



**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**

**Information Document**

**submitted for approval of the Shareholders' Meeting of 30 April 2019**

*(Drafted in accordance with Art. 84-bis of the Regulation adopted by CONSOB with resolution no. 11971 dated 14 May 1999 as amended and supplemented)*

## Introduction

This document (the “**Information Document**”), drafted in accordance with Art. 84-bis and Diagram 7 of Annex 3A of the Regulation adopted by CONSOB with resolution no. 11971 dated 14 May 1999 as amended and supplemented (the “**Issuers' Regulation**”), concerns the adoption proposal of the 2019-2021 medium to long-term incentive plan approved by the Board of Directors of d'Amico International Shipping S.A.

On 20 March 2019, the Board of Directors of d'Amico International Shipping S.A. approved, with the prior favourable opinion of the Appointments 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**”).

The Plan involves assigning a bonus of combined cash and DIS ordinary shares free of charge to the company population considered strategic against the achievement of specific performance targets, strictly correlated to the Strategic Plan and measured at the end of the vesting period.

The Plan is considered to be of “particular significance”, in accordance with Art. 114-bis, paragraph 3 of the Consolidated Finance Law and Art. 84-bis, paragraph 2 of the Issuers' Regulation, as the recipients include persons who: (i) cover the role of member of the Board of Directors of the Company or of companies controlled by it; (ii) perform management functions in the Company or in companies controlled by it; (iii) cover the role of managers having regular access to privileged information and the power to adopt management decisions that may affect the evolution and future prospects of the Company or of companies controlled by it.

The Information Document is available to the public at the registered office, at Borsa Italiana S.p.A. and on the DIS internet website – [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com) – Corporate Governance Section – Remuneration.

## Definitions

For the purposes of this Document, 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 attribution date of the Options.
- **“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 - 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 loyalty is justified, with a view to creating value.
- **“Bonus Pool”**: the total economic allocation linked to the long-term incentive system.
- **“Appointments 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”**: the annual consolidated operating profit of d'Amico International Shipping S.A.
- **“Hedging Effectiveness”**: comparison between period contracts and spot contracts.
- **“Malus”**: ex-post correction mechanisms, based upon which the bonuses accrued may be reduced, or even zeroed.
- **“Plan”**: the Incentive Plan (“2019-21 Medium to Long-Term Incentive Plan”) aimed at the Beneficiaries.
- **“Regulation”**: the document concerning the definition of the criteria, methods and implementation timescales of the Plan.
- **“ROCE”**: 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.
- **“Consolidated Finance Law”**: TUF, 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).

## **1. Recipients**

### **1.1 Indication of the name of recipients who are members of the board of directors of the financial instruments' issuer, of the companies controlling the issuer and of the companies controlled, directly or indirectly, by it.**

The Plan is intended for Executive Directors of the Company's Board of Directors.

In order to be identified among the Beneficiaries, the following requirements must be present when attributing the bonus:

- Hold a relationship with d'Amico International Shipping;
- Not have received a communication of dismissal or withdrawal by the Company or revocation of the relationship for just cause;
- Not have agreed the mutual termination of the relationship.

The Beneficiaries falling within the indicated categories are the executive directors of the DIS Board of Directors, namely:

- Paolo d'Amico (Chief Executive Officer and Executive Chairman)
- Cesare d'Amico (Executive Director),
- Carlos Balestra di Mottola (Chief Financial Officer).

### **1.2 Categories of employees or collaborators of the financial instruments' issuer and of the parent companies or subsidiaries of that issuer.**

The Plan is aimed, as well as at the persons indicated in paragraph 1.1 above, at employees and collaborators of the Group identified by the Board of Directors from persons who hold or perform strategically significant roles or functions in, or for, the Group and for whom an action to strengthen their loyalty is justified, with a view to creating value. For these purposes, the Beneficiaries are identified: (i) from employees of Group companies holding a permanent employment relationship with the aforementioned companies.

After the approval of the Board of Directors of 20 March 2019, the Beneficiaries will include:

- managers with strategic responsibilities of the Group, identified as the *Chief Operating Officer*, Flemming Carlsen, also a director of DIS's wholly-owned company, d'Amico Tankers Designated Activity Company (Dublin) and the *Operations Manager*, Marie-Anne Fiorelli;
- other personnel considered "strategic" (operating in commercial and operational functions).

### **1.3 Indication of the name of the Beneficiaries of the Plan having access to privileged information.**

In view of what is indicated in paragraphs 1.1 and 1.2 above, the Beneficiaries include persons indicated in Art. 152-sexies, paragraph 1, letter c), c.1), c.2) and c.3) of the Issuers' Regulation: Paolo d'Amico, Cesare d'Amico, Carlos Balestra di Mottola and Flemming Carlsen.

### **1.4 Description and numerical indication of Beneficiaries, by categories identified by the plan.**

The Plan does not identify specific categories of employees or collaborators at whom it is aimed. The Plan does not schedule differentiated characteristics depending on the position of the Beneficiaries.

## **2. Reasons behind the adoption of the plan**

### **2.1 Objectives to be achieved through the attribution of the plan.**

The Plan is considered an efficient tool for increasing the loyalty of persons deemed strategic for the Group's growth.

The purposes pursued by the Board of Directors through the adoption of the Plan are mainly the following:

- To align the interests of Management with the achievement of 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.

### **2.2 Key variables, also in the form of performance indicators considered for the purposes of attributing plans based upon financial instruments.**

The 2019-21 Medium to Long-Term Incentive Plan schedules the assignment of a bonus of combined cash and DIS ordinary shares subject to meeting an access condition ("Gate") represented by the average of the ROCE earned in the vesting period (higher than 5%) and specific performance targets, namely:

- Adjusted ROCE<sup>1</sup> - measure of return on capital employed.
- Hedging Effectiveness - comparison between period contracts and spot contracts.
- Daily G&A – measurement of trend (target to reduce) 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:

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

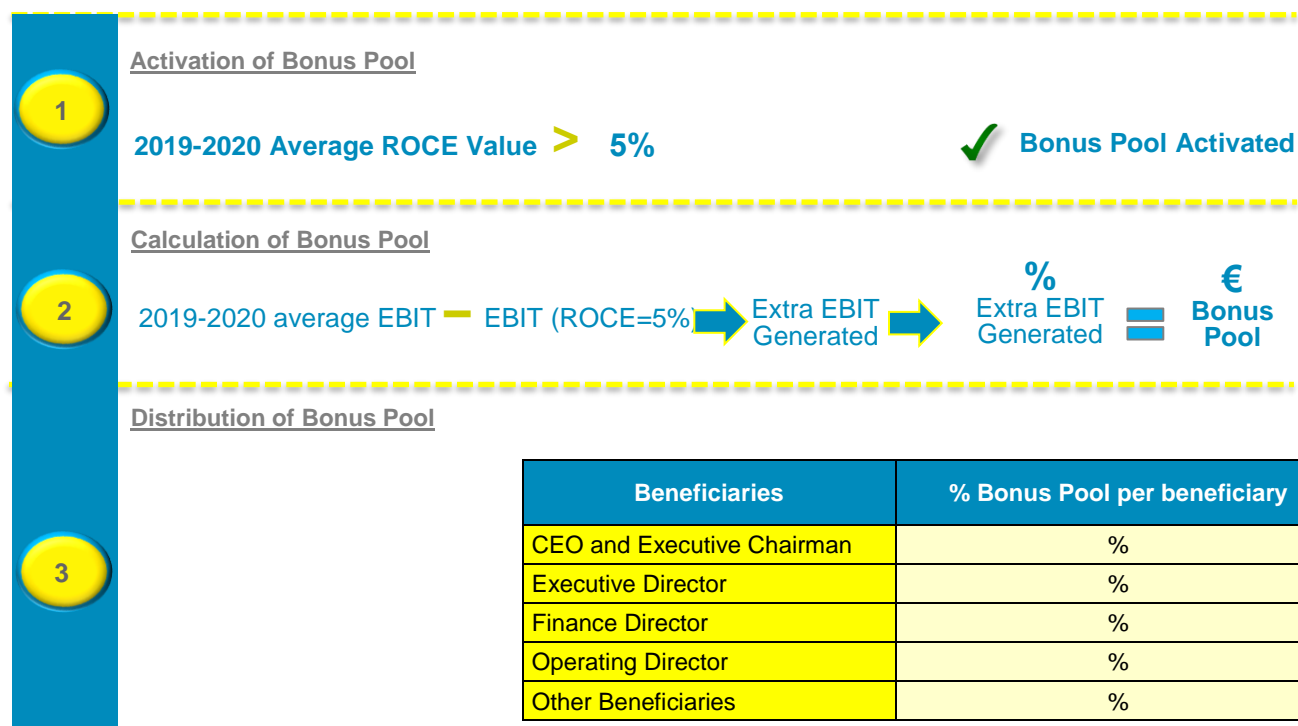
Performance Target	Weight	Achievement Level	Pay-out
Adjusted ROCE	50%	Max	110%
		Target	100%
		Min	70%
Hedging Effectiveness	30%	Max	110%
		Target	100%
		Min	50%
Daily G&A	20%	Max	110%
		Target	100%
		Min	50%

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 international panel of reference<sup>2</sup> and which functions as a multiplier/de-multiplier in an amount equal to +/- 10%.

### 2.3 Elements at the basis of the determination of the amount of remuneration based upon financial instruments, or the criteria for its determination.

The Plan schedules a calculation mechanism of the Bonus Pool which 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%. The activation and distribution process of the Plan's Bonus Pool is described in detail below:

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



The Board of Directors, within 15 days from the approval of the Group's consolidated financial statements at the end of the vesting period, will communicate to the Beneficiaries any achievement of the targets indicated above.

#### Additional Information

Not applicable.

- 2.4 Reasons for any decision to attribute remuneration plans based upon financial instruments not issued by the issuer, such as financial instruments issued by subsidiaries or parent companies or third party companies compared to the group of belonging; if the aforementioned instruments are not traded on regulated markets, information on the criteria used for determining the value attributable to them.**

Not applicable.

- 2.5 Assessments in relation to significant tax and accounting implications that influenced the definition of the plans.**

The Plan is attributed in compliance with applicable tax and accounting rules.

**2.6 Any support of the plan by the Special Fund for incentivising the investment by workers in enterprises, indicated in Art. 4, paragraph 112 of Italian Law no. 350 dated 24 December 2003.**

There are no provisions for the Plan to be supported by the Special Fund for incentivising the investment by workers in enterprises.

**3. Approval process and timescale for assigning instruments**

**3.1 Scope of powers and functions delegated by the shareholders' meeting to the Board of Directors for the purpose of implementing the plan.**

The Board of Directors, on 20 March 2019, subject to the opinion of the Appointments and Remuneration Committee, resolved to submit the Plan to the ordinary Shareholders' Meeting so that it could be approved and so that every necessary and essential power could be granted to the Board of Directors to implement it in full.

The Board of Directors, therefore, after the Shareholders' Meeting's approval, will delegate to the competent company functions the implementation of the Plan.

The process will be concluded when the Beneficiaries accept the Plan after signing the Acceptance Form.

**3.2 Indication of entities instructed to administer the Plan and their role and expertise.**

Within the limits provided by the legislation, including regulatory, in force each time, the Board may grant specific powers to complete one or more of the activities relating to the administration of the Plan.

**3.3 Any existing procedures for revising the plan also in relation to any variations of the underlying objectives.**

The Board of Directors may revise the Plan, also in relation to any variations of the underlying objectives, making amendments to the Regulation, so as to keep unchanged, as far as possible, the essential contents of the Plan and the benefits for the recipients of the same.

As stated previously, each decision of the Board of Directors, in accordance with the Plan, may be assumed subject to the prior non-binding opinion of the Appointments and Remuneration Committee (and – if necessary - any other competent body of DIS).

**3.4 Description of the methods by which to determine the availability and assignment of the financial instruments on which the plans are based (for example: free assignment of shares, capital increases excluding the right of option, purchase and sale of treasury shares).**

The Plan schedules the assignment of DIS shares free of charge. In fact, after the vesting period, the bonus payment will be made partly in cash and partly in DIS deferred shares which will actually be made available after 1 and 2 years.

The Company intends to use the treasury shares held in the portfolio to execute its assignment obligations of the DIS Shares under the Plan.

**3.5 Role performed by each director in determining the characteristics of the cited plans: any occurrence of situations of conflicts of interest for the directors involved.**

Without prejudice to the delegations attributed to the Chairman of the Board and the ordinary administration activities of the Plan, each director who is not a member of the Company's Appointments and Remuneration Committee contributes to implementing the Plan only based upon his/her capacity as member of the Board



of Directors of the Company itself. In the case of a conflict of interest, the general provisions and procedures regulating operations in conflict of interest are applied.

**3.6 For the purposes of what is required by Art. 84-bis, paragraph 1, the date of the decision assumed by the competent body to propose the approval of the plans to the shareholders' meeting and any proposal of the remuneration committee.**

The Board of Directors, on 20 March 2019, approved the proposal to submit to the Shareholders' Meeting of 30 April 2019 the adoption of the Plan, after the favourable opinion of the Appointments and Remuneration Committee meeting on 13 March 2019.

**3.7 For the purposes of what is required by Art. 84-bis, paragraph 5, letter a), the date of the decision made by the competent body in relation to the assignment of the instruments and any proposal to the aforementioned body made by the remuneration committee.**

The granting of the bonus is resolved by the Board of Directors, after the performance period, subject to the prior favourable opinion of the Appointments and Remuneration Committee, having verified the achievement level of the targets (according to what is illustrated in more detail in paragraphs 2.2, 2.3 and 3.4 above). No instruments will be assigned at the start of the Plan; they will be assigned only after verifying the achievement of the "gate" and the targets relating to the performance period.

**3.8 Market price, registered on the aforementioned dates, for the financial instruments on which the plans are based, if traded on regulated markets.**

At the end of the trading session of 20 March 2019, the date on which the Company's Board of Directors - at the proposal of the Appointments and Remuneration Committee - resolved to propose the adoption of the Plan to the Shareholders' Meeting, the Company's Shares had a market price of Euro 0.099.

**3.9 For plans based upon financial instruments traded on the regulated markets, in what terms and by what methods does the issuer take account, as part of identifying the assignment timescale of the instruments in implementing the plans, of the possible temporal coincidence between: (i) that assignment or any decisions assumed in that regard by the remuneration committee, and (ii) the dissemination of any relevant information in accordance with Art. 114, paragraph 1; for example, if that information is: a. not already public and likely to influence the market prices positively, or b. already published and likely to influence the market prices negatively.**

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.

The shares will be assigned in full respect of reporting obligations, guaranteeing transparency and parity of information to the market, in respect of the Company's internal procedures, so that the Plan is not influenced by any dissemination of significant information (in accordance with Art. 114, paragraph 1 of the Consolidated Finance Law).

#### **4. Characteristics of the instruments attributed**

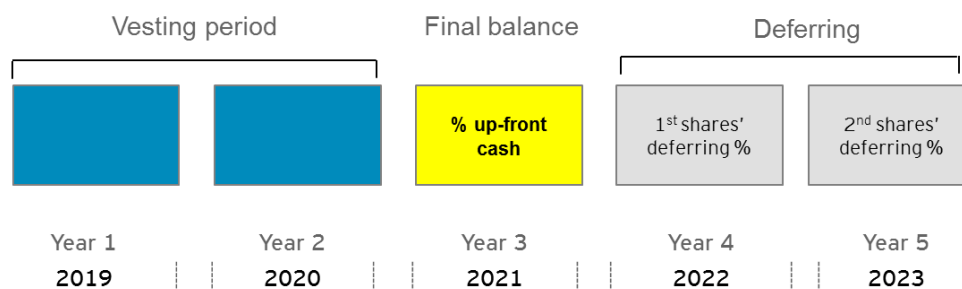
**4.1 Description of the forms in which remuneration plans based upon financial instruments are structured.**

The Plan concerns the free assignment of DIS ordinary shares at the end of the vesting period, which will be made available at the end of two deferment periods (as described in more detail in paragraph 4.2). For the purposes of assigning the DIS Shares to the Beneficiaries, the DIS treasury shares already in the portfolio will be used in service of the Plan, subject to a specific resolution by the Shareholders' Meeting.

#### 4.2 Indication of the actual implementation period of the plan with reference also to any different cycles scheduled.

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. The implementation period of the Plan is, therefore, included between 2019 and 2025.

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



#### 4.3 End of the plan.

The end of the Plan is scheduled for 2025, at the expiry of the two-year deferment relating to the final attribution of 2021.

#### 4.4 Maximum number of financial instruments, also in the form of options, assigned in each tax year to the named persons identified or the categories indicated.

At the date of this Information Document it is not possible to determine the number of DIS Shares to be assigned to the Beneficiaries in accordance with the Plan, as that number depends on the total equivalent cash value of the Bonuses to be paid in relation to the achievement of the strategic targets. In fact, the number of shares to be assigned will be determined at the end of the performance period having calculated the final company results (as described in more detail in paragraph 3.9)

#### 4.5 Implementation methods and clauses of the plan, specifying if the actual attribution of the instruments is subject to the occurrence of conditions or the achievement of certain results, also in terms of performance; descriptions of those conditions and results.

The implementation methods and clauses of the Plan are specified in the points illustrated above in this Information Document.

As regards the performance results to which the attribution is subject, see point 2.2 above, which lists the targets to be achieved.

The Company has the right to request the return of the variable remuneration (both short-term and long-term) paid (or to retain the variable remuneration subject to deferment), if the same is later found to have been paid or calculated based upon data that are manifestly incorrect (*clawback* and *malus* clauses).

**4.6 Indication of any availability restrictions on the attributed instruments or on the instruments originating from exercising the options, with particular reference to the terms within which the subsequent transfer to the company itself or to third parties is permitted or prohibited.**

There are no availability restrictions but the shares, after having been assigned, are subject to a deferment period of 1 year for each of the two tranches.

**4.7 Description of any termination conditions in relation to the attribution of plans in case in which the recipients perform hedging operations enabling the neutralisation of any prohibitions on sale of the assigned financial instruments, also in the form of options, or financial instruments originating from the exercise of those options.**

Not applicable, as in the case of hedging operations, no termination conditions are provided.

**4.8 Description of effects determined by the 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, as defined in paragraph 2.2, and in any case at the time of payment, without prejudice to the right of the Board of Directors to assess any exceptions to that rule.

**4.9 Indication of any other causes of annulment of the plans.**

No causes of annulment of the Plan are scheduled.

**4.10 Motivations for any provision of a “redemption”, by the company, of the financial instruments subject to the plans, arranged in accordance with Art. 2357 et seq. of the Italian Civil Code; the beneficiaries of the redemption indicating if the same is intended only for particular categories of employees; the effects of termination of the employment relationship on the redemption.**

The Company does not have the right to redeem financial instruments of the Plan but there is only provision for so-called *claw back* clauses. In fact, if the performance targets have been ascertained by the Board of Directors based upon data that are later found to be incorrect due to fraudulent behaviours, the Company has the right to obtain the return of the bonus and in any case of the shares and/or the return of the sale value (if the shares have already been sold), within 3 years from the bonus being assigned.

**4.11 Any loans or other benefits that are understood to be granted for the purchase of the shares in accordance with Art. 2358 of the Italian Civil Code.**

Not applicable, as there are no loans or other benefits scheduled for the beneficiaries.

**4.12 Indication of assessments on the expected cost for the company at the respective assignment date, as determinable based upon the terms and conditions already defined, by total amount and in relation to each instrument of the plan.**

At the date of this Information Document, it is not possible to determine the maximum expected cost for the Company. However, that cost may never exceed the limit provided by the *cap* on the maximum bonus pool distributable, linked to the value of the average ROCE achieved in the period of reference amounting to 7.5%.

**4.13 Indication of any diluting effects on the capital determined by the remuneration plans.**

No effects are expected on the share capital amount, as the share provision serving the Plan will be constituted by DIS treasury shares already in the portfolio, subject to specific authorisation from the Shareholders' Meeting.

**4.14 Any limits scheduled for exercising the voting right and for attributing capital rights.**

No other limit is scheduled for exercising the voting right and for attributing capital rights.

**4.15 If the shares are not traded on regulated markets, any useful information for a comprehensive assessment of the value attributable to them.**

Not applicable.

**4.16 Number of financial instruments underlying each Option.**

Not applicable.

**4.17 Expiry of options.**

Not applicable.

**4.18 Methods (US/European), timescale (e.g. valid periods for exercise) and exercise clauses (for example, knock-in and knockout clauses).**

Not applicable.

**4.19 Strike price of the option or methods and criteria for its determination, with particular regard: a) to the formula for calculating the strike price in relation to a certain market price (known as fair market value) (for example: strike price equal to 90%, 100% or 110% of the market price), and b) methods of determining the market price taken as a reference for determining the strike price (for example: last price on the day before the assignment, average of the day, average of the last 30 days, etc.).**

Not applicable.

**4.20 If the strike price is not equal to the market price determined as indicated in point 4.19.b (fair market value), motivation for that difference.**

Not applicable.

**4.21 Criteria based upon which different strike prices are planned between the various entities or various categories of recipient entities.**

Not applicable.

**4.22 If the financial instruments underlying the Options are not traded on the regulated markets, indication of the value attributable to the underlying instruments or the criteria for determining that value.**

Not applicable.

**4.23 Criteria for adjustments rendered necessary following extraordinary capital operations and other operations involving a variation of the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of underlying shares, merger and demerger, conversion operations into other categories of shares, etc.).**

The Board of Directors may make the necessary adjustments 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). The necessary changes may be made to the Regulation, so as to keep unchanged, as far as possible, the essential contents of the Plan and the benefits for the recipients of the same, complying with the generally accepted mathematical formulae used by Stock Market 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.

If the targets in terms of operating profit (EBIT) following the modifications by the Board of Directors may vary significantly, those changes must be coherently reported in determining the Targets.

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Table no. 1 required by paragraph 4.24 of Diagram 7 of Annex 3A to the Issuers' Regulation, will be provided subsequently in accordance with the methods indicated in Art. 84-bis, paragraph 5, letter a) of the Issuers' Regulation.