



# **COMPAGNIA ITALIANA DI NAVIGAZIONE S.p.A.**

## **ORGANISATION, MANAGEMENT AND CONTROL MODEL**

**PURSUANT TO THE LEGISLATIVE DECREE NO. 231 DATED 8<sup>TH</sup> JUNE 2001**

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## GENERAL PART

## 1. FOREWORDS

### 1.1. Definitions

The following expressions have the meaning indicated below in the herein document and in the relative annexes:

- **“Activities at risk of crime”**: The CIN area or company department responsible for managing the activities at risk of crime.
- **“Activities at risk of crime” or “Sensitive activities”**: The process, operation, deed or set of operations and deeds that may constitute the opportunity or instrument to carry out crimes/offences as set out in Leg. Decree 231/2001.
- **“CCNL The National Collective Employment Contract applicable to CIN employees** (National Collective Contracts for maritime employees working in offices (CCNL 13.6.2007) and for embarked crews on passenger ships exceeding 50 TSL (CCNL 5.6.2007).
- **“Executive management CCNL”** The National Collective Employment Contract applicable to CIN executive managers (executive managers of industrial companies (27.4.1995)
- **“Code of Ethics”**: The document, officially wanted and approved by CIN as the performing of the body’s corporate policy, that contains the general principles of conduct - i.e. recommendations, obligations and/or bans which the recipients must abide by and which, if violated, will produce a penalty.
- **“Decree 231” or “Decree”**: The Legislative Decree nr 231 dated 8<sup>th</sup> June 2001, containing the “Rules for administrative responsibility of individuals, companies and associations also without legal status, pursuant to law nr. 300, dated 29<sup>th</sup> September 2000, published in the Official Gazette nr 140 dated 19<sup>th</sup> June 2001, and later amendments and integrations.
- **Recipients Members of the Corporate Bodies, Employees, Staff, Top Management, Staff managed by others, Agents, Representatives, Consultants, External Collaborators, Intermediaries, Outsourcers and commercial partners.**
- **“Employees”**: All the individuals who have a subordinate employment contract with CIN pursuant to the Italian civil code.
- **“Public Service Appointee”**: The person who provides a public service, but does not have the powers of a public official, or that, while acting within an activity governed in the form of a public role, does not exercise the typical powers and does not carry out simple tasks or provide simply material work. As an example, the following subjects have the role of a public service appointee: ENEL collectors, gas and electricity meter readers, post office mail sorting workers, employees at the State Printing Works, private security guards that drive armoured vans.
- **“Public Institutions”**: They are, for example purposes but not limited to the State administrations (including all levels and kinds of schools and institutes and educational institutions), autonomous state companies and administrations, regions, provinces, municipalities, mountain communities and their consortiums and associations, universities, autonomous council housing institutes,

chambers of commerce, industry, craftsmanship and agriculture, non-economic, national, regional and local public bodies, the national health service administrations, companies and bodies. Public function is also held by members of the European Commission, European Parliament, the EU Court of Justice and the EU Court of Auditors, officials and agents hired by the officials of the European Union statute, persons commanded by member states or any public or private body in at the European Union who have corresponding functions to those of officials or agents of the European Community, members or workers at bodies established on the basis of treaties that the European Union sets up.

- **“Guidelines”** Guidelines for the construction of organisation, management and control models as per Decree 231/2001, published by Confindustria that have been considered for the purpose of the Model's drafting and adoption.
- **“Organisation, Management and Control Model pursuant to Decree 231” or “Model”:** The organisation, management and control model considered by the Corporate Bodies to be suitable for preventing crimes and therefore, adopted by CIN, pursuant to articles 6 and 7 of the Legislative Decree, in order to prevent the committing of the crimes by top-level or subordinate staff, as described in this document and relative attachments.
- **“Corporate Bodies”:** The CIN Board of Directors and/or Board of Auditors, depending on the sense of the reference phrase.
- **“Supervisory Body” or “OdV”:** The body foreseen by article 6 of the Legislative Decree, with the task of supervising the efficacy and effectiveness of the organisation, management and control model, and also the updating of the same.
- **“PA”:** The Public Administration. Public Institutions, Public Officials and Public Service Appointees all come under the concept of Public Administrations.
- **“Staff”:** All the individuals who have an employment contract with CIN, including employees, temporary work contract holders, collaborators "work placements" and freelance professionals who have received an appointment from CIN.
- **“Senior Staff”:** The subjects as per article 5, paragraph 1, letter a) of the Decree, i.e. the subjects who hold roles of representation, administration or management of CIN or one of its organisational units with financial and functional autonomy; in particular, the members of the Board of Directors, the Chairman, the Managing Director, its Chairman, the Chief Executive Officer, the Director General, any agents, and representatives.
- **“Staff under other management”:** Subjects as per article 5, paragraph 1 letter b) of the Decree, i.e. all the staff who operate under the management or supervision of the Senior Staff.
- **“Protocol”:** The organisational, physical and/or logical measure foreseen by the Model to govern the risk profiles for the carrying out of one or more of the crimes as set out in the Decree.
- **“General Protocol”:** The Protocol foreseen by the Model for generally governing the risk profiles for the carrying out of all the crimes as set out in the Decree.
- **“Specific Protocol”:** The organisational, physical and/or logical measure foreseen by the Model to govern a specific risk profile for the carrying out of one crime or one specific category of crimes as set out in the Decree.

- **“Public Official”**: Pursuant to article 357 of the criminal code, they are “those who exercise a public legal, judicial or administrative function”. To the same effect, the administrative function governed by public law and by authorisation documents and characterised by the formation and manifestation of the public administration's desire or it being carried out by authorisation or <sup>1</sup> certifying power<sup>2</sup> is public”. Bank officials in carrying out duties of managing values of public interest, awarded by the Banca Italia to the bank where the subject works, judicial officers, a judge's technical experts, notaries, municipality credit collectors, private security guards, municipal employees, INPS employees, PORT AUTHORITIES, CUSTOMS, HARBOUR MASTERS all come under this category.
- **“Crimes” or the “Crime”**: The set of crimes, or single crime, referred to by the Decree, as possibly amended and/or integrated in the future.
- **“Disciplinary System”** The set of penalties applied in the event of violation of the rules of procedure and conduct contained in the model.
- **“Company” or “CIN” or “Body”**: Compagnia Italiana di Navigazione S.p.A.
- **“Workers’ Statute”**: Law no. 300 dated 20th May 1970, containing the “Regulations on the protection of the workers’ liberty and dignity, trade union freedom and trade union activity in the work place and employment rules” published in the Official Gazette no. 131 dated 27th May 1970, and later amendments and integrations.

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<sup>1</sup> Authorisation powers are not only the power of coercion, but all discretionary activities carried out on subjects who are not on an equal level compared to the authority (see Cass., Single Section 11/07/1992, no. 181).

<sup>2</sup> Certifying powers include all those documentation activities that the system allocates evidentiary efficacy to, regardless of the degree.

## 2. 3 THE BODIES' RESPONSIBILITY – RELEVANT LEGISLATION

### 2.1. Legislative Framework

In the wake of a process started up by the European Union<sup>3</sup>, with approval by Decree no. 231, administrative liability of bodies deriving from the committing of criminal offences was also introduced into Italy.

The Decree came into force on 4<sup>th</sup> July 2001, introducing a particular form of administrative liability of bodies in Italy for the first time, for some crimes committed in the interest of or to the advantage of the bodies by its own staff (senior staff, staff subject to management by others etc). This new form of responsibility, although defined as “administrative” by the law-making body, has the characteristics of penal responsibility, as verification of the crimes from which it derives lies with penal law judges and as the same guarantees of the criminal process are extended to the body.

The new regime of liability, therefore, involves the assets of the bodies that have gained advantage from the committing of the offences in the punishment of certain criminal offences.

An anticipated, pursuant to article 5 of the Decree “the body is liable for the crimes committed in its interest or to its advantage”. The body, on the other hand, will not respond if the perpetrators of the offence have acted in their own interest or for third parties. Also, pursuant to the stated article 5 of the Decree, the important actions must be enacted:

- By persons who hold positions of representation, administration or management of the body or one of its organisational units with its own financial and functional autonomy and by persons who manage and control them, also by deed;
- By persons who are subject to the management or supervision of one of the subjects indicated in the point above.

The offences stated in the decree, i.e. the offences which, when committed can lead to the bodies' administrative liability are – to date – the ones indicated in Annex 1 to the herein Model<sup>4</sup>.

Particular importance is given to the crimes stated in article 25 septies (culpable crimes) which are characterised by being committed in the conditions foreseen by article 43, paragraph 3 criminal code and i.e. when the event, even if foreseen, is not wanted by the perpetrator and occurs due to negligence, carelessness or incompetence, or by non-observance of laws, regulations, orders or disciplines (manslaughter and serious or extremely serious injury committed by violation of the laws on health and safety in the workplace).

The psychological element of the culpable crime is therefore characterised by the non-desire to cause the event through one's own conduct. Basically, important conduct for the purpose of culpable responsibility, is the one by which the responsible subject does something (active conduct) or doesn't do something (omissive conduct), on the condition that there is a connection between the conduct and the event as established by article 40 of the criminal code. The important conduct for the purpose of the cause-effect relationship (ex

<sup>3</sup> The OECD (Organisation for Economic Cooperation and Development) Convention dated 17<sup>th</sup> December 1997 on the corruption of foreign public officials in international economic operations. OECD and EU conventions against corruption in international trade and against fraud against the European Community. Article 11 of the delegated law (law no. 300 dated 29<sup>th</sup> September 2000), in particular, delegated the government to govern this type of liability.

<sup>4</sup> The hypothesis of extending the list of offences of the crimes that come under application of this regulation, which will soon be introduced is rather tangible. In particular crimes of corruption in the private sector, and to protect public safety. For an in-depth analysis of the crimes referred to by the decree, please consult Annex 1, which contains the information about the offences and the analysis of the precedents used also in risk assessment activities.



article 40 criminal code) may be generic, when it is characterised by carelessness, negligence or incompetence, where specific, when it is contrary to a rule of conduct contained in a precautionary rule (art. 43 paragraph 3 criminal code).

## 2.2. Attempted crimes

In the event of committing the offences indicated in Chapter I of the Leg. Decree 231/2001, as an attempt (articles 24 to 25 sexies), the pecuniary sanctions (in terms of amount) and the restrictive sanctions (in terms of time) are reduced by one third to one half. Instead sanctions are not imposed if the body voluntarily prevents the carrying out of the action or the realisation of the event.

## 2.3. Crimes committed overseas

Art. 4 of the Leg. Decree 231/2001 foresees that the body can be called upon to answer for crimes, foreseen by the Leg. Decree 231/2001, that are committed overseas. The aim of this provision is, as stated by the explanatory report to Leg. Decree 231/2001, is to not leave a criminal situation that often occurs without penalties, also to avoid that the entire legislation in question is easily circumvented.

## 2.4. Administrative liability of bodies – Exemption foreseen by the Decree

On the precondition that the body's liability is excluded in the event that the crime is committed in the perpetrator's own interest or in that of third parties (as specified in point 1.4 above), the Decree also foresees, in article 6, an exemption to the hypothesis of the committing of crimes. Specifically, article 6 states that the body will not answer for the crime if it proves that it has adopted and effectively implemented "*organisation and management models suitable for preventing crimes of the nature occurring*" before the deed was committed.

The law in question also orders the obligations of setting up an "*internal control body*" with the task of supervising the functioning, efficacy and observance of the afore-mentioned organisation, management and control model, and also to update it.

Therefore, pursuant to the above-stated article 6 of the decree, in the event of a crime committed by senior staff (as set out in article 5, paragraph 1, letter a) of the Decree, the body will not be liable if it can prove:

- (i) That the management body adopted and efficiently implemented organisation and management models suitable for preventing crimes of the same time, before the crime was committed;
- (ii) That it set up a body with autonomous powers of initiative and control to which the task of supervising the function and observance of the model and updating it has been entrusted.
- (iii) That the persons have committed the fact by fraudulently avoiding the model;
- (iv) That there has not been omitted or insufficient supervision by the control body as in the previous point (ii).

In the hypothesis that the crime has been committed by subjects under the management or supervision of senior staff subjects (ex article 5, paragraph 1, letter b) of the Decree), pursuant to article 7, paragraph 1 of the decree in question, "*... the body is responsible if the committing of the crime was made possible by non-*

*observance of the management or supervision obligations". In all cases, pursuant to paragraph 2 of the stated article 7 of the Decree "the non-observance of the obligations of management or supervision is excluded if the body, prior to committing the offence, has adopted and effectively implemented an organisation, management and control model that is suitable for preventing crimes of the kind that occurred".*

Therefore, the body answers for not having or not having effectively implemented a model that is suitable for preventing the crimes of the type that occurred, for not having set up a specific supervisory body, or for the lack of or insufficient supervision by the latter or for other conduct that is outlined depending on if it is a crime committed by senior staff in the body's hierarchy or a crime committed by a subordinate within the body itself.

From all the above, it can be deduced that the liability introduced by the Decree is based on the criterion of specific blame (so-called organisation blame<sup>5</sup>) in the sense that the onset of the company's responsibility is determined by the lack of an organisation for preventing the crimes of by omitted supervision. In other terms, the system outlined by the decree has two parts: The crime committed to the advantage of or in the interest of the company by the subjects as stated in article 5, that acts as presumed observance of the administrative offence by legal persons and the so-called organisational blame by the company, i.e. the previous and causal non-observance of due caution.

The organisation models must therefore respond to the following needs:

- Identify the activities at risk of crime;
- Foreseen specific protocols for the prevention of crimes;
- Identify the management modes of financial resources for the purpose of preventing crimes;
- Foresee the obligations of information to the body given the task of controlling the functioning and observance of models;
- Introducing an internal disciplinary system that can penalise the non-observance of the measures indicated in the model.

Finally, in the hypothesis of crimes committed by senior staff (Senior Management), the body does not respond if it can prove that:

- the management body adopted and efficiently implemented organisation and management models suitable for preventing crimes of the same time, before the crime was committed;
- The task of supervising the working and observance of the model and relative updates was entrusted to a section within the body that has autonomous powers of initiative and control (Supervisory body);
- There wasn't a lack of or insufficient supervision by the supervisory body regarding the model;
- The subjects have committed the crime by fraudulently avoiding the model.

In the event that the crime was committed by subjects under the management or supervision of Senior Staff, the body will only be responsible for the crime if there has been a shortcoming in the management and supervision obligations and this shortcoming will be excluded if the body has adopted an organisation, management and control model suitable for preventing crimes of the kind that occurred, before the crime was committed<sup>5</sup>.

## 2.5. Penalty System – General Penalties foreseen by the Decree

Within the realm of the bodies' administrative liability, the type of penalty is based on the model of pecuniary sanctions, alongside a set of restrictive penalties foreseen only for the more serious hypotheses of crime.

<sup>5</sup> Therefore, the inversion of the burden of proof foreseen for Senior Staff does not exist: If the public system has to prove that the body did not adopt the organisation model in time.

Specifically, the penalties for administrative offences depending on the crime are listed in article 9 of the Decree and comprise:

- pecuniary fines;
- Restrictive bans;
- Confiscation;
- Publication of the conviction.

With regard to pecuniary sanctions, the proportion takes place according to a model that allows a distinction between the number of shares of a pecuniary sanction (from 100 to 1000) that the judge will determine as part of the legal framework, bearing in mind (in extreme synthesis) the gravity of the offence and the amount of each share (from Euro 258 to Euro 1,549) that will be commensurate to the body's economic conditions.<sup>6</sup>

In other terms, in the commensuration of the pecuniary sanction, the judge must make two separate evaluations:

- a) First of all he must determine the number of shares, bearing in mind the gravity of the deed, the degree of the body's liability and the activity carried out to eliminate or mitigate the consequences of the fact, and to prevent the committing of other crimes (ex article 11, paragraph 1, of the Decree);
- b) Secondly, he must set the amount for each share based on the body's economic and asset conditions in order to ensure efficacy of the sanction (ex article 11, paragraph 2 of the Decree).

Article 12 of the Decree governs the cases where the pecuniary sanction is reduced.

With regard to the restrictive bans, these are:

- Ban from carrying out activity;
- Suspension or withdrawal of authorisations, licences or concessions required to commit the offence;
- Ban on stipulating contracts with the public administration, except for obtaining a public service;
- Exclusion from subsidies, funding, contributions or grants and possible revocation of the ones already granted;
- - Ban on publicizing goods or services<sup>7</sup>.

<sup>6</sup> In reference to the crimes of abuse of privileged information and market manipulation, as set out in articles 184 and 185 Leg Decree no. 58, dated 24th February 1998, article 25-*sexies* of the Decree (entitled "market abuse") foresees, in the event that after the afore-mentioned crimes are committed the product of profit achieved by the body is sizeable, the possibility of increasing the pecuniary sanction up to ten times said product or profit. Except for aggravating circumstances.

<sup>7</sup> The importance of these penalties that can paralyse the body's operations and affect it due to the limitation on its legal capacity and the subtraction of financial resources, is clear. Their function is not in terms of a marked "special-preventive" nature.

According to article 13 of the Decree, “the restrictive bans are only applied to crimes for which they are expressly foreseen<sup>8</sup> when at least one of the conditions below exists:

- a) In the event that the body has drawn a sizeable profit from the crime and the crime was committed by senior staff or by staff subject to the management of others when, in this latter case, the committing of the crime has been caused or aided by serious organisational shortcomings;
- b) In the event of repeating the crimes<sup>9</sup>.

The restrictive bans last for at least three months and for no longer than two years and aim at the specific activity that the body’s offence refers to.

According to the provisions in article 45 of the Decree, the restrictive sanctions are also applicable as a caution, on request from the public prosecution office “when there are serious clues to believe that the body’s liability for an administrative offence depending on a crime exists and they are grounded and specific elements that make the danger that the offences of the same kinds as the one being prosecuted could be committed again...”.

Lastly, it must be noted that article 23 of the Decree foreseen ad hoc penalties in the event of non-observance of restrictive sanctions. Therefore:

- a) Anyone who while carrying out the Body’s work to which a sanction or restrictive precautionary measure has been applied, disobeys the obligations and bans regarding said sanctions or measures, is punished with imprisonment from six months to three years;
- b) In the event as in letter a) above, against the body in the interest of or to the advantage of which the crime has been committed, a pecuniary administrative sanction of 200 to 600 shares and confiscation of the profit is imposed;
- c) If the body draws important profit from the crime, as stated in letter a) above, restrictive sanctions are applied, which are different to the ones previously imposed.

With regard to the confiscation of the price or profit of the crime, this is a further obligatory penalty. In fact, pursuant to article 19 of the Decree, confiscation of the price or profit of the crime is always ordered against the body, together with the conviction, except for the part that can be returned to the damaged party. The rights acquired by third parties in good faith are, in fact, preserved. When it is not possible to confiscate the price or profit, as above, other sums of money, assets or other benefits of an equivalent value to the price or profit can be confiscated. It must be said, however, that in the system in question, confiscation is not solely a punishment; in fact, in the hypothesis in which the crime has been committed by a subject who is a member

<sup>8</sup> Below is a list of some of the crimes in reference to which the restrictions are imposed: crimes against the PA (ex art. 24 and 25 of the Decree); computer crimes and illegal handling of data (ex art. 24-bis Decree); crimes concerning terrorism or subversion of the public order (ex art. 25-quater of the Decree); manslaughter and serious or very serious bodily harm committed in violation of the laws on health and safety in the workplace (ex art. 25-septies of the Decree); receipt of stolen goods, laundering and use of money, goods or other benefits of illegal origin (ex art. 25-octies of the Decree etc....

<sup>9</sup> Pursuant to article 20 of the Decree “reiteration exists when the body, which has already been convicted at least once for an offence that depends on the crime, commits another one in the five years following the final conviction.

of senior staff and the body does not answer for the crime committed in its interest or to its advantage, confiscation of the profit that the body has achieved from the crime is ordered (pursuant to article 6, paragraph 5 of the decree). In this case, confiscation loses its punitive character and becomes “a tool of compensation for the violated economic equilibrium” (confiscation in an equivalent form)<sup>10</sup>.

With regard to the publication of the sentence pursuant to article 18 of the Decree, this may be ordered when a restrictive penalty is applied on the body. The sentence is published pursuant to article 36 of the criminal code and also by public notice in the municipality where the body has its main site.

To complete the specific provisions on the matter of limitations, administrative penalties are foreseen by article 22 of the Decree, according to which the term is set at five years from the date on which the crime is committed. The term of limitations is interrupted by the request for precautionary restrictive measures and contestation of the administrative offence according to the decree.

In addition to the penalty system described above, applicable to the company, the penalty system ordered by article 6, paragraph 2 letter e) of the decree must also be considered, which is dealt with in more detail in Chapter 6 herein, applicable to individuals which in brief involves the assumption of provisions aimed at affecting the employment contract, on appointment of company exponents and/or on the different negotiating relationship set up by the company with employees, company exponents and/or third parties who violate the model's provisions or the rules of the Code of Ethics.

## **2.6. Guidelines issued by the relevant trade associations (in brief)**

The formulation of organisation and management models and the activity of the supervisory body must set themselves the goal of judgement of suitability by the judicial authority, that leads to the “exemption” of liability for the body. On this matter, the Decree, at article 6, paragraph 3, foresees that the models can be adopted – guaranteeing the needs as set out in paragraph 2 of the stated article 6 of the Decree (and referred to in sub paragraph 1.5) – on the basis of the code of conduct drawn up by trade association that represent the bodies, notified to the Ministry of Justice, which, together with the competent Ministries, can write their observations on the suitability of the organisation and management models for the prevention of crimes within thirty days.

In particular, in reference to the drawing up of the model, the "Guidelines for the construction of organisation, management and control models ex Leg Decree no. 231/2001" adopted by Confindustria, and the version dated 31st March 2008 was approved by the Ministry of Justice (available on the website [www.confindustria.it](http://www.confindustria.it)) was taken into consideration.

It must be stated that the guidelines drawn up by the trade associations in addition to being referred to by the decree (as shown above) are also referred to in judicial rulings issued on the matter and also for this reason are an important track with which to proceed for the construction of the models.

The method for creating a risk management system indicated by the guidelines referred to above must be adapted by the company depending on its own internal operational context (organisational structure, territorial articulation, size, etc) and external context (economic sector, geographical area etc) and the individual crimes that can hypothetically be linked to the specific activities of the body that are considered to be at risk.

Therefore, it is agreed that any discrepancies that may emerge between the model adopted by the company and specific provisions in the guidelines listed above, do not compromise validity of the model for the above

<sup>10</sup> In this sense see C. Monesi, *I Modelli Organizzativi ex D.Lgs. 231/2001*, AIGI, Giuffrè, 2005.



reason. In other terms, while the provisions issued by the trade associations are "general" in nature (in order to apply and adapt them to several companies differing in size, company purpose etc); vice versa, the model must be constructed and adapted to the company depending on and in consideration of its own specific internal operational context (organisational structure, size, etc) and external one (economic sector, geographical area of operations, etc).

Finally, according to the guidelines taken into consideration, the operational steps that the body must carry out to activate risk evaluation system that is consistent with the requisites set by decree are as follows:

- *Inventory of the company's realms of activity and analysis of potential risks;*
- *Evaluation/construction/adaptation of the preventive controls system.*

In drawing up the model the most significant judicial rulings on the matter were also taken into consideration.



### 3. THE CIN ORGANISATION, MANAGEMENT AND CONTROL MODEL

Although adoption of the model is optional and not mandatory, CIN decided to adopt the herein Organisation, management and control model, for the dual purpose of adapting to the aim of prevention indicated by the law-making body and to protect the company's, directors' and the entire company's interests from the negative effects of an incontestable application of penalties.

CIN also believe that adopting the model is an important opportunity to verify, review and integrate the decision-making and application processes in the company, and also the control systems, strengthening the image of correctness and transparency that company business has always aimed at.

#### 3.1. CIN's activities

In order to understand the particular nature of the CIN Organisation, management and control model, first of all it is necessary to illustrate the characteristics and activities of the reference markets, the company and relative organisational structure, in order to also clarify the underlying reasons behind the company's choice to focus Risk Assessment checks on certain areas of activity.

##### 3.1.1. Foreword

CIN, a subsidiary company of L19 S.p.A., Moby S.p.A., GIP Gruppo Investimenti Portuali S.p.A. and Shipping Investment S.r.l., acquired the Tirrenia company branch of Navigazione S.p.A. in A.S. in charge of providing public services of maritime coastal navigation services between the mainland and the larger islands, further to the privatisation of the Tirrenia Group.

Privatisation was carried out by public procedure, as foreseen by article 19 ter of the Decree no. 135/2009.

The takeover of the Tirrenia company branch of Navigazione S.p.A. by CIN was authorised by the Market Competition Watchdog through its provision no. 23670 dated 21st June 2012, ordering certain measures pursuant to art. 6, paragraph 2 of the Law 287/90.

In particular, CIN mainly carries out the sea-going transport service of people, cars/motor vehicles, rolling stock and goods and any other service that is directly or indirectly connected to it; (purchase, construction, restoration, modernisation, modification, repair, hire, rental, also passive financial) to the sale and/or divestment of ships, naval material, engines, machinery, equipment and ship equipment and the procurement of fuels, lubricants, spare parts, and any kinds of fittings, for any reason. CIN can also carry out port operations such as loading, unloading, transfers, storage and general handling of goods and any other material, carried out in the port.

The activity is also extended to land transport in addition to sea transport to guarantee intermodal transportation. The company can carry out any tourist activity directly connected or not connected to the afore-mentioned initiatives, and the management of services connected with the activities above (e.g. administration of food and drink).

CIN can also publish, print and distribute brochures to publicise its corporate activity, also for third parties, the creation and realisation of advertising products and services, via the use of any graphic or audio-visual technique, without any limitation of expressed form, and their management and

commercialisation. The company can carry out activities as a communications, marketing and advertising agency.

### *3.1.2. The Reference Market*

The reference market is that of mixed passenger/cargo maritime transport carried out on cargo ferry ships or mixed cargo/passenger ferries, on specific routes in Italy.

Also, CIN holds shares in two active companies in managing maritime terminals.

## **3.2. The legislation applicable to CIN's activities**

### *3.2.1. Sea transportation activity*

#### *a) Internationally*

Shipping is governed by several international conventions made enforceable in Italy by ratification or adhesion (e.g. on the matter of: Pollution from hydrocarbons, loading lines, measurements of ships, civil liability for pollution, safety in containers and other).

#### *b) In the European Union*

Pursuant to article 58, paragraph 1 of the European Union Operational Treaty, the free circulation of transport services is governed by the provisions in chapter VI in part three of the treaty, regarding transport, which includes article 100, paragraph 2, that allows the European Parliament and Council to take suitable measures on shipping.

Based on art. 100, the EU law-making body has adopted the EEC regulation by the Council dated 7th December 1992, no. 3577, that concerns the application of the principle of the free provision of services for sea transport within the member states (coastal services).

In the EU, the Treaty's provisions are also applicable, and the reference rules on protection of competition.

#### *c) Nationally*

Nationally, the particular and organic regulations of navigation law are contained in the Navigation Code, approved by Royal Decree no. 327 on 30<sup>th</sup> March 1942.

All the national regulations on sea transportation of passengers and cargo using cargo ferries or combined cargo/passenger ferries is applicable to CIN.

With regard to the public service activity for sea transport connections with the islands, it finds its references in article 19 ter of the Decree no. 135/2009 and in the Convention signed on 18<sup>th</sup> July 2012 with the Ministry of Infrastructures and Transport. On the basis of this convention, which has a duration of 8 years, CIN must guarantee the following sea connection services: (i) main passenger transport: Naples-Palermo (winter season); Genoa-Porto Torres (winter season); Genoa-Olbia-Arbatax; Naples-Cagliari; Cagliari-Palermo; Civitavecchia-Cagliari-Arbatax; Civitavecchia-Olbia (winter season) Termoli-Tremiti; (ii) cargo transport: Naples-Cagliari; Livorno or Genoa-Cagliari; Ravenna-Catania. In addition to the obligation of continuously running the stated connections, CIN must also: (i) apply the rates that are no higher than the ones foreseen in the Convention; (ii) implement



the general transport conditions for passenger and cargo services and the Service Charter (that in addition to providing general information about the company, also indicated the safety and cleaning standards on the ships, and the services provided and the traveller's rights and duties); (iii) keep a separate, analytical accounting system. In return for the services provided as a public service, the State pays CIN state aid each year that is calculated according to certain criteria.

### 3.2.2. *Management of Ferry Terminals*

Entrustment of port services is provided by the concession and authorisation system on the basis of the characteristics of the activities in question, according to, notably, services of general interest or port operations/services intended in the closest sense.

The carrying out of port operations and services, for themselves or for third parties, is subject to authorisation from the port authority, and where none exist, from the maritime authority. Said authorisation concerns the carrying out of port operations – after verification that the applicant possesses the necessary requisites – or of one or more port services, to be identified in the authorisation itself.

The reference law is Law no. 84/1994

## 3.3. CIN's governance structure

### Information about company ownership

Pursuant to article 7 (Share capital) of the CIN articles of association ("Articles") as amended by the shareholders' assembly on 14<sup>th</sup> September 2012 (File 791/ Index 368), the company's share capital is divided into three categories of shares, that give equal equity and administrative rights, except where indicated and summarily described each time below.

In particular, the Share capital is represented by:

- a) Category A shares;
- b) Category B shares;
- c) Category C shares;

CIN's body of shareholders is currently as follows:

- L19 S.p.A. holds 35% of the share capital represented by category B shares;
- Moby S.p.A. holds 40% of the share capital represented by category A shares;
- GIP Gruppo Investimenti Portuali S.p.A. holds 15% of the share capital represented by category C shares;
- Shipping Investment S.r.l. holds 10% of the share capital represented by category C shares;

### Assembly

**Summons:** Pursuant to article 12 (*Assembly*) of the Articles of association, the assembly is summoned, notwithstanding the unified competence of the board of directors and any other legitimate party pursuant to law, also by the Chairman of the board of directors or directly by two directors, by notification sent by registered post with proof of receipt, or fax, or email, with confirmation of receipt, containing the place, day and time of the meeting, and the topics placed on the agenda, to be sent to shareholders who have the right to vote, at the address found in the shareholders' register, at least 8 (eight) days before the date set for the first meeting.

If no formal summons is made, the assembly is regularly constituted when the entire share capital is represented and the majority of the members of the board and the control body take part in the assembly meeting; in this hypothesis, each of the participants may oppose the discussion of the topics on which they believe they are not sufficiently informed.

**Right to vote:** All and each of Shares A, B and C have the right to vote. The shareholders who show their share certificates, regularly named or with a continuous series of authorisations or if the share certificates are deposited with a bank, the shareholders who show the relative admission ticket issued by the bank, have the right to vote.

**Competence:** The competence of the assembly is for all the matters reserved by law and by the articles of association to it.

**Resolution Quorum:** Pursuant to article 14 of the articles of association (*Assembly majorities*), the following resolutions ( "Important Assembly Resolutions") can be adopted, in the first or later summons, with the legal majority, on the condition that the vote in favour is by many shareholders that represent more than half the A shares in circulation (as long as the A shares represent at least 10% of the share capital) and more than half the B shares in circulation (as long as the B shares represent at least 10% of the share capital):

- (a) distribution of reserve and extraordinary dividends;
- (b) payments to members of the board of directors (including stock options and stock grants);
- (c) increases and reductions in share capital (except for reduction or increases of capital as set out in article 2446 of the Italian Civil Code (in the limits required to eliminate the loss of more than one third), of reductions and simultaneous increases of capital as set out in article 2447 of the Italian Civil Code (up to the legal minimum) and reductions in capital as set out in article 2437-*quater*, paragraph 6, of the Italian Civil Code, for which the legal resolution quorums will be applied, on the understanding that increases in share capital that exceed the above limits must be approved by the majority that includes the favourable vote of as many shareholders that represent more than half of A shares in circulation – as long as A shares represent at least 10% of the share capital – and also half of the B shares in circulation – as long as the B shares represent at least 10% of the share capital);
- (d) mergers and spin-offs;
- (e) issue of bonds, including convertible bonds;
- (f) amendments to the articles of association, other than the ones in points c), d) and e) above;
- (g) liquidation of the company.

To clarify, it is understood that (i) where the A shares do not represent at least 10% of the share capital, while B shares continue to represent at least 10% of the share capital, the Important Assembly Resolutions can be taken by legal majority as long as the vote in favour is by as many shareholders as represent more than half the B Shares; (ii) (i) where the B Shares do not represent at least 10% of the share capital, while the A Shares continue to represent at least 10% of the share capital, the Relevant Resolutions can be taken with legal majority, as long as the vote in favour is taken by as many shareholders that represent more than half the A shares; and (iii) where neither A shares or B shares represent at least 10% of the share capital, the Relevant Resolution may be taken only with legal majorities.

### **Board of Directors**

CIN is run by a board of directors which is regulated in its formation and functioning by articles from 18 (Appointment of directors) to 21 (Representation of the company and directors' fees) of the Articles of Association.

**Appointment, duration of appointment and chairmanship:** The company is run by a board of directors comprising 11 (eleven) members, 10 (ten) of whom are elected on the basis of lists presented by

shareholders with the modes set out in article 18 (Appointment of Directors) of the articles of association and 1 (one) that is elected by the assembly according to legal majorities. The directors stay in their positions for the period set on their appointment, which is no longer than 3 (three) financial years and expire on the date of the assembly summoned to approve the balance sheet for the last financial year of their appointment. The directors appointed in this way can be re-elected and can be revoked by the assembly at any time. The first candidate indicated in the sole list presented, or if several lists are presented, the first candidate on the list that has obtained the highest number of votes among the ones presented by the A shareholders will be directly elected by the assembly as the Chairman of the Board of Directors. If no lists are presented, the chairman will be appointed by the assembly or by the board of directors.

**Simul stabunt simul cadent:** If the majority of the directors leave their appointments, the entire administrative body automatically is forfeited; in this case, the directors must summon an assembly meeting urgently to appoint the new board of directors and in the meanwhile only ordinary administration can be carried out.

Without prejudice to the above paragraph, if during the appointment period, by resignation, revocation or other causes, one or more directors leave their appointment, in exemption of what is foreseen by article 2386 of the Italian Civil Code, any form of co-opting is excluded and the other directors must immediately summon the assembly for replacement of the directors who have left. In the event that the directors no longer serving were members of the board of directors appointed by list votes, the assembly will proceed to replace them by deciding on candidacies presented by shareholders from the category from which the ceased director was taken. The new directors appointed in this way will remain in their role for a duration the same as the one for which the ceased directors would have remained

**Powers:** The board of directors has all the powers of ordinary and extraordinary administration, except the ones reserved for the assembly by law and the articles of association.

**Reporting obligations:** The delegated bodies refer to the board of directors and the board of auditors every two months, providing information foreseen by article 2381 of the Italian Civil Code (i.e. general management trends and its foreseeable evolution and most important operations carried out by the company or its subsidiaries), and (a) information on the main economic-asset and financial indicators for the two months of reference and their difference compared to the annual budget and (b) information about the contracts and intragroup operations.

**Summons:** The board of directors is summoned by the chairman, the vice—chairman or the delegated director, on their initiative or on request from at least two directors, who can also directly organise the summons where the subjects above do not do so promptly.

**Quorum:** With the exception of what is foreseen for board resolutions, the board of directors is constituted and deliberates with the presence and vote in favour by an absolute majority of the appointed directors.

For decisions on some matters (“Relevant Board Resolutions”) the Board has exclusive competence and will only be valid where the majority as above includes the vote in favour of at least one of the directors taken from the list presented by shareholders A who has obtained the highest number of votes, other than the chairman of the board and the CEO (as long as A shares represent at least 10% of the share capital) and at least one of the directors taken from the list presented by B shareholders who obtained the highest number of votes, other than the CEO (as long as the B shares represent at least 10% of the share capital). For example, the Relevant Board Resolutions concern:

- The company’s annual economic-financial budget;

- Multi-year Plans<sup>11</sup> and any other document of general planning of company activity for the company and subsidiaries;
- Approval of listing projects on regulated markets other than the Italian one;
- Proposals for distributing reserves and extraordinary dividends;
- *stock options* and *stock grant* plans;
- Proposals for the increase and reduction of share capital;
- Other proposals to change the articles of associations;
- Extraordinary operations and on share capital not foreseen by the Multi-year plan;
- Trademarks, patents or other industrial or intellectual property rights;
- Purchase, sale, loan, transfer or granting (under any form) or leasing (also financial) of ships, planes and other craft;
- Real estate leasing operations;
- Approval of promotional budgets;
- Granting of guarantees;
- Finalisation of agreements and understanding of a commercial nature lasting more than 3 (three) years (whatever the unit value) or with a total value (determined in reference to the annual value of operations) that exceeds 1,000,000 Euro (one million Euro) (whatever the duration);
- Financial debt operations;
- Issue of participating financial instruments by the company;
- Contracts and operations of any kind, intragroup and between the company and shareholders, or other connected parties, and shareholders and/or company directors ("Important Figures"); or companies in which any of the Important Figures hold shareholdings, directly or indirectly, of at least 25%; or any third party who has received or has the right to receive, directly or indirectly, any guarantee, funding or economic benefit (in the case of economic benefit on the condition it is a total of more than 150,000.00 Euro) from any of the Important Figures; or, relatives of up to the fourth degree In a direct and/or side line and/or similar within the second degree of direct and/or side line of the Relevant Figures (Relatives and similar; or the companies in which one or more of the relative and similar hold, directly or indirectly, shareholdings of at least 25% (twenty-five per cent).

**Legal representation of the company:** Legal representation of the company before third parties and in court lies with the chairman of the board of directors and, in his absence, with the vice-chairman, where appointed and the chief executive officers, within the realm of the powers awarded to them. The company signature, jointly or individually, lies with the persons awarded special powers, within the limits of the latter.

### **Auditing Board**

**Composition:** The board of auditors is composed of 3 (three) regular auditors and 2 (two) substitute auditors, who can be re-elected. The auditors remain in their appointed positions for three financial years and expire on the date of the assembly meeting for approval of the balance sheet for the third financial year of their appointment.

In application of what is foreseen by article 19-ter, paragraph 12 of the Decree no. 135/2009 (as converted by the Law no. 166/2009) or by other legislative, regulatory, contractual provisions, the ministries of economy and finance and of infrastructures and transport, with notes respectively from 28th December 2012 and 4th October 2012 have communicated the names of the people appointed by

<sup>11</sup> Multi-year plans are the development plan for the company and subsidiaries for periods of three years concerning investments and disinvestments, financial management, development and promotion, forecasts and commercial policies, costs and expected economic results.

them to represent them on the company's board of auditors. Therefore, the CIN board of auditors is currently, following the shareholders' assembly held on 28<sup>th</sup> February 2012, made up of 5 (five) regular auditors and 2 (two) substitute auditors.

### Auditing Company

The legal auditing of accounts is carried out by a legal auditor of accounts or by a legal auditing company enrolled in the specific register. The accounts auditor or the auditing company must possess the requisites required by law for the entire duration of their mandate.

The company has entrusted auditing of its accounts to an external auditing company.

### Supervision by the Ministry of Infrastructures and Transport and the Ministry of Economy and Finance

Pursuant to article 10 of the Convention for the running of sea connection services as a public service with the larger and smaller islands, stipulated pursuant to art. 1, paragraph 998 of Law no. 296 dated 27<sup>th</sup> December 2006, and to article 19-ter of the Decree 135/2009 converted with amendment by Law 166/2009, signed on 18<sup>th</sup> July 2012 between CIN and the Ministry of Infrastructures and Transport ("Convention"), it is the Ministry of Infrastructures and Transport's and the Ministry of Economy and Finance's responsibility, according to their respective competences, to supervise the company as described below.

Supervision concerns:

- a) Supervision of the observance of obligations set out in the agreement, and own provisions, without said supervision reducing the company's responsibility;
- b) Request for information and carrying out of controls, also for the purpose of applying penalties foreseen by article 13 of the agreement, with powers of inspection and acquisition of documents and news useful for supervision as above;
- c) The request for accounts data every six months, in order to activate any request for checks foreseen by the agreement;
- d) Verification of the suitability of ships used for connection services;
- e) Approval of ships' plans;
- f) Proposal for any termination of the contract due to breach.

### Internal Control System

The company has adopted a set of rules, procedures and organisational structures aimed at monitoring the observance of its own strategic objectives and in order to pursue:

- (i) The efficient trend of information flows with particular reference to economic and financial information;
- (ii) Efficacy and efficiency of company processes, such as, for example, administrative production, information and reporting processes;
- (iii) Observance of laws, regulations, the convention, standards and company procedures adopted by the company;
- (iv) Safeguarding of the equity and reputational value of the company and protection from damage and losses.

The internal control is entrusted to the Internal Audit department, reporting to the Chief Executive Officer. Also the following persons are responsible for internal audit, monitoring and supervisory processes of the company, mainly:

- (i) The Chief Executive Officer (CEO);
- (ii) the D.P.A. (*Designated Person Ashore*);



- (iii) The Board of Auditors;
- (iv) The Supervisory Body established pursuant to Leg. Decree 231/2001.

### Structure of powers and proxies

On 28<sup>th</sup> January 2013, the company reorganised its powers and revised the structure of powers and proxies in favour of a system that allows clear, formal allocation of powers (authorising and signatory) and responsibilities, with explicit indication of the limits of power and the thresholds of approval. The company has therefore defined a system of powers and responsibilities in line with the allocated duties and positions covered in the organisational structures and in observance of the standards according to which nobody is given unlimited powers, unless with a joint signatory.

### Organisational set-up

Aware of the importance of its own organisational set-up for the purpose of correct implementation of the organisation, management and control model as per Leg. Decree 231/2001, the company has a set-up that allows clear identification of the main organisational structures, the respective areas of competence, the main responsibilities and the main information obligations.

The company's organisational set-up foresees the CEO at the top of the hierarchical line, to whom the following staff report directly:

- (i) The Internal Audit department;
- (ii) The Legal and Corporate Affairs department;
- (iii) The Management Secretarial Office;
- (iv) the D.P.A. (*Designated Person Ashore*) responsible for safety and coordination between top company management and on board staff.

The roles, competences and responsibilities of the departments indicated above are outlined with specific attention to the sector legislation applicable.

The company's organisational set-up foresees 4 sub-directors who report to the CEO, in particular:

- (i) Human Resources Department;
- (ii) Business Department;
- (iii) Operational Department;
- (iv) Finance, Control and Administration Department.

The sub-management of the Peripheral Offices reports to the Human Resources Department and all the peripheral office activity (Genoa and Venice) report to their relevant head offices.

The Business Department is in turn divided into 4 sections:

- (i) Commodities
- (ii) Passengers;
- (iii) Marketing, commerce and overseas Comms;
- (iv) Peripheral organisations.

The Operational Department is divided into 2 sub-departments:

- (i) Technical department;
- (ii) Shipping Department.

The Finance, Control and Administration Department is divided into three sub sections:

- (i) Management Control;
- (ii) Purchasing

**(iii) Information Systems.**

Also, the following departments also report directly to it:

- (i) Taxation;**
- (ii) Accounts;**
- (iii) Treasury.**

The widespread division of competences, as described above, defined in reference to actual activities enacted by the company, is one of the devices adopted by the company to (i) guarantee the correct execution of competences in the clarity of the roles given to each department and (ii) to allow a suitable exchange of information flows.

The company is updating the operational procedures concerning the Tirrenia Group Manual of Procedures currently in force.

### **3.4. Liabilities and decision-making powers regarding Organisation, Management and Control**

Pursuant to article 6, paragraph 1, letter a) of the Decree, the adoption and efficient implementation of the herein Model constitute acts of competence and of emission from the company executive management<sup>12</sup>.

The CIN Board of Directors has therefore the responsibility and therefore the power to approve, integrate and amend, via specific resolution, the main principles announced in the herein document and in the relative attachments, that constitute an integral part of the Model adopted by CIN.

Consequently the decisions regarding later amendments and integrations to the model are also the competence of the CIN board of directors, although further to input from the Supervisory Body, according to provisions.

It is the board of director's responsibility to activate and act to implement the model, by evaluating and approving the necessary actions for implementing the model's basic elements. To identify such actions, it must use the support and reports from the Supervisory Body.

The company Board of Directors guarantees implementation and actual respect of the preventive protocols in the company areas "at risk of crime", also in relation to the needs for future adaptation. For this purpose the CIN Board of Directors uses:

- **Managers from various organisational structures of the company in relation to activities at risk of crime that they themselves carried out;**
- **The Supervisory Board which has autonomous powers of initiative and control on the activities at risk of crime.**

### **3.5. Goals and purposes pursued by adopting the Model**

<sup>12</sup> In this viewpoint, "executive managing body" means the Board of Directors (see for al doctrine, FABRIZIO BAVA, *La responsabilità amministrativa della società e l'individuazione dell'organismo di vigilanza*, in *Impresa c.i.*, n. 12/2002, p. 1903; ALESSANDRA MOLINARI, *La responsabilità amministrativa delle persone giuridiche*, in *il Fisco* n. 38/2003, p. 15518).

The company has adopted the herein model by Board of Directors' resolution, bearing in mind the activity carried out and the existing organisational structure.

The Board of Directors believes that the adoption and actual implementation of the model not only must allow the company to benefit from the exemption foreseen in Leg. Decree 231/2001, but must tend towards a correct, transparent management of the company and observance of the rules and ethical principles in pursuit of the company objective, thus improving corporate governance and consequently limiting the risk of crimes being committed, also via information to the recipients on the applicable penalty system in the event of violation of the regulations.

The model therefore arranges the instruments for monitoring processes at risk, for an effective prevention of illegal conduct, for prompt company intervention after deeds that violate the company rules and for the adoption of necessary disciplinary provisions of fines and repression.

The board of directors also believes that the adopted model, notwithstanding its particular purpose and necessary compliance with legal requisites, should be used in the company reality, in particular introducing or increasing a real internal controls system that is specifically aimed at guaranteeing compliance of company practice with the ethical rules and correct, legal carrying out of activities.

### 3.6. Fundamental elements and main principles of the CIN Model

In reference to the needs identified by the law-making body in the Decree, the basic elements of the CIN Organisation, Management and Control Model can be summarised as follows:

- Identification of the company activities that are a risk for the carrying out of relevant crimes, pursuant to the Decree, for the company (risk assessment) (see Special part of the Model);
- General and specific protocols, in existence on company activities at risk, to guarantee the control principles, including the management of financial resources suitable for preventing the committing of crimes (see Special part of the Model);
- Ethical principles to be applied to conduct that can integrate the offences foreseen by the decree, aimed at defining the need to observe laws and regulations in force (see Code of Ethics);
- The Supervisory Body and allocation of specific tasks to it regarding supervision of the efficacy and correct functioning of the model and the task of proposing any amendment to it in the event of significant violations of order or if there is a change in the organisation or in activities (see Chapter 4);
- Information flows to the Supervisory Body to facilitate the carrying out of supervisory activities (see Special part of the Model);
- Disciplinary system suitable for penalising the non-observance of rules of conduct and control, indicated in the Code of Ethics and in the Model (see chapter 6);
- Information, increase of awareness and training for recipients, aimed at guaranteeing the actual knowledge of the Code of Ethics and the Model (see Chapter 7).

In drawing up the herein model, consideration was made of the existing control procedures and systems already widely used in CIN, where judged suitable to also be used as prevention measures for crimes and controls in areas and activities at risk. Also, in drawing up the this model, consideration was taken



of the operational procedures and control systems adopted in compliance with the applicable legal provisions, in particular the laws applicable to the company.

Therefore the model takes into consideration the operational procedures and control systems adopted in compliance with the law and overall is a set of rules, procedures and organisational structures that on the one hand ensures observance of the company and group strategies and the achievement of efficacy and efficiency in company processes, the safeguarding of the value of activities, protection of losses, reliability and integrity of accounting and management information and on the other hand, compliance of operations with the law, with sector legislation and with policies, plans, regulations and internal procedures.

The model is a part of the broader control system set up by the company regulations and does not change the functions, tasks, and pre-existing objectives but aims at providing greater guarantees regarding compliance of practices and company activities with the rules of the applicable sector, the Code of Ethics and the company regulations that sets out the principles in the governing of activities at risk of crime.

The adopted model therefore involves all aspects of company activity and represents a structured, organic system of processes, procedures and control activities (ex ante and ex post) that aims to allow the aware management of the risk of committing crimes, via the identification of activities at risk of crime and the consequent introduction of procedures.

The general principle on which the CIN Model is based, that can be found in the preventive, general and specific protocols, listed and described in the Special Part, are as follows:

- Separation of tasks by the correct distribution of responsibilities and provision of suitable authorisation levels, in order to avoid function overlapping or operational allocations that concentrate critical activities on a single subject in observance of the principle according to which nobody can autonomously manage an entire process;
- Clear, formalised allocation of powers (authorisation and signatory) and responsibilities, with express indication of the limits of exercising them and the thresholds of approval. The powers and responsibilities are defined in line with the allocated duties and positions covered in the organisational structures and in observance of the principles according to which nobody is given unlimited powers, unless with a joint signatory.
- Existence of rules of conduct suitable for guaranteeing the exercising of company activity in observance of the laws and regulations and integrity of the company assets;
- “introduction of procedures for the activities at risk of crime, in order to:
  - Define and regulate the modes and times for carrying out said activities;
  - Guarantee traceability of acts, operations and transactions via suitable documentary support that certifies the characteristics and motivations of the operation and identifies the subjects involved in the operation in various roles (authorisation, carrying out, registration, verification);
  - Where necessary, guaranteeing objectification of decision-making processes and limiting company decisions based on subjective choices not linked to pre-defined objective criteria;

- Use of the management control system with regular checks, capable of providing a prompt notification to the Supervisory Body of the onset or existence of anomalous situations regarding financial flows (or exemptions and critical factors, concerning, for example, extra-budget, payment terms);
- The setting up, execution and documentation of control and supervisions activities on processes and activities at risk of crime, also via the establishment of an Internal Audit department;
- The establishment, execution and documentation of an Organisation and Management Model for health and safety in the workplace valid for the prevention of crimes concerning safety and connected with manslaughter and serious and extremely serious personal injury that aims to define the reference principles, the relative characteristics and the main operational modes for application of the legislation on health and safety in the workplace for employees, contractors and clients and the protection of public safety;
- Existence of safety mechanisms that guarantee suitable protection of information from physical or logical access to data and assets from the company information system, in particular in reference to the management and accounting systems.

### 3.7. Operational and methodological path that has led to the model being created

Further to the issue of the Leg. Decree 231/2001, CIN carried out a series of preparatory activities aimed at the creation of a risk prevention and management system, in line with the provisions contained in Leg. Decree 231/2001 and inspired by the Guidelines, in addition to the regulations contained therein.

Below is a brief description of the phases in which the work of identifying the areas at risk was divided, on which basis the herein model was then drawn up.

#### ⇒ Risk assessment

This activity, aimed at identifying the company's risk profiles, was carried out as self-assessment by a company team established in consideration of the complexity of the project, to plan and carry out the operational phases of the project. The Risk Assessment, aimed at identifying the areas that are involved in potential cases of crimes by analysing the organisation, functions and company processes, started with document analysis, and was later carried out with interviews.

During this activity subjects involved by monitoring were also identified. The analysis of potential risks involved the possible implementation modes of crimes in the various company areas compared to the internal and external operational context in which the company works, considering the data concerning the company's history and sector data.

In particular, the analysis of risk of crime allowed the company to complete the following steps:

1. Assessment of the vulnerability level of each activity (vulnerability analysis);
2. Identification and evaluation of threats compared to each critical activity (probability of threat analysis);
3. Evaluation of potential impact that the realisation of a threat can cause for each activity (impact analysis);
4. Evaluation of applied counter measures (counter measures analysis).

By filling out the questionnaire and interviews aimed at the staff involved, it was possible to calculate the degree of risk, obtaining the map of the areas at risk and the map of activities at risk.

On completion of Risk Assessment, summary sheets were drawn up for each company department, that associate the potential risks of the realisation of the crimes included in the Decree with the various activities carried out by the department in question. On completion a summary matrix was also prepared, that highlights allocation of the various areas as risk of realisation of crime included in 231 in the CIN organisational structure (map of the areas at risk of crime, attached to the Special Part of the Model).

The results of the Risk Assessment are summarised in the document “Results of risk assessment and risk management plan”, in the company files.

⇒ Evaluation and validation of existing devices

The activities above were completed by the vulnerability analysis, i.e. an evaluation of the preventive (organisational, physical and technological) control system that already existed in the company. This activity allowed documentation of the compliance of existing preventive controls and identification of the new devices required so that the company is better protected, lowering the risk of crimes being committed, and considering the activities and area at risk of crime.

In drawing up the herein model, in fact, consideration was above all taken of the existing legislation, procedures and control systems that were already used in the company as suitable for use as prevention measures against crime and illegal conduct in general, including the ones foreseen by Leg. Decree no. 231/2001.

These devices are decision protocols aimed at managing CIN risk profiles in observance of the principles of:

- Clear allocation of roles and responsibilities;
- Authorisation and signatory powers consistent with the organisational and management responsibilities and with a clear indication of expenditure limits;
- Separation of tasks and functions compatibly with CIN operations and the organisational structure;
- Traceability, verifiability and documentability in the decision-making process;
- Efficient management control system, also via the use of information management systems such as SAP.

In particular, the following activities were developed:

- Definition, formalisation and publishing of roles, functions, competences, responsibilities and powers (organisational chart, powers and proxies system) in a view of preventing the crimes referred to in Leg. Decree 231/2001;
- Definition and formalisation of specific organisational procedures, also for the group;
- Formalisation of the Code of Ethics;
- Establishment of an internal Supervisory Body 231 given autonomous and independent powers compared to the company top management with the task of verifying the efficacy and effectiveness of the model (i.e. of the model's suitability for preventing crimes in an ex ante viewpoint) and of regulating the report flows to the 231 Supervisory Body and reporting to the bodies representing the company.

- Preparation of the penalty and disciplinary procedure for directors, executive managers, employees, suppliers of professional services and more generally, for third party subjects that act on behalf of the company.

⇒ **Evaluation of missing devices- Risk management plan**

**On the basis of the analysis above the company decided to implement some further specific protocols to reduce the risk in the main company activities and processes, that may constitute an opportunity or mode to realise the offences governed by the Decree The protocols are implemented or are about to be implemented by the company.**

**Each area and activity at risk is governed by one or more specific decision-making protocols, and also by principles in the Code of Ethics.**

The activities described above have led to the definition of the model by CIN and the herein descriptive document of the model, that is structured as follows:

(i) **General Part**, that describes:

- The reference legislative framework;
- The company reality (CIN system of governance and organisational set-up);
- The method adopted for analysis of sensitive activities and gap analysis;
- Identification and appointment of the Supervisory Body, with specification of powers, tasks and information flows that concern it;
- The Disciplinary System and relative penalty system;
- The training and communication plan to adopt to guarantee knowledge of the measures and provisions in the model;
- Updating and adaptation criteria for the model;

(ii) **Special Part**, that describes:

- The offences referred to in Leg. Decree 231/2001 that the company has established are at risk in consideration of the characteristics of its own business;
- The CIN sensitive processes/activities;
- The preventive, general and specific protocols adopted by the company to manage the risk of crime;
- The information flows and controls by the Supervisory Body.

## 4. SUPERVISORY BODY

### 4.1. Requisites of the Supervisory Body and individual members

The Decree identifies the body, in a company body with autonomous powers of initiative and control (art. 6, paragraph 1, letter b)), to which the task of supervising the functioning, efficiency and observance of the model and the constant and prompt updating thereof, must be entrusted.

The general nature of the concept of “Corporate body” justifies the heterogeneity of the solutions that can be adopted in consideration of both the size of the company and the rules of corporate governance, and the need to realise a fair balance between costs and benefits. This allows opting for both a single and a multi-subjective composition. The multi-subjective composition comprises subjects who can be called upon to be a part of the Supervisory Body from both inside and outside the company, on the condition that each of them has the requisites as below.<sup>13</sup>

In the case in point, the company board of directors has entrusted the relative appointment to a specifically formed board, characterised by the following requisites:

- a) autonomy and independence: Evaluated, in brief<sup>14</sup>, in relation to the functioning of the body overall<sup>15</sup>. The following contribute to guaranteeing the requisite in question:
- Possession of autonomous powers of initiative and control, autonomy from all forms of interference and/or conditioning that can be carried out by any member of the company

<sup>13</sup> It is highlighted that in compliance with what is indicated by the Confindustria Guidelines, the possible solutions for identifying and configuring the Supervisory Body are as follows:

- Attribution of the role of supervisory body to the internal control committee, where one exists, on the condition that it comprises exclusively non-executive or independent administrators. Having said this, it must be said that a part of the doctrine has expressed criticism about this idea;
- Attribution of the role of supervisory body to the internal auditing department;
- Creation of an ad hoc body, mono or multi-subjective, established in the latter case, by subjects from within the company (e.g. internal audit manager, legal department manager etc, an auditor) and by external subjects (e.g. consultants, experts with actual competence and professional experience about compliance, internal control and relative legal profiles etc) with the presence of one or more non-executive and/or independent administrators who provide a guarantee of actual existence of control over the high level administration and the homogeneity of the body.

For small companies the role of supervisory body can be attributed to the executive body.

<sup>15</sup> The AODV document dated 1<sup>st</sup> February 2010 on the topic of "requisites and composition of the Supervisory Body" states that objection to the (possible) lack of independence of some of the members appears to have been overcome, in the AB" point of view, by the judgement of independence of the body as a whole: “the panel nature of the function and the origin of its members from different “parts of the company” (the bottom, the top, control) can be elements that favour internal dialogue and independence of its members from the single areas that they belong to”. Likewise, the Confindustria guidelines comments that “in reference to the Supervisory Body with several members, it must be asked whether the requisites of autonomy and independence can be referred to the body as such or to its members taken individually. *It is believed that in reference to the members of the body recruited externally, the requisites of autonomy and independence must refer to each member.* To the contrary, in the event of a mixed composition of the body, as the members from within the company cannot be asked to be totally independent, the degree of the body’s independence must be evaluated overall”.

(i.e. independence of judgement and decision-making autonomy). Consequently, except for the pre-existing subordinate employment contract (for members of the Supervisory Body from within the company), to preserve the de quo requisite, it is forbidden for members of the Supervisory Body to have significant economic/financial relations with the company and/or with Relevant Subjects (such as, for example, members of the Board of Directors and/or the Board of Auditors, etc). The decision-making power will be expressed in the exercising of inspection powers, access to company information, control, consultation and proposal, as a necessary completion of autonomy so that it is not just formal but substantial, and the Supervisory Body has the possibility of having forms of financial autonomy and self-regulatory powers;

- The unquestionability of decisions. In order to guarantee the impartiality in question, the body comprises subjects who are not in conflict with the company's interests, and who are in a suitably high organisational position to guarantee independence from the executive bodies;
- Placement in a position of direct referral to the board of directors, which implies the absence of any hierarchical relations with the single managers of the various areas, departments and offices of the company (i.e. hierarchical autonomy compared to the subjects subject to control);
- The possibility of directly relating to all the subjects who carry out activities in the company or on behalf of it;

b) professionalism<sup>16</sup>: Intended, briefly, as:

- Possession of suitable specialised skills (for example, but not limited to, skills in company organisation, legal profiles (above all, but not only, criminal law) and the company's realm of activity (i.e. knowledge of legislation on the matter of payment institutes and money-laundering) etc) to be verified in reference to the individual members;
- Tools and specialised techniques belonging to those providing consultancy work, that can be used:
  - To indicate to the competent bodies the adoption of the most suitable measures for observing the model;
  - in being able to check during the carrying out of one's own supervisory tasks that conduct held actually respects the conduct in the model and the code of ethics;
  - To proceed with updating the model;

c) Continuity of action<sup>17</sup>: A requisite that make an internal structure dedicated to supporting the Supervisory Body necessary (to be realised with the appointment of at least one member from inside the company structure). Specifically, the composition of the Supervisory Body (when a panel format is chosen) "must search for the right mix of external professional figures, who can provide authority and independence to the Body, and internal subjects (but cut off from the

<sup>16</sup> The Supervisory Body must have the necessary skills to be able to carry out multiple activities: (such as, for example) statistical sampling, in terms of risk analysis and evaluation; appreciation of the measures for containing said risks; flow-charting analysis of procedures and processes; examination of interview and questionnaire processing techniques; appreciation of methods set up for identifying fraud. A profile that is taking on increasing importance, is that of technical expertise on the single crimes that the companies may answer for.

<sup>17</sup> See the definition of the Confindustria guidelines according to which for the function of the Supervisory Body to be efficient, it must be constant in time and in continuous interaction with the company management and the most important staff positions, such as management control, internal auditing, legal affairs, administration, budget, finance, operational systems, organisation, human resources.



company's management operations), the latter being the only ones who can ensure, on the one hand, the thorough knowledge of the company's organisational and managerial profiles, and on the other hand continuity of action required by legislation and by practice<sup>18</sup>”.

## 4.2. Summary of the tasks and characteristics of the Supervisory Body

With regard for the elements above, in observance of what is foreseen in Article 6, paragraph 1, letter b) of the Decree, the Supervisory Body - with the task of controlling the correct functioning and observance of the model, and also of updating it, with the support of the company's relevant departments, in particular the board of auditors and external legal consultants – is constituted by a panel<sup>19</sup> appointed by the board of directors<sup>20</sup>.

The activities set up by the Supervisory Body cannot be judged by any other company body or structure, notwithstanding, however, the fact that the executive body is in all cases called upon to carry out supervision on the adequacy of its work, as ultimate liability of functioning (and efficacy) of the Model lies with this body.

To fulfil its functions, the Supervisory Body has free access to all the company departments – without the need for any prior consent – in order to obtain all information and data considered necessary for carrying out the tasks foreseen in the Decree.

In consideration of the particular nature of its attributions and own professional requisites, the Supervisory Body, while carrying out its tasks, will use the support of other company departments that will make themselves useful each time in order to pursue the aims reserved to it.

The Supervisory Body has suitable powers of initiative and control in order to carry out the above tasks, that are expressed on a more operational level in the right to:

- Activate control procedures;
- Carry out inspections of company activity in order to have an up to date map of the areas of activity at risk in a company context;
- Check the efficiency and efficacy of the adopted model compared to the prevention and obstruction of committing of the crimes foreseen in Leg. Decree 231/2001, updating the elements if found to be otherwise;
- Verifying observance of the modes and procedures set out in the Model and discovery of any differences in conduct that may emerge from the information flow analysis and the reports that the various department managers must produce;
- Carry out internal investigations to ascertain any presumed violation of the model's provisions;

<sup>18</sup> Information taken from the stated AODV document dated 1<sup>st</sup> February 2010.

<sup>19</sup> As the most suitable subject for carrying out the type of activity requested, with requisites of autonomy, independence, professionalism, integrity and continuity of action required to carry out this function. The choice made by the company must be formalised in an explicit provision (resolution by the board of directors) that motivates the reasons behind the adopted option

<sup>20</sup> At the moment of formal adoption of the model, the executive body must:  
Announce the OdV's tasks and powers to the company, also foreseeing any penalties if collaboration is not forthcoming.  
Announce the choices made to the shareholders.

- Periodically carry out targeted checks on certain operations or specific deeds enacted within the activities at risk;
- Promote initiatives for the diffusion of knowledge and understanding of the model;
- Draw up internal organisational documentation required for the functioning of the model, containing instructions, clarification or updates;
- Collect, process and store important information about observance of the model, and update the list of information that must be mandatorily sent to the body;
- Coordinate with other company departments, also in meetings, for monitoring the area at risk. For this purpose, the body must be constantly informed about the evolution of activities in the above-mentioned areas at risk and have free access to all the relevant company documentation. The management must also inform the Supervisory Body of any situations of company activity that may expose the company to the risk of crime;
- Coordinate with the managers of other company departments for the various aspects concerning implementation of the Model, (definition of standard clauses, staff training, disciplinary action, etc);
- Draw up an annual information report for the Board of Directors concerning verifications and controls carried out and the results thereof;
- Formulate proposals to the administrative body for any updates and adaptations of the adopted Model, to be carried out via the amendments and/or integrations that may be necessary further to:
  - Significant violations of the provisions in the model;
  - Significant changes to the company's internal set-up and/or modes in which the company activity is carried out;
  - Amendments to legislation;
- Notify the administrative body of any ascertained violations of the model, for suitable provisions to be taken, which may bring about liability for the company.

The definition of the actual modes for carrying out the Supervisory Body's activity (scheduling of controls, identification of criteria and analysis procedures etc) is the responsibility of the body, which in these cases governs its own internal functioning by adopting internal regulations for that purpose.

They are regulated in the Supervisory Body's Statue, approved by a Board of Directors resolution, which must be referred to:

- The characteristics of the body's activity;
- The body's structure and composition;
- The body's powers and tasks attributed to it;
- The body's functioning modes;
- The obligations of reporting to the company's executive body.



#### 4.3. Periodical checks on the model

The Model will be subject to two types of checks:

1. Checks on the documents: An annual check will be made on the most important company documents/contracts stipulated in the areas of activity known to be at risk;
2. Check on procedures: Periodically, the Supervisory Body will check the effectiveness of the Model. Also, an analysis will be carried out of any reports received, of actions undertaken by the Supervisory Body and by other interested parties, of the facts considered to be at risk, of the staff's awareness of the hypotheses of crime foreseen by the decree, also using random interviews.

Controls on the correct functioning of the Model are the responsibility of the Supervisory Body, which must also use the help of company staff and/or support from external third parties, as better specified in the Supervisory Body' Statute, which must be consulted.

#### 4.4. Information obligations for the Supervisory Body

The Supervisory Body must be promptly informed through the internal communication system of all deeds, conduct or events that may cause a violation of the model or that, more generally, are relevant for the purpose of the Leg. Decree 231/2001.

On this matter, the following general provisions apply:

- Any reports on the following must be provided: i) on the committing, or reasonable danger of being committed, of the crimes stated by the Leg. Decree 231/2001; ii) "practices" that are not in line with company's rules of conduct; iii) conduct that, in all cases, may determine a violation of the model;
- The employee, commercial partners, consultants, collaborators, para-subordinates, and generally all the stakeholders with regard to relations with the majority shareholder and the activity carried out with the company, must all report a violation (or presumed violation) of the Model to the Supervisory Body as foreseen below;
- The Supervisory Body will then evaluate the reports received at discretion and under its own responsibility and the cases where it is necessary to take action;
- In the event that the report of any violations of the model refers to members of the board of directors and/or board of auditors, the report will be sent to the Chairman of the board of directors, or, if the report concerns the Chairman himself, to the chairman of the board of auditors.

Confidentiality of the reporting party's identity is guaranteed, without prejudice to legal obligations and protection of the rights of the company or the mistakenly accused person, or accused in bad faith. In all cases, the parties reporting in good faith are guaranteed against any form of retaliation, discrimination or penalisation.

In addition to the reports on general violations as above, the supervisory body must also be informed of the following information by the company departments who work with sensitive activities:

- a) Periodical results of controls carried out to implement the Model (summary reports on activities carried out, monitoring, performance indicators, etc).

- b) Anomalies or non-typical facts discovered in available information (a non-relevant fact if taken singly, may be more relevant if found to be repeated or an extension of the area of occurrence).

#### 4.5. Sending reports – Collection and storing of information

Reports can be sent in writing and in non-anonymous form, in the following modes:

- **e-mail:** [Odv231@tirrenia.it](mailto:Odv231@tirrenia.it):
- **Letter to the address:** Compagnia Italiana di Navigazione S.p.A., Organismo di Vigilanza 231, Rione Sirignano, 2 - 80121 NAPLES.

The information, reports, notifications etc foreseen in the Model are kept by the Supervisory Body in a specific file (computer or paper).

#### 4.6. Reporting by the Supervisory Body to the corporate bodies

The Supervisory Body will report on: (i) implementation of the Model, (ii) any critical aspects, (iii) need for amendments.

The reporting lines are follows are provided for:

- The first, on a continuous and informal basis, directly to the CEO;
- The second, on a periodical basis, to the Board of Directors, with the presence of the Board of Auditors.

## 5. CODE OF ETHICS

As part of the main and more general preventive protocols, the company has drawn up a document named Code of Ethics, the principles of which are made effective by adopting the Organisation, Management and Control Model, to integrate with itself.

The Code of Ethics is a document that contains a series of “company ethical” principles, that the company acknowledges as its own and which it intends to have observed by all the staff and those who, even if external to the company, cooperate for the pursuit of company goals.

In particular, the CIN Code of Ethics is also an expression of company health and safety in the workplace policy and indicates the vision, essential values and beliefs of the company in this realm.

CIN works for the diffusion of information on the regulations and rules of conduct and procedure to be observed within the company and towards parties that collaborate with the company, in order to ensure that the company business is carried out in observance of the main principles dictated by the Code of Ethics.

The Code of Ethics is periodically subject to verification, updating and expansion both in reference to new legislation and due to the changes in company operations and its internal organisation.

## 6. DISCIPLINARY/PENALTY PROVISIONS

### 6.1. Relevant legislation and conduct (notes)

Pursuant to article 6, paragraph 2, letter e) of the Decree, an essential requisite for the model to be configured as exemption is also the introduction of “.... *A disciplinary system that is suitable for penalising the non-observance of the measures indicated in the model*”. Therefore, effective implementation of the Model cannot be separated from the identification and provision of a penalty system that is adequate and proportional to the violations of the provisions in the model or the principles contained in the Code of Ethics.

Like the other provisions in the Model, the penalising system in question is also aimed at all company recipients and extends (by adoption of negotiating mechanisms as below) to third parties that operates on the company's behalf (within the limits described above). Therefore the system foresees adequate penalties for the different types of relations established with the company. In this prospect, penalising measures of a disciplinary nature and contractual/negotiation nature are foreseen that are applicable to the various offences to be considered that are, basically the adoption of measures that will affect more or less "significantly" (proportionally to the violation committed) the employment contract, the positions of company exponents and/or the different negotiation relationship established between the company and third parties.

It must be pointed out that in consideration of the importance and centrality of the Model, the violations of this system, in addition to damaging the company, compromise the trust between the company and employees and legitimise the imposition of disciplinary sanctions by the company.

The imposition of disciplinary sanctions is separate from the result of any criminal proceedings, as the Model's provisions and the Code of Ethics' rules of conduct are assumed by the company in a fully autonomous, independent manner from the offence that any conduct may cause and from the affirmation of responsibility ex Decree for the company that may derive from said conduct.

An immanent principle of the disciplinary sanction system is that of "proportionality" between the “transgressive” conduct and the penalising consequence. Within the realm of evaluating the principle of proportionality, the following parameters may be of help:

- The gravity of the violation, assessed based on the characteristics of the conduct, the consequences for the company both internally and with relations with third parties, and the circumstances in which the violation took place;
- The type of working relationship established with the “counterparty/worker” (subordinate, para-subordinate, executive etc) bearing in mind the specific regulations existing in legislation and contracts;
- Reiteration over time of “transgressive” conduct (of the principles in the Model the Code of Ethics or orders/directives issued by the company etc) or the existence of previous violations committed by the same subjects.

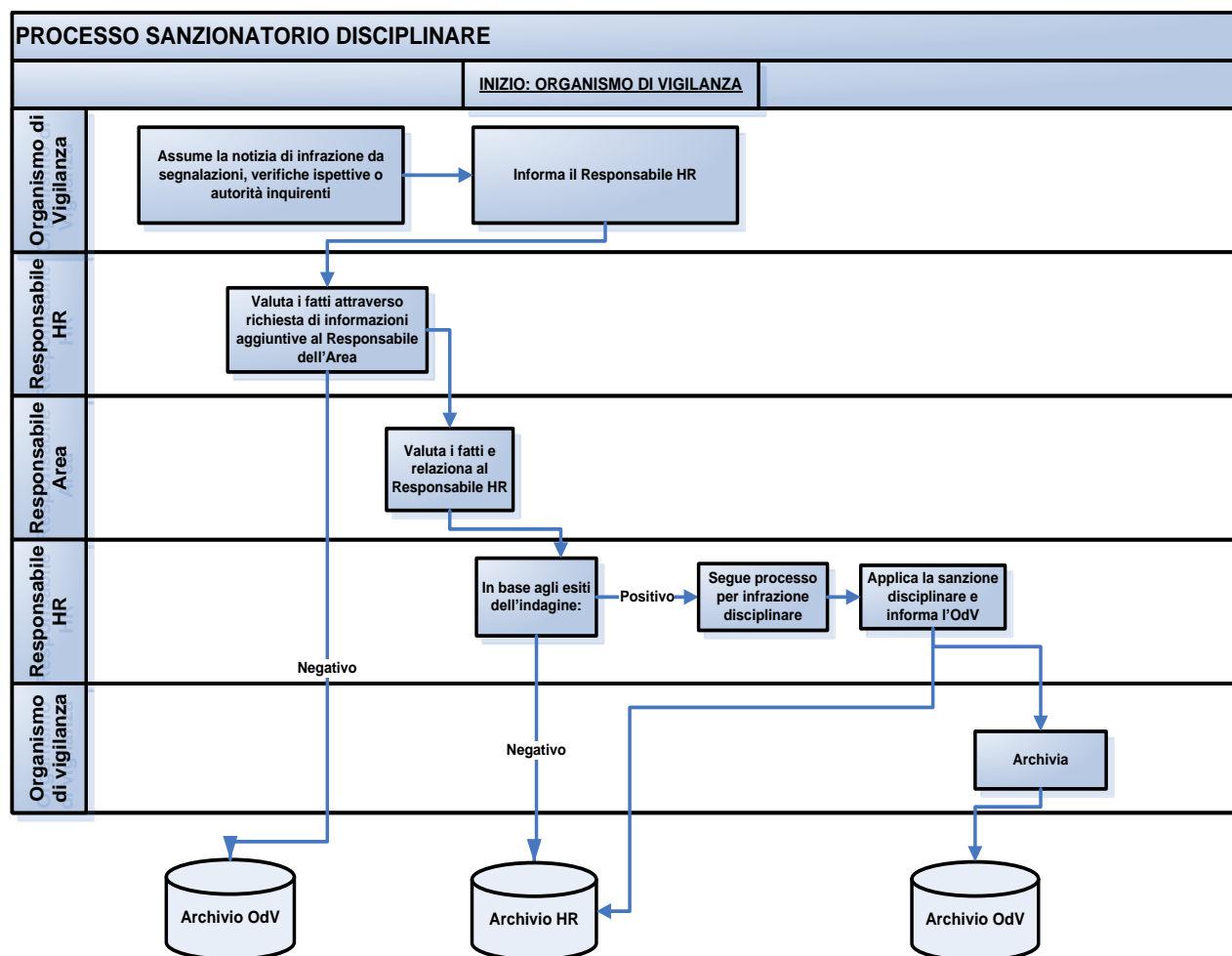
The company adheres to the National Collective Employment Contract for **maritime employees working in offices (CCNL 13.6.2007 ) and for embarked crews on passenger ships exceeding 50 TSL (CCNL 5.6.2007), hereinafter “CCNL”**). It is therefore necessary to generally refer to these provisions to identify the penalty measures connected with violations of the model by the recipients that are, to all effects, disciplinary offences.

From a procedural point of view, the provision set out in article 7 of law no. 300 dated 30th May 1970 (Workers' Statute) and contractual regulations as above are applied.

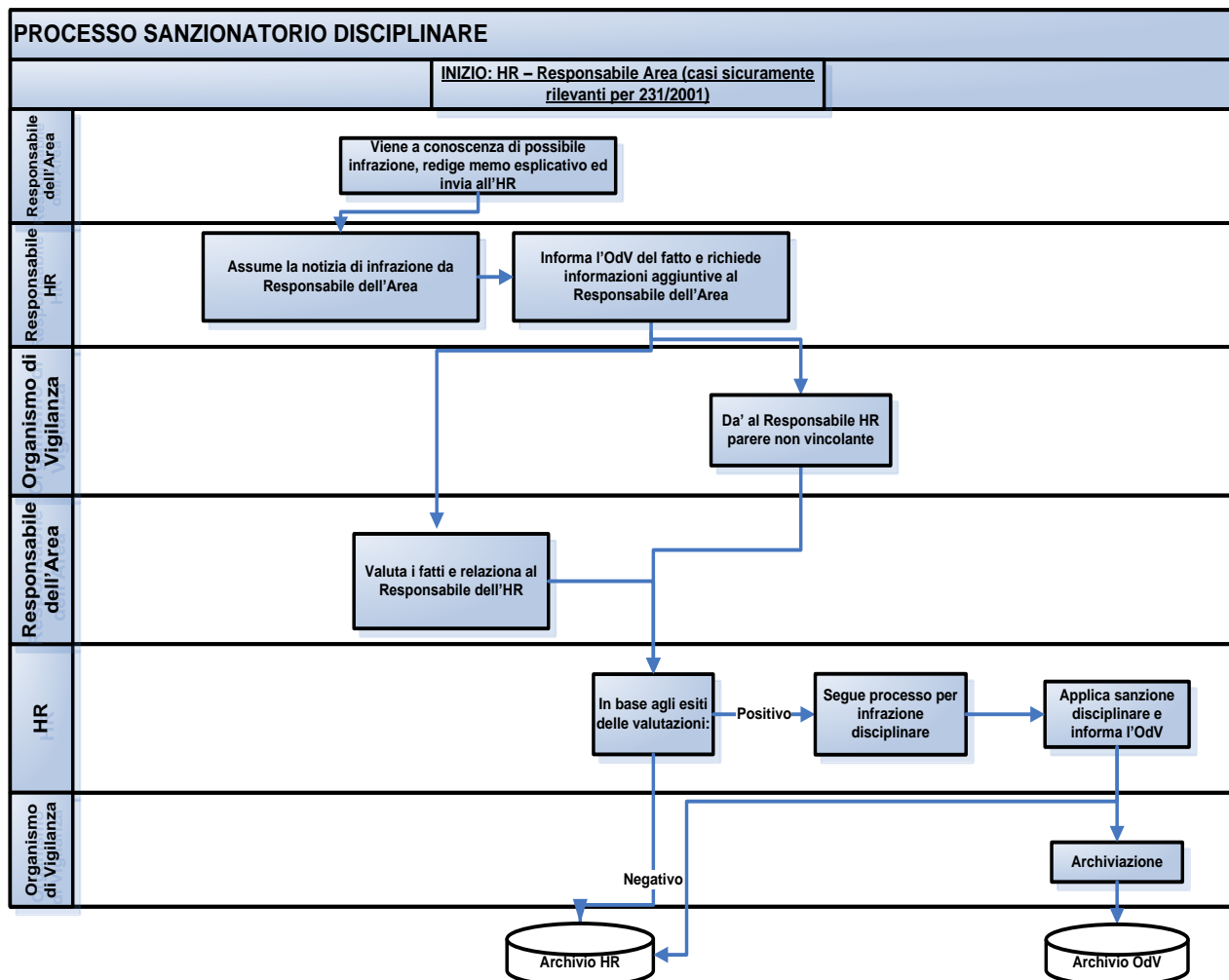
## 6.2. Disciplinary system structure

Below are diagrams of the procedural flows of the various forms of participation with which the Supervisory Body takes part in the disciplinary system and operational procedure for application of the disciplinary system depending on the various types of potential recipients and the different disciplinary sanctions.

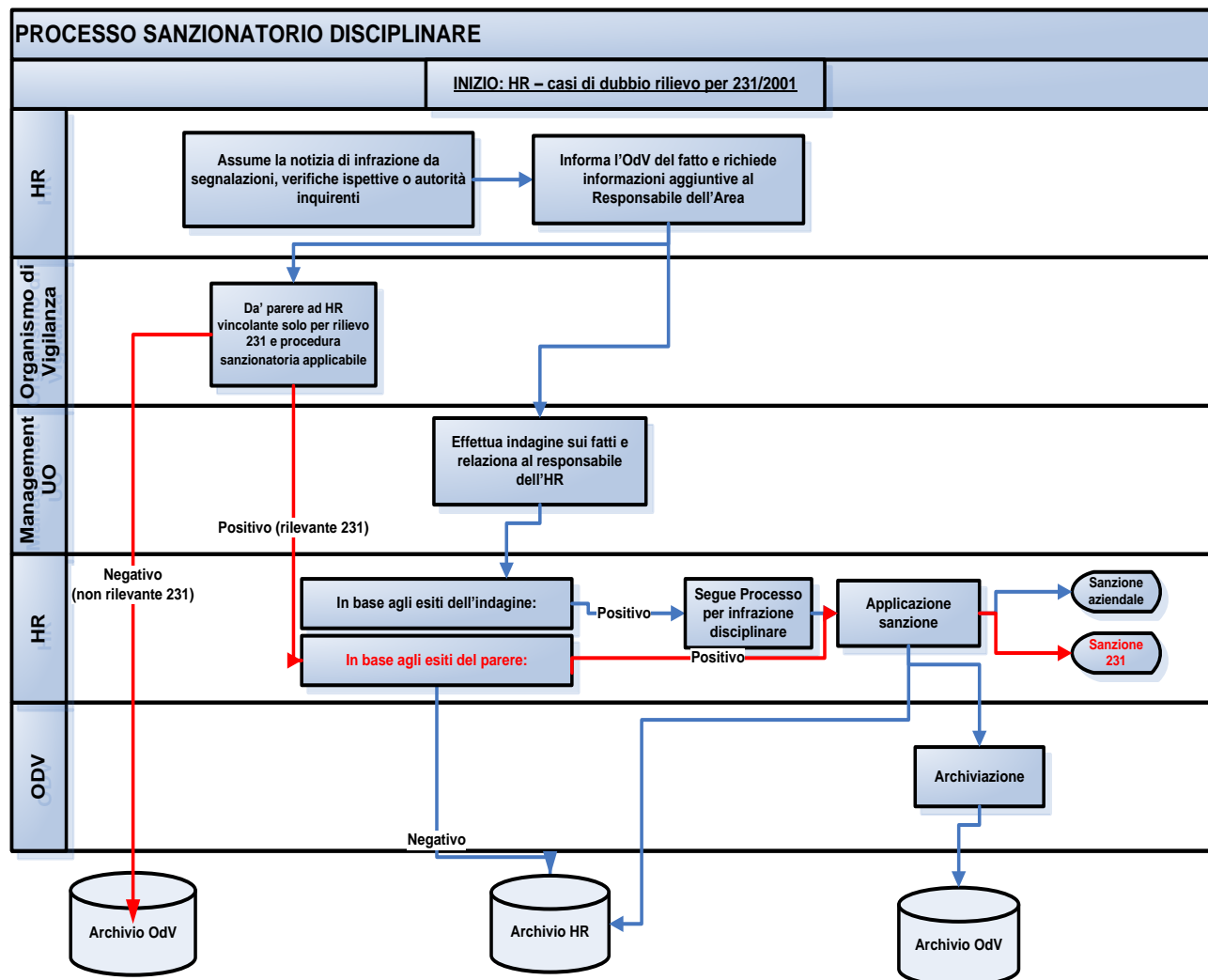
### a) Disciplinary sanction process flow – Beginning: Supervisory Body



**b) Disciplinary sanction process flow – Beginning: HR Manager/Area Manager (cases surely relevant pursuant to Leg. Decree 231/2001)**



**Disciplinary sanction process flow – Beginning: HR Manager/Area Manager (cases which may be relevant pursuant to Leg. Decree 231/2001)**



### 6.3. Provisions applicable to company workers – penalising measures

#### 6.3.1. Penalties for maritime workers working in offices (CCNL 13.11.2007)

Pursuant to the CCNL, the following penalties are applied:

1. **Blame attributed verbally for slight faults;** The penalty in question is imposed, for example, if the worker violates the rules of conduct described in the Code of Ethics and said violations are carried out while working on activities in areas other than the so-called “sensitive” areas, identified as important in the “map” of the activities most exposed to the risk of crime.
2. **Blame attributed in the event of reiteration of violations as set out in point 1).** The penalty in question will be imposed in the event of reiteration within the calendar year, for conduct penalised with the blame attributed verbally;



3. **A fine not exceeding the amount of three hours of normal remuneration;** The penalty in question will be imposed, for example, in the hypothesis that the employee:
  - Violates or omits to observe company procedures, rules of conduct foreseen in the Code of Ethics and/or provisions from the Model, in reference to activities that come under the realm of areas identified as areas at risk of Crime;
  - In violation of the duty of diligence, he omits to inform the Supervisory Body about any anomalies found in the management or in the conduct of others, that may cause the onset of penal risks regarding the Decree;
4. **Suspension of remuneration and service for a maximum of 5 days. The penalty in question will be inflicted** in the event of reiteration, in the calendar year, for conduct punished by fines.;
5. **Disciplinary termination without notice and with other reasonable and legal consequences.** In application of the legal and national collective contract provision and, however, in observance of the procedural regulations placed in act to protect workers, the penalty of dismissal will be imposed without notice and with the other reasonable and legal consequences, for example, if the employees carries out conduct not compliant with the provisions of the model and/or the rules of conduct of the Code of Ethics while carrying out an activity in one of the areas identified as being at risk of crime and violating the duties set by the internal directives and procedures:
  - Committing one of the crimes set out in the decree;
  - Directed unequivocally at committing one of the crimes set out in the decree;
  - Such as to bring about the actual application of measures on the company that are foreseen by the decree, also as a precautionary measure.

#### **6.3.2. Penalties for maritime employees as in the contract for embarking crews on passengers ships of more than 50 TSL (CCNL 5.6.2007)**

Pursuant to the CCNL, the following penalties are applied:

1. **Blame attributed in writing** if the worker violates the rules of conduct described in the Code of Ethics and said violations are carried out while working on activities in areas other than the so-called “sensitive” areas, identified as important in the “map” of the activities most exposed to the risk of crime.
3. **Fine to an amount not exceeding the amount of 10 hours of normal remuneration** (calculated divided by 240 and considering remuneration as the one indicated in point 1 of article 65 of the CCNL). The penalty in question will be imposed, for example, in the hypothesis that the employee:
  - Violates or omits to observe company procedures, rules of conduct foreseen in the Code of Ethics and/or provisions from the Model, in reference to activities that come under the realm of areas identified as areas at risk of Crime;
  - In violation of the duty of diligence, he omits to inform the Supervisory Body about any anomalies found in the management or in the conduct of others, that may cause the onset of penal risks regarding the Decree;
4. **Suspension from remuneration and from the shift and from the CRL list for a maximum of 2 months.** The penalty in question will be inflicted in the event of reiteration within the calendar year, for conduct penalised with the fine;



5. **Disciplinary dismissal without notice and termination of embarkation contract and/or cancellation from the CRL list with other reasonable and legal consequences.** In application of the legal and national collective contract provision and, however, in observance of the procedural regulations placed in act to protect workers, the penalty of dismissal will be imposed without notice and with the other reasonable and legal consequences, for example, if the employees carries out conduct not compliant with the provisions of the model and/or the rules of conduct of the Code of Ethics while carrying out an activity in one of the areas identified as being at risk of crime and violating the duties set by the internal directives and procedures:

- Committing one of the crimes set out in the decree;
- Directed unequivocally at committing one of the crimes set out in the decree;
- Such as to bring about the actual application of measures on the company that are foreseen by the decree, also as a precautionary measure.

### 6.3.3. Penalties for executives (industrial company executive managers (27.4.1995)

In the hypothesis of violation of the provisions in the model or the adoption of conduct that is not compliant with the provisions of the model or the code of ethics by executive staff while carrying out activity in the so-called sensitive areas, the provisions stated in article 7 of the Workers' Statute will be followed (therefore adhering to the guidelines of the Court of Cassation that believe the *de qua* law to also be applicable to executive management).

The penalties listed below may therefore be imposed:

1. **Fines;**
2. **suspension, in the hypothesis given below as an example but not limited thereto:**
  - The subject who, in the areas identified as being at risk of crime, behaves in a way not compliant with the provisions of the model or the code of ethics or violates the internal procedures adopted by the company, must be suspended from work for an adequate period of time compared to the relevance of the perpetrated violation, but in all cases for no longer than 10 days. The imposition of the *de qua* penalty will also be accompanied by the corresponding deduction of the amount from the salary;
3. **dismissal, in the hypothesis given below as an example but not limited thereto:**
  - The subject who behaves in such a non-ambiguous way aimed at committing one of the crimes penalised by the decree, will be dismissed (also without notice, ex art 2119 of the Italian Civil Code).

In all cases, the disciplinary provisions that are more serious than a verbal warning cannot be applied before five days have passed from the contestation in writing of the deed that has caused it.

## 6.4. THE OTHER PENALTIES

#### ***6.4.1. Provisions applicable to the company directors and auditors***

In the event that the subjects who behave in contrast with and in violation of the provisions of the model and/or the rules of conduct in the code of ethics are the members of the company's board of directors or board of auditors, the other members of the company bodies stated or anyone learning of the violation must promptly inform the Supervisory Body, which in turn, having verified the validity of the report without delay, must then promptly inform the entire board of directors and board of auditors of the event, so that provisions can be taken (revocation etc).

#### ***6.4.2. Provisions applicable to the members of the company Supervisory Body***

In the event of violation of the provisions of the model and the rules of conduct contained in the code of ethics by one or more members of the Supervisory Body, the other members must notify the board of directors of the occurrence of the violation without delay. The board of directors, after consulting with the board of auditors, must adopt the suitable provisions according to law.

#### ***6.4.3. Provisions applicable to third parties who hold relations with the company***

The disciplinary system towards third parties can only act on contracts, with the placing of clauses in contracts that are important for the company<sup>21</sup> (e.g. termination in the company's favour) that impose the obligation of observing the rules in the code of ethics, the principles arising from the model and/or procedures, also computer procedures, as adopted by the company for the counterparty, (with the penalty, otherwise, for example, of the automatic termination of the contract and the possible request for compensation in the event that, the company suffers damage due to the counterparty's conduct<sup>22</sup>). A specific procedure is adopted by the company.

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<sup>21</sup> If possible, a specific addendum must be specified for contracts already signed on the date of approval of the herein model.

<sup>22</sup> In the body of text of the contract, where possible, a clause will also be entered that, within the limits allowed by the law in force, awards the company the right to proceed with a request for compensation for damage suffered if the counterparty's conduct, also relevant to the decree, causes damage to the company.

## 7. DISSEMINATION OF THE MODEL – TRAINING AND INFORMATION

### 7.1. Training and information for the recipients of the Model

The direct recipients of the model will be promptly trained and informed about:

- The content of the decree;
- The content of the Model and the Code of Ethics and any updates to said documents;
- The adopted company procedures, and
- Everything that can contribute and be used to guarantee transparency in the company's activity.

The Model and the Code of Ethics are notified to all employees via publication of the relative news in a shared folder created specifically and updated by the Internal Audit department manager. This communication is repeated whenever the Model is updated.

The Model, Code of Ethics, Decree and any updates, and any other important information/document for the purpose of preventing the crimes are placed in the afore-mentioned shared folder.

Suitable contractual clauses are drawn up (the competent company departments) to be included in the relative contracts so that each employee and collaborate explicitly accepts their own commitments deriving from the Code of Ethics and the Model<sup>23</sup>.

Also, with collaboration from the Supervisory Body and the other company department managers, specific training will be organised. Specifically, dissemination, which aims to provide the correct understanding of the Model and the values contained therein, will be implemented generally, but also the adoption of special information techniques and specific courses for those people who carry out functions in the sectors that are considered to be at risk of committing of the crimes in question.

Training and information must be complete, accurate and accessible and will be repeated at intervals, promptly if for any reason the model is amended as it is no longer adequate and/or efficient for the company (due to, for example, an evolution in legislation and/or amendments to the company structure that impact the efficacy and adequacy of the Model). Any update to the previously adopted Model will therefore bring about new information and training that, depending on the extent of the modifications, will translate into new courses, operational manuals, internal circulars etc.

The appointed manager, in collaboration with the managers from other company areas and with the Supervisory Body, will monitor the information activity to make sure it is adequate and to manage training. Also, communication and training are supervised and integrated by the Supervisory Board that also has the task of "promoting and defining the initiatives for the diffusion of knowledge and understanding of the model, and also for staff training and the increasing of awareness of observation the model among staff" and to "promote and process communication and training on the contents of Leg. Decree 231/2001, on the impacts of the legislation on company activity and on rules of conduct".

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<sup>23</sup> See Confindustria Guidelines too. Also, on this matter, doctrine suggests that newly hired staff can be given an information set, which ensures they are aware of the matters of primary importance. This information set must also contain a copy of the Model and the Decree, in addition to documents normally handed to the newly hired employee. Employees must issue the company with a signed declaration that they have received the information set, and that they have full knowledge of the attached documents and undertake to observe the provisions therein.

## **7.2. Information for third parties holding relation with the company**

According to the Guidelines “... it is absolutely necessary to foresee information and advertising...” of the Model and code of Ethics “... also for external collaborators (promoters, agents, consultants and outsourcers...etc) in different ways... differentiated according to the type of contract and the type of activity carried out in reference to the risks of predicate crime” ex Decree.

In light of these indication, the managers of the relevant company departments (or the subjects who may have been delegated by the latter) provide (also using computers) the subjects with whom the company has significant contractual relations for its operations, with information about the principles set out in the Model and the content of the code of Ethics. As part of the information to these subjects, due emphasis will also be placed on contractual clauses entered in the specific contracts, aimed at combating the assumption of conduct that violates the principles of the afore-mentioned documents or the company directives or in violation of the current laws in force.