

**ORGANIZATION, MANAGEMENT  
AND CONTROL MODEL**

*PURSUANT TO ITALIAN  
LEGISLATIVE DECREE NO. 231/2001*



Approval by the Managing Director dated 20<sup>th</sup> November 2017

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Rev.	Date	Nature of the change
00	20 November 2017	<ul style="list-style-type: none"> <li>• Lufthansa Technik Milan S.r.l. Organization, Management and Control Model approval</li> </ul>

## Foreword

Pursuant to the Italian provision on the “administrative liability of legal entities deriving from offences” contained in Legislative Decree no. 231 of June 8, 2001, (hereinafter “Legislative Decree 231/2001” or the “Decree”), Lufthansa Technik Milan S.r.l. (hereinafter “Lufthansa Technik Milan” or the “Company”) has adopted its Organizational, Management and Control Model (hereinafter also the “Model”).

The Model was approved by the Managing Director on 20<sup>th</sup> November 2017.

In drafting the Model, the Company has applied the Guidelines of Confindustria (Italian Manufacturing Companies Association) issued March 7, 2002, updated March 2014 and approved by the Ministry of Justice and furthermore the requirements of voluntary regulations on management systems.

At any rate, possible differences from the abovementioned Guidelines shall not nullify the validity of this Model as it perfectly corresponds to business reality and corporate structure of the Company.

## 1. THE LEGISLATIVE DECREE NO 231/2001

### 1.1 Administrative liability of legal entities

The Legislative Decree no. 231, containing the “Discipline of the administrative liability of legal entities, companies and associations even without juridical personality”, dated 8<sup>th</sup> June 2001 and entered into force 4<sup>th</sup> July 2001, has conformed Italian law regarding corporate liability to certain international conventions and, in particular, to *i)* the Convention of Brussels of 26<sup>th</sup> July 1995 on the protection of the European Communities’ financial interests, *ii)* the Convention of Brussels of 26<sup>th</sup> May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and *iii)* the Convention OECD of 17<sup>th</sup> December 1997 on combating bribery of foreign public officials in international business transactions.

Due to the enforcement of the Decree, companies may be held responsible for certain typologies of offences committed by individuals in the interests or to the advantage of the company itself.

The Decree envisages the liability of the entity for offences if committed by:

- a) individuals who cover representative, administrative or management roles within an entity or one of its organizational units, endowed with financial and functional autonomy, as well as by individuals who carry out the operations and control of the same, even *de facto*;
- b) individuals subject to the management or supervision of one of the parties indicated in point a).

The company shall not be held liable if the individuals have acted in their own exclusive interests or those of third parties.

List of relevant offences has been enlarged by time, including the following cases (for a detailed description of liable offences, see Annex no. “List of crimes envisaged by Leg. Decree 231/2001 for assigning administrative liability”):

- crimes against the Public Administration (**articles 24 and 25 of the Decree**):
  - embezzlement to the prejudice of the State or of the European Union (article 316 Italian criminal code);
  - undue receipt of funds to the detriment of the State (article 316-ter Italian criminal code);
  - aggravated fraud to the detriment of the State or other Public Authority (article 640, paragraph 2, no 1, Italian criminal code);
  - aggravated fraud to obtain public funds (article 640-*bis* Italian criminal code);
  - computer crime against the State or other Public Authority (article 640-*ter* Italian criminal code);
  - graft (article 317 Italian criminal code);
  - corruption for the exercise of a function (article 318 Italian criminal code);
  - corruption for acting in contrast to the function (article 319 Italian criminal code);
  - corruption in judicial proceedings (article 319-*ter* Italian criminal code);
  - undue inducement to give or promise benefits (article 319-*quater* Italian criminal code);
  - instigation to corruption (article 322 Italian criminal code);
  - corruption of an individual in charge of a public service (article 320 Italian criminal code);
  - corruption, instigation to corruption and bribery of members or officials of the European Community, of foreign States and of international public organizations (article 322-*bis* Italian criminal code).
  
- Crimes provided by **article 25-*bis*** of the Decree, introduced by the Legislative Decree no 350 of 25<sup>th</sup> September 2001, envisaging “Urgent measures in adopting Euro”, modified by Law 23<sup>rd</sup> July 2009, no. 99, as following indicated:
  - forgery of money, spending and introducing counterfeit money into the State, by acting in concert (article 453 Italian criminal code);
  - altering money (article 454 Italian criminal code);
  - spending and introducing counterfeit money into the State, without acting in concert (article 455 Italian criminal code);
  - spending of forged money received in good faith (article 457 Italian criminal code);
  - counterfeiting of revenue stamps, introduction, possession or circulation in the State of counterfeited revenue stamps (article 459 Italian criminal code.);
  - counterfeiting watermarked paper used to manufacture public credit cards or revenue stamps (article 460 Italian criminal code);
  - manufacturing or possession of watermarks or tools intended for the counterfeiting of money, revenue stamps or watermarked paper (article 461 Italian criminal code);
  - use of counterfeited or altered revenue stamps (article 464 Italian criminal code);
  - counterfeiting, alteration or use of trademarks or particularities or, to be more precise, of

- patents, models and designs (article 473 Italian criminal code);
- introduction into the State and trade of products with false trademarks (article 474 Italian criminal code).
  
- “Corporate crime”, as provided by the Italian civil code and by **article 25-ter** of the Decree, introduced by the Legislative Decree no. 61 of 11<sup>th</sup> April 2002 on “Regulation of criminal and administrative offenses involving commercial corporate, in accordance with Article 11 of Law 3<sup>rd</sup> October 2001, no. 366” and amended by article 31 of the Law of 28<sup>th</sup> December 2005 no. 262 and by Legislative Decree 27<sup>th</sup> January 2010, no 39 and by Law 27<sup>th</sup> May 2015, no 69, namely:
  - false company communications (article 2621 Italian civil code);
  - false company communications: minor relevance (article 2621-*bis* Italian civil code)
  - false company communications within listed companies (article 2622 Italian civil code);
  - obstruction of control activities (article 2625 Italian civil code);
  - unlawful restitution of contributions (article 2626 Italian civil code);
  - illegal distribution of profits and reserves (article 2627 Italian civil code);
  - unlawful transactions on shares or listed shares or of the parent company (article 2628 Italian civil code);
  - transactions to the detriment of creditors (article 2629 Italian civil code);
  - omitted communication of the conflict of interest (article 2629-*bis* Italian civil code);
  - fictitious formation of share capital (article 2632 of Italian civil code);
  - improper distribution of company assets by liquidators (article 2633 Italian civil code);
  - bribery among private individuals (article 2635 Italian civil code);
  - illicit influence on the general shareholders’ meeting (article 2636 Italian civil code);
  - agiotage (article 2637 Italian civil code);
  - obstructing the activities of public supervisory authorities (article 2638 c.c. Italian civil code).
  
- Offences for the purpose of terrorism or subversion of democratic order provided by the Italian criminal code and by special laws and defined by **article 25-quater** of the Decree, introduced by Law no. 7 of 14<sup>th</sup> January 2003 “Ratification and implementation of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9<sup>th</sup> December 1999 and internal rules for its adaptation”.

These offences are provided by a general reference to all current and future possible cases of terrorism crimes.

Being not possible provide a “closed” and limited list of crimes that may involve the Company, pursuant to articles 25 *quater*, 5, 6 e 7 Leg. Decree 231/2001, we consider the main cases envisaged by Italian law system on fighting against terrorism:

- Associations for purposes of terrorism even international or of democracy subversion (article 270-*bis* Italian criminal code);

- Assistance to associates (article 270-ter Italian criminal code);
- Enrolment for purposes of terrorism even international (art. 270-*quater* Italian criminal code);
- Training for activities with purposes of terrorism even international (article 270-*quinquies* Italian criminal code);
- Attack for purposes of terrorism or democratic order subversion (article 280 Italian criminal code);
- Instigation to commit a crime against State personality (article 302 Italian criminal code);
- Armed gang and training, participation and assistance to participants in conspiracy or armed gang (articles 306 e 307 Italian criminal code);
- Offences, other than those specified in the Italian criminal code and in special laws, in violation of Article 2 of the New York Convention of 8<sup>th</sup> December 1999, according to which it is considered a crime to provide or collect funds, by any means, directly or indirectly, unlawfully and wilfully, with the intent to use them or knowing that they are intended for being used, whole or in part, in order to fulfil:
  - a) a crime pursuant to the attached conventions; or
  - b) any other act intended to cause death or serious injury to a civilian, or to any other person not taking actively part to armed conflicts, when the purpose of such act, by its nature or context, is to intimidate a population, or compel a government or an international organization to do or refrain from doing something.
- Offences against the individuals as referred to in article **25-*quater* 1** of the Decree (introduced by article 8 Law no. 7 9<sup>th</sup> January 2006) and article **25-*quinquies*** of the Decree (as provided by article 5 Law no. 228 11<sup>th</sup> August 2003, defining Measures against slavery trade). In particular:
  - Female genital mutilation practices (art. 583 *bis* of the Italian criminal code);
  - enslaving people and keeping them in slavery or servitude (article 600 of the Italian criminal code);
  - child prostitution and its exploitation (art. 600-*bis* Italian criminal code);
  - child pornography (art. 600-*ter* Italian criminal code);
  - possession of pornographic material (art. 600-*quater* Italian criminal code);
  - virtual pornography (article 600-*quater* Italian criminal code);
  - tourism initiatives aimed at exploiting child prostitution (art. 600-*quinquies* Italian criminal code);
  - trafficking in persons (article 601 Italian criminal code);
  - purchasing and selling slaves (article 602 Italian criminal code);
  - unlawful labour intermediation and exploitation (article 603-*bis* Italian criminal code);
  - child grooming (art. 609-*undecies* Italian criminal code).
- Cases of market abuse provided by part V, title I-*bis*, chapter II of Legislative Decree no. 58 of 24<sup>th</sup> February 1998 - Consolidated Law on Financial Intermediation (also named

“T.U.F.”), modified by Legislative Decree no. 303/2006, as mentioned in **article 25 *sexies*** of the Decree:

- abuse of privileged information (article 184 of the Consolidated Law on Finance “T.U.F.”);
  - market manipulation (article 185 of the Consolidated Law on Finance “T.U.F.”).
- Crimes introduced by Criminal Special Law 16<sup>th</sup> March 2006 no. 146 “Ratifying and implementing the United Nations Convention and Protocols against Transnational Organized Crime” (Convention of Palermo), such as:
    - criminal association (article 416 Italian criminal code);
    - mafia-type association (article 416-*bis* Italian criminal code);
    - criminal association aimed at smuggling tobaccos processed abroad (Presidential Decree no. 43/1973, article 291-*quarter* Italian criminal code);
    - association aimed at illegal trafficking of narcotics and psychotropic substances (article 74 Presidential Decree no. 309/1990, Italian criminal code);
    - provisions against illegal immigration (Legislative Decree no 286/1998, article 12, comma 3, 3-*bis*, 3-*ter* e 5 Italian criminal code);
    - induction to withhold information or to make untruthful statements to Judicial Authorities (article 377-*bis* Italian criminal code);
    - personal aiding and abetting (article 378 Italian criminal code).
  - Crimes envisaged by article 9 Law no. 123 3<sup>rd</sup> August 2007 on “Measures on health and safety at workplace”, as mentioned in **article 25-*septies***, as:
    - involuntary manslaughter (article 589 Italian criminal code);
    - unintentional serious or very serious injury or bodily harm (article 590 paragraph 3 Italian criminal code);if committed in violation of the regulations concerning the protection of health and safety in the workplace.
  - Crimes provided by article 63, paragraph 3, of the Legislative Decree no. 231 of 16<sup>th</sup> November 2007, implementing European Directive 2005/60/CE of 26<sup>th</sup> October 2005, on preventing the use of the financial system for money laundering and terrorist financing and modifying the Legislative Decree 231/2001, by introducing **article 25-*octies***, related to the following offences:
    - offences of receiving stolen goods (article 648 Italian criminal code),
    - laundering (article 648-*bis* Italian criminal code);
    - using money, goods or benefits of illegal origin (article 648-*ter* Italian criminal code);
    - self-laundering (article 648-*ter* Italian criminal code).
  - Crimes introduced by the Law 48/2008 adopting the Convention on cybercrimes providing into Legislative Decree 231/2001 **article 24-*bis*** referring to following offences:



- falsification of a public electronic document or that carries evidential effectiveness (article 491-*bis* Italian criminal code);
  - hacking, illegal access to a computer or telecommunication system (article 615-*ter* Italian criminal code);
  - illegal detention and distribution of access code to informatics systems (article 615-*quater* Italian criminal code);
  - distribution of devices or programs aimed at damaging or interrupting a computer or telematics system (article 615-*quinqüies* Italian criminal code);
  - unlawful wiretapping, ban o interruption of computer or electronic communications (article 617-*quater* Italian criminal code);
  - installation of equipment designed to intercept, ban or interrupt computer or electronic communications (article 617-*quinqüies* Italian criminal code);
  - malicious mischief of information, data and internet programs (article 635-*bis* Italian criminal code);
  - malicious mischief of information, data and internet programs used by the Government or other public authority or of public usefulness (article 635- *ter* Italian criminal code);
  - internet fraud committed by electronic signature certification providers (article 640-*quinqüies* Italian criminal code).
- Organized crimes provided by Law 94/2009 and added to **article 24-*ter*** of the Decree:
    - criminal association aimed at enslaving people and keeping them in slavery, trafficking in persons, slaves purchasing and offenses relating to illegal immigration pursuant to article 12 Legislative Decree no. 286/1998 (article 416, paragraph 6, Italian criminal code);
    - mafia-type association, also international (art. 416-*bis* c.p.);
    - criminal electoral exchange (art. 416-*ter* c.p.);
    - kidnapping for extortion purposes (art. 630 c.p.);
    - association aimed at illegal trafficking of narcotics and psychotropic substances (article 74 Presidential Decree no. 309/1990);
    - criminal association (article 416, paragraph 6 excluded, Italian criminal code);
    - unlawful manufacture, introduction into the country and trafficking of weapons, explosives and illegal arms (article 407, paragraph 2, letter a) Italian procedural criminal code).
  - Crimes against industry and commerce provided by Law no. 99/2009 and envisaged at **article 25-*bis* 1** of the Decree.
    - offences disturbing the freedom of industry or trade (article 513 Italian criminal code);
    - illicit competition with threats or violence (article 513-*bis* Italian criminal code);
    - fraud against national industries (article 514 Italian criminal code);
    - fraud in trade (article 515 Italian criminal code);
    - sale of nongenuine food items as genuine (article 516 Italian criminal code);
    - sale of industrial products with mendacious marks (article 517 Italian criminal code);

- manufacturing and trading goods made by usurping industrial property rights (article 517-*ter* Italian criminal code);
- counterfeiting of geographical indications or appellations of origin of agricultural and food products (article 517-*quater* Italian criminal code).
- Offences regarding the violation of copyrights introduced by Law no. 633 22nd April 1941 and the crime provided by article 377 of Italian criminal code (induction to withhold information or to make untruthful statements to Judicial Authorities) pursuant to Law no. 106/2009, both envisaged, respectively, at **articles 25-*nonies* e 25-*decies*** of the Decree.
- Environmental crimes, introduced by Legislative Decree no. 121/2011 and provided by **article 25-*undecies*** of the Decree, following amended by Law no. 68 22<sup>nd</sup> May 2015:
  - environmental pollution (article 452-*bis* Italian criminal code);
  - environmental disaster (article 452-*quater* Italian criminal code);
  - unintentional environmental offences (article 452-*quinquies* Italian criminal code);
  - trafficking and abandonment of highly radioactive material (article 452-*sexies* Italian criminal code);
  - aggravating circumstances for the offence of criminal association (article 452-*octies* Italian criminal code);
  - killing, annihilation, capture, detention of protected wild fauna and flora species (article 727-*bis* Italian criminal code);
  - destruction or deterioration of natural habitat within a protected site (article 733-*bis* Italian criminal code);
  - water industrial waste discharges of containing dangerous chemical agents; discharges on soil, subsoil and surface waters; discharges into the sea by ships or airplanes (article 137 of Legislative Decree 152/2006);
  - activity of the collection, transport, recovery, disposal or, in general, management of waste which are non-authorized or without authorization or in violation of provisions included in the authorizations (article 256 of Legislative Decree no. 152/2006);
  - pollution of soil, of subsoil and of surface water exceeding the concentration risk level (article 257 of Legislative Decree 152/2006);
  - violations on the subject of administrative authorizations, of controls and communications to the competent Authorities for the management of industrial waste water discharges (article 258 of Legislative Decree 152/2006);
  - illegal trafficking of waste (article 259 of Legislative Decree 152/2006);
  - activities aimed at the illegal trafficking of waste whether in a simple or in an organized manner (article 260 of Legislative Decree 152/2006);
  - providing false information on the nature, composition and chemical and physical characteristics in drafting a certificate; conduct of falsification of waste analysis certificates, of waste transport using altered electronic format certificates or paper forms (article 260-*bis* of Legislative Decree 152/2006);

- falsification of waste analysis certificate and of system for the control of waste traceability (SISTR), using altered electronic format certificates or paper forms (article 260-*bis* Legislative Decree 152/2006);
  - import, export, possession, use for profit, purchase, sale, exhibition or detention for sale or for commercial purposes of protected species (articles 1 e 2 of Law no 150/1992);
  - violation of emission limit values allowed (article 279 of Legislative Decree 152/2006);
  - intentional pollution of ships (article 8 of Legislative Decree 202/2007);
  - manslaughter pollution of ships (article 9 of Legislative Decree 202/2007);
  - use of stratospheric ozone-depleting chemicals substances (article 3 of Law 549/1993).
- Offence of employment foreign national citizens without proper visas and permits of stay, provided by Legislative Decree 109/2012 and envisaged at **article 25 *duodecies*** of the Decree.
  - Article 23 of the Legislative Decree 231/2001 also provides that an entity is punishable if, by carrying out the activity for which a penalty or a precautionary measure has been applied, it disobeys the obligations or the prohibitions inherent to those penalties or measures.

In conclusion, conditions underlying the applicability of liability are i) the commission of one of the offences expressly envisaged by the Legislative Decree 231/2001 or whose discipline is expressly referred to; ii) the commission of one of the afore-mentioned offences by a party who covers a senior role within the company, or someone under their supervision; iii) the existence of an interest or an advantage of the entity deriving from the offence being committed.

## 1.2 Exemption from administrative liability

According to article 6 of the Decree, if the offence has been committed by an individual in a senior position, the entity shall not be liable if it provides proof that:

- a. the executive body has adopted and efficiently implemented – before the offence has been committed – an Organization, Management and Control Model suitable for preventing offences of the kind which have occurred;
- b. the task of monitoring the functioning and the observance of the Model has been entrusted to a body of the entity (known as the Organismo di Vigilanza or Supervisory Board) endowed with powers of initiative and control;
- c. the individuals who have committed the offence fraudulently by-pass the Organization, Management and Control Model;
- d. the body indicated in point b) has not omitted to oversee or has insufficiently overseen the situation

The Decree provides that the organization, management and control model must:

1. identify the activities in which the offences may be committed (risk analysis);

2. envisage specific protocols aimed at programming the formation and implementation of the decisions of the body in relation to the offences to be prevented (control activities);
3. identify the methods for handling the financial resources suitable for preventing the offences from being committed;
4. envisage obligations for informing the body tasked with overseeing the functioning and observance of the models (information flows);
5. introduce a disciplinary system suitable for sanctioning failure to respect the measures indicated in the model.

In small size companies, monitoring task can be assigned to the Managing Director.

In addition, the Decree provides that the “organization, management and control models” can be drafted according to codes of conducts of trade associations, submitted to the Ministry of Justice, as set out in the Decree of the Ministry of Justice of 26<sup>th</sup> June 2003, no. 2001.

## **2. APPLICABLE SANCTIONS**

Sanctions set forth in the Decree towards legal entities as a result of the commission or attempted commission of crimes attributing them administrative liability, could be:

1. pecuniary sanctions;
2. disqualification sanctions;
3. seizure;
4. publication of the sentence.

In particular, interdictory sanctions, applicable only to certain cases mentioned by the Decree are:

1. debarment from trading or exercising business activities;
2. suspension or revocation of authorization, licences or concessions useful for the commission of the offence;
3. ban on contracting with Public Administration Authorities, except for obtaining the benefits of a public service;
4. exclusion from concessions, loans, grants and subsidies, as well as the withdrawal of those already granted;
5. interdiction from advertising goods and services.

In addition to the pecuniary and interdictory sanctions’ reductions for attempted offences pursuant to articles 12 e 26 of the Decree, no sanctions are imposed in cases where the legal entity has voluntarily prevented the commission of the fact or the realization of the event.

## **3. THE MODEL IMPLEMENTED BY LUFTHANSA TECHNIK S.R.L.**

### **3.1 Lufthansa Technik Milan S.r.l. corporate structure and organization**

Lufthansa Technik Milan S.r.l., fully owned subsidiary of Lufthansa Technik A.G., a company belonging to Deutsche Lufthansa A.G. Group, is managed by a sole director (also “Managing Director”) appointed by shareholders’ resolution and in charge until his dismissal.

The Managing Director is the legal representative of the Company with powers of attorney. According to article 2 of the Legislative Decree no. 81/2008 he is also the Employer, with specific obligations on environment and health and safety at work regulations.

The Company has its operational headquarters in “Fabbricato 181” at the airport of Milan Malpensa. Lufthansa Technik Milan is specialized in the providing of ground aircraft maintenance services, as well as shelter and logistical activities. In carrying out these activities, the Company, under the control of Lufthansa Technik A.G., relies on a network of intra group services, which include the provision of services and the secondment of personnel (both of technical and managerial level).

The corporate organizational chart consists of seven departments headed by 7 managers directly reporting to the sole director. Each department is responsible of a determined social function and applies other employees classified as staff and reporting to the related Manager.

Departments are the following:

- Finance;
- Customer Support and Contracts;
- Production Planning and Control;
- Production;
- Human Resources;
- Material and Logistics;
- Quality and Training.

The Finance Department is ruled by a manager who is an employee of Lufthansa Technik A.G. on secondment in Lufthansa Technik Milan according to the intragroup services’ agreement.

Its tasks include among others the Company's administrative and financial management (receipts and payments), as well as the preparation and closure of the financial statements and, finally, the supervision of tax compliance. The Department supports other business processes and manages also corporate secretarial duties. In addition to the Manager, the Department employs two other subjects.

The Customer Support and Contracts Department runs the business activity of the Company, following all the stages of the negotiation with customers from the conditions’ discussion to the signing of contracts and subsequent invoicing. Seven employees depend on to the Manager.

The Production Planning and Control Department is mainly responsible for organizing and arranging the maintenance activity according to customers’ demands. The Department provides support to the Group IT desk.

The Production Department carries out the maintenance activities on the aircraft. Under the responsibility of the manager there are supervisors who coordinate and control the specialized technicians during their work.

The Department of Human Resources manages the personnel selection and recruitment processes and related remuneration policies. HR Manager is an employee of Deutsche Lufthansa A.G. seconded to Lufthansa Technik Milan S.r.l. on the basis of a special intragroup service agreements that provide a special fee associated with the activities performed and a percentage of time for working for the

Company. The application of disciplinary violations, including eventual oppositions out of the Court or judicial controversies, are managed by this department.

The Material & Logistics Department manages the warehouse, by coordinating the delivery of materials and the staff shifts. It also monitors the correct execution of the maintenance services towards the customers. The Manager has duties on the environmental protection.

The Quality and Training Department supervises the training activities of the technical staff and, in general, of all the employees, promoting the Company's compliance with aeronautical applicable laws. The department handles the relationships with the civil aviation authorities both of the European Union members and non-European countries in order to obtain the accreditations required for performing maintenance activities on aircraft from foreign states or to achieve aeronautical licenses.

### **3.2 Purposes of Lufthansa Technik Milan S.r.l. in adopting the Organization, Management and Control Model**

By means of adopting and constantly updating the Organization, Management and Control Model, the Company aims at ensuring correctness and transparency in dealing with business activities.

According to Company's intents, the Model is an added value in order to sensitize directors, employees, other staff, representatives and business partners to act in compliance with its ethical principles and to avoid conducts may involve the risk of committing the offences provided by the Decree.

In particular, due to Model's implementation and divulgation Lufthansa Technik Milan proposes to make aware all potential crimes' authors and therefore prevent or promptly react for avoiding offences' commission.

The effective implementation of the Model enhances the systematic internal control system, limiting the risk of crimes.

In drafting the Model, the Company has also considered the Guidelines of Confindustria (Italian Manufacturing Companies Association), as well as the suggestions taken from the "Position Paper" of the National Association of Internal Auditors. In addition, all international standards of management systems (i.e. OHSAS 18001 and ISO 14001) and those related to internal control and governance (such as the CoSo Report, proposed by the Committee of Sponsoring Organizations of the Treadway Commission) have been applied to the Model, providing as briefly following:

- the identification of risk areas, which means business field where committing crimes provided by the Decree is more likely;
- information obligations in favour of the Supervisory Board in order to ensure the control on Model's working, efficacy and compliance;
- the identification of a control system reasonably apt to prevent or reduce the risk of committing crimes by means of the adoption of specific internal protocols. On this purpose, procedures and rules carried out by the Management and by all employees have to be considered as very relevant in order to guarantee:
  - efficacy of the management system;
  - reliability of the corporate information, both internally and externally;
  - compliance with laws, regulations and internal policies.



Rules set forth in the Model are also coherent with the Code of Conduct, even the Model is aimed at put into effect the Legislative Decree 231/2001.

Internal control system is made of:

- the General Part of the Model;
- the Special Part of the Model;
- the rules of corporate governance indicate in the article of association;
- the Code of Conduct;
- the Corporate Employment Contract.

The abovementioned praxis and procedures, although not provided by the Legislative Decree 231/2001 (except for the Model), are all aimed at controlling the regularity, the carefulness and the legitimacy of conducts by all those who represent or work for the Company. Therefore, all these rules contribute to ensure the prevention of offence required in order to apply the Legislative Decree, included those not provided by the Special Part of the Model as the risk of committing them has been considered as not relevant.

Principles, rules and procedures which we have referred to, are recalled, but not listed in this document. However, they are part of a broader system of internal control that the Model proposes to complete.

### **3.3 Objective pursued by means the adoption of the Mode**

The Model implemented by Lufthansa Technik Milan is based on a procedures and controls system that:

1. identify areas potentially subject to risk of committing offences indicated in the Decree and evaluate the risk level related thereto (risk management);
2. define an internal control system aimed at planning training activities and fulfilling the Company's decisions in order to prevent the risk of crimes commission by means of:
  - a code of Conduct providing a guideline for taking decisions and controlling documentation in risk areas;
  - the appointment of representative powers to the Managing Director;
  - the indication of roles and tasks of the Company's employees.
3. define financials' management and control procedures in activities potentially at risk;
4. assign to the Supervisory Board specific duties of monitoring the effectiveness and the correct functioning of the Model and the coherence of this with its purposes and its periodical adjustment, and as well the responsibility of verifying the divulgation of the Model through the Company employees, partners and all those who have relationships, of whatsoever nature, with it.

Objectives of the Model are:

1. avoid and reduce the risk of committing offences associated with corporate activities as envisaged by Italian Legislative Decree 231/2001;
2. inform all possible recipients of the Model of the need for strict observance of it, since any violation thereof leads to severe disciplinary sanctions applicable both to the responsible and the Company;
3. affirm that Lufthansa Technik Milan S.r.l. shall not tolerate unlawful conducts of whatsoever kind and intent, as any misconduct is in contrast with applicable laws and ethical principle which the Company aims to comply with;

Purpose of the Model is, therefore, the establishment of a structured, integrated and organic system of prevention, deterrence and control that be capable of reducing at maximum the risk of crimes' commission, also by means of identification of "sensitive activities" and, where necessary, by means of the regulation of related preventive procedures. In this context, the Supervisory Board has to monitor the compliance of the organizational system adopted and recipients' conducts.

### **3.4 Construction of the Model**

In order to adopt the Model, the Company has launched an internal project (the "*Project*") in compliance with legal entities' criminal liability regulations.

The construction of Lufthansa Technik S.r.l. Model has started with specific and preparatory activities on different stages in line with the Decree and the Guidelines of Confindustria.

All phases will be described as following.

#### **3.4.1 Identification of risk activities**

After having examined corporate organization and all information arisen from the interviews with key professionals who may be involved into main proceedings, areas where possible crimes can occur have been described.

Moreover, all interviews have been recorded, shared and reported; they are part of the Project and of the Model.

By means of the risk assessment, the following risk activities have been identified:

[omissis]

#### **3.4.2 Identification of possible crimes and corrective actions**

Upon information collected, the interviews reports describe all risk areas and activities, together with possible modalities of committing crimes. An explanation of most significant risk factors and controls aimed at moderating effects is provided as well. List of sensitive corporate activities and related risks of crimes can be found in the gap analysis (see Annex 3).

This phase of the project has been shared with the Management and related results are included in the Project's documentation.



### 3.4.3 Structure of the Model

The Model, as drawn up following the abovementioned risk and gap analysis, is made of:

1. a General Part, including rules and principles of the Model;
2. a Special Part, describing control protocols specifically applicable to the various risk activities managed by the Company;

Special Part also identifies and lists conducts functional to the commission of crimes pursuant to the Legislative Decree 231/2001. These activities, although not presenting risk factors relate to relationships or negotiations with public officials, can be of financial or practical support in view of the realization of considered crime.

[*omissis*]

The Model is made of five annexes that are integral part of thereof:

- Code of Conduct (Annex 1);
- List of relevant crimes according to Legislative Decree 231/2001 (Annex 2);
- Gap analysis (Annex 3);
- Brief table of informational flows towards the Supervisory Board (Annex 4);
- Legislative Decree 231/2001 (Annex 5).

The Model also includes the following corporate internal document:

- Shareholder's deliberation appointing the Managing Director as legal representative of the Company;
- Risk and Interference Assessment Document (DUVRI) according to Leg. Decree 81/2008 and following regulations;
- *Flow chart* IQ-MOVE internal system and Group Compliance Guideline.

All abovementioned documents are filed and updated by the competent Departments of Lufthansa Technik Milan S.r.l. The Power of Attorney of the Managing Director is kept by the Finance Manager together with documentation related to the corporate administrative office.

The Model is organized in order to ensure a more efficient and accessible update thereof. In light of the above, the Supervisory Board has proposal tasks as the Managing Director can evaluate the constant adjournment of the Model.

According to the above, the Supervisory Board is entitled to make suggestions in order to consent the Managing Director to evaluate any necessary update or change.

### 3.4.4. Powers and proxies system

The Company has adopted an internal document named Power of Attorney Authorization Matrix, which entitles the Managing Director with unlimited powers of representation and spending. In addition, different spending limits are assigned to various Managers closely related to their role and area of activity.

According to current praxis, agreements require the double signature of the Managing Director and the involved Manager.

The Supervisory Board periodically monitors the Power of Authorization Matrix and makes any suitable suggestion of change in the event management powers do not correspond to the assigned powers.

#### **4. MODEL'S RECIPIENTS AND APPLICATION**

The Model, which includes all activities carried out by the Company, is addressed to:

- Lufthansa Technik Milan's members of corporate bodies, managers, directors and auditors;
- employees and all those who are under the direction or control of the above indicated persons (hereinafter also, collectively, the "Recipients").

Principles and control standards specified in the Model, in the Code of Conduct and in the Group Compliance Guideline are also applicable to those that, even not employed by Lufthansa Technik Milan S.r.l., act on behalf of this or in partnership with it (hereinafter "partner"): these subjects, due to specific contractual clauses, are required to use diligence and respect of all rules in relationships with the Company in order to prevent the committing, even attempted, of 231 crimes.

#### **5. ADOPTION OF THE MODEL**

Being the Model "deed of the managing body", as laid down in article 6, paragraph 1, letter a) of the Legislative Decree 231/2001, any change and addendum will be decided by the Managing Director of Lufthansa Technik Milan S.r.l.

Changes and addendum to the Annex of the Model that not require a previous risk assessment can be proposed by the Managing Director who will keep the shareholders' meeting informed.

The Supervisory Board, at any rate, must be always put in condition of valuating and expressing favourable opinion on the modification proposals before they be adopted.

#### **6. SUPERVISORY BOARD**

##### **6.1 The Supervisory Board of Lufthansa Technik Milan S.r.l.**

The Supervisory Board (also the "SB") is a collective body nominated by the Managing Director of Lufthansa Technik Milan S.r.l. in respect of the requirements provided by the Legislative Decree 231/2001.

The SB members must satisfy competence, independence and continuity of action as indicated in the Guideline of Confindustria and, in particular:

- professionalism, as the SB has specific competences in legal and economic matters, in risk analysis and assessment techniques;
- autonomy, as the SB has initiative and control powers free from any interference or conditioning. Besides it has no decision-making and operative powers concerning the Company's activity;

- continuity of action, as, due to the support of the Company employees, the SB aims at ensuring the control on the effective, actual and constant implementation of the Organizational Model adopted.

The Supervisory Board is endowed with specific regulations in order to discipline its internal activities and functioning.

For its *super partes* role, the SB members must avoid to:

1. entertain, directly or indirectly, outside the employment relationship or the professional assignment, economic relations with the companies of the Deutsche Lufthansa Group A.G., of which Lufthansa Technik Milan S.r.l. is a fully owned subsidiary, or also with relevant partners such as to influence their independent judgment, evaluated with regard to his personal economic situation;
2. own, directly or indirectly, shareholdings of a size which makes it possible to exercise a control or a significant influence over the Company;
3. be relative or kin-related of the Managing Director or of the partner Lufthansa Technik A.G. or of people indicated in the above indicate points 1 and 2.

According to all honourability requirements defined by article 2387 of the Italian civil code, the SB member, in order to be appointed and to remain in office, must not have been sentenced, even temporarily, or sanctioned by means of disqualification, temporary or otherwise, from holding public office, or temporary disqualification from management offices of legal entities and companies.

The SB member once he will have accepted the appointment shall communicate to the Managing Director and to the shareholders' meeting a declaration:

1. attesting the lack of ineligibility or further inopportunity reasons (conflict of interests, kin-related relationships with the Managing Director, irrevocable sentences, criminal convictions or criminal ongoing proceedings) at the time of the appointment;
2. showing to be adequately informed of rules of conduct adopted by the Company, included all those provided by this Model which he will refer to in managing his task.

The Supervisory Board's mandate lasts for the duration settled at the appointment and can be prorogued should the requirements of eligibility be confirmed.

At any rate, in order to ensure its continuity of action, the SB of Lufthansa has already been nominated for three following years.

The SB may be revoked by the Managing Director if:

- 1) a reason of ineligibility arises;
- 2) the members are repeatedly unfulfilling of their tasks;
- 3) an unlawful inactivity which has determined the application of disqualification sanctions has been committed.

The Supervisory Board can resign in every moment with effects starting from the appointment of a new substituting member.

## **6.2 Tasks and powers of the Supervisory Board**

The Supervisory Board must:

1. put in place a supervisory plan aimed at ascertaining the concrete implementation of the Model by all recipients
2. verify the actual effectiveness of the Model in order to prevent offences provided by the Decree;
3. evaluate the need for an update of the Model itself in case of significant organizational changes or modifications in the typology of the offences taken into consideration;
4. adopt any suitable initiative in order to notify the Managing Director the need for an update of the Model due to corporate changes or juridical novelties;
5. perform periodical audits and controls as provided by the Model.

In practice, the Supervisory Board is entitled to:

1. verify periodically the gap analysis in order to adjourn the Model. On this purpose, all Managers and all those who are charged with control tasks within the various Departments must report situations may expose the Company to administrative liability. All communications should be transmitted into writings, even by email;
2. carry out periodical checks on the basis of an annual plan communicated to the Managing Director, in order to verify the effectiveness of the Model and the correct application of related rules and controls;
3. according to the mentioned checks performed, draft an annual report to submit to the Manager Director describing all activities developed, related outcomes and eventual corrective actions and their work in progress. This will be useful for:
  - acquiring information in order to monitor crimes' risk areas. In particular, all employees must report to the SB eventual relationships with the Public Administration in case the SB should be not informed thereof;
  - controlling risk profile for activities carried out by the Company and their evolution in order to have a constant supervision;
  - different issues related to the implementation of the Model;
  - ensuring that corrective measures for updating the Model be promptly adopted.
4. collect, elaborate and archive all the relevant information received in compliance with the Model;
5. promote initiative for the training of the Model's recipients.

The Supervisory Board can also:

- request the employees to apply the Model;
- report most serious cases of non-fulfilment of the Model to the Managing Director, without prejudice of paragraph 6.3 of this General Part of the Model.

On this purpose, the Supervisory Board, in observance of the current legislation, can contact all employees, have access to the corporate documentation and require data and information by responsible units.

Activities carried out by the SB cannot be inspected by other bodies or corporate functions. However, the Managing Director has to monitoring its conduct.

The Managing Director approves an annual endowment in favour of the SB and upon proposal of this for the fulfilment of its duties.

At any rate, the Supervisory Board may request the support of internal or external advisors of its choice.

### **6.3 Information flows towards upper management**

The Supervisory Board is responsible towards the Managing Director for:

1. communicating the plan of activities scheduled in order to comply to its tasks;
2. informing immediately of eventual issues arisen from control activities carried out;
3. reporting into writings, at least once a year, activities performed in relation to the Model and results on procedures indicated at the following chapter second;
4. communicating by writings eventual break of the Model of which the SB has been informed or which the SB has ascertained, if unknown to the Managing Director.

The Supervisory Board has also to:

1. participate to training activities planned in favour of the employees, according to the modalities specified in the following second chapter;
2. require a meeting with the Managing Director in order to inform him of implementation and functioning of the Model or of critical events. The Managing Director cannot refuse without valid reasons.

The Supervisory Board can also, upon each circumstance:

1. communicate by writings the outcome of controls performed to the addressed employees who communicate to the SB the plan of improving activities with related measures adopted;
2. report by writings to the Managing Director behaviours and conducts not compliant with the Model and with internal corporate procedures in order to:
  - give all information to units charged with the evaluation and the application of consequent disciplinary fines;
  - provide suggestions useful for avoiding the repeating of the event.

As soon as possible, the Supervisory Board notifies in writings the Managing Director of events specified in paragraph 2 and simultaneously requires the support of employees able to collaborate in the activities of finding and identifying the appropriate actions to prevent the repeating.

Meetings between SB and Managing Director, if occurring, are documented by means of minutes drafting.

### **6.4. Periodical controls and monitoring**

The Supervisory Board, if necessary with the support of advisors, carries out audits on Lufthansa Technik Milan S.r.l. business activity and organization by means of:

1. scheduled interventions;

2. focused interventions in case of:
  - specific request by corporate bodies;
  - evidences showing risk situations according to information flows carried out in application of the Model;
  - reporting of risk situations.

In the fulfilment of scheduled interventions, the Supervisory Board takes into account the following attention signals:

1. eventual previous involvement of a corporate department/role in facts of crimes under the Decree;
2. level of internal regulation by means of procedures;
3. risk factors' evaluation;
4. innovation of the business or critical situations related thereto.

In light of these controls, the Supervisory Board drafts the annual report on emerged issues and possible corrective measures.

## **7. INFORMATION FLOWS TOWARDS THE SUPERVISORY BOARD**

In order to be facilitated in its task of monitoring the Model effectiveness, the Supervisory Board must be acquainted (even by email) by all recipients with any useful fact and information, including for illustrative, yet incomplete purposes:

1. all critical situations that may be significant in light of a correct implementation of the Model, as ascertained through Managers' controls;
2. measures and/or information originating from any legal authority which reveals investigations, eventually even towards unknown persons, carried out into offences as per the Decree;
3. internal and external communications referring any case that may be connected to offences provided by the Decree (for instance, disciplinary proceeding or sanctions towards the employees);
4. requests for legal assistance made by the employees in the event of the launch of legal proceedings for the offences envisaged by the Decree;
5. information related to the effective application of sanctions or the motivated dismissal of all charges, in the event they refer to the commission of crimes provided by the Decree or to the disciplinary system;
6. any news concerning organizational and/or operational changes;
7. any change in risk or potential risk situations with regard to crimes under the Decree;
8. any significant infringement to health & safety at work regulations.

At any rate, people indicated by the Supervisory Board periodically report to it the defined information flows and file all necessary related documentation.

All the Recipients have to inform the Supervisory Board of any fact or conduct eligible to be sanctioned pursuant to the Decree or, anyway, not compliant with the Model.

All information flows and relevant documentation used for the Model's enforcement will be filed by the Supervisory Board for five years and in case of turnover will require a handover to the new staff.

## **8. REPORTS TO THE SUPERVISORY BOARD**

*Ad hoc* communication channels have been arranged in order to facilitate the reporting process for those who have found out about crimes, facts or conducts in contrast with the Model and/or the Code of Conduct and the Group Compliance Guideline.

The email address created on this purpose is [odv231@lht-milan.com](mailto:odv231@lht-milan.com).

The Supervisory Board verifies and ensures that the reporters would not be exposed to reprisals, discriminations or penalties and protects the confidentiality of their identity, subject to law and to the protection of the Company or people mistakenly and/or intentionally accused.

The Supervisory Board evaluates the reports discretionally and responsibly. On this purpose, it may require further information to the reporter or to the presumed responsible, by explaining into writings the motivations for not proceeding. The Supervisory Board has to take into consideration the anonymous reports.

## **9. TRAINING AND INFORMATION**

### **9.1 Introduction**

In order to ensure its effectiveness, it necessary to guarantee an adequate knowledge and divulgation of the Model towards the Company bodies, the employees, the external partners and all those who have relevant juridical relations with the Company.

This target concerns all the above-mentioned resources, both those already hired and those who will be.

Training and information is performed by means of specific and suitable modalities related to role and tasks of the Recipients. The training is endorsed by the Managing Director with the support of the Supervisory Board.

Participation to the training activities as scheduled by the Company is compulsory: failure to comply with this obligation may involve a disciplinary evaluation. At the end of the training courses related to the Leg. Decree 231/2001 and to the Model, a learning text is arranged. The Supervisory Board examines the test results and verifies the participation of the subjects who have been called to. If necessary, it plans rescheduled courses for the absentees.

Training and information activities will be carried out as hereinafter provided.

### **9.2 Company's bodies members, executives and procurators**

The training of the Company's bodies members, executives and/or procurators is performed by class or by web lessons (repeatedly at least per year). Internal communication tools are used as further means of training, as for instance, e-mail statements. Periodical training is scheduled in order to respect the following contents:

1. explanation of the Decree's provisions and, in particular, of the crimes that may occur having regard to the Company's activities, the related fines, those who it may concerns, conditions



according to which 231 crimes may be ascribed, “excusing circumstances” with particular concern to the ideas of “Model”, “Supervisory Body”, “unlawful avoidance of the Model” and “suitable control put in place by the Supervisory Body”;

2. exam of the Model’s main aspects and scope and, in particular, assessment of the conduct criteria to be compliant with in the fulfilment of the business activities in the sensitive areas in order to avoid the risk of committing 231 crimes;
3. description of the Supervisory Body’s requirements, composition and responsibility with detailed indication of means provided for reporting;
4. identification of the sanctioning system’s addressees and description of the criteria for applying fines to the cases of infringement or incorrect implementation of the Model.

To the before mentioned basic information more specific contents can be added on a case-by-case basis according to the internal need, also with reference to particular addressees or issues.

### **9.3 Other staff**

The basic training of all the other employees is promoted by the Managing Director, after having consulted the Supervisory Board, in respect of the minimal training provided in light of the previous paragraph.

### **9.4 Newly hired personnel**

The training of the newly hired personnel of Lufthansa Technik Milan S.r.l. is carried out according to the criteria set out in this chapter. In view of the possible asymmetry between the recruitment and the planned training activities, the newly hired employees are immediately provided with a copy of the Code of Conduct and of the Model after signing a form for viewing and acceptance. Basic training must, however, be carried out by any newly recruited staff within 60 days from the insertion into the staff.

### **9.5 Information for external collaborators**

Non-Employees are encouraged to issue a signed statement to the Department responsible for managing the related contract declaring to be aware of the Model and the Code of Conduct contents and assuming the obligation to comply with their provisions and to avoid any conduct from which the involvement of the Company in the facts provided by Legislative Decree 231/2001 may arise.

### **9.6 Information update**

Training activities are renewed in case of new provisions by law extending the liability of the entity to further offenses previously not envisaged by Legislative Decree 231/2001 and in case of any significant organizational and/or operational change in the Company.

## **10. DISCIPLINARY AND SANCTIONING SYSTEM**

### **10.1. The purpose of the disciplinary system**

The implementation of a system of sanctions (adapt to the nature of the infringement and in any case endowed with a deterrent function) applicable in the event of a breach of the rules set out in the



Model makes effective the supervisory and prevention action entrusted to the Supervisory Board and aims at ensuring the effectiveness of the Model itself.

The adoption of the disciplinary system, according to the article 6, comma 2, letter e) of the Decree, is a prerequisite of the Model.

The disciplinary system, spread across the personnel by means of suitable tools (intranet, notice board, etc.), has been drafted according to the Company Collective Labour Agreement and is inspired as following:

1. it is structured in different sections depending on the addressees (the disciplinary system is related to employees; the sanctioning system instead concerns third parties; the both sections are named the “Disciplinary System”) and takes into account recidivism cases;
2. it provides specific sanctions applicable to the different cases of infringement, breach, avoidance of the rules pointed out in the Model or in the related procedures, always in respect of labour or other in force legislation;
3. it provides a procedure both of ascertainment and sanctioning of the violations, infringements, avoidances, incomplete or imperfect applications, by identifying the subject appointed to monitor the observance, the enforcement and the update of the Disciplinary System.

This disciplinary system is divided into sections, each of them applicable to a particular category of addressees according to their juridical *status*.

The application of a disciplinary sanction disregards the outcome of possible criminal proceeding related to the author of the conduct, as the rules adopted by Lufthansa Technik Milan S.r.l. are independent and autonomous.

The disciplinary system is made public and spread by the Managing Director with the support of the HR Manager through the most appropriate tools such as the publishing of the Model on the corporate billboard and e-mailing to all employees.

The Supervisory Board has the task of monitoring the observance and the exact application of the Disciplinary System in case of 231 violations and of informing the Managing Director about the necessary modifications or addendums the system should need in order to ensure the effectiveness of the Model.

## **10.2 Disciplinary System towards employees**

The breach, infringement, avoidance, incorrect or partial application of the rules of conduct by the employees of Lufthansa Technik Milan S.r.l. represents a disciplinary violation indictable as following.

According to this disciplinary system, disciplinary measures enforceable towards the employees – in light of article 7 Law of the 20<sup>th</sup> May 1970, no. 300 and following modifications and of other applicable special laws – are those provided by the sanctioning system of the Company Collective Labour Agreement (“CCAL”), signed by the Managing Director, the HR Manager and the trade unions representatives the 18<sup>th</sup> of March 2015, pursuant to its article 70.

Precisely, sanctions provided by this disciplinary system can be the following:

- 1) oral reprimand for minor violations;
- 2) written reprimand, fine or suspension for those violations not so serious to require the justified layoff;
- 3) justified layoff for serious violations or whether the infringement provokes a severe moral and

material damage to the Company or is considered as a crime by law.

Without prejudice to the obligations arising both from the Statute of the workers and any applicable special or internal regulation, according to this disciplinary system, the following conducts, as deemed and acknowledged by Lufthansa Technik Milan S.r.l., will be considered disciplinary offenses:

1. violation, infringement, avoidance, incomplete or imperfect application of the Model's provisions or procedures whether they have not produced any consequences and they do not entail criminally relevant conducts;
2. violation, infringement, avoidance, incomplete or imperfect application of the Model's provisions or procedures whether they have produced consequences but they do not entail criminally relevant conducts;
3. violation, infringement, avoidance, incomplete or imperfect application of the Model's provisions or procedures whether unequivocally aimed at committing a crime, regardless they have determined the involvement of Lufthansa Technik Milan S.r.l. into a proceeding for administrative liability.

In details, it will be applicable a sanction not lesser than:

- the oral reprimand to the employee who has committed the violation pursuant to paragraph 1;
- the fine to the employee who has committed the violation pursuant to paragraph 2;
- the layoff to the employee who has committed the violation pursuant to paragraph 3.

In any case, the sanctions are commensurate both with the grade of responsibility and autonomy of the employee, and the intent and seriousness of the behaviour, considering the significance of the breached obligations as well as the effects that the Company can reasonably be exposed, according to the purposes and the effects of the Decree. If, by means of a single act, several offenses, punishable by different sanctions, are committed, the most severe penalty will be applied to. The recidivism over 2 years automatically implies the application of the most serious penalty.

The HR Manager is entrusted with the task of providing support to the Managing Director, in his quality of Employer, in the dealing with the procedures of applicability of the aforementioned sanctions. On this purpose, the HR Manager will avail herself of the assistance of the Supervisory Board which will be called for expressing non-binding opinions. However, should the Managing Director make a decision that does not comply with this opinion, he will have to state his reasons.

The functioning of the disciplinary procedure is extraneous to any incidental criminal proceeding.

### **10.3 Disciplinary System towards the employees on secondment**

Temporary secondment aims at improving possible synergies in the interest both of Lufthansa Technik Milan S.r.l. and of the other companies of the Deutsche Lufthansa A.G. Group on the purpose of a greater economic development of each business entity, accordingly to the respective autonomy.

Secondment contracts signed by Lufthansa Technik Milan S.r.l. provide that the disciplinary power, as well as the remuneration and social security obligations, will remain in charge of the Company by which the employee has been seconded and will be put into effect upon through the service relationship in force with the personnel of Lufthansa Technik Milan S.r.l.

#### **10.4 Measures towards the Managing Director**

Lufthansa Technik Milan S.r.l. strongly deems the violations of this Model carried out by those representing the Company towards third parties and the Institutions, the employees, the sole shareholder and the public. The development and consolidation of a corporate ethics which is sensitive to the values of fairness and transparency requires, above all, that these values are acquired and respected by those who lead the company's choices, in order to be an example and model for all those, who, at any level, work for the Company.

Should the Managing Director breach the internal rules provided by the Model or adopt, in the dealing with his duties, measures that conflict with the provisions or principles of the Model, the Supervisory Board will promptly and formally inform the representatives of the shareholder which will enforce all the appropriate measures under the current legislation.

#### **10.5 Sanctions applicable to partners**

According to this disciplinary system, will be considered disciplinary offenses:

1. violation, infringement, avoidance, incomplete or imperfect application of the Model's provisions or procedures whether they have not produced any consequences and they do not entail criminally relevant conducts, but anyway they are in breach of the Code of Conduct and of the Group Compliance Guideline;
2. violation, infringement, avoidance, incomplete or imperfect application of the contractual provisions whether unequivocally aimed at committing a crime pursuant to the Decree;
3. violation, infringement, avoidance, incomplete or imperfect application of contractual provisions whether they have determined the involvement of Lufthansa Technik Milan S.r.l. into a proceeding for administrative liability.

In details, according to this disciplinary system, partners will be sanctioned by means of:

- oral reprimand aimed at the full respect of the violated rules of conduct (always applicable);
- the enforcement of the specific clauses envisaged in the relevant contracts regulating the consequences of such offenses, including the damage suffered by the Company as a result of the fact (eg: (a) clauses by which the infringement referred to paragraph 2) is considered as a serious non-fulfillment of contract; (b) termination clauses applicable in case of violation of paragraph 3).

Concerning the procedure of ascertainment of such offenses and the subsequent activation of a written reminder or the aforementioned clauses, the Supervisory Body verifies that the competent function has notified the fact to the responsible of the infringement with the specific indication of the facts charged by issuing a written reminder to the strict observance of the rules of conduct violated by a formal act of order, with a request to repair the alleged infringement, or by terminating the agreement. This, regardless to the demand of compensation for damage suffered by Lufthansa Technik Milan S.r.l. due to such offenses.