



## REPORT ON REMUNERATION 2015



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

to the Annual General Meeting of the Company's Shareholders

to be held on April 20, 2016

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. This is the result of an intensive effort of the Nomination and Remuneration Committee over the last year.

The commitment of the Nomination and Remuneration Committee, composed by Mr. Massimo Castrogiovanni, Mr. Giovanni B. Nunziante, Mr. John J. Danilovich and Mr. Heinz P. Barandun in addition to myself, is to propose the adjustments to be made to d'Amico International Shipping (DIS) remuneration system in order to ensure the alignment with international best practices and with the applicable legislation, and then to ensure the alignment with the Company goals.

With regard to the previous year, the most significant change in the 2016 Remuneration Policy – which continues to be oriented towards the objective of creating long-term value for shareholders – is the introduction of a new long term incentive plan designed to retain the key people of the Company and to ensure continuity in terms of attainment of both short and long-term business objectives. The plan consists in the free assignment of stock options to people who hold the main strategic positions within the organization.

The Stock Option Plan (SO Plan) provides performance's metrics to further reinforce the link between the compensation of the top management of DIS and the creation of value for shareholders over the medium/long-term. The two objectives included in such plan are the Performance of DIS shares and the EBIT results at the end of the accrual period. In any case, the percentage of deliverable variable remuneration is linked to the percentage of achieving corporate goal, even bringing the same variable component clear where the results were lower than the predetermined values.

With regard to the previous year, the most significant change in the 2016 Report on Remuneration are related to the improvement of the structure and the content of the document, as follows:

- ❖ the change of the Report structure. In particular the first section gives a detailed description of the remuneration policy and the criteria used to implement it;
- ❖ a more detailed description of the Short-Term Incentive Plan, with the rules of implementation and the related performance targets which the plan is linked to;
- ❖ a description of the new Long Term Incentive Plan (SO Plan) from 2016.

We trust that this Report provides proof of our constant commitment to ensuring proper representation to our shareholders and to the market of the remuneration strategies of DIS which is constantly set in support of its business objectives and in keeping with the Company values and principles.

Finally, 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 policies it contains and their effective implementations.

March 1, 2016

Stas A. Jozwiak

## REMUNERATION REPORT 2015

### Introduction

Compliant with the current regulations, the 2016 Remuneration Policy regarding d'Amico International Shipping (hereinafter, "the Company" or "DIS") is defined herein.

This document is drafted pursuant to Art. 114- *bis* and 123 -*ter* of Legislative Decree 58/1998 (hereinafter "T.U.F.") and to Art. 84-quater of the *Regolamento Emittenti Consob* 11971 (hereinafter, "Regulation").

This report, approved by the Board of Directors on March 3, 2016, 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. illustrates the policy adopted by DIS on remuneration of members of the Board of Directors, of Directors with specific duties and key personnel with strategic responsibilities as identified by the respective Board of Directors as far as the year 2016 is concerned, in compliance with the provisions of Art. 123-*ter* of the T.U.F.;
  - b. provides a description of the procedures used for the adoption and implementation of said policy.
  
- II. Section
  - a. contains the information related to the implementation of policies of the previous year (2015) and of the incentive systems adopted;
  - b. provides an adequate reference of every items of the remuneration and analytically shows the compensations paid during the year (2015) for any reason and in any form by the Company and by subsidiaries and affiliated companies, highlighting any parts of the aforementioned compensations regarding activities carried out in previous years and also showing compensations to be paid in one or more subsequent years, based on activity carried out during the referenced year; potentially giving an estimated value for parts that are not objectively quantifiable in the referenced year.

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

## REMUNERATION REPORT 2015

### SECTION I

#### **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, 5 and 6 of the Codice di Autodisciplina di Borsa Italiana (hereinafter, the *Code*) and with applicable laws, the approval processes of the remuneration of Executive Directors, other Directors with specific duties and Key personnel with strategic responsibilities involve the following corporate bodies, to which specific responsibilities are attributed.

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

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 set a gross total amount for remuneration of all the Directors, including those one in charge of specific duties. The Company Shareholder's Meeting establishes the maximum total gross annual remuneration of the Board of Directors, assigning and authorising the latter 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. On recommendation of the Nomination and Remuneration Committee, the Board of Directors approves the allotment among the Executive Directors and the other Directors with specific duties.

The Annual General Shareholder's Meeting is called to examine and evaluate the Remuneration Policy (described in the Section I of this document for 2016) expressing a non-binding resolution.

##### **1.2 Board of Directors**

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 concerned Company Departments.

In compliance with the Articles of Association of the Company and subject to the authorization of the Shareholders Meeting, the Board of Directors allots the gross total amount of compensations 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 key personnel with strategic responsibilities.

##### **1.3 Nomination and Remuneration Committee - Role, composition and operation**

In compliance with recommendations contained in Articles 4, 5 and 6 of the *Codice di Autodisciplina di Borsa Italiana*, and with article 2.2.3 of the Regulations from 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 issued a resolution to approve the merging of aforementioned two committees into one, the Nomination Committee and Remuneration Committee, assigning this all the functions required by the *Codice di Autodisciplina di Borsa Italiana*.

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 *Codice di Autodisciplina di Borsa Italiana*, 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 *Codice di Autodisciplina di Borsa Italiana*, the Chairman of the Committee is an independent Director, and in particular is a Lead Independent.

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

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Office	Name
Chairman	Mr. Stas A. Jozwiak
Board Member	Mr. Massimo Castrogiovanni
Board Member	Mr. Giovanni B. Nunziante
Board Member	Mr. John J. Danilovich
Board Member	Mr. Heinz P. Barandun

Mr. Stas A. Jozwiak, Mr. Massimo Castrogiovanni, Mr. John J. Danilovich and Mr. Heinz P. Barandun are independent 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:

- ❖ submit 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 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 compensations, included in particular fixed remuneration and the systems of remuneration linked to Company performance;
- ❖ submit 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 long-term interests of shareholders and fixed objectives of the Board of Directors of the Company;
- ❖ periodically assess and check, even based on information received, the adequacy and coherent and effective implementation of the Remuneration Policy, verifying the achievement of performance goals.
- ❖ assist 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 remunerations).

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 options and other stock-based remuneration plans that may be implemented, the Nomination and Remuneration Committee:

- ❖ examines, with the Board of Directors, the proposal about the allotment of said systems of remuneration (in particular stock options) according to the framework of Remuneration Policy, submitting suggestions to the Board;
- ❖ verifies the information provided on the above-mentioned topic in the Annual Report and Accounts 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.

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The Nomination and Remuneration Committee is convened with adequate frequency for the proper implementation of its functions. The Director of 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 within 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, in merit to the activity carried out by the Nomination and Remuneration Committee.

### 1.4 Chief Executive Officer

The CEO, within the framework of the related responsibilities and authorities, ensures that remuneration of relevant parties is implemented and is carried out in compliance with the guidelines approved by the Company.

### 1.5 Human resources

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 pertaining Company functions:

- ❖ guarantees the coherence of the structure of remunerations with (i) guidelines approved by the Company and (ii) the current and applicable legislation (in the latter case with the support of the Legal Department);
- ❖ supplies support in drafting of Report on Remuneration 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.

### 1.6 Internal Auditing

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 is used to work on the remuneration policy and the remuneration system with several leading advisory companies (e.g. EY) in order to guarantee maximum reliability of the support provided thanks also to the service of compensation surveys carried out about the industry.

## 3 Reasons and purposes pursued with Remuneration Policy

The Remuneration Policy of the Company for 2016 is defined in coherence with the recommendations of the *Codice di Autodisciplina* (Borsa Italiana) (of which we refer the main Principles below) and pursues both the objective to attract and maintain people with professionalism and adequate abilities for the needs of the Company (Art. 6.P.1 of the Code), and the target of providing an incentive aimed at increasing the engagement for the improvement of business performances, bearing in mind satisfaction, personal motivation and engagement of personnel.

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

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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:

- ❖ compensation of non-executive Directors is commensurate to the engagement demanded in relation to the participation in the Board Committees (Art. 6.P.2 of the Code);
- ❖ unless otherwise approved by the Shareholders' Meeting, non-executive Directors are excluded from participating in incentive plans (variable reward/compensation) (Art. 6.C.4 of the Code);
- ❖ the remuneration structure for the CEO and key personnel with strategic responsibilities is adequately balanced between: i) one fixed component adequate to remunerate performance carried out in case of lack of distribution of the variable component (Art. 6.C.1, Lett. c of the Code) and ii) one variable component which is set up to a maximum amount (Art. 6.C.1, Lett. b of the Code) and finalized to link remuneration to performance actually achieved, taking into account the risks connected to the business performed (Art. 6.C.1, Lett. a of the Code);
- ❖ the variable part is distributed subject to targeting 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 (Art. 6.C.1, Lett. d of the Code);
- ❖ 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 (Art. 6.C.1, Lett. e of the Code);
- ❖ 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 (Art. 6.C.1, Lett. f of the Code);
- ❖ 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.

### 3.1 Changes to remuneration policies for 2016 and amendment in comparison to 2015

During 2015 the Board of Directors proceeded, on proposal of the Nomination and Remuneration Committee, to define remuneration policies for remuneration of Executive Directors, the Directors with specific duties and for key personnel with strategic responsibilities as identified by the Board of Directors of the Company.

The most significant change for 2016 is the introduction of a long-term incentive plan - Stock Option Plan 2016/2019 (SOP or the Plan).

The Plan focuses the attention of the beneficiaries on factors of strategic interest of DIS, encouraging loyalty and retention of the beneficiaries. The Plan, for those people who hold key roles for the DIS competitive success, consists of a continuous incentive to maintain high managerial standards and to increase performance of the Company creating value for the shareholders.

## 4 Benchmarks

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

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



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

### 5 Remuneration structure

The remuneration structure adopted for the members of the Board of Directors, Directors with specific duties and Key personnel with strategic responsibilities provides a: i) **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 ii) **variable incentive component** (non-executive Directors are excluded) that aims at recognising achieved targets, enabling a direct link between people compensations/rewards and the results of the Company in the short as well as in the medium-long term, taking into account the overall Company risk profile.

Moreover, non-monetary benefits are provided (e.g. company car, housing allowance, payment of school fees) while no insurance or social security coverage is provided other than those ones compulsorily required.

#### 5.1 Categories included in the Remuneration Policy

In the scope of the Remuneration Policy, 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;
- ❖ Key Personnel with strategic responsibilities (not Directors) such as the CEO, the CFO (when not recovering a directorship within the Company), the COO, the Operations Manager. Key Personnel 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 purpose of this Remuneration Policy and of the related guidelines concerning the variable component of remuneration, because remuneration of a non-executive Director is not linked to financial results achieved by the Company.

#### 5.2 Policies on fixed and variable remuneration

The importance given to the fixed component is provided within the total package, 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 should decrease in case of negative performance, and also in some cases, it may be zero.

Short-term variable remuneration may reach a maximum of 80% of annual fixed remuneration assigned individually, while long-term variable remuneration may reach 150% of the assigned annual fixed remuneration (for a few persons of top management team).

*Creation of long-term value* - Remuneration Policy applicable to the executive Directors, to other Directors with specific duties and to key 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 in medium-long term. Moreover, the Remuneration Policy takes into account best practices on remuneration policies in the industry.

According to the Strategic Risk Management Policy and the Remuneration Policy, the Departments of the Company are engaged in defining the overall remuneration policy in order to support an efficient risk management.

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### a) Variable Short-Term Remuneration

The Annual Variable Incentive Plan (MbO Plan) is linked to the attainment of predefined goals individually measured according to their assigned importance.

The objectives approved by the Board of Directors for the Annual Variable Incentive Plan 2016 provide a structured 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 MbO Plan is based on two conditions:

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

The table below shows how the plan operates short-term:

Perimeter	Objectives	Bonus Pool
<i>d'Amico International Shipping</i>	<i>DIS Consolidated EBITDA</i>	<i>Up to 5% of DIS Consolidated EBITDA</i>

The perimeter of recipients of the short-term incentive plan includes positions ranging from Top Management (members of the Board of Directors, Directors with specific duties and Key personnel with strategic responsibilities) to the support roles within the organization of the Company.

### b) Variable Long-Term Remuneration

Variable long-term remuneration consists of participation in the Stock Option Plan 2016-2018 (SOP).

The Plan involves the Directors of the Company and key personnel with strategic responsibilities within the Company, allowing a remuneration policy that strengthens loyalty within a perspective of long-term value creation. Therefore, beneficiaries of the Plan have identified in the following groups:

- Executive Directors of the Company;
- Employees of the Company's Group with significant roles in core business functions (chartering and operations functions).

The Plan consists of a freely allotment of options each of which -at the discretion of the Board of Directors- attributes the right to the beneficiaries to: i) purchase shares of the Company (already in portfolio of the same, or later acquired); ii) subscribe newly issued shares (upon approval to increase capital by the Shareholders' Meeting); iii) receive the capital gain in cash (cash settlement).

A provision is in place of compulsory re-investment of part (33.33%) of the net capital gain in shares of the Company in case of exercising the options through cash settlement (for Executive Directors and Key personnel with strategic responsibilities).

The Plan is deployed over a 4 years period, of which:

- 3 years of vesting period;
- 1 year for exercising the options.

The conditions for exercising the options are applicable to all of the beneficiaries and, therefore, there are not different or specific conditions for the various categories of beneficiaries, subject to the authority of the Board of Directors to determine the way of exercising the plan (cash settlement or subscription/allocation of shares) case by case according to the time period and the characteristics of each beneficiary.

The number of options to attribute to each beneficiary is established by the Board of Directors, with refraining from voting, from time to time, of the interested person (where the beneficiary is a member of the Board of Directors), upon proposal of the Nomination and Remuneration Committee keeping in mind role, professional skills and responsibilities of each within the organisational structure of the Company.

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### Performance objectives

The exercising of options is subject to the combined attainment of pre-established and assessable performance objectives, such as:

- stock market performance of DIS shares (during the three-year vesting period) at least equal to that one of the Bloomberg Marine Shipping Tankers Vessels Index (BISHIPTV Index);
- aggregated results of the plan in terms of cumulated EBIT (2016-2018) at least equal to those estimated by the plan of the Company.

The performance objective identified by the Board of Directors are strictly defined in relation with medium-long term objectives of the Company and in line with the strategic plan set by the management team.

Where the Board of Directors makes and approves significant changes to the plan that can significantly affect the objectives in terms of EBIT, said effect must be consistently reflected in quantifying the triggers required by the Stock Option Plan.

Summary Sheet		
Recipients	Objectives	Target
Executive Directors Employees with significant roles in main functions	Stock exchange DIS share performance	Equal to that one of the Bloomberg Shipping Tankers Vessels Index (BISHIPTV Index)
	Aggregated EBIT (cumulated) results	Equal to those estimated by the plan of the Company

### c) Non-financial Parameters related to variable incentive plans

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

Also taking into account the "Performance Management" system adopted by the Company, variable short-term and medium-long term remunerations that are not linked to economic parameters take into account the covered role, the skills, the resources management and any other relevant "qualitative dimension" related to the persons involved.

### 5.3 Link between change in results and remuneration

In consideration of the economic parameters adopted, incentive systems aim at ensuring adequate links between changes in results and changes in remuneration.

Specifically, as detailed above, the percentage of variable component that may be issued is linked to the percentage of attainment of company objectives even bringing the variable component to zero, if results are lower than pre-established values.

### 5.4 Malus and claw back

*Malus* mechanisms are provided according to which the Company will not proceed to the payment of incentives in case of disciplinary proceedings based on fraudulent behaviours or gross negligence carried out by people to whom the incentive is addressed, as well as taking into account the performance net of risks, actually assumed or achieved, and the equity and the financials of the Company.

In addition, *claw back* mechanisms are in place (as legally permissible) according to which the Company has the right to demand the restitution of incentives distributed in previous years, within limits set by law.

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### 5.5 Policy on non-monetary benefits

Remuneration of executive Directors and other Directors with specific duties as well as the key personnel with strategic responsibilities compensation packages may include non-monetary benefits like a company car, housing allowance, payment of school taxes, health insurance and supplementary social security.

### 6 Treatment provided in case of early termination of the relationship

There is no provision related to termination indemnity of the position assigned, that is not present in the remuneration package of executive Directors, and other Directors with specific duties or for key personnel with strategic responsibilities.

### 7 Remuneration adopted by the Company related to: (i) independent Directors, (ii) Directors 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 purpose of the 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 Shareholders Meeting which, in this case, must provide cause for this decision;
- members of the Board of Directors that are members on internal committees of the Company, do not have the right to additional compensation;
- Directors with specific duties may be granted the right to additional compensation

### 8 Remuneration of the Chief Risk Officer, the Person in charge of Internal Auditing and Executive assigned to preparing and responsible for corporate accounting documents

Since the Chief Risk Officer (Executive Director in charge of the Internal Control and Risk Management System) is the Chairman of the Company, there are no additional noteworthy provisions for his remuneration. Therefore, no additional remuneration is provided for this assignment. Because the Executive authorised to prepare and responsible for the corporate accounting documents is the CFO, there are no provisions for his remunerations. Therefore, no additional remuneration is provided for this assignment. The Internal Audit Manager is employed by the indirect parent company of DIS. His remuneration consists of a base salary plus a bonus.

**SECTION II****1 Implementation of remuneration policies in 2015**

The remuneration system adopted by the Company for members of the Board of Directors, of Directors with specific duties and Key personnel with strategic responsibilities, in 2015 consisted of such a pay-mix to ensure sound and prudent management, avoiding assuming of excessive risks aimed at searching for exaggerated financial performance. This second section aims at showing the criteria used by the Company for determining fixed and variable remuneration: the first part of this section provided detailed information related to the implementation of policies during the prior year and the implementation of the incentive systems; the second part adequately shows in table format each item included in remuneration and analytically displays compensation paid by the Company and by subsidiary or affiliated Companies, during the year concerned for any reason and of any type, according to Consob tables.

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

- Number of meetings: in order to ensure the correct implementation and management of remuneration policies, the Nomination and Remuneration Committee met two times.
- Composition: the Committee includes five non-executive Directors, of which four are independent.

**2.2 External consultants**

The Company used various leading consulting companies (e.g. EY) in order to guarantee maximum reliability of the support on remuneration also with the aid of remuneration surveys carried out referencing databases about the industry.

**3 Variable and fixed remuneration policies**

The Remuneration provides one fixed component providing compensation for the office held and the range of responsibilities, reflecting experience and abilities required for each position.

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

With regard to benefits, for the various categories of personnel packages were offered with homogeneous features they for parties belonging to the same category.

Among the main benefits granted during the course of 2015:

- Company car;
- Housing allowance;
- Healthcare insurance;
- Complementary Social security.

**❖ Annual variable incentives**

The annual incentive for 2015 was paid based on attainment of results regarding objectives defined consistent with the



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Strategic Plan and the annual budget, estimated under constant conditions and approved by the Board of Directors on proposal of the Nomination and Remuneration Committee during the meeting of March 4, 2015.

The right to receive the incentive has been linked to the attainment of a gate of access in order to ensure capital strength of the Company and consequently the ability of the same one to distribute the incentive component to the recipients of the Plan.

For further information on the operation of the plan, Paragraph 5.1 under Section. I, Lett. a, of this document may be referenced.

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### 4 Information of a quantitative nature 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.

**TABLE 1: Compensations paid to members of the Board of Directors, of Directors with specific duties and Key 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)
Paolo d'Amico	Executive Director (Chairman of BoD)	from 01.01.2015 to 31.12.2015	Approval of the 2016 Financial Statement									
(I) Compensation in the Company preparing the financial statements				250,000	-	-	-	-	-	250,000		
(II) Compensation from subsidiaries and associates				110,000	-	-	-	-	-	110,000		
(III) Total				360,000	-	-	-	-	-	360,000	-	-
<i>Notes</i>												
Cesare d'Amico	Executive Director	from 01.01.2015 to 31.12.2015	Approval of the 2016 Financial Statement									
(I) Compensation in the Company preparing the financial statements				55,000	-	-	-	-	-	55,000		
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-		
(III) Total				55,000	-	-	-	-	-	55,000	-	-
<i>Notes</i>												
Marco Fiori	Executive Director (Chief Executive Officer)	from 01.01.2015 to 31.12.2015	Approval of the 2016 Financial Statement									
(I) Compensation in the Company preparing the financial statements				190,000	-	-	-	-	-	190,000		
(II) Compensation from subsidiaries and associates												



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Name and Surname	Office	Period during which office was held	Office expiry	Fixed compensation (1)	Compensation for committee participation (2)	Variable non-equity compensation		Non-monetary benefits (4)	Other remuneration (5)	Total (6)	Fair Value of equity compensation (7)	Severance indemnity for end of office or termination of employment (8)
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
				618,000	-	180,000	-	-	-	798,000		
<b>(III) Total</b>				<b>808,000</b>	<b>-</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988,000</b>		
<i>Notes</i>												
Giovanni Barberis	Executive Director (Chief Financial Officer)	from 01.01.2015 to 31.12.2015	Approval of the 2016 Financial Statement									
(I) Compensation in the Company preparing the financial statements				55,000	-	-	-	-	-	55,000		
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-		
<b>(III) Total</b>				<b>55,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>		
<i>Notes</i>												
M. Castrogiovanni, S.A. Jozviak, J.J. Danilovich, H.P. Barandun, G.B. Nunziante	Non-Executive Directors	from 01.01.2015 to 31.12.2015	Approval of the 2016 Financial Statement									
(I) Compensation in the Company preparing the financial statements				275,000	-	-	-	-	-	275,000		
(II) Compensation from subsidiaries and associates				-	-	-	-	-	-	-		
<b>(III) Total</b>				<b>275,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275,000</b>		
<i>Notes</i>				Individual fee: € 55,000								
F. Carlsen, M.A. Fiorelli, M. O'Neill	Other key management personnel	n/a	n/a									
(I) Compensation in the Company preparing the financial statements				-	-	-	-	-	-	-		
(II) Compensation from subsidiaries and associates				608,000	-	160,000	-	-	-	768,000		
<b>(III) Total</b>				<b>608,000</b>	<b>-</b>	<b>160,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>768,000</b>		





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Name and Surname	Office	Period during which office was held	Office expiry	Fixed compensation (1)	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)
Notes				According to the d'Amico Group MBO Policy, the amount of 2015 bonus is defined during the performance appraisal process, which is still in progress at the date of issue of this report. The above amount has been estimated in line with the 2014 bonus, paid in March 2015.								

**Table 2: INVESTMENTS HELD BY THE MEMBERS OF THE COMPANY'S ADMINISTRATIVE BODY AND BY THE COMPANY'S AND ITS SUBSIDIARIES' GENERAL MANAGERS AND KEY MANAGEMENT PERSONNEL** Investments of the members of the administrative body and general managers of the Company and its subsidiaries. (drafted in compliance with Annex 3A 7ter table 1 to the regulation implementing Italian Legislative Decree 58 of 24 February 1998, concerning the discipline of issuers, adopted by Consob under resolution 11971 of 14 May 1999 and subsequently amended)

Name and Surname	Office	Investee Company	Number of shares held at 31/12/2014		Number of shares acquired during 2015		Number of shares sold during 2015		Number of shares held at 31/12/2015	
Paolo d'Amico Indirect ownership (1)	Executive Director (Chairman of the BoD)	d'Amico International Shipping S.A.	(2) 246,714,011		(2) 1,950,000		(2) 100,000		(2) 248,564,011	
Cesare d'Amico Direct ownership	Executive Director	d'Amico International Shipping S.A.	700,000		-		-		700,000	
Cesare d'Amico Indirect ownership (1)	Executive Director	d'Amico International Shipping S.A.	(2) 246,714,011 (3) 2,209,338 (4) 200,000 <b>TOT 249,123,349</b>		(2) 1,950,000 (3) 550,000 (4) 0 <b>TOT 2,500,000</b>		(2) 100,000 (3) 1,559,338 (4) 100,000 <b>TOT 1,759,338</b>		(2) 248,564,011 (3) 1,200,000 (4) 100,000 <b>TOT 249,864,011</b>	
Marco Fiori Direct ownership	Executive Director (CEO)	d'Amico International Shipping S.A.	370,000		-		270,000		100,000	
Giovanni Barberis – Direct ownership	Executive Director (CFO)	d'Amico International Shipping S.A.	180,000		-		100,000		80,000	
Massimo Castrogiovanni – Direct ownership	Non-Executive Director (Independent)	d'Amico International Shipping S.A.	2,400		-		-		2,400	



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Name and Surname	Office	Investee Company	Number of shares held at 31/12/2014		Number of shares acquired during 2015		Number of shares sold during 2015		Number of shares held at 31/12/2015	
Giovanni Battista Nunziante – Direct ownership	Non-Executive Director	d'Amico International Shipping S.A.	440,000		-		-		440,000	
John J. Danilovich - direct ownership	Non-Executive Director (Independent)	d'Amico International Shipping S.A.	731,687		-		0		731,687	

**Note:**

(1) Participation held through strictly related persons (Paolo d'Amico and Cesare d'Amico are the beneficial owners of the Company. Paolo d'Amico directly holds no. 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 holds no. 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 stake in Fi.Pa. Finanziaria di Partecipazione S.p.A. (company which he owns 54% of share capital), indirectly holds further no. 3,206,350 shares with voting rights representing 32.07% of the share capital of d'Amico Società di Navigazione S.p.A.. d'Amico Società di Navigazione Sp.A. in turn owns 100% of the share capital of 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)



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**Table 3: Investments of other key management personnel of the Company and its subsidiaries.**

**(drafted in compliance with Annex 3A 7-ter table 2 to the regulation implementing Italian Legislative Decree 58 of 24 February 1998, concerning the discipline of issuers, adopted by Consob under resolution 11971 of 14 May 1999 and subsequently amended)**

Number of key management personnel of the Company's subsidiaries	Investee Company	Number of shares held at 31/12/2014	Number of shares acquired during 2015	Number of shares sold during 2015	Number of shares held at 31/12/2015
3	d'Amico International Shipping S.A.	69,803	0	0	69,803