

**REPORT ON CORPORATE GOVERNANCE AND
OWNERSHIP STRUCTURE
2013**

References: *Borsa Italiana Code*
Borsa Italiana Instructions



**REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE**

related to the Financial year ended on 31 December 2013

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DEFINITIONS

In this document the following expressions have the meaning indicated below:

- **“Articles of Association”:** the Company’s Articles of Association approved upon incorporation of the Company and subsequent amendments.

- **“Board of Directors”:** the Company’s Board of Directors.

- **“Borsa Italiana Code”:** the Corporate Governance Code of Conduct for the Italian Listed Companies approved on 14 March 2006 by the Corporate Governance Committee and issued by Borsa Italiana S.p.A. and subsequent amendments.

- **“Borsa Italiana Instructions”:** the Instructions to the Rules of the Markets organized and managed by Borsa Italiana S.p.A. and subsequent amendments.

- **“Borsa Italiana Rules”:** the Rules of the Markets organised and managed by Borsa Italiana S.p.A. and subsequent amendments.

- **“Company”:** d’Amico International Shipping S.A. or DIS.

- **“Consob Regulation on Issuers”:** Consob Regulation n. 11971 of 14 May 1999, implementing the provisions on issuers of TUF, and subsequent amendments.

- **“Consob Regulation on Markets”:** Consob Regulation n. 16191 of 29 October 2007, implementing the provisions on issuers of TUF, and subsequent amendments.

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- **“Financial Year”**: the 2013 financial year which the Report refers to.

- **“d’Amico Group”**: the group of which the Company is part.

- **“Decree 231”**: Italian Legislative Decree of 8 June 2001 n. 231 and subsequent amendments.

- **“Luxembourg Law on Commercial Companies”**: Law of 10 August 1915 on commercial companies, as amended.

- **“Report”**: the 2013 Report on Corporate Governance and ownership structure drafted in compliance with the recommendations of the Borsa Italiana Code and the provisions of the Borsa Italiana Instructions.

- **“Shareholders”**: the shareholders of the Company.

- **“Shareholders’ Rights Law”**: the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and subsequent amendments.

- **“Subsidiary/ies”**: the subsidiary/ies of the Company.

- **“Chief Control and Risk Officer”**: Executive Director in charge of the establishment and maintenance of an effective Internal Control and Risk Management System.

- **“Takeover Law”**: the Luxembourg law of 19 May 2006 and subsequent amendments which implements the Directive 2004/25/EC of 21 April 2004 on takeover bids.

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- **“Transparency Law”:** the Luxembourg law of 11 January 2008 on transparency obligations and subsequent amendments.

- **“TUF”:** the Italian Legislative Decree n. 58 of 24 February 1998 (Testo Unico della Finanza) and subsequent amendments.

- **“Website”:** the Company's website, www.damicointernationalshipping.com

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1. COMPANY PROFILE

The Company is a company duly incorporated on 9 February 2007, existing under Luxembourg laws. The Company completed its initial public offering (hereinafter, the “**IPO**”) of shares on 3 May 2007 and is listed on the segment called “Segmento Titoli Alti Requisiti” (hereinafter, the “**STAR segment**”) of the stock market called Mercato Telematico Azionario (hereinafter, the “**MTA**”) of the Italian Stock Exchange Market organized and managed by Borsa Italiana S.p.A. (hereinafter, “**Borsa Italiana**”).

The business purpose of the Company is the investment in companies operating in the shipping industry, including the relevant services and facilities, as well as the administration, management, control and development of such participating interest. The principal business of the Company is to act as the holding company for d'Amico Tankers Limited and its subsidiaries and Glenda International Shipping Ltd.

In line with the applicable recommendations of the Borsa Italiana Code and with article 123-bis of TUF, the Company provides complete disclosure of the Ownership Structure and Corporate Governance System adopted at 31 December 2013. With reference to specific items the Report is updated at the date of the Board of Directors’ meeting called to approve it. The Report is available on the Website among the Information Documents of the Corporate Governance section, which contains other documents regarding the Company's Corporate Governance System. Moreover the Report is filed with Borsa Italiana, Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its quality of Official Appointed Mechanism for the central storage of regulated information (hereinafter, the “**OAM**”) and available at the registered office of the Company.

2. OWNERSHIP STRUCTURE (at 31 December 2013).

a) Capital structure.

The authorized capital of the Company is set at US\$ 50,000,000.00 divided into 500,000,000 shares with no nominal value. All shares pertain to the category of ordinary shares. The issued (subscribed and fully paid-up) capital of the Company is fixed at US\$ 35,987,977.40 (corresponding to € 26,095,263,14 at the end of 2013 exchange rate). The issued capital of the Company is divided into 359,879,774 shares with no nominal value.

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Capital structure:

	n° of shares	% of the share capital	Listed / not listed	Rights and obligations
Ordinary shares	359,879,774	100%	Listed on the STAR segment of the MTA managed and organized by Borsa Italiana.	Voting and dividends rights and in general those provided by the Company's Articles of Association and by the applicable Luxembourg laws
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

Other financial instruments (giving the right to subscribe newly issued shares):

	Listed / not listed	n° of tradable instruments	Class of shares reserved to the exercise	n° of shares reserved to the exercise
Convertible bonds	-	-		
Warrants	listed on the STAR segment of the MTA managed and organized by Borsa Italiana.	209,929,867	ordinary registered shares not yet issued	69,976,622

b) Restrictions on the transfer of securities.

The Company's shares are freely transferable.

c) Significant direct and indirect holding.

Shareholders of the Company remain subject to disclosure and reporting obligations of transparency both in Luxembourg and in Italy.

- Under the Luxembourg law, to which the Company is subject by reason of its incorporation in Luxembourg, the shareholders of the Company are bound by the applicable provisions of the Transparency Law. Pursuant to the latter, a natural or legal person holder of voting shares, of certificates representing voting shares or of financial instruments giving an entitlement to buy voting shares of the Company, must file a notification both to the Company and to the Commission de Surveillance du Secteur Financier, the Luxembourg financial regulator (hereinafter, the "CSSF") in case the percentage of voting rights held in the Company reaches,

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exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3 %, following the purchase or sale of voting shares of the Company as well as the increase or decrease of the total amount of voting shares or share capital in the Company. Such notification must be filed as soon as possible, but at least within the sixth (6^o) Luxembourg trading day following a transaction or the fourth (4^o) trading day following information of an event changing the breakdown of voting rights by the Company. The notification shall be addressed to the Company's registered office and to the CSSF in compliance with its applicable provisions. The content of the notification will be made public by the Company within three (3) Luxembourg trading day following its reception. The Transparency Law allows postponement of shareholders' general meetings if the above mentioned notification is made within fifteen (15) days prior to such a meeting.

- In light of the listing of the Company's shares on the STAR segment of the MTA managed by Borsa Italiana S.p.A., the Shareholders are also bound by the terms of its restated Articles of Association and reported hereinafter:

"Natural persons or legal entities who acquire, dispose or hold a holding in the Company's capital represented by voting shares, without prejudice to the fulfillment of the applicable provisions in force, shall inform the Company, which shall inform Borsa Italiana where: a) the percentage of the voting rights held by that person exceeds two per cent (2%), b) the percentage of the voting rights held by that person falls below two per cent (2%) within five (5) trading days of the date of transaction triggering the requirement, regardless of the date on which it is to take effect. For the purpose of this specific provision, a person's holding shall be deemed to include both the shares owned by him, even if the voting rights belong or are assigned to third parties, and the shares of which the voting rights belong or are assigned to him. For the same purposes, a person's holding shall also include both the shares owned by nominees, trustees or subsidiary companies and the shares of which the voting rights belong or are assigned to such persons. Shares registered in the names of or endorsed to trustees and those of which the voting rights are assigned to an intermediary in connection with asset management services shall not be counted by the persons controlling the trustee or the intermediary."

According to the above and based on the latest shareholdings communicated by investors at 31 December 2013, the following individuals and institutions have significant direct and/or indirect holdings exceeding 2% of the Company's total ordinary outstanding shares (359,879,774 shares):

Declarant	Direct shareholder	% of the capital	% of the voting capital
d'Amico International S.A.	d'Amico International S.A.	69.32%	69.32%
Oceanic Opportunities Master Fund L.P.	Oceanic Opportunities Master Fund L.P.	3.59%	3.59%

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d) Securities with special control rights.

The Company has not been issuing Securities with special control rights.

e) Employee share scheme: mechanism for the exercise of voting rights.

The Company has not been entering into any employees' share schemes since the stock option plan expired on 31 July 2010.

f) Restrictions on voting rights.

Each share entitles the owner thereof to the casting of one vote, subject to any limitations imposed by the Luxembourg laws and regulations and by the Articles of Association.

In particular, a freezing in the exercise of the voting rights attached to the Company's shares is provided by the Transparency Law as well as by the Articles of Association in case of failure of compliance with the respective notification requirements triggered by the exceeding, the reaching or the falling below certain thresholds as a consequence of acquisitions, disposals or even increase or decrease of the total amount of voting shares or share capital.

Moreover the voting rights pertaining to the own shares held in treasury are suspended.

No other restrictions are applicable to the Company's shares.

g) Shareholders agreements.

The Company has not been notified with and is not aware of any agreements entered into by and among its Shareholders.

h) Appointment and replacement of directors and amendments to the Articles of Associations

Please refer to paragraph 4.1 of the Report.

i) Change of control clauses and takeover bid procedure

Neither the Company nor any of its subsidiaries have entered into relevant agreements whose efficacy, modification or expiry is subject to a change of control of any of the contracting parties.

The Company falls within the ambit of the Takeover Law. By application of its article 4, paragraph 2 b) and pursuant to article 100-ter of the TUF, the authority competent to supervise a takeover bid on the shares of the Company will be the Italian regulating authority, CONSOB. Italian law is the governing law as to (i) the price of the bid; (ii) the procedure of the bid and, in particular, the information on the offerors' decision to make a bid; (iii) the contents of the offer document and (iv) the disclosure of the bid. The Luxembourg regulating authority, the Commission de Surveillance du Secteur Financier (CSSF) will in turn be competent (and Luxembourg law will be applicable) pursuant to the Takeover Law and the CSSF Circular 06/258 in respect of matters relating to the information to be provided to the employees of the Company

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and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid.

The Company is also subject to the Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer and the CSSF Circular 12/545 if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares representing at least 95% of the voting share capital and 95% of the voting rights of the Company.

It is worth to underline that the Articles of Association do not make any reference to the takeover bid procedure thus referring completely to the Takeover Law from which perspective:

- the shareholders of the Company may resolve, even before a takeover bid has been made public, to impose on the Board of Directors to submit to their prior approval the adoption of any defensive action by the Board of Directors which may result in the frustration of the takeover bid. Absent such a resolution, as the case is, the Board of Directors may be free to take defensive actions without the prior approval of the shareholders (defensive actions);
- the shareholders of the Company may resolve that any transfer restrictions applicable to their securities as well as any restrictions on voting rights and/or any exceptional voting right entitlements shall cease to be enforceable upon a takeover bid (breakthrough rule).

j) Delegated powers regarding share capital increases and authorization to the buy back.

The Articles of Association permit the Board of Directors the issuance of new shares within the limits of the authorised share capital of the Company (US\$ 50,000,000) in one or several successive tranches, for any reasons whatsoever including for defensive reasons following, as the case may be, the exercise of subscription and/or conversion rights granted by the Board of Directors under the terms and conditions of warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments issued from time to time by the Company. The new shares may be issued with or without share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner. The Board of Directors is authorized to determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up of the new shares. Moreover it can remove or limit the preferential subscription rights of the Shareholders in case of issue against payment in cash of shares, warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments, considering the fact that pre-emption rights do not apply in case of share capital increase by means of a contribution in kind. The said Board of Directors' authorization is valid during a period of five (5) years after the date of publication of the minutes of the extraordinary

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general meeting of shareholders held on 2 October 2012 in the Mémorial C, Recueil des Sociétés et Associations and it may be renewed by a resolution of the general meeting of shareholders.

Moreover the Company's annual general meeting of Shareholders' held on 29 March 2011 renewed the authorization to the Board of Directors to the repurchase - in one or more tranches over the regulated market organized and managed by Borsa Italiana S.p.A or by such other means resolved by the Board of Directors and in compliance with any applicable laws and regulations – and disposal of the Company's own shares for a maximum number of 14,994,991 ordinary shares of the Company without nominal value (including the ordinary shares without nominal value of the Company already repurchased and held in the Company's portfolio) for a total maximum outlay of about Euros 52 million and for a maximum period of five (5) years from the date of the relevant Shareholders' meeting resolving upon it. The Shareholders' identified the following buy back purposes:

- to constitute - in conformity with the market practices accepted or to be implemented in the future on the Italian regulated market - a “treasury” stock available eventually as a means of payment, exchange, transfer, contribution, pledge, assignment or other action of disposal within the framework of transactions linked to the Company and subsidiaries operation and of any projects constituting an effective opportunity of investment in line with the strategic policy of the Company such as agreements with strategic partners, acquisition of shareholdings or shares' packages or other transactions of extraordinary finance that imply the allocation or assignment of Own Shares (like merger, demerger, issuance of convertible debentures or warrant, etc.) and more widely for any purposes as may be permitted under applicable laws and regulations in force;
- to put the Company in a position to be able to intervene on the market in order to sustain the stock's liquidity or investment policies in conformity with the market practices accepted on the Italian regulated market by providing support for the price of the Company's shares during a limited time period if they come under selling pressure, thus alleviating sales pressure generated by short term investors and maintaining an orderly market;
- to help stabilize the market price of the Company's shares, if deemed appropriate and/or necessary, according to article 7 and ff. of the EU Regulation and/or any other applicable law and provision;
- to put the Company in a position to offer Own Shares for distribution to its and subsidiaries' directors, officers or employees whether or not pursuant to the implementation of a stock option plan that may be approved by the Company during the authorization hereby requested.

The Board of Directors by means of a written resolution dated 5 July 2011 resolved to start-up the buy-back program pursuant to the Shareholders' authorization with the purpose of assigning the Own Shares to the constitution of a “treasury stock” and entrusted any of the Directors and/or the Chief Financial Officer all the powers to proceed with the disposal of Own Shares already repurchased and of those that will be repurchased without a time limit and pursuant

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to the Commission Regulation (EC) No 2273/2003 of 22 December 2003 and to the Consob Resolution n. 16839 of 19 March 2009 according to the operative instructions issued from the organizational and management rules of the markets, so as to assure a square deal to all the shareholders. The Company also entered into an agreement with an investment firm which makes its trading decisions, in case of a repurchase and/or disposal in relation to the Company's Own Shares independently of, and without influence by, the Company with regard to the timing of the purchases and disposals according the Commission Regulation (EC) n° 2273/2003 of 22 December 2003.

The Board of Directors also entrusted the Chief Executive Officer to modify the buy-back program in the framework of the authorization issued by the Shareholders and carrying out any related fulfilments in order to implement the resolutions according to the applicable laws and regulations and to be in compliance with any disclosure obligations.

At the time of this Report the Company holds n. 5,090,495 own shares (corresponding to 1.41% of the current share capital) having acquired since the start-up of the new buy-back program n.700,000 own shares.

k) Directors' indemnities in the event of resignation, dismissal without just cause or termination of the employment contract as a result of a takeover bid.

Please refer to the report on remuneration drafted in compliance with the provisions of the IPO prospectus and according to article 123-ter of the TUF and to the article 116 of the Consob Regulation on Issuers and published on the Company's Website at Shareholders' disposal.

l) Management and coordination activity

The Company is not subject to the Italian laws requiring certain steps in case of an ascertained or de facto status implying the exposition at the management and coordination activity of a controlling company.

3. COMPLIANCE

The Company is organized in compliance with the applicable Luxembourg laws and regulations on companies and its governance practice is influenced by the above mentioned legislation, by its Articles of Association and, to the extent possible, by the Borsa Italiana Code (available at the Borsa Italiana S.p.A. website being www.borsaitaliana.it and also at the Website) that the Company resolved to adopt and still adopts, as per resolution of its Board of Directors of 23 February 2007, not being obliged to comply with the corporate governance regime of the Luxembourg Stock Exchange. If, however, with regard to specific issues, the system of corporate governance should not be in compliance with the abovementioned recommendations and practices adopted on a voluntary basis, the Report will outline the specific reasons of failure to comply. The Company is further subject to the disclosure obligations related to corporate actions and periodic information established by the Transparency Law and, where applicable due to its listing on the Italian market, also to those established by the Italians laws and regulations.

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4. BOARD OF DIRECTORS

As already evidenced in the 2012 report on corporate governance and ownership structure the Company's system of corporate governance hinges on the central and active role of the Board of Directors.

4.1. Appointment and replacement of Directors and amendments to the Articles of Association

As regards the appointment procedure the Company complies with the provisions of the Luxembourg laws and regulations, with the Articles of Association and, consistently with the above, with the recommendations of the Borsa Italiana Code. In particular, the appointment of Directors is regulated by a transparent procedure which ensure, inter alia, timely and adequate information on personal and professional qualifications of candidates. The Nomination & Remuneration Committee performs a useful consultative and advisory role supporting the Board of Directors in the identification of its the best composition, indicating the professionals whose presence may favour a correct and effective functioning and, in case of necessity of co-optation of an independent, their eligibility to qualify as independent as per the provisions of the Borsa Italiana Code. The Articles of Association establish that the annual general meeting of Shareholders will elect members for a period not exceeding six (6) years. Members are eligible for re-election and may be removed at any time, with or without cause, by means of a resolution of a general meeting of Shareholders. In case of a vacancy on the Board of Directors, the Board of Directors itself may appoint a new director, provided that the next following general Shareholders' meeting confirm such appointment (co-optation).

The “list of candidates” mechanism for appointment of directors recommended by the Borsa Italiana Code is not applicable to the Company where, according to Luxembourg companies law, the Board of Directors itself propose a list of candidates.

Due to its high level of proprietary concentration, the Board of Directors resolved not to adopt a plan for the succession of executive directors.

Any amendments to the Articles of Association is resolved by an extraordinary general meeting of Shareholders whose quorum shall be at least one half of all the shares issued and outstanding. If the said quorum is not present, a second meeting may be convened at which there shall be no quorum requirement. In order for the proposed resolutions to be adopted, and save as otherwise provided by the Laws, a 2/3 majority of the votes cast by the Shareholders present or represented is required at any such general meeting of Shareholders.

4.2. Composition and meetings

The Articles of Association provide for the Company to be managed by a Board of Directors composed of no less than three (3) members, who don't need to be shareholders., The general meeting of Shareholders is entitled to determine the Board of Directors members'

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number. The annual general Shareholders' meeting held on 3 April 2012 fixed that number at nine (9).

The current members of the Board of Directors were elected, in accordance with the Articles of Association, by the annual general meeting of Shareholders held on 29 March 2011 and by the annual general meeting of Shareholders held on 3 April 2012. Each member of the Board of Directors was elected for a term of office that will end with the annual general Shareholders' meeting called to approve the 2013 Company's financial statements.

All the appointed Directors are aware of the duties and responsibilities relating to their office and have sufficient knowledge of reality and business dynamics so as to carry out their role effectively also due to the periodic reports issued by the delegated persons and bodies in the occasion of the approval of the quarterly, semi-annual and annual accounts. Moreover, the Directors are regularly kept informed on any changes in the relevant regulatory framework as applicable from time to time to the Company.

At the end of the Financial Year the Board of Directors consists of nine (9) directors, of whom four (4) are Executive and five (5) are Non-Executive; of the latter, four (4) are classified as Independent Directors. The number of Independent Directors, upon assessment duly carried out by the Nomination & Remuneration Committee, was judged adequate with reference to the size of the Board and the activity of the Company.

Taking into consideration the Company's business sector and the current Board of Directors composition, it was assessed that specific competence, managerial and international experience together with legal, strategic, finance and market oriented professionals are adequately represented.

In compliance with the Borsa Italiana Code recommendations and pursuant to what provided for in article 9 of the Articles of Association, the Board of Directors in its meeting held on 6 May 2008, having taken into consideration the purpose and dimension of the Company and the d'Amico Group as well as the participation of the directors of the Company in several committees established within the Board, resolved that each director, so as to be able to grant an effective performance of his duties, may hold no more than fifteen (15) offices on the boards of directors and/or on the boards of auditors of other companies either listed on regulated markets (including foreign markets), or financial ones, banks, insurance companies and/or companies of a considerably large size. To this end, the Board of Directors further resolved to disregard, in the count of the global number of offices, all the companies which are members of the d'Amico Group and to consider as one all the offices held at companies belonging to a same group other than the d'Amico's one.

The following schemes evidence the composition of the Board of Directors and of the various Committees established within the Board of Directors as well as the number of relevant offices held by each of the Directors in the said other companies which is consistent with what established by the Board of Directors itself.

Name	Office	In office since	Executive	Non-Executive	Independent	% of attendance*	n° of other relevant offices
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d'Amico Paolo	Chairman	23.02.2007	X			100%	1
Fiori Marco	Chief Executive Officer	09.02.2007	X			100%	-
d'Amico Cesare	Director	23.02.2007	X			75%	3
Barberis Giovanni	Chief Financial Officer	03.04.2012	X			100%***	-
Jozwiak Andrzej	Stas Director	23.02.2007		X	X**	100%	-
Castrogiovanni Massimo	Director	23.02.2007		X	X	100%	-
Nunziante Giovanni Battista	Director	23.02.2007		X		100%	1
Barandun Heinz Peter	Director	31.03.2009		X	X	100%	4
Danilovich John Joseph	Director	31.03.2009		X	X	75%	2

*Including the presence by proxy as per Article of Association's provision

**Lead Independent Director

*** Qualified to attend 3 of 4 meetings due to its appointment in the Board of Directors occurred on 03 April 2012

Name	Office	Executive Committee	% EC	Nomination & Remuneration Committee	% N&RC	Control & Risk Committee	% C&RC
d'Amico Paolo	Chairman	X	100%				
Fiori Marco	Chief Executive Officer	X	100%				
d'Amico Cesare	Director	X	100%				
Barberis Giovanni	Chief Financial Officer						
Jozwiak Andrzej	Stas Director			X*	100%	X	100%
Castrogiovanni Massimo	Director			X	100%	X*	100%
Nunziante Giovanni Battista	Director			X	100%	X	75%
Barandun Heinz Peter	Director			X	100%	X	100%
Danilovich John Joseph	Director			X	100%	X	100%

*President of the Committee.

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Hereafter a brief résumé of the principal professional skills of the Board of Directors members:

Paolo d'Amico graduated in 1978 in Economics and Business from Rome University (*La Sapienza*). He joined d'Amico Società di Navigazione S.p.A. in 1971 and was appointed as a director of that company, with particular focus on the product tanker aspects of the business, in 1981. He has also been a director of the Company's Controlling Shareholder, *i.e.* d'Amico International S.A. since 1998. In 2002 he was appointed as chairman of the board of directors of d'Amico Società di Navigazione S.p.A. He has been a director of the Company's operative, wholly owned subsidiary, d'Amico Tankers Limited since 2006. Currently, he is director of a number of companies of the d'Amico Group. He is also involved in a number of companies that are not part of the d'Amico Group, including as director of Sator S.p.A. and of the listed company Tamburi Investment Partners S.p.A., member of the executive board of the main organisation representing Italian manufacturing and services companies (Confindustria) the International Association of the Independent Tankers Owners (Intertanko) and the Italian Shipowners Association (Confitarma) that chaired during a three years term of office. On 2013 he was also awarded with the title of Labour Knight.

Marco Fiori joined COGEMA S.A.M. in 1996 as managing director and has since held many other executive positions in d'Amico Group companies. Prior to joining the d'Amico Group, Mr Fiori was employed in the New York branch of Banca Nazionale dell'Agricoltura. He was initially responsible for the loan portfolio and business development of Fortune 100 companies based on the U.S. West Coast and later for overseeing and managing the entire U.S. business development market. From 1990 to 1994 he held the position of head of credit and in 1994 was promoted to the position of senior vice-president and deputy general manager of the New York branch with direct responsibilities for business development, treasury and trading. Mr Fiori obtained a Bachelor of Science in Economics and Finance from Rome University (*La Sapienza*) in 1979 and a Master in Business Administration from the American University in Washington DC in 1984. He currently lives in Monte Carlo in Monaco.

Cesare d'Amico graduated in Economics and Business in 1982 from La Sapienza University in Rome. He started to work in the technical department of the family business (d'Amico Società di Navigazione S.p.A.) in 1976. In 1977 he moved to the Liner Services department, becoming departmental manager in 1978. In 1982 he was appointed Chief Executive Officer of d'Amico Società di Navigazione S.p.A.. In 1993 he helped launch the d'Amico Group's dry bulk cargo business. In 1997 he played a prominent role in Finmare's privatisation of Italia di Navigazione S.p.A., a state-owned company, in which he subsequently held the position of Chief Executive Officer until the company's sale to CP Ships Canada in 2002. Since 1997 he has played a prominent role in developing the business and fleet of d'Amico Dry Limited. He is currently a member of the Board of Directors of d'Amico Dry Limited as well as a director of a number of other companies in the d'Amico Group. He also holds several appointments in other companies that are not part of the d'Amico Group, including Prysmian S.p.A., Tamburi Investment Partners S.p.A. and the Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited.

Giovanni Barberis graduated in Economics and Business from La Sapienza University in Rome and started his professional career in the treasurer dept of the chemical branch of the Exxon Group. In January 1990, he joined Eridania Z.N. S.p.A., Gruppo Ferruzzi, where his initial responsibilities are those of International Audit Manager Agroindustria eventually assuming the position of Financial Manager for Italy. In 1993, he was appointed International Auditing Mgr for Simint SpA, the listed company of Giorgio

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Armani S.p.A., where he assumed also, soon after, the role of CFO, in addition to other important responsibilities within the same company. In 1995, he filled the position of CFO and Board Member of Gruppo Cremonini, an Italian food listed company. In 2003 he joined the Arena Group, an Italian food listed company, in the capacity of CEO. In 2005 he joined Hera SpA, moving to Acea Spa in 2009 – both Italian multi-utilities listed in Milan Stock Exchange, as CFO. He has numerous publications to his credit and has participated in various financial and academic conference panels in which he addressed the subject of financial economy. He finally joined d'Amico Società di Navigazione S.p.A. in September 2012 as CFO and the Company in October 2012 as CFO.

Stas Andrzej Jozwiak joined the Company in 2007 as lead independent director. After a five year commission with the Royal Air Force, he was trained as a shipbroker at Eggar Forrester Ltd. in London where he became a director in 1975. He gained practical port experience working with Associated Steamships in Fremantle, Western Australia. He qualified as a Fellow of the Institute of Chartered Shipbrokers in 1970. He became a director of sale and purchase at J.E.Hyde in London in 1980. In 1983 he was appointed to that same position at Maton Grant and Sutcliffe. He founded S.A.Jozwiak (Shipbrokers) Ltd. in 1987 specialising in the sale and purchase of tonnage and the contracting of new-buildings. He was educated at the Oratory School in Berkshire and at the London School of Foreign Trade where he specialised in the economics of sea transport. He currently lives in Oxfordshire in the United Kingdom.

Massimo Castrogiovanni joined the Company in 2007 as independent director. Prior to joining Mr Castrogiovanni was vice president and head of the shipping department initially at IMI and then at Ebifbanca S.p.A. where he was responsible for the shipping finance activity for oil tankers vessels, ro-pax and chemicals and dry bulk. In 2004 he became shipping finance consultant of Ebifbanca S.p.A.. In 1965 Mr Castrogiovanni graduated in Naval Architecture in Naples and in 1972 he obtained a Master in Nuclear Engineering in Pisa. He currently lives in Rome (Italy) and acts as a shipping finance consultant for the Banca Popolare of Emilia Romagna Group.

Gianni Battista Nunziante joined the Company in 2007 as director. Mr Nunziante qualified as a lawyer in 1954 and is entitled to practice law in Italy before the high courts since 1971. Mr Nunziante was a foreign associate at the New York office of Cleary Gottlieb Steen & Hamilton. He founded the law firm Ughi e Nunziante in 1967. At present Mr Nunziante holds, among others, a position as chairman of the board of statutory auditors of Moody's Italia S.r.l. Mr Nunziante graduated in Law from the University of Naples in 1952 and from Columbia University School of Law in 1962. He has written several articles and contributions on corporate law. He currently lives in Rome in Italy

Heinz P. Barandun joined the Company in 2009 as an independent director. Between 1958 and 1968, he worked at UBS Lugano, Den Danske Landmandsbank in Copenhagen and Nestlé in Vevey. In 1968 he started working for Citibank N.A. in Geneva, later in Piraeus and Zurich where, between 1978 and 1983, he was responsible for Citibank's ship lending activity in continental Europe (except for Greece and Northern Europe). He was Division Head Corporate Banking in Switzerland and one of the 300 senior credit officers (being the highest credit approval authority for Citicorp/Citibank worldwide) until 1984 when he left Citibank to start his own company. That same year, he joined the board of directors of Citibank in Switzerland, a position which he held until 2008. He currently holds several positions as member of the board of directors of non-listed companies.

John Joseph Danilovich joined the Company in 2009 as an independent director. He is an experienced businessman and private investor with a strong background in foreign affairs who has been active in the international maritime industry for several decades and served as a director of companies in

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the shipping and investment fields. He continued his distinguished career of more than forty years in both the public and private sectors, serving as the U.S. ambassador to Costa Rica (2001-2004) and to Brazil (2004-2005). More recently, from 2005 until 2009, he was the chief executive officer of the Millennium Challenge Corporation. He also served as a director of the Panama Canal Commission (1991-1996) and was the chairman of the Transition Committee during the handover of the canal from the United States to Panama. He sits on the Council of the Harvard School of Public Health and is a member of the Council on Foreign Relations (US) and of Chatham House (UK). Furthermore, he is part of the board of Trilantic Capital Partners (UK) and of American Securities LLC (NY) and, before that, a trustee of the Stanford University Trust, the American Museum in Britain and of the US-UK Fulbright Commission. He obtained a Bachelor in Political Science from Stanford University and a Master in International Relations from the University of Southern California.

In the following scheme all the offices are duly specified and updated at 31 December 2013:

Director	Offices held in the boards of companies other than the Company	Type of company
Paolo d'Amico	Member of the Board of Directors (Executive President) and of the Executive Committee of d'Amico Società di Navigazione S.p.A.	d'Amico Group Holding
	Member of the Board of Directors (President) of Compagnia Generale Telemar S.p.A.	d'Amico Group
	Member of the Board of Directors of Milano Finanziaria Immobiliare S.p.A.	Others
	Member of the Board of Directors of Fondo Nazionale Marittimi	Others
	Member of the Council and of the Executive Board of The International Association of the Independent Tankers Owners (Intertanko)	Others
	Member of the Council and of the executive board of Confitarma (Italian Shipowners Association)	Others
	Member of the Council and of the executive board of Confindustria (Italian Industrialists Association)	Others
	Member of the Council and of the executive board of Federtrasporto (Italian Association of Transportation Industrialists)	Others
	Member of the Board of Directors of d'Amico Tankers Limited	d'Amico Group – Large Company
	Member of the Board of Directors of d'Amico Tankers Monaco S.A.M.	d'Amico Group
	Member of the Board of Directors of d'Amico International S.A.	d'Amico Group Sub-holding
	Member of the Board of Directors of Sator S.p.A.	Others
	Member of the Executive Board of Assonime	Others
	Member of the Board of Directors of Tamburi Investment Partners S.p.A.	Listed
	Member of the Board of Directors (Vice-President) of Registro Italiano Navale (RINA)	Others
	Member of the Board of Directors and of the Executive Board of Civita Cultura S.r.l.	Others
	Member of the Board of Directors (President) of Federazione del Sistema Marittimo Italiano – (Italian Maritime Cluster)	Others
	Member of the Board of Directors of Associazione Civita	Others

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Cesare d'Amico	Member of the Board of Directors (CEO) and member of the Executive Committee of d'Amico Società di Navigazione S.p.A.	d'Amico Group Holding
	Member of the Board of Directors (CEO) of CO.GE.MA S.A.M.	d'Amico Group
	Member of the Board of Directors of MIDA Maritime Company Limited	d'Amico Group
	Sole Director of Saemar S.A.	d'Amico Group
	Member of the Board of Directors of d'Amico Dry Limited	d'Amico Group – Large Company
	Member of the Board of Directors of ACGI Shipping Inc.	d'Amico Group
	Member of the Board of Directors of Clubtre S.r.l.	Others
	Member of the Board of Directors of Ishima Pte Limited	d'Amico Group
	Member of the Board of Directors (Vice-President) of Compagnia Generale Telemar S.p.A.	d'Amico Group
	Member of the Board of Directors (Executive President) of d'Amico International S.A.	d'Amico Group Sub – holding
	Member of the Board of Directors of The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited	Insurance
	Member of the Board of Directors of Milano Finanziaria Immobiliare S.p.A.	Others
	Member of the Board of Directors (Vice-President) of Tamburi Investment Partners S.p.A.	Listed
	Member of the Board of Directors of Società Laziale Investimenti e Partecipazioni S.r.l.	Others
	Sole Director of Casle S.r.l.	Others
	Sole Director of Fi.Pa. Finanziaria di Partecipazione S.p.A.	Others
	Member of the Board of Directors (President) of Marina Cala Galera Circolo Nautico S.p.A.	Others
	Member of the Board of Directors (President) of Fondazione ITS Giovanni Caboto	Others
Member of the Board of Directors (Independent) of Prysmian S.p.A.	Listed	
	Member of the council of Confitarma (Italian Shipowners Association)	Others
Marco Fiori	Member of the Board of Directors of DM Shipping Limited	d'Amico Group
	Member of the Board of Directors of CO.GE.MA S.A.M.	d'Amico Group

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	Member of the Board of Directors (Executive President) of COMARFIN S.A.M.	d'Amico Group
	Member of the Board of Directors of d'Amico Tankers Limited	d'Amico Group
	Member of the Board of Directors (Executive President) of d'Amico Tankers Monaco S.A.M.	d'Amico Group
	Member of the Board of Directors of Glenda International Management Limited	d'Amico Group
	Member of the Board of Directors of High Pool Tankers Limited	d'Amico Group
	Member of the Board of Directors of Glenda International Shipping Limited	d'Amico Group
	Member of the Board of Directors of Hanford Investment Inc.	d'Amico Group
	Member of the Board of Directors of St Andrew Estates Limited	d'Amico Group
Giovanni Battista Nunziante	Member of the Board of Directors of d'Amico Società di Navigazione S.p.A.	d'Amico Group
	Member of the Board of Auditors (President) of Moody's Italia S.r.l.	Large Company
	Member of the Board of Directors of Castello di Spaltenna S.r.l.	Others
	Member of the Board of Directors of Villa Vignamaggio S.r.l.	Others
	Member of the Board of Directors (President) of Società Laziale Investimenti e Partecipazioni S.r.l.	Others
Heinz Peter Barandun	Member of the Board of Directors (President) of Gryphon Hidden Values VIII Ltd (Citibank hedge fund)	Financial
	Member of the Board of Directors (President) of Gryphon Hidden Values IX Ltd (Citibank hedge fund)	Financial
	Member of the Board of Advisors of Gryphon Hidden Values VIII LP Ltd (Citibank hedge fund)	Financial
	Member of the Board of Directors (President) of Swissana Clinic A.G., Meggen	Others
	Member of the Board of Directors of Stiftung Patientenkompetenz, Zurich	Others
	Member of the Board of Directors of Fincor Capital S.A., Zurich	Financial (Fincor group)
	Member of the Board of Directors (President) of Fincor Finance S.A., Zurich	Financial (Fincor group)
	Member of the Board of Directors (President) of Fincor Holding A.G., Glarus	Financial (Fincor group)
	Sole Director of HPB Editeur A.G., Glarus	Others (Fincor group)
	Sole Director of Laredo Holding A.G., Glarus	Others (Fincor group)
John Joseph Danilovich	Member of the Advisory Board of American Securities LLC (NY)	Financial
	Member of the Europe advisory council of Trilantic Capital Partners (UK)	Financial

In the Financial Year the Board of Directors met four (4) times with a percentage of attendance of 94,4% as better specified in the above schemes and an average duration of one hour and a half. Moreover, the Directors signed two (2) written decisions duly documented according to the provisions of the Articles of Association. The CFO of the Company was invited to attend the first meeting of the Financial Year and then became a member of the Board of Directors. A member of the Supervisory Committee was invited to report on the activity of the

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Committee. Prior to any Board of Directors meeting or decision, the Chairman ensures that the complete supporting documentation relating to the agenda are timely provided according to the Articles of Association provisions thus permitting an effective participation in the proceedings. Further to a specific request of the independent directors the prior notice deemed adequate for the documents supply was identified in five (5) business days always observed except in cases of urgency or in case of written specific waiver.

During the meetings the Chairman ensures always the possibility to thoroughly discuss all the items on the agenda by way of pulling for the directors opinion especially that of the non-executive ones.

On 12 November 2013 the Company released a calendar showing the scheduled dates for the 2014 Board of Directors' meetings both for the approval of the first and third interim management statements, the half-yearly report and the draft of the financial statements and for the presentation of the respective accounting data to the financial analysts. This financial calendar as amended on 11 December 2013 is available on the Investor Relations section of the Website. Moreover, in compliance with the applicable Italian laws and regulations in force, the Board of Directors resolved to avail itself of the exemption from publishing the fourth (4th) 2013 interim management statement considering that the 2013 draft annual financial statements of the Company are scheduled to be published within ninety (90) days from the end of the Financial Year. The 2014 financial calendar includes four (4) meetings and to this day no meeting was held.

The above indications are the result of a self-assessment carried out by the Board of Director acting through its Chairman. To this end it was taken into consideration the evaluation provided by the Nomination and Remuneration Committee.

4.3. Role and tasks

The Board of Directors is vested with broad powers to perform any action necessary or useful for accomplishing the Company's object with the ultimate purpose of creating value for its Shareholders, providing strategic guidance of the Company and control of operations with powers to direct the business as a whole and intervening in a series of decisions necessary to promote the Company's purpose and the transparency of operational decisions within the Company and in relation to the market.

On these purposes, among the powers and tasks entrusted to it by the Articles of Association, the applicable laws and regulations and the best practice, the following are especially noteworthy:

- The examination and approval of the strategic, industrial and financial plans of the Company and its subsidiaries (the Board of Directors approved the first plan for the 2007, 2008 and 2009 financial years on its meeting held on 23 February 2007 and then didn't approve any other strategic, industrial and financial plans due to the fact that the same is evaluated by the

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Executive Committee).

- The examination and approval of the corporate and governance structure of the Company and its subsidiaries (the Board of Directors performs this activity annually upon the listing on the Company, as disclosed in the IPO Prospectus, in order to be compliant with the applicable laws and regulations and discloses the results of its activity in the Report. The power to define the organizational structure of the Company is however delegated to the Executive Committee).
- The adoption of the Company's corporate governance rules (the Board of Directors resolved to adopt the corporate governance set out in the Borsa Italiana Code in its meeting held on 23 February 2007 and subsequently each year with the approval of the present Report. Moreover on 10 December 2012 the Board of Directors took the appropriate resolutions in order to implement the new recommendation provided by the Borsa Italiana Code as amended on 2011 especially as regards the internal control and risk management system).
- The examination and/or approval of the Company and its subsidiaries' transactions with a significant impact on the Company activity in view of their nature, strategic importance or size (Major Transactions) with particular reference to transactions in which one or more directors have an interest, directly or on behalf of third parties and to transactions with related parties (Significant Transactions with Related Parties) both the Major Transactions and the Significant Transactions with Related Parties being identified for their respective value/amount and/or type. The above according to the Company's Rules on Major Transactions and Significant Transactions with Related Parties approved by the Board of Directors in its meeting of 7 February 2007 and subsequently amended on 18 February 2009, in both cases upon previous favorable opinion of the Control & Risk Committee. As the rule prohibiting competition is not applicable to the Company, the shareholders' meeting never took into consideration the possibility to preventively and generally authorize such a derogation to the rule.
- The evaluation of the adequacy of the organizational, administrative and accounting general structure of the Company and its strategically relevant subsidiaries being (identified as those whose balance sheet assets are more than two per cent of the consolidated balance sheet assets and whose income is more than five per cent of the consolidated income or those companies where the sum of such companies' assets exceeds ten per cent of the consolidated assets and that of their income exceeds fifteen per cent of the consolidated income) as drafted by the bodies with delegated powers with special reference to the Internal Control System and to the management of the conflict of interests (the Board of Directors performs this kind of evaluation annually with the approval of the present Report for the Company and the operative subsidiary d'Amico Tankers Limited having collected the delegated bodies' report and having considered the previous opinion released by the Control & Risk Committee).
- The delegation and revocation of powers and the relevant definition of a model for delegation of powers.
- The assessment of the overall performance of operations on the basis of reports by the bodies with delegated powers and periodically comparing the results achieved with those planned (the Board of Directors performs this kind of evaluation quarterly together with the approval of the

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accounting documents and annually with the approval of the present Report).

- The evaluation of the Board of Directors and its Committees' size, composition and performance as well as the periodic assessment of the Directors' independence in line with the international best practice and in particular with the provisions of the Borsa Italiana Code (the Board of Directors of 22 February, 2011 resolved for a positive assessment upon previous opinion released by the Nomination & Remuneration Committee). On the basis of the results of the said evaluation, the Board of Directors provides in the report to the shareholders called to resolve on the appointment of the members of the Board of Directors a list indicating those professional profiles deemed appropriate for the composition of the Board.
- The determination of the compensation of those members of the Board of Directors vested with particular offices in the framework of the aggregate amount for compensation of all the Directors as determined by the Shareholders' meeting and the splitting of this aggregate amount among all the Directors (according to the Articles of Association and to the Borsa Italiana Code, the Board of Directors of 7 May 2013 resolved for the allocation of fees among the Executive and Non-Executive Directors upon previous positive opinion released by the Nomination & Remuneration Committee).

4.4. Model for delegation of powers

The Articles of Association provide for the Company to be bound towards third parties by the single signature of the Chairman of the Board of Directors or the joint signature of any two members of the Board of Directors, by the joint signatures or single signature of any people to whom the daily management of the Company has been delegated, within such daily management, or by the joint signatures or single signature of any people to whom special signatory power has been delegated by the Board of Directors, within the limits of such special power. As envisaged in Article 13 of the Articles of Association, the Board of Directors may delegate the daily management of the Company and the power to represent the Company within such daily management to one or more persons or committees of its choice specifying the limits to such delegated powers and the manner of exercising them. The Board of Directors may also delegate other special powers or proxies or entrust permanent or temporary functions to persons or committees of its choice.

According to the Articles of Association, the Board of Directors meeting held on February 23rd, 2007 established that people and corporate bodies with delegated powers shall report to the Board of Directors, at least once in each quarter, on the occasion of the Board of Directors' and Executive Committee's meetings or in a written memorandum. The subject of such reports are the activities carried out, the general performance of operations and their foreseeable development, and the transactions of greatest economic, financial and equity-related significance entered into by the Company or its Subsidiaries; in particular transactions in which Directors have an interest, directly or on behalf of third parties, or that are influenced by the party that performs management and coordination activities, if any. The reports of the delegated people and bodies are the basis for the drafting of the quarterly and annual accounting documents.

Executive directors

Issued: *Chairman of the Board of Directors*

Approved: *Board of Directors*

Distribution: www.damicointernationalshipping.com

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At the end of the Financial Year the Board of Directors consists of nine (9) directors, of whom the four (4) Executives are Mr. Paolo d'Amico (Chairman and member of the Executive Committee), Mr. Cesare d'Amico (member of the Executive Committee), Mr. Marco Fiori (Chief Executive Officer and member of the Executive Committee) and Mr. Giovanni Barberis (Chief Financial Officer). The Executive Committee and the managing directors quarterly inform the Board of Directors on the activities performed in the exercise of the delegated powers, the general performance of operations and their foreseeable development and the transactions of greatest economic, financial and equity-related significance entered into by the Company or its subsidiaries.

a) Chairman

The Board of Directors held on 5 May 2011 resolved to confirm the appointment of Mr. Paolo d'Amico as Chairman without a specific delegation of powers. The latter, however, indirectly jointly controls the Company and, as member of the Company's Executive Committee, plays a specific role in the definition of the business strategies and is systematically involved in the day-to-day management of the Company. On 10 December 2012 the Directors resolved to attribute to the Chairman, former executive director responsible for supervising the functionality of the Internal Control System of the Company (Supervisory Director), in addition to those already assigned, the new tasks identified by the Borsa Italiana Code as amended in 2011 and applicable to the Company and in particular the task of implementing the risk management system with the title of director in charge of the Internal Control and Risk Management System of the Company (Chief Control and Risk Officer).

b) Chief Executive Officer

The Board of Directors meeting held on 5 May 2011 resolved to confirm the appointment of Mr. Marco Fiori as Chief Executive Officer in charge of the Company's daily management and representation and with power to bind the Company under his single signature up to amounts of USD five (5) million. Mr Fiori doesn't fall in an interlocking directorate situation.

c) Executive Committee

The Board of Directors meeting held on 5 May 2011 confirmed the setting up of the Executive Committee, the members' number at three (3) and the appointment of Mr. Paolo d'Amico (Chairman), Mr. Cesare d'Amico (Executive Director) and Mr. Marco Fiori (Chief Executive Officer). The Board of Directors' meeting held on 26 April 2012 confirmed the Executive Committee 2012 expenditure budget at Euro 20,000.00 considered appropriate in order for it to discharge its duties and resolved upon the delegation of the following special powers:

- To determine the organizational structure of the Company.

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- To review, analyze and evaluate the strategic, industrial and financial plan of the Company and of its subsidiaries together with the relevant budget, business plan and any other document, paper, plan and proposal concerning the Company and its subsidiaries as well as any update of the abovementioned documents.
- To grant voting instructions to representatives of the Company in the corporate bodies of the Company's subsidiaries.
- To designate the members of the board of directors and/or of the executive committee and the members of the control bodies of the Company's subsidiaries.
- To employ, dismiss, transfer and to grant powers to the employees with managerial responsibilities of the Company and to give any relevant instructions in that respect to its subsidiaries.
- To review, analyze and evaluate, in the light of the strategic, industrial and financial plan of the Company and of its subsidiaries, all of the contracts, deeds, acts and documents concerning new building, purchase, sale, long term chartering in and long term chartering out of vessels.

In the Financial Year the Executive Committee held three (3) meetings with a 100% attendance of all its appointed members and an average duration of two (2) hours. Moreover, on 29 July 2008 the Board of Directors, upon proposal of the Committee itself, resolved to approve the Executive Committee Regulation, governing its functioning, duties and rights. The Executive Committee envisage meeting at least two times in the 2013 financial year and to this day no meeting was held.

d) Chief Financial Officer

The Board of Directors meeting held on 25 October 2012 resolved to grant a special power of attorney, with power of substitution, to Mr. Giovanni Barberis, Chief Financial Officer of the Company for the following actions:

- To prepare draft quarterly, half-yearly and annual reports and/or budget forecast to be further submitted to the Board of Directors;
- To choose and adopt financial, accounting and tax policies deemed appropriate to the Company in accordance to the relevant applicable law and regulation, and further coordinate these policies with its subsidiaries and submit, if required, to the Board of Directors and the Audit Committee;
- In order to facilitate the daily management of the Company, the Chief Financial Officer will be empowered with the following powers with power of substitution;

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- to sign any agreements and/or contracts on behalf of the Company not exceeding US\$ 300,000 each or its equivalent in any other currency;
- to represent the Company with regard to any bank or financing institution asking any facilities, choosing and buying any banking services, as he may think appropriate, requiring financial leases, mortgages and credit limit, negotiating the relevant terms and conditions and signing the documents and the final contracts and receipts relative commitments up to a maximum of US\$ 4 mln for each operation or its equivalent in any other currency without conditions or obligation to subsequent ratification;
- To grant guarantees to directly or indirectly controlled or participated companies;
- to incur any disposals of assets up to a maximum of US\$ 200,000 each or its equivalent in any other currency;
- to sign checks or bank transfers on bank accounts of the Company up to the limits of the relevant credit lines;
- to represent the Company in respect of any relevant financial institution/authority;
- to subscribe statements, pay taxes, obtain payment delays.

4.5. Non-Executive Directors

At the date of the Report the Board of Directors consists of nine (9) directors, of whom the five (5) Non-Executives are: Mr Massimo Castrogiovanni, Mr Stas Andrzej Jozwiak Mr Heinz Peter Barandun, Mr John Joseph Danilovich and Mr Giovanni Battista Nunziante. These Non-Executive Directors bring their specific expertise to Board of Directors discussions and contribute to a decisions making consistent with the Shareholders' interests. The number and standing of the Non-Executive Directors is such that their views carry significant weight in making Board of Directors decisions.

Independent Directors

An adequate number of Independent Directors is essential to protect the Shareholders' interests, particularly minority ones' and third parties' interests, assuring that potential conflicts between the Company's interests and those of the controlling Shareholder are assessed impartially. The contribution of Independent Directors is also fundamental to the composition and functioning of the advisory committees entrusted to preliminary examine and formulate proposals regarding risks. These committees represent, indeed, one of the most effective means for fighting eventual

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conflicts of interest. Moreover, Independent Directors contribute specific professional expertise to Board of Directors meetings and help it to adopt resolutions that are consistent with Company's interest.

At the end of the Financial Year, further to the resolutions passed by the annual general Shareholders' meeting held on 03 April 2013, the Board of Directors consists of nine (9) directors and, according to the declarations made by the parties concerned, four (4) of them qualify as independent namely, Mr Massimo Castrogiovanni Mr Heinz Peter Barandun, Mr John Joseph Danilovich and Mr Stas Andrzej Jozwiak. All the Independent Directors committed themselves to maintain the independence requisites during the entire period in charge and to resign in case of lack of one of the requisites.

In line with the Borsa Italiana Code provisions the Nomination & Remuneration Committee in its meeting held on 17 February 2011 considered sufficient the number of Independent Directors so as to ensure that their opinion have a significant impact on the decision-making process of the Board of Directors in the best interest of the generality of Shareholders.

On the basis of the information provided by the Directors concerned and what's in the Company's possession, the Board of Directors in its meeting held on 5 May 2011 duly verified at the time of the appointment of the self-declared Independent Directors that each of them continued satisfying the independence requirements set forth in the Article 3.C.1. and 3.C.2. of the Borsa Italiana Code. The results of the assessment process were disclosed to the market through a press release according to the provisions of the Italian laws and regulations. This kind of assessment is then annually done with the approval of the present Report and, as a consequence, it can be affirmed that no existing relation involving both the Independent Directors is such as to jeopardize their autonomy of judgment.

Lead Independent Director

In accordance with the Borsa Italiana Code, since the Chairman of the Board of Directors is an Executive Director as well as one of the ultimate controlling Shareholders, the Board of Directors in its meeting of 5 May 2011, designated and appointed Mr Stas Andrzej Jozwiak as Lead Independent Director in charge with the function to coordinate the activity and the requests of the Non-Executive Directors with special regards to those Independent Directors. Indeed this position is intended to provide a point of reference and coordination for the needs and inputs of the Independent Directors. The Lead Independent Director may call special meetings of the Independent Directors in order to discuss issues related to the working of the Board of Directors or to the management of the business. At the date of approval of the Report, one (1) Independent Directors' Executive Sessions was held; the subject discussed was the general management of the Company, the functionality of the Committees and the Board of Directors meetings' organization.

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5. TREATMENT OF CORPORATE INFORMATION

Processing of Corporate Information

In compliance with applicable Luxembourg and especially Italian laws and regulations and following to the reception of the European Parliament and Council's Market Abuse Directive n. 2003/06/CE of 28 January 2003, the Chief Executive Officer on 8 March 2007, upon specific delegation of powers released by the Board of Directors in its meeting of 23 February 2007, set up an **Insider Register** of persons working for it or one of its subsidiaries, under an employment contract or otherwise, who, by reason of their job, professional activity or offices discharged on behalf of the Company, have regularly or occasionally access to insider information serving to monitor access to and circulation of insider and confidential information prior to their disclosure to the public and to ensure compliance with statutory and regulatory confidentiality requirements both for the Company itself and on behalf of all its subsidiaries. The Insider Register is finalized to prevent any misuses of inside information and to avoid market abuse situation considering that transparent relations with the market and the provision of accurate, clear and complete information are standards for the conduct of the members of the governing bodies, the management and all the employees of the Company and its subsidiaries.

On 8 March 2007 the Chief Executive Officer, upon the same delegation of power, appointed a person in charge of the keeping of such Register on behalf of the Company and its Subsidiaries. The Board of Directors of 6 November 2007 then ratified both the setting up of the Insider Register and the appointment of a person in charge of keeping it.

The Board of Directors in its meeting held on 29 July 2008 then resolved to ratify the Insider Register Regulation, governing the keeping of the Register and the internal handling and public disclosure of the inside information within the Company and its participated subsidiaries with special reference to those price sensitive information, set up on the basis of the delegation conferred by the Board of Directors on 6 November 2007.

Internal Dealing

In order to fully comply with the applicable Luxembourg and Italian laws and with the regulations and practice governing in securities' trading of public companies, the Board of Directors, in its meeting of 3 April 2007, approved the Internal Dealing Code of the Company setting out rules that the Company and certain "key persons" are to comply with when dealing in Company's shares so as to assure the transparency of transactions involving those shares or financial instruments linked thereto carried out directly or through a nominee by relevant persons or persons closely associated with relevant persons. The Internal Dealing Code is finalized to protect directors, officers and employees of the Company and its Subsidiaries from the serious liabilities and penalties that could arise from any breaches of the applicable laws and to prevent the appearance of improper conduct on the part of anyone employed by or associated with the Company and its Subsidiaries.

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According to the applicable laws, the Internal Dealing Code imposes disclosure obligation on so called “people discharging managerial responsibilities within the issuer” for the insider-dealing transactions involving shares of the Company or financial instruments linked thereto. Furthermore, the Internal Dealing Code provisions impose some additional restrictions to certain identified people because of their position or their actual or potential access to information judged material. As such, those people are regularly informed about the dealing and non-dealing periods.

The Board of Directors in its meeting of 29 July 2008 approved some amendments to the Internal Dealing Code aimed at better define the so-called black-out periods according to what established by article 2.2.3 3 o) of the Borsa Italiana Rules. The amended Internal Dealing Code, which also summarize the main procedures governing the internal handling and public disclosure of the inside information within the Company and its participated Subsidiaries with special reference to the price sensitive ones, is available on the Investors Relations section of the Website.

On 13 June 2008 the controlling Shareholder d’Amico International S.A. communicated the Company its decision to notify to CONSOB, Borsa Italiana S.p.A. and publicly disclose to the market all the transactions involving the Company shares carried out by itself. In a way voluntarily adhering to article 4 of the Internal Dealing Code of the Company as amended although not included in the definition of d’Amico Insiders who are mandatory bound to the said disclosure.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

On 10 December 2012, in compliance with the recommendations contained in Article 4 of the Borsa Italiana Code, the Directors resolved to confirm the setting up of a Nomination & Remuneration Committee and a Control & Risk Committee. As per the abovementioned resolution the two Committees are each composed of five (5) Non-Executive members of the Board of Directors four (4) of them being Independent and having an adequate experience in accounting and finance as assessed by the Board of Directors resolving upon the relevant appointment. The number of Independent Directors were considered adequate so as to permit the constitution of the above mentioned Committees. All the above Committees in the performance of their duties, were given a chance to access the necessary Company’s information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisors. Moreover, upon proposal of the respective Committees, the Board of Directors approved a Regulation for each of the above Committees governing their internal functioning, operation procedures, duties and rights.

6.1. Nomination & Remuneration Committee

As per resolution of the Directors of 10 December 2012, it was confirmed the setting up of the Nomination & Remuneration Committee vested with the duties referred to in the Code as applicable to the Company; the number of the Nomination & Remuneration Committee’s

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members was set at five (5), being confirmed the following members, being the non-executive and independent directors Mr Massimo Castrogiovanni, Mr Stas A. Jozwiak and Mr John J. Danilovich and the non-executive director Mr Giovanni B. Nunziante and being appointed as new member Mr Heinz P. Barandun, non-executive and independent director of the Company having an adequate experience in accounting and finance; Mr Stas Jozwiak was confirmed as Chairman of the Nomination & Remuneration Committee. By means of the abovementioned resolution the Nomination & Remuneration Committee was supplied with an annual expenditure budget of Euro 15,000.00 considered appropriate in order for it to discharge its duties to assist, express opinions and make proposals to the Board of Directors with regard to:

NOMINATION TASKS:

- candidates for directors offices in case of co-optation as per article 9 of the Articles of Association in case the replacement of an independent director should be necessary;
- the size and composition of the Board of Directors as well as the professional skills deemed necessary within the Board;
- the maximum number of offices as director or statutory auditor in other companies, as defined in art. 1. C.2 of the Corporate Governance Code, that may be considered compatible with an effective performance of a director's duty.

REMUNERATION TASKS:

- the General Policy for the Remuneration of executive directors, other directors who cover particular offices and Key Management Personnel;
- the identification of performance objectives related to the variable component of the remuneration of executive directors and other directors who cover particular offices;
- the adequacy, overall consistency and the actual application/implementation of the General Policy adopted for the Remuneration of directors and key management personnel verifying, in particular, the actual achievement of the performance objectives;
- the remuneration of executive directors and other directors who cover particular offices, ensuring that they are consistent with the General Remuneration Policy adopted by the Company;

Furthermore, the Committee reports on its activity to the Board of Directors once a year, on the occasion of the approval of the annual financial report.

At the end of the Financial Year the Nomination & Remuneration Committee held two (2) meetings duly recorded with a 100% attendance of all its appointed members and an average duration of an hour. The Human Resources manager of the d'Amico Group was invited to attend both the above mentioned meetings with reference to specific items on the agenda. During such meetings, among other things, it performed, with positive results, the annual assessment on the size and composition of the Board of Directors, released its annual report on performances, reviewed and submitted proposals with respect to the General Remuneration Policy of the Company and performed, with positive results, the assessment on the execution of the Board decision with reference to remunerations. The Committee envisage meeting at least three times in the 2014 financial year and to this day one meeting was held.

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6.1.1. Remuneration of Directors

Article 10 of the Articles of Association provide that the management fees to be paid to the members of the Board of Directors shall be determined by the Shareholders' meeting and will be effective until the Shareholders' meeting resolves otherwise. The compensation of the Directors vested with particular functions shall be determined by the Board of Directors, upon proposal submitted by the Nomination & Remuneration Committee. Nevertheless, the Shareholders' meeting shall determine an aggregate amount for compensation of all the Directors, including those vested with particular functions.

In order to meet the new requisites of the Borsa Italiana Code regarding the remuneration of executive directors, other directors covering particular offices and key management personnel of the Company and its subsidiaries, on 28 February 2013 the Board of Directors approved the General Remuneration Policy and Guidelines for the 2013 Financial Year as proposed by the Nomination & Remuneration Committee in its meeting held on 27 February 2013. Such Policy addresses all forms of compensation, including in particular the fixed remuneration and performance-related remuneration schemes. Proposals related to performance-related remuneration schemes are accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive or managing directors with the long-term interests of the Shareholders and the objectives set by the Board of Directors for the Company. The 2013 Policy is published on the Company's Website at Shareholders' disposal.

As approved by the annual general Shareholders' meeting held on 3 April 2013 the aggregate fixed maximum total gross annual remuneration of the Board of Directors for 2013 Financial Year was set at Euro 780,000.00 which was considered a sufficient amount so as to motivate the directors in consideration of their professional expertise. The Board of Directors was then empowered and authorized to allocate such amount between its members and as regards the executive directors and other directors covering particular offices, the Board of Directors in its meeting of 7 May 2013, upon proposal of Nomination & Remuneration Committee, resolved a 2013 variable compensation system being the following:

- the variable component of the remuneration was set up to 30% of the 2013 fixed remuneration allotted to each executive director;
- the allotment of the variable part was linked to the Company and its subsidiaries' performances and the target threshold was related to an EBITDA (as recorded in the 2013 Consolidated Financial Statements approved by the Company's Shareholders to be 10% higher than the budgeted consolidated one (US\$ 20 million);
- the vesting period for the allotment of half of the amount of the variable remuneration was set at twelve (12) months.

Further information on the compensation paid to the Directors and the key managers of the Company and its Subsidiaries can be found in the 2013 Report on Remuneration drafted in

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compliance with the provisions of article 123-ter of the TUF and article 116 of the Consob Regulation on Issuers and published on the Company's Website at Shareholders' disposal.

6.2. Control & Risk Committee

As per resolution of the Directors of 10 December 2012, it was confirmed the setting up of the Control & Risk Committee (former Audit Committee) vested with the duties referred to in the Borsa Italiana Code as applicable to the Company; the number of the Control & Risk Committee's members was set at five (5), being confirmed the following members, being the non-executive and independent directors Mr Massimo Castrogiovanni, Mr Stas A. Jozwiak and Mr Heinz P. Barandun and the non-executive director Mr Giovanni B. Nunziante and being appointed as new member Mr John J. Danilovich, non-executive and independent director of the Company; Mr Massimo Castrogiovanni, having an adequate experience in accounting and finance, was confirmed as Chairman of the Control & Risk Committee.

By means of the abovementioned resolution the Control and Risk Committee was supplied with an annual expenditure budget of Euro 15,000.00 considered appropriate in order for it to discharge its duties to assist, express opinions and make proposals to the Board of Directors with regard to:

- the definition of the guidelines of the Internal Control and Risk Management System;
- specific aspects relating to the identification of the main risks of the Company;
- the evaluation of the adequacy of the Internal Control and Risk Management System;
- the approval of the Internal Audit Plan;
- the Internal Auditor's significant reports and those concerning the assessment of the internal control and risk management system;
- reviews of specific operational areas to be carried out by the Internal Auditor;
- the independence, adequacy, efficiency and efficacy of the Internal Auditor;
- the appointment and revocation of the Internal Auditor, and the definition of his budget and remuneration in line with Company's policies;

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- the correct application of the accounting principles and their consistency for the purpose of the preparation of the consolidated financial statements;
- the findings reported in the External Independent Auditor's report and in any written suggestions;
- all the major transactions and the significant transactions with related parties in which the Company or its subsidiaries are involved and the relevant rules assuring their transparency and substantial and procedural correctness.

Furthermore, the Committee reports to the Board of Directors twice a year, on the occasion of the approval of the annual and half-year financial report, on its activity and on the adequacy of the internal control and risk management system.

At the end of the Financial Year the Control and Risk Committee held four (4) meetings duly recorded with 95% of attendance of its members and an average duration of two hours. Pursuant to the applicable Committee Regulation, the Committee also signed one (1) written resolution. The external auditors, the Supervisory Committee members, the Internal Audit Manager and the Chief Financial Officer attended some of the meetings and upon invitation, with reference to specific items on the meeting's agenda and with no right to vote.

During such meetings, among other things, the Control and Risk Committee expressed favorable advice with reference to three (3) significant transactions with related parties and the amendments to the Internal Audit Mandate, the Guidelines of the Internal Control and Risk Management System and the Control and Risk Committee Regulation. The Committee envisages meeting at least four (4) times in the 2013 financial year and to this day one meeting was held. The Committee in the person of its Chairman also carried out several non-recorded meetings with other bodies and functions of the Internal Control.

7. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company is following the necessary steps in order to maintain an efficient and adequate System of Internal Control and Risk Management by means of reviewing the existing and, where necessary, establishing a new set of rules, processes and organizational structures in order to monitor the efficiency of the Company's operations, the reliability of the financial information, the compliance with law and regulation for the safeguard of the Company's assets. The Board of Directors, as the body responsible for the Internal Control System, is performing its duties based on the Borsa Italiana Code and the national and international best practices. The Company, having evaluated the functioning of the Internal Control and Risk Management System during the 2013 Financial Year, on the basis of the reports received acknowledged that during 2013 the ***project of integration of the existing management systems***, including the 231 system was launched. The

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development of an Integrated Management System based on the “process approach”, is ongoing and aims at a careful definition and revision of all the internal procedures, work-instructions, responsibilities and resources taking into consideration the specific activities of companies involved in the integrated management. The Company formally entered into the integration & alignment project which includes the internal control and risk management system in order to provide the Company with an even better management of the risks and enhance the processes’ efficacy and smoothness. The Company benefits of a set of common processes and procedures. Moreover the integration could also lead as far as possible to a rationalization of the controls. Coordination will be achieved by application of a simple defined protocol not interfering with the autonomy and independence of the those in charge. The ultimate goal is to obtain an annual plan containing all the programmed audits and make it available to all departments and functions.

7.1. Guidelines for the Internal Control and Risk Management System

The Board of Directors meeting held on 28 February 2013, having received a positive advice by the Control and Risk Committee, resolved to approve some adjustments to the Company’s guidelines for the Internal Control and Risk Management System (hereinafter the “Guidelines”) drafted in order to establish coordination methods between the Company’s corporate bodies involved in the Internal Control and Risk Management System in order to enhance the efficiency of the System and reduce activities overlapping. The Board of Directors meeting of 26 April 2012, upon positive advice by the Control & Risk Committee, approved the amended Risk Management Strategy Policy of the Company taking into account the various financial risks to which the Company is exposed in its ordinary course of business. The policy is aimed to ensure a correct identification, an adequate measure and a proper handling and control of the main risks faced by the Company and its Subsidiaries and in order to prevent risks in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management.

7.2. Chief Control and Risk Officer

On 10 December 2012, the Directors resolved to attribute to the Chairman of the Company, formerly responsible for supervising the functionality of the Internal Control System of the Company, the new tasks recommended by the Borsa Italiana Code and, in particular, that of implementing the risk management system with the title of Chief Control and Risk Officer in charge of the Internal Control and Risk Management System of the Company. Such Executive Director supports the Board of Directors in the performance of its internal control and risk management functions and, working within and in accordance with the Guidelines established by the Board of Directors, is responsible for:

- the identification of the Company’s main business risks, considering the nature of its business and that of its subsidiaries, and periodically presenting such risks to the Board of Directors for its review;
- the implementation of the Risk Management Strategy Policy established by the Board of Directors and the design, implementation and management of the Internal Control System, regularly checking its overall adequacy, effectiveness and efficiency;

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- the adjustments of the Internal Control System to the dynamics of the operating conditions and the legislative and regulatory framework;
- Requesting to the Internal Audit Manager to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors and the Chairman of Control and Risk Committee;
- reporting to the Control and Risk Committee (or directly to the Board of Directors) issues and problems that resulted from its activity or of which it became aware in order for the Committee (or the Board of Directors) to take the appropriate actions;

Is involved together with the Control and Risk Committee in the process of approval by the Board of Directors of the Internal Audit Plan;

The Chief Control and Risk Officer is involved together with the Control and Risk Committee in the process of appointment and revocation of the Internal Audit Manager and in the definition of its remuneration that has to be in line with the Company's General Remuneration Policy;

Is involved together with the Control and Risk Committee in the definition of the Internal Audit Function budget.

7.3. Internal Audit Manager

In line with the International Standards for Internal Auditing, "internal auditing" is an independent, objective assurance and consulting activity designed to add value and improve the organizations' operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit Manager of the Company - pursuant to the recommendations contained in the Borsa Italiana Code and in view of a cost reduction and a structural organization - is a person external to the Company endowed with adequate professionalism and independence which is an employee of the indirect controlling shareholder of the Company.

The Internal Audit Manager is not responsible for any operational area, is hierarchically subordinated to the Board of Directors and has the power to audit all internal processes and those exposed to the greatest risk of offences according to the risk assessment periodically carried out. Moreover it has direct access to all useful information for the performance of its duties being the following:

- a) Verification of the adequacy and effective functioning of the Internal Control System, both on a continuous basis and in relation to special needs, in conformity with international professional practice framework, on the basis of an Internal Audit Plan approved by the Board of Directors upon previous opinion of the Chief Control and Risk Officer and of the Control and Risk Committee. Such plan shall be based on a structured analysis and ranking of the main risks;
- b) Drafting periodic reports containing an evaluation on the adequacy of the Internal Control System, adequate information on its own activity, on the Company's Risk Management Strategy and compliance with the management plans defined for risks' mitigation to be then submitted to the Control and Risk Committee and the Board of Directors, as well as to the Chief Control and Risk Officer;
- c) Reporting on particularly significant events to the Control and Risk Committee and the Board of Directors, as well as to the Chief Control and Risk Officer.

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In order to conduct the audit activity the Internal Audit Manager may avail itself of the services of external consultants.

On 10 December 2012 the Directors resolved to formally revoke the appointment of the Internal Control Officer entrusting the Internal Audit Manager with the new tasks recommended by the Borsa Italiana Code as listed above. On 12 November 2013 the Directors also resolved to set up at Euro 22,000 the budget of the Internal Audit Function for the 2014 financial year, considered sufficient and appropriate to perform its duties.

The Internal Audit Manager's remuneration consists of a base salary plus a bonus and is paid by the indirect controlling shareholder of the Company.

According to the provisions of the Guidelines and the Internal Audit Charter, the Internal Audit Manager attends the meetings of the Control and Risk Committee upon invitation and as a listener and during the 2013 Financial Year duly led the function in performing the planned risk assessment and the audits and also acknowledged the audit activity carried out by the d'Amico Group SQE Department on tankers vessels.

Furthermore, some unplanned consultancies and assurance activities have been carried out by the Internal Audit Function, upon request of the Chief Control and Risk Officer and the Chief Financial Officer.

Within the end of the Financial Year a three years plan of audit have been duly proposed by the Internal Audit Manager and approved by the Board of Directors.

7.4. Compliance Program pursuant to Decree 231

The Company, although governed by Luxembourg laws and regulations, due to the listing of its shares over the STAR segment of the MTA organized and managed by Borsa Italiana is requested by the Borsa Italiana Regulation to apply the Decree 231, which has introduced the administrative liability of legal entities and their respective bodies for specific types of criminal offences provided under the Italian Criminal Code (such as the crimes against the Italian public authorities, corporate crimes, market abuse etc.) committed and prosecutable in Italy in the interests or for the benefit of the same by people who hold functions of representation, administration or direction of the legal entity or its respective bodies or one of its organizational units having financial and functional autonomy as well as by people who exercise, even "de facto", the management or control of the same ("Top Level Subjects") or by persons subject to the direction or supervision of one of the Top Level Subjects ("Employees"). The Decree, however, provides for a specific form of exemption from liability if the legal entity proves to have adopted and effectively implemented:

- An appropriate compliance program that aims to develop an organic and structured system of procedures, rules and controls to be implemented both preventively ("ex ante") and subsequently ("ex post"), in order to reduce and prevent in a material way the risk of commission of the different types of crimes in particular, through the identification and relative drafting of a procedure for each of the sensitive activities identified as the activities most at risk of crime identified under the Italian Criminal Code (the so-called "**Model of Organization, Management and Control**" or "Model").

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- That the responsibility for supervising the functioning and the observance of the Model as well as for its updating is being entrusted to a specific body (the "Supervisory Committee") of the legal entity provided with autonomous powers of initiative and control.

The Company, with the assistance of its external advisors and upon evaluation of the Control & Risk Committee, on 12 March 2008, has formally adopted the Model and on 13 January 2009 released specific operating procedures in order to prevent the commission of crimes. The Model is in the way of being amended and updated as a result of a Risk Assessment update process whose start-up was duly resolved by the Board of Directors in its meeting held on 28 February 2013. The Board of Directors in the same 2008 meeting also approved and adopted the **Code of Ethics** which contains the business ethics fundamental principles to which the Company conforms and which directors, statutory auditors, employees, consultants, partners and in general all those who act in the Company's name and on its behalf are required to comply with. The Code of Ethics is available at the Investor relations section of the Website. The Company is in the process of approving a new version of the Code of Ethics amended according to the results of the Risk Assessment process.

The Board of Directors of 12 March 2008 approved, upon proposal of the Nomination Committee, the setting up of a **Supervisory Committee** charged with the following duties:

- Supervising the effectiveness of the Model, putting in place control procedures for specific actions or specific acts carried out by the Company, also coordinating with the other corporate functions in order to put in place a better monitoring of the activities at risk.
- Periodically checking the efficiency and adequacy of the Model, ascertaining that the elements provided in the individual special parts for the different types of crime are adequate for the requirements of the observance of what is laid down in the Decree and conducting recognitions on the corporate activities in order to update the mapping of the activities at risk.
- Evaluating the advisability of updating the Model when necessary to update it in relation to corporate requirements or conditions.
- Assuring the information flows necessary also through promoting suitable initiatives for an awareness and understanding of the Model and co-operating in the drawing up and supplementing of internal rules.

The Company's Supervisory Committee consists of three (3) members appointed after due evaluation and consideration of the following requisites required by the Decree 231 for such function: autonomous initiative capacity, independence, professionalism, continuity of action, absence of any conflict of interest and honorableness.

On 5 May 2011 the Board of Directors, upon proposal of the Nomination & Remuneration Committee, resolved to confirm the establishment of the Supervisory Committee renewing the appointment of two of the expired members and appointing a new external member. All the members of the Supervisory Committee were appointed for a term ending at the annual general meeting of Shareholders to be held on 2014. The Board of Directors meeting held on 28 February 2013 resolved the setting up of the annual expenditure budget of the Supervisory Committee amounting to Euro 20,000.00 considered appropriate in order for it to discharge its duties. On 29

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July 2008 the Company, upon proposal of the Committee itself, further approved the internal Regulation of the Supervisory Committee governing its functioning, operation procedures, duties and rights.

Based on the periodic report made by the Supervisory Committee regarding the implementation, functioning, adequacy and efficacy of the Model, the Board of Directors after due evaluation and also in view of the fact that the term of office of the current Supervisory Committee is about to expire, considered it necessary – to review the Supervisory Committee organizational structure and composition.

7.5. Auditors

According to article 17 of the Articles of Association, the operations of the Company and its financial situation, including, more in particular, its books and accounts, shall be reviewed by one or more statutory and/or, where required pursuant to the laws, independent auditor(s), who need not to be shareholders themselves. The statutory and/or independent auditor(s) will be elected by the general meeting of Shareholders for a period not exceeding six (6) years, and they will hold office until their successors are elected. They are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the general meeting of Shareholders.

On 3 April 2013 the Shareholders' Annual General Meeting resolved to confirm **Moore Stephens Audit S.à.r.l. (Luxembourg)** as the independent external auditor (*réviseurs d'entreprises agréés*) of the Company's consolidated and statutory annual accounts for a one-year term, due to expire at the shareholders' meeting for the approval of the Company accounts for the financial year 2013.

Moore Stephens S.à.r.l. has performed this role for the Company since 2007.

Due to the fact that both the consolidated and statutory annual accounts of the Company are duly audited by the appointed External Auditor ("*Réviseur d'entreprises*") according to Luxembourg laws and regulations the Company is no longer bound to appoint a Statutory Auditor ("*Commissaire aux Comptes*").

7.6 Manager in charge of the preparation of the Company's Financial Reports

According to Luxembourg Transparency Law the Manager in charge of the preparation of the Company's financial reports must be a senior executive having the necessary capacity and knowledge to have a reasoned opinion on the financial statements. The person referred to could be, for instance, the Chairman of the Board of Directors, the CEO or another member of the management. The name and function of the said responsible is clearly indicated in the relevant statement where, to the best of his knowledge, the person responsible declares that the financial statements are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole and that the management report includes a fair review of the development and performance of the business and the position of the

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Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

To this end the Manager in charge of the preparation of the Company's financial reports puts in place appropriate administrative and accounting procedures in order to prepare the periodic statutory and consolidated Financial Reports and any other disclosure of a financial nature.

8. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In compliance with article 9 of the Borsa Italiana Code, on 7 February 2008, the Board of Directors, upon previous recommendation of the former Control & Risk Committee, approved and adopted a set of internal rules in order to ensure the transparency and the substantial and procedural fairness of those transactions carried out by the Company, directly or through its Subsidiaries, and with a major impact on the Company's activity, financial statements, economic and financial figures in view of their nature and strategic importance or size with particular reference to those Significant Transactions carried out by the Company or its Subsidiaries with Related Parties including intra-group transactions. On 18 February 2009 the Board of Directors, upon previous recommendation of the Control & Risk Committee, approved an amended version of those rules (the "Rules").

The Rules identify the Major Transactions and the Significant Transactions with Related Parties excluding from the latter definition the so-called inter-company Transactions with Related Parties carried out between the Company or its subsidiaries and those companies whose capital is only owned either directly or indirectly by the Company. Moreover those Rules, as amended, reserve exclusively to the Board of Directors the right of issuing prior approval (for transactions over which the Company is competent) or prior assessment (for transactions over which companies directly or indirectly controlled by the Company have competence) in case of Major Transactions identified as typical or usual because consistent with the core business of the Company and its Subsidiaries (i.e. vessels' sale, purchase and chartering in and out, execution of shipbuilding contracts and other closely related transactions). The decisional process of all the other Major Transactions and Significant Transactions with Related Parties remain of exclusive competence, in terms of previous approval and/or evaluation, of the Board of Directors upon prior advice to be given by the Control & Risk Committee. The Rules also require the Directors to provide the Board of Directors, reasonably in advance, with a summary analysis of all the relevant aspects concerning the Major Transaction and the Significant Transactions with Related Parties submitted to their attention as well as with information about the nature of the relationship, the manner of carrying out the transaction, the economic and other conditions, the evaluation procedures used, the rationale for the transaction, the Company's interest in its implementation and the associated risks the strategic consistency, economic feasibility, and expected return for the Company ("Relevant Information").

During the 2013 Financial Year the Company duly implemented the provisions of the above mentioned internal Rules by previously assessing, according to the above explained procedure, all the Major Transactions and Significant Transactions with Related Parties mainly carried out by the Company's operating subsidiaries.

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9. RELATIONS WITH THE SHAREHOLDERS

The Company policy is to ensure and maintain a constant and on-going dialogue with its Shareholders and institutional investors, pursuing a policy of fair communication with them through its Investor relations Team. The annual Investor relations program includes conference calls after the delivering of Group results, several Analysts meetings, an Investors Day or Analysts/Investors presentation, together with the attendance at the relevant events that the Italian Stock Exchange (STAR Segment) organizes. According to the Group's disclosure policy, the Company edits a quarterly Investor News, seeking to keep all stakeholders updated about business developments, market opportunities, strategies and projects, operating performance, financial results and share trends. Moreover the Company created and recently revised a dedicated section (the "Investor Relations Section") of the Website so as to allow an easy and timely Investors' access to relevant Company's information such as share and institutional information, periodic and extraordinary operating and financial information, the calendar for corporate events, historical financial data, press releases, institutional presentations, periodic publications and analyst coverage and corporate governance documents.

On 29 July 2008, the Board of Directors, due to the resignation of the former Investor relations Manager being also the Chief Financial Officer of the Company, appointed Ms. Anna Franchin, as head of the Company's structure in charge of the handling of relation with investors of the Company.

More information is available at the Website.

10. GENERAL MEETINGS OF SHAREHOLDERS

During the Financial Year, from the Company held its annual general Shareholders' meeting on 3 April 2013. As regards the shareholders meeting's functioning and powers, the shareholders' rights and their relevant means of exercise, the Articles of Association of the Company completely refers to Luxembourg Law on Commercial Companies.

In particular Shareholders' meetings provide regular opportunities to meet and communicate with Shareholders while complying with the regulations that govern the handling of price sensitive information and the Company encourages the active and broad involvement of its Shareholders.

The Articles of Association's rules governing attendance at meetings, contains information regarding the availability of the documentation at the registered office of the Company, Borsa Italiana and the Website for a continuous period beginning on the day of publication of the convening notice and including the day of the general meeting of shareholders and specifies that Shareholders may obtain a copy thereof at their expenses. Indeed the Directors of the Company manage to give to the Shareholders all the necessary information related to the planned and performed activity throughout the management report included in the Financial Statements as well

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as those necessary for them to take the decisions that are in their competence so as to exercise their rights easily and in a conscious way by means of preparing a draft resolution or, where no resolution is proposed to be adopted, a comment from the Board of Directors, for each item on the proposed agenda of the general meeting.

In order to reduce the boundaries and procedures that make it difficult for the Shareholders to attend to the relevant meetings, according to the Articles of Association, the Board of Directors may decide to organize the participation in a general meeting of shareholders by electronic means in accordance with the Luxembourg Law on Commercial Companies.

In particular the Board of Directors in its meeting of 23 February 2007 resolved to delegate the Chairman and the Chief Executive Officer the power to draw up a set of rules so as to ensure the orderly and effective conduct of the general Shareholders' meetings, while guaranteeing the right of each shareholder to speak on the matters on the agenda. Such **Shareholders' meetings Regulation** was approved by the Shareholders meeting called to approve the Company's Accounts for Financial Year 2007 and, in addition to what established by the Articles of Association, ensures that Shareholders meetings run in an orderly and efficient way so as to give the fullest possible guidance on the organizational and procedural aspects of this important moment in Shareholders' participation in the life of the Company. On this purpose the Regulation determines all the conditions that must be fulfilled so as to allow Shareholders to take part and speak in a general meeting of Shareholders and exercise their voting rights such as the provision for access cards, proxy forms and ballot papers ("formulaire"). The Regulation ensure also the Shareholders' possibility to participate in a Shareholders' meeting by video-conference or any other telecommunication methods allowing for their identification provided that the latter satisfy such technical requirements so as to enable the effective participation in the meeting and the retransmission on a continuous basis of the deliberations of the meeting.

This Regulation which defines the rights and obligations of all parties attending a Shareholders meeting and provides clear and unambiguous rules, without limiting the right of individual Shareholders to voice their opinions and demand explanations about items on the agenda is duly posted and available at the Investor relations section of the Website.

Following the entry into force of the Shareholders' Rights Law and the subsequent described amendments to the Articles of Association the Annual General Meeting of Shareholders held on 4 April 2012 approved a restated version of the Shareholders' Meeting Regulation which reflects the changes introduced by the Luxembourg Law implementing the European Directive.

11. SIGNIFICANT CHANGES SINCE THE END OF THE FINANCIAL YEAR.

On 31 January 2014 the company announced the ending of the First Exercise Period of the "d'Amico International Shipping Warrants 2012 – 2016" (ISIN code LU0849020044). A total number of 186,226,599 Warrants were exercised at a price of Euro 0.36 per ordinary share newly issued by the Company and admitted to trading on the MTA market of Borsa Italiana SpA each as a "Warrant Share" for a total counter-value of Euro 22.347.191,88 (equal to US\$ 0,477,100). On 11 February 2014, in accordance with the terms and conditions of the Warrant Regulations and based

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on the Warrants Ratio of one (1) Warrant Share for every three (3) Warrants exercised, the Company issued and allotted 62,075,533 Warrant Shares - with same rights (including that to dividends) and features of the Company ordinary outstanding shares at the issue date - to those Warrant holders who validly exercised their Warrants during the First Exercise Period. After the said capital increase DIS' share capital amounts to USD 42,195,530.70 divided into 421,955,307 ordinary shares with no nominal value.

ANNEX 1 – Main characteristics of the risk management and internal control systems existing in relation to the financial information process flow.

Please make reference to the Company's 2013 annual report, within the notes to the consolidated financial statements, under "Risk Management" (note #24) published on the Company's Website at Shareholders' disposal.