

**Reference:** *Italian Legislative Decree 231/2001*

# Organisation, Management and Control Model as per Legislative Decree 231/2001

## GENERAL PART

**Reference:** *Italian Legislative Decree 231/2001*

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## DEFINITIONS

In this document, the following expressions shall have the meanings assigned to them hereunder:

- **“Company”** or **“DIS”**: d'Amico International Shipping S.A.
- **“Confindustria Guidelines”**: the guidelines for the setting up of organisation, management and control models as per Legislative Decree 231/2001, drawn up by Confindustria on 7 March 2002, as amended on 31 March 2008 and finally updated in March 2014, in the version approved by the Ministry of Justice on 21 July 2014, following the control procedure implemented as per art. 5 et seq of 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 Legislative Decree 231/01, drawn up by the Confederazione Italiana Armatori (Italian Shipowners' Association) pursuant to art. 6, paragraph 3, Legislative Decree 231/2001 and approved by the Ministry of Justice on 14 October 2014, following the control procedure implemented as per art. 5 et seq of Ministerial Decree No. 201 of 26 June 2003, as considered for the purposes of the provision and adoption of this Model.
- **“Corporate Governance”**: the set of persons and bodies responsible for the management and control of the Company.
- **“Code of Ethics”**: the *business conduct* document, officially decided and approved by the parent company as an elucidation of the corporate policy on the subject of business ethics, comprising the general principles of conduct - namely, recommendations, obligations and/or prohibitions - which the Recipients must embrace and whose violation is sanctioned.
- **“d'Amico Group”** or **“Group”**: for the purposes of the document hereof the aggregate shareholding structure made up of d'Amico Società di Navigazione S.p.A. and by its national and international subsidiaries.
- **“DSN”** or **“Parent Company”**: d'Amico Società di Navigazione 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 physical persons that enter into a permanent employment contract with the Company.

**Reference:** *Italian Legislative Decree 231/2001*

- **“Legislative Decree 231/2001”** or **“Decree”**: Legislative Decree No. 231 of 8 June 2001, containing the “Discipline of the administrative liability of legal entities, companies and also unincorporated business associations, as per art. 11 of law No. 300 of 29 September 2000”, published in the Gazzetta Ufficiale della Repubblica Italiana (Official Gazette of the Italian Republic) No. 140 of 19 June 2001, as amended.
- **“Offences”** or the **“Offence”**: the set of offences, or the single offence, referred to in Legislative Decree 231/2001 (as potentially amended and supplemented in future).
- **“Organisation, Management and Control Model pursuant to Legislative Decree 231/2001”** or **“Model”** or **“231 Model”**: the organisation, management and control model deemed appropriate by the corporate bodies for preventing Offences and thus, adopted by the Company, pursuant to articles 6 and 7 of the Legislative Decree, in order to prevent such Offences from being committed by Senior Personnel or Employees, as described in this document and its relative annexes.
- **“P.A.”**: the public administration of the Italian State, Member States of the EU, public bodies of the EU and the EU itself, foreign Countries and public international bodies.
- **“Partners”**: subjects with whom the Company comes into contact for the purposes of business relations and, more specifically, subjects with or without legal autonomy, also belonging to the Group. As such, the Partner is a Recipient.
- **“Personnel”**: all physical persons that enter into an employment contract with the Company, including Employees (maritime and land-based personnel), temporary workers, collaborators, trainees and freelance professionals commissioned by the Company.
- **“Personnel working under the instructions of superiors”**: the subjects pursuant to article 5, paragraph 1, lett. b) of the Decree, namely the entire Personnel working under the instructions or supervision of the Senior Personnel. Within this category fall not only the subjects connected to the legal entity by a staff-based bond, but also those that while not subject to actual management powers on the basis of a hierarchical or functional employment contract, are in any case subject to a supervisory power by the subjects in senior positions (e.g. management consultants).
- **“Protocol”**: the organisational, physical and/or logical measure provided for by the Model for the prevention of Offences.
- **“Recipients”**: corporate bodies (directors and statutory auditors), employees (maritime and land-based personnel), agents, solicitors, outsourcers and other subjects with whom the Company

**Reference:** *Italian Legislative Decree 231/2001*

comes into contact in business relations, including other Group companies, as better specified in Chapter 5 of the General Part of the Model hereof.

- **“Senior Personnel ”:** the subjects referred to in Article 5, paragraph 1, lett. a) of the Decree, or the subjects who hold functions of representation, administration or management of the Company or of an organizational unit with financial and functional autonomy; in particular, the members of the Board of Directors, the President, the Chief Executive Officer, the first level management (managers and heads of department), any institors and prosecutors as well as those who exercise, even de facto, the management and control of the same.
- **“Sensitive Activity”:** the process, the operation, the act, namely the set of operations and acts, that may expose the Company's operators to the risk of committing an Offence for which the Committee Legal Entity is responsible as per Legislative Decree 231/2001.
- **“Supervisory Committee” or “SC”:** the committee provided for as per art. 6 of the Decree, responsible for supervising the functioning of and compliance with the Model, as well as its update.
- **"Whistleblowing":** law 179/2017 concerning "the provisions for the protection of authors of reports of crimes or irregularities that have come to their knowledge in the context of a public or private employment relationship".

**Reference:** *Italian Legislative Decree 231/2001*

## INTRODUCTION: THE STRUCTURE OF THE MODEL

The Model as per Legislative Decree 231/01 is made up of an articulated series of documents to be considered as a set of various “mobile” sections.

The Model is divided into a "General" Part and several "Special" Parts: this breakdown 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 a few sections (e.g. cases of activities sensitive to the risk of offence as detailed in the Special Parts of the document).

The General Part of the Model as formalised hereinafter, is made up of the following sections: a) regulatory frameworks, b) Corporate Governance system adopted by d'Amico Group, c) internal corporate organisation of DIS, d) purposes of Model and criteria followed for its drafting; e) harmonisation of Model with the Code of Ethics and the certified compliance systems already adopted by d'Amico Group; f) establishment of the Supervisory Committee, description of its constitutive features and relative duties; g) intra-corporate communication system of the Model and criteria for Personnel training on the behavioural protocols prescribed by the Model itself; h) introduction to the special parts of the Model.

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

The Special Parts of the Model – formalised in several separate documents other than the General Part hereof – outlines for each Sensitive Activity identified during the risk assessment phase, the organisational controls endorsed to manage the risk of committing Offences, specifically highlighting:

- abstract Offences;
- Sensitive Activities to the risk of Offence;
- the general rules of conduct to be embraced to reduce, and where possible to remove, the risk of committing Offences;
- the principles of conduct relevant within the single Sensitive Activities, to be embraced in order to reduce, and where possible to remove, the risk of committing Offences;
- the information flows to the Supervisory Committee.

The harmonisation of the 231 Model in the Group Integrated Management System (IM System) made it necessary to review and reset its revision's numbering. According to the IM-System the new 231 Model version,

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being its first revision, was numbered version “2.00”. Before the integration only the first emission of the 231 Model happened. The present reorganization of the 231 Model is requiring a new numbered version “3.00”.

## 1. LEGISLATIVE DECREE 231/2001

### 1.1. The regime of administrative liability provided for legal persons, companies and associations, for administrative Offences

Legislative Decree 231/2001 introduces in Italy the direct responsibility of the legal entities, in the context of criminal proceedings, for offences committed in their interest or for their benefit by Senior Personnel and/or Personnel working under the instructions of superiors.

Administrative liability is observed if the Offence is performed in the interest or for the benefit of the legal entity (art. 5, paragraph 1) and is added to the criminal liability of the physical person committing the offence itself. Thus, the criminal judge has jurisdiction to concurrently evaluate the responsibility of physical persons to which the offence is attributed as well as the legal entity's liability in whose interest or for whose benefit the offence is committed. In this sense, it is observed that the Decree holds the legal entity liable for the offence, irrespective of the actual punishment for the offender, that may not be identified or found responsible, or benefit from specific causes of extinguishment of the offence or penalty (e.g. statute barred or amnesty), in a way that such events do not impact the proceedings against the legal entity.

For this reason, the legal entity's liability is deemed autonomous as compared to that of the offenders and is ascribed to the legal entity in its entirety, for not being endowed with an organisational system oriented towards the prevention of offences (also known as **organisational default**): in other words, whether the offence stems from a general corporate policy of tolerance towards unlawful conduct, that is should it occur, quite simply, as a result of negligence or deficiencies in the daily execution of the corporate activities, the legal entity's "criminal" culpability lies in the non-compliance with the management-related and supervisory obligations: specifically, in failure to adopt an own system for the organisational, management and control of the risk of offence, that may be verified - in its suitability and preventive efficacy – by the judge called upon to decide on the criminal liabilities of the physical persons and on the responsibility - resulting from the former– of the legal entity benefiting from the offence. The condition that the offence is committed in the interest or to the advantage of the legal entity allows for the exclusion of the legal entity's responsibility if the offence was committed solely for the purposes of pursuing a personal interest and, therefore, if the offender acted solely in his/her own interest or that of third parties.



**Reference:** *Italian Legislative Decree 231/2001*

## 1.2. Offences constituting condition precedent of the liability of the legal entity

The crimes that - if committed within corporate organisation - become relevant, for the purposes of the discipline under scrutiny (listed under articles 24 et seq. of the Decree), can be divided into the following 22 macro-categories:

- Offences against the Public Administration (articles 24 and 25 of the Decree);
- Cybercrimes and unlawful data processing (art. 24-*bis* of the Decree)
- Organised crimes (art. 24-*ter* of the Decree);
- Forgery of money, public credit instruments, revenue stamps and distinctive signs and instruments (art. 25-*bis* of the Decree);
- Crimes against industry and trade (art. 25-*bis*.1 of the Decree);
- Corporate crimes (art. 25-*ter* of the Decree)
- Terrorism or subversion of the democratic order (art. 25-*quater* of the Decree);
- Female genital mutilation practices (art. 25-*quarter*.1 of the Decree)
- Crimes against individual personality (art. 25-*quinquies* of the Decree);
- Market abuse (art. 25-*sexies* of the Decree);
- Transnational crimes (articles 3 and 10, Law No. 146/2006);
- Unintentional manslaughter or serious or very serious personal injuries committed in breach of the rules on occupational health and safety (art. 25-*septies* of the Decree);
- Receiving of stolen goods, laundering and using money, goods or assets of unlawful origin, as well as self - laundering (art. 25 – *octies* of the Decree).
- Copyright infringement and related crimes (art. 25-*novies* of the Decree);
- Inducement to refrain from making statements or to make false statements to the legal authorities (art. 25-*decies* of the Decree);
- Environmental crimes (art. 25-*undecies* of the Decree);
- Employment of illegally staying third-country nationals (art. 25-*duodecies* of the Decree);
- Racism and Xenophobia (art 25-*terdecies* of the Decree);
- Fraud in sports competitions, abusive gambling or betting and games of chance exercised by means of prohibited devices (art. 25-*quaterdecies* of the Decree);
- Tax crimes (art. 25-*quinguesdecies* of the Decree);

**Reference:** *Italian Legislative Decree 231/2001*

- Smuggling (art. 25-*sexiesdecies* of the Decree)<sup>1</sup>.

Art. 26 of the Decree also provides for the hypothesis that the crimes elucidated above may be attempted<sup>2</sup>. In this case, the disqualifying penalties - as per the paragraph hereunder - are reduced (in terms of time frame) by one third, whereas the imposition of penalties against the legal entity is excluded in cases whereby the legal entity should hinder the execution of the action or the accomplishment of the event.

The grounds for exclusion depend on the interruption of any association or partnership between the legal entity and the subjects agreeing to act in its name and/or on its behalf.

### 1.3. The impact of the Decree on foreign companies

The art. 4 of the Decree provides that the discipline contained in it is also applicable to legal entities established in Italy in the interest of which a crime has been committed abroad. On the basis of this provision, it is therefore considered that, since the Decree is applicable in the case of crimes committed abroad, the same is all the more so in the case in which the crime was committed in Italy (even if by a foreign company). This argument is confirmed by the principle of the imperative of the criminal Italian law, by virtue of which the obligation to comply with Italian law derives from the mere fact of «operating» within the State, regardless of the existence in the Country of membership of the company of rules that regulate the same matter in a similar way.

<sup>1</sup> The changes to the criminal cases provided for by the Decree took place by the following legislative acts: Decree Law of 25 September 2001, n. 350, which introduced art. 25-bis 'Falsehoods in coins, public credit cards and stamp duty', subsequently amended and under the heading 'Offences of forgery in coins, public credit cards, stamps and instruments or signs of recognition' by Law No 99 of 23 July 2009; Legislative Decree no. 61 of 11 April 2002, which introduced art. 25-ter "Corporate Crimes", later amended by Law No. 262 of 28 December 2005, Law No. 69 of 6 November 2012, n. 190, Law No. 69 of 30 May 2015 and Legislative Decree No. 38 of 15 November 2017; Law no. 7 of 14 January 2003 introducing Art. 25-quater 'Crimes for the purpose of terrorism or the subversion of the democratic order'; Law no. 228 of 11 August 2003 introducing Art. 25-quinquies 'Crimes against individual personality', subsequently amended by Law No 199 of 29 October 2016; Law no. 62 of 18 April 2005 introducing Art. 25-sexies 'Market abuse'; Law no. 7 of 9 January 2006 introducing Art. 25-four.1 'Practices of mutilation of female genital organs'; Law No 146 of 16 March 2006 providing for the liability of entities for transnational crimes; Law no. 123 of 3 August 2007, which introduced Art. 25-septies "Manslaughter and serious or very serious manslaughter, committed with violation of safety regulations and on the protection of health and hygiene at work", subsequently amended and entitled "Manslaughter or serious or very serious injuries, committed with violation of the rules on the protection of health and safety at work" by Legislative Decree No 81 of 9 April 2008; Legislative Decree of 21 November 2007, n. 231, which introduced art. 25-octies 'Receiving, laundering and using money, goods or utilities of illicit origin', subsequently extended and entitled 'Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering' by Law No 186 of 15 December 2014; Law no. 48 of 18 March 2008 introducing Art. 24-bis 'Cybercrimes and unlawful data processing'; Law no. 94 of 15 July 2009 introducing Art. 24-ter 'Crimes of organized crime'; L. 99/2009 – already mentioned – which introduced Art. 25-bis.1 'Crimes against industry and trade' and Art. 25-novies 'Copyright infringement crimes'; Law no. 116 of 3 August 2009 introducing Art. 25-novies (later renumbered art. 25-decies by legislative decree 7 July 2011, n. 121) "Induction not to make statements or to make false statements to the Judicial Authority"; Legislative Decree 121/2011 – already mentioned – which introduced art. 25-undecies 'Environmental crimes', subsequently amended by Law No. 68 of 22 May 2015; D.Lgs. 16 July 2012, n. 109, which introduced art. 25-duodecies 'Employment of third-country nationals whose stay is irregular', subsequently amended by Law No 161 of 17 October 2017; L. 190/2012 – already mentioned – which amended Art. 25; Law no. 167 of 20 November 2017, which introduced Art. 25-terdecies 'Racism and xenophobia'; Law of 9 January 2019, n. 3 that amended art. 25; Law no. 39 of 3 May 2019, which introduced the new art. 25-quaterdecies relating to offences of fraud in sports competitions, abusive exercise of gambling or gambling by means of prohibited equipment; Law no. 157 of 19 December 2019, which introduced Art. 25-quinquiesdecies 'Tax crimes', subsequently amended by Legislative Decree No. 75 of 14 July 2020; Legislative Decree 75/2020 – already mentioned – which introduced art. 25-sexiesdecies 'Smuggling' and amended Articles 25 to 25 of the Treaty 24 and 25 of the Decree.

<sup>2</sup> Pursuant to art. 56 of the Italian Criminal Code, those performing appropriate acts, unequivocally directed at committing an offence are responsible for attempted offence, if the action is not performed or the event fails to occur.

**Reference:** *Italian Legislative Decree 231/2001*

A well-established line of case law also confirms this extensive interpretation of the Decree, considering the latter applicable to foreign companies operating in Italy. In particular, on this point, the judgment n. 11626 of 7 April 2020, the Italian Court of Cassation expressly provided that “*D.Lgs. 8 June 2001, n. 231 [...] does not make any distinction between legal entities established in Italy and those established abroad. [...] It must therefore be considered that the legal entity, like "anyone", is liable for the effects of its "conduct", regardless of its nationality or the place where its principal office is located or is primarily active, where the offence-presupposition was committed on national territory [...] under the obvious condition that the additional criteria for attributing liability pursuant to art. 5 et seq. n. 231/2001*”

A systematic endorsement of the judgment of the Italian Court of Cassation comes from art. 97 bis, paragraph 5 of Italian Legislative Decree no. 1, n. 385, September 1993, expressly referred to in the above-mentioned judgment and with which the legislator has provided for liability for the administrative offence related to crime "to Italian branches of Community or non-EU banks". This provision confirms that for the purposes of liability of the Decree, decisive is «*the aspect of the operation on the national territory (Italy) to the detriment of that of the nationality or the place of the registered office and/or principal administrative office of the institution*».

In relation to the above said and considering the business conducted by DIS (which has registered office in Luxembourg), the latter adopted this Model in accordance with the directives imparted by the Italian Parent Company and also due to the listing of DIS on the stock exchange market managed by Borsa Italiana S.p.A., the Italian Stock Exchange (also referred to as M.T.A.), obtained in the dedicated STAR segment (High performance requirement equities segment). Indeed, the above said registration links DIS to the Italian territory and makes applicable the Decree, since the Regulations of the Markets organised and managed by Borsa Italiana provides for - among some of the most stringent corporate governance requirements for obtaining and maintaining the STAR qualification - the mandatory adoption of the organisation, management and control model provided for by articles 6 and 7 of Legislative Decree. 231/2001, irrespective of whether the legal entity is established in Italy or abroad.

#### 1.4. The framework for sanctions provided for Bodies

The framework for sanctions introduced by the Decree aims not only to impact the assets of the legal entity, but also its operations, by prohibiting and/or limiting the pursuit of activities in whose sphere the offence is committed. Specifically, art. 9 provides for two different sanction types:

- a. **financial penalties:** applicable to all cases of Offences, which are variably commensurate with the severity of the offence and the economic and financial conditions of the legal entity;

**Reference:** *Italian Legislative Decree 231/2001*

b. **prohibitory penalties:** applicable in addition to pecuniary fines, on a temporary basis<sup>3</sup>, but only when expressly established for the crime being punished, in order of decreasing severity:

- a temporary or permanent ban on performing the business activity;
- the suspension or withdrawal of authorisations, licences or “concessions” enabling the commission of the Offence;
- a ban on contracting with the Public Administration, except for obtaining the provision of a public-interest service;
- the exclusion from concessions, loans, grants and subsidies and possible revocation of those already granted;
- a temporary or permanent ban on advertising goods and services.

It is also worth stressing that prohibitive sanctions are also applicable in interlocutory proceedings - that is to say, before the commencement of proceedings on the merits of the case against the entity, should there be strong evidence of the legal entity's liability, namely the risk of repetition of the Offence - as from the preliminary investigation.

Moreover, the following are provided for as accessory sanctions:

- a. **confiscation** of the price or proceeds from the Offence or of equivalent assets, applicable without limitations and aimed at preventing the legal entity from prospering unfairly by committing the Offence;
- b. publication of the judgement of conviction, to be applied in conjunction with the prohibitive sanctions, in cases of particular severity.

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

Art. 6 of Legislative Decree 231/2001 provides for the exemption from administrative liability for any legal entity able to provide evidence that it has adopted, and effectively implemented, prior to the offence committed, an organisation, management and control model appropriate for preventing Offences such as the one actually occurring.

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

- a. of adopting and implementing a Model appropriate for preventing Offences such as the one actually occurring;
- b. of supervising the actual operation of and compliance with the Model by the recipients, via a dedicated Supervisory Committee.

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<sup>3</sup> Art. 13 paragraph 2 of the Decree requires that prohibitive sanctions should have a duration of at least three months and no more than two years.

**Reference:** *Italian Legislative Decree 231/2001*

The Decree also states that, in regard to the extension of the delegated powers and to the risk of perpetrating the offences, the Model should meet the following requirements:

- identify the areas in which the risk of committing the crimes provided for by the Decree exists;
- provide for specific protocols so as to plan the development and implementation of the legal entity's decisions as regards the Offences to be prevented;
- provide for methods for identifying and managing financial resources suitable for preventing these Offences;
- prescribe information obligations to the Supervisory Committee responsible for supervising the operation of and compliance with the Model;
- set up an internal Disciplinary System appropriate for sanctioning the failure to comply with the measures indicated in the Model.

According to the very same Decree, the organisation, management and control models may be adopted, guaranteeing the requirements as illustrated above, on the basis of codes of conduct (also referred to as Guidelines) drawn up by associations representing the legal entities as notified and approved by the Ministry of Justice (art. 6, paragraph 3, of the Decree)<sup>4</sup>.

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

- the periodical verification of and potential amendment to the latter whenever significant violations of the provisions are uncovered, or whenever changes in the organisation or activity arise;
- a Disciplinary System suitable for sanctioning any failure to comply with the measures indicated in the Model, both towards subjects in senior positions and subjects working under the instructions of superiors.

Thus, the legal entity shall not be subject to sanctions should it adopt organisational measures aimed at preventing the Offence that are:

- *appropriate*, that is to say aimed at ensuring the execution of the activities in full respect of the law, and promptly uncovering and removing risk situations;
- *effective*, that is to say proportionate to the need for ensuring full respect of the law and, therefore, the subject of periodic review with a view to operating any amendments required in the event of significant violations of the provisions, namely in the event of changes in the organisation or in the activity.

DIS pursues the prescriptions laid down by Legislative Decree No. 231/2001, by setting up its own Model, whose general terms are delineated herein, for the prevention of Offences.

<sup>4</sup> Art. 6 paragraph 3 of Decree 231 states that: «Organisational and operational models can be adopted, thereby guaranteeing the needs set forth in paragraph 2, on the basis of codes of conduct drafted by associations representing the corporations, transmitted to the competent Ministry of Justice, which together with the competent Ministries may formulate its observations on the models aimed at preventing crimes within thirty days».

**Reference:** *Italian Legislative Decree 231/2001*

## 1.6. The guidelines of the sector associations at the core of the Model.

This Model is drawn up both in accordance with the **“guidelines for the construction of the models of organization, management and control pursuant to Legislative Decree no. 231/2001”**, prepared by **Confindustria – Italian Manufacturing and Service Companies Association** - and approved by the Ministry of Justice as lastly amended during the month of June 2021 and with the guidelines governing the shipping sector as issued by **Confitarma – Italian Shipowners' Association** - following the ministerial control implemented by the said Sector Association, in consultation with the Ministry of Justice, pursuant to art. 6 paragraph 3 of Decree 231 in conjunction with article 5 and subsequents of Ministerial Decree No. 201 of 26 June 2003, with a view to providing to associated shipowners' companies the indications governing the sector for adopting and implementing the respective organisation, management and control models aimed at preventing offences resulting in the administrative liability of the legal entities.

The said Confitarma Guidelines – released by the sector association with the title **"guidelines for processing the organisation, management and control models pursuant to Legislative Decree 231/01"** – was subject to a first appraisal by the Ministry of Justice on 13 September 2014 and subsequently supplemented by Confitarma, following the ministerial observations advanced in compliance with the control procedure identified above, obtaining the final approval of the Ministry with regard to the appropriateness of these Guidelines for the attainment of the purpose as established by art. 6 paragraph 3, Legislative Decree 231/2001, on 14 October 2014.

Hence, the Confitarma Guidelines - formalised by the sector association via a circular letter transmitted to the associated companies with Prot. No. 247/2014 of 29/10/2014 - represent the key principles of reference with which the Company aligns, in the first instance, its own Model, also considering the peculiarity of the national maritime industry requesting the shipowners' companies to implement “tailor made” models, namely models customised to the specific provisions governing the sector laid down by the sector association and, thus, able to better adhere to the operational reality of the shipping companies.

It is understood that DIS is solely responsible in terms of methods of implementation of the Guidelines illustrated above within its organisational context and therefore as regards the effective actuation of its Model.

At the same time, the Confitarma Guidelines draw on the more recent **guidelines for devising organisation, management and control models as per Legislative Decree 231/2001**, drawn up by Confindustria on 7 March 2002, subsequently reviewed on 31 March 2008 and finally updated by the actual general Confederation



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of Italian Industry itself in March 2014: this latter version was approved by the Ministry of Justice on 21 July 2014.

In order to simplify the drafting of models by its members, also by matching, where possible, the corresponding provisions laid down on the subject by the chief national sector association, Confindustria proceeds to transpose, in a few parts considered of the essence in its own guidelines, the content of the similar Guidelines of Confindustria, in its latest approved<sup>5</sup> version.

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

### 2.1. Group Overview

DSN is the holding company of one of the world's leading maritime transport groups active in the operation of dry cargo vessels, tankers and in the provision of shipping services. d'Amico Group boasts a long and historical tradition as a family-run business dating back to 1936 and has consolidated its presence around the globe in the course of the years, with offices located in the main shipping hubs. The indirect subsidiary DIS, a sub-holding company of a group operating in maritime transport on a global scale, specialising in the tanker ship sector, is listed on the telematic share market (MTA), the Italian stock exchange organised and managed by Borsa Italiana S.p.A.

The Group operates also in the market segment of shipping relative to dry cargo vessels via d'Amico Shipping Italia S.p.A. (DSI), d'Amico Shipping Singapore Ltd., d'Amico Dry Maroc S.a.r.l. and the Irish companies, DACC Maritime d.a.c., Mida Maritime d.a.c. and d'Amico Dry d.a.c. (DDL). The fleet is composed both of own ships and long and/or short-term chartered vessels. Based on flexibility requirements and on the opportunities offered by the market of dry cargo vessels, short-term chartered vessels are also used. A significant portion of the vessels in the d'Amico fleet is employed under "time charter" (medium/long-term) contracts, whereas the residual vessels are on a "per voyage" basis (also known as "spot market").

The Group's tanker business is under the control of **DIS** primarily through its subsidiary d'Amico Tankers d.a.c. (DTL), based in Ireland whose fleet consists of double-hulled vessels mainly used in the transport of refined petroleum products and vegetable oils and provides world-wide sea transport services to the major oil companies and trading companies. The maritime services rendered, instrumental to the management activities of

<sup>5</sup> The updated text of the Confindustria Guidelines is made available on-line on the institutional website via the following link: [http://www.confindustria.it/wps/portal/IT/AreeTematiche/Diritto-d-impresa/Documenti/Dettaglio-doc-diritto-impresa/4eaa0336-f353-4bc8-aa05-35dfda228a50/4eaa0336-f353-4bc8-aa05-35dfda228a50!/ut/p/a0/04\\_Sj9CPykssy0xPLMnMz0vMAfGjzOJ9PT1MDD0NjLz83UxNDBxNgpwCFYzdLCzDTPQLsh0VAVhK9gI/](http://www.confindustria.it/wps/portal/IT/AreeTematiche/Diritto-d-impresa/Documenti/Dettaglio-doc-diritto-impresa/4eaa0336-f353-4bc8-aa05-35dfda228a50/4eaa0336-f353-4bc8-aa05-35dfda228a50!/ut/p/a0/04_Sj9CPykssy0xPLMnMz0vMAfGjzOJ9PT1MDD0NjLz83UxNDBxNgpwCFYzdLCzDTPQLsh0VAVhK9gI/).

**Reference:** *Italian Legislative Decree 231/2001*

maritime transport, benefit not only the d'Amico fleet, but also international clients, and comprise in particular, ship management and intermediation in ship fuel purchases (referred to as 'bunkering').

Ship management services constitute one of the main lines of business of the Parent Company DSN which, also via other subsidiaries, Ishima Pte Limited ("ISHIMA") and ACGI International Shipmanagement Singapore Pte Ltd, both based in Singapore, in particular, renders services to Group companies and third parties, such as:

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

Bunkering operations are managed by another DSN subsidiary namely Rudder S.A.M. based in Montecarlo (Rudder) and its subsidiaries and the relative services are provided to both Group companies and third parties. Crew management activities are carried out by the DSN's subsidiary Sirius Ship Management S.r.l. based in Genoa, Italy ("SIRIUS") that, also via its foreign subsidiaries, is responsible for recruitment, payroll and training of seagoing personnel and provides its services to both Group companies and third parties.

## 2.2. Role and activity of DIS

DIS was established in Luxembourg on 9 February 2007 within d'Amico Group. It has been granted the product tanker activity with the listing on May of the same year on the STAR segment of the Italian Stock Exchange relating to business tankers.

The Company - with registered office in Luxembourg - is active in international maritime transport and carries out sub-holding activities within d'Amico Group operating in the business tanker area, through its Irish subsidiary d'Amico Tankers d.a.c., and either through ownership or charter arrangements a fleet which consists of modern, high-tech and double-hull vessels ranging from 35,000 and 75,000 deadweight tons, primarily employed in shipping refined petroleum products and provides maritime shipping services on a global scale to the major oil companies and trading firms. Moreover, all vessels have been built in accordance with IMO (International Maritime Organization) and MARPOL (the international convention for the prevention of pollution from ships) regulations, with the requisites of the key oil and energy companies and with the international standards applicable to the industry. Pursuant to MARPOL/IMO regulations, cargo such as palm oil, vegetable oil and a range of other chemical products may be transported only by tankers that meet specific



**Reference:** *Italian Legislative Decree 231/2001*

requirements. Most of the vessels in the DIS group fleet are IMO-classed, allowing the Group to transport a wide range of products.

### 2.3. Consolidation area

The consolidation area of the DIS budget includes a variety of companies incorporated under foreign law, located worldwide. For a comprehensive and updated list of the "consolidated" companies, reference should be made to the annual management report appended to the financial statements and consolidated financial statements approved year after year by DIS.

### 2.4. Group Organisational Chart

The control environment appraised for the purposes of preparing the Model hereof is made up of the two primary legal entities with registered office in Italy, DSN and DSI, and as such subject to Italian jurisdiction and, accordingly, to the provisions of Legislative Decree 231/2001.

Operational synergies across the companies have indicated a horizontal and vertical business integration level that does not currently allow for the distinct separation of the management activities carried out within the parent company, from those separated both within the shipping company incorporated under Italian law - the latter also involved in the same mapping of the criminal risks and equipped with its own Model 231 - DSI as well as within the **DIS** sub-holding company incorporated under Luxembourg law, even if both are equipped with their own Model.

Without prejudice to the management and coordination activity that DSN exercises on the legal-formal level, the Group appears to be characterized, on a different empirical-factual level emerged during the Risk Assessment for the definition of this Model, from the economic and organizational dynamics of shipping transversal to the three "mapped" Companies (DSN, DSI and DIS).

Within this dynamic context, the formalisation of the "intra-group" organisational chart referred to in the Integrated Group Management System (IM System) is substantiated and displays consistency.

## 3. CORPORATE GOVERNANCE OF DIS

### 3.1. Board of Directors

The previous examination of the "corporate" structure shows that, also in the drawing up of the Company's Model hereof, the unitary management and control system integrated in the Board of Directors (BoD) was taken

**Reference:** *Italian Legislative Decree 231/2001*

into account, so as to render this system suitable as a system for controlling types of activity sensitive to risk as detected during Risk Assessment and that will be the subject of detailed scrutiny in the Special Parts of the Model hereof, according to a logic of evaluation and enhancement of the synergies existing at the “intra-group” level, as a systematic process of alignment with the Decree by the single corporate structures.

The Corporate Governance system adopted by DIS is similar to the traditional type provided for by the Italian Civil Code inspired by the highest standards of transparency and fairness in corporate management. The external audit firm operates in relation to the Shareholders' Meeting; whereas the following internal control entities operate in relation to the Board of Directors: Control and Risk Committee, Internal Audit Function and Supervisory Committee.

Within the BoD, pursuant to and within the limits provided for by law and by the Articles of Association, two committees have been established with consultative functions towards the BoD:

- Nomination and Remuneration Committee;
- Control and Risk Committee.

The Company's organisation complies with the regulations and provisions of law applicable in Luxembourg and, given the resolution passed by the Board of Directors of 23 February 2007, DIS has adopted, as far as possible, the Corporate Governance Code of Borsa Italiana, the Italian Stock Exchange (Code of Corporate Governance) since it is not required to apply the Corporate Governance regime provided for by the Luxembourg Stock Exchange.

The Corporate Governance bodies are responsible for managing and supervising the company in step with what is defined in the Articles of Association that state the essential rules of operation of the Company and its corporate bodies.

Specifically, the Board of Directors examines and approves the strategic, industrial and financial plans of the Company and Group, the Company's corporate governance system and the structure of the Group itself. Furthermore, it assesses the general operating trend, it approves extraordinary transactions, the quarterly, half year and annual reports and generally all that falls within the sphere of its competence as per the law applicable and/or the Articles of Association and in compliance with what is laid down by the Code of Corporate Governance.

The Company's Nomination and Remuneration Committee is responsible for assisting, providing opinions and submitting proposals to the Board of Directors as regards:

**Reference:** *Italian Legislative Decree 231/2001*

- **NOMINATION:**

- ✓ the identification of candidates in case of co-optation (as per article 9 of the articles of association of the Company) of a member of the Board of Directors;
- ✓ the definition of the optimal size and composition (in terms of professional skills deemed necessary) of the Board of Directors;
- ✓ the coordination of the process of overall evaluation of the Board of Directors and its internal Committees;
- ✓ the proposal of candidates to the role of directors by the outgoing board, ensuring the transparency of the process that led to its structure and proposition.

- **REMUNERATION:**

- ✓ the identification of candidates in case of co-optation (as per article 9 of the articles of association of the Company) of a member of the Board of Directors;
- ✓ the definition of the optimal size and composition (in terms of professional skills deemed necessary) of the Board of Directors;
- ✓ the coordination of the process of overall evaluation of the Board of Directors and its internal Committees;
- ✓ the proposal of candidates to the role of directors by the outgoing board, ensuring the transparency of the process that led to its structure and proposition.

- **Reporting and other duties:**

- ✓ The Committee, coordinated by its Chairman, reports on its activity to the Board of Directors at the first useful Board of Directors meeting.
- ✓ The Committee may perform any additional duties assigned to it from time to time by the Board of Directors.

The Control and Risks Committee is responsible for assisting, providing opinions and submitting proposals to the Board of Directors as regards:

- ✓ the appointment and revocation of the Internal Audit Manager, constantly monitoring the autonomy, adequacy, efficiency, and effectiveness of the Internal Audit function;

**Reference:** *Italian Legislative Decree 231/2001*

- ✓ the definition of the Internal Audit Manager remuneration as well as in the annual approval of the Internal Audit work plan also asking the Internal Audit manager to include specific controls on defined operational areas;
- ✓ the examination of the Internal Audit periodic or particularly significant reports;
- ✓ the definition of the guidelines of the internal control and risk management system assessing the adequacy of the system with respect to the Company risk strategy at least twice in a year upon the approval of the annual and half-year financial report while reporting to the Board of Directors also on the activities carried out;
- ✓ the evaluation of the Company risk strategy and management policy with regards to the identification of the main risks;
- ✓ monitoring the independence of external auditor and their selection process according to what established by the Luxembourg law of 23 July 2016 on the audit profession;
- ✓ the evaluation of the correct application of the accounting principles and their homogeneity for the purpose of preparing the consolidated financial statements with the assistance of the external auditors and of the manager in charge of the preparation of the Company's financial reports;
- ✓ the evaluation of the findings reported in the external auditor's report and in any of their written suggestions;
- ✓ the assessment of the suitable and correct representation of the company's business model, its strategies, the impact of its business and the performance achieved in the periodic financial and non-financial information;
- ✓ examining the content of those periodic non-financial information relevant to the internal control and risk management system;
- ✓ the process of assignment of the supervisory functions pursuant to article 6 of Italian Legislative Decree 231/2001 to a body established specifically for this purpose (so called Supervisory Committee or Organismo di Vigilanza);
- ✓ the process of approval of those major transactions and significant transactions with related parties which the Company or its subsidiaries are involved in according to the internal rules governing the said transactions.

The Committee may perform any additional duties assigned to it from time to time by the Board of Directors.

**Reference:** *Italian Legislative Decree 231/2001*

### 3.2. External Independent Auditors

The auditing activity is entrusted to an independent external auditor.

## 4. MODEL 231 OF DIS

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

The Company has seen fit to comply with the provisions contained in Legislative Decree 231/2001, with the Model hereof aimed at preventing offences.

The purpose of the Model is to prearrange a structured and organic set of procedures, rules and controls to be carried out both in a preventive manner (*ex ante control*) and subsequently (*ex post control*), in order to reduce and considerably prevent the risk of perpetration of the plethora of Offences considered by the norm and detected during *risk assessment*.

Specifically, via the identification and relative formalisation in procedures of the sensitive activity types, made up of activities most at risk of Crime, the Model aims to:

- determine, in all persons operating in activities at risk of Offence in the name and on behalf of the Company, the full awareness of exposing themselves as well as the Company, in the event of violation of the norms contained in the Model, they might be liable to incur sanctions both of a criminal nature (for physical persons) and in administrative terms (for the company);
- highlight that unlawful behaviours are strongly frowned upon by the Company, in that even when the Company may apparently benefit from such conduct, they fail to comply not only with legal provisions but also with the ethical and corporate principles on which the Company draws in performing its functions;
- inform all the Recipients that such behaviours may be subject to sanctions at the disciplinary level, irrespective of whether they result in criminal acts;
- enable the Company to promptly react in order to prevent and oppose the Offences, thanks to the constant monitoring of the sensitive activity types.

The principles that inspire the Model are:

1. raise awareness on and divulge to all Recipients the behavioural rules and procedures in place;

**Reference:** *Italian Legislative Decree 231/2001*

2. entrust to a Supervisory Committee the task of fostering the effective and proper implementation of the Model, also by monitoring corporate behaviours as well as the right to a constant update on the relevant activities pursuant to Legislative Decree 231/2001 (*ex ante* control);
3. the appraisal of corporate behaviours, as well as the implementation of the Model with the resulting periodical update (*ex post* control);
4. the control of the separate operations within Sensitive Activities (each operation should be assessable, documented, consistent and congruous);
5. the full respect of the principle of segregation of duties (no one should manage a whole process autonomously), avoiding an excessive bureaucratisation and onerous processing and implementation;
6. the consistency across authorisation powers or attributed operators and the duties assigned.

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

As mentioned above, the drafting of the Model hereof has been preceded by a substantial *risk assessment* relevant for a unitary control environment, and thus for work processes and intra-group operations relating to the various business lines, only to then proceed with the identification of the Sensitive Activities analysed and negotiated in the Special Parts.

In this perspective, the identification of Sensitive Activities takes into account the possible traceability and responsibility of DIS, for conducts also set out by formal “third parties” as compared to the Company's workforce (e.g. personnel employed by one of the other shipping companies incorporated under Italian law) but that are in any case legitimate, by virtue of the organisation of the work processes shared by the Group companies, separating own tasks in the interest or to the advantage of either *legal entity* of the Group, whether with registered office in Italy or abroad.

#### 4.3. The Risk Assessment Phase

*Risk assessment* – formalised in a separate document that is an integral part of Model 231 - has been conducted by an integrated work team, made up of internal representatives and external consultants, in full respect of the following methodology:

- direct interview to the corporate representative/s in the department area under scrutiny;
- appraisal of the corporate documentation acquired;

**Reference:** *Italian Legislative Decree 231/2001*

- evidence of the possible crosses across the area of reference and the various crimes as stated by decree 231, with the description of the methods for committing Offences that may imply the administrative liability of the Company for crimes and of the specific activities exposed to this risk (known as Sensitive Activities);
- drafting of the *risk assessment* report and attribution of the level of risk to the department Area examined, based on the following standard parameters relating to the appropriateness of the internal control system:
  - **Self-regulation:** existence of corporate 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 measures, also via dedicated supporting documents, of the decision-making process, authorisation and execution of the sensitive activities;
  - **Segregation of duties:** assignment of the activities and relative privileges for the diverse corporate processes across multiple users, so as to attain the separation of roles across those authorising, executing and controlling the activity;
  - **System of delegations and authorisations:** consistency across authorising and signing powers potentially conferred and the organisational and management-related responsibilities assigned to each function/management.
- Sharing the *risk assessment* report with the corporate contacts interviewed;
- Sharing the priorities identified in relation to the discrepancies detected and planning of the corrective actions represented in the Special Parts.

#### 4.4. Harmonisation of Model with other Management Systems of d'Amico Group

One of the Company's inspiring principles in the drafting of Model is the optimisation of what is gleaned from the intra-group organisational structure, not only in terms of Personnel structure, roles and duties, but also in terms of transposition of the existing procedures and control systems operating within the Group. The underlying logic is to avoid redundancies and superstructures aimed at creating diseconomies that might burden the Model's management and control activities, potentially neutralising the key purposes provided for by the regulation. This strategic choice appears appropriate for ensuring the proper functioning of the Model during time, as it allows for the integration of its provisions and protocols for the management of sensitive activities, in the current corporate process flows.

Besides, within d'Amico Group *compliance* certificates are in place and are constantly managed by the operational *management* - such as the Integrated Health, Quality, Environmental, Energy and Occupational Safety



**Reference:** *Italian Legislative Decree 231/2001*

management system with reference to standards ISO 9001, ISO 1400, ISO 500011 and OHSAS 18001 as well as the Safety Management System that already rely on the synergies present in the identification of risks, gap analysis, implementation of corrective measures, as well as monitoring and control for all compliance profiles of the corporate activities with complex regulatory systems.

Therefore, also in preparing Model, the existing certification systems already implemented by the Group (detected in the “*risk analysis*” phase) were taken into account, integrating them, where applicable, in order to deem them suitable as prevention measures for the offences and as control measures for the Sensitive Activities. Based on this methodology for the appraisal of existing systems, the Model, without prejudice to its specific function outlined in the previous paragraphs, aims to blend harmoniously with the more general corporate process of compliance with the complex management systems already implemented.

Among the aspects that represent an added value stemming from the introduction of Model 231 in the Company, the possibility should not be disregarded of setting up an actual «corporate governance» system via its integration with the other management systems: the advantage lies in the fact that Model 231 is an internal control system that can be extended also to the other operational aspects embraced by the other systems (quality, safety, environment). Integration is based on the following aspects:

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

For this reason, d'Amico Group harmonised the Model 231 adopted by some of its Companies with the IM System.

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

DIS has adopted a Code of Ethics, in accordance with the guidelines provided by the Italian Parent DSN. The latter, indeed, has adopted a Group Code of Ethics and advises its endorsement in alignment with all the companies of the Group. This Model provides for the effective and scrupulous implementation, within the corporate organisation of the Company, of the regulations set out in the Company **Code of Ethics** (compliant to the Group's one) containing the general ethical approach, within the effective execution of the corporate activities.



**Reference:** *Italian Legislative Decree 231/2001*

The Company Code of Ethics aims to express principles of “corporate ethics” valid worldwide, that the Company must acknowledge as its own and in relation to which it promotes compliance by the whole corporate personnel (maritime and land-based alike); by the Corporate Bodies, consultants and partners: as such the Code of Ethics may be considered as one of the cornerstones of intra-group regulations pre-existing in relation to its Organisational Models whose ethical and prescriptive scope they are called upon to accomplish, in the effective dynamics for managing the risk of Offence.

This is why the Model is drawn up in strict compliance with all ethical principles, basic rules and protocols of conduct in force in the relations that hold across the Group companies and their interlocutors (referred to as stakeholders), subject to reciprocity, so as to create a consistent, effective and Ethics-oriented internal regulatory corpus.

Therefore, the rules of conduct contained in this Model complement those set out in the Company’s Code of Ethics (compliant to the Group’s one), although those documents are endowed with different purposes and scopes. In fact, the Model represents an instrument endowed with specific scope and purposes, with a view to preventing Offences. The Code of Ethics is adopted autonomously by the Model and is subject to application at the general level, with the purpose to express the ethical principles acknowledged by the Company as own principles to be complied with by all Recipients.

#### 4.6. Review of the Model

This Model – to be considered as the new version entirely reviewed and updated as compared to the last Model version approved via BoD resolution of 2019 (following the initial one approved the 29 of May 2008) – is in turn approved by the Company's BoD via a subsequent resolution.

The current review has proved necessary, in compliance with the obligation of periodical adjustment and update of the Model laid down by the Supervisory Committee via art. 6, paragraph 1, lett. b) of Legislative Decree 231/01, in order to align the Model in force:

- a) with the gradual broadening of the list of offences implying the liability of the Company as compared to those taken into account in the original drafting of the Model requiring a new integral mapping of the activities at risk resulting in the overall updated *risk analysis*, essential to the current Model version;
- c) with the best practices and jurisprudence, that suggest to structuring the Special Parts of the Model for relevant processes to homogeneous areas of business activities (for example: Relations with the Public Administration, Financial Flows, etc.), in order to pursue: i) a simplification and rationalization with respect to the setting for "Family of Crime" as repetitions are avoided in the declination of the principles of behavior and

**Reference:** *Italian Legislative Decree 231/2001*

prevention protocols; ii) greater usability of the Model, as the control devices governing the various sensitive activities would be grouped into Protocols organized by area of relevance and are therefore easier to identify and consult.

The amendments and integrations to the Model itself are under the responsibility of the BoD of the Company, which also decides upon the amendments proposed by the single board of directors members, by the management and/or by the Supervisory Committee.

Yearly all members of the BoD declare to commit to fully respect this Model.

#### 4.7. Recipients of the Model

All those operating for the attainment of the corporate goal and purposes are the Recipients of the Model. Accordingly, the Recipients include not only the members of the corporate bodies (whether partners or directors), and the members of the Supervisory Committee, the Employees and more generally all Personnel formally recruited in one of the Group companies, but also external consultants, Partners, traders and Company contractors (such as, for instance, maritime agents, suppliers and service providers), within the limits of the duties carried on in the name or on behalf of the Company.

### 5. SUPERVISORY COMMITTEE

#### 5.1. Establishment of the Supervisory Committee and its intrinsic characteristics

Art. 6, paragraph 1, lett. b) of Legislative Decree 231/2001 requires, as a condition for the acknowledgement of exemption from administrative liability, that the supervision of the functioning of and compliance with the Model, as well its update is entrusted to a Committee of the Company composed of three members at most chosen from among natural persons and of whom at least one is external to the Company or its controlled companies, its controlling companies and/or companies subject to joint control and endowed with “autonomous powers of initiative and control”.

The Supervisory Committee must be characterised by the following requisites:

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

The autonomy required by the regulation assumes: a) that the Supervisory Committee, in the exercise of its function, reports to the entire BoD; b) that the Supervisory Committee is equipped with autonomous financial

**Reference:** *Italian Legislative Decree 231/2001*

resources for the exercise of its functions (e.g. for external consulting requested on specific control areas) excepting the obligation of reporting to the BoD. Therefore, to the Supervisory Committee - in the first instance upon appointment and subsequently on an annual basis - will be assigned an appropriate expenditure budget for the execution of the supervisory and control activity, as aligned with the dynamics and scope of the corporate organisation of reference. Conversely, the methods for use of the budget by the Committee will be provided for in the latter's operating regulation. The Supervisory Committee may then request an extension to the budget, for specific needs identified from time to time, so as to always be able to carry out its duties in full financial and managerial independence.

The professionalism requisite should be considered as the supply of theoretical and practical knowledge of a technical and specialised nature required to effectively execute the control functions assigned to the Supervisory Committee.

Lastly, continuity of action refers to the constant ability of the Supervisory Committee to monitor the full respect of the Model endorsed in the course of time, in order to ensure its suitability for preventing Offences and its effective implementation.

## 5.2. Identification of the Supervisory Committee and its composition

By applying such principles to the corporate reality, as per the *best practices* governing the sector encountered in the reference Guidelines and given the configuration and functions attributed by Legislative Decree 231/01 to this Supervisory Committee, the Company assigns the functions specified by art. 6, paragraph 1, lett. b) of the Decree to a jointly acting Supervisory Committee made up of three members appointed for a three year term of office.

In order to better perform its tasks, the Supervisory Committee may rely on a number of dedicated resources and/or resources found by other management departments for executing operational activities connected to or preparatory for the control activities and on the professional expertise of the dedicated Recipients, and also outside the Company should the implementation or the update of the Model require an in-depth inquiry into specific topics.

The Supervisory Committee reports to the Board of Directors on the implementation of the Model, on the emergence of any potential critical aspects and notifies the outcome of the activities carried out in the exercise of the tasks assigned.

**Reference:** *Italian Legislative Decree 231/2001*

### 5.3. Conditions of incompatibility with the office as Supervisory Committee

The following cannot be appointed as Supervisory Committee and where already appointed, will be removed:

- a) persons who are in a position of ineligibility or revocation provided for by art. 2382 of the Italian Civil Code for directors;
- b) persons who have been suspected or convicted for one of the crimes referred to in Legislative Decree No. 231/2001;
- c) persons who have been convicted for a crime against the Public Administration, against public faith, against property, against public order, against the public economy or for a crime relating to tax issues, even if the sentence is not final;
- d) persons who are suspected of or have been imprisoned for any crime committed without criminal intent even if the sentence is not final;
- e) persons who have been subject to one of the penalties provided for by the Disciplinary System appended hereto;
- f) persons engaged in the Supervisory Committee of another company subject to the penalties provided for by Legislative Decree 231/2001, even if based on a non-definitive judgement;
- g) the spouse, relations and in-laws up to the fourth degree of kinship of the company's directors, and the directors, spouse, relations and in-laws up to the fourth degree of kinship of the companies controlled by and/or connected to it, its controlling companies and/or companies subject to joint control;
- h) persons connected to the Company or its controlled companies, its controlling companies and/or companies subject to joint control by an ongoing freelance or employment contract, namely by other relations of a financial nature that compromise its independence.

The said integrity requirements also apply to the internal members, excepting what is indicated in *sub lett. h*).

In any case, where a Supervisory Committee's member is internal and has a direct or indirect interest in a decision, the said member must communicate this interest in writing and abstain from voting.

### 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 designates the Chairman of the Supervisory Committee, establishes the compensation

**Reference:** *Italian Legislative Decree 231/2001*

due to the single members and lays down the financial framework assigned on an annual basis as the budget for the Supervisory Committee.

### 5.5. Term of office

The Supervisory Committee remains in office for the term determined by the BoD in 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 from the Supervisory Committee

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

- occurrence of one of the conditions of incompatibility as per the previous paragraph 5.3;
- serious and verified reasons of incompatibility which negate the member's independence or in any case which undermine the relationship of trust with the Company that is quintessential for the office.

The removal of the Supervisory Committee or of one of its members falls under the responsibility of the Board of Directors and should receive the unanimous consent of the board of directors' members present and eligible to vote.

During the same meeting in which the removal of a member of the Supervisory Committee is decided upon, the Board of Directors must arrange 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 provides for replacement in 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 Supervisory Committee

The Supervisory Committee will be entrusted with the tasks of:

- monitoring the effectiveness of the Model, and thus the compliance with its prescriptions by the directors, management, Employees, consultants, Partners and traders, Company contractors;
- periodically ensuring the efficacy and appropriateness of the Model, namely the effectiveness in preventing unlawful conduct in order to safeguard the Company against possible unlawful conduct;

**Reference:** *Italian Legislative Decree 231/2001*

- assessing and suggesting the opportunity to update the Model, should the latter require any adjustments in relation to changes in legislation or corporate conditions;
- ensuring the information flows of competence.

In operational terms, the Supervisory Committee will:

- implement the control procedures, considering that the primary responsibility for overseeing activities, even those conducted in activity areas at risk, in any case lies with the operational management and is an integral part of the corporate process;
- conduct inspections on the Company's activities, in order to assess the need to update the mapping of Sensitive Activities, specifically in the event of implementation of new business activities and thus of new corporate processes;
- on a regular basis, verify specific transactions or acts conducted by the Company within 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;
- cooperate with the other Company functions (also via dedicated meetings) for an enhanced monitoring of the Sensitive Activities. To this end, the Supervisory Committee is constantly informed on the progress of the activities in the areas at risk;
- check whether the management protocols relating to Sensitive Activities provided for in the Special Parts of the Model for the different Crime types are in any case adequate and whether they meet the requirements as prescribed by the Decree, otherwise providing for the update of the actual protocols;
- conduct any investigations in order to ascertain the alleged breaches of the Model;

In performing its assigned tasks, the Supervisory Committee has access to corporate information with regard to investigation, analysis and control activities, without limitation. During its activity, the Supervisory Committee, by embracing an ethically appropriate behaviour, must maintain the utmost discretion and confidentiality, with the Board of Directors as sole contact persons.

## **5.9. Reporting of the Supervisory Committee to the Board of Directors.**

The Supervisory Committee retains an at least half year reporting to the Board of Directors.

On an annual basis the Supervisory Committee submits to the Board of Directors an end-of-year write report on the activity carried out during the previous year, justifying the deviations from the business plan. The subject of

**Reference:** *Italian Legislative Decree 231/2001*

the reporting is the activity carried out by the Supervisory Committee and any potential criticalities emerging both in terms of behaviour or internal corporate events, and in terms of Model efficacy.

Based on the criticalities encountered, the Supervisory Committee proposes to the Board of Directors the corrective actions deemed fit to enhance the efficacy of the Model.

The Supervisory Committee must point out to the BoD, immediately and after gathering all the information required, the ascertained violations of the Organisational Model that might make the Company liable.

The Supervisory Committee may be called at any time by the BoD or its internal Committees in order to report on the functioning of the Model or on specific situations.

The Supervisory Committee, in turn, has the right to submit a specific request to the BoD or its internal Committees to participate to their meetings in order to report on the functioning of the Model or on specific situations.

#### **5.10. Information Flows towards the Supervisor Committee.**

It is a duty of information, for any corporate function, Employee and/ or component of corporate bodies, in response to requests from the Odv according to a matrix of periodic information flows, or immediately upon the occurrence of events or circumstances relevant to the performance of control activities.

The Supervisory Committee must be informed, by means of specific reports to be sent to the e-mail [odv.dis@damicoship.com](mailto:odv.dis@damicoship.com) by the subjects required to comply with the Model, regarding events that could generate the Company's responsibilities pursuant to Legislative Decree n. 231/2001.

In particular, it is mandatory to transmit to the Supervisory Committee any information concerning:

- the existence of legal measures and/or all notices originating from law enforcement bodies, or any other Authority, indicating investigations underway, also against persons unknown, for the offences as per Legislative Decree No. 231/2001, that may involve the Company directly or indirectly;
- requests of legal counselling made by employees, where judicial proceedings for the crimes specified in Legislative Decree No. 231/2001 have been instituted, unless explicitly prohibited by the Judicial Authority;
- reports issued, within the scope of their control activity, by persons in charge of corporate functions, indicating facts, acts, events or omissions of a critical nature in terms of compliance with the provisions of Legislative Decree No. 231/2001;



**Reference:** *Italian Legislative Decree 231/2001*

- the criticalities, anomalies or atypicalities found by the company functions in the implementation of the Model;
- any new information regarding the disciplinary proceedings carried out and any potential sanctions/measures imposed in relation to the violations of the Code of Ethics and of the Model, namely the filing of such proceedings with the relative reasons;
- news of changes in the organisational structure;
- The other specific information flows that will be specified within the single Special Parts of the Model hereof.

### 5.11 The whistleblowing system

This paragraph takes into consideration the contents of the Whistleblowing law n. 179/2017. In particular, Article 2 of the aforementioned law, giving protection to the employee or collaborators who reports crimes in the private sector, has introduced an amendment to the legislative decree of 8 June 2001 no. 231, providing that, in art. 6 of the aforementioned Legislative Decree, the Model should regulate inter alia:

- one or more channels that allow those who represent or manage the Company to report, in order to protect the integrity of the entity, detailed misbehaviours, significant and based on factual and concordant facts, or violations of the Model of the company they are aware due to their job position. This channel/s must protect the confidentiality of the whistle-blowers' identity while managing the reporting;
- at least an alternative reporting channel suitable to protect, by way of using information technology systems, the confidentiality of the whistle blower's identity;
- the prohibition of acts of retaliation or discrimination, direct or indirect, against the whistleblower for reasons related, directly or indirectly, to the report.

The Company, in order to ensure responsible management and in line with the provisions of the Whistleblowing law n. 179/2017, has implemented a Whistleblowing system, as described in the "PMO-05 whistleblowing procedure", aimed at all Recipients of the Model (the "Whistleblowing Procedure").

The Whistleblowing Procedure aims to regulate the reporting process (data reception, analysis and treatment) sent or transmitted by anyone who declares his/her identity. The Supervisory Committee must be informed, via dedicated notifications, by the subjects who must comply with the Model, about events which may engender the Company's liability pursuant to Legislative Decree No. 231/2001.



**Reference:** *Italian Legislative Decree 231/2001*

### 5.12 Collection and storage of information

All reports, information, their notification and/or assessment, as provided for by the Model, are stored by the Supervisory Committee in a dedicated database with the secretariat, in full respect of the regulations for the protection of personal data.

### 5.13 Protection of informants.

Within the context of the reference principles of the Model and of the Code of Ethics, the informant shall not suffer any loss, for the reporting carried out in good faith, also in the event that after the subsequent in-depth investigation it is unfounded. Conversely, the Supervisory Committee shall be responsible for activating the internal procedures for assessing the applicability of any potential disciplinary measures for the informant whose bad faith has been proved.

For any reason, the identity of the employee who reports discriminatory acts will not be disclosed and, in the context of a criminal proceeding, the report will be protect pursuant to article 329 of the criminal procedure code. The access to the report, as per articles 22 and following of the law of 7 August 1990, n. 241 and subsequent amendments, is not allowed.

### 5.14 Coordination between Models and Supervisory Committees within the Group context.

The informative activity as articulated above needs to be viewed through the lens of a greater coordination strategy across the various organisational Models of the Group Companies endowed with the latter and the corresponding supervisory bodies.

The synergy in *compliance* with Decree 231 and across the supervisory bodies of the said *compliance* in the diverse companies of d'Amico Group, carried out via the periodical exchange of information on subjects of common interest, allows for a global vision of the risks and shortcomings within the Group, enabling the single bodies to take joint action, avoiding the creation of “grey areas” in which, due to the lack of clarity in the spheres of competence, tangible risks may exist that elude controls, namely by preparing joint action plans across the various controllers.

Coordination across the various Supervisory Committees also aims to promote the development of a consistent internal training able to draw on the logic of *compliance* with Legislative Decree 231/2001, with the common business objectives of the controlling and subsidiary companies, as with the intra-group sharing of other aligned corporate rules.

**Reference:** *Italian Legislative Decree 231/2001*

At the same time, coordination is functional to a virtuous synergy of the “intra-group” control of *compliance* with Decree 231, without prejudice to the autonomy and independence of judgement of each Supervisory Committee in regard to its own control environment, as compared to the corresponding control environments supervised by the bodies established by the other Group companies.

Hence, the Supervisory Committee of the Parent Company is required to perform, within the consolidation area of the subsidiaries, an initiative-oriented function as well as the coordination of the control over the Supervisory Committees of the said companies that, without shifting towards forms of intrusion or interference in the verification processes implemented by the “local” supervisory bodies, may ensure the consistent implementation of compliance with Decree 231 at the group level: and not as a hierarchically overarching Supervisory Committee, but as a coordinating Committee that on account of a management and coordination power-duty under the responsibility of the Parent Company within the limits of the law, operates for a more optimal operation of the Supervisory Committees of the singles subsidiaries that may be entrusted, as such, with second level control tasks, relative to the other companies of d’Amico Group and to the Group itself as an autonomous collective entity.

Therefore, it will be all-important to proceed – upon conclusion of the initial implementation of the Model hereof, as delineated hereinafter (see *intra* § 6) and within the correlated logic of operational implementation of *compliance* as per Legislative Decree 231/2001 at the intra-group level - with the preparation of specific protocols for the coordination across the Supervisory Committee of the Parent Company and the Supervisory Committees of the subsidiaries, so that the Supervisory Committee of DSN may coordinate and monitor the inspection activity of the corresponding bodies established in the Italian and international subsidiaries, at the Group level.

## 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 Supervisory Committee supports the Board of Directors by drawing up a programme together with the Group HR Department and the Group Crew Department (the latter involved only for seagoing personnel). The programme sets forth guidelines for identifying the responsibilities, timing and methods of delivery of the

**Reference:** *Italian Legislative Decree 231/2001*

communication and training activities (hereinafter, the “Programme”). The Programme is designed and implemented both 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 Group Crew Department (the latter involved only for seagoing personnel) based on the Programme, together with the Heads of function involved and under the supervision of the Supervisory Committee.

In particular, the Supervisory Committee – 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.

The content of the training is differentiated according to whether it is addressed to Employees in their general, to Employees operating in specific risk areas, to directors, etc.

Participation in the training is mandatory and the presence of the participants is traced.

The training can also be carried out through the use of computer tools (e.g., in "e-learning" mode) and is carried out with the support of experts in the reference legislation.

## 6.1. Communication and Training

Internal dissemination and training consider 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 Company's website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com));
- 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

**Reference:** *Italian Legislative Decree 231/2001*

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 based on Training Plans from time to time issued by the Group Human Resources Department with the supervision of the Supervisory Committee:

- to the Company Board of Directors members;
- 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 Parts of Model, previously appointed by the Heads of Department, whether Company employees or collaborators as identified above.
- The newly hired personnel is informed and acknowledge the Model and the Code of Ethics of the Company through the delivery of the Employee Handbook.

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 interventions for the update and/or adjustment of the Model are explicitly provided for by art. 6, para. 1, lett. b) of Legislative Decree No. 231/2001 and will be conducted chiefly during:

**Reference:** *Italian Legislative Decree 231/2001*

- any legislative amendments importing the introduction of new offences falling within the scope of liability of the Committee as compared to those considered in the original Model draft;
- the occurrence of any infringements of the Model and/or outcomes of verifications conducted on the actual efficacy of the Model itself;
- any changes to the organisational structure resulting from extraordinary transactions, namely from changes in the strategy leading to new fields of activity of the corporate structure.

This is an activity of particular relevance, in that it is aimed at maintaining the effective implementation of the Model in the course of time - also as a result of changes in the regulatory scenario, namely of the corporate reality of reference - as well as in the event of ascertained shortcomings of the Model itself, also and especially in case of potential violations of the latter.

In compliance with the role assigned to it in this sense by the norm (art. 6, para. 1, lett. b), the Supervisory Committee shall notify to the Company's top management any information disclosed to it that may determine the opportunity to proceed with interventions relative to the update and adjustment of the Model.

In any case, the Model will be subject to periodical review to ensure the continuity of its maintenance in relation to the company's changing needs.

The proposals relative to the update/adjustment of the Model, developed via the participation of the competent corporate functions and/or also by using external experts if need be, shall be submitted by the Supervisory Committee to the chairman of the BoD who in turn shall submit them to the Board of Directors for final approval.

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

### 7.1. Function of the Special Parts

The Special Parts of the Organisation, Management and Control Model describe and govern, with a view to preventing predicate offences of the administrative liability as per Legislative Decree 231/01, the conduct laid down by the Corporate Bodies and by the other Recipients identified in this General Part of the Model (§ 4.7) operating within types of corporate activities referred to as “sensitive”, thus potentially exposed to the risk of perpetration of one of the crimes explicitly stated by Legislative Decree 231/01, as emerging during *Risk Assessment*.

The Special Parts of the Model aim to:

**Reference:** *Italian Legislative Decree 231/2001*

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

Therefore, in alignment with the General Part, the aim is to ensure that all the Recipients of the Model maintain a conduct in compliance with the reference principles that will be expounded upon hereinafter, in order to prevent the perpetration of offences that could potentially bring about the liability of the Committee as per Legislative Decree 231/01.

## 7.2. Structure of the Special Parts

In the light of such evidence, upon initial drafting, the Special Parts is made up of the following protocols:

- **Special Part/Section I – Relations with - the Public Administration, , including inspection visits;**
- **Special Part/Section II – Management of litigation;**
- **Special Part/Section III - Human resources management, including cost notes and related reimbursements ;**
- **Special Part/Section IV - Purchase of goods and services;**
- **Special Part/Section V -Management of financial flows and management of gifts and donations;**
- **Special Part/Section VI – Management of the accounts, balance sheet and operations on share capital, relations with shareholders and Audit firm and intercompany relations ;**
- **Special Part/Section VII – Management of inside information;**

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

The pursuit of the aims relating to the prevention of offences primarily requires the review of the corporate operations and control mechanisms, as well as the appraisal of the adequacy of the criteria for the attribution of the responsibilities within the company. In this sense, within the General Part hereof the main control systems have been identified ensuring the effectiveness of the Model, and comprising:

a) the establishment of an autonomous and independent Supervisory Committee entrusted with the task of controlling the degree of effectiveness, adequacy, continuing efficacy, as well as the update of the organisational model;

**Reference:** *Italian Legislative Decree 231/2001*

- b) the adoption of a disciplinary system aimed at ensuring the efficacy and effectiveness of the provisions of the Model;
- c) the preparation of a capillary, effective and comprehensive communication system, aimed at the internal disclosure of the organisational principles and behavioural rules shared and formalised in the Model;
- d) the delivery of training activities, general and specific alike, on the provisions of the Organisational Model.

#### 7.4. Methodological approach of the contents

Hence, in the Special Parts shall be identified the reference principles for the construction of the Model ensuring the control of the Sensitive Activity Types identified during risk analysis, in order to prevent the perpetration of offences.

In the special parts, the following profiles will emerge:

- a) areas and/or types of activities defined as "sensitive", at risk of offence;
- b) the Offences that could be committed;
- c) the general behavioural principles suitable for preventing possible crimes as analysed time after time;
- d) the principles of internal control (also referred to as *protocols*) governing the management of the Sensitive Activity types, for the proper application of the Model.
- e) and the controls delegated from time to time to the Supervisory Committee, in relation to the areas at risk correlated to the offences to be prevented.

#### 7.5. List of offences considered in the Special Parts

In order to divulge the awareness of the essential elements of the single types of offence punishable pursuant to Legislative Decree No. 231/2001, the analytical description of the offences that are the subject of each single Special Part, is formalised in a separate and prelaminary Special Part (Special Part 00) - referred to as "*Explicated list of predicate Offences considered in the Organisation, Management and Control Model as per Legislative Decree No. 231 of 8 June 2001*" enunciating the text of the incriminating norms and explicating the relative methods of implementation in the corporate context.