

**d'Amico International Shipping S.A.**

*Société Anonyme*

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

R.C.S. Luxembourg: B 124.790

(the "**Company**")

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**REPORT OF THE BOARD OF DIRECTORS**

to the Annual General Meeting of Shareholders of the Company

to be held on 19 April 2017

Dear shareholders,

It is in order to comply with the legal and statutory prescriptions that the Board of Directors has convened the annual general meeting of shareholders of the Company (the "**Annual General Meeting**") to be held on 19 April 2017 to discuss and resolve on the following:

**AGENDA**

- I. Consideration of the reports of the Company's Board of Directors and of the Company's independent auditor ("réviseur d'entreprises agréé") on the consolidated and statutory annual accounts of the Company as at 31 December 2016;*
- II. Consideration and approval of the consolidated annual accounts of the Company as at 31 December 2016 and of the Company's statutory annual accounts as at 31 December 2016;*
- III. Approval of the allocation of results of the 2016 financial year;*
- IV. Discharge of the members of the Board of Directors for the year ended on 31 December 2016;*
- V. Decrease of the number of the members of the Board of Directors and appointment of the members of the Board of Directors for a term ending at the Company's annual general meeting of shareholders called to approve the Company's 2017 financial statements;*
- VI. Ratification of the extraordinary indemnity granted to the former Chief Financial Officer;*
- VII. Approval of 2017 Directors fees;*
- VIII. 2016 Report of the Board of Directors on Remuneration (drafted in compliance with article 123-ter, clause 6, of the Italian Legislative Decree 58/98): consideration and evaluation of section I of the Report;*
- IX. Appointment of an independent auditor ("réviseur d'entreprises agréé") for a period ending at the Company's annual general meeting of shareholders called to approve the Company's 2019 financial statements.*

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In view and subject to the approval of the above Annual General Meeting, the Board of Directors proposes the following:

As regards **items 1, 2 and 3** on the agenda, the Board of Directors submits its management reports together with the independent auditor ("*réviseur d'entreprises agréé*") reports on the Company's statutory and consolidated 2016 annual accounts together with the consolidated and statutory annual accounts of the Company for the financial year ended 31 December 2016 for your consideration and approval. The Board of Directors' management report and the independent auditor ("*réviseur d'entreprises agréé*") report on such consolidated and statutory annual accounts are included in the Company's 2016 annual report. The Board of Directors further proposes, subject to your approval, to carry forward the Company's statutory net loss amounting to US\$ 7,257,854.

As regards **item 4** on the agenda, the Board of Directors proposes, in accordance with applicable Luxembourg laws and regulations, to grant discharge to the members of the Board of Directors from any liability for the proper exercise of their mandate during the 2016 financial year.

With reference to **item 5** of the agenda, the Board of Directors informs that, according to the relevant Italian and Luxembourg laws as well as to the recommendations of the Borsa Italiana Corporate Governance Code, the Company's Nomination & Remuneration Committee in its meeting held on 2nd March 2017 while expressing its opinion on the size and composition of the Board of Directors considered it substantially appropriate and proposed the re-appointment of the current directors, except for Mr. Giovanni Battista NUNZIANTE, thus proposing to decrease the number of members of the Board of Directors from nine to eight. The Board of Directors therefore proposes to re-appoint Mr. Paolo d'AMICO, Mr. Cesare d'AMICO, Mr. Marco FIORI, Mr. Antonio Carlos BALESTRA DI MOTTOLA, Mr Massimo CASTROGIOVANNI, Mr. John J. DANILOVICH, Mr. Heinz P. BARANDUN, Mr. Stas A. JOZWIAK, as members of the Board of Directors for a term of office expiring at the Company's annual general shareholders' meeting called to approve the Company's 2017 financial statements. All the above directors declared (i) to accept the Board of Directors' proposal for re-appointment and, subject to the decision of the Annual General Meeting, to accept the office of director; (ii) the absence of incompatibility causes and of causes that prevent the appointment to the office of director of a listed company as established by the applicable laws regulations and best practice; to satisfy the honourableness and professionalism requisites established by the applicable laws regulations and best practice for the office of director of a listed company; (iii) to undertake to promptly communicate to the Board of Directors of the Company any change of their statements and (iv) to undertake to provide the Company, upon request, with all the appropriate documentation in order to confirm the truth of their statements. In addition, Mr. Massimo CASTROGIOVANNI, Mr. John J. DANILOVICH, Mr. Heinz P. BARANDUN and Mr. Stas A. JOZWIAK expressly declared to satisfy the independence requirements established in articles 3.C.1 and 3.C.2 of the Borsa Italiana Corporate Governance Code. A brief résumé of each of the proposed directors is hereby enclosed.

With reference to **item 6** on the agenda, the Board of Directors reminds that on the 4th day of May 2016, following the resignation of Mr. Giovanni Barberis from his Company's directorship and role of Chief Financial Officer, the Board of Directors resolved to grant him an extraordinary indemnity for the end of office amounting to EUR 82,000.- that was paid immediately as remuneration for the results targeted during the previous 2015 financial year, which is now brought to your attention for ratification purposes.

As far as **item 7**, is concerned the Board of Directors recalls that, according to the Company's Articles of Association, the Annual General Meeting determines the aggregate remuneration amount for all the members of the Board of Directors and the Board of Directors shall in turn determine the compensation to be paid to directors "vested with particular offices" unless the Annual General Meeting determines an aggregate amount for compensation of all the directors, including those vested with particular offices. The Board of Directors, having considered the work performed, the powers and duties entrusted so far, the allocation of fees resolved for the 2016 financial year, the average remuneration in line with the market prices and the proposed reduction of the number of members of the Board of Directors, proposes for the 2017 financial year an aggregate fixed gross amount of the Directors' management fees including the compensation to be paid to those vested with particular offices at an amount of EUR 780,000. According to the Articles of Association, the Board of Directors further proposes the Annual General Meeting to empower and authorize the Board of Directors itself to allocate such aggregate fixed gross annual amount amongst the directors asking for prior advice of the Nomination and Remuneration Committee as regards the allocation of fees of executives directors and those directors vested with particular offices.

With reference to **item 8** on the agenda, a specific and separate report has been drafted whose section I containing the proposed 2017 General Remuneration Policy of the Company is available at the registered office of the Company and on the corporate governance section of the Company's website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)) as well as filed with Borsa Italiana S.p.A. and CONSOB through the SDIR-NIS system.

With reference to **item 9** on the agenda, the Board of Directors reminds that PricewaterhouseCoopers, Société Coopérative (*réviseurs d'entreprises agréés*) - Luxembourg (registered with the Luxembourg Register of Commerce and Companies under number B0065477) was appointed by the shareholders of the Company on the 2nd day of April 2014 for a three year term, expiring at the shareholder's meeting convened to approve the Company's annual accounts for 2016 financial year. The Board of Directors, in accordance with the recommendation rendered by the Control and Risk Committee in its meeting held on the 24<sup>th</sup> day of February 2017 as a result of the tender selection procedure carried out in accordance with the applicable legislation including but not limited to the UE Regulation n. 537/2014 dated 16 April 2016 and Luxembourg law on the Audit Profession dated 28 July 2016, in order to ensure a more efficient transparency and enhancing the independence requisite, in line with the best market practice for public listed companies and having considered the shipping expertise, the competitive fees and the credibility with banks, proposes to appoint Moore Stephens Audit S.à.r.l. governed by the laws of Luxembourg (registered with the Luxembourg Register of Commerce and Companies under number B 42.365), as independent

auditor of the Company (*réviseur d'entreprises agréé*) for the purpose of auditing both the statutory and consolidated accounts of the Company, for a period ending at the Company's annual general meeting of shareholders called to approve the Company's 2019 financial statements.

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As regards the internal corporate governance rules adopted by the Company and the Company's ownership structure, the Board of Directors states herewith that, according to the applicable provisions, in particular of the regulations of Borsa Italiana S.p.A. and CONSOB, the 2016 report on corporate governance and ownership structure has been filed with Borsa Italiana S.p.A. and CONSOB through the SDIR/NIS system, the Commission de Surveillance du Secteur Financier (CSSF) and Société de la Bourse de Luxembourg S.A. in its capacity as Officially Appointed Mechanism for the central storage of regulated information (hereinafter, the "OAM") and is also available at the registered office of the Company and in the corporate governance section of the Company's website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)).

Luxembourg, 17 March 2017.

On behalf of the Board of Directors

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Paolo d'Amico  
Chairman of the Board of Directors

## ANNEX A

**Paolo d'Amico** graduated in 1978 in Business and Economics from Rome University (*La Sapienza*). He joined the family owned company, d'Amico Società di Navigazione S.p.A., in 1971 and in 1981 was appointed as a director of that company, with particular focus on the product tanker aspects of the business. In 2002 he was appointed as Chairman of the Board of Directors of d'Amico Società di Navigazione S.p.A. the ultimate holding company of the d'Amico Group. He currently holds this role. On May 2007, he took part in the listing of d'Amico International Shipping S.A. (holding of the tanker business unit) at the STAR segment of the Italian Stock Exchange. He has been a director of d'Amico International Shipping S.A. operative, wholly owned subsidiary, d'Amico Tankers d.a.c. (formerly d'Amico Tankers Limited) since 2006. He has also been a director of d'Amico International Shipping S.A. controlling shareholder, i.e. d'Amico International S.A. since 1998. Currently, he is chairman of the board of directors of d'Amico International Shipping S.A. as well as a director of a number of other companies of the d'Amico Group.

He is also involved in a number of companies and international associations that are not part of the d'Amico Group, including as director of Tamburi Investment Partners S.p.A., a company listed on the STAR segment of the Italian stock exchange, member of the executive board of the International Association of the Independent Tankers Owners (Intertanko) and member of the executive board of the main organisation representing Italian Shipowners (Confitarma) that he chaired during a three years term of office. In 2013 he was also awarded by the Italian government with the title of Labour Knight.

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
<b>Member of the Board of Directors (Executive President) and of the Executive Committee of d'Amico Società di Navigazione S.p.A.</b>	<b>d'Amico Group Holding – Large Company</b>
Member of the Board of Directors (vice-President) and of the executive committee of The International Association of the Independent Tankers Owners (Intertanko)	Others
Member of the Board of Directors and of the Executive Board of Confitarma (Italian Shipowners Association)	Others
Member of the Board of Directors of d'Amico Tankers d.a.c.	d'Amico Group
Member of the Board of Directors of d'Amico International S.A.	d'Amico Group
Member of the Board of Directors of d'Amico Tankers Monaco S.A.M.	d'Amico Group
Member of the Executive Board of Assonime	Others
<b>Member of the Board of Directors of Tamburi Investment Partners S.p.A.</b>	<b>Listed</b>
Member of the Board of Directors (Vice-President) of Ente Registro Italiano Navale (RINA)	Others
Member of the Board of Directors of Civita Cultura Holding S.r.l.	Others
Member of the Board of Directors (President) of Federazione	Others

del Sistema Marittimo Italiano – (Italian Maritime Cluster)	
Member of the Board of Directors and of the Chairmanship's Committee of Associazione Civita	Others

**Cesare d'Amico** graduated in 1982 in Business and Economics from Rome University (*La Sapienza*). He joined the family owned company, d'Amico Società di Navigazione S.p.A., in 1976 in the technical department. In 1977 he moved to the liner department and he became General Manager of the liner services in 1978. In 1982 he was appointed Chief Executive Officer of d'Amico Società di Navigazione S.p.A., the ultimate holding of the d'Amico Group. He currently holds this role. In 1993, he launched the d'Amico Group's bulk activity. In 1997, he played a prominent role in the privatization of Italia di Navigazione S.p.A., a public company, where he then was nominated Chief Executive Officer, a role which he maintained until the company was sold to CP Ships Canada in 2002. Since 1997, he has played a leading role in the development of the activities of d'Amico Dry d.a.c. (formerly d'Amico Dry Limited), thus contributing to the development of its fleet. On May 2007, he took part in the listing of d'Amico International Shipping S.A. (holding of the tanker business unit) at the STAR segment of the Italian stock exchange. In 2011, Cesare d'Amico was appointed President of the Fondazione ITS Caboto (Gaeta, Italy) an advanced technical education school, offering two-year post-secondary training for technical staff and young Italian seagoing personnel interested in embarking upon an international career in the shipping industry. Currently he is a member of the Board of Directors of d'Amico Dry d.a.c., d'Amico International Shipping S.A. and its controlling shareholder, d'Amico International S.A. as well as a director of several companies of the d'Amico Group.

He is also involved in a number of companies and international associations that are not part of the d'Amico Group, including as vice-president of Tamburi Investment Partners S.p.A., a company listed on the STAR segment of the Italian stock exchange and vice-president of The Standard Club Europe Limited (UK).

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
<b>Member of the Board of Directors (CEO) and member of the Executive Committee of d'Amico Società di Navigazione S.p.A.</b>	<b>d'Amico Group Holding – Large Company</b>
Member of the Board of Directors (CEO) of CO.GE.MA S.A.M.	d'Amico Group
Member of the Board of Directors of MIDA Maritime Company d.a.c.	d'Amico Group
Member of the Board of Directors of d'Amico Dry d.a.c.	d'Amico Group
Member of the Board of Directors of ACGI Shipping Inc.	d'Amico Group
Member of the Board of Directors of Clubtre S.p.A	Others
Member of the Board of Directors of Ishima Pte Limited	d'Amico Group
Member of the Board of Directors (Executive President) of d'Amico International S.A.	d'Amico Group Sub – holding
<b>Member of the Board of Directors (Vice-President) of The</b>	<b>Insurance</b>

<b>Standard Club Europe Limited</b>	
<b>Member of the Board of Directors (Vice-President) of Tamburi Investment Partners S.p.A.</b>	<b>Listed</b>
Member of the Board of Directors of Società Laziale Investimenti e Partecipazioni S.r.l.	Others
Sole Director of Casle S.r.l.	Others
Sole Director of Fi.Pa. Finanziaria di Partecipazione S.p.A.	Others
Member of the Board of Directors (President) of Marina Cala Galera Circolo Nautico S.p.A.	Others
Member of the Board of Directors (President) of Fondazione ITS Giovanni Caboto	Others
Member of the council of Confitarma (Italian Shipowners Association)	Others

**Marco Fiori** joined COGEMA S.A.M. in 1996 as Managing Director and has since held many other executive positions in the d'Amico Group companies.

Prior to joining the d'Amico Group, Mr Fiori was employed in the New York branch of *Banca Nazionale dell'Agricoltura*. He was initially responsible for the loan portfolio and business development of Fortune 100 companies based on the U.S. West Coast and later for overseeing and managing the entire U.S. business development market. From 1990 to 1994, he held the position of Head of Credit and in 1994 was promoted to the position of senior vice-president and deputy General Manager of the New York branch with direct responsibilities for business development, treasury and trading.

Mr Fiori obtained a Bachelor of Science Degree in Economics and Finance from Rome University (La Sapienza) in 1979 and a Master's in Business Administration from the American University in Washington DC in 1984. He currently lives in Monte Carlo.

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
Member of the Board of Directors of DM Shipping d.a.c.	d'Amico Group
Member of the Board of Directors of CO.GE.MA S.A.M.	d'Amico Group
Member of the Board of Directors (Executive President) of COMARFIN S.A.M.	d'Amico Group
Member of the Board of Directors of d'Amico Tankers d.a.c.	d'Amico Group
Member of the Board of Directors (Executive President) of d'Amico Tankers Monaco S.A.M.	d'Amico Group
Member of the Board of Directors of Glenda International Management Limited	d'Amico Group
Member of the Board of Directors of High Pool Tankers Limited	d'Amico Group

Member of the Board of Directors of Glenda International Shipping d.a.c.	d'Amico Group
Member of the Board of Directors of Hanford Investment Inc.	d'Amico Group
Member of the Board of Directors of St Andrew Estates Limited	d'Amico Group

**Antonio Carlos Balestra di Mottola** has been the Chief Financial Officer of d'Amico International Shipping S.A. since May 2016.

In 2003 he joined the d'Amico Group where he held several roles, being formerly in charge of Group Business Development and prior to that holding the position of Financial Controller of d'Amico International Shipping S.A. until 2008. Since 2010, he is also a partner of Venice Shipping and Logistics S.p.A., an Italian company specialised in investments in the shipping and maritime logistics sector.

Before joining the d'Amico Group, Carlos Balestra di Mottola obtained a Master in Business Administration from the Columbia Business School (NY) and worked at the Lehman Brothers investment bank (in the London and New York offices) and at Banco Brascan (in the São Paulo offices, in Brazil). He currently lives in Monte Carlo, Monaco.

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
Member of the Board of Directors of DM Shipping d.a.c.	d'Amico Group
Member of the Board of Directors (CEO) of Eco Tankers Ltd	d'Amico Group
Member of the Board of Directors of d'Amico International S.A	d'Amico Group
Member of the Board of Directors of dACC Maritime d.a.c.	d'Amico Group
Member of the Board of Directors of d'Amico Tankers d.a.c.	d'Amico Group
Member of the Board of Directors of Glenda International Shipping d.a.c.	d'Amico Group
Member of the Board of Directors (CEO) of Eco Shipping Ltd	Others
Sole Director of Tica Hulpe Sprl	Others
Member of the Board of Directors Rosario Development Corporation S.A.	Others

**Stas Andrzej Jozwiak** joined the Company in 2007 as lead independent director. After a five-year commission with the Royal Air Force, he was trained as a shipbroker at Eggar Forrester Ltd. in London where he became a director in 1975. He gained practical port experience working with Associated Steamships in Fremantle, Western Australia. He qualified as a Fellow of the Institute of Chartered Shipbrokers in 1970. He became a director of sale and purchase at J.E.Hyde in London in 1980. In 1983 he was appointed to that same position at Maton Grant and Sutcliffe. He founded S.A.Jozwiak (Shipbrokers) Ltd. in 1987 specialising in the sale and purchase of tonnage and the contracting of new-buildings. He was educated at the Oratory School in Berkshire and at the London School of Foreign Trade where he specialised in the economics of sea transport. He currently lives in Surrey in the United Kingdom.



**Massimo Castrogiovanni** joined d'Amico International Shipping S.A. in 2007 as independent director. Prior to joining Mr. Castrogiovanni was head of the shipping department initially at IMI and then at Efibanca S.p.A. where he was responsible for the finance activity in respect of merchant ships for oil transport and ro-pax ships for transporting petroleum products and chemicals and dry bulk. In 2004, he became shipping finance consultant of Efibanca S.p.A. and later for the Banca Popolare of Emilia Romagna Group. In 1965, Mr. Castrogiovanni graduated in Naval Architecture in Naples and in 1972 he obtained a Master in Nuclear Engineering in Pisa. He currently lives in Rome (Italy).

**Heinz P. Barandun** joined the Company in 2009 as an independent director. Between 1958 and 1968, he worked at UBS Lugano, Den Danske Landmandsbank in Copenhagen and Nestlé in Vevey. In 1968 he started working for Citibank N.A. in Geneva, later in Piraeus and Zurich where, between 1978 and 1983, he was responsible for Citibank's ship lending activity in continental Europe (except for Greece and Northern Europe). He was Division Head Corporate Banking in Switzerland and one of the 300 senior credit officers (being the highest credit approval authority for Citicorp/Citibank worldwide) until 1984 when he left Citibank to start his own company. That same year, he joined the board of directors of Citibank in Switzerland, a position which he held until 2008. He currently holds several positions as member of the board of directors of non-listed companies.

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
<b>Member of the Board of Directors (President) of Gryphon Hidden Values VIII Ltd (Citibank Hedge Fund)</b>	<b>Financial</b>
<b>Member of the Board of Directors (President) Gryphon Hidden Values IX Ltd (Citibank Hedge Fund)</b>	<b>Financial</b>
<b>Member of the Board of Advisors of Gryphon Hidden Values VIII LP Ltd (Citibank hedge fund)</b>	<b>Financial</b>
<b>Member of the Board of Directors of Fincor Capital S.A., Zurich</b>	<b>Financial (Fincor group)</b>
<b>Member of the Board of Directors of Fincor Finance S.A., Zurich</b>	<b>Financial (Fincor group)</b>
<b>Member of the Board of Directors (President) of Fincor Holding A.G., Glarus</b>	<b>Financial (Fincor group)</b>
Sole Director of HPB Editeur A.G., Glarus	Others (Fincor group)
Member of the Board of Directors of Laredo Holding A.G., Glarus	Others (Fincor group)

**John Joseph Danilovich** joined d'Amico International Shipping S.A. in 2009 as an independent director. He is an experienced businessman and private investor with a strong background in foreign affairs who has been active in the international maritime industry for several decades and served as a director of companies in the shipping and investment fields. He continued his distinguished career of more than forty years in both the public and private sectors, serving as the U.S. ambassador to Costa Rica (2001-2004) and to Brazil

(2004-2005). More recently, from 2005 until 2009, he was the chief executive officer of the Millennium Challenge Corporation. He also served as a director of the Panama Canal Commission (1991-1996) and was the chairman of the Transition Committee during the handover of the canal from the United States to Panama. In June 2014, he was appointed General Secretary of the International Chamber of Commerce in Paris. He also sits on the Council of the Harvard School of Public Health and is a member of the Council on Foreign Relations (US) and of Chatham House (UK). Furthermore, he is part of the board of Trilantic Capital Partners (UK) and of American Securities LLC (NY) and, before that, a trustee of the Stanford University Trust, the American Museum in Britain and of the US-UK Fulbright Commission. He obtained a Bachelor in Political Science from Stanford University and a Master in International Relations from the University of Southern California

<b>Offices held in the boards of companies other than the Company</b>	<b>Type of company</b>
<b>Member of the Advisory Board of American Securities LLC (NY)</b>	<b>Financial</b>
<b>Member of the Europe advisory council of Trilantic Capital Partners (UK)</b>	<b>Financial</b>