

ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE No.
231/01¹



ALITALIA – SOCIETÀ AEREA ITALIANA S.p.A.
GENERAL SECTION

¹ Adopted by resolution of 25/03/2016.

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Attachment 1 - Offenses List

Attachment 2 - Information Flows to the Supervisory Body

Attachment 3 - Risk Matrix - offenses

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": anyone 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 managerial positions;
- "Legislative Decree no. 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 no. 231/2001 and Ministerial Decree 26 June 2003 no. 201;
- "Model": the organizational, management and control model of the Company pursuant to Legislative Decree no. 231/2001 approved by the Board of Directors of Alitalia Società Aerea Italiana S.p.A. on March 25th, 2016;
- "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 no. 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, consortia, etc.), if intended to cooperate with the Company in the context of Sensitive Activities;
- "Offences or Crimes": the offences of crimes defined herein are those provided for by Legislative Decree no. 231/2001 as subsequently amended and supplemented (a list of offence types and their legal references can be found in Attachment 1 to this General Part);
- "Company": Alitalia - Società Aerea Italiana S.p.A. (also Alitalia S.p.A. or Alitalia).

1 DESCRIPTION OF THE LEGISLATIVE FRAMEWORK

1.1 Regime of administrative liability for legal entities.

Legislative Decree no. 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 no. 231/2001 has its genesis in a number of international conventions endorsed by Italy and the European Union which dictate that forms of liability for legal entities be provided for certain types of crimes.

Pursuant to the provisions of Legislative Decree no. 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-level 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-level 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 offender, 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 the Public Authorities (Articles 24 and 25 of Decree 231/2001);²
- offences related to computer crime (Article 24-bis of Legislative Decree no. 231/2001);
- offences related to criminal organizations (Article 24-ter of Legislative Decree no. 231/2001);
- offences regarding forgery of money, instruments of public credit, revenue stamps and identification instruments or marks (article 25-bis of Legislative Decree 231/2001);
- crimes related to disruption of the freedom of industry and commerce (Article 25-bis 1 of Legislative Decree no. 231/2001).
- corporate crimes (Article 25-³ter of Legislative Decree no. 231/2001);
- terrorist crimes and crimes aimed at subverting the democratic order (Article 25-quarter of Legislative Decree 231/2001);
- female genital mutilation practices (Article 25-quarter 1 of Legislative Decree 231/2001);
- crimes against the individual (Article 25 - quinquies of Legislative Decree 231/2001);
- market manipulation and abuse of privileged information (article 25-sexies Legislative Decree no. 231/2001);
- manslaughter and serious or very serious personal injuries due to negligence in violation of workplace health and safety regulations (Article 25-septies of Legislative decree 231/2001);

²As amended by Law 190/2012.

³ 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.

- transnational crimes (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");
- handling of stolen properties, money laundering and investing the proceeds of crime (Article 25⁴-octies of Legislative Decree 231/2001);
- crimes concerning the violation of copyright laws (Article 25 novies of Legislative Decree no. 231/2001)
- incitement not to make statements or to provide false statements before the Judicial Authorities" (Article 25-decies of Legislative Decree no. 231/2001);
- environmental crimes (Article 25-⁵undecies of Legislative Decree no. 231/2001);
- crime consisting in the employment of irregularly resident citizens of other countries (Article 25 duodecies of the Decree);

Please refer to Attachment 1 (Offences List) of this document for the precise list of offences covered by 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:

- fine calculated using a system based on quotas, which are determined by the judge as to number and amount, within the limits defined by law;
- prohibitory penalties which, in turn, may comprise:
 - disqualification from trading or exercising a business activity;
 - suspension or revocation of permits, licenses or concessions which were/are functional to the perpetration of the offence;
 - ban on contracting for work 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.
- confiscation of the proceeds of crime;
- publication of the sentence 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 no. 231/2001 is the attribution of an "exempting" value to company organization, management and control models.

The organization is not liable for crimes committed in its interest or to its benefit by a top-level manager if it proves that:

- the directors' board has adopted and effectively implemented organizational, management and control models suitable to prevent the crimes covered by the Decree;
- the task of overseeing the operation of and compliance with the Model and proposing its updates has been entrusted to a "Body" having autonomous powers of initiative and control;
- the persons committed the offences in deliberate breach of the organizational models;
- the offence was not committed because of the omitted or insufficient vigilance by the body.

On the other hand, a crime committed by persons subject to the direction or supervision of others, the body is responsible for the commission of the offence when the latter was made possible by a breach of the direction or supervision obligations which must be observed by the institution.

⁴As 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.

⁵As 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) "Crimes against the environment" indicating their relevance for Legislative Decree no. 231/2001 and the related penalties.

The administrative liability of entities is in any case excluded by express provision of the law (Article 5, paragraph 2, of Legislative Decree no. 231/2001), if the top-level 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 no. 231/2001 also defines the requirements for the effective implementation of organizational models:

- periodic verification and modification of the model, when they are significant violations of regulations 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 crime for the purposes of Legislative Decree no. 231/2001 by means of the "retroactive prognosis".

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

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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).

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 some general instruments, principally including a code of ethics, with reference to the offences under Legislative Decree no. 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 the main representative associations and best practices relating 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 activity actually carried out by the Company and the context in 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 crimes, assessing the impact of significant changes in the organizational structure or business sectors and acknowledging the significant violations of Model 231 and/or outcomes of the checks on such model. In the light of these circumstances, it examines the possibility of updating the Model, aligning it in time to the requirements encountered from time to time during the application stage, in accordance with the basic principle that the Model is "increasingly aligned" to the life of the company.

2 GOVERNANCE MODEL AND ORGANIZATIONAL SETUP OF THE COMPANY

2.1 Alitalia - Società Aerea Italiana S.p.A.

Alitalia - Società Aerea Italiana S.p.A. (also “Alitalia”, in abbreviated form), whose registered office is in Fiumicino, was established in September 2014 and remained inactive until the 31st December of the same year. The air carrier service began on the 1st January 2015, the effective date of the capital increase subscribed for in kind by Alitalia - Compagnia Aerea Italiana S.p.a. (hereinafter “CAI”), by means of the transfer of all corporate operations related to air transport activities, and through funding by its industrial partner Etihad Airways, through its subsidiary Etihad Investment Holding Company LLC (“Etihad”).

Specifically, 51% of Alitalia's share capital is held by MidCo S.p.A.- a subsidiary wholly owned by CAI —, to which the latter contributed the aforementioned Alitalia shareholding, with the remaining 49% held by Etihad.

As of the approval date of this Model, Alitalia holds the entire share capital, thus carrying out a management and coordination role over Alitalia CityLiner S.p.A. and Challey Ltd, a sub-holding based in Ireland which, in turn, controls another fourteen Ireland-based companies which possess the aircraft fleet operated by Alitalia and Alitalia CityLiner S.p.A. and registered in Ireland. The Company also holds minority interests in investee companies.

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 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 Alitalia - Società Aerea Italiana S.p.A. corporate governance system

In the broadest sense, the corporate governance system is the integration of leadership and organization at all levels of the company. The current Alitalia system involves the participation of various stakeholders, such as:

- **Shareholders' Meeting:** The shareholders' meeting represents the universality of the shareholders and its resolutions, passed in accordance with the law and the articles of association, are binding for all shareholders. The meeting is authorized to make resolutions, during ordinary and extraordinary sessions, on matters reserved to it by law or by the articles of association;
- **Board of Directors:** The Board of Directors is vested with the most extensive ordinary and extraordinary administrative powers. It can, therefore, carry out all actions, including dispositions, deemed suitable for achieving the corporate purpose, only excluding those expressly reserved by law to the Shareholders' Meeting, within the limits provided for by the Articles of Association and by the laws in force. In particular, the board establishes the general policy of the Company, makes decisions on all strategic matters, including the implementation of business plans, annual budgets, fleet investments, and significant changes to the network

configuration. The Chairman has the power to represent the Company before third parties and before the court, as well as signatory power.

- **Board of Statutory Auditors:** Called to monitor compliance with the law and with the deed of incorporation and respect for the principles of proper administration of corporate activities, but also to monitor the effectiveness of the internal control and auditing system;
- **Supervisory Body:** Body vested with autonomous powers of initiative and control entrusted, 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;
- **Independent Auditors:** In charge of auditing. This activity is carried out by an auditing company registered with CONSOB (Italian Securities and Exchange Commission), as required by current legislation.

The Board of Directors has delegated managerial powers and all powers necessary to fulfill the regulatory requirements to the Chief Executive Officer.

The Board of Directors internally appoints an Appointment and Remuneration Committee, a Budget Review Committee, a Related Parties Committee and an Audit Committee.

The **Appointment and Remuneration Committee** is made up of two directors who, among other things: propose candidates to the Board of Directors for the roles of Chief Executive Officer and Chief Financial Officer and also propose a plan for their replacement in the event of discontinuance of office; examine proposals that the Chief Executive Officer intends to present to the Board of Directors in relation to the appointment of executive managers, and give their recommendations and opinions.

The **Review Committee** is made up of four directors and is responsible for examining: the annual budget proposal for each financial year; funding in excess of certain pre-established thresholds; the Company's investments for amounts exceeding pre-established thresholds; any contract not considered in the budget and involving costs or revenues exceeding pre-established thresholds.

The **Related Party Committee**, consisting of four directors, gives its recommendations in relation to the application of the relative procedure and, in particular, to sizable transactions.

The Board of Directors has also set up the **Audit Committee**, whose task is to assist and support the assessments and decisions made by the Board of Directors in relation to the internal control and risk management system ("ICS") by giving adequate instructions of a purposeful and consultative nature. More specifically, in accordance with the resolutions of the Board of Directors, the Audit Committee⁶ must perform the following functions⁷:

- a) Give its opinion to the Board of Directors regarding:
 - The definition of ICS guidelines so that the main risks facing the company are properly identified and adequately measured, managed and monitored, and regarding the degree of compatibility of those risks with a corporate management that is consistent with the strategic goals identified;
 - An evaluation, at least annually, of the adequacy of the ICS in relation to the characteristics of the company and to the risk profile employed, as well as its efficacy;
 - Approval of the work plan prepared by the head of the Internal Audit function;
 - An assessment of the results described by the statutory auditor in any letter of recommendations and in the report on key matters arising from the statutory audit;
- b) Give its opinion to the Board of Directors regarding:
 - The appointment and dismissal of the head of the Internal Audit function and, on request by the Board of Directors, when deemed appropriate in relation to the control systems, of the other corporate control functions, and regarding the adequacy of the resources allocated for fulfilling the duties of those functions;
- c) Assess, together with the executive director and having consulted with the statutory auditor and the board of statutory auditors, the proper use of accounting principles and their consistency for the purpose of drawing up the consolidated financial statements;
- d) Examine the results of the risk assessment carried out by the Internal Audit function;

⁶Article 1, Organizational Regulations for the Audit Committee of Alitalia s.p.a.: «The Audit Committee (the "Committee") has been established by resolution of the Company's Board of Directors and is made up of four Directors, two appointed by the directors nominated by the holders of Category B shares and the other two appointed by the directors nominated by the shareholders not in possession of Category B shares, including at least one independent director».

⁷Article 2, Organizational Regulations for the Audit Committee of Alitalia s.p.a.: « Duties, powers and resources».

- e) Examine periodic or specific reports prepared by the Internal Audit function and by the other corporate control functions and the critical issues and evaluations formulated by them, promptly informing the Board of Directors in the event of serious anomalies or shortcomings and formulating proposals in relation to them;
- f) Ensure monitoring of ICS development projects, as well as action plans aimed at removing critical issues or shortcomings in the organizational setups (structures, processes, procedures) established to control corporate risks;
- g) Monitor the independence, adequacy, effectiveness, and efficiency of the Internal Audit function;
- h) Request that the Internal Audit function conducts audits on specific operational areas when deemed necessary or appropriate, also notifying the chairman of the board of statutory auditors;
- i) Reports to the Board of Directors, on a half-yearly basis at least, upon approval of the annual and half-year financial reports, regarding the activities carried out and the adequacy of the ICS;
- j) Assess any reports from appointed functions regarding problems and critical issues pertaining to the ICS and take suitable actions;
- k) Carry out any other tasks assigned to it by the Board of Directors.

In relation to its duties, the Committee gives opinions and recommendations to the Board of Directors, develops documents and submits them to the Board of Directors and, through its Chair, reports to the Board of Directors regarding the activities carried out by the Committee itself.

2.3 Alitalia - Società Aerea Italiana S.p.A. 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:** it states the ethical principles and code of conduct that the Company recognizes as its own and which everyone working towards the Company's objectives must comply with.
- **Articles of Association:** in accordance with the provisions of current legislation, it considers various forecasts relating to corporate governance to ensure that management activities are properly performed.
- **Manual of Authority:** it defines and governs the specific approval and authorization procedures, also in relation to the use of applicable signatory powers, in order to give the relevant personnel the power to effectively carry out their functions and in order to delegate the necessary authority to make business decisions. The Manual of Authority defines the way in which the decision-making process is carried out and the extent to which corporate decisions are delegated.
- **Service orders and Communications:** Define the responsibility areas of management and the organizational structure.
- **Organizational Instructions:** they are documents conveying 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. It is the responsibility of each department and function to guarantee that such manuals, procedures, and systems are completely aligned to the contents of the Manual of Authority.
- **System of Proxies and Delegations of Authorities:** it defines the attribution of legal representation for the Company. In particular, in view of the ordinary management activities, the Company has granted delegations and proxies within the framework of the assigned corporate responsibilities to perform acts in specific areas and within defined value limits, also granting the necessary powers to ensure the proper and timely fulfilment of all obligations prescribed by current legislation.
- **Other specific legal obligations:** they are required in order to define other specific responsibility areas. In particular, the Company has appointed an Accountable Manager (a figure needed to maintain the continuous airworthiness of

aircrafts, introduced by the European Commission with EC Regulation No. 2042/2003), has identified the Employers, in accordance with Italian Legislative Decree no. 81 of 9th April 2008 on protecting workplace health and safety, and has appointed the people in charge of data processing, pursuant to Italian Legislative Decree no. 196 of 30th June 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 lowering the risk of the crimes provided for in Italian Legislative Decree 231 of 2001, related to Alitalia's typical activities, 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) Efficacy and efficiency in the corporate processes and operations (business, staff, etc.);
- (ii) Adequate risk control;
- (iii) Quality and reliability of economic and financial information;
- (iv) Compliance with 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 and its committees (particularly the Audit Committee);
- The Board of Statutory Auditors;
- The Supervisory Body set up in accordance with Italian Legislative Decree 231/2001;
- The Internal Audit Function, in charge of the so-called "third level" of control, which reports hierarchically to the Chairman of the Board of Directors and functionally to the Audit Committee; The Top Management of the Company (in charge, as part of its role, of the so-called "first and second" level of control).

In keeping with corporate governance and control best practices, Alitalia's ICS has been designed according to the "three lines of defense 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 -, entrusted 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 offenses":

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, can be summarized 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 no. 196/2003 (Code regarding the protection of personal data) for all data processing carried out using electronic tools.

- **Segregation of duties:** The system must ensure that the separation of functions principle is applied, whereby authorization to carry out a transaction must be granted by a different person from the one making or checking the transaction. Furthermore, it is necessary that: i) Powers and responsibilities are clearly defined and known within the organization; ii) Authorization and signatory powers are consistent with the assigned organizational responsibilities. This segregation is ensured by the involvement of multiple persons within the one 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 people to carry out certain transactions. The segregation is evaluated in consideration of the sensitive activity within the context of the specific process it belongs to and its complexity.
- **A delegation system consistent with the assigned organizational responsibilities:** The authorization and signatory 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 requirements of the law (e.g. delegations regarding workers' health and safety).

Specific control standards

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

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

- a) that all the transactions, 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 ordinary running operations:
 - management, coordination and control responsibilities within the Company, reporting and hierarchical levels and a description of the respective responsibilities shall be formally stipulated;
 - the stages in the formation and drawing up of deeds shall be always documented and reconstructed;
 - the authorization levels in the formation of deeds shall be always formally stipulated and documented, as a guarantee of the transparency of the decisions;
 - the attribution and exercise of powers in the context of the decision-making process shall be consistent with the positions and the importance and/or criticality of the underlying economic transactions;
 - decisions shall be 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 by the internal control system;
 - access to company data is in accordance with Legislative Decree. n. 196 of 2003, as subsequently amended and supplemented, or regulations;
 - access to and processing of Company data shall be granted only to authorized persons;
 - confidentiality in the transmission of information shall be granted;
 - the documents concerning the formation of decisions and their implementation shall be filed away 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 involving the use of contracts, the application of clauses for the purposes of concluding the agreement are explicitly provided for, by means of which the third parties: Declare that they are aware of the provisions of the Decree and that they have acquired the Alitalia Model; undertake not to adopt measures or conduct that are not compliant with the Model and Code of Ethics; undertake not to bring about any action or omission, nor give rise to any fact, nor conduct themselves in any way that may expose Alitalia to the risk of penalties, pursuant to Italian Legislative Decree 231/01 or, in any case, that could result in the liability of Alitalia based on the 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.

The Company has also identified the categories of Agreement (Memorandum of Understanding / Letter of Intent, Non-Disclosure Agreement, ISDA) where is not necessary to include the clauses stated in the first paragraph of this letter d).

The Company also provides for specific periodic reporting to the Supervisory Body for cases of exemption from the use of contracts containing 231 clauses (cf. Annex 2 of this General Section).

3. ORGANIZATION, MANAGEMENT AND CONTROL MODEL

3.1 Introduction

As part of the transfer from CAI to Alitalia SAI and until the adoption of this 231 Model and its Code of Ethics, the latter adopted and imbibed the general standards of control, principles, and values given in CAI's 231 Model and Code of Ethics.

In light of the creation of the new Company and despite the continuity of the business managed, Alitalia has deemed it appropriate to initiate a process of overall review of the existing Model, in order to align it with the new organizational situation and new regulations, and to conduct a survey on identified risk areas and on the internal control system being developed.

By resolution of the Board of Directors held on March 25th, 2016, the Company has approved this Organization, Management and Control Model, which recalls the Code of Ethics.

3.2 Function of the Model

The decision to adopt an Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001, is not only grounds for exemption from Company liability should the offenses referred to in the Decree be committed but also, first and foremost, a responsible act by the Company towards its employees, customers, suppliers, financiers, institutions, communities, the environment, etc.

Moreover, adoption of the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 and its effective implementation even more so, contribute to better management of the internal control system, favoring the consolidation of a corporate culture that values the principles of transparency, ethics, fairness, and respect for the rules. This also benefits Alitalia's image and strengthens the feeling of trust that passengers and all persons with whom the Company maintains relations harbor towards it.

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

- Legality, transparency, ethics, fairness, and respect for the rules, also reiterating that, in keeping with the strict principles adopted by Alitalia, no unlawful conduct is allowed, 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 risks arising from any offenses 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 persons who collaborate in various ways with Alitalia (employees, consultants, suppliers, etc.), requesting that they adopt a fair and transparent line of conduct in 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 offenses covered by the Decree being committed;
- Raising awareness among the abovementioned persons that they could meet with disciplinary and/or contractual consequences, as well as penal and administrative penalties against them, should the provisions issued by the Company be breached;
- Establishing and/or strengthening controls to enable the Company to prevent or promptly react to stop offenses being committed by top-level management and by 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 to prevent or obstruct offenses being committed and to sanction any conduct in opposition to its Model;
- Guaranteeing its integrity by meeting the obligations expressly provided for in Article 6 of the Decree;
- Improving efficacy and transparency in the management of company activities;
- Inducing the full awareness of the potential offender that any offense 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 both persons covering representative, administrative or management functions in the Company or in one of 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 no. 231/2001) but also, more generally, anyone working towards achieving 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 Relationship between the Model and the Code of Ethics

To supplement the control tools provided for in the aforementioned 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 The Alitalia - Società Aerea Italiana S.p.A. methodology for defining the organization, management and control model pursuant to Legislative Decree no. 231/2001

The methodology employed to prepare the Model in terms of organization, definition of operational procedures, structuring in phases, 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.

The main logical steps taken with the constant involvement of the company's management are listed as follows:

- **risk assessment:** Identification of the processes and activities within which the offenses covered by Legislative Decree no. 231/2001 could be committed and identification of exemplary ways in which, theoretically, the predicate offenses could occur in the company situation;
- **interviews and gap analysis:** Sharing of the risk profile, detection of the control forces in place, and identification of any shortcomings/gaps;
- **development of the Model.**

3.5.1 Risk Assessment

Article 6, paragraph 2, (a) of Legislative Decree no. 231/2001 includes among the requirements of the Organization, Management and Control Model the identification of processes and activities in which the offenses expressly covered by 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 exemplary ways in which, theoretically, the predicate offenses 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 processes/activities:

- Collection of documentation relating to the corporate and organizational structure (for example, Manual of authority, organizational chart, 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 processes/activities pursuant to Legislative Decree no. 231/2001;
- Breakdown of each type of offense;
- Preliminary identification of the Management/Organization Units responsible for the sensitive processes identified;
- Development of the processes - crime 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 processes/activities and control mechanisms in place, completing and elaborating on the preliminary inventory of sensitive processes/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 processes/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 "intersects" the sensitive processes/activities with their key officers.
- Conduct of structured "interviews" with key officers and with the personnel nominated by them. The purpose was to gather the necessary information on the sensitive processes/activities identified in the preceding phases to enable an understanding of:
 - The basic processes/activities carried out;
 - The Organizational Units/internal/external persons involved;

- 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 suitable for preventing the offenses covered by Legislative Decree no. 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 no. 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 evaluated based on the content of the regulations referred to in Legislative Decree no. 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.

3.5.3 Definition of the Model

The purpose of the operational phase in question was to develop Alitalia's Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001, 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 constantly shared with the various structures involved, including the Supervisory Body.

3.6 Outline of the document

The document containing the Model is structured in 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 offenses;
- (ii) *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 no. 231/2001 could occur. This section also contains examples of how such offenses 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 inducement not to make statements or to provide false statements to the judicial authorities;
- **Special Section B:** Corporate offences and market abuse;
- **Special Section C:** Crimes committed by criminal organizations, crimes of terrorism or subversion of democratic order and transnational crimes;
- **Special Section D:** Handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal and self money-laundering;
- **Special Section E:** Manslaughter or serious bodily harm committed in breach of legislation governing the safeguarding of workplace health and safety;

- **Special Section F:** Offences regarding forgery of money, money values having legal tender or revenue or revenue stamps and instruments or identification signs, and crimes against industry and commerce;
- **Special Section G:** Offences against the person and offences related to the breach of copyright;
- **Special Section H:** Computer Crime and unlawful processing of data;
- **Special Section I:** Employment of illegally resident 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 behavior of those working within the Company and promote at all levels of the Company conducts inspired by legality 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:

- Preparation of financial statements and accounting documentation;
- Management of Intercompany relations;
- Management of financial and monetary flows;
- Management of relationships with the tax authorities and related compliance;
- Management of insurance and financial intermediaries;
- Management of relations with the Independent Auditors;
- Purchase of goods and services;
- Purchase of consulting and professional services;
- Purchase / sale of the fleet;
- Purchase / sales of aeronautical materials and purchase 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 expense 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;
- Management of institutional relations;
- Relations with the media and management of external communication;
- 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;
- Claims management;
- 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;
- Works protected by copyright and intellectual property.

See attachment 3 containing the connection matrix between business processes, the relevant sensitive activities identified, the applicable crimes 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 the body in charge of the adoption, updating and review of the Model.

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

The 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, compete, in any case, certain 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 reports to the Board of Directors and the Statutory Auditors promptly, facts, circumstances or organizational failures identified in supervisory activities which point out the need to update or adapt the Model and, at least every half year as part of its periodic report also transmitted to the Audit Committee, 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.

3.8.3 Update and adaptation

The model should be updated or adapted whenever it is considered necessary or appropriate and anyway as a result of circumstances related to facts such as:

- 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 no. 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 variation of those previously identified, 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, Code of Ethics and Special Sections) and to the overall organizational, procedural and control structure.

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 of the Board of Directors.

The approval of the updates to the Model is immediately communicated to the Supervisory Board, which, in its turn, 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 4.9.

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

4.1 The Supervisory Body of Alitalia - Società Aerea Italiana S.p.A.

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 commission of crimes by qualified individuals under Article 5 of Italian Legislative Decree 231/2001, if the managing body has, *inter alia*, entrusted the task of supervising the functioning and observance of the (adopted and effectively implemented) model, as well as its updating⁸, to a body with autonomous powers of initiative and control.

In this context, the Company has appointed a Supervisory Body whose operating mechanisms are governed by the regulations created 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;
- b. situations in which autonomy and independence may be seriously compromised;
- c. indictment for any of the predicate offences pursuant to Italian Legislative Decree 231/2001;
- d. indictment for any crime that is not unpremeditated or that in any case includes 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, the occurrence of which represents, in itself, a cause for 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 individual in the Supervisory Body.

If the disqualification is related to situations in which the autonomy and independence may be seriously jeopardized, the Board of Directors will acknowledge such disqualification only after consulting the Board of Statutory Auditors and receiving a favorable opinion.

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 effectively⁹.

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.

⁸ 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 maneuvers 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."

⁹ In this regard, refer to paragraph 4.7.

Professionalism

The Supervisory Body must be equipped with at least the following professional skills:

- knowledge of the organization and key business processes;
- legal knowledge that would enable the identification of any cases likely to be considered offences.

In particular, as clarified by legal practice, the Company must choose the members of the Supervisory Body by verifying their possession of specific professional skills in relation to risk management and 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 can make use of external Consultants, also as regards the performance of the technical operations necessary to carry out its control function. In this case, the Consultants must always report the results of their work to the Supervisory Body¹⁰.

Continuity of action

The Supervisory Body must ensure the necessary continuity in the exercise of its duties, also by scheduling its activity and controls, by drafting minutes of its meetings and the regulation of information flows deriving from the corporate structures.

Without prejudice to the requirements contained in this Model, the functioning of the Body is governed by a specific Regulation, adopted by the same Body, as the effective exercise of the autonomy and independence that is recognized to it.

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 information regarding the composition of the supervisory body. In the absence of such 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 of which the Supervisory Body is responsible, also in compliance with the previously underlined requirements of autonomy and independence.

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.

¹⁰ "This arrangement allows the principle of responsibility, which the law assigns to the body with respect 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 (a possibility alternative to the allocation of the role of supervisory body to the Audit Committee or to the Internal Audit function), Confindustria, *Guidelines*, 44.

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 on which the Board of Directors appointed it.

4.4 Revocation

The revocation of the members of the Supervisory Body may only take place due to just cause, by resolution of the Board of Directors, with the approval of the Board of Statutory Auditors.

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

- serious negligence in the fulfilment of duties related to the office;
- the “*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, pronounced against the Company or other companies in which the person was a member of the Supervisory Body, according to Italian Legislative Decree 231/2001 or from a judgement where the penalty upon request (the so-called “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 Causes of suspension

If circumstances that could potentially affect the respectability requirements of one or more members of the Supervisory Body should occur, the Board of Directors, with the approval of the Board of Statutory Auditors, may pass a resolution on their suspension from office for as long as the potentially injurious situation lasts. In this case the Board of Directors shall also pass a resolution on the replacement of any suspended members of the Body for as long as the suspension period lasts.

4.6 Temporary impediment

In the event of circumstances that might prevent, temporarily, 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 the suspension of that member with the favorable opinion of the Board of Statutory Auditors, on the appointment of a new member who will hold office for as long as the temporary impediment situation lasts.

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 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, can 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 entrusted 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 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 asking for information from the managers of the relevant corporate departments and the violators (if known), in the event of deficiencies or omissions in the correct execution of the Model or potential violations of its provisions coming to light during its regular control activities. The Supervisory Body shall immediately organize provisions and measures that are required to correct such deficiencies and prevent the commission 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 related 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, as well as any parties which the Supervisory Body, for whatever reason, makes use of, 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 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:

- every six months, transmits to the Audit Committee, the Board of Directors and the Board of Statutory Auditors, a report containing the performed activities, 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 and periodically exchanges information with it;
- 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 corporate structure or, in any case, due to other circumstances encountered; Such report is also promptly notified to the Board of Statutory Auditors.

In the event of any violations of the Organizational, Management and Control Model, pursuant to Italian Legislative Decree 231/01 or any illegitimate and/or unlawful conduct, the Supervisory Body must immediately inform the Board of Directors and the Statutory Auditors 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 and the Board of Statutory Auditors.

The meetings with corporate bodies to which the Supervisory Body reports must be documented. The Supervisory Body must take care of the storing of 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 offences being committed that are mentioned in 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 in respect of whom the judiciary is bringing proceedings for offences under Italian Legislative Decree 231/2001;
- committees of inquiry or internal relations 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 which indicate that investigations are being conducted, also against unknown persons for the 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, detected 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;
- minutes of the Shareholders' meetings and of the Board of Directors' and Board of Statutory Auditors' Meetings.

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 activity 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 the reports

The obligations to provide information on any behavior deemed contrary to the provisions contained in the Model 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 Code¹¹.

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.

Correct compliance with the obligation by the employee to provide information cannot lead to the application of disciplinary penalties.

The Company protects those who report irregularities which have come to their knowledge in the public or private employment relationship.

The company adopts reporting channels (including computerized systems) deemed appropriate and effective in order to always guarantee the confidentiality of the informer, from the moment in which the information has been received and during each contact following the report. For this purpose it is useful to ensure the transparency of the report procedure, defining and disclosing the procedure, indicating certain terms related to the launch and conclusion of the investigation and with the identification of the entities that manage the reports

Any form of retaliation, discrimination or penalization against those who make reports to the Supervisory Body in good faith, is prohibited. The Company reserves the right to take any action against anyone who makes untrue reports in bad faith.

The email address odv.231@alitalia.it has been created in order to facilitate the implementation of the provisions contained in this paragraph.

Reports can be sent in a sealed envelope as strictly confidential, to:

Supervisory Body of Alitalia S.p.A. Via
Alberto Nasseti SNC – Palazzina Alfa
00054 Fiumicino (RM)

The reports are kept by the Supervisory Body in accordance with the procedures provided in its Regulation.

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 concerned 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 control safeguards of the Model in the reference procedures;
- training activities dedicated to the Model;

¹¹ 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 entrepreneur 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 entrepreneur, nor disclose information pertaining to the organization and methods of production of the company, or make use of them to harm the company." (Article 2105 of the Italian Civil Code).

- any relevant facts arisen within the framework of its activities, any disciplinary measures applied and the significant changes made to its model.

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. outsources activities to Alitalia S.A.I., must be transmitted to the Supervisory Body of Alitalia City Liner S.p.A..

The Alitalia Supervisory Body sends to the Audit Committee, the Board of Directors and the Board of Statutory Auditors, any information referred to in this section within the report made every six months.

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 preserved 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 no. 231/2001 specify that the effective implementation of the Organization, Management and Control Model requires the introduction of a disciplinary system that appropriately punishes failure to abide by the measures indicated in the Model¹².

The definition of an appropriate disciplinary system therefore constitutes an essential prerequisite for the exculpatory effects of the Managerial and Administrative Model pursuant to Legislative Decree no. 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 initiated¹³.

The penalties considered for breaches of the regulations contained in the Model are to be interpreted as applicable even in the event of a breach of the regulations 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 labor 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 behavior, 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;
- 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.

¹²"The effective implementation [of the Model] also requires the introduction of a 'disciplinary system that appropriately punishes 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.

¹³"The employers' disciplinary evaluation of the line of conduct adopted, except for, naturally, a possible subsequent control by a labor judge, does not necessarily need to coincide with the evaluation of a criminal judge, given that violations of the Code of Ethics and internal procedures are independent of the legal violations entailed in committing a crime. The employer is therefore not compelled to wait for 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 inadvisable to delay the application of the disciplinary penalty while awaiting any verdict that may be reached before a criminal judge", Confindustria, Guidelines 2008, p. 30.

- 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 offense.

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.

As for the kinds of penalties that may be administered, in the event of an employment relationship, any penalty measures must abide by the procedures provided for in Article 7 of the Statute 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 labor 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 boards¹⁴.

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 Labor 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 publicized through the means provided for by the aforementioned Article 7 of Law no. 300/1970 (Statute 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 noncompliance with a primary employment obligation and consequently constitutes disciplinary offenses.

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 - Società Aerea Italiana S.p.A.

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

- the subjective element, that is, the intentionality of the line of conduct or the degree of guilt (negligence, carelessness or incompetence);
- 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 offense;
- the involvement of other persons;
- the seriousness of the effects of the disciplinary offense, that is, the level of risk to which the Company may reasonably be exposed following a signaled breach;
- other particular circumstances that accompany the offense.

¹⁴"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 penalties that may be applied are those provided for by the Company Collective Agreement for employees of Alitalia - Società Aerea Italiana S.p.A.

What follows are the disciplinary penalties pursuant to Legislative Decree no. 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 line of conduct that does not adhere to the provisions of the Model itself. Such conduct constitutes noncompliance with the regulations established by the Company.

2. Written reprimand

A “written reprimand” is incurred by an employee who carries out a repeat offense in breaching the procedures prescribed by the Model or who adopts, in carrying out activities in sensitive areas, a line of conduct that does not adhere to the provisions of the Model. Such conduct constitutes repeated noncompliance 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 line of conduct that does not adhere to 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 line of conduct that does not adhere to 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 offense more than three times in one solar 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 assets of the Company and/or constitutes acts that are in conflict with its interests.

5. Dismissal with notification

“Dismissal with notification” is incurred by an employee who, while carrying out activities in sensitive areas, adopts a line of conduct that does not adhere to the provisions of the Model and is unequivocally aimed at committing an offense penalized by Legislative Decree no. 231/2001. Such conduct constitutes gross noncompliance 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 notification

“Dismissal without notification” is incurred by an employee who, while carrying out activities in sensitive areas, engages in a line of 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 no. 231/2001, as well as an employee who has made a repeat offense 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

As they conduct their professional activities, the Company’s Managers are required both to respect the regulations contained in the Model and to have their workers do the same.

Illicit conduct committed by managers that are to be considered punishable for breach of the regulations contained in the Model include but are not limited to:

- failure to monitor the workers hierarchically below them to ensure that they are adhering to the regulations in the Model for the performance of the 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 provide notification of the lack of compliance with and/or anomalies pertinent to the fulfilment of obligations in the Model, if aware of the same, that might make the Model ineffective, thereby potentially subjecting the Company to the risk of penalties applicable as per Legislative Decree no. 231/2001;
- failure to notify the Supervisory Body of critical factors inherent to the performance of activities in the areas at risk of criminal violations encountered during monitoring by the appointed authorities;

- personal incurrance of one or more serious breaches of the regulations in the Model, to the extent that it involves perpetrating a criminal offense considered in the Model, thus exposing the Company to the application of penalties *pursuant to* Legislative Decree no. 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 seriousness, repeat offenses, direct noncompliance and lack of supervision, shall take against said manager measures deemed most appropriate 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 take appropriate measures.

So as to ensure the full exercise of the right to defend oneself, a deadline must be established within which the party in question may provide justification and/or a written statement in his defense and may have the opportunity to 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 offenses contemplated by Legislative Decree no. 231/2001 by the same will be punished according to the provisions contained in the specific contractual clauses included in the respective contracts.

6 TRAINING AND INFORMATION PLAN

6.1 Premise

So as to effectively implement the Model, the Company intends to ensure the correct distribution of its contents and principles both inside and outside its organization.

In particular, the Company's objective is to spread knowledge of the Model's contents and principles not only to its Employees but also to anyone who, while not formally covering an employee position, work—even on an occasional basis—to reach the Company's objectives pursuant to contractual agreements.

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, even effectively, the management of the Company and also persons subordinate to the supervision of one of the aforementioned persons (as per Article 5, Legislative Decree no. 231/2001), but also, more generally, all those who work to reach the Company's goals and objectives. The Recipients of the Model therefore include members of corporate bodies, persons involved in the functions of the Supervisory Body, Consultants and Partners, and financial counterparts.

The Company intends to:

- ascertain that all those who work 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 offense that may incur penalties;
- inform all those who work 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;
- reaffirm 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 fulfill their obligation to loyalty, honesty and diligence that arises 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

Each employee must: i) acquire an awareness of the principles and contents of the Model; ii) understand the operational means with which his activity must be carried out; iii) actively contribute, in relation to his role and responsibilities, to the effective implementation of the Model, providing notification of any shortcomings encountered therein.

So as 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 cover.

The Employees must be ensured the possibility to access and consult the documentation pertaining to and connected with the Model (Model extract, 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. Each employee must print and save a paper copy of said extract of the Model. 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 no. 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 change.

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).

For this reason, the Company will determine:

- the kinds of legal relationships 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.