

d'Amico International Shipping S.A.

ANNUAL REPORT ON CORPORATE GOVERNANCE IN 2007

A. FOREWORD

d'Amico International Shipping S.A. (hereinafter, the "Company") is a company duly incorporated under Luxembourg law and listed on the STAR segment of the Mercato Telematico Azionario (hereinafter, the "MTA") organised and managed by Borsa Italiana S.p.A. (hereinafter, "Borsa Italiana"). The Company is organised in compliance with applicable Luxembourg law and provisions and, as per resolution of its Board of Directors of February 23rd 2007, resolved to adopt the Corporate Governance Code of Conduct of Italian Listed Companies issued and approved by Borsa Italiana in March 2006 (hereinafter, the "Borsa Italiana Code") and a set of internal governance rules in compliance both with the legal corporate governance regime of the Grand Duchy of Luxembourg and with the Borsa Italiana Code. However, if, 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, this report will outline the specific reasons for the failure to comply. The Company is further subject to the disclosure obligations related to corporate actions and periodic information communicated by Consob, the Italian Financial Regulator, on April 5th and 12, 2007, according to Article 114 of Consob Regulation n. 11971 of May 14th, 1999, implementing the provisions on issuers of Legislative Decree n. 58 of February 24th, 1998, as amended by further Consob resolutions, (hereinafter, the "Consob Issuer Regulation") and to Article 2.1.4 of the Rules of the Markets organised and managed by Borsa Italiana (hereinafter, the "Borsa Italiana Regulation").

In accordance with the Borsa Italiana Regulation, on the occasion of the Annual General Shareholders' Meeting that approves the Company's Financial Statements, the 2007 Annual Report on Corporate Governance (hereinafter the "Report") is filed with Borsa Italiana and made available both at the registered offices of the Company and in the Investor Relations section of the Company's website, www.damicointernationalshipping.com (hereinafter, the "Website") which also contains documents regarding the Company's corporate governance system.

B. BOARD OF DIRECTORS

As already evidenced in the report comparing the Company's model of corporate governance with that proposed in the Code of Conduct for Listed Companies filed to Borsa Italiana together with the application for the listing on the STAR segment of the MTA as per the provision of section IA.1.1, table 1, 1.08 of the Instructions to the Borsa Italiana Regulation, the Company's system of corporate governance hinges on the central and active role of the board of directors.

1. Role and tasks

The Company's board of directors (hereinafter 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 Company's articles of association (hereinafter the "Articles of Association"), applicable law and 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 examination and approval of the corporate structure of the Company and its Subsidiaries;
- the drafting and adopting of the Company's corporate governance rules;
- the examination and 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 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;
- the evaluation of the adequacy of the organizational, administrative and accounting general structure of the Company and its strategically relevant Subsidiaries 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 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 evaluation of the Board of Directors and its Committees size, composition and performance, in line with international best practice as well as the periodic assessment of the directors' independence

Major Transactions and Significant Transactions with Related Parties

In compliance with article 9 of the Borsa Italiana Code, on February 7th, 2008, the Board of Directors, upon previous recommendation of the Audit 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 Significant Transactions carried out by the Company or its Subsidiaries with Related Parties.

The abovementioned rules identify the Major Transactions and the Significant Transactions with Related Parties and reserve exclusively to the Board of Directors, upon previous advice of the Audit Committee, 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). The rules also requires 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").

More detailed information on transactions with related parties can be found in the explanatory notes to the financial statements of the Company.



2. Meetings

In 2007 Financial Year the Board of Directors met nine (9) times. The meetings were always well attended, with more than 92% of the directors present on average (the Independent Directors collectively also recorded an attendance rate of 89%).

Board of Directors

Office	Members	% of attendance
Executive Directors		
Chairman	Mr. Paolo d'Amico	100%
Chief Executive Officer	Mr. Marco Fiori	100%
Director	Mr. Cesare d'Amico	100%
Non-Executive Directors		
Independent Director	Mr. Massimo Castrogiovanni	100%
Lead Independent Director	Mr. Stas Jozwiak	78%
Director	Mr. Gianni Nunziante	78%
Number of meetings held in 2007 Financial Year: nine (9)		

Prior to any Board of Directors meeting the documentation permitting effective participation in the proceedings is normally provided.

On January 7th, 2008 the Company released a calendar showing the meetings scheduled for the Board of Directors in 2008 for the approval of the quarterly and half-yearly reports and the draft of the financial statements. These data are available in the "Investors Relations" section of the Website.

3. Election of directors

The election of directors is regulated by a transparent procedure in full compliance with the applicable law and the Articles of Association.

The Articles of Association provide that the 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 the General Meeting of Shareholders. In case of a vacancy on the Board of Directors, the Board of Directors may appoint a new director, provided that the next following General Shareholders' Meeting confirm such appointment.



Nomination Committee

In compliance with the provisions of the Borsa Italiana Code, the Board of Directors established a Nomination Committee by means of a resolution adopted on February 23rd, 2007.

As per the abovementioned resolution, the Company's Nomination Committee is composed of three Non-Executive members of the Board of Directors two of which are Independent Directors and is entitled to:

- propose candidates for election to the office of director in case of substitution of an Independent Director;
- propose candidates for election to the office of Independent Director, taking into account the indication received by the shareholders;
- advise the Board of Directors with respect to the size and composition of the Board of Directors itself and the professional expertise whose presence in the Board of Directors is considered advisable.

On February 23rd, 2007, the Board of Directors appointed the following Non-Executive Director as members of its Nomination Committee: Mr. Gianni Nunziante and the Independent and Non-Executive Directors Mr. Massimo Castrogiovanni and Mr. Stas Jozwiak.

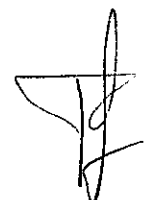
At the date of the Report the Nomination Committee held one (1) meeting on February 12, 2008 with a 100% attendance of all its appointed members and during which, among other things it performed, with positive results, the annual assessment on the size and composition of the Board of Directors.

Nomination Committee

Office	Members	% of attendance
Non-Executive Director	Mr. Gianni Nunziante	100%
Non-Executive Independent Director	Mr. Massimo Castrogiovanni	100%
Non-Executive Lead Independent Director	Mr. Stas Jozwiak	100%
Number of meetings held at the date of the Report: one (1)		

4. Composition

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 need not to be shareholders and that the General Meeting of Shareholders will determine the Board of Directors' members' number. The Shareholders' Meeting held on February 23rd, 2007 fixed that number at six (6).



In accordance with the Articles of Association, the Board of Directors was elected by the abovementioned Extraordinary General Meeting of Shareholders, except for a member who was appointed on the date of incorporation of the Company (February 9th, 2007). Each member of the Board of Directors was elected for a one year term office that will end with the Annual General Shareholders' Meeting called to approve the 2007 Company's Financial Statements.

At the date of the Report the Board of Directors consists of six (6) directors, of whom three (3) are Executive and three (3) are Non-Executive; of the latter two (2) are classified as Independent Directors. The number of Independent Directors was judged adequate with reference to the size of the Board and the activity of the Company.

Board of Directors

Name	Position in the Company	Date of Appointment	Date of expiry
Executive Directors			
Mr. Paolo d'Amico	Chairman of the Board of Directors	February 23 rd , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year.
Mr. Cesare d'Amico	Director	February 23 rd , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year
Mr. Marco Fiori	Chief Executive Officer	February 9 th , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year.
Non-Executive Directors			
Mr. Massimo Castrogiovanni *	Member of the Nomination, Remuneration and Audit Committee	February 23 rd , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year.
Mr. Stas Andrzej Jozwiak **	Member of the Nomination, Remuneration and Audit Committee	February 23 rd , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year.
Mr. Gianni Nunziante	Member of the Nomination Remuneration and Audit Committee	February 23 rd , 2007	Date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 Financial Year.

* Independent director ** Lead independent director

In compliance with the Borsa Italiana Code recommendations and having taken into account the Company's and its Subsidiaries' purposes and dimension, the Board of Directors meeting held on

February 23rd, 2007 resolved to set at twenty (20) the limit related to the number of management and control positions that Directors may hold, outside the Company, on the board of directors/auditors of: (i) listed companies; (ii) financial companies operating on a public basis; (iii) companies engaged in banking or insurance. In the following scheme those positions are duly specified and updated at the date of the Report:

Board of Directors

Name	Position in listed companies and other large financial, banking and insurance companies other than the Company	Number of other positions
Executive Directors		
Mr. Paolo d'Amico	Member of the Board of Directors of d'Amico Tankers Limited	10
	Member of the Board of Directors of d'Amico Tankers Monaco S.A.M.	
	Member of the Board of Directors (Chairman) of d'Amico Società di Navigazione S.p.A.	
	Member of the Board of Directors (Managing Director) of d'Amico Shipping Italia S.p.A.	
	Member of the Board of Directors of COGEMA S.A.M.	
	Member of the Board of Directors (Chairman) of Compagnia Generale Telemar S.p.A.	
	Member of the Board of Directors (Chairman) of The Shipowners' Mutual Strike Reinsurance Association (Bermuda) Ltd	
	Member of the Board of Directors of Milano Finanziaria Immobiliare S.p.A.	
	Member of the Board of Directors (Vice – Chairman) of CONFITARMA	
	Member of the Council of The International Association of the Independent Tankers Owners (Intertanko)	
Mr. Cesare d'Amico	Member of the Board of Directors (CEO) of d'Amico Società di Navigazione S.p.A.	19
	Member of the Board of Directors (Chairman) of d'Amico Shipping Italia S.p.A.	
	Member of the Board of Directors of COGEMA S.A.M.	
	Member of the Board of Directors of MIDA Maritime Company Ltd	
	Sole Director of SAEMAR	
	Member of the Board of Directors of d'Amico Dry Limited	
	Member of the Board of Directors of Anglo Canadian	
	Member of the Board of Directors of N. 137 Sea Bright Holding Ltd	
	Member of the Board of Directors of Ishima Pte Ltd	
	Member of the Board of Directors of Compagnia Generale Telemar S.p.A.	
	Member of the Board of Directors (Chairman) of d'Amico International S.A.	
	Member of the Board of Directors and of the Executive Committee of The Baltic and International Maritime Council	
Member of the Board of Directors of The Standard Steamship Owners'		

	Protection and Indemnity Association (Bermuda) Limited	
	Member of the Board of Directors (Independent Non-Executive Director) of Tamburi Investment Partners S.p.A.	
	Member of the Board of Directors (Chairman) of Milano Finanziaria Immobiliare S.p.A.	
	Member of the Board of Directors of ICOMI S.r.l.	
	Member of the Board of Directors of Società Laziale Investimenti e Partecipazioni S.p.A.	
	Sole Director of Casle S.r.l.	
	Sole Director of Fi.Pa. Finanziaria di Partecipazione S.p.A.	
Mr. Marco Fiori	Member of the Board of Directors of d'Amico Tankers Limited	8
	Member of the Board of Directors of DM Shipping Limited	
	Member of the Board of Directors of d'Amico Finance Limited	
	Member of the Board of Directors (Executive Chairman) of d'Amico Tankers Monaco SAM	
	Member of the Board of Directors of d'Amico Tankers UK Ltd	
	Member of the Board of Directors of d'Amico Tankers Singapore Pte Ltd	
	Member of the Board of Directors of Cogema SAM	
	Member of the Board of Directors (Executive Chairman) of Comarfin SAM	
Non-Executive Directors		
Mr. Massimo Castrogiovanni *	---	0
Mr. Stas Andrzej Jozwiak **	---	0
Mr. Gianni Nunziante	Member of the Board of Directors (Chairman) of EEMS S.p.A.	5
	Member of the Board of Statutory Auditors (Chairman) of Moody's Italia Srl	
	Member of the Board of Directors of Castello di Spaltenna S.p.A.	
	Member of the Board of Directors of Vignamaggio Srl	
	Member of the Board of Directors of S.L.I.P. Srl	

* Independent director ** Lead independent director

In compliance with the recommendations contained in Article 5 of the Borsa Italiana Code, the Board of Directors meeting held on February 23rd, 2007, established the following internal Committees with the relevant duties as described in the above and subsequent paragraphs specifically concerning each of them. The number of Independent Directors were considered adequate so as to permit the constitution of the Committees.

Board of Directors	
Office	Members
Executive Directors	
Chairman	Mr. Paolo d'Amico
Chief Executive Officer	Mr. Marco Fiori
Director	Mr. Cesare d'Amico
Non-Executive Directors	
Director	Mr. Massimo Castrogiovanni *
Director	Mr. Stas Andrzej Jozwiak **
Director	Mr. Gianni Nunziante
* <i>Independent director</i> ** <i>Lead independent director</i>	

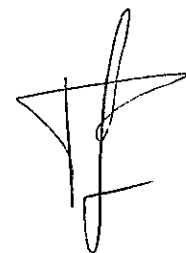
Audit Committee	Nomination Committee	Remuneration Committee
X	X	X
X	X	X
X	X	X

5. Model for delegation of powers

The Articles of Association provide that the Company will 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. The Company will further be bound towards third parties by the joint signatures or single signature of any persons 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 person 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 powers 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 determined permanent or temporary functions to persons or committees of its choice.

In accordance with the Articles of Association, the Board of Directors meeting held on February 23rd, 2007 established, , that persons and corporate bodies with delegated powers shall report to the Board of Directors, at least once in each quarter, in 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.



Executive directors

At the date of the Report the Board of Directors consists of six (6) directors, of whom the three (3) Executives are Mr. Paolo d'Amico, Mr. Cesare d'Amico and Mr. Marco Fiori. The Board of Directors held on February 23rd, 2007 resolved to appoint Mr. Paolo d'Amico as Chairman of the Board of Directors without a specific delegation of powers. Moreover, the Board of Directors in its meeting held on February 7th, 2008 resolved to appoint Mr. Paolo d'Amico, Chairman of the Company, as the Executive Director in charge of the supervision of the Internal Control System.

a) Chief Executive Officer

The Board of Directors meeting held on February 23rd, 2007 resolved to appoint Mr. Marco Fiori as Chief Executive Officer of the Company 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) millions.

b) Executive Committee

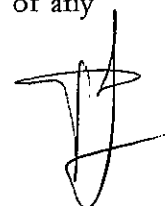
The Executive Committee has been established by the Board of Directors meeting held on February 23rd, 2007, with the tasks to review and evaluate all strategic and financial documents, papers, plans and proposals concerning the Company and its Subsidiaries, to check their content and to report thereon to the Board of Directors. Current members of the Executive Committee are: Mr. Paolo d'Amico (Chairman of the Board of Directors), Mr. Cesare d'Amico (Director) and Mr. Marco Fiori (Chief Executive Officer).

Here below is an overview of the number of the Executive Committee meetings held during 2007 Financial Year together with the related percentage of attendance for each member:

Executive Committee

Office	Members	% of attendance
Chairman	Mr. Paolo d'Amico	100%
Chief Executive Officer	Mr. Marco Fiori	100%
Director	Mr. Cesare d'Amico	100%
Number of meetings held in 2007 Financial Year: 2		

The Board of Directors, during its meeting of February 23rd, 2007, resolved to fix the basic rules governing the functioning of the Executive Committee establishing that the Committee will meet, whenever the Chairman or any other member considers it advisable, at such place as determined by the Chairman or by way of video-conference, by means of a notice stating the day, time, place and agenda of the meeting to be sent by mail or electronic mail (return receipt requested) to all the members at least five days before the date fixed for the meeting; in case of urgency the notice may be validly sent no later than two days prior to the date fixed for the meeting, and any circumstances be waived though only with the unanimous consent of all the members of the Executive Committee. The actual presence of a majority of the members in office of the Executive Committee and the favourable vote of the majority of those present at a meeting is required to deal with any subject and for the validity of any resolution of the Committee.



6. Non-Executive Directors

At the date of the Report the Board of Directors consists of six (6) directors, of whom the three (3) Non-Executives are: Mr. Massimo Castrogiovanni, Mr. Stas Jozwiak and Mr. Gianni Nunziante.

These Non-Executive Directors bring their specific expertise to Board of Directors discussions and contribute to the taking of decisions that are consistent with the Shareholders' interests. The number and standing of the Non-Executive Directors is such that their views carry significant weight in taking Board of Directors decisions.

Independent Directors

An adequate number of Independent Directors is essential to protect the Shareholders' interests, particularly minority shareholders' 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 advisory Committees entrusted to the preliminary examination and formulation of proposals regarding risks. These committees represent, indeed, one of the most effective means for fighting eventual conflicts of interest.

At the date of the Report, further to the resolutions passed by the Shareholders' Meeting on February 23rd, 2007, the Board of Directors consists of six (6) directors and, according to the declarations made by the parties concerned, two (2) of them qualify as independent, namely: Mr. Massimo Castrogiovanni and Mr. Stas Jozwiak.


In line with the Borsa Italiana Code provisions, the number of Independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Board of Directors. 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.

The independence requirements are those set forth in the Article 3.C.1. and 3.C.2. of the Borsa Italiana Code.

On the basis of the information provided by the Directors and of that in the Company's possession, the Board of Directors duly verified at the time of the appointment of self-declared Independent Directors that each of them satisfied the independence requirements referred to in the Borsa Italiana Code. The results of the assessment process were disclosed to the market upon the listing of the Company's shares. This kind of assessment is periodically done during the period while they are in office and the relevant results of it are disclosed in the Report.

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 controlling shareholder, the Board of Directors in its meeting of February 23rd, 2007, designated and appointed Mr. Stas 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 the Report one (1) Independent Directors' Executive Sessions was held; the subject discussed was the general management of the Company.

Directors' remuneration

The Articles of Association provide that the management fees (*tantièmes*) payable 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 Remuneration Committee. Nevertheless, the shareholders' meeting shall determine an aggregate amount for compensation of all the Directors, including those vested with particular functions.

As approved by the Company's Extraordinary General Shareholders' Meeting held on February 23rd, 2007 the maximum total annual remuneration of the Board of Directors for 2007 Financial Year was set at USD 750.000 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 authorised to allocate such amount between its members.

The Board of Directors - in its meeting held on November 6th, 2007 resolved, the Non-Executive Directors abstained from voting, to allocate, in equal amounts, the total amount of USD 150,000.00 among the three **Non-Executive Directors** taking into consideration their duties and the participation of each of them to all the Company's Advisory Committees (Remuneration, Audit and Nomination).

In the same meeting and upon previous recommendation of the Remuneration Committee of the Company held in that respect on October 25th, 2007 – the Board of Directors considered the residual amount of USD 600.000 compatible with the ultimate objective of creating value for shareholders in the medium and long period and resolved, the **executive directors** abstained from voting, upon the allocation of that amount among the three Executive Directors of the Company as follows:

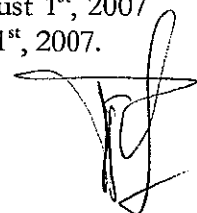
- USD 350.000 to be paid to the Chairman and Member of the Executive Committee (Mr. Paolo d'Amico);
- USD 200.000 to be paid to the Chief Executive Officer and Member of the Executive Committee (Mr. Marco Fiori);
- USD 50.000 to be paid to the Director and Member of the Executive Committee (Mr. Cesare d'Amico).

In resolving the above, the Board of Directors took into consideration (i) the work and duties performed by each Executive Director or to be performed from time to time in pursuance to objectives or results to be shown by the Board of Directors (ii) the powers and duties with which each Executive Director has been entrusted so far by the Board of Director in the conduct of the business of the Company (iii) and the average remuneration in line with the market practice for similar positions.

Further information on the compensation paid to the directors can be found in the relevant table in the explanatory notes to the financial statements of the Company.

Stock Option Plan

On September 6th, 2007, the Extraordinary General Shareholders' Meeting of the Company approved a Stock Option Plan, previously approved by the Board of Directors in its meeting of August 1st, 2007 after hearing the proposals formulated by the Remuneration Committee duly held on July 31st, 2007.



The stock option plan is granted to the Chief Executive Officer, the Chief Financial Officer and the Chief Operation Officer of the operative subsidiary namely d'Amico Tankers Limited- Dublin – Ireland who, due to the strategic significance and criticality of their role, to the position in the line and staff structure and to the effect of their office on the corporate results, hold positions considered as “key” within the Company.

At the date of the Report no option has been exercised.

Further information on the Stock Option Plan can be found in the “Information Document “ available in the Investors Relations section of the Website as well as in the relevant table in the Notes to the 2007 Financial Statements of the Company.

Remuneration Committee

In compliance with the Borsa Italiana Code provisions, the Board of Directors established a Remuneration Committee by means of resolution adopted on February 23rd, 2007.

As per the abovementioned resolution, the Company’s Remuneration Committee is composed of three Non-Executive members of the Board of Directors two of which are Independent Directors and is entitled to:

- submit proposals to the Board of Directors, in the absence of the persons directly concerned, regarding remuneration, including any Stock Option or shares allotment, of the Executive Directors and of those Directors who are appointed to particular positions;
- submit proposals to the Board of Directors, acting on a proposal from the Executive Directors, for the criteria to be used in determining the remuneration of the Company’s top management.

On February 23rd, 2007, the Board of Directors appointed the following Non-Executive Director as members of its Remuneration Committee: Mr. Gianni Nunziante and the Non-Executive and Independent Directors Mr. Massimo Castrogiovanni and Mr. Stas Jozwiak.

At the date of the Report the Remuneration Committee held three (3) meetings with a 100% attendance of all its appointed members and during which, among other things it reviewed and submitted proposals with respect to compensation and incentive plans applicable to senior managers and performed, with positive results, the assessment on the execution of the Board decision with reference to the fees allocation and the management and implementation of the stock option plan.

Remuneration Committee

Office	Members	% of attendance
Non-Executive Director	Mr. Gianni Nunziante	100%
Non-Executive Independent Director	Mr. Massimo Castrogiovanni	100%
Non-Executive Lead Independent Director	Mr. Stas Jozwiak	100%
Number of meetings held at the date of the Report: three (3)		

C. THE INTERNAL CONTROL SYSTEM

The Company is following the necessary steps in order to implement an efficient and adequate System of Internal Control by means of establishing a 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 a model derived from the COSO Report, the Borsa Italiana Code and the national and international best practices.

1. Guidelines for the Internal Control System

The Board of Directors meeting held on February 7th, 2008, having received positive advice by the Audit Committee, resolved to approve the Company's Guidelines for the Internal Control System (hereinafter the "Guidelines") drafted with the assistance of an external advisor (KPMG).

The Guidelines were drafted in order 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.

The Board of Directors is in charge of verifying - at least once a year - the adequacy, effectiveness and properly functioning of the System of Internal Control but it has not yet done the relevant assessment because of the very recent listing of the shares of the Company in the Italian Stock Exchange Market as well as the consequent recent implementation of the System.

2. Audit Committee

In compliance with the provisions of the Borsa Italiana Code, the Board of Directors in its meeting of February 23rd, 2007 resolved to establish an Audit Committee.

As per the abovementioned resolution, the Company's Audit Committee is composed of three Non-Executive members of the Board of Directors two of which are Independent Directors.

The Audit Committee is entitled to assist the Board of Directors in discharging its own duties by providing it with advice and proposals. In particular it is in charge of performing:

- a periodic - at least once every six months, at the time the annual report and first-half report are approved - assessment on the appropriate and actual functioning of the Internal Control System;
- an assessment on the operating plan prepared by the Internal Control Officer and a comparison between the plan and the activity described in periodic reports;
- an evaluation of specific aspects related to the identification of the core corporate risks and the planning, operation and managing of the Internal Control System upon request of the Internal Control Supervisory Director;



- an assessment, in collaboration with the Chief Financial Officer and the external , on:
 - (a) the adequacy of the accounting principles;
 - (b) the accounting principles uniformity in view of the drafting of the Consolidated Financial Statements;
- an assessment on external auditing firms' proposals to obtain the relevant engagement;
- an assessment on the external audit operating plan and on the results set forth both in the audit report and in the letter of suggestions.

On February 23rd, 2007, the Board of Directors appointed the following Non-Executive Director as members of its Audit Committee: Mr. Gianni Nunziante and the Non-Executive and Independent Directors Mr. Stas Jozwiak and Mr. Massimo Castrogiovanni, the latter having an adequate and recent experience in accounting and finance, according to what assessed by the Board of Directors and in compliance with the relevant rules of the Borsa Italiana Code.

In addition to what resolved by the Board of Directors meeting held on February 23rd, 2007, a set of basic rules governing composition, duties, and functioning of the Committee were provided in the Audit Committee Charter duly approved by the Board of Directors, upon previous consideration of the Audit Committee, in its meeting held on February 7th, 2008.

At the date of the Report the Audit Committee held six (6) meetings with a 100% attendance of all its appointed members and during which, among other things, it expressed favourable advice with reference to the Regulation on transparency and fairness of transactions with Related Parties and assisted the Board of Directors in the definition of the Internal Control System Guidelines.

Audit Committee

Office	Members	% of attendance
Non-Executive Director	Mr. Gianni Nunziante	100%
Non-Executive Independent Director	Mr. Massimo Castrogiovanni	100%
Non-Executive Lead Independent Director	Mr. Stas Jozwiak	100%
Number of meetings held at the date of the Report: six (6)		

3. Internal Control Supervisory Director

The Board of Directors meeting held on February 7th, 2008, with the support of the Audit Committee, identified in the Chairman of the Company the Supervisory Director responsible for supervising the properly functioning and effective implementation of the Internal Control System.



Such Supervisory Director supports the Board of Directors in the performance of its internal control functions and, working within and in accordance with the Guidelines established by the Board of Directors, is responsible for:

- the identification of the core corporate risks, based on the characteristics of the Company and its Subsidiaries' business, reporting periodically to the Board of Directors about the output of its assessment;
- the implementation of the Guidelines approved by the Board of Directors;
- the planning, the operation and the managing the System of Internal Control;
- monitoring the efficiency, adequacy and effective implementation of the system of internal control;
- making sure that the System of Internal Control is updated to address any issues that may arise during the monitoring process or as a result of the evolution of the Company's organization or operational structure, changes in the Company's business and changes in the statutory and regulatory framework that may be relevant to the Company.

In performing these tasks, the Supervisory Director relies on the support of the Internal Control Officer and reports to the Board of Directors about the work performed upon request or whenever the Supervisory Director deems it necessary in connection with the occurrence of specific problems.

4. Internal Control Officer

The Company's Board of Directors meeting held on February 7th, 2008 resolved to appoint, upon proposal of the Chairman, in his capacity as Internal Control Supervisory Director, and advise given by the Audit Committee, the Internal Control Officer and ensured that he is supplied with sufficient resources to perform the assigned tasks within the limit of the Company's budget.

The Internal Control Officer recently appointed is the head of the Internal Audit function, who is not responsible for any operational unit, does not report to any manager of an operational unit and have direct access to each information useful for the performing of his tasks.

The Internal Control Officer is required to perform the following tasks:

- verifying the efficiency, adequacy and effective implementation of the System of Internal Control;
- reporting to the Internal Control Supervisory Director, the Audit Committee and the Statutory Auditors about the management of risk profiles and the correct implementation of plans for risk monitoring.

5. Compliance Program pursuant to Legislative Decree 231/01 and Code of Conduct

Pursuant to Legislative Decree n°231/2001, the Board of Directors, as resolved in its meeting of August 1st, 2007, is evaluating, with the assistance of external advisor, the implementation of organizational and management models as well as of a Code of Conduct to be further adopted by the Company which are a complement to the Internal Control System and contains the business ethics principles to which the Company conforms and with which directors, statutory auditors, employees, consultants and partners are required to comply. However, considering that the Company is governed by Luxembourg law and provisions, the implementation of those organizational and management models is mandatory requested by the listing of the shares over the Italian Stock Exchange market – STAR segment and are expected to be finalized within the end of March 2008.



D. CORPORATE DISCLOSURES AND RELATIONS WITH STOCKHOLDERS AND INVESTORS

1. Processing of Corporate Information

In compliance with applicable law and regulation, specifically with regard to applicable Italian rules and regulations arising from the listing in the Star segment of the MTA, on March 8th, 2007 the Chief Executive Officer, upon specific delegation of powers released by the Board of Directors in its meeting of February 23rd, 2007, set up an **Insider Register** of parties with 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. On March 8th, 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 November 6th, 2007 then ratified both the setting up of the Insider Register and the appointment of the person in charge of the keeping of it and delegate in favour of the Chairman and/or the Chief Executive Officer all the necessary powers to determine the Company's procedure to deal with the Insider Register.

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.

Moreover, following the reception of the European Market Abuse Directive into Luxembourg and Italian law, the Board of Directors meeting held on February 23rd, 2007 resolved to delegate the Chairman and the Chief Executive Officer the powers to draw up the internal rules in order to ensure the correct internal handling and public disclosure of inside confidential information, with special reference to the price sensitive information.

The Company is currently reviewing and studying the problems entailed by the adoption of a procedure governing the management of inside information concerning the Company and its Subsidiaries to be addressed to all the members of the governing bodies, employees and outside collaborators of the Company and its Subsidiaries who have access to potentially inside information.

2. Internal Dealing

In order to fully comply with the applicable Luxembourg and Italian law and with the regulation and practice governing in securities' trading of public companies, the Board of Directors, in its meeting of April 3rd and April 8th, 2007, approved the Internal Dealing Code of the Company setting out rules that the Company and certain "key persons" defined as d'Amico Insiders in the adopted Internal Dealing Code 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.

According to the applicable law, the Internal Dealing Code impose disclosure obligation on the directors of the Company for the insider-dealing transactions involving shares of the Company or financial instruments linked thereto . Furthermore, the Internal Dealing Code provisions further impose some additional restrictions to persons identified previously designated as insiders because of their position or their actual or potential access to material information. As such, those persons are regularly informed about dealing or non-dealing periods.

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 breach 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.

The Internal Dealing Code is available in the Investors Relations section of the Website.

3. Investor Relations

In order to ensure an on-going dialog with all of its shareholders, including Institutional Investors, on February 23rd, 2007, the Board of Directors appointed Mr. Alberto Mussini in his capacity as Chief Financial Officer of the Company, as head of the Company's structure in charge of the handling of relation with investors of the Company.

The Company created 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 institutional information, periodic and extraordinary operating and financial information, the calendar for corporate events, and corporate governance documents.

E. SHAREHOLDERS' MEETINGS

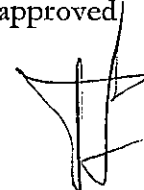
Shareholders' Meetings provide regular opportunities to meet and communicate with shareholders while complying with the Regulations that govern the handling of Price-Sensitive information. In particular, the Board of Directors' reports on the activity planned and the results achieved and manage to give all the necessary information in order for the shareholders to exercise their rights easily and in a conscious way.

During 2007 Financial Year, the Company held six (6) Extraordinary Shareholders' Meeting duly convened in compliance with the Articles of Association and respectively held on the followings dates:

- February 23rd, 2007
- March 2nd, 2007
- April 3rd, 2007
- April 18th, 2007
- July 3rd, 2007
- September 6th, 2007

The importance of the numbers of meetings called during the first half 2007 is mainly due to the recent incorporation of the Company, as well as the necessary processes performed arising from official listing of the Company's shares under the Italian Stock Exchange Market, STAR Segment such as the increase of the share capital and subsequent issuance of new shares, the appointment of statutory and external auditors, or the amendment of the Articles of Association of the Company expressly required to comply with the applicable rules under the Italian Stock Exchange Market.

On the second half 2007, two extraordinary shareholders' meeting were called by the Board of Directors and respectively resolved (i) a repurchase of Company shares over the regulated market on which the Company shares are admitted and (ii) a new procedure as regards to the information disclosure relating communication towards the Company of voting rights held by shareholders as well as the approval of the Stock Option Plan in line with the Information Document previously approved by a Board of Directors resolution held on August 1st, 2007.



Regulation for shareholders' meetings

The Company encourages the active and broad involvement of its shareholders, who, so far, have responded with significant interest.

In compliance with the Consob Issuer Regulation and with Borsa Italiana Regulation, a notice of the Shareholders' Meeting is published at least 8 days before the date of the meeting in a daily newspaper, having a national circulation in Italy. At the same time, such notice is sent to Borsa Italiana specifying that shareholders may obtain a copy thereof at their expense.

Such notice contains information regarding the availability of the documentation indicated at the registered office of the Company and at Borsa Italiana and specifies that shareholders may obtain a copy thereof at their expense.

The directors of the Company prepare a report on the proposals contained in the agenda.

Such report is deposited with the registered office of the Company and with Borsa Italiana at least 15 days before the date of the scheduled Shareholders' Meeting or within the time prescribed by the applicable laws as indicated below.

The Company send to Borsa Italiana copy of the notice not later than the day before that scheduled for their publication in the press.

The notices calling shareholders' meetings indicates the Articles of Association's and bylaws' rules governing attendance at meetings.

In order to reduce the bounds and procedures that make it difficult for the shareholders to attend to the relevant meetings the Board of Directors in its meeting of February 23rd, 2007 resolved to delegate the Chairman and the Chief Executive Officer the power to draw up a set of rules 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, to be proposed to the approval of the Shareholders Meeting called to approve the Company's Accounts for Financial Year 2007. This regulation, in addition to what established by the Articles of Association, will ensure that Shareholders Meetings run in an orderly and efficient way so as to ensure the fullest possible guidance on the organizational and procedural aspects of this important moment in shareholders' participation in the life of the Company. This Regulation will define the rights and obligations of all parties attending a Shareholders Meeting and will provide clear and unambiguous rules, without limiting the right of individual shareholders to voice their opinions and demand explanations about items on the agenda.

F. AUDITORS

According to article 17 of the Articles of Association, the Company's operation and financial statements, 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, who will determine their number, for a period not exceeding six 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.

1. Statutory Auditors ("Commissaires aux Comptes")

On April 3rd, 2007, the General Extraordinary Shareholders' Meeting appointed, upon proposal of the Audit Committee and for a one year term, expiring on the date of the General Shareholders' Meeting approving the 2007 Company's Annual Accounts, Lux-Fiduciaire S.à.r.l., as Statutory Auditor in compliance with applicable Luxembourg laws and provisions. The Statutory Auditor have unlimited power of supervision and control over all of the operations of the Company and may inspect, but not

remove, the books, correspondence, minutes and, in general, all the records of the Company. The Statutory Auditor may take part in the work of the Audit Committee.

2. External Auditors

On February 23rd, 2007, the Board of Directors appointed, upon proposal of the Audit Committee, Moore Stephens S.à.r.l., Luxembourg, as external auditor (*réviseur d'entreprises*) of the Company's consolidated accounts for a one year term, expiring on the date of the General Shareholders' Meeting approving the Company's Annual Accounts for 2007 financial year.

