

**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 21 April 2020

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 to be held on 21 April 2020 to discuss and resolve on the following:

**AGENDA**

1. Consideration of the Board of Directors Special Report on the transaction carried out on 24th April 2019;
2. Consideration of the reports of the Company’s Board of Directors and of the Company’s auditor (“réviseur d’entreprises agréé”) on the consolidated and statutory annual accounts of the Company as at 31 December 2019;
3. Consideration and approval of the consolidated annual accounts of the Company as at 31 December 2019 and of the Company’s statutory annual accounts as at 31 December 2019;
4. Approval of the allocation of results of the 2019 financial year;
5. Discharge of the members of the Board of Directors for the year ended on 31 December 2019;
6. Acknowledgment of the decrease of the number of the members of the Company’s Board of Directors from 7 to 6 and setting of the number of the members of the Company’s Board of Directors at 6;
7. Approval of 2020 Directors fees;

8. Non-binding consideration and evaluation of the 2020 General Remuneration Policy and the 2019 Report on Remunerations;
9. Ratification of the amendment of the 2019-2021 Medium to Long-Term Variable Incentive Plan and of its ancillary documentation;
10. 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 2022 financial statements.

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

With reference to **item 1**, a specific and separate report has been drawn up in accordance with article 441-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended.

With reference to **items 2, 3 and 4** on the agenda, the Board of Directors submits its management reports together with the external independent auditor (“réviseurs d’entreprises agréés”) reports on the Company’s statutory and consolidated 2019 annual accounts together with the consolidated and statutory annual accounts of the Company for the financial year ended 31 December 2019 for your consideration and approval.

The Board of Directors’ management reports and the independent auditor (“réviseurs d’entreprises agréés”) reports on such consolidated and statutory annual accounts are included in the Company’s 2019 annual report.

The Board of Directors further proposes, subject to the Shareholders’ approval, to allocate the Company’s statutory net profit of US\$ 1,258,072 as follows:

- to allocate US\$ 62,903.60 to the Legal Reserve required by applicable Law and in compliance with Article 33 of the Articles of Association of the Company;
- to carry forward to the Retained Earnings the residual amount equal to US\$ 1,195,168.40.

As regards **item 5** 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 liabilities for the proper exercise of their mandate during the 2019 financial year.

With reference to **item 6** 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 meetings held on 9th March 2020 while expressing its opinion on the current size and composition of the Board of Directors and its internal Committees further to the passing of Mr. Barandun (being a non-executive and independent director), did not consider it necessary to proceed with the cooptation of a new independent member.

The Board of Directors, accepting the Committee's proposal, is now proposing to the Shareholders to acknowledge the decrease of the number of the members of the Company's Board of Directors from 7 to 6 and to set the number at 6.

With reference to **item 7**, the Board of Directors recalls that, according to the Company's Articles of Association, the Annual General Shareholders' Meeting determines the aggregate remuneration amount for all the members of the Board of Directors and the Board of Directors shall in turn further determine the compensation to be paid to directors "vested with particular offices" unless the Shareholders Meeting decides to determine 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 2019 financial year, the average remuneration in line with the market prices and the proposed decrease of the number of members of the Board of Directors from 7 to 6, hereby proposes to set the 2020 Directors' management fees at the aggregate fixed gross amount of Euro 416,250.00 which shall include the compensation to be paid to those "vested with particular offices". According to the Articles of Association, the Board of Directors further proposes to the Annual General Shareholders Meeting to empower and authorize the Board of Directors to allocate such aggregate fixed gross annual amount amongst the directors including those "vested with particular offices", subject to the prior advice of the Nomination and Remuneration Committee as regards the allocation of fees amongst the executive directors and those directors "vested with particular offices".

With reference to **item 8** on the agenda, a specific and separate report has been drafted in accordance with articles 7bis and 7ter of the Luxembourg Law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended. (the "2020 Report on Remuneration") which is divided in two sections being the proposed 2020 General Remuneration Policy of the Company (section I) and a detailed Report of the 2019 remunerations settled in favour of executive directors, directors covering particular offices and key management personnel of the Company and its subsidiaries (section II).

The 2020 Report on Remuneration is available to the Shareholders 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 disclosed through the Borsa Italiana S.p.A. e-market SDIR circuit, filed with Commissione Nazionale per le Società e la Borsa (CONSOB) and Commission de Surveillance du Secteur Financier (CSSF) and stored both at the Officially Appointed Mechanism (OAM) of the Luxembourg Stock Exchange and at Borsa Italiana S.p.A. using the e-market STORAGE circuit.

As regards **item 9** the Board of Directors recalls that on 30 April 2019 the Annual General Shareholders' Meeting of the Company approved, upon proposal of the Board of Directors supported by the previous positive consideration of the Company's Nomination and Remuneration Committee, the Medium to Long-Term Variable Incentive Plan for the three-year period 2019 -2021 (the "Incentive Plan"). Subsequently, on the basis of the delegation issued by the Annual Shareholders' General Meeting held on 30 April 2019 and with the previous favourable opinion issued by the Nomination and Remuneration Committee, the Board of Directors at a meeting held on the 13<sup>th</sup> of November 2019, resolved to amend the Incentive Plan (and its ancillary documentation ) by way of including a new definition of EBIT as performance indicator for the calculation of the "bonus pool" which now takes into consideration the theoretical results of the possible owned vessels sales based on the evaluation of the same vessels at the beginning of the Plan vesting period. The Information Document of the Incentive Plan has also been amended at paragraph 1.3 in order to be compliant with the most recent applicable law. The Board of Directors is now proposing to the Shareholders to ratify the Incentive Plan as amended by the Board of Directors on 13 November 2019 together with its ancillary documentation (the "Amended Incentive Plan"), considering them in line with the aim of the Company to encourage a greater involvement of directors and employees in its development and to strengthen their activities' focus on long-term strategic success factors. The Amended Incentive Plan is available on the Corporate Governance section of DIS website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)) in the area of remunerations.

With reference to **item 10** on the agenda, the Board of Directors reminds that Moore Audit S.A. governed by the laws of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 42.365 (hereinafter "Moore Stephens") was appointed by the Annual General Shareholders Meeting of the Company held on 19 April 2017 for a three year term of office, expiring at the Annual General Shareholder's Meeting convened to approve the Company's financial statements for the year ending 31 December 2019. The Board of Directors, in accordance with the recommendation rendered by the Control and Risk Committee in its meeting held on 11 March 2020 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 2014 and the Luxembourg law on the Audit Profession dated 28 July 2016, as amended), in order to ensure a more efficient

transparency and to enhance 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, now proposes to re-appoint Moore Stephens as independent external 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 2022 financial statements.

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As regards the internal corporate governance rules adopted by the Company and the Company's ownership structure in compliance with the recommendations of the Borsa Italiana S.p.A. corporate governance code, as amended, the Board of Directors states herewith that, according to the applicable provisions, in particular the Regulations of Borsa Italiana S.p.A. and CONSOB and the applicable Luxembourg Laws, the 2019 Report on Corporate Governance and Ownership Structure is available to the Shareholders 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 disclosed through the Borsa Italiana S.p.A. e-market SDIR circuit, filed with Commissione Nazionale per le Società e la Borsa (CONSOB) and Commission de Surveillance du Secteur Financier (CSSF) and stored both at the Officially Appointed Mechanism (OAM) of the Luxembourg Stock Exchange and at Borsa Italiana S.p.A. using the e-market STORAGE circuit.

Luxembourg, 12 March 2020

On behalf of the Board of Directors

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Mr. Paolo d'Amico, The Chairman and CEO