

# **Metro Italia Cash and Carry S.p.A.**

## **Organizational, management and control model**

**in accordance with Art. 6, paragraph 3  
of Italian Presidential Decree no. 231 of 08 June 2001**

**“Regulations concerning the administrative liability of legal entities, enterprises and associations also without  
legal personality as of article 11, law no. 300 of 29 September 2000”**

**Approved by the Board of Directors  
on 07 July 2009**

**Version 15.0 (update of 20th December 2020)**

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## Definitions

- ***Sensitive Activities***: activities carried out by Metro Italia Cash and Carry S.p.A. that could potentially be at risk of the crimes as of the Decree being committed.
- ***Code of Ethics***: the code adopted by the Board of Directors of Metro Italia Cash and Carry S.p.A. on 07 July 2009 and subsequently updated by the Board of Directors of Metro Italia Cash and Carry S.p.A. on 5 October 2010, 27 May 2013 and 8 May 2020.
- ***Collaborator/s***: all those people who, in their different roles, operate in Italy and abroad directly and indirectly in the name and/or on behalf of and/or commissioned by and/or under the control of METRO, irrespective of the legal classification of the relationship (e.g. agents, temporary workers, consultants); (ii) people who act in the interest of the company and are linked to same by contractual relationships or by agreements of any type, such as, for example, partners in joint ventures or business partners for the development or acquisition of a business project.
- ***Board of Directors***: the board of directors of Metro Italia Cash and Carry S.p.A.,
- ***Legislative Decree 231/2001 or Decree***: Legislative Decree no. 231 of 8 June 2001, and subsequent amendments and supplements.
- ***Addressees***: the people to whom the Organizational Model is addressed, as identified in paragraph 9 of the General Part of this document.
- ***Employee/s***: the people who have an employment, insourcing (e.g. project workers, temporary workers) or temporary contract with the company Metro Italia Cash and Carry S.p.A., irrespective of the type of contract, qualification and/or category applied by the company, and even if seconded from abroad for the performance of the activities.
- ***Supplier/s***: the subjects who provide Metro Italia Cash and Carry S.p.A. with products and/or goods, for sale or otherwise, or services (e.g. contractors, business partners, etc.).
- ***Public Service Officer/s***: the subjects who “for any reason provide a public service”; that is, an activity regulated in the same ways as the public function but without the typical powers of same (art. 358 of the Criminal Code), as outlined in paragraph A1 of the Special Part of this document.
- ***Confindustria Guidelines***: the guidelines issued by Confindustria (approved on 7 March 2002 and updated in March 2008 and, most recently, in March 2014) on the definition of organizational, management and control models as of the Decree.
- ***Organizational Model or Model***: the organizational, management and control model in accordance with the Decree and adopted by the Board of Directors of Metro Italia Cash and Carry S.p.A. on 7 July 2009 and updated by the Board of Directors of Metro Italia Cash and Carry S.p.A. on 5 October 2010, on 13 December 2011, on 27 March 2012, 17 April 2012, 27 May 2013, 18 December 2013,

9 September 2014, 30 September 2014, 5 October 2016, 1 March 2017, 27 July 2018, 8 May 2020, and 20 November 2020.

- **Corporate Bodies:** the Board of Directors and Board of Statutory Auditors.
- **Supervisory Body or OdV:** the body envisaged by article 6 of the Decree, tasked with supervising the functioning and observance of the Model.
- **P.A.:** the public entities, public administrations, all institutional intermediaries, both in Italy and abroad, the Public Officer or the Officer of a Public Service, as outlined in paragraph A1 of the Special Part of this document.
- **Public Officer/s:** the person who “exercises a legislative, juridical or administrative function” (art. 357 Criminal Code), as illustrated in paragraph A1 of the Special Part of this document.
- **Crimes and/or Predicate Crime/s:** criminal crimes to which the provisions as of the Decree apply.
- **Group Companies or Subsidiaries:** companies directly or indirectly controlled by Metro Italia Cash and Carry S.p.A. in accordance with article 2359, clauses 1 and 2 of the Italian Civil Code.
- **Company or METRO:** the company Metro Italia Cash and Carry S.p.A.
- **Top Management:** the people holding positions of representation, administration or management of the Company or of one of its units and have financial and functional autonomy and the people who de facto exercise the management or control of the company.
- **Subordinates:** the people subject to the direction or supervision of one of the subjects indicated in the point above.
- **TUF:** Legislative Decree no. 58 of 24 February 1998, the so-called “Consolidated Finance Act”.
- **TUS:** Legislative Decree no. 81 of 09 April 2008, the so-called “Consolidated Safety Act”.

## Structure of the document

This document, comprising a General Section and a Special Section, includes an analysis of Legislative Decree 231/2001 and represents the guidelines concerning the process for adoption by METRO of the Model, the relevant crimes for the Company, the Addressees of the Model, the procedures used by other Group Companies to adopt and implement organization models, the METRO OdV, the sanctions in the case of violations, the obligations regarding the diffusion of the Model and personnel training.

The special section, structured into special parts, illustrates the Sensitive Activities for the Company in accordance with the Decree; that is, where there is a risk of a crime being committed, the general principles of conduct, the elements for preventing and supervising the above-stated Sensitive Activities and the control measures necessary for preventing or attenuating crimes.

Besides the above, this document also includes:

- the Code of Ethics which defines the principles and rules of behaviour within the company;
- all the regulations, internal measures, guidelines and operating procedures required to implement the content of this document (e.g. powers, organization charts, job descriptions, by-laws, financial statements).

All these documents can be consulted in the ways established for their diffusion within the Company.



## **General Section**



## **1. Legislative Decree no. 231 of 08 June 2001**

The Decree, which introduces and regulates administrative liability for crimes committed by legal entities, was promulgated in order to implement the EU regulation regarding the fight against corruption, creating a single law within the Italian system which until 2001 did not envisage forms of criminal or administrative liability for collective subjects, who could be called on to pay at the most, in a joint way, the fines, penalties and administrative sanctions applied to its legal representatives, directors or employees.

The range of crimes envisaged by the Decree gradually went beyond the original crimes to the detriment of the state, and now also includes cases which are not exactly typical of the company's activities.

The scope of the Decree is extremely wide and regards all entities with legal status, enterprises, associations also without legal personality, economic public entities, and private entities assigned a public service. Instead, the decree does not apply to the State, territorial public entities, non-economic public entities or entities that perform functions with constitutional significance (for example, political parties and trade unions).

The decree does not make any reference to entities with no registered offices in Italy. However, in this respect, the Italian Court of Cassation, with the sentence no. 11626/20, clarified that corporates are liable for offences under national jurisdiction because they are subjected to the Italian Law and, in particular, to the criminal one, regardless to its nationality or the place where the company has registered its office and regardless to the existence or not of rules governing similarly the same matter even in the country of origin with regard to the preparation and effective implementation of Organization, Management and Control Model.

### **1.1. Nature and characteristics of corporate liability**

The Legislator has identified different types of crimes which can be committed in the interest of or for the benefit of the company by individuals. After having identified the link between the entity and the perpetrator of the crime and having verified that such person has acted within the remit of his activities, the link between individual-entity and between crime-interest of the entity results in the direct responsibility of the latter based on a special investigative system which is independent from and parallel to the one in any case applicable to the individual.

The nature of this new form of responsibility of the entity is generally mixed and its uniqueness lies in the fact that it combines the essential aspects of both the criminal system and the administrative system. The entity is punished with an administrative sanction in that it is accountable for an administrative crime but the sanction system is based on criminal procedure: the Authority responsible for notifying the crime is the Public Prosecutor while the criminal judge has the responsibility and authority to apply the sanction.

The administrative responsibility of the entity is separate and independent from that of the natural person who has committed the crime and exists even if the perpetrator of the crime has not been identified or if the crime has been extinguished for a cause other than amnesty. In any case, the entity's responsibility is always supplementary to and never a substitute for that of the individual who has perpetrated the crime.

## 1.2. Crimes identified in the Decree and subsequent amendments

The entity can be called to account for a closed number of crimes; that is, only for the crimes indicated by the Legislator, and cannot be sanctioned for any other type of crime committed during the performance of its activities. The Decree, in its original version and in the subsequent supplements, and the laws which expressly refer to the decree, indicate in articles 24 and ff. the crimes which can result in the responsibility of the entity; the so-called "Predicate Crimes".

The limit set by the Legislator on the applicability of the Decree to Predicate Crimes alone can be explained by the fact that it would not be logical to punish the entity for crimes which have no relationship with its activity and which are attributable solely to the choices made by the individual who commits them. Predicate Crimes include a wide range of offences, some typical of business activities, others typical of criminal organizations. The list of crimes was subsequently extended, supplementing the original one envisaged in the Decree. Indeed, the following crimes were added:

- Decree-Law no. 350 of 25 September 2001 (converted with amendment by Law no. 409 of 23 November 2001), which introduced article 25-bis "Falsifications or counterfeiting of money, public credit cards or tax stamps", subsequently modified to "Falsifications or counterfeiting of money, public credit cards or tax stamps and of trademarks or distinguishing markings" by Law no. 99 of 23 July 2009 and finally with Legislative Decree no. 125 of 21 June 2016 "Implementation of Directive 2014/62/EU on the protection of the euro and other currencies against counterfeiting by criminal law";
- Legislative Decree no. 61 of 11 April 2002, which introduced article 25-ter "Corporate Crimes"; the application of the Decree was extended with the introduction, in article 25-ter, of article 2635 c.c. entitled "Private bribery" under Law no. 190 of 06 November 2012; corporate crimes were amended by Law no. 69 of 2015 setting out "Provisions on crimes against the Public Administration, of Mafia-type conspiracy and falsity in financial statements" and subsequently with Legislative Decree no. 38 of 15 March 2017, "Implementation of the Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector" which further amendment of art. 2635 c.c. and introduced art. 2635-bis.
- Law no. 7 of 14 January 2003, which introduced article 25-quater "Terrorism or subversion of the democratic order";
- Law no. 228 of 11 August 2003, which introduced article 25-quinquies "Crimes against the person" subsequently amended by Law no. 38 of 6 February 2006 which added the crime of "Virtual Pornography" (Article 600-quater.1 penal code), by Legislative Decree no. 39 of 4 March 2014 which added the offense of "solicitation of minors" and by Law no. 199 of 29 October 2016 which introduced the crime of " Illicit intermediation and labour exploitation ";
- Law no. 62 of 18 April 2005, which introduced article 25-sexies "Market abuse";
- Law no. 7 of 9 January 2006, which introduced article 25-quater.1 "Female genital mutilation";
- Law no. 146 of 16 March 2006, which envisages the responsibility of entities for cross-border crimes;

- Law no. 123 of 3 August 2007, which introduced article 25-*septies* “Culpable homicide and grievous bodily harm, committed in breach of accident prevention and industrial hygiene and health protection laws”, subsequently modified as “Culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws” by Legislative Decree no. 81 of 9 April 2008;
- Legislative Decree no. 231 of 21 November 2007, which introduced article 25-*octies* “Receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin”; Law no. 186/2014 introduced the new provision for “Self-laundering” into our order (Art. 648-*ter*.1), extending the reach of Art. 25-*octies* of the Decree;
- Law no. 48 of 18 March 2008, which introduced article 24-bis “Computer fraud and illicit data processing” amended by Legislative Decree no. 7 of 15 January 2016;
- Law no. 94 of 15 July 2009, which introduced article 24-*ter* “Organized crime” extended by Law no. 172 of 1 October 2012, from Law no. 69 of 27 May 2015 and, finally, Law no. 236 of 11 December 2016;
- Law no. 99 of 23 July 2009, already mentioned, which introduced article 25- *bis*.1 “Crimes against industry and commerce” and article 25-*novies* “Copyright infringement crimes”;
- Law no. 116 of 3 August 2009, which introduced article 25-*decies* “Induction not to make statements or to make untruthful statements to the judicial authorities”.
- Legislative Decree no. 121 of 7 July 2011, which introduced article 25-*undecies* “Environmental Crimes”; this latter provision has been extended with Law no. 68 of 22 May 2015 and amended by Legislative Decree no.21 of 1 March 2018 that have mainly expected the introduction into the Criminal Code of other environmental crimes and, in particular: 1) Art. 452-bis of the Criminal Code “Environmental pollution”; 2) Art. 452-*ter* “Environmental disaster”; 3) Art. 452-*quater* “Crime committed without intent against the environment”; 4) Art. 452-*quater* “Traffic and abandonment of highly radioactive material”; 5) Art. 452-*septies* “Aggravating circumstances” for criminal conspiracy pursuant to Art. 416 of the Criminal Code.
- Legislative Decree no. 109 of 16 July 2012, amended with Law no. 161 of 17 October 2017 which introduced article 25-*duodecies* “Engagement of third-country nationals with irregular migration status”;
- Law no. 190 of 06 November 2012 which modified a number of criminal provisions recalled by article 25 of the Decree and introduced, in the criminal code, article 319-*quater* entitled “Undue induction to give or promise of benefits” directly recalled by the Decree;
- Law no. 161 of 17 October 2017 which intervened modifying the penalties provided for by art. 640 - bis c.p. entitled "Aggravated fraud to obtain public funds";
- Law 20 November 2017, n. 167, amended by the D.Lgs. 01 March 2018, n. 21, which introduced the art. 25-*terdecies* "Racism and xenophobia";
- Law no. 3 of 9 January 2019 which introduced the entities liability for the article no. 346-bis of Criminal Code, entitled “Trading in influence” in article no. 25 of the Decree;
- Law 3 May 2019, n. 39, which introduced the article no. 25-*quaterdecies* concerning “Sports fraud, abusive betting or gambling exercised through prohibited devices” (provided in articles 1 and 4 of Law 401/1989);

- Law 25 December 2019, n. 157, which introduced the article no. 25-*quiquiesdecies* referred to tax crimes punished by Legislative Decree no. 74/2000;
- Legislative Decree 14 July 2020, n. 75, which amended the articles 24, 25 and 25-*quiquiesdecies* of Legislative Decree n. 231/2001 and introduced therein the article 25-*sexiesdecies*, which provides the administrative liability of entities concerning the commission of smuggling crimes pursuant to Presidential Decree n. 43 of 1973.

At the date of approval of this document the Predicate Crimes belong to the following categories:

- Crimes committed in relationships with the P.A. (articles 24 and 25);
- Computer fraud and illicit data processing (art. 24-*bis*);
- Organized crime (art. 24-*ter*);
- Falsifications or counterfeiting of money, public credit cards or tax stamps and of trademarks or distinguishing markings (art. 25-*bis*);
- Crimes against industry and commerce (art. 25-*bis*.1);
- Corporate crimes (art. 25-*ter*);
- Terrorism or subversion of the democratic order envisaged by the criminal code and crimes in breach of the provisions of article 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 09 December 1999 (art. 25-*quater*);
- Female genital mutilation (art.25-*quater*.1);
- Crimes against the person (art. 25-*quiquies*);
- Market abuse (art. 25-*sexies*);
- Culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws (art. 25-*septies*);
- Receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin, and self-laundering (art. 25-*octies*);
- Copyright infringement crimes (article 25-*novies*);
- Induction not to make statements or to make untruthful statements to the judicial authorities (art. 25-*decies*);
- Environmental crimes (article 25-*undecies*);
- Employment of third-country nationals with irregular migration status (article 25-*duodecies*);
- Racism and xenophobia (art. 25- *terdecies*);

- Sports fraud, abusive betting and gambling exercised through prohibited devices (art. 25-*quaterdecies*);
- Tax crimes (article 25-*quinquiesdecies*);
- Smuggling crimes (art. 25-*sexiesdecies*);
- Cross-border crimes (art. 10, Law 146/2006).

The applicability and importance for the Company of each crime will be analysed in more depth in paragraph 8 of the general section of this document.

### **1.3. Criteria for attributing responsibility to the entity**

In the case of perpetration of one of the Predicate Crimes, the entity will be punished only under certain conditions defined as criteria for charging a crime to the entity. These criteria can be classified as "objective" and "subjective".

The first objective criterion is that the crime must have been committed by a subject linked to the entity by a qualified relationship. There must be a significant relationship between the perpetrator of the crime and the entity and the corporate responsibility, which lies with the latter only if the person who has committed the Crime belongs to one of these categories:

- "top management" subjects such as, for example, the legal representative, the director, the managing director or the director of an autonomous organizational unit as well as the people who manage the entity, including de facto managerial positions. These are the people who effectively have autonomous power to take decisions in the name and on behalf of the company. Subjects delegated by the directors to perform management or direction activities of the company or its sub-offices also belong to the above-stated category;
- "subordinate" subjects, that is, anyone subject to the direction and supervision of top management as identified above. Employees and those subjects who, while not being members of the staff, have a task to perform under the direction and control of the top management belong specifically to this category. To prevent the entity from circumventing the regulation by outsourcing activities that could entail the risk of the crimes, relevance is given more to the actual activities carried out and less to whether a permanent employment contract exists or not. The external subjects involved include collaborators, promoters, agents and consultants who, on assignment by the company, carry out activities in its name. Finally, also assignments or contractual relationships with subjects who are not members of the company's staff, in the case where these subjects act in the name, on behalf, or in the interests of the company, are relevant for the purposes of the decree.

The second objective condition is that the crime must be committed in the interest of or for the benefit of the company; therefore, it must have been committed within the context of the company's specific activities and

the company must have gained a benefit, even if this is only a potential benefit. The existence of just one of the two conditions above is sufficient:

- "interest" exists when the perpetrator of the crime has acted with the intention of favouring the company, regardless of whether this aim is actually reached or not;
- "benefit" exists when the company has gained, or could have gained, a positive economic or other type of result from the crime.

According to the Supreme Court (Cass. Pen. 20 December 2005, no. 3615), interest and benefit must not be considered a single concept but two distinct ones, as it is clear that there is a difference between what could be considered a possible gain that could result from the crime and a benefit which has clearly been gained thanks to the crime. The Court of Milan also expressed an opinion (ord.20 December 2004) according to which the mere aim of acting criminally to achieve a given benefit is sufficient, irrespective of whether this aim is achieved or not.

The entity is responsible not only when it has gained an immediate patrimonial advantage from the perpetration of the crime but also in the case when, without this result being achieved, the deed is committed in the interest of the company. An improvement in the company's market position or the concealment of a financial crisis are examples of cases that affect the interests of the company without, however, giving it an immediate economic advantage. It is also important to note that if the crime is committed by qualified subjects of another company belonging to a group, the concept of interest can be extended to the detriment of the parent company. The Court of Milan (decree of 20 December 2004) stated that the element qualifying a group interest is that such interest is not exclusive to one member of the group but is common to all the subjects forming part of the same group. For this reason, it is said that the crime committed by the subsidiary can be charged also to the parent company providing that the individual person who committed the crime also belongs functionally to the latter.

The conditions on the basis of which the crime can be charged to the entity are established using subjective criteria: the crime cannot be charged to the entity if an "Organizational, management and control model" able to prevent the crime of the type committed has been implemented before it has been committed. In short, for the crime not to be charged to the entity in a subjective manner, it must be able to demonstrate that it has done everything in its power to prevent the perpetration of one of the Predicate Crimes. For this reason, the Decree envisages exoneration from responsibility only if the entity can demonstrate:

- that its board has adopted and effectively implemented organizational, management and control models able to prevent the Crimes of the type in question before the crime was committed;
- that the task of supervising the functioning and observance of the models and responsibility for their updating has been entrusted to a body set up by the entity holding autonomous decision-taking and control powers;
- that there has been no lack of supervision or insufficient supervision by the body indicated above.

The conditions listed above must all be demonstrated if the responsibility of the entity is to be excluded. The exoneration of the company from responsibility thus depends on the adoption and effective implementation of a crime prevention model and on the set up of a specific OdV assigned responsibility for supervising compliance with the standards and procedures defined in the model.

The Decree is much stricter and more severe if the crime has been committed by a member of Top Management as identified above, despite the fact that the model acts as a motive of non-punishability regardless of whether the Predicate Crime has been committed by a subject in a top management position or by a subordinate. Since the entity has to be able to demonstrate that the people have committed the crime by fraudulently circumventing the model, the Decree sets forth that greater proof of extraneity is required because the entity must also prove that a sort of internal fraud has been put in place by members of top management.

In the case of crimes committed by subordinates, the entity can instead be called to account only when it has been ascertained that the perpetration of the crime was made possible by non-observance of direction or supervision obligations. This is a case of organizational negligence: the company has indirectly allowed the crime to be committed by not supervising the activities and the subjects at risk of perpetration of a Predicate Crime.

Implementation of an organizational model pursuant to the Decree is not obligatory by law even if, based on the criteria for charging the entity with a crime, it seems to be the only tool that can be used to demonstrate the entity's extraneity and thus exempt it from the sanctions set forth in the Decree. It is therefore in the company's interest to implement an effective and efficient model.

#### **1.4. Indications contained in the Decree concerning the characteristics of the organizational, management and control model**

Merely adopting the model is not the only, or sufficient, condition to exonerate the company from responsibility; the Decree regulates only some general principles without providing specific details. The model can be considered a reason for non-punishability only if:

- it is effective; that is, if it is reasonably able to prevent the crime or crimes from being committed;
- it is implemented effectively; that is, if its content is incorporated in the company's procedures and internal control system.

As regards efficacy, the Decree envisages that it must have the following minimum content:

- the activities of the company in which crimes can be committed are identified;
- specific protocols are envisaged aimed at programming the formation and implementation of the company's decisions regarding the crimes to be prevented;
- procedures are identified for managing financial resources used to prevent crimes from being committed.



- a suitable disciplinary system is defined which punishes non-observance of the provisions of the model.
- reporting obligations to the OdV are defined;
- as regards the nature and dimension of the organization and the activities it carries out, measures are envisaged which can guarantee the performance of the activities in compliance with law and identify and rapidly eliminate any risk situations.

The Decree sets forth that the model must be checked and updated periodically both in the case where significant breaches are reported and when significant changes are made to the organization or the company's activities.

The model, while changing and adapting to the nature, dimension and specific activities of the company, can be considered a series of principles, tools and behaviour which regulate the business organization and management as well as the control tools.

### **1.5. Crimes committed abroad**

Under article 4 of the Decree, the entity can be called on to answer in Italy for Predicate Crimes committed abroad.

However, the Decree binds this possibility to the following situations:

- the State in which the crime is committed decides not to prosecute;
- the company's headquarters are in Italy;
- the crime is committed abroad by a subject who is functionally related to the company;
- the general conditions for prosecution envisaged by articles 7, 8, 9 and 10 of the criminal code to allow prosecution of a crime committed abroad exist.

### **1.6. The sanctions**

The entity considered responsible can be subject to four different types of sanctions as regards their nature and method of application:

- 1) pecuniary fines.

A pecuniary fine is always applied if the judge considers the entity responsible. The fine is quantified in "quotas" decided by the judge. The amount of the fine depends on the seriousness of the fact, the company's degree of liability, and the measures taken to eliminate or mitigate the consequences of the deed and prevent other crimes from being committed. In determining the amount of the sanction, the judge takes into consideration the Entity's economic and equity situation.

- 2) debarment.



Debarment can be applied on top of the pecuniary fines but only if expressly envisaged for the crime being prosecuted and only in the case where at least one of the following conditions exists:

- the entity has profited from the crime and the crime has been committed by a subject of top management or by a subordinate but only if the perpetration of the crime has been made possible by serious organizational shortcomings;
- in the case of recurrence of the crimes.

The types of debarment envisaged by the Decree are:

- temporary or permanent debarment;
- suspension or revocation of permits, licenses or authorizations material to the perpetration of the crime;
- disqualification from contracting with the public administration except to obtain the services of a public service;
- disqualification from financing, contributions or subsidies and possible withdrawal of those already granted;
- temporary or permanent disqualification from advertising goods or services.

Applied only in exceptional cases and with definitive effects, debarments are usually temporary, for a period of time ranging from three months to one year, and regard the specific activity to which the crime refers. On request of the Public Prosecutor they can be applied also in a precautionary way, before the sentence is passed down if serious indicative evidence of the entity's responsibility exists and there are grounded and specific reasons to presume that there is a real danger of crimes of the type being prosecuted being perpetrated.

### 3) confiscation.

This consists in the appropriation by the State of the price or profit of the crime or an equivalent value. The profit of the crime has been defined by the United Sections of the Supreme Court (see Cass. Pen., S.U. 27 March 2008, no. 26654) as the direct and immediate benefit originating from the crime and concretely determined net of the effective benefit gained by the injured party within the framework of the synallagmatic relationship with the entity. The United Sections specify that this definition must not include any business-related parameters so profit cannot be assimilated to the net profit made by the entity (except in the case, envisaged by law, where the entity goes into administration). Moreover, for the Court of Naples (decree 26 July 2007) non-reduction of equity determined by the non-payment of amounts for costs that should have been borne cannot be considered extraneous to the concept of profit.

### 4) publication of the sentence.

This consists in one-off publication of an excerpt or full text of the sentence at the entity's expense, in one or more newspapers indicated by the judge in the sentence as well as billposting in the Town Hall of the town/city where the entity has its headquarters.

Even although decided by a criminal judge, all the sanctions are administrative. The sanctions envisioned by the Decree are severe, both as regards the amount of the pecuniary sanctions and because debarment can greatly limit the company's normal business activities, preventing it from taking part in a whole range of activities.

The administrative sanctions applied to the entity lapse from the fifth year following that of perpetration of the crime.

The final sentencing of the entity is recorded in the national register of administrative sanctions resulting from crimes, a database which contains all the decisions regarding sanctions which have become irrevocable applied to entities pursuant to the Decree.

### **1.7. Modifications to the entity**

The Decree regulates the responsibility of the entity in the case of modifications; that is, in the case of transformation, merger, de-merger or assignment of the company.

The fundamental principle is that it is only the entity that is accountable, with its equity and formation fund, for the payment of the pecuniary fine. Irrespective of the legal nature of the entity, the regulation therefore rules out the direct responsibility of the members or partners.

As a general criterion, the principles of civil law concerning the responsibility of the entity subject to transformation for the debts of the original entity are applied to the pecuniary sanctions charged to the entity. Instead, the restraining sanctions remain applicable to the entity in which the line of business within which the crime was committed has remained (or has converged).

In the case of transformation of the entity, responsibility for the Crimes committed prior to the date on which the transformation takes place lies with same. The new entity will therefore be the addressee of the sanctions applicable to the original entity for deeds committed prior to the transformation.

In the case of merger, the entity resulting from the merger, also through incorporation, is liable for the crimes for which the entities that took part in the operation were responsible. If the merger took place before the end of the trial to ascertain the responsibility of the entity, the judge must bear in mind the economic condition of the original entity and not that of the entity resulting from the merger.

In the case of transfer or assignment of the company within which a crime has been committed, without prejudice to the right of prior discussion of the assigning entity, the assignee is jointly obliged with the transferring entity to pay the pecuniary fine within the limits of the value of the company transferred and within the limits of the pecuniary fines entered in the compulsory accounts or of which the assignee was in any way aware. In any case, debarment applies to entities which have retained the line of business in which the crime has been committed or to which they have been transferred, even in part.

## 2. Aims of the Model

Through adoption of the Organizational Model the Company intends to fully comply with the regulations, conform to the underlying principles of the Decree, and improve the efficiency of the existing internal controls and corporate governance system.

The main aim of the Model is to create an organic and well-structured system of control principles and procedures able to prevent the perpetration of the Predicate Crimes where possible and concretely feasible. The Model will supplement the Company's governance system and will implement a process of disseminating a business culture based on correctness, transparency and legality.

The Model also proposes the following aims:

- to provide adequate information about Sensitive Activities to employees and to whoever acts under an assignment from the Company or who are linked to the Company by relationships which are pertinent for the purposes of the Decree;
- to disseminate a business culture based on legality because the Company condemns all behaviour which does not comply with law or internal regulations and, in particular, with the provisions contained in the Model;
- to disseminate a control culture;
- to set up an effective and efficient business organization, focussing above all on the formulation of decisions and their transparency, on the establishment of preventive and detective controls as well as on the management of internal and external information;
- to implement all the measures needed to eliminate as quickly as possible any situations where there is a risk of perpetration of Crimes.

## 3. Model and Code of Ethics

The Company approved its own Code of Ethics by resolution of the Board of Directors dated 07 July 2009 and subsequently updated it by resolutions of 5 October 2010, 27 May 2013 and 8 May 2020. The ultimate aim of the Code of Ethics is to indicate the rules of conduct and ethical-social values pursued by the Company, in a parallel fashion to the pursuit of its corporate aim and objectives, in line with that specified in this document.

The Code of Ethics incorporates the Corporate Principles for employees of Metro Cash and Carry. The Corporate Principles of METRO are the cornerstones of Compliance for Metro Group.

The Model presupposes observance of the Code of Ethics, representing with same a *corpus* of internal regulations aimed at the dissemination of a culture based on corporate morals and transparency.

The Code of Ethics, which is considered as fully transcribed herein, represents the cornerstone of the Model and the instructions contained in the Model supplement those envisaged therein.

#### **4. Modifications and update of the Model**

This document must always be promptly amended or supplemented with resolution of the Board of Directors, also on the proposal of the OdV, and always in any case after hearing same OdV when:

- there are breaches or sidestepping of the prescriptions which have demonstrated its non-effectiveness or incoherence for the purpose of prevention of the Crimes;
- significant changes are introduced to the company's regulatory framework, organization or activities;
- in all other cases where it is necessary or useful to adapt the Model.

In any case, any occurrences that make it necessary to modify or update the Model must be reported in writing to the Board of Directors by the OdV so that the former can take the necessary decisions.

The company procedures required for the implementation of the Model are proposed by the functions involved and approved by the Board of Directors. For the adoption of minor changes to the procedures the Board of Directors delegates the CEO who periodically reports to the Board on the nature of the modifications made. The OdV is constantly informed of the update and implementation of the new operating procedures and is entitled to express its opinion on proposals concerning changes.

#### **5. METRO, the Company**

METRO is a company in the Metro AG Group operating in the wholesale distribution sector using the cash and carry method.

As a member of the Metro Group, listed on the Frankfurt stock exchange, the company has already adopted a system of strict internal controls and models defined on the high standards of German law and the German Code of Corporate Governance. The Company has also adopted its own Corporate Principles at both Group and local level.

The Company, aware of the importance of business values along with the professional principles of correctness and loyalty as well as transparent competition on the market for all the subjects that work therein, believes it opportune to improve its governance system. To this end, METRO, also with a view to completing the system of rules, principles, procedures and controls already implemented in order to adapt to the needs and standards required at Group level as described above, has adopted this Model for the purpose of preventing the crimes as of the Decree.

METRO has grown since 1972: it now has a consolidated distribution network with 49 stores.

Considering its organizational structure and activities, the Company has chosen a so-called traditional administration and control system.

The company's corporate governance system is therefore formed as follows:

- Shareholders' Meeting

The shareholders' meeting represents the totality of the shareholders and its resolutions, taken in accordance with law and the company by-laws, are binding for all the shareholders. The shareholders' meeting is empowered to pass resolution in both the ordinary and extraordinary meetings on the subjects reserved to it by law or by the company by-laws. At present the shareholders of the company are Metro Cash and Carry International Holding B.V. and Metro AG.

- Board of Directors

The Board of Directors has full powers for the ordinary and extraordinary management of the company without exception whatsoever and is entitled to perform all acts it believes relevant for the implementation of the business purpose, excluding only those which law or the company by-laws assigns to the Shareholders' Meeting.

- Board of Statutory Auditors

The board of statutory auditors comprises three statutory and two alternate members. All the members hold office for three financial years and can be re-elected.

The board of statutory auditors is entrusted the task of supervising:

- compliance with law and the deed of incorporation;
- respect of principles of correct administration;
- the adequacy of the company's organizational and accounting set-up and its actual functioning;
- the independent auditors.

The shareholders' meeting has entrusted the task of auditing and controlling the company's accounts to a leading auditing company.

In accordance with article 2497 of the Italian Civil Code, the company is subject to the direction and coordination of Metro AG.

In order to regulate a system of control and traceability of the decision-making processes, METRO Group has defined decision-making procedures for the Executive Committee ("CBD"), and issued a document entitled "Rules of Procedure for the Management Board of Metro Italia Cash and Carry S.p.A." which describes:

- the duties and responsibilities assigned to the Executive Committee;
- the methods used by the Executive Committee to resolve upon the tasks assigned to it;
- the obligation to refer to guidelines and internal regulations issued by METRO Group;
- the matters which require consultation with Group functions;

- the management of conflicts of interest;
- the obligation of joint signature and relative exceptions.

## 6. Adoption of the Model by METRO

In accordance with the provisions of the Decree, the company, with resolution of the Board of Directors of 07 July 2009, has adopted the Organizational Model which was subsequently updated with Board of Directors' resolutions of 05 October 2010, of 13 December 2011, of 27 March 2012, of 17 April 2012, of 27 May 2013, of 18 December 2013, of 9 September 2014, of 30 September 2014, of 5 October 2016, of 1 March 2017, of 27 July 2018, of 8 May 2020, and of 20 November 2020. Both the adoption and the subsequent modifications of this document are the exclusive responsibility of the Board of Directors.

The Model, inspired also by the Code of Ethics issued by Confcommercio in 2007 and the Confindustria Guidelines (most recently updated in March 2014), has been drafted bearing in mind the structure and activities actually carried out by the company as well as the nature and dimension of its organization. The company made a preliminary analysis of the company and its context and then of the Sensitive Activities. In particular, the following aspects were analysed: the company's history, context, market, organization chart, corporate governance system, system of proxies and delegation, legal relationships with third parties also with reference to the service contracts which regulate inter-group relationships, the company's operating reality, and the practices and procedures formalized and disseminated inside the company for the performance of its activities.

For the purpose of the preparation of this document the company has therefore:

- identified Sensitive Activities through interviews with the managers of the company departments, analysis of the company organization charts and the system for allocating responsibilities;
- performed a risk self-assessment (so-called "control and risk self-assessment") regarding the perpetration of crimes and assessed the internal control system set up to detect illegal behaviour;
- identified existing or new controls able to prevent the Predicate Crimes from being committed or attenuate the relative risk;
- reviewed its system of powers, proxies and the attribution of responsibilities.

As regards the possible perpetration of crimes against the person (art. 25-*septies* of the Decree), the company has analysed its operating context and all the specific activities it carries out as well as the assessment of the related risks based on the results of the controls carried out in compliance with the provisions of Legislative Decree 81/2008 and of the special related regulation.

As regards the possible perpetration of environmental crimes (article 25-*undecies* of the Decree), the company has analysed its operating context and all the specific activities it carries out as well as the assessment of the environmental risks based on the results of the controls carried out in compliance with Legislative Decree 152/2006 and with regulations on environmental matters.

## 7. Model and Subsidiaries

Through its organizational structure the Company transmits this document and all its subsequent editions to the Group Companies.

Each group company will arrange for the adoption of its own model in accordance with the Decree, subject to resolution of the board of directors, after having analysed and identified the activities entailing a risk of crime and the measures able to prevent them. The group companies must comply with the principles and content of this document when defining their model, unless specificities regarding the nature, dimension, type of activities, structure of internal proxies and powers make it necessary to implement different principles and rules. Each company in the group must adopt an organization model pursuant to the Decree and must appoint an OdV.

The model adopted by the Subsidiaries is communicated to the Company's OdV which illustrates it to the Board of Directors in the report mentioned in paragraph 10.6. Every subsequent major modification to the model is communicated to the Company's OdV by the OdVs of the group companies.

## 8. Crimes relevant for METRO

The Model has been prepared bearing in mind the structure and the activities actually carried out by the company as well as the nature and dimension of its organization.

Considering these parameters, the Company has considered the following Predicate Crimes envisaged by the Decree to be relevant:

- articles 24 and 25 (Crimes against the public administration),
- article 24-*bis* (Computer fraud and illicit data processing),
- article 24-*ter* (Organized crime),
- article 25-*bis* (Falsifications or counterfeiting of money, public credit cards or tax stamps and of trademarks or distinguishing markings),
- article 25-*bis.1* (Crimes against industry and commerce),
- article 25-*ter* (Corporate crimes),
- article 25-*quinquies* (Crimes against the person),
- article 25-*sexies* (Market abuse),
- article 25-*septies* (Culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws),
- article 25-*octies* (Receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin, and self-laundering),
- article 25-*novies* (Copyright infringement),

- article 25-*decies* (Induction not to make statements or to make untruthful statements to the judicial authorities),
- article 25-*undecies* (Environmental crimes),
- article 25-*duodecies* (Employment of third-country nationals with irregular migration status),
- article 25-*quinquiesdecies* (Tax crimes),
- article 25-*sexiesdecies* (Smuggling crimes),
- article 10, Law no. 146 of 16 March 2006 (Cross-border crimes).

The Special Part of this document identifies the activities of the company deemed Sensitive due to the inherent risk of perpetration of the Crimes of the kind listed and envisages principles and protocols for the prevention of each of these.

The company will constantly evaluate the relevance of other current and future Crimes for the purpose of the Model.

## **9. Model Addressees**

The Model applies:

- a) to subjects who perform, also de facto, management, administration, direction and control functions in the company or in one of its autonomous organizational units;
- b) to the members of the Board of Directors of METRO;
- c) to Employees;
- d) to the Collaborators and Suppliers of the Company.

The OdV, after having received the opinion of the Human Resources Department, the Legal Department and the manager of the area to which the contract or relationship refers, establishes the types of legal relationships with any subjects outside the Company to whom the content of the Model should apply due to the nature of the activities carried out. Likewise, the OdV establishes how the procedures required to ensure compliance with the Model by the external subjects involved will be communicated.

All the Addressees of the Organizational Model are obliged to meticulously observe the provisions therein and its implementation procedures.

The Model represents an internal binding regulation for the Company.



## 10. Supervisory Body (OdV)

### 10.1. Function

In compliance with the Decree, the Company has set up an autonomous, independent and competent supervisory body (Organismo di Vigilanza “OdV”) to oversee the control of risks linked to the specific activities carried out by the Company and the related legal profiles.

The OdV has the task of constantly monitoring:

- observance of the Model by all the Addressees;
- the actual efficacy of the Model in preventing the perpetration of the Crimes;
- implementation of the provisions of the Model within the context of the performance of the Company's activities;
- the update of the Model in the case where the need to modify it arises due to changes to the company's structure and organization and the reference regulatory framework or any breaches of the Model itself.

The OdV draws up its own operating regulation, approving the content and presenting it to the Board of Directors on the first meeting following its appointment.

### 10.2. Appointment of the members of the OdV

The Board of Directors appoints the OdV, justifying the choice of each member who must be chosen solely on the basis of requirements of:

- **Autonomy and independence:** the autonomy and independence of the OdV and its members represent the key factor in the success and credibility of the control activities.

The concepts of autonomy and independence have no valid definition in an absolute sense but must be expressed and classified within the operating context in which they are applied.

Since the OdV has the task of controlling the company's operating efficiency and the procedures applied, its position within METRO must guarantee independence from any and all forms of interference and conditioning by any member of the Company and, in particular, top management, above all considering that the function also implies supervision of the activities of these people. Therefore, the OdV is positioned in the Company's organization chart in as high a hierarchical position as possible and answers for its actions solely to the Board of Directors.

Moreover, the autonomy of the OdV is ensured by the Board of Directors' obligation to make available to the OdV specifically assigned company resources, of a number and qualification which is proportionate to the tasks entrusted and to approve within the context of the formation of the company's budget suitable financial resources, proposed by same OdV and which the OdV can use autonomously

when necessary for the correct performance of the tasks (for example, specialist consultancy, business trips, etc.).

The autonomy and independence of each member of the OdV is determined on the basis of the function carried out and the duties assigned, identifying from whom and from what they must be autonomous and independent in order to carry out these tasks. In any case, they assume that the person is not in a position, or potential position, of conflict of interest with the Company. Therefore, the members of the OdV must not:

- (a) hold an operating position within the Company or the Subsidiaries or company that controls it;
  - (b) be married to, related to or associated with the directors of the company, the subsidiaries or company that controls it or with the reference shareholders to the fourth degree;
  - (c) be in any other situation of patent or potential conflict of interest.
- **Professionalism:** the OdV must have appropriate technical-professional know-how for the functions it is called on to perform. Therefore, in the OdV there must be subjects with professional experience in economic and legal questions and in the analysis, control and management of business risks. In particular, the OdV must have the specialist skills needed to carry out inspection and consulting activities.

Therefore , also on the basis of applicable best practices , after having identified the members of the OdV, the Board of Directors, on their appointment, verifies the existence of the conditions required by the Model basing this control not only on the curricula presented but also on the official statements and specifications gathered by the Board of Directors directly from the candidates.

To implement the useful or necessary professional skills for the activities of the OdV and to guarantee the professionalism (and autonomy) of the Committee, a specific budget is allocated so that it can acquire, whenever necessary, from outside the company, competencies to supplement those already held. The OdV can, therefore, also with the support of external professionals, acquire resources with know-how in legal, business organization, auditing, accounting and safety at work issues.

- **Continuity of action:** the OdV carries out the activities necessary for the supervision of the Model with adequate commitment and with the necessary powers of investigation.

The continuity of action should not be seen as "uninterrupted activity" since this interpretation would necessarily force the OdV to work from within the Company when, instead, this situation would impair the necessary autonomy of the Committee itself. Continuity of action means that the OdV's activities must not just envisage periodic meetings of its members but must be organized on the basis of a plan of action and ongoing monitoring and analysis of the entity's prevention system.

Naturally, this continuity of action can be achieved if the OdV uses external professionals to carry out specific inspection and control activities.

In order to facilitate the achievement of this requirement, it is therefore considered necessary that the Company makes available for the OdV a secretariat composed of one or more employees belonging to a non-operational role close to areas where Sensitive Activities are carried out so as to be able to ensure effective and constant coordination of the activities of the OdV as well as facilitate communication between the OdV and the employees of the Company. The secretariat will also convene the OdV meetings, write the reports to be submitted for approval to the OdV, as well as take care of their custody.

Therefore, the Company considers it necessary that:

- the OdV is collegial with a minimum of three and a maximum of five members;
- at least one member of the OdV, appointed Chairman of the OdV, is a professional external to the Group in order to reinforce the requirements of independence and autonomy;
- the OdV is equipped with a special secretariat with the primary purpose of ensuring coordination and facilitating communication with the various Company functions.

After the appointed persons have officially accepted the assignment, the decision is communicated to all levels in the company by means of an internal memo.

The OdV remains in office for one year from the resolution of appointment by the Board of Directors. Subsequently, in case after expiry of the term another OdV has not been appointed yet, the OdV remains in office until revocation or new appointment of another OdV. The members of the OdV can be re-elected.

The duration of the office of those operating within the secretariat of the OdV is equal to the duration of the OdV itself.

### **10.3. Eligibility requirements**

Each member of the OdV must possess professional skills, honourableness, independence, functional autonomy and continuity of action as well as the necessary know-how to carry out the activities entrusted by the Decree.

All the members of the OdV are requested to state in advance that none of the following conditions for ineligibility and/or incompatibility apply to them:

- (a) having been subject to prevention measures issued by the judicial authorities pursuant to law no. 1423 of 27 December 1956 (*law concerning prevention measures against persons who are dangerous for public security and morality*) or law no. 575 of 31 May 1965 (*measures against the mafia*);

- (b) being investigated or sentenced, even without final sentence having been pronounced or issued, as of articles 444 ff. of the code of criminal procedure (so-called plea bargaining) or even if the penalty has been conditionally suspended, without prejudice to the effects of rehabilitation:
  - (i) for one or more of the crimes expressly envisaged by Legislative Decree 231/2001;
  - (ii) imprisonment for a period of time of not less than two years for any crime committed with criminal intent;
- (c) being debarred, disqualified, bankrupt or having been condemned, also with sentence which has not yet become definitive, to a sentence that entails disqualification, including temporary disqualification, from public office or the incapacity to hold a directive office;
- (d) having held the position of member of the OdV in a company to which the sanctions envisaged by article 9 of Legislative Decree 231/2001 have been applied, unless five years have lapsed since the definitive application of the sanctions and the member has not been subject to criminal sentence, even if not definitive.

The existence of even just one of the above-stated conditions results in ineligibility for appointment as member of the OdV and, in the case of election, the automatic removal from said position without the need for a resolution of revocation by the Board of Directors which will arrange for the replacement to be made.

Moreover, the majority of the members of the Committee are required not to be in any of the following conditions before accepting the position:

- hold other operating positions within the Company;
- be in a patent or potential situation of conflict of interest.

#### **10.4. Revocation, substitution, cancellation and remission**

Without prejudice to the point above, revocation of the appointment as member of the OdV is possible only against resolution of the Board of Directors and only when grounded reasons exist.

The conditions justifying grounded reason are:

- loss of the requirements of eligibility;
- non-fulfilment of the obligations entailed in the task entrusted;
- lack of good faith and diligence in the exercise of the duties;
- lack of collaboration with the other members of the OdV;
- unjustified absence at more than two meetings of the OdV.

In the presence of grounded reason, the Board of Directors revokes the appointment of the member of the OdV who is no longer suitable and, after providing reasonable motivation, arranges for his/her immediate replacement.

Incapacity or impossibility to fulfil the duties assigned represents reason for forfeiture of the assignment before the expiry date as established in paragraph 10.2. In the case of internal members, the termination of their relevant office within the METRO Group implies the forfeiture from the OdV membership.

Each member of the OdV can resign from the position at any moment, subject to written, justified notification sent to the Board of Directors with notice of at least three months, without prejudice to the right of the Board of Directors to accept resignations with a different term.

In the case of revocation or remission of one of the members of the OdV, the Board of Directors will promptly arrange for his/her substitution communicating same to the Chairman of the OdV.

### **10.5. Activities and powers**

The OdV meets at least once every four months and every time one of the members makes a written request to the Chairman. Moreover, during the first meeting it can delegate specific functions to the Chairman, appointed by the Board of Directors.

For the performance of the tasks assigned, the OdV is granted decision-taking and control powers over all the company's activities and personnel and has the exclusive limit of being hierarchically dependent on the Board of Directors to which it reports through the Chairman of said Board.

The tasks and powers of the OdV and its members cannot be claimed by any other company organism or structure, without prejudice to the fact that the Board of Directors can check the coherence of the OdV's actions with the company's internal policies.

The OdV carries out its activities in liaison with the other boards or control functions existing in the Company. In particular:

- it coordinates with the Human Resources Department and with the Head of Legal & Compliance Officer for questions regarding personnel training on subjects related to the Decree;
- it collaborates with the Head of Legal & Compliance Officer for questions regarding the interpretation and update of the regulatory framework;
- it collaborates with the Legal Department to draft contract clauses which regulate the application of the Model to subjects external to the Company;
- it coordinates with the company functions that carry out activities at risk for all aspects related to the implementation of the operating procedures for the setup of the Model.

In monitoring the actual implementation of the Model, the OdV has powers and duties which it exercises in compliance with law provisions and the individual rights of the workers and subjects involved, as follows:

- a) perform or ensure performance of periodic inspections under its supervision and responsibility;
- b) access all information regarding the Company's Sensitive Activities;
- c) ask for information or the presentation of documents regarding Sensitive Activities from all Employees of the Company and, where necessary, from the directors, the Board of Auditors and the independent auditors, and from appointed subjects in compliance with the law provisions regarding accident prevention and safety and health of workers at the workplace;
- d) ask for information or the presentation of documents regarding Sensitive Activities from Suppliers, Collaborators and in general from all the Addressees of the Model, as identified in paragraph 9;
- e) when considered opportune during the performance of its functions, request information from the OdVs of the Group Companies;
- f) request the assistance and support of Employees;
- g) use external consultants if problems that require specific know-how arise;
- h) propose to the body or function having disciplinary powers the application of the necessary sanctions as of paragraph 12 below;
- i) periodically check the Model and, where necessary, propose any modifications and updates to the Board of Directors;
- j) evaluate training programmes organized by the Company for top management and for employees concerning Legislative Decree 231/2001 and monitor their correct implementation;
- k) periodically, and at least once every year, draw up a written report for the Board of Directors with the minimum content indicated in paragraph 10.6 below;
- l) immediately inform the Board of Directors in the case of serious and urgent occurrences identified during the performance of its activities;
- m) after receiving the opinion of the Human Resources Department and the Head of Legal & Compliance Officer, as well as the manager of the area to which the contract or relationship refers, identify and periodically update the types of legal relationships with subjects outside the Company to whom the Model should apply and determine the procedure for communicating the Model and procedures necessary for observance of the provisions therein to such subjects.

The OdV proposes its annual budget and submits it to the Board of Directors for approval.

## **10.6. Information flows from and to the organization**

The OdV has the obligation to report solely to the Board of Directors also on facts pertinent to its own office or on any urgent critical aspects for the Model emerging during its supervisory activities.

The OdV must obligatorily present a written report at least once a year which provides the following specific information:

- a summary of the activities and controls carried out by the OdV during the year;
- any discrepancies between the operating procedures adopted for the implementation of the Model;
- any new areas of Predicate Crimes;
- verification of reports received from external or internal subjects which regard breaches of the Model and the results of the controls made on these reports;
- the disciplinary procedures and any sanctions applied to the Company, meaning only those regarding Sensitive Activities;
- general evaluation of the Model with any proposals for supplements or improvements in form or content;
- any modifications to the reference regulatory framework;
- a summary of relevant facts, disciplinary sanctions applied and significant modifications made to the Group Companies' Model;
- a statement of the expenses borne.

The OdV can indicate other information that the managers involved in the management of Sensitive Activities must provide also by envisaging specific provisions in this sense in the individual operating procedures (specifying the manner and periodicity).

In any case, the company functions involved in managing the Sensitive Activities identified in the Model must report to the OdV, in the ways indicated in the procedures and job descriptions, any anomalies occurring and/or identified during the performance of their monitoring and control activities.

In any case, the OdV must be promptly informed every time it appears necessary or opportune for the correct and effective management of the system and for the purpose of planning corrective actions.

### **10.7. Reporting breaches**

All the company's personnel and external subjects to whom the Model is addressed are obliged to report cases of perpetration of Crimes or any suspected or patent breaches of the Model, the Code of Ethics or the procedures established for their implementation:

- a) to the Head of Legal & Compliance Officer (to the dedicated e-mail address [compliance@metro.it](mailto:compliance@metro.it) or by phone to 02/51712432 and 02/51712679 or fax 02/51712279) or
- b) to the Compliance Hotline (<https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=13MET20>), or
- c) to one's manager (who in turn must promptly inform the Head of Legal & Compliance Officer and/or the OdV), or

d) directly to the OdV by confidential internal mail or to the email address [odvmetro@pec.it](mailto:odvmetro@pec.it).

When anonymous, the reports made must be specific, not generic, and must circumstantially describe the facts and people involved.

The reports indicated above must be assessed by the OdV which activates a procedure to verify their truthfulness and grounds.

Without prejudice to the provisions, subsequently detailed, concerning the protection of the individuals reporting illegal facts, the Company will adopt suitable measures to guarantee the privacy of whoever transmits reports and/or information, providing that the latter are truthful and useful in identifying behaviour which is not in line with the procedures outlined in the Model and the internal control system. However, behaviour which is aimed exclusively at hampering the activities of the OdV will be appropriately disciplined.

The OdV will protect anyone making reports in good faith against any kind of retaliation, discrimination or penalization and, in any case, the identity of the reporter and reported person will not be disclosed except for the fulfilment of legal obligations and for the protection of the rights of the Company or people accused erroneously or in bad faith.

Besides reports regarding the general breaches described above, the OdV must be sent news of disciplinary procedures taken in relation to "news of breach" of the Model and sanctions applied (including measures taken against Employees) or decisions to archive such procedures with the relative reasons.

Law 179/2017 has included within Legislative Decree 231/2001 the discipline of the protection of the individuals reporting offences and irregularities of which he became aware in the context of a public and private employment relationship, known as "Whistleblowing".

This regulatory provision, for private companies, included the integration of Article 6 of Legislative Decree 231/2001 with the obligation for the Company to provide channels that allow the reporting of offenses, ensuring maximum confidentiality regarding the identity of the reporting individual.

Reference to Legislative Decree 231/2001 also provides for the integration of the Disciplinary System envisaged therein, with specific sanctions for those who make reports that prove to be unfounded or for cases in which the persons responsible for verifying reports violate the reporting obligations of confidentiality.

Please refer to the *Guidelines on the protection of the individuals reporting offenses and irregularities of which he became aware in the context of an employment relationship*, adopted for the management of the reports , for the description of the operating methodologies to be used to complete the reports, and the Paragraph "System of sanctions" for the definition of the disciplinary system of reference.



## **11. Services of other companies**

The supply of goods and services by companies belonging to and outside the Group, with special reference to goods and services which can regard Sensitive Activities, must be regulated under a written contract.

The contract must envisage the following clauses:

- the obligation of the supplier company to certify the truthfulness and completeness of the documentation produced and the information communicated to the Company in accordance with obligations set forth by law regarding relevant aspects as of the Decree;
- the commitment of the supplier company to ensure that its behaviour, and that of its directors, managers, staff and/or collaborators is in line with the principles and obligations established in the Model and Code of Ethics and, more in general, with Legislative Decree 231/2001;
- the obligation to comply with any requests from the Company's OdV for information, data or news;
- in the event of breach of the above-stated principles, the contract will be considered lawfully terminated pursuant to article 1456 of the Italian Civil Code, without prejudice to the Company's right to damages.

Non-observance of even just one of the conditions as of the previous points must be duly justified and communicated in writing to the Head of Legal & Compliance Officer, who will, every time it appears necessary or opportune for the correct and effective management of the system and for the purpose of planning corrective actions, inform the OdV.

## **12. The Sanction System**

### **12.1. General principles**

The Company condemns any behaviour which deviates from law provisions and from the provisions of the Model and Code of Ethics, even if the acts are carried out in the interest of the Company or with the intention of gaining a benefit.

Every breach, non-excepted, of the Model or the procedures established for its implementation must be reported immediately in writing to the OdV or the Head of Legal & Compliance Officer, as identified in Section 10.7 "Reporting breaches", without prejudice to the procedures and measures under the responsibility of the person holding disciplinary power.

All the Addressees of the Model have a duty to report.

After receiving the report the OdV, also based on reports from the Head of Legal & Compliance Officer, must immediately make all the relative controls, obviously maintaining the confidentiality of the Whistleblower (where not anonymous) and of the subject being controlled, also in compliance with the provisions of the

Guidelines on the protection of the offender and irregularities of which he became aware in the context of an employment relationship

The sanctions are adopted by the relative company bodies in virtue of the powers granted by the Company by-laws or internal regulations. On completion of the investigation, the OdV, also based on reports from the Head of Legal & Compliance Officer, will inform the subject holding disciplinary power who will begin the procedure for the purpose of the litigation and the hypothetical application of the sanctions.

By way of example, the following actions represent disciplinary infringements:

- breach, also through omission and possibly in collaboration with others, of the principles of the Code of Ethics, Model and procedures envisaged or established for its implementation;
- preparation, possibly in collaboration with others, of untruthful documentation;
- facilitation, through omission, of the preparation by others, of untruthful documentation;
- theft, destruction or alteration of documentation regarding the procedure with the aim of circumventing the system of controls envisaged by the Model;
- obstruction of the OdV's supervisory activities;
- denial of access to the information and documentation requested by subjects responsible for controlling the procedures and decisions;
- the reporting of unlawful conduct at the risk of commission of offences pursuant to Legislative Decree 231/2001, without precise, concordant elements, or not actually carried out, being such reporting sent with fraud or gross negligence;
- the omitted follow up of reports by the recipients of the *Guidelines on the protection of the individuals reporting offenses and irregularities of which he became aware in the context of an employment relationship* or the lack of protection of the reporters in violation of such Guidelines;
- any behaviour able to circumvent the control system envisaged by the Model.

## **12.2. Sanctions and disciplinary measures**

In accordance with the provisions of the National Labour Contract, the Model represents a set of rules which personnel must comply with regarding behavioural standards and sanctions; any and all breaches will therefore lead to the application of the disciplinary procedure and related sanctions. All Employees on all levels and in all positions (office staff, middle managers, directors) and linked to the Company by any type of work contract (full-time or part-time) with or without ties of subordinate employment (including insourcing) must observe the provisions of the Model.

As regards employees hired as office staff or middle managers, the disciplinary system is applied in compliance with article 7, Law no. 300 of 20 May 1970 (Workers' Charter) and the applicable National Labour Contracts.

If the fact also represents a breach of the duties deriving from law or the work relationship such as not to permit the continuation of the employment relationship even in a temporary way, it may be decided to dismiss the person without notice, according to article 2119 of the Italian Civil Code, subject to observance of the disciplinary procedure.

If the breach regards directors, the OdV must provide a written report to the holder of disciplinary powers and the Board of Directors, in the figure of the Chairman. The receivers of the communication start the procedures within their remit for the purpose of the litigation or application of the sanctions envisaged by law and the applicable National Labour Control with revocation of proxies where necessary.

If the breach regards a director of the Company, the OdV must provide immediate written communication to the Board of Directors and to the Board of Statutory Auditors. In this case the Board of Directors can apply any measure envisaged by law, determined bearing in mind the seriousness, intentionality and damage caused to the Company.

In more serious cases and when the breach is such as to jeopardize the relationship of trust with the Company, the Board of Directors calls the shareholders' meeting, proposing removal from office.

In the case of breach by a member of the Board of Statutory Auditors, the Board of Directors, if the breaches are such as to represent good reason for revocation, proposes to the shareholders' meeting the adoption of the measures in their remit and arranges for the other obligations established by law.

Relationships with third parties are regulated under written contracts which must envisage clauses dictating that the fundamental principles of the Model and Code of Ethics must be respected by external subjects. In particular, these clauses state that non-respect of these principles represents serious non-fulfilment of the obligations undertaken and can lead to the termination of these relationships along with the request for reimbursement for the damages suffered by the Company.

### **13. Communication and training**

Communication of the Model is entrusted to the Human Resources Department and to the Head of Legal & Compliance Officer who guarantee, using the most suitable means, its dissemination and that all Addressees are familiar with it.

It is the Company's duty to implement and formalize specific training plans for the purpose of guaranteeing effective knowledge of the Decree, of the Code of Ethics and of the Model by all the company's departments and functions. The provision of training must be differentiated depending on whether it is aimed at Employees in general, Employees who operate in specific areas of risk, the OdV, the directors etc., on the basis of an analysis of the competencies and training needs defined by the Human Resources Department.

Training for personnel on the implementation of the Model is obligatory for the following categories:

- the members of the METRO Board of Directors;
- people who perform management, administration, direction or control functions in the Company or in one of its autonomous organizational units;
- employees

and is managed by the Human Resources Department and the Head of Legal & Compliance Officer liaising with the OdV which will ensure that the training programmes are provided in a timely way.

The Human Resources Department and the Head of Legal & Compliance Officer, having received the opinion of the OdV, can decide whether to involve external subjects in the training activities or not.

The Company guarantees the availability of tools and procedures that ensure traceability of the training initiatives and the formalization of trainees' participation, the possibility of assessing their progress and evaluation of their appreciation of the course in order to develop new training projects and improve those currently underway, also on the basis of the comments and suggestions about content, material, teachers, etc.

Training can be either remote or using computer systems and the content is examined in advance by the OdV in order to ensure effective, up-to-date, specific training on the Decree and in line with the company's operations.



## ***Special Section***

## **1. Introduction**

Pursuant to the provisions of article 6, clause a) of the Decree, the Company, by mapping the risks, evaluating the activities and controls in place and the context in which the company works (so-called control and risk self-assessment), has identified the Sensitive Activities (divided by type of crime and listed below), within the framework of which crimes like those envisaged by the Decree can potentially be committed.

In order to prevent or mitigate the risk of perpetration of these crimes, the Company has drawn up general principles of behaviour and general protocols to prevent crimes within the context of the Sensitive Activities and specific prevention protocols for each identified activity at risk.

## **2. General rules of behaviour**

All the Addressees of the Model, as identified in paragraph 9 of the General Section, adopt rules of behaviour which are compliant with law, the provisions of this document and the principles contained in the Code of Ethics in order to prevent the perpetration of the crimes envisaged by the Decree.

In particular, for all Addressees and/or counterparts the following represents a prerequisite and an inherent part of the control protocols as of paragraph 3 below:

- the principles of behaviour outlined in the Code of Ethics, which is considered as being fully transcribed herein;
- all Procedures relevant to Legislative Decree 231/01 (specifically identified in the document "Sensitive Activity - Recipe Table - Procedures, to which reference should be made);
- all Group Policy on Compliance, available on the Company intranet, to which reference should be made.

For the purpose of the adoption and implementation of the Model, the Company will also implement the specific protocols illustrated below.

## **3. General prevention protocols**

Within the framework of operations concerning the Sensitive Activities, as of the paragraphs below, the general control protocols set forth the following principles:

- only subjects who have been identified in advance and hold the relative authorizations are empowered to deal with the Public Administration;
- the definition and implementation of the Company's decisions satisfy the principles and prescriptions contained in law provisions, in the deed of incorporation and in the Code of Ethics;

- the responsibilities for management, coordination and control inside the Company are put in writing;
- the levels of hierarchical dependence are formalized and all the jobs present in the Company are described;
- the training stages and the authorization levels of the Company's activities are always documented and reproducible;
- the system of powers of attorney and powers to sign with third parties is consistent with the responsibilities assigned to each proxy and knowledge of these powers by external subjects is guaranteed by suitable communication and publicity;
- the assignment and exercise of powers within the framework of a decision-taking process is consistent with the positions of responsibility and with the relevance and/or criticality of the underlying economic transactions;
- there is no subjective relationship between the subjects who take or implement the decisions, the subjects who have to register these transactions in the accounts and the subjects who audit the accounts as set forth by law and the procedures envisaged by the internal control system;
- for all the operations at risk concerning Sensitive Activities, procedures and guidelines are implemented and an *internal manager* is identified who, unless otherwise indicated, is the manager of the function responsible for managing the relative operation at risk. The internal manager:
  - ✓ can ask for information and clarifications from all company functions, operating units or individuals who deal with or have dealt with the operation at risk;
  - ✓ promptly informs the OdV of any critical aspects or conflicts of interest;
  - ✓ can contact the OdV in all cases of inefficacy, unsuitability or difficulty in implementing the prevention protocols or implementation procedures or to obtain clarifications about the prevention objectives and procedures envisaged by the Model;
- access to the Company's data complies with Legislative Decree no. 196 of 30 June 2003 and subsequent amendments and supplements, including regulatory ones;
- documents regarding how the decisions are taken and implemented are filed and stored by the relative function. Access to filed documents is permitted only to authorized persons on the basis of company operating procedures as well as to the board of statutory auditors, the independent auditors and the OdV;
- the choice of Suppliers and Collaborators is justified and is made on the basis of requirements of professionalism, independence and know-how;
- the bonus systems for Employees and Collaborators are based on realistic objectives and are consistent with the duties, activities carried out and responsibilities entrusted;

- the Company's incoming and outgoing cash flows are constantly monitored and always traceable;
- all forms of gifts aimed at promoting the Company's goods, services or image must be authorized, justified and documented;
- the OdV checks that the company's operating procedures that regulate the activities at risk, and which represent an integral part of the Model, fully respect the principles and indications contained in this Special Section and that they are constantly updated, also on the proposal of the OdV, in order to guarantee that the aims of this document are achieved.



## **A. Crimes committed in relationships with the Public Administration (articles 24 and 25 of the Decree)**

### **A1. Introduction**

For the purposes of the Decree the "Public Administration" is considered to be all those public or private subjects who carry out a *public function* or a *public service*.

Public function means the activities regulated by public law which relate to legislative functions (State, Regions, special-status regions, etc.), administrative functions (members of the state and territorial administrations, the police force, members of supranational administrations, members of the Authorities, members of Chambers of Commerce, members of Building Committees, inspectors of public works, experts of the Naval Registry of Deeds, etc.), and judicial functions (judges, judicial officers, ancillary bodies to the Justice Administration such as receivers or liquidators, etc.).

The public function is characterized by the exercise of:

- *authoritative power*; that is, the power that allows the Public Administration to achieve its aims by means of instruction which individual subjects must comply with. This is the activity in which there is full power, including the power of coercion (arrest, search etc.), notification of breaches of law (assessment of crimes, etc.) and powers of hierarchical supremacy within public offices;
- *certification power* is the power which assigns to the certifier the power to attest a fact with evidentiary efficacy.

Public service means:

- activities regulated by the provisions of public law;
- activities characterized by the lack of authoritative or certification powers typical of the public function;
- with the exclusion of the performance of simple junior duties and of purely material work.

The subjects who represent the Public Administration, who perform a public function or public service and with whom there is a direct relationship, are called *Public Officers* or *Public Service Officers*.

A Public Officer can formulate or express the intentions of the Public Administration; that is, exercise authoritative or certification powers.

By way of example only, the members of the state and territorial administrations, members of supranational administrations (e.g. the European Union), the NAS, the members of the Control Authorities, the members of the Police Force and Inland Revenue Officers are Finance Police, the members of Chambers of Commerce, the directors of public economic entities, the members of Construction Committees, judges, bailiffs, auxiliary bodies of the Administration of Justice (e.g. official receivers) are all considered Public Officers.

Instead, a Public Service Officer carries out activities related to the supervision of public interests or the satisfaction of general interest subject to the supervision of a public authority. Criminal law has clarified that the bureaucratic position of the subject in the structure of a public entity does not represent a criterion for acknowledging the qualification of Public Service Officer and what is important is the actual activity carried out by the subject. Therefore, also an individual person or employee of a private company can be qualified as Public Service Officer if he/she carries out activities aimed at pursuing a public purpose and at protecting the public interest.

By way of example only, the employees of the National Health Service, the officers of the cash department of a public entity, the employees of hospitals, of health Departments, of INAIL, of INPS, the employees of municipal energy companies, banks, post offices, customs offices, the members of town councils, the employees of the State Railways and the Motorway Company are considered Public Service Officers.

## **A2. Applicable offences**

On the basis of the analyses conducted the following crimes against the Public Administration are considered applicable to the Company:

- **Embezzlement to the detriment of the State**, envisaged by article 316-*bis* of the criminal code and comprising the conduct of whoever, outside the Public Administration, having obtained from the State or other public entity or from the European Union grants, subsidies or loans aimed at projects for the construction of works or the performance of activities in the public interest, does not allocate them to said projects.
- **Undue collection of donations to the detriment of the State**, envisaged by article 316-*ter* of the criminal code and comprising the conduct of whoever, unless the deed represents the crime envisaged by article 640-*bis* of the criminal code, through the use or presentation of false statements or documents or statements or documents containing untruthful information, or the omission of the information due, unduly obtains for himself or for others grants, loans, facilitated loans or other financing of the same type, however named, granted or paid out by the State, by other public entities or by the European Community.
- **Fraud in public supplies**, envisaged by article 356 of the criminal code and comprising the conduct of whoever commits fraud in the execution of supply contracts or in the fulfillment of other contracts referred to in article 355 of the criminal code (concerning agreements signed with the State, other public bodies or companies performing public services or public necessity services). Fraud occurs with cunning or malice aimed at deceiving, consisting in the willful consignment differing in whole or in part from the agreed features.
- **Fraud to the detriment of the State or another public entity**, envisaged by article 640 of the criminal code, clause 2, no. 1, and comprising the conduct of whoever, with stratagems or expedients,

gains for himself or for others an undue profit to the detriment of others, if the fact is committed to the detriment of the State or another public entity or with the pretext of having someone exonerated from military service.

- **Aggravated fraud to obtain public financing**, envisaged by article 640-*bis* of the criminal code and comprising the same conduct as of the previous point, if put in place to obtain grants, financing, facilitated loans or other grants of the same type, under whatever name, granted or paid out by the State, other public entities or the European Community.
- **Computer fraud**, envisaged by article 640-*ter* of the criminal code and comprising the conduct of whoever, altering in any way the functioning of a computerized system, or interfering without authorization and using any means with data, information, or programmes contained in a computerized system or system related to it gains, for himself or for another an undue profit to the detriment of the State or other public entity.
- **Corruption in the exercising of official duties**, envisaged by article 318 of the criminal code and comprising the conduct of a public officer who, in the exercising of his duties or powers, receives, for himself or for a third party, in cash or other form, compensation which he is not due, or accepts a promise of same.
- **Corruption in an act contrary to official duties**, envisaged by article 319 of the criminal code and comprising the conduct of a public officer who, to omit or delay, or for having omitted or delayed a duty of his office, or to perform or have performed an act contrary to his official duties, receives, for himself or for a third party, cash or other or accepts a promise of same.
- **Corruption in legal proceedings**, envisaged by article 319-*ter* clause 2 of the criminal code and comprising corruption, however committed to favour or damage a party in a civil, criminal or administrative trial.
- **Undue induction to give or promise benefits**, envisaged by article 319-*quater* and comprising the conduct of a public officer or of a person entrusted with a public service who induces an individual subject to give or promise cash or other undue benefit, in abuse of his position or powers. Any person who agrees to give or promise the cash or other benefit requested by the public officer or by the person entrusted with a public service shall also be accountable for this crime.
- **Corruption of people tasked with a public service**, envisaged by article 320 of the criminal code and comprising the conducts as of articles 318 and 319 of the criminal code if committed by a person entrusted with a public service.
- **Trading in influence** is envisaged by article no. 346-*bis* of Criminal Code. This crime is committed when - by exploiting or claiming existing or alleged relations with a public official, a person in charge of a public service, (or someone listed in article 322-*bis* of the Italian Criminal Code) - a person is unduly granted or provided with, for themselves or for others, money or other benefits, as the price of

their illicit mediation with the subjects mentioned above or to remunerate them in relation to the exercise of their functions or their powers. This provision applies only if the fact has not already been included within articles 318, 319, 319-*ter* and 322-*bis* of Criminal Code. Likewise, anyone who unduly promises or confers money or other benefits is punished.

**In accordance with Art. 321 of the criminal code (punishment for the corrupter)**, the punishments established in articles 318, clause 1, 319, 319-*bis*, 319-*ter* and 320 of the criminal code with reference to the cases as of article 318 and 319 of the criminal code apply also to whoever gives or promises cash or other benefit to a Public Officer or Public Service Officer.

- **Incitement to corrupt**, envisaged by article 322 of the criminal code and comprising the conduct of whoever, in the exercising of his duties or powers, offers or promises cash or other benefits not due to a Public Officer or a Public Service Officer as well as induces them to omit or delay a duty of their office or to perform an act contrary to their official duties, if the offer or promise is not accepted.
- **Corruption and incitement to corrupt of members of the bodies of the European Union and officers of the European Community and foreign states**, envisaged by article 322-*bis* of the criminal code, and pursuant to which the provisions of articles 314, 316, from 317 to 320 and 322, clauses 3 and 4, of the criminal code apply also to:
  - ✓ members of the Commission of the European community, the European parliament, the Court of Justice and Audit Office of the European Community;
  - ✓ officers and agents hired under a contract pursuant to the Staff Regulations of Officials of the European Communities and the Conditions of Employment of Other Servants of the European Communities;
  - ✓ people seconded by the member states or by any public or private entity to the European Communities that exercise functions corresponding to those of the officers or agents of the European Communities;
  - ✓ members and officers in entities set up on the basis of Treaties which establish the European Communities;
  - ✓ whoever, within the framework of the member states of the European Union, holds roles or<sup>[1]</sup><sub>SEP</sub> carry out activities corresponding to those of Public Officers and Public Service Officers.

The provisions of articles 319-*quater*, clause 2, 321 and 322, clauses 1 and 2 of the criminal code apply even if the money or other benefit is given, offered or promised:

- ✓ to the people indicated in point one of this article;
- ✓ to people who hold roles or carry out activities corresponding to those of the Public Officers and Public Service Officers in other foreign states or international public organizations if the

act is committed to gain for self or for others an undue advantage in international economic transactions or for the purpose of obtaining or maintaining an economic or financial asset.

The people indicated in point one are likened to Public Officers if they carry out corresponding functions or to Public Service Officers in the other cases.

### **A3. Sensitive Activities within the framework of the crimes against the Public Administration**

Through an activity of control and risk self-assessment, the Company has identified Sensitive Activities, listed below, within the framework of which some of the crimes against the Public Administration envisaged by articles 24 and 25 of the Decree could potentially be committed.

- Management of public relations activities with officers of the Public Administration.
- Management of relations with the Antitrust authority (e.g. hearings with the Authority, purchases and/or sales of stores and/or of third parties, creation of purchase centres, vertical integrations with Suppliers, etc.).
- Management of contracts with the Public Administration (stipulation of leasing contracts, preparation of documentation, arbitration, etc.).
- Management of obligations regarding safety of food products (HACCP) and non-food products and of the chemical-physical analysis of products and management of relationships with the Public Administration concerning food regulations (e.g. universities, research laboratories, etc.).
- Management of activities concerning the production and presentation of documents and certificates to the Public Administration and management of activities concerning the application for and issue of permits and certificates (e.g., for the occupation of state-owned property, the opening of commercial structures, the expansion and/or renovation of premises/departments, the opening of stores and deposits for the storage of goods, the administration of food and drinks, health authorizations, presentation of powers of attorney, use of local units for sales of stock, CE markings, etc.) and permits (e.g. building permits for the construction of the building), also through Consultants and promoters.
- Management of audits by the Public Administration or Public Service Officers or certification entities including quality related certification entities (e.g. Finance Police, Carabinieri, INPS, Health Board, Fire Department, Public Prosecutor's Office, etc.), also to obtain certifications (e.g. EC marking).
- Management of tax related issues with the Inland Revenue, also using external professionals.
- Management of VAT (e.g. Management of payable and receivable VAT, sales with VAT exemption, tax accounts).
- Management of relations with the Judicial Authorities, also through external professionals.

- Management of relations with the Public Administration also through service providers for competitions, prize-giving initiatives, promotions etc.
- Request, management, monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.
- Registration of trademarks and patents also through third parties.
- Sale of products to the Public Administration, also in the price offer stage.
- Management of credit and litigation with the Public Administration.
- Management of gifts, sponsorships and donations.
- Relations with customs authorities also through service providers (e.g. export of products, import of products, etc.).
- Assignment and management of consulting services.
- Management of the personnel selection and recruitment process.
- Management of financial resources.
- Management and control of expense accounts.
- Management of capital goods/company assets (e.g. cars, mobile phones, personal computers, credit cards, etc.).
- Management of marketing activities also through third party agencies (for example, passes, promotions, sponsorships, publicity, money-off vouchers, etc.).

#### **A4. Specific prevention protocols**

For operations regarding the **management of audits by the Public Administration or Public Service Officers or certification entities**, the protocols envisage that:

- the subjects indicated in the relative procedure take part in the judicial, tax or administrative type of audits;
- the Manager of the Area subject to audit (where relevant for the application of Legislative decree 81/2008) informs the OdV of the start and end of the procedure, providing all the relevant information, and transmits a copy of the reports drawn up to the auditing authority;
- the Manager of the Area subject to audit keeps all the reports on past audits;
- where reports of alleged irregularities concerning environmental authorizations have been given, the Manager of the Area subject to audit informs the Regulatory Affairs and Data Protection Manager and payment of sanctions will only be made with the latter's express authorization.

For operations regarding the **management of the tax related questions with the financial Administration also through external professionals** and the **management of VAT**, the protocols envisage that:

- a manager be identified consistently with the subject-matter, having the necessary powers to represent the Company or to coordinate the actions of any external consultants;
- the manager identified as above informs the OdV of the start of the tax procedure, the results of the different levels of judgement, the conclusion of the procedure, providing all the relevant information.
- the process is formalised in such a way as to guarantee the integrity, correctness and potential reconstruction of the data used for tax, contributions and social security compliance;
- the subjects involved in defining tax policies and preparing the related regular declarations and liquidating tax, are always identified;
- the data contained in the declarations faithfully reflect what is reported in supporting documentation;
- the responsible subjects on monitoring tax legislation and verifying the adequacy of the data indicated in tax declarations and in the F24 liquidation statements should be identified;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- verification of the accuracy of the tax liquidation statement and the use of tax credits;
- deeply check in case of use of tax credits for different taxes;
- verification of the correspondence between the certifications issued as a tax substitute and the related declarations and payments;
- contracts regulating relations with consultants must include specific clauses recalling fulfilments and responsibilities according to the Decree and related to the compliance with the Model and the Code of Ethics, which must be communicated to them in accordance with the provisions of the General Part. These clauses should require the mandatory timely communication of the Consultant to the Supervisory Body about illegal conducts or their requests, even potential;
- it has to be understood that the compliance with the Model and the Code of Ethics for tax consultants expressly includes the commitment not to promote, support and/or facilitate tax evasion operations;
- contracts regulating relations with consultants should include specific clauses which establish that the contract breach related to the acceptance of Model and of the Code of Ethics entails the contract termination and entitles METRO to request compensation for the damages;
- monitoring of regulations, the determination of tax policies and the verification of the completeness and truthfulness of the declaration should be envisaged with the support of the company accounting and tax function, under the direction of the Head of Finance & Accounting and the responsibility of

the Chief Financial Director. Consultants are necessary to improve the fulfillment of these activities.

For operations regarding the **management of public relations activities with officers of the Public Administration; management of relations with the Antitrust Authority; management of relations with the Public Administration also through service providers for competitions, prize-giving initiatives, promotions etc.; relations with the customs authorities also through service providers (e.g., exports of products, imports of products etc.); management of contracts with the Public Administration; management of obligations regarding the safety of food products and non-food products and regarding food regulations; management of activities concerning the production and presentation of documents and certifications to the Public Administration and the management of activities concerning the application for and issue of authorizations, recognitions and permits; registration of trademarks and patents; the sale of products to the Public Administration and the management of credit and litigation with the Public Administration**, the protocols envisage that:

- all deeds, requests, official communications and contracts whose counterpart is the Public Administration must be managed and signed only by whoever has been vested with appropriate powers in accordance with the procedures and the internal power of attorney system;
- the internal manager for the implementation of the operation identifies the most appropriate tools to guarantee that the relations of his function with the Public Administration are always transparent, documented and verifiable;
- the internal manager for the implementation of the operation authorizes in advance the use of data and information regarding the company and used in deeds, communications, certificates and requests of any type sent to or having among their addressees the Public Administration;
- the internal manager for implementation of the operation checks that the documents, declarations and information transmitted by the Company to obtain the issue of authorizations or permits are complete and truthful;
- in all negotiations with the Public Administration the work will be performed in compliance with applicable laws and regulations as well correct business practices;
- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;
- the Import function verifies the compliance between data contained in the customs bill and the invoices received;



- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions; the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **request for, management and monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.**, the protocols envisage that:

- the internal manager for the operation checks that the statements and documents presented for the purpose of obtaining the loan or contribution are complete, truthful and represent the actual economic, equity and financial situation of the company;
- the financial resources obtained as a contribution, subsidy or public loan are allocated exclusively to the initiatives and to the achievement of the aims for which they were requested and obtained;
- the use of these resources is always justified by the requesting party who must attest coherence with the aims for which the loan was requested and obtained;
- the requesting Function must handle the reporting of the use of grants/funds and prepare the documentation to be sent to the issuing public entity as confirmation of the correct use of the resources;
- all the documentation concerning the request for the grant/subsidy/public loan, the awarding thereof and the usage and reporting methods, must be signed by an attorney-in-fact and archived by the Requesting Function and, particularly with regard to training grants, by the Human Resources Department.

For operations regarding the **management of financial resources**, the protocols envisage that:

- limits on the autonomous use of the financial resources are set by defining quantitative thresholds of expenditure, consistently with the management competencies and the organizational responsibilities. The quantitative limits of expenditure assigned can be exceeded solely and exclusively for proven

reasons of urgency and in exceptional situations: in these cases there will be an amnesty of the exceeding of the limit envisaged through issue of the necessary authorizations;

- the Board of Directors or the subject delegated by same establishes and modifies, if necessary, the joint signature procedure for certain types of operations or operations which exceed a given quantitative threshold. The OdV is informed of this modification;
- the operations involving the use or deployment of economic or financial resources have an explicit reason and are documented and registered in compliance with the principles of clarity, professionalism and accounting correctness;
- the use of financial resources is justified by the requesting subject also merely by indicating the type of expense to which the transaction belongs;
- payments must be jointly authorized by two attorneys-in-fact or by two people authorized to carry out banking transactions, in compliance with company procedures and current powers;
- payments/collections are only made where there are effective operations, for valid economic reasons and for suitable prices;
- no payment or collection can be made in cash unless expressly authorized by the administration department and in any case for amounts that do not exceed those managed using the petty cash. In fact, the Company requires the use of traceable payment methods, unless there are proven reasons to justify payment in cash;
- in terms of payments received for the sale of products at the stores, traceability is guaranteed by the issuing of invoices to the clients (that must always be identifiable) and by the cash management procedures;
- the Company only uses brokers and bankers subject to a regulation of transparency and correctness which is in line with the rules and regulations of the European Union;
- quantitative limits to the payment of advances and refunds of expenses borne by the Company's personnel are set depending on the nature of the services rendered. Refund of expenses borne must be requested by filling in the specific forms and only subject to the presentation of appropriate vouchers for the expenses borne;
- traceability is guaranteed by archiving all paper and electronic documents; this is done by the Finance & Accounting Department and by the Operations Department, where involved, and by the Central Banks as far as the Stores are concerned;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;

- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **assignment and management of consulting activities**, the protocols envisage that:

- external Consultants may only be used to perform those activities which are expressly envisaged in the external consultants' procedure;
- the Consultants are chosen on the basis of requirements of professionalism, independence and competence and assessed by examining all suggestions put forward, according to the criteria and forms envisaged by the company procedures
- identification and appointment of the Consultants is made in accordance with the procedures, authorizations and internal controls adopted by the Company;
- there is no subjective relationship between the subject who requests the consulting services and the subject that authorizes them;
- the assignment to Consultants is granted indicating the consideration agreed and the content of the services;
- at the end of the assignment the Consultant is requested to list in writing the services rendered;
- the contracts regulating relationships with the Consultants envisage specific clauses which refer to obligations and responsibilities deriving from the Decree and from observance of the Model and Code of Ethics which must be communicated according to the provisions of the General Section. These clauses require the mandatory timely communication of the Consultant to the Supervisory Body about the existence or the request of unlawful conduct, also potential;
- no consideration or fees are paid to Consultants for amounts which are not consistent with the services rendered to the Company or which are not compliant with the assignment given, with the conditions or practices existing on the market or with the professional rates applicable to the categories involved;
- all the contracts are archived at the offices of the Requesting Function according to the topic of consultation;

- the contracts that regulate relations with Consultants envisage specific clauses which set forth that non-compliance with the contractual obligations deriving from acceptance of the Code of Ethics and Model can entail termination of the contract and entitle METRO to claim reimbursement for damages;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information);
- all the consultancies documentation is maintained.

For the **expense accounts management and control operations**, the protocols envisage that:

- a manager who authorizes the refund of expenses *ex ante* or *ex post* (depending on the types of transfers, business trips or journeys away from the usual workplaces) is identified depending on the hierarchical levels present in the company;
- expenses are reimbursed according to existing procedures and regulations;
- refunds of expenses are managed – with a guarantee of their traceability - in the ways communicated to all the personnel in terms of observance of the limits indicated by the company procedures, the purpose of the expense borne, the forms to use, the necessary authorization levels and payment of the amounts to be refunded.

For operations regarding the **management of the personnel selection and recruitment process**, in order to ensure that the personnel selection and recruitment process takes place in compliance with the relevant

regulations in force and in accordance with objectives, rules and defined operating methods, the protocols envisage that:

- the personnel selection and recruitment processes can only be initiated if they are in line with the annual forecasts; any recruitment requests which fall outside the limits indicated in the budget are justified and duly authorized in accordance with the internal procedures;
- the functions requesting selection and recruitment of personnel prepare their request by filling in specific forms and within the framework of an annual budget;
- the requesting Department must send the Human Resources Department the recruitment request using the appropriate forms signed by the attorney-in-fact who has the power to authorize it according to the rules laid down in the relative personnel selection and recruitment Procedure;
- the forms must specify the requirements which must be met by all candidates for the position and the main areas of responsibility to be assigned to the new recruit;
- candidates must undergo an assessment interview. At the end of the interview, the Human Resources Department must ensure that a questionnaire is completed without fail;
- the traceability of the process is ensured by archiving all the documentation relating to the personnel selection and recruitment activity; this is done by the Personnel Administration Department at Head Office and by the Personnel Offices at the Stores. The documentation must be archived in such a way as to prevent changes from being made to it, unless the entire process is revealed, in order to facilitate controls.

For the **company capital goods and assets management operations**, the protocols envisage that:

- the assignment of the capital good must be justified, by virtue of the role and position of the beneficiary;
- the request must be duly authorized by the Human Resources Department;
- cases of withdrawal of the asset assigned are envisaged in the case of breach of procedures or company regulations during their use.

For the **management of marketing activities also through third party agencies, management of gifts, donations and sponsorships**, the protocols envisage that:

- the marketing activities are directly and exclusively connected to the company's activities and aimed at improving and promoting the Company's image and culture;

- in the case of the organisation of marketing campaigns, all relevant documentation must be in line with the initiative and archived by the competent functions; for all other forms of donations, which besides being aimed at legitimate and ethical activities are also authorized, justified and documented, the process is managed in compliance with the procedure regulating the giving of donations and awarding of sponsorships according to the beneficiary's position or the payment amount;
- different levels of authorization are set depending on the payment amount;
- the Compliance Function carries out a preventive assessment with regard to the beneficiary and/or event/initiative within the context of the donation or sponsorship;
- the traceability of the assessment and approval process is guaranteed through compliance with the procedure on donations and sponsorships (also by filling in special forms);
- different rules and timescales for approval are envisaged, both at local and at Group level, in order to regulate requests due to "emergency situations";
- contributions of a financial nature are made following a traceable process;
- aside from company initiatives carried out in observance of the procedures, employees are expressly forbidden from offering or granting – either directly or indirectly - any personal benefit (including gifts, benefits or favours) to employees from other companies or to any other third party within the context of the commercial relationships which the Company enjoys;
- gifts are in line with the reference sector and in any case of modest value and such as not to affect the independence of judgement of the receiving party;
- the samples received are handled according to the relevant procedure;
- the agreements' formalization is envisaged. The agreements need to describe specifically the performances in a way possible to be verified;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- a register should be kept in order to record all promotional activities, gifts, donations and sponsorships received/paid, as well as the documentation related to the organized events (Metro Academy);
- in case of paid participation at the Metro events verify the correspondence between the participant, the invoice's holder and the origin of payments;
- the coincidence of the subjects who issue the invoice and who actually provided the service should be verified;
- the lack of agreed performances for sponsorship and promotional activities, or the loss of goods registered in the inventory of gifts and donations, should be promptly verified and communicated to the Supervisory Body;

- the stipulation of co-marketing agreements should be checked about the existence of any anomaly profiles of the partner;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **management of relations with the Judicial Authorities, also through external professionals**, the protocols envisage that:

- a manager be identified consistently with the subject-matter, having the necessary powers to represent the Company or to coordinate the actions of any external consultants;
- in the event of situations which are relevant in the context of Legislative Decree 231/01, the Legal Department informs the OdV of the start of the judicial procedure, the results of the different levels of judgement, the conclusion of the procedure, providing all the relevant information.

## B. Computer Crimes (Article 24-*bis* of the Decree)

### B1. Applicable Crimes

On the basis of the analyses made, the following computer crimes are considered applicable to the Company:

- **Falsehood in computerized documents**, as of Article 491-*bis* of the Italian Code of Criminal Procedure and comprising cases of falsehood, material or unintentional, in public acts, by a representative of the Public Administration or by a private individual, if they concern a “computerized document that has evidentiary effectiveness”, i.e. a computerized document with at least a simple electronic signature. “Computerized document” means the electronic representation of legally relevant acts, deeds or data (this crime extends the criminal indictability of crimes provided for in Book II, Title VII, Section III of the Italian Code of Criminal Procedure).
- **Abusive access to a computer or computerized system**, as of Article 615-*ter* of the Italian Code of Criminal Procedure and comprising the conduct of a person who accesses abusively, i.e. eluding any form, even minimal, of barrier permitting entry, a computer or computerized system protected by security measures or remains connected against the will of whoever has the right to exclude him/her.
- **Possession and abusive circulation of access codes for a computer or computerized system**, as of Article 615-*quater* of the Italian Code of Criminal Procedure and comprising the conduct of anyone who abusively procures, reproduces, circulates, communicates or delivers codes, key words or other means of access to a computer or computerized system protected by security measures, or in any case provides instructions in this regard, for the purpose of gaining profit for him/herself or others or causing damage to others.
- **Circulation of equipment, devices or computer programmes designed to damage or interrupt a computer or computerized system**, as of Article 615-*quinquies* of the Italian Code of Criminal Procedure, which sanctions the conduct of anyone who, in order to unlawfully damage a computer or computerized system, i.e. the information, data or programmes contained in it or pertaining to it, or in order to promote the interruption or alteration of its execution, procures, reproduces, imports, circulates, communicates, delivers or in any case makes it available to other equipment, devices or computer programmes.
- **Unlawful interception, hindrance or interruption of computer or computerized communications**, as of Article 617-*quater* of the Italian Code of Criminal Procedure, which punishes anyone who, fraudulently, intercepts communications related to a computer or computerized system or moving between several systems, hinders them, interrupts them or reveals the content of those communications, in whole or in part, to the public through any information means whatsoever.



- **Installation of equipment designed to intercept, hinder or interrupt a computer or computerized system**, as of Article 617-*quinquies* of the Italian Code of Criminal Procedure, which sanctions the conduct of anyone who, with the exception of cases permitted by law, installs equipment designed to intercept, hinder or interrupt communications related to a computer or computerized system or moving between several systems.
- **Damage to information, data and computer programmes**, as of Article 635-*bis* of the Italian Code of Criminal Procedure and comprising the conduct of anyone who destroys, damages, deletes, alters or suppresses information, data of computer programmes of others, unless the act constitutes a more serious crime.
- **Damage to information, data and computer programmes used by the State or other public body, or in any case of public utility**, as of Article 635-*ter* of the Italian Code of Criminal Procedure and comprising the conduct of anyone who commits an act intended to destroy, damage, delete, alter or suppress information, data or computer programmes used by the State or other public body or pertaining to them, or in any case of public utility, unless the act constitutes a more serious crime.
- **Damage to a computer or computerized system**, as of Article 635-*quater* of the Italian Code of Criminal Procedure and comprising the conduct of anyone who, through conduct as of 635-*bis* or though the introduction or transmission of data, information or programmes, destroys, damages, causes the computer or computerized systems of others to become unusable, in part or in whole, or seriously hinders their operation, unless the act constitutes a more serious crime.
- **Damage to a computer or computerized system of public utility**, as of Article 635-*quinquies* of the Italian Code of Criminal Procedure and comprising the conduct described in the previous Article 635-*quater*, if that conduct is intended to destroy, damage, cause the computer or computerized systems of others to become unusable, in part or in whole, or seriously hinder their operation.

## **B2. Sensitive Activities in the context of computer crime**

Through the control and risk self-assessment, the Company has identified the Sensitive Activities, listed below, in the context of which some of the computer crimes as of Article 24-*bis* of the Decree could potentially be committed.

- Strategic management of the IT system.
- Technical management of the IT system.
- Management of documents in digital format.

## **B3. Specific prevention protocols**

For operations regarding **strategic management of the IT system**, the protocols provide that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- the requirements for authentication to the systems for access to data and assignment of remote access to those data by third parties such as consultants and suppliers are formally set out;
- the identification codes (user-id) for access to the applications and the network are personal and unique;
- proper password management is defined by guidelines, which are communicated to all users, on the choice and use of the password;
- criteria and procedures are defined for creating access passwords to the network, applications, the company's information legacy and the critical or sensitive systems (e.g. minimum length of password, complexity rules and expiry);
- user accesses, however made, to the data, systems and network are subject to periodic checks;
- the applications keep track of modifications to data made by users;
- criteria and procedures for assigning, editing and deleting user profiles are defined;
- an authorization matrix – applications/profiles/applicant – is prepared and aligned to the existing organizational roles;
- periodic checks are carried out on the user profiles to check that they are consistent with the assigned responsibilities;
- the documentation for each single activity is archived so that full traceability of it can be guaranteed;
- criteria and procedures are defined for the management of the software systems which provide for the compilation and maintenance of an updated inventory of the software used by the Company, the use of formally authorized and certified software and periodic checks on the software installed and on the mass storage devices in the systems in use in order to check for the presence of prohibited and/or potentially harmful software;
- criteria and procedures for change management (meaning the updating or implementation of new technological systems/services) are defined;
- a Business Continuity plan and Disaster Recovery plan are defined, periodically updated and checked;
- procedures for the following are defined in a special policy:
  - √ the use of personal computers and IT equipment assigned;
  - √ the installation and use of software;
  - √ internet usage.

For operations regarding **technological management of the IT system**, the protocols provide that:

- the responsibilities for network management are defined;
- security controls are implemented to guarantee the confidentiality of the data in the network and in transit on public networks;
- segregation mechanisms for the networks and network traffic monitoring are adopted;
- tracking mechanisms are implemented for security events on the networks (e.g. anomalous access by frequency, procedure, and time);
- implementation and maintenance of the telematic networks is regulated by the definition of operational responsibilities and procedures and periodic checks on network operation and anomalies found; the periodic activities of vulnerability assessment and ethical hacking must also be regulated;
- back-up criteria and procedures are defined; this must include, for each telecommunications network, the frequency, the procedures, the number of copies and how long the data are kept;
- the documentation for each single activity is archived so that full traceability of it can be guaranteed;
- hardware management criteria and procedures are defined; this must include the compilation and maintenance of an updated inventory of the hardware in use at the Company and must regulate the operational responsibilities and procedures for the implementation and/or maintenance of hardware;
- back-up criteria and procedures are defined; this must include, for every hardware application, the frequency, the procedures, the number of copies and how long the data are kept;
- the documentation for each single activity is archived so that full traceability of it can be guaranteed;
- the security measures adopted, the supervisory procedures and their frequency, the responsibilities, the reporting process for breaches/illegal entry into the technical premises or security measures and the countermeasures to adopt are defined;
- physical credentials are defined for access to the sites where information systems and IT infrastructures reside such as, by way of example, access codes, token authentication, pins, badges, biometric values and their traceability.

For operations regarding the **management of documents in digital format**, the protocols provide that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- criteria and procedures are defined for the generation, distribution, revocation and filing of keys (smart cards);
- management of documents in digital format by third parties is formally regulated;

- controls are defined for the protection of the keys against modification, destruction and unauthorized use;
- the supporting documents for the activities carried out with the use of documents in digital format are traceable and properly filed.

## C. Organised Crime (Article 24-ter of the Decree)

### C1. Applicable offences

On the basis of the analyses made, the following organised crime offenses are considered applicable to the Company:

- **Criminal conspiracy**, as of Article 416 of the Italian Code of Criminal Procedure and punishing those who promote, establish or organize an association of three or more persons with the intention of committing several crimes and those who participate in it.
- **Mafia-type conspiracy, also foreign**, as of Article 416-bis of the Italian Code of Criminal Procedure and punishing anyone who is part of a mafia-type association formed of three or more persons, as well as those who promote, direct or organize it. Mafia-type conspiracy is when those who are a part of it use the force of intimidation of the conspiratorial bond and the conditions of subjection and silence deriving from it to commit crimes, to acquire directly or indirectly the management or control of economic activities, licences, permits, contracts and public services or to gain improper profit or benefit for themselves or others or for the purpose of preventing or obstructing the free exercise of the vote or procuring votes for themselves or others in the event of an electoral consultation. The conspiracy is considered armed when the conspirators have available arms or explosives, even if hidden or stored, to pursue the aims of the conspiracy. The provisions of Article 416-bis of the Italian Code of Criminal Procedure also apply to the camorra and other conspiracies, however they be called locally and including foreign ones, which, profiting from the intimidatory force of the conspiratorial bond, pursue goals similar to mafia-type conspiracies.
- **Illegal manufacture, introduction into the State, sale, transfer, possession and carrying in public places or places open to the public of weapons, weapon types or parts of them, explosives, concealed arms and several common firearms** (Article 407, clause 2, letter a), no. 5 of the Italian Code of Criminal Procedure).
- **Crimes committed by availing oneself of the conditions provided for by Article 416-bis of the Italian Code of Criminal Procedure or for the purposes of facilitating the activities of the conspiracies provided for by it.**

### C2. Sensitive Activities in the context of organized crime

Through the control and risk self assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which some of the crimes of organized crime as of Article 24-ter of the Decree could potentially be committed.

- Evaluation, qualification and selection of suppliers (e.g. transport, surveillance, cleaning, intelligence, porter service, etc.);

- Evaluation and qualification of customers and product sales;
- Acquisition and disposal of companies and business lines, establishment of business groups and joint ventures;
- Staff selection and management;
- Special sales activities, also outside the stores (e.g. to major contractors and opening of local premises for sales in stock).

### **C3. Specific prevention protocols**

For operations regarding the **evaluation, qualification and selection suppliers**, the **evaluation and qualification of customers and product sales**, the **acquisition and disposal of companies and business lines**, the **establishment of business groups and joint ventures**, **staff selection and management** and **special sales also outside the stores**, the provisions of the prevention protocols as of paragraph A4 (with reference to **human resource management**) and paragraph I3 of this Special Section apply. The protocols listed below also apply:

For operations regarding the **evaluation, qualification and selection of suppliers**, the protocols provide that:

- evaluation of Italian and foreign suppliers through analysis of legal and company documents (e.g. “anti-mafia certification”, Chamber of Commerce perusal) is written down in an operational procedure;
- the criteria and appropriate procedures for the periodic monitoring of the suppliers’ requirements are defined;
- the control procedures on supplier evaluation are established by the OdV through i) specific audits and ii) the identification of indicators that are functional to the OdV’s information activity structuring;
- anomaly indicators are identified and allow any "risky" or “suspect” transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity, controversial press news);
  - ✓ real existence of the counterparty on the basis of:
    - a. specific audit carried out on the supplier (in case of procurement of goods)
    - b. Chamber of Commerce Certificate and VAT registration (Revenue Agency databases or, for UE operations, VIES system); the supplier must strictly be active;
    - c. consistency of the corporate purpose with the proposed and / or provided

services;

- d. year of company's incorporation (pay attention to newly created companies);
- e. number of employees;
- f. operational offices;
- g. anomalies in the administrative bodies and corporate structure;
- h. filing of financial statements;
- i. tax and social security compliance.

- ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
- ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
- ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);
- ✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).

- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;
- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- check the correspondence between the service supplier and the person who receives the payment (also

through bank information).

For operations regarding the **issue of trade cards for customers and product sales**, the protocols provide that:

- procedures are defined for the request for information and the documents necessary for the distribution of the trade cards;
- procedures be defined for requesting from customers any additional documents or further details, also via external bodies, on the basis of risk/anomaly indicators.

For operations regarding the **staff selection and management**, the protocols provide that:

- candidate appraisals are written down in appropriate documentation which the Human Resources Department guarantees to archive pursuant to Italian Legislative Decree No. 196/2003;
- all employees, both at headquarters and the stores, are asked to produce a police record.

For operations regarding the **special sales, also outside the sales outlet**, the protocols envisage that:

- the evaluation of every new customer who intends to make purchases that can be ascribed to this type and specific controls in the case of special sales for already accredited customers are written down in an operational procedure;
- anomaly indicators are identified and allow any "risky" or "suspect" transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity);
  - ✓ counterparty existence (for example, company structure, operational headquarters);
  - ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
  - ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
  - ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);
  - ✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).
- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on



the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;

- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents;
- specific limits by type of transaction, frequency and amount are arranged for all persons possessing written powers to handle financial resources; the joint signature of at least two persons is required for transactions above certain set value thresholds;
- for the management of inflows and outflows, bank channels or other accredited financial brokers subject to regulation by the European Union or credit/financial organizations located outside the EU, which impose obligations similar to those provided for by the law on money laundering and has controls to check compliance with those obligations, are used exclusively;
- both inflows and outflows in cash are forbidden, with the exception of minimum types of expenditure expressly authorized by the Administrative Management and the Head of Legal & Compliance officer, finance and legal and in particular for petty cash transactions and without prejudice to takings at sales outlets according to the procedures adopted,
- transactions which entail the utilization of economic or financial resources have an explicit reason and are documented and recorded in compliance with the principles of accounting clarity, correctness and transparency;
- the Company's takings and payments, as well as flows of money, are always traceable and can be proved by documents.
- effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the

real beneficiary of the disposal.

## **D. Falsifications or counterfeiting of money, public credit cards or tax stamps and of trademarks or distinguishing markings (Article 25-*bis* of the Decree)**

### **D1. Applicable Crimes**

On the basis of the analyses made, the following crimes of “Falsifications or counterfeiting of money, public

- **Counterfeiting of money, complicit passing and introduction into the State of counterfeit money**, as of points 3 and 4 of Article 453 of the Italian Code of Criminal Procedure, comprising the conduct of any person who, though not complicit in the counterfeiting or alteration, but complicit with the person carrying it out or with an intermediary, introduces into the territory of the State or detains or spends or otherwise puts into circulation counterfeit or altered money, or who purchases it or nevertheless receives it from the counterfeiter or an intermediary for the purpose of putting it into circulation. Complicity means any relationship, even indirect, i.e. through one or more intermediaries, after counterfeiting, between the person who detains, spends or passes into circulation the money, and the counterfeiter.
- **Non-complicit passing and introduction of counterfeit money into the State**, as of Article 455 of the Italian Code of Criminal Procedure and comprising the conduct of any person who, apart from the cases of falsification, counterfeiting and alteration and the cases of complicity with the persons carrying out said conduct, introduces into the State, purchases or detains money which he/she knows is counterfeit or altered, for the purpose of putting it into circulation, or passes it or otherwise puts it into circulation.
- **Passing of counterfeit money received in good faith**, as of Article 457 of the Italian Code of Criminal Procedure and comprising the conduct of any person who passes or otherwise puts into circulation counterfeit or altered money received in good faith.
- **Counterfeiting, alteration or use of brand names or distinctive signs or patents, models and designs**, as of Article 473 of the Italian Code of Criminal Procedure and comprising the conduct of any person who, being aware of the existence of industrial patents, counterfeits or alters the distinctive brands or marks, domestic or foreign, of industrial products or, without being complicit in the counterfeiting or alteration, makes use of those counterfeited or altered brands or marks, or counterfeits or alters industrial patents, designs or models, domestic or foreign, or, without being complicit in the counterfeiting or alteration, makes use of those counterfeited or altered patents, designs or models. This conduct is punishable providing that the regulations of the internal laws, the EU regulations and international conventions to safeguard intellectual and industrial property have been observed.
- **Introduction into the State and trading of products with false markings**, as of Article 474 of the Italian Code of Criminal Procedure, which punishes any person who, apart from the cases of crime provided for by Article 473 of the Italian Code of Criminal Procedure, introduces into the State, for

the purpose of gain, industrial products, domestic or foreign, with counterfeit or altered brand names or other distinctive marks or, apart from the cases of complicity in the counterfeiting, alteration and introduction into the State, detains for sale, puts up for sale or otherwise puts into circulation those products for the purpose of gain. This conduct is punishable providing that the regulations of the internal laws, the EU regulations and international conventions to safeguard intellectual and industrial property have been observed.

## **D2. Sensitive Activities in the context of the crimes of falsifications or counterfeiting of money, public credit cards or tax stamps and of trademarks or distinguishing markings**

Through the control and risk self assessment activity, the Company has identified the following Sensitive Activities in the context of which some of the crimes of falsifications or counterfeiting of money, public credit cards or tax stamps provided for by Article 25-*bis* of the Decree could potentially be committed.

- Management of cash and valuables (takings);
- Selection and monitoring of suppliers, directly and/or through Metro Group companies, and of the products procured for sale in the Metro Group stores;
- Direct import, also through Metro Group Companies, of products from both inside and outside the European Community;
- Activities concerning the import and/or sale of products procured from the “parallel market”.
- Use of third parties’ markings in marketing and communication activities (advertising of products, also in the stores, MetroPost and the internet website).

## **D3. Specific prevention protocols**

The procedures and job descriptions aim to ensure implementation and compliance with the following principles and objectives related to the **management of cash and valuables**:

- the forms of payment accepted by the Company’s sales outlets are identified and defined;
- the individuals, who belong to the Company’ s staff and come into contact with sums of money in cash, are identified;
- a procedure is drawn up for the management of the cash system and this is able to guarantee reconstruction of all the passages of money in cash;
- there is no subjective identity between the till operator, the check-out specialist and the services sector chief;
- the till operator, the check-out specialist and the services sector chief guarantee the correctness of the operation and mutual control;
- cash which has not generated a fee and an accounting record cannot be held;

- it is forbidden to take money for goods sold without issuing a receipt;
- a procedure has been drawn up to prevent inappropriate use of the till in the event of it being interrupted or closed;
- the main criteria for recognising counterfeit money are defined and communicated to staff that come into contact with cash;
- suitable tools for recognising false banknotes are available at the sales outlets;
- suitable security mechanisms are arranged for access to the strong room;
- all movements of money from and to the strong room are recorded in ways that guarantee that the amounts paid in and withdrawn can be verified;
- a document summarizing the movements of money entering and exiting the strong room is prepared;
- only persons authorized in accordance with internal procedures can access the strong room so that control by the persons appointed for security over the identity of the person accessing or closing the strong room can always be guaranteed;
- the till operator immediately warns the services sector chief should he/she suspect that money is counterfeit;
- the services sector chief immediately informs the Security Office, Operations Department - in the person of the reference Area Manager - and the Head of Legal & Compliance Officer by mail in all cases where counterfeiting has been recognised or there is strong suspicion of counterfeit money being passed. This money must not be re-used in any way.

For operations regarding the **selection and monitoring of suppliers, directly and/or through Metro Group companies, and of the products procured for sale in the Metro Group stores**, the protocols envisage that:

- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information).

For operations regarding the **direct import, also through Metro Group Companies, of products from both inside and outside the European Community and activities concerning the import and/or sale of products procured from the "parallel market"**, the protocols envisage that:

- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- control of advertising material for products;
- the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- control of the correspondence between the product characteristics presented in advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality, origin and source of the products.
- control of labelling of the marketing of its own brand products and/or products imported directly by Metro Group companies;
- control of the labelling and compliance with law provisions regarding protected designation of origin (PDO), protected geographical indication (PGI) or traditional specialities guaranteed (TSG) products as well as any other product whose name is restricted, protected and/or acknowledged by law;
- control of the correctness of certificates regarding the EC marking and any other mark and/or stamp as established by applicable laws for imported products or own brand products;
- control of the composition, specifications and characteristics of products imported by Metro Group companies or marketed under its own brand;
- control of advertising material related to own brand products or products imported directly by Metro Group companies;
- control of the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- periodic control and update, where necessary, of the self-control HACCP manuals to guarantee compliance, in all phases, of the food products on sale with current hygiene-health standards as well as with provisions issued by the Authorities;
- control of correspondence between the product characteristics presented in any advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality and source of the products;
- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;

- the Import function verifies the compliance between data contained in the customs bill and the invoices received;
- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions; the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

The procedures and job descriptions aim to ensure implementation and compliance with the following principles and objectives related to the purchase of products and **use of third parties' markings in marketing and communication**:

- control of the labelling of products supplied;
- control of the composition, specifications and characteristics of products imported by Metro Group companies or sold under its own brand;
- control of advertising material for products;
- the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- control of the correspondence between the product characteristics presented in advertising and/or promotional communications and those put on sale, with special reference to the quantity, quality, origin and source of the products.

## E. Crimes against industry and trade (Article 25- bis.1 of the Decree)

### E1. Applicable offences

On the basis of the analyses made, the following crimes against industry and trade are considered applicable to the Company:

- **Interference with the freedom of industry or trade**, as of Article 513 of the Italian Code of criminal Procedure and punishing any person who adopts violence against property and objects or fraudulent means to prevent or interfere with the running of an industry or trade;
- **Illegal competition with menace or violence**, as of Article 513-*bis* of the Italian Code of Criminal Procedure and punishing any person who, in the exercise of a commercial, industrial or in any case productive activity, commits acts of competition with menace or violence;
- **Fraud in the exercise of trade**, as of Article 515 of the Italian Code of Criminal Procedure and punishing any person who, in the exercise of a commercial activity, i.e. in a store open to the public, gives the purchaser one item for another or an item with a different origin, provenance, quality or quantity from that declared or agreed;
- **Sale of non-genuine foodstuffs as genuine**, as of Article 516 of the Italian Code of Criminal Procedure and punishing any person who puts on sale or otherwise trades non-genuine foodstuffs as genuine;
- **Sale of products with untruthful labels**, as of Article 517 of the Italian Code of Criminal Procedure and punishing any person who puts up for sale or otherwise puts into circulation professional services or industrial products with distinctive domestic or foreign names, brands or markings aimed at deceiving the purchaser as to the origin, provenance or quality of the work or product;
- **Manufacture and trade of goods created by breaching industrial patent rights**, as of Article 517-*ter* of the Italian Code of Criminal Procedure and punishing, barring application of Articles 473 and 474 of the Italian Code of Criminal Procedure, any person who, being aware of the existence of an industrial patent, manufactures or industrially develops objects or other assets by usurping or breaching an industrial patent, introduces into the State, holds for sale, puts up for sale or otherwise puts into circulation those assets for the purpose of gain. This crimes are punishable providing that the regulations of the internal laws, the EU regulations and international conventions to safeguard intellectual and industrial property have been observed;
- **Counterfeiting of geographical indications or names of origin of foodstuffs**, as of Article 517-*quater* of the Italian Code of Criminal Procedure and punishing any person who counterfeits or alters the geographical indications or names of origin of foodstuffs or who introduces into the State, holds for sale, puts up for sale or otherwise puts into circulation those products with the counterfeit indications or names for the purpose of gain.



## **E2. Sensitive Activities in the context of crimes against industry and trade.**

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities in the context of which the crimes against industry and trade provided for by Article 25-*bis*1 of the Decree could potentially be committed.

For the purpose of improved supervision and control, it was decided to identify and indicate the Sensitive Activities related to the above-mentioned crimes, distinguishing between head office activities and those of the Stores and the Distribution Platforms.

For the correct management by the relative company functions of the above-stated Sensitive Activities, appropriate supervision and control measures have been defined and implemented for both of these areas based on specific prevention procedures, job descriptions of the functions involved and the HACCP hygienic and sanitary self-control manual as established by laws applicable to Food Sector Operators (OSA).

The efficacy of the system is periodically tested and controlled by means of:

- a) checks and controls carried out by the Audit functions of the Metro Group companies;
- b) checks and controls entrusted to external Auditing companies;
- c) controls by the relative supervisory bodies and Public Authorities;
- d) reporting to the OdV of all relevant anomalies regarding the Sensitive Activities identified by the company departments involved based on the procedures and job descriptions.

### **E2.a HEAD OFFICE SENSITIVE ACTIVITIES**

Metro has identified the following Sensitive Activities at head office:

- Selection and monitoring of suppliers, directly and/or through Metro Group companies, and of the products procured for sale at the Stores;
- Selection and monitoring of the suppliers and of the products sold under the Metro brand;
- Direct import, also through Metro Group Companies, of products from inside and outside the European Community;
- Activities related to controlling the compliance of products that by law must bear the CE marking and any other marks and/or labels envisaged by applicable law provisions. By way of example only, these products include organic foodstuffs, products indicating a protected and/or safeguarded designation of origin (wines, DOP, IGP and STG products, etc.), and products of animal origin for which an official health stamp is required (meat, fish, dairy products, etc.).
- Activities concerning the import and/or sale of products procured from the “parallel market”.

### **E2.b SENSITIVE STORE AND PLATFORM ACTIVITIES**

Metro has identified the following Sensitive Activities at the Store and on the Platform:

- Control and monitoring of products in the Stores and at the Distribution Platform, also at the goods receipt stage, relevant for the sales activities;
- Activities related to the display of advertising material, price tags, labels and signs in the Stores as well as any other documentation regarding the products on sale.

### **E3. Specific prevention protocols**

For the Sensitive Activities identified above, in the context of crimes against industry and trade, the Company has appropriate control systems as indicated below:

- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- control of advertising material for products;
- the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- control of the correspondence between the product characteristics presented in advertising and/or promotional communications and those put on sale, with special reference to the quantity, quality, origin and source of the products.

As regards Head Office supervision and control, the procedures and job descriptions aim to ensure implementation and compliance with the following principles and objectives:

- control of labelling of the marketing of its own brand products and/or products imported directly by Metro Group companies;
- control of the labelling and compliance with law provisions regarding protected designation of origin (PDO), protected geographical indication (PGI) or traditional specialties guaranteed (TSG) products as well as any other product whose name is restricted, protected and/or acknowledged by law;
- control of the correctness of certificates regarding the EC marking and any other mark and/or stamp as established by applicable laws for imported products or own brand products;
- control of the composition, specifications and characteristics of products imported by Metro Group companies or marketed under its own brand;
- control of advertising material related to own brand products or products imported directly by Metro Group companies;
- control of the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;

- periodic control and update, where necessary, of the self-control HACCP manuals to guarantee compliance, in all phases, of the food products on sale with current hygiene-health standards as well as with provisions issued by the Authorities;
- control of correspondence between the product characteristics presented in any advertising and/or promotional communications and those put on sale, with special reference to the quantity, quality and source of the products.

As regards Store and Distribution platform supervision and control, the procedures and job descriptions and, for activities related to the management of Sensitive Activities, the self-control HACCP Manual, aim to ensure implementation and compliance with the following principles and objectives:

- controls aimed at guaranteeing that the prices declared on the price tags and labels correspond to the prices at the tills;
- controls aimed at guaranteeing that the names on the labels and price tags correspond with those on the packaging;
- controls to guarantee correspondence between the words used in the commercial documents and those on the labels, advertising material, signs, etc.;
- controls to ensure compliance with the “cold chain” for deep-frozen, frozen and chilled products and in any case products to be conserved at specific temperature conditions or in other conservation conditions (e.g. in the shade, in a cool place) indicated by the supplier or established by law and/or normal business practice;
- controls to ensure compliance with the obligations regarding food safety by applying the self-control HACCP manual;
- controls on the correctness of sell by and best before dates of products on sale;
- control of the correct turnover of products on sale, of the condition of the packaging and withdrawal of non-conforming products from the shelves when they have reached their sell by date according to company procedures and/or the sell by and best before date indicated on the label;
- periodic control of the tare of scales used to weigh bulk goods and of the scales used by employees;
- goods sold by weight are checked on receipt and periodically reweighed (in particular those subject to weight loss) to check that there are no discrepancies between the actual and declared weight;
- controls to ensure correspondence with the indications regarding the origin or source of products for which this indication is obligatory by law;
- control of the correspondence of the declarations made in promotional and advertising communications to ensure that they are truthful;
- controls to ensure correspondence between the product characteristics presented in advertising material and those put on sale, with special reference to quantity, quality, origin or source of the products;

- control of labelling and of compliance with law provisions regarding protected designation of origin (PDO), protected geographical indication (PGI) or traditional specialities guaranteed (TSG) products as well as any other product whose name is restricted, protected and/or acknowledged by law.

## F. Corporate Crimes (Article 25-ter of the Decree)

### F1. Applicable Crimes

On the basis of the analyses made, the following corporate crimes are considered applicable to the Company:

- **Fraudulent corporate communications**, as of Article 2621 of the Italian Code of Civil Procedure and comprising the conduct of the Directors, the Chief Executive Officer, the managers responsible for general accounting records of the company, the Statutory Auditors and the liquidators who, in order to gain improper profit for themselves or others, in the financial statements, reports and in other corporate communications envisaged by law, for submission to the shareholders or the public, publish relevant material information of an untrue nature, or omit significant material information required by law regarding the economic, net asset or financial situation of the company or the group to which it belongs so as to mislead people. Punishability is also extended to the case where the falsity or omission regards assets possessed or administered by the company on behalf of third parties.
- **Minor facts**, provided for by art. 2621 - bis c.c. which provides for the application of penalties if the facts referred to in Article 2621 c.c. are minor, taking into account the nature and size of the company and the manner or effects of the conduct.
- **Fraudulent corporate communications of listed companies**, as of Article 2622 of the Italian Code of Civil Procedure and comprising the conduct of the Directors, the Chief Executive Officer, the managers responsible for general accounting records of the company, the Statutory Auditors and the liquidators of companies issuing financial instruments admitted for trading on an Italian or other European Union Member State regulated market, who, in order to gain improper profit for themselves or others, in the financial statements, reports and in other corporate communications envisaged by law, for submission to the shareholders or the public, publish material information of an untrue nature, or omit significant material information required by law regarding the economic, net asset or financial situation of the company or the group to which it belongs so as to mislead people.
- **Obstruction of control**, as of Article 2625 of the Italian Code of Civil Procedure and comprising the conduct of directors who, by suppressing documents or using other artifices, prevent or nevertheless obstruct the performance of the control activities assigned to the shareholders or other corporate bodies by law.
- **Undue reimbursement of share capital**, as of Article 2626 of the Italian Code of Civil Procedure and comprising the conduct of directors, who, apart from cases of legitimate reduction of share capital, reimburse, even fictitiously, share capital to shareholders or release them from their obligations.
- **Unlawful distribution of profits or reserves**, as of Article 2627 of the Italian Code of Civil Procedure and comprising the conduct of directors who distribute profits or advance payments not yet obtained or allocated by law to reserves or distribute reserves, even if not formed with profits, which cannot by law be distributed.

- **Unlawful transactions with regard to shares or stockholdings or the parent company**, as of Article 2628 of the Italian Code of Civil Procedure and comprising the conduct of directors who purchase or underwrite shares or stock that may not be distributed by law to the detriment of the integrity of the share capital and the reserves; or directors who, with the exception of cases permitted by law, purchase or underwrite shares or stock issued by the parent company that may not be distributed by law to the detriment of the share capital and the reserves.
- **Transactions to the detriment of creditors**, as of Article 2629 of the Italian Code of Civil Procedure and comprising the conduct of directors who, in breach of the provisions of law safeguarding creditors, perform reductions of share capital or mergers/de-mergers with another company to the detriment of creditors.
- **Fictitious constitution of shareholders' equity**, as of Article 2632 of the Italian Code of Civil Procedure and comprising the conduct of directors and complicit shareholders who, even in part, constitute or increase shareholders' equity fictitiously by allocating shares or stock for an amount that is greater than the value of the share capital, by the mutual subscription of shares or stock and by the significant overvaluation of assets in kind or credits or company shareholders' equity in the event of restructuring.
- **Improper influence on shareholders' meetings**, as of Article 2636 of the Italian Code of Civil Procedure and comprising the conduct of any person who, with feigned or fraudulent acts, obtains a majority at the shareholders' meeting with the intent of obtaining unlawful benefit personally or on behalf of third parties.
- **Obstruction of the activities of government supervisory bodies**, as of Article 2638 of the Italian Code of Civil Procedure and comprising the conduct of directors, managing directors, managers responsible for drawing up the company accounting documents, auditors and liquidators of companies or bodies and other entities subject by law to supervision by government bodies or bound by obligation to those bodies. If, for the purpose of obstructing the activities of those supervisory bodies, they present in their communications to the aforementioned bodies significant data of an untrue nature or still subject to evaluation on the economic, net asset or financial situation of the company subject to supervision or, for the same purpose, fraudulently withhold, wholly or in part, information regarding the same topic that should have been communicated. This is also extended to the case where the information regards assets possessed or administered by the company on behalf of third parties, i.e. to a deed committed by directors, managing directors, auditors and liquidators of companies or bodies or other entities subject by law to government supervision or bound by obligations to those bodies, who, also by withholding communications to the aforementioned bodies, obstruct their activities in full awareness that they are so doing.
- The crime of **corruption between private individuals** is regulated by amended art. 2635 of the Italian Civil Code (formerly entitled "Disloyalty as a result of giving or promising money or other benefit"),

under which the entity may be considered liable in the event that a member of the top management or a subordinate, also through a third party, has given or promised to give money or any other benefit to the Directors, Statutory Auditors, the managers responsible for general accounting records of the company, the liquidators or employees of another entity with the purpose of inducing them to act or omit to act as their duties dictate.

For the purposes of applying Legislative Decree 231/2001, the entity shall be held liable for the crime only if it acts as corrupter, and not if it has been corrupted. Where liability has been established, pecuniary and disqualification sanctions shall be applied to the company to which the person who has given or promised money or other benefit belongs.

- The crime of **instigating corruption between private individuals** finds its discipline within new art. 2635-bis of Italian Civil Code, by which the entity can be held liable in the event that a senior member or a subordinate has offered or promised money or other benefits not due to directors, statutory auditors and executives responsible for the preparation of accounting documents, liquidators or employees of another entity so that they realize or omit acts pertaining to their office, if the solicitation is not accepted.

For the purposes of applying Legislative Decree 231/2001, the entity shall be held liable for the crime only if it acts as the subject that is promising money. Where liability has been established, pecuniary and disqualification sanctions shall be applied to the company to which the person who has promised money or other benefit belongs.

## **F2. Sensitive Activities in the context of corporate crime**

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which some of the corporate crimes provided for by Article 25-*ter* of the Decree could potentially be committed.

- Subjective valuations and estimates of the financial statements; collection, recording and representation of business activities in the accounting books, reports, financial statements and other business documents; updating of the chart of accounts.
- Relations with shareholders, auditors and the Board of Auditors.
- Management of extraordinary operations (e.g. mergers, acquisitions, etc.).
- Management of business information and documents, also through the management of IT systems.
- Acquisition of goods and services.
- Sales.
- Management of gifts, donations and sponsorships.

- Management and control of expense accounts.
- Management of the personnel selection and recruitment process.
- Management of staff incentives scheme.
- Management of financial resources.

### **F3. Specific prevention protocols**

For operations regarding the **subjective valuations and estimates of the financial statements; collection, recording and representation of business activities in the accounting books, reports, financial statements and other business documents; updating of the chart of accounts**, the protocols envisage that:

- a constantly updated accounting manual, or alternatively, accounting procedures is/are adopted; this/these must clearly show the data and news that each organizational function or unit must provide, the accounting criteria for processing the data and the schedule for their transmission to the functions responsible as well as the criteria and procedures for consolidating the financial statement data of subsidiary companies;
- all operations for collecting and recording business activities are carried out properly and in compliance with the principles of truthfulness and completeness;
- the managers of the company functions and the subsidiaries promptly provide the Finance Department (Administration) with information requested of them and certify, where possible, the completeness and truthfulness of the information, or indicate the persons who can provide that certification;
- all the information sent to the Finance Department (Administration) must be supported by documental proof (e.g. appropriations, evaluation of accounts);
- the collection, transmission and aggregation of accounting data intended for the preparation of corporate communications only takes place via procedures that can guarantee the traceability of each single step in the process of forming the data and the identification of the persons who enter the data into the system; the profiles for access to the system are identified by the IT management which ensures that there is separation of functions and consistency of authorization levels;
- any modifications to the financial statement postings or their accounting criteria are authorized by the Chief Financial Officer (CFO);
- a request from any person whomsoever for unjustified changes to the criteria for accounting collection, recording and presentation or changes in the amounts of the data against those already put in the books on the basis of the Company's operational procedures shall be the subject of immediate communication to the OdV;



- the drafts for the financial statements and other accounting documents are made available to the directors in reasonable time before the Board of Directors' meeting called to resolve approval of the financial statements;
- if the transactions that are the subject of this protocol have been outsourced, the Company communicates to the service provider, in accordance with the provisions of paragraph 13 of the General Section of this document, the Code of Ethics and the Model, requiring it to comply with it through suitable contractual clauses.;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **management of relations with shareholders, the board of auditors and the independent auditors**, the protocols provide that:

- the Chief Financial Officer (CFO) and the Administrative Manager are responsible for collecting and drawing up the information required and transmitting it to the board of auditors and the independent auditors, subject to verification of its completeness, consistency and correctness;
- requests for and the transmission of data, as well as every point, communication or evaluation expressed by the board of auditors and the independent auditors are documented and kept under the responsibility of the two persons as of the previous point;
- all documents regarding the agenda of shareholders' and Board of Directors' meetings or, in any case, regarding operations about which the board of auditors or independent auditors must express an opinion are communicated and made available in reasonable time before the date of the meeting;
- the criteria for selection, evaluation and award of the independent auditors' appointment are defined in writing;

- the independent auditors, the board of auditors and shareholders are guaranteed free access to the company accounts and anything else required for the proper execution of the task.

For operations regarding the **management of extraordinary operations**, including those affecting the share capital and the shareholders' equity, the protocols envisage that:

- every operation is submitted to and approved by the board of directors of the companies affected by the extraordinary operation, or, where necessary, by the shareholders' meeting;
- the function proposing the operation, or competent on the basis of company procedures, prepares appropriate documentation to support the proposed operation and a preliminary informative report illustrating the content, underlying interests and strategic aims of the operation;
- the function proposing the operation must check (keeping suitable documentation) the identity of the subjects and entities involved in the operation, highlighting any anomalies or the traceability of said subjects to black list countries<sup>1</sup>. In the event of anomalies, the Head of Legal & Compliance Officer must be informed immediately.
- where requested, the independent auditors and the board of auditors express a reasoned opinion on the operation;
- for the purposes of the operation's accounting records, (Administrative) Financial Department with the support of the auditors, checks beforehand the completeness, consistency and correctness of the documents supporting the operation.

For operations regarding the **management of business information and documentation, also through IT systems**, the Company is equipped with suitable control safeguards, which are envisaged for the prevention of the computer crimes described in section B) of this Special Section.

For operations regarding the **acquisition of goods and services**, the protocols envisage that:

- the assessment of Italian and foreign suppliers by analysing legal and corporate documents is formalized in an operating procedure;
- criteria and methods for identifying suppliers who require specific monitoring of their requirements are defined;
- checks are envisaged of the correct receipt of goods, also as regards any returns;
- the requesting Functions carry out document checks in the event that sub-contractors/sub suppliers are used;

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<sup>1</sup> List of the black list countries considered as having a preferential tax regime, updated with the changes made by Ministerial Decree of 27 April 2015 and Ministerial Decree of 18 November 2015 to Ministerial Decree of 23 January 2002; lists for the fighting of terrorism financing and the activities of countries threatening international peace and safety, available from the link <http://uif.bancaditalia.it/adempimenti-operatori/contrasto/>.

- the traceability of the selection process for suppliers, sub-suppliers/sub-contractors is guaranteed through the documentation archived by the competent functions and through the online platform for tenders;
- the purchase is avoided when, considering the price offered, the nature of the supplier or the conditions of payment required, there is any doubt as to the lawfulness of the origin of the goods offered;
- the signing of sub-supplier agreements and contracts in observance of the system of formalized company powers of attorney is checked by qualified persons;
- specific contract clauses relating to compliance with Legislative Decree 231/2001 are included.
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification – especially for goods – concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the goods delivered / services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- all the purchases documentation (for example, health clearance) is maintained.

For operations regarding the **sales** process, the protocols envisage that:

- standard contractual conditions are used;
- specific procedures are put in place to regulate the stipulation and management of sales contracts;
- a process for collecting information useful for the preventive assessment of the creditworthiness and risk level associated with the client is guaranteed;
- where credit is granted to the client, further specific controls and authorizations are implemented when accepting clients with a high-risk profile;
- systems guaranteeing the traceability of the payment methods used by clients are used;

- the effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the real beneficiary of the disposal.

For operations regarding the **management of gifts, donations and sponsorships**, the protocols envisage that:

- the process is managed in compliance with the procedure regulating the giving of donations and awarding of sponsorships according to the beneficiary's position or the payment amount;
- different levels of authorization are set depending on the payment amount;
- the Compliance Function carries out a preventive assessment with regard to the beneficiary and/or event/initiative within the context of the donation or sponsorship;
- the traceability of the assessment and approval process is guaranteed through compliance with the procedure on donations and sponsorships (also by filling in special forms);
- different rules and timescales for approval are envisaged, both at local and at Group level, in order to regulate requests due to "emergency situations";
- contributions of a financial nature are made following a traceable process;
- aside from company initiatives carried out in observance of the procedures, employees are expressly forbidden from offering or granting – either directly or indirectly - any personal benefit (including gifts, benefits or favours) to employees from other companies or to any other third party within the context of the commercial relationships which the Company enjoys;
- the samples received are handled according to the relevant procedure;
- the agreements' formalization is envisaged. The agreements need to describe specifically the performances in a way possible to be verified;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- a register should be kept in order to record all the gifts, donations and sponsorships received/paid, as well as the documentation related to the organized events (Metro Academy);

- in case of paid participation at the Metro events verify the correspondence between the participant, the invoice's holder and the origin of payments;
- the coincidence of the subjects who issue the invoice and who actually provided the service should be verified;
- the lack of agreed performances for sponsorship and promotional activities, or the loss of goods registered in the inventory of gifts and donations, should be promptly verified and communicated to the Supervisory Body;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For the **expense accounts management and control operations**, the protocols envisage that:

- a manager who authorizes the refund of expenses *ex ante* or *ex post* (depending on the types of transfers, business trips or journeys away from the usual workplaces) is identified depending on the hierarchical levels present in the company;
- expenses are reimbursed according to existing procedures and regulations;
- refunds of expenses are managed – with a guarantee of their traceability - in the ways communicated to all the personnel in terms of observance of the limits indicated by the company procedures, the purpose of the expense borne, the forms to use, the necessary authorization levels and payment of the amounts to be refunded.

For operations regarding the **management of the personnel selection and recruitment process**, the protocols envisage that:

- the personnel selection and recruitment processes can only be initiated if they are in line with the annual forecasts; any recruitment requests which fall outside the limits indicated in the budget are justified and duly authorized in accordance with the internal procedures;
- the functions requesting selection and recruitment of personnel prepare their request by filling in specific forms and within the framework of an annual budget;
- the requesting Department must send the Human Resources Department the recruitment request using the appropriate forms signed by the attorney-in-fact who has the power to authorize it according to the rules laid down in the relative personnel selection and recruitment Procedure;
- the forms must specify the requirements which must be met by all candidates for the position and the main areas of responsibility to be assigned to the new recruit;

- candidates must undergo an assessment interview. At the end of the interview, the Human Resources Department must ensure that a questionnaire is completed without fail;
- the traceability of the process is ensured by archiving all the documentation relating to the personnel selection and recruitment activity; this is done by the Personnel Administration Department at Head Office and by the Personnel Offices at the Stores. The documentation must be archived in such a way as to prevent changes from being made to it, unless the entire process is revealed, in order to facilitate controls.

For operations regarding the **management of the staff incentives scheme**, it is envisaged that:

- objectives are assigned in accordance with the corporate mission and the values underpinning the Company;
- a consolidated performance assessment process is defined based on objectives based on company and individual parameters defined using a numerical parameter;
- the target assignment sheets and the results checking documents are archived;
- pre-defined bonuses are awarded according to traceable payment methods;
- documentation relating to salary changes is archived by the Human Resources Department.

For operations regarding the **management of financial resources**, the protocols envisage that:

- limits on the autonomous use of the financial resources are set by defining quantitative thresholds of expenditure, consistently with the management competencies and the organizational responsibilities. The quantitative limits of expenditure assigned can be exceeded solely and exclusively for proven reasons of urgency and in exceptional situations: in these cases there will be an amnesty of the exceeding of the limit envisaged through issue of the necessary authorizations;
- the Board of Directors, or the subject delegated by same, establishes and modifies, if necessary, the joint signature procedure for certain types of operations or operations which exceed a given quantitative threshold. The OdV is informed of this modification;
- the operations involving the use or deployment of economic or financial resources have an explicit reason and are documented and registered in compliance with the principles of clarity, professionalism and accounting correctness;
- the use of financial resources is justified by the requesting subject also merely by indicating the type of expense to which the transaction belongs;
- payments must be jointly authorized by two attorneys-in-fact or by two people authorized to carry out

banking transactions, in compliance with company procedures and current powers;

- payments/collections are only made where there are effective operations, for valid economic reasons and for suitable prices;
- no payment or collection can be made in cash unless expressly authorized by the administration department and in any case for amounts that do not exceed those managed using the petty cash. In fact, the Company requires the use of traceable payment methods, unless there are proven reasons to justify payment in cash;
- in terms of payments received for the sale of products at the Stores, traceability is guaranteed by the issuing of invoices to the clients (that must always be identifiable) and by the cash management procedures;
- the Company only uses brokers and bankers subject to a regulation of transparency and correctness which is in line with the rules and regulations of the European Union;
- quantitative limits to the payment of advances and refunds of expenses borne by the Company's personnel are set depending on the nature of the services rendered. Refund of expenses borne must be requested by filling in the specific forms and only subject to the presentation of appropriate vouchers for the expenses borne;
- traceability is guaranteed by archiving all paper and electronic documents; this is done by the Finance & Accounting Department and by the Operations Department, where involved, and by the Central Banks as far as the Stores are concerned;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guaranteed;
- the inventory differences controls should be implemented, even rewarding employees.

## **G. Crimes against the person (art. 25-quinquies)**

### **G1. Applicable Crimes**

The following crime against the person is considered applicable to the Company:

- **Illicit brokering and labour exploitation**, provided for by art. 603 bis .c. p. which in fact punishes anyone who: a) recruits manpower for the purpose of allocating it for work to third parties under exploitation conditions, taking advantage of the workers' need; b) uses, hires or employs labor, including through the intermediation activity referred to above, subjecting workers to exploitative conditions and taking advantage of their state of need.

The new art. 603 bis of the Italian Penal Code also specifies that the existence of one or more of the following conditions constitutes an exploitation indication:

- 1) the repeated payment of remuneration in a way that is clearly different from the national or territorial collective agreements stipulated by the most representative trade unions at national level, or in any case disproportionate to the quantity and quality of the work performed;
- 2) the repeated violation of the regulations concerning working hours, rest periods, weekly rest, mandatory leave, holidays;
- 3) the existence of violations of the rules on safety and hygiene in the workplace;
- 4) subjecting the worker to working conditions, methods of surveillance or degrading housing situations.

A specific aggravating punishment is foreseen in case the facts are committed with violence and threat.

### **G2. Sensitive Activities in the context of market abuse**

The Company has identified the Sensitive Activities, in the context of which the crimes against the person as envisaged by Article 25-*quinquies* of the Decree could potentially be committed.

- Acquisition of goods and services.
- Management of the personnel selection and recruitment process.
- Management of staff incentives scheme.

### **G3. Specific prevention protocols**

For operations regarding the **acquisition of goods and services**, the protocols envisage that:

- the assessment of Italian and foreign suppliers by analysing legal and corporate documents is formalized in an operating procedure;
- criteria and methods for identifying suppliers who require specific monitoring of their requirements are defined;



- checks are envisaged of the correct receipt of goods, also as regards any returns;
- the requesting Functions carry out document checks in the event that sub-contractors/sub suppliers are used;
- the traceability of the selection process for suppliers, sub-suppliers/sub-contractors is guaranteed through the documentation archived by the competent functions and through the online platform for tenders;
- the purchase is avoided when, considering the price offered, the nature of the supplier or the conditions of payment required, there is any doubt as to the lawfulness of the origin of the goods offered;
- the signing of sub-supplier agreements and contracts in observance of the system of formalized company powers of attorney is checked by qualified persons;
- specific contract clauses relating to compliance with Legislative Decree 231/2001 are included.
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification – especially for goods – concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the goods delivered / services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- all the purchases documentation (for example, health clearance) is maintained.

For operations regarding the **management** of the **personnel selection and recruitment process**, the protocols envisage that:

- laws are respected, also adhering (where feasible) to agreements on human rights or international labor standards, with particular reference to working hours, overtime, holidays, pay, discrimination in the workplace and regulations on health and safety at work;

- the personnel selection and recruitment processes can only be initiated if they are in line with the annual forecasts; any recruitment requests which fall outside the limits indicated in the budget are justified and duly authorized in accordance with the internal procedures;
- the functions requesting selection and recruitment of personnel prepare their request by filling in specific forms and within the framework of an annual budget;
- the requesting Department must send the Human Resources Department the recruitment request using the appropriate forms signed by the attorney-in-fact who has the power to authorize it according to the rules laid down in the relative personnel selection and recruitment Procedure;
- the forms must specify the requirements which must be met by all candidates for the position and the main areas of responsibility to be assigned to the new recruit;
- candidates must undergo an assessment interview. At the end of the interview, the Human Resources Department must ensure that a questionnaire is completed without fail;
- ensure that the composition of the salary is clear and complete for the benefit of the workers and that it is paid in compliance with the existing laws;
- a safe and healthy place is guaranteed and appropriate measures are taken to prevent accidents and damage to health;
- the traceability of the process is ensured by archiving all the documentation relating to the personnel selection and recruitment activity; this is done by the Personnel Administration Department at Head Office and by the Personnel Offices at the Stores. The documentation must be archived in such a way as to prevent changes from being made to it, unless the entire process is revealed, in order to facilitate controls.

For operations regarding the **management of the staff incentives scheme**, it is envisaged that:

- objectives are assigned in accordance with the corporate mission and the values underpinning the Company;
- a consolidated performance assessment process is defined based on objectives based on company and individual measurable parameters;
- the target assignment sheets and the results checking documents are archived;
- pre-defined bonuses are awarded according to traceable payment methods;
- documentation relating to salary changes is archived by the Human Resources Department.

## H. Market Abuse (Article 25-*sexies* of the Decree)

### H1. Applicable Crimes

On the basis of the analyses made, the following crimes of market abuse are considered applicable to the Company:

- **Insider dealing**, as of Article 184 of the Consolidated Finance Act and comprising the conduct (also punished with administrative sanctions pursuant to Article 187-*bis* of the Consolidated Finance Act) of any person who, in possession of privileged information by virtue of his position as member of an administrative, management or control body of the issuing company, or in the quality of shareholder of that company, i.e. when a person has acquired such information during the course of and consequent to private or public professional activity, or for the reason of preparing or committing criminal activity:
  - a) purchases, sells or carries out other transactions, directly or indirectly, in his own right or on behalf of third parties, with financial instruments utilising the privileged information;
  - b) communicates such information to other parties, outside the normal execution of his duties, profession, function or office;
  - c) recommends or induces other parties, to undertake any of the transactions indicated.
- **Market manipulation**, as of Article 185 of the Consolidated Finance Act and comprising the conduct (also punished by administrative sanctions pursuant to Article 187-*ter* of the Consolidated Finance Act) of any person who circulates false information or sets up simulated transactions or other mechanisms capable of causing considerable variation in the price of the financial instruments.

### H2. Sensitive Activities in the context of market abuse

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activity, in the context of which the crimes of market abuse as envisaged by Article 25-*sexies* of the Decree could potentially be committed.

- Management and protection of privileged information also regarding relations with third parties and communications to the market.

### H3. Specific prevention protocols

For operations regarding **the management and protection of privileged information, also with regard to relations with third parties** and for **communications to the market**, the protocols envisage that:

- Metro AG identifies the areas of activity in the context of which privileged or potentially privileged information habitually or potentially originates, also through the drawing up of records of cases and lists exemplifying the potential information. If the information concerns decisional events or procedures in several stages, criteria must be identified for evaluating the moment in which that

information must be subjected to the management procedures for privileged information (information destined to become privileged);

- The AL&S Function identifies the Metro Italia employees who are registered on the Insider List managed by Metro AG;
- with the use of procedures deemed the most appropriate, access, even accidental, to privileged information or information about to become such is only permitted to those who, by virtue of their work or professional activity or as a result of the functions carried out, manage and have legitimate access to the afore mentioned information;
- such information is circulated, also inside the Company, with the utmost confidentiality. To this end, documents containing privileged information, or information about to become such, must be kept in places or systems with limited access that are properly guarded, also via IT tools, so as to prevent the improper duplication, transmission, removal or perusal of documents of any kind that contain privileged information or information about to become such. Significant information communicated internally by e-mail is protected from any risk of improper circulation;
- in the case of legitimate communication of privileged information to persons outside the Company (e.g. consultants, independent auditors), contractual clauses binding the third party to keep the information confidential are drawn up; these must set forth the adoption by those persons of appropriate measures to protect the information received;
- The Board of Directors and/or the AL&S Function of Metro will directly inform the Group Legal Affairs & Governance of Metro AG about every market movement, development or other activity in progress that could be considered significant for the financial market's trend;
- Whoever comes to know privileged information, which, if made public, could materially influence the market price of the shares or other financial tools of Metro AG, must immediately inform the AL&S function of Metro, which in turn will inform the Company's Board of Directors, who will inform the Management Board of Metro AG or the Group Legal Affairs & Governance Function of Metro AG;
- The subject responsible for the external communication of this information is identified and the moment when it must be carried out is established. The organization and attendance at meetings, however held, with investors, financial analysts, journalists or other representatives of the mass

media are exclusively under the responsibility of the competent functions and in compliance with the current internal authorisation and control procedures;

- The competent Function guarantees the truthfulness, completeness and correctness of the information concerning the Company or companies belonging to the group and intended for the public, and, in particular, investors, financial analysts, journalists or other representatives of the mass media;
- The periods in the company's financial year preceding and subsequent to the circulation of privileged information, where it is forbidden to carry out transactions with financial instruments issued by the Metro AG or connected with it by persons with administrative, control and managerial roles in the Company, are defined.

## **I. Culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws (article 25-septies of the Decree)**

### **II. Introduction**

Articles 589 and 590, clause 3, of the Italian Code of Criminal Procedure, recalled by the Decree, punish anyone who, through negligence, causes the death of a person or causes actual or grievous bodily harm to a person and has committed those crimes in breach of the regulations on accident prevention and health and hygiene at work.

“Harm” means the pathological effects comprising illness, i.e. those organic and functional alterations consequential to violent conduct occurring.

The harm is actual if the illness has imperilled the life of the victim, caused a convalescence period of more than forty days or has led to the permanent weakening of the functional potential of a sense, such as hearing, or an organ, e.g. the dental apparatus.

It is grievous if the conduct has caused an illness that in all probability is incurable (with permanent incurable effects) or has caused the total loss of a sense, a limb, the ability to speak correctly or procreate, the loss of the use of an organ or has deformed or disfigured the face of the victim.

The harmful event, be it represented by actual or grievous bodily harm or death, can be perpetrated through active behaviour (the agent initiates a conduct by which it harms the integrity of another individual) or by an omissive attitude (the agent simply does not intervene to prevent the harmful event). As a rule, active behaviour is recognised in the subordinate worker who carries out operational duties and materially harms others, whilst omissive behaviour is usually recognised in top management staff who do not comply with the obligations of vigilance and control and thus do not intervene to prevent the event caused by others.

Under a subjective profile, homicide or harm that is relevant for the purposes of organizations’ administrative responsibility must be occasioned through negligence: this subjective indictment profile can be generic (breach of rules of conduct cemented into the social fabric on the basis of regulations hinging on the parameters of diligence, prudence and appraisal) or specific (breach of rules of conduct originally born out of practical experience or practices and subsequently transformed into laws, regulations, orders or disciplines).

Here, there is a profound difference to the subjective indictment criteria established for the other criminal figures recalled by the Decree, all punished for premeditation, i.e. when the subject carries out those actions consciously and with the will to carry them out and hence not through mere negligence.

With regard to omissive behaviour, it must be specified that a subject is answerable for his/her negligence and conduct that is harmful to the life or physical safety of a person only if he/she holds a position of guarantee towards the victim; this can be occasioned by a contract or the unilateral will of the agent. The regulations

identify the employer<sup>2</sup> as the guarantor “of the physical integrity and the moral personality of the workers” and its position of guarantee is nevertheless transferable to other persons, provided that this delegation is sufficiently specific, prepared in a written deed and suitable to transfer all the authoritative and decision-taking powers necessary to protect the safety of subordinate workers. The person chosen to hold this appointment must also be a capable person who is competent in the area where the responsibility is transferred.

On the basis of the new regulations introduced by the legislator, the agent’s harmful conduct, for it to be attributable to the Company, must necessarily be aggravated, i.e. consequent to the breach of regulations on accident prevention and the protection of health and safety at work. For the purposes of implementing the Model, it is necessary in any case to consider that:

- the observance of the minimum safety standards envisaged by the specific regulations for the sector does not reduce the obligation of diligence required overall (aspect relating to specific negligence);
- it is necessary to guarantee that such safety standards are adopted to minimize (and, if possible, eliminate) every risk of injury or illness, also on the basis of the best techniques and science known, according to the particular circumstances of the work (aspect relating to generic negligence);
- for the purposes of the model, the behaviour of the injured worker who occasioned the event does not exclude all liability for the organization, when this can, however, be traced to the lack or insufficiency of precautions, which, if adopted, would have neutralized the risk implied in such behaviour. The obligation of prevention is only excluded if the worker’s behaviour has the characteristics of exceptionality, abnormality and excess compared to the work procedure, the organizational directives received and common prudence.

Under the profile of protected subjects, the accident prevention regulations not only safeguard employees but all persons who legitimately enter the premises used for carrying out the work.

As regards active subjects, those, who, by virtue of their duties, carry out the sensitive activities on this subject, can commit the types of crime recalled here. For example:

- the worker who, through his/her actions and/or omissions, can jeopardise the safety and health of him/herself and others;
- the manager and foreman, with whom can lie, inter alia, the tasks of coordination and supervision of training and information activities;
- the employer as main player in the context of prevention and protection.

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<sup>2</sup> The owner of the contract of employment with the worker or, in any case, the subject who, according to the type and structure of the organisation under which scope the worker works, is responsible for the organisation or production unit insofar as he exercises the decision-making and spending powers (article 2, clause 1, Legislative Decree 81/2008).

## 12. Applicable Crimes

On the basis of the analyses conducted, the following crimes of culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws can be considered applicable to the Company:

- **Culpable homicide**, as of Article 589 of the Italian Code of Criminal Procedure and comprising the conduct of any person who through negligence causes the death of a person, relative to the hypothesis of a breach of the regulations on the protection of health and safety at work.
- **Actual or grievous bodily harm**, as of Article 590 of the Italian Code of Criminal Procedure and comprising the conduct of any person who through negligence causes actual or grievous bodily harm, relative to the hypothesis of a breach of the regulations on the protection of health and safety at work.

## 13. Sensitive Activities in the context of crimes of culpable homicide and actual or grievous bodily harm committed in breach of the regulations on accident prevention and the safeguard of health and hygiene at work

Sensitive Activities, in the context of which crimes of culpable homicide and actual or grievous bodily harm in breach of the regulations on accident prevention and the safeguard of health and hygiene at work can potentially be committed, are set forth in Article 25-*septies* of the Decree and are classified into:

- activities with the risk of injury or occupational disease;
- activities with the risk of crime.

The dichotomy of classification originates from the fact that the first are activities in which injuries can occur, whilst the second are those in the context of which the crimes through the breach of the existing regulations and the preventive measures to protect health, safety and hygiene at work can be committed by members of the organization.

### 13.1 Activities with the risk of injury or occupational disease

The activities in which injuries or occupational diseases can occur are gathered from the Risk Assessment Document (hereinafter “RAD”) where the Company has identified the risks to workers’ health and safety through careful surveys which concern both structural and organizational aspects. The document also contains the protective measures indicated for their removal or reduction.

For each of the risk categories in the RAD, there is collocation, suitably codified, for all the hazards actually applicable.

The Risk Assessment Document is constantly updated in relation to any new prevention requirements in accordance with the procedures provided for by the Model.



### **13.2 Activities with the risk of crime**

The Sensitive Activities, i.e. those that could entail Company's liability in the case of an event of culpable homicide or actual or grievous bodily harm, are shown below:

- Health supervision and occupational disease;
- Workplaces: micro climate, confined spaces, works at heights;
- Equipment and lifting means;
- Hazardous chemical agents;
- Personal protection equipment;
- Physical agents;
- Management of emergencies.

The list of Sensitive Activities is periodically updated in relation to any new prevention requirements in accordance with the procedures provided for by the Model.

### **14. General rules of behaviour**

In addition to the provisions of paragraph 2 of this Special Section, further general rules of behaviour are applied.

The Model does not intend to replace the identified individuals' prerogatives and responsibilities of law governed by Italian Legislative Decree 81/2008 and the further regulations applicable in similar cases. However, it is a further safeguard on the check and control of the existence, effectiveness and adequacy of the structure and organization put in place in compliance with current special regulations on accident prevention and the protection of health and safety in the workplace.

One of the Model's assumptions, for the purpose of preventing accidents in the workplace, is compliance with some rules and the keeping of prescribed behaviour by the Company's workers and any external individuals who find themselves legitimately on the Company's premises. In particular, every worker, every individual and, more generally, every addressee of the Model who finds him/herself on the Company's premises must:

- in line with his/her own training and experience, as well as with the instructions and measures provided or arranged by the employer, not adopt imprudent behaviour with regard to the protection of his/her own health and safety;
- abide by the company's internal regulations and procedures for collective and individual protection, exercising in particular every opportune control and activity suitable for protecting the health and safety of workers, suppliers and/or external persons that may be present at the workplace;
- properly use the machinery, equipment, tools, hazardous substances and preparations, means of transport and other work facilities as well as the safety devices;

- use the protective devices made available properly;
- immediately inform the appropriate levels (by virtue of the responsibilities attributed) of malfunctions to the means and devices as of the previous points as well as any hazardous conditions he/she comes to know of;
- directly act to his/her best ability in a manner that is compatible with his/her skills and opportunities when faced with a detected hazard and only in cases of emergency;
- undergo the prescribed health checks;
- undergo the prescribed training operations;
- contribute to meeting all the obligations imposed by the competent authority or in any case necessary to protect workers' health and safety during work.

To these ends, it is forbidden to:

- remove or modify the safety, reporting and control devices without authorization;
- carry out on his/her initiative operations or manoeuvres which are beyond his/her capabilities or which could compromise his/her safety or the safety of others.

## **15. General prevention protocols**

In addition to the provisions of paragraph 3 of this Special Section, further general prevention protocols are applied.

The Risk Assessment Document indicates specific measures for the prevention of accidents and occupational diseases; for these aspects please see the RAD.

With regard to the preventive measures for the Sensitive Activities as identified above, i.e. behaviour that could entail the Company's liability for negligence with regard to accidents at work, the Model is adopted and implemented in order to guarantee that all the legal obligations are met relating to:

- compliance with the structural/technical standards of law with regard to equipment, plant, workplaces and chemical, physical and biological agents;
- risk assessment and drawing up of the consequent prevention and protection measures;
- activities of an organizational nature, such as emergencies, first aid, contract management, periodic safety meetings and consultation with the workers' safety representatives;
- health supervision;
- workers' training and information;
- vigilance with reference to workers' compliance with work procedures and instructions on safety;
- the acquisition of documentation and certification that is mandatory by law;

- the necessary communications to the competent authorities, where provided for.

It should also be stated that, in order to maintain the Model, it is necessary to have proof of what has been implemented; this is done through the adoption of appropriate recording systems. It is also important to guarantee that the documentation, both of internal origin and external origin, is available and up to date (e.g. documentation on products and substances, documentation certifying the compliance of machines). The management of internally produced and externally produced documentation and the records, which comprise special documentation, is such as to guarantee traceability, preservation and updating.

Compliance with current regulations on the subject (laws, technical rules and regulations, etc.) is guaranteed through:

- identification and accessibility to the regulations on the subject that are applicable to the company;
- continuous updating of the regulations applicable to the company's activities;
- periodic control of compliance with the applicable regulations.

For the purposes of adopting and implementing the Model, the Company also undertakes to implement the specific protocols shown below.

## **I6. Specific prevention protocols**

Metro adopted a management system in Health and Safety matter (hereinafter the "HSE") and currently applies procedures, operational rules and consolidated practices that enable the requirements to be met of article 30 of Legislative Decree 81/2008, in line with the indications given in the Ministry of Employment and Social Policy Circular of 11 July 2011.

The provisions given below are based on the results of the risk assessment performed under the scope of the update of the Model and contain the internal rules and standards adopted by the Company according to the four phases of the company management system for the continuous improvement of measures implemented to protect worker health and safety.

***PLANNING - Activity aimed at setting objectives that are coherent with the Company Policy, establishing the processes necessary to achieving them, defining and assigning adequate resources***

### **Policy**

The company has adopted a health and safety at work policy that represents the values that inspire the company and its staff, envisaging a commitment to protect health and safety at work and promoting the continuous improvement of prevention measures applicable to the company works.

The company policy has been notified to all employees through its affixing on the specific company notice boards.

## **Identification of dangers, risk assessment and the determination of control actions**

The Employer, together with the Accident Prevention and Protection Service Manager (“RSPP”), the Workers' Safety Representative (“RLS”) and the company doctor are responsible for implementing the identification and assessment of risks process and can seek the advice of external staff who are expert in the matters at hand. The Risk Assessment Document (“RAD”) is prepared by the Employer.

The RAD is updated when operative changes are made or changes made to the workers' duties, as well as following any new legislation: each change is shared with the Employer, the Accident Prevention and Protection Service Manager and the company doctor.

The RAD describes how the risks are detected and assessed and examines the scope, both in respect of working activities and individual duties.

The RAD contains specific assessments of the risks connected with the micro climate, fire, manual moving of loads, the use of forklift trucks and rising work platforms, explosive atmospheres and work-related stress. Factors that heighten risk, such as pregnancy, solo work and work by night, are also considered.

The company has adopted a procedure that defines the responsibilities and the management methods, with a view to establishing the criteria to be applied in order to identify possible sources or situations of danger and the consequent prevention and protection measures as well as to prepare and keep the RAD up-to-date.

If carrying out activities that come under the scope of application of Art. 26 and Title IV of Legislative Decree 81/2008, suitable measures are taken to control the technical-professional requirements of the contractor and its compliance with insurance and welfare obligations; the assessment of any risks of interference is also promoted and the consequent prevention measures adopted.

## **Legal and additional requirements**

The updating of rules on accident prevention is promoted by the Head of HSE, the HSE Manager and the Accident Prevention and Protection Service Manager for the company, who can use various instruments, such as websites, specialised and/or sector-specific journals, communications made by category associations, regular or specific information notes and, where necessary, consultants.

The Head of HSE, the HSE Manager and the Accident Prevention and Protection Service Manager avail themselves of the support of the Legal Office, the Technical Office, the Health and Quality Office, consultants and contractors to identify new legislation and jurisprudential indications applicable to the company business.

## **Objectives and thresholds**

The company prepares plans through which to achieve the target improvements of the sales outlets. Improvements and adjustments may be made both at the request of the MCCI Metro Group or by control entities or following new legislation or internal audits.

The RAD has a specific section devoted to the improvement plan.

## **Purchases**

Purchases of equipment, plant and machinery are made subject to evaluation of their health and safety requirements also taking into account the workers' considerations via their representatives.

Equipment, plant and machinery must comply with the provisions of current regulations (e.g. CE mark, declaration of conformity issued by the installer, etc.). If necessary and according to the applicable legislative provisions, their commissioning must be subordinate to initial examination and ratification procedures.

The tasked worker must be suitably educated and/or trained before using new equipment, plant and machinery.

Purchase activities are managed in such a way that:

- the criteria and procedures for the qualification and checking of the suppliers' requirements are defined;
- the procedures are defined to check the compliance of the equipment, plant and machinery for purchase with current regulations (e.g. CE mark), as are the criteria and procedures for evaluating compliance with health and safety requirements; this envisages forms of consultation with the workers' representatives;
- when applicable, there is provision for procedures for carrying out controls on acceptance, initial checks and the necessary ratifications for commissioning.

***IMPLEMENTATION AND OPERATION - Activity aimed at defining organisational structures and responsibilities, teaching, training and information methods, consultation and communication, the management process of records (documents and data), the operational control methods, the management of relations with suppliers, emergency management, the selection and monitoring of suppliers***

## **Resources, roles and responsibilities, commitment and authority**

### **System of delegations**

The formalisation of the roles and significant responsibilities for the application of legislative provisions on accident prevention is set out in the company organisational structures, job descriptions and in the specific procedure.

The safety organisational structures are affixed on the notice boards of the sales outlets and the “function structures” are given in the RADs.

The role of Employer is held by the member of the Board of Directors classed as Sales Director. The Employer is identified by specific resolution of the Board of Directors, which also confers upon the employer all tasks and corresponding powers necessary to fulfil the duty.

The Employer conferred a delegation pursuant to Art. 16 of Legislative Decree 81/2008 to the Sales Store Area Manager, who are assigned full powers of initiative and intervention to comply with legislative provisions on accident prevention.

Each Sales Store Manager is assigned a sub-delegation, in accordance with Art. 16 of Legislative Decree 81/2008 to manage all tasks that can be delegated in terms of safety at the sales outlet assigned to him.

In each sales outlet, the Offer Manager, the Commercial Manager and department managers act as safety managers.

There is just one Accident Prevention and Protection Service Manager for the whole of the company and he is appointed by the employer, with formal notification signed as a mark of acceptance.

In order to go about their health supervision duties, the company doctors are appointed by the Employer; a Coordinating Doctor has also been identified.

For each sales outlet and for the central office, a Workers' Safety Representative is elected to represent workers in company health and safety at work meetings and in the relations regarding these themes with managers and the employer. The Workers' Safety Representatives are trained upon taking office and attend annual refresher courses.

The workers assigned first aid, emergency and fire-fighting duties have been identified.

### **Teaching, training, competence**

The training and information process of workers on matters of health and safety at work is promoted by the Employer and managed by the Human Resources Management, which avails itself of the support of the Accident Prevention and Protection Service Manager and the Sales Store Manager.

The training activities are provided in different ways (e.g. hands-on training, written communications, etc.) which are defined both by the Company's choices and by the provisions of current regulations.

Courses are organised by sending notice to all participants and can be tracked through the attendance register signed by the workers concerned.

A copy of the registers, certificates of attendance and material used is kept at the Human Resources Management.

A documented check is envisaged during education/training initiatives.

### **Communication, participation, consultation**

The process of communication in terms of the protection of worker health and safety towards all parties concerned takes place in different ways:

- Internal meetings and information and/or training activities;
- Circulars and communications affixed to the notice board;
- Signage;
- Direct communication in the various sales outlets.

Relations with the Control entities are managed by the Sales Store Manager with the support of the central functions. In the event of inspections held at the sales outlets, a form is filled in by the person welcoming the officer of the Control entity and the documents relative to the external communications are archived by the Sales Store Manager.

The stores have information documents on specific risks relative to the places where contractors are to work and the documents recording that said information has been viewed by the contractors.

The company guarantees worker participation, including through the Workers' Safety Representatives, through their involvement in identifying the dangers and in conducting the investigations relating to the incidents. Workers are also involved when there are changes that may be of significance for health and safety.

### **Documentation**

Metro has adopted a procedure for the management of documents that defines the responsibilities and management methods for all documentation of the HSE, external documents relative to the activities (e.g. Consolidated Document for the Assessment of Risks of Interference “DUVRI”) and registration documents.

At each store, the following HSW documentation is archived:

- Risk Assessment Document (“DVR” or “RAD”);
- Emergency plans;
- DUVRI;
- Accidents register;
- Safety organisation provisions;
- Certificates and authorisations relative to the site.

The company intranet has numerous procedures with an impact in terms of health and safety at work and the stores have the legal controls registers for the fire-fighting devices and systems filled in.

### **Operational control - Health supervision and occupational disease**

Health supervision is implemented by the company doctors who, according to the indications provided by the Employer and on the basis of his/her own knowledge of workplaces and work processes, checks the workers' health and fitness issuing judgements of fully or partially fit or unfit for the duties.

According to the type of work processes required and the preliminary visit, the company doctor defines a protocol for the health supervision of the workers.

The health protocol is one and the same for all sales outlets and is periodically updated on the basis of new legislative prescriptions, changes to activities and processes and the identification of new risks to workers' health.

Health supervision visits are carried out regularly by the company doctors.

### **Operational control - Workplaces: micro climate, confined spaces, works at heights**

The RAD contains assessments performed on the risks judged to be relevant and also envisages analyses for risks connected with the micro climate, the pursuit of works in confined spaces, parking areas, fire, falling of materials from above, the use of forklift trucks and rooms at risk of the formation of explosive atmospheres.

Specific work instructions, operating procedures and signs are envisaged to inform workers operating in very dangerous workplaces of the safest conduct to adopt.

The procedures are constantly updated and disseminated to workers and require specific training.

### **Operational control - Equipment and lifting means**

All equipment, plant and machinery that can have significant impact on health and safety are subject to planned maintenance protocols with schedules and procedures defined also by the manufacturers. Any specialist operations are carried out by persons possessing the legal requirements and they must produce the necessary documentation.

Workers qualified to use the equipment are suitably trained on how to use it and the related risks.

Maintenance activities on safety devices are subject to being recorded.

With equipment and plant for which periodic verification operations are provided for by current legislation and external bodies are identified for the execution of this (e.g. ARPA, ASL, Notified Bodies, Inspection



Bodies, etc.), a specific verification contract must be stipulated with the appointed body; if the appointed body does not provide the service with the schedule envisaged by the regulations, one proceeds as follows:

- if there are other persons with the qualifications/authorization to carry out the verification operations, they shall be given the task;
- if there are no alternative persons, one proceeds, by self-diagnosis, through the existing technical structures on the market (e.g. maintenance firms, engineering companies, etc.).

Maintenance activities are managed in such a way to guarantee that:

- the procedures, schedules and responsibilities are defined for the planning and execution of the maintenance and periodic verifications, where provided for, of equipment, plant and machinery (identified precisely in special protocols/cards) and the periodic control of their efficiency;
- the maintenance carried out and the related responsibility is recorded;
- the procedures for reporting malfunctions, the most suitable means for communicating these procedures and the functions required to activate the related maintenance process (unscheduled maintenance) are defined;

### **Operational control - Personal protection equipment**

The personal protection equipment (hereinafter the “PPE”) is identified in the RAD, in the section dedicated to risks noted for each duty.

The protection equipment is delivered upon completion of a form by the PPE addressee. The HR Department archives the letters of the delivery of the PPE in the workers’ personal records.

PPE is regularly checked for efficiency.

### **Operational control - Hazardous, mutagenic and carcinogenic chemical agents**

The chemical risk assessment is given in the RAD of each store.

Specific rooms are envisaged to store flammable products and lubricant oils, which have automatic extinguishing systems, which are often empty or have a very limited presence of products.

For sales outlets in which there are still items containing asbestos, risk detection activities are pursued and the Asbestos Managers identified.

### **Operational control - Control of exposure to physical agents**

Physical agents (noise, vibrations, electromagnetic fields and barcode lasers) are examined as part of the risk assessment and are specified in the RAD.

## **Operational control - Emergency management**

The company has adopted an emergency management procedure that defines the responsibilities and methods to be applied in the event of an emergency and which regulates the management of a crisis following an incident.

When preparing the RAD, the fire risk was assessed and the Emergency and evacuation plan prepared for all workplaces of Metro in which its workers operate.

Emergency staff have been identified and specific regular training and information is delivered to staff responsible for and involved in emergency management.

The Internal Emergency Plan is present in all stores and at the offices, and is also given on the company intranet; annual fire and evacuation drills are organised.

The company makes available and keeps efficient suitable fire-fighting systems and medical devices. In application of the maintenance management procedure, specialised businesses check the fire-fighting devices whilst Metro staff check the medical devices.

Those in charge of the controls record the control in a specific controls register, for fire-fighting devices, or on a specific form, for medical devices.

A further check of the presence of first aid and fire-fighting means and their usability is also performed by the PPS during inspections of the office and sales outlets.

***CONTROL AND CORRECTION ACTIONS - Activities aimed at establishing the controls and monitoring of performance of the Health and safety at work system and at establishing how non-conformities and corrective and preventive actions should be recorded and handled.***

## **Performance measures and surveillance - Assessment of compliance with applicable HSW requirements - Monitoring of HSW performance**

The company has defined the methods by which to monitor and measure the degree of achievement of objectives, in order to ensure the continuous improvement of health and safety at work.

The HSE function, in collaboration with the Accident Prevention and Protection Service Manager and the Sales Store Manager, ensures the regular monitoring of the application of the relevant requirements in all corporate areas, using internal audits as sources of information, along with anomalies and reports made by the control authorities, reports made by workers' representatives and complaints.

Finally, further controls are performed by an external consulting firm during the half-yearly inspections.

## **Accidents, incidents and non-conformities**

Metro staff must inform the HSE function of any situation where there is a difference with respect to the provisions of the law and/or the HSW system. Any emergency situations constituting a non-conformity (NC) must also be reported promptly.

For each report, for which the HSE function has ascertained the incongruence with respect to legislation or the provisions of the HSW system, a NC is opened.

Each NC is analysed, identifying the root cause so as to identify the corrective action to be taken and the preventive action necessary to avoid any recurrence.

In the event of an accident, incident or near miss, it is envisaged to notice the HSE function, describing fact/event.

The HSE function examines the causes of the event, the conditions that allowed it to happen, the improvements that can be made and the recommendations to avoid new cases, if necessary to this end preparing specific “learning from incident” disseminated at the local level and at the company level as well.

All sales outlets have accident registers that are regularly kept and filled in.

A specific software is used to record injuries, filled at the local level, enabling to collect data and information at the company central level.

### **Records check**

The documentation management procedure defines the rules for the collection and storage of evidence of the correct and effective application of the activities carried out under the scope of Metro operations.

More specifically, the operating procedures are defined for the preparation of documents that allow for the traceability of actions, controls and initiatives on matters of HSW.

As regards the controls on the plants; buildings and machines; the Technical office selects the suppliers, establishes with them which controls are to be carried out and defines the scheduling of interventions, whilst the Sales outlets liaise on the field for the carrying out of the intervention, receive the records (spreadsheets, completion of books) and archive them.

### **Internal audits**

The audit activities described in the specific procedure are carried out both internally and with the assistance of an external consultant at the sales outlets as per the annually-defined schedule.

***MANAGEMENT UPDATING - Regular analysis activity conducted by the Management in order to assess the efficacy and effectiveness of the H&S management system in terms of compliance with applicable legislation and the company targets and policies***

### **Annual update**

Once a year, the HSE function leads a status analysis of all internal activities for the application of corporate rules and legislative provisions on accident prevention.

Here, the progress made on improvements is discussed, along with the results of audits and safety checks and the indications received from the company doctors, the Prevention and Protection Service Manager and the workers and, accordingly, the improvement targets to be achieved are established.

The analysis results are illustrated to the Employer and the Board of Directors, at least once a year in occasion of a meeting tracked in a specific minutes.

In addition to this update, there is also the control that the Employer and the delegates perform during the annual regular meeting in accordance with Art. 35 of Legislative Decree 81/2008: each meeting is minuted on a specific form, which is archived in the ways envisaged by the documentation management procedure.

## **17. Further prevention protocols**

In accordance with the Model, specific controls have been set up; these are aimed to ensure that the Company's organizational system, which was set up pursuant to the applicable regulations on health and safety at the workplace and accident prevention, is constantly monitored and in the best possible conditions for its operation.

Specific audit activities, carried out in liaison with competent company individuals and possibly external consultants, will be conducted for the purposes of controlling the implementation of the provisions of paragraph H5. These audit activities will be conducted on the basis of the UNI EN ISO 19011 standard: "Guidelines for Quality and/or Environmental Management Systems Auditing" which provides guidance on the principles of auditing, the management of audit programmes, the conduct of the audit and the competence of the auditor.

## **L. Crimes of receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin and self-laundering (Article 25-*octies* of the Decree)**

### **L1. Applicable Crimes**

On the basis of the analyses conducted, the crimes of receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin are considered applicable to the Company:

- **Receiving stolen goods**, as of Article 648 of the Italian Code of Criminal Procedure and comprising the conduct of any person who, apart from cases of participation in the crime, in order to derive a benefit personally or on behalf of others, purchases, receives or hides money or objects resulting from any crime whatsoever, or nevertheless acts for them to be purchased, received or hidden.
- **Money laundering**, as of Article 648-*bis* of the Italian Code of Criminal Procedure and comprising the conduct of any person who, apart from cases of participation in the crime, replaces or transfers money, goods or other benefits deriving from a crime committed with intent or performs other operations in regard to them so as to obstruct identification of their criminal provenance.
- **Utilization of cash, assets or profits of illegal origin**, as of Article 648-*ter* and comprising the conduct of any person who, apart from cases of participation in the crime and the cases established in Articles 648 and 648-*bis*, uses cash, assets or other benefits deriving from crime in economic or financial activities.
- **Self-laundering**, envisaged by art. 648-*ter*.1 of the criminal code, consists of the conduct of those who, having committed or participated in the committing of a non-culpable crime, use, replace, transfer to economic, financial, business or speculative assets, the money, goods or other benefits obtained from the committing of said crime, in such a way as to concretely hinder the identification of their criminal origin; it is punished by imprisonment and a fine.

Conduct for which the money, goods or other benefits are allocated to mere personal use or enjoyment, cannot be punished.

The penalty is increased when the events are committed in the exercise of a banking or financial or other professional activity.

By contrast, the legislator has envisaged a reduction in the penalty for those who have effectively taken action to avoid the conduct from having other consequences or to ensure that evidence is kept of the crime and the goods, money and other benefits of the crime can be identified.

## **L2. Sensitive Activities in the context of the crimes of receiving stolen goods, money laundering and utilization of cash, assets or profits of illegal origin and self-laundering**

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which the crimes of receiving stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin as of Article 25-*octies* of the Decree could potentially be committed.

- Evaluation, qualification and selection of the suppliers of goods and services.
- Issue of trade cards.
- Management of takings and payments at head office and the sales outlets.
- Management of intercompany transactions.
- Acquisition and disposal of companies and business lines, establishment of business groups and joint ventures.
- Special sales, also outside the sales outlet.
- Management of tax related issues with the Inland Revenue, also using external professionals.
- Management of VAT (e.g. Management of payable and receivable VAT, sales with VAT exemption, tax accounts).
- Request, management, monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.
- Management of gifts, sponsorships and donations.
- Assignment and management of consulting services.
- Management of financial resources.
- Management and control of expense accounts.
- Management of marketing activities also through third party agencies (for example, passes, promotions, sponsorships, publicity, money-off vouchers, etc.).
- Management of cash and valuables (takings);
- Management of extraordinary operations (e.g. mergers, acquisitions, etc.).
- Acquisition of goods and services.
- Sales.

### L3. Specific prevention protocols

For operations regarding the **evaluation, qualification and selection suppliers**, the **evaluation and qualification of customers and product sales**, the protocols provide that:

- anomaly indicators are identified and allow any "risky" or "suspect" transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity, controversial press news);
  - ✓ real existence of the counterparty on the basis of:
    - a. specific audit carried out on the supplier (in case of procurement of goods)
    - b. Chamber of Commerce Certificate and VAT registration (Revenue Agency databases or, for UE operations, VIES system); the supplier must strictly be active;
    - c. consistency of the corporate purpose with the proposed and / or provided services;
    - d. year of company's incorporation (pay attention to newly created companies);
    - e. number of employees;
    - f. operational offices;
    - g. anomalies in the administrative bodies and corporate structure;
    - h. filing of financial statements;
    - i. tax and social security compliance.
  - ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
  - ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
  - ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);
  - ✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).
- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the

choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;

- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information).
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified (**evaluation and qualification of customers and product sales**);
- the invoices should be issued in accordance with the contract/order received and exclusively to the real beneficiary of the disposal (**evaluation and qualification of customers and product sales**).

For operations regarding the **issue of trade cards for customers**, the protocols provide that:

- procedures are defined for the request for information and the documents necessary for the distribution of the trade cards;
- procedures be defined for requesting from customers any additional documents or further details, also via external bodies, on the basis of risk/anomaly indicators.

For operations regarding the **management of takings and payments at head office and sales outlets and special sales also outside the sales outlet**, the protocols envisage that:

- specific limits by type of transaction, frequency and amount are arranged for all persons possessing written powers to handle financial resources; the joint signature of at least two persons is required for transactions above certain set value thresholds;



- for the management of inflows and outflows, bank channels or other accredited financial brokers subject to regulation by the European Union or credit/financial organizations located outside the EU, which impose obligations similar to those provided for by the law on money laundering and has controls to check compliance with those obligations, are used exclusively;
- both inflows and outflows in cash are forbidden, with the exception of minimum types of expenditure expressly authorized by the Administrative Management and the Head of Legal & Compliance officer, finance and legal and in particular for petty cash transactions and without prejudice to takings at sales outlets according to the procedures adopted,
- transactions which entail the utilization of economic or financial resources have an explicit reason and are documented and recorded in compliance with the principles of accounting clarity, correctness and transparency;
- the Company's takings and payments, as well as flows of money, are always traceable and can be proved by documents;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer.

For operations regarding the **management of intercompany transactions**, the protocols provide that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- intercompany prices are effective and in line with those of the reference market and for each exchange, suitable documentation is available in support of the transaction;
- the contract, which governs the procedures and principles whereby relations between the Company

and subsidiary, associate and parent companies are managed, is put in writing;

- the contract described above also describes the activities carried out on behalf of the counterparty;
- the documentation for each single transaction is archived so that full traceability of it can be guaranteed,
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;

For operations regarding the **acquisition and disposal of companies and business lines, establishment of business groups and joint ventures**, the protocols envisage that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- suitable instrumental checks are carried out on the operation's counterparty to verify the identity, registered office, juridical nature and the certificate of registration with the Chamber of Commerce with declaration (anti-mafia) that there is no impediment of any kind to the transferor or purchaser for the purposes of Article 10 of Italian Law 575/1965;
- checks are made beforehand to verify whether definitive convictions or legal proceedings, from which convictions pursuant to the intents and effects of the Decree could arise, exist against the operation's corparty.

For operations regarding the **management of the tax related questions with the financial Administration also through external professionals** and the **management of VAT**, the protocols envisage that:

- a manager be identified consistently with the subject-matter, having the necessary powers to represent the Company or to coordinate the actions of any external consultants;
- the manager identified as above informs the OdV of the start of the tax procedure, the results of the different levels of judgement, the conclusion of the procedure, providing all the relevant information.
- the process is formalised in such a way as to guarantee the integrity, correctness and potential reconstruction of the data used for tax, contributions and social security compliance;
- the subjects involved in defining tax policies and preparing the related regular declarations and liquidating tax, are always identified;
- the data contained in the declarations faithfully reflect what is reported in supporting documentation;
- the responsible subjects on monitoring tax legislation and verifying the adequacy of the data indicated in tax declarations and in the F24 liquidation statements should be identified;

- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- verification of the accuracy of the tax liquidation statement and the use of tax credits;
- deeply check in case of use of tax credits for different taxes;
- verification of the correspondence between the certifications issued as a tax substitute and the related declarations and payments;
- contracts regulating relations with consultants must include specific clauses recalling fulfilments and responsibilities according to the Decree and related to the compliance with the Model and the Code of Ethics, which must be communicated to them in accordance with the provisions of the General Part. These clauses should require the mandatory timely communication of the Consultant to the Supervisory Body about illegal conducts or their requests, even potential;
- it has to be understood that the compliance with the Model and the Code of Ethics for tax consultants expressly includes the commitment not to promote, support and/or facilitate tax evasion operations;
- contracts regulating relations with consultants should include specific clauses which establish that the contract breach related to the acceptance of Model and of the Code of Ethics entails the contract termination and entitles METRO to request compensation for the damages;
- monitoring of regulations, the determination of tax policies and the verification of the completeness and truthfulness of the declaration should be envisaged with the support of the company accounting and tax function, under the direction of the Head of Finance & Accounting and the responsibility of the Chief Financial Director. Consultants are necessary to improve the fulfillment of these activities.

For operations regarding the **request for, management and monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.**, the protocols envisage that:

- the internal manager for the operation checks that the statements and documents presented for the purpose of obtaining the loan or contribution are complete, truthful and represent the actual economic, equity and financial situation of the company;
- the financial resources obtained as a contribution, subsidy or public loan are allocated exclusively to the initiatives and to the achievement of the aims for which they were requested and obtained;
- the use of these resources is always justified by the requesting party who must attest coherence with the aims for which the loan was requested and obtained;
- the requesting Function must handle the reporting of the use of grants/funds and prepare the documentation to be sent to the issuing public entity as confirmation of the correct use of the resources;

- all the documentation concerning the request for the grant/subsidy/public loan, the awarding thereof and the usage and reporting methods, must be signed by an attorney-in-fact and archived by the Requesting Function and, particularly with regard to training grants, by the Human Resources Department.

For operations regarding the **management of financial resources**, the protocols envisage that:

- limits on the autonomous use of the financial resources are set by defining quantitative thresholds of expenditure, consistently with the management competencies and the organizational responsibilities. The quantitative limits of expenditure assigned can be exceeded solely and exclusively for proven reasons of urgency and in exceptional situations: in these cases, there will be an amnesty of the exceeding of the limit envisaged through issue of the necessary authorizations;
- the Board of Directors or the subject delegated by same establishes and modifies, if necessary, the joint signature procedure for certain types of operations or operations which exceed a given quantitative threshold. The OdV is informed of this modification;
- the operations involving the use or deployment of economic or financial resources have an explicit reason and are documented and registered in compliance with the principles of clarity, professionalism and accounting correctness;
- the use of financial resources is justified by the requesting subject also merely by indicating the type of expense to which the transaction belongs;
- payments must be jointly authorized by two attorneys-in-fact or by two people authorized to carry out banking transactions, in compliance with company procedures and current powers;
- payments/collections are only made where there are effective operations, for valid economic reasons and for suitable prices;
- no payment or collection can be made in cash unless expressly authorized by the administration department and in any case for amounts that do not exceed those managed using the petty cash. In fact, the company requires the use of traceable payment methods, unless there are proven reasons to justify payment in cash;
- in terms of payments received for the sale of products at the stores, traceability is guaranteed by the issuing of invoices to the clients (that must always be identifiable) and by the cash management procedures;
- the company only uses brokers and bankers subject to a regulation of transparency and correctness which is in line with the rules and regulations of the European Union;

- quantitative limits to the payment of advances and refunds of expenses borne by the company's personnel are set depending on the nature of the services rendered. Refund of expenses borne must be requested by filling in the specific forms and only subject to the presentation of appropriate vouchers for the expenses borne;
- traceability is guaranteed by archiving all paper and electronic documents; this is done by the Finance & Accounting Department and by the Operations Department, where involved, and by the Central Banks as far as the Stores are concerned;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **assignment and management of consulting services**, the protocols envisage that:

- external Consultants may only be used to perform those activities which are expressly envisaged in the external consultants' procedure;
- the Consultants are chosen on the basis of requirements of professionalism, independence and competence and assessed by examining all suggestions put forward, according to the criteria and forms envisaged by the company procedures
- identification and appointment of the Consultants is made in accordance with the procedures, authorizations and internal controls adopted by the Company;
- there is no subjective relationship between the subject who requests the consulting services and the subject that authorizes them;
- the assignment to Consultants is granted indicating the consideration agreed and the content of the services;
- at the end of the assignment the Consultant is requested to list in writing the services rendered;

- the contracts regulating relationships with the Consultants envisage specific clauses which refer to obligations and responsibilities deriving from the Decree and from observance of the Model and Code of Ethics which must be communicated according to the provisions of the General Section. These clauses require the mandatory timely communication of the Consultant to the Supervisory Body about the existence or the request of unlawful conduct, also potential;
- no consideration or fees are paid to Consultants for amounts which are not consistent with the services rendered to the Company or which are not compliant with the assignment given, with the conditions or practices existing on the market or with the professional rates applicable to the categories involved;
- all the contracts are archived at the offices of the Requesting Function according to the topic of consultation;
- the contracts that regulate relations with Consultants envisage specific clauses which set forth that non-compliance with the contractual obligations deriving from acceptance of the Code of Ethics and Model can entail termination of the contract and entitle METRO to claim reimbursement for damages;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information);
- all the consultancies documentation is maintained.

For the **expense accounts management and control operations**, the protocols envisage that:

- a manager who authorizes the refund of expenses *ex ante* or *ex post* (depending on the types of transfers, business trips or journeys away from the usual workplaces) is identified depending on the hierarchical levels present in the company;
- expenses are reimbursed according to existing procedures and regulations;
- refunds of expenses are managed – with a guarantee of their traceability - in the ways communicated to all the personnel in terms of observance of the limits indicated by the company procedures, the purpose of the expense borne, the forms to use, the necessary authorization levels and payment of the amounts to be refunded.

For the **management of marketing activities also through third party agencies** and the **management of gifts, donations and sponsorships**, the protocols envisage that:

- the marketing activities are directly and exclusively connected to the company's activities and aimed at improving and promoting the Company's image and culture;
- in the event of the organisation of marketing campaigns, all relevant documentation must be in line with the initiative and archived by the competent functions;
- for all other forms of donations, which besides being aimed at legitimate and ethical activities are also authorized, justified and documented, the process is managed in compliance with the procedure regulating the giving of donations and awarding of sponsorships according to the beneficiary's position or the payment amount;
- different levels of authorization are set depending on the payment amount;
- the Compliance Function carries out a preventive assessment with regard to the beneficiary and/or event/initiative within the context of the donation or sponsorship;
- the traceability of the assessment and approval process is guaranteed through compliance with the procedure on donations and sponsorships (also by filling in special forms);
- different rules and timescales for approval are envisaged, both at local and at Group level, in order to regulate requests due to "emergency situations";
- contributions of a financial nature are made following a traceable process;
- aside from company initiatives carried out in observance of the procedures, employees are expressly forbidden from offering or granting – either directly or indirectly - any personal benefit (including gifts, benefits or favours) to employees from other companies or to any other third party within the context of the commercial relationships which the company enjoys;
- gifts are in line with the reference sector and in any case of modest value and such as not to affect the independence of judgement of the receiving party;

- the samples received are handled according to the relevant procedure;
- the agreements' formalization is envisaged. The agreements need to describe specifically the performances in a way possible to be verified;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- a register should be kept in order to record all promotional activities, gifts, donations and sponsorships received/paid, as well as the documentation related to the organized events (Metro Academy);
- in case of paid participation at the Metro events verify the correspondence between the participant, the invoice's holder and the origin of payments;
- the coincidence of the subjects who issue the invoice and who actually provided the service should be verified;
- the lack of agreed performances for sponsorship and promotional activities, or the loss of goods registered in the inventory of gifts and donations, should be promptly verified and communicated to the Supervisory Body;
- the stipulation of co-marketing agreements should be checked about the existence of any anomaly profiles of the partner;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

The procedures and job descriptions aim to ensure implementation and compliance with the following principles and objectives related to the **management of cash and valuables**:

- the forms of payment accepted by the company's sales outlets are identified and defined;
- the individuals, who belong to the company's staff and come into contact with sums of money in cash, are identified;
- a procedure is drawn up for the management of the cash system and this is able to guarantee reconstruction of all the passages of money in cash;
- there is no subjective identity between the till operator, the check-out specialist and the services sector chief;
- the till operator, the check-out specialist and the services sector chief guarantee the correctness of the operation and mutual control;
- cash which has not generated a fee and an accounting record cannot be held;
- it is forbidden to take money for goods sold without issuing a receipt;



- a procedure has been drawn up to prevent inappropriate use of the till in the event of it being interrupted or closed;
- the main criteria for recognising counterfeit money are defined and communicated to staff that come into contact with cash;
- suitable tools for recognising false banknotes are available at the sales outlets;
- suitable security mechanisms are arranged for access to the strong room;
- all movements of money from and to the strong room are recorded in ways that guarantee that the amounts paid in and withdrawn can be verified;
- a document summarizing the movements of money entering and exiting the strong room is prepared;
- only persons authorized in accordance with internal procedures can access the strong room so that control by the persons appointed for security over the identity of the person accessing or closing the strong room can always be guaranteed;
- the till operator immediately warns the services sector chief should he/she suspect that money is counterfeit;
- the services sector chief immediately informs the Security Office, Operations Department - in the person of the reference Area Manager - and the Head of Legal & Compliance Officer by mail in all cases where counterfeiting has been recognised or there is strong suspicion of counterfeit money being passed. This money must not be re-used in any way.

For operations regarding the **management of extraordinary operations**, including those affecting the share capital and the shareholders' equity, the protocols envisage that:

- every operation is submitted to and approved by the board of directors of the companies affected by the extraordinary operation, or, where necessary, by the shareholders' meeting;
- the function proposing the operation, or competent on the basis of company procedures, prepares appropriate documentation to support the proposed operation and a preliminary informative report illustrating the content, underlying interests and strategic aims of the operation;
- the function proposing the operation must check (keeping suitable documentation) the identity of the subjects and entities involved in the operation, highlighting any anomalies or the traceability of said subjects to black list countries<sup>3</sup>. In the event of anomalies, the Head of Legal & Compliance Officer must be informed immediately.

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<sup>3</sup> List of the black list countries considered as having a preferential tax regime, updated with the changes made by Ministerial Decree of 27 April 2015 and Ministerial Decree of 18 November 2015 to Ministerial Decree of 23 January

- where requested, the independent auditors and the board of auditors express a reasoned opinion on the operation;
- for the purposes of the operation's accounting records, (Administrative) Department with the support of the auditors, checks beforehand the completeness, consistency and correctness of the documents supporting the operation.

For operations regarding the **acquisition of goods and services**, the protocols envisage that:

- the assessment of Italian and foreign suppliers by analysing legal and corporate documents is formalized in an operating procedure;
- criteria and methods for identifying suppliers who require specific monitoring of their requirements are defined;
- checks are envisaged of the correct receipt of goods, also as regards any returns;
- the requesting Functions carry out document checks in the event that sub-contractors/sub suppliers are used;
- the traceability of the selection process for suppliers, sub-suppliers/sub-contractors is guaranteed through the documentation archived by the competent functions and through the online platform for tenders;
- original products are purchased with authentic trademarks;
- the purchase is avoided when, considering the price offered, the nature of the supplier or the conditions of payment required, there is any doubt as to the lawfulness of the origin of the goods offered;
- the signing of sub-supplier agreements and contracts in observance of the system of formalized company powers of attorney is checked by qualified persons;
- specific contract clauses relating to compliance with Legislative Decree 231/2001 are included;
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification – especially for goods – concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the goods delivered /

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2002; lists for the fighting of terrorism financing and the activities of countries threatening international peace and safety, available from the link <http://uif.bancaditalia.it/adempimenti-operatori/contrasto/>.

services provided according to the deal. All payments are authorized by subjects with the necessary powers;

- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- all the purchases documentation (for example, health clearance) is maintained.

For operations regarding the **sales** process, the protocols envisage that:

- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- the inclusion in contracts with suppliers of specific clauses binding them to legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- standard contractual conditions are used;
- specific procedures are put in place to regulate the stipulation and management of sales contracts;
- a process for collecting information useful for the preventive assessment of the creditworthiness and risk level associated with the client is guaranteed;
- where credit is granted to the client, further specific controls and authorizations are implemented when accepting clients with a high-risk profile;
- systems guaranteeing the traceability of the payment methods used by clients are used;
- the effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the real beneficiary of the disposal.



## **M. Copyright infringement crimes (Article 25-*novies* of the Decree)**

### **M1. Applicable offences**

On the basis of the analyses made, the following crimes of copyright infringement are considered applicable to the Company:

- Article 171-*bis* of Italian Law 633/1941, which punishes the conduct of any person who abusively duplicates, for profit, computer programmes or for the same purpose imports, distributes, sells, possesses for commercial or entrepreneurial ends or hires programmes contained in support not countermarked by the Italian Society of Authors and Editors (SIAE); who uses any means uniquely designed to allow or facilitate the arbitrary removal or avoidance of devices applied to protect a computer programme; who reproduces on support not countermarked by SIAE, transfers to another support, distributes, communicates, presents or demonstrates in public the content of a database for profit; who extracts or re-uses a database, distributes, sells or leases a database.
- Article 171-*ter* of Italian Law 633/1941, which punishes all acts of abusive duplication, reproduction, transmission or public broadcasting, introduction into the territory of the State, possession for sale of original works intended for television or the cinema and the sale or leasing of records, tapes or similar support or any other support containing phonograms or videograms of musical, cinematographic or assimilated audio-visual works or sequences of moving images, literary, dramatic, scientific or didactic, musical or dramatic/musical and multimedia works.

### **M2. Sensitive Activities in the context of crimes of copyright infringement**

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which some of the crimes of copyright infringement could potentially be committed.

- Purchase, management and use of the IT system and software licences;
- Management and use of products safeguarded by copyright (e.g. audio, video, contents, etc.) for company activities (e.g. marketing, training) also via the Parent Company.
- Acquisition of literary, musical or audiovisual works safeguarded by copyright.
- Sale of literary, musical or audiovisual works safeguarded by copyright.

### **M3. Specific prevention protocols**

For operations regarding the **purchase, management and use of the IT system and software licences**, the protocols envisage that:

- criteria and procedures are defined for the management of software systems which envisage the compilation and maintenance of an updated inventory of the software in use with the Company;
- criteria and procedures are defined and activated to control the use of officially authorised and certified software and there is provision for periodic checks on the software installed and the mass memory

systems in use to check whether there is prohibited and/or unlicensed and/or potentially harmful software;

- a database is set up for the software licence inventory and to monitor their dates of expiry;
- traffic monitoring and tracking mechanisms are implemented for security events on the networks (e.g. anomalous access by frequency, procedure, and time);
- a black list of sites, from which it is possible to download licence keys and source codes and to which access is forbidden, is set up and constantly updated;
- the documentation for each single activity is archived so that full traceability of it can be guaranteed;
- the requirements for authentication to the systems for access to data and assignment of remote access to those data by third parties such as suppliers and collaborators are formally defined;
- user accesses, however made, to the data, systems and network are subject to periodic checks;
- the applications keep track of the modifications to the data and systems made by users;
- criteria and procedures for assigning, editing and deleting user profiles are defined;
- periodic flows of information to the OdV are provided for with reference to these activities;
- procedures for the following are defined in a special policy:
  - √ the use of personal computers and IT equipment assigned;
  - √ the installation and use of software;
  - √ Internet usage.

For activities regarding the **management and use of products safeguarded by copyright (e.g. audio, video, contents, etc.) for company activities (e.g. marketing, training) also via the Parent Company**, the protocols envisage that:

- in case of use of products protected by copyright (e.g. images, videos, content, etc.) in the context of company activities, reference is made to appropriate databases that guarantee the proper use of these tools;
- access to sites with content downloading is monitored;
- controls on activities that entail the use of copyright protected works are provided for by the Legal department of METRO;
- periodic flows of information to the OdV are provided for with reference to these activities.

For operations regarding the **acquisition of literary, musical or audiovisual works safeguarded by copyright** and the **sale of literary, musical or audiovisual works safeguarded by copyright**, the prevention protocols envisage that:

- controls are defined to prevent the risk of broadcasting to the public of works protected by copyright and connected rights which do not have the requirements provided for by the regulations on the issue;

- the choice of suppliers and collaborators is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly;
- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and collaborators contain appropriate clauses which provide that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for damages;
- criteria are identified that enable any suspect transactions for procurement of products with different characteristics to those represented to be highlighted (e.g. particularly advantageous prices, conditions of payment other than those agreed and lack of compulsory product certification documents, etc.);
- controls are put in writing for payment of the SIAE fees where the copyright protected products were not directly purchased from the producer and for the effective presence of the SIAE token on the products at the receipt and reproduction stages.

## **N. Induction not to make statements or to make false statements to the judicial authorities (Article 25-*decies* of the Decree)**

### **N1. Applicable offences**

On the basis of the analyses carried out, the crime of induction not to make statements or to make untruthful statements to the judicial authorities is considered applicable to the Company. This crime is established in Article 377-*bis* of the Italian Code of Criminal Procedure, which, unless the act constitutes a more serious crime, punishes any person who with violence or threat, or with the offer or promise of money or other benefit, induces the person summoned before the judicial authorities not to make a statement or to make a false statement that can be used in legal proceedings, when the latter has the right to be silent.

### **N2. Sensitive Activities in the context of crimes of induction not to make statements or to make false statements to the judicial authorities**

Through the control and risk self assessment activity, the Company has identified the following Sensitive Activity, in the context of which the crime of induction not to make a statement or to make false statements as of Article 25-*decies* of the Decree could potentially be committed.

- Management of relations with individuals who in the context of legal proceedings have the right to remain silent.

### **N3. Specific prevention protocols**

For operations regarding the **management of relations with individuals who in the context of legal proceedings have the right to remain silent**, the Code of Ethics sets forth that Metro does not accept and condemns any behaviour put in place by Employees aimed at interfering with the freedom of self determination of witnesses or parties in civil and/or criminal proceedings regarding the Company.

The Model also sets forth that the Addressees of the Model must adopt practices and behaviour which safeguard individuals who participate in a legal proceeding as a witness.



## O. Environmental crimes (article 25-undecies of the Decree)

### O.1. Applicable crimes

On the basis of the analyses performed, the following crimes in respect of the protection of the environment are considered to be applicable to the Company:

- **Discharge of industrial sewage**, envisaged by article 137 of Legislative Decree 152/2006 and comprising the conduct of whoever initiates or carries out new unauthorized discharges of industrial sewage or continues to carry out such discharges after authorization for doing so has been suspended or withdrawn. The discharge of industrial sewage is also punishable when it exceeds the limits set by Legislative Decree 152/2006, or when it exceeds the stricter limits set by the Regions, the autonomous provinces or the competent Authority.

Criminal conduct also results from unlawful discharge on soil or on the top layers of the subsoil in breach of article 103 of Legislative Decree 152/2006 and from discharges into the subsoil or groundwater in breach of article 104 of the Decree.

- **Unauthorized waste management activities**, envisaged by article 256 of Legislative Decree 152/2006 and comprising the conduct of whoever carries out the collection, transport, recovery, disposal, trade and brokerage of waste without the required authorisation, registration or communication; the law also punishes whoever carries out or manages an unauthorized waste disposal site; whoever carries out the unauthorised activity of mixing refuse; whoever stores on a temporary basis dangerous medical waste at the location where such waste is produced.
- **Remediation of sites**, envisaged by article 257 of Legislative Decree 152/2006 and punishing whoever causes the pollution of the soil, subsoil, surface water or ground water if they do not take steps to remedy the site in accordance with the plan approved by the competent authority.
- **Breach of reporting requirements and keeping of mandatory records and forms**, envisaged by article 258 of Legislative Decree 152/2006 and comprising the conduct of whoever, in drafting a waste analysis certificate, provides false information on the nature, composition and chemical physical characteristics of the waste. The law punishes whoever uses a false certificate whilst transporting the waste.
- **Illegal shipment of waste**, envisaged by article 259 of Legislative Decree 152/2006 and comprising the conduct of whoever ships waste illegally in breach of Council Regulation (EEC) no. 259/93.
- **Organised activity for the illegal shipment of waste**, envisaged by article 260 of Legislative Decree 152/2006, and comprising the conduct of whoever, with the intention of obtaining wrongful profit, by means of repetitive operations and activities, transfers, receives, transports, exports, imports or in any case abusively handles huge quantities of waste.

- **IT waste traceability control system**, envisaged by article 260-*bis* of Legislative Decree 152/2006, and comprising the conduct of whoever, within the framework of the waste traceability control system, provides false information when drafting a waste analysis certificate; the regulation also punishes whoever includes a false certificate as part of the required documentation, as well as any transporter who fails to include in the waste transport a paper copy of the Sistri card - Handling Area and, where necessary, the copy of the detailed certificate that identifies the waste's characteristics, or carries the waste with a fraudulently altered paper copy of the card.
- **Atmospheric emissions**, envisaged by art. 279 of Legislative Decree 152/2006, and comprising the conduct of whoever, during the operation of a plant, exceeds the emission limits or the requirements envisaged at the point of authorization or the requirements otherwise laid down by the competent authority.
- **Termination and reduction of the use of substances harmful to the ozone layer**, envisaged by article 3, paragraph 6 of Law no. 549/1993, and comprising the conduct of whoever breaches the regulations on the progressive removal of plants which envisage the use of ozone-depleting substances.
- **Environmental pollution (article 452-*bis* of the criminal code)**, a situation that punishes anyone who unlawfully damages or significantly deteriorates, to an extent that can be measured, the pre-existing condition of the water or air, or extensive, significant portions of the soil or subsoil or an ecosystem, biodiversity, including agricultural, of flora or fauna. The second clause envisages an aggravated hypothesis when the crime is committed in a protected natural area or area that is subjected to specific restrictions or to the detriment of protected animal or plant species.
- **Environmental disaster (article 452-*quater* of the criminal code)**, anyone causing an environmental disaster is punished, which may be alternatively defined as i) an irreversible alteration of the balance of an ecosystem, ii) an alteration of the balance of an ecosystem whose elimination is particularly onerous and can only be achieved by exceptional measures; the offence to public safety determine with reference to both the importance of the fact due to the extent of the environmental damage or its harmful effects and the number of people offended or exposed to the danger.
- **Culpable crimes against the environment (article 452-*quinquies* of the criminal code)**, punishing anyone who deliberately commits the crimes of environmental pollution or environmental disaster
- **Trafficking and abandonment of highly radioactive material (article 452-*sexies* of the criminal code)**, provision punishing anyone who unlawfully “sells, purchases, receives, transports, imports, exports, procures for others, holds, transfers, abandons or illegally eliminates highly radioactive material”. It is a crime of danger for which the second and third clause envisage specific aggravating circumstances.

- **Aggravating circumstances (art. 452-octies of the criminal code)**, the aggravating circumstance is envisaged for the hypothesis in which the crimes mentioned are committed as part of criminal conspiracy pursuant to art. 416 of the criminal code.

## **O.2. Sensitive activities in the context of environmental crimes**

Through the control and risk self assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which some of the environmental crimes could potentially be committed.

- Waste management.
- Management of plants generating emissions into the atmosphere.
- Management of waste water drains.
- Management of remediations.
- Management of plants handling ozone-depleting substances.

## **O.3 General principles of behaviour**

In addition to the provisions of paragraph 2 of this Special Section, further general rules of behaviour are applied, due to the fact that the Company promotes a culture of environmental protection and preservation as regards the fauna, flora and natural habitats, safeguarding the environment in which it operates in order not to impact on – or impact on as little as possible - the environment during the course of its activities, taking steps to ensure that all its employees are made aware of their responsibilities and of the specific company risks.

The Model does not intend to replace the rights and responsibilities of law in respect of environmental obligations and the further regulations applicable in similar cases. However, it is a further safeguard on the check and control of the existence, effectiveness and adequacy of the structure and organization put in place in compliance with current special regulations on matters of environmental protection.

For the purpose of protecting the environment, the Model enforces compliance with some of the principles of behaviour by the Company's workers and any external individuals who find themselves legitimately on the Company's premises, including the Stores.

In particular, every individual and, more generally, every addressee of the Model who finds him/herself on the Company's premises must:

- abide by the company's internal regulations and procedures for environmental protection, exercising every opportune control and activity necessary for protecting the environment;

- in line with his/her own training and experience, as well as with the instructions and measures provided or arranged by the Company, adopt prudent, correct, transparent and collaborative behaviour with regard to the protection of the environment;
- properly use the machinery, equipment, tools, hazardous substances and preparations, means of transport and other work facilities in order to avoid environmental problems;
- encourage continuous improvement in services in matters of environmental protection, by participating in the monitoring, assessment and review of the effectiveness and efficiency of the measures implemented;
- directly act to his/her best ability in a manner that is compatible with his/her skills and opportunities when faced with a detected hazard and only in cases of emergency;
- undergo the prescribed training operations;
- play his/her part in meeting all the obligations laid down by the competent authority or those which are in any case necessary to protect the environment during work;
- promptly inform the relevant functions of any irregularities discovered: in fact, the protection of the environment can require an immediate intervention since every risk or damage to the environment must be rapidly eliminated or limited;
- immediately inform the appropriate levels (by virtue of the responsibilities attributed) of any hazardous conditions he/she comes to know of, which could undermine the safety of the environment;
- inform the OdV of the administrative sanctions issued by the Authorities for breaches of environmental regulations and send the relevant documentation, as well as any judicial documents received for alleged breaches of environmental regulations.

#### **O.4. General prevention protocols**

In addition to that envisaged in paragraph 3 of the Special Section, further general prevention protocols are applied:

- only subjects who have been identified beforehand and who hold the relevant authorizations are empowered to deal with the relevant authorities for the issuing/renewal of environmental licences;
- responsibilities regarding the management, coordination and control of environmental obligations are formalized;
- the company regulations expressly describe the different jobs of the environmental managers;
- the choice of Suppliers in environmental matters is justified and is made on the basis of requirements of professionalism, independence and know-how;

- the contractual provisions envisage the possibility of a periodic control of the authorizations held by the providers of environmental services.

## **O.5. Specific prevention protocols**

### **Environmental Policy – Aims and objectives**

The Company has adopted an Environmental Policy document which defines the general approaches and company guidelines on environmental matters. The Environmental Policy is periodically examined by the Board of Directors. In particular, the Company has adopted the policy document “Environmental quality and food safety” which forms part of the Quality Manual and is constantly updated and distributed inside the Company. The Code of Ethics also envisages the commitment to the protection and promotion of health, safety and the environment.

### **Identification and assessment of environmental aspects**

The Company identifies and assesses environmental aspects for the purpose of protecting and improving the environmental services. Therefore, the Company periodically carries out an environmental impact assessment, particularly with regard to the management and improvement of the environmental services.

The process of identifying and assessing the environmental impacts is documented and periodically revised, in order to constantly evaluate its adequacy and effectiveness.

### **Regulatory and authorization requirements**

The Company defines the activities and procedures for the management of environmental obligations, those required both by the applicable law provisions or by specific internal regulations.

To this end, there is a schedule listing all the environmental obligations and the functions responsible for complying with them, with particular reference to those which are immediately relevant for the purposes of complying with the Decree, and expressly indicating which functions are responsible for checking compliance with and the monitoring of any regulatory updates.

All regulations relating to the Company's activity are identified at central level and disseminated to the competent functions who analyse them in more depth with a view to their future application.

As regards the Stores, the management of the regulatory requirements and associated obligations falls to the Central Functions who, both in person and through consultants, support the Sales Store Managers under whose sphere of competence this matter falls, in the correct management of the environmental issues.

## **Roles and Responsibilities – Power of attorney system**

The Company defines the roles and responsibilities for the application, upkeep and improvement of the environmental management system.

To this end, a power of attorney and delegation system was set up which identifies all those individuals who are responsible for environmental activities and who have environmental obligations to meet, and also identifies their relative powers.

The Company has also arranged for roles and responsibilities in environmental matters to be defined in the Job Descriptions of those individuals who participate in sensitive activities.

Questions concerning environmental management fall under the area of expertise of the Sales Store Managers who are entrusted with powers which allow them to carry out the necessary activities (such as, for example, requesting permission for waste water discharges and atmospheric emissions; waste management, filling in of forms, presentation of the MUD (Environmental declaration single form), etc.).

The Sales Store Managers are also assisted in carrying out these activities by the Central Functions (and by the relevant consultants).

The Manager of the Legal Department informs the OdV of the powers of attorney granted with regard to environmental matters and any revocations.

## **Know-how and Training**

The Company, by identifying the relevant individuals, informs and trains its employees in the correct way to perform their duties, by providing them with information, training courses and, where envisaged by law, also educates them. A documented check is envisaged for this education/training.

Training activities are provided in different ways (e.g. hands-on training, written communications, e - learning, etc.) which are defined both by the Company's choices (according to that envisaged in the training requirements map) and by the provisions of current regulations.

As regards the correct management of the environmental aspects, training needs and specific training programmes planned by the competent functions are formalized.

Training courses are also held whenever a new Store opens.

Every year, the competent functions inform the OdV of environmental training initiatives.

## **Communication**

The Company defines the roles, responsibilities and procedures for the management of internal and external communications, using different dissemination channels according to the information to be divulged to the addressees.

In particular, the Company guarantees:

- internal communication between the organization's various levels and functions;
- communication between workers and suppliers;
- communication to the control bodies and to other externally involved parties.

## **Documentation**

The internal regulations define the roles and responsibilities for the drafting and revision of documents as well as the procedures to follow for disseminating, communicating and filing of same. In particular, the Company has put in place regulations that define the criteria for drawing up the procedures, subdivided into pertinent area/function.

These procedures are periodically updated under the supervision of the Operations Department which manages the entire body of documentation. Said documents also take into account all the aspects relating to the management of processes which have a significant environmental impact.

## **Operational control**

### **Generation of waste, temporary storage at the production site and transfer of waste to third parties for transport/disposal and recovery**

The Company has adopted, also at individual Stores, regulations that allow it to carry out the activities of managing the waste produced, in accordance with regulations and with the authorizations obtained.

In order to manage its waste, the Company uses the services of an external provider who deals with the management of the providers and checks their authorizations and technical-professional skills. The provider also classifies the different types of waste and arranges for its disposal. At the Stores, the provider is in charge of providing advice on the storage, transport and disposal of the waste.

In particular, the Company has identified the following types of waste:

- mixed packaging materials (polystyrene, wooden boxes);
- cardboard packaging;
- sub-products of animal origin (meat, fish);
- packaged (fresh) sub-products of animal origin (to be dealt with separately);
- various packaged foodstuffs (snacks, water, sauces);

- lamps and neon tube lights.

Maintenance waste (lubrorefrigerating oils, forklift batteries, sludge, etc.) are handled directly by the companies who deal with maintenance under the control of the Technical Department.

The SISTRI obligations, as of their actual date of entry into force, shall be met with the support of the external provider; the documentation relating to forms, the loading and unloading records and the MUD forms, handled and filed directly by the people working in the Stores.

## **Operational control**

### **Management of plants which generate atmospheric emissions, authorization obligations and monitoring of emissions**

The Company has established rules to identify active points at which emissions are introduced into the atmosphere, to manage the authorizations for the emission, as well as the monitoring of the emissions themselves. Documentation for the checks regarding the maintenance of the plants and emission points is required. Furthermore, clear directives have been set out regarding the activities carried out by Store Managers.

## **Operational control**

### **Management of plants which generate waste water, authorisation obligations and monitoring of discharge**

The Company defines the skills and responsibilities of the different functions involved in the waste water disposal process.

In particular, the Regulatory Affairs Department (Legal Department) deals with obtaining the authorizations for discharging the waste water from the Stores and relative updates, in collaboration with the Store Managers.

The Regulatory Affairs Department (Legal Department), in collaboration with the appointed functions, assesses compliance of the waste water parameters with the introductory legal limits necessary for obtaining and renewing the authorizations for discharging into the sewers or into the ground. In such a context as this, any non-conformities will, if necessary, be examined in more detail by external consultants.

The Sales Store Managers periodically check compliance with the discharge parameters, also with the help of an external consultant.

The request for discharge authorization is signed by the pertinent individuals, and by the Sales Store Managers in the case of the Stores.

All Stores are equipped with static oil separators/sedimentators which retain both oily substances (lighter than water) and sludge (heavier than water) in order to obtain a waste water which conforms to the sewage



discharge. The periodic cleaning of the oil separators, a job which is entrusted to a special maintenance company, keeps the machines in good working order.

## **Operational control**

**Management (storage/handling/use) of chemical substances which could result in the contamination of the soil, sub-soil and surface or ground waters;**

**Communication to Bodies in the event of a potentially contaminating incident;**

**Management of the procedure for identifying/securing/restoring/cleaning up the environment;**

**Acquisition/decommissioning of potentially contaminated sites/areas**

The Company has defined specific internal regulations for the management of the underground tanks and the contaminating incidents which could result therefrom. In particular, it has defined the duties of the central functions, the contractors and the store staff and the management of the documents and registers.

Moreover, responsibilities have been established for the timely reporting of potentially contaminating incidents to the competent Bodies according to the procedures and within the timescales envisaged by the applicable laws.

The Company has also adopted regulations that define roles, responsibilities and operating procedures for carrying out clean-up operations following contaminating incidents according to the requirements laid down by the competent Bodies.

In any case, the Company carries out environmental analyses in the case of the acquisition/decommissioning of sites/areas which may be exposed to the risk of contamination.

The manager identified informs the OdV of those incidents which have had an environmental impact, as well as of any situations that might require the cleaning-up of sites.

## **Operational control**

**Management of assets containing ozone-depleting substances**

The Company has defined roles and responsibilities for the management of assets containing ozone-depleting substances and, in general, refrigerant gases.

In particular, it monitors the plants/machinery/equipment/devices containing ozone-depleting substances and their maintenance is entrusted to outside companies. Food refrigeration systems are fitted with remote control systems with which the suppliers can monitor the performance of the systems and detect any gas leakage into the atmosphere.

All operations in plants containing ozone-depleting gases as well as checks on any leakages of gas are recorded.

## **Operational control**

### **Construction of new works/extraordinary maintenance close to natural areas**

Although the company does not operate close to natural areas, it has defined roles and responsibilities for the monitoring of regulations with regard to the creation of parks, reserves or protected areas close to the headquarters and/or the Stores or close to new areas where new Stores are due to open.

### **Management of environmental emergencies**

The Company has defined operating rules which identify the types of environmental emergencies to be included in the Emergency Plan, with particular attention to events which could imply a potential perpetration of the types of crimes envisaged by the Decree.

The Company has also identified roles, responsibilities and procedures for preventing/mitigating the negative environmental impacts associated with the emergency situations, and has defined training programmes for employees, as well as establishing procedures and timescales for carrying out environmental incident drills.

### **Selection of suppliers - transporters, waste disposal companies**

#### **Selection of suppliers – Analysis laboratories**

#### **Selection of suppliers – Third parties who carry out important activities from an environmental point of view**

The Company has adopted procedures that define the process of selecting suppliers (transporters, waste disposal companies, analysis laboratories, etc.), as well as the controls necessary for qualifying/requalifying and monitoring same.

During the supplier selection stage, the function that activates the supply checks that the supplier is in possession of the necessary environmental requirements to be able to carry out the service properly and also periodically checks that said requirements are being maintained.

The stipulation of contracts with said suppliers is managed by the central functions and, where necessary, the Legal Department arranges for the inclusion in the contract of clauses regarding compliance with the regulations on environmental protection.

Should there be intermediaries involved, the Company has made provision in contracts with intermediaries for relevant documentation on environmental matters to be provided by those subjects who carry on the activity on account of the intermediaries.

### **Assessment of compliance with requirements**

## **Surveillance and measurement**

### **Monitoring of suppliers' performance in environmental matters**

The Company has adopted internal regulations that regulate the roles, responsibilities and the operating procedures in order to allow (i) periodic checks on compliance with the requirements on environmental matters, (ii) the correct management of surveillance and measurement of company activities, (iii) the correct running of the services provided by the suppliers and conformity with the regulatory requirements as well as with the established environmental aims and objectives.

At the Stores, the Sales Store Manager deals with all obligations as regards safety and environmental matters; the Central Functions deal with the communication of news or operating procedures.

### **Incidents and non-conformities**

The Company has defined roles, responsibilities and operating procedures for identifying non-conformities in environmental matters identified when applying the rules on the environmental management system and for defining the improvement actions.

Non-conformities are also identified on the basis of the analysis of incidents and near misses.

The documentary evidence relating to the management of the non-conformities and the improvement actions are filed and stored.

The identified manager informs the OdV of any environmental incidents and near misses which take place.

### **Records check**

The Company has defined rules for checking the records drawn up with regard to environmental matters (identification, filing, protection, consultation, storage and disposal of the records). In particular, the following are envisaged:

- identification of the types of records to be stored (for example: analytical certificates, control and maintenance records, records on waste management, audit and review records, records on training in environmental matters etc.);
- definition of the responsibilities for collection and storage of the records;
- definition of the procedures and timescales for the collection and storage of the records;
- procedures to guarantee the legibility, identifiability and traceability of the records.

## **Internal audits**

### **Reporting**

The Company has defined roles, responsibilities and operating procedures for the periodic auditing checks, compliance with the procedures defined in environmental matters and that prescribed by the applicable laws.

The Company has defined a company regulation that regulates roles, responsibilities and operating procedures as regards the activity of reporting to the employer and to the manager responsible for the application of environmental regulations, and to the Board of Directors and the OdV. Reporting guarantees the traceability and availability of the data relating to the activities involved in the environmental management system and in particular, the periodic sending of information regarding:

- a) deviations between the results obtained and the planned objectives;
- b) audit results.

Reporting also ensures that the OdV is kept informed as to any modifications which might involve the need to update the mapping of sensitive activities and the Model.

The Quality Department plans and carries out periodic audits on the Stores to check compliance with the law both with regard to the quality of the product (HACCP) and the application of environmental regulations.

The records drawn up following such audits describe the findings of the audit and report the improvement actions suggested and are communicated to the company manager in charge of applying the environmental regulations and to the OdV.

The identified manager transmits the environmental audit report, including that of subjects outside the company.

## **Review**

The Company has defined the criteria for carrying out the review process, the aim of which is to assess the adequacy and effectiveness of the environmental management, and to analyse the results of the monitoring, the environmental performances, the implementation of improvement actions and the objectives for the forthcoming period.

The review takes place during meetings held at the different levels involving different company functions according to the specific environmental issues to be addressed.

The outcome of every review and the relative assessments are documented in the minutes and filed by the competent function.

## **P. Employment of illegally staying third country nationals (art 25-*duodecies*)**

### **P.1. Applicable offences**

Based on the analyses conducted, the predicate offence of employing illegally staying third country nationals is deemed to be applicable to the Company.

In particular, the organisation may be punished where any of the following situations arise:

there are more than three “illegally staying” workers employed;

the employed workers are under legal working age;

the employed workers are subjected to particularly exploitative working conditions.

### **P.2. Sensitive activities in the context of crimes concerning the employment of non-EU workers**

Through a control and risk self-assessment activity, the Company has identified the Sensitive Activities listed below, in the context of which certain significant crimes involving the employment of illegally staying third country nationals could potentially be committed:

- Selection and recruitment process (subordinate and quasi-subordinate employment, - including project collaborators, pro term appointments and unpaid trainees) of third country nationals;
- During an ongoing employment relationship, checking compliance with the deadlines for renewing residence permits, as well as, more generally, checking that the conditions for remaining in the Italian territory have been met;
- Process of vendor qualification and selection for the contracting of services;
- During an ongoing employment relationship, checking contractor compliance with the clauses concerning the employment of foreign workers legally staying in the Italian territory.

### **P3. Specific prevention protocols**

Within the context of the above activities, which are considered to be sensitive in terms of the risk of committing a crime incurred by employers who hire illegally staying third country nationals, the Company has adopted the following appropriate structures and control systems:

- during the recruitment of third country nationals (with subordinate and quasi-subordinate employment contracts, - including project collaborators, pro term appointments and unpaid trainees), the Human Resources Department checks the worker’s possession of a valid residence permit and requests a copy for

archiving in the worker's file; the Human Resources Department also checks the worker's age in order to confirm that they are permitted to perform the work in compliance with current laws;

- the Human Resources Department records on the system the expiry date of the residence permit received at the recruitment stage, monitors that it is renewed properly and checks that it has not been withdrawn. The Sales Store Manager receives an extract of the due dates book only for the non-EU workers employed at the Store, in order to monitor and, if necessary, request renewal of their residence permit;
- the Legal Department writes clauses into the contracts obliging suppliers to guarantee to Metro that they will only use staff who are in possession of a valid residence permit and to send the list of employees tasked with production activities at Metro; the suppliers also undertake to only use workers whose age complies with the applicable regulations and to guarantee adequate working conditions to all the workers;
- the functions responsible for checking the correct performance of the contract are also responsible for checking that the workers employed by the supplier at Metro correspond to those actually listed by the supplier.

## Q. Transnational crimes (Article 10 of Italian Law 146/2006)

### Q1. Applicable Crimes

On the basis of the analyses made, the following transnational crimes are considered applicable to the Company:

- **Criminal conspiracy**, as of Article 416 of the Italian Code of Criminal Procedure and punishing those who promote, establish or organize an association of three or more persons with the intention of committing several crimes and those who participate in it.
- **Mafia-type conspiracy, also foreign**, as of Article 416-*bis* of the Italian Code of Criminal Procedure and punishing anyone who is part of a mafia-type association formed of three or more persons, as well as those who promote, direct or organize it. Mafia-type conspiracy is when those who are a part of it use the force of intimidation of the conspiratorial bond and the conditions of subjection and silence deriving from it to commit crimes, to acquire directly or indirectly the management or control of economic activities, licences, permits, contracts and public services or to gain improper profit or benefit for themselves or others or for the purpose of preventing or obstructing the free exercise of the vote or procuring votes for themselves or others in the event of an electoral consultation. The conspiracy is considered armed when the conspirators have available arms or explosives, even if hidden or stored, to pursue the aims of the conspiracy. The provisions of this article also apply to the camorra and other conspiracies, however they be called locally and including foreign ones, which, profiting from the intimidatory force of the conspiratorial bond, pursue goals similar to mafia-type conspiracies.
- **Induction not to make a statement or to make a false statement to the judicial authorities**, as of Article 377-*bis* of the Italian Code of Criminal Procedure and comprising the conduct of any person who, with violence or threat, or with the offer or promise of money or other benefit, induces the person summoned before the judicial authorities not to make a statement or to make untruthful statements that can be used in legal proceedings, when the latter has the right to be silent.
- **Aiding and abetting**, as of Article 378 of the Italian Code of Criminal Procedure and comprising the conduct of any person who, after a crime for which the law establishes the penalty of death, life imprisonment or imprisonment has been committed, and apart from the cases concurrent to that crime, aids another to avoid investigation or elude search by the authorities.

### Q2. Sensitive Activities in the context of transnational crimes

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, listed below, in the context of which some of the transnational crimes established in Article 10 of Italian Law 146/2006 could potentially be committed:

- Evaluation, qualification and selection of the suppliers of goods and services.

- Evaluation and qualification of customers and product sales.
- Acquisition and disposal of companies and business lines, establishment of business groups and joint ventures.
- Staff selection and management.
- Special sales, also outside the sales outlet.

### **Q3. Specific prevention protocols**

For Sensitive Activities in the context of transnational crimes, the Company possesses suitable safeguard controls for the prevention of crimes of organized crime. These are described in section C of this Special Section.



## R. Tax Crimes (article 25-*quinquiesdecies* of the Decree)

### R1. Applicable crimes

On the basis of the analyses performed, the following tax offences are considered applicable to the Company:

- **Fraudulent tax declaration using invoices or other documents for non-existent operations (article no. 2, Legislative Decree no. 74/2000):** the provision punishes the conduct of anyone who states fictitious passive elements through false invoices or other documents for non-existent transactions, in one of the tax declarations related to income or value added tax (VAT), in order to evade such taxes. The criminal offence does not require any specific punishability threshold and therefore applies whatever the amount of tax evaded.

Paragraph no. 2 specifies that, in order to commit the criminal offence, such invoices or documents must be recorded in the mandatory accounting records or held as evidence for tax authorities.

The penalty for corporations is more or less heavy depending on whether the amount evaded is higher or lower than €100,000.

- **Fraudulent tax declaration using other artifices (article no. 3, Legislative Decree no. 74/2000):** the provision can be applied only outside cases described under Article 2 and punish anyone who indicates lower than real active elements or fictitious passive elements in one of the tax declarations related to income or value added tax (VAT), on the basis of operations objectively or subjectively simulated, or by false documents or other fraudulent means, suitable to inhibit or mislead the Financial Administration, in order to evade such taxes.

The offence is punishable only if two thresholds are exceeded: i) the tax evaded is higher to € 30,000, with reference to each of the individual taxes; ii) the total amount of the active elements subtracted from the tax, even indicating fictitious passive elements, is higher than five percent of the total amount of the active elements indicated in the tax declaration, or in any case, exceeds 1,500,000 euros, or if the total amount of receivables and fictitious withholding taxes decreases the tax is higher than five percent of the amount of the tax itself or in any case to € 30,000.

The offence is committed using false documents if these are registered in the mandatory accounting records or are held for evidence against the Financial Administration. Moreover, the mere violation of the invoicing and annotation obligations of the active elements in the accounting records or the mere indication in the invoices or in the annotations of lower than real active elements do not constitute fraudulent means.

- **Unfaithful declaration (article no. 4, Legislative Decree 74/2000):** the provision punishes the indication in one of the annual declarations related to income tax or value added tax (VAT) of active elements for a lower amount than the real one, or of non-existent passive elements, if the action is committed in order to evade the mentioned taxes.

For the purposes of Unfaithful declaration liability, the crime does not be covered under provisions of Articles no. 2 and no. 3 of Legislative Decree no. 74/2000. In addition, the criminal liability is linked

to the existence of that two jointly conditions: i) taxes evaded are higher than € 100,000, with reference to each one tax; ii) the total amount of the active elements deducted from the tax payment, even by indicating non-existent liability items, is higher than ten percent of the total amount of the active elements indicated in the declaration or - in any case - is higher than € 2 million.

For the purposes of liability for the crime mentioned, it must not be considered the incorrect classification, the evaluation of objectively existing active or passive elements if the criteria actually applied have been indicated in the financial statements or in other documentation relevant for tax aim, the violation of criteria related to the tax period considered, the non-inherence, the non-deductibility of real passive elements. Except for these cases, it is not possible to prosecute the evaluations which overall differ in less than 10% from the correct ones. These amounts should not be considered calculating the conditions indicated above at letters i) and ii).

- **Omitted declaration (article no. 5, Legislative Decree no. 74/2000):** the provision punishes who - although obliged - do not submit one of the declarations related to income tax or value added tax (VAT) in order to evade them. The conduct cannot be prosecuted if any of each tax does not exceed the threshold of € 50,000.

The tax substitute who does not present its mandatory declaration is punished only if the amount of the unpaid withholdings exceeds the threshold of € 50,000.

Moreover, the article specifies that it is not omitted the declaration presented within ninety days after the deadline expiration and also the declaration not signed or not written in a pattern compliant to the form envisaged.

- **Issuance of invoices or other documents for non-existent operations (article no. 8, Legislative Decree no. 74/2000):** the provision punishes those who issue invoices or other documents for non-existent operations, in order to allow other subjects to evade income tax or value added tax (VAT). The penalty is reduced if the false amount indicated in the invoices or documents is less than € 100,000, for each tax period.
- **Concealment or destruction of accounting documents (article no. 10, Legislative Decree no. 74/2000):** this provision punishes who conceals or destroys in whole or in part the accounting records or documents that should be mandatorily kept, in a way as not to allow the income or turnover tracking. This rule applies residually if the action isn't already covered by another serious offence and only if the agent acts in order to evade - or allow to other subjects to evade - income tax or value added tax (VAT).
- **Undue compensation (article no. 10-quarter, Legislative Decree no. 74/2000):** the provision punishes who – in tax payments – uses in compensation (pursuant to article 7 of Legislative Decree 241/1997) credits not due (both relating to the same tax compensated or a different tax), not paying the amounts due. However, the offence can be prosecuted only if the undue compensation amount is higher than the punishable threshold of € 50,000 referring to the individual tax period.

The penalty is increased if – for non-existent credits – the annual compensation amount is higher than € 50,000.

- **Fraudulent removal from tax payments (article no. 11, Legislative Decree 74/2000):** the provision punishes those who simulate a disposal or perform other fraudulent acts on their own or others' assets, capable of making in whole or in part ineffective the compulsory collection procedure, if that is carried out in order to avoid the payment of income taxes or value added tax (VAT), or even interest or administrative penalties related to these taxes for a total amount exceeding € 50,000. The penalty is increased if this tax amount is higher than € 200,000.

The provision also punishes who indicates in the documentation provided for the purposes of the tax transaction procedure lower amount elements than the real amount or fictitious passive elements for a total amount exceeding € 50,000, if the fact is committed in order to obtain a partial payment of taxes and related accessories for himself or for others. Even in this case the penalty is increased if the amount mentioned exceeds the threshold of 200,000 euros.

## **R2. Sensitive Activities in the context of tax crimes**

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, in the context of which the tax crimes as envisaged by Article 25-*quinquiesdecies* of the Decree could potentially be committed.

- Relations with customs authorities also through service providers
- Direct import, also through Metro Group Companies, of products from both inside and outside the European Community
- Activities concerning the import and/or sale of products procured from the “parallel market”
- Request, management, monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.
- Management of staff incentives scheme
- Management of financial resources
- Subjective valuations and estimates of the financial statements; collection, recording and representation of business activities in the accounting books, reports, financial statements and other business documents; updating of the chart of accounts
- Management of extraordinary operations (e.g. mergers, acquisitions, etc.)
- Acquisition and disposal of companies and business lines, establishment of business groups and joint ventures

- Management of intercompany transactions
- Management of tax related issues with the Inland Revenue, also using external professionals
- Management of VAT (e.g. Management of payable and receivable VAT, sales with VAT exemption, tax accounts)
- Management of takings and payments at head office and the sales outlets
- Relations with shareholders and auditors
- Management of company's assets
- Acquisition of goods and services
- Management of relationships with cooperative
- Evaluation, qualification and selection of the suppliers of goods and services.
- Selection and monitoring of suppliers, directly and/or through Metro Group companies, and of the products procured for sale in the Metro Group stores
- Selection and monitoring of the suppliers and of the products sold under the Metro brand
- Assignment and management of consulting services
- Sales
- Evaluation and qualification of customers and product sales
- Special sales, also outside the sales outlet
- Management of gifts, sponsorships and donations
- Management of marketing activities also through third party agencies (for example, passes, promotions, sponsorships, publicity, money-off vouchers, etc.)
- Management and control of expense accounts

### **R3. Specific prevention protocols**

For operations regarding the **acquisition of goods and services**, the protocols envisage that:

- the assessment of Italian and foreign suppliers by analysing legal and corporate documents is formalized in an operating procedure;
- criteria and methods for identifying suppliers who require specific monitoring of their requirements are defined;
- checks are envisaged of the correct receipt of goods, also as regards any returns;

- the requesting Functions carry out document checks in the event that sub-contractors/sub suppliers are used;
- the traceability of the selection process for suppliers, sub-suppliers/sub-contractors is guaranteed through the documentation archived by the competent functions and through the online platform for tenders;
- original products are purchased with authentic trademarks;
- the purchase is avoided when, considering the price offered, the nature of the supplier or the conditions of payment required, there is any doubt as to the lawfulness of the origin of the goods offered;
- the signing of sub-supplier agreements and contracts in observance of the system of formalized company powers of attorney is checked by qualified persons;
- specific contract clauses relating to compliance with Legislative Decree 231/2001 are included.
- maintain relationships only with suppliers that respect laws, adhere to human rights or international standards, in the field of employment relations, with particular reference to working hours, overtime, holidays, pay, discrimination on workplace and regulations on health and safety at work;
- the control methodologies by the OdV on the assessment of Suppliers are established by identifying indicators suitable to structure reporting activity to the OdV;
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification – especially for goods – concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the goods delivered / services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- all the purchases documentation (for example, health clearance) is maintained.

For operations regarding the **evaluation, qualification and selection of the suppliers of goods and services**, the protocols envisage that:

- evaluation of Italian and foreign suppliers through analysis of legal and company documents (e.g. “anti-mafia certification”, Chamber of Commerce perusal) is written down in an operational procedure;
- the criteria and appropriate procedures for the periodic monitoring of the suppliers’ requirements are defined;
- the control procedures on supplier evaluation are established by the OdV through i) specific audits and ii) the identification of indicators that are functional to the OdV’s information activity structuring;
- anomaly indicators are identified and allow any "risky" or “suspect” transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity, controversial press news);
  - ✓ real existence of the counterparty on the basis of:
    - a. specific audit carried out on the supplier (in case of procurement of goods)
    - b. Chamber of Commerce Certificate and VAT registration (Revenue Agency databases or, for UE operations, VIES system); the supplier must strictly be active;
    - c. consistency of the corporate purpose with the proposed and / or provided services;
    - d. year of company’s incorporation (pay attention to newly created companies);
    - e. number of employees;
    - f. operational offices;
    - g. anomalies in the administrative bodies and corporate structure;
    - h. filing of financial statements;
    - i. tax and social security compliance.
  - ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
  - ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
  - ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);

✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).

- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;
- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information).

For operations regarding the **selection and monitoring of suppliers, directly and/or through Metro Group companies, and of the products procured for sale in the Metro Group stores and the selection and monitoring of the suppliers and of the products sold under the Metro brand**, the protocols envisage that:

- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information).

For operations regarding the **assignment and management of consulting services**, the protocols envisage that:

- external Consultants may only be used to perform those activities which are expressly envisaged in the external consultants' procedure;
- the Consultants are chosen on the basis of requirements of professionalism, independence and competence and assessed by examining all suggestions put forward, according to the criteria and forms envisaged by the company procedures
- identification and appointment of the Consultants is made in accordance with the procedures, authorizations and internal controls adopted by the Company;
- there is no subjective relationship between the subject who requests the consulting services and the subject that authorizes them;
- the assignment to Consultants is granted indicating the consideration agreed and the content of the services;
- at the end of the assignment the Consultant is requested to list in writing the services rendered;
- the contracts regulating relationships with the Consultants envisage specific clauses which refer to obligations and responsibilities deriving from the Decree and from observance of the Model and Code of Ethics which must be communicated according to the provisions of the General Section. These clauses require the mandatory timely communication of the Consultant to the Supervisory Body about the existence or the request of unlawful conduct, also potential;
- no consideration or fees are paid to Consultants for amounts which are not consistent with the services rendered to the Company or which are not compliant with the assignment given, with the conditions or practices existing on the market or with the professional rates applicable to the categories involved;
- all the contracts are archived at the offices of the Requesting Function according to the topic of consultation;
- the contracts that regulate relations with Consultants envisage specific clauses which set forth that non-compliance with the contractual obligations deriving from acceptance of the Code of Ethics and Model can entail termination of the contract and entitle METRO to claim reimbursement for damages;
- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification concern also the fairness of the prices charged by the supplier;



- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information);
- all the consultancies documentation is maintained.

For operations regarding the **management of relationships with cooperative**, the protocols envisage that:

- if necessary, verify the supplier's tax and contribution regularity (for this purpose, cases of requests of the tax and contribution regularity to the supplier are established in corporate procedures);
- in case of split payment, reverse charge or letter of intent operations, check the existence of the prescribed requirements;
- verify the adequacy of the fees to the goods/services received. This verification concern also the fairness of the prices charged by the supplier;
- payment to the supplier is subject to the authorization issued by the Head of the Company Area competent for the purchase, after the positive assess of the conformity of the goods delivered / services provided according to the deal. All payments are authorized by subjects with the necessary powers;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- the budget holders check the received invoices' object compliance with the services performed by the supplier;
- check the correspondence between the service supplier and the person who receives the payment (also through bank information);
- all the purchases documentation is maintained.

For operations regarding the **relations with customs authorities also through service providers**, the protocols envisage that:

- all deeds, requests, official communications and contracts whose counterpart is the Public Administration must be managed and signed only by whoever has been vested with appropriate powers in accordance with the procedures and the internal power of attorney system;
- the internal manager for the implementation of the operation identifies the most appropriate tools to guarantee that the relations of his function with the Public Administration are always transparent, documented and verifiable;
- the internal manager for the implementation of the operation authorizes in advance the use of data and information regarding the company and used in deeds, communications, certificates and requests of any type sent to or having among their addressees the Public Administration;
- the internal manager for implementation of the operation checks that the documents, declarations and information transmitted by the Company to obtain the issue of authorizations or permits are complete and truthful;
- in all negotiations with the Public Administration the work will be performed in compliance with applicable laws and regulations as well correct business practices;
- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;
- the Import function verifies the compliance between data contained in the customs bill and the invoices received;
- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **direct import, also through Metro Group Companies, of products from both inside and outside the European Community** and activities concerning the import and/or sale of products procured from the “parallel market”, the protocols envisage that:

- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- control of advertising material for products;
- the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- control of the correspondence between the product characteristics presented in advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality, origin and source of the products.
- control of labelling of the marketing of its own brand products and/or products imported directly by Metro Group companies;
- control of the labelling and compliance with law provisions regarding protected designation of origin (PDO), protected geographical indication (PGI) or traditional specialties guaranteed (TSG) products as well as any other product whose name is restricted, protected and/or acknowledged by law;
- control of the correctness of certificates regarding the EC marking and any other mark and/or stamp as established by applicable laws for imported products or own brand products;
- control of the composition, specifications and characteristics of products imported by Metro Group companies or marketed under its own brand;
- control of advertising material related to own brand products or products imported directly by Metro Group companies;
- control of the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- periodic control and update, where necessary, of the self-control HACCP manuals to guarantee compliance, in all phases, of the food products on sale with current hygiene-health standards as well as with provisions issued by the Authorities;
- control of correspondence between the product characteristics presented in any advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality and source of the products;

- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;
- the Import function verifies the compliance between data contained in the customs bill and the invoices received;
- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions; the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **management of gifts, sponsorships and donations**, the protocols envisage that:

- the marketing activities are directly and exclusively connected to the company's activities and aimed at improving and promoting the Company's image and culture;
- in the event of the organisation of marketing campaigns, all relevant documentation must be in line with the initiative and archived by the competent functions;
- for all other forms of donations, which besides being aimed at legitimate and ethical activities are also authorized, justified and documented, the process is managed in compliance with the procedure regulating the giving of donations and awarding of sponsorships according to the beneficiary's position or the payment amount;
- different levels of authorization are set depending on the payment amount;
- the Compliance Function carries out a preventive assessment with regard to the beneficiary and/or event/initiative within the context of the donation or sponsorship;
- the traceability of the assessment and approval process is guaranteed through compliance with the procedure on donations and sponsorships (also by filling in special forms);

- different rules and timescales for approval are envisaged, both at local and at Group level, in order to regulate requests due to "emergency situations";
- contributions of a financial nature are made following a traceable process;
- aside from company initiatives carried out in observance of the procedures, employees are expressly forbidden from offering or granting – either directly or indirectly - any personal benefit (including gifts, benefits or favours) to employees from other companies or to any other third party within the context of the commercial relationships which the company enjoys;
- gifts are in line with the reference sector and in any case of modest value and such as not to affect the independence of judgement of the receiving party;
- the samples received are handled according to the relevant procedure;
- the agreements' formalization is envisaged. The agreements need to describe specifically the performances in a way possible to be verified;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- a register should be kept in order to record all the gifts, donations and sponsorships received/paid, as well as the documentation related to the organized events (Metro Academy);
- in case of paid participation at the Metro events verify the correspondence between the participant, the invoice's holder and the origin of payments;
- the coincidence of the subjects who issue the invoice and who actually provided the service should be verified;
- the lack of agreed performances for sponsorship and promotional activities, or the loss of goods registered in the inventory of gifts and donations, should be promptly verified and communicated to the Supervisory Body;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **management of marketing activities also through third party agencies (for example, passes, promotions, sponsorships, publicity, money-off vouchers, etc.)**, the protocols envisage that:

- the marketing activities are directly and exclusively connected to the company's activities and aimed at improving and promoting the Company's image and culture;

- in the event of the organisation of marketing campaigns, all relevant documentation must be in line with the initiative and archived by the competent functions;
- for all other forms of donations, which besides being aimed at legitimate and ethical activities are also authorized, justified and documented, the process is managed in compliance with the procedure regulating the giving of donations and awarding of sponsorships according to the beneficiary's position or the payment amount;
- different levels of authorization are set depending on the payment amount;
- the Compliance Function carries out a preventive assessment with regard to the beneficiary and/or event/initiative within the context of the donation or sponsorship;
- the traceability of the assessment and approval process is guaranteed through compliance with the procedure on donations and sponsorships (also by filling in special forms);
- different rules and timescales for approval are envisaged, both at local and at Group level, in order to regulate requests due to "emergency situations";
- contributions of a financial nature are made following a traceable process;
- aside from company initiatives carried out in observance of the procedures, employees are expressly forbidden from offering or granting – either directly or indirectly - any personal benefit (including gifts, benefits or favours) to employees from other companies or to any other third party within the context of the commercial relationships which the company enjoys;
- gifts are in line with the reference sector and in any case of modest value and such as not to affect the independence of judgement of the receiving party;
- the samples received are handled according to the relevant procedure.
- the agreements' formalization is envisaged. The agreements need to describe specifically the performances in a way possible to be verified;
- verify the specificity of the invoice's object, the consistency with the agreement provisions and the compliance to the services actually provided;
- A register should be kept in order to record all the promotional activities as well as the documentation referred to;
- the coincidence of the subjects who issue the invoice and who actually provided the service should be verified;
- the lack of agreed performances for sponsorship and promotional activities should be promptly verified and communicated to the Supervisory Body;
- the stipulation of co-marketing agreements should be checked about the existence of any anomaly

profiles of the partner;

- the specific prevent protocols provided for the acquisition of goods and services in this Model must be respected.

For operations regarding the **management of financial resources**, the protocols envisage that:

- limits on the autonomous use of the financial resources are set by defining quantitative thresholds of expenditure, consistently with the management competencies and the organizational responsibilities. The quantitative limits of expenditure assigned can be exceeded solely and exclusively for proven reasons of urgency and in exceptional situations: in these cases, there will be an amnesty of the exceeding of the limit envisaged through issue of the necessary authorizations;
- the Board of Directors or the subject delegated by same establishes and modifies, if necessary, the joint signature procedure for certain types of operations or operations which exceed a given quantitative threshold. The OdV is informed of this modification;
- the operations involving the use or deployment of economic or financial resources have an explicit reason and are documented and registered in compliance with the principles of clarity, professionalism and accounting correctness;
- the use of financial resources is justified by the requesting subject also merely by indicating the type of expense to which the transaction belongs;
- payments must be jointly authorized by two attorneys-in-fact or by two people authorized to carry out banking transactions, in compliance with company procedures and current powers;
- payments/collections are only made where there are effective operations, for valid economic reasons and for suitable prices;
- no payment or collection can be made in cash unless expressly authorized by the administration department and in any case for amounts that do not exceed those managed using the petty cash. In fact, the Company requires the use of traceable payment methods, unless there are proven reasons to justify payment in cash;
- in terms of payments received for the sale of products at the stores, traceability is guaranteed by the issuing of invoices to the clients (that must always be identifiable) and by the cash management procedures;
- the Company only uses brokers and bankers subject to a regulation of transparency and correctness which is in line with the rules and regulations of the European Union;
- quantitative limits to the payment of advances and refunds of expenses borne by the Company's personnel are set depending on the nature of the services rendered. Refund of expenses borne must be

requested by filling in the specific forms and only subject to the presentation of appropriate vouchers for the expenses borne;

- traceability is guaranteed by archiving all paper and electronic documents; this is done by the Finance & Accounting Department and by the Operations Department, where involved, and by the Central Banks as far as the Stores are concerned;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- the coincidence between the subject who issue the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **subjective valuations and estimates of the financial statements; collection, recording and representation of business activities in the accounting books, reports, financial statements and other business documents; updating of the chart of accounts**, the protocols envisage that:

- a constantly updated accounting manual, or alternatively, accounting procedures is/are adopted; this/these must clearly show the data and news that each organizational function or unit must provide, the accounting criteria for processing the data and the schedule for their transmission to the functions responsible as well as the criteria and procedures for consolidating the financial statement data of subsidiary companies;
- all operations for collecting and recording business activities are carried out properly and in compliance with the principles of truthfulness and completeness;
- the managers of the company functions and the subsidiaries promptly provide the Finance Department (Administration) with information requested of them and certify, where possible, the completeness and truthfulness of the information, or indicate the persons who can provide that certification;
- all the information sent to the Finance Department (Administration) must be supported by documental proof (e.g. appropriations, evaluation of accounts);
- the collection, transmission and aggregation of accounting data intended for the preparation of corporate communications only takes place via procedures that can guarantee the traceability of each



single step in the process of forming the data and the identification of the persons who enter the data into the system; the profiles for access to the system are identified by the IT management which ensures that there is separation of functions and consistency of authorization levels;

- any modifications to the financial statement postings or their accounting criteria are authorized by the Chief Financial Officer (CFO);
- a request from any person whomsoever for unjustified changes to the criteria for accounting collection, recording and presentation or changes in the amounts of the data against those already put in the books on the basis of the Company's operational procedures shall be the subject of immediate communication to the OdV;
- the drafts for the financial statements and other accounting documents are made available to the directors in reasonable time before the Board of Directors' meeting called to resolve approval of the financial statements;
- if the transactions that are the subject of this protocol have been outsourced, the Company communicates to the service provider, in accordance with the provisions of paragraph 13 of the General Section of this document, the Code of Ethics and the Model, requiring it to comply with it through suitable contractual clauses.
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;
- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **management of extraordinary operations (e.g. mergers, acquisitions, etc.)**, the protocols envisage that:

- every operation is submitted to and approved by the board of directors of the companies affected by the extraordinary operation, or, where necessary, by the shareholders' meeting;

- the function proposing the operation, or competent on the basis of company procedures, prepares appropriate documentation to support the proposed operation and a preliminary informative report illustrating the content, underlying interests and strategic aims of the operation;
- the function proposing the operation must check (keeping suitable documentation) the identity of the subjects and entities involved in the operation, highlighting any anomalies or the traceability of said subjects to black list countries<sup>4</sup>. In the event of anomalies, the Head of Legal & Compliance Officer must be informed immediately.
- where requested, the independent auditors and the board of auditors express a reasoned opinion on the operation;
- for the purposes of the operation's accounting records, (Administrative) Financial Department with the support of the auditors, checks beforehand the completeness, consistency and correctness of the documents supporting the operation.

For operations regarding the **acquisition and disposal of companies and business lines, establishment of business groups and joint ventures**, the protocols envisage that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- suitable instrumental checks are carried out on the operation's counterparty to verify the identity, registered office, juridical nature and the certificate of registration with the Chamber of Commerce with declaration (anti-mafia) that there is no impediment of any kind to the transferor or purchaser for the purposes of Article 10 of Italian Law 575/1965;
- checks are made beforehand to verify whether definitive convictions or legal proceedings, from which convictions pursuant to the intents and effects of the Decree could arise, exist against the operation's corparty.

For operations regarding the **management of intercompany transactions**, the protocols envisage that:

- the process is written down in an operational procedure or internal policy which forms an integral part of this Model;
- intercompany prices are effective and in line with those of the reference market and for each exchange,

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<sup>4</sup> List of the black list countries considered as having a preferential tax regime, updated with the changes made by Ministerial Decree of 27 April 2015 and Ministerial Decree of 18 November 2015 to Ministerial Decree of 23 January 2002; lists for the fighting of terrorism financing and the activities of countries threatening international peace and safety, available from the link <http://uif.bancaditalia.it/adempimenti-operatori/contrasto/>.

suitable documentation is available in support of the transaction;

- the contract, which governs the procedures and principles whereby relations between the Company and subsidiary, associate and parent companies are managed, is put in writing;
- the contract described above also describes the activities carried out on behalf of the counterparty;
- the documentation for each single transaction is archived so that full traceability of it can be guaranteed;
- the invoices accounting and documentation relating to manual invoices recording into the payment system should be orderly guarantee;

For operations regarding the **management of takings and payments at head office and the sales outlets**, the protocols envisage that:

- specific limits by type of transaction, frequency and amount are arranged for all persons possessing written powers to handle financial resources; the joint signature of at least two persons is required for transactions above certain set value thresholds;
- for the management of inflows and outflows, bank channels or other accredited financial brokers subject to regulation by the European Union or credit/financial organizations located outside the EU, which impose obligations similar to those provided for by the law on money laundering and has controls to check compliance with those obligations, are used exclusively;
- both inflows and outflows in cash are forbidden, with the exception of minimum types of expenditure expressly authorized by the Administrative Management and the Head of Legal & Compliance officer, finance and legal and in particular for petty cash transactions and without prejudice to takings at sales outlets according to the procedures adopted,
- transactions which entail the utilization of economic or financial resources have an explicit reason and are documented and recorded in compliance with the principles of accounting clarity, correctness and transparency;
- the Company's takings and payments, as well as flows of money, are always traceable and can be proved by documents;
- the coincidence between the subject who issued the invoice, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the passive invoices are recorded;
- the coincidence between the invoice recipient, the subjects indicated in the orders/contracts and who actually provided the service should be verified when the active invoices are issued;
- the invoices accounting and documentation relating to manual invoices recording into the payment

system should be orderly guarantee.

For operations regarding the **relations with shareholders and auditors**, the protocols envisage that:

- the Chief Financial Officer (CFO) and the Administrative Manager are responsible for collecting and drawing up the information required and transmitting it to the board of auditors and the independent auditors, subject to verification of its completeness, consistency and correctness;
- requests for and the transmission of data, as well as every point, communication or evaluation expressed by the board of auditors and the independent auditors are documented and kept under the responsibility of the two persons as of the previous point;
- all documents regarding the agenda of shareholders' and Board of Directors' meetings or, in any case, regarding operations about which the board of auditors or independent auditors must express an opinion are communicated and made available in reasonable time before the date of the meeting;
- the criteria for selection, evaluation and award of the independent auditors' appointment are defined in writing;
- the independent auditors, the board of auditors and shareholders are guaranteed free access to the company accounts and anything else required for the proper execution of the task.

For operations regarding the **management of company's assets**, the protocols envisage that:

- the inventory differences controls should be implemented, even rewarding employees.

For operations regarding the **management of tax related issues with the Inland Revenue, also using external professionals and the management of VAT (e.g. Management of payable and receivable VAT, sales with VAT exemption, tax accounts)**, the protocols envisage that:

- a manager be identified consistently with the subject-matter, having the necessary powers to represent the Company or to coordinate the actions of any external consultants;
- the manager identified as above informs the OdV of the start of the tax procedure, the results of the different levels of judgement, the conclusion of the procedure, providing all the relevant information.
- the process is formalised in such a way as to guarantee the integrity, correctness and potential reconstruction of the data used for tax, contributions and social security compliance;
- the subjects involved in defining tax policies and preparing the related regular declarations and liquidating tax, are always identified;
- the data contained in the declarations faithfully reflect what is reported in supporting documentation;

- the responsible subjects on monitoring tax legislation and verifying the adequacy of the data indicated in tax declarations and in the F24 liquidation statements should be identified;
- in case of anomalies related to invoices recorded in the accounting books, a documented in-depth assessment should be provided and a reasoned decision should be taken about making or not amendments submitting the declaration;
- verification of the accuracy of the tax liquidation statement and the use of tax credits;
- deeply check in case of use of tax credits for different taxes;
- verification of the correspondence between the certifications issued as a tax substitute and the related declarations and payments;
- contracts regulating relations with consultants must include specific clauses recalling fulfilments and responsibilities according to the Decree and related to the compliance with the Model and the Code of Ethics, which must be communicated to them in accordance with the provisions of the General Part. These clauses should require the mandatory timely communication of the Consultant to the Supervisory Body about illegal conducts or their requests, even potential;
- it has to be understood that the compliance with the Model and the Code of Ethics for tax consultants expressly includes the commitment not to promote, support and/or facilitate tax evasion operations;
- contracts regulating relations with consultants should include specific clauses which establish that the contract breach related to the acceptance of Model and of the Code of Ethics entails the contract termination and entitles METRO to request compensation for the damages;
- monitoring of regulations, the determination of tax policies and the verification of the completeness and truthfulness of the declaration should be envisaged with the support of the company accounting and tax function, under the direction of the Head of Finance & Accounting and the responsibility of the Chief Financial Director. Consultants are necessary to improve the fulfillment of these activities.

For operations regarding the **request, management, monitoring of facilitated loans, contributions, tax exemptions, welfare support provisions, training, etc.**, the protocols envisage that:

- the internal manager for the operation checks that the statements and documents presented for the purpose of obtaining the loan or contribution are complete, truthful and represent the actual economic, equity and financial situation of the company;
- the financial resources obtained as a contribution, subsidy or public loan are allocated exclusively to the initiatives and to the achievement of the aims for which they were requested and obtained;
- the use of these resources is always justified by the requesting party who must attest coherence with the aims for which the loan was requested and obtained;

- the requesting Function must handle the reporting of the use of grants/funds and prepare the documentation to be sent to the issuing public entity as confirmation of the correct use of the resources;
- all the documentation concerning the request for the grant/subsidy/public loan, the awarding thereof and the usage and reporting methods, must be signed by an attorney-in-fact and archived by the Requesting Function and, particularly with regard to training grants, by the Human Resources Department.

For operations regarding the **Sales** process, the protocols envisage that:

- standard contractual conditions are used;
- specific procedures are put in place to regulate the stipulation and management of sales contracts;
- a process for collecting information useful for the preventive assessment of the creditworthiness and risk level associated with the client is guaranteed;
- where credit is granted to the client, further specific controls and authorizations are implemented when accepting clients with a high-risk profile;
- systems guaranteeing the traceability of the payment methods used by clients are used;
- procedures are defined for the request for information and the documents necessary for the distribution of the trade cards;
- procedures be defined for requesting from customers any additional documents or further details, also via external bodies, on the basis of risk/anomaly indicators;
- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- the inclusion in contracts with suppliers of specific clauses binding them to legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- the effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;

- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the real beneficiary of the disposal.

For the **evaluation and qualification of customers and product sales**, the protocols envisage that:

- evaluation of Italian and foreign suppliers through analysis of legal and company documents (e.g. “anti-mafia certification”, Chamber of Commerce perusal) is written down in an operational procedure;
- the criteria and appropriate procedures for the periodic monitoring of the suppliers’ requirements are defined;
- the control procedures on supplier evaluation are established by the OdV through i) specific audits and ii) the identification of indicators that are functional to the OdV’s information activity structuring;
- anomaly indicators are identified and allow any "risky" or “suspect” transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity);
  - ✓ counterparty existence (for example, company structure, operational headquarters);
  - ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
  - ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
  - ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);
  - ✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).
- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;
- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;

- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents.
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the real beneficiary of the disposal.

For operations regarding the **special sales, also outside the sales outlet**, the protocols envisage that:

- the evaluation of every new customer who intends to make purchases that can be ascribed to this type and specific controls in the case of special sales for already accredited customers are written down in an operational procedure;
- anomaly indicators are identified and allow any "risky" or "suspect" transactions with suppliers and customers to be detected on the basis of:
  - ✓ subjective profile of the counterparty (e.g. existence of previous convictions, questionable reputation, admissions or declarations by the counterparty regarding his/her own involvement in criminal activity);
  - ✓ counterparty existence (for example, company structure, operational headquarters);
  - ✓ behaviour of the counterparty (e.g. ambiguous behaviour, lack of data required for completing the transaction or reticence to provide them);
  - ✓ territorial dislocation of the counterparty (e.g. transactions made in off-shore countries);
  - ✓ financial-equity profile of the transaction (e.g. unusual transactions by type, frequency, timing, amount and geographical location);
  - ✓ characteristics and aims of the transaction (e.g. use of nominees, changes to the standard contractual conditions, aim of the transaction).
- the choice of suppliers and customers is made on the basis of requirements set by the Company and reviewed by it and, if necessary, updated regularly; the Company also puts in writing the criteria on



the basis of which suppliers and customers can be deleted from the list of suppliers/customers and the choices regarding their being kept in or deleted from the lists held by the Company cannot be determined by a single person and must always be justified;

- the choice of commercial partners is made after appropriate checks have been made on their market reputation and reliability and after sharing the fundamental ethical principles that guide the Company;
- the contracts governing relations with suppliers and customers contain appropriate clauses which state that non-compliance with the contractual obligations arising from the acceptance of the Code of Ethics and the Model may lead to the termination of the contract and entail the right of METRO to demand compensation for the damage. If deemed appropriate, the contract regulating the relationship also provides for the counterparty to comply with requests from the OdV and the internal manager for information and to produce documents;
- specific limits by type of transaction, frequency and amount are arranged for all persons possessing written powers to handle financial resources; the joint signature of at least two persons is required for transactions above certain set value thresholds;
- for the management of inflows and outflows, bank channels or other accredited financial brokers subject to regulation by the European Union or credit/financial organizations located outside the EU, which impose obligations similar to those provided for by the law on money laundering and has controls to check compliance with those obligations, are used exclusively;
- both inflows and outflows in cash are forbidden, with the exception of minimum types of expenditure expressly authorized by the Administrative Management and the Head of Legal & Compliance officer, finance and legal and in particular for petty cash transactions and without prejudice to takings at sales outlets according to the procedures adopted,
- transactions which entail the utilization of economic or financial resources have an explicit reason and are documented and recorded in compliance with the principles of accounting clarity, correctness and transparency;
- the Company's takings and payments, as well as flows of money, are always traceable and can be proved by documents.
- effectiveness verification (qualitatively and quantitatively) of the products free sale to non-commercial entities or to non-profit organizations should be envisaged;
- the VAT regime applied to transactions should be verified (in particular referred to intra-UE sales, with letter of intent, split payment, reverse charge), even with a specific due diligence on the customer;
- the performance effectiveness and the quantitatively/qualitatively compliance between the product sold and the invoice should be verified;
- the invoices should be issued in accordance with the contract/order received and exclusively to the

real beneficiary of the disposal.

For operations regarding the **management of staff incentives scheme**, the protocols envisage that:

- objectives are assigned in accordance with the corporate mission and the values underpinning the Company;
- a consolidated performance assessment process is defined based on objectives based on company and individual measurable parameters;
- the target assignment sheets and the results checking documents are archived;
- pre-defined bonuses are awarded according to traceable payment methods;
- documentation relating to salary changes is archived by the Human Resources Department.

For operations regarding the **management and control of expense accounts**, the protocols envisage that:

- a manager who authorizes the refund of expenses *ex ante* or *ex post* (depending on the types of transfers, business trips or journeys away from the usual workplaces) is identified depending on the hierarchical levels present in the company;
- expenses are reimbursed according to existing procedures and regulations;
- refunds of expenses are managed – with a guarantee of their traceability - in the ways communicated to all the personnel in terms of observance of the limits indicated by the company procedures, the purpose of the expense borne, the forms to use, the necessary authorization levels and payment of the amounts to be refunded.

## S. Smuggling crimes (article 25-*sexiesdecies* of the Decree)

### S1. Applicable crimes

On the basis of the analyses performed, the following smuggling offences are considered applicable to the Company:

- **Aggravating circumstances of smuggling (Article 295, par. 2 and par. 3, Presidential Decree 43/1973):** the provision punishes the conduct of anyone who uses means of transport belonging to a person unrelated to the crime in committing the offenses provided under Presidential Decree n. 43/1973, with certain circumstances (use of weapons; crime committed by three or more people together and in conditions such as to hinder the police bodies; the connection with another crime against public faith or against the public administration; the crime committed is among those for which the criminal association was established; the amount of the customs duties due exceeds one hundred thousand euros).

The same conduct (use of means of transport belonging to a person unrelated to the crime) is punished more severely if the due customs duties amount is greater than fifty thousand euros and not more than one hundred thousand euros.

The following crimes are punished only if the due customs duties amount exceeds ten thousand euros or if the offender is to be considered a recidivist pursuant to art. 296 of the D.P.R. 43/1973.

- **Smuggling in the movement of goods across land borders and customs spaces (art. 282, Presidential Decree 43/1973):** the crime occurs when someone: (i) introduces foreign goods across the land border in violation of provisions, prohibitions and limitations established by law; (ii) unloads or storages foreign goods in the space between the border and the nearest customs; (iii) is caught with foreign goods hidden on the person or in baggage or in packages or among goods of another kind or in any means of transport, in order to avoid customs inspection; (iv) removes goods from customs areas without having paid the duties due or without having guaranteed payment; (v) takes national or nationalized goods subject to customs duties out of the customs territory; (vi) holds foreign goods, existing the circumstances envisaged in the second paragraph of art. 25 D.P.R. 43/1973 for the crime of smuggling.
- **Smuggling in non-customs areas (art. 286, Presidential Decree 43/1973):** the crime occurs when someone establishes unauthorized deposits of foreign goods subject to customs duties in the non-customs territories indicated in art. 2 D.P.R. 43/1973 or establishes them to an extent greater than permitted.
- **Smuggling for undue use of goods imported with customs facilities (Article 287, Presidential Decree 43/1973):** the crime occurs when someone to foreign goods imported free of duty and with a reduction of duties ascribes, in whole or in part, a destination or use other than that for which the deductible or reduction was granted, except as provided in art. 140 D.P.R. 43/1973.
- **Smuggling in customs warehouses (Article 288, Presidential Decree 43/1973):** the crime occurs whenever the concessionaire of a privately owned bonded warehouse therein holds foreign goods for which the required introduction declaration has not been or they are not taken over in the deposit registers.
- **Smuggling in cabotage and circulation (Article 289, Presidential Decree 43/1973):** the crime occurs whenever someone introduces foreign goods into the State in substitution of national or nationalized goods sent by cabotage or in circulation.
- **Smuggling in the export of goods eligible for restitution of duties (Article 290, Presidential Decree 43/1973):** the crime occurs whenever someone uses fraudulent means in order to obtain an undue restitution of duties established for the import of raw materials used in the manufacture of domestic export goods.

- **Smuggling in temporary import or export (Article 291, Presidential Decree 43/1973):** the crime occurs if someone submits the goods to artificial manipulation or operates other fraudulent means to subtract goods to the customs duties payment, in temporary import or export operations or re-export and re-import operations.
- **Other cases of smuggling (Article 292, Presidential Decree 43/1973):** the offense occurs if someone subtracts goods from the payment of the customs duties, outside the cases provided by the previous articles of the Presidential Decree 43/1973.
- **Smuggling penalty in the event of failure or incomplete determination of the crime's object (Article 294, Presidential Decree 43/1973):** this article applies if, in cases of smuggling, it has not been possible to determine, in whole or in part, the quality, quantity and value of the goods, due to the fact of the offender.
- **Aggravating circumstances of smuggling (Article 295, paragraph 1, Presidential Decree 43/1973):** this provision applies if someone, in cases of smuggling, uses means of transport belonging to a person unrelated to the crime.

Although considered in the analysis conducted by the Company, the following smuggling offenses were not considered applicable, due to the remote possibility of verification: (i) “Smuggling of foreign manufactured tobacco” (art. 291-*bis*, Presidential Decree 43/1973); (ii) “Criminal association for the purpose of smuggling foreign manufactured tobacco” (Article 291-*quater*, Presidential Decree 43/1973); (iii) “Smuggling in the movement of goods in border lakes” (art. 283, Presidential Decree 43/1973); (iv) “Smuggling in the maritime movement of goods” (art. 284, Presidential Decree 43/1973); (v) “Smuggling in the movement of goods by air” (art. 285, Presidential Decree 43/1973); (vi) “Aggravating circumstances of smuggling of foreign manufactured tobacco” (art. 291-*ter*, Presidential Decree 43/1973).

## S2. Sensitive Activities in the context of smuggling crimes

Through the control and risk self-assessment activity, the Company has identified the Sensitive Activities, in the context of which the smuggling crimes as envisaged by the article 25-*sexiesdecies* of the Decree could potentially be committed.

- Relations with customs authorities also through service providers
- Direct import, also through Metro Group Companies, of products from both inside and outside the European Community
- Activities concerning the import and/or sale of products procured from the “parallel market”

## S3. Specific prevention protocols

For operations regarding the **relations with customs authorities also through service providers**, the protocols envisage that:

- all deeds, requests, official communications and contracts whose counterpart is the Public Administration must be managed and signed only by whoever has been vested with appropriate powers in accordance with the procedures and the internal power of attorney system;
- the internal manager for the implementation of the operation identifies the most appropriate tools to guarantee that the relations of his function with the Public Administration are always transparent, documented and verifiable;
- the internal manager for the implementation of the operation authorizes in advance the use of data and information regarding the company and used in deeds, communications, certificates and requests of any type sent to or having among their addressees the Public Administration;
- the internal manager for implementation of the operation checks that the documents, declarations and information transmitted by the Company to obtain the issue of authorizations or permits are complete and truthful;
- in all negotiations with the Public Administration the work will be performed in compliance with applicable laws and regulations as well correct business practices;
- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;
- the Import function verifies the compliance between data contained in the customs bill and the invoices received;
- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions;
- the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.

For operations regarding the **direct import, also through Metro Group Companies, of products from both inside and outside the European Community and activities concerning the import and/or sale of products procured from the “parallel market”**, the protocols envisage that:

- control of the composition, specifications, characteristics and labelling of products imported by Metro Group companies or sold under its own brand;
- control of advertising material for products;
- the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- control of the correspondence between the product characteristics presented in advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality, origin and source of the products.
- control of labelling of the marketing of its own brand products and/or products imported directly by Metro Group companies;
- control of the labelling and compliance with law provisions regarding protected designation of origin (PDO), protected geographical indication (PGI) or traditional specialties guaranteed (TSG) products as well as any other product whose name is restricted, protected and/or acknowledged by law;
- control of the correctness of certificates regarding the EC marking and any other mark and/or stamp as established by applicable laws for imported products or own brand products;
- control of the composition, specifications and characteristics of products imported by Metro Group companies or marketed under its own brand;
- control of advertising material related to own brand products or products imported directly by Metro Group companies;
- control of the inclusion in contracts with suppliers of specific clauses binding them to compliance with legislation on the conformity of products and industrial and intellectual property (e.g. licences and patents) and to provide any other documentation that demonstrates the legitimacy of the own brand products procured from the parallel market;
- periodic control and update, where necessary, of the self-control HACCP manuals to guarantee compliance, in all phases, of the food products on sale with current hygiene-health standards as well as with provisions issued by the Authorities;
- control of correspondence between the product characteristics presented in any advertising and/or promotional communications and those put-on sale, with special reference to the quantity, quality and source of the products;

- the Import function manages customs clearance practices, even with the advice of an external service provider;
- check on the correspondence of the value between what is ordered by the Purchasing Department (Sourcing / Ultrafresh / Fish), what is actually imported and what is declared;
- the Import function verifies the compliance between data contained in the customs bill and the invoices received;
- attribution by the Import function of the customs code on the basis of what is indicated by the Purchasing Office (Sourcing/Ultrafresh/Fish) and comparison with the customs agent;
- the Import function checks the customs bill and supporting documents accuracy, calculating the customs duties to be paid;
- the Import function can possibly calculate the applicable excise duties;
- the Import function authorize the Administration to pay the customs duties. Customs duties are also paid through the external service provider (customs agent);
- the competent employee on entering the goods on the platforms checks the quantitative and qualitative accuracy of orders and goods received, reporting any non-compliance issue to the responsible functions; the specific prevent protocols provided for the **acquisition of goods and services** in this Model must be respected.