

REMUNERATION REPORT 2021

for

AMERICAN SHIPPING COMPANY ASA

REMUNERATION OF DIRECTORS OF American Shipping Company ASA

Advisory vote by the general meeting on 22 April 2022

In accordance with the Norwegian Public Limited Liability Companies Act (the “Act”) sections 6-16 a and b and the European Commission Guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, the board of directors of American Shipping Company ASA (the “Company”) has prepared a report on the salary and other remuneration of the CEO and senior executives of the Company awarded or due in 2021.

This report regards remuneration of the following executive management of 2021:

- Chief Executive Officer (CEO) - position currently held by Pål Magnussen
- Chief Financial Officer (CFO) - position currently held by Morten Bakke
- Controller - position currently held by Leigh Jaros

(Hereinafter collectively referred to as the “Executive Management” or separately as each “Executive”).)

1. Introduction, scope and purpose

This remuneration report provides an overview of remuneration of the Executive Management of the Company in 2021 in relation to the Company’s Remuneration Policy adopted by the general meeting on 19 April 2021. This report has been prepared in accordance with the Norwegian Public Limited Liability Companies Act sections 6-16 a and b.

The Company’s Remuneration Policy is designed 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 purpose of the Remuneration Policy is to set out remuneration components for the Executive Management structured to provide strong alignment between the interests of executives and shareholders, including a focus on delivering the Company’s key strategic objectives, and to support the business strategy and long-term interests. The total remuneration of the Executive Management is therefore constructed as a combination of fixed salary and variable compensation.

A competitive fixed salary shall be paid in order to attract and retain high-quality and experienced executives and to provide appropriate remuneration for their important role in the Company. This is required to support the recruitment and retention of executives of the caliber required to implement the Company’s strategy. The variable compensation is designed to achieve good financial results and increase shareholder value while retaining key employees.

The remuneration of Executives in 2021 was in accordance with the Company’s approved Remuneration Policy.

2. Overview of financial year 2021

During 2021 all 10 vessels owned by the Company remained on bareboat charter to OSG for the entire year at fixed rates. Reported EBITDA remained in line with previous years at USD 83.6 million. This contracted cash flow provides significant debt service coverage and generates substantial free cash flow. The company continues to pay a quarterly dividend to shareholders.

Highlights of 2021

- Key events for the Company in 2021 that have impact on management remuneration have been the increase in quarterly dividends in the fourth quarter to USD 0.12 per share and share price appreciation during 2021 by NOK 4 to closing share price of NOK 32.2 on December 30 2021. Dividends paid and share price appreciation have direct impact on variable remuneration paid to management through the synthetic share system.
- There have been no changes to the composition of the Executive Management in 2021 compared to 2020.
- The Company's Remuneration Policy was established in 2021 and was adopted by the general meeting on 24 April, 2021.
- There have been no derogations from the Remuneration Policy during 2021.

3. Total remuneration in 2021

3.1 Remuneration awarded or due in 2021

In 2021, the remuneration to Executives was in line with the guidelines set out in the Remuneration Policy. The variable pay is based on the award of synthetic shares in order to align performance payments with shareholder value creation. See further details below in section 3.3.

Remuneration awarded or due in 2021 (amounts in USD)

Name of Director, position	Fixed remuneration		Variable remuneration		Pension expense	Total remuneration	Percent fixed	Percent variable
	Base salary	Fringe benefits	No. of synthetic shares	Bonus				
Pål Magnussen, CEO	400,959	1,119	437,500	428,198	9,427	839,703	48%	51%
Morten Bakke, CFO	238,211	1,119	200,000	195,747	8,925	444,002	54%	44%
Leigh Jaros, Controller	199,669	11,372	50,000	43,676	3,300	258,017	82%	17%

The above amounts include Norwegian vacation pay.

3.2 Fixed remuneration

The fixed base salaries are based on criteria such as the nature of the position and qualifications, whereas the exact amount is approved annually by the board for the CEO. For the other members of the Executive Management, the exact amount is normally approved annually by the CEO upon advice from the chairperson of the board. The fixed salary is determined during the first quarter of the new fiscal year and valid from 1 January the same year.

The salaries are normally reviewed on an annual basis, taking into consideration the business performance, current salary level relative to market, other circumstances which in the board's opinion warrants salary adjustments. Fringe benefits include employer-paid insurance. The Executive Management participate in a standard pension and insurance scheme.

3.3 Variable remuneration

The variable compensation for 2021 consisted of synthetic shares. The system is based on awarding a certain number of synthetic shares to each member of the 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.

During 2021, Mr. Magnussen was awarded 437,500 synthetic shares. Under his synthetic share agreement, the total bonus earned during 2021 was USD 382 thousand. The cap on his salary for 2021 was NOK 7.5 million. During 2021, Mr. Bakke was awarded 200,000 synthetic shares, resulting in bonus earned of USD 175 thousand. The cap on his salary for 2021 was NOK 4.3 million. During 2021, Ms. Jaros was awarded 50,000 synthetic shares, resulting in bonus earned of USD 44 thousand. The cap on Ms. Jaros' salary for 2020 was USD 300 thousand per year.

For 2021, the CEO's variable remuneration constitutes USD 428,198, equaling approximately 51% of his total remuneration, the CFO's variable remuneration constitutes USD 195,747, equaling approximately 44% of his total remuneration, and the Controller's variable remuneration constitutes USD 43,676, equaling approximately 17% of her total remuneration.

3.4 Share based remuneration

The Company has an incentive scheme for the management, where the Company can offer the 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. During 2021, Mr. Magnussen purchased 25,000 shares and Mr. Bakke purchased 20,000 shares in accordance with the policy.

The Company does not grant remuneration to the Executive Management in the form of 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.

There is no right to reclaim any variable remuneration paid to Executive Management during 2021.

3.5 Application of performance criteria

The variable remuneration of the Executive Management is 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 management team. The holder of the synthetic shares also receives cash payments equal to the dividend paid to the shareholders. Dividend is deemed as all direct and indirect distributions from the Company to its shareholders, and includes but are not limited to, any distribution or repayment of any

dividend or share premium, or redemption of its share capital. The dividend Bonus shall be equivalent to the amount that is actually paid as dividend per share in the Company, multiplied by the number of synthetic shares

Further, the annual share price increase, if any, is paid as a cash bonus at the end of the year. The bonus shall be calculated based on the difference between the closing price of the Company's shares on the last day of trading in the calendar year in which the calculation of the bonus shall be calculated on the basis of, and the closing price on the last day of trading in the previous year, multiplied with the number of synthetic shares.

4. Information about any derogations and deviations from the remuneration policy and procedure for implementation

There have been no derogations or deviations from the Remuneration Policy during 2021.

5. Comparative information on the change of remuneration and company performance

Comparative table over the remuneration and company performance over the last five reported financial years

	2021		2020		2019		2018		2017		2016
	USD	% change over prior year	USD								
Total USD remuneration											
Pål Magnussen, CEO	839,703	54%	544,804	13%	481,249	-46%	891,060	72%	517,714	4%	495,634
Morten Bakke, CFO	444,002	49%	298,412	-1%	302,642	-42%	524,929	74%	302,285	45%	208,973
Leigh Jaros, Controller	258,017	13%	228,158	5%	217,033	-17%	261,752	31%	200,528	-1%	201,709
	2021		2020		2019		2018		2017		2016
Company performance											
Ending share price, NOK	32.20		28.20		32.90		33.30		23.90		24.30
Dividend payout (USD)	0.44		0.38		0.32		0.32		0.32		0.48
USD/NOK foreign exchange rate	8.82		8.53		8.78		8.69		8.21		8.62

6. Compliance with remuneration policy

The remuneration of Executive Management complies with the guidelines and framework set out in the Remuneration policy approved at the AGM on 20 April 2021.

To the General Meeting of American Shipping Company ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that American Shipping Company ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 March 2022
KPMG AS



Monica Hansen
State Authorised Public Accountant

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Fjørnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund