



2018 Sustainability Report

OUR

GREEN

ROUTE



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SHIPOWNERS' LETTER

The history of our family has always been deeply tied to the history of the sea. Since childhood, many of our happiest memories have been inextricably linked to ships, steel, valves, pipes. Not to mention the people, many people. And of course, the sea, an immensity that we could navigate, reaching hundreds of ports on five continents. The first time we boarded a ship we knew that this would be our life. We studied and worked under the guidance of our fathers and the great managers before us, knowing, even in difficult times, that there was nothing else we wanted to do.

We started as a family business and we strive to continue this tradition, from which we have inherited the values, passion, excellence and commitment that we have shared since the 1930s. We are fully aware that the most important value in d'Amico are its people. A family of over 3,000 individuals spread across the globe - either on land or on board our ships - that promote the ideals that have shaped our Company and that will continue it over time.

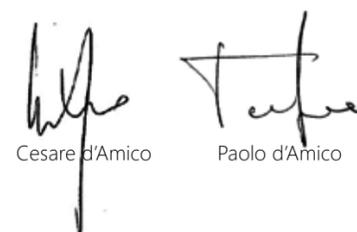
The love for our work is also expressed through the policies we adopt which are respectful of the environment, society and governance, and through the awareness that quality results are not solely measured with financial profits. For this reason, in recent years we have strengthened our Corporate Social Responsibility strategy which expresses our commitment towards many issues: environmental protection and safety, helping populations in need, occupational safety, support and financing of cultural and social initiatives and training projects. We live in a continually evolving time: the complex

macroeconomic situation is accompanied by an increasingly challenging environmental scenario in terms of reducing pollution and sustainable consumption. In the coming year, the limit for sulphur content of ships' fuel will drop to 0.5%, in accordance with international IMO 2020 regulation. We will be ready for this new regulation, since we have already implemented a significant fleet renewal process with our Eco-ships, making our fleet among the youngest and most modern in the world.

Furthermore, the constant attention to environmental issues that has always made us stand out, has put an important spotlight on how to reduce the environmental impact of all our fleet vessels. The reduction of CO₂ emissions goes hand in hand with the installation of highly modern technology, both onboard and ashore, designed to reduce our Carbon Footprint as much as possible.

In such a crucial phase, we have decided to draw up our first Sustainability Report: the summary of a system of values shared with all our stakeholders.

This is the route we have chosen to plot the future of the d'Amico Group.



Cesare d'Amico Paolo d'Amico



**GROUP
PROFILE**

GROUP PROFILE

The d'Amico Group is a leading global shipping company focusing mainly in the Dry Cargo and Product Tankers sectors and auxiliary maritime services. Its offices are located in the most important maritime hubs. Respect and protection of the environment, focus on customer care, and the professional excellence of its employees are at the basis of its mission and are the principles underlying its strategy.

MISSION AND VISION



Innovation, Trust, Care

To offer our clients services of excellence through the professionalism of our people, and a technologically advanced fleet, guaranteeing reliability and high standards of safety and protection of the environment



To be leader in the Shipping sector

With passion and constant respect for the environment, to ensure our partners have an exclusive competitive advantage and to offer our people an extraordinary working experience.



OUR VALUES



Long term vision

Guided by the values of family tradition, we build our success on long term planning and turning our promises into actions.



Reliability

We strive to maintain a positive relationship, an open dialogue and a transparent way of doing business with all our stakeholders. Our ethical values are essential to the running of our business and an inspiring principle in the behaviour of our resources.



Passion and commitment

We are passionate about shipping and the people who make up the company. Success is achieved through encouraging involvement and commitment.



Teambuilding and multiculturalism

As a global operator, at all levels of the organisation, we embrace the spirit of teamwork and multicultural integration, both in our offices and on board our vessels.



Focus on the environment and safety

We do not compromise when it comes to environmental concerns. Care and attention, prudence and respect for the environment are qualities imbedded in our daily operation. We aspire to prevent any human injury, to avoid damage to the environment and we pursue a policy of zero incidents and zero spills at sea.



Professional excellence

We reach excellence by encouraging our employees to be responsible, flexible and professional. For that reason we prioritise the importance of developing their skills along professional growth.



Social responsibility

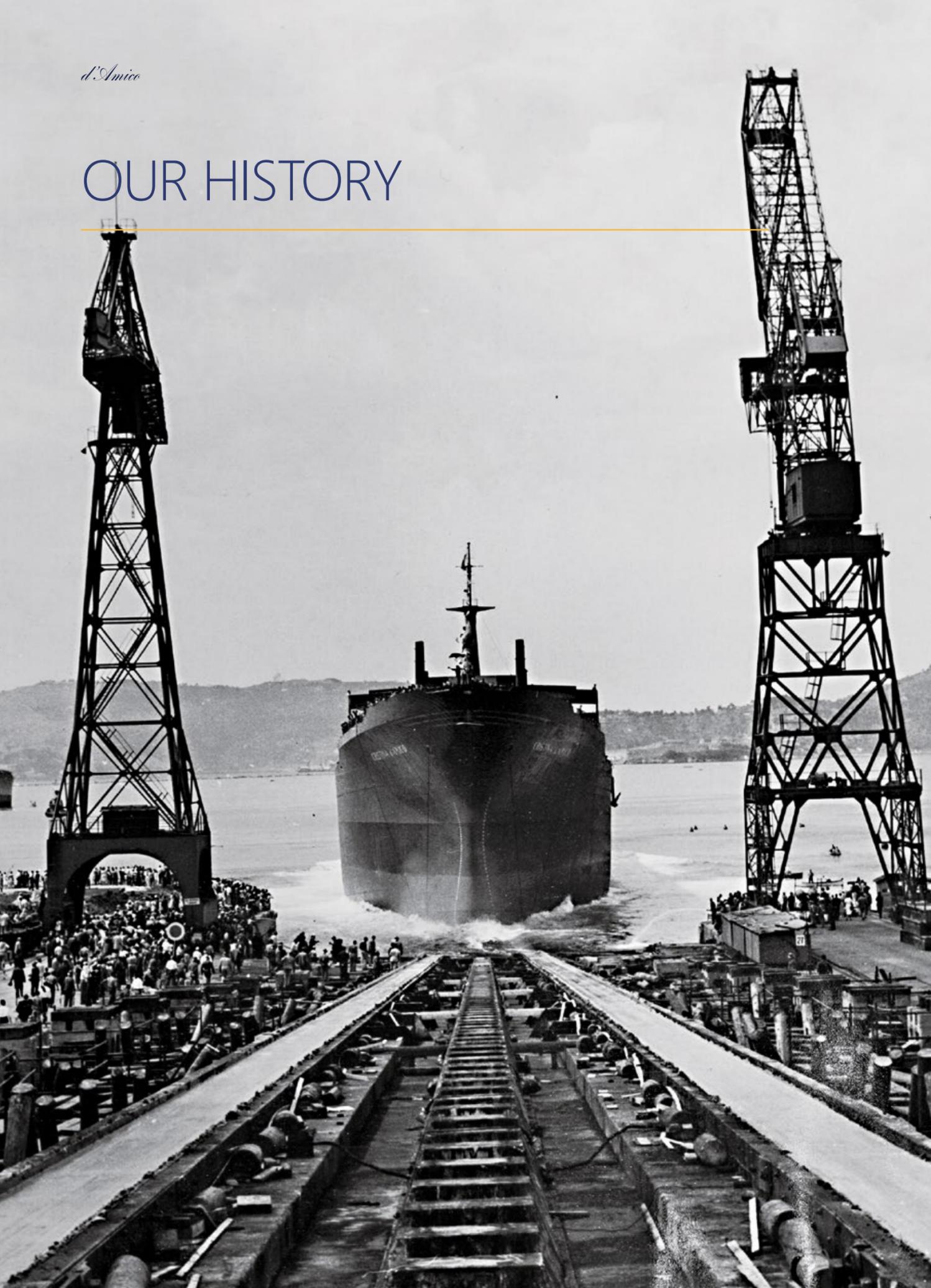
Our strong sense of social responsibility towards cultural, environmental and solidarity-related issues is an added value for our business and is valued highly by our stakeholders.



Identification

Our daily work and our success are characterised by a strong sense of belonging between the company and its staff.

OUR HISTORY



1936 - 1959

The origins of d'Amico Società di Navigazione S.p.A.

The history of d'Amico begins in the 1930s. Massimino Ciro d'Amico transforms the timber merchants business into a service industry, transporting wood by sea to provide an easier route to emerging markets. d'Amico Società di Navigazione is established in 1952, at the same time the Rome offices are opened.

1960 - 1969

From tramp trade to liner services with the launch of new commercial activities

After the initial phase, which involved the transport of crude oil, the company begins to specialise in shipping refined products. The opening of the Genoa office, one of Italy's major cargo ports, marks the launch of a significant logistical expansion project, enabling the beginning of liner services.

1970 - 1979

Consolidation of the business and strengthening of the fleet

In order to consolidate the business and safeguard its competitive position, the 1970s sees d'Amico strengthening its fleet for both petroleum products and liner services. Offices are opened in Montecarlo. In this same period a company with a liner service operating in Morocco was acquired.

1980 - 1989

Debut in new business areas

With its fleet expansion, d'Amico starts a strategy to diversify its services: this decade sees the purchase of new dry cargo ships and new businesses are launched to exploit additional opportunities in the shipping sector.

1990 - 1999

Specialisation and growth via external lines

Italia di Navigazione S.p.A. is acquired in 1998. This acquisition allows d'Amico to penetrate the containership market. Subsequent plans for rationalisation will lead to the sale of that same company in order for the Group to focus better on strategies and investments. This is also a period in which d'Amico specialises in dry cargo shipping also through the purchase of box-shaped vessels.

2000 - 2009

Focus on the core business

d'Amico International Shipping (DIS), which manages the Product Tankers segment, is listed on the Italian Stock Exchange in 2007. A decade of international development and growth: offices in London, Singapore, Dublin and Mumbai are opened. Partnerships and joint ventures expand the range of d'Amico's commercial solutions and increase fleet management flexibility and route coverage.

2010 - 2012

International expansion and strengthening of CSR strategy

The d'Amico Group celebrates 60 years in 2012. During these years, the Stamford, Manila and Casablanca offices are opened and a new Corporate Social Responsibility strategy is adopted. Continuously monitored, this strategy reflects a renewed level of knowledge and awareness of the environmental and social issues of its business activities and is an expression of all of the energies and resources that the Group implements in these areas.

2013 - 2019

Fleet renewal

Between 2013 and 2019, the d'Amico Group launches an extensive fleet renewal programme involving over 40 ships and including bulk carriers and product tankers. Thanks to this investment plan, the d'Amico Group now owns a young, modern and "Eco" fleet. All of d'Amico's ships are equipped with highly advanced technologies and strongly reduce environmental impact. This is achieved thanks to a significant increase in efficiency, made possible by energy saving and by reducing consumption and emissions.

PRESENCE IN THE WORLD

Vancouver
Shipping Agency/Forest products line

Stamford, Connecticut
Chartering/ Operations

Santiago del Chile
Shipping Agency/Chartering/Operations

Dublin
Finance/Operations

London
Chartering/Operations

Luxembourg
Finance

Monaco
Chartering/Operations/Finance

Genoa
Crew Management

Rome
Holding HQ Technical Management/SQE/Legal & Insurance/HR/ICT

Casablanca
Liner Service

Mumbai
Crew Management

Singapore
Chartering/Operation/Shipping Agency/Ship Management

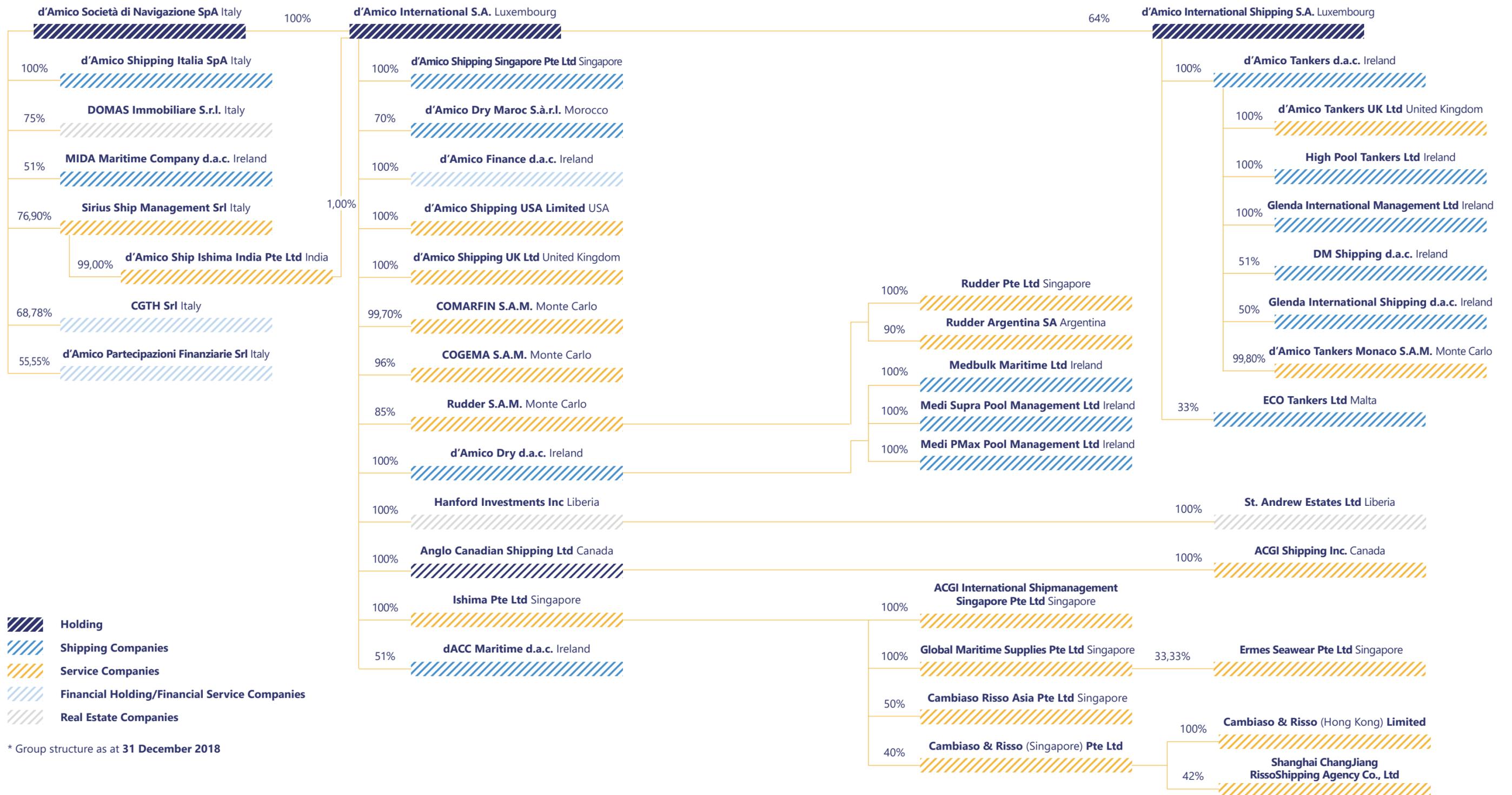
Manila
Crew Management



The d'Amico Group operates in all leading maritime trade areas in Italy and abroad.

Legend: ○ d'Amico Group Main offices ○ d'Amico Group presence

GROUP STRUCTURE*



* Group structure as at 31 December 2018

BUSINESS AREAS

Dry Cargo

The Dry Cargo business area operates 57 vessels¹. It provides shipping services on a global scale transporting bulk grain, coal, ores, fertilisers, cement and petcoke, as well as steel products, steel pipes and timber for leading market operators.

In further detail, the Dry Cargo business area operates in the following segments: Handysize (from 32,000 DWT to 39,000 DWT), Handymax/Supramax (from 52,000 DWT to 64,000 DWT), Panamax/Kamsarmax/Post-Panamax (from 74,000 DWT to 89,000 DWT) and Minicape with two ships (117,000 DWT). In addition to the core fleet in the Dry segment, the Group manages 20-25 additional vessels to perform its Contracts Of Affreightment (COA).

Type of vessels and tonnage (DWT²)

Characteristics



OHBS
32,000 - 39,000 dwt

Length 177-183 m; Beam 27.8-30 m; Draft 10-10.9 m.
d'Amico's Open Hatch division currently operates a fleet of modern Handysize ("OHBS") ships with environmentally friendly design, specifically built for the efficient handling and transport of the entire range of bulk and finished products.



Supramax Pool
52,000 - 64,000 dwt

Length 189.9-199.9 m; Beam 32.3 m; Draft 12.3-13.4 m.
Supramax and Ultramax vessels are equipped with systems that allow total flexibility during loading and unloading operations, even in ports lacking mechanical lifting and moving equipment.



Panamax and Kamsarmax
74,000 - 83,900 dwt

Length 225-229 m; Beam 32.3 m; Draft 13.1-14.6 m.
The Gearless section manages ships in the Panamax, Kamsarmax, Post-Panamax and Mini-cape segments. In addition to an important modern and environmentally friendly fleet, d'Amico also has a large portfolio of cargo and COA customers and operates in the spot charter market.



PostPanamax/Minicape
84,000 - 117,000 dwt

Length 229 m - 245 m; Beam 32.3 - 43 m; Draft 13.5-15.6 m.
Large, modern and environmentally friendly ships built in Japan. Extremely popular with customers, especially those specialising in the trade of minerals.

The average age of the Dry Cargo fleet is 3.36 years considerably lower than the average age of the sector which is 8.45 years, according to AXS Marine. In greater detail, the Dry Cargo business unit exceeds the industry benchmark in the Mini Cape segment (2.5 years compared to 5.22), Panamax (2.19 compared to 7.73), Supramax (3.67 compared to 7.74) and Handysize (4.36 compared to 10.40).

In 2010, after more than forty years' experience in the containership sector, d'Amico Dry Maroc was founded. It carries out mainly cabotage services between various Moroccan ports (Agadir, Tangier Med and Casablanca), alongside feeder services among the maritime centres of the western Mediterranean (mainly Italy, France, Spain and Tunisia).

¹ Figure as at 31 December 2018

² Dead Weight Tonnage: the carrying capacity of a ship in metric tonnes.



Product Tankers

d'Amico International Shipping S.A. (DIS) is the division of the d'Amico Group operating in the product tankers sector. It has been listed on the Milan Stock Exchange in the STAR segment since 2007.

The Product tankers fleet comprises vessels that have double hulls and are primarily employed in shipping refined petroleum products, chemical products and vegetable oils. It provides maritime shipping services on a global scale to the major oil companies and trading firms, either directly or through partnerships. The fleet consists of 43.6 owned vessels and 6 owned by JV companies³ with an average age of 6.9 years, one of the youngest in the world considering that the industry average for Medium Range vessels (25,000-54,999 DWT) is 11.1 years and for Long Range 1 vessels (55,000-84,999 DWT) is 10.2 years⁴.

Type of vessels and tonnage (DWT ⁵)	Characteristics
 Handysize 36,000 - 40,000 dwt	Length 183 m; Beam 27.4 m; Draft 17.60 m. Ships suitable for short-route trading with many ports of call. Given their small size, they allow savings and consumption rationalisation.
 MR/Medium Range 45,000 - 51,000 dwt	Length 183 m; Beam 32.2 m; Draft 19.40 m. The Medium Range segment is the largest in the Product Tankers sector. It is made up of ships that are more flexible in size, as well as representing the standard for commercial cargoes.
 LR1/Long Range 1 55,000 - 79,999 dwt	Length 228 m; Beam 36 m; Draft 20 m. Ships for long-range transport.

At the end of December 2018, 81.8% of the DIS fleet was IMO classified - compared to a market average of 40% - and 46.7% of the DIS fleet (owned and bare-boat) was 'Eco' compared to average sector values⁶ equal to 15% for Handy, 30% for MR and 15% for LR1.

The size of the fleet, made up of vessels of different sizes and having the characteristics described above, allows for greater efficiency both in terms of energy and commercial management, providing greater stowage flexibility and operation in almost all ports.

A part of the fleet is operated through joint ventures:

- Glenda International Shipping d.a.c. is a joint venture between d'Amico Tankers d.a.c. and the Glencore group, in which d'Amico Tankers has a 50% interest.

- DM Shipping d.a.c. (DMS) a joint venture between d'Amico Tankers d.a.c. and the Mitsubishi Group, in which d'Amico Tankers has a 51% interest.
- Eco Tankers Limited is a joint venture with Venice Shipping Logistics S.p.A., in which DIS holds an equity interest of 33%.

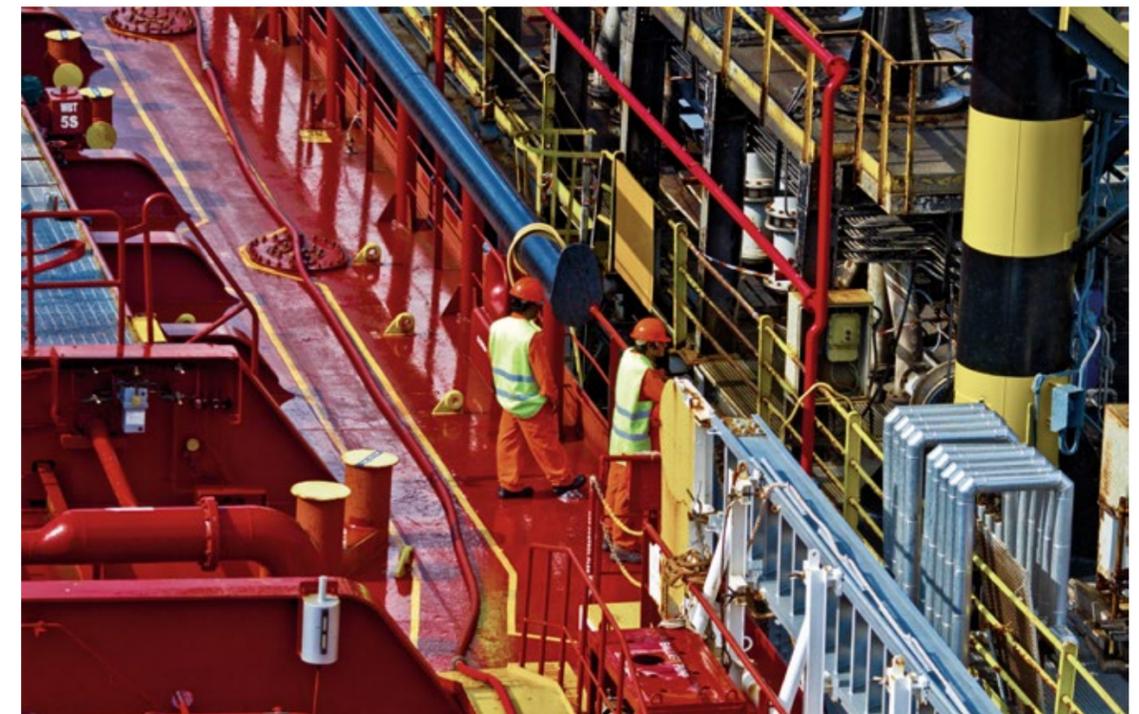
The commercial and operational departments that deal with both business areas are located in the main maritime centres worldwide: Casablanca (Morocco), Dublin (Ireland), London (United Kingdom), Montecarlo (Monaco), Singapore, Stamford (CT - USA), Vancouver (Canada).

Maritime services

The Group also provides (through sister companies) ship management services, insurance brokerage and bunkering services. These services are carried out not only for d'Amico's fleet, but also for third party clients.

Ship management services constitute one of the main lines of business of the Parent Company, d'Amico Società di Navigazione S.p.A., which, in part through other Group companies, and through the indirect subsidiary Ishima Pte Limited in particular, renders services to Group companies and third parties. Bunkering operations are conducted by Rudder SAM, also through its subsidiaries in Argentina and Singapore.

Since 2017, the crew management process has been managed by a Crew Director assisted by one of d'Amico Group's companies - Sirius Ship Management S.r.l. - which is responsible for recruiting, providing payroll services and training seagoing personnel. Sirius Ship Management also has offices in Mumbai (India) and an agency in Manila (Philippines).



³ Fleet as 31 December 2018 in the d'Amico Società di Navigazione 2018 Annual Report

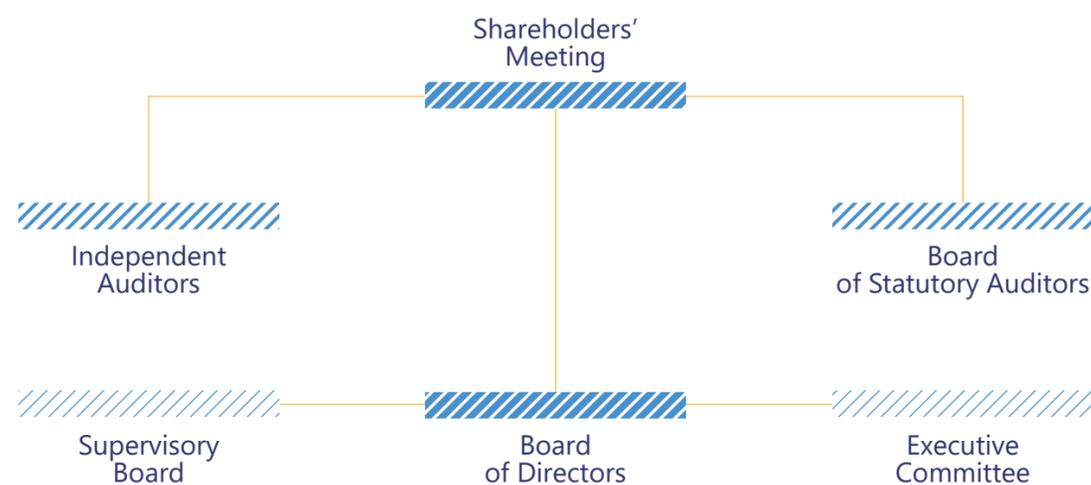
⁴ Source: Clarkson Research Services, January 2019

⁵ Dead Weight Tonnage: the carrying capacity of a ship in metric tonnes.

⁶ Source: Clarkson Research Services, January 2019

CORPORATE GOVERNANCE

The Corporate Governance system adopted by the parent company d'Amico Società di Navigazione S.p.A. is inspired by the highest standards of transparency and fairness in the management of the company. Shaped according to the requirements of reference laws, it is in line with international best practices, especially in light of d'Amico Group's broad geographical distribution and the listing on the Italian stock exchange of d'Amico International Shipping S.A., the indirect subsidiary under Luxembourg law⁷.



Governance and corporate control bodies

The Board of Directors

In accordance with the Articles of Association, the Board of Directors ("BoD") currently comprises five Directors, three of whom are Executive Directors - including the Chairman - and two are Non-Executive Directors. The Directors - all male and over the age of 50 - were appointed by the Company's Shareholders' Meeting of 29 May 2018 for the three-year period 2018-2020 and will therefore hold office until the date of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

The Board of Directors is responsible for the Company's ordinary and extraordinary management and administration. It has the power to carry out all the operations deemed necessary or appropriate to achieve the Company's goals, with the exception of the subjects and matters reserved by law to the exclusive competence of the Shareholders' Meeting.

In 2018, the percentage of attendance at BoD meetings was approximately 95% with reference to all Directors in office.

The Executive Committee

The meeting of the Board of Directors of 5 June 2018 confirmed the establishment of the Executive Committee ("EC"). The Executive Committee is made up of the Chairman and the CEO, has a term of three years 2018-2020 and all the powers permitted by the Articles of Association are conferred on this body.

The EC, as the body appointed pursuant to art. 2381 of the Italian Civil Code, has the task, amongst others, of "reporting to the Board of Directors and the Board of Statutory Auditors on the general operating performance and expected future developments, as well as on the most significant transactions carried out by the company and its subsidiaries, providing ongoing and appropriate information on the activities carried out within the scope of the tasks assigned to it".

The Board of Statutory Auditors

The Board of Statutory Auditors currently comprises three Regular Statutory Auditors - including the Chairman - and two Substitute Statutory Auditors. They are all male (two Regular Statutory Auditors are over 50 years of age and one is between 30 and 50 years of age) and were appointed by the Ordinary Shareholders' Meeting of 29 May 2018, in compliance with the current regulations of the Italian Civil Code, for the three-year period 2018-2020. They will therefore hold office until the date of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020. Pursuant to Articles 2403 et seq. of the Italian Civil Code, the Board of Statutory Auditors is required to supervise "compliance with the laws and the articles of association, observance of the principles of sound management and, in particular, the adequacy of the administrative, organisational and accounting system adopted by the company and that system's functioning in practice."

In 2018, the percentage of attendance of this Board at the meetings of the Board of Directors was approximately 80% with regard to all members in office.

Independent Auditors

The Ordinary Shareholders' Meeting of 21 June 2017 appointed Axis S.r.l. of Reggio Emilia, belonging to the Moore Stephens Group, to audit the Company's ordinary and consolidated financial statements for the three-year period 2017-2019, therefore up to approval of the Financial Statements for the year ending 31 December 2019, pursuant to art. 13 of Italian Leg. Decree 39/2010.

⁷ For information about d'Amico International Shipping S.A.'s corporate governance <https://en.damicointernationalshipping.com/corporate-governance/>.

Ethics and Integrity

The d'Amico Group has always believed that it is important to conduct business and professional negotiations, at different organisational levels, with integrity and transparency, acting in a professional, fair and honest manner, fully aware that these qualities are evidence of a strong sense of social responsibility.

The anti-corruption policy implemented by the Company seeks to prevent all forms of corruption by promoting a "zero tolerance" approach, and includes any forms of corruption arising from the behaviour of consultants, agents or contractors.

Anti-corruption policy

Corruption means any conduct on the basis of which any person acting directly or indirectly on behalf or in the interest of d'Amico Group's companies offers, promises, receives or provides undue rewards, either directly or indirectly (including through third parties), which are likely to improperly influence the actions of another party for personal benefit, for the benefit of the Group's companies or of third parties.

The policy particularly focuses on the concept of hospitality and gifts that must be acceptable and proportionate (and in no case shall consist of sums of money) and on lobbying activities that must be based on criteria of legitimacy, fairness and transparency. For the purposes of the policy, there is no difference between the corruption of a public official and corruption of a private party.

The Policy applies to all d'Amico personnel with any type of employment contract, in any company or legal entity of the Group and in general to whoever acts in the name, on behalf and in the interest of the Group and who holds business and professional relations with it.

All of d'Amico employees are responsible for preventing, detecting and reporting any acts of corruption. Employees are required to avoid any activity that may lead to or suggest a violation of this policy.

The d'Amico Group ensures that all cases of suspected corruption are dealt with consistently, whether they are confirmed or not by an investigation, and that there will be no retaliation or adverse consequences for the person reporting the possible violation. Likewise, no employee will suffer retaliation or adverse consequences for refusing to engage in illegal conduct and for reporting in good faith any violations of the Policy or of applicable anti-corruption rules and regulations.

All reports will be sent to the Group's Human Resources department at a specific email address.

Code of Ethics

With the voluntary adoption of the Organisation Model 231, since 2008 d'Amico Società di Navigazione S.p.A. has approved and adopted the Code of Ethics which defines the fundamental ethical principles with which the Company, directors, statutory auditors, employees, consultants, partners and in general all those who act in the Company's name and on its behalf are called to comply. At the Supervisory Board's initiative, the Board of Directors on 11 April 2014 approved a new version of the Company's Code of Ethics recommending its adoption also to the subsidiaries of d'Amico Società di Navigazione S.p.A., issuing and approving therefore also the Group's Code of Ethics.

The Company's Code of Ethics and the Group's Code of Ethics were updated on 26 November 2018 following the entry into force of EU Regulation 679/2016 ("GDPR") in the section relating to "Data Protection".

Organisation, Management and Control model (pursuant to Italian Leg. Decree 231/2001)

In voluntarily applying Italian Leg. Decree no. 231/2001, d'Amico Società di Navigazione S.p.A. has adopted the Organisation, Management and Control Model ("Organisation Model 231") since 2008, and has implemented an organic system of procedures, rules and controls aimed at preventing and/or systematically reducing, during performance of so-called sensitive activities, the commission of the offences provided for by the aforementioned decree. The Company's Organisation Model 231 is constantly updated in compliance with the organisational and legislative changes made over time with regard to the scope of application of Italian Leg. Decree 231/01.

On 23 April 2018, the Board of Directors resolved to implement a new, specific Risk Plan⁸, following the regulatory updates made by the legislator in 2017 and, specifically, the introduction among the list of offences included in Italian Leg. Decree no. 231/01, of art. 25-duodecies on "procuring the illegal entry of foreigners and aiding and abetting illegal immigration" and on "aiding and abetting the illegal stay of foreigners on the State territory"; of Art. 25-terdecies "racism and xenophobia" as well as on "Whistleblowing", which introduces the adoption of an internal system for reporting violations, the regulation of which came into force in November 2017, supplementing the provisions of art. 6, paragraph 2-bis of the aforementioned Decree. As a result of this assessment, the 231 Organisation Model and the affected procedures and protocols were updated where necessary.

The Company has also started, through the Group's Human Resources function and with the support of the Supervisory Board, a new Training Programme aimed at d'Amico Group's employees and top management which takes into account all the amendments to Organisation Model 231 over the years.

Supervisory Committee

The Supervisory Committee was established pursuant to Italian Leg. Decree no. 231/01. Its specific duties regard the implementation, application, adequacy and effectiveness of the Organisation Model 231. In greater detail, among the Board's other duties: it must supervise the effectiveness of the Organisation Model 231 by promoting the implementation of control procedures for specific actions or acts identified as being sensitive; periodically check its efficiency and adequacy; assess the opportunity for its update; and, finally, ensure necessary information flows with other company functions, also by promoting appropriate initiatives for raising awareness on and understanding the Organisation Model 231 in the company.

The Company's Supervisory Committee was established in 2008. It is collegial in form and currently consists of three members appointed by decision of the Board of Directors on 3 May 2017 for the three-year period 2017-2019 and identified following due assessment and consideration of the requirements established for such function by Decree 231: autonomous initiative, independence, professionalism, continuity of action, absence of conflicts of interest and integrity.

It should be noted that during 2018 no reports of violations of the Organisation Model 231 or of the Code of Ethics were received by the Supervisory committee of the Group companies that adopted it.

⁸ On 17 April 2019, the Board of Directors approved an updated version of the above Organisation Model 231 that takes into account the most recent legislative changes that have led to the amendment of both the General and Special Parts.

Data Protection

In 2018, d'Amico Società di Navigazione S.p.A., as Controller, adopted a Data Protection model at the Group level that is based on the principles of lawfulness, correctness and transparency of personal data processing, in compliance with the regulatory prescription of European Regulation no. 679/2016 as amended.

The Group Data Protection model was defined starting from the mapping of the processing work carried out within the d'Amico Group, and of the related categories of data subjects and of the purposes of processing, and it was formalised within the Group Privacy Regulation, containing the Binding Company Regulations for the intercompany transfer of the data subjects' data outside the European Union, approved by the Board of Directors of d'Amico Società di Navigazione S.p.A. on 23 April 2018, and subsequently transposed by all Group companies included in the Data Protection model.

Within the Group Privacy Regulation, the (internal and external) responsibility profiles were redefined and revised in light of the new Data Protection regulations, with particular reference to internal and external processors and to the persons authorised to perform personal data processing within the d'Amico Group and the rights of the data subjects. The list of processing, complete with all information provided by Article 30 of the Regulation, is formalised in the Record of processing activities.

To assure the correct implementation and revision of the Data Protection model, d'Amico Società di Navigazione S.p.A. has established at its headquarters a Data Protection structure, consisting of a team of experts reporting to a Data Protection Officer, appointed at the group level.

Environmental compliance

In line with d'Amico Group's commitment to promote open communication, an environmental reporting procedure was adopted to provide staff with a tool to report environmental non-compliance without the fear of retaliation. According to the Code of Ethics established by the Group, no responsibility or prejudice will be expressed towards personnel in the event of reports of environmental non-compliance. The purpose of these procedures is to maintain an environmental reporting system ("Open reporting System"). Information on this reporting system is available on all fleet vessels.

Through this Open Reporting System, both onshore and seagoing personnel can anonymously report via a free web portal, an independent email account or free phone numbers, any cases of non-compliance with the Company's environmental management system, marine environmental protection requirements and the environmental compliance plan implemented by the Company.

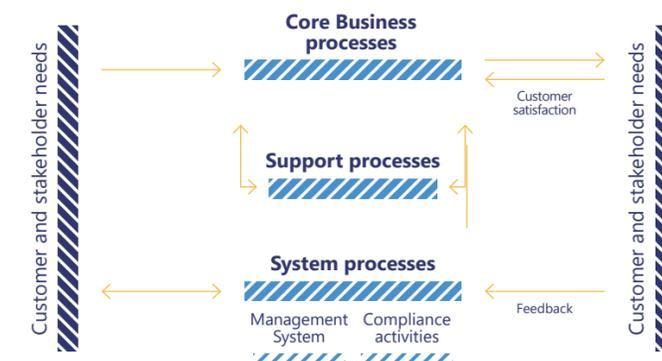
THE INTEGRATED MANAGEMENT SYSTEM

The implementation of an Integrated Management System is the result of a corporate choice that puts key focus on the quality of services provided to customers, occupational health and safety, energy efficiency, environmental protection and corporate social responsibility, through the adoption of recognised international standards and certifications. The integrated management system has been developed with a business process-oriented approach. It allows the d'Amico Group to identify, maintain and improve a dynamic organisation and management model. Its unified perspective meets the needs and specificities of different sectors and makes best use of possible strategies, in accordance with the many national and international laws and regulations. Continuous monitoring, the adequate measurement of performance indicators, strict internal inspections, detailed analysis of the data collected, and prompt implementation of corrective and improvement actions allow the company to continuously increase its performance in terms of safety, environmental protection and customer satisfaction, as well as that of all stakeholders. The system, already compliant with ISM (International Safety Management Code), was extended to the following standards: ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (safety) and ISO 50001 (energy efficiency) certified by RINA. The application of all these standards enabled the d'Amico Group to be the first in Italy to obtain the prestigious RINA Best 4 Plus certification, which recognises compliance with main standards in force. The d'Amico Group also received ISO 26000 certification for the application of guidelines on correct integration of corporate social responsibility into its activities, policies, strategies, procedures and goals.

Management system features

The activities and processes of the d'Amico Group have been classified into three main groups: core business processes, processes supporting main business activities and system processes - Management system and compliance activities connected with it.

The interaction of these processes determines the Group's efficiency, stakeholder satisfaction and the identification of improvements to be pursued in the future to increase its performance.



The specific documentation of the Integrated Management System describes the activities of each single process including responsibilities, inputs, outputs, timing, controls, records, general goals and main measures to be implemented to achieve the goals. This system allows the Group's staff, the captains of the managed vessels, as well as any other interested party, to be aware of the actions and measures established to comply with international standards, ensuring quality activities that comply with the contractual requirements laid down by law.

An aerial photograph of a large cable-stayed bridge spanning a body of water. A ferry is crossing the bridge, carrying a smaller car ferry. The car ferry has a prominent green and yellow helipad with a white 'H' on its deck. The bridge has multiple lanes of traffic, with several cars and trucks visible. The water is dark blue with some whitecaps.

**SUSTAINABILITY
FOR THE
d'AMICO GROUP**

RELEVANT TOPICS FOR SUSTAINABILITY

In drawing up its first Sustainability Report, the d'Amico Group identified the most relevant topics for corporate and business sustainability, i.e. topics that have a direct or indirect impact on the ability to create and preserve economic, social and environmental value over time. The topics were chosen on the basis of the reference standard - GRI Sustainability Reporting Standards (2016) - but above all taking into consideration the company's distinctive features such as: mission and values, quality, safety and environmental management systems, and Climate Change strategies.

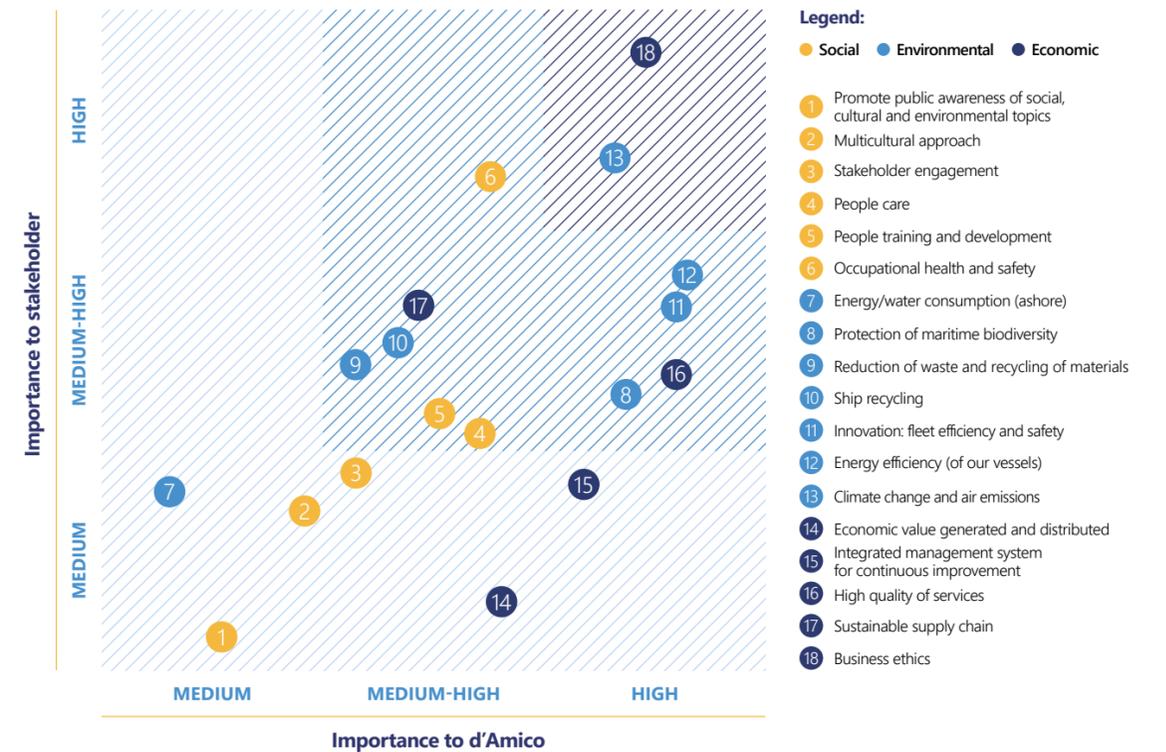
The identification of material topics and the definition of their level of importance was carried out in two phases: the first involved the organisation internally (internal analysis) while the second involved external stakeholders (external analysis).

Internal analysis consisted of identifying the topics and assessing their relevance in relation to the company's performance and to the possible improvement of its reputation and competitive advantage, taking into account the risks related to them.

External analysis was performed by involving different categories of stakeholders. 11 Associations and Foundations, 3 Banks, 2 Partners, 4 Customers, 4 Insurance Companies, 2 Media, 2 Public Administration and 13 Suppliers, for a total of 41 stakeholders. They were asked to assign a priority level to the different topics, taking into account the activities carried out by the company.

Materiality matrix

The materiality matrix represents the topics considered of relevance for d'Amico's sustainability and which guide its action. They are divided into three areas - social, environmental and economic - and are positioned on the graph based on the relevance defined by d'Amico (internal analysis) and by reference stakeholders (external analysis).



Environmental topics, in general, have a medium-high influence for external stakeholders, with the exception of water and energy consumption in offices, which has been found to be of lower importance within the company. 4 environmental topics are included in the highest range: Atmospheric emissions and climate change, Energy efficiency of ships, Innovation with regard to safety and fleet efficiency, and Protection of marine biodiversity.

Economic and governance topics are, on average, highly relevant, especially from an internal company viewpoint. High service quality and business ethics are among the most important topics for the Group. The latter was also the most relevant topic for external stakeholders.

Social topics relating to occupational health and safety are at the top of the matrix. Other social issues were considered of low relevance for both the company and its stakeholders.

OUR STRATEGY

The UN Sustainable Development Goals

On 25 September 2015, the United Nations approved the Global Agenda for Sustainable Development and 17 Sustainable Development Goals (SDGs), divided into 169 targets to be reached by 2030.

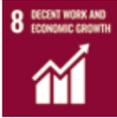
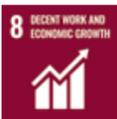
The Agenda 2030 for Sustainable Development is a plan of action for people, the planet and prosperity with the goal to guide the world over the next 11 years. The Goals represent common targets related to a range of fundamental issues for a new development model: the fight against poverty, the eradication of hunger and the fight against climate change, are just some of these goals. They involve all countries and all individuals: no-one is excluded from them and no-one must be left behind on the path towards global sustainability.



In line with the vision expressed by the Agenda 2030, the Group believes that its commitment to making a true contribution to the sustainable development of businesses and the economy is crucial.

The connection between the topics of relevance for d'Amico's sustainability, the UN Agenda 2030 goals and the actions taken by the Group, are presented below and will then be reported in the document.

d'Amico's Sustainability Topics	Sustainable Development Goals	Activity performed by the Group
Vessel energy efficiency	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Renewal of the fleet with "Eco" vessels, in line with IMO directives, thanks to the implementation of innovative technologies.
Innovation: fleet efficiency and safety	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> Projects aimed at improving vessel performance from an environmental viewpoint and in terms of onboard safety and efficiency.
High quality of services	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> Highest attention to the service offered, through qualified and updated staff, appropriate equipment, on-board inspections, process control and effective internal communications; Customer engagement through: direct communications, complaints and reports, internal ship reports and feedback on service quality.
Business ethics	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none"> Compliance with laws and regulations; Honesty, fairness and transparency in everyday actions, avoiding situations of conflict of interest and unfairness towards competitors; Respect for personal data and confidential information; Respect for the dignity of individuals; Respect for the environment and the community.
Protection of marine biodiversity	14 LIFE BELOW WATER	<ul style="list-style-type: none"> Minimum impact of activities on environmental integrity at all times and in all places; Ongoing prevention of every possible form of pollution, with a zero pollution goal.
Atmospheric emissions and climate change	3 GOOD HEALTH AND WELL-BEING 13 CLIMATE ACTION	<ul style="list-style-type: none"> Activities to raise awareness on climate change issues in personnel and the community; Implementation of activities seeking to reduce damages to individuals caused by water and air pollution.

d'Amico's Sustainability Topics	Sustainable Development Goals	Activity performed by the Group
Integrated management system for ongoing improvement	 	<ul style="list-style-type: none"> • Transparent statement of policies governing operations on board managed ships - in order to ensure safety and efficiency - and of the methods to respond to unscheduled events; • Identification of a basic reference for all the management documents needed for checking the Group's daily activities.
Occupational health and safety		<ul style="list-style-type: none"> • Protecting the health and well-being of employees by reducing occupational risks from exposure to hazards; • Preventing hazardous actions, injuries, illnesses, accidents to personnel, material and environmental damage; • Improving the safety of all employees by developing first of all an internal culture of safety.
People care	 	<ul style="list-style-type: none"> • Application of adequate remuneration and economic benefits for personnel, also to ensure adequate social protection.
Value generated and distributed		<ul style="list-style-type: none"> • Production of economic value by the Group as at 31 December 2018 amounted to Euro 778.8 million (+6.8% compared to the previous year) and consisted mainly of revenue from sales resulting from shipping and services; • Distribution of economic value produced which, as at 31 December 2018, amounted to Euro 681.3 million (+5.2 compared to the previous year).
Personnel training and development		<ul style="list-style-type: none"> • Adequate training for all personnel, allowing them to carry out their job better and increase their skills and abilities, without distinction of sex or ethnicity.
Sustainable supply chain		<ul style="list-style-type: none"> • Accurate supplier assessment and selection, also based on energy performance and including possible performance of inspections and controls; • Collection of full and clear details on purchase orders and on responsibilities.

d'Amico's Sustainability Topics	Sustainable Development Goals	Activity performed by the Group
Ship recycling		<ul style="list-style-type: none"> • Preparation of hazardous material inventories on all new buildings and on the existing fleet.
Stakeholder engagement	 	<ul style="list-style-type: none"> • Stakeholder mapping and detection of needs and expectations of each category and of related actions.
Waste reduction and material recycling		<ul style="list-style-type: none"> • Plastic-free project in the Group's offices; • Separate waste collection in all d'Amico offices.
Multicultural approach	   	<ul style="list-style-type: none"> • Cultural integration in the Group's offices and onboard all ships.
Promoting public attention towards social, cultural and environmental topics	 	<ul style="list-style-type: none"> • Training activities in support of solidarity initiatives and cultural initiatives.
Consumption of water and energy in offices	 	<ul style="list-style-type: none"> • Reducing travel between offices and increasing use of video conference and conference call systems.

d'AMICO'S STAKEHOLDERS

d'Amico Group's main categories of stakeholders are detailed below.

Stakeholder mapping



Relations with stakeholders

For each type of stakeholder, d'Amico has identified needs and expectations and related strategies.

Stakeholder	Needs and expectations	Strategy
<i>Internal</i>		
Personnel	<ul style="list-style-type: none"> • Occupational guarantees • Competitive remuneration • Occupational health and safety • Professional qualification • Positive organisational environment • Flexible working hours • Participation • Cutting-edge information systems • Safety • Corporate culture 	<ul style="list-style-type: none"> • Reviewing the organisational structure to keep up with personnel's needs • Technological innovation and updating of equipment and software • Welfare initiatives for employees • Constant performance evaluation • Internal process management
Owners and shareholders	<ul style="list-style-type: none"> • Group soundness • Process efficiency • Satisfactory and growing economic and financial performance • Optimisation of the Organisation's resources • Ship management in compliance with contractual terms • Continuous innovation processes • Compliance with management systems 	<ul style="list-style-type: none"> • Increasing attention levels towards market dynamics • Seeking new markets, areas and clients by changing the product offered • Goal-oriented approach • Technological innovation around new services
<i>External</i>		
d'Amico International Shipping's shareholders	<ul style="list-style-type: none"> • Soundness of the Organisation • Process efficiency; • High, increasing and sustainable profitability • Growth in ROI • Continuous innovation • Good financial performance of the Group 	<ul style="list-style-type: none"> • Increasing attention levels towards market dynamics • Seeking new markets, areas and consumers by changing the product offered
Other subsidiaries	<ul style="list-style-type: none"> • Economic and financial soundness • Group efficiency 	<ul style="list-style-type: none"> • Reviewing how business is conducted and the company's performance • Examining current and future market needs

Stakeholder	Needs and expectations	Strategy
<i>External</i>		
Clients	<ul style="list-style-type: none"> • Efficiency of services purchased • Quality and certainty of service • Affordable prices • Service satisfaction • Respect for workers' rights • Compliance with contractual requirements • Services in line with safety standards • Activities preventing pollution and improving the environmental situation 	<ul style="list-style-type: none"> • All-round customer assistance and service • Departments specifically ensuring service quality • HSQE department strategy for pollution prevention and workers' safety activities • Legal department dedicated to clients' contracts
Trade and strategic partnerships	<ul style="list-style-type: none"> • Continuity of operations and start of new collaborations • Markets and sustainable deals • Prompt payment of fees due • Clear and accurate instructions 	<ul style="list-style-type: none"> • Remuneration • Corporate reputation and business vision • Creation and strengthening of personal relations for commercial and strategic partners
Suppliers	<ul style="list-style-type: none"> • Continuity • Solvency • Compliance with contractual conditions • Rapid and prompt payments 	<ul style="list-style-type: none"> • Updating the supply chain frequently, improving its efficiency through new suppliers and new agreements
Investors and Insurers	<ul style="list-style-type: none"> • Solidity of organisations • Compliance with commitments undertaken • Excellent financial performance • Transparency on information requested and received • Risk management 	<ul style="list-style-type: none"> • Structure with goal-oriented approach
Community	<ul style="list-style-type: none"> • Improvement of life quality and conditions • Respect for the environment and improvement of local environmental conditions • Positive relations • Collaboration 	<ul style="list-style-type: none"> • Establishing a positive and collaborative relationship with all local institutions and bodies, as well as with the community in general

Stakeholder	Needs and expectations	Strategy
<i>External</i>		
Community Governments, National and International Institutions, NGOs and Organisations	<ul style="list-style-type: none"> • Compliance with rules and regulations • Transparency • Improving the environment in which the company operates 	<ul style="list-style-type: none"> • Identifying existing political opportunities and turning them into creation of value for the future
Port and flag authorities	<ul style="list-style-type: none"> • Compliance with flag requirements • Compliance with class requirements • Compliance with local and international requirements, including those regarding the environment 	<ul style="list-style-type: none"> • Adopting a proactive style in complying with these regulations, anticipating the requests provided for by law

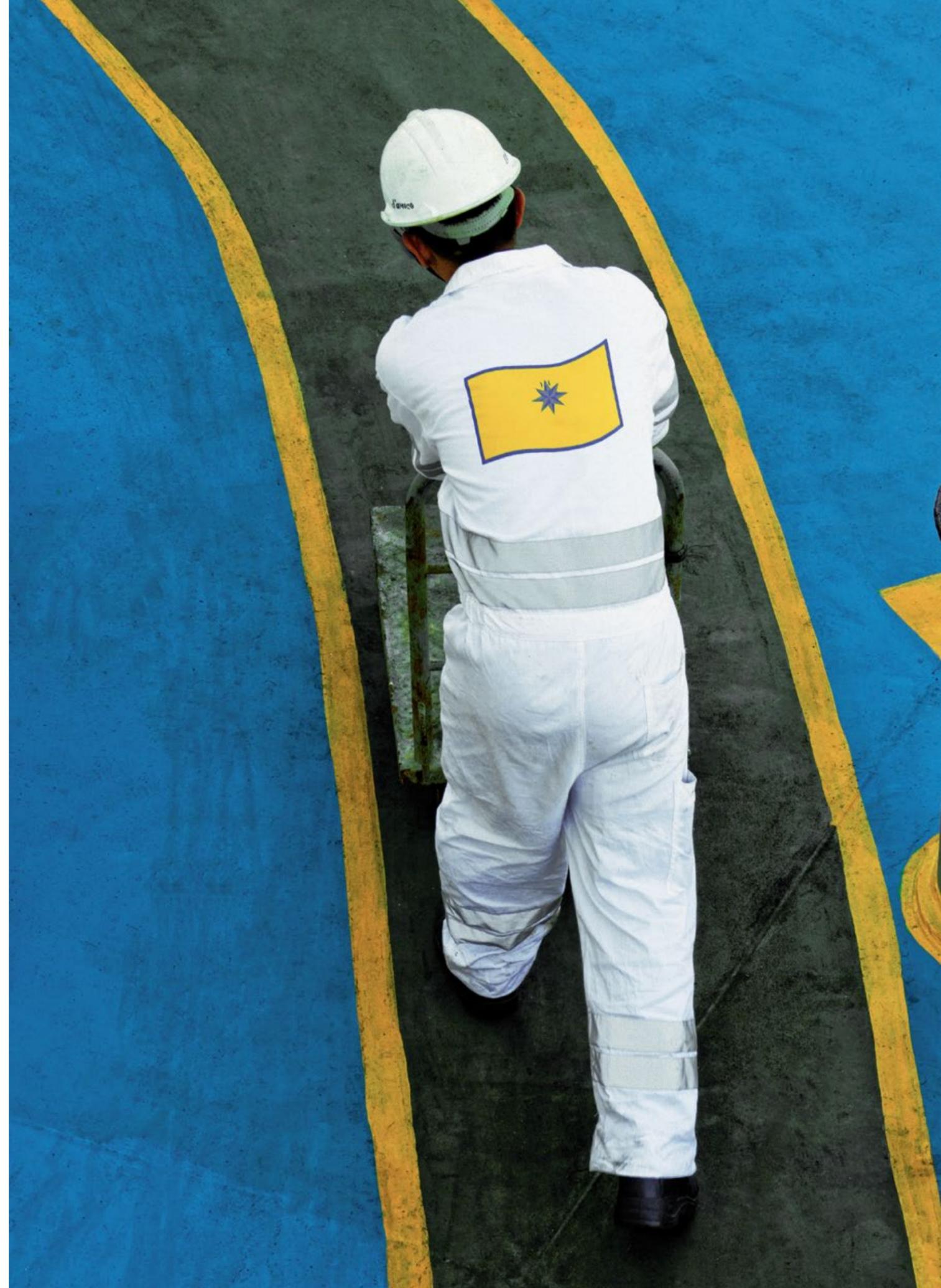
Communication with stakeholders

Furthermore, for each stakeholder category, the Group has identified the main stakeholder relationship methods, distinguishing between:

- **informative moments:** one-way communication from the company to the stakeholders;
- **dialogue moments and partnerships:** in which the company asks for its stakeholders' opinion (e.g. through polls, surveys, focus groups, etc.), holds permanent dialogue tables or implements/manages specific projects.

Stakeholder	Informative moments and documentation	Dialogue moments and partnerships
<i>Internal</i>		
Personnel	<ul style="list-style-type: none"> • Communications regarding the company's performance • Internal regulations • Internal disciplinary system • Integrated Management System • Sustainability Report 	<ul style="list-style-type: none"> • Ongoing communication with the HR department and head of crew • Meetings organised by the Group • Personnel assessment system
Owners and shareholders	<ul style="list-style-type: none"> • Investor Relations • Press releases • Sustainability Report • Financial Report 	<ul style="list-style-type: none"> • Meetings organised by the Group

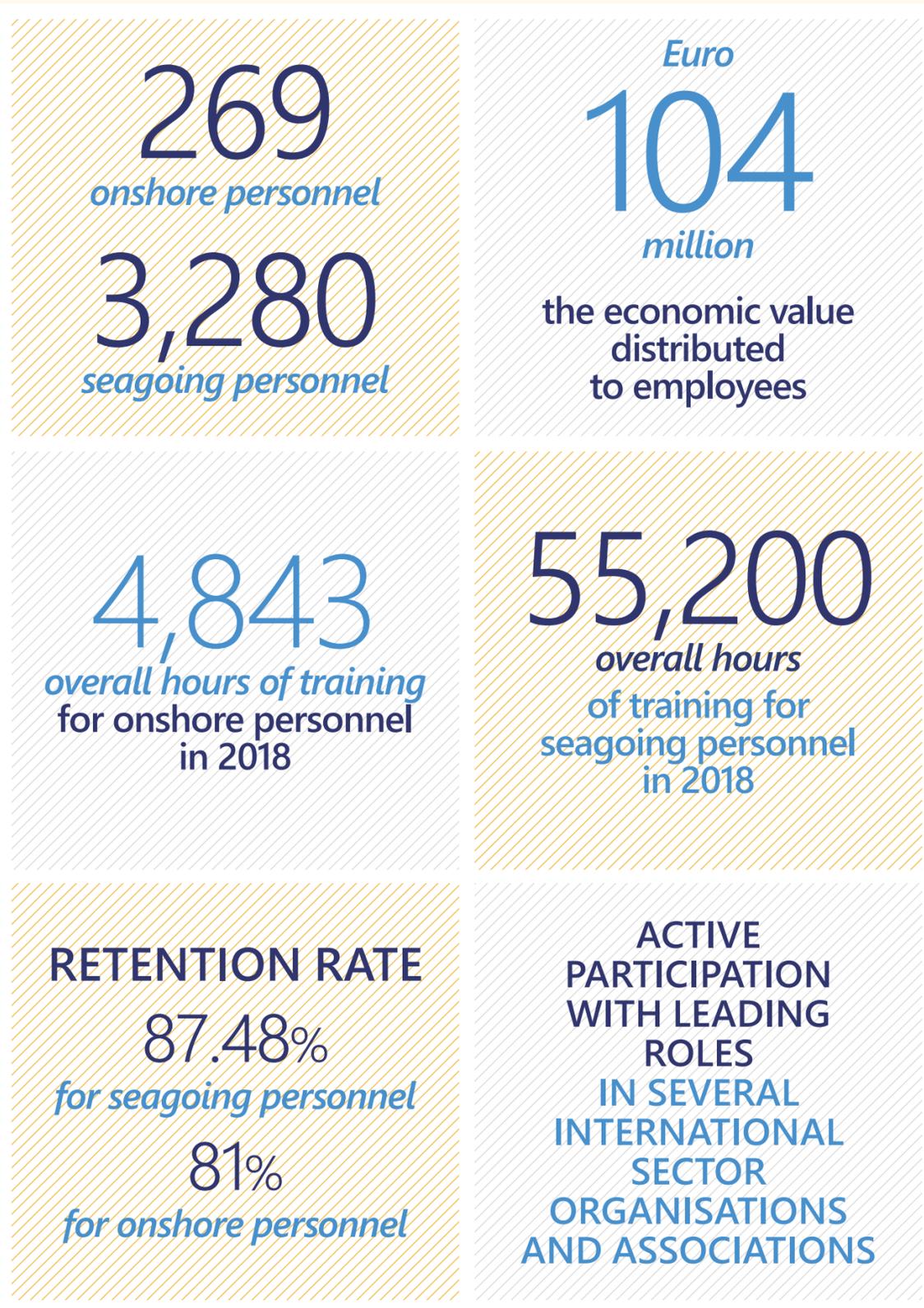
Stakeholder	Informative moments and documentation	Dialogue moments and partnerships
<i>External</i>		
d'Amico International Shipping's shareholders	<ul style="list-style-type: none"> • Investor Relations • Press releases • Sustainability Report • Financial Report 	<ul style="list-style-type: none"> • Communication with the Board of Directors • Meetings organised by the Group
Clients	<ul style="list-style-type: none"> • Emails and letters • Industry trade fairs • Roadshows • Sustainability Report 	<ul style="list-style-type: none"> • Contacts with Chartering department • Group meetings
Trade and strategic partnerships	<ul style="list-style-type: none"> • Emails and letters • Industry trade fairs • Roadshows • Sustainability Report 	<ul style="list-style-type: none"> • Contacts with Chartering department • Group meetings
Suppliers	<ul style="list-style-type: none"> • Emails and letters 	<ul style="list-style-type: none"> • Relations with Purchasing Department • Meetings and forums
Investors and Insurers	<ul style="list-style-type: none"> • Emails and letters • Industry trade fairs • Roadshows • Sustainability Report • Financial Report 	<ul style="list-style-type: none"> • Communication and contacts with finance department • Meetings for relations with investors
Community	<ul style="list-style-type: none"> • Forms for external communications regarding environmental impact • Sustainability Report 	<ul style="list-style-type: none"> • Contacts with HR department
Governments, National and International Institutions, NGOs and Organisations	<ul style="list-style-type: none"> • Letters • Minutes • Certified mail • Sustainability Report • Financial Report 	<ul style="list-style-type: none"> • Relations and communications with Top Management and HR, Training and Development Departments and Finance Department
Port and flag authorities	<ul style="list-style-type: none"> • Letters • Minutes • Sustainability Report • Financial Report 	<ul style="list-style-type: none"> • Continuous relations with Top Management, Fleet Director, Health and Safety Department, Political Affairs and Training and Development • Round tables • Meetings and seminars





**SOCIAL
RESPONSIBILITY**

HIGHLIGHTS



OUR PEOPLE

The d'Amico Group pays particular attention to its human capital, being a true key factor for competitive advantage. The development and strengthening of human resources management policies and procedures constantly steer the Group's decisions towards building a stimulating work environment that positively influences the organisational environment and the achievement of company results.

Human resources management policy

The competitive challenges of the market require the constant development of know-how that supports ongoing innovation and increased productivity and efficiency. For this reason, d'Amico invests in its people and adopts personnel management policies and tools aimed at increasing professional skills, a sense of belonging and talent development.

These goals are applied to both onshore and seagoing personnel and are achieved through:

- An accurate recruitment process;
- Proper training activities;
- An ongoing monitoring and assessment system.



Furthermore, defining the right skills and capabilities within an organisation, does not only require an internal analysis aimed at the identification of its own needs, but primarily the identification of customers' and business partners' external needs. The acquisition and development of customer-focused skills shifts HR management from a purely internal approach to one focused on meeting external requirements.

The people who work for the company

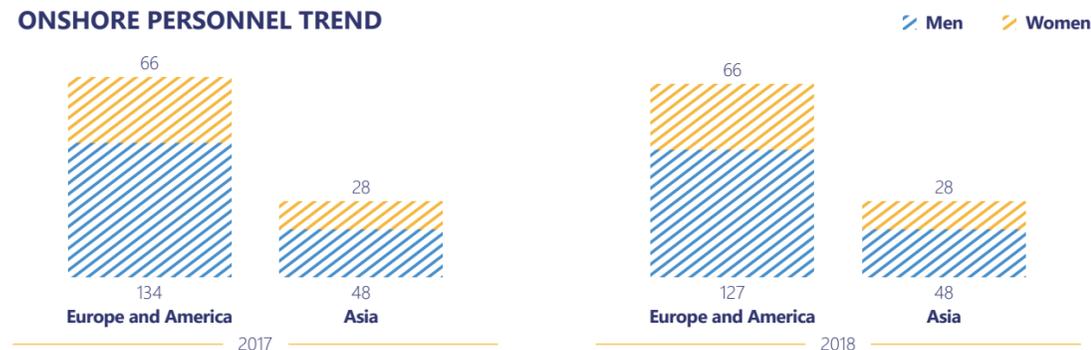
In 2018, d'Amico Group's workforce counted 3,549 employees⁹, 269 of whom were onshore personnel (7.6%) and 3,280 employed on board vessels (92.4%).

The two types of resources, given their strong distinguishing features, are managed by dedicated departments - the Human Resources Department for onshore personnel and the Crewing Department for seagoing personnel, sharing however the common d'Amico Group policy on Human Resources Management.

Compared to 2017, onshore personnel recorded a slight decrease (7 people equal to -2.5%) in Europe and America. Instead, a slight increase was recorded in the percentage of women out of the total number, rising from 34.1% to 34.9%.

ONSHORE PERSONNEL		2017				2018			
BY GEOGRAPHICAL AREA	Men	Women	Total	% Women	Men	Women	Total	% Women	
Europe and America	134	66	200	33.0%	127	66	193	34.2%	
Asia	48	28	76	36.8%	48	28	76	36.8%	
TOTAL	182	94	276	34.1%	175	94	269	34.9%	

ONSHORE PERSONNEL TREND



A 1.7% drop is also reported in the number of seagoing personnel compared to 2017, equal to 56 employees.

ONSHORE PERSONNEL TREND	2017	2018
TOTAL	3,336	3,280

⁹ This number takes into account the staff rotation on d'Amico Group ships.

The reduction in onshore personnel involved employees (-8), while there is substantial stability in Top and Middle Management.

ONSHORE PERSONNEL		2017				2018			
PROFESSIONAL CATEGORIES	Men	Women	Total	% Women	Men	Women	Total	% Women	
Top Manager	31	1	32	3.1%	31	1	32	3.1%	
Manager	29	17	46	37.0%	30	17	47	36.2%	
Employees	122	76	198	38.4%	114	76	190	40.0%	
TOTAL	182	94	276	34.1%	175	94	269	34.9%	

As regards seagoing personnel, the reduction regards mainly junior officers (-8.7%) and senior officers (-2.3%), while there is an increase in rating¹⁰ (+0.4%) and trainees rising from 383 to 392, with a 2.3% increase.

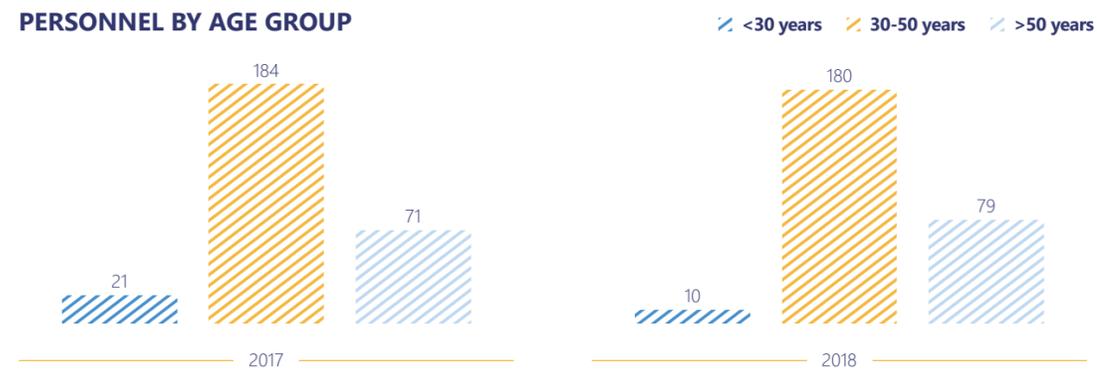
SEAGOING PERSONNEL		2017	2018
PROFESSIONAL CATEGORIES			
Senior Officers		696	680
Junior Officers		647	591
Ratings ¹⁰		1,610	1,617
Trainees		383	392
TOTAL		3,336	3,280

¹⁰ Ratings: Petty officers and Seamen.

67% of the Group's onshore personnel is between 30 and 50 years of age, 4% is under 30.

ONSHORE PERSONNEL	2017				2018			
	Men	Women	Total	% Women	Men	Women	Total	% Women
AGE								
<30 years	11	10	21	47.6%	3	7	10	70.0%
30-50 years	112	72	184	39.1%	108	72	180	40.0%
> 50 years	59	12	71	16.9%	64	15	79	19.0%
TOTAL	182	94	276	34.1%	175	94	269	34.9%

PERSONNEL BY AGE GROUP



On average, seagoing personnel is instead younger: 24% are under 30 years of age, 64% are between 30 and 50 and the remaining 12% are over 50.

SEAGOING PERSONNEL	2017	2018
AGE		
<30 years	1,076	797
30-50 years	1,899	2,081
> 50 years	361	402
Totale	3,336	3,280

Ship and shore staff seminar

Periodic meetings and targeted actions are organised to promote integration between onshore and seagoing personnel. More specifically, every year the Company organises several editions of the "Ship and Shore Seminar", generally in Italy and India. In addition to the actual purposes of the seminar, which include activities for learning and sharing topics related to health, safety, the environment and any other matter of relevance to the shipping industry, the event also allows seagoing personnel, their families and the staff working in the offices to strongly bond together.



On these occasions, ship crews, especially Officers, have the opportunity to meet onshore office staff and to talk with their colleagues. Ideas and experiences are shared and commitments are taken to disseminate sustainability values, the knowledge of new maritime regulations, and safety and health procedures. These are a cultural rather than operational imperative, as well as being a distinctive feature in order to actively respond to the changes in the sector and succeed in becoming a leading company in an increasingly complex and regulated market.

Types of contracts

As evidence of the high attention that the Group pays on the retention activities, connected to long-term investment on its own resources, the percentage of onshore personnel employed with an open-ended contract increased from 93.8% in 2017 to 95.9% in 2018.

ONSHORE PERSONNEL	2017					2018				
	Europe and America		Asia		Total	Europe and America		Asia		Total
	M	W	M	W	T	M	W	M	W	T
Employees hired with an open-ended contract	126	60	45	28	259	119	63	48	28	258
Employees hired with a fixed-term contract	8	6	3	0	17	8	3	0	0	11
TOTAL	134	66	48	28	276	127	66	48	28	269

The d'Amico Group employs seagoing personnel under a seafarer employment agreement in line with international standards and regulations (Maritime Labour Convention 2006) and as described in the Collective Bargaining Agreement (CBA).

It also guarantees the continuity of staff rotation on the same type of ships, as shown by the high retention rate of 87,48: that is a very satisfactory result, in line with market standards.

In 2018, the company involved 392 trainees on its fleet, i.e. 12% of total staff employed on board.

SEAGOING PERSONNEL	2017	2018
	TYPE OF CONTRACTS	
Employees hired with a crew hiring contract	2,946	2,878
Employees hired with a fixed-term contract	0	0
Temporary workers	7	7
Trainees	383	357
TOTAL	3,336	3,280

RECRUITMENT AND SELECTION

Onshore personnel

Recruitment is a crucial process because it is during this phase that the company identifies and chooses the human resources capable of giving a significant contribution to the organization, coherently with the corporate culture and values. The quality of people, in fact, remains a strategic asset for the company. The accurate identification of the professional profile to be recruited in terms of skills and capabilities, seniority and experience, represents an important moment.

To this aim, the company invests in the talent acquisition through sector networking, partnership with reputed universities and educational/training institutions supporting a constant commitment to all "brand employment" actions. When opening a job vacancy, in order to be able to recruit the more qualified and talented candidates, the Human Resources Department identifies the best mix of recruitment channels available on the market, a detailed job profile description and correct seniority required. An important recruitment channel of high professional quality, especially for job positions that directly have to support the operations and the management of the vessels, is the on-board personnel. To this end, the synergy between the vessel and the office allows us to offer opportunities for professional growth with the intention also of strengthening the culture of the Amico Group.

During the selection process, the Human Resources Department works in close relation with the line manager of the interested unit so that the best candidate is selected in terms of skills, experience, motivation and compatibility with the organisational context and the working group. With regard to the latter aspects, adherence to the values and to the spirit of the d'Amico Group is a key feature that guides the selection of the candidate.

In order to immediately build a deep understanding of the expected role and to strengthen integration in the organisational environment, new recruits are accompanied through an induction training process (On Boarding). This consists of meetings with their line manager, the HR Department and of on-the-job training, and ensures that recruits acquire all necessary tools and information to become a member of the team and the organisation. The induction process for new recruits is a strategic process for the Group, which seeks to develop deep commitment, a key to company success.

Seagoing personnel

The quality of its crew is a key aspect for d'Amico, as it guarantees safety, efficiency and reliability in the management of the fleet.

Access to highly qualified personnel also requires an effective recruitment and retention programme. In order to meet these needs fully, a seagoing personnel selection strategy has been adopted, resulting in recent years in the implementation of specific initiatives, such as the consolidation of relations with the company (Sirius Ship Management Srl) entrusted with recruitment activities.

Among these initiatives, of note are the greater involvement of the Mumbai office and the selection of an external provider in the Philippines. Both initiatives respond to the need to play a significant role in countries where the labour market features strong demand and good availability of qualified personnel. The Group's presence in Ukraine is also important, particularly for the recruitment of officers for its new bulk carriers.

The d'Amico Group encourages and supports intercultural values within the company, confirming its commitment to implementing a policy based on diversity and inclusion, regarded as success factors for the organisation.

For the selection of personnel holding positions of responsibility in ship management, the company's policy is to select - where possible - these positions among the seagoing personnel of its fleet. Candidates are identified through feedback and assessments received from DPA, maritime managers and technicians. For these positions, as a rule, Officers at senior level are preferred.

Recruitment activities are entrusted to a company of the Sirius Group (and its subsidiaries) which is duly certified to fully operate in compliance with standard MLC 1.4. Specific selection and recruitment criteria in line with international standards and regulations (Maritime Labour Convention 2006) and with Collective Bargaining Agreements (CBAs) have been defined by the Group to ensure that personnel with high quality standards are selected and that they are offered extensive protection of their rights.

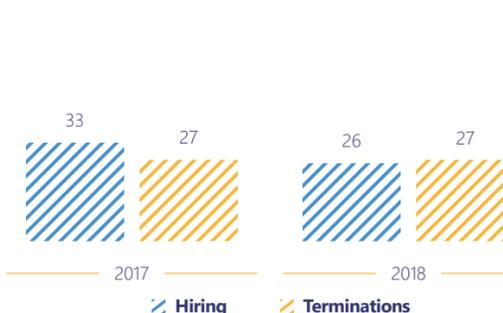
Seajob Indian Anchor Awards 2018 - "Best Employer for Oil Tanker"

d'Amico Ship Ishima India, a company of the d'Amico Group controlled by Sirius Ship Management, was awarded "Best Employer for Oil Tanker" during the first edition of the Seajob Indian Anchor Awards 2018. The event was promoted by Seajob.net, one of the main information and job search portals in the shipping sector and involved the employees of around 130 shipping companies. Employees were asked to vote directly on the portal with a view to identifying the top employer companies, divided into 26 categories. The awards were delivered during an award ceremony held in Mumbai.

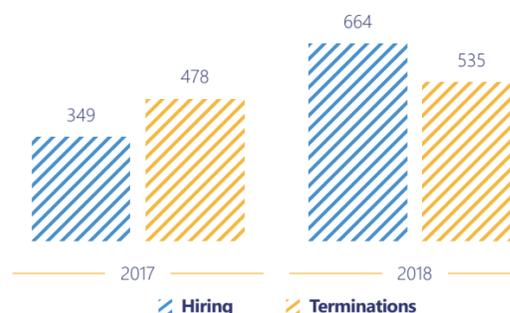
Hiring and Resignations

d'Amico Group registered in 2018 a positive turnover of 128 people with a significant increase of the onshore personnel.

Turnover - Onshore personnel



Turnover - Seagoing personnel



In 2018, the d'Amico Group hired 26 new onshore employees (11 men and 15 women) - 4% of whom under 30 years of age and 58% between 30 and 50 - and 664 (all men) seagoing employees, 69% of whom under 30.

HIRING	ONSHORE PERSONNEL				2017			2018			
	Europe and America		Asia		Total			Europe and America		Asia	Total
	M	W	M	W	M	W	M	W	M	W	
<30 years	4	3	2	1	10	1	0	0	4	5	
30-50 years	4	5	5	5	19	1	7	4	3	15	
>50 years	3	0	1	0	4	5	0	0	1	6	
TOTAL	11	8	8	6	33	7	7	4	8	26	

HIRING	SEAGOING PERSONNEL		2017	2018
<30 years			164	456
30-50 years			177	199
>50 years			8	9
TOTAL			349	664

With regard to staff leaving, in 2018, 27 resignations were recorded among onshore personnel and 535 resignations among seagoing personnel. The Group has good retention levels of both onshore (81%) and onboard (87.48%) personnel. In fact, a significant number of captains have completed their entire careers with d'Amico, starting out as cadets and rising, in some cases, to fill management positions, in the offices.

ONSHORE PERSONNEL		2017				2018				
RESIGNATIONS*	Europe and America		Asia		Total	Europe and America		Asia		Total
	M	W	M	W		M	W	M	W	
<30 years	3	1		1	5	1			2	3
30-50 years	8	7	3	3	21	7	8	1	5	21
>50 years			1		1	1			2	3
TOTAL	11	8	4	4	27	9	8	1	9	27

*In the formula, Intertanko is represented with "S": Total Number of terminations from whatever cause (In effect this means the total number employees that have left the company for whatever reason).

SEAGOING PERSONNEL		2017		2018	
TERMINATIONS**					
<30 years		151		190	
30-50 years		282		287	
> 50 years		45		58	
TOTAL		478		535	

**Total number of seafarers who, for whatever reason, have ceased to navigate with the d'Amico Group.

TRAINING AND DEVELOPMENT

The Group assigns great importance to training and to the structuring of growth and professional development processes for both on board and ashore personnel. Through its training programmes, d'Amico ensures that people build new competencies and update those they already possess, in order to maintain high quality performances, to support the development of talents through growth in terms of role and responsibility, and to reinforce the sense of belonging to the Company.

Onshore personnel

Training and development are a fundamental part of the people management system and, together with the reward and performance evaluation system, contribute to maintain and strengthen high quality performances of the people working within the Group - regarded as an integral part of the company's assets. The aim of the training policy and initiatives is to create a context of continuous learning that supports the process for developing and maintaining skills.

Within this framework, the d'Amico Academy was set up for onshore personnel. The Academy brings together all learning initiatives to create an environment for developing skills and strengthening professional relationships. The goal of the Academy is to build a community of employees, colleagues and experts who share management and shipping knowledge in a common learning environment.

The Academy includes several pillars:

- **Technical and Shipping training:** this area aims to develop specialist skills typical of the professional category and of skills closely related to the shipping sector. Many courses, some also tailored to specific business needs, are carried out in collaboration with leading players in the sector, for example, BIMCO (Baltic and International Maritime Council), Lloyd's Maritime Academy, DNV GL, RINA Academy, National Cargo Bureau, ASBA Education (Association of Shipbrokers And Agents - USA), ASDEM, etc.
- **Managerial training:** this area aims to develop soft skills and, through the design and implementation of specific training programmes, to develop skills for effectively and professionally operating in an increasingly complex organisational environment.
- **Institutional and compliance-related training:** this pillar is designed to meet the requirements of compliance with the standards imposed by law and also includes institutional initiatives for all the organisational workforce.
- **Language & IT training:** these courses are designed to ensure that employees are kept up to date with the latest software used in the company and available on the market, as well as to improve communication flow among the d'Amico offices. These are both targeted initiatives related to the launch of new systems and on rolling initiatives aimed at ensuring high levels of language and technology skills to help employees to operate at their best in an international and increasingly innovative environment.

Alongside these four key reference areas, the company offers the opportunity to participate in postgraduate training programmes, supports professional certifications and encourages participation in industry-specific conferences, both as participants and as speakers.

Much attention has also been paid recently to innovation in terms of training methods adopted. In addition to more traditional classroom training, several e-learning courses have been delivered to ensure a flexible, modular and interactive approach to learning (24/7 from different devices), which is also the result of planning inspired by both case studies and by the motivating and engaging use of gamification.

Finally, in the two-year period 2017-2018, thanks also to the focus placed on this topic in the industry, the Group decided to invest in strengthening cybersecurity knowledge and skills. An important part of the IT security courses regarded the new European regulation on the processing of personal data (GDPR).

In 2018, total training delivered to onshore personnel amounted to 4,843 hours, rising by 17% compared to 2017 (4,122 hours). Average annual training hours per employee were 18 (+3 hours compared to 2017).

ONSHORE PERSONNEL		2017		2018	
AVERAGE YEARLY HOURS OF TRAINING		15		18	
		Men	Women	Men	Women
Top Manager		11.13	8.00	9.84	14.00
Manager		24.59	22.41	19.17	23.20
Employees		14.49	12.29	22.72	12.83

ONSHORE PERSONNEL		2017				2018			
AVERAGE YEARLY HOURS OF TRAINING BY GENDER AND GEOGRAPHICAL AREA		Europe and America		Asia		Europe and America		Asia	
		M	W	M	W	M	W	M	W
Top Manager		8.30	8.00	25.60		9.77	14.00	10.07	
Manager		17.20	23.8	35.00	12.00	20.41	22.66	17.54	27.00
Employees		14.00	9.0	16.00	18.88	20.48	13.56	29.61	11.39
TOTAL		18.44	15.50	23.49	12.51	13.29	12.35	21.75	18.37

ONSHORE PERSONNEL		2017				2018			
HOURS OF TRAINING BY GEOGRAPHICAL AREA, GENDER AND TOPIC		Europe and America		Asia		Europe and America		Asia	
		M	W	M	W	M	W	M	W
Compliance/Institutional		268	326	156	80	329	93	36	76
Language & IT		651	337	40	56	681,5	595	196	204
Management		132	48	324	156	551	253	160	76
Shipping		716	104	524	204	765	108	696	24
TOTAL		1,767	815	1,044	496	2,327	1,049	1,088	380

Training initiatives

E-Learning cyber security training programme

Addressees: all d'Amico Group personnel

Digitisation is making the world a smaller place, but the potential of cyber threats is also increasing in the Shipping industry. All the people who work for d'Amico are encouraged and to maintain the security of corporate systems by adopting behaviour ensuring very high protection.

In this context, training aims to encourage responsible behaviour. It explains threats, common traps and good practices, but above all the key role that everyone plays in developing a Cyber Security Culture.

Hull inspections and repairs - Survey simulator practice

Addressees: d'Amico Marine & Technical Superintendent (for a total of 15 participants)

The aim of this innovative training course is to improve the quality of hull inspections, increase skills in assessing the critical aspects of defects (including structural defects), develop skills to identify the causes and define solutions to manage the defects highlighted. By alternating theoretical inputs and practical cases, the course deals with structural features and typical damage that can affect the hull.

In delivering this course, SurveySimulator technology is used: an innovative software solution that helps learners simulate 3D inspections in a virtual-reality environment. The SurveySimulator reconstructs different types of ships. It ensures that reconstruction is very close to reality and provides a training environment that reflects the diversity of real situations and the variety of vessels.

Develop yourself as a leader

Addressees: d'Amico Group Managers and Professionals 14 resources were involved in 2018.

This process for the development of managerial skills is periodically addressed to human resources identified among the Group's different geographical and organisational areas, who hold current roles of particular strategic impact or who will be expected to hold them in the future.

The aims of this course include:

- mapping the managerial skills (current and potential) of this key staff for the Group;
- spreading the elements of the managerial culture that intend to be strengthened by creating a cohesive and integrated professional community, in keeping with the spirit with the Academy;
- identifying collective and individual development areas to be strengthened during the process.

The programme has been repeated over the years in various editions and addresses different groups of people. It is divided into:

- Development Center & Self Development Lab, designed to identify potential and to assess individual skills by drawing up a personal skills-improvement plan.
- Modules spread over several days provide participants with the tools they need to develop greater personal performance at work, offering a range of behavioural topics ("soft skills") that cover most of the skills required for managerial/professional roles such as those held by the programme participants.

Seagoing personnel

A rigorous ashore and on board training programme has been envisaged for crew, starting with the pre-embarkation period and covering every officer's entire career. Training capitalises on the knowledge developed within the Company, involving the participation of specialised trainers and senior staff with seagoing experience.

In addition, the Group implements a long-standing policy of collaboration with various maritime training institutions with the aim of increasing awareness of safety and environmental issues, key priorities for the business.

The philosophy "Home Grown Officers" is a key aspect of the personnel development strategy. In this regard, the d'Amico Group implements specific personnel career development plans, which are constantly monitored and updated. The starting point is the strategy through which the d'Amico Group cooperates with nautical institutions for the selection and training of its young cadets. One of these institutions is the "ITS Fondazione G. Caboto" Higher Education Technical Institution, which offers cadet training programmes, divided into courses, which combine theoretical study and hands-on training. Their aim is to provide an excellent technical background to young recruits and at the same time to transfer the knowledge of d'Amico Group's organisational structure, policies, expertise and vision, thus facilitating job placement within the Group.

Particular attention is given to behavioural skills: in addition to the key technical skills required by the specific role, great importance is given to "how" staff work. For this reason, the Group promotes specific initiatives to encourage communication, leadership and team work on board its ships.

In 2018, the total hours of training for seagoing personnel amounted to 55,200; average yearly hours per employee were equal to 23, a stable value since 2017.

ITS Fondazione G. Caboto - Higher Education Technical Institution

The d'Amico Group is one of the founding members of the "ITS Fondazione G. Caboto" Higher Education Technical Institution for Sustainable Mobility - a public body under private law for the training of specialised technicians that offers two-year post-diploma courses for students who wish to pursue an international career in the shipping industry.

The educational approach applies a method based on which students are called upon to actively build their skills. At least 50% of the teachers are experts from the business world. Training includes minimum 600 hours of internship, for ground professionals, and up to 12 months of internship on board ships. Since 2011, the "ITS Fondazione G. Caboto" Higher Education Technical Institution has trained over 200 students, with a level of employment of almost 100%, exceeding the already high rate (81.1%) achieved by the entire system of Higher Education Technical Institutions.

The training offer is constantly expanding. It offers a wide range of courses and responds to the needs of companies and shipping partners, which require specific professional roles in their workforce as a result of the evolution of maritime professions.

SEAGOING PERSONNEL	2017	2018
AVERAGE YEARLY HOURS OF TRAINING		
Senior Officers	32	32
Junior Officers	32	32
Ratings	16	16
TOTAL	22.4	23

SEAGOING PERSONNEL	2017	2018
HOURS OF TRAINING BY TOPIC		
Technical-specialist training	15,928	13,824
Language training	3,176	2,755
Managerial training	12,704	11,021
EHS, Quality	9,528	8,266
Mandatory/institutional training	9,576	8,290
Refresher training	6,352	5,510
Human Rights and Ethical Aspects	6,352	5,534
TOTAL	63,616	55,200

Remuneration and performance assessment systems

The Group's remuneration policies are based on:

- **financial sustainability:** the total cost of personnel must be "consistent" with the cost structure and with the Group's profitability goals;
- **external comparability:** in setting the remuneration policy goals, the Group takes into account the benchmarks offered by the sector at international level;
- **internal equity:** people must be remunerated on the basis of uniform criteria that relate to the organisational structure but differentiate people on the basis of performance, talent enhancement and development of high potential;
- **performance management:** any salary review and/or bonus must be guided by the assessment of results. Bonuses should reward the achievement of goals set for extraordinary projects and activities, and a strong commitment to the company.

People performance management is a key process within the group for enhancing professional skills and encouraging the retention and development of talent. By analysing the training needs and the growth prospects in the role, the process bolsters organisational and individual development and the professional growth of personnel. It also seeks to improve the motivation and commitment of our people and to strengthen their individual contribution to the group's results. To this end, the Group has implemented reward systems that sharply target individual performance and compensation policies aimed at fostering an effective pay-for-performance system.

An award for the people who have worked for d'Amico for over 10 years

In recognising the loyalty of its onshore personnel, for two years the d'Amico Group has adopted and consolidated a Long Service Award programme, which rewards employees from any office who have reached 10 years of service in the company.

To date, the programme has rewarded over 109 employees, around half of the total workforce, once again confirming employees' strong commitment to the Group.

For seagoing staff, the Group's minimum reference salary is set by the ILO (International Labour Organization) which every 3 years identifies the minimum salary for the position of reference, i.e. expert sailor, which is taken as benchmark and used for building the salaries of all the other positions.

Welfare system

The Company has carried out several initiatives to increase the wellbeing of its staff and their families.

The objective is to create a working environment where every employee can operate at a high standard, also guaranteeing work-life balance programmes that support people in balancing their family needs with work duties. Work responsibility and participation are therefore a determining factor for the company in creating a business that is attentive to the social dimension. People's wellbeing affects the energy levels in the company and has an impact on organisational welfare and on results.

The welfare and benefits-related initiatives implemented range from personal wellbeing and health protection to recreational and entertainment activities for the entire workforce.

Among the initiatives to help balance personal life, work and family life, personnel can use family leave, i.e. additional leave for special family needs, for example, taking care of children and relatives in the event of illness.

Included in the goods and services offered to the employees relating to personnel health, prevention and wellbeing, the company supports, in different percentages, its employees' social security position by joining supplementary pension schemes, depending on the location and in certain cases.

Special attention is also given to the state of health and the health prevention of employees and their families. Depending on the location, the company provides supplementary health care to employees and the members of their family.

In addition to this, agreements with gyms and other centres are also provided, as well as the free supply of water, hot drinks, fruit or vouchers and ticket restaurants in certain countries.

The Group also organises several recreational and entertainment initiatives. These include events in which the Company supports charitable events such as:

- *Movember*, organised in the Singapore offices to support health and the treatment of certain pathologies specific to the male population;
- *Race for the CURE*, organised in Rome to support health and the treatment of certain female pathologies;
- *No Finish Line* in Monaco, a race in which each kilometre covered by our employees generates 1 euro which the company then donates to charity. In 2018 the distance covered reached 1,274.63 km, i.e. 927 laps, involving 28 participants.

During the Christmas holidays, the Company organises a recreational get-together to exchange greetings. Employees and their families are invited as well as former employees who ended their professional careers in the Company.

CLIENTS

Thanks to its global presence, with offices in 10 countries on 5 continents, and the employment of highly qualified personnel, d'Amico provides its customers with a wide range of different services and ongoing, timely assistance 24/7.

The Group offers the following services:

- The Chartering department, is responsible for screening the employment opportunities for the vessels, negotiating terms and conditions of the contracts under which the vessels are going to be chartered and entering into a chartering agreement.
- The Operations Department provides post-fixture support to the vessels, issues voyage instructions, ensures that the ships perform as per the charter-party agreements and also ensures the safe and efficient carriage and delivery of cargoes. In addition, the Department supervises the disbursement of the necessary funds, arranges for freight / hire / demurrage collection from charterers and, finally, arranges for the provision of the vessels with bunkers.

In addition to the above activities, the Group offers technical ship management services and support in the management of quality, safety and environmental protection systems, as well as dealing with legal and insurance aspects.

Business areas and clients

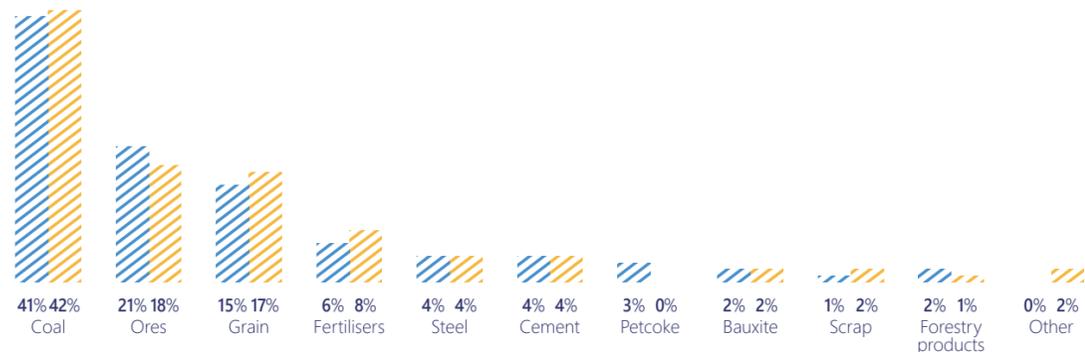
Dry-cargo

The Group operates in the dry-cargo shipping sector. The raw material segments of the shipping market in which the Group operates globally include the grain, coal and ore sectors, in which d'Amico boasts longstanding experience. Other bulk commodities may be added to these raw materials, such as fertilisers, cement, petcoke, steel products and steel pipes. This business also includes the transportation of forestry products from North America to ports on the Mediterranean, as well as from South America (primarily Brazil and Chile) to European and Asian ports.

These shipments are based on both long-term contracts with the major timber producers and spot contracts that allow the Group to maximise short-term opportunities presented by the market and to ensure highly flexible use of the fleet.

Products transported by type

2018 2017

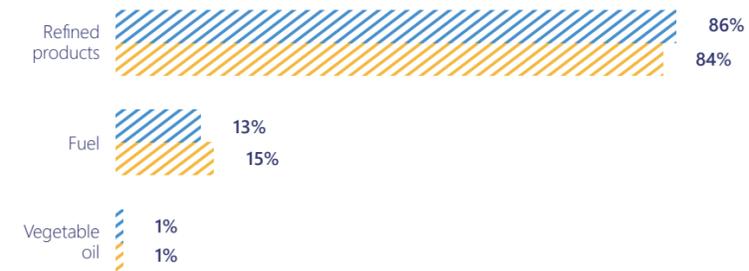


Product Tankers

The Group's tanker sector mainly deals with shipping refined petroleum products, providing maritime shipping services on a global scale to the major oil companies and commercial intermediaries. Pursuant to MARPOL/IMO regulations, cargoes such as palm oil, vegetable oil and some other chemical products may only be transported by IMO-classed tankers. As at 31 December 2018, 81.8% of the fleet's vessels were IMO-classed, allowing the Group to transport a wide range of products.

Products transported by type

2018 2017



Maritime services

Within the Group, certain companies perform complementary and service-related activities to the core shipping business in order to take advantage of common synergies. The services rendered benefit not only the d'Amico fleet, but also external clients, and comprise in particular ship management, insurance brokerage and intermediation in ship fuel purchases (bunkering).

Among some of the services offered:

- technical management (supervision of construction and maintenance projects);
- planning, procurement and management of planned maintenance ("PM");
- crew management (selection, recruitment and management of the compensation of maritime personnel);
- management of quality, safety and environmental protection systems;
- management of information technology systems;
- management of legal and insurance issues.

Service quality

d'Amico Group's quality policy includes goals that cut across the company areas and is based on a number of key elements:

- qualified, expert, trained and updated personnel;
- equipment and facilities suitable for the services provided;
- inspections on the managed fleet and adoption of necessary measures to remedy defects and deficiencies;
- process control, performance monitoring, auditing and implementation of corrective measures;
- effective communication and cooperation with all stakeholders including customers, charters, manufacturers, suppliers, vendors and authorities, as well as between company offices and managed ships.

In particular, the d'Amico Group is aware that its effective positioning on the market largely depends on understanding and meeting both the current and future needs of its existing and potential customers. For this reason, the Group defines its customers' needs and requirements and makes them known to all the departments in charge of the service, which undertake to work to meet the goals and to increase customer satisfaction.

The Group uses different channels and tools to verify customers' perception of the services offered and their satisfaction.

These include:

- direct communication with customers;
- customer complaints and reports;
- reports from ship command and ship agents;
- results of audits carried out by appointed organisations;
- internal relations of the Operational Department with feedback from people in direct contact with the customer.

Furthermore, to collect annual feedback on the quality of the service offered, the Company meets its customers directly, through the sales department. The results of the meetings are collected in the management review and help identify the goals that d'Amico sets itself to continue improving the quality of its service.

Complaints and reports

The legal department is the office responsible for handling complaints received from third parties and all claims that the d'Amico Group has against them.

Complaints may be divided into the following categories:

- cargo claim: complaints usually regarding the quality/quantity of the cargo;
- charterparty disputes: disputes arising from the contractual terms, for example from the charter contract;
- disputes relating to a Memorandum of Agreement for the sale of the ship (MOA claim);
- ship performance disputes: complaints received from customers for inadequate ship performance, as established by the charter contracts. For example, these contracts often guarantee vessel speed that is monitored during the voyage by external companies, which then issue a report on the ship's performance. If the speed is lower than that guaranteed by the shipowner in the contract, the charter is entitled to financial compensation depending on the accumulated delay.

COMPLAINTS BY TYPE	2017	2018
Cargo claim	12	10
Charterparty disputes	2	0
Disputes relating to a memorandum of agreement for sale of the ship	1	1
Ship performance disputes	0	0
TOTAL	15	11

The majority of complaints received from customers are subject to P&I (Protection and Indemnity) insurance coverage. Once the complaint is notified to the legal department, it is also notified to the insurers, who assist with handling the complaint and contribute financially if the counterparty's claim is well-founded. Complaints are settled both out of court, without the help of external legal assistance, and in court. For the latter circumstance, the d'Amico Group can count on a large network of external lawyers appointed to represent the Company's interests in court.

Communication to clients

The majority of business contacts, both for tankers and dry cargo ships, are made through brokers associated with brokerage companies with which the Group has been working for some time. In certain geographical areas, such as Japan, some relations date back to the 1970s, when the d'Amico Group was one of the first Italian companies to enter into business relations with the Far East. Brokers play a key role: they act as mediator for both sides, they know the shipowner's fleet and the needs associated with the specific aspects of the customer's product, especially the logistical and operational aspects.

An important opportunity for more direct relations and communication between the parties are sector-related conferences, often specific to the type of product, during which all shipping companies and customers meet. Even the d'Amico Group participates annually in these kinds of events, especially in Asia, the US and Europe, to strengthen existing business relationships and build new ones.

The d'Amico Group organises important business and institutional events, especially in Japan, Singapore and Stamford (USA), in order to facilitate communication with leading industry players and as a sign of gratitude towards its partners.

The Product Tankers business area, i.e. d'Amico International Shipping S.A., listed on the Milan Stock Exchange, participates in the Star conferences organised by the London Stock Exchange to meet investors and analysts.

The Group also uses the web to provide customers and stakeholders with main institutional and business information which can be accessed both through the Group's website - <https://en.damicoship.com/> - and through the websites dedicated to the main business areas (<https://en.damicodry.com/> and <https://en.damicointernationalshipping.com>).

COMMUNITY

The d'Amico Group takes part actively in leading national and international sector organisations and associations, holding top positions. The Company's shipowners and managers continue with the past tradition of ensuring their constant and stable participation in key international shipping contexts.

CONFITARMA

The Italian Confederation of Shipowners (Confitarma) is the main association of the Italian shipping industry. It represents nearly the entire merchant fleet and gathers shipping companies and ship-owning groups operating in all sectors of freight and passenger transport, cruises and in auxiliary traffic services. The d'Amico Group has been a member since its foundation. Three d'Amico family members have been appointed as chairmen over the course of history and have marked significant moments for the Confederation.

Ciro d'Amico, Chairman from 1972 to 1975, contributed to the unification of the three different shipowner associations that later merged into Confitarma. Antonio d'Amico, Chairman from 1989 to 1995 worked actively towards joining Confindustria. Paolo d'Amico accompanied Confitarma in a very complex three-year period (2010-2013) in terms of international maritime safety. Cesare d'Amico has also played a key role in Confitarma. He is currently a member of the Executive Committee and for many years chaired the Working group "Ship Operations" focused on safety on board merchant ships.

INTERTANKO

The International Association of Independent Tanker Owners (INTERTANKO) has 204 members from more than 40 countries. The Association, chaired by Paolo d'Amico since November 2018, is committed to ensuring a highly competitive, transparent and sustainable industry with the aim of achieving high international standards. Two of d'Amico Group's staff also hold a role at INTERTANKO: an HR Manager chairs the Human Element in Shipping Committee (HEISC), and the Technical Director is a member of the Safety and Technical Committee (ISTEC) and the Environmental Committee.

The Standard Club

The Standard Club is the fourth most important Protection and Indemnity Club in the world and it deals with around 10% of the international insurance market. A network of 650 correspondents in 130 countries are responsible for monitoring and assisting a fleet exceeding 130 million gross tonnes. Cesare d'Amico is currently the Chairman and is the first Italian to have achieved this important position.

BIMCO

The d'Amico Group is a member of BIMCO, the largest international maritime association. It is accredited as an NGO with all relevant UN bodies and controls about 65% of the world's tonnage with members in 120 countries. In the past, Group executives have been members of the Association's technical committees.

INTERCARGO

INTERCARGO, International Association of Dry Cargo Shipowners, represents the interests of the leading dry cargo shipowners, with a view to promoting free and fair competition. The d'Amico Group is significantly involved in the Association too: the CEO of the Dry Cargo business area is a member of the Executive Committee, while the Deputy Technical Director is a member of the Technical Committee.

ESSF - European Sustainable Shipping Forum

Since 2017, the d'Amico Group has been an expert member of the ESSF. The Forum was created to promote structural dialogue, the exchange of technical knowledge, cooperation and coordination between parties with a view to encouraging sustainable, competitive and quality shipping without compromising safety. It is also a member of the subgroup Air Emissions from Ships.

ECSA - European Community Shipowners Association

Founded in 1965, ECSA is a trade association representing the national shipowners' associations of the EU and Norway. European shipowners control 40% of the global commercial fleet. ECSA deals with safety and environmental issues, maritime and trade policies and social affairs. It promotes the interests of shipping and seeks to create a free and competitive business environment.

ICS - International Chamber of Shipping

The International Chamber of Shipping (ICS) is the leading international trade association for the shipbuilding industry. It comprises shipowners from Asia, Europe and the Americas. Overall, the shipping companies associated with ICS manage over 80% of the world's merchant shipping tonnage. One of d'Amico Group's Top Managers serves as Chairman of the Construction & Equipment sub-committee.

Irish Chamber of Shipping

Ireland's leading trade association for the shipping industry represents shipowners and operators in all sectors and trades in Ireland. The Irish Chamber of Shipping is Ireland's representative on the ECSA (European Community Shipowners' Association) and the International Chamber of Shipping.

SSA - Singapore Shipping Association

d'Amico Shipping Singapore and Ishima Pte Limited are members of the Singapore Shipping Association (SSA). The Association was founded in 1985 and represents over 460 member companies, including shipowners, ship managers and operators, brokers, bunker suppliers, insurers, lawyers and bankers specialising in the maritime sector.

ICCS - Italian Chamber of Commerce in Singapore

The Italian Chamber of Commerce in Singapore is a non-profit association that aims to strengthen bilateral relations between Italy and Singapore. It focuses on collaboration between strategic partners belonging to the two countries. The d'Amico Group is now one of the Italian companies with the greatest presence in Singapore and has an office that represents the company's hub in Southeast Asia.

d'Amico Group's commitment to training

Contributions for training

The d'Amico Group is actively involved in encouraging the development and professional growth of its human resources. It funds a number of educational projects for students at different levels, offering them a real opportunity to undertake successful careers in the fields they have selected, especially those related to maritime economy.

Student Naval Architect Award

The Student Naval Architect Award is a prestigious award that has been given for over 12 years to Genoa University students who have attended the faculty of Naval Engineering or similar subjects and have graduated with honours. The aim is to reward excellence in the field of naval engineering with a view to building the future of shipping. The d'Amico Group co-funds this award together with the Royal Institution of Naval Architects, the British professional association of naval engineers founded in London in 1860.

IPE - Naples Institute for Research and Education

The second-level Master in Shipping organised by IPE (Institute for Research and Education) in Naples, is an educational programme without equal in Italy. Its aim is to train professionals and provide them with specific legal, economic and financial skills (allowing them to plan activities in the transport sector, especially shipowners), with expertise in industrial logistics, and with a broad knowledge of the rules and practices that govern access to foreign markets. The Master boasts a 100% placement rate and is accessible annually through a scholarship provided by the d'Amico Group.

National Maritime College of Ireland - Cadets programme

The d'Amico Group has supported the National Maritime College of Ireland for over five years, offering 18 cadets the opportunity to board the vessels of the d'Amico fleet for 90 days each year. The new Navy officers can complete their education with a period of on-board training and receive the certificate of competency required for navigation. Through its cooperation with the National Maritime College of Ireland, the d'Amico Group is also a partner of Chiltern Maritime, a company specialising in the recruitment, training and administration of officer trainees for British Merchant Marine scholarship programmes.

The Connecticut Maritime Association - CMA Essay Contest

The Connecticut Maritime Association is a non-profit association of the US shipping industry. The d'Amico Group has been an active member of the Association since 2001. Since 2014, the d'Amico Group has sponsored the "Business of Shipping Competition", organized by the CMA and the CMA Education Foundation. The competition rewards the best essays written by students attending American colleges and universities with programmes and/or courses specialising in shipping, international trade, marine biology and maritime engineering.

d'Amico Group's commitment to solidarity

The d'Amico Group supports charitable activities across the globe. It supports events for the protection of human life and scientific research, and projects to assist populations and areas most in need in which it operates - paying special attention to the protection of children and the weakest.

Projects in Asia

Vietnam

In 2017, following the Damrey typhoon that struck the province of Khanh Hoa in Vietnam, the d'Amico Group made donations to both the Khanh Hoa Provincial People's Committee and the Hyundai Vinashin Shipyard Co. shipyard (where many of d'Amico's product tankers vessels have been built) to help employees and their families rebuild their homes. In addition, the Group has made a further donation to the families of the 5 municipalities most affected by the typhoon and adjacent to the yard.

Philippines

Following the typhoon that devastated many areas in 2013, the d'Amico Group made an important donation for the construction of ambulance boats for the municipality of Iloilo. This was one of the areas most affected by the disaster and some seafarers who work for the Group come from here. Already at the beginning of 2014, d'Amico had immediately helped the families of the Filipino seafarers and employees with a contribution to rebuild their homes.

Japan

Following the 2011 earthquake and tsunami off the coast of the Tōhoku region in northern Japan, which is still the most powerful ever recorded in the country, the d'Amico Group made a significant donation to the "Italians for Tohoku" Association, directly supported by the Italian Embassy in Tokyo. The Association literally "adopted" the city of Rikuzentakata, which had been completely destroyed by the tsunami and is carrying out reconstruction projects thanks to fundraising activities.

Il Porto dei Piccoli (The Children's Harbour)

The d'Amico Group supports the Association "Il Porto dei Piccoli" (The Children's Harbour) which helps children facing illness and their families. Its aim is to provide support throughout treatment, regardless of the pathology, and offer a safe harbour where children and their families can find understanding and support. The sea is the constant companion during the recreational and educational activities offered every day by the Association's operators. In its over 14 years of activity and more than fifty thousand hours of initiatives, Il Porto dei Piccoli has involved over thirteen thousand children in different Italian regions.

Children's Emergency Fund - Save the Children

The Children's Emergency Fund of Save the Children seeks to rescue and provide assistance to people struck by natural disasters and conflicts. The d'Amico Group collaborates with the Organisation when providing first response at the outbreak of an emergency to ensure that children and families receive food, water, hygiene kits, medical care and temporary shelters. The d'Amico Group also supports projects dealing with health and education designed to guarantee a better and safer future for children all over the world.

Telethon Foundation

For many years, the d'Amico Group has supported the activities of the Telethon Foundation - aimed at helping research progress towards the treatment of genetic diseases - and helps the Foundation in financing top researchers and research institutes.

Children's Kidney Disease Foundation

For many years, the d'Amico Group has supported the "Fondazione Malattie Renali del Bambino" (Children's Kidney Disease Foundation), an Italian non-profit organisation that deals with the prevention, treatment and study of kidney disease in children. Its aim is to help them receive the assistance they need to go back to living a perfectly normal life.

d'Amico Group's commitment to promoting art and culture

The d'Amico Group supports art and culture, driven by its close bonds with many of the local communities in which it operates worldwide and by its desire to spread Italian culture beyond its national borders. The Group has developed a number of projects allowing it to introduce social, economic and environmental issues to an ever-growing public, and to personally contribute to the preservation of artistic, cultural and traditional heritage.

The Owner's Cabin

In 2015, the d'Amico Group launched the project - The Owner's Cabin, a one-of-a-kind artist's residency that combines art, culture and shipping, and hosts international artists on board the Group's vessels offering them a unique perspective. Interlacing industry and art, trade and creativity, isolation and global interaction in the creative process, several artists from all over the world have already produced a body of artwork inspired by these features.

Grimaldi Forum Monaco

The Grimaldi Forum Monaco is a landmark in Monaco's cultural life. It organises events that break the barriers between artistic disciplines, hosting ballets, concerts, operas, festivals and exhibitions. For years, the d'Amico Group has contributed to the organisation of art exhibitions.

FAI - Fondo Ambiente Italiano (Italian Environmental Fund)

d'Amico Società di Navigazione is part of "The 200 of FAI", a group of generous patrons who, together with their companies, support FAI - Fondo Ambiente Italiano (Italian Environmental Fund) - in its mission to protect, take care of and enhance Italy's historical, artistic and environmental heritage.

Association of Sea Museum Promoters - Galata Sea Museum of Genoa

The d'Amico Group has always had a special relationship with the city of Genoa. Recently, the Group contributed in creating the "Shipowners' Hall" in the Galata Sea Museum. The room is situated on the third floor of the museum and tells the story of Genoa and its port through its protagonists: the shipowners and Italian maritime history since 1861. The museum also includes the "Antonio d'Amico Room". This room is dedicated to the memory of one of the three brothers who founded d'Amico Società di Navigazione. It contains the bell that belonged to the transatlantic liner REX and other mementos given on free loan to Genoa by the company, bearing witness to the close bond between d'Amico and the city.



**ENVIRONMENTAL,
HEALTH AND SAFETY
RESPONSIBILITY**

NO SMOKING

SAFETY FIRST

IMO 9455820

AMONG THE
WORLD'S FIRST
FLEETS
COMPLIANT WITH

MRV
CRITERIA

70%
*of owned fleet
compliant
with EEDI phase II*

ENVIRONMENTAL,
HEALTH AND SAFETY
GOALS REACHED:

0

*accidents, spills and
injuries in 2018*

DIGITALIZATION
OF RECORD BOOKS
AND
CONDITION BASED
MAINTENANCE

*Environmental
certification*
ISO 14001
*Energy efficiency
certification*
ISO 50001

SINCE 2011
FLEET
PERFORMANCE
MONITORING
DEPARTMENT FOR
ENERGY EFFICIENCY
MANAGEMENT
ON-BOARD

HIGHLIGHTS

ENVIRONMENT, HEALTH AND SAFETY

The d'Amico Group regards environmental protection and respect for the environment as a mission. Its environmental policy is a key reference point for its Integrated Management System and when adopting international certifications.

The d'Amico Group is aware of the importance of its role and constantly promotes responsible behaviour towards the environment.

It takes part in several projects, focusing its efforts on preserving the sea environment from pollution and over-exploitation.

ENVIRONMENTAL IMPACT AND REGULATORY FRAMEWORK

Around 90% of world trade is based on maritime transportation. This is the most efficient and cost-effective method of transport for the majority of goods and is constantly expanding driven by the liberalization and globalization of economy.

Currently this industry involves over 150 countries, with more than 50,000 cargo vessels that employ more than a million seafarers of all nationalities.

From an environmental viewpoint, shipping is the least environmentally damaging form of transport since it is more efficient and has a much lower environmental impact than other existing forms of transport. Considering the size of this industry, 2.7% of global CO₂ emissions are attributable to shipping. However, the sector has a highly cohesive approach when adopting and implementing international safety standards, under the umbrella of the International Maritime Organization - IMO, which regulates this huge and diverse sector, irrespective of nationality.

IMO - International Maritime Organization

The United Nations agency that deals with shipping safety and security and with the prevention of marine and air pollution by ships. IMO membership implies compliance with specific standards. Being an international industry by definition, shipping can only operate effectively if regulations and standards are agreed, adopted and implemented on an international basis. IMO measures cover all aspects of international shipping – including ship design, construction, equipment, manning, operation and disposal. The goal is to ensure that the shipping sector – which plays a vital role for economy – be secure, environmentally friendly, energy efficient and safe.

Finally, IMO works towards supporting the United Nations Sustainable Development Goals, which the d'Amico Group has also adhered to.

The d'Amico Group is subject to the provisions of the International Convention for the Prevention of Pollution from Ships (MARPOL), which aims to prevent and reduce both accidental and operational pollution.

The MARPOL Convention was adopted on 2 November 1973 by the IMO and subsequently updated by the 1978 and 1997 protocols. It consists of six Annexes, each dealing with the prevention and/or control of pollution by oil (crude oil and fuel oil), carriage of noxious liquid substances in bulk, carriage of noxious substances in packaged form, sewage, waste and air pollution emissions - substances that deplete the ozone layer, nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds.

The main certificates that a vessel must have to demonstrate compliance with the MARPOL Convention are:

- IOPP (International Oil Pollution Prevention Certificate);
- ISPP (International Sewage Pollution Prevention Certificate);
- IAPP (International Air Pollution Prevention Certificate);
- NLS (International Pollution Prevention Certificate for the Carriage of Noxious Liquid Substances).

In April 2018, the IMO reached a climate agreement regarding the adoption of a strategy to reduce greenhouse gas emissions from international shipping consistent with the Paris Agreement goals adopted by the United Nations in 2015. The agreement has two main objectives:

- reduce CO₂ emissions from international shipping per tonnes of cargo carried and nautical miles covered by at least 40% by 2030 and 70% by 2050, compared to 2008 values;
- reduce greenhouse gas emissions from international shipping by at least 50% by 2050 compared to 2008, consistent with the strategies implemented by the Paris Agreement.

The IMO Marine Environment Protection Committee (MEPC) has also reviewed the terms of MARPOL Annex VI with the following additions:

- adoption of a new Regulation (22A) establishing a mandatory scheme for collecting and reporting data, starting from 1 January 2019 for each year, on the consumption of each type of fuel oil used on board all vessels having 5000 or more gross tonnage and engaged in international voyages - Resolution MEPC.278 (70);
- adjustment of the level of sulphur oxide and nitrogen oxide emissions by redefining the sulphur threshold that can be contained in the fuels used by vessels, which ranges from 3.5% to 0.5% starting from January 2020 at global level. An exception is made for vessels travelling through SECA (Sulphur Emission Control Area) areas, for which a maximum threshold of 0.1% has been defined as already envisaged by the previous version and by Directive (EU) 2012/33¹¹ in European ports.

¹¹ Directive (EU) 2012/33 of 21 November 2012, known as the "Sulphur Directive" lays down that, from 1 January 2015, cargo vessels operating in the maritime areas of Member States may no longer use fuel with a sulphur content exceeding 0.1% by mass.

ENVIRONMENTAL POLICY

The d'Amico Group is committed to managing the environmental aspects and improving energy performance as an integral part of its business. To this end, it has implemented a certified environmental management system compliant with ISO 14001 and a certified energy efficiency management system compliant with ISO 50001, aimed at:

- ensuring that its activities have a minimum impact on the environment at all times and in all places;
- protecting the sea environment;
- preventing pollution (goal: zero pollution);
- reducing emissions;
- continuously monitoring fuel consumption and air emissions;
- encouraging innovation by identifying technologies to increase the energy efficiency of ships and reduce environmental impact;
- complying with applicable legal requirements and with the commitments undertaken by the Companies with regard to environmental legislation and to energy consumption and efficiency;
- promoting the purchase of energy-efficient products and services as well as solutions for improving energy performance;
- spreading the Environmental Policy to all employees on land, on board and at all levels within the organisation, making it available to the public and keeping it constantly updated.

The International Maritime Organization (IMO) has identified further potential for improving the efficiency of maritime transport and for reducing greenhouse gas emissions. In 2011, it approved the adoption of technical measures (EEDI¹²) to ensure efficient ship design with respect to environmental impact, and operational measures (SEEMP¹³), both mandatory. The new regulations entered into force in 2013.

SEEMP Part I is the operational measure that establishes a virtuous mechanism for improving a ship's energy efficiency. It introduces a systematic process of: goal planning, implementation of activities to achieve them, monitoring and measurements, continuous improvement and an operational efficiency indicator (EEOI¹⁴).

As of 1 January 2019, SEEMP Part II requires full monitoring of the ship's propulsion system efficiency. Methods are established for collecting data on annual fuel oil consumption in metric tonnes including the use of bunker delivery notes (BDN¹⁵), flow meters, monitoring of bunker fuel oil tank on board and direct measurement of CO₂ emissions (although not required by Regulation 22A).

In addition, SEEMP Part II includes methods selected for measuring distance travelled, hours underway, the procedure for reporting data to ground-based offices and to the administration that will be responsible for transmitting the data to the IMO. At the same time, on 1 January 2018 the European Union introduced EU regulation 2015/757 MRV - Monitoring, Reporting, Verification.

This regulation was developed in response to the 2050 goals set by the European Union aimed at reducing greenhouse gas emissions, which already by 2030 must be at least 40% lower than 1990 levels. It also establishes a European system for monitoring, reporting and verifying greenhouse gas emissions from maritime transport. The aim is to improve information about ships' efficiency and encourage the reduction of emissions and fuel consumption.

The IMO and the EU therefore both have clear targets for reducing greenhouse gas emissions from vessels. Both have introduced two mandatory requirements for collecting and analysing emissions-related data:

- EU MRV - EU Monitoring, Reporting and Verification for CO₂ emissions;
- IMO DCS - IMO Data Collection System on fuel consumption.

The d'Amico Group fleet was one of the first fleets in the world to be fully compliant with the MRV criteria and to be certified by RINA, as well as responding in advance to the verification performed for SEEMP Part II IMO Data Collection (MARPOL Annex VI).

Today's challenge for a shipping company such as the d'Amico Group is to have a system that is able to constantly monitor the data gathered from automation and navigation equipment, both manually and using sophisticated software on board its vessels.

This allows the Group to fully monitor energy efficiency on board and to integrate data from different equipment and sources. The fleet is therefore more efficient and is able to provide all Emission Compliance data required.

Since 2011, the Fleet Performance Monitoring department has gained a significant competitive advantage since it systematically integrates the needs of all departments (technical, operational, commercial and environmental) and provides all the information needed for managing Energy Efficiency on board ships



d'Amico Dry d.a.c. and d'Amico Tankers d.a.c. receive the Green Flag 2017 award

Green Flag is a programme promoted by the port of Long Beach that rewards operators for slowing down the speed of ships to 12 knots or less within 40 nautical miles of Point Fermin, near the entrance to the port. The programme has been highly successful in improving the quality of air due to the reduction in emissions from ships. The speed of every vessel in the speed reduction zone is measured and recorded by the Marine Exchange of Southern California. The programme prevents more than 1,000 tons a year of air pollution.

The d'Amico Group voluntarily committed to The Green Flag programme and obtained certification for d'Amico Tankers d.a.c. and d'Amico Dry d.a.c. This recognition also had a positive impact on operational management given the reduced docking fees.

¹² Energy Efficiency Management Design Index

¹³ Ship Energy Efficiency Management Plan

¹⁴ Energy Efficiency Operational Indicator

¹⁵ Bunker Delivery Note

Environmental performance

d'Amico Group's environmental and energy performance is improved mainly through the adoption of new technologies that reduce consumption and increase the fleet's energy efficiency.

In support of its environmental policy, the d'Amico Group is committed to implementing programmes and procedures seeking to ensure strict compliance with international regulations and to define higher standards where existing laws and regulations do not adequately guarantee sufficient protection of the ecosystem.

Furthermore, its management systems are specifically designed to prevent activities and conditions that may pose a threat. They reduce risks involving onshore activities, vessels and personnel, thanks to safe operating procedures designed to deal with any emergency whatsoever.

An essential aspect is also informing its employees and stakeholders about the commitment to reduce environmental impact and energy consumption by inviting them to contribute and offer their assistance in achieving specific goals and by periodically reporting on the results achieved.

Energy consumption

The d'Amico Group has implemented various technologies aiming to reduce the energy consumption of the owned fleet. Specifically, the decision to install two-stroke engines with power higher than necessary, but de-rated and electronically controlled, on the one hand, lowers the specific consumption curve and, on the other, reduces the revolutions per minutes of the engine shaft making it possible to couple with larger size and thus more efficient propellers. In addition, the Mewis duct or Stator fins, which optimise the flow of water to the propeller, allow to sail at same speed with, respectively, 2%-4% less power for the Mewis duct and 3%-5% for the Stator fins.

Improved hull forms, a more hydrodynamic bulb, hull paints with very low friction coefficients as well as more aerodynamic shapes for the vessel's accommodations have also significantly reduced ship resistance in sailing condition. Finally, the use of LED bulbs for on-board lighting allows a significant reduction in electrical power compared to ships with traditional lighting.

The combination of these technical measures have led to a drop in d'Amico fleet's fuel consumption of about 6 tons per day/ship compared to previous-generation ships.

FUEL	2017	2018	Var.
Bunker [t]	268,422.4	279,003.4	3.9%
Bunker per nautical mile [t/NM]	0.1012	0.1007	-0.5%

2018 data on fuel consumption show a 0.5% reduction in tonnes of bunker per nautical mile. This is the result of an increase in the absolute value of consumption (+3.9%) less than proportional to the increase in miles travelled (+4.5%), thus confirming consumption-related savings.

KPI - Bunker consumption per Nautical Mile [t/NM]



Emissions

2018 data on CO2 emissions reflect the results obtained on fuel consumption savings. Carbon dioxide emissions per nautical mile dropped by 0.6% since growing in absolute terms less than proportionally with the increase in miles travelled.

EMISSIONS	2017	2018	Var.
CO ₂ emissions	840,265.0	872,888.0	3.9%
CO ₂ per nautical mile [tCO ₂ /NM]	0.3168	0.3149	-0.6%

KPI - CO₂ emissions per Nautical Mile [tCO₂/NM]



A FLEET AT THE FOREFRONT

d'Amico Group's Eco-ships have an extremely innovative and environmentally friendly footprint thanks to their design, to construction choices and the use of technologies that significantly reduce consumption and emissions. These parameters are monitored by applying the ENERGY EFFICIENCY DESIGN INDEX (EEDI), i.e. the IMO reference index that expresses the ratio between "environmental impact" and "benefit for society", i.e. between "carbon dioxide emitted" and the "tons of cargo transported per miles travelled" (gCO₂/tonne-miles). IMO requires the technical efficiency improvement of ships and therefore of the EEDI over 3 phases.

The phases envisage that the "EEDI required" by type of ship be subject to a gradual percentage reduction with respect to the reference value as follows:

- Phase I (2015-2019): 10% with respect to the reference value;
- Phase II (2020-2024): 20% with respect to the reference value;
- Phase III (2025 onwards): 30% with respect to the reference value.

The value of the "EEDI obtained" for a ship under construction must therefore always be equal to or less than the "EEDI required" for the type of ship under consideration.

The ECO fleet of the d'Amico Group, which includes around 70% of the total number of vessels owned, meets Phase II given that the average EEDI obtained is roughly 25% lower than the reference values. This is thanks to the adoption of most recent technologies which reduce consumption and emissions.

The main technical elements that contributed to achieving this result with a reduction of around 6 tons per day of fuel and, therefore, about 18 tons less of CO₂ released every day into the atmosphere at the same speed compared to previous generation ships are highlighted in this diagram:

SMART4SEA Energy Efficiency Award 2019

The d'Amico Group received the SMART4SEA Energy Efficiency Award during a prestigious ceremony at the Yacht Club of Greece in Athens.

The Group stood out for its significant achievements, breakthroughs or contributions in any aspect of energy efficiency in maritime transport during the year 2018.

The d'Amico Group received the SMART4SEA Energy Efficiency Award for becoming one of the most sustainable shipping groups worldwide, with investment in an "Eco-ship" newbuildings programme and in the development of a very efficient performance monitoring system which provides ship company-specific measures for the improvement of the environmental performance of the fleet.

Protecting and respecting the environment is one of d'Amico's core corporate values and, since the business's main concern is the sea, one of the group's priorities is to safeguard oceans.

The Profile of an Eco-ship

WBTS* - Water ballast treatment system

The installation of the water ballast treatment system prevents the introduction of invasive marine species contained in the ballast water into ecosystems other than the one where the ballast water was taken.

IBTS** - Sintegrated bilge water treatment system

The installation of the integrated bilge water treatment system reduces the production of bilge water, separating clean drains and oily residues from it.

Vessel quarters

More aerodynamic shapes for vessel accomodation have significantly reduced wind resistance.

Shape of hull

Improved hull forms and a more hydrodynamic bulb have strongly reduced hull resistance and wind resistance.

Larger sized propellers

Coupling of propellers having larger diameters than normal, allowed by a super slow speed engine improves the propulsion efficiency.

Mewis duct and Stator fins

Mewis duct: Duct positioned in front of the propeller which, thanks to an integrated fin system, optimises the flow of water to the propeller and, therefore, the thrust. The system is an energy saving device which allows the same speed to be reached with 2%-4% less power.

Stator Fins: These fins are attached to the ship's hull and are positioned before the propulsion propeller. They minimise viscous resistance and optimise the flow of water to the propeller reaching the same speed with 3-5% less power.

De-rated and electronically controlled engines

Two-stroke engines with power higher than necessary, but de-rated and electronically controlled, on the one hand, lowers the specific consumption curve and, on the other, reduces the revolutions x minutes of the engine shaft making it possible to couple more efficient propellers.

Tier II Engines

The installation of TIER II engines reduces NOx emissions from 17.0 g/kwh to 14.4 g/kwh.

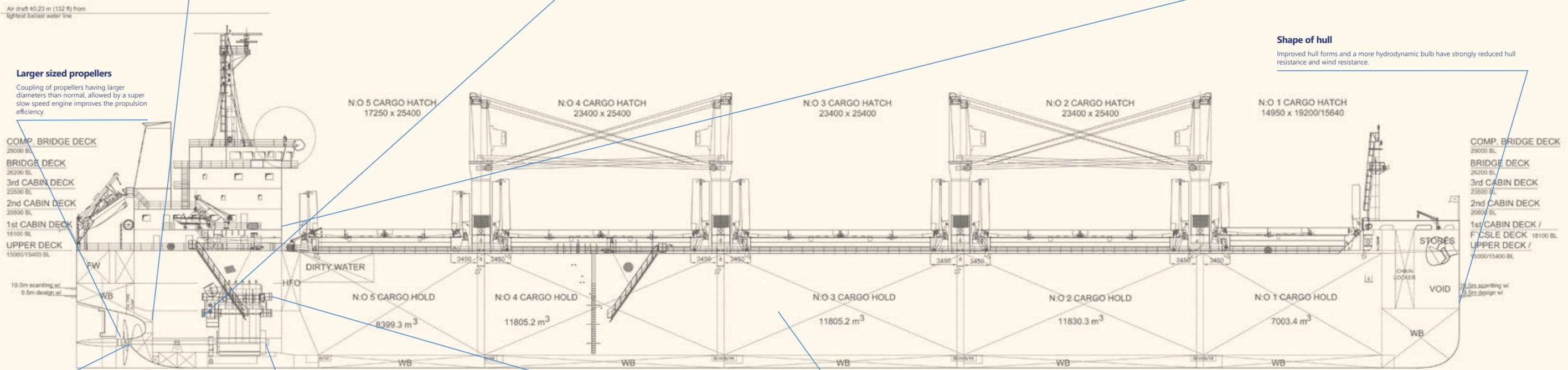
Hull underside treatment

The use of Hull paints with very low friction coefficients has made it possible to further reduce hull resistance.



LED Lighting

The use of LED bulbs in the vessel's accommodations and in the engine room has allowed a significant reduction in electrical power compared to ships with traditional lighting, and has further contributed to reducing CO₂ emissions.



* WBTS - Water Ballast Treatment System.

** IBTS - Integrated Ballast Treatment System.

Fleet innovation and digitisation: Smart Fleet

The fleet of the future will be “an ongoing digital conversation with its managers and fleet operator centers”. Fleet managers will be able to analyse engineered data, enabling them to advise the Captain and crew on navigation aspects, weather routing, fuel consumption, smart maintenance, remote diagnostic, structures stress analysis. This will help to reduce the risks of human errors leading to accidents, to increase efficiency and reliability, and improve environmental performance.

In this scenario, the d'Amico Group is working on several fleet innovation and digitalization projects.

CBM (Condition Based Maintenance)

CBM is a maintenance approach that uses smart technologies to carry out maintenance when really necessary. These technologies include:

- Videendoscopy for internal inspection of machinery without opening it;
- Thermography of electrical equipment for an early detection of potential failure by analysing their thermal images;
- Vibration analysis of rotating machineries to identify failure trigger points and causes by analysing their vibrational spectrograms;
- Digital measurement of main engine liners, allowing to measure the relevant wear without having to open the main engine cylinder cover.

These technologies have all been integrated with more traditional techniques such as tribology and machinery performance analysis aiming at more flexible management of maintenance when changing the operating conditions of the vessel and its machinery.

This results in:

- Less invasive works;
- Greater fleet flexibility, in terms of stoppage for maintenance;
- Better knowledge of machineries and of their behaviour when operating conditions change;
- Greater fleet reliability and availability;
- Higher efficiency and so better energy performance.

The use of these techniques has also enabled the company to achieve the highest level required by the TMSA 3 (Tanker Management and Self-Assessment programme) - in the field of maintenance management.

Digitization of record books (Electronic log book)

Digitalization of the majority of record books (Oil record book part 1 and part 2, garbage record book, cargo record book, ballast management record book) allows the Company to monitor in real time the operations performed on board for the proper handling and disposal of the bilge water, sludge and waste produced. It also provides technical management with an important dashboard on the production levels of bilge and sludge by geographical area, days of navigation and season.

It is not simply an electronic register, but a digitalization closely associated with the on-board processes. It is a tool that helps perform operations correctly in compliance with current environmental and MARPOL regulations and with the Company's instructions, also based on what the ship can do according to its certificates and as-built drawings. Finally, it is also an important verification tool that compares what has been disposed against the rated capacity of the machinery used for such purpose such as the incinerator and bilge separator.

The d'Amico Group started to digitalize its record books well in advance of their official approval in May 2019 during the MEPC 74. This confirms the Group's great attention to MARPOL issues and its focus on innovation.

Big data analysis

The amounts, variety and speed of information continue to grow rapidly, making data highly valuable. Data are acquired through very accurate and reliable real-time monitoring systems. They have allowed the maritime sector to shift from a culture of generic data to one of accurate and reliable data.

The d'Amico Group currently monitors the data of roughly 150 ships (including owned vessels and those under JV, Time Charter and Pool agreements). At least one manual report is sent every day per ship and the average amount of data per report is one hundred. Around 5.5 million manual data are managed per year. Furthermore, the company uses specific software to manage 31 ships. The software receives signals for the automation and navigation data every 5 minutes.

Big data analysis has therefore become an important decision-making support also for Group fleet management. Its application allows d'Amico to:

- Consider when it is best to clean the hull/propeller (Hull & Propeller Management ISO 19030);
- Evaluate the impact of CO₂ saving devices;
- Evaluate low-friction antifouling paint;
- Validate the ship's performance model by taking into account waves, wind, trim, draught and current;
- Assess hydrodynamic efficiency.



SEA AND MARINE ENVIRONMENTAL SAFETY

The d'Amico Group believes that safety at sea, preventing accidents or the loss of human life and preventing environmental damage, especially damage to the marine environment, must always be its top priorities and must never be jeopardised. Situations or conditions that compromise safety on board and could have been avoided if common sense and appropriate practices had been used are not tolerated on d'Amico fleet's vessels.

The effort of captains, officers and crew members must be preventive rather than reactive. Favouring a proactive approach limits risks and any related costs.

Ship captains, officers and crew members comply with the following guidelines every day during navigation and operations:

- Zero spills;
- Zero accidents;
- All employees are responsible for their own safety and the safety of others;
- There is no corporate goal important enough to sacrifice safety;
- Work is well done only if performed safely.



No accidents or spills of polluting substances from d'Amico fleet vessels were recorded in 2017 and 2018.

Biodiversity protection: water ballast treatment system

In September 2017, the new IMO Convention on ballast water management came into effect. Ballast water contains various organisms, such as marine and coastal flora and fauna, from different areas around the world. If gathered in one place and released in another, some of these organisms could survive and prosper in the new environment; these "non-native species" could lead to a serious ecological and economic impact and an impact on the public health of the recipient environment. To prevent the problem of release of invasive species in ballast waters, in 2004 IMO adopted the first International Convention for the Control and Management of Ships' Ballast Water and Sediments.

The d'Amico Group has drawn up and is implementing plans, records and procedures not only to meet the Convention's requirements but also and above all to guarantee the prevention of this type of pollution by its vessels. In this respect, a dedicated ballast water treatment system has already been installed in more than 80% of the ships owned well in advance the compliance date established by the either by IMO or by the US federal code; all new buildings are provided with this equipment, while the installation on the remaining ships will be done in conjunction with the next drydocks.

Ship maintenance

d'Amico Group's ships and their machinery and equipment are maintained so as to always ensure full reliability and very high efficiency, and so that commercial operations in port and navigation are performed in compliance with highest safety criteria, in accordance with applicable rules and regulations. All maintenance plans are approved by classification societies and therefore are an alternative to continuous machinery surveys and supported by a computerized system that exchanges data in real time with the Group's technical management.

Preventive maintenance is not only based on the recommendations and instructions provided by the manufacturers or on recognised standards, but also on the continuous monitoring of equipment conditions allowing the full integration of the traditional running hours-based or time-based maintenance with condition-based maintenance (CBM).

The maintenance approach uses a mix of maintenance policies and the best combination is chosen through a risk-analysis approach. A risk-based maintenance strategy is used therefore.

This strategy makes it possible to:

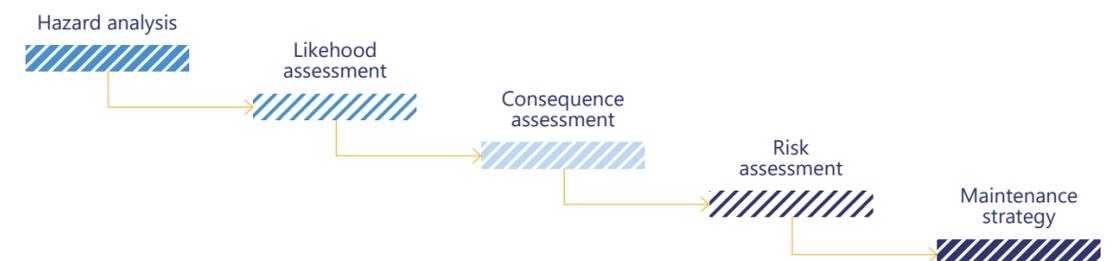
- Select critical machinery the sudden damage of which could put the ship or its crew in a situation of imminent danger or could seriously affect the safety of navigation and the protection of the environment;
- Identify all critical spare parts that put machinery immediately back in working order, should there be any failure.

In addition to critical spare parts, the company has also defined optimal spare parts that are implemented on the basis of considerations relating to ship trade, material delivery times and load of machinery in particular trades.

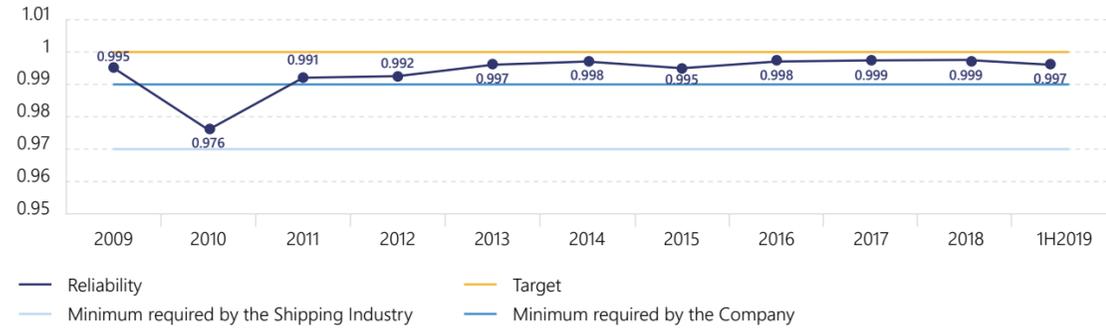
The maintenance model has a process-based management which defines inputs, outputs and performance indicators for each process. The most important indicators that are monitored on a quarterly basis are:

- Fleet reliability;
- Fleet availability;
- Outstanding maintenance tasks on critical machinery;
- Outstanding maintenance tasks on non-critical machinery;
- The number of failures on critical machinery as a percentage of total failures.

Increasing fleet reliability and availability, which since 2011 have been well above industry standards, confirms the excellence of the Group's maintenance strategies. The reduction in outstanding maintenance tasks on critical equipment since 2011 confirms the growing attention paid to the management of on-board critical systems.



FLEET RELIABILITY



Recently, the company has integrated the CBM with field data from ship automation, moving from condition monitoring to process monitoring: propulsion, navigation, loading and unloading.

Furthermore, any non-conformity detected following an inspection or test is documented, reported, reviewed, investigated and analysed to implement the necessary corrective actions. Any defect, malfunctioning or failure of ship machinery, systems or structure which may have an impact on the safety of personnel or of the ship or on pollution prevention, and which cannot be resolved by the personnel on board shall be promptly reported to the Company through an electronic reporting system. Fault analysis and related implementation of preventive actions and or "barriers" make the system efficient and live.

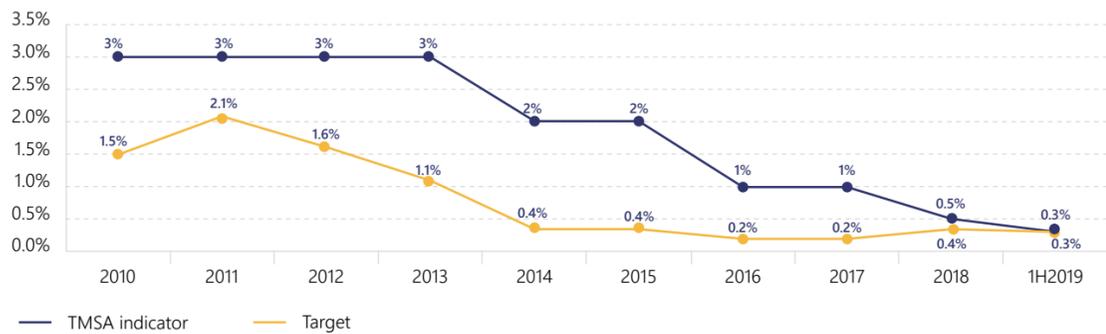
In order to check that maintenance is carried out in accordance with mandatory provisions and regulations and with corporate policies, that the defect correction plan is actually carried out, that maintenance standard levels are high, as well as in order to verify any need for maintenance of machinery, equipment, structures and technical systems essential for safety and environmental protection, the company has planned visits and periodical inspections which are conducted during navigation with onshore personnel.

FLEET AVAILABILITY



Recently, structural inspections have been carried out using robotic technologies (drones) allowing safer and faster close-up inspections and thickness measurements of cargo tanks and cargo holds.

TMSA (Tanker Management and Self-Assessment) INDICATOR



Waste management

The d'Amico Group is committed to reducing the production of waste, through specific processes and a corporate policy that focuses on environmental pollution.

Waste management on the fleet's vessels is carried out according to a detailed procedure in accordance with IMO/MARPOL 73/78¹⁶. This procedure is part of d'Amico's environmental policy which uses a combination of complementary techniques to achieve and manage more environmentally friendly results, such as:

- Reduction of waste generation at source;
- Reuse or recycling;
- Waste treatment on-board;
- Discharge at the port facility.

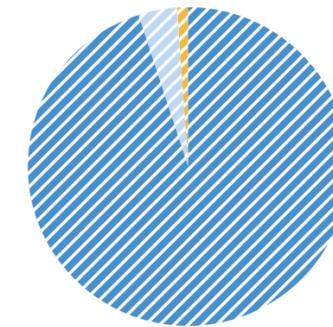
Procedures have been defined for the waste generated on board which allow the crew to order material that can be reused or recycled in appropriate port facilities.

Waste production by type and disposal method is shown in the table below.

WASTE BY TYPE	2017	2018
Waste disposed of on land [m³]	36,856.9	38,399.4
Special waste	93.3%	93.2% ¹⁷
Plastic	2.1%	2.2%
Other	4.6%	4.6%
Waste disposed of at sea [m³]	1,547.4	1,145.9
Cargo residues	70.5%	32.6%
Food waste	21.7%	28.5%
Operating waste	7.8%	38.9%
Waste incinerated [m³]	378.0	363.2
TOTAL WASTE [m³]	38,782.3	38,399.4

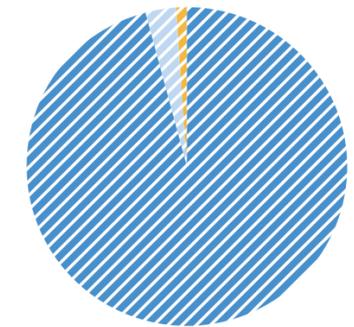
Nearly all waste is disposed of on land; in 2018 there was a one percentage point drop in the waste fraction that is allowed to be disposed of at sea.

Waste disposal 2017



- Waste disposed of on land 1%
- Waste disposed of at sea 4%
- Waste incinerated 95%

Waste disposal 2018



- Waste incinerated 0.9%
- Waste disposed of at sea 3%
- Waste disposed of on land 96.1%

Ship recycling

To prevent bad practices when dismantling and recycling end-of-life ships, the International Maritime Organization (IMO), in agreement with the International Labour Organization (ILO), has established, through the Hong Kong Convention (HKC), a number of protocols, criteria and procedures to be adopted for the construction, demolition and eco-friendly recycling of ships and particularly for treating any hazardous waste onboard ships.

On 22 October 2013, the European Parliament issued the EU Ship Recycling Regulation (EU SRR) to facilitate faster implementation of the Hong Kong Convention, through surveys of ships and land-based facilities.

The new regulation requires that new ships belonging to EU countries have on board a verified Inventory of Hazardous Materials (IHM) and a Statement of Compliance, and that existing ships belonging to EU countries and ships belonging to non-EU countries that call at EU ports have on board the IHM and the Statement of Compliance by 31 December 2020.

The d'Amico Group has completed hazardous material inventories on all new constructions and is preparing inventories on its entire existing fleet, providing a complete map of all materials on board, their location and the risk levels for the health and safety of people and the environment. The Group's Ship Recycling process is continually updated during material purchase phases and during replacement and repair activities in the dock.

¹⁶ Resolution IMO MEPC.71 (38) for implementation of Annex V

¹⁷ Estimated figure

WORKERS' HEALTH AND SAFETY

The health and safety of its workers is of key importance to the d'Amico Group and must be ensured at all times. To this end, the Group has implemented a certified occupational health and safety management system compliant with standard OHSAS 18001 aimed at:

- Protecting the health and well-being of employees by reducing occupational risks from unfavourable exposure to hazards;
- Preventing hazardous actions, injuries, illnesses, accidents to personnel, material and environmental damage;
- Ensuring that priority is given to collective protection measures rather than individual protection measures;
- Pursuing the ongoing improvement of health and safety management performance;
- Applying continuous and systematic efforts in order to reduce and/or eliminate the negative repercussions on health and safety resulting from its processes and activities, including accidents;
- Clearly stating the commitment to comply with applicable legal requirements and with other requirements endorsed by the d'Amico Group and which are related to the hazards identified;
- Improving the safety of everyone and promoting a "safety first" culture in order to create a working environment free of injuries and illnesses.

The policy is distributed to all personnel working under d'Amico's control so that they have knowledge of their individual duties when managing health and safety issues. It is available to all interested parties and is reviewed periodically to make sure it is always relevant and appropriate.

Seafarers' safety

d'Amico Group's policy is that all seafarers, of all ranks, must be in good health and fit for the work they do on board. For this purpose, each crew member must undergo a medical check-up every two years and a thorough medical check-up before embarkation by a competent doctor employed directly by the Company. Appropriate medical assistance is ensured on board its ships.

To ensure adequate rest for all staff, the Group adopts a number of measures and best practices:

- All crew members must always have sufficient hours of continuous rest;
- The hours of rest without interruption must comply with employment contracts and STCW (Standards of Training, Certification and Watchkeeping for Seafarers) requirements and, as regards Italian vessels, also with ILO 180 and Italian Leg. Decree 271/99, and must be monitored using updated records.

The vessels are equipped with a system that uses a software to monitor hours of work and rest, ensuring compliance with regulations and the crews' wellbeing.

International Radio Medical Centre

The d'Amico Group has been a partner and supporter of the International Radio Medical Centre (C.I.R.M.) for many years. C.I.R.M. was established in 1935 to provide medical assistance via radio to seafarers on ships with no doctor on board, of any nationality, sailing on all seas. The C.I.R.M. is based in Rome. It is from here that it provides continuous medical services 24/7 and free of charge. In almost 80 years, the organisation has assisted about 70,000 patients and provided no less than 800,000 medical consultations via radio. These figures make it the most renowned Centre worldwide.

Health and safety performance

The special attention paid by d'Amico to occupational health and safety issues and management allowed the number of accidents to drop to zero in 2018, improving the already excellent performance of 2017.

ACCIDENTS*	2017	2018
Frequency index	0.07	0

*The frequency index measures the number of occupational accidents per million hours occurred in a given period, in relation to the number of hours worked in the same period.

Safety Award Programme

To encourage good practices and appropriate behaviour related to safety, to respect for the environment, to reputation and to good ship operations, every year the d'Amico Group organises **Best Vessel of the Year**, which rewards the best ship according to the following criteria:

Safety Culture:

- No. of Best Practices;
- No. of Lost Time Injury on board;
- No. of Near misses Safety.

Reputation Management:

- Vessel Rejected during Vetting Inspection;
- Remarks per Vetting Inspection;
- Vessel Detained in Port State Control (PSC);
- Remarks per PSC Inspection;
- No. of Non Conformity per vessel;
- No. of Accidents on Board.

Environmental Performance:

- Pollution;
- Contained Spills;
- Ballast Water Management Violation;
- MARPOL Violation.

Technical:

- Reliability;
- Availability;
- Vessel Inspection Performance;
- Outstanding Maintenance Task of Non Critical Equipment;
- Outstanding Maintenance Task of Critical Equipment.



ENVIRONMENTAL, HEALTH AND SAFETY MANAGEMENT IN THE OFFICES

d'Amico Group's commitment to the management of environmental, energy saving and occupational health and safety issues is also applied in its offices across the world.

The following table shows the list of certifications obtained relating to quality (ISO 9001), the environment (ISO 14001), energy management (ISO 50001) and health and safety (OHSAS 18001).

COUNTRY	OPERATING OFFICE	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001
Italy	Rome	x	x	x	x
	Genoa	x	x	x	x
Singapore	Ishima-Singapore	x	x	x	x
	Singapore	x	x		x
Principality of Monaco	Montecarlo	x			x
United States	Stamford	x			
Ireland	Dublin	x	x		x
UK	London	x			

Best practices have also been implemented at Group level, such as:

- **Plastic-free project.** Plastic bottles are no longer used and have been replaced by water filtered from the tap or from water containers. All Group employees have been given 750 ml aluminium bottles.
- **Employee travel reduction.** Over the last 3 years, a travel management application has been implemented at a global level, which is accessed via the intranet portal. The application has allowed better control of travel. Travel regulations were updated in January 2017 to reduce travel between different facilities and replace it with new video and call conference systems. As a result, d'Amico has reduced the direct and indirect environmental impact of air flights.
- **Waste.** All d'Amico Group offices collect waste separately. More specifically, for the Rome offices, an agreement was signed with Ecof Italia for the collection of separate waste.



**ECONOMIC
RESPONSIBILITY**

<p>778.8 million euro</p> <p>Economic value generated</p>	<p>681.3 million euro</p> <p>Economic value distributed to stakeholders</p>
<p>SELECTION OF SUPPLIERS ACCORDING TO QUALITY AND ENVIRONMENTAL CERTIFICATIONS</p>	<p>Vessels compliant with regulations of IMO <i>(International Maritime Organization)</i></p> <p>and MARPOL <i>(International Convention for the Prevention of Pollution from Ships)</i></p>
<p>1.2 billion dollars invested between 2013 and 2019</p>	<p>40 newbuildings Eco-ships</p>

HIGHLIGHTS

WORLD MARKET TREND AND PERFORMANCE OF THE d'AMICO GROUP

The growth of the global economy slowed down in 2018, although remaining at high levels: the International Monetary Fund estimates a 3.7% growth rate, slightly lower than the rate recorded in 2017 (3.8%), and believes that the factors that have led to a drop in global GDP growth will persist in coming years.

Growth prospects for 2019 and 2020 should be 3.5% and 3.6% respectively: the trade war between the United States and China, the slowdown in the Chinese economy, a no-deal Brexit and the difficulties in emerging economies create instability and uncertainty in the world economy, with consequences on shipping.

In 2018, growth in sea trade slowed by 2.7% in terms of tonnes (4.2% in 2017) and 3.2% in terms of tonne-miles (4.9% in 2017). Growth is expected to be 2.8% in 2019 and 3% in 2020 (3.2% and 3.9% in tonne-miles respectively).



Dry-cargo and container vessels

In 2018, the dry cargo market continued the positive trend recorded in 2017, thanks to an increase in the demand that was able to absorb various critical port logistics factors (strikes, congested traffic, weather problems). The BDI (Baltic Dry Index), which measures the transport and charter costs of dry bulk cargo vessels and is indicative for the whole sector, recorded a 18% increase compared to 2017.

Thanks to the quality of the d'Amico Group fleet, both in terms of design and in terms of performance, to the flexibility achieved through arbitrage policies and to a consolidated commercial network, the company was able to make best use of the market in its most positive phases and achieved an improvement in average TCE (Time Charter Equivalent) - the indicator of average daily revenue of a ship during single voyage. Compared to 2017, a 28% increase was recorded for the Capesize segment, 18% for the Panamax/Kamsarmax segment, 24% for the Supramax segment and 20% for the Handy segment.

Product Tankers

The tanker market was weak in the first nine months of 2018. The increase in bunker prices during this period reduced arbitrage opportunities for refined products, particularly between the Atlantic and Asia.

However, the market recovered considerably in the last quarter, with significant increases in charters in November and December, driven by significant growth in refined volumes and the positive effects of bad weather which led to slowdowns in navigation and increased congestion in ports.

The Group's fleet vessels comply with IMO (International Maritime Organisation) and MARPOL (the International Convention for the Prevention of Pollution from Ships) regulations and with the requirements set by the major oil and energy companies and international standards. Pursuant to MARPOL/IMO regulations, cargoes such as palm oil, vegetable oil and other chemical products may only be transported by tankers that meet these requirements, allowing the d'Amico Group to transport a large range of products.

The size of the fleet contributes to the Group's operational efficiency in terms of availability and commercial flexibility, leading to a crucial competitive advantage, especially for the management of its ships on the spot voyage market.

Maritime services

The companies that provide "maritime services" both within the Group and to third parties have continued to expand, substantially confirming the turnover and positive results achieved in previous years.

The company Ishima Pte Limited provides technical support services on vessels owned by the d'Amico Group and third parties. It closed its financial statements with an increased profit of around Euro 3.2 million.

Intermediation activity managed by the company Rudder with its subsidiaries in relation to bunker fuel purchases closed 2018 positively, thus contributing to the consolidated result.

Lastly, the company Sirius closed its financial statements with a profit of approximately Euro 233 thousand from its crew management and training activities.



Fleet renewal and growth

In 2013, the d'Amico Group launched an extensive fleet renewal programme investing a total of \$1.2 billion in more than 40 state-of-the-art Eco-ships, both dry-cargo vessels and product tankers.

Thanks to this investment plan, the d'Amico Group now owns and manages a young, modern and environmentally friendly fleet.

All d'Amico ships are equipped with the most advanced technologies that minimise environmental impact. This is achieved thanks to a significant increase in efficiency made possible by energy saving and a significant reduction in consumption and emissions.

Information and Communication Technologies Projects

Over the past years, the Group's ICT systems were involved in a series of changes, both in terms of systems and application.

New management systems have provided d'Amico with new and powerful tools to better face global competition. The aim was to optimise daily activities, both in terms of efficiency and productivity, and to consolidate information between various departments through the use of more accurate and immediate tools.

Greater efficiency and effectiveness was achieved not only by changing work flows and workload, but also through interaction with other systems. This is a fundamental aspect for d'Amico Group given that different software is used in individual departments.

ICT activities feature the continuous development of application systems and an intensive search for new application and system solutions, allowing the Group to increase management quality and, at the same time, to reduce operating costs.

Furthermore, the Group constantly defends itself against the threats of cyber crime by adopting latest-generation technologies and a SOC (Security Operation Center) service operated continually by an external company.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The d'Amico Group recognises the importance of a balanced distribution of the value generated by its activities to its stakeholders, since it is a value that they have contributed to producing, either directly or indirectly.

By analysing the value generated and distributed, the d'Amico Group highlights the flow of economic resources to its employees, to its suppliers of goods, services and capital, to the Public Administration and to the communities in which it operates.

ECONOMIC VALUE GENERATED AND DISTRIBUTED	2017	2018
Economic value generated (thousands of Euros)	729,382	778,769
Revenue from sales (shipping and services)	678,694	711,038
Other revenue (disposal of fixed assets)	20,719	161
Financial income	29,969	67,570
Economic value distributed (thousands of Euros)	647,542	681,352
Economic value for suppliers	490,245	507,996
Economic value for employees	104,096	104,060
Economic value for lenders	42,691	61,196
Economic value for the Public Administration	6,295	3,941
Economic value for shareholders (dividends distributed during the year)	4,000	4,000
Economic value for the community	215	159
Economic value invested in the company (thousands of Euros)	81,840	97,417

The Economic value generated by the Group as at 31 December 2018 amounted to Euro 778.8 million (+6.8% compared to the previous year) and consisted mainly of revenue from sales resulting from shipping and services, as well as other revenue from real property sales and financial income (interest, foreign exchange gains/losses and results of Group companies valued with the equity method).

The Economic value distributed by the Group as at 31 December 2018 amounted to Euro 681.3 million (+5.2% compared to the previous year), divided among the following stakeholders as detailed below:

- to **suppliers** approximately Euro 508 million, comprising typical maritime operating costs regarding the use of fleet vessels which mainly include fuel purchases, port expenses, fee and commission expenses and charters. The following expenses should also be added: technical management and quality control expenses, and other ship operating costs - insurance and lubricants - and expenses for general and administrative expenses;
- to **employees**, seafarers and administrative staff approximately Euro 104.5 million, consisting of wages, salaries, social security and welfare charges and defined-contribution plans;
- to **lenders** approximately Euro 61.2 million, as bank interest on short and medium/long-term loans;
- to the **Public Administration** approximately Euro 3.9 million for direct and indirect taxes and duties;
- to **shareholders** Euro 4 million in the form of dividends distributed during the year;
- to the **community** Euro 159 thousand in the form of donations, gratuities and sponsorships.



Lastly, the Economic value invested by the Group amounted to Euro 97.4 million as at 31 December 2018 and consisted of amortisations and depreciations, write-downs and provisions to ensure business continuity and sustainability.

THE SUPPLY CHAIN

In managing the supply chain - also thanks to its Integrated Management System (IMS) -, the d'Amico Group has taken measures to ensure that the products and services it purchases comply with quality, safety and respect for the environment.

In further detail, these measures apply to the products and services that have or could have a significant impact on energy consumption, to those required to ensure optimal supply of the Group's shipping activities (e.g. dry-dock interventions, ship maintenance and repair activities and the supply of fuels) and to the services that d'Amico outsources.

The measures include:

- Accurate supplier assessment and selection;
- Full and clear details on purchase orders and on responsibilities;
- Possible performance of inspections and controls;
- Assessments based on energy performance;
- Requests for information from suppliers, if services are outsourced, regarding potential impacts on processes, products and services offered.

The following table describes orders by type.

SUPPLIES BY TYPE	2017	2018
Direct operating costs (thousands of Euros)	589,285	608,862
fuel	110,271	118,050
port/goods expenses	79,466	73,104
fee and commission expenses	18,898	19,375
charter costs	269,895	291,666
other operating costs (such as technical expenses, ship management, insurance)	110,755	106,667
Administrative costs (thousands of Euros)	68,955	73,119
Totale	658,240	681,981

Supplier selection

The d'Amico Group has a register of suppliers selected on the basis of their reliability, quality, price, delivery times and history.

The suppliers included in this list must meet the following criteria:

- Proven ability to comply with d'Amico Group's current requirements applicable to the products or services to be purchased;
- Possession of certifications of compliance with ISO 9001 and ISO 14001 standards, obtained from a recognised third party, in the event of products and services that have an impact on the environment;
- References from other recognised companies or organisations;
- Compliance with d'Amico Group's requirements with regard to consumption and energy efficiency.

Supplier assessment

The products and services purchased are checked by contractually defined type, quantity and quality; any defects are also checked. The checks are normally carried out upon receipt on board by ship's personnel and on shore by the purchase department. The results of the checks are recorded and submitted to the Technical Office for possible supplier performance updating.

Furthermore, at least once a year, the relevant department assesses strategic suppliers through a scoring system that gives a final rank.

For suppliers belonging to the Environment/Safety category, the opinion is more stringent because the final rank includes assessments on suppliers' level of awareness and resulting ability to control the environmental impacts of the activities they carry out.

In the contracts or letters of appointment, suppliers declare that they have read and understood the content of the Code of Ethics and of the Organisation, Management and Control Model (pursuant to Italian Leg. Decree 231/01) adopted by d'Amico Società di Navigazione S.p.A.. The suppliers undertake to accept and comply with the rules, procedures and ethical and behavioural principles adopted by the company. They also undertake to ensure that their senior staff and the employees reporting to them will comply with them.

Failure to observe them will result in a serious breach of contractual obligations and will entitle d'Amico Società di Navigazione S.p.A. to terminate the contract immediately, without prejudice to the right to claim compensation for the damages caused to the Company, such as, only by way of example, damages arising from application of the sanctions set out in above Italian Leg. Decree no. 231/2001, as subsequently amended and/or supplemented.



METHODOLOGICAL NOTE

The d'Amico Group's Sustainability Report for the year ended 31 December 2018 was prepared in accordance with the "GRI Sustainability Reporting Standards" of the Global Reporting Initiative, using the reporting option "in accordance - core".

To ensure a quality Report, d'Amico complied with the principles for defining the content and quality of the report as set out in the GRI Standards, which provide a set of criteria for selecting the information to be included in the Report and relevant representation methods.

Principles for defining report content

- **Stakeholder Inclusiveness** - The application of this principle has allowed d'Amico to map its stakeholders, identifying their needs, expectations and the strategies required to meet them. For each stakeholder category, the company has also described the main methods used for holding relations with them, distinguishing between informative moments, and dialogue moments and partnerships. The details are described in the paragraph d'Amico's stakeholders in the chapter Sustainability for the d'Amico Group.
- **Sustainability Context** - In the chapter Environment, Health and Safety - specifically in the paragraphs Environmental impact and regulatory framework and Environmental policy - d'Amico has given a clear description of its approach which seeks to anticipate the goals regarding ship energy efficiency and the reduction of emissions defined by the IMO and the EU.
- **Materiality** - The d'Amico Group has carried out a materiality analysis and identified topics that reflect the organisation's significant economic, environmental and social impacts and substantially influence stakeholder assessments and decisions. The method used and the results obtained are described in the paragraph Relevant topics for sustainability in the chapter Sustainability for the d'Amico Group.
- **Completeness** - The report has been designed to give stakeholders a complete picture of the activities carried out by d'Amico. The reporting boundary refers to the Group as indicated in the Consolidated Financial Statements as at 31 December 2018.

The following table, the material topics, the aspects defined by the GRI Standards and the relevant boundaries were cross-referenced, highlighting any limitations in reporting for the latter.

MATERIAL TOPICS FOR D'AMICO	MATERIAL ASPECT GRI STANDARDS	ASPECT BOUNDARY		REPORTING LIMITATIONS ON BOUNDARY	
		Internal	External	Internal	External
Vessel energy efficiency	Energy; Emissions	Group	-	-	Reporting partially extended to suppliers
Innovation: fleet safety and digitalization	Energy	Group	-	-	-
High quality of services	Stakeholder engagement	Group	-	-	-
Business ethics	Ethics and integrity; Anti-corruption	Group	-	-	-
Protection of marine biodiversity	Biodiversity	Group	-	-	-
Atmospheric emissions and climate change	Emissions	Group	Suppliers	-	Reporting not extended to suppliers
Integrated management system	environmental compliance; social and economic compliance	Group	-	-	-

MATERIAL TOPICS FOR D'AMICO	MATERIAL ASPECT GRI STANDARDS	ASPECT BOUNDARY		REPORTING LIMITATIONS ON BOUNDARY	
		Internal	External	Internal	External
Occupational health and safety	Occupational health and safety	Group	Suppliers	-	Reporting not extended to suppliers
People care	Employment	Group	-	-	-
Value generated and distributed	Economic performance	Group	-	-	-
Personnel training and development	Education and training	Group	-	-	-
Sustainable supply chain	Supplier environmental assessment; Supplier social assessment	Group	Suppliers	-	Reporting partially extended to suppliers
Ship recycling	Effluents and waste	Group	Suppliers	-	-
Stakeholder engagement	Stakeholder engagement	Group	-	-	-
Waste reduction and material recycling	Energy; Effluents and waste	Group	Suppliers	-	Reporting not extended to suppliers
Multi-cultural approach	Diversity and equal opportunities	Group	-	-	-
Promotion of social, cultural and environmental topics	Local communities	Group	-	-	-
Consumption of water and energy in offices	Energy	Group	Suppliers	-	Reporting not extended to suppliers

Principles for report quality

- **Accuracy** - The economic, qualitative and quantitative data refer directly to the 2018 Consolidated Financial Statements, while the accuracy of the environmental, health & safety and quality data are the result of certified management systems, particularly ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001 and of the Fleet Performance Monitoring Department. Corporate data are mainly drawn from the company's operating systems.
- **Balance** - In describing the results of the activities carried out, both positive and negative aspects were considered to allow a balanced assessment of the company's performance.
- **Comparability** - To enable stakeholders to analyse changes in performance, the Sustainability Report presents biennial data. The reporting boundary is indicated in this methodological note.
- **Timeliness** - The Sustainability Report is prepared annually. In order to better meet stakeholders' information needs, events that occurred after the end of financial year 2018 were reported, where significant.
- **Clarity** - The structure of the report was defined to make it easy for stakeholders to find relevant information. The level of detail of the information was chosen to make the report comprehensible, accessible and easy to use by the different stakeholders. The meaning of the acronyms used was also explained in special notes.
- **Reliability** - The 2018 Sustainability Report was approved by the Board of Directors at its meeting of 11 November 2019. The document also contains contact details to receive further information and clarification of the information set out in it.

GRI CONTENT INDEX

GENERAL INFORMATION	Cross-reference/Direct answer	Omission/Reason/Explanation
ORGANIZATIONAL PROFILE		
102-1 Name of the organization	cover	
102-2 Activities, brands, products, and services	pp.12; 22-25; 66-67	
102-3 Location of headquarters	p.18	
102-4 Location of operations	pp.18-19	
102-5 Ownership and legal form	pp.20-21; 26	
102-6 Markets served	pp.18-19; 105-106	
102-7 Scale of the organization	pp.48; 104	
102-8 Information on employees and other workers	pp.50-52; 54	
102-9 Supply chain	p.111	
102-10 Significant changes to the organization and its supply chain	in 2018 there were no significant changes in the organization and its supply chain	
102-11 Precautionary Principle or approach	pp.30-31; 83; 87; 90-91; 92-93	
102-12 External initiatives	pp.70-72	
102-13 Membership of associations	pp.72-75	
STRATEGY		
102-14 Statement from senior decision-maker	p.9	
102-15 Key impacts, risks, and opportunities	pp.80-81	
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behavior	pp.12-15; 28-31	
102-17 Mechanisms for advice and concerns about ethics	p.28	
GOVERNANCE		
102-18 Governance structure	p.26-27	
102-21 Consulting stakeholders on economic, environmental, and social topics	p.34	
102-22 Composition of the highest governance body and its committees	p.26	
102-23 Chair of the highest governance body	p.26	
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	p.40	
102-41 Collective bargaining agreements	p.54	
102-42 Identifying and selecting stakeholders	pp.34; 40-43	
102-43 Approach to stakeholder engagement	pp.34; 43-44; 69	
102-44 Key topics and concerns raised	pp.35; 41-43; 68-69	
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	pp.20-21	
102-46 Defining report content and topics and topic Boundaries	pp.34-35; 114-115	
102-47 List of material topics	p.35-39	
102-48 Restatements of information	none: 2018 is the first year of reporting	
102-49 Changes in reporting	none: 2018 is the first year of reporting	
102-50 Reporting period	p.114	
102-51 Date of most recent report	2018 is the first year of reporting	
102-52 Reporting cycle	annual	
102-53 Contact point for questions regarding the report	p.122	
102-54 Claims of reporting in accordance with GRI Standards	p.114	
102-55 GRI content index	p.116-119	
102-56 External assurance	None. The company has taken into consideration the possibility of obtaining external assurance from the next sustainability reports	

SPECIFIC INFORMATION	Cross-reference/Direct answer	Omission/Reason/Explanation
ECONOMIC		
ECONOMIC PERFORMANCE		
103-1 Explanation of the material topic and its Boundary	pp.35; 38; 114-115	
103-2 The management approach and its components	pp.105-108	
103-3 Evaluation of the management approach	pp.105-108	
201-1 Direct economic value generated and distributed	pp.109-110	
ANTI-CORRUPTION		
103-1 Explanation of the material topic and its Boundary	pp.35; 37; 114-115	
103-2 The management approach and its components	p.28	
103-3 Evaluation of the management approach	p.28	
205-3 Confirmed incidents of corruption and actions taken	in 2018 no corruption incident occurred	
ENVIRONMENTAL		
ENERGY		
103-1 Explanation of the material topic and its Boundary	pp.35; 37; 114-115	
103-2 The management approach and its components	pp.82-91	
103-3 Evaluation of the management approach	pp.87-91	
302-1 Energy consumption within the organization	p.84	
302-3 Energy intensity	p.85	
302-4 Reduction of energy consumption		
302-5 Reductions in energy requirements of products and services	p.86-90	
BIODIVERSITY		
103-1 Explanation of the material topic and its Boundary	pp.35; 37; 114-115	
103-2 The management approach and its components	p.92-93	
103-3 Evaluation of the management approach	p.92-93	
304-2 Significant impacts of activities, products, and services on biodiversity	p.92-93	
304-3 Habitats protected or restored	pp.73-74	
EMISSIONS		
103-1 Explanation of the material topic and its Boundary	pp.35; 37; 114-115	
103-2 The management approach and its components	pp.82-89	
103-3 Evaluation of the management approach	pp.82-89	
305-1 Direct (Scope 1) GHG emissions	p.85	
305-5 Reduction of GHG emissions	p.86-89	
EFFLUENTS AND WASTE		
103-1 Explanation of the material topic and its Boundary	pp.35; 39; 114-115	
103-2 The management approach and its components	pp.96-97; 101	
103-3 Evaluation of the management approach	pp.96-97	
306-2 Waste by type and disposal method	pp.96-97	
306-3 Significant spills	p. 92. In 2017-18 no spill recorded	
ENVIRONMENTAL COMPLIANCE		
103-1 Explanation of the material topic and its Boundary	pp.35; 38; 114-115	
103-2 The management approach and its components	pp.30-31	
103-3 Evaluation of the management approach	pp.30-31	
307-1 Non-compliance with environmental laws and regulations	in 2018 no non-compliance with environmental laws and regulations occurred	
SUPPLIER ENVIRONMENTAL ASSESSMENT		
103-1 Explanation of the material topic and its Boundary	pp.35; 38; 114-115	
103-2 The management approach and its components	pp.111-112	
103-3 Evaluation of the management approach	pp.111-112	
308-1 New suppliers that were screened using environmental criteria	p.112	

	Cross-reference/Direct answer	Omission/Reason/Explanation
SOCIAL		
EMPLOYMENT		
103-1	Explanation of the material topic and its Boundary	pp.35; 38; 114-115
103-2	The management approach and its components	pp.49; 55-56; 65
103-3	Evaluation of the management approach	pp.49; 55-56; 65
401-1	New employee hires and employee turnover	pp.57-58
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.65
OCCUPATIONAL HEALTH AND SAFETY		
103-1	Explanation of the material topic and its Boundary	pp.35; 38; 114-115
103-2	The management approach and its components	pp.98-99
103-3	Evaluation of the management approach	pp.98-99
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p.98. The collection of data necessary for complete coverage of the indicator is in progress
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