

## GUIDELINES FOR REMUNERATION OF SENIOR MANAGEMENT

In accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors of American Shipping Company ASA has prepared a statement on the determination of salary and other remuneration of senior management of the Company. The General Meeting's approval of the guidelines is of an advisory nature to the Board of Directors. However, the approval of the guidelines regarding remuneration in the form of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price in the Company or in other companies within the group, are binding for the Board of Directors, cf. the Norwegian Public Limited Liability Companies Act section 5-6 (3) third sentence, cf. section 6-16a (2) fourth sentence.

### *Advisory guidelines*

The basis of remuneration of the senior management has been developed in order to create a performance-based system which is founded on the Company's values. This system of reward was designed to contribute to the achievement of good financial results and increase in shareholder value.

The senior management receives a base salary and may also be granted a bonus based on achievement of performance targets. The senior management may also be granted a variable pay as further detailed under "*Binding guidelines*" below.

The members of the senior management are entitled to 6 months' severance payment. Except for this, the members of the management are not entitled to special benefits beyond ordinary severance pay during available termination notice periods. The members of the senior management participate in a standard pension and insurance scheme. The Company does not offer share option programs to the management.

### *Binding guidelines*

In 2014, American Shipping Company ASA implemented an incentive scheme pursuant to which members of the senior management received a base salary in addition to a variable pay based on the award of synthetic shares in order to align performance payments with shareholder value creation. The system is based on awarding a certain number of synthetic shares to each member of the senior management team. The holder of the synthetic shares receives cash payments equal to the dividend paid to the shareholders. Further, the annual share price increase, if any, is paid as a cash bonus at the end of the year. There is a cap on the maximum compensation payable to each member of the management team. For the year 2018 through 2020 members of the senior management have been allocated the following amount of synthetic shares:

Pål Lothe Magnussen, CEO	350,000 shares
Morten Bakke, CFO	200,000 shares
Leigh Jaros, Controller	50,000 shares

The Company also has an incentive scheme for the senior management, where the Company can offer the senior management to purchase shares in the Company, subject to lock-up restrictions, with a view to incentivize long-term value creation and performance by the management.

### *Remuneration to members of the senior management*

During 2017, Mr. Magnussen was awarded 350,000 synthetic shares. Under his synthetic share agreement, the total bonus earned during 2017 was USD 123 thousand. In addition, Mr. Magnussen was awarded an additional bonus of USD 37 thousand in 2017 in accordance with the advisory guidelines. The cap on his salary for 2017 was NOK 7 million. During 2017, Mr. Bakke was awarded 200,000 synthetic shares, resulting in bonus earned of USD 71 thousand. The cap on his salary for 2017 was NOK 4 million. During 2017, Ms. Jaros was awarded 50,000 synthetic shares, resulting in bonus earned of USD 16 thousand. The cap on Ms. Jaros' salary was USD 253 thousand per year.

During 2017, Mr. Bakke purchased 25,000 shares through MB Capital AS with a price reduction of 20% to the closing price to compensate for the lock-up restrictions on the shares for a period of three years.

The remuneration of the senior management is in accordance with the guidelines for remuneration for 2017.