

**ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE N°.  
231/01<sup>1</sup>**

**ALITALIA – SOCIETÀ AEREA ITALIANA S.p.A.**  
under extraordinary administration

**GENERAL SECTION**

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<sup>1</sup> Adopted by resolution of September 11<sup>th</sup>, 2018

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## **ATTACHMENTS TO THE GENERAL SECTION**

Attachment 1 – List of Offences

Attachment 2 - Information Flows to the Supervisory Body

Attachment 3 - Risk – offence matrix

**Definitions**

- "Sensitive activities": Company activities in areas where there is a risk that the offences specified by law no.231/2001 might be committed;
- "Consultants": persons acting in the name and/or on behalf of the Company pursuant to a specific mandate or other advisory or co-operation agreement;
- "Recipients": the recipients of this Model and, as such, and with regard to their specific remit, required to become acquainted and to comply with it, are the persons working to achieve the purpose and objectives of the Company. The Model's Recipients include the members of the Company boards, the persons involved in the functions of the Supervisory Body, employees, co-workers, external consultants, Partners;
- "Employees": employed staff of the Company;
- "Managers": employees of the Company in management positions;
- Legislative Decree 231/2001: Legislative Decree 8 June 2001, no. 231 as subsequently amended and integrated. (A list of offences and their provisions can be found in Attachment 1 to this General Part);
- "Confindustria Guidelines": the "Guidelines for the preparation of organizational and management models disseminated by Confindustria, approved by the Ministry of Justice, at the end of their control process on the guidelines pursuant to Article 6, para. 3, of Legislative Decree 231/2001 and Ministerial Decree 26 June 2003 no. 201;
- "Model": the organizational, management and control model of the Company pursuant to Legislative Decree 231/2001 approved by the Board of Directors on September 11<sup>th</sup>, 2018;
- "Corporate Bodies": Board of Directors, Board of Statutory Auditors and Shareholders of the Company;
- "Supervisory Body": the Company's supervisory body pursuant to Legislative Decree 231/2001;
- "P.A.": Public Authorities, including civil service officials in their capacity as public officers or individuals performing public service;
- "Partner": contractual counterparties of the Company, such as suppliers, whether natural or legal persons, or entities with whom the Company has negotiated any form of cooperation regulated by contract (parties with whom the Company has entered into a temporary association of enterprises, joint ventures, consortiums, etc.), if intended to cooperate with the Company in the context of Sensitive Activities;
- "Offences or Crimes": the offences or crimes defined herein are those referred to in Legislative Decree 231/2001 as subsequently amended and supplemented (a list of offences and their legal references can be found in Attachment 1 to this General Part);
- "Company": Alitalia Società Aerea Italiana S.p.A under Extraordinary Administration (also "Alitalia" or the "Company" or "Alitalia under E.A.").

## 1 DESCRIPTION OF THE REGULATORY FRAMEWORK

### 1.1 System of administrative liability for legal entities.

Legislative Decree 231/2001, issued in implementation of the mandate conferred on the Government by Article 11 of Law no. 300 dated 29 September 2000, "liability of entities for administrative offences depending on a crime":

This legal framework applies to entities having legal status, as well as companies and associations, including those without legal personality.

Legislative Decree 231/2001 is based on a number of international and Community conventions ratified by Italy, which dictate that forms of liability for legal entities be provided for certain types of crimes.

Pursuant to the provisions of Legislative Decree 231/2001 an entity (hereinafter also referred to as "company") may be held "responsible" for certain offences committed or attempted in the interest or to the benefit of the company, by:

- the top management, i.e. managers and officials in positions of representation, directors or general managers of the company or one of its organizational units with financial and functional autonomy as well as those who exercise, also de facto, the management and control of the above;
- persons subject to the direction or supervision of the top management.

With regard to the notion of "interest", there is deemed to be an interest whenever the illegal conduct is put in place with the aim of achieving a benefit to the company, irrespective of whether such benefit has been achieved or not.

Similarly, the liability is incumbent on the company whenever the perpetrator, despite not acting with a view to benefiting the entity, achieves anyway an economic or other "advantage" for the legal entity.

The administrative liability of the company is independent of the criminal liability of the individual who committed the crime and comes alongside the latter.

### 1.2 Types of offences under the Decree

The Decree concerns only certain special cases of criminal offences, explicitly mentioned in its provisions.

Such offences can be treated, for convenience, in the following categories:

- offences in relations with Public Authorities (Articles 24 and 25 of Decree 231/2001);<sup>2</sup>
- cyber crime and illegal data processing offences (Article 24-bis of Legislative Decree 231/2001);
- offences committed by criminal organizations (Article 24-ter of Legislative Decree 231/2001);
- offences regarding counterfeiting of money, instruments of public credit, tax stamps and any means of identification (article 25-bis of Legislative Decree 231/2001);
- offences against industry and trade (Article 25-bis 1 of Legislative Decree 231/2001).
- corporate offences (Article 25-<sup>3</sup>ter of Legislative Decree 231/2001);
- offences of terrorism or subversion of the democratic system (Article 25-quarter of Legislative Decree 231/2001);
- female genital mutilation practices (Article 25-quarter 1 of Legislative Decree 231/2001);
- crimes against human beings (Article 25 - quinquies of Legislative Decree 231/2001);
- market manipulation and abuse of privileged information (article 25-sexies Legislative Decree 231/2001);
- manslaughter and serious or grievous bodily harm committed in breach of the occupational health and safety regulations (Article 25-septies of Legislative Decree 231/2001);
- transnational offences (Article 10 of Law no. 146 of 16 March 2006. ratifying the "United Nations Convention and Protocols of the United Nations against transnational organized crime" adopted by the Shareholders' Meeting on 15 November 2000 and 31 May 2001");

<sup>2</sup>As amended by Law 190/2012.

<sup>3</sup> As amended by Law 190/2012 concerning the introduction of the offence of "bribery between individuals" (Article 2635 of the Civil Code) and the most recent Law of 21 May 2015, no. 69 (Law 69/2015), with reference to the new wording of the offences of "false corporate communications" (Article 2621), "false corporate communications of listed companies" (Article 2622) and the new "immaterial false corporate communications"(Article 2621-bis), with redefined penalties.

- handling stolen goods, money laundering and investing the proceeds of crime (Article 25-<sup>4</sup>octies of Legislative Decree 231/2001);
- offences related to copyright violations (Article 25 novies of Legislative Decree 231/2001)
- incitement not to make statements or to provide false statements to the Judicial Authorities” (Article 25-decies of Legislative Decree 231/2001);
- environmental offences (Article 25-<sup>5</sup>undecies of Legislative Decree 231/2001);
- offences consisting in the employment of irregular citizens of other countries<sup>6</sup> (Article 25 duodecies of the Decree);
- racism and xenophobia (Article 25-terdecies of Legislative Decree 231/2001)<sup>7</sup>

Please refer to Attachment 1 (Offences List) of this document for the precise list of offences referred to in the Decree.

### **1.3 Penalties provided for in the Decree**

If the Company's responsibility pursuant to the Decree is ascertained, because of the perpetration or attempted perpetration of the above crimes and offences, the Company shall be liable for the following penalties:

- a fine determined using a system based on quotas, the number and amount of which are decided by the courts, within the limits defined by law;
- prohibitory penalties which, in turn, may comprise:
  - disqualification from trading or operating a business;
  - suspension or withdrawal of permits, licenses or concessions functional to the perpetration of the offence;
  - ban on entering into procurement contracts with the Public Authorities,
  - exclusion from public aid, financing, grants and subsidies and/or revocation of those already granted;
  - ban on advertising goods or services.
- seizure of the proceeds of crime;
- publication of the court decision in one or more newspapers.

### **1.4 Exempting condition for the non-application of penalties: Organizational, Management and Control Models**

The typical feature of Legislative Decree 231/2001 is the attribution of an "exempting" value to company organization, management and control models.

The organization is not liable for offences committed in its interest or to its benefit by a top manager if it can prove that:

- the management body had adopted and effectively implemented organizational, management and control models suited to preventing the offences referred to in the Decree;
- the task of overseeing the operation of and compliance with the Model and proposing its updates had been assigned to a "body" vested with autonomous powers of initiative and control;
- the offences were intentionally committed to breach the organizational models;
- the offences were not committed because of the negligence of or insufficient supervision by the body.

On the other hand, in the event of an offence committed by persons subject to the direction or supervision of others, the body is responsible for the perpetration of the offence when the latter was made possible by a breach of the direction or supervision obligations incumbent on it.

<sup>4</sup>As amended by Law no. 186 of 15 December 2014 (Law 186/2014) Article 648-ter (1) of the Criminal Code, the crime of self-laundering, also including it among the predicate crimes for administrative liability.

<sup>5</sup>As supplemented by Law no. 68 of 19 May 2015 (Law 68/2015) which introduced into the criminal code eight new offences within Title VI-bis (Book II) "Offences against the environment" indicating their relevance for Legislative Decree 231/2001 and the related penalties and as amended by Legislative Decree 21/2018, which repealed article 260 of Legislative Decree 252/2006, which must now be intended as referred to the new article 452-quaterdecies of the Criminal Code (Activities organised for illegal waste trafficking).

<sup>6</sup> The reference included in article 25-terdecies of Legislative Decree 231/01 to the repealed article 3(3)bis of Law 654/75 should now be intended as the new article 604-bis(3) of the Criminal Code (Propaganda and instigation to commit offences for reasons of racial, ethnic and religious discrimination).

<sup>7</sup> Article 3(3bis) of Law 654/1975 – Ratification and implementation of the international convention on the elimination of all forms of racial discrimination, opened for signing in New York on 7 March 1966 and subsequently amended (Law 115/2016. Amendments to article 3 of Law 654/1975 on the struggle against and repression of the crimes of genocide, crimes against humanity and war crimes, within the meaning of article 6, 7 and 8 of the Charter of the International Criminal Court).

The administrative liability of entities is in any case excluded by express provision of the law (Article 5, paragraph 2, of Legislative Decree 231/2001), if the top management and / or their subordinates acted exclusively in their own interest or in the interest of third parties.

Article 7, paragraph 4, of Legislative Decree 231/2001 also defines the requirements for the effective implementation of organizational models:

- periodic verification and modification of the model, if any significant violations of regulations are found or when there are changes in the organization and activity;
- an internal disciplinary system capable of sanctioning any failure to comply with the measures indicated in the Model.

### **1.5 Examination of suitability**

The assessment of the company's responsibility, assigned to the criminal court, is carried out through: the verification of the existence of the predicate offence determining the company's liability; and the examination of suitability of the organizational models adopted.

The court examines the theoretical suitability of the organization model to prevent the perpetration of crimes, for the purposes of Legislative Decree 231/2001, by means of the "retroactive prognosis".

The examination of suitability is formulated on an essentially ex ante basis, therefore the court figures out the company situation at the time of the occurrence of the unlawful event, in order to establish the adequacy of the adopted model.

### **1.6 Codes of Conduct drawn up by the associations representing public entities**

Article 6, paragraph 3, of Legislative Decree 231/2001 provides as follows: "*Organizational and management models can be adopted, ensuring compliance with the requirements of paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities, submitted to the Ministry of Justice that, in consultation with the relevant Ministries, can, within thirty days, formulate observations on the suitability of the models to prevent crimes*".

Confindustria has defined the "*Guidelines for the construction of models of organization, management and control pursuant to Legislative Decree 231/2001*" disseminated on 7 March 2002 and last updated in March 2014 (approved by the Ministry of Justice on 21 July 2014).

The Confindustria Guidelines provide, among other things, indications on the methods for the identification of risk areas (industry/activities where offences may be committed), the design of a control system (protocols for the training planning and implementation of decisions) and the contents of the organizational, management and control model.

In particular, the Confindustria Guidelines suggest to member companies to use the *risk assessment and risk management* processes of and require the following steps for the definition of the model:

- identification of risks and protocols
- adoption of several general instruments, principally including a code of ethics, with reference to the offences under Legislative Decree 231/2001, and a disciplinary system;
- identification of the criteria for the choice of the supervisory body, an indication of its requirements, duties and powers and of disclosure obligations.

In the development of this Program, the Company is mainly inspired by the aforementioned Confindustria Guidelines, as well as the codes of conduct of major representative organizations and the best practices applying to the different areas of activity. In this regard, please refer to section 3 of this document. Any differences with respect to specific points of the Confindustria Guidelines address the need to adapt the organizational and management measures the activities effectively carried out by the Company and the context within which it operates.

The Company continuously monitors legislative developments, with respect to the regulation of the liability of legal entities for administrative offences arising from the perpetration of offences, assessing the impact of significant changes in the organizational structure or business sectors and acknowledging significant breaches to the Model 231 and/or the outcomes of the checks carried out on the Model. In the light of these circumstances, it examines the possibility of updating the Model, aligning it in time to the needs encountered, from time to time, during the application stage, in accordance with the basic principle that the Model must be "increasingly consistent with" the company's operations.

## **2 GOVERNANCE MODEL AND ORGANIZATION OF THE COMPANY**

The Company has been admitted to the extraordinary administration procedure pursuant to Decree Law 347/2003 (the so-called "Marzano Law"), as amended and converted into Law 39/2004, by Decree of the Ministry for Economic Development of 12 May 2017. At the same time, three Extraordinary Commissioners were also appointed.

Later on, the Court of Civitavecchia, on 29 May 2017, allowing the request petition, declared the insolvency of Alitalia CityLiner and appointed a "Bankruptcy Judge", also fixing the date of assessment of the liabilities, which was subsequently deferred.

Following the Company's admission to the extraordinary administration procedure, the powers and functions of the Management Body were handed over to a Board of Commissioners, while the functions of the Board of Statutory Auditors ceased to exist.

*The Supervisory Body is still in being.*

## 2.1 \Company profile

At the date of admission to the extraordinary administration procedure, Alitalia<sup>8</sup> owned the entire capital of Alitalia CityLiner S.p.A. ("Cityliner") and of Challey Ltd, a sub-holding based in Ireland, which, itself, controlled other companies, also based in Ireland, that own the entire fleet of aircraft used by both companies and registered in Ireland, as well as minority interests in other part-owned companies.

The Extraordinary Commissioners, since the conditions referred to in article 81 of Legislative Decree 270/99 have been met, applied for and obtained, by decree of the Ministry for Economic Development of 12 May 2017, which appointed the Commissioners, the admission of Alitalia CityLiner to the extraordinary administration procedure pursuant to article 3, paragraph 3, of D.L. 347/03.

Alitalia's main purpose is the operation, directly and/or through investee companies and/or institutions and/or consortiums, of airlines and connections for the transportation of people and things in Italy, between Italy and foreign countries, and in foreign countries.

To achieve this corporate purpose, Alitalia may directly or indirectly carry out any necessary or useful industrial, commercial, financial, banking, movable or immovable property transactions related to it, both in Italy and in foreign countries.

In particular, Alitalia may carry out the following activities in connection with the corporate purpose:

- Purchase and sale of shareholdings;
- Technical, administrative and financial coordination of its investee companies and their funding;
- Brokerage, consultancy, and assistance in financial matters and industrial strategy, as well as in the purchase and sale of shareholdings;
- Purchase, sale, exchange, and management, on its own behalf, of public and private securities.

The Company may also directly or indirectly provide advertising and marketing services in Italy or abroad.

The above explicitly excludes activities involving the general public, such as taking shareholdings, granting funding in any form, providing payment and foreign exchange trading services, fiduciary activities, acquiring savings from the public, or any other activities for which the law provides specific reservations.

Alitalia may also directly or indirectly conduct aircraft repair or maintenance, rental and service to third parties, and "ground-handling", as well as air-training activities, aerial services and work in general, without exception in Italy and in foreign countries.

To achieve the corporate purpose, Alitalia may raise funds from associates or other financiers, subject to the limits prescribed by current legislation on the topic.

## 2.2 The Company's governance system

By virtue of the above mentioned decree of 12 May 2017, the Ministry for Economic Development has admitted the Company to the extraordinary administration procedure and appointed a Board of Commissioners.

Although reference is made in this paragraph to the governance bodies provided by the extraordinary administration procedure – such as interim management and control bodies – in the rest of the document we have tried to minimize all references to the extraordinary administration procedure and continue to refer to the ordinary governance bodies, namely, the "Management Body" and the "Control Body", in consideration of the extraordinary and temporary nature of the Extraordinary Administration procedure.

Following are the roles and responsibilities of the bodies involved in the extraordinary administration procedure, and the other governance bodies of the Company:

- **Board of Commissioners:** this is a body comprising the Extraordinary Commissioners appointed by DM on 12 May 2017. The Commissioners have the same powers and duties as the members of the management bodies of the Company, as a result of the suspension of the general meeting and the board of directors for the entire duration of the procedure. The Commissioners are also required to prepare a report, on a quarterly basis, on the performance of the Group management, which is transmitted to the Ministry for Economic Development.
- **Oversight Committee** (also the "Committee"): a body appointed by 3 members, including the Chairperson. The Committee monitors and oversees the activities of the Commissioners and the performance of the procedure. It may

<sup>8</sup> Il capitale sociale di Alitalia era detenuto da MidCo S.p.A. (51%) e da Etihad (49%).



inspect the accounting records and documents relating to the extraordinary administration activities by the Board of Commissioners and also request clarifications from the Commissioners themselves. The Committee also has advisory functions and issues mandatory, albeit not binding, opinions, with regard to any actions that require the Ministry's authorization, and in any other case deemed expedient by the Ministry. In particular, the Committee is required to express an opinion on the following matters:

- the disposal and leasing out of companies and company divisions;
- the disposal and leasing out of real property, and the establishment of real rights thereon, as well as the disposal of movable goods as a block, the establishment of pledges and settlements, if the value is indefinite or in excess of 206,583 euros;
- the extraordinary administration program prepared by the Board of Commissioners and authorized by the Ministry of Economic Development;
- the quarterly reports regarding the performance of the company and of the program;
- the asset apportionment project which, on a 4-monthly basis, the Commissioners are required to prepare and submit to the Bankruptcy Judge;
- the final financial statements, at the close of the procedure.

The Committee decides with a majority vote, while its inspection powers may be exercised by the individual members.

- **Bankruptcy Judge:** as appointed by the Court of Civitavecchia (Bankruptcy Division), in the decision dated 11 May 2017, which also declared the Company to be insolvent. The Judge may decide, based on a reasoned decree, with regard to any complaints filed against the Commissioners' activities. He or she is also responsible for authorizing the extraordinary administration activities and the those constituting pre-emption rights and, where this is conducive to safeguarding the Company's production activities, the payment of any debts due before the declaration of the state of insolvency of the Company.
- **Supervisory Body:** Body vested with autonomous powers of initiative and control assigned, by the Board of Directors, with the task of monitoring the functioning of and compliance with the model (adopted and effectively implemented) and of updating it.

### 2.3 Governance tools

The Company has equipped itself with a corporate governance system organized through the intelligent combination of management processes and structural control mechanisms. It allows management to effectively take advantage of the resources and to implement the strategic program. This system is made up of a combination of the organization's governance tools, which ensure it operates effectively and which can be summarized as follows:

- **Code of Ethics:** which lays down the ethical principles and code of conduct that the Company recognizes as its own and which everyone working towards the attainment of its objectives must comply
- **Articles of Association:** in accordance with the applicable regulations, it defines the corporate governance provisions to ensure that the management activities are properly performed.
- **Service orders and Communications:** define the responsibility areas of management and the organizational structure.
- **Organizational Instructions:** documents for disseminating the guidelines, authorization levels and instructions not involving the description of a procedural flow.
- **Organizational Procedures:** they define the structure of the roles and internal responsibilities in relation to "cross-functional" processes involving, therefore, disparate organizational structures. The preparation and updating of the organizational procedures are entrusted to a specialized organizational structure.
- **Procedures / manuals / operating standards:** each of the Company's departments is authorized to develop and implement standard operational procedures governing their activities in more detail.
- **System of Proxies and Delegations of Authority:** defines the assignment of the powers of representation of the Company. In particular, in view of the ordinary management activities, the Company has granted delegations (powers of attorney) and proxies, within the framework of the assigned corporate responsibilities, for performing activities within specific fields and defined values, also granting the necessary powers to ensure the proper and timely fulfilment of all obligations required under the applicable regulations.
- **Other specific legal obligations:** define other specific areas of responsibility. In particular, the Company has appointed an Accountable Manager (required to maintain the continued airworthiness of the aircrafts, introduced by the European

Commission with EC Regulation No. 2042/2003), has identified the Employers, in accordance with Italian Legislative Decree 81/2008 on occupational health and safety, and has appointed the data processors, pursuant to Italian Legislative Decree 196/2003 on the protection and safety of personal data.

- **Organization, Management, and Control Model:** this Model defines a structural and organic prevention and control system aimed at minimizing the risk of the perpetration of offences, pursuant to Legislative Decree 231/2001, in relation to the core business of Alitalia. and intended to strengthen the Company's governance system.

#### **2.4 Internal Control and Risk Management System (ICS)**

The internal control and risk management system is the set of rules, procedures, and organizational structures the Company has adopted to ensure that the corporate goals are reached and the following purposes are fulfilled:

- (i) effectiveness and efficiency of the corporate processes and operations (business, staff, etc.);
- (ii) adequate risk control;
- (iii) quality and reliability of economic and financial information;
- (iv) compliance with the applicable laws and regulations, standards and company procedures;
- (v) safeguarding of the value of the business activities and corporate assets and protection from losses.

The main bodies in charge of the processes of definition, evaluation, monitoring and control of the aforementioned system (also for the purposes of Italian Legislative Decree 231/2001) are:

- the Board of Directors;
- the Board of Statutory Auditors;
- the Supervisory Body, established in accordance with Italian Legislative Decree 231/2001;
- the Top Management of the company (which is responsible for the so-called "first and second" control levels, within its remit);
- the Internal Audit Function, in charge of the so-called "third-level control", which reports to the Chairperson of the Board of Directors.

In keeping with corporate governance and control best practices, Alitalia's ICS has been designed according to the "three lines of defence model". That is:

- First-level controls - or line controls - aimed at ensuring the proper conduct of operations. The controls are carried out by the operational structures themselves, or by staff, and are part of the procedures and other company rules;
- Second-level controls - or monitoring controls - assigned to units specialized in risk monitoring and control and differing from those of the line controls (i.e. management, quality control, etc.);
- Third-level controls - carried out by the Internal Audit function - aimed at the periodic and independent assessment and review of the functionality and adequacy of the internal control system.

The 231 Organization Model has been built into this system as a summary representation of the "general" and "specific" control standards for the prevention of so-called "predicate offences":

#### **General control standards**

The general control standards, applicable to each company activity and underlying the instruments and methods used in order to form the specific control points, may be outlined as follows:

- **Existence of formal procedures:** company instructions must exist and be suitable to provide principles of conduct, operating methods for the performance of sensitive activities and filing methods for the relevant documentation.
- **Ex-post traceability and verifiability of transactions by means of adequate documentary/computer evidence and objectification of choices:** for each transaction, there must be adequate documentary support, which may be checked at any time. It must attest to the characteristics and reasons for the transaction and identify who authorized, made, recorded and checked the transaction and, at any rate, the cases and procedures for any possible deletion or destruction of records made must be covered in detail. The safeguarding of data and procedures in the IT area can be ensured by means of the adoption of security measures already provided for under Italian Legislative Decree 196/2003 (Personal Data Protection Code) for all data processing carried out using electronic instruments.

- **Separation of duties:** the system must ensure the application of the principle of the separation of functions, whereby authorization to carry out a transaction must be granted by a different person from the one making or checking the operation. Furthermore, it is necessary that: i) the powers and responsibilities are clearly defined and known within the organization; ii) authorization and signing powers are consistent with the assigned organizational responsibilities. This separation is ensured by the involvement of multiple persons, within a single macro business process, in order to guarantee the independence and objectivity of the processes. The separation of functions is also implemented through the use of computer systems that only enable identified and authorized persons to carry out certain operations. The separation is evaluated in consideration of the sensitive activity within the context of the specific process it belongs to and its complexity.
- **A power delegation system consistent with the assigned organizational responsibilities:** the authorization and signing powers assigned must be: i) consistent with the assigned organizational and managerial responsibilities; ii) clearly defined and known within the Company. The corporate roles vested with the power to commit the Company to certain expenses are defined, also specifying the limits and nature of the expenses. The attribution of functions must comply with any specific legal requirements (e.g. powers relating to occupational health and safety).

### Specific control standards

For each of the activities at greatest risk – depending on the category of offences to which they are potentially subject – specific control standards have been defined, and are discussed in the Special Sections, besides the application of the general measures referred to in the previous paragraph.

The above mentioned general control standards require specific control procedures establishing:

- a) that all the operations, the formation and implementation of Company decisions shall meet the principles and requirements provided in accordance with the Law, the Articles of Association, the Code of Ethics and corporate procedures;
- b) that company instructions and/or formal procedures must exist and be suitable to provide principles of conduct, operating methods for the performance of sensitive activities and filing methods for the relevant documentation;
- c) that, for all routine management activities:
  - management, coordination and control responsibilities within the Company, reporting and hierarchical levels and a description of the respective responsibilities are formally stipulated;
  - the stages in the formation and drawing up of deeds are consistently documented and reconstructed;
  - the authorization levels in the formation of deeds are always formally stipulated and documented, to guarantee the transparency of the decision-making process;
  - the attribution and exercise of powers in the context of the decision-making process is consistent with the positions and the importance and/or criticality of the underlying economic operations;
  - decisions are made and implemented by persons other than those who give accounting evidence of such operations and those who are responsible for conducting the audits required by law and by the procedures set out by the internal control system;
  - access to company data is consistent with Legislative Decree 196/2003, as subsequently amended and supplemented, and other regulations;
  - the Company data is accessed and processed by authorized persons only;
  - confidentiality is ensured in the transmission of information;
  - the documents concerning the formation of decisions and their implementation are filed and stored by the appropriate Organizational Unit, in such a way as to prevent any subsequent modification, unless by providing specific evidence. Only authorized persons, the Board of Statutory Auditors, the Independent Auditors and the Supervisory Body shall have access to the documents that have already been filed.
- d) all the dealings with the counterparties shall be adequately formalized and tracked. In particular, for relations that involve entering into agreements, the conclusion of the agreement explicitly requires the use of clauses whereby third parties: declare they are aware of the provisions of the Decree and they have acquired knowledge of the Model of Alitalia ; undertake not to adopt or keep a conduct that does not comply with the Model and the Code of Ethics; undertake to refrain from acts or omissions, facts or behaviours that could expose Alitalia to the risk of the penalties provided for by Legislative Decree 231/01 or to any liability for Alitalia on the basis of this latter.

Alitalia has precisely identified the categories of counterparties (i.e.: lessors, major financial counterparties, material non-Italian corporations) with whom contracts can be closed even if the above clause is not accepted, provided that such counterparty has a code of ethics in place.

Furthermore, the Company has identified the categories of agreements (i.e. Memorandums of Understanding / Letters of Intent, Non-Disclosure Agreements, ISDAs), which do not require the inclusion of the clauses referred to in the first sub-paragraph of this paragraph d).

The Company also provides, in cases of exemption to the use of contracts with 231 clauses, for specific periodic information flows to the Supervisory Body.

### **3. ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

#### **3.1 Introduction**

Following its admission to the extraordinary administration procedure, Alitalia CityLiner decided to entirely overhaul the previous Model in order to ensure its consistency with the new situation, also from an organisational standpoint, and with the regulatory changes and to survey the risk areas, as identified, and the internal control systems, which is still in the work in progress stage.

The Company, by resolution of the Management Body passed on September 11<sup>th</sup>, 2018, has approved the Organisation, Management and Control Model, which is inspired by the Code of Ethics.

#### **3.2 Function of the Model**

The decision to adopt an Organization, Management and Control Model pursuant to Legislative Decree 231/2001, is not only grounds for exemption from Company liability, should the offences referred to in the Decree be committed, but also, first and foremost, a responsible act by the Company towards its employees, customers, suppliers, lenders, institutions, communities, the environment, etc.

Moreover, adoption of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, and its effective implementation even more so, contribute to the better management of the internal control system, fostering the consolidation of a corporate culture that values the principles of transparency, ethics, fairness, and respect for the rules. This also benefits Alitalia reputation and strengthens the feeling of trust of passengers and all persons with whom the Company maintains relations.

Ultimately, the Company intends to uphold and promote an enterprise culture inspired by:

- lawfulness, transparency, ethics, fairness, and respect for the rules, also reiterating that, in keeping with the strict principles adopted by Alitalia, no unlawful conduct shall be permitted, even if committed in the interests of the Company or to its advantage;
- control, which must govern all the decision-making and operational phases of the company's activities, with full awareness of the risks arising from any offences committed.

These objectives can be achieved in a coherent system of principles, organization, management and control procedures, and provisions that bring to life the Model that the Company has prepared and adopted, in light of the above considerations. The main objectives of this Model include:

- increasing awareness among Alitalia's stakeholders (employees, consultants, suppliers, etc.), requesting that they adopt a fair and transparent line of conduct in the activities carried out in the interests of the Company. This conduct must be consistent with the ethical values that inspire the Company when working towards its corporate purpose, and should prevent the risk of the offences referred to in the Decree being committed;
- raising awareness among the abovementioned stakeholders that they could meet with disciplinary and/or contractual consequences, as well as penal and administrative penalties against them, should the provisions established by the Company be breached;
- establishing and/or strengthening controls, to enable the Company to prevent or promptly react to stop offences being committed by the top management and by any individuals under its direction or supervision, which could result in the administrative liability of the Company;
- monitoring risk areas to enable the Company to promptly intervene in order to prevent or hinder the perpetration of offences and sanction any conduct contrary to its Model;
- guaranteeing its integrity by meeting the obligations expressly provided for in Article 6 of the Decree;
- improving efficiency and transparency in the management of company activities;
- inducing the full awareness by a potential perpetrator that any offence committed is strongly condemned and contrary - not only to the provisions of the law - but also to both the ethical principles the Company intends to uphold and to the interests of the Company itself, even when it could appear to obtain an advantage.

#### **3.3 Recipients of the Model**

The Model's Recipients include all persons with representative, administrative or management duties in both the Company as a whole and its organizational units with financial and functional autonomy, as well as those who perform the management and control duties of the Company, both in fact and in law, and persons subject to the direction or supervision of one of the figures above (in accordance with Article 5, Legislative Decree 231/2001) but also, more generally, anyone

working towards the achievement of the Company's purpose and objectives. The Model's Recipients, therefore, include members of corporate bodies, persons involved in the functions of the Supervisory Body, Employees, Consultants, Partners, and financial counterparties.

### 3.4 Connection between Model and Code of Ethics

To supplement the control tools provided for in the afore mentioned Legislative Decree no. 231/2001, the Company has set up a Code of Ethics as the expression of a business context in which the primary goal is to meet the requirements and expectations of *stakeholders* (including shareholders, employees, customers, consultants, and suppliers) in the best way possible.

The purpose of the Code of Ethics, among other things, is to foster and promote a high *standard* of professionalism and prevent conduct that goes against the interests of the Company or the law, or which is contrary to the values that the Company intends to uphold and promote.

The Code of Ethics is addressed to members of the Corporate Bodies, employees of all levels, and all those who interact with the Company on a permanent or temporary basis.

The Code of Ethics must, therefore, be considered the foundation and an essential part of the Model as together they form a systematic body of internal rules aimed at spreading a culture of ethics and corporate transparency. The Model (General Section and Special Sections) and the Code of Ethics are essential components of the control system; the rules of conduct contained therein merge, despite the different purposes of the two documents:

- The Code of Ethics is a tool adopted autonomously and is susceptible to general application by the Company; it states the "business ethics" principles the Company recognizes as its own and which everyone is called to comply with;
- The Model also responds to the specific requirements of the Decree, aimed at preventing particular types of offenses from being committed (for actions that, appearing to be committed to the Company's advantage, could result in administrative liability, pursuant to the provisions of the Decree).

### 3.5 Company methods for defining the Model

The methodology employed to prepare the Model in terms of organization, definition of operational procedures, phasing, and assignment of responsibilities among the various business functions, was defined with the goal of ensuring that the process would be in line with best practices, sustainable over time, and integrated into the Company's organizational and operational context.

The definition of the Model, therefore, took into account:

- The Confindustria Guidelines, as well as the Codes of Conduct of the main representative associations, and *best practices* in the various activity areas;
- The organizational structure of the Company;
- The evolution of jurisprudence and case law;
- The practices of Italian and foreign companies with regard to their adaptation to Legislative Decree no. 231/2001;
- The risk assessment process.

Following its admission to the extraordinary administration procedure, Alitalia CityLiner decided to entirely overhaul the previously adopted Organization, Management and Control Model, in order to ensure its consistency with the new situation, also from an organisational standpoint.

This process featured the following main logical stages, implemented with the constant involvement of the company's management:

- **risk assessment:** the identification of the processes and activities within which the offences referred to in Legislative Decree 231/2001 could be committed, and identification of examples of the ways in which, theoretically, the predicate offences could occur in the company situation;
- **interviews and gap analysis:** sharing the risk profile, detecting the control forces in place, and identifying any shortcomings/gaps;
- **development of the Model.**

#### 3.5.1 Risk Assessment

Article 6, paragraph 2, (a) of Legislative Decree 231/2001 includes among the requirements of the Organization, Management and Control Model the identification of processes and activities in which the offences expressly referred to in the Decree could be committed. In other words, the company processes and activities commonly defined as "sensitive" (hereinafter "sensitive activities" and "sensitive processes").

The purpose of this phase, therefore, was to identify the company areas and preliminarily identify the sensitive processes and activities, as well as to define examples of the ways in which, theoretically, the predicate offences could actually occur in the company situation;

To prepare for the identification of sensitive activities, an analysis was made of the corporate and organizational structure.

Based on the analysis of the Company's business model and organizational documents, an initial identification of the sensitive processes/activities was carried out, along with a preliminary identification of the organizational Units responsible for those processes/activities.

Specifically, the following activities were carried out to identify the sensitive activities:

- collection of documentation relating to the corporate and organizational structure (for example, organization charts, main organizational procedures, delegation of authorities, powers of attorney, power and delegation system, etc.);
- analysis of the documentation gathered to study the Company's business model;
- survey of the company activity areas and their functional responsibilities;
- preliminary identification of the sensitive activities pursuant to Legislative Decree 231/2001;
- breakdown of each type of offence;
- preliminary identification of the Management/Organization Units responsible for the sensitive processes identified;
- development of the processes – offence risk matrix.

### 3.5.2 Interviews and Gap analysis

The purpose of this phase was to identify personnel with in-depth knowledge of the sensitive activities and control mechanisms in place, completing and elaborating on the preliminary inventory of sensitive activities, as well as the Organizational Units and persons involved (hereinafter, “*key officers*”).

This activity was conducted both through analysis of company documentation, including that related to delegation of authorities and powers of attorney, and through technical follow-up meetings held with the identified Organizational Units.

The key officers were singled out from among the people at the highest organizational level as being able to provide detailed information about individual company processes and about the activities of the individual organizational Units. This was to enable a suitable level of information/detail to allow comprehension of the control system in place.

The analysis was conducted through personal “interviews” with *key officers*, the purpose of which was also to establish management processes and control tools for each sensitive activity, paying particular attention to the *compliance* and preventive controls in place to safeguard them.

Below is a list of the activities carried out during this operational phase. A preliminary “map of the sensitive activities” was then defined, towards which the analysis and study could be steered:

- collection of information through analysis of documents and meetings with the internal representatives of the Project;
- identification of other persons able to provide a significant contribution to the understanding/analysis of the sensitive activities and relative control mechanisms;
- preparation of the map, which “matches” the sensitive activities with their key officers.
- conducting structured “interviews” with key officers and with the personnel nominated by them. The purpose was to gather the necessary information on the sensitive activities identified in the preceding phases to enable an understanding of:
  - the basic activities carried out;
  - the Organizational Units and internal/external stakeholders;
  - the relative roles/responsibilities;
  - the existing control system.
- Sharing of what emerged during the “interviews” with the key officers through formalization of the results in specific mapping worksheets organized by process, summarizing for each sensitive activity analyzed: the applicable offense risk; an exemplary way of committing the offense; existing control systems safeguarding the area; any suggestions aimed at strengthening the internal control system.

With specific reference to the GAP analysis, the goal was to identify: i) the organizational requirements characterizing an organization model suited to preventing the offences referred to in Legislative Decree 231/2001, and ii) any improvements to the existing organization and control model.

In order to detect and conduct a detailed analysis of the existing control model for the risks found and highlighted during the risk assessment described above, and to evaluate the compliance of the model itself with the provisions of Legislative Decree 231/2001, a comparative analysis (the so-called “*gap analysis*”) was carried out between the existing organization and control system (“*as is*”) and an abstract reference model based on the content of the provisions in Legislative Decree 231/2001 (“*to be*”). The gaps detected during the risk assessment phase were shared with the Managers of the organizational structures (process owners), and the relative action plans identified will be implemented by those Managers to enable greater efficacy of the internal control system in preventing the potential offenses covered by Legislative Decree no. 231/01.

### 3.4.3 Definition of the Model

The purpose of the operational phase in question was to develop of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by the Alitalia, taking into account the Confindustria Guidelines on the topic, all the parts of which are articulated and customized to the company situation.

This phase was supported by the results of the preceding phases and was consistently shared with the various organization units involved, including the Supervisory Body.

### 3.6 Outline of the Model

The document containing the Model features two main sections:

- (i) *General Section*, describing the reference legislative framework and governing the overall operation of the system organization, management and control model adopted, aimed at preventing predicate offences;
- (ii) the *Special Sections*, designed to complement the contents of the *General Section* with a description of:
  - the sensitive activities existing in the organization, and within which the offences described in Legislative Decree 231/2001 could occur. This section also contains examples of how such offences could be committed;
  - the principles of conduct which the recipients of this Model must comply with in the performance of activities;
  - the specific control standards, applicable to each of the Sensitive Activities for which they are identified.

In the Special Sections of the Model, the specific control standards are applied to each of the Sensitive Activities.

With reference to the structure of the Special Sections, the following sections have been identified, organized by “groups of offences”:

- **Special Section A:** Offences committed in relations with the Public Authorities, and the inducement to withhold statements from or provide false statements to the judicial authorities;
- **Special Section B:** Corporate offences and market abuse;
- **Special Section C:** Offences committed by criminal organizations, offences of terrorism or for subverting the democratic system and transnational offences;
- **Special Section D:** Handling stolen goods, money laundering and investing money, assets or benefits of illegal origin and self money-laundering;
- **Special Section E:** Manslaughter or grievous bodily harm committed in breach of the occupational health and safety regulations;
- **Special Section F:** Offences regarding the counterfeiting of of money, instruments of public credit, tax stamps and any means of identification, and offences against industry and trade;
- **Special Section G:** Offences against human beings and offences related to copyright violations;
- **Special Section H:** Cyber crime and illegal data processing;
- **Special Section I:** Employment of irregular foreign citizens;
- **Special Section L:** Environmental crimes.

As for the contents of the aforementioned predicate offences under the Decree, reference should be made to Attachment 1 of this Section of the Model.

### 3.7 Sensitive activities for the Company

The adoption of the Model, as a tool that can guide the conduct of those working within the Company and promote across the Company conducts inspired by lawfulness and fairness, is reflected positively on the prevention of any crime or offence provided for by the legal system.

After close scrutiny of the business environment, the following "sensitive activities" have been considered representative of the business conducted by the Company and therefore specifically examined in the Model:

- Accounting management, preparation and approval of the Financial Statements;
- Management of Intercompany relations;
- Management of financial and cash flows;
- Management of relationships with the tax authorities and related compliance;
- Management of insurance and financial intermediaries;
- Management of relations with the Independent Auditors;
- Procurement of goods and services;
- Procurement of consulting and professional services;
- Purchase / disposal of the fleet;
- Purchase / disposal of aeronautical materials and procurement of maintenance services;
- Relations with trade-union organizations;
- Selection and hiring of personnel;
- Evaluation, development and training of human resources;
- Administrative management of personnel and related social security compliance;
- Financed training;
- Management of reimbursements and entertainment expenses;
- Corporate obligations and relations with regulatory bodies;
- Management of litigation and extrajudicial management;
- Management of contributions, earnings and reserves and extraordinary corporate transactions;
- Relations with public and supervisory authorities, with regard to legal and regulatory matters;
- Management of institutional relations;
- Relations with the media and management of external communication;
- Management of institutional sponsorships and donations;
- Management of relations and communications with public sector bodies (e.g. ENAC, EU, EASA, foreign Air Forces) to obtain / renew authorizations and licenses;
- Relations with public authorities in matters of security;
- Airport controls management;
- Management of the sale of handling services;
- Sales management of training services;
- Sales of air transport services;



- Relationships with travel agents and General Sales Agents (GSA);
- Commercial sponsorships;
- Management of promotional and advertising activities;
- Management of on-board services;
- Management of partnerships and alliances;
- Slot management;
- Cargo services management;
- Ticketing management
- Complaints and claims management;
- Occupational health and safety compliance management;
- IT management;
- Environmental management;
- Public tenders management
- Management of relations with the customs authorities and related obligations;
- Management of controls and inspections by the PA;
- Management of gifts and special conditions;
- Management of copyright and intellectual property rights.

See attachment 3 containing the connection matrix between business processes, the relevant sensitive activities identified, the applicable offences and examples of how they can be incurred.

### **3.8 Adoption, update and review of the Model**

#### **3.8.1 Responsibility**

The Board of Directors is responsible for the adoption, updating and review of the Model. With special reference to annex 3 (risks matrix), the Board will receive the assistance of the Organization function, which will submit the Organizational Communications to it for approval, together with the updated matrix, which shall be deemed to have been approved – and therefore enter into effect – 15 days after the date of presentation to the Board, if there are no observations.

The procedures adopted and/or modified after the implementation and effective application of this Model have been prepared by the designated Company departments.

The organizational and administrative<sup>9</sup> procedures drawn up from scratch or modified shall be promptly transmitted to the Supervisory Board for evaluation.

#### **3.8.2 Inspections and controls on the Model**

The Supervisory Body, within the scope of the powers reserved to it pursuant to Article 6, paragraph 1 (b) and Article 7, paragraph 4 (a) of the Decree and in accordance with the provisions of this Model, is nevertheless vested with specific tasks and powers regarding the oversight, development and promotion of the ongoing updating of the Model.

To this end, the Supervisory Body shall put forward observations and proposals concerning the organization and the control system, to the company structures in charge or, in cases of particular relevance, to the Board of Directors.

The Supervisory Board promptly reports to the Board of Directors and the Statutory Auditors, any events, circumstances or organizational failures or shortcomings, identified in connection with its supervisory activities, which highlight the need to update or adapt the Model and, annually, as part of its periodic reporting activities also transmitted to the the Management Body any further updates that are deemed to be necessary.

Even for that purpose, the Supervisory Body prepares and gives advance notice to the Board of Directors and the Statutory Auditors of its program of activities on an annual basis, without prejudice to the right of the same Body or its members to conduct unplanned checks and controls.

<sup>9</sup> The inclusion of the operational procedures as well was deemed unnecessary.

### 3.8.3 Update and adaptation

The model should be updated or adapted whenever it is considered necessary or appropriate and, in any case, as a result of the following circumstances:

- infringement or avoidance of the provisions of the Model, where it is deemed possible to increase the protection in terms of prevention of the offences sanctioned under Legislative Decree 231/2001;
- significant changes in the organizational structure of the Company and/or the procedures for carrying out business activities; identification of new sensitive activities, or changes to the existing ones, including when related to the launch of new business activities, changes in the internal structure of the Company and/or methods of conducting business activities;
- changes in the legislative framework that are relevant to the Company (e.g., whenever new types of offences having relevance under the Decree are introduced);
- assessment of non-compliances emerging from the controls carried out.

The internal control risk management system must ensure an ongoing "dynamic adaptation" of the Model, with reference to its main components (General Section, Special Sections and Code of Ethics) and to the overall organization, procedures and control system.

Any changes in corporate procedures as well as changes to the Code of Ethics, as long as they are consistent with the standards of control and conduct provided for in this Model do not necessarily require the review and subsequent approval.

The approval of the updates to the Model is immediately notified to the Supervisory Board, which, in itself ensures the correct implementation and dissemination of the updates.

### **3.9 Autonomy of the subsidiaries and affiliates in endorsing the regulations pursuant to Legislative Decree no. 231/01**

The Company owns interests, control or minority shareholdings.

Alitalia acts as a promoter towards these companies, by virtue of their corporate bond and business relationships, for the adoption of a Model of organization and control pursuant to Legislative Decree 231/01.

These Companies, in the light of their identity and legal autonomy, define and adopt their own Organization, Management and Control Model pursuant to Legislative Decree no. 231/01 and their own Code of Ethics and appoint their own Supervisory Body

Mechanisms of coordination and exchange of information are implemented between the Supervisory Bodies of the various companies, as specified in paragraph 4.10.

## **4. THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001**

### **4.1 The Supervisory Body of the Company**

According to the provisions of Italian Legislative Decree 231/2001 - Article 6, paragraph 1 (a) and (b) - a company may be exempted from liability resulting from the perpetration of crimes by qualified individuals under Article 5 of Italian Legislative Decree 231/2001, if the managing body has, *inter alia*, assigned the task of supervising the functioning and observance of the (adopted and effectively implemented) model, as well as its updating<sup>10</sup>, to a body with autonomous powers of initiative and control.

In this context, the Company has appointed a Supervisory Body, whose functioning is defined by a regulation prepared for this purpose

### **4.2 Requirements**

The following are the requirements of eligibility, autonomy and independence, professionalism and continuity of action which the Company deems necessary with regard to the composition and activity of the Supervisory Body.

#### *Subjective requirements of eligibility*

The existence of any of the following circumstances constitutes cause for ineligibility for the individual members of the Supervisory Body:

- a. any cases provided for under Article 2382 of the Italian Civil Code;

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<sup>10</sup> The Explanatory Report to Italian Legislative Decree No. 231/2001 states, in this regard: "The institution (...) shall also ensure the effective operation of the models, and therefore compliance with them: for this purpose, to ensure maximum effectiveness of the system, it is specified that the company must make use of an internally-constituted structure (to avoid easy manoeuvres designed to constitute an apparent form of legitimacy in the actions of the company through recourse to accommodating bodies, and especially to establish the actual negligence of the institution), provided with autonomous powers and specifically responsible for these tasks (...) the mandatory provision of information to that internal control body is of particular importance to ensure its own operational capability."

- b. situations in which autonomy and independence may be seriously compromised;
- c. charges brought in relation to any of the predicate offences pursuant to Italian Legislative Decree 231/2001;
- d. charges brought in relation to any intentional offences or which entail disqualification (including temporary disqualification) from public office or executive offices in legal persons.

The members of the Supervisory Body are obliged to immediately notify the Board of Directors of the occurrence of any of the aforesaid circumstances, which represents, in itself, a cause for the immediate and automatic disqualification from office of the member concerned.

Upon the occurrence of such circumstance, the Board of Directors shall promptly acknowledge the disqualification and replace the member of the Supervisory Body.

#### *Autonomy and independence*

The Supervisory Body of the Company is provided, within the exercise of its functions, with autonomy and independence from the corporate bodies and other internal control bodies, and also has financial independence, based on an annual budget approved by the Board of Directors on the basis of the request made in this regard by the Supervisory Body.

The Supervisory Body has the right, independently and without seeking any prior consent, to dispose of the financial resources indicated in the budget, drawn up on the basis of the planned activities of the Body, in relation to which it will submit to the Board of Directors a statement of expenses incurred as part of its annual report.

In the course of its audits and inspections, the Supervisory Body is granted the widest possible powers in order to carry out its tasks effectively<sup>11</sup>.

In the exercise of their duties, the members of the Supervisory Body must not be in situations, even potential situations, where there is a conflict of interest arising from any personal, family or professional reasons. If such situations should occur, the members concerned are obliged to immediately inform the other members of the Supervisory Body and to refrain from participating in the relevant decisions.

#### *Professionalism*

The Supervisory Body must possess at least the following professional skills:

- knowledge of the organization and of its key business processes;
- sufficient legal knowledge to identify any circumstances that could constitute an offence.

In particular, as clarified by legal practice, the Company must select the members of the Supervisory Body by making sure that they possess specific professional skills, in relation to risk management and the analysis of control systems, inspections, consulting, or knowledge of specific techniques, such as to ensure the effectiveness of the control and proactive powers conferred to it.

If necessary, the Supervisory Body may engage external Consultants, also for the performance of the technical operations needed to ensure the fulfilment of its control functions. In this case, the Consultants shall report to the Supervisory Body<sup>12</sup>.

#### *Continuity of action*

The Supervisory Body must ensure the necessary continuity of its duties, also by scheduling its activities and controls, by drafting minutes of its meetings and the regulating the information flows from the competent corporate units.

Without prejudice to the requirements contained in this Model, the functioning of the Body is governed by a specific Regulation, which it adopts itself, as a token of its effective autonomy and independence.

### **4.3 Composition, appointment and duration**

The appointment of the Alitalia Supervision Body is delegated to the competence of the Board of Directors which also appoints its Chairman. The Supervisory Body must meet the requirements of (i) eligibility, (ii) autonomy and independence, and (iii) professionalism as defined in the paragraph above.

Italian Legislative Decree No. 231/2001 does not provide for the composition of the Supervisory Body. Lacking this information, the Company has opted for a solution that, in view of the objectives provided by law, is able to ensure, in relation to its size and its organizational complexity, the effectiveness of the controls for which the Supervisory Body is responsible, also in accordance with the above mentioned requirements of autonomy and independence.

<sup>11</sup> In this regard, refer to paragraph 4.7.

<sup>12</sup> "This arrangement allows for the principle of responsibility, which the law assigns to the body that reports to the institution, to be supported with the greater specific professional skills of external consultants, thus making the activity of the body more effective and penetrating". Thus, with reference to the possibility of the establishment of an *ad hoc* supervisory body (as an alternative to the assignment of the role of supervisory body to the Audit Committee or to the *Internal Audit* function), Confindustria, *Guidelines*, 44.

In this framework, the Alitalia Supervisory Body consists of three members and, in particular, of two external professionals, one of whom is also the Chairman, and the VP Internal Audit of the Company.

In particular, with regard to the Alitalia VP Internal Audit (a Manager who, therefore, is an internal member of the Company), the independence was assessed taking into account the nature of the activity of the VP Internal Audit Function which is responsible for third level controls and that, as such, has no management powers. In relation to the independence requirement, the Governance structure of Alitalia was also taken into consideration, which sees the Internal Audit Function reporting hierarchically to the Chairman and functionally to the Audit Committee.

The acceptance of office by each member of the Supervisory Body is a commitment in relation to: (i) this Model and the Code of Ethics for all issues concerning the Body; (ii) the Regulation adopted by the Body; (iii) more generally, the obligations of continuity of action and prompt information to the Board of Directors of any circumstance that requires immediate evaluation by the same Board. In this regard, each member of the Supervisory Body is also obliged to immediately notify any fact that determines the absence of the afore-mentioned requirements, or that may constitute just cause for the revocation or suspension from office.

Regardless of the foregoing, the Board of Directors verifies the continuance of the requirements for each single member and of the Supervisory Body in its entirety, on an annual basis.

In the event of death, disqualification, revocation or resignation from office of a member of the Supervisory Body, the Board of Directors shall promptly replace him/her. The period of office of the new member will expire along with those already in office.

In case of death, disqualification, revocation or resignation from office of the Chairman, the role will be assumed by the oldest member, who will remain in office until the Board of Directors has appointed the new Chairman of the Supervisory Body.

The Supervisory Body shall hold office for three years from the date of appointment.

#### **4.4 Dismissal**

The members of the Supervisory Body may be dismissed solely for a just cause, by resolution of the Board of Directors, with the approval of the Board of Statutory Auditors.

A “just cause” for dismissal means, for example:

- serious negligence in the fulfilment of the duties related to the office;
- “*omitted or insufficient supervision*” by the Supervisory Body - in accordance with Article 6, paragraph 1 (d) of Italian Legislative Decree 231/2001 - resulting from a conviction, even if not final, of the Company, or any other company of whose supervisory body the person concerned was a member, according to Italian Legislative Decree 231/2001, or from a judgement wherein a so-called “penalty upon request” (i.e. a “plea bargain”) is administered.

However, no revocation or penalty imposed on the Supervisory Body may be discriminatory, as a result of reports received and processed by the Body itself.

#### **4.5 Circumstances warranting suspension**

If any circumstances that might potentially affect the reputation requirements of one or more members of the Supervisory Body occur, the Board of Directors, with the approval of the Board of Statutory Auditors, may decide to suspend the member from office for as long as the potentially prejudicial situation endures. In which case the Board of Directors may also resolve to replace the suspended member(s) of the Body for as long as the suspension period lasts.

#### **4.6 Temporary incapacity**

In the event of circumstances such as to temporarily prevent a member of the Supervisory Body from carrying out their functions, or from performing them with the necessary autonomy and independence of judgement, the Board of Directors may decide, after suspending the member with the favourable opinion of the Board of Statutory Auditors, on the appointment of a new member, whose term of office will be for as long as the situation of temporary incapacity endures.

#### **4.7 Functions and powers**

The Supervisory Body has autonomous powers of initiative, intervention and control, extended to all areas and functions of the Company; these powers must be exercised in order to perform effectively and promptly the functions provided by the Model and the relevant implementing rules to ensure the effective and efficient supervision of the functioning and compliance of the Model, as defined by Article 6 of Italian Legislative Decree 231/2001.

The activities carried out by the Supervisory Body cannot be judged by any other body or function in the Company. The verification and control activity performed by the Supervisory Body is, in fact, strictly related to the objectives of effective implementation of the Model and cannot substitute or replace the institutional control functions of the Company. The Supervisory Body, therefore, may ask for data and other business records independently and without requiring any authorization from the top management; no objection may be made to any such requests from the Supervisory Body.

In particular, the Supervisory Body is assigned with the following duties and powers, to carry out and perform its functions:

- ensuring the proper implementation of the Model by Employees and Recipients in general;
- verifying the adequacy and efficiency of the Model, paying particular attention to the identification of the “risk” areas in terms of criminal offences, and to the suitability of the procedures adopted for the prevention of the predicate offences pursuant to Italian Legislative Decree 231/2001;
- promoting and ensuring adequate circulation and knowledge of the Model vis-à-vis Employees of the Company and its Recipients;
- checking the updating status of the Model and reporting immediately to the Board of Directors and the Board of Statutory Auditors any needs for supplementary additions or updates subsequent to changes in the relevant legislation or corporate structure or, in any case, due to other circumstances encountered;
- performing periodic checks within the Company on the correct application of the procedures described in the Model and the principles contained in the Code of Ethics. These checks are carried out on the basis of a plan, defined with the assistance of the Internal Audit Function;
- promoting training and internal communication programs, together with the company functions in charge of such matters, with reference to the Model, the standards of conduct and the procedures adopted according to the Decree;
- promptly requesting information from the managers of the relevant corporate departments and the perpetrators (if known), in the event of deficiencies or omissions in the correct execution of the Model or potential breaches of its provisions emerging during its regular control activities. The Supervisory Body shall immediately organize provisions and measures that are required to correct such deficiencies and prevent the perpetration of further offences;
- maintaining a constant exchange of information with the company functions, which must guarantee, even without notice, unrestricted and unconditional access to information, data, documents and any other information deemed important in carrying out its assigned tasks. For this purpose, the Body may ask for information from all the staff of the Company. The non-cooperation with the Supervisory Body constitutes a disciplinary offence;
- reporting to the Board of Directors and the Board of Statutory Auditors, any violations of the Model or situations of non-compliance with the requirements of the Supervisory Body involving Employees of the Company, in order for the appropriate measures to be taken.

In carrying out its tasks, the Supervisory Body may make use of assistance from the Internal Audit of the other Functions in the Company with specific skills in the corporate areas which are subject to control from time to time, as well from external consultants.

The Company shall be responsible for adequately communicating the duties and powers of the Supervisory Body to all the corporate structures.

The Supervisory Body does not have any management or decision-making powers, in relation to the activities of the Company, nor any powers of organization or modification of the corporate structure, nor any sanctioning powers.

The members of the Supervisory Body, and any other parties engaged by the Supervisory Body for whatever purpose, are obliged to respect the confidentiality of all information which has come to their knowledge in the performance of their duties, unless the communication of such information is necessary for the accomplishment of the task or is in compliance with the provisions of public authorities where required by law. Such obligation, however, does not exist for the Board of Directors, the Audit Committee, the Board of Statutory Auditors and the Internal Audit Function.

Access to the information contained in the Books of the Supervisory Body, or in documentation pertaining to the Supervisory Body, is permitted in accordance with provisions issued by public authorities or, in any case, for needs related to legitimate audits or requests made in the interest of the Company. Access is made by making the Books of the Supervisory Body and other documentation pertaining to the Supervisory Board available for consultation at the offices of the Company or by copies or extracts thereof being sent by the Secretary. All this may take place with the approval of the Chairman of the Supervisory Body who will assess the legitimacy of the request; no authorization is needed for the access to the information by the Audit Committee, Board of Statutory Auditors and Internal Audit Function of the Company.

#### **4.8 Information flows from and to the Supervisory Body**

##### **4.8.1 Reporting of the Supervisory Body to the corporate bodies**

The Supervisory Body reports on the implementation of the Model, on the occurrence of critical aspects and the need for changes to be made.

In particular, the Supervisory Body:

- Annually, transmits to the Board of Directors a report on the activities performed, the conclusions relating to audits carried out and pointing out any problems that have come to light and the measures to be taken in order to correct such situations;

- meets the Board of Statutory Auditors at least once a year;
- notifies the Audit Committee, the Board of Directors and the Board of Statutory Auditors, in advance, of its program of activities that are scheduled on an annual basis;
- reports immediately to the Board of Directors any needs for supplementary additions or updates to the Model subsequent to changes in the relevant legislation or the Company's organization or, in any case, due to other circumstances facing it.

In the event of any violations of the Organizational, Management and Control Model, or any illegitimate and/or unlawful conduct, the Supervisory Body must immediately inform the Board of Directors of such violations or conduct in order for them to agree together on the appropriate measures.

Finally to ensure coordination with the other corporate bodies, the Supervisory Body may attend the meetings of the Board of Directors when the Board of Directors deems it is appropriate.

The Supervisory Body may be convened and may ask to be heard at any time by the Board of Directors.

The meetings with the Board of Directors to which the Supervisory Body reports must be documented. The Supervisory Body is responsible for filing the documentation.

#### *4.8.2 Information to the Supervisory Body*

The Supervisory Body must be promptly informed about any acts, conduct or events that could lead to a violation of the Model or, more generally, may be relevant in the terms of Italian Legislative Decree 231/2001.

In particular, the Management of the Company and the individual area managers, are obliged to provide written reports to the Supervisory Body and to the competent Company Functions regarding any possible situations that could expose the Company to the risk of committing offences and provide constant and immediate notification of any new circumstances likely to vary or extend the areas at risk of predicate offences being committed, within the meaning of Italian Legislative Decree 231/2001

In this context, the Supervisory Body must be promptly informed of all the information relating to:

- requests for legal assistance submitted by the Senior Executives and/or Employees, against whom the judicial authorities may initiate proceedings for offences under Italian Legislative Decree 231/2001;
- committees of inquiry or internal reports from which assumptions of responsibility arise, regarding offences under Italian Legislative Decree 231/2001;
- measures or information coming from police authorities or any other authority, to the effect that investigations are being performed, also against unknown persons for the predicate offences committed under Italian Legislative Decree 231/2001;
- possible violations of the provisions contained in the Model, that are more serious in the eyes of the Manager of Human Resources;
- any received and/or detected reports about possible violations of the Model;
- operations carried out by derogating from the provisions of the procedures concerning activities that are relevant for the purposes of the Model and/or relevant pursuant to the provisions of Italian Legislative Decree 231/2001 (in any case, without prejudice to the compliance with the general rules of conduct provided by the Model; these include, in particular: traceability of operations, objective motivation of choices and separation of responsibilities);
- irregularities concerning the key principles of the Model, as found during first level controls;
- communications related to changes in the organizational structure, the powers of representation and Company signature, special powers of attorney and internal mandates.

Annex 2 of this General Part deals and disciplines the "Information flows to the Supervisory Body". The document aims to regulate urgent communications (so-called "reports") and periodic communications (so-called "information flows") which are part of the disclosures towards the Supervisory Body prescribed by the Code of Ethics and by the organization, management and control Model adopted by the Company.

Similar information obligations exist for all employees with reference to facts or circumstances encountered in the performance of their activities and worthy of reporting pursuant to Italian Legislative Decree 231/2001.

Partners, Consultants and other Recipients of the Model outside the Company are obliged to send immediate report directly to the Supervisory Body in the event of receiving, directly or indirectly, by an employee/representative of the Company, a request which would constitute conduct that could lead to a violation of the Model. Such obligation must be specified in the contracts that bind such persons to the Company.

#### 4.9 Management of whistleblowing reports

The obligations to provide information on any behaviour deemed contrary to the provisions contained in the Model (so-called “whistleblowing”) are included within the wider duty of diligence and obligation of loyalty of employees referred to in Articles 2104 and 2105 of the Italian Civil Code<sup>13</sup>.

In particular, the persons performing functions of representation, administration or management of the body, those subject to the management or supervision of the aforementioned persons and those who collaborate with the institution, are obliged to report illicit conduct that, in good faith on the basis of the reasonable belief based on factual information, are believed to have occurred (the so-called “whistleblower”).

The Company protects the *whistleblower* who reports any irregularities which have come to their knowledge in the public or private employment relationship.

The proper fulfilment of the information obligations by the employees cannot give rise to disciplinary sanctions, therefore, the *whistleblower* – whose identity shall not be disclosed – is protected from any form of discrimination, penalization or retaliation. The Supervisory Body, in fact, guarantees the absolute confidentiality and anonymity of the whistleblower, except as required by the law and for the protection of the Company’s rights.

To this end, the Company, pursuant to article 6, paragraphs 2-bis, 2-ter and 2-quarter of Legislative Decree 231/2001, as amended by Law 179/2017 containing “Provisions for protecting any persons reporting offences or irregularities committed within the company and which they become aware of in relation to their work, in either the public or private sector”, has adopted a “Whistleblowing Policy”, available in electronic format at:

- the Alitalia SharePoint: Home>Resources>Corporate Governance;
- on the website of Alitalia, [www.alitalia.com](http://www.alitalia.com), at <http://corporate.alitalia.it/it/compagnia/corporate-governance/index.html>

The Policy is to provide the procedures for reporting to the Supervisory Body, through the establishment of two dedicated and confidential communication channels that may be used by whistleblowers, namely:

- Communications shall be preferably submitted via the EQS Integrity Line Platform provided for this purpose and accessible at the following address<sup>14</sup>: <https://alitalia.integrityline.org>
- Alternatively, Reports can be addressed by ordinary mail to the following address:

Organismo di Vigilanza c/o Alitalia S.p.A. in amministrazione straordinaria  
Via Alberto Nasseti 126 – 00054 Fiumicino (RM).

#### 4.10 Information from and to the Supervisory Body and the Supervisory Body of subsidiaries and associated companies

Without prejudice to the autonomy of each subsidiary and associated company to define and adopt its Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001, such Companies shall set up their own autonomous and independent Supervisory Body.

The Alitalia Supervisory Body may ask for information from the Supervisory Body of the subsidiaries, if necessary for the purpose of carrying out its control activities.

The Supervisory Bodies of the subsidiaries are obliged to accomplish the requests made by the Alitalia Supervisory Body.

In this respect, the Alitalia Supervisory Body is empowered to acquire relevant information and documentation and to perform, independently or together with the Supervisory Body of the Company, periodic inspections and targeted audits on the individual activities at risk.

The Supervisory Body of each subsidiary sends to the Alitalia Supervisory Body a disclosure at least every six months on the status of implementation of the Model, with particular reference to:

- the adoption of the relevant control measures in its reference procedures;
- the training activities dedicated to the Model;
- any relevant facts arising out of its activities, any disciplinary measures applied and the significant changes made to its model.

<sup>13</sup> These regulations state, respectively: “[1] Employees must use the diligence required by the nature of the due services provided, the company’s best interests and by the greater interests of national production. [2] They must also comply with the provisions for the execution and discipline of the work issued by the employer and its collaborators which they hierarchically report to” (Article 2104 of the Italian Civil Code) and “The employee must not do business, on its own or on behalf of third parties, in competition with the employer, nor disclose information pertaining to the organization and methods of production of the company, or make use of them in a manner that is prejudicial to the company’s interests.” (Article 2105 of the Italian Civil Code).

<sup>14</sup> The Platform, that is not part of the website or the intranet of Alitalia, is managed by EQS Group AG, as system administrator, and all data is stored in an encrypted manner, therefore granting the access only to the authorized Alitalia personnel. Thanks to the Platform it is possible to send Whistleblowing Reports, even anonymously, anyhow maintaining open a communication channel with the Alitalia personnel entitled to manage the Reports.

However periodic information flows between Supervisory Bodies of companies must be performed in order to allow effective monitoring: specifically, it is established that the flows relating to service contracts with which Alitalia City Liner S.p.A. under extraordinary administration outsources activities to Alitalia Società Aerea Italiana S.p.A under extraordinary administration, must be transmitted to the Supervisory Body of Alitalia City Liner S.p.A. under extraordinary administration.

The Alitalia Supervisory Body sends to Board of Directors any information referred to in this section within the report made on an annual basis.

Any corrective interventions to the organizational models of the subsidiaries, resulting from any audits carried out are the exclusive responsibility of those subsidiaries.

#### **4.11 Collection and storage of information**

Any information and reports provided for in the Model and within the competence of the Supervisory Body are kept by the Supervisory Body itself, according to the procedures indicated in its Regulation.

### **5. DISCIPLINARY SYSTEM**

#### **5.1 General Principles**

Article 6, paragraph 2 (e) and Article 7, paragraph 4 (b) of Italian Legislative Decree 231/2001 specify that the effective implementation of the Organization, Management and Control Model requires the introduction of a disciplinary system for adequately sanctioning any failure to abide by the measures indicated in the Model<sup>15</sup>.

The definition of an appropriate disciplinary system therefore constitutes an essential prerequisite for the exculpatory effects of the Management and Administration Model pursuant to Legislative Decree 231/2001, as regards the entity's administrative liability.

The penalties provided for must be applied for each breach of the regulations contained in the Model, irrespective of whether a crime has been committed or of the outcome of any criminal proceedings which the judicial authorities may have initiated<sup>16</sup>.

The penalties considered for breaches to the rules contained in the Model are to be interpreted as applicable even in the event of a breach of the rules contained in the Code of Ethics.

For the formal notification and verification of breaches and the application of disciplinary penalties, the powers conferred to the company management are valid within the limits of their respective authority delegations and responsibilities.

In each case, the phases of formal notification of the breach as well as those of determining and effectively applying penalties are to be carried out in compliance with applicable regulations and legislation, as well as with the provisions in the collective labour agreement.

The disciplinary system must be guided by the following principles:

- differentiation of penalties depending on the subjective characteristics of the Recipients (employees, managers, third parties, directors and statutory auditors);
- differentiation of the degree of the penalties depending on the seriousness of the offense and the damage done to the entity;
- consideration of repeat offenses or the involved person's efforts to limit the damages;
- provisions for specific penalties in cases of negligence or incompetence in identifying or eliminating breaches of the model.

In general, and merely by way of example, for the purposes of this Disciplinary System, the forms of conduct that may constitute grounds for the application of penalties include but are not limited to the following:

- failure to abide by the protocols contained in the Model or the adoption of a line of conduct that is clearly in conflict with the procedures and principles in the Code of Ethics, with particular reference to the guidelines, regulations and general standards of behaviour, or that involve one of the predicate offenses;
- breach of the obligation to protect the confidentiality of the reporting party's identity and the ban on adopting a line of conduct that is discriminatory following the report;

<sup>15</sup>"The effective implementation [of the Model] also requires the introduction of a 'disciplinary system that appropriately sanctions the failure to abide by the measures indicated in the Model', both as regards persons in senior positions (Article 6, comma 2 (e) and as regards persons managed by others (Article 7, comma 4 (b) )".Confindustria, Guidelines 2014, p. 50.

<sup>16</sup>"The employers' disciplinary evaluation of the line of conduct adopted, except for, naturally, a possible subsequent control by an industrial tribunal, does not necessarily need to coincide with the evaluation by a criminal court, given that violations of the Code of Ethics and internal procedures are independent of the legal violations entailed by the perpetration of a criminal offence. The employer is therefore not required to await the completion of any ongoing criminal trial before taking measures. The principles of the timeliness and immediacy of the penalty make it only proper; what's more, it is also unadvisable to delay the application of the disciplinary penalty while awaiting any verdict that may be reached before a criminal court of law", Confindustria, Guidelines 2008, p. 30.



- breach of and/or avoidance of the control system brought about through the theft, destruction or alteration of the documentation provided for by company protocols or by preventing the responsible persons and the Supervisory Body to check or access the information requested and the relevant documentation;
- breach of the regulations regarding signatory powers and, in general, the delegation system, with the exception of cases of necessity and urgency, of which the Board of Directors must be promptly informed;
- breach of the obligation to disclose information to the Supervisory Body and/or any superordinate body regarding conduct adopted for the purpose of perpetrating an offense or an administrative offense included among those provided for by Legislative Decree no. 231/2001;
- failure to provide evidence or providing untruthful evidence of the activities performed relative to the means of documenting, storing and checking the records regarding company protocols;
- failure to comply with the obligation inherent in the formation and submission of statements, including periodic statements, as required by the Code of Ethics and the Model, as well as falsehoods in the statements themselves;
- failure to provide notification of conflicts of interest;
- failure to check and/or omission of information pertaining to financial statements and other company communications;
- lack of supervision, control and vigilance by hierarchical superiors of their subordinates as regards the proper, effective application of the principles indicated in the Model;
- failure to train and/or update and/or inform personnel regarding the processes regulated by company protocols connected to sensitive areas.

## 5.2 Measures against employees

The breach of individual regulations and rules of conduct set out in the Model and in the Code of Ethics by the Company's Employees always constitutes a disciplinary offence.

The Company requests that its Employees report any breaches that may occur and positively views the contribution made, even when the person who submitted the report contributed to said breach.

Concerning the types of penalties that may be applied, in the event of an employment relationship, any penalty measures must abide by the procedures provided for in Article 7 of the Italian *Charter of Workers' Rights*, which describes not only the kinds of breaches but also the kinds of penalties and the disciplinary regulations provided for by the applicable labour agreement.

So as to fulfill its obligation to provide communication, the Company must take measures to amply spread word of the disciplinary system adopted, also through postings on company bulletin boards.<sup>17</sup>

Dismissal and any other disciplinary measures will be taken without prejudice to possible statutory liability for damages which the worker may have incurred.

The Disciplinary Code (primarily: regulations of the applied Collective Labour Agreement regarding the disciplinary system; company disciplinary regulations; the Code of Ethics; the General Section of the Model; other company documentation pertaining to the disciplinary system) is circulated in accordance with the aforementioned Article 7 of Law no. 300/1970 (Charter of Workers' Rights).

### 5.2.1 Measures against non-management personnel

Employee conduct that is in breach of the rules of conduct contained in the Model and the Code of Ethics constitutes non-compliance with a primary employment obligation and consequently constitutes a disciplinary offence.

It must be pointed out that, among the aforementioned employees, those who are not part of the managerial body are subject to the Company Collective Agreement for employees of Alitalia

The penalty applied must be proportional to the gravity of the breach committed, and, in particular, must take into consideration:

- the subjective element, that is, the intentionality of the conduct or the degree of guilt (negligence, carelessness or incompetence);

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<sup>17</sup> The majority of court decisions have deemed unsustainable this manner of spreading information, with the sole exception of the violations which, due to their seriousness, are assessed as such "not only on the basis of national collective agreements or of the decision of the entrepreneur, but in the social conscience as an ethical minimum" (Court of Cassation., 13 September 2005, no. 18130) and which nevertheless lead to the penalty of dismissal for just cause as per Article 2119 C.C. and not Article 7 of the Articles of Association. As concerns conservative penalties, provisions by the disciplinary code and the relative spread of information remains indispensable", *Confindustria Guidelines 2014*, p.52.

- the employee's overall conduct with particular focus on whether or not there are disciplinary precedents;
- the level of responsibility and autonomy of the employee who committed the disciplinary offence;
- the involvement of other persons;
- the seriousness of the effects of the disciplinary offence, that is, the level of risk to which the Company may reasonably be exposed following a reported breach;
- other particular circumstances associated with the offence.

Following is an overview of the disciplinary penalties pursuant to Legislative Decree 231/2001, with specific indications of the forms of conduct that incur them.

#### 1. Verbal reprimand

A "verbal reprimand" is incurred by an employee who violates one of the internal procedures provided for by the Model (for example, failure to abide by the prescribed procedures, failure to provide the Supervisory Body with the required information, failure to perform controls, etc.) or who adopts, in carrying out activities in sensitive areas, a conduct that does not abide by the provisions of the Model itself. Such conduct constitutes non-compliance with the regulations established by the Company.

#### 2. Written reprimand

A "written reprimand" is incurred by an employee who carries out a repeat offence in breaching the procedures prescribed by the Model or who adopts, in carrying out activities in sensitive areas, a conduct that does not abide by the provisions of the Model. Such conduct constitutes repeated non-compliance with the regulations established by the Company.

#### 3. Fine not exceeding four hours of pay

A "fine not exceeding four hours of pay" is incurred by an employee who, in violating the internal procedures prescribed by the Model or in adopting, while carrying out activities in sensitive areas, a conduct that does not abide by the provisions of the Model, exposes the integrity of company assets to a situation of risk. Such conduct in breach of the regulations established by the Company results in a situation of risk for the integrity of the assets of the Company and/or constitutes acts that are in conflict with its interests.

#### 4. Suspension from work and of pay for a period not exceeding 10 days

A "suspension from work and of pay for a period not exceeding 10 days" is incurred by an employee who, in violating the internal procedures prescribed by the Model or in adopting, while carrying out activities in sensitive areas, a conduct that does not abide by the provisions of the Model, causes damage to the Company by committing acts in conflict with its interests, or an employee who has made a repeat offence more than three times in one calendar year as per Points 1, 2 and 3. Such conduct, carried out while failing to abide by the regulations established by the Company, results in damage to the Company's assets and/or constitutes acts that are in conflict with its interests.

#### 5. Dismissal with notice

"Dismissal with notice" is incurred by an employee who, while carrying out activities in sensitive areas, adopts a conduct that does not abide by the provisions of the Model and is unequivocally aimed at committing an offence sanctioned under Legislative Decree 231/2001. Such a conduct constitutes gross non-compliance with the regulations established by the Company and/or a serious breach of the employee's obligation to work for the good of the Company.

#### 6. Dismissal without notice

"Dismissal without notice" is incurred by an employee who, while carrying out activities in sensitive areas, engages in a conduct that is in breach of the provisions of the Model thus leading to the application to the Company of the measures provided for in Legislative Decree 231/2001, as well as an employee who has made a repeat offence more than three times in one solar year as per Point 4. Such conduct drastically undermines the Company's trust in the worker, constituting moral and/or material damage to the company.

### 5.3 Measures against managers

In performing their professional activities the Company's Managers are required both to respect the regulations contained in the Model and ensure that their subordinates do the same.

The types of conduct by managers are considered sanctionable, for breach of the regulations contained in the Model, include, but are not limited to:

- failure to supervise their subordinates to ensure that they are abiding by the rules contained in the Model, in respect of the performance of activities in the areas at risk of criminal violations and for activities that are instrumental in the operational processes at risk of criminal violations;
- failure to report any lack of compliance with and/or anomalies relating to the fulfilment of the obligations in the Model, if they become aware of them, such as to make the Model ineffective, thereby potentially subjecting the Company to the risk of the penalties applicable under Legislative Decree 231/2001;

- failure to report the Supervisory Body any critical factors relating to the performance of activities in the areas at risk of criminal violations, encountered during monitoring by the competent authorities;
- perpetration of one or more serious breaches to the regulations in the Model, to the extent that it constitutes a criminal offence under the Model, thus exposing the Company to the application of penalties pursuant to Legislative Decree 231/2001.

In the event a manager breaches the regulations and rules of conduct contained in the Model, the Company, based on the principles of gravity, repetition of an offence, direct non-compliance and lack of supervision, shall adopt the measures deemed the most appropriate, towards the said manager, in compliance with the contractual rules and applicable regulations.

#### **5.4 Measures against members of corporate bodies**

Upon being informed of a breach of the regulations and the rules of conduct in the Model by members of corporate bodies, the Supervisory Body must promptly inform the Board of Directors and Board of Statutory Auditors of the event.

The notified members of the Supervisory Body must then take appropriate measures.

To ensure the full exercise of the right of defence, a deadline must be established within which the party in question may provide justification and/or a written statement in his or her defence and may have the opportunity to be heard.

#### **5.5 Measures against the Supervisory Body**

In the event of negligence and/or carelessness by the Supervisory Body, in supervising the effective application of and compliance with the Model, and in failing to identify any cases of violation thereof, proceeding to the elimination, the Management Body shall apply the most opportune measures, in accordance with the applicable laws and regulations, including the withdrawal of the engagement and without prejudice to any further compensation.

In order to ensure the full and unrestricted rights of defense a deadline must be established and envisaged within which the subject concerned may send justifications and/or defense briefs in writing and may also be heard.

#### **5.6 Measures against Partners and Consultants**

In the event that Partners and Consultants or others parties to agreements with the Company for the performance of activities deemed sensitive are found to have breached the applicable regulations and rules of conduct provided for in the Model, or any perpetration of criminal offences contemplated in Legislative Decree 231/2001, shall be sanctioned according to the provisions contained in the specific contractual clauses included in the respective contracts.

## **6 TRAINING AND INFORMATION PLAN**

### **6.1 Foreword**

In order to effectively implement the Model, the Company intends to ensure the correct dissemination of its contents and principles, both inside and outside its organization.

In particular, the Company's objective is to circulate knowledge of the Model's contents and principles not only among its Employees but also to anyone who, while not formally an employee of the Company, nevertheless operates — occasionally or otherwise — to enable the Company to attain its purpose, in pursuance of a contractual arrangement.

Recipients of the Model include persons who represent, direct or manage the Company, or one of its organizational units with financial and functional autonomy, as well as those who carry out, effectively or otherwise, the management of the Company and also persons subordinate to the supervision of one of the aforementioned persons (as per Article 5, Legislative Decree 231/2001), but also, more generally, all those who operate to achieve the Company's purpose and objectives. The Recipients of the Model therefore include members of corporate bodies, persons involved in the functions of the Supervisory Body, Employees, Consultants and Partners, and financial counterparts.

The Company, in fact, aims to:

- ascertain that all those who operate in its name and on its behalf in "sensitive" activities are aware that in the event of a breach of the regulations therein they may be committing an offence that may incur penalties;
- inform all those who operate in any way in its name, on its behalf and, in any event, in its interests, that a breach of the provisions contained in the Model will result in the application of specific penalties or in the termination of the contractual relationship;
- reiterate that the Company will not tolerate illicit conduct of any kind and irrespective of its purpose, as such conduct (even in the event that the Company might appear to benefit from it) is nevertheless in conflict with the ethical principles to which the Company intends to adhere.

The information and training activities will be diversified depending on their intended Recipients and, in any event, must respect the principles of completeness, clarity, accessibility and continuity so as to provide the various Recipients with full awareness of the company regulations they are compelled to abide by and the ethical regulations that must guide their conduct.

These Recipients are compelled to punctually respect all the regulations in the Model, also so as to fulfil their obligations of loyalty, honesty and diligence arising from the legal relationship established with the Company.

The information and training activities are promoted by the Supervisory Body, which is assigned with the task, among others, to promote, in agreement with the appointed company functions, internal communication and training programs regarding the Model, the standards of conduct and the procedures adopted in accordance with the Decree.

### **6.2 Employees**

Every employee must: i) be or become aware of the principles and contents of the Model; ii) understand the operational means according to which activities must be carried out; iii) actively contribute, in relation to his or her role and responsibilities, to the effective implementation of the Model, also by reporting any shortcomings encountered.

In order to ensure effective and rational communication activities, the Company intends to promote and facilitate the awareness of the contents and principles of the Model by its Employees, with different levels of detail depending on the positions and roles they have.

Employees must be guaranteed the possibility to access and consult the documentation pertaining to and connected with the Model (Code of Ethics, information regarding the Company's organizational structures and regarding company activities and procedures) directly in a special area of the company intranet. In any event, for Employees who do not have intranet access, this documentation is to be placed at their disposal through alternative means, such as an attachment to their pay slip or postings on the company bulletin boards. The disciplinary system provided for by the Model is to be communicated to the personnel through the means provided for by Article 7 of the aforementioned Law no. 300/1970.

The responsible company functions will assist the Supervisory Body in identifying the best approach to instructing employees about the principles and contents of the Model, in particular for those who work in areas deemed sensitive as per Legislative Decree 231/2001 (e.g., staff meetings, online courses, etc.).

At the end of each training event, the participants will fill out a form to attest to the fact that they have taken part in the course.

Suitable informational tools are to be adopted to update the Recipients of this paragraph regarding any changes made to the Model, as well as every relevant procedural, regulatory or organizational changes.

The Supervisory Body will monitor the level of awareness of the contents of the Model through ad hoc verifications.

### **6.3 Other Recipients**

The informational activities regarding the contents and principles of the Model must also be addressed to third parties who have contractually regulated relationships with the Company or who represent the Company without employment commitments (e.g., Partners and Consultants).

To this end, the Company will determine:

- the types of legal relationships established with persons external to the Company to whom the provisions of the Model should apply, given the nature of their activities;
- the means of communicating an extract of the Model and the Code of Ethics to external persons involved and the procedures necessary to adhere to the regulations contained therein so as to ensure their effective understanding of the same.