



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

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DEFINITIONS

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

- “**Code of Ethics**”: the business conduct document, officially demanded by the Holding Company and approved by DIS, which explains the corporate policy on the subject of business ethics and contains the general principles of conduct – namely, recommendations, obligations and/or prohibitions – which the Recipients must comply with and the breach of which is sanctioned.
- “**Company**” or “**DIS**”: d’Amico International Shipping S.A.
- “**Confindustria Guidelines**”: the guidelines for setting up of the organisation, management and control models pursuant to Italian Legislative Decree 231/2001, drawn up by Confindustria on 7 March 2002, subsequently reviewed on 31 March 2008 and most recently updated in March 2014, in the version approved by the Ministry of Justice on 21 July 2014, following the control procedure pursuant to art. 5 *et sequitur* of Italian Ministerial Decree no. 201 of 26 June 2003, as considered for the purposes of the provision and adoption of this Model.
- “**Confitarma Guidelines**”: the guidelines for developing Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/01, drawn up by the Confederazione Italiana Armatori (Italian Shipowners Association) pursuant to art. 6, paragraph 3, Italian Legislative Decree no. 231/2001 and approved by the Ministry of Justice on 14 October 2014, following the control procedure pursuant to art. 5 *et sequitur* of Italian Ministerial Decree no. 201 of 26 June 2003, as considered for the purposes of the provision and adoption of this Model.
- “**Corporate Governance**”: all of the persons and bodies responsible for the Company’s management and control.
- “**Criminal Offences**” or “**Criminal Offence**”: the set of criminal offences or the individual offence referred to in Italian Legislative Decree no. 231/2001 (as potentially amended and supplemented in the future).
- “**d’Amico Group**” or “**Group**”: for the purposes of the document thereof, the aggregated shareholding composed of DSN and its subsidiaries directly and indirectly controlled.
- **DSN** or “**Holding 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 individuals holding an employment relationship with the Company.

- **“Italian Legislative Decree no. 231/2001”** or **“Decree”**: Italian Legislative Decree no. 231 of 8 June 2001, concerning "Rules governing the administrative liability of legal entities, companies and also unincorporated business associations, in accordance with art. 11 of Italian Law no. 300 of 29 September 2000", published on the Gazzetta Ufficiale della Repubblica Italiana (Official Gazette of the Republic of Italy) no. 140 of 19 June 2001, as subsequently amended and supplemented.
- **“231 Model”** or **“Model”**: the organisation, management and control model as per Decree deemed suitable by the corporate bodies for preventing the Criminal Offences and, therefore, adopted by the Company, pursuant to articles 6 and 7 of the Italian Legislative Decree no. 231/2001, in order to prevent the commission of the Criminal Offences by Top Management or Personnel subject to the management of others, as described in this document and its annexes.
- **“P.A.”**: the public administration of the State of Italy, EU Member States, EU public bodies and the EU itself, foreign States and international bodies of public interest.
- **“Partners”**: parties with whom the Company enters into contact for the purposes of its business relations and, more precisely, parties with or without legal autonomy, whom if belonging to the Group are to be considered as Recipients.
- **“Personnel”**: all of the individuals holding a working relationship with the Company (maritime and land-based personnel), including the Employees, temporary workers, collaborators, trainees and free-lance professionals who have received an assignment from the Company.
- **“Subordinated Personnel”**: the persons referred to in article 5, paragraph 1, letter b) of the Decree, or all of the Personnel working under the instructions or supervision of Top Management. Into the latter category, it falls not only those related to the Company from an organic relationship, but also those who, while not being subjected to a veritable management power by virtue of a hierarchical or functional subordination, nonetheless appear to be subject to a supervisory power by the Top Management (eg. management consultants).
- **“Protocol”**: the organisational, physical and/or logical measure provided for by the Model for the prevention of Criminal Offences.
- **“Recipients”**: corporate bodies, Personnel, agents, attorneys, outsourcers and other parties with which the Company comes into contact in its business relationships, including other Group companies, as better specified in Chapter 5 of this General Part of the Model.
- **“Sensitive Activity”**: the process, the operation, the act, namely the set of operations and acts, that may expose the operators of the Company to the risk of committing a predicate crime entailing the legal entity’s liability pursuant to Italian Legislative Decree no. 231/2001.

- **“Supervisory Committee”** or **“SC”**: the committee referred to in art. 6 of the Decree, responsible for supervising the functioning of and compliance with the Model, as well as its updating.
- **“Top Management”**: the persons referred to in article 5, paragraph 1, letter a) of the Decree, or the persons holding a representative, administrative or management role in the Company or one of its organisational units endowed with financial and functional autonomy; in particular, the members of the Board of Directors, the Chairman, the CEO, first-level management (executives and heads of departments), any agents and attorneys, as well as those who exercise, even *de facto*, the management and control thereof.

INTRODUCTION: THE STRUCTURE OF THE MODEL

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

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

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

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

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

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

1. ITALIAN LEGISLATIVE DECREE NO. 231/2001

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

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

- Top Management – Subordinated Personnel.

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

For this reason, the legal entity's liability is independent as compared to that of the offenders and is ascribed to the company in its entirety, for not being endowed with an organisational system oriented towards the prevention of Criminal Offences (so-called **organisational default**). In other words, whether the Criminal Offence arises from a general corporate policy of tolerance towards illegal conduct or is more simply the result of negligence or deficiencies in the daily execution of the corporate activities, the legal entity is "criminally" blamed for the non-compliance with the management-related and supervisory obligations; more specifically, it is blamed for not having adopted its own system for the organisational, management and control of the risk of Criminal Offences. The suitability and effective prevention of the system must be verifiable by the Court called to rule on the criminal liability of the individuals and on the responsibility (as a consequence of the former) of the legal entity that has received a benefit from the Criminal Offence. The condition that the Criminal Offence is committed in the interest or to the advantage of the legal entity excludes the legal entity's liability if the Criminal Offence was committed for the sole purpose of achieving a personal interest and, therefore, if the offender acted for his/her own exclusive interest or the exclusive interest of third parties.

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

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

- Criminal Offences against the P.A. (articles 24 and 25 of the Decree);
- Cybercrimes and unlawful data processing (art. 24-*bis*);
- Organised Criminal Offences (art. 24-*ter*);
- Criminal Offences against public trust (art. 25-*bis*);
- Criminal Offences against industry and trade (art. 25-*bis* 1);
- Corporate Criminal Offences (art. 25-*ter*);
- Criminal Offences committed for the purpose of terrorism or subversion of the democratic order (art. 25-*quater*);
- Practice of mutilation of female genitals (art. 24-*quater* 1);
- Criminal Offences against individual personality (art. 25-*quinquies*);
- Market abuse (art. 25-*sexies*);
- Transnational Offences (articles 3 and 10, Italian Law No. 146/2006);
- Unintentional manslaughter and serious or extremely serious unintentional injuries in breach of laws and regulations on prevention of injuries and health & safety in workplaces (art. 25-*septies*);
- Criminal Offences involving handling of stolen goods, laundering and utilization of money, goods or utilities of unlawful origin (art. 25-*octies*).
- Breach of copyright (art. 25-*novies*);
- Inducing other parties not to provide statements or to provide false statements to the judicial authorities (art. 25-*decies*);
- Environmental Criminal Offences (art. 25-*undecies*);
- Employment of third-country nationals residing unlawfully in Italy (art. 25-*duodecies*).

Art. 26 of the Decree also lays down the possibility that the aforementioned Criminal Offences may be attempted and not actually committed¹. In this case, the disqualifying penalties referred to in the paragraph 1.4 are reduced (in terms of time frame) from a third to a half, whereas sanctions are not applied to the legal entity in cases whereby it prevents the execution of the action or the accomplishment of the event.

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

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

1.3. Cross-border impact of Italian Legislative Decree no. 231/2001 in the shipping sector

In accordance with the Decree, a company may be liable for committing predicate Criminal Offences, which entail the liability of the legal entity by its own Top Management and/or Subordinated Personnel, in the following situations of transnational relevance:

1. Criminal Offence committed in the Italian territory by representatives of a foreign company or Italian branch of a foreign company;
2. Criminal Offence committed abroad by representatives of an Italian company, provided that the State of the place in which the Criminal Offence is committed does not take action and that the other conditions provided for by art. 4 of Italian Legislative Decree no. 231/2001 are met;
3. Criminal Offence committed abroad by representatives of a foreign company controlled by an Italian company, in the case where the conduct related to the alleged Criminal Offence may be ascribable to the parent company based in Italy or to other Italian companies of the group since, e.g., approved/analysed/shared by the relevant administrative bodies.

The international context in which the d'Amico Group usually works – which uses vessels registered in Italy with crews composed of maritime personnel, including personnel with a nationality other than Italian, for shipping goods in every part of the world - requires that the 231 Model should take into account the fact that specific Criminal Offences may be attributable both to DSN, also in relation to unlawful conduct that is not rooted, wholly or in part, in the Italian territory as well as to DIS. Although DIS is not a company incorporated under Italian law, since established (and with registered office) in Luxembourg, it refers to this Model due to its listing on the Italian electronic stock exchange managed by Borsa Italiana (also referred to as M.T.A.), in the dedicated STAR segment (High Requisite Share Segment). Among the most stringent corporate governance requirements for obtaining and maintaining STAR qualification, the Regulations of the Markets organised and managed by Borsa Italiana necessary for admission to the segment require the mandatory adoption of the Organisation, Management and Control Model provided for by article 6 of Italian Legislative Decree no. 231/2001, irrespective of whether the Company is established in Italy or abroad².

² Cf. Article 2.2.3, paragraph 3, letter k) of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A., may be found online on its website http://www.borsaitaliana.it/borsaitaliana/regolamenti/regolamenti/regbit01102014senza_pdf.htm

1.4. The framework of sanctions provided for legal entities

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

- a. **pecuniary sanctions:** applicable in variable extent, depending on the severity of the Criminal Offence and the legal entity's economic conditions and capacity of assets;
- b. **prohibitive sanctions:** applicable together with pecuniary sanctions, on a temporary basis³, in more serious cases or in the event of repetition of the Criminal Offences, according to a scale of severity which establishes (decreasing severity scale):
 - Disqualification from carrying out the business within the scope of which the Criminal Offence was committed;
 - Suspension or revocation of authorisations, licences or permits necessary for committing the Criminal Offence;
 - Prohibition on negotiating with the P.A., except for requests to obtain public-interest services;
 - Exclusion from incentives, financing, contributions or subsidies and potential revocation of those already granted;
 - Prohibition on advertising goods and services.

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

Furthermore, the following are provided for as **accessory sanctions**:

- a. The **confiscation** of the price or proceeds of a crime, applicable without limitations and aimed at preventing the legal entity from unlawful enrichment through commission of the Criminal Offence;
- b. The **publication** of the judgement of conviction, which is applied together with the prohibitive sanctions in particularly serious cases.

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

Art. 6 of the Decree provides for the exemption from administrative liability for any legal entity able to provide evidence that it has adopted, and effectively implemented, before occurrence of the criminal offence, an

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

organisation, management and control model suitable for preventing Criminal Offences such as the one actually occurring.

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

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

The Decree also provides that, in relation to the extension of the delegated powers and the risk of Criminal Offences being committed, the Model must comply with the following requirements:

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

The Decree lays down that the Organisation, Management and Control Models may be adopted, ensuring the requirements listed above, on the basis of codes of conduct (also referred to as Guidelines) drawn up by associations representing the legal entities, communicated to and endorsed by the Ministry of Justice.(art. 6, paragraph 3, of the Decree)⁴.

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

- the periodical verification of and potential modifications to it whenever significant violations are uncovered, or as a consequence to changes in the organisation or corporate activity of the legal entity;
- a Disciplinary System suitable for sanctioning any failure to comply with the measures indicated in the Model, both against Top Management and Subordinated Personnel.

The company, therefore, shall not be subject to sanctions if it has adopted organisational measures aimed at avoiding the commission of Criminal Offences that are considered:

- *appropriate*, i.e. aimed at ensuring that corporate activities are carried out in compliance with the law and at

⁴ Art. 6 paragraph 3 of Decree 231 states that: «*Organisation and management models can be adopted, ensuring the requirements under paragraph 2, on the basis of codes of conduct drawn up by associations representing the corporations, communicated to the Ministry of Justice, which together with the competent Ministries may formulate its observations on the adequacy of the models aimed at preventing offences, within thirty days*».

discovering and promptly uncovering and removing any situation of risk;

- *effective*, i.e. proportionate to the need to ensure compliance with the law and, therefore, subject to periodical review in order to carry out any amendments required in the event of significant violations of the provisions, or in case of changes in the organisation or corporate activity of the legal entity.

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

1.6. Codes of conduct of trade associations underlying this Model

This Model is drawn up in accordance with the Confitarma Guidelines issued for the purpose of providing associated shipowners' companies with official sector-related indications for adopting and implementing their organisation, management and control models aimed at preventing Criminal Offences entailing the legal entities' administrative liability.

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

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

At the same time, the Confitarma Guidelines draw on the more recent Confindustria Guidelines.

In order to help members draw up Models in a manner consistent with the corresponding requirements laid down on this matter by the leading national sector association, Confitarma has implemented, in certain parts of its Guidelines considered of key importance, the contents of Confindustria's analogous guidelines, in its most latest approved version⁵.

⁵ The updated text of the Confindustria Guidelines may be found online on its website: http://www.confindustria.it/wps/portal/IT/ArreeTematiche/Diritto-d-impresa/Documenti/Dettaglio-doc-diritto-impresa/4eaa0336-f353-4bc8-aa05-35dfda228a50/4eaa0336-f353-4bc8-aa05-35dfda228a50/lut/p/a0/04_Sj9CPykssy0xPLMnMz0vMAfGjzOJ9PT1MDD0NjLz83UxNDBxNgpwCfYzdLCzDTPQLsh0VAVhK9gI/.

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

2.1. Group Overview

DSN is the holding company for a leading global shipping group with operations in dry cargo ships, tankers and auxiliary maritime services. The d'Amico Group boasts a long and historical tradition as a family-run business. Founded in 1936, it has developed a worldwide presence over the years, with offices located in the main shipping hubs. Its indirect subsidiary DIS, a sub-holding company with global shipping operations and specialised in the tanker ship sector, is listed on the telematic stock exchange organised and managed by Borsa Italiana S.p.A.

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

The Group operates in the dry cargo sector of the shipping market through the Italian company d'Amico Shipping Italia S.p.A. (DSI) and d'Amico Dry Limited, an Irish-registered company (DDL) fully controlled by d'Amico International S.A. (DIS) which in turn is 99.99% owned by DSN. The fleet consists of both owned vessels ships and long-term chartered vessels. In order to satisfy flexibility needs and seize the opportunities presented by the market, the d'Amico Group also uses short-term chartered ships that do not represent an integral part of the fleet of d'Amico Group. A significant portion of the d'Amico fleet is employed under "time charter" (medium-long-term) contracts, whereas the residual vessels are chartered on a "per voyage" basis (also known as the "spot market").

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

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

Ship management services constitute one of the main activities carried out by the Holding Company which, also through its subsidiaries, and Ishima Pte Limited – Singapore (“Ishima”) in particular, provides services to the Group’s companies and to third parties, such as:

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

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

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

2.2. Role and activity of DIS

DIS was established in Luxembourg in 2007 and in 2008 it was listed on the high requisites (STAR) segment of the stock exchange market (MTA) managed and organized by Borsa Italiana S.p.A..

The Company - with registered office in Luxembourg – deals with international maritime transport and carries out sub-holding activities within d’Amico Group. It operates in the business tanker area through its subsidiary d’Amico Tankers Ltd, a fleet with an average age of approximately 6.2 years. The fleet consists of double-hull vessels with capacities of between 35,000 and 51,000 dwt (Handysize and Medium Range product tankers), primarily employed in shipping refined petroleum products and provides maritime shipping services on a global scale to major oil companies and trading firms. In addition, all vessels have been constructed in accordance with IMO (International Maritime Organization) and MARPOL (the International Convention for the Prevention of Pollution from Ships) Regulations, the requirements set by the major oil and energy companies and international

standards. Pursuant to MARPOL/IMO regulations, cargoes such as palm oil, vegetable oils and a range of other chemical products may only be transported by tankers that meet specific requirements (IMO-classed vessels). As at 31 December 2014, 60% of the vessels in the DIS group fleet were IMO-classed, allowing the Group to transport a wide range of products.

2.3. Area of consolidation

The area of consolidation of the DIS financial statements includes a variety of companies incorporated under foreign law, located worldwide. For a complete and updated list of the "consolidated" companies, please refer to the yearly management report, which is attached to the financial statements and consolidated financial statements approved each year by DIS.

2.4. Group Organisational Chart

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

Operational synergies between the companies have shown a horizontal and vertical business integration level that does not currently allow for a clear separation between the management activities carried out within DSN from those conducted both in the Italian shipping company (subject to the same mapping of offence-risks and provided with its own Model) DSI and in **DIS**, the sub-holding company incorporated under Luxembourg law, even if both are provided with their own Organisation Model.

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

3. CORPORATE GOVERNANCE OF DIS

3.1. Board of Directors

Given the above description of the corporate structure, it follows that when drawing up this Model, account was taken of the unitary system of administration and control inherent in the board of directors, in order to make this system suitable also for monitoring sensitive activities entailing the risk of committing Criminal Offences detected in the risk assessment, which will be examined in detail in the Special Parts of this Model. The logic that was followed to recognise and enhance existing "intra-group" synergies according to a comprehensive

process aimed at compliance with the individual corporate structures pursuant to the Italian Legislative Decree no. 231/2001.

The corporate governance system adopted by DIS is similar to the traditional type provided for by the Italian Civil Code and it is inspired by the highest standards of corporate management transparency and fairness. The board of directors report to the shareholders' meeting and the Independent Auditors, the Internal Audit's function and the Supervisory Committee.

Within the board of directors, pursuant to and within the limits provided for by applicable law and by the articles of association, two committees have been established with advisory roles, and namely:

- Nomination and remuneration committee, made up of five non-executive directors, four of which are also independent directors.
- Control and risks committee, made up of the same members of the previous 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 since it is not required to apply the corporate governance regime provided for by the Luxembourg Stock Exchange.

The governance bodies are in charge of managing and controlling the Company according to the provisions of the articles of association that set forth the basic 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, approves extraordinary transactions, the quarterly, biannual and annual reports and generally whatever falls within the sphere of its competence as per applicable law and/or the Articles of Association and in compliance with the corporate governance code.

The Company's nomination and remuneration committee is responsible for assisting, providing opinions and submitting proposals to the Board of Directors as regards:

- ✓ candidates for the office of director in cases of co-optation as provided for by article 9 of the Articles of Association when independent directors need to be replaced;
- ✓ its scope and composition as well as the professional profiles whose presence within the board of directors is considered befitting;
- ✓ the maximum number of positions as director or statutory auditor in companies, as outlined in article 1.C.3 of the corporate governance code, which may be considered compatible with effectively serving as director of the issuer.

- ✓ the general policy for the remuneration of directors and executives endowed with strategic responsibilities;
- ✓ the identification of performance objectives connected to the variable component of remuneration of the executives and directors holding special positions;
- ✓ the adequacy, overall consistency, effective application/implementation of the general policy for the remuneration of directors and executives with strategic responsibilities, specifically ensuring the proper attainment of the performance goals set out;
- ✓ the remuneration of the executives and directors who hold special positions, ensuring that it complies with the provisions of the general policy for remuneration endorsed by the Company.

The committee also reports to the board of directors once a year in regard to the activity carried out, during the approval of the annual financial statements.

The control and risks committee is responsible for assisting, providing opinions and submitting proposals to the board of directors as regards, *inter alia*:

- the definition of the guidelines of the internal control system and risk management;
- the correct use of the accounting principles and their consistent application in drafting the consolidated financial statements;
- the results illustrated by the auditor in the report on key matters arising from the statutory audit and any letter of recommendations;
- any relevant transactions and significant transactions with related parties in which the Company or its subsidiaries are involved and the relative rules aimed at ensuring the transparency and substantial and procedural accuracy of the approval process.

The control and risks committee also reports to the board of directors on the activity carried out and on the adequacy of the internal control system and risk management twice a year, upon approval of the annual and biannual financial statements.

3.2. Auditing procedure

The auditing activity has been entrusted to an independent auditor.

4. MODEL 231 OF DIS

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

The Company has decided to comply with the provisions of Legislative Decree 231/2001, by using this Model aimed at preventing the commission of Criminal Offences.

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

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

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

The principles that inspire the Model are:

1. raise awareness on and divulge the behavioural rules and procedures set up to Recipients;
2. entrust to an internal Supervisory Committee to the Company the task of promoting effective and correct functioning of the Model, also through the monitoring of corporate behaviours as well as the right to be informed on an ongoing basis in regard to the significant activities pursuant to Legislative Decree 231/2001 (*ex ante* control);
3. the appraisal of corporate behaviours, as well as the implementation of the Model and subsequently updating the latter periodically (*ex post* control);
4. the control of the separate transactions falling within the scope of Sensitive Activities (each transaction must be: assessable, documented, consistent and appropriate);

5. the compliance with the principle of segregation of duties (no-one must be allowed to autonomously manage an entire process), thus avoiding an excessive bureaucratisation and onerous processing and implementation;
6. the consistency between the attributed authorisation or management powers and the duties assigned.

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

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

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

4.3. Risk Assessment Phase

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

- direct interview to the corporate representative/s in the department taken into consideration;
- appraisal of the corporate documentation acquired;
- evidence of the possible links between the area of reference and the various types of Criminal Offences as stated by Decree, with a description of the methods for implementing the Criminal Offences which could entail liability of the Company and of the specific activities exposed to such risk (known as Sensitive Activities);
- drafting of risk management technical data sheets and assignment of risk level to the Department Area examined, on the basis of the following standards of adequacy of the internal control system:

- **Self-regulation:** existence of company provisions aimed at providing principles of conduct and operational procedures for the execution of Sensitive Activities (formalised procedures, working practices and existing controls);
 - **Traceability:** verifiability, *ex post*, of the decision-making process, authorisations and performance of Sensitive Activities also by means of supporting documents;
 - **Segregation of roles and duties:** division among multiple users of the activities and related privileges for the various company processes, in order to ensure the separation of roles depending on whoever authorises the activities, whoever performs them and whoever controls them;
 - **System of delegations and authorisations:** consistency across authorisation and signature powers potentially conferred and the organisational and management-related responsibilities assigned to each function/management;
 - **Relationship with the P.A. and supervisory authorities.**
- Sharing the mapping of the areas and sensitive processes with the Company representatives interviewed;
 - Sharing the identified priorities in relation to the gaps detected and planning of the corrective actions set forth 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 to optimise the aspects of the intra-group organisational structure, not only in terms of Personnel structure, roles and duties, but also in terms of implementation of the existing procedures and control systems operating within the Group. The underlying logic is to avoid redundancies and superstructures likely to create diseconomies that might burden the Model's management and control activities, as far as potentially neutralising the key purposes provided for by regulations. This strategic choice was considered appropriate to ensure the proper functioning of the Model in the course of time, since it allows integration of the requirements and management protocols of Sensitive Activities into current corporate process flows.

Besides, certified compliance systems are in force within the d'Amico Group and are continuously managed by operational management – e.g. the integrated quality, environmental / energy / occupational safety management system with reference to standards ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001 as well as the safety management system that governs the shipping safety and on-board work of the vessels (safety/security) in compliance with the international standards set forth by IMO. The systems already make use of the synergies existing in risk identification activities, gap analysis, the implementation of corrective measures, as well as the monitoring and control for the compliance of corporate activities with complex regulatory systems.

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

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

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

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

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

4.5. Harmonisation of Model 231 with the Group's Code of Ethics.

Since the Italian Holding Company, DSN has adopted the Code of Ethics and recommends its endorsement by all Group companies, this Model provides for the effective and timely implementation, within the Company’s business organisation, of the regulations set out in the Code of Ethics – which expresses the Group’s charter of values – containing the general ethical approach that the Holding Company disseminates to all companies operating in Italy and abroad, in the actual course of its corporate activities.

The aim of the Code of Ethics is to express the principles of “corporate ethics” universally valid, which each Group company must acknowledge as its own and which must be observed by all Personnel, by the corporate bodies, consultants and Partners. The Code of Ethics is one of the cornerstones of intra-group regulations existing independently of the Model whose ethical and procedural scope is called upon to accomplish, in the effective dynamics for managing the risk of Criminal Offence.

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

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

4.6. Review of the Model

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

The current review has proved necessary, in accordance with the obligation for the Supervisory Committee to periodically adjust and update the Model as laid down by art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001, in order to align the Model with:

- a) the modifications that have taken place from 2008 until now in the Company's and Group's general organisational structure;
- b) the gradual broadening of the list of Criminal Offences entailing the entity's liability compared to those considered in the original drafting of the Model which required a new integral mapping of the activities at risk, resulting in the overall updated risk analysis, at the basis of this version of the Model;
- c) the new Guidelines of sector associations on the drawing up of Organisation, Management and Control Models as per Italian Legislative Decree no. 231/2001 issued during 2014 by Confindustria and Confitarma alike (cf. previous paragraph 1.5).

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

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

4.7. Recipients of the Model

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

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

5. THE SUPERVISORY COMMITTEE

5.1. Establishment of the SC and its intrinsic characteristics

Art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001 requires, as a condition for exemption from administrative liability, that a corporate body provided with "autonomous powers of initiative and control" be entrusted with the task of supervising the functioning and the compliance of the provisions set forth in the Model, as well as monitoring its updating.

The Supervisory Committee must have the following features:

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

The autonomy and independence required by the legislation assume: a) that the SC, in performing its function, reports to the entire board of directors and, on its behalf, to its chairman who also holds the role of Chief Risk Officer; b) that independent financial resources be provided to the SC for carrying out its duties (e.g. for external consulting requested on specific control areas) with obligation of reporting to the board of directors. For this reason, an expenditure budget considered appropriate for the performances of the monitoring and control action and consistent with the dynamics and size of the business organisation of reference is granted to the SC - initially upon appointment and then on an annual basis. The budget' procedures of utilisation by SC will be described in the SC internal functioning regulation. The SC is also entitled to request an extension to the budget due to specific requirements outlined from time to time, so as to always be able to carry out its duties in full financial and managerial autonomy.

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

Lastly, continuity of action means the SC's ongoing ability to monitor the full respect of the Model over time, in order to ensure its suitability for preventing Criminal Offences and its effective implementation.

5.2. Identification of the SC and its composition

By applying these principles to the corporate reality, the Company grants the functions referred to under art. 6, paragraph 1, letter b) of the Decree to a jointly-acting committee made up of three members, as per the best practices governing the sector detected within the reference guidelines and given the configuration and functions attributed by Italian Legislative Decree no. 231/2001 to the committee. The SC, currently in office, was nominated for a three years term of office.

In order to better carry out its duties, the SC may rely on a number of dedicated resources and/or resources from other management departments to perform the operational activities that are preparatory or linked to the control activities, as well on the professional expertise of the dedicated Recipients or of expertise external to the Group where the implementation or the update of the Model require an in-depth inquiry into specific topics.

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

5.3. Conditions of incompatibility with the office as SC

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

- a)** Individuals who are interdict, unable, in bankrupt condition, or who has been sentenced to a punishment with the ban, even temporary, from public offices or incapacitation from performing executive offices;
- b)** Individuals who are suspected of or have been convicted for one of the Criminal Offences referred to in Legislative Decree no. 231/2001;
- c)** Individuals who have been sentenced for a Criminal Offence against the P.A., against public faith, against property, against public order, against the public economy or for a crime relating to tax issues, even if the ruling is not final;
- d)** Individuals who are accused of or have been imprisoned for any criminal offence, even if the ruling has not become final;
- e)** Individuals who have been subjected to one of the sanctions provided for by the Disciplinary System enclosed hereto;
- f)** Individuals who are engaged in the Supervisory Committee of another company subject to the sanctions provided for by Legislative Decree no. 231/2001, even if applied on a non-definitive basis;
- g)** The spouse, relations and in-laws up to the fourth degree of kinship of the Company's directors, and the directors, and their related spouse, relations and in-laws up to the fourth degree of kinship of its subsidiaries and/or affiliated companies, associated companies and/or participating companies;

h) Individuals linked to the Company or its subsidiaries, affiliated companies and/or associated companies by an employment relationship, an ongoing relationship for consulting services or remunerated provision of services, or relationships of a financial nature, which compromise their independence.

The above integrity requirements also apply to internal members, with the exception of those indicated under letter h).

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, establishes the annual remuneration due to the chairman and to the single members and lays down the financial framework assigned on an annual basis as the budget for the SC.

5.5. Term of office

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

5.6. Removal from the role of member of the Supervisory Committee

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

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

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

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

5.7. Resignation from the role of member of the Supervisory Committee

In the event of resignation of one or more members of the Supervisory Committee, provided that the majority of its members remains in office, the board of directors replaces them at the next scheduled meeting.

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

5.8. Functions and powers of the SC

The SC is entrusted with the following duties:

- supervising the effectiveness of the Model and compliance with its prescriptions by the Recipients;
- periodically checking the effectiveness and appropriateness of the Model, in terms of prevention of possible unlawful conduct, so as to protect the Company against its commission;
- assessing and suggesting the opportunity to update the Model in the event that it should become necessary to adjust it in order to respond to changing legislation or corporate conditions;
- ensuring appropriate information flows of competence.

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

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

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

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

The SC provides annual reporting to the board of directors.

The SC submits annually to the board of directors a final report on the activities carried out during the previous year, justifying any deviations from the business plan. The reporting presents the activities carried out by the SC and any potential criticalities emerging both in terms of behaviour or internal corporate events, and in terms of Model effectiveness.

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

The SC must immediately and in any case inform the chairman of the board of directors, after having gathered all information deemed necessary, of any violations of the Model which may entail liability of the Company.

Minutes of the meetings with the corporate bodies which the SC reports to must be recorded.

The board of directors, and on its behalf its chairman, may summon the SC at any time which, in turn, is authorised to attend the meetings held by the other collegiate bodies, subject to specific request made by the board of directors.

5.10. Reporting of the corporate functions to the Supervisory Committee

All corporate functions, Employees and/or members of the corporate bodies have reporting obligations, following the request from the SC according to the matrix of periodical information flows provided for by the same Committee, or immediately upon the occurrence of any events or circumstances relevant for the execution of the control activities, identified by the same Committee according to their own resolutions.

The Supervisory Committee must be informed, via dedicated notifications by email at the address odv.dis@damintship.com, by the individuals who must comply with the Model, with regard to events which could result in the Company's liability pursuant to Italian Legislative Decree no. 231/2001.

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

- legal measures and/or notifications from the judicial police departments or any other authority, indicating investigations underway, also against persons unknown, for the Criminal Offences as per Italian Legislative Decree no. 231/2001, that may involve the Company directly or indirectly;
- requests for legal assistance submitted by Employees in the event of initiation of legal proceedings for the Criminal Offences laid down by Italian Legislative Decree no. 231/2001, unless expressly banned by the judicial authority;

- reports prepared, within the scope of their control activities, by the heads of corporate functions, which indicate facts, acts, events or omissions with critical profiles relating to compliance with the provisions of Italian Legislative Decree no. 231/2001;
- information relating to disciplinary proceedings carried out and any potential sanctions/measures imposed in relation to the violations of the Code of Ethics and of the Model, or decisions not to proceed with those proceedings and the related reasons;
- other specific information flows that will be mentioned within the single Special Parts of the Model hereof.

5.11. Collection and storage of information

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

5.12. Protection of informants

Within the context of the principles of reference of the Model and of the Code of Ethics, the informant shall not suffer any loss, for the reporting made in good faith, also in the event that after the subsequent in-depth investigation, it is unfounded. Vice versa, the SC has the duty to impose disciplinary sanctions on the informant if the report is made in bad faith.

5.13. Coordination between Models and Supervisory Bodies within the Group context

The reporting activity described above needs to be viewed within a more general coordination strategy between the Models of the Group companies and the corresponding Supervisory Committees.

Synergy in the Italian Legislative Decree no. 231/2001' compliance activities and between the compliance supervisory bodies in d'Amico Group's companies – implemented through the periodical exchange of information on subjects of common interest, allows for a global vision of the risks and shortcomings within the Group. It also helps the single SC to intervene jointly, thus avoiding the creation of “grey areas” where lurking risks escape control owing to the lack of clarity in relation to the areas of competence, and thus allowing the preparation of joint action plans between the various controllers.

Coordination across the various SCs also aims at promoting the development of consistent internal training capable of drawing on the logic of 231 compliance, with the common business objectives of the parent company and subsidiaries, as with the intra-group sharing of other uniform corporate rules.

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

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

Upon outcome of the first implementation of this Model, as explained further below (see *intra* paragraph 6) and in the related logic of operational implementation of the 231 compliance activities at the intra-Group level – it will be important to prepare specific coordination protocols between the SC of the Holding Company and those of the subsidiaries which have adopted the Model, so that the SC of DSN may coordinate and monitor at Group level the inspection activities of the corresponding SCs set up in the Italian and foreign subsidiaries.

6. IMPLEMENTATION OF THE MODEL

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

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

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

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

6.1. Communication and Training

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

Specifically, communication activities ensure that:

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

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

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

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

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

Similar meetings will be organised by the Supervisory Board together with the Group HR Department and the Crew Department (the latter involved only for seagoing personnel, if available) in the event that significant changes are made to the structure and contents of the Model and of the Code of Ethics.

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

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

6.2 Periodic inspections on the adequacy of the Model

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

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

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

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

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

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

7. INTRODUCTION TO THE SPECIAL PARTS OF THE MODEL

7.1 Function of the Special Parts

The Special Parts of the Model describe and regulate, with a view to preventing predicate Criminal Offences of the administrative liability pursuant to Italian Legislative Decree no. 231/2001, the conduct laid down by the corporate bodies and by the other Recipients identified in the General Part of the Model (see paragraph 4.6) who work in areas entailing so-called "Sensitive" Activities, i.e. potentially exposed to the risk of committing one of the Criminal Offences explicitly stated by Italian Legislative Decree no. 231/2001, as emerging during the risk assessment.

The Special Parts of the Model aim to:

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

In alignment with the General Part, the aim therefore is to ensure that all Recipients of the Model maintain a conduct that is compliant with the principles of reference that will be set out below, in order to prevent the commission of Criminal Offences that are potentially likely to cause the liability of the Company pursuant to Italian Legislative Decree no. 231/2001.

7.2 Structure of the Special Parts

In view of the above, each Special Part focuses on preventing the following cases of Criminal Offence:

- **Criminal offences against the P.A.** (articles 24, 25 and 25-*decies*);
- **Corporate offences** (art.25-*ter*);
- **Organised criminal offences and transnational crimes** (art. 24-*ter* of Italian Legislative Decree no. 231/2001, art. 10 Italian Law no. 146/2006);
- **Handling of stolen goods, money-laundering and utilization of money, goods or assets of unlawful origin** (art. 25-*octies*);
- **Terrorism or subversion of the democratic order** (art. 25-*quater*);
- **Cybercrime and breach of copyright** (articles 24-*bis* and 25-*novies*);
- **Market abuse** (art. 25-*sexies*).

It is understood that there are other Criminal Offences referred to in Italian Legislative Decree no. 231/2001 albeit not covered in the Special Parts of the Model, and specifically:

- ✓ **Forgery of money, instruments or identification signs** (art. 25-*bis*);
- ✓ **Criminal offences against industry and trade** (art. 25-*bis*);
- ✓ **Mutilation of female genitals** (art. 25-*quater*)
- ✓ **Criminal offences against individual personality** (art. 25-*quinquies*)
- ✓ **Unintentional manslaughter and serious or extremely serious unintentional injuries in breach of laws and regulations on prevention of injuries and health & safety in workplaces** (art. 25-*septies*);
- ✓ **Environmental criminal offences** (art. 25-*undecies*)
- ✓ **Employment of third-country nationals residing unlawfully in Italy** (art. 25-*duodecies*)

given that the areas mapped in the risk assessment at the core of the current version of the Model did not identify any corporate Sensitive Activities entailing their risk of commission, the above Criminal Offences may be subsequently introduced in the Model following a new mapping of the risks in corporate processes, as a result of the maintenance and update of the Model provided to the Supervisory Committee during the dynamic implementation of the System.

7.3 Connection with the General Part of the Model

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

- a) the establishment of an autonomous and independent Supervisory Committee entrusted with the task of controlling the degree of effectiveness, adequacy, continuing effectiveness and updating of the Model;

- b) the adoption of a Disciplinary System aimed at ensuring the efficacy and effectiveness of the provisions laid down by the Model;
- c) the preparation of a widespread, effective and thorough communication system, aimed at the internal disclosure of the organisational principles and behavioural rules shared and formally set out in the Model;
- d) the delivery of general and specific training activities on the provisions set out in the Model.

7.4 Methodological approach of the contents

The Special Parts will identify the principles of reference for the construction of the Model, which ensure the control of the Sensitive Activity types identified during the risk analysis, in order to prevent the commission of Criminal Offences.

More specifically, from the Special Parts – detected during the risk assessment – will emerge the following profiles:

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

7.5 List of offences considered in the Special Parts

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