



**ORGANIZATION, MANAGEMENT AND
CONTROL MODEL ENVISAGED BY
ITALIAN LEGISLATIVE DECREE NO.
231/2001**

**Approved by resolution
of the Board of Directors on July 2, 2021**

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1. Brief company description

Company name: PEDON S.P.A.

Registered Office:
R.E.A.
[Economic and Administrative Index No.]: Via Del Progresso, 32 - 36064 Colceresa (VI), Italy
VI - 289513

Tax code: 02984760245

VAT Number: 02984760245

Certified email (PEC): pedon@pec.pedongroup.com

The corporate purpose of PEDON S.p.A. (hereafter, "PEDON" or "the Company") includes the following activities:

- the production, processing, transformation, drying, freezing, packaging, and wholesale trade of foodstuffs, fruit and vegetables in general, and dried mushrooms.
- the import, export, storage, packaging, and wholesale trade of foodstuffs, and fruit and vegetables in general for human and zootechnical consumption;
- agricultural activity;
- the production, purchase, sale, and trade, both wholesale and retail, of anything related to clothing, clothing accessories in general and textile products;
- the production, purchase, sale, and trade both wholesale and retail of packaging and bags in general;
- the licensing for use and sale of technological expertise and know-how in general for the products falling within the corporate purpose;
- the installation, maintenance, modification of industrial machines within industrial plants; the dismantling of large machines and equipment; the final commissioning (start-up) of machinery; the installation of other industrial machines and equipment such as refrigeration systems, etc.

The Company has a traditional vertical organizational structure composed of a Board of Directors and the Board of Statutory Auditors.

An Independent Auditor conducts the accounting audit.

2. Introduction

This document has been prepared to the intents and purposes of **Italian Legislative Decree no. 231 of June 8, 2001**, bearing the "Regulation on the administrative liability of legal persons, companies and associations, including those without legal personality, under Article 11 of Italian Law no. 300 of September 29, 2000" formally establish an effective and agile structure composed of rules, procedures, and standards of conduct governing the organization and management of PEDON.

The **rules, procedures, and behavioral and** ethical standards as a whole constitute the Company's **Organization, Management, and Control Model**.

The Model has been developed based on the law (Articles 6 and 7 of the Decree), taking into account the guidelines established by Confindustria and the guidance originating from case law.

The principles and provisions of this document apply to directors, shareholders, employees, and anyone who operates on behalf of PEDON by virtue of a contractual relationship, of any type, even if temporary, within the limits of their duty and the responsibilities associated therewith.

The organizational and management system was adopted to the needs outlined by Italian Legislative Decree no. 231/2001 with the help of outside professionals, experts in the various sectors affected by Italian Legislative Decree no. 231/2001.

The work group's activities to prepare the Model in actual fact consists:

- in identifying the sensitive sectors/activities/areas with reference to the offenses cited by Italian Legislative Decree no. 231/2001. To achieve this result, the outside professionals **analyzed PEDON's organizational and corporate structure** after acquiring the necessary documentation (including but not limited to: the Articles of Association, the Company's ordinary COC survey, the company organization chart).

- in the **analytical examination of sensitive areas**, with a prognostication of the methods and tools through which it would be possible for the Company, its administrative bodies, employees and, in general, the figures contemplated by Article 5 of the Decree (also through meetings and interviews with the parties concerned) to commit the offenses listed in the Decree;
- in **identifying behavioral procedures and existing protocols** - whether formalized or not - with reference only to the areas identified as being at risk of crime;
- in **defining standards of conduct and control** for the activities which, in agreement with the Company, were deemed expedient to regulate;
- in **governing the ways for managing financial resources** suitable for preventing the commission of crimes;
- in **identifying the people in charge of overseeing the actual application of this Model** (hereafter, the "Supervisory Body" or "SB") with the concomitant preparation of the reporting system to and from the SB itself;
- in the provision of a disciplinary system suitable for sanctioning both non-compliance with the measures indicated in the Model and violations of the Code of Ethics.

3. The essential elements of Italian Legislative Decree 231

a. The reform introduced by Italian Legislative Decree 231: the administrative liabilities of entities

Italian Legislative Decree no. 231/2001 introduced into our system a form of liability - defined as administrative but to be considered, in essence, "criminal" - of legal persons for the commission of certain crimes (contemplated in the Decree itself or other legislative sources), committed by people who are members of the institute's staff for the **benefit or in the interest of the institute itself**.

b. The entities to which the legislation applies

The **collective subjects addressed by the legislation** are:

- ❖ legal persons (bodies and associations having legal personality), including foundations, corporations (whether small, medium, or large), and cooperatives;
- ❖ institutions (partnerships and associations), even those not having legal personality;
- ❖ public bodies acting *iure privatorum*.

c. Potential authors of 231 crimes

By **top management**, the legislator signifies (Article 5 of the relevant Decree):

*"people who hold positions of representation, administration or direction of the Institution or one of its organizational units, having financial and functional autonomy as well as the people who exercise, **including de facto**, management and control over the institution."*

For example, legal representatives, directors, general managers, etc.

By **employees/collaborators**, the legislator signifies (Article 5 of the relevant Decree):

"anyone who is under the direction or control of the persons placed in top positions."

It should be noted from the outset that the establishment of two distinct types of functional relations (top management position and subordinate position) is decisive in identifying the methods for exempting the institution from liability.

In the simplest terms, if a person commits the offense in a top management position, the institution's degree of liability is considered more significant, and the methods through which the latter may be exempted from liability become more "burdensome": in fact, the burden of proof is reversed (in other words, the institution is required to prove the existence of certain conditions - envisaged in Article 6 of the Decree - in want of which it will be held responsible); on the other hand, in the event of an offense committed by a person under the direction of others, the burden of proof remains with the public prosecutor.

d. Predicate offenses

Liability exists for the institute only for those crimes (consummated or even **only attempted**) strictly indicated by the Law.

They currently are:

Among the crimes of the Criminal Code relating to **relations with the Public Administration (Articles 24 and 25 of the Decree)**

- Article 316 *bis* of the Italian Criminal Code - Embezzlement against the Government
- Article 316 *ter* of the Italian Criminal Code - Unlawful receipt of payments to the detriment of the Government
- Article 317 *ter* of the Italian Criminal Code - Extortion
- Article 318 of the Italian Criminal Code - Bribery in the exercise of a function
- Article 319 of the Italian Criminal Code - Bribery for an act contrary to official duties (aggravated pursuant to Article 319 *bis*)
- Article 319 *ter* of the Italian Criminal Code - Bribery in judicial proceedings
- Article 319 *quater* of the Italian Criminal Code - Wrongful inducement to give or promise benefits
- Article 320 of the Criminal Penal Code - Bribery of a public service employee
- Article 321 of the Italian Criminal Code - Penalties for the briber
- Article 322 of the Italian Criminal Code - Inducement to bribery
- Article 322 *bis* of the Italian Criminal Code - Embezzlement, bribery, and inducement to bribery of members of bodies of European Community bodies and officials of the European Community and foreign countries
- Article 346 *bis* of the Italian Criminal Code - Trafficking in illicit influence.

Among the crimes of the Italian criminal code enacted to **protect the assets of the State or another public body (Article 24 of the Decree)**

- Article 640(2)(1) of the Italian Criminal Code - Fraud against the Government or a public authority

- Article 640-*bis* of the Italian Criminal Code - Aggravated fraud to obtain public funds
- Article 640 *ter* of the Italian Criminal Code - Computer fraud.

Among the offenses of the criminal code enacted to **protect the public faith** (**Article 25*bis*** of the Decree, introduced by Article 6 of Italian Law no. 409 of November 23, 2001, containing "Urgent provisions in view of the introduction of the Euro")

- Article 453 of the Italian Criminal Code - Counterfeiting coins, spending and introducing into the Country, after consultation with others, counterfeit coins
- Article 454 of the Italian Criminal Code - The Alteration of coins
- Article 455 of the Italian Criminal Code - Spending and introducing counterfeit coins into the Country, not in concert with others
- Article 457 of the Italian Criminal Code - Spending counterfeit coins received in good faith
- Article 459 of the Italian Criminal Code - Counterfeiting revenue stamps, introducing into the Country, purchasing, possessing, or circulating forged revenue stamps
- Article 460 of the Italian Criminal Code - Counterfeiting watermarked paper in use for the manufacture of public credit cards or revenue stamps
- Article 461 of the Italian Criminal Code - Manufacturing or possessing watermarks or instruments intended for counterfeiting coins, revenue stamps, or watermarked paper
- Article 464 of the Italian Criminal Code - The use of counterfeit or altered revenue stamps.
- Article 473 of the Italian Criminal Code - Counterfeiting, altering or using trademarks or distinctive signs or patents, models, and designs
- Article 474 of the Italian Criminal Code - Introducing products with false marks or markings into the Country or commerce

Among the crimes, whether codified or not, for the **purpose of terrorism or the subversion of the democratic order** (**Article 25^{quater}** of the Decree, introduced by Article 3 of Italian Law 7/2003)

- Article 270 *bis* of the Italian Criminal Code - Associations with the purpose of terrorism, including international terrorism or the subversion of the democratic order
- Article 270 *ter* of the Italian Criminal Code - Assistance to associates
- Article 270-*quater* of the Italian Criminal Code - Recruitment for the purpose of terrorism, including international terrorism
- Article 280 of the Italian Criminal Code - Attacks for terrorist purposes or the subversion of the democratic order
- Article 289 *bis* of the Italian Criminal Code - Abduction of persons for the purpose of terrorism or subversion

Article 2 of the New York Convention of December 9, 1999, cited in Article 25 *quater*, lists a series of offenses aimed at punishing, generically, conduct aimed at providing, directly or indirectly, but in any case voluntarily, funds to persons who intend to commit terrorist offenses.

Among the **corporate offenses** envisaged by Italian Civil Code (**Article 25^{ter}** of the Decree, introduced by Article 3 of Italian Legislative Decree no. 61 of April 11, 2002)

- Article 2621 of the Italian Civil Code - False corporate communications
- Article 2621 *bis* of the Italian Civil Code - Trivial matters
- Article 2622 of the Italian Civil code - False corporate communications by listed companies
- Article 2623 of the Italian Civil Code - False statements in prospectuses (repealed by Article 34(2) of Italian Law no. 262/2005)

- Article 2624 of the Italian Civil Code - Falsehoods in the reports and communications from Independent auditors (repealed by Article 37(34) of Italian Legislative Decree no. 39 of January 27, 2010)
- Article 2625(2) of the Italian Civil Code - Hindering control
- Article 2626 of the Italian Civil Code - Unlawful restitution of capital contributions
- Article 2627 of the Italian Civil Code - Illegal distribution of profits and reserves
- Article 2628 of the Italian Civil Code - Unlawful transactions involving own shares or those of a parent company
- Article 2629 of the Italian Civil Code - Transactions prejudicial to creditors
- Article 2629 *bis* of the Italian Civil Code - Failure to communicate a conflict of interest (introduced by Italian Law no. 262/2005)
- Article 2632 of the Italian Civil Code - The fictitious formation of capital
- Article 2633 of the Italian Civil Code - Unlawful distribution of corporate assets by liquidators
- Article 2635 of the Italian Civil Code - Bribery among private individuals
- Article 2635 *bis* of the Italian Civil Code - Incitement to bribery among private individuals
- Article 2636 of the Italian Civil Code - Illicit influence on the shareholders meeting
- Art. 2637 of the Italian Civil Code - Stock manipulation
- Article 2638 of the Italian Civil Code - Obstruction of functions of a public supervisory authority.

Among the *extra-codicem* crimes Consolidated Financial Law, Italian Legislative Decree no. 58/1998 pertaining to the **financial market** (**Article 25sexies**, introduced by Article 9 of European Community Law 2004)

- Article 184 of the Consolidated Finance Law - The abuse of insider information
- Article 185 of the Consolidated Finance Law - Market manipulation.

The legal person may also be held liable for two administrative offenses (which reproduce the same criminal cases listed above) introduced in the Consolidated Finance Law by European Community law 2004

- Article 187 *bis* - The abuse of insider information
- Article 187 *ter* - Market manipulation.

Among the offenses of the criminal code enacted to **protect life and personal safety** (**Article 25 *quater* 1**, introduced by Article 8 of Italian Law no. January 7 9, 2006)

- Article 583 *bis* of the Italian Criminal Code - Female genital mutilation practices.

Among the offenses of the criminal code enacted to **protect life and personal safety** (**Article 25 *quinquies***, introduced by Article 5 of Italian Law 228/2003)

- Article 600 of the Italian Criminal Code - Reducing to and maintaining individuals in slavery or servitude
- Article 600 *bis* of the Italian Criminal Code - Child prostitution
- Article 600 *ter* of the Italian Criminal Code - Child Pornography
- Article 600 *quater* of the Italian Criminal Code - The possession of pornographic material
- Article 600 *quater* 1 of the Italian Criminal Code - Virtual pornography
- Article 600 *quinquies* of the Italian Criminal Code - Tourism aimed at the exploitation of prostitution
- Article 601 of the Italian Criminal Code - Human trafficking
- Article 602 of the Italian Criminal Code - Buying and alienating slaves

- Article 603 *bis* of the Italian Criminal Code - Unlawful labor brokering and the and exploitation of labor.

Italian Law 146/2006 envisages a series of measures to combat transnational organized crime.

Article 3 of the foregoing law defines "Transnational Crime" as the crime punishable by imprisonment for a maximum of four years if an organized criminal group is involved, and also:

- is committed in more than one country;
- or it is committed in one country, but a substantial part of its preparation, planning, direction, or control takes place in another country;
- or it is committed in one Country but involves an organized criminal group engaged in criminal activities in more than one country;
- or it is committed in one Country but has substantial effects in another country.

Concerning the predicate offenses for which the institute is liable, Article 10 of the law identifies the following cases (which, therefore, may establish administrative liability only if the foregoing conditions are met):

- criminal association (Article 416 of the Italian Criminal Code)
- mafia-type association (Article 416 *bis* of the Italian Criminal Code)
- criminal association to smuggle foreign manufactured tobacco (Article 291 *quater* of the Consolidated Law pursuant to Italian Presidential Decree no. 43/1973)
- association for the purpose of unlawful trafficking in narcotic drugs or psychotropic substances (Article 74 of the Consolidated Law pursuant to Italian Presidential Decree no. 309/1990)
- the smuggling of migrants (Article 12(3)(3*bis*), (3*ter*) and 5 of the Consolidated Law pursuant to Italian Legislative Decree no. 286/1998)

- inducement to make no statements or to make false statements to Judicial Authorities (Article. 377 *bis* of the Italian Criminal Code)
- personal aiding and abetting (Article 378 of the Italian Criminal Code).

Among the crimes of the Italian criminal code enacted to **protect the life and psycho-physical integrity of workers** (**Article 25septies** of the Decree, introduced by Article 9 of Italian Law no. 123 of August 13, 2007)

- Article 589 of the Italian Criminal Code - Manslaughter
- Article 590(3) of the Italian Criminal Code- Severe or very severe bodily injury.

Among the codification crimes set up to **protect the assets and the economic-financial system** (**art. 25octies** of the Decree, introduced by Article 63 of Italian Legislative Decree 231/2007):

- Article 648 of the Italian Criminal Code - Receiving stolen goods
- Article 648 *bis* of the Italian Criminal Code - Money laundering
- Article 648 *ter* of the Italian Criminal Code - The Use of money, goods or benefits of illegal origin
- Article 648 *ter* of the Italian Criminal Code - Self Money Laundering.

Article 7 of Italian Law no. 48 of March 18, 2008 – ratifying and implementing the Council of Europe Convention on Cybercrime – provides for the extension of the predicate offenses with the inclusion of **Article 24bis** of the Decree extending the administrative responsibility of entities and companies to various **computer crimes**:

- Article 491 *bis* of the Italian Criminal Code - Falsification of a computer document
- Article 615 *ter* of the Italian Criminal Code - Unauthorized access to a computer or telematic system
- Article 615 *quater* of the Italian Criminal Code - Unauthorized possession and dissemination of access codes to a computer or telematic systems

- Article 615 *quinqüies* of the Italian Criminal Code - Distribution of computer equipment, devices, or programs intended to damage or interrupt a computer or telematic system
- Article 617 *quater* of the Italian Criminal Code - Unlawful interception, impediment or interruption of computer or telematic communications
- Article 617 *quinqüies* of the Italian Criminal Code - Installation of equipment designed to intercept, impede or interrupt computer or telematic communications
- Article 635 *bis* of the Italian Criminal Code - Damage to information, data and computer programs
- Article 635 *ter* of the Italian Criminal Code - Damage to information, data, and computer programs used by the Government or another public body or in any case of public utility
- Article 635 *quater* of the Italian Criminal Code - Damage to computer or telematic systems
- Article 635-*quinqüies* of the Italian Criminal Code - Damage to computer or telecommunications systems of a public utility
- Article 640 *quinqüies* of the Italian Criminal Code - Computer fraud by the provider of electronic signature certification services.

Article 24ter of the Decree, introduced by Article 2(29) of Italian Law no. 94 of July 15, 2009, extends the liability of the entity/company to the following **organized crime** offenses covered by the Italian Criminal Code:

- Article 416 of the Italian Criminal Code - Criminal conspiracy
- Article 416 *bis* of the Italian Criminal Code - Mafia-type criminal associations, including foreign associations
- Article 416 *ter* of the Italian Criminal Code - Political-mafia electoral vote trading
- Article 630 of the Italian Criminal Code - Abduction of people for extortion purposes

- Article 74 of Italian Presidential Decree no. 309 of October 9, 1990 - Association for the purpose trafficking narcotic drugs or psychotropic substances
- Article 407(2)(a)(5) of the Code of Criminal Procedure - Illegal manufacture, introduction into the Country, the sale, transfer, possession and carrying in a public place or place open to the public of weapons of war or war-like weapons or parts thereof, explosives, clandestine weapons as well as more common firearms
- all those crimes committed using the force of intimidation of the mafia-association ties and the relative condition of subjection and conspiracy of silence deriving therefrom or committed to facilitate the activity of criminal associations.

Article 25bis1 of the Decree, introduced by Article 15(7)(b) of Italian Law 99/2009, attributes to the entity/company the offenses **against industry and commerce** indicated below:

- Article 513 of the Italian Criminal Code - Tortuous interference in industry or trade
- Article 513 *bis* of the Italian Criminal Code - Unlawful competition with threats or violence
- Article 514 of the Italian Criminal Code - Fraud against domestic industries
- Article 515 of the Italian Criminal Code - Fraud in the exercise of trade
- Article 516 of the Italian Criminal Code - The sale of non-genuine foodstuffs as genuine
- Article 517 of the Italian Criminal Code - The sale of industrial products with mendacious signs
- Article 517 *ter* of the Italian Criminal Code - The manufacture and trade of goods made by usurping industrial property rights
- Article 517 *quater* of the Italian Criminal Code - Counterfeiting geographical indications or designations of origin for agricultural food products.

Article 25 novies of the Italian Decree, introduced by Article 15(7)(c) of Italian Law 99/2009, extends the responsibility of the entity/company to the *extra codicem* offences in the matters of **copyright infringement** reported below:

- the offenses provided for in Articles 171(1)(a *bis*) and (3), and 171 *bis*, 171 *ter*, 171 *septies*, and 171 *octies* of Italian Law no. 633/1941.

Italian Legislative Decree no. 121/2011 - in transposition of Directive 2008/99/EC and 2009/231/EC, which amends Directive 2005/35/EC relating to pollution - added **art. 25undecies**, to the Decree, extending the entity's responsibility to the **environmental crimes** indicated below:

- Article 452 *bis* of the Italian Criminal Code - Environmental pollution
- Article 452 *quater* of the Italian Criminal Code - Environmental disaster
- Article 452 *quinquies* of the Italian Criminal Code - Negligent crimes against the environment
- Article 452 *sexies* of the Italian Criminal Code - Trafficking in and abandonment of highly radioactive material
- Article 452 *octies* - Aggravating circumstances
- Article 727 *bis* of the Italian Criminal Code - Killing, destroying, capturing, taking, or possession of specimens of protected wild animal or plant species
- Article 733 *bis* of the Criminal Code - The destruction or deterioration of habitats within a protected site
- Article 137(2) and (3) of Italian Legislative Decree no. 152/2006 - Unauthorized discharge of industrial wastewater containing hazardous substances and discharge of said substances in violation of the requirements imposed with the authorization
- Article 137(5) - first and second clause of Italian Legislative Decree no. 152/2006 (Discharge of industrial wastewater in violation of the table limits)
- Article 137(11) of Italian Legislative Decree no. 152/2006 - Violation of the bans on the discharges on the soil, in groundwater, and the subsoil

- Article 137(13) of Italian Legislative Decree no. 152/2006 - Discharge at sea by ships and aircraft of substances the dumping of which is prohibited
- Article 256(1)(a) and (b) of Italian Legislative Decree no. 152/2006 - The collection, transport, recovery, disposal, trade, and brokering of waste in want of the prescribed authorization, registration, or notification
- Article 256(3), first and second clause of Italian Legislative Decree no. 152/2006 - The construction or management of an unauthorized landfill
- Article 256(4) of Italian Legislative Decree no. 152/2006 - Non-compliance with the prescriptions contained in the authorization for the management of a landfill or other activities concerning waste
- Article 256(5) of Italian Legislative Decree no. 152/2006 - The unauthorized mixing of wastes
- Article 256(6) of Italian Legislative Decree no. 152/2006 - The temporary storage of hazardous medical waste at the place of production
- Article 257(1) and (2) of Italian Legislative Decree no. 152/2006 - Pollution of the soil, subsoil, surface water, and groundwater and omission of the relative notification to the competent bodies
- Article 258(4) and Article 260 *bis*(6) and (7) of Italian Legislative Decree no. 152/2006 - The preparation or use of a false waste analysis certificate
- Article 259(1) of Italian Legislative Decree no. 152/2006 - The Illicit trafficking of waste
- Article 260 of Italian Legislative Decree no. 152/2006 - Activities organized for the illegal trafficking of waste
- Article 260 *bis*(8) of Italian Legislative Decree no. 152/2006 - Violations of the waste traceability control system
- Article 279(5) of Italian Legislative Decree no. 152/2006 - Air pollution
- Article 1(1) and (2) and Article 2(1) and (2) of Italian Law no. 150 of February 7, 1992 - The import, export, transport, and illegal use of animal species and trade in artificially bread plants

- Article 3 *bis* of Italian Law no. 150 of February 7, 1992 - The falsification or alteration of certifications and licenses and use of false or altered certifications and licenses for the import of animals
- Article 3(6) of Italian Law no. 549 of December 28, 1993 - Violation of the provisions on the use of substances harmful to the ozone layer
- Article 8(1) and (2) of Italian Legislative Decree no. 202 of November 6, 2007
 - Deliberate spillage of polluting substances from ships at sea
- Article 9(1) and (2) of Italian Legislative Decree no. 202 of November 6, 2007
 - Negligent spillage of polluting substances from ships at sea.

Article 2 of Italian Legislative Decree no. 109/2012 introduced in the Decree **Article 25duodecies**, governing the administrative offences based on the predicate offences of **undocumented immigration** pursuant to Italian Legislative Decree no. 286/1998.

In particular, the following cases are identified:

- Article 22(12 *bis*) of Italian Legislative Decree 286/1998;
- Article 12(3)(3 *bis*) and (3 *ter*) of Italian Legislative Decree 286/1998;
- Article 12(5) of Italian Legislative Decree 286/1998.

Italian Law 167 of 2017, which introduced in the Decree **Article 25terdecies**, entitled "racism and xenophobia," which cites Article 3(3*bis*) of Italian Law 654/1975 (to be understood as referring to Article 604*bis* of the Italian Criminal Code, pursuant to Article 7 of Italian Legislative Decree 21/2018).

Italian Law no. 39 of May 3, 2019, introduced in the Decree **Article 25quaterdecies**, which extends the administrative liability of entities to sports fraud, particularly cite the offences pursuant to Articles 1 and 4 of Italian Law no. 401 of December 13, 1989.

Italian Law no. 157 of December 19, 2019, converting Italian Legislative Decree no. 124 of October 26, 2019, introduced in the Decree **Article 25 quinquiesdecies**, extending the administrative responsibility of entities to tax crimes.

Italian Legislative Decree no. 75 of July 14, 2020, entitled "*The Implementation of Directive (EU)2017/1371, on the fight against fraud affecting the financial interests of the European Union through criminal law*" introduced in Article **24** of Italian Legislative Decree no. 231/2001 the crimes of fraud in public supplies pursuant to Article 356 of the Criminal Code, in Article **25** embezzlement through profiting on the error of others pursuant to Article 316 of the Italian Criminal Code and abuse of office, pursuant to Article 323 of the Italian Criminal Code, in Article **25 quinquiesdecies** for major VAT fraud in case of misrepresentation and failure to declare pursuant to Italian Legislative Decree 74/2000 – and, finally, in Article **25 sexiesdecies** smuggling pursuant to Italian Presidential Decree no. 43/1973.

e. The sanctions contemplated and the conditions for their application

A court may impose different types of **sanctions at the end of the criminal proceedings** (in which the entity's responsibility concerning the office committed is ascertained):

- ❖ **pecuniary**: these are, by express legislative dictate, commensurate with the severity of the offense committed, the entity's degree of responsibility, the activity thereby carried out to eliminate or mitigate the consequences of the act and to prevent the commission of further offenses. Finally, they are set based on the entity's economic and financial conditions " to ensure the effectiveness of the sanction";
- ❖ **disqualifying**: these, in fact, "disqualify" the institute from carrying out the activity through various methods; in particular, Italian Decree 231 contemplates the disqualification from carrying out the activity; the suspension or revocation of authorizations, licenses, or concessions; the prohibition against negotiating with the public administration or exclusion from benefits, loans, contributions or subsidies, including the possible revocation of those already granted.

As further penalties, also envisaged are the **confiscation of the price or profit of the crime** (when this is not possible, the subject of the confiscation may be sums of money, goods, or other utilities of equivalent value) and the **publication of the sentence of conviction.**

The entity may be held liable for the crime committed by the forgoing subjects, provided that:

- the acts of crime were carried out **in its interest or for its benefit**. The difference between the two cases, described alternatively, lies in the fact that the former concerns the subjective purpose of the conduct and may be assessed by the criminal court in an *ex-ante* perspective or prior to or concurrent with the commission of the offense, whereas the latter takes on more markedly objective connotations – the entity being able to take advantage even if the natural person has not acted in its interest – and requires a judicial verification to be carried out in full (*ex-post*);
- **the entity has not previously adopted and effectively implemented an organizational and management model capable of preventing offenses of the type that actually occurred** (whereas the former point describes the objective criterion of association between the offense and the legal person, the latter describes the subjective criterion of the institute's association with the criminal offense committed).

4. The Organizational and Management Model

a. Component elements

Having regard to the regulatory framework of reference - Articles 6 and 7 of Italian Legislative Decree no. 231/2001 - the Model is composed of:

- ❖ internal procedures and standards of control exclusively concerning activities deemed to be at risk of crime;
- ❖ The Code of ethics;
- ❖ the disciplinary system;
- ❖ The Supervisory Body;

- ❖ the system of reporting to and from the Supervisory Body;
- ❖ the system for reporting relevant unlawful conduct (whistleblowing) under Italian Decree 231 and an alternative reporting system that guarantees the confidentiality of a whistleblower's identity;
- ❖ communication and training.

b. The Model's exempting function

The Model, if adopted and effectively implemented, is an effective protective shield for the Company. In fact, **if adopted before the commission of the offense**, it allows **liability on the part of the institute to be totally ruled out** (according to the criminal jargon, the Model, in this circumstance, is a cause of exclusion of the guilt of the collective body) **for the crime committed by the natural person functionally associated therewith** (in this case, therefore, only the natural person responsible will be prosecuted and possibly convicted).

If the Model is adopted after the commission of the offense, it results in a significant reduction thereof in the case of the imposition of financial penalties. On the other hand, in the event of the imposition of disqualification sanctions, the sanctions in question do not apply if "virtuous" behavior is adopted, such as compensation for damage and/or the provision of profits, the removal of the offender.

Finally, in the case of the adoption of precautionary disqualifying measures during the preliminary investigation, the adoption of the Model entails the suspension thereof (again in the presence of the aforementioned "virtuous" behaviors).

c. Objectives and purposes

PEDON, adopting an Organization, Management and Control Model tailored for the provisions of the Decree, notes that it operates under conditions of **fairness and transparency** in conducting its business and corporate activities.

The adoption of the Model represents a tool to raise the awareness of all employees, players, and all other stakeholders closely associated with the Company (suppliers, customers, collaborators, consultants, etc.) so that they

behave correctly and straightforward in carrying out their activities, to prevent the risks of existing crimes.

In particular, the Company, by adopting the Model, proposes the following:

- to make all those who work for and on behalf of PEDON, and especially those who operate in the areas of activity found to be at risk of crime, aware that, in case of violations of the provisions set forth in the Model, they may incur in the commission of offenses subject to criminal sanctions against them, and "administrative" sanctions that may be imposed on the Company;
- to make the foregoing persons aware that PEDON strongly condemns such unlawful conduct, since it is always and in any case contrary not only to the provisions of the law but also to the corporate culture and the ethical principles adopted as its guidelines for its business activities;
- to protect the persons who (possibly might) report unlawful conduct or violations of the Model, ensuring that no retaliatory or discriminatory action is taken against the whistleblower as a result of the reports;
- to allow the Company to intervene promptly to prevent or counteract the commission of the offenses (listed in the specific part of the Decree), or at least to reduce the damage thereby caused significantly;
- to encourage a significant leap in quality in terms of organization and transparency of corporate governance and PEDON's image.

It should be noted that, without prejudice to the objectives and purposes set out above, the assessment of the Model concerns its capacity to minimize and not rule out *tout court* the commission of one of the offenses crimes listed in the specific part of the Decree by individual people.

This is confirmed by the fact that the Legislative Decree in question expressly requires that the Model be more capable of preventing the typology of offense to which a crime belongs as opposed to the offense that actually occurred.

d. Approval and transposition of the Model

The Organization, Management, and Control Model, in compliance with Article 6(l)(a) of Italian Legislative Decree no. 231/2001, is a document issued by the management body.

The Model supplements and does not replace the organizational and control tools and the behavioral procedures to be issued in the future or those already in operation.

On this point, in fact, it should be noted that the Model is a tool having a specific scope and purpose in that it seeks exclusively to prevent the commission of the offenses contemplated in the Decree.

However, the principles of conduct contained in this Model may be considered a broadening or extension of the codes of conduct already in place or to be issued in the future.

e. Amendments and supplements

At the instigation of the SB, the Board of Directors shall endeavor to make any subsequent amendments and additions to the Model, the Code of Ethics, and the disciplinary system.

This is to allow continuous compliance of the Organization, Management, and Control Model with Decree no. 231/2001 and with any changes in the Company's organizational and managerial structure.

The Model amendment and supplement-making activities must be carried out with the utmost respect for the individual company functions, with whom, therefore, the last word on the management of specific operating procedures and standards of behavior lies.

f. Implementing the Model

The Board of Directors adopts decisions regarding the implementation of the Model by evaluating and approving the actions necessary to implement its constituent elements.

On the other hand, the SB is responsible for the control activity regarding the adequacy and implementation of the Model (and any initiatives to be taken); (for further details on this figure, see the part of the Model dedicated to this Body).

g. General principles of control

- ❖ Every operation, transaction, or action must be traceable, verifiable, documented, coherent and consistent.
- ❖ No one may autonomously manage an entire process.
- ❖ No one may be given unlimited powers.
- ❖ Powers and responsibilities must be clearly defined and well known within the organization.
- ❖ The authorizing and signatory powers must be consistent with the organizational responsibilities assigned.
- ❖ The checks carried out must be documented.

5. The Supervisory Body

a. Composition, functions, and duties

The Supervisory Body must be established pursuant to Article(6)(1)(b) of the Decree. This body has autonomous powers of initiative and control.

It must **monitor the operation, effectiveness, and compliance with the Model and ensure its constant and timely updating.**

The legislator provides no exhaustive information on the structure and composition of that body.

Therefore, according to a shared opinion, the decisions on such aspects are left to the institution's free and responsible discretion.

Considering its characteristics, PEDON opts for a collegial Supervisory Body, considering this choice the most appropriate for the purpose for which the body mentioned above is intended.

The body guarantees competencies in the institute's area of responsibility.

From the moment of its appointment, the Supervisory Board is granted financial autonomy via the allocation of an expense budget which shall be supplemented and/or refinanced as and when necessary.

The Supervisory Board shall remain in office for three years from the date of appointment and may be re-elected for three consecutive terms.

At the prescribed deadline, the Supervisory Body shall lapse while continuing to carry out its functions *pro tempore* until the new appointment of the members of the SB itself.

The Board of Directors determines the remuneration of the foregoing body at the time of appointment for the entire duration of the office.

The same causes of ineligibility and lapse that exist, pursuant to Article 2399 of the Italian Civil Code, for the members of the Board of Statutory Auditors, apply to the members of the Supervisory Board.

The Board of Directors may revoke the members of the SB for just cause only. The revocation shall be decided upon after having heard the persons concerned.

In case of termination, revocation, death, resignation, or lapse of one of the members of the SB, the administrative body is obliged to appoint the new member promptly.

The members of the Supervisory Body must not have undergone criminal proceedings or been convicted with a sentence (even if not final) for any of the offenses specified in Italian Legislative Decree no. 231/2001.

The SB shall perform the following activities of:

- ❖ supervising the effectiveness of the Model, verifying, in particular, the consistency between the Model itself and the actual procedures adopted in the areas at risk;
- ❖ periodically verifying that the Model is respected by all individual business units/areas at risk, to ensure that the procedures defined and the safeguards put in place are followed as faithfully as possible and are capable of preventing the risks of the offenses mentioned being committed;
- ❖ supervising to ensure the Code of Ethics and all the provisions contained therein are respected by all subjects in any capacity operating in the Company;
- ❖ formulating proposals to the competent bodies for updating and modifying the Model in collaboration with the Company functions concerned, should changed company conditions and/or regulations entail, in its opinion, the need for updating and/or implementation.

In particular, the SB, as identified above:

- ❖ sees to the updating of the Model by the Board of Directors in accordance with changes in law and jurisprudence, and also subsequent to changes to the company organization;
- ❖ collaborates with the various corporate functions concerned in preparing and supplementing internal legislation (rules of conduct, operating instructions, any control manuals) aimed at preventing the crime risks mapped out;
- ❖ monitors the correct functioning of the control activities for each risk area, promptly reporting deviations and malfunctions of the Model, after discussion with the areas/functions concerned;
- ❖ disseminates, in the manner it deems most appropriate, knowledge and understanding of the Organizational Model within the Company, paying greater attention to the areas deemed most exposed to the crime risks mapped out (essentially the areas/functions that deal with the management of economic resources, accounting, those that have relations with public administrations, the management of occupational safety and health);
- ❖ periodically carries out targeted inspections on certain transactions or specific actions carried out as part of the processes monitored due to their sensitivity;
- ❖ arranges for extraordinary inspections to be carried out when dysfunctions of the Model are evident or when the commission of illegal acts, which are the subject matter of prevention activities, has occurred or is merely suspected of having occurred;
- ❖ monitors the performance of activities at risk, coordinating with company functions, including through specific meetings;
- ❖ collects, processes, and retains relevant information regarding compliance with the Model;
- ❖ drafts periodic reports on the adequacy and effectiveness of the Model, including based on the results of the inspection and control activities, forwarding them to the Board of Directors;
- ❖ periodically checks the feasibility and implementation of possible corrective solutions to the specific procedures contained in the Model;

- ❖ manages a dedicated email inbox (e.g., odv@pedongroup.com) to receive any requests for clarification regarding doubtful cases or problematic assumptions, as well as requests for interventions aimed at implementing the Model from company functions;
- ❖ assesses and proposes the imposition of any disciplinary sanctions, first having obligatorily coordinated with the managers of the competent company functions/areas.

Save for urgent situations and exceptional cases, the SB carries out its activity every quarter, at minimum.

Where deemed necessary to perform its duties, the SB must be able to talk with the Chairman of the Board of Directors and people having management powers.

The SB may request to be heard by the Board of Directors and/or the Board of Statutory Auditors whenever it deems it expedient to examine or intervene in matters relating to the operation and effective implementation of the Model.

To guarantee a correct and adequate flow of information, the SB also has the option to ensure the full exercise of its powers, of requesting clarifications or information directly from the persons having critical operational responsibilities.

The SB may, in turn, be convened at any time by the Board of Directors and/or the Board of Statutory Auditors to report on particular events or situations relating to the operation and compliance with the Model.

The members of the SB must be duly remunerated to prevent the debasement of their office and duties.

b. Reporting to the Supervisory Body

The SB is the addressee of any information, documentation, and/or communication, including from third parties relating to the model's compliance.

In carrying out its functions, the Supervisory Body must have free access to all company documentation, including the minutes of the Board of Director and the Board of Statutory Auditors' meetings; it must be able to request, and obtain promptly, data and information from company management, as well as from managers and executives.

In its control activities, the SB establishes the documentation that, periodically, must necessarily be submitted to its attention.

The Supervisory Body must be informed of:

- ❖ measures and/or information from the judicial police forces or any other authority, from which it can be inferred that investigations concerning the Company are being carried out, including against unknown persons, for the types of crime envisaged by the Decree;
- ❖ requests for legal assistance made by the people within PEDON, in case of the initiation of legal proceedings for one of the offenses envisaged by the Decree;
- ❖ reports prepared by corporate structures within the scope of their control activities, from which critical factors emerge concerning the rules of the Decree;
- ❖ reports (anonymous and otherwise) concerning unlawful conduct or violations of the Organization, Management, and Control Model;
- ❖ periodically, information relating to the actual implementation of the Model in all areas/functions at risk;
- ❖ periodically, information relating to the actual implementation of the Code of Ethics at all company levels;
- ❖ information on the evolution of activities relating to risk areas. In case of information and/or news, even unofficial, relating to the commission of the offenses provided for by the Decree or in any case concerning possible violations of the Model (including of course the provisions of the Code of Ethics), everyone must contact their superior/manager who will immediately report to the SB.

Should the news of possible commission of crimes or violations of the Model involve members of PEDON's Board of Directors, the SB shall be informed directly and exclusively.

Finally, the proxy and power-of-attorney system adopted by the Company must be communicated to the SB via the Administrative Office.

The information flows must reach the SB via the methods thereby concretely defined.

The SB acts in such a way as to guarantee protection for whistleblowers against any form of retaliation, discrimination, or penalty, also guaranteeing the confidentiality of the identity of the whistleblowers, without prejudice to the legal obligations and the protection of the rights of the Company or persons accused erroneously or in bad faith.

The SB evaluates the reports received and decides on the actions to be taken, listening, if necessary, to the author of the report and/or the person responsible for the alleged violation.

If the offender is the Chairman of the Board of Directors, the SB shall conduct out a summary investigation, the outcome of which is forwarded to the Board of Statutory Auditors, which, having conducted the necessary investigations, shall take the most expedient measures, making sure to inform the SB.

c. Collecting and retaining information

The SB prepares a specific computer or paper database in which every report or information pursuant to this document is retained for a period of 10 years. The foregoing is without prejudice to the provisions regarding the confidentiality of personal data and the rights it guarantees to data subjects.

Only the SB is allowed access to the database.

6. Dissemination of the Model

a. Training and informing all personnel and people in top positions

PEDON intends to guarantee the correct and complete knowledge of the Model and the content of Italian Legislative Decree no. 231/2001 and the obligations deriving therefrom.

The competent corporate functions manage the training and information under the control of the SB, in close coordination with the managers of the areas/functions involved in the application of the Model.

This training and information effort is also extended to all those people who, although not belonging to the company structure, still operate in the Company's interest or benefit.

Nevertheless, only communication and training activities concerning the Code of Ethics are addressed to third parties.

The adoption of this document is communicated to all people working for and on behalf of PEDON at the time of its adoption.

All employees and senior managers must sign a particular form certifying they know of and accept the Model, of which they have a hard or digital copy.

New hires are given an information set containing the Model, including the Code of Ethics, ensuring their knowledge is of primary importance.

Standard contractual clauses are included in the contracts stipulated with private third parties to undertake to not adopt behavior out of line with the principles of conduct and ethical values by which the Company is inspired.

The continuous training and refresher training activities are organized by the competent corporate functions with the supervision of the SB, holding mandatory periodic meetings, modulated in content and frequency, depending on the qualification of the Addressees and the functions for which they are responsible.

If deemed necessary by the SB, outside professionals with specific expertise on the subject matter of crimes attributable to the Company, the analysis of organizational procedures and processes, and general principles regarding compliance legislation and controls related thereto shall attend the meetings.

b. Selecting external people operating in the areas most exposed to risk

Upon proposal of the SB, by decision of the Board of Directors, special assessment systems may be set up within the Company to select the representatives, consultants, and the like as well as partners with whom it intends to come to any form of partnership and meant to cooperate with PEDON in carrying out the activities most exposed to the risk of crime.

7. The disciplinary system and sanction measures

a. Purpose

The Board of Directors adopts this disciplinary and sanction system, an essential part of PEDON's Organizational Model, pursuant to Article 6(2)(e) and Article 7(4)(h) of Italian Legislative Decree no. 231/2001.

It aims to define the penalties for non-compliance with the principles contained in the Company's Code of Ethics and the requirements indicated in the Organizational Model thereby adopted.

The Code of Ethics and the Organization, Management and Control Model constitute the components of the crime prevention system from which administrative responsibility may ensue pursuant to Italian Legislative Decree no. 231/2001 (hereafter, also referred to as the "Crime Prevention System").

The enforcement of disciplinary and sanction measures is independent of the initiation and outcome of any criminal proceedings begin that the rules of conduct imposed by the crime preventions system are taken on PEDON in full autonomy and regardless of the type of offense that might be caused by violations of the crime prevention system itself.

b. Sanctions for employees

The behavior of employees (to be understood in an all-encompassing sense, hence, managers, employees, and workers, etc.) in violation of the individual behavioral drawn for the Crime Prevention System are defined as "disciplinary offenses."

The sanctions applicable to employees are adopted in compliance with the procedures envisaged under Article 7 of the Workers' Statute and the current National Collective Bargaining Agreement for the Food Industry.

Disciplinary measures against employees and any claim for compensation for damages caused to the Company shall be proportional, in the logic of proportionality between conduct and disciplinary consequence, concerning:

- the employee's degree of responsibility and autonomy;
- the existence of any disciplinary precedents against the said employee, including those not related to the violation of the crime prevention system;
- the intentional nature of their conduct;
- the severity of said conduct;

- the other particular circumstances in which the conduct took place in violation of the crime preventions system.

Any failure to comply with the obligations set forth in the crime preventions system constitutes an infringement thereof. In any case, the following infringements of the crime prevention system are listed in order of severity:

- the commission of offenses which may ensue in administrative liability for the institutes according to Italian Legislative Decree no. 231/2001;
- the violation of the principles of the Code of Ethics;
- the violation of the protective measures for individuals who report criminal offenses cited in the whistleblowing procedure or the filing of reports that turn out to be unfounded;
- the violation of the rules contained in the Organizational Model procedures, the impediment of the SB supervisory activities, and the omission of the activities that should be carried out with respect thereto;
- the avoidance of training;
- omission of actions to disseminate the crime prevention system.

Where more than one offense has been committed with a single infraction, punishable by different sanctions, the most severe sanction shall apply.

Employees who violate the internal procedures provided for by the crime preventions system or adopt, in carrying out activities in areas at risk, conduct that does not comply with the requirements of said system, shall incur the following disciplinary measures:

1. verbal warning;
2. written warning;
3. fine;
4. suspension;
5. dismissal.

If the worker has incurred one of the foregoing violations, the Company may order the non-disciplinary precautionary suspension of the worker with immediate effect for a period not exceeding ten days. Should the Company decide to proceed with dismissal, said dismissal shall take effect when the decision was adopted.

All the foregoing measures are adopted by the Chairman of the Board of Directors.

Concerning managerial staff, given the fiduciary relationship that binds this type of employee to the Company, the disciplinary measures envisaged may only regard serious failures or cases of relapse.

In observance of and compliance with the provisions of the law and the Collective Labor Agreement, the above is without prejudice to any right of the Company concerning possible actions for compensation for damages caused thereto by the author of the Crime Prevention System violation.

c. Sanctions on Directors and Statutory auditors

If a member of the Board of Directors or a member of the Board of Statutory Auditors violates the procedures envisaged by the crime prevention system or adopts, in conducting activities in areas at risk, behavior that does not comply with the prescriptions of the system itself, then the SB shall inform the Board of Directors, which shall decide upon the measures to be taken.

d. Sanctions on outside collaborators

In the event of a violation, by an outside collaborator (consultant, agent, attorney, supplier, or representative of the Company in general) or a PEDON partner, of the prescriptions and procedures contained in the parts of the crime preventions system cited in a specific contract clause, the person who, for the Company, has signed the contract containing said violated clause or, in case of impossibility on the part of the latter, the Chairman of the Board of Directors shall adopt against said author of the violation, by virtue of the activation of the provisions of said clause, the provision of the written warning, the pecuniary penalty, or the termination of the contract depending on the severity of the violation committed.

The foregoing is without prejudice to PEDON's right to seek damages for any harm caused to PEDON by violators of the Crime Prevention System.

e. Record of people who have violated the Crime Preventive System

The SB maintains a record of the people - within and outside of the Company - who have undergone disciplinary measures or sanctions. The listing in the record of



people against whom the Company has adopted a measure or expulsion or for whom termination of the employment contract has been decided shall result in the exclusion from new employment agreement therewith, unless the Board of Directors decides otherwise, subject to the written opinion of the SB.

