



COMPLIANCE PROGRAM

PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

VERSION 4.0, effective 27 July 2016

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GLOSSARY

- “AMPLIFON” or “The Company”: Amplifon S.p.A.
- “AMPLIFON CORPORATE”: organizational unit of Amplifon that manages investments in the various legal entities constituting the Group, and therefore determines the values and policies followed in the individual countries.
- “AMPLIFON COUNTRY ITALIA”: organizational unit of Amplifon that manages the distribution network within Italy and the domestic business in general.
- “Amplifon Group”: Amplifon S.p.A. and its subsidiaries and associates.
- “Agent”: An agent of Amplifon S.p.A. as defined by Arts. 1742 *et seq.* of the Italian Civil Code.
- “Store operator”: An Agent to whom the Company has leased one or more businesses consisting of one or more Amplifon stores in Italy.
- “Audit Committee”: Amplifon S.p.A.'s risk and control committee.
- “Sensitive Processes”: processes conducted at Amplifon that are vulnerable to unlawful conduct.
- “CFO”: The Chief Financial Officer of AMPLIFON CORPORATE.
- “Head of Administration, Finance & Control”: The person in charge of Administration, Finance and Control of AMPLIFON COUNTRY ITALIA.
- “Consultants”: persons who act in AMPLIFON's name or on its behalf, including in the role of consultant.
- “Employees”: the full-fledged employees of AMPLIFON.
- “Legislative Decree 231/2001” or “Decree”: Legislative Decree 231 of 8 June 2001, as amended.
- “Guidelines”: the guidelines for building compliance programs pursuant to Legislative Decree 231/2001 published by Confindustria on 7 March 2002 (as amended, most recently on 31 March 2014), as well as those published by Assobiomedica on 25 February 2003 (as amended, most recently in November 2013).
- “Program” or “Programs”: the compliance program(s) provided for by Legislative Decree 231/2001.
- “Sensitive Transaction”: an individual transaction or series of similar transactions carried out frequently and habitually by Amplifon that fall within its Sensitive Processes.
- “Compliance Committee” or “CC”: an internal control committee responsible for the

proper functioning, effectiveness and enforcement of the Program, and for revising it and distributing it to the interested parties.

- "Public Sector": any government agency, including its officials, as well as all persons considered to be government employees or public servants.
- "Partners": entities that do business with AMPLIFON under contract, such as suppliers.
- "Personnel": the Employees, members of the Board of Directors, and members of the Board of Statutory Auditors of AMPLIFON.
- "Offense": any of the legal offenses covered by Legislative Decree 231/2001.
- "Rules of Conduct": the rules of conduct, including the Code of Ethics, adopted by AMPLIFON pursuant to Legislative Decree 231/2001 as described in Section 4 of this Program.

COMPLIANCE PROGRAM

PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

1. Overview of the Decree and related legislation

In accordance with the authority granted pursuant to Art. 11 of Law 300 of 29 September 2000, on 8 June 2001 the Italian government issued Legislative Decree 231 which came into force the following 4 July. The purpose of the Decree was to bring Italian corporate liability law into line with various international conventions Italy had signed some time earlier, including the *Brussels Convention of 26 July 1995* on the protection of the European Communities' financial interests, the *Brussels Convention of 26 May 1997* on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, and the *OECD Convention of 17 December 1997* on combating bribery of foreign public officials in international business transactions.

Legislative Decree 231/2001 on the "*Administrative liability of legal persons, companies, and associations with or without legal personality*" made Italian corporate entities liable for the first time for certain offenses committed in their interest or to their advantage by an individual serving as representative, director or manager of the corporation or one of its financially and functionally independent units; by an individual who manages or controls the entity on a de facto basis; or by an individual under the direction or supervision of such a person. Corporate liability is in addition to that of the individual who has materially committed the offense.

The extended liability introduced by Legislative Decree 231/2001 aims to penalize companies financially as part of the punishment for certain crimes from which they have drawn an advantage. A monetary fine applies to all offenses committed; in the more serious cases there are also blacklisting measures such as the suspension or revocation of licenses and concessions, a ban on doing business with the public sector or on engaging in business at all, ineligibility for or withdrawal of funding and subsidies, and a prohibition on advertising goods and services.

The offenses covered by the Decree currently fall into 17 categories: (a) crimes against the public sector, (b) counterfeiting of money, public credit instruments, duty stamps and means of identification¹, (c) corporate crimes,² (d) crimes for the purpose of terrorism or subversion of the democratic order,³ (e) slavery and human trafficking,⁴ (f) market abuse,⁵ (g) transnational

¹ This category was introduced to the list of pertinent offenses by Art. 6 of Law 409 of 23 November 2001, leading to the addition to Legislative Decree 231/2001 of Art. 25 *bis*, and was subsequently expanded by Art. 17 of Law 99 of 23 July 1999, thus modifying Art. 25 *bis* accordingly.

² This category was introduced to the list of pertinent offenses by Art. 3 of Legislative Decree 61/2002, leading to the addition to Legislative Decree 231/2001 of Art. 25 *ter*.

³ This category was introduced to the list of pertinent offenses by Art. 3 of Law 7 of 13 January 2003,

crimes,⁶ (h) female genital mutilation,⁷ (i) negligent homicide or serious/catastrophic personal injury due to violation of laws on health and safety in the workplace,⁸ (j) money laundering (including self-laundering) and dealing in illicit goods,⁹ (k) computer crimes and data protection violations,¹⁰ (l) organized crime¹¹ and crimes against industry and trade,¹² (m) copyright infringement,¹³ (n) inducement to omit statements or to make false statements to legal authorities,¹⁴ (o) environmental crimes,¹⁵ and (p) employment of illegal aliens.¹⁶

A corporation is not automatically punishable under Legislative Decree 231/2001 in the event of wrongdoing, as certain other conditions have to be met. First of all, the offense has to be committed by someone in a "qualified relationship" with the company. In this regard, a distinction is made between:

- "top management," meaning individuals serving as representative, director or manager of the corporation (legal representative, member of the board of directors, head of an autonomous unit, etc.) as well as those who run the company even if only on a de facto basis. These are the people who can actually make independent decisions on the company's behalf. They also include anyone delegated by the board of directors to run or manage the corporation or its local branches;
- "subordinates," meaning anyone under the direction and supervision of top management. The company's Employees fall into this category.

leading to the addition to Legislative Decree 231/2001 of Art. 25 *quater*.

⁴ This category was introduced to the list of pertinent offenses by Art. 5 of Law 228 of 11 August 2003, leading to the addition to Legislative Decree 231/2001 of Art. 25 *quinquies*.

⁵ This category was introduced to the list of pertinent offenses by Art. 9 of Law 62 of 18 April 2005, leading to the addition to Legislative Decree 231/2001 of Art. 25 *sexies*.

⁶ This category is governed by Legislative Decree 231/2001 in accordance with Arts. 3 and 10 of Law 146 of 16 March 2006.

⁷ This category was introduced to the list of pertinent offenses by Art. 8 of Law 7 of 9 January 2006, leading to the addition to Legislative Decree 231/2001 of Art. 25 *quater*.1.

⁸ This category was introduced to the list of pertinent offenses by Art. 9 of Law 123 of 3 August 2007, leading to the addition to Legislative Decree 231/2001 of Art. 25 *septies*. That provision was later replaced by Art. 300 of Legislative Decree 81 of 9 April 2008, thus modifying Art. 25 *septies* accordingly.

⁹ This category was introduced to the list of pertinent offenses by Art. 63 of Legislative Decree 231 of 21 November 2007, leading to the addition to Legislative Decree 231/2001 of Art. 25 *octies*, later modified by Art. 3(5)(a) of Law 186 of 15 December 2014.

¹⁰ This category was introduced to the list of pertinent offenses by Art. 7 of Law 48 of 18 March 2008, leading to the addition to Legislative Decree 231/2001 of Art. 24 *bis*.

¹¹ This category was introduced to the list of pertinent offenses by Art. 2 of Law 94 of 15 July 2009, leading to the addition to Legislative Decree 231/2001 of Art. 24 *ter*.

¹² This category was introduced to the list of pertinent offenses by Art. 17 of Law 99 of 23 July 2009, leading to the addition to Legislative Decree 231/2001 of Art. 25 *bis*.1.

¹³ This category was introduced to the list of pertinent offenses by Art. 15 of Law 99 of 23 July 2009, leading to the addition to Legislative Decree 231/2001 of Art. 25 *novies*.

¹⁴ This category was introduced to the list of pertinent offenses by Art. 4 of Law 116 of 3 August 2009, later replaced by Art. 2 of Legislative Decree 121 of 7 July 2011, leading to the addition to Legislative Decree 231/2001 of Art. 25 *decies*.

¹⁵ This category was introduced to the list of pertinent offenses by Art. 2 of Law 121 of 7 July 2011, leading to the addition to Legislative Decree 231/2001 of Art. 25 *undecies*.

¹⁶ Crime recognized as pertinent by Art. 2 of Legislative Decree 109 of 16 July 2012, leading to the addition to Legislative Decree 231/2001 of Art. 25 *duodecies*.

Another condition is that the offense has to be committed in the company's interest or to its advantage. Either one or both, defined as follows, will suffice:

- "interest" exists when the perpetrator intends to favor the company, regardless of whether this is achieved;
- "advantage" means that the company has—or could have—obtained a positive economic or other benefit from the crime.

The concepts of interest and advantage should be considered separately, not lumped together, as there is a clear distinction between what could be understood as a potential gain likely to result from an illicit act ("interest") and a benefit definitely obtained as a result of the crime ("advantage"). Therefore, the company is liable not only when it has drawn an immediate monetary advantage from the offense, but also when commission of the crime was motivated by the company's interests even if the advantage did not materialize. Two outcomes that are in a company's interests without bringing it an immediate economic advantage are an improvement in its market position and the concealment of a financial crisis.

Under Legislative Decree 231/2001, there are four types of penalty applicable to a corporation found liable for unlawful conduct:

- **fine:** a fine is always charged if the company is found to be liable. It is based on a system of quotas whose number and amount are determined by the court: the number of quotas, between a minimum and a maximum that vary according to the type of offense, depends on the gravity of the crime, the extent of the company's liability, and the measures taken to eliminate or lessen the consequences of the crime or to prevent other unlawful conduct from being committed; the amount of each quota is between €258.00 and €1,549.00, depending on the company's economic and financial circumstances;
- **blacklisting:** this applies (in addition to fines) only if expressly envisaged for the offense in question and if at least one of the following is true:
 - the company has drawn a significant profit from the offense and the offense was committed by top management, or by a subordinate if the crime was made possible by serious organizational deficiencies;
 - the violation is a repeat offense.

Blacklisting can take the form of:

- disqualification from engaging in business;
- suspension or revocation of permits, licenses and concessions instrumental to the offense;
- disqualification from contracting with the Public Sector, except to obtain public services;
- ineligibility for special loans, funding, grants and subsidies, and the possible revocation of those already granted;

- disqualification from advertising goods and services.

Permanent only on an exceptional basis, blacklisting is usually temporary—from three months to two years—and covers the specific operations to which the crime pertains. It can also be used as a precautionary measure (before a verdict is issued), upon request by the public prosecutor, if there are serious indications of corporate liability and reasons to suggest the concrete danger that similar crimes will be committed again;

- **seizure:** if the court finds the company liable, it always confiscates the cash value or proceeds of the crime (ordinary seizure), or else goods or other assets of equivalent value (seizure in kind). The proceeds of a crime have been defined as the monetary advantage caused directly and immediately by the crime and are quantified net of the actual gain to the damaged party in the context of any contractual relationship with the company. It has also been specified that proceeds exclude any corporate parameter, so they cannot be equated with the company's net profit (unless it is in receivership, as provided for by law);
- **publication of the verdict:** this may occur when the court has blacklisted the company. The verdict is published one time only, in complete or summary form, in one or more newspapers that the court has specified in the verdict, and is also posted at the town or city hall where the company has its head office. Publication is at the company's expense.

The statute of limitations on these sanctions is five years from commission of the crime. After all appeals are exhausted, the definitive verdict is filed in the national register of administrative penalties for crimes.

It is important to note that pursuant to Art. 26(2) of the Decree, a company is not liable when it voluntarily prevents the action from being taken or the event from occurring.

Articles 6 and 7 of the Decree specify that companies can be exonerated if they demonstrate that they have adopted and effectively implemented *organizational and control models* (compliance programs) *suitable for preventing crimes* of the type considered. The system also requires the formation of an *internal oversight body* (compliance committee) to ensure that these compliance programs are functioning, effective, duly observed and up-to-date.

Such programs are required to:

- identify the areas of business where offenses could potentially be committed;
- include specific protocols for guiding the formation and implementation of decisions with respect to preventing crime;
- provide for means of financial resource management that will prevent violation of the law;
- mandate forms of reporting to the corporate body charged with overseeing the functioning and observance of the program;

- institute a disciplinary system to punish non-compliance with the measures laid down in the program, within the confines of the law and collective bargaining agreements, as provided for in Section 8 herein.

Provided they meet the above criteria, compliance programs can be based on codes of conduct or guidelines published by trade associations and endorsed by the Ministry of Justice.

2. Confindustria and Assobiomedica guidelines

In preparing the previous and current versions of its Compliance Program, AMPLIFON took inspiration from the guidelines published by Confindustria and from the more specific ones published by Assobiomedica, which better apply to AMPLIFON'S sector.

The guidelines can be summarized in the following key points:

- identification of **risk areas**, to determine what areas/departments of the company are vulnerable to commission of the crimes covered by Legislative Decree 231/2001;
- development of a **control system** to limit those risks by way of protocols. The main elements of the control system recommended by Confindustria are as follows:
 - Code of Ethics;
 - organizational system;
 - manual and computer procedures;
 - authority and signing powers;
 - management and control systems;
 - personnel communication and training.

The components of the control system must be informed by the following principles:

- the coherence and appropriateness of every operation, and the possibility to verify and document each one;
- the separation of functions (no one person may manage an entire process);
- documentation of controls;
- suitable disciplinary system for violations of the Code of Ethics and the procedures laid down in the Program;
- list of prerequisites for the Compliance Committee, which can be summarized as:
 - autonomy and independence;
 - expertise;
 - continuity of action;
- the oversight body's obligation to **inform**;
- the possibility for groups to adopt organizational solutions that centralize the functions required by the Decree with the **parent company**, provided that:

- ❑ each subsidiary has its own compliance committee pursuant to Art. 6[1][b] (if the subsidiary is small, its managing body can perform this function);
- ❑ the subsidiary's committee can use the resources allocated to its counterpart at the parent company;
- ❑ there are consultation and coordination mechanisms between the parent company's and the subsidiary's committee, to prevent discrepancies in criteria and policies;
- ❑ parent company staff performing controls at other group companies assume the role of external consultants acting in the subsidiary's interests and report directly to the subsidiary's oversight body.

It is understood that the decision not to follow some specific guidelines or best practices does not invalidate the Program in any way. Every Compliance Program must be written with the company's specific situation in mind, and can easily differ from the guidelines which by nature are merely generic.

3. The AMPLIFON Compliance Program

3.1 Background

AMPLIFON is a multinational company and worldwide leader in the selection, preparation and fitting of hearing solutions (hearing aids). Listed on the Milan Stock Exchange since 27 June 2001, it has long pursued a policy of international expansion, and as of this writing is present in 22 countries around the globe.¹⁷

The Company is divided into two organizational units: "Corporate," which manages investments in the various legal entities constituting the Group, and therefore determines the values and policies followed in the individual countries, and "Country Italia," which manages the distribution network within Italy and the domestic business in general.

The distribution structure in Italy consists of stores run directly by Amplifon as well as stores managed "indirectly." For these "indirect" locations Amplifon has adopted a system by which store managers are given an agency contract that includes, as a means to that end, a business lease contract for the store. These commercial partners are referred to as "Store Operators" in corporate lingo and throughout this document.

It goes without saying that since AMPLIFON is a single entity, the Program applies to both units, Corporate and Country Italia.

¹⁷ An up-to-date list of the countries served is available online at corporate.amplifon.com: About us/Amplifon worldwide.

3.2 Adoption of the first AMPLIFON Program and subsequent revisions

Aware of society's growing focus on business ethics, its sensitive business sector and the expectations of its shareholders, AMPLIFON adopted the first version of its Compliance Program by resolution of the Board of Directors on 14 March 2005. Later,¹⁸ given the many new laws that kept expanding the scope of the Decree and the various organizational changes within the Company, AMPLIFON revised that version several times.

When revising the Program, account was taken of:

- changes within the Company;
- changes in legislation;
- the constant evolution of case-law, the literature and best practices;
- the outcome of the Compliance Committee's internal audits and inspections.

3.3 Developing the latest version

In addition to the above, the current version of AMPLIFON's Program was developed in light of the Company's activities and structure and the size and nature of its organization. More specifically, the Company performed a preliminary analysis of its own business context, followed by a close look at risk areas where there is greater potential for the unlawful conduct covered by the Decree. It focused in particular on the Company's history, corporate context, industry, organizational structure, corporate governance system, protocol for granting authority and power of attorney, legal relationships with third parties, operating conditions, and formalized practices and procedures.

To prepare this document (in keeping with the Decree, the Confindustria Guidelines and the recommendations gleaned from case-law and the literature), AMPLIFON then followed a structured process involving both Corporate and Country Italia managers, in order to:

- identify, through discussions with department heads, the processes, sub-processes or activities where the crimes covered by the Decree could potentially occur;
- perform a risk self-assessment regarding the commission of crimes and the internal control system created to prevent them;
- identify suitable controls, either existing or in need of implementation, to prevent or mitigate the risk of unlawful conduct;

¹⁸ Below are the versions of Amplifon's Compliance Program over time and the dates they were adopted by the Board of Directors:

- Version 2.0 effective 12 July 2006
- Version 2.1 effective 14 July 2008
- Version 2.2 effective 31 July 2009
- Version 3.0 effective 25 July 2012
- Version 4.0 effective 27 July 2016 (current version).

- analyze the protocol for granting authority and power of attorney and for assigning responsibility.

Regarding the eventuality of negligent homicide or serious/catastrophic personal injury due to violation of laws on health and safety in the workplace (Art. 25 *septies* of the Decree), the Company thoroughly analyzed its business and all of its processes, and evaluated the corresponding risks based on the outcome of inspections carried out in accordance with Legislative Decree 81/2008 and related rules.

AMPLIFON adopted the current version of its Compliance Program (which replaces the previous version of 25 July 2012) by resolution of the Board of Directors of 27 July 2016.

3.4 Revising the Program: responsibility and procedure

The Compliance Program is revised and updated exclusively by the Board of Directors. In addition, AMPLIFON's Chief Executive Officer has the power to make changes or additions that are merely formal in nature.

The Program must be updated, modified or supplemented by resolution of the Board of Directors, at the initiative of the Compliance Committee, whenever:

- significant changes have occurred in the law or the Company's organization or activities;
- provisions of the Program have been violated or evaded, demonstrating its lack of effectiveness in preventing crimes.

To that end, the Compliance Committee receives information and alerts from the Corporate and Country HR departments concerning changes in the Company's organizational chart, procedures and managerial policies. In any case, the Compliance Committee must report all events requiring the Program to be changed or updated to the Board of Directors, which will then make the necessary resolutions.

The responsibility for changing the control protocols and operating procedures needed to implement the Program lies with the departments affected. Therefore, if such changes are necessary, the department heads must submit the amended text to the Compliance Committee, which will do the preparatory work before passing the matter on to the Board of Directors.

3.5 Scope of application

The Compliance Program applies to all of AMPLIFON's Personnel, Agents, Store Operators, Consultants and Partners.

Given the diversity of the contractual relationships between AMPLIFON and these individuals,

there are different objective and subjective areas of application of the Program. Employees are required to observe each and every provision.

Considering the nature of agency contracts, AMPLIFON has decided to use standard contractual clauses that require its Store Operators and Agents to abide by specific rules of conduct drawn from this Program and from the Operating Procedures, in addition to the Code of Ethics (see Annexes 3 and 4).

For Consultants and Partners who may potentially work in areas defined as sensitive, and who do not have their own Compliance Models, AMPLIFON has decided to use contractual clauses requiring them to respect specific rules of conduct drawn from this Program, in addition to the Code of Ethics (see Annexes 3 and 5).

3.6 Purpose and description of the Program

The purpose of the Compliance Program is to build a structured, organic system of procedures and controls designed to eliminate crime in the workplace by identifying vulnerable areas and designing protocols to prevent unlawful conduct.

The procedures contained in the Program must make potential perpetrators fully aware that their actions would break the law, **which is thoroughly condemned by AMPLIFON and contrary to the Company's interests, even when it appears that it would be to its advantage.** They must also allow AMPLIFON to prevent or hinder unlawful conduct through constant monitoring.

In addition to these principles, the Program hinges on three main activities:

- **mapping Sensitive Processes**, meaning activities vulnerable to the commission of crimes;
- **auditing, revising and/or adding to** the existing control protocols and operating procedures, or introducing new ones to reduce the risk of unlawful conduct in the performance of sensitive processes; for practical reasons, these protocols and procedures are contained in a separate document (the “Special Section”);
- **verifying the proper functioning** of the Program and revising it periodically (ex-post control).

3.7 The Compliance Program and the Code of Ethics

AMPLIFON has a Code of Ethics, which is relevant to Legislative Decree 231/2001 in that it covers the rules specified in Section 4 below. The Program is an instrument with its own scope of application and purpose: to prevent unlawful conduct and serve as an exemption from corporate liability; the Code of Ethics, with its many other rules of conduct, is meant to guide the overall behavior of AMPLIFON Personnel.

The Program assumes compliance with the Code of Ethics; together, they form a body of internal regulations designed to instill a climate of ethical conduct and transparency.

The Code of Ethics, in all of its future reformulations, is understood to be referenced here in full and constitutes the basic foundation of the Program, whose provisions are integrated with its content.

4. Rules of Conduct

For the purposes of Legislative Decree 231/2001, AMPLIFON has adopted some Rules of Conduct—listed below—that form a substantive part of this Program. In consideration of their purpose, the Rules of Conduct focus on actions that constitute crimes relevant to the Decree.

The Rules of Conduct apply variously to AMPLIFON's Personnel, Store Operators, Agents, Consultants and Partners, and are as follows:

- conduct must not:
 - constitute a criminal offense;
 - be the enabling factor for a criminal offense, even if it is not one in and of itself (e.g. lack of oversight);
- gratuities and benefits—whether direct (cash) or indirect (gifts or favors)—must not be given to the Public Sector or its officials, unless they are gifts falling within the limits defined more specifically in the Code of Ethics and except as governed in the specific operating procedures;
- relationships with the Public Sector must be handled uniformly, meaning that the individuals representing AMPLIFON with the Public Sector must be only those authorized as such by the Company;
- anyone who oversees or supervises Employees who work with the Public Sector must pay close attention, in the most appropriate manner, to such persons' activities and immediately report any irregularities to the Compliance Committee;
- the fees paid to Consultants, Store Operators, Agents and Partners must always be established in writing;
- no payments, except for the use of petty cash, can be made in cash or in kind;
- the members of the Board of Directors must observe the principles of transparency when making decisions with a direct impact on the Company or third parties;
- the directors must monitor company procedures so that the shareholders, corporate bodies and independent auditors can exercise due control over the Company and have rapid access to its information, with the possibility to report to the Board of Statutory Auditors if access is hindered or denied;
- in all activities concerning the preparation of financial statements or other corporate

communications, conduct must always be proper, transparent and cooperative, in accordance with the law and internal procedures, so that the shareholders and third parties will receive fair and true information on the Company's performance and financial situation;

- all individuals who during the course of business come into possession of price-sensitive information¹⁹ concerning the Amplifon Group's economic or financial situation must conduct themselves properly and keep such information absolutely confidential, without disclosing it to others beyond the normal scope of their jobs or using it directly or indirectly to their own or third parties' advantage by way of transactions in financial instruments;
- all laws protecting the integrity and existence of the share capital must be strictly observed and the individuals involved must always act in compliance with the internal procedures based on those laws, so as not to undermine the guarantees of creditors and third parties in general;
- the regular functioning of the Company and its corporate bodies must be ensured at all times, thereby permitting and facilitating all forms of internal management control envisaged by the law as well as the free and correct interpretation of the shareholders' will;
- all Employees, in performing their specific duties, must always respect laws and internal regulations concerning health and safety in the workplace.

Observance of the Rules of Conduct is a behavior AMPLIFON requires of all its Personnel, without exception, and where applicable of its Store Operators, Agents, Consultants and Partners. Any infraction of the Rules of Conduct will result in disciplinary action following a specifically regulated procedure (see Section 6 of this Program) or in termination of the contract.

5. Compliance Committee

5.1 Formation of the Compliance Committee

According to Legislative Decree 231/2001, the body in charge of supervising the functioning, effectiveness and observance of the Program and for updating it on a regular basis must be internal to the company (Art. 6[1][b] of the Decree) and have autonomous powers of initiative and control.

According to the Guidelines, it must be an internal body other than the Board of Directors, and

¹⁹ Art. 181 of the Tax Code (Legislative Decree 58 of 24 February 1998) defines price-sensitive information as "precise information that has not been made public and that concerns, directly or indirectly, one or more financial instruments or issuers of financial instruments, which if made public could substantially influence the price(s) of such instrument(s)."

may be comprised even completely of people from outside the company, provided it is autonomous, independent, professional and in continuous operation.

Although Legislative Decree 231/2001 (consistent on this point with the Accompanying Report) speaks of the committee as *"a structure that must be formed within"* the company, the Guidelines interpret that phrase more broadly: *"in the case of a multi-member committee, individuals asked to serve on it may be internal or external to the company, provided each of them meets the conditions specified below."* What is ruled out is for the committee to coincide entirely with the Board of Directors, since it has to be autonomous, independent, professional and in continuous operation. Autonomy assumes that it will report only to the Company's highest authority (Chief Executive Officer and Board of Directors).

Considering also the changes introduced to the Decree by Law 183 of 12 November 2011, the Guidelines offer the following alternatives for forming the Compliance Committee:

- assignment of the role to the Control and Risk Committee, provided it is comprised solely of non-executive or independent directors;
- assignment of the role to the Board of Statutory Auditors;
- assignment of the role to the internal auditing department;
- formation of a new committee, with one or more members, in the latter case from within the company (e.g. head of internal audit, legal affairs, etc.; non-executive/independent director; statutory auditor) or without (consultants, experts, etc.).

Applying these principles to AMPLIFON and considering the specific nature of its tasks, the CC has been set up as a new committee comprised of two independent members of the Board of Directors and the head of the internal auditing department.

The CC can only be appointed, revoked or removed from office by decision of the Board of Directors. The CC has a term of three years, renewable indefinitely. Its members can be revoked if they can no longer perform their duties or if they cease to be employed by or otherwise work with AMPLIFON (on this delicate point, see Annex 2: Compliance Committee Regulations).

5.2 Duties and powers of the Compliance Committee

As mentioned in Section 5.1 above, Legislative Decree 231/2001 provides for an internal body to oversee the functioning of a company's Compliance Model and to make sure it is observed and periodically revised. Therefore, AMPLIFON's Compliance Committee is tasked with:

- monitoring the adequacy of the Program in relation to the company's structure and making sure it is reasonably able to prevent unlawful conduct. More specifically, once a

year and whenever there are substantial changes in activities or relevant laws, the committee checks whether the Program is still complete and up-to-date;

- overseeing observance of the Program by Personnel, Store Operators, Agents, Consultants and commercial Partners.

The Compliance Committee operates in a way that facilitates active, efficient cooperation with the Company's other controlling bodies.

The Compliance Committee meets at least four times a year and any time a member, with a valid reason to do so, asks the chairman to call a meeting. It may also delegate specific duties to the chairman. It has its own regulations and minutes are taken at every meeting.

To perform its duties, the Compliance Committee has all powers of initiative and control over the Company's activities and Personnel at every level, and reports solely to the Board of Directors by way of its own chairman.

The duties and responsibilities of the Committee and its members cannot be called into question by any other corporate body or unit, although the Board of Directors may verify that the Committee's actions are consistent with its assignment. Also, unless other legislation prevails, the Committee has free access—with no prior consent required—to all information or documents it deems necessary from any of the Company's bodies or units.

The Compliance Committee draws up an annual plan of action, stating the measures it plans to take to evaluate the Program's efficacy and effectiveness and whether it needs to be revised. The plan is submitted to the Board of Directors.

By way of example only, in performing its duties the Compliance Committee may:

- supervise and collaborate with Corporate and Country HR Management in the preparation and organization of Personnel training programs concerning the content of the Decree, the content of the Compliance Program and operating procedures, the rules of corporate governance, and legal and accounting issues relating to the financial statements and corporate communications;
- perform inspections concerning Sensitive Processes and the enforcement of their operating procedures, if any;
- recommend disciplinary action if it finds that anyone has strayed from the operating procedures and rules of conduct envisaged by the Program;
- recommend that the documents constituting the Compliance Program be added to or updated, in collaboration with internal officers;
- recommend the introduction or revision, in collaboration with internal officers, of written policies and procedures for Sensitive Processes that will help prevent the crimes

covered by the Decree;

- obtain from the Company's executives, its employees in general, and (where necessary) its directors, statutory auditors, independent auditors, Store Operators, Agents, Partners and Consultants any information on corporate actions and a copy of the supporting documents. To that end, the Committee may draw up and distribute a list of information and documents that must be brought to its attention in a timely manner.

Given the nature of the Committee's responsibilities and the professional background they require, in its supervisory and control activities it is assisted by external consultants with the necessary qualifications. Therefore, the Committee has a budget at its disposal so it can hire such persons when necessary. The Board of Directors also provides the Committee with internal personnel, consistent with its duties in number and qualifications.

5.3 Reporting to the directors and statutory auditors

The Compliance Committee reports to the Board of Directors and the Board of Statutory Auditors. In urgent cases, it reports directly to the chairman of the Board of Directors (or the Chief Executive Officer, if appropriate) and the chairman of the Board of Statutory Auditors.

At least twice a year, and in a timely manner whenever there is an urgent need, it reports on the following topics:

- controls and inspections performed and their outcome;
- any problems concerning the enforcement of the operating procedures stated in the Program;
- any infractions and/or reports of punishable or irregular conduct;
- any disciplinary action taken by the Company;
- overall evaluation of whether the Program has been properly enforced, with any recommended additions, corrections or modifications;
- plan of work for the coming half-year.

In addition, the Committee prepares an annual summary report addressed to the Board of Directors and Board of Statutory Auditors, along with a statement of expenses incurred and projected costs for the following year.

Meetings of the Compliance Committee are recorded in minutes, which are stored by the Committee and available to the other bodies on request.

The Board of Directors and the Chief Executive Officer are entitled to call a meeting of the Compliance Committee at any time; likewise, the Committee is entitled to request a meeting of the above bodies for urgent matters, acting through the responsible units or individuals.

5.4 Reporting to other units and officers

The Compliance Committee coordinates with the relevant units and officers as follows:

- with the heads of the various units, for practical aspects concerning their responsibilities as specified or envisaged by the Program, in their capacity as officers in charge of Sensitive Processes;
- with the CEO, CFO, Head of Administration and Control, managers of the various administrative units, and head of corporate communications, for tasks that may be relevant in terms of the commission of corporate offenses;
- with various units, for contractual issues;
- with the HR manager (Country and Corporate) regarding the provision of information, personnel training and disciplinary measures, as well as the inclusion of individuals in the registry of persons with access to price-sensitive information (established pursuant to Arts. 115 *bis* of the Tax Code and 152 *bis* of the CONSOB regulations for issuers) and the notifications given by Relevant Persons in accordance with the law on internal dealing (Arts. 152 *sexies et seq.* of the CONSOB regulations for issuers);
- with the Employer, the head of the Prevention and Protection unit, and the workers' safety representatives (positions required by Legislative Decree 81/2008), for updates and audits on issues of health and safety in the workplace.

5.5 Reports to the Compliance Committee

All recipients of the Program must communicate directly with the Compliance Committee to report any violations or suspected violations. These can be reported either orally or in writing. The CC will ensure that informants are protected against any form of reprisal, discrimination or penalization, and will keep the name of the informant confidential, without prejudice to legal obligations, the rights of the Company and the rights of persons accused erroneously and/or in bad faith.

For this purpose, the Company has set up a dedicated toll-free telephone line (800.737762) and e-mail address (odv@amplifon.com) which serve two purposes: to make it easier to report matters to the Compliance Committee and to provide rapid answers to questions from AMPLIFON's Personnel, Consultants, Partners, Store Operators and Agents.

Reporting is mandatory for all Personnel with information on unlawful conduct at AMPLIFON or on practices that conflict with the Rules of Conduct or internal regulations.

Those in charge of Sensitive Processes are required to give the Committee any information on possible violations of the Compliance Program, control protocols or operating procedures.

This obligation is in addition to those listed in the Special Section.

6. Disciplinary System

To ensure the proper enforcement of the Program, AMPLIFON has adopted a Disciplinary System for actions that violate the rules of conduct or the procedures, with consequences that vary depending on who committed the infraction (employee, top manager, commercial partner, consultant, etc.). The Disciplinary System is annexed to this document and is an integral part of the Compliance Program.

7. Personnel training

Personnel learn about the Compliance Program from the HR and Organization department, which coordinates with the Compliance Committee to make sure the Program is widely distributed and understood by all recipients.

The Company is responsible for creating and formalizing training programs to ensure that all departments and units are knowledgeable about the Decree, the Code of Ethics and the Compliance Program. Training must be differentiated according to the beneficiaries—employees in general, employees working in specific risk areas, the Compliance Committee, the Board of Directors, etc.—based on an analysis of needs and responsibilities conducted by the Committee with assistance from HR & Organization. Compliance Program training is mandatory for all recipients and is managed by HR & Organization, in close cooperation with the Compliance Committee, which makes sure the courses are effectively delivered.

The Company must provide measures and means to ensure that training initiatives are always traceable and attendance is documented, and that participants' level of learning and appreciation of the course can be measured, so that it can improve existing initiatives and develop new ones based in part on comments and suggestions regarding content, materials, instructors, etc.

The courses, which may also be remote or online and whose content is assessed by the Compliance Committee, are given by experts in the various disciplines relating to the Decree.

Annexes:

Annex 1: Code of Ethics;

Annex 2: Compliance Committee Regulations;

Annex 3: Standard contractual clauses for Agents, Consultants and Partners;

Annex 4: Excerpt from the Program for Agents;

Annex 5: Excerpt from the Program for Consultants and Partners;

Annex 6: Disciplinary System.