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Page: 1 of 15

***RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS***

References: *Corporate Governance Code*



**RULES OF PROCEDURE
GOVERNING TRANSACTIONS WITH RELATED
PARTIES AND MAJOR ECONOMIC, FINANCIAL
AND ACCOUNTING TRANSACTIONS**

Issued: *Board of Directors*

Approved: *Board of Directors*

Distribution: *the Company and its Subsidiaries*



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

RULES OF PROCEDURE

GOVERNING TRANSACTIONS WITH RELATED PARTIES AND MAJOR ECONOMIC, FINANCIAL AND ACCOUNTING TRANSACTIONS

1. INTRODUCTION.....	3
2. BACKGROUND	3
3. DEFINITIONS	4
3.1. RELATED PARTIES.....	4
3.2. TRANSACTIONS WITH RELATED PARTIES	8
3.3. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES	8
3.4. MAJOR TRANSACTIONS	8
3.5. RELEVANT INFORMATION	10
4. MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES TO BE PREVENTIVELY REVIEWED BY THE AUDIT COMMITTEE	10
5. MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES SUBMITTED TO THE BOARD OF DIRECTORS FOR APPROVAL OR FOR EVALUATION.....	11
6. EXPERT OPINIONS	12
7. DISCLOSURE REQUIREMENTS ON MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES.....	13
7.1. INFORMATION ON MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES.....	13
7.2. DISCLOSURE TO THE MARKET.....	13
8. SUPERVISION ON THE CORRECT IMPLEMENTATION OF THE RULES OF PROCEDURE.....	14
9. FINAL PROVISIONS.....	14



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

1. INTRODUCTION

These Rules of Procedure (the “Rules”) have been adopted by the Board of Directors of d’Amico International Shipping S.A. (the “Company”) in accordance with the legislation applicable to the Company and with the recommendations of the Code of Self-discipline concerning corporate governance drawn up by the Stock Exchange in March 2006 (the “Corporate Governance Code”) which contains the principles of corporate governance applicable to companies listed on the Telematics Stock Exchange organized and run by Borsa Italiana S.p.A..

The Rules have the aim of identifying the transactions that are of strategic, economic, asset-related and financial importance for the Company and of governing the procedures for approving and implementing such transactions, paying special attention to transactions with related parties put into effect by the Company either directly or through subsidiaries that it controls either directly or indirectly, (the “Subsidiaries”), by setting forth internal management rules that ensure transparency, the substantial and procedural correctness of the transactions, and by establishing the ways of fulfilling information disclosure requirements in accordance with the provisions of the law.

2. BACKGROUND

The Rules have been adopted to implement:

- a) the recommendations of the Corporate Governance Code;
- b) the provisions of International Accounting Standard n° 24 concerning disclosure of balance sheet information about transactions with related parties, adopted in accordance with the procedure provided for in Article 6 of EC Regulation n° 1606/2002, with (EC) Regulation n° 2238/2004 of the European Commission of 29 December 2004 and subsequent amendments and integrations (“IAS Principle n° 24);

**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

- c) the provisions of Article 114, para. 1 of Law Decree n° 58 of 24 February 1998 and subsequent amendments and integrations (the “TUF”);
- d) provisions of Article 71-bis of the TUF implementation rules concerning the rules of procedure for issuers adopted by Consob in its Decision n° 11971 of 14 May 1999 and subsequent amendments and integrations (the “Consob Regulation on Issuers”);
- e) Consob Memo DEM/7032139 of 12 April 2007 sent to the Company on disclosure duties following the listing of the ordinary shares of the Company on the Telematics Stock Exchange organized and run by Borsa Italiana S.p.A., STAR section;
- f) Luxembourg Law of 11 January 2008 on transparency requirements for the issuers of securities and its subsequent amendments and integrations (the “Luxembourg Law”);
- g) Grand-Duchy Law of 11 January 2008 on transparency requirements for the issuers of securities and its subsequent amendments and integrations (the “Regulations of the Grand-Duchy”);
- h) Other regulations currently in force applicable to the issue.

3. DEFINITIONS

For the purposes of the Rules, the following terms and definitions shall have the meaning set forth below.

3.1. Related Parties

3.1.1 In pursuance of the provisions of IAS Principle n° 24, Parties Related to the Company are:

- a) any party/entity which, either directly or indirectly, through one or several intermediaries (Subsidiaries, trust companies or third parties):



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

- b) a company in which another party holds a sufficient number of votes that enables him to exercise predominating influence in ordinary shareholders' meetings;
- c) a company in which another party, by virtue of a contract or a clause in the corporate Articles of Association, can exercise a predominating influence, where the applicable law allows such contracts or clauses;
- d) a company where one shareholder, on the basis of agreements with other shareholders, holds a sufficient number of votes that enable him to exercise a predominating influence in ordinary shareholders' meetings.

there is "**joint control**" when the sharing of the control over the business provided for in an agreement;

an "**associated company**" is a company on which another party exercises considerable influence and for which the equity holder is neither a controlled company nor a joint venture;

"**considerable influence**" means the power of participating in the administrative, financial and management policies of an organization without exercising control over it, not even joint control. Considerable influence may be achieved through equity, clauses in the Articles of Association or through agreements;

"**joint venture**" means an agreement whereby two or more parties undertake a joint business activity over which they exercise joint control;

"**close family members**" are family members who are expected to be able to influence or be influenced in their relationships with the entity by the party involved. They may include:



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

- i. the involved party's children;
- ii. the spouse from whom the involved party is not legally separated and his/her children;
- iii. the partner with whom the involved party lives '*more uxorio*' and his/her children;
- iv. dependants of the party involved or of his/her partner who are relatives or who are related through kinship.

“**key management persons**” are those persons having authority and responsibility, directly or indirectly, in the planning, directing, and controlling of the business activities of the entity, including any directors (whether executive or otherwise) of that entity.

3.1.2. In examining each relationship with Related Parties attention must focus on the substance of the relationship and not merely on its legal form. For this reason the following entities are not to be necessarily considered Related Parties:

- a) two companies that merely have in common member of the key management personnel;
- b) two venturers who merely share joint control over a joint venture;
- c) financial supporters, trade-unions, public service utilities, agencies and public departments that merely entertain normal business relations with the Company and/or its Subsidiaries;
- d) an individual client, supplier, franchisor, distributor or general agent with whom the Company and/or Subsidiaries have relevant volume of business merely by virtue of the resulting economic dependence.

3.1.3 In order to facilitate the identification of Related Parties, the Company may set up, manage and update, on the basis of evidence and statements made by the



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

Related Parties themselves, an ad hoc data base that includes a list of the Related Parties with which the Company or its Subsidiaries have had business relations.

3.2. Transactions with Related Parties

A Transaction with a Related Party is a transfer of resources, services, or obligations between the Company or Companies that it controls, and one or several Related Parties, including inter-company transactions regardless of whether a price is charged.

By way of example, but not limited to them, the following are transactions with Related Parties:

- purchases or sales of property and of stocks and shares, even where a price is not charged;
- rendering or receiving services (including consulting activities);
- granting and obtaining financial support (including loans and capital contributions in money or in kind) and guarantees;
- leases;
- transfers under license agreements;
- transfers for research and development;
- cooperation agreements and, in general, joint ventures;
- any other deed involving rights over assets.

3.3. Significant Transactions with Related Parties

3.3.1. Significant Transactions with Related Parties are those indicated in Article 5.

3.3.2 The so-called inter-company Transactions with Related Parties carried out between the Company or its Subsidiaries and companies whose capital is wholly owned either directly and/or indirectly by the Company, are not to be considered Significant Transactions with Related Parties.

3.4. Major Transactions



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

Major Transactions are transactions of major strategic, economic, financial and capital importance that are not concluded with Related Parties by the Company or its Subsidiaries, as listed below:

- a) issuing financial instruments for a total value greater than five (5) million US dollars;
- b) executing transactions for a total value greater than five (5) million US dollars;
- c) granting or obtaining loans and tangible and/or personal securities for amounts greater than five (5) million US dollars;
- d) delivering works and services for annual amounts or overall amounts, taken individually, greater than five (5) million US dollars;
- e) the incorporation of companies or cooperation agreements for running and developing corporate activities for annual amounts or overall amounts, taken individually, greater than five (5) million US dollars;
- f) merger and demerger transactions, in which the total assets of the merged company or of the spin-off are greater than 3% of the total assets of the Company as per the last Consolidated Financial Statements without considering the consolidations (through incorporations or mergers) between listed companies, and consolidations between a listed and an unlisted company which in any case can be considered to be Major Transactions;
- g) investment and/or divestment transactions, involving registered movables and real estate, whose total amount is equal to or greater than 3% of the average capitalization of the last six months of the Company.
- h) purchase and transfer of shares of companies or business lines, of sources of income and other assets, in relation to which the price or value of the transfer of the company (or business line or asset) purchased (or transferred) is equal to or greater than 3% of the average capitalization of the last six months of the Company.



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

3.5. Relevant Information

For the purpose of the Rules, Relevant Information is any information about the characteristic elements of a Major Transaction and/or Significant Transaction with Related Parties (from the strategic, economic and financial, legal, tax-related standpoints, etc.), and also information about the identity of the Related Party and about the type of relationship, the implementation modalities and the terms and conditions, also economic conditions, agreed upon for the implementation, the evaluation procedure adopted, the interest, the underlying reasons and justifications, the economic and balance sheet effects, and the risks, if any, related to such transactions.

4. MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES TO BE PREVENTIVELY REVIEWED BY THE AUDIT COMMITTEE

4.1. The Audit Committee of the Company shall preventively examine the Major Transactions and/or Significant Transactions with Related Parties to be submitted to the Board of Directors for prior approval (in the case of transactions over which the Company is competent) or for prior assessment (in the case of transactions over which Subsidiaries have competence). The Audit Committee of the Company shall issue its opinion which is not binding and shall submit it to the Board of Directors.

4.2. The examination of the transaction or the preventive opinion are not required for typical or usual Major Transactions, namely transactions whose object or nature, regardless of their total amount, is consistent with the core business of the Company and of the Subsidiaries as listed below:

- a) investment and divestment transactions that consist in the purchase or sale or chartering of ships (also long-term charters);
- b) transactions consisting in the execution of shipbuilding contracts;



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

- c) transactions closely related to those indicated in points a) and b) including transactions for granting or obtaining financial support and tangible and/or personal securities.

5. MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES SUBMITTED TO THE BOARD OF DIRECTORS FOR APPROVAL OR FOR EVALUATION

5.1. The Board of Directors shall have exclusive power over the Major Transactions as defined in paragraph 3.4, as well as over Significant Transactions with Related Parties, regarding which, upon opinion of the Audit Committee (if required), it shall issue prior approval (for transactions on which the Company is competent) or shall make an assessment (for transactions on which the Subsidiaries have competence). In both cases the Board of Directors shall adequately explain the reasons accounting for the soundness of such transactions. The above mentioned Significant Transactions with Related Parties are listed in the following:

- a) granting or obtaining loans and tangible and/or personal securities for amounts greater than one (1) million US dollars;
- b) delivering works and services for amounts, taken individually, greater than one (1) million US dollars;
- c) investment and divestment transactions concerning registered movables and real estate, greater than one (1) million US dollars;
- d) cooperation agreements for running and developing corporate activities for amounts, taken individually, greater than one (1) million US dollars;
- e) mergers and demergers;
- f) purchase and transfer of equity, companies or business lines, sources of income and other assets.

5.2. The persons or bodies that are entrusted to conclude and/or execute Major Transactions and/or Significant Transactions with Related Parties, shall gather,



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

keep records of and provide the Board of Directors of the Company and/or of the Subsidiaries, sufficiently in advance, with Relevant Information about the abovementioned transactions as they are being negotiated. In turn, the Board of Directors shall provide such information to the Audit Committee of the Company if it is called on to issue its preventive opinion.

5.3. The Major Transactions and/or Significant Transactions with Related Parties concluded and executed under powers of attorney shall be the subject matter of briefs/memos submitted to the Board of Directors, that has given its prior approval or evaluation in the periodical report drawn up by the individuals and/or bodies in charge of doing so on the activities carried out under the powers of attorney, on the management and on the Major Transactions made by the Company and by its Subsidiaries.

5.4. The Board of Directors of the Company, or of its Subsidiaries, shall be adequately briefed on all the Transactions with Related Parties that for type and value are not to be considered Significant, at its first meeting after the conclusion of the transaction.

6. EXPERT OPINIONS

Where the nature, value or other characteristics of Major Transactions and/or of Significant Transactions with Related Parties are such as to require it, and also in order to ensure that the transactions are carried out at congruous conditions, the Board of Directors may hire one or more independent experts, selected from among individuals of renowned professional skills and competence on the issues involved in the deliberation, after having checked their independence and absence of conflicts of interest with regard to each specific transaction. Such experts will issue a non-binding opinion – depending on individual cases - on the economic conditions of the transaction, and/or on the implementation modalities, and/or on its legitimacy and/or on the technical aspects of the transaction, as the case may be. In the case of Major Transactions, the independent



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

expert or experts may be chosen from among the independent Directors of the Company, or the task may even be assigned directly to the Audit Committee of the Company.

7. DISCLOSURE REQUIREMENTS ON MAJOR TRANSACTIONS AND SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

7.1. Information on Major Transactions and Significant Transactions with Related Parties

In its management report, in its reports on the interim management statements and on the half-year reports, the Board of Directors of the Company shall provide information about the Transactions with Related Parties completed during the time period of reference, except for the inter-company Related Parties Transactions and outstanding balances. In such reports the Board shall provide information about the nature of the relationship, about all the transactions and the outstanding balances that needs to be known in order to understand the potential effects of such relationship on the performance of the Company, in accordance with the contents of paragraph 17 of IAS Principle n° 24.

7.2. Disclosure to the market

As regards Major Transactions and/or Significant Transactions with Related Parties that come under the Rules, in accordance with applicable existing legal provisions and regulations and with best practices, the Company shall comply with a number of disclosure obligations vis-à-vis the market/public, the press, the Supervisory Bodies involved and the company that manages the Telematics Stock Exchange, in order to ensure the degree of transparency deemed necessary, and shall make available all the documents containing such information on its website.



**RULES OF PROCEDURE GOVERNING
TRANSACTIONS WITH RELATED PARTIES
AND MAJOR ECONOMIC, FINANCIAL AND
ACCOUNTING TRANSACTIONS**

References: *Corporate Governance Code*

**8. SUPERVISION ON THE CORRECT IMPLEMENTATION OF THE
RULES OF PROCEDURE**

The Audit Committee of the Company shall carry out periodical reviews, at least once a year, to check that the Rules are correctly applied and shall report back to the Board of Directors.

9. FINAL PROVISIONS

The Board of Directors of the Company shall update and integrate the Rules as changes occur in the legislation, as experience is built up following implementation of the Rules and as best practices are produced over time.