

# **THE ITALIAN SEA GROUP S.P.A.**

**ORGANISATION, MANAGEMENT AND  
CONTROL MODEL**

**PURSUANT TO ITALIAN LEGISLATIVE  
DECREE No. 231/2001**

## **GENERAL SECTION**

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# 1. THE REFERENCE REGULATORY FRAMEWORK

## 1.1. Italian Legislative Decree No. 231 of 08 June 2001

In execution of the delegation referred to in Act 29 September 2000, no. 300, with Italian Legislative Decree 08 June 2001 no. 231 (the “**Decree**”), concerning the “*Regulation for the administrative liability of legal entities, companies and associations, including those without legal personality*”, the Italian Regulator has adapted Italian regulations concerning the liability of legal entities to some International Convention previously undersigned by the Italian State.

Putting an end to an animated doctrinal debate, the delegated Regulator has therefore surpassed the principle according to which *societas delinquere non potest*, introducing a principle of administrative liability similar to criminal liability towards all entities equipped with legal personality, companies and associations even without (which will be referred to collectively as “Entities” and individually as “Entity”), excluding the State, the local public entities, those public entities not economic in nature and those carrying out constitutional functions. Such liabilities come to be in the hypothesis that there exists some form of crime being committed, **in the interest or benefit of the Entities themselves**, from, as specified in art. 5 of the Decree:

- i) Individuals covering representative, administrative or directing functions in the Entity or in one of its organizational units provided with financial and functional autonomy, as well as all individuals who exercise, de facto, the management and control of the Entity itself (as known as “**individuals in a senior position**”);
- ii) Individuals subjected to the direction and control of one of the individuals referenced previously (as known as “**individuals under another’s direction**”).

On the meaning of the terms “interest” and “benefit”, the government Report attached to the Decree attributes to the former a subjective value, referencing the will of the actor (natural person) committing the crime (such person should have acted with the purpose to realize a specific interest of the entity), whereas the former has an objective value, referring to the effective results of the conduct (that is, the cases in which the author of the crime, although without any particular interest in mind, realizes a benefit for the Entity itself).

However, regarding criminal negligence in terms of health and safety, it is unlikely that the

harmful event or the death of an employee could be of interest or a benefit for the entity in any way. Thus, in such cases, the interest or benefit should refer to the negligent behaviour towards precautionary measures. This way, the interest or benefit of the entity can be represented by cutting down safety costs, boosting performance speed or increasing productivity at the expense of accident prevention measures.

Therefore, the Company is not liable, for according to the law (art. 5, p. 2 Decree), if the aforementioned individuals have acted in their own exclusive interest or in the interest of third parties.

It is appropriate to specify that not all crimes committed by the aforementioned individuals imply an administrative liability for the Entity, as only a specific type of crime is considered relevant (so-called predicate offences).

## **1.2. Offences and crimes determining administrative liabilities**

The following indicates the list of crimes and administrative offences which are currently relevant according to Legislative Decree 231/2001.

### **a) Offences committed in relations with public administration (Art. 24 and 25 of the Decree)**

- Embezzlement (limited to the first comma) (art. 314 p.c.)
- Embezzlement by profiting from the errors of others (art. 316 p.c.)
- Embezzlement at the expense of the State (art. 316-bis p.c.).
- Unlawful appropriation of funds at the expense of the State (art. 316-ter p.c.)
- Bribery (art. 317 p.c.)
- Corruption for exercise of function (art. 318 p.c. – art. 321 p.c.)
- Corruption for an act opposing official duties (art. 319 p.c. – art. 319-bis p.c. – art 321 p.c.)
- Corruption in court records (art. 319-ter p.c., p. 2 – art. 321 p.c.)
- Undue induction to give or promise benefits (art. 319-quarter p.c.)
- Corruption of a person in charge of a public service (art. 320 p.c.)
- Penalty for the corruptor (art. 321 p.c.)
- Incitement to corruption (art. 322 p.c.)
- Embezzlement, bribery, undue induction to give or promise benefits, corruption and

incitement to corruption of members of International Courts or bodies of European Communities or international parliamentary assemblies or international organisations and officials of European Communities or foreign States (Art. 322-bis p.c.)

- Abuse of office (art. 323 p.c.)
- Public procurement fraud (art. 356 p.c.)
- Fraud at the expense of the European Agricultural Fund (Art. 2. L. 23/12/1986, n.898)
- Fraud at the expense of the State or another public entity or with the pretence of exonerating one from military service (art. 640-ter p.c., p. 2, n. 1)
- Aggravated fraud for the achievement of public disbursement (art. 640-bis p.c.)
- Cyber fraud damaging the State or other public entity (art. 640-ter p.c.)
- Trafficking of unlawful influences (Art. 364-bis p.c.).

**b) Cybercrimes and unlawful data processing (Art. 24-bis of the Decree)**

- Forgery in public documents or documents having probative value (Art. 491-bis p.c.);
- Unauthorised access to an IT or telematic system (Art. 615-ter p.c.)
- Unlawful detention and dissemination of access codes to IT or telematic systems (art. 615-quater p.c.)
- Diffusion of equipment, devices or computer programs aimed at damaging or interrupting an IT or telematic system (Art. 615-quinquies p.c.)
- Unlawful interception, prevention, or interruption of IT or telematic communication (Art. 617-quater p.c.)
- Installation of devices aimed at intercepting, preventing or interrupting IT or telematic communication (art. 617-quinquies p.c.)
- Damage of IT information, data, or programs (art. 635-bis p.c.)
- Damage of IT information, data or programs utilised by the State or any public entity or, in any case, of public utility (art. 635-ter p.c.)
- Damage of IT or telematic systems (Art. 635-quater p.c.)
- Damage of IT or telematic systems for public use (Art. 635-quinquies p.c.)
- Cyber fraud of the subject offering certification services for electronic signatures (Art. 640-quinquies p.c.)
- Violation of regulations regarding the national cybersecurity perimeter (Art 1, comma 11, Legislative Decree 21 September 2019, n.105).

**c) Counterfeit of currency, public credit cards and stamp values (Art. 25-bis of the Decree)**

- Counterfeit currency, spending, and premeditated introduction in the State of counterfeit currency (art. 453 p.c.)
- Alteration of currency (art. 454 p.c.)
- Spending or introduction into the State of counterfeit money, not in concert with others (art. 455 p.c.)
- Spending of counterfeit money received in good faith (art. 475 p.c.)
- Counterfeit of stamp values, introduction in the State, purchasing, possession, or circulation of counterfeit stamp values (art. 459 p.c.)
- Counterfeiting of watermarked paper used to produce public papers and official stamps (art. 460 p.c.)
- Production or possession of thread marks or instruments used to counterfeit money, official stamps, or watermarked paper (art. 461 p.c.)
- Use of counterfeit or altered stamp values (art. 464 p.c.)
- Counterfeit, alteration, or use of marks or distinctive signs as well as patents, models, and designs (Art. 473 p.c.)
- Smuggling in the state and trading of forged products (Art. 474 p.c.)

**d) Crimes against industry and commerce (art. 25-bis of the Decree)**

- Disturbed freedom of the industry or trade (art. 513 p.c.)
- Unlawful competition with threat or violence (art. 513-bis p.c.)
- Fraud against national industries (art. 514 p.c.)
- Fraud in exercise of trade (art. 515 p.c.)
- Sale of non-genuine food, representing it as genuine (art. 516 p.c.)
- Sale of industrial goods with false marks (art. 517 p.c.)
- Production and trade of goods through the abuse of industrial property rights (art. 517-ter p.c.)
- Counterfeit of geographical indications or designations of origin of food products (art. 517-quarter p.c.)

**e) Corporate offences (Art. 25-ter of the Decree)**

- False corporate communications (art. 2621 c.c.)

- Minor events (art. 2621-bis c.c.)
- False corporate communications of listed companies (art. 2622 c.c.)
- Obstruction of control (art. 2625 c.c.)
- Undue repayment of capital contributions (art. 2626 c.c.)
- Unlawful distribution of utilities and reserves (art. 2627 c.c.)
- Unlawful operations on stock or shares or the controlling company (art. 2628 c.c.)
- Transactions to the detriment of creditors (art. 2629 c.c.)
- Failure to notify conflict of interest (art. 2629-bis c.c.)
- Fictitious capital formation (art. 2632 c.c.)
- Improper distribution of corporate assets by liquidators (art. 2633 c.c.)
- Corruption among private entities (art. 2635, third paragraph)
- Incitement to corruption among private entities (art. 2635-bis c.c.)
- Unlawful influence on the assembly (art. 2636 c.c.)
- Insider trading (art. 2637 c.c.)
- Obstruction of the functions of public auditing authorities (art. 2638)

**f) Crimes aiming at terrorism or disruption of democracy (Art. 25-quater of the Decree)**

- Art. 2 of the international convention for the repression of terrorism financing subscribed in New York on 9.12.1999 (art. 270-bis, 270-ter, 270-quarter, 270-quinquies, 270-sexies, 280, 280-bis, 302 p.c.)

**g) Offences of female genital mutilation practices (Art. 25-quater1 of the Decree)**

- Female genital mutilation practices (art. 583-bis p.c.)

**h) Offences against the individual (Art. 25-quinquies of the Decree)**

- Enslavement (art. 600 p.c.)
- Underage sex trafficking (art. 600-bis p.c.)
- Child pornography (art. 600-ter p.c., commas 1 and 2)
- Possession of pornographic material (art. 600-quater p.c.)
- Virtual pornography (Art. 600-quater1 p.c.)
- Tourism initiatives aimed at exploiting underage sex trafficking (Art. 600-quinquies p.c.)
- Human trafficking (Art. 601 p.c.)
- Purchase or sale of slaves (Art. 602 p.c.)

- Unlawful intermediation and exploitation of labour (Art. 603-bis p.c.)
- Grooming of minors (Art. 609-undecies p.c.)

**i) Market Abuse (Art. 25-sexies of the Decree)**

- Abuse or unlawful disclosure of privileged information. Recommendation or incitement of others to commit abuse of privileged information (Art. 184 TUF)
- Market manipulation (Art. 185 TUF)

**i.1) Market abuse (offences ex 231 not included in the *corpus* of the Decree de quo Legislative Decree 24/02/1998 No. 58)**

- Liability of the Entity (Art. 187-quinquies L. 58/98)

**j) Organised crime offences (Art. 24-ter Legislative Decree 231/01)**

- Criminal organisation (Art. 416 p.c.)
- Mafia-type criminal associations, even foreign ones (Art. 416-bis p.c.)
- Bargaining of votes between politicians and members of Mafia (Art. 416-ter p.c.)
- Kidnapping aimed at robbery or extortion (Art. 630 p.c.)
- Criminal association aimed at unlawful trafficking of drugs or psychotropic substances (Art. 74 of DPR 309/90, comma 7-bis as added by Legislative Decree No. 202/2016)
- Unlawful production, smuggling, sale, disposal, possession or carrying in public places or places open to the public of war or war-type weapons or parts of them, explosives, illegal weapons as well as common firearms (Art. 407, comma 2, letter a), number 5), p.c.)

**k) Transnational Offences (L. 146/2006)**

Law n.146 of 16 March 2006, concerning the “ratification and execution of the Convention and Protocols of the United Nations against organized transnational crime”, published in the Official Gazette on 11 April 2006 (effective from 12 April 2006), states that the Entity is responsible for the realization of a “transnational crime”, that is a crime:

- Committed in more than one State
- Committed in a State, when a major portion of its preparation, planning, direction, or control happened in a different State
- Committed in a State, when in such crime is implied the involvement of an organized criminal group carrying out criminal activities in more than one State

- Committed in a State, but with significant effects on another State
- Punished with reclusion for at least four years, whenever an organized criminal group is involved.

The following are the predicate offences for the object categories:

- Criminal organisation, of simple nature and mafia-type (art. 416 and 416-bis p.c.)
- Association aimed at smuggling of foreign tobaccos (art. 291-quater Single text referred to in the Italian Presidential Decree no.43 of 23 January 1973)
- Association aimed at unlawful trafficking of drugs or psychotropic substances, in the event in which it assumes transnational nature as per Art. 3 of Law no. 146/06 (Art. 74 of the Single Text referred to in the Italian Presidential Decree no. 309 of 9 October 1990)
- Inducement not to report or report mendacious statement to judicial authorities (Art. 377-bis p.c.)
- Human trafficking of immigrants (art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the Single text referred to in the Legislative Decree n. 286 of 25 July 1998, and subsequent modifications)
- Dispositions against unlawful immigrations, in the event in which they assume transnational nature as per Art. 3 of Law No. 146/06 (Art. 12, commas 3, 3-bis, 3-ter and 5, of the Single Text referred to in the Legislative Decree n. 286 of 25 July 1998, and subsequent modifications)
- Personal abetting (Art. 378 p.c.).

**l) Offences of manslaughter or negligently causing personal injuries committed in violation of safety regulations and the protection of hygiene and health in the workplace (Art. 25-septies of the Decree)**

- Manslaughter (art. 589 p.c.)
- Personal injuries caused by negligence (Art. 590, comma 3, p.c.)

**m) Offences of receiving stolen goods, money laundering and use of money, goods, or benefits of illicit origin, as well as self-laundering (Art. 25-octies of the Decree)**

- Receiving stolen goods (Art. 648 p.c.)
- Money laundering (Art. 648-bis p.c.)

- Use of money, goods, or benefits of illicit origin (art. 648-ter p.c.)
- Self-laundering (Art. 648-ter1 p.c.)

**n) Offences regarding non-cash payment instruments (art. 25-octies1 of the Decree)**

- Unlawful use and counterfeit of non-cash payment instruments (art. 493-ter p.c.)
- Possession and disclosure of equipment, devices or IT programs aimed at committing offences regarding non-cash payment instruments (Art. 493-quater p.c.)

**o) Offences related to copyright infringement (Art. 25-novies of the Decree)**

Regarding the criminal protection of industrial property rights, Art. 15, comma 2, of Law no. 99 of 23 July 2009, has eventually integrated in Legislative Decree no. 231/2001 Art. 25-novies, which extends Entities' administrative liabilities to the following offences in compliance with Law no. 633 of 22 April 1941:

- 171, first comma, letter a-bis), and third comma
- 171-bis
- 171-ter
- 171-septies
- 171-octies
- 174-quinquies.

**p) Offences of inducement to not report or report false statements to judicial authorities (Art. 25-decies of the Decree)**

- Inducement to not report or report false statements to judicial authorities (Art. 377-bis p.c.)

**q) Environmental offences (Art. 25-undecies of the Decree)**

- Intentional pollution by ships (Legislative Decree 202/07, Art. 8, comma 1)
- Accidental pollution with particularly significant damages to the quality of water, to animal or vegetable species or to parts of them (Legislative Decree 202/07, art. 9, commas 1-2)
- Intentional pollution by ships causing permanent damages or particularly significant damages (Legislative Decree 202/07, article 8, commas 1-2)
- Unauthorised waste management activities (Legislative Decree 152/2006, art. 256 commas 1-3, 5-6)
- Pollution of the soil, subsoil, surface waters or groundwaters (land reclamation) (Legislative

Decree 152/2006, art. 257 commas 1-2)

- Violation of reporting obligation, keeping of compulsory registers and forms (Legislative Decree 152/2006, art. 258 comma 4)
- Unlawful waste trafficking (Legislative Decree 152/2006, art. 259 comma 1)
- Violations regarding waste tracking (Legislative Decree 152/2006, art. 260-bis commas 6-8)
- Violations regarding emissions (Legislative Decree 152/2006, art. 279 commas 2-5)
- Environmental pollution (Art. 452-bis p.c.)
- Environmental disaster (Art. 452-quater p.c.)
- Accidental offences against the environment (accidental environmental pollution and environmental disaster) (Art. 452-quinquies p.c.)
- Trafficking and disposal of highly radioactive materials (art. 452-sexies p.c.)
- Aggravating circumstances (Aggravated associative offences, criminal organisation and mafia-type criminal organisation aggravated in terms of offences against the environment) (art. 452-octies p.c.)
- Organised activities aimed at unlawful waste trafficking (Art. 452-quaterdecies p.c.)
- Killing, destruction, capture, collection, possession of protected wildlife or plant species (Art. 727-bis p.c.)
- Destruction or deterioration of habitats within a protected location (art. 733-bis p.c.)
- Import, export, possession, use for profit, purchase, sale, display or possession of protected species for sale or for commercial reasons (Art. 1 commas 1 and 2; Art. 2 commas 1 and 2; Art. 3-bis comma 1; Art. 6 comma 4 of Law no. 150 of 7 February 1992)
- Violations related to the use of harmful substances (Art. 3 comma 6, Law n. 549 of 28 December 1993)
- Violations related to authorisations for industrial wastewater (Art. 137 commas 2, 3, 5, 11 and 13 of Legislative Decree 152/2006)
- Offences against the environment (Law no. 68 of 22 May 2015, so called “Eco-crimes Law”)

**r) Offences of employment of illegally staying third-country nationals (Art. 25-duodecies of the Decree)**

- Employment of illegally staying third-country nationals (Art. 22 comma s12, 12-bis of Legislative Decree no. 286 of 25 July 1998)
- Provisions against illegal immigration (Art. 12, commas 3, 3-bis and 3-ter, 5 of Legislative Decree no. 286 of 25 July 1998)

**s) Offences of racism and xenophobia (Art. 25-terdecies of the Decree)**

- Propaganda and incitement to commit crimes for reasons of racial, ethnic, and religious discrimination (Art. 604-bis p.c.)

**t) Offences of fraud in sporting competitions, abusive gambling or betting and gambling carried out through prohibited equipment (Art. 25-quaterdecies of the Decree)**

- Fraud in sporting events (Art. 1 Law no. 401 of 13 December 1989)
- Unlawful exercise of gambling or betting activities (Art. 4 Law no. 401 of 13 December 1989)

**u) Tax offences (Art. 25-quinquiesdecies of the Decree)**

- Fraudulent declaration using invoices or other documents for non-existent operations determining false liabilities equal or superior to 100,000 Euros (Art. 2 commas 1 and 2 of Legislative Decree no. 74 of 10 March 2000)
- Fraudulent declaration using other artifices (art. 3 of Legislative Decree no. 74 of 10 March 2000)
- Tax misrepresentation (Art. 4 of Legislative Decree no. 74 of 10 March 2000)
- Non-declaration of tax (Art. 5 of Legislative Decree no. 74 of 10 March 2000)
- Issuance of invoices or other documents for non-existent operations for amounts equal or over 100,000 Euros (Art. 8 commas 1 and 2-bis of Legislative Decree no. 74 of 10 March 2000)
- Concealment or destruction of accounting documents (Art. 10 of Legislative Decree no. 74 of 10 March 2000)
- Undue compensation (Art. 10-quater of Legislative Decree no. 74 of 10 March 2000)
- Fraudulent subtraction to tax payment (Art. 11 of Legislative Decree no. 74 of 10 March 2000)

**v) Smuggling offences (Art. 25-sexdecies)**

- Smuggling in the movement of goods across land borders and customs areas (Art. 282 of Italian Presidential Decree no. 43/1973)
- Smuggling in the movement of goods across border lakes (Art. 283 of Italian Presidential Decree no. 43/1973)
- Smuggling in the maritime movement of goods (Art. 284 of Italian Presidential Decree no.

43/1973)

- Smuggling in the movement of goods by air (Art. 285 of Italian Presidential Decree no. 43/1973)
- Smuggling in non-customs areas (Art. 286 of Italian Presidential Decree no. 43/1973)
- Smuggling for the improper use of goods imported with special customs terms (Art. 287 of Italian Presidential Decree no. 43/1973)
- Smuggling in customs warehouses (Art. 288 of Italian Presidential Decree no. 43/1973)
- Smuggling in cabotage and in traffic (Art. 289 of Italian Presidential Decree no. 43/1973)
- Smuggling in the export of goods eligible to be returned by law (Art. 290 of Italian Presidential Decree no. 43/1973)
- Smuggling through temporary imports or exports (article 291 of Italian Presidential Decree no. 43/1973)
- Smuggling foreign-made tobacco (article 291-bis of Italian Presidential Decree no. 43/1973)
- Aggravating circumstances of the offence of smuggling foreign-made tobacco (article 291-ter of Italian Presidential Decree no. 43/1973)
- Criminal association aimed at smuggling foreign-made tobacco (article 291-quater of Italian Presidential Decree no. 43/1973)
- Other cases of smuggling (article 292 of Italian Presidential Decree no. 43/1973)
- Aggravating circumstances of smuggling (article 295 of Italian Presidential Decree no. 43/1973).

In relation to the aforementioned offences, it is relevant to highlight how, in the risk monitoring activity reported in the Special Section of this Mode, the “sensitivity” of the areas and company processes in relation to each predicate offence foreseen by the regulation has been evaluated following the identification of the cases which can effectively occur in reference to the Company’s operating management, focusing the risk assessment activity and specifically directing based on the regulatory requirements.

**w) Offences against cultural heritage (Art. 25-septiesdecies of the Decree)**

- Cultural property theft (Art. 518-bis p.c.)
- Embezzlement of cultural property (Art. 518-ter p.c.)
- Receiving stole cultural property (Art. 518-quater p.c.)
- Falsification in private writing related to cultural property (Art. 518-octies p.c.)
- Violation regarding sale of cultural property (Art. 518-novies p.c.)

- Unlawful import of cultural property (Art. 518-decies p.c.)
- Unlawful removal or export of cultural property (Art. 518-undecies p.c.)
- Destruction, dispersion, deterioration, disfigurement, defacing and unlawful use of cultural or landscape heritage (Art. 518-duodecies p.c.)
- Forgery of artworks (Art.518-quaterdecies p.c.)

**x) Laundering of cultural goods and destruction and looting of cultural and landscape heritage (Art. 25-duodevicies)**

- Laundering of cultural goods (Art. 518-sexies p.c.)
- Destruction and looting of cultural and landscape heritage (Art. 518-terdecies p.c.)

**1.3. Offences committed abroad**

According to what explicitly established by the Decree, **THE ITALIAN SEA GROUP S.P.A.** (“**TISG**” or the “**Company**”) can be held accountable by the Italian Government for offences committed abroad. Such accountability is based on the following assumptions:

- a) The offence must be committed abroad by a subject functionally linked to the Company
- b) The Company needs to have its registered office in the territory of the Italian State and is liable only in the cases and conditions indicated in art. 7, 8, 9 and 10 of p.c. if the State in which the crime was committed does not act against it.

**1.4. Sanctions provided for in the Decree**

In the hypothesis in which the subjects indicated in art. 5 of the Decree commit one of the crimes referred in art. 24 ff. of the Decree itself or those referred in the special regulation, the Entity can undergo the imposition of heavy sanctions.

In accordance with art. 9 these sanctions, also known as administrative sanctions, are divided into:

- I. Financial penalties
- II. Disqualifying sanctions
- III. Confiscation
- IV. Publication of the judgment

From a general perspective, it is appropriate to specify that the Entity’s accountability, as well as

the determination of the *an* and the *quantum* of the sanction, are attributed to the criminal Judge in charge of the procedure related to the crimes which pertain to the administrative responsibility.

The Entity is considered responsible for the crimes identified in art. 24 ff. (with the exception of the situation described in art. 25-septies) even in case those crimes have been realized in the form of an attempt. In such cases, however, the financial and disqualifying sanctions are reduced from one-third to one-half.

According to art. 26 of the Decree, the Entity is not liable whenever it willingly obstructs the realization of the action or the event.

#### I. Financial penalties

Financial penalties are regulated by art. 10, 11 and 12 of the Decree and are applied in all cases in which the Entity is considered liable. Financial penalties are applied in “fees”, at least 100 and at most 1000, whereas the amount of each fee goes from a minimum of € 258.23 to a maximum of € 1,549.37.

The Judge determines the number of fees based on the indexes identified in art. 11 p. 1, whereas the amount of the fee is fixed on the basis of the economic and financial conditions of the Entity involves with the objective of ensuring the efficiency of the sanction (art. 11 p. 2). In the hypothesis in which the entity is responsible of a multitude of administrative crimes committed with a single action or omission or, in any way, committed in the execution of a singular activity and before any judgement (even non definitive) is made for any of said crimes, the law imposes to apply the heaviest sanction which can be augmented up to three times. The Decree also identifies hypothesis of a reduction in the financial penalty, whenever the author of the crime has committed the fact at their own advantage or in the interest of third parties and the entity did not gain any advantage, or a minimal advantage, or when the damage is of minimal significance.

Furthermore, the financial penalty is reduced by one-third or one-half if, before the opening of the first hearing, the entity has entirely paid back the damage and has eliminated the harmful consequences of the crime, or has taken action in this direction. The financial penalty is, ultimately, reduced in any case in which the entity has adopted an appropriate model of prevention of such crimes similar to the one which has taken place.

## II. Disqualifying sanctions

Disqualifying sanctions identified by paragraph II of art. 9 of the Decree and to be imposed exclusively in the hypothesis forecasted and only for specific crimes, are:

- a) Interdiction of the execution of the activity
- b) Suspension or withdrawal of authorizations, licenses, or concessions functional to the realization of the offence
- c) Ban on contracting with public administration, with the exception of asking for the performance of a public service
- d) Exclusion from advantages, financing, contributions or subsidies and the possible withdrawal of those already received
- e) Ban from advertising goods and services.

In the same way as financial penalties, the type and duration of the disqualifying sanctions are determined by the criminal Judge in charge of processing the crimes committed by natural persons, considering the factors specified by art. 14 of the Decree. In any case, the disqualifying sanctions have a minimal duration of three months and a maximum duration of two years.

One of the most interesting aspects is that the disqualifying sanctions can be applied to the Entity both after the judgement is made, thus after verifying its liability, and as a precautionary measure, that is whenever:

- There is the presence of great evidence to consider the Entity liable for an administrative -offence related to a crime
- There is the emergence of valid and specific elements which attest the existence of a concrete threat of the realization of similar crimes to the one in object
- The Entity has gained a significant profit.

## III. Confiscation

Confiscation of the price or profit of the crime is a mandatory sanction which follows any conviction (art. 19).

## IV. Publication of the judgement

The publication of the judgement is a possible sanction and assumes the application of a disqualifying sanction (art. 18).

For clarity, it is important to observe that the Judiciary Authority can, indeed, according to the Decree, dispose: a) the preventive seizure of the items which are allowed to be confiscated (art. 53); b) a preservation order of the Entity's properties and effects whenever there is evidence of lack or dispersion of the guarantee for the payment of the financial penalty, the expenditures for the procedure or other amounts owed to the State (art. 54).

Wherever the seizure, executed with the purpose of confiscation by equivalent referred in paragraph 2 of art. 19, concerns companies, corporations, or goods, including titles, as well as equity shares or liquidities even in deposit, the judicial administrator concedes their use and handling exclusively to corporate bodies only with the purpose of granting corporate continuity and development, exercising auditory powers, and referring to the judicial authority. In case of violation of such purpose, the judicial authorities will impose the consequential measures and can nominate an administrator exercising shareholder duties.

## **2. ORGANISATION, MANAGEMENT, AND CONTROL MODEL AND THE GUIDELINES DEVELOPED BY CATEGORY ASSOCIATIONS**

### **2.1. Provisions of the Decree and the exempting function of the Model**

The Legislator recognizes, according to art. 6 and 7 of the Decree, specific forms of exemption from the Entity's administrative liabilities.

In particular, art. 6 comma 1 states that, in the hypothesis in which the crime committed is attributable to individuals covering senior positions, the Entity is not held accountable if there is proof that:

- a) It has adopted and executed, before the realization of the crime, an adequate model of management, organisation, and control (also referred to as "Model") for the prevention similar crimes
- b) Has nominated a body, independent and autonomous, which monitors the functionality and observance of the model and handles the updates (also referred to as "Auditing Body" or "AB" or "Body")
- c) The crime has been committed by fraudulently eluding the measures identified in the model
- d) There has not been negligence in the monitoring by the AB

The responsibility established by the regulation is, therefore, shifted to the so called "organizational default", that is the lack of adoption or respect of appropriate standards of control related to organization and activities.

Exemption from accountability is however not determined by the mere adoption of the Model, assuming that the latter has to respect a standard of concrete and precise efficiency, as well as one of active implementation. The contents of the Model are indicated by the same art. 6 which, in comma 2, states that the Entity should:

- Identify the activities in which there are crimes that could possibly be committed
- Implement specific protocols aimed at programming the formation and execution of the Entity's decisions pertaining the crimes it should prevent
- Identify adequate procedures for the handling of financial resources with the objective of preventing offences
- Implement informational obligations towards the AB
- Introduce an appropriate disciplinary system aimed at sanctioning the lack of respect of the indicated measures of the Model.

Whenever any of the offences indicated by the regulation has been committed by an individual under another's direction, the adoption and effective execution of the model imply that the Entity is held accountable only under the assumption that the realisation of the crime has been possible by the negligence towards obligations of direction and control (combined in paragraph 1 and 2 art. 7).

The ff. paragraphs 3 and 4 introduce two principles which, although placed under the aforementioned regulation, appear relevant and decisive for the exemption of responsibility for the Entity for both the offence hypothesis referred in art. 5, letters a) and b). In particular, it is stated that:

- The Model has to take the adequate measures to grant both the lawful execution of the activity and the timely discovery of risky situation, taking into account they type of activity executed as well as the nature and size of the organization
- The effective implementation of the Model requires periodic review and modification whenever there is evidence of significant violations of the law prescriptions or whenever there are significant changes in the organization or in the regulations; indeed, the existence of an accurate disciplinary system becomes relevant (a condition already stated in letter e), sub art. 6, comma 2).

-

As the following document will explain later in detail, the Model has been implemented by TISG with the objective of satisfying the requirements and pursue the aforementioned objectives. The Model's definition has indeed been inspired by the category guidelines, the most significant court case law on the subject and at the national and international practices on risk management and corporate governance.

## **2.2. Guidelines drafted by Category Associations**

Art. 6, paragraph 3 of the Decree states that the Model can be adopted on the bases of codes of conduct drafted by the category associations representatives of the entities, communicated to the Ministry of Justice, which can make observations.

The first Association to draft a document related to the definition of the models has been Confindustria which, already in 2002, had issued a series of Guidelines (also referred to as "the Guidelines"), updated, most recently, in June 2021. Subsequently, a lot of sectorial Associations have redacted their own guidelines which become an essential starting point for the construction of the model. In summary, the main Guidelines suggest:

- Mapping the corporate areas at risk and activities in which there is the possibility of predicate offences through specific operational practices
- Identifying and drafting specific protocols aimed at programming the training and implementation of the Company's decisions regarding the offences to prevent
- Identifying an Auditing Body with autonomous powers of initiative and control, and with an adequate budget
- Defining specific disclosure obligations both towards the AB on the main corporate issues (and in particular on those activities which can be considered risky) and from the AB towards Top Management and control bodies
- Adopting an ethical code which identifies the Company's principles and orientates the behaviour of the Model's addressees
- Adopting an adequate disciplinary system to sanction the lack of respect of the principles identified by the Model and the Ethical Code.

### 3. ORGANISATION, MANAGEMENT, AND CONTROL MODEL OF THE ITALIAN SEA GROUP S.P.A.

#### 3.1. Activities of THE ITALIAN SEA GROUP S.P.A.

“THE ITALIAN SEA GROUP S.P.A.” (“**TISG**” or the “**Company**”), located in viale Cristoforo Colombo 4-bis in Marina di Carrara (MS) has been funded in 1973 following an intervention by GEPI S.p.A. (Società di Gestione e Partecipazione Industriale), which took over the plants and equipment of the pre-existing C.N.A.S.A. and employed its staff.

Currently, the Company is among the most renown Groups in international yachting, representing a main reference point in the design and construction of yachts up to over 100 metres. Strategically located inside the port of Marina di Carrara, The Italian Sea Group is a 100% Made in Italy company which, since 1575, has launched 1250 yachts. The Group includes the brands: Picchiotti, Admiral, Perini Navi, Tecnomar and NCA Refit.

Today, the Company is developed on three production sites in Italy (Marina di Carrara, Viareggio, and La Spezia). The Marina di Carrara Headquarters extend on a surface area of 120,000sqm presenting various significant characteristics such as 11 Sheds, two dry docks (respectively 200 m and 147 m in length) and a floating dock able to lift up to 3,300 t.

The Italian Sea Group is also able to provide any refitting or maintenance service (ordinary and extraordinary). Currently, the Company has as its core business the execution of the following activities:

- a) Construction, import, trading, repair, maintenance, refitting, charter and lease of vessels and naval units generally also destined to military use; such activities can be carried out on behalf of the Company or third parties;
- b) Sale of accessories and yacht components, as well as providing services related to shipyards in general and linked vessels;
- c) Production of fabric, linen, and any type of textile products of any type and quality, including those for home décor or yachting, undergarments, clothing items of any type and quality, knitwear, shirting, and similar products, clothing accessories, carpets, leather items of any type and quality;
- d) Production and trading of furniture and décor elements as well as interior and exterior décor elements, including artworks in general;

- e) Wholesale and retail trade, import, export, representation, with or without deposit, brokerage activity under any form of products and services referenced in the previous points; creation of own or franchise distribution networks.

Furthermore, the Company may be able to exercise, exclusively to the benefit of its own employees and collaborators, as well as its clients and their employees and collaborators, the organisation and management of plants and sport facilities for gym and Spa, as well as the related services (i.e., restaurant and lounge bar) at its accommodation facilities.

### **3.2. Company History and Capital Structure**

The Marina di Carrara shipyard was founded in 1942 and in a few years, thanks to modern and advanced plans, manages to build medium tonnage ships.

During the course of the '50s and the '60s, a further boosting of machinery has allowed the Shipyard to produce even bigger and more specialized builds. In 1973 NCA has further expanded its structure, completing the construction of a 200 mt long and 35 mt wide dry dock.

Thanks to a constant and meaningful evolution, both in terms of project and technology, NCA has made its way to becoming one of the most renowned national shipyards, with high levels of quality and prestige.

During 2011, TYG S.p.A. (formerly Tecnomar S.p.A.), incorporated by Nuovi Cantieri Apuania S.p.A. in the month of November 2014, completed the acquisition of the Admiral brand, present in the market for almost 50 years and renowned and appreciated for its elegance, classic lines, and prestige.

The first Admiral vessel, a wooden boat with an 18 mt LOA, is produced in 1966. Mid-70s, the company launches its first wooden motor yacht with LOA 30 mt. This yacht, very rare in those years, significantly contributed to the growth of the brand, which shines, at the beginning of the 80s, in the production of yacht in aluminium and steel.

Today, Admiral offers 5 distinct lines in aluminium and steel for a total of 22 models ranging from 35 to 100 meters and from 1966 to now Admiral has launched 148 yachts.

In the month of December 2012, Moda Design S.r.l. (now GC Holding S.p.A.) acquired 100% of the Nuovi Cantieri Apuania S.p.A. shares, a shipyard founded in 1942 and equipped with impressive facilities and an opening on the Marina di Carrara port, from Invitalia S.p.A.

This operation allowed the preservation of the employment levels, the safeguard and relaunch of a leading company in the shipbuilding sector, as well as the opportunity of having as a new owner an Italian Group operating in the same industry sector. The rapid growth in the number of contracts and the increase in size of the mega-yachts led to the need to find a bigger production site with direct access to the sea and, at the end of a long deal, the operation of the acquisition of Nuovi Cantieri Apuania S.p.A. was formalised.

At the time of the acquisition of Nuovi Cantieri Apuania S.p.A. (now “The Italian Sea Group S.p.A.”), GC Holding S.p.A. (formerly The Italian Sea Group S.r.l.) owned 100% of the shares in the company TYG S.p.A. (formerly Tecnomar S.p.A.), acquired in 2009.

The course of 2014 introduced the development of a new merger project involving the two companies, TYG S.p.A. and Nuovi Cantieri Apuania S.p.A., to continue their activities under a unified name: Nuovi Cantieri Apuania S.p.A. On November 13th 2014 the merger project has been accomplished through a notarial act, with accounting and fiscal effects starting from January 1st 2014 and legal effects from December 1st 2014.

In the month of September 2016, C.E.L.I. Costruzioni e Lavorazioni Industriali S.p.A. acquired, on a going concern basis, a corporate complex located in Stroncone (TR), with the objective of fostering development, inside the Group, of the production of furniture and décor for the interiors of the vessels built by the NCA shipyard or to satisfy clients operating in the yachting extra-sector.

Between the end of 2016 and the start of 2017, the company internally built the Business Units of Refit, Steelworks, and Upholstery, whose activities are carried out in the Marina di Carrara (MS) facilities.

Following the Shareholders’ Meeting’s resolution on 27 June 2019, Nuovi Cantieri Apuania S.p.A. (now The Italian Sea Group S.p.A.) transferred the corporate branch pertaining the planning and production of wooden furniture named “CELI”, in the 100% subsidiary ATS Service s.r.l., now Celi S.r.l.

The operation allowed to focus on the management of production activities for mega yachts in steel and aluminium and concentrate the activity in a judicially autonomous company, Celi S.r.l., whose core business is the realization of furniture for the shipbuilding sector with the possibility of expanding its business even in the extra-sector.

In December 2019, the 100% of CELI S.r.l. shares have been sold by Nuovi Cantieri Apuania S.p.A.

(now The Italian Sea Group S.p.A.) to Mr. Giovanni Costantino.

On 11 March 2020, the Extraordinary Shareholders' Meeting of Nuovi Cantieri Apuania S.p.A. has resolved to change the company name from Nuovi Cantieri Apuania S.p.A. to The Italian Sea Group S.p.A.

At the end of 2020, the Board of Directors of TISG resolved on an investment plan ("TISG 4.0") of around Euro 40 million with the aim of further increasing the shipyard's production capacity.

On 3 June 2021, the offer for the sale and subscription of the Parent Company's ordinary shares for the purpose of listing on the Mercato Telematico Azionario ("MTA"), organised and managed by Borsa Italiana S.p.A., now called Euronext Milan, and 8 June 2021 represented the first day of trading of the Parent Company's shares.

The Parent Company's updated corporate structure is as follows:

<b>SHAREHOLDER</b>	<b>%</b>
GC Holding	62.64%
Alychlo NV(*)	11.39%
Giorgio Armani S.p.A.	4.99%
Market	20.98%

(\*) *including the shares allocated directly to Mr Marc Coucke*

On **4 November 2021**, the Board of Directors of the Company has approved a further investment plan, called "**TISG 4.1**", worth Euro 14 million, to be completed by 2022.

On **22 December 2021**, TISG, through its wholly owned subsidiary, **New Sail S.r.l.**, was awarded the auction called by the Court of Lucca for the bankruptcy of Perini Navi S.p.A., for a total price of **Euro 80 million**.

The business complex includes the industrial and real estate assets of the shipyards in Viareggio and La Spezia, the real estate assets of Pisa, a ship under construction, trademarks and patents, the shareholding (100%) in **Perini Navi U.S.A. Inc.** and the existing legal relationships with employees and third parties. The acquisition was completed on 20 January 2022 by New Sail S.r.l.

In consideration of the instrumental function that New Sail S.r.l., 100% controlled by TISG, has carried out since its establishment and in consideration of the fact that the management of the activities through two subjects active in the same sector would not meet the criteria of cost-effectiveness, on 3 March 2022, it was resolved the merger of New Sail S.r.l. into the parent company TISG. The Act of Merger was signed on 10 June 2022.

This operation allowed: (i) to unify and integrate decision-making processes, (ii) to pursue greater management efficiency, thanks to the development of significant production, logistical, corporate and administrative synergies, as well as (iii) to achieve administration cost containment. Since the merged company was established on 3 November 2021 and it acquired the two Perini Navi business complexes on 5 February 2022, the merger has no significant tax effects to report.

On 4 August, the Board of Directors of The Italian Sea Group resolved to acquire 100% of the shares of TISG Turkey Yat Tersanecilik Anonim Sirketi ("TISG Turkey") from GC Holding S.p.A. for a value of Euro 150,000 and to grant the Chairman Filippo Menchelli the powers to sign the ensuing deeds.

This operation will allow the Company to consolidate the entire production process, ensuring an even more integrated and quality-oriented Operations management. It will also facilitate direct investment strategies from TISG to TISG Turkey with a view to business growth.

**Group Structure as at 27/10/2022:**

Mr. Giovanni Costantino owns 100% shares of GC Holding S.p.A. which owns:

- ✓ 62.64% of THE ITALIAN SEA GROUP S.p.A.;
- ✓ 20% of GMC ARCHITECTURE S.r.l. STP.

THE ITALIAN SEA GROUP S.P.A. owns:

- ✓ 100% della Perini Navi USA, Inc.
- ✓ 100% of TISG Turkey Yat Tersanecilik Anonim Sirketi ("TISG Turkey")

### 3.3. Purpose and Structure of the Model

The choice of adopting Model 231/01 in 2015 is aimed at establishing transparent and fair managing procedures in the pursuit of the corporate mission, in accordance with the regulations in place and with the fundamental ethical principles and corporate social responsibility principles, already present in the corporate culture. In this perspective, through the adoption of the 231 Model, the Company has the intention of pursuing the following objectives:

- Confer a formalized structure to the procedures of the exercising of power, expressing clearly which subjects have decisional, managerial powers and powers of authorizing purchase, for which activities and with which limitations
- Avoid excessive concentrations of power, in particular for operations which are at risk of crimes or functional segregation/conflicts of interest
- Avoid the convergence of purchasing powers and control powers and distinguish from authorization powers and organizational and managerial powers
- Forecast the formalization, also external, of the representative powers
- Grant that the assignment of duties is official, clear, and organic, using formal procedures and avoiding power vacuums as well as expertise overlap
- Ensure traceability, verifiability, recording, coherence, and congruence of each corporate operation
- Grant the effective correspondence between the representative models of the organizational structure and the procedures in place
- Prioritise, for the execution of decisions which could expose the company to any liability for administrative offences, transparency in the making of such decisions and in the consequent activities, with constant possibility for control.

TISG, in light of the changes in regulation related to Legislative Decree 231/2001 in the past few years and most importantly of the numerous variations of the operational and organizational structure has deemed necessary, also through constant impulse from the Auditing Body, to update the Model adopted with the deliberation as of 22 December 2015.

The Company's Model is composed of:

A **General Section** which, along with the explanation of the contents of the Decree and the role of the Auditing Body, contains a summary of the following protocols (the "**Protocols**") which, in compliance

with the guidelines established by the Category Associations, make up the Model:

- Organisational system
- System of procedures and delegations
- Internal procedures
- System of management and control
- System of control over occupational health and safety
- Ethical Code
- Disciplinary System
- Communication and training.

A **Special Section**, with the relevant attachments, reporting the specific aspects related to risks and the safety measures implemented in order to mitigate those risks, which in particular includes:

- List of the risk areas identified within the Company
- List of the types of offences abstractly applicable and list of the offences abstractly conceivable
- Risk assessment carried out in reference to the different identified risk areas and related identified controls in order to mitigate risks
- So-called “sensitive processes” within each area, whose completion is strictly linked with the risk of execution of the aforementioned offences
- Process owners involved in the execution and management of such “sensitive” processes which, abstractly, could commit the aforementioned offences
- Main protocols and controls to respect in order to prevent the risk of commission of the aforementioned offences.

This General Section is accompanied by the documents, representative of some protocols, which complete the Company’s organisation, management, and control framework, that is the Ethical Code, the Disciplinary System and the whistleblowing procedure. Such documents, considered collectively, constitute the Company’s Model adopted pursuant to Legislative Decree 231/01.

Furthermore, in accordance with what established in the most recent Confindustria guidelines, the Company has proceeded to integrate the controls for the risks included in the Special Section of the Model, with the controls identified by the Company within the activities.

## **4. TISG S.P.A. – GOVERNANCE MODEL AND ORGANISATIONAL STRUCTURE**

### **LEGAL INFORMATION**

Denomination: “The Italian Sea Group S.p.A.”, also “TISG S.p.A.” in short

Registered Offices: Marina di Carrara (MS), Viale C. Colombo, no. 4 bis

Social Security Number: 00096320452

Registration Number in the Commercial Register of Carrara – REA: no. 65218

Capitale sociale al 24/06/2021: Euro 26,500,000

### **CORPORATE AND CONTROL BODIES**

- Board of Directors
- Board of Statutory Auditors
- Auditing Company
- Auditory Body pursuant to Legislative Decree 231/01
- Control & Risk Committee
- Remuneration Committee
- Appointment Committee
- Operations with Related Parties Committee
- Management in Charge of preparing the Corporate Accounting Books

TISG S.p.A. is managed through a Board of Directors, holding the powers and functions assigned by the Articles of Association and as resolved by the Board of Directors on 20 October 2020 and 27 October 2022.

Another corporate body is the Board of Statutory Auditors, which is responsible to monitor the compliance with the law and the Articles of Association, as well as the respect of the principles of fair administration and the adequacy of the organisational, administrative, and accounting structure and their proper functioning. The Board of Statutory Auditors, composed of three effective auditors and two alternate auditors, does not carry out the legal review of the accounts, a role which is being fulfilled by an independent Auditing Company.

#### 4.1. Organisational Structure

The Company's organisational structure at the time of the adoption of the organisation, management, and control model (the “**Model**” or “**OMM**”) is represented in the corporate organisational chart which highlights the structure, the main operational areas, the functional references, and the mutual interconnections.

In detail, the Company's operational units reporting directly to the CEO are the following:

1. Marketing
2. Human Resources
3. Quality
4. Production
5. Refit
6. Interiors
7. R&D
8. Process Control
9. Planning
10. Technical Office
11. Financial Office
12. Procurement
13. Security
14. Environment
15. Sales
16. Investor Relations
17. Internal Audit.

## **5. PERFORMANCE AUDIT AND FINANCIAL FLOWS**

Art. 6, comma 2, letter c) of the Decree, previously recalled, establishes the need that the models include “the handling of financial resources in a way that is adequate to prevent the risk of offences being committed”. This provision finds its rationale in the consideration that the majority of the offences listed in the Decree can be realized through the employment of the entities’ financial resources (e.g., constitution of non-budgetary funds for the execution of acts of corruption).

The Guidelines recommend the adoption of forms and procedures for the decision-making processes which, by way of documentation and verification of different phases of each process, prevent the improper management of the Entity’s financial resources.

In accordance to the aforementioned criteria, the Company adopts specific procedures with the purpose of regulating the financial management process (see *infra*).

Such procedures construct an integral part of the following Model and the fraudulent violation of the rules hereby listed constitutes a motive for the application of the disciplinary system provided by the Model itself.

## **6. THE AUDITING BODY**

As stated above, the Decree explicitly states that the auditing tasks regarding the functioning and observance of the model, as well as its update, are assigned to a body with autonomous powers of initiative and control.

It is necessary that the AB bases its activities on criteria of autonomy and independence, as to ensure an effective and efficient execution of the Model. The autonomy and independence of the Body need to exist with respect to any form of interference or influence from any representative of the legal person and, in particular, of the administrative body.

The AB needs indeed to benefit from such guarantees in order to prevent that the body – or one of its members – is removed or penalised as a consequence of the completion of their duties.

### **6.1. Appointment and composition of the Auditing Body**

TISG’s Board of Directors oversees the appointment, in accordance with art. 6, comma 1, letter b) of the Legislative Decree 231/2001, of an Auditing Body in charge of monitoring the functioning, effectiveness, adequacy, and updating of the management and control Model adopted by the Company.

The AB members are appointed by the Board of Directors with a specific resolution, which includes also their compensation for carrying out the assigned duty.

It is significant to note that, in accordance with art. 6, comma 4-bis, of Legislative Decree 231/2001, the auditing functions on the Model can be assigned to the Board of Statutory Auditors.

Following the appointment of the AB, its duties and powers are promptly communicated to the Company through the publishing of the Model within the corporate premises, in a publicly accessible location.

The Auditing Body remains in office with a duration of 3 years, with possibility of renewal.

Currently, the Auding Body in office is composed by three members (Chairman and two members) appointed in date 22/12/2015 and renewed with the Board of Director resolution on 24/03/2022. As provided for in the Corporate Governance Code, a member of the control body has been added to the AB, in order to ensure the coordination between the different parties involved in the internal control and risk management system.

## **6.2. Duration of the office term and causes for termination**

The termination of the AB office can occur due to the following reasons:

- a) Expiration of the term
- b) Dismissal of the AB by the Board of Directors
- c) Resignation of all the AB components, formalised through appropriate written notice sent to the Board of Directors.

The dismissal of the AB may happen only in just cause, also in order to grant its complete independence.

Dismissal for just cause includes, but is not limited to:

- Grave negligence in the carrying out the duties linked to the office;
- Possible involvement of the Company in a procedure, both criminal and civil, which is linked to an omitted or insufficient auditing activity, even by negligence.

Dismissal in just cause is arranged with resolution by the Board of Directors, approved with the vote of two-thirds of those present, following the opinion of the Statutory Board, with which the Board of Directors can disagree only with appropriate reasoning.

In case of expiration, dismissal, or resignation, the Board of Directors immediately appoints the new AB.

Outside the hypotheses regarding the AB as a whole, the termination of office of a single members can happen:

- Following the dismissal of office from the Board of Directors
- Following the resignation from the office, formalised through appropriate written notice sent to the Board of Directors.
- Whenever one of the following reasons for termination occurs.

The revocation of a single component of the AB can be imposed only in good cause referring to the following cases, without limitation and along with the aforementioned hypotheses provided for the AB as a whole:

- The single member is involved in a criminal trial regarding the commission of a crime
- There is evidence of the violation of the confidentiality obligations charged to the AB members
- Truancy for more than three consecutive times at the AB meetings, as notified by one of the members.

In case of termination of a single member, they remain in office until substitution, which will be immediately overseen by the Board of Directors. The newly appointed member's term expires along with those of the other AB members.

### **6.3. Requirements for the Auditing Body**

Collectively, the AB needs to have some specific requirements, which have to characterise its action and control and monitoring activity on the Model:

#### a) Autonomy and independence

In order to grant full independence of initiative to the AB, and to preserve it from any kind of interference and/or influence, it is provided that the Body:

- Is void of operational duties and in no way relates to the Company's operation, to protect its objectivity of judgement
- In terms of the execution of its function, it is both autonomous and independent from the hierarchical and disciplinary powers of any corporate body or function
- Reports directly to the Board of Directors
- Determines its activities and adopts its decisions without interference by any corporate

function.

b) Professionalism

For the purpose of a correct and efficient execution of its duties, it is essential that the AB grants an adequate professionalism, where the latter refers to as the entirety of the knowledge, the instruments, and the necessary techniques for the completion of the assigned activity, both in terms of inspection and consultancy. In this respect, there is significant relevance of both the knowledge of the law, in particular of the structure and the modalities of the crimes referred in the Decree, as well as an adequate expertise on the subjects of auditing and corporate controls, including what pertains to the techniques of risk analysis and evaluation, methodologies linked to flow charting of procedures and processes for the individuation of weak links in the corporate structure, techniques of interview and elaboration of the results; it is also desirable that at least any of the AB members holds expertise regarding analysis of control systems, as well as expertise of legal nature. In fact, the subject has a substantially punitive nature and the scope of the Model is the prevention of offences.

c) Continuity of action

In order to grant an effective and constant implementation of the Model, the AB is a body exclusively dedicated to the full-time completion of its assigned tasks, without any attribution of other functions, and is equipped with an adequate budget and appropriate resources.

d) Integrity and absence of conflicts of interest

The administrative bodies, in order to further grant the autonomy and independence of the Auditing Body:

- Evaluate the permanence of the aforementioned requirements
- Ensure that the members of the Body possess the subjective requirements for integrity and competence
- Verify that the members of the Body are not involved in conflicts of interests with the Company.

In any case, the selection of the members needs to be carried out considering the purposes of the Decree and the main need to ensure the efficiency of the controls and the model, its adequacy and the maintenance of its requirements overtime, as well as its updating and adjustments.

#### **6.4. Requirements of the single members – cases of ineligibility and termination**

The main reasons for the ineligibility and/or termination of the AB members are:

- Interdiction, incapacitation, or, in any way, criminal conviction (or application of the penalty at the request of the parties – so called “settlement”), even unfinished, for one of the offences provided in the Decree, any similar offence or, in any way, for one of the charges referred in art. 2 of D.M. March 30th 2000, n. 162, otherwise implying the interdiction from public offices or inability to exercise administrative offices, even temporarily
- Family relationships, marriage (cohabitation is considered *de facto* equivalent to marriage) or affinity within fourth degree with members of the Board of Directors, Auditors and auditors appointed by the auditing firm (when present), as well as TISG’s Top Management
- Administrative functions with executive delegations at TISG
- Direct and indirect ownership of corporate shares to such an extent that there is the possibility of significantly influencing TISG, in accordance with art. 2359 c.c.
- Administrative functions in corporations subject to bankruptcy, receivership, or other insolvency proceedings, in the three offices preceding the appointment as member of the Auditing Body or the relationship with the Body as a consultant.
- The existence of capital relationships (excluding any subordinate working relationship) between the members and the Company or any controlling/controlled entities, such that could compromise the independence of the members themselves. Whenever throughout the course of the office, should exist a cause of termination, the interested member is obligated to immediately inform the other components of the AB and the Board of Directors.

Whenever, during the course of the office, should arise a cause for termination, the concerned member needs to immediately notify the other AB members and the Board of Directors.

#### **6.5. Conflict of interest and competition**

In the case that, with reference to the operation existing with respect to the TISG organizational models, one or more AB members find themselves or believe that they are or could be in a situation creating a

possible or actual conflict of interest with TISG in the execution of the auditing functions, such subjects are obligated to immediately notify the Chairman of the Board of Directors, the Chief Executive Officer and the other members of the AB.

The existence of a situation (actual or potential) creating a conflict of interest determines, for the interested party, the obligation of abstaining from committing acts linked or related to such operation in the exercise of their auditing function.

By way of example, a possible conflict of interest in a certain operation could be whenever the party is related to one or more parties involved in an operation due to social offices, marriage relationships, family relationships or affinities within the fourth degree, working relationships, consultancy or paid working performance, or otherwise any other capital relationship which could compromise independence in accordance with art. 2359, letter c), c.c. Any of the members of the AB is subjected to the ban on competition provided in art. 2390 c.c.

## **6.6. Resources of the Auditing Body**

The Board of Directors assigns to the AB the appropriate human and financial resources aimed at carrying out the assigned task.

Regarding financial resources, the AB can dispose, for any necessary demand related to the correct execution of its duties, of a budget assigned by the Board of Directors on an annual basis. Whenever this budget is not enough to face particularly difficult situations, the AB can propose an integration to the administrative body. The AB can, then, with its own budget, request help from experts whenever needed.

Upon any assignment of office to an external consultant, the latter will have to publish an appropriate statement which states:

- The absence of the aforementioned reasons for ineligibility or reasons for exclusion from office
- The circumstance of being adequately informed of the dispositions and behavioural rules provided in the Model, as well as their commitment to respect them.

## **6.7. Duties of the Auditing Body**

Conforming to the provisions of art. 6, comma 1, of the Decree, the AB is assigned the task of supervising the functioning and observance of the Model, as well as taking care of any updates. Generally, then, the AB has the following duties:

1) Checking and supervising the Model, that is:

- Verifying the appropriateness of the Model, that is its ability to prevent illicit behaviours, as well as highlighting any possible realization of such behaviours
- Verifying the effectiveness of the model, otherwise the coherence between the concrete behaviours and those formally provided in the Model
- For such purposes, monitoring the corporate activities as well as the functioning of the preventive system adopted by the Company as a whole

2) Updating the model, that is:

- Curating the updating of the Model, proposing, if necessary, to the Board of Directors or the competent corporate functions the adjustments to the Model, in order to improve its adequacy and efficacy, also considering any regulatory interventions and/or variations of the organisational structure or corporate activity and/or to notice significant violations of the Model

3) Information and training on the Model, that is:

- Promoting and monitoring initiatives aimed at favouring the Model's distribution towards all subjects required to comply the related provisions (the “**Addressees**”)
- Promoting and monitoring the initiatives, including courses and communications, aimed at favouring an adequate knowledge of the Model by all Addressees
- Observing, with the appropriate timeliness, also through the predisposition of dedicated opinions, the requests for clarification and/or advisory coming from corporate functions or employees or administrative and control bodies, whenever linked and/or connected to the Model

4) Handling of the fluxes of information from and towards the AB, that is:

- Examining and evaluate all the information and/or reports received and linked to the respect of the Model, including whatever pertains to suspect violations
- Informing all the competent bodies, below specified, regarding the carried-out activity, the related results, and scheduled activities
- Notifying to the competent bodies, for the appropriate measures, any violation of the Model and the liable subjects
- In case of control from institutional entities, including Public Authority, provide the

necessary informational support to the inspection bodies.

In the execution of its assigned duties, the Auditing Body is always required to:

- Regularly documenting, even by compiling and keeping dedicated registers, all its activities, initiatives, and measures adopted, as well as the information and notices received, also to grant complete traceability of the carried-out interventions and indications provided to the relevant corporate functions
- Registering and keeping all documentation drafted, received, or either way collected during its term and relevant for the purpose of the correct performance of its duties.

The strictly operational aspects are defined in the functioning Regulation immediately adopted by the AB upon appointment.

### **6.8. Powers of the Auditing Body**

In order to carry out its assigned duties, the AB is bestowed with all the necessary powers to ensure a punctual and efficient audit on the implementation and compliance with the Model, without exclusion.

The AB, even through its resources, has the ability, by way of example:

- Of executing, even without notice, all verifications and inspections deemed necessary for the correct performance of its duties
- Free access to all functions, archives, and documents of the Company, without any pre-emptive consent or need of authorisation, in order to obtain all information, data or documents deemed necessary
- Obtaining, whenever necessary, auditing of resources that can provide useful indications or information related to the completion of corporate activities or possible disfunctions or violations of the Model
- Of using, under direct surveillance and responsibility, any of the Company's facilities or otherwise external consultancy
- Of obtaining, for any need related to the correct completion of its duties, of the financial resources allocated by the Board of Directors.

### **6.9. Information towards the Auditing Body**

The correct execution of the functions demanded to the Auditing Body cannot disregard the provision

of informational obligations towards said Body in accordance with art. 6, comma 2, letter d) of the Decree.

The AB needs to be timely informed by all corporate parties, as well as third parties obligated to observe the Model's provisions, of any issue related to the existence of possible violations.

In any case, the information that need to be mandatorily and immediately transmitted to the AB are:

- I. Information that can be related to potential violations of the model, including, by way of example but not limited to:
  - 1) Any order received from superiors which can be considered going against the law, the internal regulation, or the Model
  - 2) Any compliments, liberalities, or other benefits exceeding moderate value, destined to private parties or employees of the public administration
  - 3) Any compliments, liberalities, or other benefits exceeding moderate value, received by the staff
  - 4) Any significant shifts from the distinct budget, separated by macro category of spending, highlighted by the control management during assessments
  - 5) Any provisions and/or notices coming from bodies of judiciary police or any other authorities from which it is possible to detect the conduct of investigations related, even indirectly, to the Company, its employees, or members of the corporate bodies
  - 6) Requests of legal assistance forwarded to the company from its employees in accordance with CCNL, in case of a criminal proceedings against them
  - 7) Notices related to the on-going disciplinary provisions and any imposed sanction, or the reasons of their filing
  - 8) Any report, not timely detected by the competent functions, related to both shortcomings and inadequacies of the health and safety devices in the workplace, and to any other dangerous situation linked to occupational health and safety
  
- II. Information related to the Company's activity, which can be relevant to the AB's execution of its assigned duties, including, without limitation:
  - 1) Transmission of the minutes of the Board of Directors
  - 2) Updates to the power and delegation system, when not subject to a BoD

resolution

- 3) The summary accounts of any tenders and the summary accounts of direct award contracts
- 4) The annual financial report, accompanied by the notes to the financial statements, as well as the half-year financial report
- 5) The notices, from the Board of Statutory Auditors, related to any detected issue, even when solved
- 6) Reports of verification and audit carried out by internal control bodies
- 7) Reports of verification and audit carried out by the Auditing Authority.

In the execution of its activities, the AB needs to act in order to grant that all parties involved are not subject to retaliation, discrimination or, anyway, penalisation, thus ensuring the confidentiality of the reporting party, except in cases where there are legal obligations which indicate differently.

Corporate functions and those parties who operate on behalf of the Company that enter in possession of updates related to the commission of offences within the Company, as well as practices going against the behavioural regulations and principles defined in the Ethical Code, are obliged to promptly inform the Auditing Body.

The Company has implemented the appropriate communication channels in order to allow the flow of notices, setting up a specific electronic mail inbox ([odv231nca@admiraltecnomar.com](mailto:odv231nca@admiraltecnomar.com)); furthermore, all reports can be sent via mail, also anonymously, at the following address:

THE ITALIAN SEA GROUP S.P.A.

Marina di Carrara (MS), Viale C. Colombo, n. 4 bis

Social Security Number: 00096320452

Reports need to be filed and kept by the Chairman of the AB.

The Auditing Body shall grant confidentiality of the parties who notify any violation with the appropriate systems and measures.

## **6.10. Informational obligations of the Auditing Body towards Corporate Bodies**

The Auditing Body need to provide written reports, at least once a year, to the Board of Directors regarding the activity carried out in the reference period and the related results, providing an anticipation on the general guidelines of intervention for the following period. In any case, the AB can refer to the Board of Directors whenever it is deemed appropriate for the purpose of the efficient and effective execution of its assigned duties.

The reporting activity will be related, in particular, to:

- The activity carried out by the AB
- Any issues or problems that have been highlighted during the auditing activity
- Corrective actions, necessary or possible, to implement in order to ensure the effectiveness and efficiency of the Model, as well as the state of implementation of the corrective actions resolved by the Board of Directors
- Verification of any behaviour violating the Model
- Detection of any organisational or procedural weaknesses that could expose the Company to the danger of offences committed against the Decree
- Any weak collaboration (or lack thereof) from the corporate function in the execution of its auditing duties
- Any information considered useful for the purpose of assessing urgent determination from the responsible bodies.

The meetings need to be verbalised, and the copies of the minutes need to be archived and kept by the Chairman of the AB.

## **7. THE ETHICAL CODE (REFERRAL)**

TISG S.p.A. attributes fundamental importance to the inspiring principles of its corporate governance, intended as the governance system aimed at reaching optimal organisational management.

Such importance translates into the adoption of an internal discipline and a system of corporate values that combine the pursue of the corporate mission with the full conformity to the law and the adoption of the highest ethical standards.

The instrument through which the Company and the Group want to pursue such objectives, and which contains important provisions aimed at preventing the commission of administrative offences and crimes is the Ethical Code (Annex 1).

Through the acceptance of the Ethical Code, the Company pursues the objective of contributing to strengthen the culture of legality as a fundamental value, as well as offering a valid instrument of sensibilisation and guidance for the operations of all those who operate on behalf of the Company, so that they follow, in their activities, linear and correct behaviours such to prevent the risk of commission of the offences provided for in the Decree.

## **8. DISCIPLINARY SYSTEM (REFERRAL)**

Legislative Decree 231/2001, art. 6, comma 2, letter c) explicitly states the Entity's obligation to "introduce an adequate disciplinary system to sanction the lack of respect of the measures defined in the Model". In accordance with such provision, this Model is accompanied by Annex 2 – Disciplinary System.

## **9. WHISTLEBLOWING DISCIPLINE**

The drafting of this Model considers the most recent regulatory interventions, including the one related to Law no. 179 of 30 November 2017, which has amended the discipline of Legislative Decree 231/2001, integrating commas 2-bis, 2-ter, and 2-quater to art. 6. Following the modifications, the Decree explicitly states that the OMMs should provide for:

- a) Communication channels that allow both individuals in a senior positions and individuals under another's direction to present, protecting the Entity's integrity, detailed reports of unlawful conduct relevant to the regulations in question and funded on precise and coherent factual elements, or violations of the Entity's organisation and management model, which they have come to know due to their functions; such channels need to grant confidentiality on the reporter's identity in the handling of the report*
- b) At least one alternative reporting channel appropriate for managing, via electronic means, confidentiality regarding the reporter's identity*
- c) Ban on acts of retaliation or discrimination, direct or indirect, towards the reporter for reasons directly or indirectly related to the report*
- d) In the disciplinary system, penalties towards parties violating protection measures for the reporter, as well as those parties who send out unfunded reports with malice or gross negligence.*

In accordance with the above prescriptions, this Model is accompanied by Annex 3 – **Whistleblowing procedure**.

## **10. COMMUNICATION**

The adoption of this Model is communicated by TISG to the staff. Communication shall always be widespread, effective, clear, and detailed, with periodic updates linked to changes in the Model, in compliance with the provisions of Confindustria's Guidelines.

In particular, an effective communication strategy shall:

- Be sufficiently detailed in relation with the hierarchical level of destination
- Utilise communication channels that are appropriate and easily accessible to the addressees of the communication, in order to provide timely information and allow the concerned staff to use communication in an effective and efficient way
- Grant high quality of the contents (understanding all necessary information)
- Be timely, updated (needs to contain the most recent information) and accessible. For this purpose, from an operational standpoint, the procedure is the following:
  - 1) Sending of a notice signed by the administrative body to all staff on the contents of the Decree, the importance of its effective implementation, the measures of information/training provided by the Company
  - 2) Distribution of the Model and its update on the corporate intranet (where present) and sending it through electronic mail to all employees
  - 3) Display of the Model on a notice board.

Any new hires will receive, together with the documentation provided during the hiring process, an information kit including the Model, through which they will be ensured the primarily relevant knowledge.

The aforementioned individuals, at the moment of reception of this Model, will undersign it for acknowledgement and acceptance and will commit, in the execution of their duties related to the Sensitive Areas and any other activities that may be carried out in the interest or benefit of the Company, to respecting the principles, rules and procedures contained in the Model.

## **11. TRAINING**

For the purpose of the effective execution of the Model, it is the Company's general objective to grant to all Addressees an appropriate training regarding its behavioural rules and procedures.

All Addressees are obliged to have full knowledge of the fairness and transparency objectives that are pursued by the Model, as well as the measures through which the Company intends to pursue such objectives.

Furthermore, a particularly relevant objective is represented by the necessity of granting the effective knowledge of the Model's prescriptions and the underlying reasons behind its effective execution towards the individuals whose activities have been deemed risky or could be considered at risk.

For this purpose, TISG's Board of Directors drafts a training plan with dedicated meetings between the employees and the administrative body, at the presence of the Auditing Body, with reference to the fundamental criteria of the Entity's administrative liability, the offences considered by the Decree, as well as the type of the foreseen sanctions, controls, and so on.

The Human Resources function (HR Manager), supported by and in collaboration with the Auditing Body, is responsible for the appropriate personnel training regarding the implementation of the organisation, management, and control model.

With reference to the requirements, a training program must:

- Be adequate for the role of the subjects within the organisation (new hires, employees, managers, directors, etc.)
- Differentiate the contents based on the activity executed by the subject within the entity (activity at risk, control activity, non-risky activity, etc.)
- Establish the recurrence of the training activity based on (i) the degree of change of the external environment in which the Entity operates, (ii) the personnel's learning ability, and (iii) the degree of commitment of the management in giving authority to the training activity
- Provide skilled and distinguished lecturers in order to ensure the quality of the content, as well as highlighting the importance that this training has for the Company and its pursued strategies
- Establish mandatory participation to the training programs, defining appropriate control mechanisms to monitor the subject's attendance (e.g., collecting participants' signatures).

Outside of a general phase, thus, the training and information level of the Addressees will have a different depth level, with particular attention towards those employees who operate in those areas deemed highly sensitive. The training activity is thus differentiated based on the Addressees' qualifications, as well as the

level of risk of their operating area, and will be carried out at least annually.

Specific training will allow the interested subjects to:

- Be aware of the potential risks related to their activity, as well as the specific control mechanisms to implement in order to monitor the activity itself
- Acquire the skills to identify any irregularities and notify them in the appropriate ways and within the appropriate timing to implement any possible corrective action.

It will be the AB's duty, in accordance and strict collaboration with the administrative body, to evaluate the effectiveness of the training program in reference to the content of the courses, the measures for distribution, their recurrence, controls on mandatory participations and measures to implement towards those who do not attend without valid justification.

Suppliers, Collaborators, Consultants and Partners must be informed of the contents of the Model and the rules and control principles contained, as well as the need that their behaviour must comply with the prescriptions of the Decree. In this regard, all subjects who, in various ways, interact with the Company are required to undersign a special contractual clause of acknowledgement and acceptance of the principles and protocols contained in the Model (so-called "231 Clause").

## **12. UPDATE OF THE MODEL**

As previously highlighted, the Decree explicitly provides for the need to update the Model, so that it can constantly represent the Company's specific needs and its concrete operativity.

Adjustment and/or update interventions of the Model will be necessary, presumably, in the occurrence of:

- Amendments and integration to Legislative Decree 231/2001, especially related to the predicate offences therein described
- Significant changes in the organisational structure
- Introduction of new activities and/or services that alter the organisational structure in a non-marginal way.

Adjustment interventions on the Model may be evaluated at the occurrence of violations and/or findings emerging during verifications of its effectiveness.

In particular, it is important to highlight how the adjustment of the Model and thus its integration and/or amendment are overseen exclusively by the administrative organ, whose action can be duly stimulated by the Auditing Body.

### **13. APPENDIX: GLOSSARY AND DEFINITIONS**

The following is a legend of the notions commonly utilized inside this document.

#### **Areas of activity**

Homogeneous operative areas, whose activities can be attributed to the responsibility of a party equipped with sufficient managerial autonomy on the basis of functional delegations formalized in the organizational chart and in the corporate job description.

#### **Sensitive activities (also “at risk”)**

Corporate activities which could lead to the creation of occasions, conditions and/or instruments for the realizations of the offences described by the law.

#### **Collaborators**

Parties who entertain with the Company collaborative relationships without subordination, commercial representation or any relationships implying a non-subordinate professional performance, both continuous and occasional; those who, with the support of specific warranties and proxies, represent the company towards third parties.

#### **Consultants**

Those who provide information and opinions and assist the company in carrying out specific acts, by virtue of proven experience and practicality concerning specific subjects.

#### **Decree**

Legislative Decree 08 June 2001, n. 231, bringing the “discipline of administrative responsibility of legal persons, companies and associations even without legal personality, in accordance with article 11 of the law 29 September, 2000, n. 300”, in the current contents.

#### **Addressees**

The parties to which the Model’s dispositions are applied.

**Employees**

Persons “subordinate to the direction or supervision of parties covering representative, administrative or directive functions in the entity” (in accordance with art. 5, p. 1, letters a) and b) of the Decree), that is all the parties who entertain a subordinate working relationship (even seasonal), of whichever nature, with the Company.

**Entity**

In accordance with the Decree, any company, consortium, association or foundation or any law body, whether or not it possesses legal personality, as well as any public economic entity.

**Corporate Officers**

The associates, the administrative body and the members of the other corporate bodies, as well as any other party covering positions of top management (e.g., plant manager), which refers to any person covering representative, administrative or directive functions in the Company, in accordance with the Decree.

**Suppliers**

Those who supply goods or services to THE ITALIAN SEA GROUP S.P.A.

**Model**

The present Model and its attachments, as well as the other documents indicated in the premise as they are its integral part.

**Rules**

The legislations – Italian, foreign or supranational – however denominated (including the present Model and the Decree), in the version relevant to the time of the fact, even for the effect of subsequent modifications, and comprehensive of the aforementioned rules or prescriptions, primary, secondary, or stemming from private autonomy.

**Auditing Body**

Body equipped with autonomous power of initiative and control, which has the duty of supervising the adequacy, the functioning, observance and updating of the Model (in accordance with art. 6, p. 1, letter b) of the Decree).

**Partner**

Contractual counterparties with which the Company reaches contractually regulated forms of

collaboration (e.g., joint venture, ATI).

### **Public officers**

In accordance with art. 357 p.c., “those who exercise a public legislative, judiciary or administrative function. To the same token, it is public any administrative function disciplined by public law rules and by authoritative acts, and characterized by the formation and manifestation of the will of the public administration or of its execution through authoritative or certification powers”.

### **Offence (also “crime”)**

The offences provided by Decree 231 and, more generally, by its referred rules, as well as any other kind of misconduct for which in the future is imposed the administrative responsibility of the entities addressed by the Decree.

### **Company**

“TISG S.p.A.”

### **Individuals in a senior position (also “Top management”)**

Corporate representatives and parties who, regardless of the nominatively carried out activity, “cover representative, administrative or directive functions in the entity or in one of its organizational units equipped with financial and functional authority, as well as those persons who, even de facto, exercise management and control of the company” (art. 5 paragraph 1 letter a).

### **Public parties**

Public administrations, therefore the companies and administrations of the State, regions, provinces, municipalities, mountain communities, and their consortia and associations, university institutions, chambers of commerce, trade, manufacturing and agriculture, non-economic public entities on a national, regional and local level, administrations, companies and entities of the National Health Service, concessionaires of public services, public officers and those in charge of a public service, as well as the components of the community bodies, officials and agents hired by contract under the Staff Regulations of officials of the European Communities, persons commanded by the member States or any other public or private entity within the European communities and those who, within other member States of the European Union, carry out functions or activities corresponding to those of public officers and people in charge of a public service.

*This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or*

*factual errors.*