

**ZIM INTEGRATED SHIPPING SERVICES LTD.**  
(the "Company")

**Internal Procedure for the Approval of Non-Extraordinary Transactions for the  
Charter of Vessels (the "Procedure")**

**Background**

Pursuant to the Israeli Companies Law of 1999 (the "**Companies Law**"), Extraordinary Transactions (as defined below) of a public company with its controlling shareholder or with another person in which the controlling shareholder has a personal interest require a special set of approvals, including by the public company's shareholders by a special majority<sup>1</sup>.

For the purpose of this Procedure:

**"Controlling Shareholder"** - a Holder of Control, including a person who Holds 20%<sup>2</sup> or more of the voting in the Company's general meeting, assuming there is no other person who Holds more than 50% of the voting rights in the Company. For the purpose of "Holding" under this sub-section (b), two or more persons, who Hold voting rights in the Company and each of which has a Personal Interest in the approval of the Transaction being brought for the approval of the Company, shall be considered to be joint holders.

**"Control"** - means the ability to direct the Company, or the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity through ownership, by contract, or otherwise, excluding an ability derived merely from serving as a director or in another office in the Company, and a person shall be presumed to control the Company if such person holds 50% or more of a certain type of means of control of the Company.

**"Holdings"** – with regard to securities or voting powers, etc., means either separately or jointly, directly or indirectly, through a trustee, trust company, nominee company or in any other manner; with regard to holding or an acquisition by a company, such term also includes holdings by a subsidiary or an affiliate company; and with regard to holdings or an acquisition by an individual, such individual and family members who reside with that individual, or if the main source of income of such individual and/or family member(s) is dependent on the other, such persons shall be considered as one person.

---

<sup>1</sup> Currently: a majority of the shareholders participating in the voting at the relevant general meeting in person or by proxy; provided, that (i) such majority vote at the general meeting shall include a majority of the total votes of shareholders participating in the voting at the general meeting in person or by proxy who do not have a personal interest in the approval of the proposal (votes abstaining shall not be taken into account in counting the above-referenced shareholders' votes); or (ii) the total number of ordinary shares of the shareholders mentioned in clause (i) above that are voted against such proposal does not exceed two percent (2%) of the total voting rights in the company.

<sup>2</sup> Although the definition of a "Controlling Shareholder" for this purpose in the Companies Law discusses a holding of 25% or more of the voting rights in a company if there is no other person who holds more than 50% of the voting rights in such company, the Audit Committee and Board of Directors voluntarily broadened the definition of a "Controlling Shareholder", for purposes of the Procedure, to include a holding of 20% or more of the voting rights in the Company if there is no other person who holds more than 50% of the voting rights in the Company, as detailed below.

**"Extraordinary Transaction"** - means a Transaction meeting at least one of the following characteristics: (i) not in the ordinary course of the Company's business; (ii) not on market terms; or (iii) likely to have a material influence over the Company's assets, liabilities or profits.

To the extent Kenon (or any other shareholder) is deemed to be a Controlling Shareholder of the Company following the initial public offering of shares of the Company, Kenon will be deemed to be a Controlling Shareholder of the Company for the purpose of the special approvals required under Chapter V of the Companies Law. This Procedure is intended to set the guidelines for the approval of the chartering of vessels from Kenon or from other persons in which Kenon has personal interest (collectively, the **"Related Party"**) as non-Extraordinary Transactions for so long as Kenon is a Controlling Shareholder of the Company.

The following are the parameters for the classification of charter transactions from Related Parties as non-Extraordinary Transactions:

1. The Audit Committee and the Board of Directors have determined that chartering of vessels is conducted in the ordinary course of the Company's business and in the shipping industry as a whole.
2. The contemplated charter must be compatible with the Company's operational and business needs (including age, size, technical specifications, original designation, charter period etc.) all in the Company's sole discretion, given the Company's work and strategic plans.
3. The cumulative number of vessels that are chartered in from the Related Parties shall not exceed: (A) in the event the total fleet of the Company (either owned vessels or chartered vessels) consists of 100 vessels or less, the lower of (i) 20 vessels; or, (ii) 25% of the total fleet; and (B) in the event the total fleet of the Company (either owned vessels or chartered vessels) consists of more than 100 vessels, 25% of the total fleet.
4. The scope of the contemplated charter from the Related Party at the date of approval of the said charter must meet the following cumulative parameters:
  - 4.1. The total charter obligations of the Company from the relevant charter transaction with the Related Party divided by the Company's total charter obligations from all vessels chartered by the Company, including the charter proposed to be approved with the Related Party, shall not exceed 5%. For the purpose of this parameter, the last contractually agreed upon charter periods including any option periods, shall be taken into account in the calculation of the charter costs.
  - 4.2. The total charter obligations of the Company from all vessels chartered from the Related Party (including the contemplated charter) divided by the Company's total charter obligations from all vessels chartered by the Company (including from Related Parties) shall not exceed 22%. For the purpose of this parameter, the last contractually agreed upon charter periods, including any option periods, shall be taken into account in the calculation of the charter costs.
5. Charters from the Related Parties shall be made on market terms, which shall be determined based on relevant market data concerning the most recent charter transactions in the market of similar nature, and on the experience and expertise of the members of the Audit Committee and the Board. In the determination of similar charters, the Audit Committee and Board of Directors will take into account the use of vessels as similar as possible to the vessel involved in the contemplated charter, and relevant parameters including: age, size, technical specifications, charter speed, fuel consumption, etc., all subject to necessary adjustments.

6. The Audit Committee will review this Procedure on an annual basis in order to confirm the parameters detailed herein comply with the classifications of the charters of vessels from Related Parties as non-Extraordinary Transactions.

\* \* \*