



d'Amico International Shipping S.A.

société anonyme

Registered office: boulevard Royal, 25 C L-2449 Luxembourg

R.C.S. Luxembourg: B – 124.790

2019-2021 Medium to Long-Term Variable Incentive Plan

REGULATIONS OF THE 2019-2021 MEDIUM TO LONG-TERM VARIABLE INCENTIVE PLAN

d'Amico International Shipping SA

R.C.S. No. B 124790

Official web site
www.damicointernationalshipping.com

Address
25C Boulevard Royal – 11th Floor
L-2449 Luxembourg

Contacts
T +352 2626 2929
F +352 2626 2454





1. Introduction e Plan Governance.....	3
2. Definitions	3
3. Purposes of the Plan and effective date of the Regulations.....	5
4. Plan objective.....	5
5. Participation of Beneficiaries in the Plan	5
6. Description of the Plan	5
7. Conditions for the activation of the Plan and calculation of the Bonus Pool.....	6
8. Targets to be achieved.....	7
9. Bonus disbursement method.....	8
10. Ex-post correction mechanisms: Malus and Clawback	8
11. Clauses of termination of the employment relationship.....	9
12. Taxes and social security contributions.....	9
13. Amendments to the Regulations	10
14. Prior opinions of the Appointments and Remuneration Committee.....	10
15. Possibility for the Board of Directors to confer specific powers.....	10
16. Communications and Notices.....	10
17. Competent jurisdiction and applicable laws	11



1. Introduction and Plan Governance

On 20 March 2019, the Board of Directors of d'Amico International Shipping S.A. approved, with the prior favourable opinion of the Nomination and Remuneration Committee, the proposal to submit to the Shareholders' Meeting the adoption, in accordance with Art. 114-bis of Italian Legislative Decree no. 58 dated 24 February 1998 as amended and supplemented ("TUF", the "Consolidated Finance Law"), the incentive plan known as "2019-2021 Medium to Long-Term Variable Incentive Plan" (the "Plan" or the "Incentive Plan").

On 30 April 2019, the Shareholders' Meeting approved the proposal to adopt the Plan and accordingly delegated the Board of Directors with the definition of the Plan's implementation methods, terms and conditions.

Methods, terms and conditions that constitute the object of these **Regulations** approved by the Board of Directors on 9 May 2019.

2. Definitions

For the purposes of these Regulations, the terms and expressions listed below, indicated in bold type and with initial upper case letter, have the meaning indicated alongside each of them; the terms and expressions defined in the plural are also understood to be defined in the singular, and vice versa.

- "**Directors**": the directors of the Group in office, or appointed, at the date of Plan implementation.
- "**Shareholders' Meeting**": the Shareholders' Meeting of d'Amico International Shipping S.A.
- "**Shares**": the ordinary shares of d'Amico International Shipping S.A.
- "**Beneficiaries**": the employees, directors and collaborators of the d'Amico International Shipping S.A. Group identified - at the sole discretion of the Board of Directors or its delegated person or corporate body - from persons who hold or perform strategically important roles or functions at, or for, d'Amico International Shipping S.A. and for whom an action to strengthen their retention is justified, with a view to creating value.
- "**Bonus Pool**": the total economic allocation linked to the long-term incentive system.
- "**Clawback**": mechanism that gives the Company the possibility to request the Beneficiary to return the bonus already issued in any form.
- "**Nomination and Remuneration Committee**": the Committee established within the Board of Directors of d'Amico International Shipping S.A. which performs advisory and proactive functions in relation to appointments and remuneration according to the Corporate Governance Code of listed companies promoted by the Corporate Governance Committee, established at Borsa Italiana S.p.A.
- "**Board of Directors**" or "**Board**" or "**BoD**": the board of directors of d'Amico International Shipping S.A., which performs all assessments in relation to the Plan, possibly also by way of one or more of its specifically delegated members and with the abstention of any interested parties.
- "**Daily G&A (general and administrative expenses)**": the general and administrative expenses per ship day available.



- **“DIS” or “Company”**: d’Amico International Shipping S.A., with registered office in Luxembourg, 25C Boulevard Royal, registered on the Companies Register of Luxembourg (Registre de Commerce et des Sociétés): B-124.790.
- **“DIS Group” or “Group”**: collectively DIS and the companies controlled by it in accordance with Art. 93 of Italian Legislative Decree no. 58 dated 24 February 1998 (the “Consolidated Finance Law”).
- **“EBIT”** - Earnings Before Interest and Tax: the annual consolidated operating profit of d’Amico International Shipping S.A.
- **“Hedging Effectiveness”**: comparison between long term contracts and spot contracts.
- **“Malus”**: ex-post correction mechanisms, based upon which the bonuses accrued and deferred may be reduced, or even zeroed.
- **“Plan”**: the Incentive Plan (“2019-21 Medium to Long-Term Incentive Plan”) aimed at the Beneficiaries.
- **“Upfront Quota”**: quota of bonus accrued and paid in cash immediately after the performance period.
- **“Deferred Quota”**: quota of bonus paid in shares after the deferral period and subject to “malus”.
- **“Regulations”**: the document concerning the definition of the criteria, methods and implementation timescales of the Plan.
- **“ROCE”** - Return on Capital Employed: measurement of the return on capital employed.
- **“Acceptance Form”**: the specific form provided by the Company to the Beneficiaries whose signature and return to the Company constitutes full and unconditional acceptance of the Plan by the Beneficiaries.
- **“TSR”**: total shareholder return.
- **“TUF”** - “Consolidated Finance Law”: Italian Legislative Decree no. 58 dated 24 February 1998.
- **“Vesting”**: the period between the assignment and the accrual of the right to receive the incentive (2 years).



3. Purposes of the Plan and effective date of the Regulations

The Plan, aimed at the Company's directors and Group key management personnel, mainly has the following purposes:

- To align the interests of management with the aim of creating value for the shareholders in the medium to long term;
- To focus the attention of the Beneficiaries on factors of strategic interest;
- To increase the commitment of key resources and thus to encourage their retention within the Group.

These Regulations, which establish the principles and operating rules of the 2019-2021 Medium to Long-term Variable Incentive Plan, is effective as of 1 January 2019.

4. Plan objective

The 2019-21 Medium to Long-Term Incentive Plan schedules the assignment of a bonus of combined cash and DIS Shares.

5. Participation of Beneficiaries in the Plan

The Beneficiaries who intend to participate in the Plan must deliver to the DIS:

- i. copy of the Acceptance Form duly signed, and
- ii. a copy of the Regulations signed for acceptance.

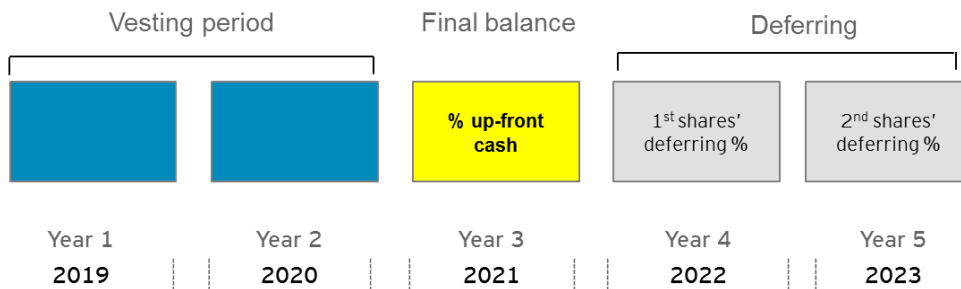
Participation in the Plan becomes effective when the documentation referred to at points (i) and (ii) is delivered to DIS' registered office (or any other address as may be requested from time to time), delivery which must, under penalty of forfeiture, take place within 20 Luxembourg working days from receipt of the same documentation.

The Board of Directors, or competent corporate functions, will promptly communicate to the Beneficiaries the content of all decisions inherent to the Plan relating to the Beneficiaries, in accordance with the prior information obligations provisions of applicable legal and regulatory dispositions.

6. Description of the Plan

The Plan schedules three cycles commencing in 2019, 2020 and 2021. Each cycle is subject to a two-year vesting period with the provision of a cash % paid up-front and a % of free shares assigned with two-year deferment and subject to malus (for further details, see paragraph "10. Ex-post correction mechanisms: Malus and Clawback"). Therefore, this Plan will be in force until 2025, the year in which the last possible accrued quota can be paid.

The diagram below illustrates the duration and functioning of cycle I of the Plan:



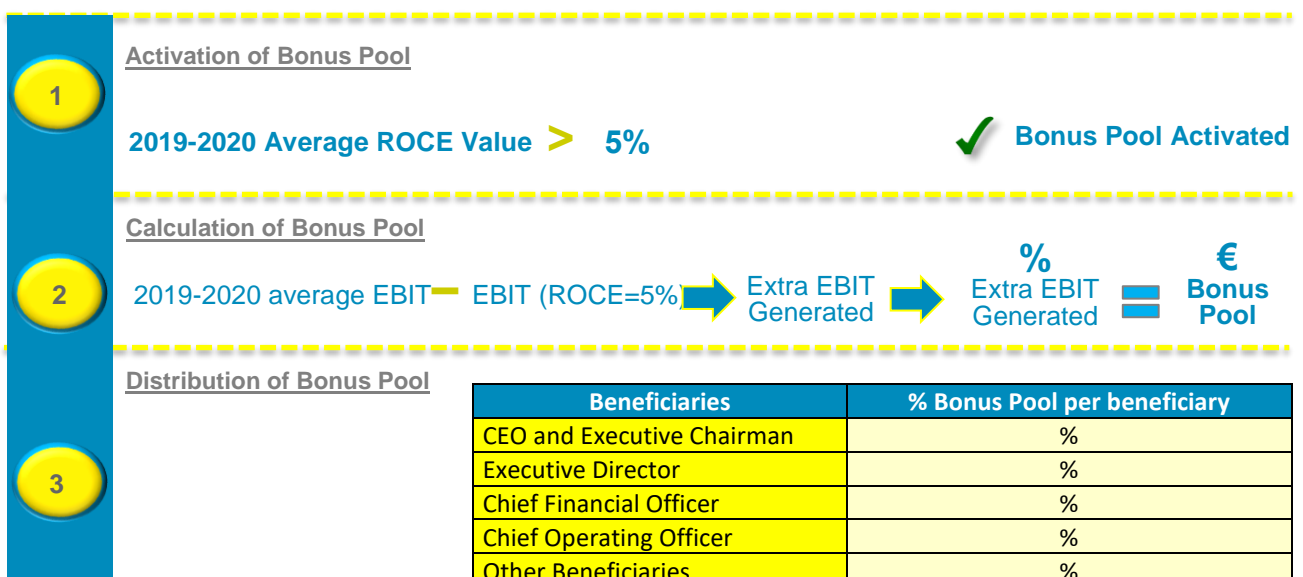
Every benefit recognised by the Plan:

- (i) will constitute a payment of an extraordinary nature and may not be considered integral part of normal remuneration or payments recognised to Beneficiaries for any other reason. In particular, these benefits are to be intended as already inclusive of the relative incidence of direct and indirect retributive institutions disciplined by any applicable current collective and individual economic agreements (such as, for example, the thirteenth and fourteenth month's pay or additional allowance, if due) and by current laws (such as, for example, pay in lieu of notice), and these will not therefore have any further effect on the calculation of the same;
- (ii) may not constitute the basis for the recognition of similar or further benefits, in the context of the Plan or otherwise, and
- (iii) will not assign the Beneficiaries the right, on expiry of the Plan, to participate in any further incentive programs however implemented, or to any remuneration whatsoever.

7. Conditions for the activation of the Plan and calculation of the Bonus Pool

The access condition ("Gate") of the Plan is represented by the average of the ROCE earned in the vesting period (higher than 5%). In order to guarantee a more direct correlation between company results and premium, a Bonus Pool has been defined which represents the total amount available for use in the incentive system.

The calculation mechanism of the Bonus Pool follows a "top-down" logic and is determined as a percentage of the EBIT. A cap is also scheduled to the maximum distributable bonus pool linked to the value of the average ROCE achieved in the period of reference, amounting to 7.5% of the same. The activation and distribution process of the Plan's Bonus Pool is described in detail below:



Beneficiaries	% Bonus Pool per beneficiary
CEO and Executive Chairman	%
Executive Director	%
Chief Financial Officer	%
Chief Operating Officer	%
Other Beneficiaries	%



8. Targets to be achieved

The effective allocation of the premium to Beneficiaries, once the Bonus Pool is activated, will be subject to the achievement of specific performance targets at the end of the vesting period:

- Adjusted ROCE¹ - measure of return on capital employed.
- Hedging Effectiveness - comparison between long term contracts and spot contracts.
- Daily G&A - it refers to the reduction of general and administrative costs per ship day available.

Those performance targets, defined in close relationship with the Company's medium to long-term strategic objectives, have a different percentage weight and their assessment is based upon gradual thresholds (from the Minimum to Maximum achievement level), as shown by the table below:

Indicator	Weight	Achievement Level	Pay-out
Adjusted ROCE	50%	Max	110%
		Target	100%
		Min	70%
Hedging Effectiveness	30%	Max	110%
		Target	100%
		Min	50%
Daily G&A	20%	Max	110%
		Target	100%
		Min	50%

The values of achievement level for every individual target will be communicated in detail in the specific acceptance form.

After having finalised and assessed the targets, the actual quantification of the bonus is also subject to an indicator of relative type that measures the shareholder return (*relative* Total Shareholder Return) with respect to an international² panel of reference and which functions as a multiplier/de-multiplier in an amount equal to +/- 10%. For more details, see the following table:

Indicator	< Target	Target	Over performance
Positioning	Position 4	Positions 2-3	Position 1
Multiplier /de-multiplier	- 10%	0%	+ 10%

An example relative to the operation of the target schedule in the hypotheses of the activated Bonus Pool amounting to € 1,000,000 is reported below:

¹ The Return on Capital Employed (ROCE) is "adjusted" through a matrix that compares the Loan to value and the fleet hedging rate.

² The following 3 Companies are part of the panel of reference: Ardmore, Skorpio Tankers and Torm.



Indicator	Weight	Achievement Level	Pay-out	Pay-out (weighted)
Adjusted ROCE	50%	Between Minimum and Target	80%	40%
Hedging Effectiveness	30%	Target	100%	30%
Daily G&A	20%	Minimum	50%	10%
Overall Performance				80%

If the TSR of DIS is higher than the TSR of companies in the reference panel (Position 1), a further correction – for the effect of the multiplier – will be applied equal to 10% of the overall Performance (80%) so generating a premium equal to 88% of the activated Bonus Pool. This amount, in the specific case equal to € 880,000, will then be distributed to the Plan's recipients on the basis of preestablished percentages.

9. Bonus disbursement method

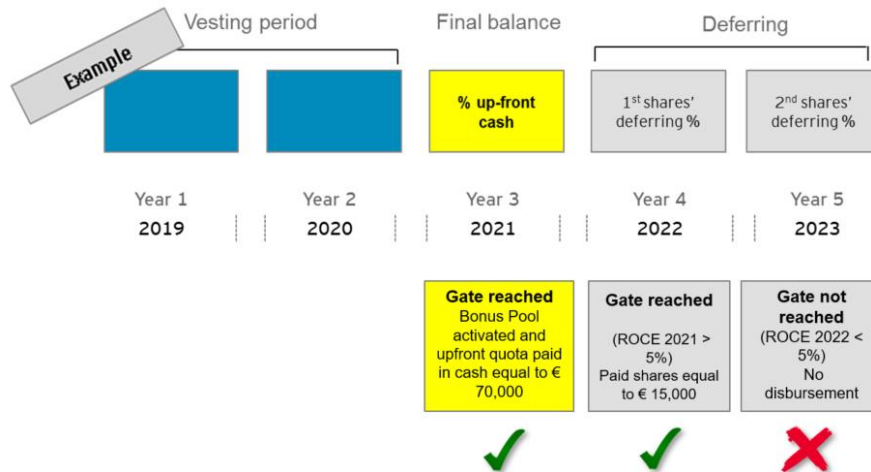
The Plan provides for a two-year vesting period, a disbursement of cash upfront (70% of the bonus) and the deferral of the bonus recognised in shares (30%) in the two years following the performance period (or vesting period).

The Board of Directors or its delegated person or corporate body, within 15 running days from the approval of the Group's consolidated financial statements by the Shareholders' Meeting relative to the year after the end of the vesting period, will communicate to the Beneficiaries any achievement of the targets underlying the Plan. The number of shares to be paid will be determined based upon the arithmetic average of the official market closing prices of the DIS ordinary shares in the month prior to the board resolution of verification of the results achieved in the corresponding vesting period (fair market value).

10. Ex-post correction mechanisms: Malus and Clawback

Malus

The Board of Directors or its delegated person or corporate body, in case of fraudulent behaviour or gross negligence on the part of Beneficiaries, as well as to take into account the performance net of the risks actually assumed or achieved, the Group's financial position and liquidity, has the option to withhold sums not yet disbursed in case of disciplinary provisions. Deferred quotas (subject to *malus*) will be effectively disbursed if in the reference year the Plan's access condition – Gate (ROCE over 5%) is reached. Take the following example relative to Cycle I of the 2019-20 Plan where Recipient "A" has the right to a premium of € 100,000:



Clawback

In fact, if the performance targets have been ascertained by the Board of Directors based upon data that are later found to be incorrect, the Company has the right to obtain the return of the bonus within 3 (three) years from the end of the vesting period.

11. Clauses of termination of the employment relationship

The Beneficiaries will only be entitled to receive the bonus accrued if they are in office or in the role at the end of the vesting period and in any case at the time of every payment (up-front quota, 1st deferral and 2nd deferral), without prejudice to the right of the Board of Directors to assess any exceptions to that rule.

The applicable treatment, in case of termination of the employment relationship between the Beneficiary and the Company, is different in the hypothesis of “Bad leaver” and “Good leaver”.

The Beneficiary will be considered a “Good leaver” in case of termination of the employment relationship due to (a) voluntary resignation of the staff member-Beneficiary following a request to access pension benefits, (b) dismissal without cause of the staff member-Beneficiary, (c) death or permanent invalidity of the Beneficiary, (d) revocation without cause of the director-Beneficiary, or when (e) the appointing Company of the director-Beneficiary, or the employer of the employee-Beneficiary, or the assignor of the associate-Beneficiary, is no longer a subsidiary of the Company or of another company of the DIS Group.

In cases of “Good leaver” the Beneficiary or their heirs have the right to receive the sums accrued according to a pro rata temporis criterion on the occurrence of the performance conditions and on the basis of the achievement level of the performance targets. In this case the deferred quotas will be paid once the achievement of the Gate (ROCE > 5%) applicable at the time is verified.

The Beneficiary will be considered a “Bad leaver” in case termination of the employment relationship for every other reason other than what specified above (“Good Leaver” cases). In this case no premium will be disbursed independently of the vesting period actually elapsed.

12. Taxes and social security contributions

Tax effects and relative timings, any social security and contributions linked to the benefits deriving from the Plan are the responsibility of the Beneficiaries and the Company, in accordance with applicable tax and social security contribution regulations, and are their exclusive responsibility.

If, due to amendments to tax and other applicable regulations, or to their relative interpretation and application, implementation of the Plan should involve taxes, social security contributions or charges of other nature for



the Company, greater or additional to those anticipated by the current legislation on the Assignment Date, the Plan may be amended or replaced by a new Plan.

13. Amendments to the Regulations

The Board of Directors may, at its exclusive discretion, make the necessary or opportune adjustments to maintain the essential content of the Plan and the benefits for the recipients of the same unchanged in the case of payment of extraordinary dividends, purchase of treasury shares, extraordinary capital operations of DIS not connected to the Plan in question or to other plans of similar nature, regulatory changes (also in relation to corporate governance) or, in any case, the occurrence of any other event likely to influence the rights of the Beneficiaries (such as, by way of example, grouping or splitting of shares, mergers, demergers, listing revocation of the Shares, promotion of public offerings or exchange concerning the Shares). In implementing such amendments and additions, the Board must, where possible and applicable, comply with the generally accepted mathematical formulae used by Stock Exchange operators.

Any rounding required due to the existence of fractions is done downwards and therefore the Beneficiary, irrespective of the fraction amount, will be entitled, in the concurrence of all other conditions provided, to one less Share.

Furthermore, should significant amendments to the Plan such as to substantially modify the targets in terms of EBIT be approved by the Board of Directors, these effects must consistently be reflected in the quantification of the Targets provided by the Regulations through amendments to the text itself.

14. Prior opinions of the Nomination and Remuneration Committee

Any amendment and additions to these Regulations pursuant to article 15, as well as any other decision of the Board of Directors, in accordance with the Plan and these Regulations, will be adopted with prior non-binding opinion of the Nomination and Remuneration Committee of DIS (and – if necessary - any other competent corporate body of DIS).

15. Possibility for the Board of Directors to confer specific powers

Within the limits provided by the legislation, including regulatory, in force each time, the Board of Directors may grant specific powers to complete one or more of the activities required by the Regulations to one or more of its members.

16. Communications and Notices

Any communication required or allowed by the provisions of the Regulations must be made in writing and will be intended to be validly and effectively carried out on receipt of the same, if done by letter or telegram, or at the time of receipt notification through specific declaration (also via fax) if done by fax, as long as it is addressed as follows:

- if to the Company:
d'Amico International Shipping S.A.
25C Boulevard Royal, L-2449 Luxembourg
fax n. +352 2626 2454
To the attention of the Chairman of the Board of Directors;
- if to the Beneficiary, at the address indicated in the Acceptance Form;



on the understanding that in case of change of address as identified above, written communication must be provided, if by a Beneficiary, to the Company, and, if by the Company, to each Beneficiary, and the delivery of this communication to the recipient will make the amendment effective with respect to the latter.

17. Competent jurisdiction and applicable laws

The Regulations are subject to Luxembourg laws. Any possible dispute deriving from, or in any case relative to the Plan and/or to the Regulations, will be referred to the exclusive competence of the Luxembourg courts.

Luxembourg, 9 May 2019



ENCLOSURE A

**ACCEPTANCE FORM
“DIS 2016/2019” INCENTIVE PLAN**

Dear
d’Amico International Shipping S.A.
25C Boulevard Royal
Luxembourg

The undersigned _____ (hereinafter the “Beneficiary”)
Born in _____ on _____
Resident in _____ at _____
Telephone _____ Taxpayer’s code/Tax Number _____

Declares to have read and fully understood the Regulations of the 2019-2021 Medium to Long-term Variable Incentive Plan which constitutes integral and essential part of this Acceptance Form and which are referred to herein as a whole (also in the conventional definitions of terms and expressions) and to fully accept, by signing this Acceptance Form and copy of the Regulations themselves, their terms, methods and conditions.

Declares to be aware that the Company, in accordance with the Regulations, reserves the right to amend the same Regulations and reserves the right, for each Cycle of the Plan, to confirm and/or modify the levels of achievement of the targets underlying the Plan, with specific communication to the beneficiaries.

Declares to have read the following details of the level of achievement of indicators at the end of the vesting period relative to the first cycle of the 2019-2020 Plan, in accordance with the provisions included in the Regulations:

Indicator	Weight	Achievement Level	Achievement	Pay-out
Adjusted ROCE	50%	Max	≥ 9%	110%
		Target	8%	100%
		Min	5%	70%
Hedging Effectiveness	30%	Max	≥ 11%	110%
		Target	10%	100%
		Min	5%	50%
Daily G&A	20%	Max	(Reduction) ≥ 11%	110%
		Target	(Reduction) 10%	100%
		Min	(Reduction) 5%	50%

The disbursed premium is equal to ___% of the Bonus Pool available to the Plan.

Declares to be aware that this Acceptance Form must be delivered to the Company, under penalty of forfeiture of the right to participate in the Plan, by and no later than the date indicated below:

Last date for the delivery of this Acceptance Form	Within 20 days from receipt of the Regulations and the Acceptance Form
---	--



- Confirms** for all purposes and under their own sole responsibility, the correctness of the personal data indicated above.
- Confirms** to be aware and to accept that no modifications and additions to the pre-printed text are allowed and that in case this Application Form may result incomplete because not properly filled-in or undersigned in all of its parts, this form will become null and void.
- Asks** the Company to confirm receipt of this Acceptance Form and enrolment in the Plan, through delivery of this copy signed at the bottom of the page by the Company.

_____, on _____

(the Beneficiary)

The Beneficiary specifically declares to approve in writing the following articles of the Regulations: 5. (Participation of Beneficiaries in the Plan), 6. (Description of the Plan), 9. (Bonus disbursement method), 10. (Ex-post correction mechanisms: Malus and Clawback), 11. (Clauses of the termination of the employment relationship), 12. (Taxes and social security contributions), 13. (Amendments to the Regulations), 17. (Competent jurisdiction and applicable laws).

_____, on _____

(the Beneficiary)

Receipt of this Acceptance Form, confirms enrolment to the Plan.

_____, on _____

(d'Amico International Shipping S.A.)

Pursuant and in accordance with applicable rules and laws, it is notified that the personal data supplied at the time of the signature of this Acceptance Form will be subject to processing, also through the use of computerised and telematic procedures, for purposes directly linked and instrumental to the Plan.

The acquisition of personal data is necessary because strictly functional to the implementation of the Plan; failure to disclose data, also partially, will determine the inadmissibility of this Acceptance Form. Data controller and processor is d'Amico International Shipping S.A.

_____, on _____

(the Beneficiary)