Reporting by the Supervisory Board

The Supervisory Board reports on the implementation of the Model and the activities carried out according to the following *reporting* lines:

- at least once a year, to the Board of Directors, to which a written report must be submitted, in particular on the subject:
 - the overall activity during the reporting period;
 - a *review* of the reports received (consistent with the provisions of the 'Whistleblowing Policy' in force) and of the actions taken by the Supervisory Board or others,
 - including any disciplinary sanctions (connected with conduct relevant for the purposes of the Decree) that may be imposed by the competent persons;
 - the critical issues that have emerged in relation to the Model and the necessary and/or appropriate corrective and improvement measures to be taken and their implementation status;
 - the annual identification of the activity plan for the following year;
 - the state of implementation;

- on an ongoing basis and if deemed necessary, to the Managing Director and the Board of Directors. In particular, the Supervisory Board shall:
 - promptly report to the Board of Directors any breach of the Model which is deemed to be well-founded by the Body itself, which has come to its knowledge as a result of a report by the whistleblowers (in accordance with the provisions of the "Whistleblowing Policy") or which has been ascertained by it;
 - Promptly report to the Board of Directors any organisational or procedural shortcomings that could lead to the concrete risk of commission of offences under the Decree;
 - notify the Managing Director or the Board of Directors of the existence of regulatory changes particularly relevant to the implementation and effectiveness of the Model;
 - promptly transmit to the Board of Directors any other information relevant to the proper performance of the functions of the Body itself, as well as to the proper fulfilment of the provisions of the Decree.

Penny Italia's Supervisory Board 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 Board

The Decree sets out, among the requirements that the Model must meet, the establishment of information obligations vis-à-vis the Supervisory Board. These flows concern all the information and documents that must be brought to the attention of the Supervisory Board, in accordance with the provisions of the protocols adopted and in the individual Special Sections of the Model.

For each 'area at risk of offence' one or more 'Internal Managers' shall be identified, who shall, inter alia, provide the Supervisory Board with information flows in the manner and frequency defined in a specific 'Information Flow Protocol', which forms an integral part of this Organisational Model. In fact, it is considered appropriate that the management of information flows to the Supervisory Board be governed by a specific procedure, duly disseminated and communicated to all recipients, in order to ensure greater effectiveness in the implementation of information flows.

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

- measures and/or information from judicial police bodies, or any other authority, including administrative authorities, involving the Company or apical persons, from which it can be inferred that investigations are being carried out, even against unknown persons, for offences under the Decree, without prejudice to the obligations of confidentiality and secrecy legally imposed;

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- requests for legal assistance made by managers and/or employees in the event of legal proceedings being initiated, in particular for offences covered by the Decree;
- control activities carried out by the heads of other company departments from which facts, acts, events or omissions have emerged that are critical with respect to compliance with the provisions of the Decree or the Model;
- changes in the system of delegated and proxy powers, amendments to the articles of association or changes to the company organisation chart;
- disciplinary proceedings initiated in relation to the violation of the Code of Ethics or the Organisational Model and their outcome (including in the event of dismissal);
- reporting serious injuries (in any case any injury with a prognosis of more than 40 days) occurring to employees, maintenance workers, contractors and/or collaborators present in the Company's workplaces;
- any orders received from a superior and deemed contrary to the law, internal rules or the Model;
- List of public funding applied for/obtained during the period with the project's progress; Reports of inspections, visits and checks by public supervisory bodies and any sanctions;
- ongoing active and passive disputes and, upon their conclusion, their outcomes;
- any requests for or offers of money, gifts or other benefits from, public officials or persons in charge of a public service;
- any significant budget deviations or expenditure anomalies not duly justified, revealed by requests for authorisation at the Management Control stage;
- any omissions, neglect or falsification in the keeping of accounts or in the preservation of documents on which accounting records are based;
- any reports, not promptly acknowledged by the competent functions, concerning both shortcomings or inadequacies of the premises, work equipment, or protective devices made available to the Company, and any other dangerous situation connected with the protection of the environment and health and safety at work.

The Supervisory Board has established a specific scheme of Information Flows formalised within the Document "Table of Information Flows intended for the Supervisory Board" and appropriately communicated to the relevant owners. Please note that the Information Flows thus designed must reach the Supervisory Board by e-mail at the following address: organismodivigilanza@penny.it.

Finally, a special reporting channel has been set up by the Company, the details of which are set out in Chapter 7 below.

VII. Sending information on changes in the company organisation to the Supervisory Board

In order to facilitate the verification and monitoring activities carried out by the Supervisory Board with reference to the activities at risk of offences being committed, and in the light of the organisational structure adopted by the Company, the Internal Managers identified within the corporate organisation as the Supervisory Board "s contact persons must transmit the following information to the Supervisory Board, each with reference to the activities carried out directly or in any case under his or her responsibility, at the intervals and in the manner identified by the Company, also on the proposal of the Supervisory Board:

- news of organisational changes (e.g. changes in corporate organisation charts, revisions of existing procedures or adoption of new procedures or policies, etc.);
- updates and changes to the system of delegations and powers;
- any communications from the statutory auditor concerning aspects that may indicate deficiencies in the system of internal controls;
- a copy of the minutes of the meetings of the Board of Directors and the Board of Statutory Auditors from which organisational changes, critical points in the implementation of the internal control system or, in any case, facts or information relevant to the correct implementation or the need to update the Organisational Model emerge;
- copy of any communications made to the Supervisory Authority (e.g. Competition and Market Authority, Data Protection Authority, etc.);
- any other information that the Supervisory Board may require for the exercise of its functions.

VIII. The Regulation of the Supervisory Body

The Supervisory Board is responsible for drawing up its own internal rules to regulate the concrete aspects and modalities of the exercise of its action, including its organisational and operating system.

IX. Archiving of information

Of all requests, consultations and meetings between the Supervisory Board and the other corporate functions, the Supervisory Board is obliged to prepare appropriate documentary evidence or meeting minutes. This documentation shall be kept under the responsibility of the Supervisory Board itself.

All information, notifications, reports required by this Model are kept by the Supervisory Board in a special and confidential computer and/or paper archive in accordance with the provisions contained in EU Regulation 2016/679 and Legislative Decree 196/2003 and subsequent amendments and/or additions, for a period of 10 years.

6 System sanctions

I. General Principles

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

The Disciplinary System operates in compliance with the rules in force, including those of collective bargaining, and is eminently internal to Penny Italia, and does not replace, but is preventive and complementary to the laws or regulations in force, as well as supplementary to the other rules of an intra-company nature.

The application of the sanctioning measures established by the Model does not replace any other sanctions of another nature (such as, by way of example, criminal, administrative, civil and tax) that may result from the same offence.

For anything not expressly provided for in the Disciplinary System, the provisions of the 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 and applicable company regulations.

The application of disciplinary sanctions for breach of the rules of conduct and non-compliance with company regulations is independent of the criminal trial and its outcome, since such regulations are taken by the company in full autonomy regardless of whether the conduct may constitute a criminal offence.

The sanction shall be commensurate with the seriousness of the infringement and any repetition thereof; recidivism shall also be taken into account for the purposes of imposing any expulsion sanction.

An incorrect interpretation of the principles and rules laid down by the Model may constitute an exemption only in cases of good faith conduct in which the constraints laid down by the Model exceed the limits of thoroughness required of a person of good diligence.

They are sanctionable:

- violations of the internal procedures provided for by 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 they expose the company to an objective situation of risk of commission of one of the Offences pursuant to Legislative Decree No. 231/2001;
- the adoption of conduct in breach of the provisions of this Model and unequivocally directed towards the commission of one or more Offences;
- the adoption of conduct in violation of the provisions of this Model, such as to determine the concrete or potential application against the Company of sanctions provided for by Legislative Decree 231/2001.

The sanctions, both of a disciplinary and contractual nature, and any claim for damages, shall also be commensurate with the level of responsibility and autonomy of the Employee, i.e. the role and intensity of the fiduciary bond connected with the assignment conferred on the Directors, Service Companies (meaning the

third party companies with which the Company has contractual relations).

The sanctions system is subject to constant verification and evaluation by the Supervisory Board and the Chief Executive Officer and the Human Resources Director, the latter remaining responsible for the concrete application of the disciplinary measures against the Employee outlined herein, upon any report by the Supervisory Board and after hearing the hierarchical superior of the author of the censured conduct.

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

II. Addressees and sanctions apparatus and/or resolution

An essential aspect for the effectiveness of the Model is the provision of an adequate system of sanctions for the violation 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 laid down in the Model itself.

The application of disciplinary sanctions is irrespective of the outcome of any criminal proceedings, since the rules of conduct imposed by the Model are assumed by the company in full autonomy regardless of the offence that any conduct may determine.

— Sanctions for employees

The procedures laid down in Article 7 of Law No. 300 of 30 May 1970 (Workers' Statute) and in the National Collective Labour Agreement for Trade and Commerce, to which reference is made, are applicable to the conduct of employees in breach of the individual rules of conduct set out in this Model, with the exception of verbal warnings.

In particolare, in caso di (a) violazione delle disposizioni del Modello, delle sue procedure interne (ad esempio il mancato rispetto delle procedure, la mancata comunicazione delle informazioni richieste all'Organismo di Vigilanza, il mancato svolgimento dei controlli, etc.), of the Code of Ethics, of the Decree or of any other penal provision included therein or (b) failure to comply with the provisions of the Model in the performance of activities in areas "at risk" or (c) damaging the Company or causing an objective situation of danger to its assets (the "Disciplinary Offences"), the following disciplinary measures will be applicable to Employees:

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

— Contestation of the infringement and justification by the employee

Notification of the infringement to the worker must be made in writing, with a specific indication of the facts constituting the infringement. The disciplinary measure may not be issued unless 5 days have elapsed since such notification, during which the worker may present his justifications. If the measure is not issued within the following 5 days, those justifications shall be deemed to have been accepted. Conversely, if the employee's justifications are not accepted, the disciplinary measure shall be issued within 6 days of the notification of the offence even if the employee does not submit any justification.

If the infringement is serious enough to result in the maximum penalty, i.e. dismissal, the employee may be suspended from work as a precautionary measure until such time as the measure is imposed, without prejudice to his right to receive pay 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 in the trade union according to the rules laid down in the relevant CCNL. Sanctions shall be disregarded 2 years after their application.

— Disciplinary sanctions

1. In the measure of the 'written warning':

an employee who for the first time violates the internal procedures laid down in this Model (e.g. fails to observe the prescribed procedures, omits to notify the Supervisory Board of the prescribed information, etc.) or adopts, in the performance of his activities, a conduct that does not comply with the provisions of the Model, such conduct being deemed to be a failure to comply with the orders issued by the company, whether in writing or verbally.

2. In the 'Fine' measure:

an employee who repeatedly violates the internal procedures laid down in this Model or who, in the performance of his activities, repeatedly adopts a conduct that does not comply with the provisions of the Model, even before such violations have been individually ascertained and contested, since such conduct must be considered as a repeated failure to comply with the orders given by the company, whether written or verbal; 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 the first violation. The amount of the fine paid may not exceed the amount provided for by the relevant CCNL.

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

an employee who commits a repeat offence in violations already punished with a fine in the previous six months; taking into account the seriousness of the conduct and the duties performed by the employee, the sanction of a fine may be imposed even in the case of a first failure if the employee, in violating the internal procedures set out in this Model or adopting in the performance of activities in areas at risk conduct that does not comply with the prescriptions of the Model itself, as well as by performing acts contrary to the interests of

the Company, causes damage to the Company or exposes it to an objective situation of danger to the integrity of the Company's assets, as such conduct must be considered as non-execution of the orders given by the Company both in writing and verbally. The period of suspension from pay may not exceed that provided for by the relevant CCNL.

4. In the measure of 'Dismissal without notice':

a worker who, in the performance of his or her activities, adopts a conduct that is clearly in breach of the provisions of this Model and such as to determine the concrete application against the Company of the measures laid down in the Decree, such conduct having to be such as to cause serious moral and/or material damage to the Company, as well as to constitute acts implying wilful misconduct or gross negligence with damage to the Company.

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

- the intentionality of the conduct or degree of negligence, recklessness or inexperience with regard also to the foreseeability of the event;
- the overall conduct of the employee with particular regard to the existence or otherwise of disciplinary precedents of the same, to the extent permitted by law;
- to the worker's duties;
- the functional position of the persons involved in the facts constituting the fault;
- the other particular circumstances accompanying the disciplinary breach.

— Sanctions against managers

In the event that managers commit a Disciplinary Offence, the following measures will be applied against those responsible in accordance with the provisions of the National Collective Labour Agreement for Industrial Managers:

- in the event of a non-serious breach of one or more of the procedural or behavioural rules laid down in the Model, the manager is subject to a written warning to comply with the Model, which is a necessary condition for maintaining the fiduciary relationship with the Company;
- in the event of a serious breach - or repeated breaches - of one or more provisions of the Model such as to constitute a serious breach, the manager shall be liable to dismissal with notice;
- where the breach of one or more provisions of the Model is so serious as to irreparably damage the relationship of trust, not permitting the continuation, even temporary, of the employment relationship, the worker incurs the measure of dismissal without notice.

— Sanctions against members of the Supervisory Board

In the event of Disciplinary Offences committed by members of the Supervisory Board, the Board of Directors shall be promptly informed and the Board of Directors may recall such member of the Supervisory Board in writing or revoke him/her, depending on the seriousness of the offence committed. The sanctions provided for employees and managers shall also apply to members of the Supervisory Board who fall into these categories.

The Company may apply sanctions to the Supervisory Board in the event of violation of this Model. Whoever has become aware of the violation is required to immediately inform the Administrative Body: this Body, after notifying the violation and granting the appropriate means of defence, will take the appropriate measures including, for example, the revocation of the appointment of the Supervisory Body and the consequent appointment of a new Supervisory Body to replace the previous one.

— Measures against Directors and Auditors

In the event of Disciplinary Offences committed by Directors or Statutory Auditors of the Company, the Supervisory Board shall inform the entire Board of Directors and the Board of Statutory Auditors of the same, who shall take the appropriate initiatives provided for by the law in force, consistently with the seriousness of the breach and in accordance with the powers provided for by the law and/or the articles of association (statements in the minutes of meetings, request to convene or call a Shareholders' Meeting with appropriate measures against the persons responsible for the breach on the agenda, revocation for just cause, etc.).

— Measures against Co-workers, Partners and Consultants

External Collaborators, Suppliers, Consultants and Partners of the Company, with particular reference to subjects involved in the performance of activities, supplies or services involving activities at risk under the Model, shall be informed of the adoption of the Model and of the Company's requirement that their conduct comply with the principles of conduct established therein.

The Company assesses the modalities (e.g. dissemination on the Intranet site), depending on the different types of external collaborators and partners, with which to inform such persons of the policies and procedures followed by the Company by virtue of the adoption of the Model and to ensure that such persons comply with such principles, also providing for the adoption of appropriate contractual clauses obliging such persons to comply with the provisions of the Model, under penalty of automatic termination of the contractual relationship and without prejudice to any claim for compensation if such conduct causes damage to the Company.

III. Update of Model

The adoption and effective implementation of the Model is - by express legislative provision - the responsibility of the Board of Directors. It follows that the power to adopt any updates to the Model lies, therefore, with the Board of Directors, which will exercise it by means of a resolution in the manner laid down for its adoption.

The updating activity, intended both as integration and as amendment, is aimed at ensuring the adequacy and suitability of the Model, assessed with respect to the preventive function of the commission of the offences

provided for by the Decree.

The Supervisory Board, on the other hand, is responsible for the concrete verification of the need or advisability of updating the Model, promoting this need to the Board of Directors.

In this regard, it should be noted that the Decree expressly provides for the need to update the Model in order to make it constantly "tailored" to the specific needs of the entity and its concrete operations. Adaptation and/or updating of the Model may become necessary, for example, in the event of:

- regulatory innovations;
- violations of the Model and/or findings emerged during audits on its effectiveness (which may also be inferred from experiences concerning other companies);
- changes in the organisational structure of the institution, including those resulting from extraordinary financial transactions or changes in business strategy resulting from new fields of activity undertaken.

IV. Information and training of staff

It is Penny Italia's general objective to ensure that all recipients of the Model are properly informed and disseminated of the rules of conduct contained therein. All personnel, as well as senior management, consultants, partners and external collaborators are required to be fully aware of both the objectives of correctness and transparency that the Model is intended to pursue and the methods through which the Company intends to pursue them.

In this context:

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

- the sending of a communication signed by the Managing Director to all personnel on the contents of the Decree, the importance of the effective implementation of the Model, and the information methods provided for by the Company;
- making the Model available in the most appropriate manner, including: i) delivery of a copy of it in training sessions; ii) appropriate dissemination on the intranet site and Internet; iii) posting on notice boards; iv) sending it in electronic format;

— **Training:** An adequate training activity is also planned for the Company's personnel and collaborators on the contents of the Decree and the Model. This training activity is divided into the following phases:

- general training activity: i.e. a generic training activity aimed at informing the addressees of the provisions of the Decree and the contents of the Model adopted by the Company;

- specific training activity: i.e. a specific training activity of those who work in the areas at risk of offences aimed at informing the recipients, in particular, on a) the specific risks to which the area in which they work is exposed and b) the principles of conduct and the company procedures that they must follow in carrying out their activities. Training, in particular, must cover not only the Code of Ethics, but also the other prevention tools such as the procedures, policies, information flows and other protocols adopted by the Company in relation to the various activities at risk.

In order to guarantee an adequate training activity to the addressees, it is also necessary that training be repeated i) on the occasion of changes in duties affecting conduct relevant to the Model (training also of an individual nature in the form of specific and personal instructions); ii) in relation to the introduction of substantial changes to the Model or, even before, on the occurrence of new events that are particularly significant with respect to the Model (collective training).

The training activity is organised taking into account, in its contents and delivery methods, the qualification of the recipients and the risk level of the area in which they work and may, therefore, provide for different levels of in-depth training, with particular attention to those employees who work in risk areas.

The training courses, their timing and implementation modalities will be defined by the Head of Human Resources after hearing the opinion of the Supervisory Board, which will also define the forms of control over course attendance and the quality of the content of the training programmes. In particular, training may be carried out by means of classroom sessions, e-learning and the delivery of informative material aimed at illustrating 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 concretely carried out both at the time of hiring and at the time of any changes in duties, as well as following updates and/or amendments to the Model.

Attendance at Model training courses is mandatory; failure to attend training activities constitutes a violation of the Model itself and may result in the application of disciplinary sanctions. The Company has implemented a system to monitor the actual attendance of training courses, with particular reference to the 231 course, by recipients in order to identify any recipients who did not attend the course and to prepare the appropriate corrective actions.

In addition, forms of verification of learning on the part of the trainees are foreseen by means of questionnaires on the understanding of the concepts presented during the training sessions, with the obligation to repeat the training in the event of an unsatisfactory outcome.

The information and training system is constantly checked and, where necessary, modified by the Supervisory Board, in cooperation with the Human Resources Department or other heads of function.

7 Whistleblowing

For the purposes of reporting, conduct, acts or omissions consisting of unlawful conduct within the meaning of Legislative Decree 231/01 or violations of the Model are considered violations.

An internal report is defined as the written or oral communication of information on violations, acquired in the work context, submitted through the channel activated by the Company, which guarantees the confidentiality of the reporter and the person involved (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 relevant documentation.

Information on violations covers information, including reasonable suspicions, concerning violations committed or which, on the basis of concrete evidence, could be committed in the organisation, as well as elements concerning conduct aimed at concealing such violations.

The Company provides clear information on the channel, modalities and prerequisites for making internal reports in the 'Whistleblowing Policy', published on the Company's website.

The *whistleblowing* process includes a whistleblowing channel identified in the *Hintbox tool* available on the company website (www.penny.it - governance section) at the following *link*: <https://www.penny.it/note-legali/governance>.

The Company has identified the Compliance Function as the autonomous and independent office in charge of managing internal reports pursuant to Article 4(2) of Legislative Decree No. 24/2023;

In accordance with the provisions of Legislative Decree 24/2023, the internal reporting channel guarantees the confidentiality of the identity of the person making the report, the person involved and the person mentioned in the report, as well as the content of the report and the relevant documentation.

The reporting channel complies with regulatory protection measures including the prohibition of retaliatory acts, even by way of attempt or threat.

The adoption of discriminatory measures against whistleblowers may be reported by the whistleblower to the ANAC for measures within its competence.

Any non-compliance 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.