

# Organisation, Management and Control Model as per Italian Legislative Decree no. 231/2001

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## DEFINITIONS

In this document and its annexes, the following expressions have the meanings set out below:

- **"Code of Ethics"**: the business conduct document, officially decided and approved by the parent company which explains the corporate policy on the subject of business ethics and contains the general principles of conduct – namely, recommendations, obligations and/or prohibitions – which the Recipients must comply with and the breach of which is sanctioned.
- **"Company" or "DSN": d'Amico Società di Navigazione S.p.A.**
- **"Confindustria Guidelines"**: the guidelines for setting up of the organisation, management and control models pursuant to Italian Legislative Decree 231/2001, drawn up by Confindustria on 7 March 2002, subsequently reviewed on 31 March 2008 and most recently updated in March 2014, in the version approved by the Ministry of Justice on 21 July 2014, following the control procedure pursuant to art. 5 *et sequitur* of Italian Ministerial Decree no. 201 of 26 June 2003, as considered for the purposes of the provision and adoption of this Model.
- **"Confitarma Guidelines"**: the guidelines for developing organisation, management and control models pursuant to Italian Legislative Decree 231/01, drawn up by the Confederazione Italiana Armatori (Italian Shipowners Association) pursuant to art. 6, paragraph 3, Italian Legislative Decree 231/2001 and approved by the Ministry of Justice on 14 October 2014, following the control procedure pursuant to art. 5 *et sequitur* of Italian Ministerial Decree no. 201 of 26 June 2003, as considered for the purposes of the provision and adoption of this Model.
- **"Criminal Offences" or "Criminal Offence"**: the set of the criminal offences or the individual offence referred to in Italian Legislative Decree 231/2001 (as potentially amended and supplemented in the future).
- **"d'Amico Group" or "Group"**: for the purposes of the document thereof, the aggregated shareholding composed of d'Amico Società di Navigazione S.p.A. and its national and foreign subsidiaries.
- **"DSI": d'Amico Shipping Italia S.p.A.**

- **"Disciplinary System"**: the set of sanctions and disciplinary measures applicable in the event of violation of the procedural and behavioural rules provided for by the Model.
- **"Employees"**: all individuals holding an employment relationship with the Company.
- **"Governance"**: all of the persons and bodies responsible for the Company's management and control.
- **"Italian Legislative Decree 231/2001" or "Decree"**: Italian Legislative Decree no. 231 of 8 June 2001, concerning "Rules governing the administrative liability of legal entities, companies and also unincorporated business associations, including those lacking legal personality, in accordance with art. 11 of Italian Law no. 300 of 29 September 2000", published on the Gazzetta Ufficiale della Repubblica Italiana (Official Gazette of the Republic of Italy) no. 140 of 19 June 2001, as subsequently amended and supplemented.
- **"NCLA"**: the applicable National Collective Labour Agreement. In relation to the context, NCLA may indicate: the national collective labour agreement for Sea Captains and Chief Engineers for private shipping vessels; the national collective labour agreement for the boarding of seagoing workers on cargo vessels and passenger/cargo sea ferries greater than 151 GRT; the national collective labour agreement for the office and terminal staff of shipping companies and firms dealing with private shipping.
- **"Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001" or "Model"**: the organisation, management and control model deemed suitable by the corporate bodies for preventing the Crimes and, therefore, adopted by the Company, pursuant to articles 6 and 7 of the Legislative Decree, in order to prevent the commission of the crimes by Top Management or Personnel subject to the management of others, as described in this document and its annexes.
- **"P.A."**: the public administration of the State of Italy, EU Member States, EU public bodies and the EU itself, foreign States and international bodies of public interest.
- **"Partners"**: parties with whom the Company enters into contact for the purposes of its business relations and, more precisely, parties with or without legal autonomy, also belonging to the Group. As such, the Partner is a Recipient.

- **"Personnel"**: all of the individuals holding a working relationship with the Company, including the Employees (maritime and land-based personnel), temporary workers, collaborators, trainees and free-lance professionals who have received an assignment from the Company.
- **"Personnel working under the instruction of superiors"**: the persons referred to in article 5, paragraph 1, letter b) of the Decree, or all of the Personnel working under the instructions or supervision of Top Management.
- **"Protocol"**: the organisational and/or physical/logical measure provided for by the Model for the prevention of the Criminal Offences.
- **"Recipients"**: corporate bodies (directors and statutory auditors), employees (maritime and land-based personnel), agents, attorneys, outsourcers and other parties with which the Company comes into contact in its business relationships, including other Group companies, as better specified in Chapter 5 of this General Part of the Model.
- **"Sensitive activity"**: the process, the operation, the act, namely the set of operations and acts, which may expose the operators of the Company to the risk of committing a predicate crime entailing the entity's liability pursuant to Italian Legislative Decree 231/2001.
- **"Supervisory Committee" or "SC"**: the committee referred to in art. 6 of the Decree, responsible for supervising the functioning of and compliance with the Model, as well as its updating.
- **"Top Management"**: the persons referred to in article 5, paragraph 1, letter a) of the Decree, or the persons holding a representative, administrative or management role in the Company or one of its organisational units endowed with financial and functional autonomy; in particular, the members of the Board of Directors, the Chairman, the CEO, first-level management (executives and heads of departments), any agents and attorneys.

## **INTRODUCTION: THE STRUCTURE OF THE MODEL**

The Organisational Model as per Legislative Decree 231/01 is made up of an articulated series of documents regarded as a whole and composed of several "mobile" sections.

The Model is divided into a "general" part, a "special" part and a number of annexes: this division meets the requirement of a more efficient update, given that the various documents can be updated separately, each identified by a code and a date of issue enabling them to be retrieved and protecting the confidentiality of certain sections (e.g. the sensitive activities at risk of offence as detailed in the Special Part of the document).

The General Part of the Model set out below is made up of the following sections: a) regulatory frameworks, b) Corporate Governance system, c) internal corporate organisation; d) purposes of the 231 Model and the criteria followed for its drafting; e) harmonisation of the 231 Model with the Code of Ethics and the certified systems of compliance already adopted by the d'Amico Group; f) establishment of the Supervisory Committee, description of its constitutive features and related duties; g) intra-company communication system of the Model and criteria for Personnel training on the behavioural principles laid down by the Model itself.

The Disciplinary System specifically governing the provisions of the Model is also an integral part of the General Part.

The Special Part of the Model – set out in a separate document with respect to the General Part – outlines the organisational details endorsed for risk management in the single areas detected during *risk assessment* phase, specific focus on:

- Criminal Offences that may be committed in the abstract;
- activities sensitive to the risk of offence;
- the Corporate functions dealing with cases of sensitive activities;
- the control principles relevant within each area of risk;
- the principles of conduct to be complied with in order to reduce – and where possible to eliminate – the risk of committing criminal offences;
- the information flows towards the Supervisory Committee.

## 1. ITALIAN LEGISLATIVE DECREE 231/2001

### 1.1. The regime of the administrative liability of legal entities, companies and associations, for administrative offences related to criminal offences

Legislative Decree no. 231/2001 introduces in Italy the direct criminal liability of legal entities in relation to criminal offences committed in the interest or to the advantage of the entities by:

- **persons in senior position** (art. 5 letter a) of the Decree): persons holding a representative, administrative or executive role in the legal entity or in its organisational units endowed with financial and functional autonomy, as well as persons who, *de facto*, exercise management or control over said entity or organisational unit;

- **persons working under the instructions of superiors** (art. 5 letter b) of the Decree): persons subject to the management or supervision of one of the subjects indicated above.

This latter category includes not only persons connected to the Company by an employment relationship but also those who – although not subject to the actual direction by way of a hierarchical or functional employment relationship – are nonetheless subject to the supervisory power by the persons in senior position (e.g. management consultants).

Administrative liability is acknowledged if the offence is performed in the interest or for the benefit of the legal entity (art. 5, paragraph 1), in addition to the criminal liability of the individual committing the criminal offence itself. The Criminal Court, therefore, has the power to judge at the same time both the liability of the individuals who have committed the criminal offence as well as the liability of the legal entity in whose interest or for whose benefit the criminal offence is committed. In this regard, it should be noted that the Decree requires that the legal entity be liable for the offence, irrespective of the actual punishment for the offender, that may not be identified or not imputable, or benefits from specific conditions that extinguish the criminal offence or sanction (e.g. statute barred or amnesty), without these events having effects also on the proceedings against the legal entity.

For this reason, the legal entity's liability is independent as compared to that of the offenders and is ascribed to the Company in its entirety, for not being endowed with an organisational system oriented towards the prevention of criminal offences (so-called **organisational default**). In other words, whether the criminal offence arises from a general corporate policy of tolerance towards illegal conduct or is more simply the result of the negligence of deficiencies in the daily execution of corporate activities, the legal entity is "criminally" blamed for the non-compliance with the management-related and supervisory obligations; more specifically, it is blamed for not having



adopted its own system for the organisational, management and control of the risk of criminal offences. The suitability and effective prevention of the system must be verifiable by the Court called to rule on the criminal liability of the individuals and on the responsibility (as a consequence of the former) of the legal entity that has received a benefit from the criminal offence. The condition that the criminal offence is committed in the interest or to the advantage of the legal entity excludes the legal entity's liability if the criminal offence was committed for the sole purpose of achieving a personal interest and, therefore, if the offender acted for his/her own exclusive interest or the exclusive interest of third parties.

## **1.2. Criminal offences constituting condition precedent of the liability of the legal entity**

The alleged criminal offences that are relevant – if committed within the corporate organisation – for the purposes of the regulations under examination (listed under articles 24 *et seq.* of the Decree) may be divided into 17 macro-categories:

- Criminal offences against the Public Administration (articles 24 and 25 of the Decree);
- Cybercrimes and unlawful data processing (art. 24-*bis*);
- Organised criminal offences (art. 24-*ter*);
- Criminal offences against public trust (art. 25-*bis*);
- Criminal offences against industry and trade (art. 25-*bis* 1);
- Corporate criminal offences (art. 25-*ter*);
- Criminal offences committed for the purpose of terrorism or subversion of the democratic order (art. 25-*quater*);
- Mutilation of female genitalia (art. 25-*quater* 1);
- Criminal offences against individual personality (art. 25-*quinquies*);
- Market abuse (art. 25-*sexies*);
- Transnational offences (articles 3 and 10, Italian Law no. 146/2006);
- Unintentional manslaughter and serious or extremely serious unintentional injuries in breach of laws and regulations on prevention of injuries and health & safety in workplaces (art. 25-*septies*);
- Criminal offences involving handling of stolen goods, laundering and utilization of money, goods or utilities of unlawful origin (art. 25-*octies*);
- Breach of copyrights (art. 25-*novies*);
- Inducing other parties not to provide statements or to provide false statements to the Judicial Authorities (art. 25-*decies*);

- Environmental criminal offences (art. 25-*undecies*);
- Employment of third-country nationals residing unlawfully in Italy (art. 25-*duodecies*).

Art. 26 of the Decree also lays down the possibility that the aforementioned offences may be attempted and not actually committed<sup>1</sup>. In this case, the disqualifying penalties referred in the following paragraph are reduced (in terms of time frame) from a third to a half, whereas sanctions are not applied to the legal entity in cases whereby the Company prevents the execution of the action or the accomplishment of the event.

The exclusion of the sanction is justified on the strength of the interruption of any identification or connection between the entity and the persons who claim to act in its name and/or on its behalf.

### 1.3. Cross-border impact of Italian Legislative Decree 231/2001 in the shipping sector

In accordance with Decree 231, a company may be liable for committing predicate offences which entail the liability of the legal entity by its own Employees and/or persons in senior position, in the following situations of transnational relevance:

1. Criminal offence committed in the State territory by representatives of a foreign company or Italian branch of a foreign company;
2. Criminal offence committed abroad by representatives of an Italian company, provided that the State in which the offence is committed does not take action and that the other conditions provided for by art. 4 of Italian Legislative Decree 231/01 are met;
3. Criminal offence committed abroad by representatives of a foreign company controlled by an Italian company, in the case where the conduct related to the alleged offence may be ascribable to the parent company based in Italy or to other Italian companies of the Group since, e.g., approved/analysed/shared by the relevant administrative bodies.

The international context in which the d'Amico Group usually works – which uses vessels registered in Italy with crews composed of maritime personnel, including personnel with a nationality other than Italian, for shipping goods in every part of the world – requires that the 231 Model should take into account the fact that specific criminal offences may be attributable both to the Italian parent company, also in relation to unlawful conduct that is not rooted, wholly or in part, in the State territory.

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<sup>1</sup> In accordance with art. 56 of the Italian Criminal Code, criminal attempt refers to whoever carries out appropriate acts unequivocally directed at committing a crime, but the action is not carried out or the event fails to occur.

#### 1.4. The framework of sanctions provided for entities

The framework of sanctions introduced by the Decree aims not only at striking the assets of the entity but also its operations, by prohibiting and/or limiting the exercise of the activities within the scope of which the criminal offence is committed. Specifically, art. 9 provides for different sanction types:

a. **pecuniary sanctions**: applicable to all cases of offences covered by Decree 231, which vary depending on the severity of the criminal offence and the legal entity's economic conditions and capacity of assets;

b. **prohibitive sanctions**: applicable together with pecuniary sanctions, on a temporary basis<sup>2</sup>, in more serious cases or in the event of repetition of criminal offences, according to a scale of severity which establishes (decreasing severity scale):

- Disqualification from carrying out the business within the scope of which the criminal offence was committed;
- Suspension or revocation of authorisations, licences or permits necessary for committing the criminal offence;
- Prohibition on negotiating with the public administration, except for requests to obtain public-interest services;
- Exclusion from incentives, financing, contributions or subsidies and potential revocation of those already granted;
- Prohibition on advertising goods and services.

It should also be noted that prohibitive sanctions are also applicable in interlocutory proceedings – i.e. prior to the definition of the judgement on the merits of the case against the entity, should there be strong evidence of the legal entity's liability or danger that the offence be repeated – already during the preliminary investigations.

Furthermore, the following are provided for as accessory sanctions:

a. The **confiscation** of the price or proceeds, applicable without limitations and aimed at preventing the legal entity from unlawful enrichment through commission of the criminal offence;

b. the **publication** of the judgement of conviction, which is applied together with the prohibitive sanctions in particularly serious cases.

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<sup>2</sup> Art. 13 paragraph 2 of the Decree requires that the prohibitive sanctions should have a duration of at least three months and no more than two years.

### **1.5. Adoption of the Model as possible exemption from administrative liability**

Art. 6 of Italian Legislative Decree no. 231/2001 provides for the exemption from administrative liability for any legal entity able to provide that it has adopted, and effectively implemented, before occurrence of the criminal offence, an Organisation, Management and Control Model suitable for preventing criminal offences such as the one actually occurring.

In order to benefit from the exemption from liability, the entity must provide evidence:

- a. that it has adopted and implemented an Organisational Model suitable for preventing criminal offences such as the one actually occurring;
- b. that it has supervised the operating effectiveness of and the compliance with the Model by the Recipients, through a specific Supervisory Committee.

The Decree also provides that, in relation to the extension of the delegated powers and the risk of criminal offences being committed, the Organisation, Management and Control Model must comply with the following requirements:

- Identify the areas of activities in which the criminal offences provided for by the Decree may be committed;
- Draw up specific protocols in order to plan training processes and the implementation of the legal entity's decisions in relation to the prevention of criminal offences;
- Establish procedures for identifying and managing financial resources suitable for preventing such criminal offences from being committed;
- Prescribe obligations of disclosure in relation to the SC responsible for supervising the operation of and compliance with the Model;
- Set up an internal Disciplinary System suitable for sanctioning the non-compliance with the measures indicated in the Model.

The Decree lays down that the Organisation, Management and Control Models may be adopted, ensuring the requirements listed above, on the basis of codes of conduct (also referred to as Guidelines) drawn up by associations representing the legal entities, communicated to and endorsed by the Ministry of Justice (art. 6, paragraph 3, of the Decree)<sup>3</sup>.

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<sup>3</sup> Art. 6, paragraph 3 of Decree 231 states that: "*Organisation and management models can be adopted, ensuring the requirements under paragraph 2, on the basis of codes of conduct drawn up by associations representing the corporations, communicated to the Ministry of Justice which, together with the competent Ministries, may formulate its observations on the adequacy of the models aimed at preventing offences, within thirty days*".

Lastly, the profile of the effective implementation of the Model requires (art. 7, paragraph 3):

- the periodical verification of and potential modifications to it whenever significant violations are uncovered, or as a consequence to changes in the organisation or corporate activity;
- a Disciplinary System suitable for sanctioning any failure to comply with the measures indicated in the Model, both against persons in senior position and persons working under the instructions of superiors.

The Company, therefore, shall not be subject to sanctions if it has adopted organisational measures aimed at avoiding perpetration of the criminal offences that are:

- *appropriate*, i.e. aimed at ensuring that corporate activities are carried out in compliance with the law and at discovering and promptly uncovering and removing any situation of risk;
- *effective*, i.e. proportionate to the need to ensure compliance with the law and, therefore, subject to periodical review in order to carry out any amendments required in the event of significant violations of the provisions, or in case of changes in the organisation or corporate activity.

DSN pursues the prescriptions laid down by Italian Legislative Decree no. 231/2001 by adopting its own Model (the general principles of which are described in this document) for the prevention of criminal offences.

## **1.6. Codes of conduct of Trade Associations underlying this Model**

This Model is drawn up in compliance with the Guidelines governing the shipping sector as issued by **Confitarma – Confederazione Italiana Armatori** (Italian Shipowners' Confederation) – following the ministerial control procedure set up by the above Sector Association, together with the Ministry of Justice, pursuant to art. 6, paragraph 3 of Decree 231 together with articles 5 *et seq.* of Italian Ministerial Decree no. 201 of 26 June 2003, for the purpose of providing associated shipowners' companies with official sector-related indications for adopting and implementing their organisation, management and control models aimed at preventing criminal offences entailing the legal entities' administrative liability.

The aforementioned Confitarma Guidelines – issued by the sector association and entitled "**Guidelines for processing the Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/01**" (hereinafter, for the sake of brevity, "Confitarma Guidelines") – was subject to a first appraisal by the Ministry of Justice on 13 September 2014 and subsequently

supplemented by Confitarma, following ministerial observations advanced in compliance with the aforementioned control procedure, obtaining on 14 October 2014 the final approval of the Ministry regarding the suitability of the above Guidelines in achieving the purpose laid down by art. 6, paragraph 3 of Italian Legislative Decree 231/2001.

Hence, the Confitarma Guidelines (formalised by the sector association via a circular letter transmitted to the associated companies, ref. no. 247/2014 of 29 October 2014) represent the key principles of reference with which the Company shapes, the first instance, its 231 Model: this is due to the peculiar nature of the national maritime industry that requires shipowners' companies to implement "tailor-made" 231 Models with respect to the specific sector requirements set up by the Sector Association and, thus, able to better comply with the operational reality of the shipping companies.

It is understood that DSN is solely liable for the methods of implementation of the above Guidelines within its organisational context and, therefore, with respect to the actual implementation of its Model.

At the same time, the Confitarma Guidelines draw on the more recent *Guidelines for devising Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/01*, drawn up by **Confindustria** on 7 March 2002, subsequently reviewed on 31 March 2008 and recently updated during March 2014 by Confindustria itself: this latter version was approved by the Ministry of Justice on 21 July 2014.

In order to help members draw up 231 Models in a manner consistent with the corresponding requirements laid down on this matter by the leading national sector association, Confitarma has implemented, in certain parts of its Guidelines considered of key importance, the contents of Confindustria's analogous Guidelines, in its most latest approved version<sup>4</sup>.

## **2. THE CORPORATE GOVERNANCE SYSTEM ADOPTED BY d'AMICO GROUP**

### **2.1. Group Overview**

DSN is the holding company for a leading global shipping group with operations in dry cargo ships, tankers and auxiliary maritime services. The d'Amico Group boasts a long and historical tradition as a family-run business. Founded in 1936, it has developed a worldwide presence over the years with offices located in the most important shipping hubs. Its indirect subsidiary d'Amico International

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<sup>4</sup> The updated text of Confindustria's Guidelines may be found online on its website.

Shipping S.A. (DIS), a sub-holding company with global shipping operations and specialised in the tanker ship sector, is listed on the telematic stock exchange organised and managed by Borsa Italiana S.p.A..

Experience, competence and responsibility, combined with a strong focus on our clients, shipping safety and protection of the environment are d'Amico Group's core values.

The Group operates in the dry cargo sector of the shipping market through the Italian company d'Amico Shipping Italia S.p.A. (DSI) and d'Amico Dry Limited, an Irish-registered company (DDL), fully controlled by d'Amico International S.A.(DIS) which in turn is 99.99% owned by DSN. The fleet consists of both owned vessels and on long-term chartered vessels. In order to satisfy flexibility needs and seize the opportunities presented by the dry-cargo market, the d'Amico Group also uses short-term chartered ships that do not represent an integral part of the fleet of d'Amico Group. In addition to the coal sector, in which the Group boasts longstanding experience, the segments of the shipping market in which the Group operates globally include bulk cargo generally, such as iron ore and other raw materials, with its clients among the leaders of their respective industries. The "dry-cargo" sector also includes the transport of forest products from North America towards various Mediterranean ports on the basis of long-term contracts with the principal wood production companies and voyage-based contracts that allow the Group to grasp the opportunities "in the short-term" of this market. A significant portion of the vessels in the d'Amico fleet is employed under "time-charter" (medium-/long-term) contracts, while only the residual vessels are chartered on a "per-voyage" basis (also known as the "spot" market).

The Group's tanker business is under the control of d'Amico International Shipping S.A. (in addition to a smaller part via DSI) which manages business mainly through its subsidiary d'Amico Tankers Limited (DTL), based in Ireland. The fleet consists of double-hull vessels primarily employed in shipping refined petroleum products and vegetable oils, and it provides maritime shipping services on a global scale to major oil companies and trading firms. In addition, all vessels have been constructed in accordance with IMO (International Maritime Organization) and MARPOL (the International Convention for the Prevention of Pollution from Ships) Regulations, the requirements set by the major oil and energy companies and international standards.

Pursuant to MARPOL/IMO regulations, cargoes such as palm oil, vegetable oils and a range of other chemical products may only be transported by tankers that meet specific requirements ("IMO-classed" vessels).

DSI operates in the tanker sector to a residual extent.



The maritime services that are auxiliary for shipping operations are not only rendered for the d'Amico fleet, but also for international clients and comprise in particular: ship management, maritime telecommunications services, “insurance brokerage” and intermediation in ship fuel purchases (referred to as “bunkering”).

Ship management services constitute one the main activities carried out by the parent company d'Amico Società di Navigazione S.p.A. which, also through its subsidiaries, and Ishima Pte Limited (ISHIMA) in particular, provides services to the Group's companies and to third parties, such as:

- Technical management (supervision of construction and maintenance projects);
- Planning, procurement and management of planned maintenance (PM);
- Crew management (selection, recruitment and management of the remuneration of seagoing personnel);
- Management of quality, safety and environmental protection systems;
- Management of on-board information technology (IT) systems;
- Management of legal and insurance issues.

Maritime telecommunications services are entrusted to Compagnia Generale Telemar S.p.A. (TELEMAR), a global leader in the sector in which the Group holds a 55% interest. These activities include the provision of electronic and satellite communications and navigation systems and relative support, as well as the sale of radiotelegraphic traffic. Telemar, which operates through subsidiaries in ten countries, is a strategic partner and agent for the major producers of telecommunications systems and boasts “unparalleled” expertise in support services for transport and cruise vessels. Bunkering operations are managed by Rudder S.A.M. (RUDDER) and the relative services are rendered to both Group' companies and third parties. The process begins with constant monitoring of the reliability of traders operating in the sector and is founded on long-standing relationships with the oil majors.

Crew management activities are entrusted to Sirius Ship Management S.r.l. of Genoa (SIRIUS), which is responsible (also through its foreign subsidiaries) for recruitment, payroll and the training of seagoing personnel for both Group' companies and third parties.

## **2.2. DSN's role and business activity**

The Company – with registered office in Palermo (Via Siracusa no. 27), administrative office in Rome (Corso Italia no. 35/b) and offices in Genoa (Via de Marini no. 53) – deals with freight



transport by sea on international routes, has the role of shipowner and acts as holding company of the d'Amico Group.

### **2.3. Area of consolidation and of dominant influence in Italy**

As parent company, DSN exercises direction and coordination activities within the limits of art. 2497 *et sequitur* of the Italian Civil Code over several Italian companies, some of which also consolidate their financial statements in those of the parent company. For a complete and updated list of the "consolidated" companies and other Italian companies for which DSN exercises control of the majority shareholder, please refer to the yearly management report, which is attached to the company's consolidated financial statements approved each year by the parent company.

### **2.4. Area of international consolidation**

In addition to the Italian companies, the area of consolidation of the parent company's financial statements also includes leading foreign companies. For a complete and updated list of the "consolidated" foreign companies, please refer to the yearly management report, which is attached to the company's consolidated financial statements approved each year by the parent company.

### **2.5. Non-consolidated subsidiaries**

Not all subsidiaries controlled by virtue of holdings are included in the parent company's consolidation area, as permitted by the accounting standards of reference: for a complete and updated list of the non-consolidated subsidiaries, please refer to the yearly management report, which is attached to the company's consolidated financial statements approved each year by the parent company.

### **2.6. Group Organisational Chart**

The control environment examined for the purpose of preparing the Model hereof is made up of the two main legal entities with registered office in Italy: DSN and DSI which are subject to the Italian jurisdiction and consequently to the provisions of Italian Legislative Decree 231/2001.

Operational synergies between the companies have shown a horizontal and vertical business integration level that does not currently allow for a clear separation between the management activities carried out within the parent company from those conducted both in the Italian shipping

company, DSI, (it too subject to the same mapping of offence-risks and provided with its own 231 Model), and the sub-holding company incorporated under Luxembourg law, d'Amico International Shipping S.A., even if both being provided with their own Organisational Model.

Without prejudice to the direction and coordination that the parent company exercises at legal and formal level – and according to common statutory criteria regarding corporate influence on controlled entities (articles 2359 and 2497 *et sequitur* of the Italian Civil Code) –, the Group's shipping activity, if regarded from a different empirical and factual angle as emerging from the risk assessment carried out for determining this Model, is characterised by economic and organisational dynamics which cut across all three "mapped" Companies.

In this dynamic context, the "intra-group" organisation chart is justified and logically coherent, referred to the Integrated Management System (HSQE System), published on the Company intranet.

### **3. CORPORATE GOVERNANCE OF DSN**

#### **3.1. Board of Directors**

Given the above description of the corporate structure, it follows that when drawing up this Model for the parent company, account was taken of the unitary system of administration and control inherent in the Board of Directors, in order to make this system suitable also for monitoring sensitive activities entailing the risk of committing crimes detected in the risk assessment, which will be examined in detail in the Special Part of this Model. The logic that was followed to recognise and enhance existing "intra-group" synergies according to a comprehensive process aimed at compliance with 231 legislation by all individual corporate structures.

The Corporate Governance system adopted by DSN is similar to the traditional type provided for by article 2380 of the Italian Civil Code and it is inspired by the highest standards of corporate management transparency and fairness. It comprises, therefore, a Shareholders' Meeting to which the Board of Directors reports, and two corporate control bodies: Board of Statutory Auditors and Independent Auditors.

The Corporate Governance system is also consistent with the legal requirements of reference and is in line with the best international practices on the subject, also in view of both the wide geographical area covered by the d'Amico Group and of the listing on the stock exchange of the Luxembourg-registered indirect subsidiary d'Amico International Shipping SA.

In accordance with and for the purposes of the law and the Articles of Association, the following members of the Board of Directors have been appointed:

- Executive Chairman;
- Chief Executive Officer (also referred to as CEO);
- Executive Director for Extraordinary Finance Transactions;
- Executive Committee composed of the Chairman and CEO.

The Board of Directors has also appointed a Head of Administration, Finance and Control Area (also referred to as “Group CFO”), vesting him with all powers and relevant representation with regard to administration, finance and control matters, to be exercised under single signature and with authorisation to delegate part of the aforementioned powers to third parties by way of special powers of attorney *ad acta* issued by the Group CFO.

The Corporate Governance system adopted by the parent company is an essential tool to ensure effective and efficient management and reliable control over the activities within the Company, recognising the social importance of these activities on which the Group focuses and of the need to adequately consider all of the interests involved when performing them.

The Governance bodies are in charge of managing and controlling the Company according to the provisions of the Articles of Associations that set forth the basic rules of operation of the Company and of its corporate bodies. More specifically, the Board of Directors, currently composed of five Directors (three Executive Directors and two non-Executive Directors), is vested with the broadest powers for the management and for the ordinary and extraordinary administration of the Company and is authorised to carry out all of the acts deemed necessary and/or appropriate for implementing and achieving the corporate purpose, excluding those strictly reserved by law to the Shareholders’ Meeting.

The two Shipowners hold the position of Executive Chairman and Chief Executive Officer and resolve upon the following matters within the Executive Committee:

- definition of the Company’s structural organisation;
- hiring, dismissal, transfer and assignment of qualification and powers to Employees holding an executive position in the Company and/or subsidiaries;
- definition of the Company’s strategic, industrial and financial plans, of related budgets (including consolidated budgets), and of the business plans and its related update and/or revision;

- appointment of members of the Board of Directors, the Executive Committee and the Board of Statutory Auditors of directly or indirectly held investees, as well as of Company directors and representatives in consortia, associations or other entities;
- granting of voting instructions for participation by Company representatives in the meetings of the investees.

### 3.2. Board of Statutory Auditors

The Board of Statutory Auditors and its Chairman are appointed by the Annual Shareholders' Meeting of d'Amico Società di Navigazione S.p.A. and remain in office for three financial years.

The current composition of the Board of Statutory Auditors of DSN comprises three regular members and two substitute members, all appointed in accordance with the rules of the Italian Civil Code in force.

The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, with the principles of correct administration and especially with the appropriateness of the organisational, administrative and accounting structure adopted by the Company as well as with its correct operation, pursuant to article 2403, paragraph 1, of the Italian Civil Code.

### 3.3. Auditing procedure

The Board of Statutory Auditors does not control the Company accounts since auditing of the accounts pursuant to Italian Legislative Decree 39/2010 was entrusted to independent auditors, in accordance with art. 2409-*bis* of the Italian Civil Code.

## 4. MODEL 231 OF DSN

### 4.1. Objectives pursued by the Company with the adoption of the Model

The Company has decided to comply with the provisions of Italian Legislative Decree no. 231/2001 by using this Model aimed at preventing the commission of criminal offences.

The purpose of the Model is to establish a structured and organic set of procedures, rules and controls to be carried out both in a preventive manner (*ex ante*) and subsequently (*ex-post*), in order to significantly reduce and prevent the risk of commission of different types of criminal offences considered by the law and detected during *risk assessment*.

In particular, by identifying and setting forth the procedures for sensitive activities, representing the activities at greater risk of criminal offence, the Model pursues the following objectives:

- raise awareness in all those who are involved in activities at risk of criminal offence in the name and on behalf of the Company, of the fact that should they breach the rules set forth in the Model they may expose themselves as well as the Company to a criminal offence punishable by sanctions, at both criminal (for individuals) and administrative (for the company) level;
- highlight that unlawful behaviours are strongly condemned by the Company, because even if it could be apparently to the Company's benefit, they fail to comply either with legal provisions or with the ethical and corporate principles on which the Company is inspired by when carrying out its functions;
- inform all Recipients that such behaviours may be subject to sanctions at the disciplinary level, regardless of whether it results in criminal act or not;
- allow the Company, through constant monitoring of sensitive activities, to promptly react in order to prevent and oppose the commission of criminal offences.

The principles that inspire the Model are:

1. raise awareness on and divulge the behavioural rules and procedures in place set up to Recipients;
2. entrust to an internal Supervisory Committee to the Company with the task of promoting effective and correct functioning of the Model, also through the monitoring of corporate behaviours as well as the right to be informed on an ongoing basis in regard to the significant activities pursuant to Italian Legislative Decree 231/2001 (*ex ante* control);
3. the appraisal of corporate behaviours and the functioning of the Model and subsequently updating the latter periodically (*ex post* control);
4. the control of the separate transactions falling within the scope of sensitive activities (each transaction must be: assessable, documented, consistent and appropriate);
5. the compliance with the principle of the segregation of duties (no-one must be allowed to autonomously manage an entire process), thus avoiding an excessive bureaucratisation and onerous processing and implementation;
6. the consistency between the attributed authorisation or management powers and the duties assigned.

#### 4.2. Technique for the drafting of the Model according to the Group context

As mentioned above, before drafting of this Model, a substantial *risk assessment* was carried out based on a unitary control environment and, therefore, on the work processes and intra-group operations of the various business lines. Then, the Sensitive Activities shared among the analysed *legal entities* were identified, which will be taken into consideration in the Special Part.

In this perspective, the identification of Sensitive Activities types takes into account the possible traceability and imputability for DSN of conducts also set out by formal “third-parties” with respect to the parent company’s workforce (e.g. personnel employed by one of the other Italian shipping companies) but who are authorised, by virtue of the organisation of work processes shared among the Group’s companies, to carry out their duties in the interest or to the advantage to one or other of the Group’s *legal entities*, with registered office in Italy or abroad.

#### 4.3. Risk assessment phase

*Risk assessment* – formalised in a separate document that is an integral part of the Model 231 – was carried out by an integrated teamwork, composed of internal representatives and external consultants, in compliance with the following operational procedure:

- direct interview to the corporate representative/s in the department taken into consideration;
- appraisal of the corporate documentation acquired;
- evidence of possible links between the area of reference and the various types of criminal offences as stated by Decree 231, with a description of the methods for implementing the criminal offences which could entail liability of the entity, and of the specific activities exposed to such risk (known as “Sensitive Activities”);
- drafting of *risk management* technical data sheets and assignment of risk level to the Department Area examined, on the basis of the following standards of adequacy of the internal control system:
  - **self-regulation:** existence of company provisions aimed at providing principles of conduct and operational procedures for the execution of Sensitive Activities (formalised procedures, working practices and existing controls);
  - **traceability:** verifiability, *ex post*, of the decision-making process, authorisations and performance of Sensitive Activities, also by means of supporting documents;

- **segregation of roles and duties:** division among multiple users of the activities and related privileges for the various company processes, in order to ensure the separation of roles depending on whoever authorises the activities, whoever performs them and whoever controls them;
- **system of delegations and authorisations:** consistency among authorisation and signature powers potentially conferred and the organisational and management-related responsibilities assigned to each function/management;
- **relationships with the Public Administration and the Supervisory Authority.**
- shared mapping of the Areas and sensitive processes with the Company representatives interviewed;
- sharing of identified priorities with respect to the gaps detected and planning of the corrective actions set forth in the Special Part.

#### **4.4. Harmonisation of the Model 231 with the Management Systems of the d'Amico Group**

One of the Company's inspiring principles in the drafting of Model 231 is to optimise the aspects of the intra-group organisational structure, not only in terms of Personnel structure, roles and duties, but also in terms of implementation of the existing procedures and control systems operating within the Group. The underlying logic is to avoid redundancies and superstructures likely to create diseconomies that might burden the Model's management and control activities, as far as potentially neutralising the key purposes provided for by regulation. This strategic choice was considered appropriate to ensure the proper functioning of the Model in the course of time, since it allows integration of the requirements and management protocols of Sensitive Activities into current corporate process flows.

Besides, certified *compliance* systems are in force within the d'Amico Group and are continuously managed by operational *management* – e.g. the Integrated Quality/Environmental/Energy/Occupational Safety Management System with reference to standards ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001, as well as the Safety Management System that governs the shipping safety and on-board work of the vessels (safety/security) in compliance with the international standards set forth by IMO. These systems already make use of the synergies existing in risk identification activities, gap analysis, the implementation of corrective



measures, as well as the monitoring and control for the compliance of corporate activities with complex regulatory systems.

Therefore, also in drafting up the Model231, the existing certification systems already implemented by the Group (detected during “*risk analysis*” phase) were taken into account integrating them, where deemed necessary, in order to make them suitable as measures for preventing crimes and controlling cases of Sensitive Activities.

On the basis of this procedure entailing the assessment of existing systems, the aim of the Model (without prejudice to its particular function described in the previous paragraphs) is to fit smoothly into the broader corporate process of compliance with the complex management systems already implemented.

Among the aspects offering an added value following the introduction of the Model 231 in the Company, the opportunity to implement (through its integration with other management systems) an effective Corporate Governance system is of key importance. The benefit derives from the fact that the Model 231 is an internal control system that may also be extended to the operational aspects followed by the other systems (quality, safety and environment). Integration is based on the following aspects:

- unified drafting of documents that illustrating control strategies and objectives;
- formalisation of the system for the application of the delegated powers;
- unified development of risk management documents;
- identification of integrated instructions for performing tasks;
- coordinated monitoring and reporting processes.

For this reason, the medium-term goal of the d’Amico Group is to harmonise the Model 231 of its Companies with the Integrated System that the Group has adopted and manages within its organisation (ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001).

#### **4.5. Harmonisation of the Model 231 with the Group’s Code of Ethics**

DSN has adopted the Code of Ethics and recommends it be taken up in compliance with all Group companies. This Model, therefore, implements the regulations set out in the Code of Ethics in an effective and timely manner, within the corporate organisation of the Company. The Code of Ethics expresses the Group’s “*Charter of Values*” and sets forth the general ethical approach that the parent



company disseminates to all companies operating in Italy and abroad, in the actual course of its corporate activities.

The aim of the Code of Ethics is to express the principles of “corporate ethics” valid *worldwide*, which each Group Company must acknowledge as its own and in relation to which must be observed by the whole corporate Personnel (maritime and land-based alike), by the Corporate Bodies, consultants and Partners. The Code of Ethics is one of the cornerstones of intra-group regulations existing prior to the Group’s Organisation Models whose ethical and procedural scope they are called upon to accomplish in the effective dynamics for managing the risk of criminal offence.

For this reason the Model is drawn up in strict compliance with the ethical principles, basic rules and protocols of conduct, applicable in the relationships between the Group’s Companies and its stakeholders, subject to reciprocity, in order to create a consistent, effective and Ethics-oriented internal regulatory *corpus*

Consequently, the rules of conduct contained in this Model are integrated with those of the Code of Ethics, despite the two documents having different purposes and scope. The Model is a tool that has a specific scope of application and purpose, designed to prevent the commission of criminal offences. The Code of Ethics is adopted independently of the Model and may be applied at general level, for the purpose of expressing the ethical principles that the Company recognises as its own and requires all Recipients to comply with.

#### **4.6. Review of the Model**

This Model – representing the new, fully revised and updated version compared to the initial of the year 2008 – is approved by the Company’s Board of Directors.

The current review has proved necessary, in accordance with the obligation for the Supervisory Committee to periodically adjust and update the Model as laid down by art. 6, paragraph 1, letter b) of Italian Legislative Decree 231/01, in order to align the Model with:

- a) the modifications that have taken place from 2008 until now in the Company’s and Group’s general organisational structure;
- b) the gradual broadening of the list of criminal offences entailing the entity’s liability compared to those considered in the original drafting of the Model: in fact, in 2008, environmental crimes, which have a significant impact on the entire shipping sector, were not laid down in Italian Legislative

Decree no. 231/2001; and the adjustment of the Model to this new provision<sup>5</sup> required the mapping of environmental-risk activities which led to an overall updating of the *risk analysis*, underlying this version of the Model;

c) the new Guidelines of sector Associations on the drawing up of Organisation, Management and Control Models as per Italian Legislative Decree no. 231/2001 issued during 2014 by Confindustria and Confitarma (cf. previous § 1.6).

The amendments and integrations to the Model itself are a prerogative of the Company's Board of Directors, which also resolves on the amendments proposed by the single directors, by the management and/or the Supervisory Committee.

In adopting the implementing resolution, all members of the Board of Directors declare that they undertake to comply with this Model.

#### **4.7. Recipients of the Model**

The Recipients of the Model are all those who work for achieving the Company's purpose and objectives.

This means that the Recipients include not only the members of the corporate bodies (whether shareholders or directors), the statutory auditors and the individuals composing of the Supervisory Committee, Employees and more in general all Personnel formally recruited in one of the Group companies, but also external consultants, Partners, commercial operators and Company contracting parties (e.g. maritime agents, suppliers and service providers), within the limits of the tasks performed in the name and on behalf of the entity.

### **5. THE SUPERVISORY COMMITTEE**

#### **5.1. Establishment of the SC and its intrinsic characteristics**

Art. 6, paragraph 1, letter b) of Italian Legislative Decree 231/2001 requires as a condition for exemption from administrative liability that a corporate committee provided with "autonomous powers of initiative and control" be entrusted with the task of supervising the functioning and the compliance of the provisions set forth in the Model, as well as monitoring its updating.

The Supervisory Committee must have the following features:

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<sup>5</sup> Italian Legislative Decree no.121 of 7 July 2011, which introduced art. 25-*undecies* of Italian Legislative Decree 231/01 concerning environmental crimes.

- autonomy and independence;
- professionalism;
- continuous operations.

The autonomy requested by legislation requires: a) that the SC, in performing its functions, reports to the entire Board of Directors and its Chairman, as the advisor supervising corporate controls; b) that independent financial resources be provided to the Committee for carrying out its duties (e.g. for external consulting requested on specific control areas) with obligation of reporting to the Board of Directors. For this reason, an expenditure budget is granted to the Supervisory Committee, initially upon appointment and then on an annual basis. The budget expenditure must be appropriate for the performances of the monitoring and control action and consistent with the dynamics and size of the business organisation of reference. The methods of use of the budget by the SC are set forth in its regulations. The SC is also entitled to request an extension to the budget, due to specific requirements outlined from time to time, so as to always be able to carry out its duties in full financial and management autonomy.

The professionalism requisite refers to the theoretical and practical knowledge of a technical and specialised nature required to effectively execute the control functions assigned to the Committee.

Lastly, continuity of action means the Supervisory Committee's ongoing ability to monitor the full respect of the Organisational Model adopted over time, in order to ensure its suitability for preventing criminal offences and its effective implementation.

## **5.2. Identification of the SC and its composition**

By applying these principles to the corporate reality, the Company grants the functions referred to under art. 6, paragraph 1, letter b) of the Decree to a jointly-acting committee made up of three members, as per the best practices governed the sector detected within the reference Guidelines and given the configuration and functions attributed by Italian Legislative Decree 231/01 to the Committee.

This corporate body, whose current multi-person structure remains in office until approval of the 2016 draft financial statements, in order to better carry out its duties, the SC has a secretary (non-member) and is entitled to use specific resources and/or resources from other departments to perform the operational activities that are preparatory or linked to the control activities, as well as the professional expertise of the dedicated Recipients or of external expertise where the implementation or the update of the Model require an in-depth inquiry into specific topics.

The SC reports on the implementation of the Model, on the emergence of any critical aspects and notifies the outcome of the activities carried out in exercising the tasks assigned.

### **5.3. Conditions of incompatibility with the office as SC**

The following individuals cannot be appointed as members of the SC and, if already appointed, automatically will be removed:

- a)** individuals who are a situation of ineligibility or revocation provided for by art. 2382 of the Italian Civil Code for directors;
- b)** individuals who are suspected of or convicted of one of the crimes referred to in Italian Legislative Decree no. 231/2001;
- c)** individuals who have been sentenced for a criminal offence against the Public Administration, against public faith, against property, against public order, against the public economy or for a criminal offence relating to tax issues, even if the ruling has not become final;
- d)** individuals who are accused of or have been imprisoned for any criminal offence, even if the ruling has not become final;
- e)** individuals who have been subjected to one of the sanctions provided for by the Disciplinary System attached hereto;
- f)** individuals who are engaged in the Supervisory Committee of another company subject to the sanctions provided for by Italian Legislative Decree 231/2001, even if applied on a non-definitive basis;
- g)** the spouse, relations and in-laws up to the fourth degree of kinship of the Company's directors, and the directors, and their related spouse, relations and in-laws up to the fourth degree of kinship of its subsidiaries and/or affiliated companies, associated companies and/or participating companies;
- h)** Individuals linked to the Company or its subsidiaries, affiliated companies and/or associated companies by an employment relationship, an ongoing relationship for consulting services or remunerated provision of services, or relationships of a financial nature which compromise their independence.

#### **5.4. Appointment of the Supervisory Committee**

The Supervisory Committee is appointed by the Board of Directors. During the same appointment resolution, the Board of Directors also nominates the Chairman of the SC, establishes the remuneration due to the Chairman and to the single members, and lays down the financial framework assigned on an annual basis as the budget for the SC.

#### **5.5. Term of office**

The Supervisory Committee remains in office for the duration established by the Board of Directors during the appointment resolution, its members may be re-elected and in any case remain in office until their successors are formally designated.

#### **5.6. Removal of the Supervisory Committee**

Any member of the Supervisory Committee may be removed from office for the following reasons:

- if one of the incompatibility conditions under previous paragraph 5.3 arises;
- serious and verified reasons that jeopardise member's independence or damage the trust-based relationship that underlies the assignment.

The Board of Directors is responsible for removal of the Supervisory Committee or one of its members. Unanimous consent by all attending directors with right of vote is necessary.

During the same meeting in which the removal of a member of the Supervisory Committee is decided upon, the Board of Directors arranges for the member's replacement.

#### **5.7. Resignation as member of the Supervisory Committee**

In the event of resignation of one or more members of the Supervisory Committee, the Board of Directors replaces them at the next scheduled meeting.

Resigning members remain in office until the appointment of the new member has been decided upon.

#### **5.8. Functions and powers of the SC**

The SC is entrusted with the following duties:

- supervising the effectiveness of the Model and compliance with its prescriptions by Company directors, management, Employees, consultants, Partners and commercial operators, and contracting parties;
- periodically checking the effectiveness and appropriateness of the Model, namely, its effectiveness to prevent unlawful conduct, so as to protect the Company against possible unlawful behaviour;
- assessing and suggesting the opportunity to update the Model in the event that it should become necessary to adjust it in order to respond to changing legislation or corporate conditions;
- ensuring appropriate information flows of competence.

From an operational viewpoint, the SC is required to carry out the following activities:

- set up control procedures, considering that one of the primary responsibilities for the control of activities, even those conducted in activity areas at risk, is assigned to operational management and is an integral part of the corporate process;
- conduct inspections on the Company's activities in order to update the mapping of sensitive activities, especially in the case of implementation of new business activities and thus of new corporate processes;
- carry out periodic checks on specific transactions or acts implemented by the Company within the scope of Sensitive Activities, as defined in the "Special Parts" of the Model;
- promote suitable initiatives for the spreading of the acknowledgement and understanding of the Model and assist with the preparation and integration of internal "regulations" (Code of Ethics, operating instructions, internal procedures, circulars, and so on);
- liaise with the other Company functions (also by means of dedicated meetings) to ensure the effective monitoring of Sensitive Activities. To this end, the SC must be continuously informed on the progress of the activities in the risk areas;
- check that the management protocols concerning Sensitive Activities set out in the Special Parts of the Model for the different criminal offences are in any case adequate and meet the requirements as prescribed by the Decree, otherwise providing for an update of the actual protocols;
- conduct surveys (if necessary) to identify alleged infringements of the Model's requirements.

In carrying out the tasks assigned, the SC has unlimited access to Company information for investigation, analysis and control activities. During the course of its activities, the SC must engage in ethically correct behaviour and must maintain complete discretion and confidentiality, with its only reference points being the corporate bodies.

### **5.9. Reporting of the Supervisory Committee to Company's Top Management**

The SC provides annual reporting to the Board of Directors and the Board of Statutory Auditors.

The SC submits annually to the Board of Directors and the Board of Statutory Auditors a final report on the activities carried out during the previous year, justifying any deviations from the business plan.

The reporting presents the activities carried out by the SC and any potential criticalities emerging both in terms of behaviour or internal corporate events, and in terms of Model effectiveness.

On the basis of the criticalities detected, the SC proposes to the Board of Directors the corrective actions deemed appropriate in order to improve effectiveness of the Model.

The SC must immediately inform the Chairman of the Board of Directors, after having gathered all information deemed necessary, of any violations of the Organisational Model which may entail liability of the Company.

Minutes of the meetings with the corporate bodies which the SC reports to, must be recorded and a copy of the minutes must be kept on file by the SC.

The Board of Statutory Auditors, the Board of Directors and the Chairman of the Board of Directors may summon the SC at any time which, in turn, is authorised to attend the meetings held by other collegiate bodies, subject to specific request made by the Board of Directors or by the Board of Statutory Auditors.

The Board of Statutory Auditors is the SC's institutional interlocutor, in the event that critical findings and anomalous facts are discovered involving single Directors or the Board of Directors in its entirety.

### **5.10. Reporting of corporate functions to the Supervisory Committee**

All corporate functions, Employees and/or members of the corporate bodies have reporting obligations, following the request from the SC according to the matrix of periodical information flows provided for by the same Committee, or immediately upon the occurrence of any events or

circumstances relevant for the execution of the control activities, identified by the same body according to its own decisions.

The Supervisory Committee must be informed, via dedicated notifications, by the individuals who must comply with the Model, with regard to events that could result in the Company's liability pursuant to Italian Legislative Decree no. 231/2001.

More specifically, it is mandatory to send to the Supervisory Committee information regarding the following:

- legal measures and/or notifications from the judicial police departments or any other Authority, indicating investigations underway, also against persons unknown, for the criminal offences as per Italian Legislative Decree no. 231/2001 and which may involve the Company directly or indirectly;
- requests for legal assistance submitted by Employees in the event of initiation of legal proceedings for the criminal offences laid down by Italian Legislative Decree no. 231/2001, unless expressly banned by the Judicial Authority;
- reports prepared, within the scope of their control activities, by the heads of corporate functions, which indicate facts, acts, events or omissions with critical profiles relating to compliance with the provisions of Italian Legislative Decree no. 231/2001;
- information relating to disciplinary proceedings carried out and any potential sanctions/measures imposed in relation to the violations of the Code of Ethics and of the Model, or decisions not to proceed with those proceedings and the related reasons.
- other specific information flows that will be specified within the Special Parts of this Model.

#### **5.11. Collection and storage of information**

Every report, information, notification and/or assessment thereof, provided for by the Model, are stored by the SC in a dedicated database held at its technical secretariat, in compliance with personal data protection legislation.

#### **5.12. Protection of informants**

Within the context of the principles of reference of the Model and of the Code of Ethics, the informant shall not suffer any loss, for the reporting made in good faith, also in the event that after



the subsequent in-depth investigation, it is unfounded. Vice versa, the SC has the duty to impose disciplinary sanctions on the informant if the report is made in bad faith.

### **5.13. Coordination between Models 231 and Supervisory Committees within the Group context**

The reporting activity described above needs to be viewed within a more general coordination strategy between the various Organisational Models of the Group Companies provided with a Model and the corresponding Supervisory Committees.

Synergy in the 231 compliance activities and between the compliance Supervisory Committees in d'Amico Group's companies – implemented through the periodic exchange of information on subjects of common interest – allows for a global view of the risks and shortcomings within the Group context. It also helps the single bodies intervene jointly, thus avoiding the creation of "grey areas" where lurking risks escape control owing to the lack of clarity in relation to the areas of competence, and thus allowing the preparation of joint action plans between the various controllers. Coordination among the various SCs also aims at promoting the development of a consistent internal training programme on 231 issues. Thanks to a simple language that can be understood also by the staff of foreign subsidiaries, the programme conveys the philosophy of Italian Legislative Decree no. 231/2001, of parent companies' respective Models and of the contents of the specific compliance activities, as also happens when sharing other uniform, intra-group corporate rules.

At the same time, coordination is functional for effective intra-group control of 231 compliance, without prejudice to each SC's independence of judgement in relation to its own area of control, with respect to the corresponding areas of control monitored by the committees established by the other Group companies.

For this reason, the SC of the parent company is required to perform, within the area of consolidation of the subsidiaries, an initiative-oriented function as well as the coordination over the SCs of the above companies and – without intruding or interfering with the verification processes set up by the "local" Supervisory Committee – to ensure homogeneous implementation of the 231 compliance at Group context. It is able to do so, not as a higher-level Supervisory Committee but as a coordinating committee that, by reason of the powers and duties of management and coordination assigned to the parent company within the limits of the law, ensures that the SCs of the individual subsidiaries operate effectively and may be entrusted with second-level control tasks relating to the other companies of the d'Amico Group and the Group itself as independent collective entity.

Upon outcome of the first implementation phase of this Model, as explained further below (see *intra* § 6 below) and in the related logic of operational implementation of the compliance activities pursuant to Italian Legislative Decree no. 231/2001 at intra-group level – it will be important to prepare specific coordination protocols between the SC of the parent company and those of the subsidiaries, so that the SC of DSN may coordinate and monitor at Group level the inspection activities of the corresponding committee set up in the Italian and foreign subsidiaries.

## **6. IMPLEMENTATION OF THE MODEL**

The Company undertakes to ensure the proper functioning of the Model, also by training and informing personnel on issues related to the ethical sphere of personnel in the course of business activities, with reference to the prevention of crimes that could lead to administrative liability pursuant to the Decree.

Given the complexity of the Model and in order to ensure its incorporation and full integration in the Company's organisational structure as well as the effective implementation of the principles contained in it, the SC supports the Board of Directors by drawing up a programme together with the Group HR Department and the Crew Department (the latter involved only for seagoing personnel, if available). The programme sets forth guidelines for identifying the responsibilities, timing and methods of delivery of the communication and training activities (hereinafter, the "Programme"). The Programme is designed and implemented during first application of the Model and whenever the Model needs to be updated and adjusted.

Model communication and training are managed operationally by the Group HR Department and the Crew Department (the latter involved only for seagoing personnel, if available) on the basis of the Programme, together with the Heads of function involved and under the supervision of the SC.

In particular, the SC – supported by the above Departments – defines the contents and structure of the training courses and collects the documentation confirming that the initial and intermediate communication activities and the training activities have been carried out properly.

### **6.1. Communication and Training**

Internal dissemination and training take into account the level of involvement of human resources in areas considered sensitive and instrumental to the potential commission of offences pursuant to the Decree.

Specifically, communication activities ensure that:

- the Model, the Code of Ethics and the Disciplinary Code are made available to all Personnel by posting them on the company notice board (if available), publication on the corporate intranet and dispatch on board corporate fleet vessels (if available);
- the General Part of the Model and the Code of Ethics are made available to all Recipients (including external staff and suppliers) through publication on the Group's website;
- the adoption of and subsequent amendment to the Model and the Code of Ethics are communicated by email to all Personnel whatever their qualification and role. The same communication will be delivered, together with the letter of employment, to newly hired personnel.

The message used to disseminate the Model to Personnel will point out the general obligation to be familiar with the contents of the Model and to comply with them in order to contribute to their implementation. The message will also indicate that observance of the Model and of the Code of Ethics is a requirement for the execution and the rules of work pursuant to applicable legislation as laid down in the Disciplinary Code. This clause will be included in the individual employment contracts of newly hired personnel.

Ongoing training activities are provided to Company employees and to collaborators that are employed by/belong to other Group companies. Training activities are differentiated in terms of content and the way they are delivered depending on the qualification of recipients, the risk level of the area in which they work and the powers and duties assigned to them.

General training on the Organisation Model and the Code of Ethics is delivered to the following persons as described below:

- to the Company Directors and Statutory Auditors (if appointed) during the meeting of the Board of Directors called to approve the relevant documents;
- to other persons holding top management positions and to Heads of Department during a meeting organised by the Supervisory Committee together with the Group HR Department;
- to Personnel involved in areas entailing Sensitive Activities identified in the Special Part of Model, previously appointed by the Heads of Department, whether Company employees or collaborators as identified above. An orientation course regarding the Model will be organised for newly hired personnel.

Similar meetings will be organised by the Supervisory Committee together with the Group HR Department and the Crew Department (the latter involved only for seagoing personnel, if available)

in the event that significant changes are made to the structure and contents of the Model and of the Code of Ethics.

Specific training is directed exclusively to personnel working in risk areas and aimed at illustrating the mapping of the risk of irregularity, defining the specific criticalities of each area, illustrating the adjustment procedures adopted by the Company in order to prevent irregularities and identify the managers of each single area.

A specific register will be set up by the Group HR Department and/or Crew Department for each general and/or specific training course, indicating the number of persons attending and the training material.

## **6.2. Periodic inspections on the adequacy of the Model**

The Model adjustment and/or updating activities are expressly provided for by art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001 and will be performed chiefly in the event of:

- any legislative amendments entailing the introduction of new criminal offences within the entity's sphere of liability with respect to those considered in the original draft of the Model;
- the fulfilment of any cases of breach of the Model and/or outcomes of verifications on its actual effectiveness;
- any changes to the organisational structure deriving from extraordinary transactions or changes in the strategy which open new fields of activity of the corporate structure.

This is a particularly significant activity since it is aimed at maintaining the effective implementation of the Model in the course of time – also following changes in the regulatory framework or in the corporate situation of reference – as well as verifying any shortcomings of the Model itself, also and especially in the event of any breaches.

In compliance with the role assigned to it by legislation in this regard (art. 6, paragraph 1, letter b), the Supervisory Committee shall notify to the Company's Top Management any information disclosed to it that may determine whether it is advisable to update and adjust the Model.

In any case, the Model will be periodically reviewed in order to ensure its continuity and maintenance in relation to the Company's changing needs.

The Model updating/adjustment proposals will be drawn up through the participation of competent corporate functions and/or by using external experts where necessary, and shall be submitted by the Supervisory Committee to the Chairman of the Board of Directors who, in turn, shall submit them to the Board of Directors for final approval.

## 7. INTRODUCTION TO THE SPECIAL PART OF THE MODEL

### 7.1. Function of the Special Part

The Special Part of the Organisation, Management and Control Model describes and regulates, with a view to preventing the predicate criminal offences of the administrative liability pursuant to Italian Legislative Decree no. 231/01, the conduct laid down by the Corporate Bodies and by the other Recipients identified in the General Part of the Model (§ 4.6) who work in areas entailing so-called "sensitive" activities, i.e. potentially exposed to the risk of committing one of the criminal offences expressly stated by Italian Legislative Decree 231/01, as emerging during the *risk assessment*.

The aim of the Special Part of the Model is to:

- indicate the terms that the corporate representatives must comply with for the proper application of the Model;
- provide the Supervisory Committee and other control functions with the instruments required for exercising monitoring, control and verification activities.

In alignment with the General Part, the aim therefore is to ensure that all Recipients of the Model maintain a conduct that is compliant with the principles of reference that will be set out below, in order to prevent the commission of criminal offences that are potentially likely to cause the liability of the entity pursuant to Italian Legislative Decree no. 231/01.

### 7.2. Structure of the Special Part

In view of the above, the first draft of the Special Part focuses on preventing the following cases of criminal offence as per Italian Legislative Decree no. 231/01. A separate section of the document refers to each of these criminal offences:

- **Section I: Criminal offences against the Public Administration** (articles 24, 25 and 25-*decies*);
- **Section II: Corporate offences** (art. 25-*ter*);
- **Section III: Organised criminal offences and transnational crimes** (art. 24-*ter* Italian Legislative Decree 231/01, art. 10 Italian Law no. 146/2006);
- **Section IV: Handling of stolen goods, money-laundering and utilization of money, goods or assets of unlawful origin** (art. 25-*octies*);

- **Section V: Manslaughter and serious or extremely serious injuries committed by breaching accident prevention laws** (art. 25-*septies*);
- **Section VI: Environmental crimes** (art. 25-*undecies*);
- **Section VII: Cybercrime and breach of copyright** (articles 24-*bis* and 25-*novies*);
- **Section VIII: Terrorism or subversion of the democratic order** (art. 25-*quater*);
- **Section IX: Criminal offences against individuals** (art. 25-*quinquies*);
- **Section X: Criminal offences of employing illegally staying third-country nationals** (art. 25-*duodecies*);
- **Section XI: Market abuse** (art. 25-*sexies*).

It is understood that despite there being other offences referred to in Italian Legislative Decree 231/01 albeit not covered in the Special Part of the Model, and specifically:

- ✓ **Forgery of money, instruments or identification signs** (art. 25-*bis*);
- ✓ **Criminal offences against industry and trade** (art. 25-*bis*);
- ✓ **Mutilation of female genitalia** (art. 25-*quater*),

given that the areas mapped in the risk *assessment* at the core of the current version of the Model did not identify any corporate sensitive activities entailing their risk of commission, the above criminal offences may be subsequently introduced in the Model following a new mapping of the risks corporate processes, as a result of the outcome of the maintenance and updating of the Model 231 provided to the Supervisory Committee during the dynamic implementation of the System.

### 7.3. Connection with the General Part of the Model

The pursuit of the aim of preventing criminal offences firstly requires the review of the Company's operating and control mechanisms, as well as verification of the adequacy of the criteria for assigning responsibilities within the Company itself. In this regard, the main controls ensuring effectiveness of the Model have already been identified in this General Part, consisting of:

- a) the establishment of an autonomous and independent Supervisory Committee entrusted with the task of controlling the level of efficacy, adequacy, continuing effectiveness and updating of the organisational model;
- b) the adoption of a disciplinary system aimed at ensuring effectiveness and efficacy of the provisions laid down by the Model;

- c) the preparation of widespread, effective and thorough communication system, aimed at the internal disclosure of the organisational principles and behavioural rules shared and formally set out in the Model;
- d) the delivery of general and specific training activities on the provisions set out in the Organisational Model.

#### **7.4. Methodological approach of the contents**

The Special Part will identify the principles of reference for the construction of the Model, which ensure the control of the Sensitive Activities types identified during the risk analysis, in order to prevent the commission of criminal offences.

More specifically, the following profiles will be considered in the sections dedicated to the various criminal offences detected during the *risk assessment*:

- a) areas and/or types of "sensitive" activities or activities at risk of offence;
- b) corporate Areas/Functions involved in the execution of sensitive activities;
- c) general principles of conduct likely to prevent possible criminal offences analysed time after time;
- d) internal control principles (also referred to as *protocols*) which govern the management of the sensitive activity types for the purposes of proper application of the Model.
- e) controls assigned to the Supervisory Committee time after time, in relation to the risk areas involving the criminal offences to be prevented.

#### **7.5. List of offences considered in the Special Part**

In order to divulge knowledge of the main aspects of the single criminal offences punishable pursuant to Italian Legislative Decree no. 231/2001, an analytical description of the criminal offences under the individual sections of the Special Part is formalised in a separate document (so as not to excessively burden the content of the various sections of the Special Part of the Model) referred to as "*Explicated list of the predicate offences considered in the Organisation, Management and Control Model as per Italian Legislative Decree no. 231 of 8 June 2001*": the text of the incriminatory regulations is reported in the document and their methods of implementation within the Company are explained.