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**References:** *Luxembourg Shareholders Rights Law*



**RULES OF PROCEDURE  
GOVERNING MATERIAL TRANSACTIONS  
WITH RELATED PARTIES**

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## **1. INTRODUCTION**

These Rules of Procedure (the “Rules”) have been initially adopted by the Board of Directors of d’Amico International Shipping S.A. (the “Company”) in accordance with the recommendations of the Code of Self-discipline concerning corporate governance drawn up by the Italian Stock Exchange 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.. These Rules have been updated in accordance with the legislation applicable to the Company and in particular the law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended in particular by the Luxembourg law of 1 August 2019 (the “Luxembourg Shareholder Rights Law”).

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 material transactions with related parties entered into by the Company, by setting forth internal management rules that ensure transparency and the substantial and procedural correctness of the approval process of the transactions, and by establishing the procedures for complying with information disclosure requirements under applicable law.

## **2. BACKGROUND**

The Rules have been adopted to implement:

- a) 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, by (EC) Regulation n° 1126/2008 of the European Commission adopting certain international accounting standards, in the version resulting from Commission Regulation (EU) 2015/28 of 17 December 2014, as subsequently amended (“IAS Principle n° 24”);
- b) the Law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies as amended on 1 August 2019 (the “Luxembourg Shareholder Rights Law”);

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### 3. DEFINITIONS

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

#### 3.1. Related Parties

In accordance with the Luxembourg Shareholder Rights Law, Parties Related to the Company are as defined in IAS Principle n° 24, and are currently as of the date of these Rules:

**a) each person or a close family member of that person if such person:**

- i. has control or joint control over the Company;
- ii. has significant influence over the Company; or
- iii. is a member of the key management personnel of the Company or of a parent of the Company.

**b) each entity with respect to which any of the following conditions applies:**

- i. the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- ii. the entity is an associate or joint venture of the Company (or an associate or joint venture of a member of a group of which the Company is a member) considering that an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other; or
- iii. the Company and the other entity are joint ventures of the same third party; or
- iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- v. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company; or
- vi. the entity is controlled or jointly controlled by a person identified in (a); or
- vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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With a view to the foregoing:

- The term “**control**” means the power to determine the administrative, financial and management policies of an organization with a view to obtaining benefits from its business activities.

For the purposes of the Rules, and unless there is evidence to the contrary, a “**controlled company**” is:

- a. a company in which another party holds a majority of the votes that can be exercised in an ordinary shareholders’ meeting;
- 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 is 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 include:

- a. that person’s children and spouse or domestic partner;
- b. children of that person’s spouse or domestic partner; and
- c. dependents of that person or that person’s spouse or domestic partner.

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- “**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.

### Exclusions from the definition of “Related Party”

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 considered Related Parties:

- a. two companies that merely have a director or other member of key management personnel in common or because a member of key management personnel of one company has significant influence over the other company;
- b. two ventures who merely share joint control over a joint venture;
- c. (i) providers of finance, (ii) trade unions, (iii) public service utilities, and (iv) agencies and public departments of a government that does not control, jointly control or significantly influence the Company,  
    simply by virtue of their normal business relations with the Company and/or its Subsidiaries (even though they may affect the freedom of action of the Company and/or its Subsidiaries or participate in its decision-making process);
- d. an individual client, supplier, franchisor, distributor or general agent with whom the Company and/or Subsidiaries transact a significant volume of business merely by virtue of the resulting economic dependence.

### Related Parties data base

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 Related Parties themselves, an ad hoc data base that includes a list of the Related Parties with which the Company 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, and one or several Related Parties, regardless of whether a price is charged.

By way of example, but not limited to them, the following are transactions with Related Parties, even where a price is not charged::

- purchases or disposal of equity, companies or business lines, sources of income and other assets;

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- rendering or receiving services (including consulting activities);
- granting and obtaining financial support (including loans and tangible and/or personal securities and capital contributions in money or in kind) and guarantees;
- leases;
- mergers and demergers;
- transfers under license agreements;
- transfers for research and development;
- cooperation agreements;
- any other deed involving rights over assets.

### **3.3. Material Transactions with Related Parties**

#### **3.3.1. In Scope Transactions with Related Parties**

Material Transactions with Related Parties are transactions between the Company and a Related Party whose publication and disclosure would be likely to have a significant impact on the economic decisions of shareholders of the Company and which could create a risk for the Company and its shareholders who are not Related Parties, including minority shareholders.

The nature of the transaction and the position of the Related Party shall be taken into consideration.

#### **3.3.2. Excluded Transactions with Related Parties**

The following transactions are not to be considered Material Transactions with Related Parties for the purpose of these Rules (the “**Excluded Transactions with Related Parties**”):

- a. inter-company Transactions carried out between the Company and/or its Subsidiaries provided they are wholly owned or no other Related Party of the Company has any interest in the subsidiary.
- b. transactions relating to the remuneration of members of the board of directors and of the CEO or certain elements of their remuneration, awarded or due in accordance with Article 7bis of the Luxembourg Shareholder Rights Law .

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- c. transactions proposed to all shareholders under the same conditions, ensuring equal treatment of all shareholders and the protection of the Company's interests.
- d. transactions entered into in the ordinary course of business of the Company and concluded on normal market terms (the “**BAU Transactions**”)

### **3.4. Relevant Information**

For the purpose of the Rules, Relevant Information is any information about the characteristic elements of a Material Transaction with Related Parties and in particular:

- a. the identity of the Related Party;
- b. the type of relationship with the Related Party;
- c. the date of the transaction
- d. the value and economic conditions agreed upon ; and
- e. any other information necessary to assess whether or not the transaction is fair and reasonable from the perspective of the Company and of the shareholders who are not a Related Party, including minority shareholders.

## **4. MATERIAL TRANSACTIONS WITH RELATED PARTIES SUBMITTED TO THE BOARD OF DIRECTORS OF THE COMPANY**

The Board of Directors of the Company shall have exclusive power to approve all the Material Transactions with Related Parties, detailing in its minutes the reasons for its approval.

It is understood that where the correlation pertains to a member of the Board of Directors or to a shareholder of the Company (conflict of interest), the relevant director or the director representing the relevant shareholder will not be able to participate in the deliberations regarding the approval of the specific transaction.

## **5. ASSESSMENT OF MATERIAL TRANSACTIONS WITH RELATED PARTIES**

The following internal procedure will be observed by the Company to assess Transactions with Related Parties in order to identify those which shall be considered in scope of the Luxembourg Shareholders' Right Law.



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The CFO and/or the CEO are those in charge of carrying out such assessment (if required with the assistance of any independent experts) , on the basis of the Relevant Information from time to time received from the persons or bodies entrusted to conclude and/or execute transactions, which shall – in turn - gather and keep records of such Relevant Information and provide it sufficiently in advance to CFO and/or the CEO.

After the CFO and/or the CEO have received information about a potential Transactions with Related Parties, they shall first of all jointly:

- 1) analyze if the transaction is to be considered concluded with a Related Party according to what specified in paragraph 3. of the Rules; and
- 2) if so, assess whether it shall be considered as Material as per definition provided under paragraph 3.3.1.

When a transaction has been identified as a Material Transaction with a Related Party, the CFO and/or the CEO shall verify if it falls in the Excluded Transactions with Related Parties list provided at paragraph 3.3.2.

Transactions and transaction with the same Related Party carried out in any 12- month period (or in the same financial year) that have not been individually considered as Material Transactions shall be aggregated for the purpose of determining whether and from what moment they together reach the materiality threshold and will become subject to Sections 4 and 6.

In case of Material Transactions with Related Parties it is understood that where the correlation pertains to the CFO and/or the CEO (conflict of interest), the relevant person will not be able to perform the above assessment and will therefore ask the other Directors to perform the assessment

In case both the CFO and the CEO are conflicted, the matter will be as well referred to the Board of Directors.

The Material Transactions with Related Parties concluded and executed under powers of attorney (except, for the avoidance of doubt any Excluded Transactions with Related Parties) shall be the subject matter of briefs/memos submitted to the Board of Directors, that has given its prior approval, 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.

## **6. DISCLOSURE REQUIREMENTS OF MATERIAL TRANSACTIONS WITH RELATED PARTIES**

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### **6.1. Information on Material Transactions with Related Parties in financial statements**

In its annual audited consolidated financial statements, the Board of Directors and the Company shall provide a detailed breakdown of the annual income statement effects and of the year-end financial positions with each Related Party. In its half-year consolidated interim financial report, the Board of Directors and the Company shall provide the aggregate income statement effects for the period and period-end financial positions, with all Related Parties. Both the annual and half-year financials will not include a disclosure of the Excluded Transactions with Related Parties. The Company will prepare the disclosure of its transactions with Related Parties in its financial statements in accordance with the contents of paragraph 18 of IAS Principle n° 247.2.

### **6.2. Disclosure to the market of Material Transaction with Related Parties**

Without prejudice to the laws and regulation which are applicable to the Company in terms of price sensitive information, including the MAR and the internal regulation of the Company governing inside information and the set-up of a list of persons who have access to inside information, DIS shall publicly announce each Transaction with Related Parties, which has been identified as Material according to the procedure described at the above paragraph 5.

Material Transaction with Related Parties shall be announced at the latest at the time of the conclusion of the transaction. The press release shall contain at least the information which is defined as Relevant Information under par. 3.4.

## **7. FINAL PROVISIONS**

The Board of Directors of the Company, or any of its delegated designated person, 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.