



*d'Amico*  
INTERNATIONAL SHIPPING S.A.

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## **REPORT OF THE BOARD OF DIRECTORS ON REMUNERATION**

to the Annual General Meeting of the Company's Shareholders

to be held on 30 April 2019

Document drafted pursuant to Art. 123-ter Legislative Decree no. 58/1998,

of Art. 84 quater Issuers Regulation

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## LETTER OF THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear Shareholders,

As Chairman of d'Amico International Shipping's Nomination and Remuneration Committee, it is my pleasure to present the annual Remuneration Report for 2019. This is the result of the continuous work of the Committee, with a view to establishing a compensation package that is consistent with the complexity of roles and aligned to company performance. In addition, this compensation policy is targeted at promoting Company development in line with its business plan, in a business context characterised by significant volatility and a severe drop in revenues.

The commitment of the Nomination and Remuneration Committee, composed of Mr. Massimo Castrogiovanni, John J. Danilovich and Mr. Heinz P. Barandun in addition to myself, is to propose the adjustments to be made to the d'Amico International Shipping (DIS) remuneration system in order to ensure alignment with international best practices and the applicable legislation, and, secondly, to ensure the incentive capacity of the system in line with the Company's strategic objectives.

Starting in 2019 a new long-term incentive plan was introduced (**IBT 2019-2021 Plan**), which consists in determining a cash/stock option bonus when beneficiaries achieve certain performance objectives.

The purpose of the new plan is as follows:

- Align the interests of management with achieving medium/long-term value generation goals for shareholders.
- Focus the attention of beneficiaries on strategic interests.
- Increase the commitment and retention of key resources.

In order to back such statements, in addition to the three corporate performance goals, it was decided to introduce a relative total shareholder return respecting a reference panel and that acts as an addition/reduction for the bonus achieved.

This year as well the committee worked to improve communications with stakeholders on 2019 remuneration policies by increasing alignment with market best practices. Indeed, in continuation with last year, we presented results from shareholders' meeting votes and the activity cycle of the remuneration committee and appointments and we used both the reconciliation table between the first section and CONSOB requirements and the glossary in order to improve disclosure and access to the document.

We trust that this Report provides proof of our constant commitment to ensuring proper representation to our shareholders and to the market of the aims underlying the remuneration strategy adopted by d'Amico International Shipping, to support its business objectives and in keeping with the Company values and principles.

Lastly, on behalf of the Committee, I would like to thank you in advance for taking the time to read this Report and for the support that I am sure you will give to the implementation of the policies it contains.

20 March 2019

Stas A. Jozwiak

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## INTRODUCTION

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Compliant with the current regulations, the 2019 Remuneration Policy regarding the Members of the Board of Directors and the Personnel with strategic responsibilities of d'Amico International Shipping (hereinafter, "the Company" or "DIS") is defined herein.

This document is drafted pursuant to articles 114-*bis* and 123-*ter* of Legislative Decree 58/1998 (hereinafter "T.U.F.") and to Art. 84-*quater* of the *Regolamento Emittenti Consob* - Issuers' Regulation - 11971 (hereinafter, "Regulation").

This report, approved by the Board of Directors on 1 March 2019, on proposal of the Nomination and Remuneration Committee, is divided into two sections, in compliance with scheme 7-*bis* of Annex 3A of the Regulation:

### I. Section

- a. provides a description of the procedures used for the definition and implementation of said policy.
- b. illustrates the policy adopted by DIS on remuneration of members of the Board of Directors, of Directors with specific duties and of personnel with strategic responsibilities as identified by the Board of Directors as far as the year 2019 is concerned, in compliance with the provisions of Art. 123-*ter* of the T.U.F.;

### II. Section

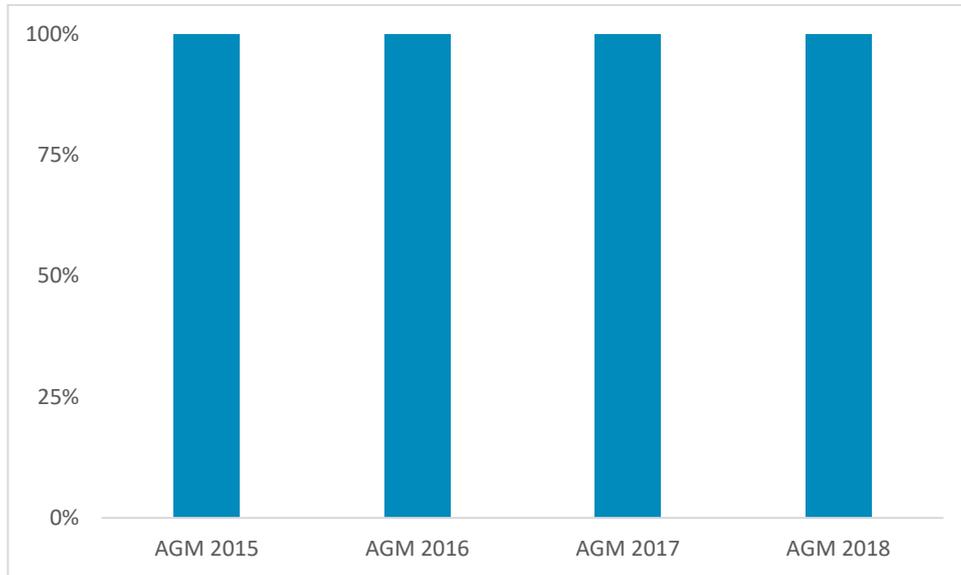
- a. contains the information related to the implementation of policies of the previous year 2018 and of the incentive systems adopted;
- b. adequately shows each of the items that make up the remuneration and analytically displays compensation paid by DIS and the subsidiaries or associates during the year concerned for any reason and of any type. It also highlights any parts of the aforementioned compensation regarding activities carried out in previous years and also shows compensation to be paid in one or more subsequent years, based on activity carried out during the reference year; potentially giving an estimated value for parts that are not objectively quantifiable in the reference year.

The information will also be made available on the website of the Company ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)).

SUMMARY SHEET OF REMUNERATION POLICY 2019

Component	Purpose and Characteristics	Beneficiaries
Fixed remuneration	<p><b>Purpose</b> To reward the competences, the experience and the contribution required of the assigned role.</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>▪ Fees resolved by the Shareholders' Meeting</li> <li>▪ Gross Annual Compensation as employee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Members of the Board of Directors</li> <li>▪ Personnel with strategic responsibilities</li> </ul>
Variable short-term remuneration	<p><b>Purpose</b> To reward the level of excellence demonstrated and the overall quality of the contribution to business results, also in consideration of the current reference context.</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>▪ Annual incentive (<b>MbO Plan</b>) up to a maximum of 80% of fixed remuneration:               <ul style="list-style-type: none"> <li>- <u>Objectives</u>: Consolidated EBITDA</li> <li>- <u>Bonus Pool</u>: up to 5% of Consolidated EBITDA</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Directors</li> <li>▪ Directors with specific duties</li> <li>▪ Personnel with strategic responsibilities</li> <li>▪ Supporting roles to Company business</li> </ul>
Variable long-term remuneration	<p><b>Purpose</b> Align the medium/long-term interests of management and shareholders and increase the commitment and retention of key resources.</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>- Long-term incentive (<b>IBT 2019-2021 Plan</b>) with a cash/stock option bonus for beneficiaries.</li> <li>- <u>Performance objectives</u>:               <ol style="list-style-type: none"> <li>1. Adjusted ROCE</li> <li>2. Hedging Effectiveness</li> <li>3. Daily D&amp;A</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Directors</li> <li>▪ Personnel with strategic responsibilities with a key role in the main departments (including the commercial and operations departments)</li> </ul>
Benefits	<p><b>Purpose</b> To complete the compensation package as a whole and to make it competitive on the market</p> <p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>- <u>Non-monetary benefits</u> (e.g. social security and insurance components)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Members of the Board of Directors</li> <li>▪ Personnel with strategic responsibilities</li> </ul>

**TREND IN OUTCOMES OF VOTING ON THE ANNUAL REMUNERATION REPORT (2014-2017)**



<b>Abstained</b>	0%	0%	0%	0%
<b>Opposed</b>	0%	0%	0%	0%
<b>In favour</b>	100%	100%	100%	100%

## SECTION I

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### 1 Roles and responsibilities of the bodies involved in the process of provision and implementation of remuneration policies

In compliance with the Articles of Association of the Company, the recommendations of Articles 4 and 6 of the *Codice di Autodisciplina di Borsa Italiana* (Corporate Governance Code of Borsa Italiana hereinafter, the "Code") - which the Company has adopted - and with laws applicable on each occasion, the approval processes of the remuneration of Executive Directors, other Directors with specific duties and Personnel with strategic responsibilities involve the following corporate bodies and company departments, to which specific responsibilities are attributed.

#### **Shareholder's Meeting**

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In compliance with the Articles of Association of the Company, the compensation of the members of the Board of Directors is established by the Shareholder's Meeting and the Board of Directors may determine the compensation of the Directors who are in charge of specific duties.

The Shareholder's Meeting may nevertheless establish a maximum total gross amount for the remuneration of the Board of Directors, including those with specific duties, assigning and authorising the Board of Directors - on the recommendation of the Nomination and Remuneration Committee - to allot said amount among all of its members, whether non-executive or executive Directors, including therein, if approved by resolution, parties covering specific duties.

The Annual General Shareholder's Meeting is called to examine and evaluate the Remuneration Policy to make a non-binding resolution.

#### **Board of Directors**

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The Board of Directors - in its role of strategic supervision - adopts and re-examines, at least annually, the Remuneration Policy of the Company and is responsible for its proper implementation.

The Board is the body in charge of the approval and maintenance in effect of the Remuneration Policy adopted by the Company, with the goal of supervising its application and approving any exceptions or amendments aided by the Nomination and Remuneration Committee and, if necessary, of the respective company departments concerned.

In compliance with the Articles of Association of the Company, and subject to the authorisation of the Shareholders Meeting, the Board of Directors allots the gross total amount of compensation to Directors and can determine the compensation of the Directors who have specific duties within the Company on proposal of the Nomination and Remuneration Committee.

Moreover, the Board of Directors identifies key personnel with strategic responsibilities and, on proposal of the Nomination and Remuneration Committee, proposes to the CEO the guidelines in order to establish and to maintain in effect a Remuneration Policy for Personnel with Strategic Responsibilities.

#### **Nomination and Remuneration Committee**

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In compliance with recommendations contained in Articles 4, 5 and 6 of the Code, and with article 2.2.3 of the Regulation of markets organised and managed by Borsa Italiana S.p.A., the Board of Directors' meeting held on 6 May 2008 approved a resolution, inter alia, for the establishment of a Nomination Committee and of a Remuneration Committee.

On 28 April 2009, the Board of Directors passed a resolution to approve the merging of the two aforementioned committees into one, the Nomination and Remuneration Committee, assigning to it all the functions required by the Code.

The establishment of the Nomination and Remuneration Committee was confirmed by a written approval of the Directors of the Company on 10 December 2012 by which the aforementioned Committee was attributed the tasks required by the Code, as amended.

The Nomination and Remuneration Committee is composed of non-executive members of the Board of Directors, the majority of which are Independent Directors with adequate experience in finance, as evaluated by the Board of Directors. In compliance with the recommendation contained in Article 6 of the Code, the Chairman of the Committee is an independent Director, and in particular is a Lead Independent Director.

The Nomination and Remuneration Committee is composed of the following non-executive board members:

<b>Chairman</b>	<b>Independent Director</b>	Mr. Stas A. Jozwiak
<b>Members</b>	<b>Independent Director</b>	Mr. Massimo Castrogiovanni
	<b>Independent Director</b>	Mr. John J. Danilovich
	<b>Independent Director</b>	Mr. Heinz P. Barandun

Mr. Stas A. Jozwiak, Mr. Massimo Castrogiovanni, Mr. John J. Danilovich and Mr. Heinz P. Barandun are directors with adequate experience in finance and accounting as assessed by the Board of Directors in approving their appointment.

The Nomination and Remuneration Committee has powers of proposal, consulting and instructing, which are exerted in the formulation of proposals, recommendations and opinions with the objective of enabling the Board of Directors to adopt its own decisions with the necessary understanding and awareness of any relevant matter concerning the remuneration system.

The Nomination and Remuneration Committee is in charge, among other responsibilities, of the following:

- ❖ submitting proposals to the Board of Directors on defining and maintaining in effect a Remuneration Policy of the executive Directors and other Directors with specific duties, as well as issuing guidelines, on the proposal of the CEO, on defining and maintaining in effect a Remuneration Policy of key personnel with strategic responsibilities, in compliance with what has been established, from time to time, by the Board of Directors of the Company or of its operating subsidiaries. Said Policy comprises all types of compensation, including in particular fixed remuneration and the remuneration systems linked to Company performance;
- ❖ submitting proposals related to remuneration systems linked to performance accompanied by recommendations on respective objectives and evaluation criteria, with particular attention to the alignment of the compensation with the long-term interests of shareholders and fixed objectives of the Board of Directors of the Company;
- ❖ periodically assessing and checking, also based on information received by the CEO and by company departments, the adequacy and coherent and effective implementation of the Remuneration Policy, verifying the achievement of performance goals;
- ❖ assisting the Board of Directors in supervising the process aimed at verifying that the Company fulfils all existing provisions on disclosure of the elements contained in the remuneration (with specific reference to the application of the Remuneration Policy and the individual remuneration).

In particular, regarding the remuneration of Executive Directors, and of other Directors with specific duties, the Nomination and Remuneration Committee:

- ❖ submits proposals to the Board of Directors on individual remuneration to be attributed, ensuring that said proposals are in line with the Remuneration Policy adopted by the Company and with the performance evaluation of concerned Directors, having comprehensively collected information on the total compensation obtained by Directors from other subsidiaries of the Company;
- ❖ submits related proposals to the Board of Directors about the contracts standards/format.

As far as the stock-based remuneration plans that may be implemented for Directors, Personnel with strategic responsibilities or other employees, the Nomination and Remuneration Committee:

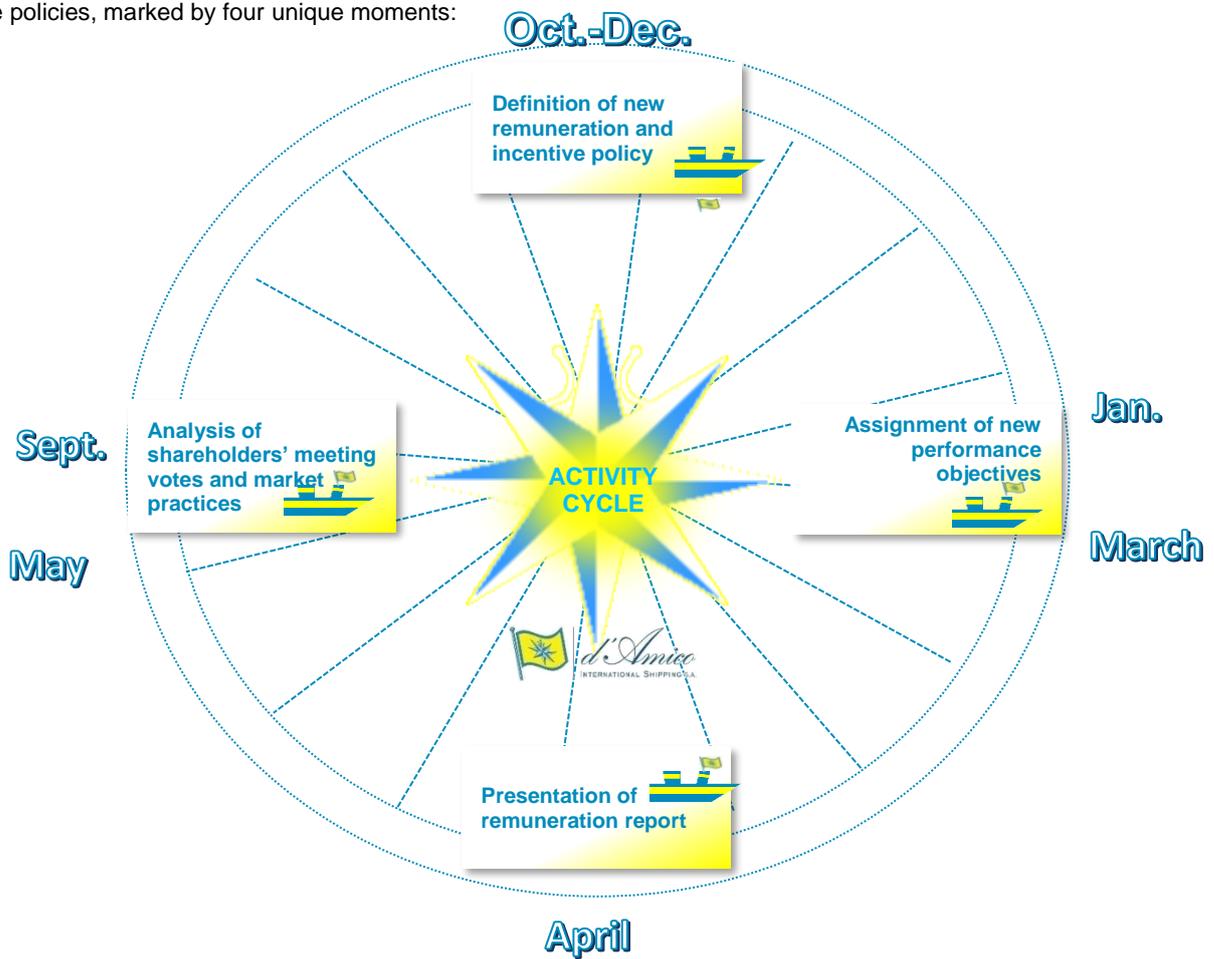
- ❖ examines, with the Board of Directors, the proposal about the allotment of said systems of remuneration according to the framework of Remuneration Policy, submitting suggestions to the Board;
- ❖ verifies the information provided on the above-mentioned topic in the Annual Financial Report and, where necessary, at the shareholder's meeting;
- ❖ submits to the Board of Directors proposals on assignment of options with the right to subscribe shares and assignment of options to purchase shares, specifying the reasons of the proposal as well as the relevant consequences.

The Nomination and Remuneration Committee reports to the Shareholders' Meeting; for this reason, the Chairman of the Committee or one of its members participate in the Annual Shareholder's Meeting which has the role of examining and evaluating the Remuneration Policy contained in the Report on Remuneration, in order to express a non-binding vote.

The Nomination and Remuneration Committee is convened with adequate frequency for the proper implementation of its functions. The Director of the Human Resources Department routinely participates in the meetings. From time to time, the Chairman may invite other members of the Board of Directors or company department managers or third parties to the meetings of the Committee, where their presence may facilitate the functions of the Committee. No Director takes part to the meetings of the Committee in which proposals are formulated to the Board of Directors about their own remuneration, unless dealing with proposals that regard the overall members of the Committees established by the Board of Directors. For the validity of the Committee meeting, the majority of members in office must be present. Resolutions of the Committee are passed by absolute majority of those ones who are present; in case of a tie, the vote of the presiding member prevails.

The Chairman of the Committee reports to the Board of Directors, at least annually, regarding the activity carried out by the Nomination and Remuneration Committee.

The activities of the Committee are incorporated in an annual process of monitoring and revision of remuneration and incentive policies, marked by four unique moments:



### **Chief Executive Officer**

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The CEO, within the framework of the related responsibilities and authorities, ensures that remuneration of Personnel with strategic responsibilities is implemented in compliance with the guidelines approved by the Company. On 23 October 2018 the board of directors accepted the resignation of Mr. Marco Fiori as board member and chief executive officer. At the following board meeting held on 8 November 2018 the board decided, after receiving a favourable opinion from the Appointments and Remuneration Committee, to assign the duties of Mr. Fiori to the Chairman of the Board of Directors, Mr. Paolo d'Amico, effective 1 January 2019 when the said resignation takes effect.

### **Human resources**

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The Human Resources Department collaborates with the competent department in defining Remuneration Policy, initially proceeding to analyse the related regulations and study trends and practices of the referenced market.

In addition, also with the potential support of the Company departments concerned:

- ❖ guarantees the consistency of the remuneration structure with (i) the guidelines approved by the Company and (ii) current legislation and that applicable on each occasion (in the latter case with the support of the Legal Department);
- ❖ provides support with the drafting of the Remuneration Report adopted by the Company;
- ❖ coordinates and strengthens the ability to monitor the coherent and effective application of the Remuneration Policy adopted by the Company;
- ❖ upholds the contractual terms and conditions.

### **Internal Auditing**

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The Internal Auditing Department may carry out independent reviews of the effects that the Remuneration Policy adopted by the Company could have on Strategic Risk Management Policy.

## **2 External advisors used in creating the Remuneration Policy**

The Company makes use of several leading advisory companies (e.g. EY) in order to guarantee maximum reliability of the support provided regarding remuneration, thanks also to the assistance of remuneration surveys carried out with reference to industry databases.

## **3 Reasons and purposes pursued through the Remuneration Policy**

The Remuneration Policy of the Company for 2019 is defined in line with the recommendations of the Code (with some principles of application referenced below) and pursues both the objective of attracting and retaining personnel with the level of professionalism and skills suited to the needs of the Company (art. 6.P.1 of the Code), and of providing an incentive to strengthen the commitment to improving company performances, through personal satisfaction and motivation.

Moreover, the implementation of the Remuneration Policy allows a better alignment between the interest of the Company and that of the management team of DIS, based on both a short-term perspective by maximising value creation, and in a long-term perspective through careful management of business risks and the pursuit of long-term strategies.

In this regard, the remuneration and incentive criteria based on objective parameters linked to the Company performance and in line with medium/long-term strategic goals, are able to better stimulate the engagement of all the persons involved and consequently to better meet the interests of the Company.

In particular, in order to strengthen the connection between remuneration and the long-term interests of the Company, the Remuneration Policy provides that:

## CODE OF CONDUCT

<b>Art. 6.P.2</b>	❖ the compensation of non-executive Directors is commensurate to the engagement required in relation to the participation in the Board Committees;
<b>Art. 6.C.4</b>	❖ unless otherwise approved by the Shareholders' Meeting, non-executive Directors are excluded from participating in variable type incentive plans;
<b>Art. 1 lett. c</b> <b>Art. 1 lett. b</b> <b>Art. 1 lett. a</b>	❖ the remuneration structure for the CEO and for Managers with strategic responsibilities is an adequate balance between: i) a fixed component adequate to remunerate performance carried out in case of lack of distribution of the variable component and ii) a variable component which is set up to a maximum amount and aimed to link remuneration to performance actually achieved, taking into account the risks connected to the business performed;
<b>Art. 6.C.1 lett. d</b>	❖ the variable part is distributed subject to achievement of the performance objectives. Said objectives are predetermined, measurable and indicative of the efficiency and effectiveness of the Company, as well as the capacity of the latter to remunerate capital invested and to generate medium to long-term cash flow for shareholders;
<b>Art. 6.C.1 lett. e</b>	❖ in the event in which a person has the right to variable remuneration, and the same reaches a predetermined percentage of the fixed amount, the payment of a substantial part of said variable remuneration is postponed for a period ranging from 12 to 18 months;
<b>Art. 6.C.1 lett. f</b>	❖ contractual agreements allow the Company to ask for restitution, of all or part of variable components of the remuneration paid, where these variable components have been determined based on data that are later proved to be incorrect.

Non-monetary benefits are consistent with the local regulations, with the aim of completing and adding value to the total compensation package taking into account the roles and/or the responsibilities attributed, favouring social security and insurance components.

The remuneration policy applied must therefore be aimed at enhancing sustainable performance and the attainment of the key priorities from a short and long-term perspective.

### **3.1. Changes to the 2019 Remuneration Policy in comparison to 2018**

In 2019 a change was introduced to the incentive systems in place, which is incorporated in a remuneration policy. The goal is to continue to pursue the objective of aligning the medium/long-term interests of management and shareholders and to increase the commitment and retention of key resources.

The company assessed the introduction of a new long-term incentive system (**IBT 2019-2021 Plan**) geared towards strategic corporate resources and consists in determining a cash/stock option bonus for those who achieve specific performance objectives (see section 5.2 for a detailed description).

## 4 Benchmarks

In order to adopt effective salary practices that also can appropriately support business strategies and resource management, general market trends are continuously monitored to correctly define competitive compensation levels, and ensure internal fairness and transparency.

Participation in compensation surveys on specific panels of companies operating in one or more markets/industry and to organisational profiles that hold similar roles and positions, allows benchmarks for the fixed and the variable component as well as the total remuneration.

For said reasons the appointed departments (Human Resources Dept.) ensure the constant participation in these kinds of surveys and studies, implemented by the leading national and international advisory companies.

## 5 Remuneration structure

The remuneration structure adopted for Executive Directors, for Directors with specific duties and for Personnel with strategic responsibilities envisages a **fixed component**, that rewards the role covered and the scope of responsibility, reflecting experience and abilities required for each position as well as the demonstrated level of professionalism and the contribution to business profits, and a **variable incentive component** that seeks to recognise achieved targets, enabling a direct link between the compensation and actual results of the company and of individuals, in the short-term and in the medium-long term.

Non-Executive Directors are excluded from any variable incentive system.

Moreover, non-monetary benefits are provided (e.g. health insurance) while no insurance or social security coverage is provided other than those required as per mandatory requirements.

### 5.1 Categories included in the Remuneration Policy

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In the scope of this Remuneration Policy, as set forth in the Code, the following categories must be included:

- ❖ Executive Directors and other Directors with specific duties, such as the Chairman and /or the CEO or the CFO of the Company;
- ❖ Personnel with strategic responsibilities (not Directors) such as the Chief Operating Officer and the Operations Manager.

Personnel with strategic responsibilities are, from time in time, identified by the respective interested company, whether the Company or its subsidiary.

Non-executive Directors are not included in the guidelines concerning the variable component of remuneration and in terms of fixed remuneration, they receive a total fee resolved by the Shareholders' Meeting of € 275,000.

### 5.2 Policies on fixed and variable remuneration

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The importance attached to the fixed component of the total packages is as such to discourage initiatives focused on short-term results that could jeopardise sustainability and creation of medium/long-term value.

Moreover, the fixed component of remuneration is structured in such an amount to allow the variable component of total remuneration to decrease considerably or zero out, in relation to the performance actually achieved and according to the key objectives and risk management policies of the Company.

The Company adopts a completely flexible Policy for variable remuneration, meaning that the variable remuneration could decrease in case of negative performance, and in some cases, may be zero.

Variable remuneration is divided into two components:

- Short-term remuneration – MbO Plan
- Long-term remuneration - IBT 2019-2021 Plan

Concerning the stock-option Plan 2016-2019, a more punctual disclosure is provided in the second section of this Relation (p. 19)

The Remuneration Policy applicable to executive Directors, to other Directors with specific duties and to Personnel with strategic responsibilities is defined to align the interests of the previously mentioned persons with the attainment of the

priority objective of creation of value for shareholders. Moreover, the Remuneration Policy takes into account best practices on remuneration policies in the industry.

In line with the strategic risk management policy and the Remuneration Policy, Company Departments are engaged in defining the overall remuneration policy in order to support an efficient risk management.

**a) Variable Short-Term Remuneration**

The Annual Variable Incentive Plan (**MbO Plan**) is linked to the attainment of predefined quantitative – financial and non-financial - objectives, each measured according to their assigned importance.

The calculation system for the objectives approved by the Board of Directors for the 2018 annual incentive plan envisages a structure focused on critical goals consistent with the strategic company objectives and balanced according to the wider prospects of interest of the several stakeholders.

Essentially, the annual incentive plan is based on two conditions:

- i. the payment of the bonus is carried out only upon attainment of DIS annual performance measured by means of the consolidated EBITDA indicator;
- ii. the bonus pool to be distributed is set as a percentage of the annual consolidated EBITDA.

The table below shows how the short-term plan works, its perimeter and performance objectives:

Perimeter	Objectives	Bonus pool
d'Amico International Shipping	DIS Consolidated EBITDA	Up to 5% of DIS Consolidated EBITDA  (net of extraordinary activities - e.g. the sale of ships -)

The perimeter of recipients of the MbO incentive Plan includes positions ranging from Top Management (members of the Board of Directors, Directors with specific duties and Personnel with strategic responsibilities) to the support roles within the organisation of the Company.

As outlined previously, in addition to the performance objectives, the disbursement of the annual bonus is also subject to the non-financial parameters described below (see sub c).

**b) Variable Long-Term Remuneration**

In 2019 the **medium/long-term variable incentive plan 2019-2021** was introduced combining cash and stock options for strategic corporate resources.

The plan pursues the following purposes:

- Align management interests with the achievement of objectives to generate value for shareholders in the medium and long term.
- Focus the attention of beneficiaries on strategic interests.
- Increase the commitment of key resources and favour their retention in the group.

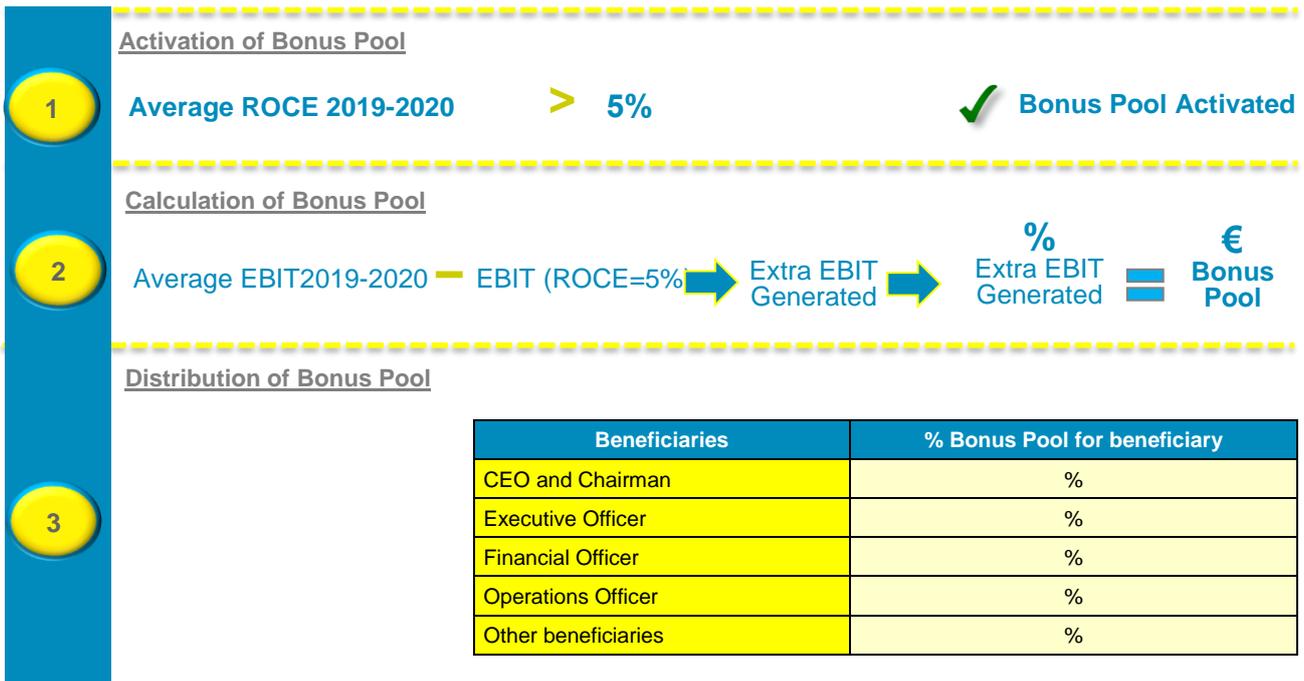
The 2019-2021 medium/long-term incentive plan is geared towards directors and key resources that merit a remuneration policy that increases retention for the purpose of generating long-term value. The following are included:

- Executive directors.
- “Strategic” resources (also in commercial and operational departments).

**Bonus pool determination and participation**

Participation in the plan depends on the ROCE average achieved during the vesting period (greater than 5%).

The mechanism for calculating the bonus pool follows a top-down logic and is determined as a percentage of EBIT. A bonus pool cap is also in place and linked to the average ROCE value achieved during the period (7.5%). Below is a description of the process for activation and distribution of the bonus pool under the plan:



### Performance Objectives

Once the bonus pool is activated, the actual bonus given to beneficiaries depends on the achievement of specific performance objectives by the end of the performance period, namely:

- Adjusted<sup>1</sup> ROCE – measures the return on capital employed.
- Hedging Effectiveness – compares fixed-term agreements and spot agreements.
- Daily G&A – refers to the reduction in general and administrative costs per ship day available.

These performance objectives, defined in close relation with the company's medium/long-term objectives and aligned with the strategic plan, have a different percentage weight and their evaluation is based on progressive thresholds (from minimum to maximum achievement), as seen in the table below:

Indicator	Weight	Achievement	Pay-out
<b>Adjusted ROCE</b>	<b>50%</b>	<b>Max</b>	<b>110%</b>
		<b>Target</b>	<b>100%</b>
		<b>Min</b>	<b>70%</b>
<b>Hedging Effectiveness</b>	<b>30%</b>	<b>Max</b>	<b>110%</b>
		<b>Target</b>	<b>100%</b>
		<b>Min</b>	<b>50%</b>
<b>Daily G&amp;A</b>	<b>20%</b>	<b>Max</b>	<b>110%</b>
		<b>Target</b>	<b>100%</b>
		<b>Min</b>	<b>50%</b>

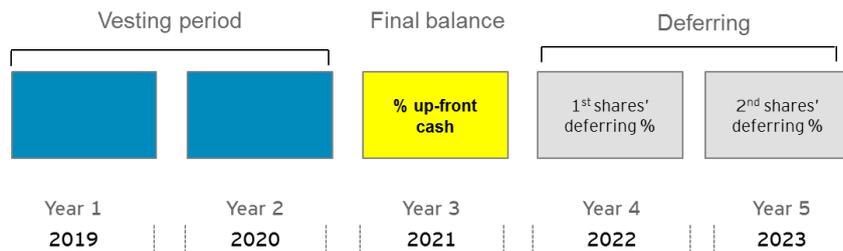
<sup>1</sup> Return on Capital Employed (ROCE) is "adjusted" by means of a matrix comparing the loan to value and hedging rate.

After reviewing and evaluating the objectives, the actual quantification of the bonus is also subject to a relative indicator that measures shareholder return (Relative Total Shareholder Return) compared to an international reference panel<sup>2</sup> and acts as an addition/reduction amounting to +/- 10%.

**Mechanism of plan**

The plan is structured over 3 cycles starting in 2019, 2020 and 2021. The reason for choosing a rolling plan with a 2-year vesting period is due to the peculiarity of the sector where DIS operates, which is a highly volatile and subject to freight costs that are difficult to forecast.

The chart below shows the duration and operation of cycle I of the plan:



**c) Non-financial parameters related to variable incentive plans**

Regarding non-financial parameters, the component of the variable incentive is related to a qualitative evaluation that objectively considers the activity performed by the corporate/organisational positions (activities planned in the previous year for the evaluation year, ordinary activities carried out by the department/business unit, etc.) and the effectiveness and the efficiency of said activity.

In particular, also taking into account the “Performance Management” system adopted by the Company, variable short-term and long-term remuneration that is not linked to financial parameters, due to the company population involved, is connected, taking into account the role covered, to the acquisition of skills, to resource management and any other relevant qualitative components.

**5.3 Policy on non-monetary benefits**

The remuneration of executive directors and other directors who have specific duties as well as the compensation package of the personnel with strategic responsibilities may include non-monetary benefits such as social security and insurance components.

**6 Link between the change in results and variable remuneration**

In consideration of the performance objectives adopted, the short- and long-term incentive systems seek to ensure an adequate connection between changes in results and changes in variable remuneration.

**a) Malus**

Provision is made for *malus* mechanisms on the basis of which the Company does not proceed with the payment of incentives to take account of the performance net of the risks effectively assumed or attained, of the equity and liquidity position of the Company or of the individual entity, as well as in the event of disciplinary measures in response to fraudulent behaviour or gross negligence on the part of the personnel to whom the incentive is intended. In particular, as detailed above, the percentage of the distributable variable component is tied to the percentage of attainment of the company performance objective, which may bring the variable component to zero, if the results are lower than the predetermined target values.

<sup>2</sup> These 3 companies are in the reference panel: Ardmore, Skorpio Tankers and Torm.

**b) Clawback**

Provision is also made for clawback mechanisms (as far as legally applicable), on the basis of which the Company has the right to request the repayment of the incentives disbursed in previous years, determined on the basis of data revealed to be manifestly incorrect, as well as in the event of disciplinary measures in response to fraudulent behaviour or gross negligence on the part of the personnel to whom the incentive is intended, in consideration of the legal limits set.

**7 Treatment provided in case of early termination of the employment relationship**

No arrangement is in place that envisages the payment of an indemnity for the termination of the relationship or of the office, for Executive directors, the other Directors with specific duties or for Personnel with strategic responsibilities.

**8 Remuneration adopted by the Company related to: (i) independent Directors, (ii) Directors who are members of internal committees of the Company and (iii) directors with specific duties.**

In compliance with the Remuneration Policy:

- Non-executive Directors (including therein, independent Directors) are not included in the recipients of the variable Remuneration Policy and related guidelines because the remuneration of a non-executive Director is not linked to financial results achieved by the Company and by its subsidiaries. Non-executive Directors (including therein, independent Directors) are not included among the beneficiaries of stock-based remuneration plans, unless otherwise decided by the Annual Ordinary Shareholders Meeting which, in this case, must justify its decision;
- members of the Board of Directors that are members of internal committees of the Company may receive additional compensation for said position;
- Directors with specific duties have the right to additional compensation based on their responsibilities and the activities they perform.

**9 Remuneration of the Chief Risk Officer, the Person in charge of Internal Auditing and the Person responsible for corporate accounting documents**

Since the role of Chief Risk Officer (Executive Director in charge of the Internal Control and Risk Management System) is held by the Chairman of the Board of Directors of DIS, there are no additional noteworthy provisions for his remuneration, as regards both fixed and variable components.

Since the Executive authorised to prepare the corporate accounting documents is the CFO - already an addressee of the policy applicable to personnel with strategic responsibilities - there are no further significant provisions for his remuneration, as regards both fixed and variable components.

The Internal Auditing Manager is employed by the indirect parent company of DIS. The remuneration of the latter comprises by a fixed and a variable component.

**10 Table of reconciliation with Consob Resolution no. 18049, 1<sup>st</sup> section**

For a better understanding of this Report, provided below is a table of reconciliation between the 1<sup>st</sup> section and the requests pursuant to CONSOB Resolution no. 18049 of 23/12/2011 and subsequent updates (Table no. 7-bis, 1<sup>st</sup> Section, Attachment 3A to the Regulation concerning issuers), reporting the references to the sections which contain the necessary information:

Requests pursuant to CONSOB Resolution no. 18049		Pages
a)	Bodies or entities involved in the preparation and approval of the remuneration policy, specifying the respective roles, as well as the bodies or entities responsible for the correct implementation of said policy;	pages 8 to 11
b)	any intervention by a remuneration committee or another relevant competent committee, describing their composition (with a distinction between non-executive directors and independent directors), responsibilities and methods of functioning;	pages 8 to 10
c)	the names of independent experts that participate in the preparation of the remuneration policy;	pages 11, 21
d)	the objectives pursued through the remuneration policy, the underlying principles and any changes to the remuneration policy with respect to the previous financial year;	pages 11 to 12
e)	description of the policies governing the fixed and variable components of remuneration, with particular regard to an indication of the relative importance as part of total remuneration and distinguishing between the short- and long-term variable components;	pages 13 to 17
f)	the policy applied with reference to non-monetary benefits;	page 17
g)	with reference to the variable components, a description of the performance objectives on the basis of which they are assigned, distinguishing between the short- and long-term variable components, and information on the link between the change in results and variation in remuneration;	pages 14 to 17
h)	the criteria used for the valuation of the performance objectives providing the basis for the assignment of shares, options, other financial instruments or other variable components of remuneration;	pages 16 to 17
i)	information which aims to highlight the consistency of the remuneration policy with the pursuit of the company's long-term interests and with the risk management policy, where formalised;	page 17
j)	the vesting period, any deferred payment systems, with an indication of the deferment periods and the criteria used to determine said periods and, if applicable, the ex-post correction mechanisms;	pages 16 to 17
k)	information on any provision of clauses for the retention of financial instruments in the portfolio after their acquisition, with an indication of the periods of retention and the criteria used to determine said periods;	Not applicable
l)	the policy relating to the treatment in the event of the cession of office or termination of the employment relationship, specifying the circumstances that give rise to the right and any link between said treatment and the company performances;	page 18
m)	information on the presence of any insurance, social security or pension coverage, other than those that are mandatory;	page 13
n), i.	the remuneration policy adopted with reference to independent directors;	No specific remuneration policies are provided for this category
n), ii.	the remuneration policy adopted with reference to the participation in committees;	page 18
n) iii.	the remuneration policy adopted with reference to the fulfilment of special roles (Chairman, Deputy Chairman, etc.);	page 18
o)	information on the use of remuneration policies of other companies as a reference, and if the case, the criteria used for the choice of said companies.	Not applicable

**SECTION II**
**1 Implementation of Remuneration Policy in 2018**

The remuneration system adopted by the Company for Executive Directors, for other Directors with specific duties and for Personnel with strategic responsibilities, in 2018 consisted of a pay-mix as such to ensure sound and prudent Group management, avoiding the assumption of excessive risks aimed at achieving exaggerated financial performances. This section seeks to illustrate the choices and the criteria adopted by the Company to establish fixed and variable remuneration in 2018.

More specifically:

- the first part contains detailed information related to the implementation of policies of the previous year and to the operating mechanisms of the incentive systems adopted; and
- the second part adequately shows, in table format, each item included in remuneration and analytically displays compensation paid by the Company and by subsidiaries or associates, during the year concerned for any reason and of any type, according to the Consob tables set forth in Attachment 3A of the Issuers' Regulation, Tables 7-bis and 7-ter.

**2 Governance**
**2.1 Meetings and composition of the Nomination and Remuneration Committee**

Position	Members	Meetings of the Committee in 2018
Independent Chairman	Mr. Stas A. Jozwiak	3
Independent Director	Mr. Massimo Castrogiovanni	
Independent Director	Mr. John J. Danilovich	
Independent Director	Mr. Heinz P. Barandun	

**2.2 External consultants**

In 2018, the Company availed itself of a leading advisory company (EY) in order to guarantee maximum reliability of the support provided on the subject of remuneration, also with the help of compensation surveys conducted with reference to the industry databanks.

**3 Variable and fixed remuneration**

For 2018, the overall remuneration of the members of the Board of Directors and of Personnel with strategic responsibilities envisaged a fixed component, based on the office held and the range of responsibilities, reflecting the experience and skills required for each position.

For the purposes of determining the compensation levels of the Group, remuneration benchmarking analyses were used through a comparison of fixed and variable components related to a panel of companies representative of the Italian market.

The total remuneration of the Executive Directors and of the personnel with strategic responsibilities forecasts the disbursement of an annual variable component 2018 (MbO Plan). In table 1 – "Compensation paid to executive directors, other Directors with specific duties and personnel with strategic responsibilities", it is reported the amount paid out in April

2018 on Performance 2017 (2017 MbO Plan). It should be also pointed out that, starting from the current Report on Remuneration 2019, the modality of disclosure related to MbO Plan has changed: the Consob Regulation on Issuers regulates that in the column "Bonus and other Incentives" is indicated the incurred wages amount (even if not yet paid) during the operating year according to the objectives set in the same year. Therefore, a disclosure is provided also on the amount of 2018 competence (2018 MbO Plan) that, in this case, has not forecast any paid bonus because the 2018 MbO Plan targets have not been fulfilled. Concerning short-term compensation, it should also be pointed out that the "2018 IBT Plan", introduced exclusively for 2018, did not result in any disbursement since, as approved by the 20<sup>th</sup> March 2019 Board of Directors the company performance objective was not reached – ROTA under the plan.

In 2016 the 2016-2019 stock option plan was launched, which entails the combined achievement of the following two KPI:

- Stock market performance of DIS shares (from 31<sup>st</sup> May 2016 to 31<sup>st</sup> May 2019) reaching at least that of the *Bloomberg Marine Shipping Tankers Vessels Index* (BISHIPTV Index);
- The overall EBIT results of the business plan (2016-2018), reaching at least those set by the board of directors

The plan does not entail payment of any component since one of the two objectives, accumulated EBIT (2016-18), as approved by the 20<sup>th</sup> March 2019 Board of Directors, was not reached. Lastly, with regard to benefits, for the various categories of personnel, packages were offered with similar features for parties belonging to the same category.

The main benefits granted to Personnel with strategic responsibilities in 2018 included:

- Healthcare insurance;
- Supplementary pension.

#### **4 Indemnity in the event of the early termination of the relationship or of office**

No arrangement is in place that envisages the payment of an indemnity for the termination of the relationship or of office, for Executive directors, the other Directors with specific duties or for Personnel with strategic responsibilities.

**5 Quantitative information provided pursuant to art. 123-ter of Legislative Decree no. 58 of February 1998 (T.U.F.); Art. 84-quater of the Issuers' Regulations no. 11971 of Consob - (Attachment 3A Table 7-bis)**
**TABLE 1: Compensation paid to executive directors, other Directors with specific duties and personnel with strategic responsibilities**

Name and Surname	Office	Period during which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non-equity compensation		Non-monetary benefits	Other remuneration	Total	Fair Value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonuses and other incentives(*)	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
<b>Paolo d'Amico</b>	Executive Director (Chairman of BoD)	from 01.01.2018 to 31.12.2018	Approval of the 2018 Financial Statements									
(I) Compensation in the Company preparing the financial statements				€ 250,000						€ 250,000	€ 33,726	-
(II) Compensation from subsidiaries and associates*				€ 210,000						€ 210,000		-
(III) Total				€ 460,000						€ 460,000	€ 33,726	-
Notes* Of which €200,000 paid as fees from DTM and €10,000 as fees from DTL.												
<b>Cesare d'Amico</b>	Executive Director	from 01.01.2018 to 31.12.2018	Approval of the 2018 Financial Statements									
(I) Compensation in the Company preparing the financial statements				€ 55,000	-	-	-	-	-	€ 55,000	€ 33,726	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-		-
(III) Total				€ 55,000	-	-	-	-	-	€ 55,000	€ 33,726	-
Notes												
<b>Marco Fiori</b>	Executive Director	dal 01.01.2018 al 31.12.2018	Approval of the 2018 Financial Statements									
(I) Compensation in the Company preparing the financial statements*				€ 191,700						€ 191,700	€ 56,210	-
(II) Compensation from subsidiaries and associates**				€ 633,500						€ 633,500		-
(III) Total				€ 825,200						€ 825,200	€ 56,210	-
Notes* Of which €145,000 paid in the form of fees and €45,000 for compensation as employee **Of which €129,000 and €10,000 as fees respectively by DTM and DTL and €278,000 and €202,000 for compensation as employee respectively by DTM and DTL												
<b>Antonio Carlos Balestra di Mottola</b>	Executive Director (Chief Financial Officer)	from 01.01.2018 to 31.12.2018	Approval of the 2018 Financial Statements									
(I) Compensation in the Company preparing the financial statements				€ 55,000						€ 55,000	€ 14,053	-
(II) Compensation from subsidiaries and associates*				€ 160,700		25,000				€ 185,700		-
(III) Total				€ 215,700		25,000				€ 240,700	€ 14,053	-
Notes* The amount was paid in the form of compensation as employee by DTM												

## REPORT ON REMUNERATION 2019

Name and Surname	Office	Period during which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non-equity compensation		Non-monetary benefits	Other remuneration	Total	Fair Value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonuses and other incentives(*)	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
M. Castrogiovanni, S.A. Jozviak, J.J. Danilovich, H.P. Barandun*	Non-executive directors	from 01.01.2018 to 31.12.2018	Approval of the 2018 Financial Statements									
(I) Compensation in the Company preparing the financial statements **				€ 275.000	-	-	-	-	-	€ 275.000	-	-
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				€ 275.000	-	-	-	-	-	€ 275.000	-	-
<i>Notes</i> Individual compensation: € 68,750												
				** The non-executive director, Giovanni Battista Nunziante, held the office until 19.04.2017 but did not receive any compensation for the period he held that office.								
F. Carlsen, M.A. Fiorelli	Employee with strategic responsibilities	n/a	n/a									
(I) Compensi nella società che redige il bilancio				-	-	-	-	-	-	-	€ 25,857	-
(II) Compensi da controllate e collegate				€ 523.000	-	€ 86.000	-	-	-	€ 609.000	-	-
(III) Totale				€ 523.000	-	-	-	-	-	€ 609.000	€ 25,857	-
<i>Notes</i>												

(\*) Paid out in April 2018 on Performance in 2017

**TABLE 2: Stock options allocated to members of the management body, to general managers and to other managers with strategic responsibilities**

Name and Surname	Office	Plan	Options held at the beginning of the year			Options granted during the year					Options exercised during the year			Options that fell due during the year	Options held at the end of the year	Options pertaining to the year	
			Number of Options	Exercise Price	Possible exercise period (from - to)	Number of Options	Exercise Price	Possible exercise period (from - to)	Fair value on the assignment date	Assignment date	Market price of the underlying shares at the assignment of options	Number of Options	Exercise Price	Market price of the underlying shares at the exercise date	Number of Options	Number of Options	Fair value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+-(5)-(11)-(14)	(16)
<b>Paolo d'Amico</b>	Executive Director (Chairman of BoD)																
(I) Compensation in the Company preparing the financial statements		2016 Stock Option Plan				1,200,000	€ 0.4548	1/06/2019 – 31/05/2020	€ 102,201	01/06/2016	€ 0.4479					1,200,000	€ 33,726
(II) Compensation from subsidiaries and associates																	
<b>(III) Total</b>						1,200,000			€ 102,201							1,200,000	€ 33,726
Notes																	
<b>Cesare d'Amico</b>	Executive Director																
(I) Compensation in the Company preparing the financial statements		2016 Stock Option Plan				1,200,000	€ 0.4548	1/06/2019 – 31/05/2020	€ 102,201	01/06/2016	€ 0.4479					1,200,000	€ 33,726
(II) Compensation from subsidiaries and associates																	
<b>(III) Total</b>						1,200,000			€ 102,201							1,200,000	€ 33,726
Notes																	
<b>Marco Fiori</b>	Chief Executive Officer																
(I) Compensation in the Company preparing the financial statements		2016 Stock Option plan				2,000,000	€ 0.4548	1/06/2019 – 31/05/2020	€ 170,335	01/06/2016	€ 0.4479					2,000,000	€ 56,210
(II) Compensation from subsidiaries and associates																	
<b>(III) Total</b>						2,000,000			€ 170,335							2,000,000	€ 56,210
Notes																	

## REPORT ON REMUNERATION 2019

Name and Surname	Office	Plan	Options held at the beginning of the year			Options granted during the year						Options exercised during the year			Options that fell due during the year	Options held at the end of the year	Options pertaining to the year
			Number of Options	Exercise Price	Possible exercise period (from - to)	Number of Options	Exercise Price	Possible exercise period (from - to)	Fair value on the assignment date	Assignment date	Market price of the underlying shares at the assignment of options	Number of Options	Exercise Price	Market price of the underlying shares at the exercise date	Number of Options	Number of Options	Fair value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
<b>Carlos Balestra di Mottola</b>	Executive Director (Chief Financial Officer)																
(I) Compensation in the Company preparing the financial statements		2016 Stock Option Plan				500,000	€ 0.4548	1/06/2019 – 31/05/2020	€ 42,584	01/06/2016	€ 0.4479					500,000	€ 14,053
(II) Compensation from subsidiaries and associates																	
(III) Total						500,000			€ 42,584							500,000	€ 14,053
Notes																	
<b>F. Carlsen, M.A. Fiorell</b>	Personnel with strategic responsibilities																
(I) Compensation in the Company preparing the financial statements		2016 Stock Option Plan				920,000	€ 0.4548	1/06/2019 – 31/05/2020	€ 78,354	01/06/2016	€ 0.4479					920,000	€ 25,857
(II) Compensation from subsidiaries and associates																	
(III) Total						920,000			€ 78,354							920,000	€ 25,857
Notes																	

**6 Quantitative information provided pursuant to art. 123-ter of Legislative Decree no. 58 of February 1998 (T.U.F.); Art. 84-quater of the Issuers' Regulation no. 11971 of Consob - (Attachment 3A Table 7-ter)**
**ABLE 1: Equity investments of members of management and control bodies and of general managers**

Name and Surname	Office	Investee company	Number of shares held at end of previous year	Number of shares purchased	Number of shares sold	Number of shares held at end of current year
<b>Paolo d'Amico – Indirect ownership (1)</b>	Executive Director (Chairman of BoD)	d'Amico International Shipping S.A.	(2) 418,416,712	(2) 0	(2) 0	(2) 418,416,712
<b>Cesare d'Amico - Direct ownership</b>	Executive Director	d'Amico International Shipping S.A.	933,333	0	0	933,333
<b>Cesare d'Amico - Indirect ownership (1)</b>	Executive Director	d'Amico International Shipping S.A.	(2) 418,416,712 (3) 1,400,000 (4) 140,000 TOT 419,956,712	(2) 0 (3) 0 (4) 0 TOT 0	(2) 0 (3) 0 (4) 140,000 TOT 0	(2) 418,416,712 (3) 1,400,000 (4) 0 TOT 419,816,712
<b>Marco Fiori - Direct ownership (5)</b>	Executive Director (CEO)	d'Amico International Shipping S.A.	140,000	0	0	140,000
<b>Antonio Carlos Balestra di Mottola - Direct ownership</b>	Executive Director (Chief Financial Officer)	d'Amico International Shipping S.A.	58,471	46,000	0	104,471
<b>Massimo Castrogiovanni - Direct ownership</b>	Non-executive Director (Independent )	d'Amico International Shipping S.A.	2,866	0	0	2,866
<b>John J. Danilovich - Executive Director</b>	Non-executive Director (Independent )	d'Amico International Shipping S.A.	731,687	0	0	731,687

Note:  
(1) Equity investment held through closely related parties: Paolo d'Amico and Cesare d'Amico are beneficial owners of the Company. Paolo d'Amico directly owns 5,000,000 shares with voting rights, representing 50% of the share capital of d'Amico Società di Navigazione S.p.A.. Cesare d'Amico directly owns 1,793,350 shares with voting rights, representing 17.93% of the share capital of d'Amico Società di Navigazione S.p.A. and, through a controlling interest in Fi.Pa. Finanziaria di Partecipazione S.p.A. (company 54% owned), indirectly owns a further 3,206,650 shares with voting rights, representing 32.07% of the share capital of d'Amico Società di Navigazione S.p.A.. The latter, in turn, wholly owns d'Amico International S.A.  
(2) d'Amico International S.A.  
(3) Fi.Pa. Finanziaria di Partecipazione S.p.A.  
(4) Adelina Lococo (not legally separated spouse).  
(5) The Director resigned from office on 19 April 2017 The shares purchased or sold reported in the table refer to transactions performed until the moment of termination of office.

**TABLE 2: Equity investments of other managers with strategic responsibilities**

No equity investments were held and/or transactions performed in 2018 by executives with strategic responsibilities.

**7 Quantitative information provided pursuant to Art. 84-Bis of the Issuers' Regulation no. 11971 of Consob - (Attachment 3A Table 7)**

With reference to the obligation to provide qualitative information pursuant to art. 84-bis in line with Table 7 of Attachment 3A of the Issuers' Regulation, please refer to the Information document on remuneration plans based on financial instruments published on the Company's website.

The items of quantitative information pursuant to **Box 2 - Section 1** of Table 1 are attached.

**REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS - TABLE 1 (Box 2 - Section 1: Stock-option)**

BOX 2									
Options ( <i>option grant</i> )									
Section 1 Options relating to currently valid plans approved on the basis of previous shareholders' meeting resolutions									
Name and Surname or category	Position	Date of the resolution of the Shareholders' Meeting	Description of the instrument	Number of financial instruments underlying the assigned options but not exercisable	Number of financial instruments underlying the exercisable options but not exercised	Date of assignment by the competent body	Exercise Price	Market price of the financial instruments on the assignment date	Option expiration
Paolo d'Amico	Executive Director (Chairman of BoD)	20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	1,200,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020
Cesare d'Amico	Executive Director	20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	1,200,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020
Marco Fiori	Chief Executive Officer	20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	2,000,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020

**BOX 2**

 Options (*option grant*)

**Section 1**  
 Options relating to currently valid plans approved on the basis of previous shareholders' meeting resolutions

Name and Surname or category	Position	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting	Date of the General Meeting
<b>Antonio Carlos Balestra di Mottola</b>	Executive Director (Chief Financial Officer)	20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	500,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020
<b>Personnel with strategic responsibilities</b>		20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	920,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020
<b>Other employees</b>		20/04/2016	Free options attributing the right to (i) purchase the ordinary shares of d'Amico International Shipping S.A., or (ii) based on the decision of the latter, subscribe the newly issued ordinary shares of d'Amico International Shipping S.A. or even (iii) receive the capital gain	1,970,000		01/06/2016	€ 0.4548	€ 0.4479	31/05/2020

Note:

**GLOSSARY**

<b>Directors with specific duties</b>	These are the Chairman of the Board of Directors and the Chief Executive Officer.
<b>Executive Directors</b>	There are 3 directors to whom individual management powers have been delegated (including the Chairman and the Chief Executive Officer).
<b>Independent Directors</b>	These are DIS Directors who meet the requirements of independence established in Art. 148 of paragraph 3, (Consolidated Finance Act) and Art. 3 of the Code of Conduct.
<b>Non-executive directors</b>	These are directors not vested with specific duties by the Board of Directors and without individual management powers.
<b>Shareholders' Meeting</b>	The Company's joint decision-making body. All holders of voting rights are represented at the meeting (directly or via proxy).
<b>Shares</b>	These refer to the ordinary shares of DIS listed on the Italian equity market.
<b>Non-monetary benefits</b>	These are the non-monetary elements included in the remuneration, targeted at enhancing the personal and family well-being of workers from an economic and social perspective.
<b>Bonus Pool</b>	This is the total financial allocation linked to short- and long-term incentive systems.
<b>Clawback</b>	This is a contractual clause that provides the Company with the possibility to request the full or partial repayment of variable components of remuneration paid, under given conditions.
<b>Code of Conduct (or "Code")</b>	This is the Code of Conduct for Listed Companies, approved on 14 March 2006 by the Corporate Governance Committee, as recently amended in July 2018, and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria and its subsequent amendments. The code indicates the best practice regarding corporate governance recommended by the Corporate Governance Committee, to be applied according to the "comply or explain" principle, which calls for an explanation of the reasons for any non-adjustment into line with one or more recommendations contained in the principles or the application criteria.
<b>Nomination and Remuneration Committee</b>	This committee is composed of non-Executive Directors, the majority of whom are independent (from which the Chairman is identified) and is responsible for assisting the Board of Directors with investigatory, advisory and proposal functions regarding remuneration and nominations.
<b>Board of Directors</b>	The Board of Directors of d'Amico International Shipping.
<b>Daily G&amp;A (general and administrative expense)</b>	General and administrative costs per ship day available
<b>EBIT (Earnings Before Interest and Taxes)</b>	A profitability indicator obtained by subtracting amortisation/depreciation and provisions from EBITDA.
<b>EBITDA (Earnings Before interest, tax, depreciation and amortisation)</b>	A profitability indicator which highlights the company's income deriving from ordinary operations, therefore net of interest expense, taxes and amortisation/depreciation.
<b>Group</b>	The d'Amico Group which the Company belongs to.

<b>Hedging Effectiveness</b>	Comparison between period agreements and spot agreements
<b>Post-employment (or termination of office) benefits</b>	Refers to the cash amount to be paid to directors on cessation of their administration relationship.
<b>Staff termination indemnities</b>	Refers to the cash amount to be paid to workers at the moment of termination of their employment contract as executive.
<b>Malus</b>	These relate to ex-post corrective mechanisms, based on which the bonuses accrued may reduce, until they reach zero.
<b>Management by Objectives (MbO)</b>	Indicates an incentive system that recognises an annual bonus in cash to beneficiaries, based on the objectives established and agreed with each person participating in said Plan.
<b>Personnel with strategic responsibilities</b>	The IAS 24 definition states that they are "persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly". Without prejudice to DIS Directors, there are two people who cover this role within the Group.
<b>Issuers' Regulation</b>	This is CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions, containing the rules relating to issuers of financial instruments.
<b>Variable short-term remuneration</b>	This refers to the annual incentive plan by objectives (MbO) and the short-term incentive plan (IBT 2018 Plan), which entitle the person involved to receive an annual bonus in cash based on the results achieved, in the previous year, with respect to the objectives defined, based on the prior final results of the competent bodies and functions.
<b>Variable long-term remuneration</b>	This refers to the 2016-2019 Stock Option Plan which entitles participants to receive a bonus, based on a prior assessment regarding attainment, in relation to the results achieved at the end of the vesting period.
<b>Annual Gross Remuneration</b>	Includes all fixed annual compensation, gross of taxes and social security expenses for the part payable by the employee; therefore, it does not include annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses, and any other form of variable or occasional pay.
<b>ROCE (return on capital employed)</b>	Measures return on capital employed
<b>Return on Total Assets Beginning (ROTA)</b>	Measures the profitability of EBIT over total assets.
<b>Company (or "DIS" or the "Issuer")</b>	The company d'Amico International Shipping S.A.
<b>Stakeholder</b>	All entities, individual or organisations, actively involved in a financial initiative, both a company or a project.
<b>Company Articles of Association</b>	The Company Articles of Association approved at the moment of its incorporation and subsequent amendments.
<b>Consolidated Law on Finance (TUF)</b>	This is the Consolidated Law incorporating the provisions governing financial intermediation, i.e. Legislative Decree no. 58 of 24 February 1998 (and subsequent amendments). The TUF introduced financial "by principle" legislation, which dictates solely the general guidelines at primary legislation level, leaving the definition of the detailed regulations to the Supervisory Authorities (e.g. CONSOB)
<b>TSR (Total shareholder return)</b>	Measures the total shareholder return
<b>Target value</b>	Indicates the target performance level established by an objective in the incentive system.
<b>Vesting period</b>	This is the period that runs between the assignment and the accrual of the ownership of the right to receive the incentive.