

REPORT ON REMUNERATION**2011**

References: *IPO prospectus*
Italian Legislative Decree n. 58/1998
Italian Consob Regulation n. 11971/1999

REPORT OF THE BOARD OF DIRECTORS ON REMUNERATION

to the annual general meeting of Shareholders of the Company
to be held on 4 April 2012

(drafted in compliance with the provisions of the IPO prospectus and
according to article 123-ter of the Legislative Decree no. 58 of 24 February 1998 and to the article 116 of the
regulation adopted by Consob under resolution 11971 of 14 May 1999 and subsequently amended)

REPORT ON REMUNERATION

2011

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Italian Legislative Decree n. 58/1998
Italian Consob Regulation n. 11971/1999

TABLE OF CONTENTS

INTRODUCTION	4
SECTION I.....	5
1. INFORMATION ON COMPANY'S GENERAL REMUNERATION POLICY	5
a) Corporate bodies involved in the design, approval and oversight of the Company's General Remuneration Policy.	5
b) Composition, role and internal functioning of the internal committee involved in the design, approval and oversight of the Company's General Remuneration Policy.	6
c) External consultants involved in the design of the Company's General Remuneration Policy	7
d) Scope of the Remuneration Policy and changing in comparison with previous fiscal year.	7
e) Policy on fixed and variable remuneration, ratio between fixed and variable remuneration and payout process.....	8
f) Policy on non-monetary benefit.....	9
g) Performance objectives to which the payment of variable components is linked, short and medium-long term variable remuneration, connection between variable remuneration and performance objectives.	9
h) Measurement of the performance objectives to which the grant of shares, options, other financial instruments and other variable components are linked.....	9
i) Consistency of the Company's General Remuneration Policy with the creation of value for the shareholders in the long term and with the Company's risk management policy.	10
j) Vesting periods and deferred payment period.	10
k) Retain policy about financial instruments granted or purchased through the exercise of the rights.	10
l) Termination payment policy.	10
m) Information on Company pension scheme and insurance other than mandatory.	10
n) Information on Company's Remuneration Policy of: (i) independent directors, (ii) directors involved in Company's internal committees and (iii) directors covering particular offices.	11

REPORT ON REMUNERATION

2011

References: *IPO prospectus*
Italian Legislative Decree n. 58/1998
Italian Consob Regulation n. 11971/1999

o) Whether the Company's Remuneration Policy has been defined using information on market standards for remuneration policies.	11
ANNEX TO SECTION I: General Remuneration Policy 2012.....	11
SECTION II	12
1. PART I: REPRESENTATION OF EACH OF THE ITEMS COMPRISING REMUNERATION.....	12
2. PART II: FEES PAID DURING THE 2011 FINANCIAL YEAR.....	13
3. PARTICIPATIONS HELD DIRECTLY OR INDIRECTLY IN THE COMPANY'S AND ITS SUBSIDIARIES' SHARE CAPITAL BY MEMBERS OF THE BOARD OF DIRECTORS AND BY KEY MANAGEMENT PERSONNEL OF THE COMPANY.....	18

REPORT ON REMUNERATION**2011**

References: *IPO prospectus*
Italian Legislative Decree n. 58/1998
Italian Consob Regulation n. 11971/1999

INTRODUCTION

Dear Shareholders,

In order to comply with the modified regulatory and self-regulation framework about remuneration of directors of listed companies, the Board of Directors of d'Amico International Shipping S.A. submits to the shareholders' meeting this Report on remuneration with the attached General Remuneration Policy related to the 2012 financial year.

The Report is laid out in two sections: Section I explains the Company's policy on the remuneration of executive directors, other directors covering particular offices and Key Management Personnel, as identified by the respective Board of Directors, and the procedures used to adopt and implement the Policy, with reference to the 2012 financial year; Section II provides a suitable representation of each of the items comprising remuneration and analytically illustrates the fees paid during the financial year of reference (2011), for any title and in any form by the Company and by its subsidiaries or associates. Section II provides also information on participations held in the Company and its subsidiaries by members of the Board of Directors and by Key Management Personnel.

The shareholders' meeting will be asked to acknowledge Section I of the Report and the attached General Remuneration Policy related to the 2012 financial year. The resolution is not binding.

REPORT ON REMUNERATION

2011

References: *IPO prospectus*
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SECTION I**1. INFORMATION ON GENERAL REMUNERATION POLICY****a) Corporate bodies involved in the design, approval and oversight of the General Remuneration Policy.**

According to the Company's Article of Association and in compliance with the recommendation contained in Article 6 of the Corporate Governance Code and the applicable law, the approving process of the remuneration of executive directors, other directors covering particular offices and Key Management Personnel involves the following corporate bodies and functions, each of them on the strength of its duties and responsibilities:

- Nomination & Remuneration Committee;
- Internal corporate functions;
- Board of Directors;
- Shareholders' Meeting.

The Nomination & Remuneration Committee, in compliance with the recommendation contained in Article 4 and 6 of the Corporate Governance Code, is entitled to:

- submit proposals to the Board of Directors regarding the establishment of a general policy for the remuneration of executive directors, other directors who cover particular offices and Key Management Personnel and periodically evaluate the adequacy, overall consistency and actual application of the general policy adopted for the remuneration;
- formulate proposals to the Board of Directors in that regard, also on the basis of the information provided by the managing directors;
- monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of identified performance objectives.

The Nomination & Remuneration Committee reports to the Shareholders on the exercise of its functions; for this purpose the Chairman or another committee's member attend the Annual Shareholders' Meeting.

Internal corporate functions work closely with the Nomination & Remuneration Committee and the Board of Directors and assist in determining the overall remuneration strategy applicable to the Company and its operative fully owned subsidiaries, having regard to the promotion of effective risk management; this include establishing an effective frame work to determine role descriptions. In particular:

REPORT ON REMUNERATION

2011

References: *IPO prospectus*
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- the Internal Audit function may carry out independent audit on the effects of the General Remuneration Policy on the Company's risk management policy;
- the Human Resources function:
 - examines how the remuneration structure affects compliance (i) with internal policies and (ii) with legislation and regulations in force with the support of the Legal function;
 - supports in drawing up the General Remuneration Policy for all categories within the companies to which the remuneration principles apply, taking into account the impact on staff behaviors;
 - coordinates the monitoring of the consistent application of the General Remuneration Policy;
 - is the custodian of contractual terms.

The Board of Directors is the only responsible for approving and maintaining the General Remuneration Policy of the Company, overseeing its implementation and also for approving exemption or changes to it.

The Nomination & Remuneration Committee and the Internal corporate functions are also properly involved in the oversight and review of the General Remuneration Policy.

b) Composition, role and internal functioning of the internal committee involved in the design, approval and oversight of the General Remuneration Policy.

The Nomination & Remuneration Committee is composed of non-executive members of the Board of Directors the majority of which are independent directors, and having an adequate experience in accounting and finance as assessed by the Board of Directors, being namely: Stas Andrzej Jozwiak (Chairman), Massimo Castrogiovanni, Giovanni Battista Nunziante, John Joseph Danilovich.

Stas Andrzej Jozwiak, Massimo Castrogiovanni and John Joseph Danilovich are independent and have an adequate experience in accounting and finance as assessed by the Board of Director.

In compliance with the recommendation contained in Article 6, the Chairman of the Nomination & Remuneration Committee is the Lead Independent Director.

The Nomination & Remuneration Committee is governed by a Regulation duly restated on 29 July 2010 and operates in compliance with the recommendations contained in Articles 4 and 6 of the Corporate Governance Code.

REPORT ON REMUNERATION2011

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Italian Consob Regulation n. 11971/1999

c) External consultants involved in the design of the General Remuneration Policy

External consultants are not involved in the design of the General Remuneration Policy.

d) Scope of the Remuneration Policy and changing in comparison with previous fiscal year.

The position used by the Company in its Policy is that remuneration of executive directors, other directors covering particular offices and Key Management Personnel is defined in a way to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe.

The General Remuneration Policy defines the Guidelines to be followed in order to consolidate a sustainable (in the medium and long term) compensation package, strengthening its link to the economic result of the Company and its operative fully owned subsidiaries.

The following categories are included into the scope of the General Remuneration Policy:

- executive directors and other directors covering particular offices, such as the President and the Chief Executive Officer;
- Key Management Personnel as identified from time to time by the respective involved subsidiary's Board of Directors are the Chief Operating Officer, Chief Financial Officer, Operations Manager, Fleet Manager.

Non-executive directors are not included in the scope of this General Remuneration Policy and its Guidelines, since remuneration of non-executive directors is not linked to the economic results achieved by the Company and its subsidiaries. Non-executive directors are not beneficiaries of share-based compensation plans, unless it is so decided by the Annual General Shareholders' Meeting, which shall also give the relevant reasons.

The Guidelines according to which remunerations shall be determined by the Board of Directors are the same of the previous fiscal year (2011).

REPORT ON REMUNERATION2011

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e) Policy on fixed and variable remuneration, ratio between fixed and variable remuneration and payout process.

As stated in the General Remuneration Policy, the Company adopts a fully-flexible policy on variable remuneration.

Having a fully-flexible policy on variable remuneration implies not only that variable remuneration should decrease as a result of negative performance but also that it can go down to zero in some cases.

These Guidelines are not directly concerned with setting numerical levels of fixed remuneration, since the fixed remuneration of the Directors is primarily the result of a Shareholders' Meeting resolution and, in case of Key Management Personnel, of negotiations between a staff member and the Company or its operative fully owned subsidiaries.

The variable part of remuneration falls in the range of a minimum of 30% and a maximum of 50% of the singularly allotted fixed remuneration.

In case the person is entitled to the variable remuneration, the payment of a significant part of such remuneration is delayed of a minimum of six and a maximum of twelve (6-12) months.

As regards the executive directors and other directors covering particular offices, the Board of Directors, upon proposal of Nomination & Remuneration Committee, resolved a 2011 variable compensation system being the following:

- the variable component of the remuneration was set at 30% of the 2011 fixed remuneration allotted to each executive director;
- the allotment of the variable part was linked to the Company and its subsidiaries' performances and the target threshold was related to an EBITDA (as recorded in the 2011 Consolidated Financial Statements approved by the Company's Shareholders) to be 10% higher than the forecasted one (1st revised forecast);
- the vesting period for the allotment of the entire amount of the variable remuneration was set at twelve (12) months.

As regards the Key Management Personnel remuneration, the Board of Directors, upon proposal of Nomination & Remuneration Committee, resolved to entrust the C.E.O. to ensure that the compensation package be implemented in accordance with the Guidelines set forth in the 2011 General Remuneration Policy being the following:

- the compensation package shall consist of a fixed component (base salary) and a variable component (bonus) subject to the achievement of the target thresholds;

REPORT ON REMUNERATION2011

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- the target thresholds are related to the EBITDA as recorded in the Consolidated Financial Statements approved by the Company's Shareholders.

f) Policy on non-monetary benefit.

The remuneration of executive director and other directors who cover particular offices and the compensation package of Key Management Personnel may include benefit such as car, housing allowance, school fees and health insurance.

g) Performance objectives to which the payment of variable components is linked, short and medium-long term variable remuneration, connection between variable remuneration and performance objectives.

Variable remuneration is linked to a target threshold related to the Company's EBITDA as recorded in the Consolidated Financial Statements approved by the Company's Shareholders.

The General Remuneration Policy does not distinguish between short and medium-long term variable remuneration.

The variable part of remuneration it goes down to zero in the event that the threshold is not reached.

h) Measurement of the performance objectives to which the grant of shares, options, other financial instruments and other variable components are linked.

A share-based remuneration is not included in the General Remuneration Policy and is not part of the remuneration of executive directors, other directors covering particular offices and Key Management Personnel.

The "ability to pay" condition of the variable remuneration is defined in terms of EBITDA results, as recorded in the Consolidated Financial Statements approved by the Company's Shareholders.

REPORT ON REMUNERATION2011

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i) Consistency of the Company's General Remuneration Policy with the creation of value for the shareholders in the long term and with the Company's risk management policy.

The position used by d'Amico International Shipping S.A. in its General Remuneration Policy is that remuneration of executive directors, other directors covering particular offices and Key Management Personnel is defined in a way to align their interests with that of pursuing the priority objective of creation of value for the shareholders in a medium-long term timeframe. Moreover, the General Remuneration Policy takes into account the *best practices* on remuneration policies and, at a European level, all the Recommendations adopted by the European Commission.

According to the Company's risk management policy and to the General Remuneration Policy, Internal Corporate functions are involved in the determining the overall remuneration strategy having regard to the promotion of effective risk management (see letter a) for more information on the role of Internal Corporate functions).

j) Vesting periods and deferred payment period.

Not applicable

k) Retain policy about financial instruments granted or purchased through the exercise of the rights.

Not applicable.

l) Termination payment policy.

A provision regarding termination payment is not included in the General Remuneration Policy and is not part of the remuneration package of executive directors, other directors covering particular offices and Key Management Personnel.

m) Information on Company pension scheme and insurance other than mandatory.

Not applicable.

REPORT ON REMUNERATION

2011

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n) Information on Company's Remuneration Policy of: (i) independent directors, (ii) directors involved in Company's internal committees and (iii) directors covering particular offices.

According to the General Remuneration Policy:

- Non-executive (and independent) directors are not included in the scope of the General Remuneration Policy and its Guidelines, since remuneration of non-executive (and independent) directors is not linked to the economic results achieved by the Company. Non-executive (and independent) directors are not beneficiaries of share-based compensation plans, unless it is so decided by the Annual General Shareholders' Meeting, which shall also explain the relevant reasons;
- members of the Board of Directors involved in Company's internal committees are not entitled to additional compensation;
- directors covering particular offices, being the President and the Chief Executive Officer, are entitled to additional compensation.

o) Whether the Company's Remuneration Policy has been defined using information on market standards for remuneration policies.

Not applicable.

ANNEX TO SECTION I: General Remuneration Policy 2012

REPORT ON REMUNERATION**2011**

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SECTION II**1. PART I: REPRESENTATION OF EACH OF THE ITEMS COMPRISING REMUNERATION**

Remuneration of executive directors and other directors covering particular offices for the 2011 fiscal year is composed of a base fee, allocated by the Board of Directors as empowered and authorized by the Annual General Meeting of the Shareholders of the Company held on 29th March 2011, and of an additional variable component being 30% of each 2011 Executive Director fee as allotted by the Board of Directors.

Remuneration of Key Management Personnel is composed of a base salary, settled in the employment contracts, and of a variable component settled according to the Group Bonus Policy.

At present:

- share-based remuneration is not included into the General Remuneration Policy and is not part of the remuneration of executive directors, other directors covering particular offices and Key Management Personnel;
- termination payment is not included into the General Remuneration Policy and is not part of remuneration of executive directors, other directors covering particular offices and Key Management Personnel.

REPORT ON REMUNERATION

2011

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2. PART II: FEES PAID DURING THE 2011 FINANCIAL YEAR

Compensation to the member of the Board of Directors and Key Management Personnel (general managers and other managers of the Company authorized to take management decisions) paid during the 2011 financial year

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name	Office held	Period of time in charge of the position	Date of expiry	Non variable compensation	Compensation for the participation in committees	Non equity variable compensation		Non monetary benefits	Other fees	Total	Fair Value of equity compensation	Cessation of office or termination of employment payments
						Bonus and other incentives	Profit participation					
Paolo d'Amico	Chairman	1/1-12/31/11	12/31/13									
(I) Compensation for the position held in the Company				250.000€ (Dir. fees)	-	-	-	-	-	250.000€	-	-

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REPORT ON REMUNERATION

2011

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(II) Compensation from subsidiaries or associates				10.000€ (Dir. fees d'Amico Tankers Ltd. Ireland)	-	-	-	-	-	110.000€	-	-
				100.000€ (Dir. fees d'Amico Tankers Monaco)	-	-	-	-	-		-	-
(III) Total amount				360.000€	-	-	-	-	-	360.000€	-	-
Cesare d'Amico	Director	1/1 - 12/31/11	12/31/13									
(I) Compensation for the position held in the Company				55.000€ (Dir. fees)						55.000€		
(II) Compensation from subsidiaries or associates												
(III) Total amount				55.000€						55.000€		

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REPORT ON REMUNERATION

2011

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Marco Fiori	Chief Executive Officer	1/1 - 12/31/11	12/31/13								
(I) Compensation for the position held in the Company				145.000 € (Dir. fee)						187.146€	
				€ 42.146 (Gross salary)							
(II) Compensation from subsidiaries or associates				10.000€ (Dir. fees)		120.000€				901.745€	
				128.844€ (Dir. fees)							
				367.196,28 € (Gross salary, including 150.000 € Accrual for Tax refund)							
				275.704,92€ (Gross salary)							

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REPORT ON REMUNERATION

2011

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(III) Total amount				968.891€			120.000€				1.088.891€		
M. Castrogiovanni S. A. Jozwiak J. J. Danilovich H. P. Barandun G. B. Nunziante	Non-executive Directors	1/1 - 12/31/11	12/31/13										
(I) Compensation for the position held in the Company				55.000 € Dir. fee (each)							275.000€		
(II) Compensation from subsidiaries or associates													
(III) Total amount				275.000€							275.000€		

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REPORT ON REMUNERATION

2011

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F. Carlssen J. Dolan M.A. Fiorelli A. Mussini	Key Management Personnel									
(I) Compensation for the position held in the Company			70.368,48€						70.368,48€	
(II) Compensation from subsidiaries or associates			20.000€ Dir. fees 1.029.450€ Gross salary (including 110.000€ accrual Tax Refund)		n.d. <i>According to d'Amico Group MBO Policy, the amount of 2011 bonus is defined during the performance appraisal process, which is still in progress at the date of issue of this report. The payment of a part of the bonus will be delayed of six months.</i>		139.509€		1.188.959,43€	

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REPORT ON REMUNERATION

2011

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Italian Consob Regulation n. 11971/1999

(III) Total amount	1.119.818,48€	242.832€				1.259.327,91€		
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3. PARTICIPATIONS HELD DIRECTLY OR INDIRECTLY IN THE COMPANY'S AND ITS SUBSIDIARIES' SHARE CAPITAL BY MEMBERS OF THE BOARD OF DIRECTORS AND BY KEY MANAGEMENT PERSONNEL OF THE COMPANY

Participations held by members of the Board of Directors

Name	Office held	Company	Held at the end of the previous financial year	Purchased during the financial year of reference	Sold during the financial year of reference	Held at the end of the financial year of reference
Cesare d'Amico	Member of the BoD and of the Executive Committee	d'Amico International Shipping S.A.	34.408.747 indirect ¹ ownership	301.419	5.287	34.704.879 Indirect ¹ ownership

¹ Held through controlled subsidiaries

REPORT ON REMUNERATION

2011

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Paolo d'Amico	President and member of the Executive Committee	d'Amico International Shipping S.A.	48.807.564 Indirect ¹ ownership	427.552	7.500	49.227.616 Indirect ¹ ownership
Marco Fiori	CEO and member of the Executive Committee	d'Amico International Shipping S.A.	0	35.000	0	35.000

Participations held by Key Management Personnel

Number of Key Management Personnel	Company	Held at the end of the previous financial year	Purchased during the financial year of reference	Sold during the financial year of reference	Held at the end of the financial year of reference
4	Group subsidiaries	0	24.350	0	24.350

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