

# Sustainable Development

Progress Report 2017/18



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## Summary of Highlights

# About Neptune Lines



## CEO Message (GRI 102-14)

Over the last years, Neptune Lines has built a strong sustainability-oriented mentality, widely adopted by our people and depicted throughout our modus operandi and our relationships with our stakeholders.

Our present report is based on the GRI Reporting Standards and the United Nations Sustainable Development Goals (SDGs), which have introduced a new framework of reporting and presenting business impacts. It also demonstrates our continued support for the UN Global Compact and our ongoing commitment to its Ten Principles.

During this reporting period (2017–2018), a number of significant challenges were faced following the upcoming implementation deadlines of new regulations, as well as, from the impacts of climate change.

The IMO 2020 Global Sulfur Cap represents the most far reaching, fundamental change in the worldwide maritime transportation chain over the last decades.

In Neptune Lines we have chosen a portfolio approach to manage the risks deriving from the enforcement of those new regulations. The usage of hybrid-ready scrubber technology is one of the tools already deployed. We have proceeded with an important investment for the fitting of scrubbers to the majority of our vessels, scheduled for full implementation by the end of 2019.

Having carefully evaluated this technology, we are confident it delivers an environmentally friendly, safe-to-operate and flexible solution, both for the environment and our company as a whole.

Next to the IMO 2020 Sulfur rules, the MRV and DCS regulatory regimes for the monitoring and reporting of CO<sub>2</sub> emissions, as well as, the introduction of the Ballast Water Treatment Convention, have brought radical changes in our sector in many aspects - including technology and investment.

While preparing for the adaptation to the new requirements, we closely monitored results from ongoing measures within our Emissions Reduction and Energy Efficiency Program.

Throughout the reporting period, we continued to actively participate in EU Projects (CarEsmatic and Poseidon Med II-LNG) for sustainable mobility, energy efficiency and emissions reduction, providing two of our fleet vessels for R&D purposes.

Joining efforts with other stakeholders, including ports and the scientific community, we wish to bring a positive impact in a period where pressure for change is increasing and collective action is required more than ever.



Climate change is a relentless reality and its detrimental effects have now become difficult for humanity to ignore. Our vessels increasingly face adverse and unforeseen weather conditions which create unpredicted situations for our seafarers, ships and cargoes.

The last two years, two of our ships experienced extreme rolling due to stormy winds and abnormally high waves, resulting in property and cargo damages. Thankfully, there were only minor structural damages, without any environmental impact.

In addition, during 2018, our company sustained a maritime accident of navigational nature. A minor-impact collision incident with a small cargo vessel, resulting in limited structural damages, without human injuries or environmental damages.

Thorough investigation and root-cause analysis were conducted and specialized external trainings were performed, to minimize at a maximum extent the possibility of recurrence.

At Neptune Lines we are committed to operating under the highest standards of health, safety and quality, for our people and stakeholders, on board and ashore.

We abide by the principle of continuous improvement and overcoming difficulties. We stay focused on our target to conduct our business to the highest possible level of performance, scrutinizing our monitoring and auditing procedures to safely deliver the cargoes to our customers. Our cargo damage ratio, 0.26% in 2017 and 0.29% in 2018, remains one of the lowest in the industry.

Further investing in our employees' safety knowledge and skills, in 2018 we launched a series of hands-on training courses, conducted by specialized providers, on two critical issues: the correct operation and maintenance of conventional lifeboats and advanced firefighting techniques. Already, we acknowledge the benefits and the plan is to continue this training program in the following years.



**Over the last years, Neptune Lines has built a strong sustainability-oriented mentality, widely adopted by our people and depicted throughout our modus operandi and our relationships with our stakeholders.**

Neptune Lines has always acknowledged that its people, on board and ashore, are the key contributor to its success. Wishing to further engage and connect with those that are part of the "Neptune Lines family", we established an annual seminar bringing together our seafarers with the Head Office team. This successful initiative promoted dialogue and the exchange of views and ideas, while offering a great opportunity for internal training.

Working together as one team towards achieving our vision and despite the challenges faced these two years, we managed to reap the rewards of hard work and finely tuned efforts.

In the last quarter of 2017, Neptune Lines crossed the line of 1 million unit mark and finished with a record 1,025,000 units carried within the year. Following this major business milestone, 2018 turned out a further record-breaking year, with 1,112,000 units carried by our operated fleet vessels.

During this period, our company's network expanded. New ports were added in our service and new trade routes were created, connecting Northern Spain with France, the UK and Ireland.

For us, growth and expansion come together with responsible, careful steps and decisions. *Integrity* and *Excellence* - together translated into operational discipline - are everlasting Values that guide our business moves and decisions, making sure the Company's moral compass stays pointed in the right direction. Recognizing that as our company and its network progressively grow the corporate risk exposure increases, we decided to further upgrade our Compliance Program, a process that will continue in 2019.

For the third consecutive year, Neptune Lines participates in the Maritime Anti-Corruption Network and in this context has launched its "SAY NO" onboard campaign to stand up against the pressure imposed on vessels for facilitation payments at various ports. Thanks to the careful implementation of instructions by our Captains and crew, the outcome of the campaign, so far, has been very positive.

Data management and data protection were areas of particular focus these years. We have invested in business continuity, adopting systems and applying the latest technologies available (Virtualization, DR site, Cyber Security) to ensure seamless service. In view of the increasing security threats and cyber-attacks, we updated our security policies and

invested on vessels' infrastructure covering three major pillars: satellite communications, internal firewalls/cyber security and information technologies.

Finally, this period proved to be even more rewarding in terms of emotions of joy and smiles of hope. During these challenging times for the Greek society, we all increased our efforts to support underprivileged social groups and local communities, children and young talented people. Either through channeled corporate programs, or through our participation in external welfare-initiatives, we all did our best to spread as many smiles as we could.

With equal care for the environment, in 2017 we began our collaboration with a research charity that monitors ocean wildlife conservation. Providing our fleet vessels to the researchers of "Marine Life" in order to carry out their conservation and research projects, we witnessed the riches of our oceanic habitats that are in urgent need for protection.

Aligning our actions with the international community to achieve the Sustainable Development Goals, we reiterate our commitment to be at the forefront of the global efforts. At Neptune Lines, we are tending the future ahead with confidence. Always committed to our stakeholders and the broader society, we have learned to overcome the challenges and focus on how to grow better from them.

Being proud of our accomplishments so far, all of us in Neptune Lines look forward to what the future brings, knowing that we will do the best we can to make it even better.

Melina Travlos

President & Chief Executive Officer



# Our History

*"You can never cross the ocean until you have the courage to lose sight of the shore."*

*(Christopher Columbus)*

Our story begins with the aspirations and personal effort of Nikolaos Travlos who founded *Neptune Shipping Agencies SA* back in 1975, with the purpose of providing cargo and ship-handling services to all Greek ports.

Our founder, was a man of vision; a restless spirit who would always dare to discover new horizons. Hard-working throughout his whole life, he was deeply committed to his own family, as well as, his broader family: his employees, his carefully-selected business cooperators and his customers. To all, he had always been straightforward and a man of his word.

Soon after its establishment, Neptune Shipping Agencies started representing tramp and tanker owners.

By the early 1980's, the company's activities expanded to include chartering of general cargo and container vessels in the Mediterranean Sea - which remains the main area of our operations till present.

In 1986, *Poseidon Shipping and Managing Enterprises SA* was established and following the intuition of Nikolaos Travlos, the company entered the car-carrier business operating its first RO/RO vessels. By the early 1990's Poseidon Shipping was enjoying the recognition of major car manufacturers.

In 1992, a significant change in the domestic car market was the trigger point for company's growth. Incentives provided that year, by the Greek government, to replace the old passenger cars with modern ones of anti-pollution technology (i.e. catalysts), literally boosted car sales and, consequently, maritime car transportation. From that point on, company's fleet progressively increased to support the ever growing demand.

In 2001, the company's name changed to *Neptune Lines Shipping and Managing Enterprises SA* - a change that signaled a new era of business growth.

Over the next years, the company decided to upscale its activities with an ambitious building project to double its carrying capacity; a series of newbuildings was launched and by 2010, eight new vessels were part of the fleet.

This very decision to upgrade and increase the fleet's capacity - despite the prevailing uncertainty due to the events surrounding 2008 (i.e. the global financial crisis and the imminent automotive industry crisis) - proved to be a successful one, as it put the company in a position to capitalize on the subsequent increase in cargo volumes that new contracts brought.

In 2014, Neptune Lines received two more vessels from its chosen yard in South Korea, Hyundai Mipo Dockyard. These eco-design newbuildings incorporated the latest propulsion and environmental technologies. A year later, two further acquisitions increased the company's overall capacity by 7,600 car units.

## The Present

(GRI 102-1, GRI 102-2, GRI 102-5, GRI 102-6)

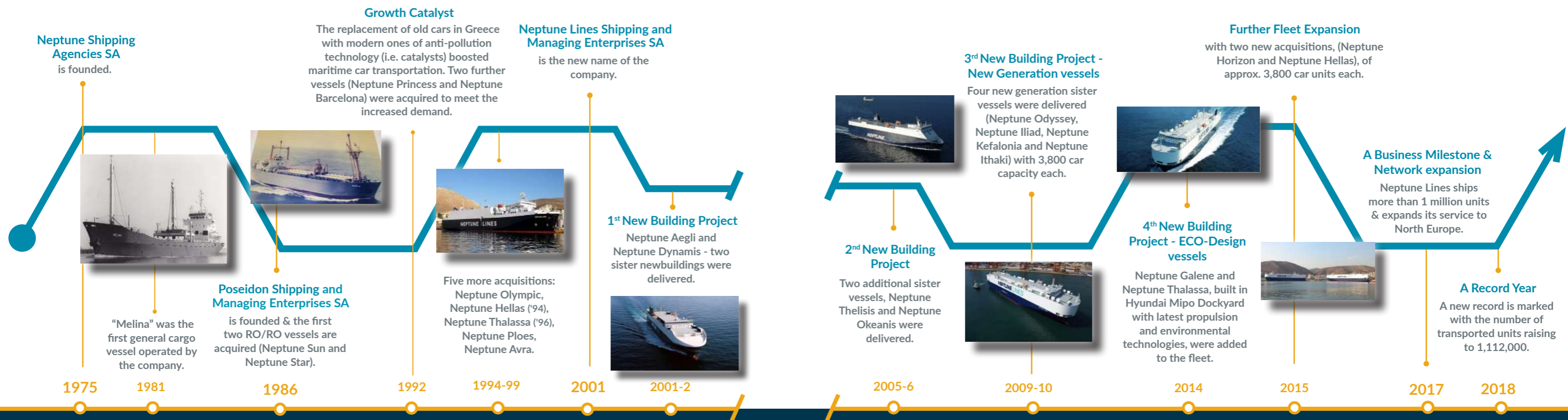
Today, Neptune Lines Shipping and Managing Enterprises SA (hereinafter stated as *Neptune Lines*) is a leading finished vehicles logistics provider in the short-sea transportation sector. It is controlled and ultimately owned by the Travlos family.

Its clientele includes some of the world's largest automotive manufacturers and its business network comprises over 30 agencies - most of them being valuable business partners for many years.

Company's service portfolio includes:

- ✓ Maritime transportation of:
  - *Finished vehicles of all types*: passenger cars and SUVs, light or heavy commercial vehicles, as well as, buses, coaches and caravans
  - *Rolling cargo* such as tractors, excavators, bulldozers, cranes and other high and heavy cargo
  - *Static cargo* including construction equipment, energy equipment, agricultural and other types of machinery, boats, pipes, mobile homes, freight pallets, boxed cargo and project cargo.
- ✓ Ship management
- ✓ Supplemental port and logistics operations services
- ✓ Agency services.

As Neptune Lines continues its journey, we shall continue to work under the same principles and high standards - always delivering reliable services and tailor-made solutions to all those who place their trust in our company.



# Our Moral Compass (GRI 102-16)



*“Whether they are called principles, ideals, codes of conduct or values, the personal and professional measure of what we believe is important and right-guides our daily actions and decisions as humans.”*

*(The Guardian)*

## Vision

Our vision is to maintain our leading position in our target segment, while at the same time, to grow and expand our services in new markets.

These two years have been pivotal in terms of our vision, since we decided to 'navigate in new seas' to serve our customers and acquaint with new ones. Details of our presence in new market areas will be provided in a following section.

## Mission

It is Neptune Lines' mission to maintain and further strengthen our reputation as the most trusted finished vehicles logistics provider, always providing flexible and tailor-made solutions to our customers - who steadily evolve into strategic partners through long-term and mutually credible relations - while consistently investing in our most valuable asset, our people.

## Values

For Neptune Lines, a company that wishes to keep its 'family-business' character despite its growth, values are the foundation stone and the safeguards of its authenticity and longevity. They reflect the unwavering commitment - since the beginning of our journey - to honor our business and all those that place their trust in our company - i.e. our own people, our customers and our stakeholders in general.

Our Corporate Values were established by the founder of our company, Nikos Travlos. Growing steadily to a larger corporate structure over the years, these same values continue to 'guide our ship through safe seas':

### TRUST

Honoring relationships, old and new.

### FLEXIBILITY

Tailoring our services according to our customers' needs.

### CONFIDENCE

Providing peace of mind to our customers, year after year.

### INTEGRITY

Conducting business according to a strict code of ethics.

### PIONEERING

Encouraging and supporting innovative thinking in everything we do.

### HUMAN CAPITAL

Investing in –and inspiring– people.

### EXCELLENCE

Delivering excellence every day of the week, year-round.

### RESPONSIBILITY

Caring for the community and the environment we live and work in.

## Policies & Code of Conduct (GRI 102-16)

Our commitment to ethical business conduct and compliance with applicable laws and regulations is reflected in our governing Policies and Code of Conduct.

They are developed by the Sustainable Development Committee with the support of the Executive Committee and they are approved by the highest governance body. Their revision occurs following internal consultation and when appropriate (i.e. for example, when new issues have arisen that mandate a policy to be amended).

Our policies include:

- Fair Business Practices policy
- Compliance/Anti-Corruption & Anti-Bribery
- Non-Discrimination
- Health & Safety policy
- Environmental Protection & Energy Efficiency
- Quality Policy
- Drug & Alcohol Policy

These policies together with the Code of Conduct express company's bonds, as well as expectations, towards its employees, business cooperators and providers, its customers - and in general all its stakeholders- the environment and society.

They apply across the entire company: the Board of Directors, Executive Committee and Sustainable Development Committee members, all employees (shore-based and seagoing) and all entities working for, or are associated with Neptune Lines.

All employees are signing *Neptune Lines Code of Conduct and Policies acceptance* clause as part of their induction, while senior and middle management are responsible to ensure that its contents are embedded in all company activities, operations and - above all - in employees' conscience.



# Company Snapshot

Sales per annum (GRI 102-7)  
(i.e. refers to "Neptune Holding Overseas SA")

€ 175m

Neptune Lines manages assets of over 400m € (GRI 102-7)

(Total capitalization broken down in terms of debt and equity is considered as confidential information and cannot be disclosed.)

## Number of Vessels

13 Owned  
4 Chartered  
(GRI 102-7)



## Fleet Age

Neptune Lines : 8.5 years  
(Weighted Average)  
Industry\*: 13.4 years

\*As of 2017 (Source: Fearnleys -based on mid-size car carriers, up to 4,000 car equivalent units; adjusted for recent vessel sales.)

- Pure Car and Truck Carriers (PCTCs)
- Capacity ranging between 1,200-4,500 ceu
- Built in high quality yards of Europe, South Korea and Japan with Advanced Ship Design:
  - ✓ Multiple Thrusters
  - ✓ Multiple ramps of increased strength
  - ✓ Hydraulic hoistable decks (flexibility)
  - ✓ Accommodation of non-standard cargo
  - ✓ Eco-friendly propulsion plant
  - ✓ Hull redesign and advanced anti-fouling
- Smart ship connectivity



Total Car Carrying Capacity:

(Including Chartered Tonnage)

(GRI 102-7)

2017: 45,542 units

2018: 52,628 units



Operation in 3 Continents

20 Countries

(GRI 102-4)

369 Employees (GRI 102-7)

71 Shore-based

298 Seagoing

(Not including Chartered Vessels)

Port Calls (GRI 102-7)

(Including Chartered Vessels)

2018 | 2,574

2017 | 2,594

2016 | 2,442

2015 | 2,538

2014 | 2,379

2013 | 1,926

Sailing Miles (GRI 102-7)

(Including Chartered Vessels)

2018 | 1,202,000

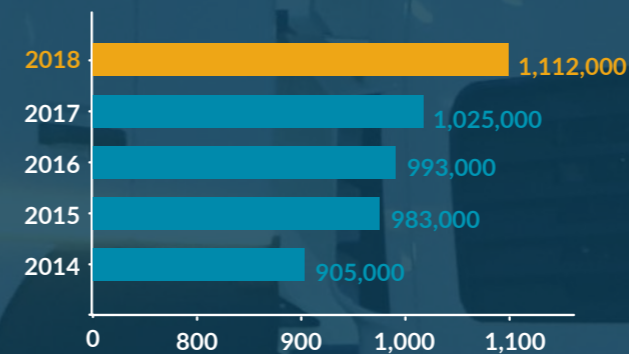
2017 | 1,180,000

2016 | 1,133,000

2015 | 1,107,000

2014 | 1,095,000

Transported Units



(GRI 102-7)

## High & Heavy Cargo Transportation

There is a growing demand for transportation of high and heavy units. In 2017 our vessels carried 6,689 H&H units - a number that further increased to 7,849 units by the end of 2018.

57%

increase since 2015



(GRI 102-7)

32

## Major Customers

Our Customers are major manufacturers & shippers of vehicles and high & heavy cargo, as well as, leading 3PL & 4PL companies.

(GRI 102-6)

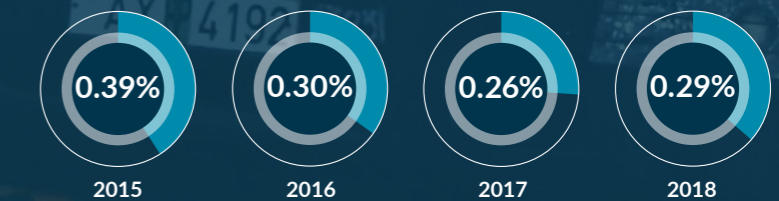


## Awards

'Corporate Social Responsibility' Award  
(Renault Supplier Awards)

Our company was assessed for its sustainability efforts and was awarded a gold recognition level for its overall high score among suppliers.

## Cargo Damage Ratio



Neptune Lines has one of the lowest claim levels in the industry.

## Certifications - Accreditations

Company's ashore and onboard Management System is certified for:

- ✓ ISO 14001:2015
- ✓ ISO 9001:2015
- ✓ OHSAS 18001:2007

## Memberships of Associations

(GRI 102-13)

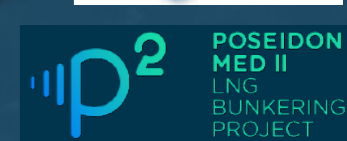


Neptune Lines is an active member of:

- Hellenic Chamber of Shipping
- Union of Greek Shipowners
- Malta International Shipping Council
- European Community Shipowners' Association (ECSA)
- DNV GL Technical Committee
- Lloyd's Technical Committee
- Baltic and International Maritime Council (BIMCO)
- Hellenic Marine Environment Protection Association (HELMEPA)
- The Association of European Vehicle Logistics (ECG)

## External Initiatives & EU Projects

(GRI 102-12)



(GRI 102-4)

### Our presence through trusted Partners

Neptune Lines operates through a wide and carefully-selected agency network.

Investing in our longstanding relationship with our major port agents, we work together on a daily basis to achieve the best possible outcome for our customers and the local communities.



### Our Trade Routes (GRI 102-6)

**Line 1 Black Sea to Atlantic** (weekly): Constanta - Yenikoy - Borusan - Fos - Sete - Barcelona - Tangier - Malaga - Vigo - Setubal - Casablanca - Tangier - La Goulette - Civitavecchia - Piraeus - Beirut - Borusan - Efesan

**Line 3 West Med** (weekly): Derince - Yenikoy - Borusan - Piraeus - La Goulette - Civitavecchia - Marseilles - Sete - Barcelona - Tarragona - Valencia - Tangier - Koper - Piraeus - Efesan

**Line 5 Adriatic Line** (every 6 days): Koper - Efesan - Autoport - Yenikoy - Borusan - Piraeus - Venice

**Line 6 Black Sea** (every 15 days): Vasto - Piraeus - Derince - Novorossiysk - Chernomorsk - Piraeus

**Line 7 Tangier-West Med** (weekly): Tangier - Malaga - Barcelona - Fos

**Line 8 Israel/Egypt** (weekly): Derince - Borusan - Piraeus - Limassol - Alexandria - Ashdod

**Line 12 Spain-France-UK-Ireland** (weekly): Santander - Le Havre - Southampton - Portbury - Rosslare



#### GREECE (Main Office)

The main office of Neptune Lines based in Piraeus, the largest port of Greece (GRI 102-3).

Neptune Shipping Agencies SA - situated also in Piraeus - is the head-agency of the company.



#### SPAIN

One of the three major ports of our operation is Barcelona. Neptune vessels have been present at the port ever since 1986.



#### TURKEY

Through its many terminals (i.e. Borusan, Efesan, Derince, Yenikoy, Autoport and Mersin), Turkey is our major point in cargo movements.



#### SLOVENIA

Neptune Lines is the number-one operator at the Slovenian port of Koper in terms of volume of units handled.

## Areas of Operation (GRI 102-4, GRI 102-6, GRI 102-10)

The Mediterranean basin remains the main sea-area of our operation, extending from the Atlantic ports of Vigo and Casablanca in the West, to the Black Sea in the East. During the reporting period, our presence and services expanded to the below areas:

- Italy: the port of Venice was added within our weekly service across the Adriatic
- Portugal: the port of Setubal was added in our Black Sea to Atlantic service route
- Northern Spain - France - UK/Ireland: two dedicated vessels were assigned, with a high frequency service connecting Santander with Le Havre, Portbury, Southampton and Rosslare

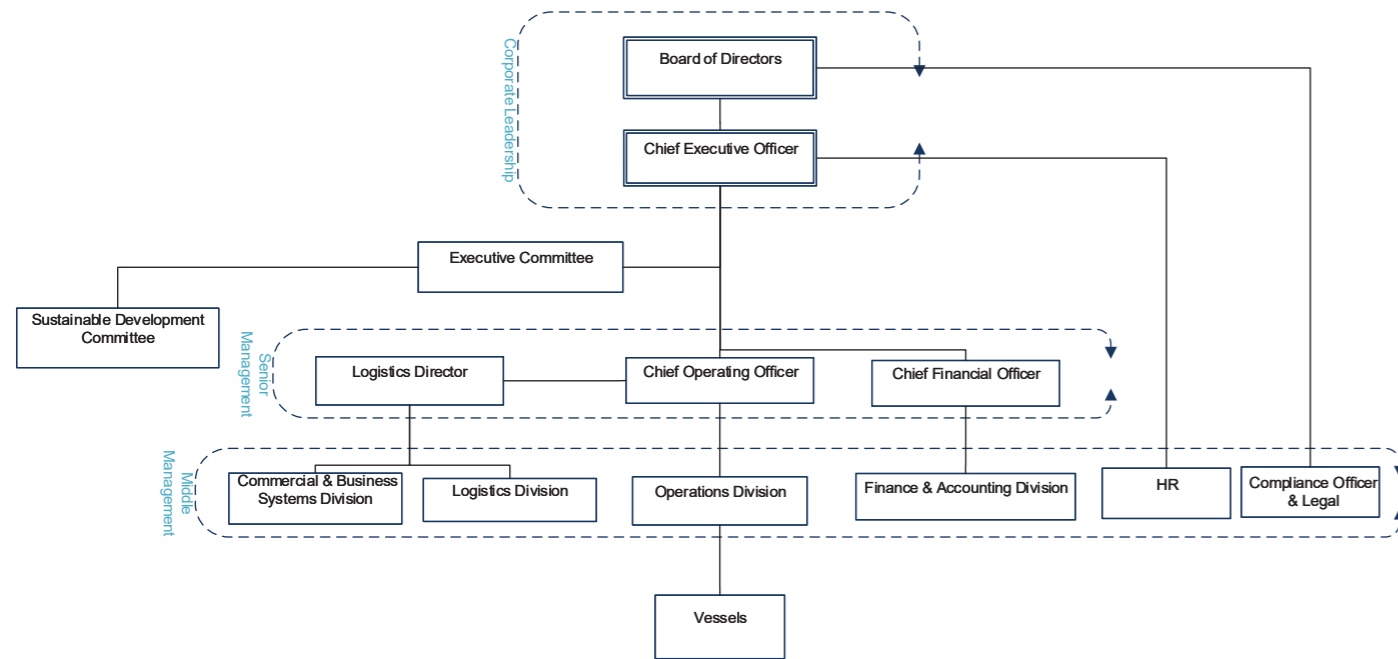


# Corporate Governance (GRI 102-18)

Neptune Lines' management structure consists of the Board of Directors, the Chief Executive Officer, the Executive Committee and the Sustainable Development Committee.

The Board of Directors and the Chief Executive Officer lay down the general business, the management principles, as well as, the overall strategy and the risk policies.

The Executive Committee ensures the proper organization and supervises the performance of the company and its management. It consists of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Logistics Director and functions as the day-to-day management. Its members are also participating in the Sustainable Development Committee.



The Sustainable Development Committee consists of the Compliance Officer (who reports directly to the Board of Directors), the members of the Executive Committee and the heads of HSQE (Health-Safety-Quality-Environment), Human Resources, Crewing, Technical, Operations, Commercial/Business Systems and Logistics departments. Together with the Executive Committee, they are responsible for the decision-making on economic, environmental and social issues.

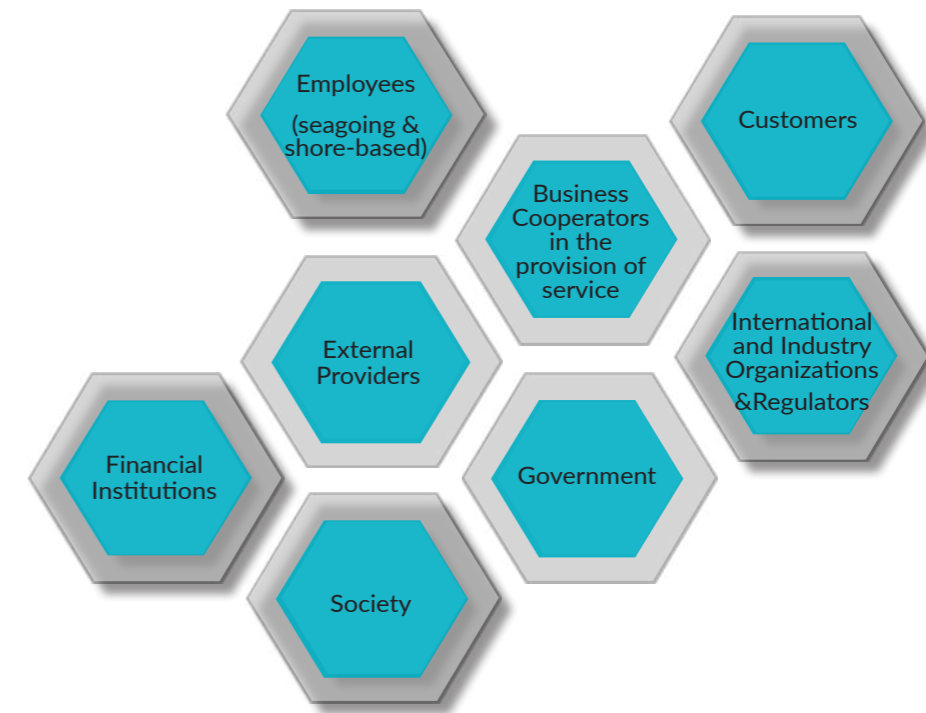
These two committees agree on the sustainability policies, set the appropriate sustainability strategies and oversee compliance - monitoring, at the same time, the progress on the corporate sustainability projects.

# Our Stakeholders (GRI 102-40, GRI 102-43, GRI 102-44)

*Coming together is a beginning; keeping together is progress; working together is success. (Henry Ford)*

Our company has always valued the contribution of its stakeholders to its progress and success. Our stakeholders' needs and expectations are very important for us and set new standards and milestones to achieve. Our target remains to increase our engagement opportunities with them, as well as, join our efforts to make our value chain more sustainable.

Here below are our company's main stakeholder groups.



During the reporting period the following engagement events took place (presented per stakeholder group involved):

### Stakeholder Group: All

**Materiality Survey:** due to the transition of our sustainability reporting to the newly issued *GRI Sustainability Reporting Standards* (launched in October 2016) and the United Nation's *Sustainable Development Goals (SDGs)*, a new materiality assessment needed to be performed in our company so as to re-define the most important topics in terms of:

- Significance for our *stakeholders* and
- Significance of our impacts on *sustainable development*.

As part of said process, we launched our second materiality survey to obtain input from our major stakeholders with regard to which topics deriving from the new standards and the SDGs, influence their assessments and decisions the most - based on the way they are handled by our company. The survey was sent to representatives from all stakeholder groups.

(GRI 102-43, GRI 102-44)

**Stakeholder Group: Employees**

**Employee Survey:** Towards the end of the previous reporting period, Neptune Lines rolled out an employee engagement survey (EES) to measure employee satisfaction, motivation and effectiveness. The whole process was completed within current reporting period and the outcome was communicated to our employees through their department heads. Findings of the survey and topics raised are presented in the *Employment* section (pg.79).

**Neptune Lines' Seafarers Engagement Event:** On June 25<sup>th</sup>-26<sup>th</sup> 2018, Neptune Lines organized its first seafarers engagement event. Held in Odessa of Ukraine, this event brought together representatives from:

- our company's main pool of seafarers (i.e. 100 Ukrainian crew members of all ranks)
- office departments and Neptune Lines' senior management
- our Manning Agent in Odessa
- the Marine Odessa Academy

The aim of this event was to enforce relations with all involved stakeholders, especially our seafarers, to 'hear their voice' and communicate our company's values, future plans and objectives. More details with regard to topics discussed, can be found in the *Employment* section (pg.79).

**Stakeholder Groups: Customers & Business Cooperators**

**Participation in Exhibitions:** we seek to participate in exhibitions of our industry in order to engage and communicate in a direct way with our customers, business cooperators or any other stakeholder interested to find out about our company. We value the feedback obtained regarding our services and how to improve them and it is taken into account in our decisions and business strategy. Specific exhibition events of this reporting period in which Neptune Lines participated are presented hereinafter.

**Logitrans (Istanbul, 15 November 2017/5 November 2018)**

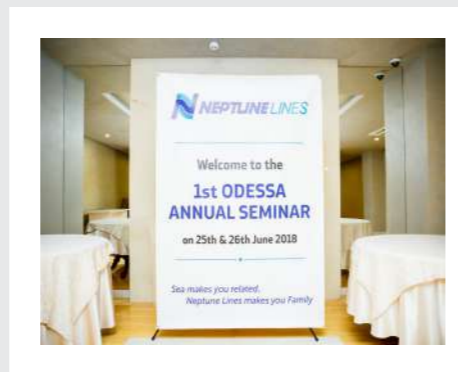
The last five years, Neptune Lines has been participating in this international transport logistics exhibition presenting to its stakeholders its new services and innovative solutions.

**Breakbulk Europe (Antwerp, 24-26 May 2017/Bremen, 29-31 May 2018)**

It is the largest exhibition for the project cargo and breakbulk industry. Since transportation of project cargo is an integral part of our service, this was a great networking and engagement opportunity for our company and potential as well as existing customers, industry peers and leaders.

**World Automotive Conference (Istanbul, 11-12 October 2017)**

This conference brought together market experts and stakeholders



of the automotive industry to discuss emerging trends, new technologies and opportunities regarding the sector, supply chain and logistics. We attended the conference as an exhibitor for the 1<sup>st</sup> time obtaining valuable insight.

**Stakeholder Group: Society**

**Marine Life:** In 2017, we started our cooperation with a marine wildlife research charity, called MARINE life.

More details can be found in the *Community Investment* section (pg.49).

**Stakeholder Group: Industry-related Stakeholders**

**Maritime Anti-Corruption Network (MACN):** The MACN is an industry-led initiative, with the aim to eliminate corruption in the maritime industry.

The MACN, in cooperation with various stakeholders in certain countries (e.g. shipping companies, governments, embassies, authorities, port agents and international/industry organizations), runs collective-action country projects. Neptune Lines, as a regular member, participates in the network's biannual members' meetings.

**MACN Spring 2017 Members Meeting (Dubai, United Arab Emirates 26-27 April, 2017)**

In total, 85 representatives from 52 member companies, observers and guest speakers attended the meeting. During its course, MACN presented its overall "2020 Strategy" framework (drafted following members' input) designed to further strengthen its core activities and its positive impact in the supply chain. The strategy's main pillars and their respective roadmaps obtained members' positive feedback and verification - so, direction was set for its implementation.

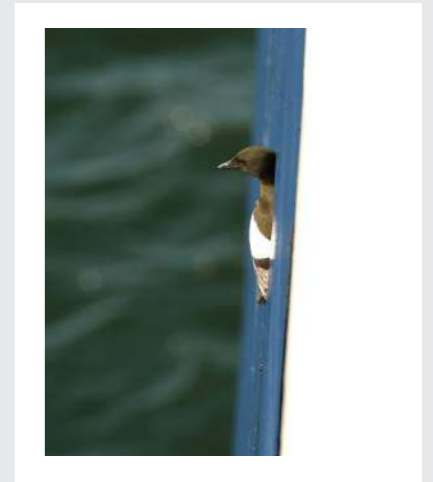
**MACN Fall 2017 Members Meeting (London, 11-12 October 2017)**

The major theme of the meeting was that "Collective Action Works!". The members shared numerous testimonies of tangible impacts of anti-corruption efforts in various locations that corruption and bribery practices were more common. In addition to the member-driven content and updates, during the meeting prominent speakers presented additional topics, such as the connections between compliance and other sustainability goals.

**MACN Fall 2018 Members Meeting (London, 3-4 October 2018)**

The MACN Secretariat presented the network's new country strategy for collective actions, and members - including our company - shared some front-line stories on successes in fighting corruption. The meeting also attended speakers from the UK Serious Fraud Office (SFO), the UK Department for International Development (DFID) and other experts.

(GRI 102-43, GRI 102-44)



**MACN**  
Maritime Anti-Corruption Network



# Creating Value for **the Market & Society**



# Economic Value Distributed

12%  
increase in the transported units since 2016

## Facts & Figures



1,112,000



Units transported in 2018



Local Spending  
Leading port: Piraeus, Greece

(GRI 102-10)

These two years have been pivotal for our company in terms of growth steps, business moves and achievements. We explored new seas and regions to serve our customers better and acquaint with new ones. Establishing new service lines and business relations, our aspiration is to create added value through our responsible market presence.

### Expanding our Network to the UK & Ireland

These couple of years, two dedicated vessels were assigned to offer a high-frequency service to our customers by connecting Northern Spain (through the port of Santander) with France (port of Le Havre), the UK (Southampton & Portbury ports) and Ireland (Rosslare). This service, aiming also at new customers in the region, covers all cargo segments, cars, high and heavy (H&H) cargo and special loads.

### Calling New Ports

#### Port of Setubal in Portugal

Following the award of new flows from Setubal to Civitavecchia by one of our customers, we have added the port of Setubal to the "Atlantic-Black Sea" route, providing the opportunity for direct connections between Setubal, Morocco, Italy, Turkey, Black sea and short transit times ex Italy to Turkey and Romania. This new set-up is meant to ensure faster transit times to Israel, Egypt and Lebanon via the hub of Piraeus.

#### Port of Venice in Italy

The Venice Ro-Port MoS was added to our Adriatic weekly service (Koper - Efesan - Derince - Yenikoy - Borusan - Piraeus - Venice). The entry of our company at Venice port marked the opening of the motor vehicles segment, a new traffic segment in the area.

### Achieving a Business Service Milestone

The last quarter of 2017 pushed our company's total number of units carried within a year, over the 1 million unit mark, finishing at 1,025,000 units and turning 2017 into a record-year for our company.

In 2018, a new record was marked with the number of transported units within said year, raising to 1,112,000 units.

Despite challenging market conditions, the focus on seamless customer service, as well as, the commitment and hard work of company personnel and business cooperators, have definitely contributed to this successful outcome.

### Fleet Changes

Two of our elder fleet vessels were sold within 2018. One was sold for scrap - undergoing a green recycling process - and the other was sold to new owners.

**PROCUREMENT PRACTICES**

**Suppliers Code of Conduct**

Through our *Suppliers Code of Conduct* we aim to communicate our corporate values to our providers and business cooperators and engage them in sharing our commitment to ethical and socially responsible business practices.

We strongly believe that implementing this Code of Conduct will create value for all parties and foster change and improvement in our supply chain. We also see this as an important step to establish a long term sustainable relationship with them and the societies where we all operate.

**Contracts Review**

Sustainability parameters are taken into consideration when evaluating new or existing procurement relationships.

During the review and evaluation of new contracts, as well as, throughout the contract period, providers' standards and practices with regard to quality, environment, human and labor rights, responsible and ethical business conduct, play a decisive role in our business relationship.

Our company is committed to communicate effectively any issues of concern or dissatisfaction that may arise, to related providers.

So far, there have been no incidents of contract breach due to sustainability-related issues.

**Purchasing**

Neptune Lines focuses on the quality of products and services purchased, as well as, their compliance with regulations and standards.

Certification and proof of compliance are required from providers, so as not to jeopardize the quality of our service or pose a risk to anyone's health and safety; purchasing requirements and quotations are carefully monitored to ensure adherence to agreed terms and clauses.

By return, our company is committed to comply with agreements and contracts and demonstrate responsibility at all times towards providers and business cooperators.

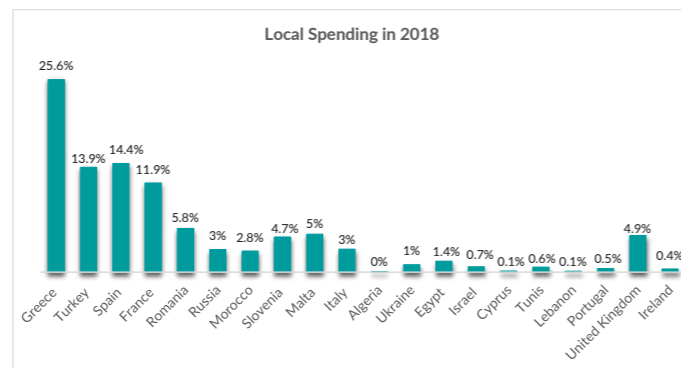
Neptune places particular emphasis on the on-time payment of its providers. Prompt payment demonstrates responsibility in practice and works as a tool to increase provider performance.

We monitor invoicing and cash flow closely to ensure that we pay our providers promptly. Ever since its establishment, except for extenuating circumstances, our company has managed to be consistent in meeting payment obligations towards its providers.

**LOCAL SPENDING (GRI 102-10, GRI 204-1)**

Neptune Lines is spending on local providers at significant locations of operation. The trading area of our fleet vessels, the frequency of port calls and cargo volumes are setting the scene for our significant locations of operation.

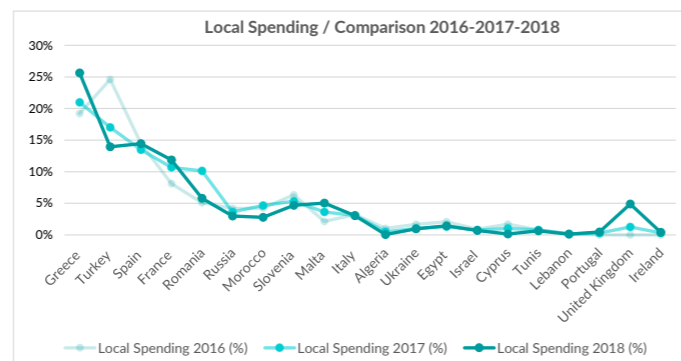
Port call expenses (port dues, tug boats etc.), cargo handling expenses, waste disposal fees as well as bunker expenses, are the driving costs for our fleet vessels.



These two years the Greek port of Piraeus was the leading port regarding local spending (i.e. almost 26% of procurement budget), taking the lead from the Turkish ports which attracted the highest percentage in 2016.

Particularly in 2018, this substantial uplift was due to the significant increase in the bunkers purchased at this port (i.e. by 64% compared to 2017).

An increase in local spending has also been noted at ports of France, Malta and of the United Kingdom.



# Compliance & Business Ethics Material Topic

*Integrity is doing the right thing, even when no one is watching.*

(C.S Lewis)

*Integrity and Trust are standing Corporate Values. They govern our business functions and decisions since the establishment of our company.*



**Why this topic is Material (GRI 103-1)**

Neptune Lines is committed to conducting business with integrity and in compliance with all applicable legislation. Our company's history and reputation, as well as, its long-lasting business relationships are based on these values and standards.

Trust is hard to earn and easy to lose. Having gained the trust of our stakeholders - internal and external - throughout these years, our aim is to further secure it and work our best to continue inspiring it.

Likewise, the trust that Neptune Lines has placed in its business relationships, must on no grounds be shattered. Business relationships can include relationships with business partners, entities in our value chain, and any other non-State or State entity directly linked to our business operations and services.

For Neptune Lines, compliance and business ethics are closely related with company's longevity. We believe that "good business" is always rewarding for the company and those who work in it or are associated with it.

In the opposite case, the consequences of an incident of such nature can be serious and far-reaching - ranging from endless legal proceedings to the damage of company's reputation, its relationships, its very own business continuity.

Apart, though, from being material to our own company, this is a critical topic in itself - when it comes to the global agenda - as it can significantly affect the Sustainable Development Goals (SDGs).

Business who operate ethically contribute to the goal of "Promoting, peace, justice and strong institutions" (SDGs Goal 16), including its sub-target "to substantially reduce corruption and bribery in all their forms" (Target 16.5). On the other hand, those who lack compliance and ethical boundaries pose a threat on all the SDGs, since all the goals can be undermined by corruption and ethical lapses.

**How we Manage this topic (GRI 103-2)**

**CODE OF CONDUCT & POLICIES**

In addition to the corporate Values, our commitment to ethical conduct is expressed and implemented through our governing Policies and Code of Conduct - applying to all hierarchy levels at Neptune Lines (see also *Our Moral Compass* section, pg.10-11). These constitute our moral compass which requires all employees (shore-based and seagoing), leadership, as well as, parties that conduct business with or on behalf of Neptune Lines to act lawfully, with fairness and integrity, maintaining high standards of personal and business ethics.

(GRI 103-2)

**COMMITMENT FROM LEADERSHIP AND SENIOR MANAGEMENT**

Within Neptune Lines, there is a tone from the top when it comes to business ethics.

Our corporate leadership is committed to emphasizing the importance to the company of compliance and ethical conduct.

Their role is to define and communicate *what our company is* and *what it stands for* providing consistently a clear direction and course of action.

Participating actively in internal consultation and meetings, our leaders will listen attentively and speak candidly reminding, if needed, responsibilities and aspirations that constitute the ethical compass of Neptune Lines.

At the same time, they are willing to scrutinize their own decisions and seek diverse perspectives to better handle the complexity involved in making ethical choices.

The tone from the top is conveyed and reinforced within the company through the active and definitive role of the senior management.

Right after corporate leadership, the senior management oversees and monitors compliance, acting as a role model for employees and instilling among them and within all company levels a sense of shared accountability.

**INFUSION WITHIN THE COMPANY****The Role of Middle Management**

During the selection of individuals to assume a managerial position, particular attention is given to their having the decision-making skills, knowledge, and competencies needed to make ethically sound decisions on a day-to-day basis. Regulatory awareness, ethical mindset and orientation must be part of every manager's profile.

As department heads, they are responsible for helping their teams understand how company's governing principles and Code of Conduct guide the way they work.

They are expected to have conversations with their teams throughout the year, providing coaching on how they should behave in situations of ethical dilemmas.

**Internal Awareness and Communication**

Besides day-to-day coaching, Neptune Lines seeks to ensure that its ethical behavior requirements are embraced in all company levels through:

*Induction and familiarization processes;* Every new hire (shore-based and seagoing) receives relevant familiarization regarding the established policies and signs the corporate Code of Conduct. This corporate material can be accessed at any time through the corporate intranet. In the case of seagoing employees who are on fixed-term contracts, prior their re-embarkation they receive familiarization at Neptune Lines' office premises or at the manning agent's office on any latest updates (e.g. regulations coming in force), corporate guidelines and instructions.

*Meetings;* Concerns and issues linked to business ethics and compliance are thoroughly discussed during internal progress meetings, with the participation of the senior management.

**Internal Reporting (Whistle-blowing)**

All Neptune employees are encouraged to speak up and report any concerns or alleged incidents regarding compliance and business ethics.

Office employees can address any concerns to their direct manager or Human Resources. Respectively, the seagoing personnel can contact Crewing - as the dedicated department for handling issues of conduct with regard to seafarers - or company's Designated Person Ashore (DPA).

Any reported concern or issue is handled with strict confidentiality. When grounds for violation exist, the Compliance Officer is contacted who further investigates the reported case to define its nature.

The Compliance Officer (person with legal expertise) participates in the Sustainable Development Committee and reports to the Board of Directors.

If a violation of ethical nature is identified, the case will be brought to the Executive Committee who further consults in order to decide on the course of actions to be taken - based on the nature and severity of the incident.

**RAISING EXTERNAL AWARENESS AND COMMITMENT****External Communication**

We expect and encourage our external stakeholders to act in a way that is consistent with our policies and Code of Conduct and we take appropriate actions where we believe they have not met our expectations or their contractual obligations.

External communication refers to communication channels with Neptune Lines' associated parties, as well as, outside their scope i.e. reaching out to the general public.

The main external channels to communicate our business ethics-related policies, measures and updates are:

- the corporate sustainable development progress report (uploaded to our website and shared with stakeholders)
- our Communication on Progress (COP) uploaded annually to the UN Global Compact website
- through corporate material (i.e. brochures).

**External Reporting**

Neptune Lines encourages its business cooperators or any other external party associated with the company, to report any concerns or alleged incidents putting at stake company's integrity.

**FAIR BUSINESS & ANTI-COMPETITIVE BEHAVIOR**

Neptune Lines has in place a *Fair Business Practices Policy*, expressing our bond to always engage in transparent business transactions and fair trading (i.e. anti-competitive behavior, fair business practices etc.)

Fair-competition law may on no account be violated. Any such violation may result in substantial fines for our company as well as its employees.

In particular, price-fixing among competitors (verbal, written or in any other form), market allocation and any other practices which may inhibit free competition, are strictly prohibited.

**CONFLICTS OF INTEREST**

Employees may face various conflicts of interest which are identified and managed from Neptune Lines in order to avoid the occurrence of corruption incidents and other wrongful acts.

The term "conflict of interest" refers to the situation where an individual is confronted with choosing between the requirements of his/her function and his/her own private interests.

Neptune Lines understands that avoiding such conflicts may not always be possible. The required action for an employee who does not or cannot avoid a conflict of interest, is to disclose it to their superior and/or Compliance Officer before they engage in the conduct in question.

1. UK BRIBERY ACT 2010: The UK Bribery Act has a global jurisdiction. Companies and individuals can be held liable in the UK for acts of corruption committed by employees, agents or Subsidiaries anywhere in the world. The UK Bribery Act does not make any exemptions for facilitation payments.

(GRI 103-2)

**ANTI-CORRUPTION**

Neptune Lines has in place an *Anti-Corruption and Anti-Bribery Policy* explicitly stating company's zero tolerance towards corruption in all its forms - including bribery and extortion.

We are committed to conducting business in compliance with all applicable anti-corruption legislation - including the *UK Bribery Act*<sup>1</sup> *Anti-Corruption Rule* and to take action against any unlawful act - no matter how small in degree or scale (i.e. from the minor use of influence - as in the case of facilitation payments - to institutionalized bribery, fraud, money laundering or abuse etc.).

In the Code of Conduct, it is clearly stated that employees, as well as, representatives and business cooperators of Neptune Lines must not offer, provide, accept, or promise (directly or indirectly) any undue financial or other advantage to a public and/or private official, person or entity for the purpose of obtaining any favorable treatment, business advantage, or for personal gain.

**Further Controls**

Neptune Lines closely monitors all company expenditures. All corporate invoices go through an electronic-distribution flow, passing through various levels of approval for better control and verification. Extraordinary expenses are reviewed and agreed prior to taking place.

Moreover, all our charitable donations and sponsorships are not related to the company's main business operations and are never provided in a cash deposit form, so as to ensure that they are not considered or used as a disguised form of bribery.

**Anti-Corruption Training**

During the reporting period, Neptune Lines participated in three round tables organized in the framework of "Transparency International Greece Business Integrity Forum (BIF)". "Transparency International" is an international, non-governmental organization whose purpose is to take action to combat global corruption in each and every sector and prevent criminal activities arising from it.

During these conferences, various anti-corruption experts provided updates and best practices on anti-corruption, corporate governance and compliance. They also demonstrated developments in legal and regulatory matters.

(GRI 103-2)

Indicative themes discussed:

- Whistle-blowing
- Public and Private Relationship
- Transparency in dealings between the State and Enterprises
- Ethical issues in exercising Corporate Governance

#### Collective Action - The MACN

Companies are all the more expected to work collectively and join forces to combat corruption in all its aspects.

Neptune Lines is an active member of the Maritime Anti-Corruption Network (MACN) since 2015.

The MACN was established in 2011 as an industry-led collective action initiative, to stamp out corruption in the maritime industry and to promote inclusive trade. Its members (i.e. over 90 members globally) represent a significant percentage of the total global tonnage and play a key role in ocean transport.

In MACN collective action projects, member companies work in partnership with stakeholders including port and customs authorities, NGOs, and local governments, to undertake root cause analyses and then implement a range of realistic "recommended actions" to tackle corruption in ports and across the maritime supply chain.

Through our MACN membership, we gain knowledge from other companies' experience and best practices.

We have, also, access to a wide range of useful material (e.g. toolkits, risk assessment tools, methodologies etc.) which we use to support our onboard anti-corruption measures.

#### MACN's Incident Reporting System

Neptune Lines participates in the MACN's anonymous incident reporting system - developed to collect data of corruption practices. This system enables maritime companies to submit reports on corrupt demands they have faced during port operation.

## "SAY NO" Campaign

- Seafarers shall not engage in any kind of facilitation payment (i.e. in the form of cigarettes, cash payments etc.) when such are requested from Port Authority Officials (customs, pilots, etc.) during the execution of their duties.
- "WELCOME ON BOARD - NO-CORRUPTION" posters (based on a specific template provided by the MACN) is to be placed at conspicuous places of the ship (i.e. pilot stations, ramps, elevator, ship's office, announcement boards etc.) to demonstrate Neptune Line's zero-tolerance policy.
- Master and crew are expected to always show respect to the officials and be polite. The Master must explain that Neptune Lines is an active member of the MACN and, therefore, he is not allowed to be engaged to any form of bribery or facilitation payment. He will point to them the posters.
- When necessary, port agent's assistance shall be requested to further explain to the port officials in their native language that Neptune Lines is a member of the MACN and any form of facilitation payment is against the law and cannot be facilitated.
- Should the officials insist in their unlawful demands, the Master must immediately report this to the DPA - who will contact company's Compliance Officer and decide on the course of action.
- The Master will inform the port officials that said incident will be reported and escalated to our Senior Management as per established policy.

(GRI 103-2)



**WELCOME on board**

Please be informed that NEPTUNE LINES is fully committed to operate in a transparent and clean business worldwide. We can't accept any facilitation payments or gifts within the operation of our vessels in accordance to Company rules and policies.

All NEPTUNE LINES employees and vessels must strictly comply with all applicable anticorruption legislation including the UK Bribery Act Anti - Corruption Rule.

Companies and individuals can be held accountable for acts of corruption committed by employees, agents or subsidiaries anywhere in the world. The laws apply equally to individuals requesting or accepting an act of corruption.

**NO CORRUPTION**

NEPTUNE LINES does not engage in any corrupted activity whatsoever, including bribery, facilitation payments and undue gifts. We are a member of the Maritime Anti-Corruption Network (MACN) targeting corrupt practices in ports. MACN is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. MACN and its members promote good corporate practice in the maritime industry for tackling bribes, facilitation payments and other forms of corruption. All incidents will be reported to MACN.

**MACN**  
Maritime Anti-Corruption Network

**UK BRIBERY ACT 2010**  
The UK Bribery Act has a global jurisdiction. Companies and individuals can be held liable in the UK for acts of corruption committed by employees, agents or subsidiaries anywhere in the world. The UK Bribery Act does not makes any exemptions for facilitation payments.

The accumulated data are analyzed by the MACN in an effort to scope the problem and develop further action plans to eliminate its extent and frequency.

Neptune Lines has provided specific instructions to fleet vessels regarding the reporting of such incidents to the office. Once reported to the office, company's DPA is responsible to submit them to the MACN's database.

Due to legal issues and constraints, we do not report in detail the corrective actions taken in response to these external incidents presented so far. (GRI 205-3)

#### SAY-NO Campaign

Towards the end of 2017, we launched the onboard "SAY NO" campaign, to publicly state our company's clear stance towards bribery and our zero tolerance to such practices.

Its aim is to provide guidance to our Masters and crew on how to handle cases of demands of bribery or facilitation payments at calling ports, based on company's anti-corruption and anti-bribery policy.

As a first step, and in order to ensure a smoother implementation, we decided to launch the campaign at ports belonging to countries with stricter and more detailed regulatory controls (i.e. hence, with not so frequent bribery demands) to check its applicability.

As a result, all EU and Turkish ports were selected for

the initial implementation of the campaign with the prospect of expanding it, on a later stage, to the ports with loose regulatory control and a more intense presence of corruption incidents.

#### Other Membership Requirements

Fulfilling our duties as an active member of the MACN, we participate in its biannual members' meetings (see *Our Stakeholders* section, pg.19).

We also complete and submit an annual self-assessment to its Secretariat, namely "Business for Social Responsibility (BSR)". Results of the assessment are shared at the established members meetings and used as a tool to identify topics on which we could work further (with the guidance from MACN) in order to further support our onboard compliance.

#### **COMPLIANCE PROGRAM**

During the reporting period, in an effort to upgrade our existing compliance program and further elaborate on our corporate risk exposure, we decided to externally assess our system.

For this purpose, we contracted a well-established law firm to review our existing policies and processes and perform a thorough gap-analysis.

Throughout the project, which is currently ongoing, we expect to identify possible blind spots with regard to compliance and business ethics, as well as weaknesses of our program, in order to take appropriate action.

The workshops held, so far, were conducted with the full involvement of our leadership and will continue over the following year along with implementation of next steps.

(GRI 103-2)

#### Evaluation of Performance and Further Elaboration

(GRI 103-3)

An overview of our progress and performance during the reporting period in terms of ethical business and compliance, is presented here below.

#### FURTHER TRAINING

Business ethics training is provided, so far, on an ad-hoc basis and mainly to the staff whose business role is most relevant (i.e. the Compliance Officer, the Human Resources department etc.).

However, as our company progressively grows bigger in size and expands its business network (i.e. hence its risk-exposure) the need to further focus on business ethics and compliance training is increasingly essential.

We are currently exploring possibilities to invest on large-scale training for governance body members (decision-makers) and employees.

#### HIGHLIGHTS OF THE REPORTING PERIOD

##### Employee Survey Results

As presented in the *Employment* section, Neptune Lines is perceived by its employees as responsible and ethical in its business dealings.

Employees also expressed their trust and confidence in corporate leadership and senior management, as well as in the future business prospects of our company.

Our aim is to maintain our employees' trust and loyalty to high levels and to further inspire these values to new hires.

##### Related Projects and Actions Taken

We are currently preparing for the next steps of our Compliance Program upgrade project; once formalized,

these steps will be processed and implemented within our company with the guidance of the contracted law firm.

Furthermore, the outcome of our newly launched 'SAY NO' campaign, turned out to be very positive. According to the feedback obtained from our captains throughout 2018, our company's clear stance expressed through this campaign, indeed discouraged public officials from requesting facilitation payments or cigarettes.

The only exception was a stand-alone incident of persistent bribery-demand (despite Captain's warnings and making them aware of our policy), which triggered the whole reporting process. However, thanks to the Captain and crew who adhered to the company's policy and instructions, the case was timely reported to the office, allowing our Compliance Officer to take immediate action to resolve the situation.

Calling the same port after a while, our vessel did not encounter any other problems of such nature. (GRI 205-3)

#### COMPLIANCE RECORD

##### Corruption Incidents (GRI 205-3)

There were no corruption incidents during the reporting period, nor any legal actions, sanctions or fines posed against Neptune Lines for corruption or any other form of unethical conduct.

##### Legal Actions for Anti-Competitive Behavior, Anti-Trust and Monopoly Practices (GRI 206-1)

There are no legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which Neptune Lines has been identified as a participant.

##### Overall Socioeconomic Compliance (e.g. accounting fraud, corruption, provision of service and labor-related laws and regulations) (GRI 419-1)

Socioeconomic compliance includes Neptune Lines' overall compliance record, as well as compliance with specific laws or regulations in the social and economic area. Compliance can relate to accounting and tax fraud, corruption, bribery, competition, the provision of service or labor issues - such as workplace discrimination.

No fines or non-monetary sanctions under laws or regulations were imposed against Neptune Lines during the reporting period.

## Safe & Secure Operations Material Topic

*A culture of safety is a journey, not a destination; it requires our continuing diligence.*  
(Rear Adm. Terry J. Moulton)



#### Why this topic is Material (GRI 103-1)

*Safe and Secure Operations* is the most material topic for our company and our stakeholders.

The nature of shipping operations and the severity of the impacts associated with safety and security incidents at sea, make this topic, by default, a priority over anything else and the most regulated imperative in our industry.

Operating at sea involves numerous safety and security risks (e.g. navigational, due to weather, cargo-related, risks deriving from criminal intent like piracy etc.) that must be continuously and effectively managed to safeguard the people, the vessel, the cargo and the environment.

Committed to this challenging task, our company operates by the principle of ongoing due-diligence and continuous improvement.

Neptune Lines' aspiration is to have zero accidents and

security incidents; this is the base of all our safety-related policies and our certified Safety Management System (SMS). (GRI 403-1)

However, despite every effort, there is always a potential for something to go wrong. External, unforeseen risks and uncontrolled parameters, human error (prevailing in the majority of cases as maritime accidents investigation shows) and technical failures will not cease to exist.

It is of paramount importance to be prepared in every case, even for the worst-case scenario, so as to minimize the extent of any possible harm.

It is equally important to learn from experience, to identify and understand "what went wrong" or "could have gone even worse", then scrutinize existing processes and procedures and keep on setting effective barriers.



(GRI 103-2, GRI 403-2, GRI 403-4)

**How we Manage this topic****SAFETY MANAGEMENT SYSTEM (SMS) (GRI 403-1)**

Our SMS implements the provisions of all mandatory shipping conventions, regulations and codes (i.e. SOLAS, MARPOL, STCW, ISM Code, ISPS Code, Maritime Labor Convention, 2006 etc.) and is certified under ISO 9001:2015 and OHSAS 18001:2007 (also ISO 14001:2015 - as mentioned in the *Environmental Compliance* section). It is subject to periodical verification through accredited bodies.

Results of the verification process along with internal findings are discussed in Management Review Meetings and included in a relevant report which is circulated within the company and to fleet vessels for further elaboration and improvement.

The SMS includes, but is not limited to, the following:

- ✓ Vessels' reporting of near-miss cases (encouraged on a monthly basis) and incidents - as occurred; follow-up root-cause analysis is conducted in each case.
- ✓ Periodical execution of drills and ship-to-shore exercises and evaluation of performance.
- ✓ Emergency preparedness processes and procedures.
- ✓ Risk assessment (e.g. performed before proceeding to high-risk activities).
- ✓ Dedicated Safety Committee on board.
- ✓ Safety meetings where relevant topics and instructions are discussed (performed twice a month on board each ship).
- ✓ Master's review and evaluation of the SMS and security processes.
- ✓ Established communication lines between office and shipboard personnel, while on board and post-service (i.e. during debriefing); our crew is encouraged to report all possible unsafe and unhealthy conditions or operations on board.
- ✓ Riding audits and onboard attendances by office personnel that focus on implementation of management system requirements; respective findings are recorded and monitored.
- ✓ Training and familiarization (i.e. through familiarization forms, training courses, computer-based training modules, DVDs etc.).

- ✓ Circulation of safety bulletins, informative material, regulatory updates and further specific instructions.
- ✓ Monitoring of vessels' maintenance and safety systems through our Planned Maintenance System (PMS), onboard attendances and day-to-day communication with the vessels (for shore facilities' systems, see "Working Environment" of *Employment* Section, pg.80).
- ✓ Office internal audits.
- ✓ Annual review of objectives and targets through established Key Performance Indicators (KPIs).
- ✓ Monitoring of existing processes and procedures to ensure they are effective and up-to-date.

**HSQE Electronic Module**

Safety and security issues are monitored by company's HSQE Department.

During the reporting period, a new electronic module for all HSQE functions was developed and implemented ashore and on board all fleet vessels.

The module contains functions for the electronic management of documentation, incidents, near misses, reviews, drills, internal and external inspections and audits, electronic forms and cases monitoring.

We expect that this module will create added value to the company by streamlining our processes and saving valuable time for both shore and shipboard personnel.

**OPERATIONS DIVISION MANAGEMENT MEETINGS**

A safety culture cannot be established within a company without the commitment and involvement of the senior management.

The Management of Neptune Lines is genuinely committed to keeping a high level of safety and give employees motivation and means to do so as well.

To better control safety-related and other critical issues connected to vessels' operations, our Management has established periodical meetings, where such issues are thoroughly discussed and actions are planned and monitored. All heads of the departments that are linked to vessels' operations, as well as, company's COO participate in these 'Operations Division Management Meetings'.

(GRI 103-2, GRI 403-2)

**ONBOARD RISK ASSESSMENT**

*Risk Assessment* is intended to be a careful examination of what, in the nature of operations, could cause harm to people, property and environment, so that decisions can be made as to whether enough precautions have been taken or whether more should be done to prevent harm. The aim is to minimize harm on board vessels to *As Low As is Reasonably Practicable (ALARP)*. In other words, it is the process of identification, assessment and management of risk. It covers the OH&S and environmental risks arising from work activities on board - which are reasonably foreseeable.

The process involves the following sequence of steps:

1) *Hazards Identification* (i.e. systematically identify all hazards that exist for each work/shipboard operation. Shipboard operations include: navigation, bridge and engine operations, bunkering and cargo operations). This first stage involves writing down all hazards identified in the "Risk Assessment Form" - based on a broad List of pre-defined hazards provided to the seafarer (i.e. as an Appendix to said form).

2) *Risk Evaluation*. During this step, the risks and consequences associated with each hazard identified in an activity, are being determined; risks to: a) personnel and other interested parties - e.g. injury, death, illness, b) to vessel and cargo, as well as, other interested parties-e.g. structural damage, fire etc., c) to the environment- e.g. pollution overboard, spillage on deck etc.).

3) *Control Measures*. The basic principle of controlling risks is to either remove the risk or to control its possible impact (e.g. by using personal protective equipment). The control measures applied are designed to: a) *reduce* the likely consequences of harm b) *reduce* the likelihood of the harm happening. At this point, adequate levels of supervision are provided to ensure that control measures are being used.

Following hierarchy is considered when determining controls or considering changes to existing ones:

- Elimination
- Substitution
- Engineering controls
- Signage/warnings and/or administrative controls
- Personal protective equipment.

4) *Risk Evaluation/Calculation* (i.e. the risk is evaluated/ rated according to a risk-calculation table/matrix, based

on separate evaluation of *consequence* and *likelihood/frequency* of the risk; Risk calculation formula: Risk = Consequence x Likelihood)

5) *Risk Classification* (i.e. determination of tolerance of the risk; Risks are classified as *acceptable*, *tolerable* or *intolerable* based on the *risk rating score* calculated in the previous step)

6) *Preparation of action plan with additional risk control measures* (if necessary).

7) *Review adequacy* of action plan after additional controls

8) *Re-estimate risk* (i.e. same as step 4)

9) *Ensure* that Risk Assessment and controls are effective and *up to date*.

Risk assessments are carried out by two persons, at a minimum. The use of more than one assessor is critical to ensure that work activities are fully and correctly assessed, considering as many aspects as possible. This is particular important for high-risk activities. It may be also necessary to observe work practices being carried out for quite some time in order to identify all possible hazards.

On board the ship, the responsibility to ensure that personnel engaged in risk assessment has received appropriate training, lies with the Master. It is also the Master's responsibility to ensure that all stated control measures are implemented and all involved personnel are aware of the control measure requirements.

The Master, with the assistance of the Safety Officer and onboard department heads, is expected to communicate risk assessment results to all involved, including the office, when considered necessary. The Master's periodical Master Reviews incorporate reviewing of the risk assessment process implementation and effectiveness. (GRI 403-4)

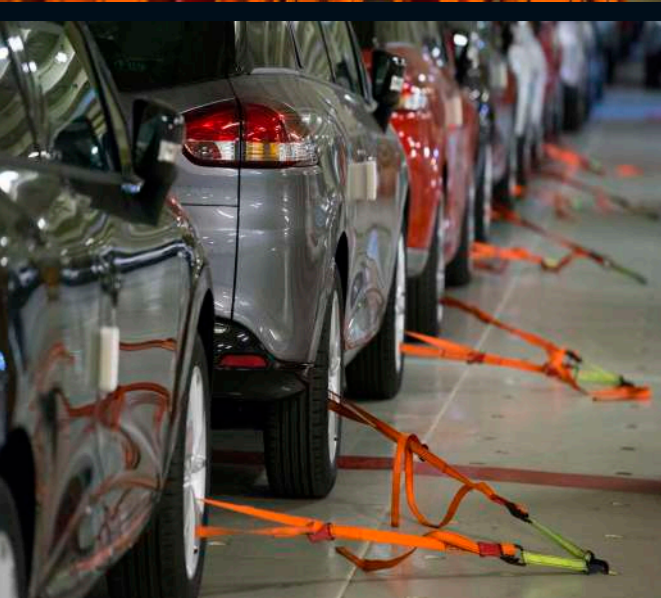
**INCIDENT INVESTIGATION**

Incident investigation refers mainly to incidents involving our fleet vessels and rarely our office premises.

Vessels' incident investigation is headed by the DPA who reports directly to the Executive Committee for the progress of the investigation.

During the course of the investigation, the DPA may form an investigation team (always independent from the areas of investigation) and also seek expertise guidance for

(GRI 103-2)



specific areas under investigation. Planning is a vital part of the investigation process, in order to set up the roadmap for a positive outcome.

The first step taken during the investigation process is to collect and secure as much as possible information is available, even at the early stages of the incident (e.g. voyage data recorder etc.), which will assist the investigators during the root-cause analysis phase. During this phase, on site visits will be performed in order to obtain statements from involved personnel and inspect/audit the scene of the incident.

Following the data collection, the sequence of events needs to be understood before identifying why the incident happened (root cause analysis). Specific methodologies may also be used for the root-cause analysis (MSCAT, DNV-GL). Root causes will lead us to the description of the corrective actions to be taken.

A final report will be compiled and submitted from DPA to the Executive Committee and then a follow up action plan will be issued in order the responsible department to ensure that all corrective actions will be timely implemented.

Follow up on the progress of the corrective actions is presented/discussed during the Operations Division Managers Meeting. (GRI 403-2)

#### CARGO SAFETY

Neptune Lines places great emphasis on the strict application of safety and quality standards - as these are set by the CSS Code (Code of Safe Practice for Cargo Stowage and Securing), as well as, company specific requirements and customers' instructions.

Cargo safety is managed through various processes and measures in place. These include:

- ✓ Scrutinizing all cargo-related information.
- ✓ Careful planning and continuous monitoring of proper stowage and securing operations by competent personnel.
- ✓ Continuous training/tailor-made courses.
- ✓ Crew evaluation based on cargo handling skills and performance.
- ✓ Internal audits conducted on board to ensure that requirements are fulfilled.
- ✓ Onboard attendances of qualified and experienced personnel in cases of extraordinary cargo loading/difficult cargo.

(GRI 103-2)

- ✓ Proper maintenance of lashing equipment.
- ✓ Collaboration with independent certified surveyors on ports of operation.
- ✓ Evaluation and upgrading of existing cargo handling and securing procedures with the assistance of experts of the field.

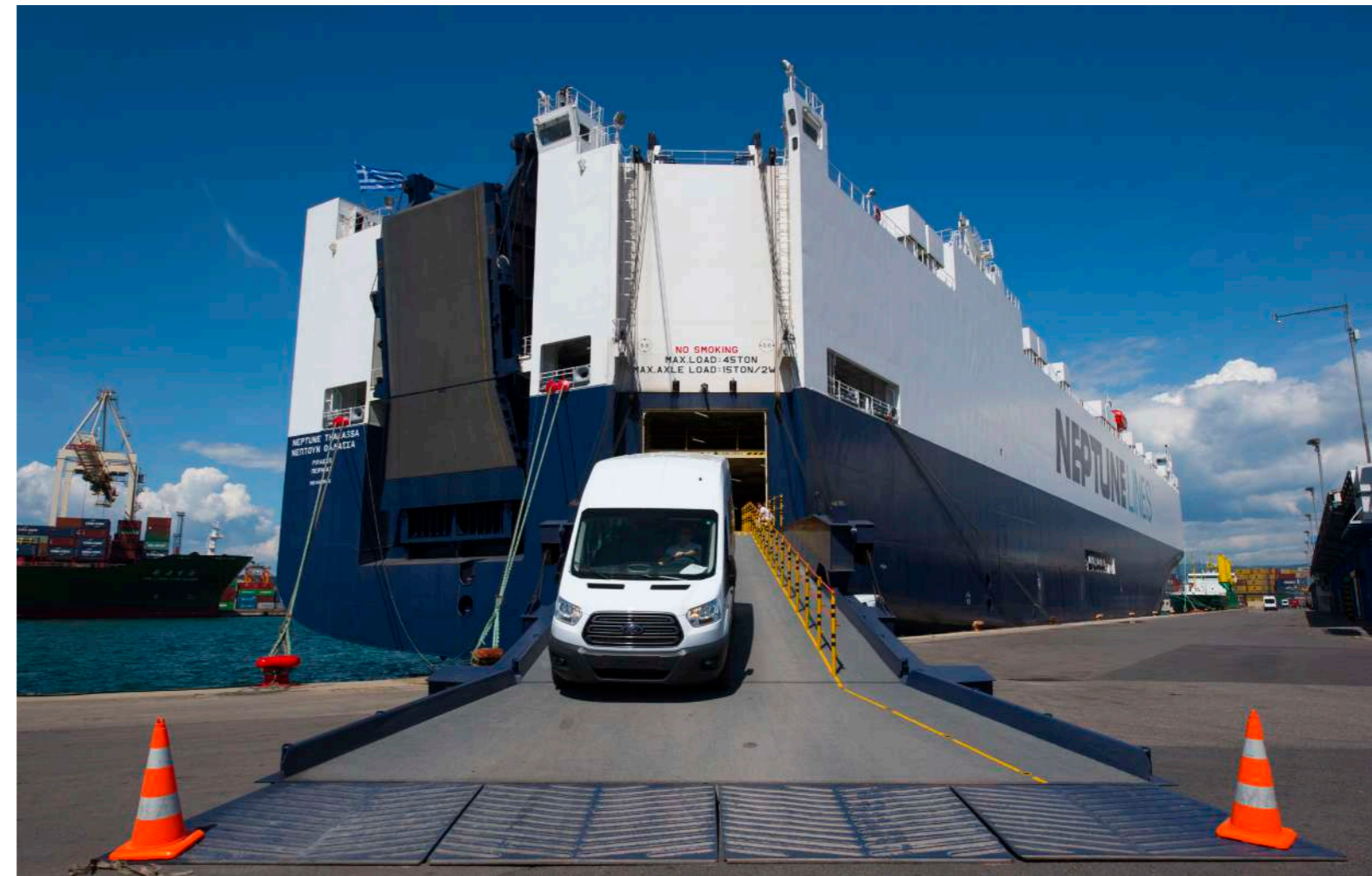
#### SECURITY MEASURES

Ships can be the vector for, or target of, attacks. Common security incidents include stowaways hiding away in the ship, thefts from cargo/vessel, attacks by armed gangs of pirates at high-risk sea areas.

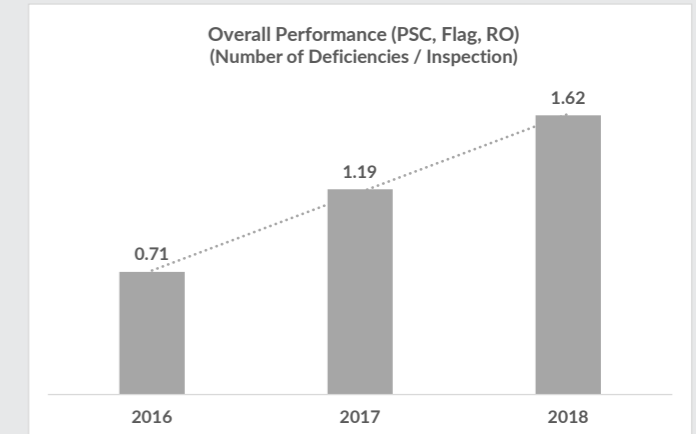
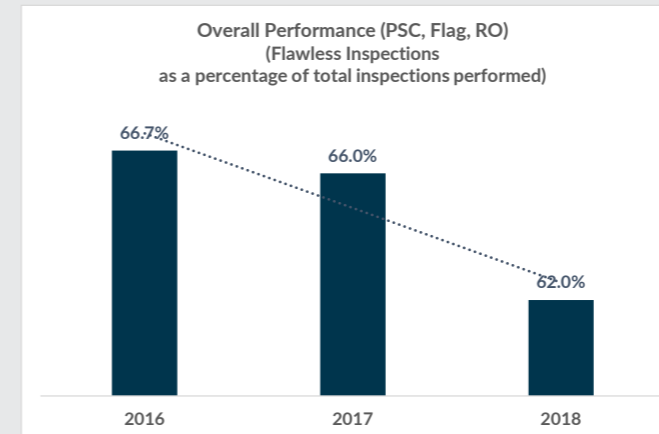
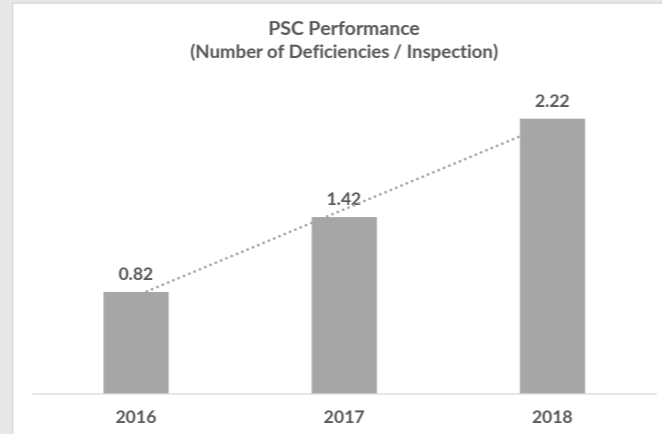
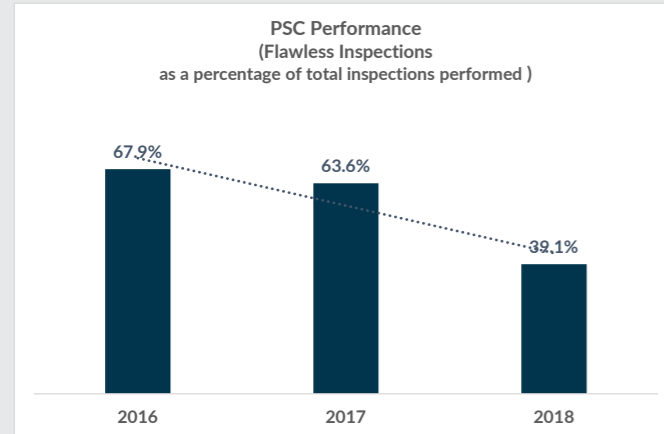
To enhance the security standards of ships and ports, the International Maritime Organization (IMO) has established the *International Ship and Port Facility Security (ISPS) Code* - the provisions of which are mandatory and their implementation is audited by Recognized Organizations (ROs).

Neptune Lines complies with the requirements of the ISPS Code and respective processes and procedures are included in each ship's specific Ship Security Plan (SSP) - approved by its classification society.

Regular security drills and security checks are conducted by crew members and - depending of the security level of each port - additional measures are taken.



(GRI 103-3, GRI 403-1, SSO-1, GRI 403-4)



**Progress and Performance**

**THIRD-PARTY INSPECTIONS**

Compliance with safety and security regulations, including proper implementation of all functions and elements of the Management System, are being verified through authorized third-party inspections established by international regulations of the industry. These are Port State Control and Flag State Inspections performed by competent authorities at ports of call and periodic external audits conducted by a Recognized Organization (which, in all of our cases, is the Classification Society).

(GRI 403-2)

As indicators to monitor performance in all third party inspections, we use the number of "flawless inspections" (i.e. without any deficiencies or observations issued) expressed as a percentage of the total inspections performed. Another indicator is the "number of deficiencies or observations/inspection".

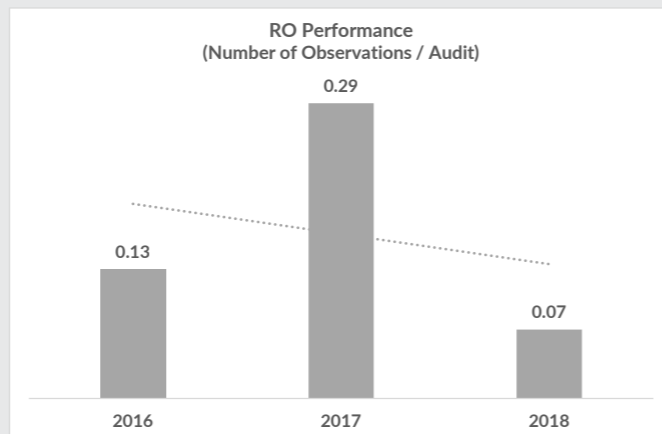
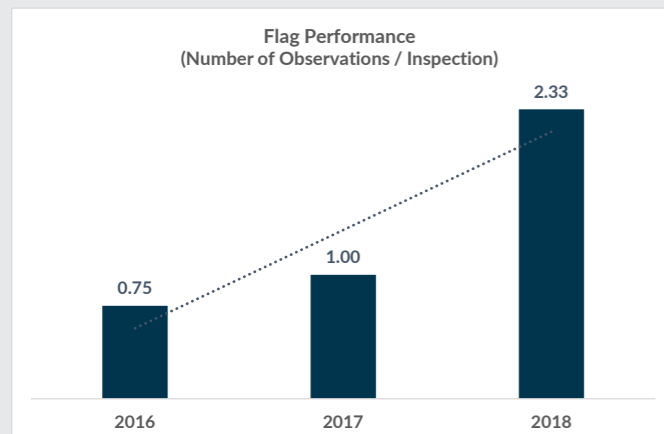
**Port State Control (PSC) Inspections**

A total number of 33 PSC inspections were conducted on board our vessels in 2017, a number that further decreased to 23 in 2018.

In 2017, 63.6% of the PSC inspections were flawless. That year we had 1.42 deficiencies/inspection and 1 detention.

The detention was imposed by the PSC officer due to the inability of a crew member to start the lifeboat engine. Vessel's lifeboat engine is a manually-starting diesel engine, with the use of a wrapped rope around the crank wheel, requiring extra strength from the crew. The engine was immediately started when put at test by other members of the crew - and so, the detention was lifted.

In 2018, 39% of the PSC inspections were flawless. There were more deficiencies issued compared to 2017, raising the number of deficiencies/inspection to 2.22. Moreover, 50% of all the deficiencies issued this year (i.e. 28 out of 51 in total) were recorded in only 4 inspections at Black Sea ports.



Hence, our target to achieve less than 2 deficiencies per PSC inspection, was achieved in 2017 but not in 2018 - whilst the target of zero detentions was achieved only in 2018.

**Flag State Inspections**

A total number of 7 flag inspections were performed in 2017, with 7 observations raised in total; so there was in average 1.0 observation/inspection.

In 2018, 12 flag inspections were performed, with 28 observations raised in total; hence, the average number of observations was increased to 2.33 observations/inspection.

**External Audits**

External audits are conducted periodically on board each vessel.

During 2017, there were 7 external audits performed - covering all scopes (i.e. ISM, ISPS, ISO 9001, ISO 14001, OHSAS 18001 and MLC 2006), with an average number of 0.29 observations/audit.

There was one non-conformity imposed due to omission to update our Ship Security Plan (SSP) with the specifications/details of the newly installed SSAS (Ship Security Alert System) equipment on board. Once the SSP was updated with necessary information, the non-conformity was closed-out.

During 2018, there were more external audits (i.e. 15) corresponding, however, to almost zero observations in average (i.e. 0.07 observations/audit) and zero non-conformities.

Our target remains to maintain zero non-conformities at all audits and less than 3 observations per audit (i.e. observations are less important than non-conformities).

(GRI 103-3, GRI 403-1 SSO-1, GRI 403-4)

**SAFETY AND SECURITY INCIDENTS (SSO-2)**

There were no security incidents (i.e. piracy, stowaways) on board our ships within the reporting period. Cyber-security related incidents are monitored separately and reported in the *Business Continuity & Emergency Preparedness* section (pg.38-39) as more related with business continuity.

These past two years, though, our company sustained three safety-related accidents. Two of them (one at sea and one at port) occurred under adverse and unforeseen weather conditions that created extreme rolling of the vessel and shifting of cargo. More details can be found the *Climate Change* section (pg.68).

The other, of navigational nature, was a minor-impact collision involving one of our ships and a small cargo vessel; thankfully, both vessels had no injuries or environmental impact and limited structural damages.

Neptune Lines conducted a thorough investigation and root-cause analysis for each one of the three accidents in order to identify areas for reinforcement in terms of safety measures.

The investigation reports were shared with all respective parties (including our fleet) and particular training - based on the outcome of each case's investigation - was performed in 2018 and further is planned for 2019.

(GRI 403-7)

# Business Continuity & Emergency Preparedness Material Topic

"By failing to prepare you are preparing to fail." (Benjamin Franklin)

## Why this topic is Material (GRI 103-1)

Emergencies, whether natural or man-made, can happen at any time and with little warning. They include: extreme weather events, industry-related accidents (e.g. spills), technological events (e.g. failure of critical machinery/systems), biological emergencies (e.g. dangerous disease outbreak), as well as, intentional acts (e.g. piracy/terrorist attack, cyber attack).

Being practically and emotionally prepared for emergencies, by having a carefully planned response and regularly putting it at test, plays a vital role in preventing human harm and mitigating severe environmental, social and financial impacts.

Especially on board, emergencies must be handled with confidence and calmness, for haste decisions and lack of knowledge can make a dangerous situation even worse. Efficient tackling can be achieved by clear and adequate emergency procedures, continuous training and practical drills - including efficient ship-to-shore communication.

Business continuity, being the other side of the same coin, encompasses a set of activities which are intended to ensure that an organization's critical business functions will either continue to operate (despite serious incidents or disasters that might otherwise have interrupted them), or will be recovered to an operational state within a reasonably short period. Failure to do so, may lead to severe implications for the company, its customers and stakeholders that highly depend on it.

Effective plans and processes in place, to get business back up and running in the event of an interruption, are very important for business continuity. Interruption can occur by something as localized as a computer crash or as widespread as a maritime casualty. The impact of the interruption could range from an inconvenient loss of data to loss of revenues, or even loss of life.

The difference between recovering from an interruption and closing the business for good, may be attributed to having a disaster recovery plan that can be implemented quickly and that addresses company's three biggest concerns: its employees, its customers and its assets.

## How we Manage this topic (GRI 103-2)

### EMERGENCY PREPAREDNESS

The company provides the appropriate resources to protect people and property in case of an emergency and closely monitors safety and security systems to ensure that they are maintained in good operational order.

Computer-based training and drills are carried out at appropriate intervals, as per established regulations and company policies; for shipboard and office personnel whose role is highly relevant to safety, additional "hands-on" training is provided on critical operations during emergency situations (i.e. see "Specialized Safety Training" of the Occupational Health and Safety section, pg.93).

In an effort to simulate real emergency conditions, annual tabletop exercises are conducted with the active participation of:

- the Office Emergency Team (OET)
- the Master and crew of the selected vessel
- the "Emergency Response Service (ERS)" team of vessel's classification society.

During the exercise, all involved parties are in contact, simulating the conditions for various emergency scenarios (e.g. collision incident combined with flooding and oil spill) and responding accordingly based on parameters provided by experts within the ERS team.

Upon completion of the exercise, relevant improvement areas are noted for further consideration and follow-up actions.

### BUSINESS CONTINUITY SYSTEMS

The company invests on business continuity systems, applying the latest technologies available.

#### Virtualization

Neptune Lines I.T infrastructure is based on virtualization for both office headquarters and vessels.

Virtualization provides redundancy and high availability for our systems and services. Backup procedures exist in both cases. For the office, there is a daily backup on hard drives that provide quick and access to past data and tape backups on monthly and yearly basis. Vessels have weekly backups on hard drives that expire after one month.

#### Disaster Recovery (DR) Site

Neptune Lines maintains a fully operational disaster recovery site. A dedicated computer room, installed on privately owned offices, holds all critical data from office and is ready to take on full functionality - should it be deemed necessary. The site can support approximately 20 employees with access to both data services and telephone communications. Our data replication is on line with a recovery point objective of 1 hour for all servers.

#### Cyber Security

Neptune Lines is taking seriously the increasing cyber security threats; to effectively respond to this reality, the company is continuously updating its policies and systems with the latest software and hardware (i.e. that includes firewalls, intrusion detection and prevention, secure VPN access with the use of tokens etc, software that includes advanced monitoring, anti-malware, data encryption.)

### CRISIS COMMUNICATIONS AND MEDIA RESPONSE

Handling the media during and after emergency situations is a difficult task, especially when no such procedures are in place and relevant training has never been provided to involved personnel.

Recognizing that risk, Neptune Lines has contracted a reputable provider to train all employees, senior staff and vessels' crew on media response and crisis communications and support our company in case of an actual incident.

#### Progress and Performance (GRI 103-3)

### CYBER SECURITY SYSTEMS

In 2018, following four cyber-attack cases on board and taking into consideration the general increase of cyber threats, our I.T department started working on a more advanced cyber security scheme for the fleet vessels.

The project involves new hardware, software and new, more stringent policies and procedures implemented on board.

(GRI 103-2, GRI 403-7)

For a more effective implementation and in order to raise awareness on cyber security risks and company's recovery procedures, relevant training meetings were organized with the crew during the onboard attendances of office personnel.

The project is ongoing and the results, so far, are very positive. A full scale deployment is scheduled to take place by the end of 2019.

### BUSINESS CONTINUITY AND EMERGENCY RESPONSE TRAINING (BCE-1)

Regarding training, during the reporting period:

- A Media Response Plan was prepared and a media handling workshop was held for all company levels. Crisis communications training will continue in 2019.
- Various office personnel attended external seminars on cyber security and defense.
- We considered expanding the hands-on safety training for relevant personnel on more key-areas, such as that of Emergency/Critical Operations during Navigation.

### BUSINESS CONTINUITY/EMERGENCY PREPAREDNESS CASES WITHIN THE REPORTING PERIOD (BCE-2)

There were three significant safety-related incidents that triggered the emergency preparedness processes during the reporting period: a minor-impact collision and two heavy-weather incidents (see pg.37 of the *Safe and Secure Operations* section for the collision incident and pg.68 of the *Climate Change* section for incidents due to heavy weather).

However, even though these incidents could have potentially escalated to real crisis situations, they did not; there were only minor injuries (i.e. bruises) and no environmental damage or other severe implication - except from property damage that resulted in financial losses.

With regard to business continuity and recovery from interruptions, our company has been targeted by cyber attacks six times these last two years: two times our office email system and four times our vessels.

The office threats were dealt successfully and in a timely manner before materializing and causing any harm. In the case of our vessels, all affected vessel systems were fully restored shortly after the intrusion without causing any disruption of operations (see also "Vessels" paragraph of the *Data Management and Data Protection* section, pg.102).



*Giving is not about making a donation.*

*It is about making a difference.*

*(Kathy Calvin, President & CEO of the United Nations Foundation)*

# Community Investment

(CI-1)

*Giving back to society is an intrinsic part of Neptune Lines' core values ever since its foundation.*

*We wish for our company to grow and prosper in a community that also flourishes; Communities flourish when their people thrive; when everyone lives with dignity and enjoys the same human rights.*

Given the difficult economic situation of our country, Greece, and that of many fellow citizens these last years, Neptune Lines has increased its efforts to comfort vulnerable groups, support young and talented people's dreams and invest in the critical areas of education and development.

Our community investment and social welfare initiatives are channeled through a structured corporate program focusing on four main pillars: *Fighting Poverty, Education & Culture, Athletics and Infrastructure Projects.*

During the reporting period, we were given the opportunity to contribute to another special area: the *Conservation of the Wildlife of oceans and Marine life Research.*

Fighting Poverty

Education & Culture

Athletics

Infrastructure Projects

Ocean Wildlife Conservation

(CI-1)

## Voluntary actions supporting and further advancing human rights

Linking our corporate pillars of community investment with internationally-proclaimed Human Rights, our initiatives and actions can be grouped in the below areas of concern:



### Improving the Life of Communities

(Related Corporate Pillars: *Fighting Poverty / Education / Infrastructure Projects*)

"Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services {...}" (Art.25.1 of the *Universal Declaration of Human Rights*).

In order to make a difference and significantly contribute to resolving major social problems such as poverty, we need to be a part of collective action.

Neptune Lines is an active member of collective-action initiatives (SYN-ENOSIS, Axion Hellas) providing substantial help and support to communities through numerous aspects of social welfare.



### Supporting Youth and the Right to Self-Development

(Related Corporate Pillars: *Athletics & Education*)

The right to self-development belongs to everyone (*Declaration on the Right to Development-United Nations General Assembly*) and matters even more, when it comes to youth.

Many young people are missing out on the opportunity to develop, build on their skills and competencies. Others may need additional support next to their own effort.

Investing in youth and development is investing in the future. Believing that business must take an active role in tackling this challenge, Neptune Lines supports the endeavors of talented young people and hardworking individuals.



### Contributing to Child Welfare

(Related Corporate Pillars: *Fighting Poverty / Education / Infrastructure Projects*)

In the *Vienna Declaration and Program of Action (1993)*, "the World Conference on Human Rights reiterates the principle of *First Call for Children* and, in this respect, underlines the importance of major national and international efforts for promoting the rights of the child to protection, development and participation".

Our company, being particularly sensitive over child welfare, pays special attention to initiatives that strive to protect children and improve their living conditions, education and development.



### Enforcing the Right to Cultural Life

(Related Corporate Pillar: *Culture*)

"Culture, as a product of all human beings and a common heritage of mankind, enables all of us to affirm that we are born equal in dignity and rights, as well as, recognize that we should respect the right of all groups to their own identity and the development of their distinctive cultural life" (Art.5 of the *Declaration on Race and Racial Prejudice-General Conference of the United Nations Educational, Scientific and Cultural Organization, 1978*).

Enforcing the enjoyment of this right and aiming to contribute to the raising of the general level of life-long education, Neptune Lines has been supporting various culture-related projects and institutions.



### Community Engagement for a Sustainable Environment

(Related Corporate Pillar: *Ocean Wildlife Conservation*)

The enjoyment of a healthy, well-preserved environment and the conservation of its natural life and resources, is everyone's right, as well as, responsibility.

Supporting this right, we started our cooperation with "Marine life" whose aim is to support the conservation of the wildlife of oceans and coasts through scientific investigation and educational activities.

(CI-1)

## Improving the Life of Communities

(Related Corporate Pillars: *Fighting Poverty / Culture & Education / Infrastructure Projects*)

Neptune Lines supports initiatives of substantial range and importance, most of them aiming at improving the life of communities and alleviating difficulties faced by a large number of social groups in Greece.

Apart from our company's surrounding, local community (i.e. the port and municipality of Piraeus, as well as, the wider Attiki region), and wishing to go beyond local borders, we have engaged to assist communities nationwide in meeting critical needs.

Either through independent initiative or as part of collective action, Neptune Lines aims to contribute to the global goals of fighting poverty, ending hunger and improving the life quality of groups and communities facing various issues (e.g. in terms of living conditions, health and well-being, education, infrastructure etc.).

During the reporting period, we continued to support households and families under the auspices of local churches - such as the Holy Metropolises of Nikaia suburb and Syros island. These religious institutions offer social welfare programs providing goods and services, with the aim to combat poverty and improve the living conditions of parishioners and residents in need. Neptune Lines has been supporting their actions for more than two decades.

Moving on to infrastructure projects realized through the independent initiative of Neptune Lines, in 2018 our company contributed to the refurbishment of a century-old children's home on the island of Kefalonia, by undertaking some of the repairs required.

We also continued our support to the Hellenic Police by making donations in infrastructure and supplies according to their needs (e.g. office supplies, tactical equipment etc.).

Apart though, from actions based on independent-initiative, Neptune Lines participates in collective-action initiatives and development projects with the belief that joint, organized efforts can truly make a difference.

We offer our committed support to the following collective-action initiatives.



The military outpost in the Greek historic island of Psara (refurbished with the contribution of Neptune Lines).

(CI-1)

## Improving the Life of Communities *(continued)*

(Related Corporate Pillars: *Fighting Poverty / Culture & Education / Infrastructure Projects*)



### SYN-ENOSIS

Following the successful, nationwide initiatives of welfare and solidarity undertaken by the Greek shipping community in previous years, in 2016 the members of the Union of Greek Shipowners established a social welfare company named 'SYN-ENOSIS'.

Neptune Lines supports SYN-ENOSIS since its establishment. Through our corporate membership we contribute to its multifaceted actions that bring effective aid to those in need throughout Greece.

These actions are delivered in a structured way through a Social Welfare Program namely "We continue - We support" and fall within the below main pillars:

#### Food Aid

Providing for disadvantaged families monthly support packages with basic standardized food and personal hygiene items.

#### Health

Supporting and funding activities related to health of vulnerable populations groups in cooperation with medical care organizations mainly in regions where access of medical services is difficult or limited.

#### Social Care

Supporting organizations devoted in addressing the needs for vulnerable social groups through provision of special equipment, covering heating needs and other selected actions.

#### Education

##### General Education

Provision of equipment and support to the educational goals of schools and institutions.

##### Maritime Education

Contributing to the upgrade of the infrastructure and technological equipment of the Merchant Marine Academies and effectively supporting maritime education with the means to improve the standards of cadet training.

##### Scholarships

Granting scholarships for one-year postgraduate studies of a pre-doctorate level in fields related to shipping in universities in Greece and abroad.

#### Projects of Public Interest

Focusing on projects of public benefit and thus supporting organizations of broader public interest.

Specific actions and projects undertaken within 2017-2018 collectively by SYN-ENOSIS' members, including our company, can be found in the website: [www.syn-enosis.gr](http://www.syn-enosis.gr).

(CI-1)



### AXION HELLAS

In 2017, Neptune Lines joined another initiative based on collective action, with the aim to support society and especially communities in remote and inaccessible areas of Greek islands and the mainland.

This initiative is established by 'Axion Hellas' a non-profit, non-governmental organization, funded exclusively by its members, the participants in its actions and missions, and through donations from companies and individuals.

The work of Axion Hellas focuses on actions of material, as well as, moral support and protection - and in general on the improvement of living conditions of vulnerable groups of the population living in remote areas.

Its aim is:

- to provide preventive, as well as, specialized medical care for patients of all ages living in remote areas of Greece with no access to these services.
- to improve existing infrastructure for local society. Infrastructure projects may include medical facilities, cultural centers, sports facilities, school playgrounds, school supplies, etc.
- to educate and train local communities and especially children, in order to familiarize themselves with new technologies and methods of communication; to contribute to their personal development as well as that of their local natural heritage - stimulating, hence, local economy.

During the reporting period, Neptune Lines sponsored the below actions of Axion Hellas:

- Construction of a children's playground on the island of Meganisi and provision of cleaning sweepers to the municipality. Meganisi is a small island, located just between the island of Lefkada and the western mainland coasts of Greece.
- Refurbishment of the military outpost in the Greek historic island of Psara (i.e. northwest of Chios island).
- Provision of school supplies in Volissos - a village situated in the northwest part of Chios island.

Additional information can be found in the website of Axion Hellas: [www.axionhellas.gr](http://www.axionhellas.gr).

(CI-1)

## Supporting Youth and the Right to Self-Development

(Related Corporate Pillars: *Education & Athletics*)

### Forma't al Port

#### SUPPORTING YOUNG ATHLETES

Neptune Lines supports athletics and sponsors young and talented athletes. We are particularly proud of the 19-years old pole vaulter Emmanuel Karalis and the 18-years old shot putter Maria Magkoulia who are both part of the Neptune Lines family.

Emmanuel achieved the world indoor U20 record of 5.78m at Greek Indoor Championships and won a ticket to the IAAF World Indoor Championships in Birmingham, UK on March 4<sup>th</sup> 2018. There he set his absolute record; finishing 5<sup>th</sup>, he achieved 5.80m – a height only one other U20 athlete in history has ever bettered, according to the IAAF.

As for talented Maria from the island of Kalymnos, she won the gold medal at the Balkan Indoor U20 Championships, which took place in Sofia, Bulgaria on February 10<sup>th</sup> 2018. Maria is the first Greek athlete to ever win a gold medal in shot put at the Balkan Indoor Championships, and the first time that Greece ever takes part in the Balkan Championship in shot putting.

#### SUPPORTING STUDENTS

##### SCHOLARSHIP

Since 2015, our company provides a scholarship for postgraduate studies abroad in shipping-related fields. This scholarship was established in memory of Neptune Lines' founder Nikolaos Travlos and is launched each academic year. It is valid for studies in universities of the European Union.

##### "FORMAT AL PORT"

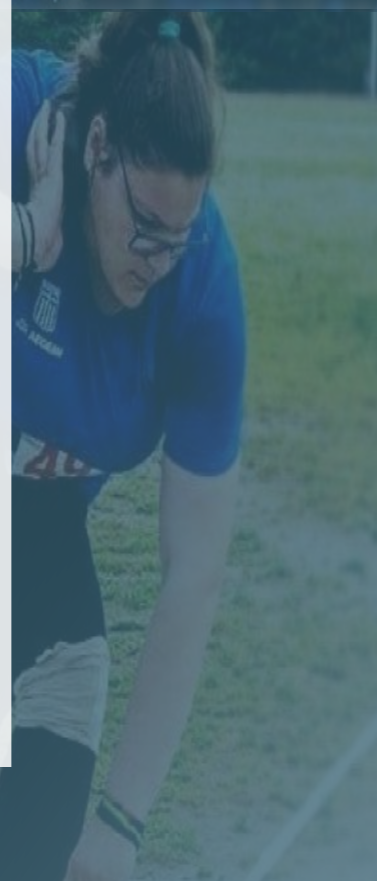
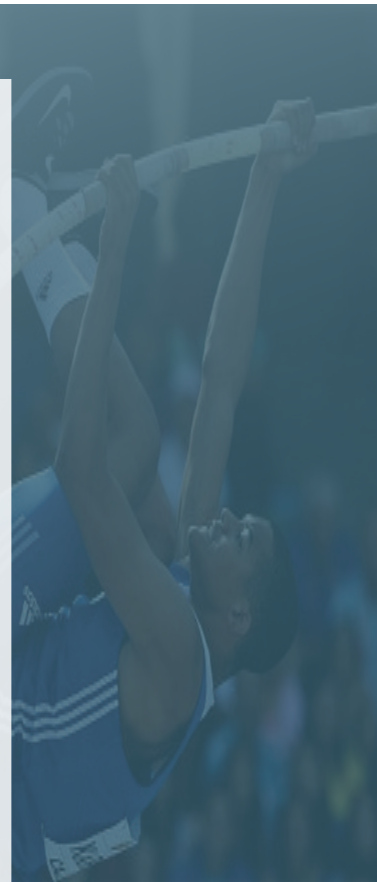
Neptune Lines is a sponsoring company of "Forma't al Port". This project was born from a public-private collaboration between different entities, with the aim of bringing the Port of Barcelona and the port community closer to vocational training students (CFGs) in Transport and Logistics and International Trade in the neighboring area of influence.

This project enables current students and future professionals to know what kinds of jobs exist in the logistics sector and in maritime and international transport in general. The results obtained from the project will contribute to better technical skills of the students, which will result in an improvement in the employability index of the participants. The training offered in this program has a clear orientation towards the improvement of logistics chains, as well as, ensuring their continued sustainability through the dissemination of the European Union's policy regarding the transport of goods and the environment.

For more information one may visit: [www.escolaeuropea.eu/courses/format-al-port](http://www.escolaeuropea.eu/courses/format-al-port)

##### STUDENTS VISITS ON BOARD

Neptune Lines also supports maritime students in their quest for practical knowledge, through students' visits on board fleet vessels. Over the course of their visit, the students are accompanied by experienced members of the crew on a physical tour to vessel compartments of particular interest. They are familiarized with ship's functions and operations and are encouraged to ask questions and benefit from the real-life maritime experience of our seafarers.



(CI-1)

## Contributing to Child Welfare

(Related Corporate Pillars: *Fighting Poverty / Education / Infrastructure Projects*)



#### FRIENDS OF THE CHILD

Our company, being particularly sensitive over child welfare, supports for the fourth consecutive year, the non-profit association 'Friends of the Child'.

Founded in 1987, the association provides social and health services to low-income families, unved mothers and children living in institutions. In 2007, they founded a nursery school - while it is within their plans to open, also, a Youth Center.

The association's goal is to support and secure all the required monthly needs for children until their adulthood, whose families (single-parent or nuclear families) face financial and social problems.

Specifically, 'Friends of the Child' covers food, clothing, rents and bills for families in housing risk, psychological and counseling support (i.e. to the children and their parents), entertainment, and medical care. Children with health problems are a high priority within their social program.

Since 2007, they operate their proprietary daycare center, situated in Kerameikos region. 25 children from families in need participate every year in the daily educational activities. The nursery covers complete feeding, clothing, personal hygiene, medical care and the parental educational level improvement.

Fully trained and experienced staff from different specialty professions offer their services to the children and their parents and contribute, through their knowledge and experience, to this place of physical and mental development.

Through proper guidance, well-structured programs and care the aim is to help the children realize human relations and escape from domestic violence, neglect and growth failure.

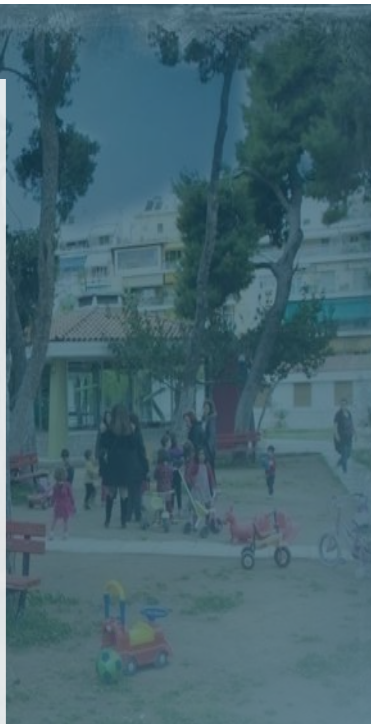
The association's financial resources come exclusively from membership fees, contributions, donations, in-kind sponsorships and income by recreational event participants. There is no government grant.

These two years, 420 families and 695 children were benefited thanks to the efforts and actions of 'Friends of the Child'.

Neptune Lines covered the association's monthly needs in food, donated equipment for their classrooms and provided for the expenses of the position of a special education teacher.

During Christmas time, Neptune Lines' employees voluntarily purchased small Christmas gifts for the children.

For more information one may visit the association's website: [www.filoitoupediou.gr](http://www.filoitoupediou.gr)





(CI-1)

## Enforcing the Right to Cultural Life

(Related Corporate Pillar: Culture & Education)



### BENAKI MUSEUM

Treasuring the rich culture and history of our country, as well as, that of other civilizations, we support since 2015 the operation of the 'Benaki Museum' which is situated in Athens.

The 'Benaki Museum', established and endowed in 1930 by Antonis Benakis in memory of his father Emmanuel Benakis, houses many Greek works of art and historical findings from the prehistorical to the modern times, as well as, an extensive collection of Asian and Islamic art. It also hosts periodic exhibitions, educational programs and maintains a state-of-the-art restoration and conservation workshop.

Its re-opening in 2000, following the building's restoration and renovation after its damage during an earthquake, led to the creation of satellite museums in various locations that focused on specific collections.

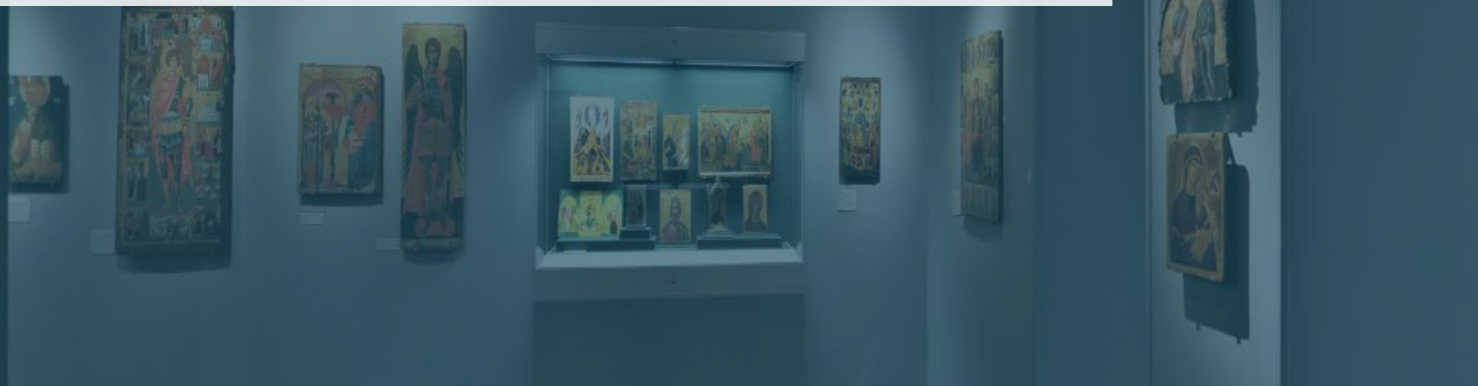
What is unique about the Benaki museum is that it promotes our national culture and heritage, while at the same time, it recognizes and exhibits the importance and influence of foreign cultures.

In 2017, Neptune Lines joined the 'Adoption' program - a sponsoring opportunity to cover the costs of a Curatorial, Managerial or other position of the museum on an annual basis.

Our company adopted the Byzantine and Post-Byzantine Collection Curator, providing for the expenses of this position with a 5-year commitment.

Last but not least, thanks to our corporate membership, all Neptune Lines shore personnel are entitled to free entrance for themselves, their families and friends in exhibitions and tour programs of the museum.

Benaki Museum website: [www.benaki.org](http://www.benaki.org).



(CI-1)

## Community Engagement for a Sustainable Environment

(Related Corporate Pillar: Ocean Wildlife Conservation)



### MARINE life

In 2017, we were given the opportunity to collaborate with a marine wildlife research charity called 'MARINE life'.

It's a UK-based charity with a growing portfolio of research and monitoring projects that focus on global cetaceans and seabirds. Looking for collaboration with like-minded organizations and maritime companies, their aim is to contribute to the conservation of the wildlife of oceans and coasts through scientific investigation and educational activities.

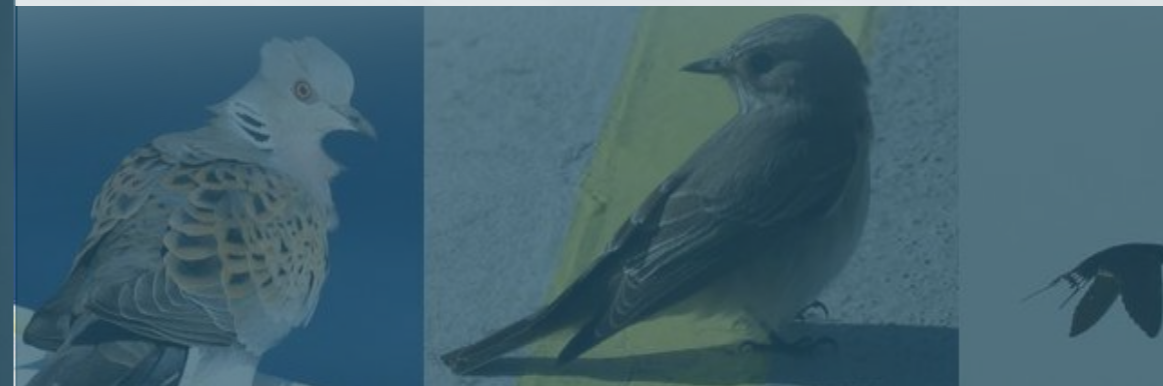
Since 1995, they have been carrying out work as a scientific data-recording organization in the areas of the English Channel, North Sea and the Bay of Biscay. In 2005, they became a registered charity under their current name. Their work is presently focused in the European Atlantic region.

Their researchers board various ships departing from UK ports on a return sailing, and during their time on board they watch and record from the bridge any marine mammals and seabirds seen.

Since Neptune Lines started operating sailings from Portbury to Santander and a circular route to Santander from Southampton, we thought it would be a great opportunity to support this initiative - which is based on the efforts and the environmental sensibility and dedication of its members and volunteers.

In the reporting period, we provided MARINE life researchers with seven sailings (i.e. round-trips with an average duration of 7 days) with one of our fleet vessels which is dedicated for these routes. During their trips, they recorded numerous different species of seabirds - among which the Balearic shearwater, Europe's most endangered seabird - as well as, marine mammals such as whales, dolphins, porpoises and seals.

Their survey reports from the sailings and more information on their actions can be found on Marine life's website: [www.marine-life.org.uk](http://www.marine-life.org.uk).



Creating  
Value for **the**  
**Environment**



# NEPTUNE LINES



TUG  
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(GRI 103-2)

# Environment-Our Management Approach

*Contributing to the global environmental Goals*

## Overview (GRI 103-1)

The risks and impacts of shipping to the environment and human health are mainly associated with vessels':

- accidental spills (i.e. oil spills, hazardous materials etc.)
- discharges (i.e. effluents, drains, waste etc.)
- hull fouling and ballasting/de-ballasting process (i.e. bringing invasive species to locations where there use to be none)
- emissions (i.e. CO<sub>2</sub>, SOx, NOx, Particulate Matter).

There are environmental impacts from shore-based facilities as well - however, not as significant.

Mitigating these risks is critical in order to avoid further harm and preserve existing resources.

Neptune Lines is committed to work continually to ensure environmental compliance and play its part in achieving both the Sustainable Development Goals relevant for environmental issues, as well as the sector specific environmental goals which are imposed in a regulatory way in the shipping industry.

Company's commitment and environmental responsibility road map is set out in our *Environmental Protection and Energy Efficiency* policies.

These policies are expressed through specific measures, processes and initiatives which are the driving forces for achieving the targets set.

In general, our management approach to safeguarding the environment focuses on:

- Compliance with all applicable environmental rules and regulations and international or national legislation of countries in which the company operates.
- Compliance with all mandatory requirements related to ship energy management.
- Record-keeping, measuring (i.e. through established KPIs) and closely monitoring of our environmental impacts in order to mitigate them; monitoring data from vessels to ensure optimal performance and energy efficiency.
- Further reducing the environmental footprint deriving from our operations and business activities.
- Obtaining and maintaining all permits and approvals required for our business and the proper handling, storage and disposal of materials.
- Continual assessment of all identified environmental risks that emerge within Neptune Lines' sphere of influence or through its business activities.
- Preparedness for and on-time response to pollution incidents.
- Considering environmental parameters and criteria (e.g. fuel efficiency) in chartering decisions.
- Investing in environmental technology (i.e. new buildings and retrofitting in existing vessel technology).

(GRI 103-2)

## Neptune Lines is committed to continually work to ensure environmental compliance and play its part in achieving the relevant global SDGs.

- Undertaking and promoting initiatives and programs within environmental focus areas (presented in the following sections).
- Continually improving the environmental awareness and responsible conduct of onshore and seagoing personnel through training, familiarization and written instructions.
- Communication with stakeholders regarding the development and progress of environmental measures, initiatives and programs.

Neptune Lines requires from its providers, subcontractors and business cooperators to abide by all legislation and regulations related to the protection of the environment and the handling of dangerous and hazardous materials or substances.

### Implementation and Evaluation

#### ENVIRONMENTAL MANAGEMENT SYSTEM

Neptune Lines' Environmental Management System complies with all applicable regulations and conventions of our sector for the protection of the environment, with the major one being the *International Convention for the Prevention of Pollution from Ships*, also known as *MARPOL*.

MARPOL is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes (i.e. oil-spills, pollution by noxious liquid substances, sewage, garbage, air pollution).

Neptune Lines' Management System is certified under ISO 14001:2015 standard and is subject to periodic evaluation and verification by the appointed Recognized Organizations<sup>1</sup>.

Committed to the standard's principle of 'continual improvement', we constantly monitor and evaluate our system's effectiveness through internal processes (e.g. management review meetings) and when needed, take appropriate action to improve.

Any updates, amendments or revisions of the system, as well as, results from environmental audits, environmental

objectives and targets are communicated throughout the company (including fleet vessels) through our annual Management System Review report or circular instructions and safety bulletins.

Evaluation of our performance within the reporting period will be demonstrated respectively in each one of the environmental sections that follow (i.e. *Emissions, Energy Efficiency, Climate Change, Effluents & Waste*) (GRI 103-3)

#### ENVIRONMENTAL COMPLIANCE ON BOARD

Environmental compliance on board fleet vessels is ensured through:

- Established audited processes and plans (i.e. Garbage Management Plan, Ship Energy Efficiency Management Plan, Ballast Water Management plan etc.).
- Vessels' reporting on environmental indicators (i.e. monthly reports on fuel consumption, chemicals consumption, amount of garbage incinerated etc.) followed by performance monitoring from the office.
- Drills (e.g. oil-spill drills) and ship-to-shore simulation exercises with the participation of the Office Emergency Team and emergency response experts.
- Seafarers' familiarization with environmental measures and expected actions upon embarkation.
- Safety meetings - during which, relevant topics and instructions are discussed to enforce knowledge and understanding.
- Internal audits performed by shore auditing team to assess environmental awareness of crew and ensure compliance through existing procedures on board.
- On board Computer Based Training (CBT) modules.
- External auditing by Recognized Organizations (ROs).
- Ongoing programs and specific measures related with our *Emissions Reduction and Energy Efficiency Program*, effluents and waste measures and related procedures. These will be presented in detail in the section of each environmental topic.

<sup>1</sup> i.e. Organizations which are recognized by a Flag Administration in accordance with IMO resolutions A.739(18) and A.789(19) and are authorized to act on behalf of it.



(GRI 103-2, GRI 103-3)

**IMPLEMENTING THE PRECAUTIONARY PRINCIPLE**

(GRI 102-11)

Apart from the measures described previously to safeguard the environment, Neptune Lines implements the *precautionary principle* as an integral part of its environmental safety culture and decision making processes.

This principle states: "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." With regard to its implementation, Neptune Lines:

- Seeks to use the best available technology and environmental practices where technically and economically feasible (i.e. technology approved by legislators or regulators for meeting output standards).
- Seeks to obtain any additional information necessary for a more objective assessment of the risk to the environment.
- Performs post-decision monitoring.
- Tries to communicate effectively and cooperate with all involved parties to minimize any possible risk to the environment (i.e. providers, charterers, vessels, recognized organizations and regulatory bodies etc.).

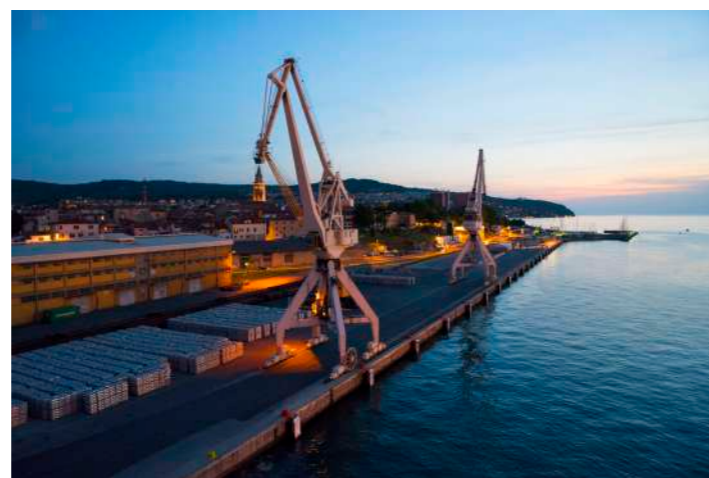
Finally, our company is represented in various stakeholder working groups of the shipping sector that play an active role in shaping the regulatory scheme.

Through consultation, technical committee experts, shipping companies and other maritime stakeholders share their experience and knowledge and provide feedback to regulatory bodies that carve sectoral strategies and regulatory frameworks. This collective brainstorming and action, assists in overcoming environmental challenges in the most effective manner and casts light on the existing objective evidence, the gaps in knowledge and the scientific uncertainties.

**COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS (GRI 307-1)**

There were no any fines or other sanctions posed at Neptune Lines for non-compliance with environmental laws and regulations during the reporting period.

However, there was an alleged environmental claim for the use of non-compliant fuel (i.e. higher sulfur values were found during lab testing compared with the values described in BDN's), which the company is currently investigating in cooperation with the competent authorities.



# Emissions Material Topic

*"We are the first generation to fully understand climate change and the last generation to be able to do something about it." (Petteri Taalas - WMO Secretary-General)*

**Why this topic is Material (GRI 103-1)**

Neptune Lines is committed to the sustainable development goal of 'taking urgent action to combat climate change and its impacts' (SDG 13: Climate Action).

According to global temperature analyses by NASA and the National Oceanic and Atmospheric Administration (NOAA), the last five years (including 2018) are the warmest years on record. And the last four, were all more than 1 degree Celsius warmer than the 19<sup>th</sup> century average.

As the world continues to experience increasing concentrations of greenhouse gases, health problems due to air pollutants and heat, rising sea levels, extreme weather conditions and other adverse impacts of climate change, the call for accelerated and joint action is urgent.

Being part of the transport sector supply chain, our company inevitably contributes through the operation of its fleet vessels to the overall greenhouse gas emissions - which are the cause of global warming and climate change.

The topic of emissions is even more significant for Neptune Lines, since our company is a vehicles carrier operator - meaning that its customers are also directly affected by rules and regulations regarding emissions. Consequently,

any changes associated with the automotive industry affect our business in a direct way.

On the other hand, as a shipping company we are also directly and significantly affected by the impacts and potential threats of climate change due to vessels' complete exposure to weather conditions (see *Climate Change* section).

It is Neptune Lines' aim to continually work towards further reducing emissions from its operations and increasing energy efficiency, so as to contribute to the achievement of this critical global goal.

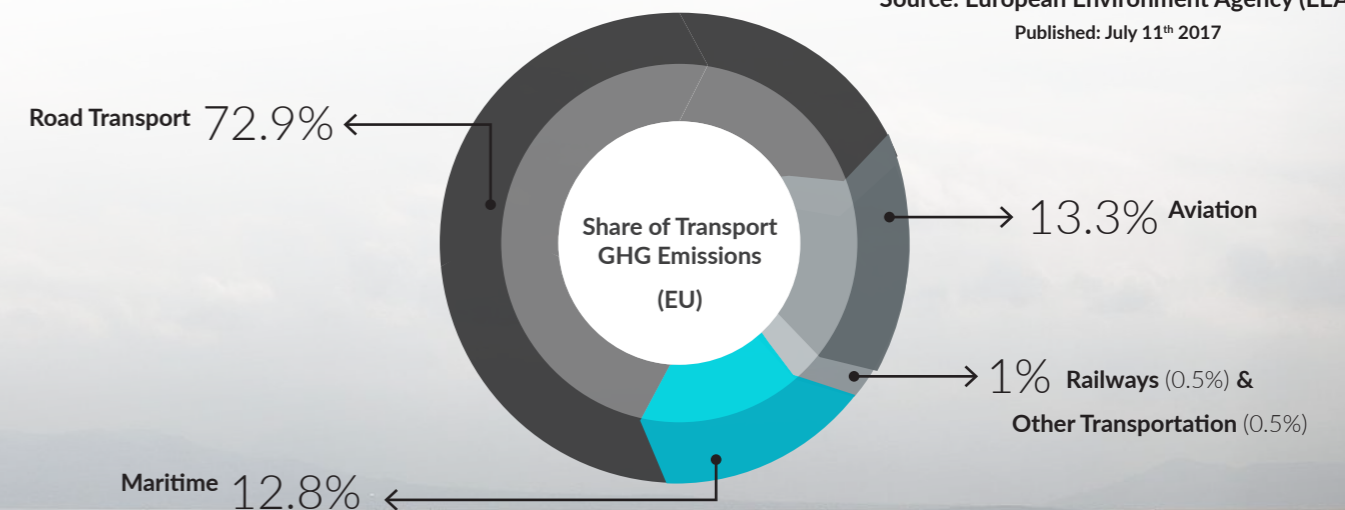
**SECTOR KEY-POINTS AND REGULATORY OVERVIEW**

Transporting about 90% of global trade - maritime transport is statistically the least environmentally damaging mode of transport, when its productive value is taken into consideration<sup>1</sup> (i.e. great carrying capacity and tonnage through a single crossing, economies of scale, overseas coverage etc.).

Although, however, its share of the overall transport emissions is not as significant as that of other modes of

1. Source: International Maritime Organization (IMO)

**Source: European Environment Agency (EEA)**  
Published: July 11<sup>th</sup> 2017



(GRI 103-1)

transport, there is an urgent need for shipping companies to contribute more to this global effort for joint, immediate and effective action.

According to the European Environment Agency, EU greenhouse gas emissions from international shipping increased by 4% in 2016 in comparison with 2015 (i.e. returning to 2002 levels). That means they will need to further decrease by one-third by 2050 in order to meet the EU reduction target of a 40% reduction in emissions from 2005 levels<sup>1</sup>.

Navigating in 'narrow waters' of environmental compliance, the shipping sector will have to implement further technological innovation and improvements in energy efficiency in order to achieve significant emissions reductions. Failure to meet requirements and mandates can result to exorbitant fines and penalties.

Regulations for the reduction of SOx and NOx emissions from shipping have been in place for quite some time, dictating the use of low-sulfur fuel oil and the installation of engines with maximum NOx emission limits on board vessels. On the other hand, regulations for the reduction of CO<sub>2</sub> emissions came into force recently.

This period was marked by significant regulatory developments with regard to shipping emissions; these developments prepared the ground for the creation of a unified, transparent reporting and benchmarking system for the maritime transport sector.

During this time, internal consultation took place within our company and efforts were made towards timely adaptation and full compliance with upcoming mandatory requirements. Regulatory developments on shipping emissions are briefly presented hereinafter.

#### European Union - MRV Regulation

In order to reduce CO<sub>2</sub> emissions from shipping, the European Union (EU) has introduced the *Monitoring, Reporting and Verification (MRV) Regulation*.

The regulation requires shipowners and operators calling at any EU and EEA EFTA port (Norway and Iceland) with vessels larger than 5,000 gross tonnage, to annually monitor and report CO<sub>2</sub> emissions, as well as, provide information on energy efficiency parameters.

After their verification by authorized third-party organization, the aggregated data will be published by the European Commission - starting by June 30<sup>th</sup> 2019 and then every consecutive year.

1. European Environment Agency: Greenhouse gas emissions from transport (05 Sep 2018).

2. through amendments to 'MARPOL Annex VI: Prevention of Air Pollution from Ships'

Although the MRV regulation entered into force on July 1<sup>st</sup> 2015, the reporting period began on January 1<sup>st</sup> 2018; hence, shipping companies, including our own, went through a preparatory stage submitting all necessary fleet data for verification and further calculation of CO<sub>2</sub> emissions (the outcome is presented in "Progress and Performance" of pg. 61).

#### IMO Data Collection System (DCS) on Fuel Consumption

In parallel with MRV Regulation, the International Maritime Organization (IMO) works towards its own emissions-monitoring regime, known as the *IMO fuel consumption Data Collection System* or "DCS".

In October 2016, at the 70<sup>th</sup> session of the IMO's *Marine Environment Protection Committee (MEPC 70)*, the MEPC adopted<sup>2</sup> the *Regulation 22A on Collection and Reporting of ship fuel oil consumption data*.

Under the regulation, ships of 5,000 gross tonnage and above will be required to collect consumption data for each type of fuel oil they use, as well as other, additional, specified data.

Said data should be collected in accordance with a methodology which is to be included in the Ship Energy Efficiency Management Plan (SEEMP) of each vessel and submitted for approval to the Flag Administration or Recognized Organization (RO).

Regulation 22A entered into force on March 1<sup>st</sup> 2018, with first data-collection 'calendar year' beginning January 1<sup>st</sup> 2019. Collected data will be submitted annually for verification (i.e. to the Flag Administration/RO) and will be published by IMO in anonymized form on the '*IMO Ship Fuel Oil Consumption Database*'.

#### How we Manage this topic (GRI 103-2)

Neptune Lines monitors and collects EU MRV and IMO DCS data from all fleet vessels through developed software. By performing the necessary sanity checks, we ensure that data collected are accurate and ready to be used as a base for environmental decisions.

The company has in place various measures to reduce emissions and operate with energy efficiency.

Neptune Lines' *Emissions Reduction and Energy Efficiency Program* consists of ongoing measures - as applicable for each vessel's type (i.e. design, specifications, machinery and equipment). These are demonstrated in the following table.

(GRI 103-2)

## Emissions Reduction - Energy Efficiency Program

### Vessel Design & Energy Efficient Technologies

#### Hull & Propeller



##### Hull Form Design Optimization

Newbuildings designed for improved efficiency and hydrodynamic performance.

##### Advanced Anti-Fouling Coatings

Coating vessels' hull with silicon and advanced-efficiency anti-foulings of premium quality.

##### Propeller Re-blading

Redesign and fitting of propeller blades to achieve optimized speed.

##### PROMAS Propulsion and Maneuvering System

Eliminates disrupted flow effect on rudder by reducing the distance between propeller and rudder.

##### Propeller Boss Cap Fins (PBCF)

Energy-saving device consisting of small fins attached to the propeller hub that recovers propeller wake energy.

### Measuring & Controlling Devices



#### Shaft Power Meters

Measuring torque and power transferred from the main engine to the propellers ensuring that the engine is operated efficiently.

#### KWHr Meters

Meters connected to the output of the auxiliary engines to monitor power consumption and evaluate reduction measures.

#### Coriolis Mass Flow Meters

Providing accurate flow measurement of fuel (mass measurement) - thereby improving accuracy of M/E and Auxiliary Engine fuel oil consumption calculation.

#### Variable Speed Drives (VSD)

Energy Monitoring System with frequency drives installed on the Sea Water pumps and the Engine Room Ventilation fans.

### Engine & Generators



#### Electronically Controlled Main Engines

Controlling main engine functions electronically - hence increasing accuracy and improving energy efficiency.

#### Fuel Injection Slide Valves/ECO Nozzles

Optimized fuel spray pattern that can save up to 7g/kWh, boosts fuel-efficiency in the complete load range including flexible slow steaming, reducing CO<sub>2</sub> emissions without increasing NOx emissions beyond IMO regulations.

#### De-Rated Main Engine

Offers the possibility to lower the vessel's maximum speed, specified maximum continuous rating (MCR), and thereby optimize actual load point with design load point. This results in higher efficiency with reduced specific fuel oil consumption (SFOC) at the new optimum design point.

#### Shaft Generator

Shaft generator concept is used to eliminate the usage of independently driven generators when the ship is sailing. Shaft generator is a clean source of power, which means it does not burn any fuel to generate power, and for the same reason it is also called the green source of power.

#### Alpha Lubrication System

Lubrication efficiency control system ensuring optimal cylinder oil dosage which results in reduction of SOx emissions from the engine.

### Management & Monitoring

#### Operational/Optimization



##### Speed Optimization

Maintaining vessels' operation at optimum speed, taking into account weather and voyage-specific conditions and parameters (i.e. congestion at port, heavy weather etc.)

##### Trim Optimization

Trim influences vessel's fuel consumption significantly; Specialized onboard software supports the crew in optimizing vessel's trim, taking into account vessel's ballast, loading condition, speed, draft etc.

##### Weather Routing

Relevant software on board assists the crew in choosing the optimum route (saving fuel - time) while avoiding adverse weather conditions (i.e. stressing vessels' hull and increasing consumption).

##### Telemetry Monitoring Systems

System that monitors in real-time parameters of the vessel (related to performance and energy consumption) providing at the same time remote access from the office. Helps to ensure that vessel is operated efficiently.

##### Hull Cleaning & Propeller Polishing

Measures that prevent propulsion losses due to fouling and keeping propeller efficiency high (i.e. through the lower engine load that is achieved, which results in lower fuel consumption).

### Lighting



#### Replacement of Conventional Lamps

Replacing fluorescent tubes with equivalent LED that provide the same luminosity with lower energy consumption over a longer period of time.

#### Lighting Management

Instructions provided to vessels to avoid unnecessary use of lighting on board (e.g. turning off external lights during daytime, using car deck emergency lights during sailing etc.)

### Bunkering - Fuel Usage



#### Fuel Oil Selection & Fuel Oil Analysis (SO<sub>x</sub> emissions Reduction)

Selecting high quality bunkers that meet ISO 8217:2010 standards; close monitoring of fuel oil analysis; fleet-wide sulfur content in fuels to be always less than 2.7% m/m (i.e. regulated limits are 3.5% m/m and 0.10% m/m in ECA zones).

### Garbage Management



#### Minimize Incinerator Use

Maximizing recycling on board and delivering ashore (instead of incinerating), the remaining quantities of sludge and garbage to minimize emissions generated from waste incineration.

(GRI 103-2, GRI 103-3)

Emissions reduction potential and energy efficiency is determined to a great extent by vessel's design, its hull and machinery condition, any retrofit technology applied – and how the vessel is actually operated in terms of speed, draft and trim (i.e. due to the effect of these operational parameters on fuel consumption).

Neptune Lines is monitoring on a monthly basis all these parameters within its Emissions Reduction and Energy Efficiency Program, in order to achieve the best possible combination of said measures - based on each vessel's specifications and requirements.

### Progress and Performance

Progress made throughout the reporting period and performance on various measures, is presented hereinafter.

### MEASURES FOR EMISSIONS REDUCTION AND ENERGY EFFICIENCY

#### Trim Optimization and Ballast Control

Optimizing the use of ballast (i.e. reducing its amount as much as possible without affecting vessel's safety) and properly adjusting vessel's trim, helps minimize hull resistance and fuel consumption resulting to emissions.

Ballast control and trim optimization is currently applied to 12 vessels of our fleet, presenting satisfactory results in performance.

For trim optimization we use two different, equivalent software tools designed by accredited providers with relevant expertise. These tools use 3D modelling software and computational fluid dynamics (CFD) for a variety of operating conditions; their results are based on high-end calculations for each vessel.

Said software supports our crew in minimizing the ballast and optimizing the trim upon departure from a port.

#### Fuel Oil Selection - Fuel Oil Analysis & Fuel Usage (SO<sub>x</sub> emissions Reduction)

Close monitoring of vessels' fuel oil analysis and careful selection of high quality bunkers meeting ISO 8217:2010 standards have resulted in maintaining our fleet-wide mean value of fuel sulfur content to low levels; for the 10<sup>th</sup> consecutive year we achieved to restrict the mean sulfur content of the HFO fuel bunkered for our fleet close to 2.8%. The mean value for 2018 was 2.81% m/m and for 2017 it was 2.67% m/m.

During the reporting period, two of our vessels were assigned to the new trade area around the United Kingdom - thereby crossing waters of the Northern Sea regulated as a local Emissions Control Area (ECA).

When ships pass through an ECA zone, their fuel oil is only allowed to contain a maximum of 0.10% sulfur (*Marpol Annex VI*). Vessels powered with heavy fuel oils need to switch to using ultra low sulfur (<0.1%S) marine gas oil (MGO) before they enter an ECA area. Consequently, these two vessels were consuming ultra low sulfur MGO during this period.

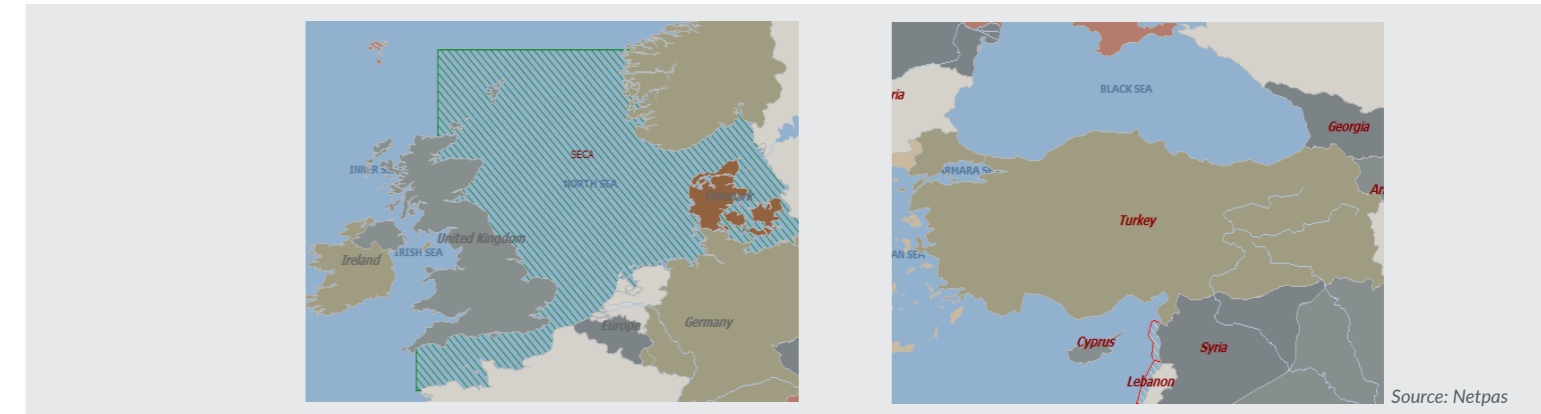
As for the rest of the fleet, during their calls at EU and Turkish ports (i.e. at berth and at anchorage) which are considered as ECA ports, they were powered through a dedicated auxiliary engine also burning ultra low-sulfur Marine Gas Oil.

#### Scrubbers

Towards the end of 2017, we explored the environmental solution of scrubbers. "Scrubber" is a an exhaust gas treatment plant: i.e. a system that is designed to wash (by the use of water) the exhaust gases from main, auxiliary engines and boilers so as to remove SO<sub>2</sub>. We decided to install scrubbers to minimize the sulfur footprint of our

### (S)ECA Areas crossed/called by Neptune Lines Fleet

(GRI 103-2, GRI 103-3)



vessels in anticipation of the new regulations of IMO (i.e. effective as from 1/1/2020).

Detailed research was performed to evaluate the different products available in the market. The two first installations are planned to be performed in 2019.

#### Advanced Anti-Fouling (A/F) Coatings to Reduce Fuel Consumption

During the reporting period, silicon anti-fouling was applied to four more vessels (three in 2017 and one in 2018) during their drydocking.

We continue to monitor the performance of fleet vessels coated with silicon, as well as, advanced efficiency anti-foulings of premium quality-observing significant improvement in their fuel consumption.

The performance of each vessel - based on the type of A/F applied - is recorded, monitored and benchmarked against that of other fleet vessels on an annual basis; this comparison is carried out always in correlation with other efficiency-related parameters, such as vessels' speed profile and utilization, taking also into account any other energy efficiency measures applied in each case.

#### Propeller Polishing

During the reporting period, four vessels had their propellers polished (three in 2017 and one in 2018).

#### Alpha Lubrication System

Through this system, the lubrication oil dosage in the cylinder of the main engine is adjusted to be proportional to the sulfur content in the fuel and to the engine load (i.e. the amount of fuel entering the cylinders). Implementation of the above two criteria leads to an optimal cylinder oil dosage which results in reduction of SO<sub>x</sub> emissions from the engine.

With the installation of the Alpha lubricator in two vessels during the previous reporting period, significant reductions were observed in the cylinder oil consumption.

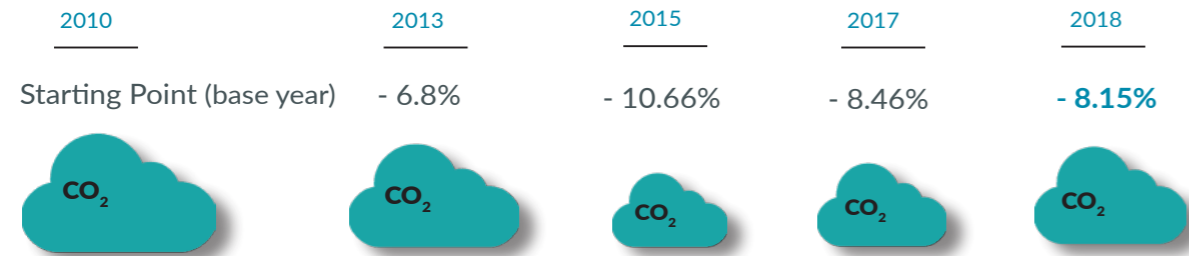


(GRI 103-2, GRI 103-3, GRI 302-3, GRI 305-4)

(GRI 103-2, GRI 103-3, GRI 302-3, GRI 305-4)

### Fleet CO<sub>2</sub> Emissions Intensity - Reduction Achievement

(i.e. Reduction in Fleet CO<sub>2</sub> Emissions per Distance Traveled. Chartered vessels are excluded.)



### EMISSIONS AND ENERGY EFFICIENCY INDICATORS

#### Calculation Method up to 2018

Up to 2018, reporting on emissions and energy efficiency was not mandatory within our sector.

The indicator we used until 2018 to monitor and report our direct (Scope 1) fleet emissions and energy efficiency is the intensity ratio of CO<sub>2</sub> mass emitted by fleet vessels (in metric tonnes) per unit of distance traveled (i.e. per nautical mile). This is calculated as follows:

Total Fleet Fuel Consumption (i.e. Heavy Fuel Oil and Marine Gas Oil consumed) x Emission Factors (i.e. default values for Heavy Fuel Oil and Marine Gas Oil) / Total Distance Traveled.

This calculation method is based on the IMO Resolution MEPC.1/Circ.684 issued on August 17<sup>th</sup> 2009 - however, the transport work is excluded from the formula.

The data for the distance traveled and fuel consumed are obtained from fleet vessels' monthly and daily

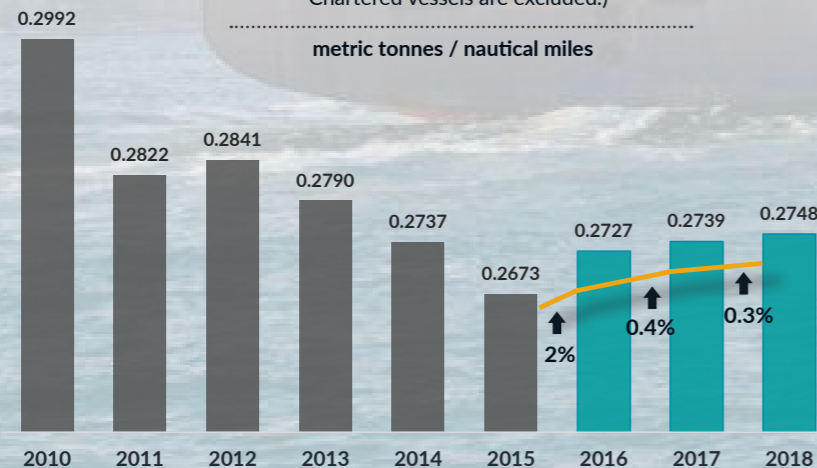
position reports. It should be noted that our calculations correspond to a fleet consisting of 15 vessels (chartered vessels are excluded) and the distance traveled includes also all pilotage miles, deviations due to weather, vessels' drifting etc. (also obtained from the vessels).

Our target in the previous reporting period was to reduce our intensity ratio by 0.5% until 2018. As it can be seen in the CO<sub>2</sub> emissions chart below, we did not manage to achieve this target; the reason was the unforeseen conditions faced at ports which prolonged our port stays (i.e. reduced terminal productivity, ports congestion, port closure due to bad weather conditions), forcing us to increase the speed of our vessels during sailing, in order to catch up our schedules and finally meet our contractual obligations.

Comparing, however, the indicator of 2018 (i.e. 0.2748 m tonnes/n miles) with that of the base year 2010 (i.e. 0.2992 m tonnes/n miles), we have managed to achieve an overall reduction of 8.15%.

### CO<sub>2</sub> Emissions (mass) from Fleet Vessels per Distance Traveled

(Calculation is based on IMO Resolution MEPC.1/Circ.684 - without the transport work. Chartered vessels are excluded.)



### Fleet CO<sub>2</sub> Emissions & Energy Efficiency Intensity Metrics within the scope of the EU MRV Regulation

Period Covered: 01/01/2018 - 31/12/2018

(The below ratios have been calculated using the actual total fleet figures and not fleet averages. Fleet vessels were 13 at the time of the reporting. Chartered vessels are excluded.)



- CO<sub>2</sub> Emissions per Distance: **272.04 kg CO<sub>2</sub>/nautical mile**
- CO<sub>2</sub> Emissions per Transport Work (mass): **128.64 g CO<sub>2</sub>/tonne-nautical miles**
- Fuel Consumption per Distance: **87.13 kg/nautical mile**
- Fuel Consumption per Transport Work (mass): **41.2 g/tonne-nautical miles**

#### Calculation of 2018 indicators according to the EU MRV Regulation

As of 2018, we will calculate and report our direct (Scope 1) fleet emissions and energy efficiency indicators in accordance with the MRV Regulation of the European Union; and starting from 2019, we shall also follow the DCS monitoring and reporting regime of the IMO.

Both requirements are mandatory, and intend to be the first step in a process to collect and analyze emission data related to the shipping industry.

The main difference between the MRV and the DCS lies in their scope. The MRV regulation covers emissions from ships arriving at, within (i.e. at berth) or departing from ports under the jurisdiction of an EU Member State - i.e. meaning ports within member states, plus Iceland and Norway - except Svalbard. The DCS, on the other hand, covers emissions from all voyages and ports globally.

Starting from January 1<sup>st</sup> 2018 and for each calendar year, shipping companies have to monitor and report fuel use for voyages within the MRV scope. Fuel use refers to the total amount of fuel consumed per voyage, broken down by fuel type (i.e. heavy fuel oil, marine gas oil etc.). Other parameters that are reported per voyage include the distance traveled in nautical miles and the amount of cargo carried.

The amount of cargo carried for our type of vessels is calculated by multiplying the number of cargo units carried (trucks, cars, etc.) by default values for their weight; it is expressed in metric tonnes.

After all voyage data has been aggregated and quality-checked, verification is being conducted by accredited bodies and an overall emissions report is generated for each vessel in the MRV platform for the reporting year.

Said report includes vessel's total CO<sub>2</sub> emissions within the MRV scope - based on her fuel consumptions and relevant emission conversion factors applied (i.e. in our case these are: 3.114 tonnes of CO<sub>2</sub>/tonne fuel for the Heavy Fuel Oil and 3.206 tonnes of CO<sub>2</sub>/tonne fuel for the Marine Diesel/Gas Oil).

It also includes a set of emissions and energy efficiency intensity metrics. These are:

- CO<sub>2</sub> emissions per distance (i.e. total annual CO<sub>2</sub> emissions/total distance traveled)
- CO<sub>2</sub> emissions per transport work (i.e. total annual CO<sub>2</sub> emissions/total transport work).
- Fuel consumption per distance (i.e. total annual fuel consumption/total distance traveled)
- Fuel consumption per transport work (i.e. total annual fuel consumption/total transport work)

The efficiency metric "transport work" is determined by multiplying the distance traveled with the amount of cargo carried; this is a typical metric within our sector. It is expressed in "metric tonnes · nautical miles" - known as "tonne-nautical miles".

Our fleet indicators for 2018 are demonstrated at the top of the page. Their calculation is based on the published results of vessels' emissions reports. It should be noted that, at the time of the MRV reporting, our fleet consisted of 13 vessels (chartered vessels are excluded).

# Energy Efficiency Material Topic

"The improvement of energy efficiency is an on-going work for many shipping companies, where a multitude of technical, operational and other measures cooperate to give the final result."

(IMO Study on the optimization of energy consumption)



## Why this topic is Material (GRI 103-1)

Using energy more efficiently is essential for lowering our company's overall environmental footprint and play our part in achieving the Sustainable Development Goal 7 (i.e. sustainable energy) and 13 (i.e. combating climate change).

On the other hand, the challenge with energy efficiency is to manage to stabilize atmospheric levels of GHGs without depriving the vessel from the energy it needs for its operations.

The energy used for our shipboard and onshore operations comes exclusively from non-renewable sources. Consuming non-renewable fuels is usually the main contributor to direct GHG emissions<sup>1</sup>.

The types of energy used within our company (i.e. office premises and vessels) are:

- electricity (i.e. self-generated in the case of vessels and purchased for shore premises)
- fuel oil (vessels)
- natural gas (office premises).

Apart from the environmental impact of energy consumption, the financial impact for the purchase of fuels is taken into serious evaluation and control.

Energy management and application of energy efficiency measures plays an important part in reducing fuel consumption (i.e. hence, emissions coming from combustion) - resulting, at the same time, in significant financial savings; And even though, the yield of each individual energy efficiency measure may be rather small, the collective effect can be significant.

In global terms, it is recognized that operational efficiencies delivered by a large number of ship operators will make a valuable contribution to reducing global carbon emissions contributing to climate change.

## SECTOR KEY-POINTS AND REGULATORY OVERVIEW

Fulfilling the requirements of the International Maritime Organization (set out in MARPOL Annex VI), our fleet vessels carry on board a Ship Energy Efficiency Management Plan (SEEMP), as well as, an International Energy Efficiency Certificate (IEEC). Both the IEEC and SEEMP are specific to each vessel and are subject to routine inspections and audits.

The SEEMP includes all the measures used by the company for improving the energy efficiency of each vessel, providing a minimum energy efficiency level.

In 2016, an additional requirement was initiated by the IMO to develop a SEEMP Part II (Resolution MEPC.282 (70) 2016) - referred to also as the "Ship Fuel Oil Consumption Data Collection Plan". This new part is meant to explain the process and methodology used by each vessel to collect and report the annual data on fuel oil consumption (see also "IMO Data Collection System (DCS) on Fuel Consumption" - pg.56 of the *Emissions* section).

During this period, we started preparing the SEEMP Part II for each fleet vessel in order to be ready for submission to the Flag Administration before the end of 2018. After relevant verification and approval, a "Confirmation of Compliance" was issued for our vessels.

## How we Manage this topic (GRI 103-2)

### FLEET VESSELS

Energy efficiency in shipping can be addressed at many different levels.

On a higher level, the suggested KPI in our sector (mentioned in the Ship Energy Efficiency Management Plan) refers to the CO<sub>2</sub> emissions for the transport work performed by the ship. For this reason, when it comes to quantitative measurement, we monitor and evaluate the energy efficiency of our fleet vessels based on fuel consumption and CO<sub>2</sub> emissions. (GRI 302-3)

However, improvements of the energy efficiency is often discussed in terms of performance of technical and operational measures (e.g. related to operational speed and voyage planning, technologies applied on board, propulsion and hydrodynamic efficiency etc.), as well as, better management practices that result in energy savings.

All technical and operational measures applied by our company to improve the energy efficiency of its fleet vessels are listed in the *Emissions Reduction and Energy Efficiency Program* table (see *Emissions* section pg.57).

Monitoring and evaluating the performance of these measures is ongoing and not an easy task; each measure can be effective under certain circumstances and, most of the times, is affected by the rest of the measures applied. Hence, a technical solution optimized for a specific trade and operational pattern will most probably not be optimal if the trading pattern is changed - for instance by changing operational area, speed or cargoes.

Neptune Lines closely monitors and evaluates the performance of its energy efficiency measures through:

- the use of Performance Monitoring Systems (e.g. Telemetry System providing real time feedback from vessels), that serve as decision-support tools,
- the expertise of its onshore technical management,
- effective and transparent communication between the office, vessel, port and port agents - all of which play an important role in obtaining accurate and holistic reporting input.

Performance indicators are analyzed - taking into consideration the particulars and the different operation circumstances of each vessel - and compared for sister vessels to track any differences.

Performance results are then communicated within the company on a monthly basis and relevant circulars are sent to vessels, enclosing further guidance when needed.

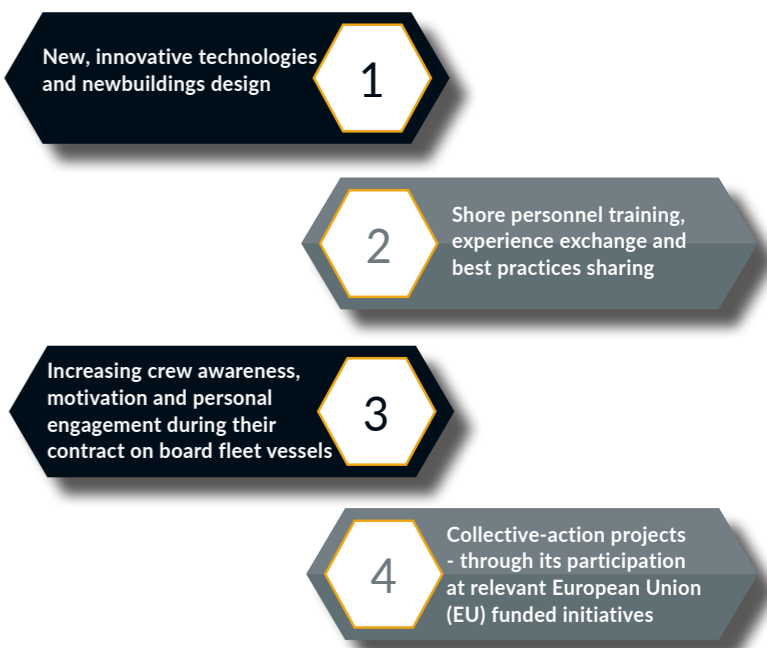
Two other important aspects considered, when it comes to energy efficiency, are voyage planning and port efficiency so as to minimize the waste of energy due to unproductive time spent by the vessels while drifting at port waiting to operate (e.g. in cases of congestion).

Vessels' voyage planning and on-time arrival is closely monitored within Neptune Lines. However, it is not always possible to avoid waiting at port. Increasingly deteriorating weather conditions, reduced port productivity in terms of working hours and availability of gangs for loading/unloading, as well as, the nature of car-carriers' trade (e.g. with last-minute changes in vessels' cargoes and schedule), make it difficult sometimes to ensure just-in-time arrival and operation.

For these very same reasons, fleet vessels may need to increase their speed over the optimum value, to ensure on-time arrival. As the energy need is very dependent on speed, vessels consume more energy when speeding up.

Despite difficulties faced in practice, energy efficiency and emissions reduction, is indeed a continuous goal within the company.

For this reason, Neptune Lines invests in:







**OFFICE PREMISES (GRI 103-2)**

The energy consumed at office premises (i.e. electricity, heating and cooling) is purchased from external sources.

For heating and cooling we use natural gas. Even though it is a non-renewable energy source, it is less harmful than fuel oil - causing less damage to the environment.

Energy-saving measures (ongoing) at the office include:

- ⚡ Controlled printing and printer adjustments for more efficient printing.
- ⚡ Optimization of energy settings on users' computers.
- ⚡ Hibernation of computers, screens and printers when not used for a prolonged time.
- ⚡ Temperature adjustment in the heating/cooling system to avoid misuse.
- ⚡ Replacement of fluorescent tubes with LED.
- ⚡ Adjustment of lighting self-closing time limits to minimize unnecessary use.

**Progress and Performance (GRI 103-3)**

Energy consumption for shipboard operations is calculated separately from shore-based facilities. Calculation of vessels' energy consumption is based on fuel oil consumption and is reported in the *Emissions* section. Calculation of the shore-based energy consumption is based on the consumption of electricity and natural gas. (GRI 302-1)

**FLEET VESSELS**

During the reporting period, we also focused on saving energy from lighting. Even though lighting is a minor source of energy consumption, significant cumulative savings can occur as a result of lighting energy efficiency.

**Lighting Management**

Turning off the car deck lights during sailing and leaving on only vessel's emergency lights, is one of the energy saving measures initiated during the previous reporting period. Monitoring the results from its consistent implementation by some fleet vessels, we noticed significant savings on their auxiliary engine consumption.

This good practice was communicated to the rest of the fleet to further elaborate and support this measure. Crew was reminded that emergency lights are equally distributed

(GRI 103-3)

in all car decks and provide adequate illumination for all inspection duties during the voyage - so there is no need to leave car deck lights on.

They were also reminded to turn off external lights during daylight, as well as, any other lights in spaces on board when not in use.

To avoid unnecessary use of lighting on board, special stickers were supplied to fleet vessels and placed in most spaces to remind users to turn off the lights.

**LED Lights Installation**

In 2018, we continued with further replacements of vessels' fluorescent tubes with equivalent LED, after observing significant reductions in the energy consumption of existing installations. Fluorescent tubes in the Engine Room (E/R) and Accommodation were replaced, as well as, the emergency lights in the car decks.

So far, half the fluorescents in 12 of our fleet vessels have been replaced with LED. The project will continue in 2019, where we expect further energy savings.

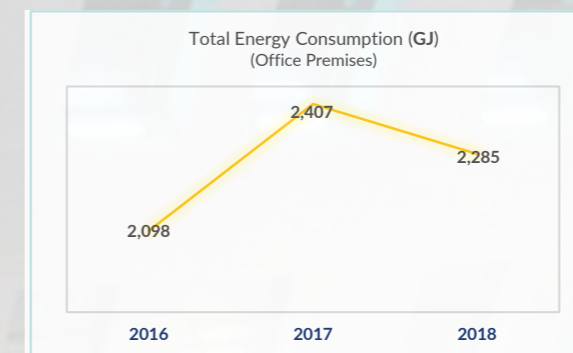
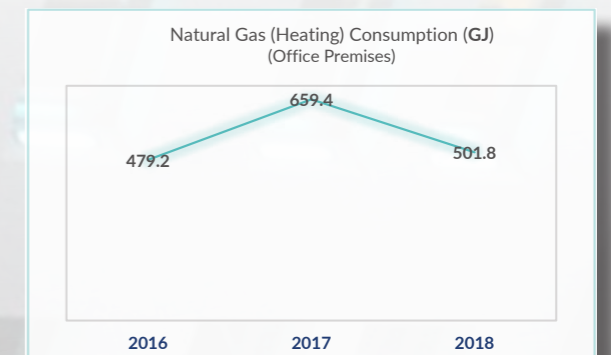
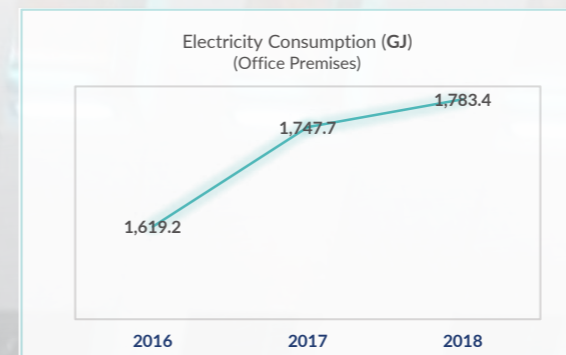
**OFFICE PREMISES (GRI 302-1)**

**Energy Consumption**

Compared to 2016, the year 2017 was rather energy-consuming in terms of our shore premises operations (see *'Total Energy Consumption - Office'* chart). This was due to the significant increase of both electricity and natural gas consumption that year.

Specifically, the office electricity consumption increase can be attributed to the fact that, since 2017, company's operations are progressively augmenting - therefore requiring more electronic infrastructure (see also *Data Management and Data Protection* section, pg.102-103) to cover the increasing operational demands and the employment of additional shore personnel. Moreover, 2017 was a year of increased needs in heating and cooling, resulting in an increase of natural gas consumption.

However, in 2018 the overall office energy consumption dropped approximately by 5% since the natural gas consumption dropped significantly (i.e. 24%).



Source: Public Utilities Statements

(GRI 302-1)

(GRI 103-2)

## PARTICIPATION IN EU PROJECTS INVOLVING COLLECTIVE ACTION FOR EMISSIONS REDUCTION AND ENERGY EFFICIENCY

### CARESMATIC

CarEsmatic is a Connecting Europe Facility (CEF) co-financed Action. Its implementation started in March 2016.

It aims at increasing the use of 'Motorways of the Sea' services for transport of cars (versus road transport which is by far the bigger emitter when talking about air pollution in cities) in the Mediterranean, by improving the infrastructure for direct land and sea access to the ports of Koper and Barcelona.

CarEsmatic is supporting also the take-off of electro-mobility in the European Union and in particular in the Mediterranean area. Project participants are willing to increase knowledge on needs of electric vehicles – in particular during their distribution from the production facility to the retailer. In such a way CarEsmatic aims also at supporting Mediterranean ports to cope with future developments in relation to the automotive industry.

Neptune Lines' participation involves the study and installation of charging stations on board the vessels to allow transportation of electric cars without any problems. Currently, arrangements are being made for the installation of these chargers on board two of our vessels that trade between Koper and Barcelona Ports (i.e. the other participants of the project).



### POSEIDON MED Part II- LNG

We are a participating company in the POSEIDON MED Part II - LNG EU-sponsored project.

POSEIDON MED Part II- LNG is a program that aims at promoting the adoption of LNG (Liquefied Natural Gas) as marine fuel in the Eastern Mediterranean Sea, while making Greece an international marine bunkering and distribution hub for LNG in South Eastern Europe.

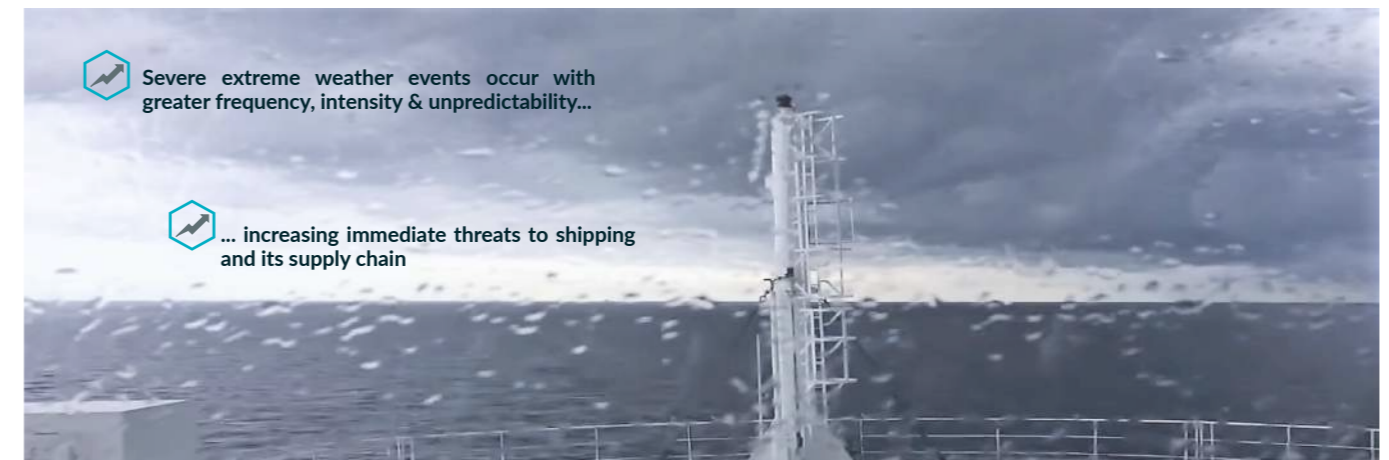
Our company provides design information and operational data for one of its fleet vessels.



(GRI 201-2)

# Climate Change Material Topic

'All going well, weather-permitting' is nowadays more true than ever...



## RISKS POSED FROM CLIMATE CHANGE

### Physical Risks

#### VESSEL OPERATIONS

- Human injury or loss of life, property (vessel/cargo) damage or loss
- Marine pollution due to extreme weather accidents
- Operations downtime
- Changes in ship routes
- More complex marine operations & navigation
- Changes in global trading patterns and business model

#### PORT OPERATIONS

- Interruption of port operations.
- Physical damage to port infrastructure (e.g. damaged berths)
- Vulnerable infrastructure systems owned by government require long-term planning & coordination to implement effective climate-ready systems and our sector is highly depending on them
- Permanent shutting down of ports that have not implemented adequate adaptation measures (i.e. flooded ports due to rising of sea-levels)

### Regulatory Risks

#### LAWS & REGULATIONS

- Tougher energy-saving and emissions control standards which could elicit higher taxes
- Generic laws and requirements that do not address the needs and particularities of individual, more specific parts of the industry (i.e. our sector, short-sea shipping)
- Requirement for great-scale innovation and retrofitting investments
- Change of business model

## OPPORTUNITIES

- Customers are increasingly seeking more sustainable service offerings presenting new business opportunities
- Gaining competitive advantage through adaptive investments and sustainability reporting
- Participation in research and development projects - gaining climate change knowledge & experience
- Strategic value-chain partnerships and investments (e.g. for technology development, infrastructure)

## IMPACTS (GRI 103-1)

Climate Change, the tangible effect of CO<sub>2</sub> emissions on the environment, poses great challenges to our business and stakeholders.

Its physical and regulatory risks may have major financial, reputation and business continuity impacts on our company.

Impacts can be *direct*: affecting Neptune Lines itself (e.g. loss of customers due to disruptions-delays in service, damage of cargo and vessels' structural integrity, human injury or loss of life in extreme weather conditions)

Or *indirect*: affecting its customers (e.g. storm damages to vehicles before being loaded, decarbonization of car industry), its business cooperators & providers (i.e. its value chain: the seaport, port agents, stevedores, travel agents, stores & spares providers etc.).

## Shipping is vulnerable to changing weather conditions. Climate change is now a relentless reality whose risks and impacts are experienced especially by those who cross the seas and the ship is their home.

Global warming is causing long-lasting changes to our climate system. Being resilient is not enough. We have to do our best to minimize the impact. We need to be prepared to protect human life and property in extreme weather events that are increasingly unforeseen.

### Why this topic is Material (GRI 103-1, GRI 103-3)

As mentioned, climate change poses many risks to our company and stakeholders. Its actual impacts can range from minor problems in operations and human health, to severe situations, major damages, losses and casualties.

Sudden and extreme changes of weather, out-of-season storms, rise in temperature, as well as, increasingly high winds and abnormal sea-waves raising to unexpected heights, tend to be all the more frequent - rendering our crew's working and living conditions more difficult as the years go by.

These past years, our seafarers experienced difficult navigation situations quite a few times due to adverse weather conditions. Even though weather-forecast is provided on board through appropriate software, seems that one cannot be completely prepared for what is coming, when it comes to weather.

That couldn't be more true in the case of two weather-related accidents we faced within the reporting period - one in 2017 and the other in 2018.

Fortunately, these accidents did not involve human injury, however, they resulted in property damage and financial implications that our company had to sustain.

Specifically in 2017, during summer-period, while one of our fleet vessels was berthed at port performing discharging operations, a sudden and unexpected storm wind with a force of 30 m/s (i.e. 58 knots = Beaufort force 11 = "Violent Storm"), shifted and moved the vessel towards nearby berth, where she contacted a shore crane, despite the safety precautions taken. As a result of the contact the vessel and shore crane suffered structural damages. Thanks to the Master and crew's safety preparedness and actions, no one was injured.

These types of sudden, unpredictable and intense storms are a clear climate change side-effect which our vessels and company are facing.

Another alarming sign, is that of 'freak' or 'rogue' waves, as they are called: i.e. large, unexpected and suddenly appearing surface waves that can be extremely dangerous.

During the reporting period, some of our Captains reported to the office having experienced at sea sudden, abnormally high waves, something that they had never witnessed before.

In 2018, such a sudden wave force created another dangerous situation. During her sailing in the open sea with deteriorating weather conditions, one of our vessels was hit hard on its side by an unpredictable violent wave, forcing her to list. Her heavy rolling led to the shifting of cargo resulting in cargo damages, but thankfully, with no significant crew injuries involved (i.e. only bruises) and no environmental damage or other severe implication.

Researchers have noticed that as a result from climate change, a tropical storm-like weather system is developing in the Mediterranean basin (i.e. where mostly our vessels trade) which grows in intensity. Apart from other weather occurrences that require vigilance, meteorologists also speak of Mediterranean hurricanes (they call them "Medicanes") which are hard to predict since there's no official forecasting center dedicated to studying or predicting them. They warn that as the planet warms, medicanes are expected to occur with greater frequency and intensity; a worrying prospect that we carefully consider and perhaps need to monitor even closer in years to come. (GRI 103-1)

(GRI 201-2)

### How we Manage this topic (GRI 103-2)

Climate change *mitigation*<sup>1</sup> measures taken by our company, as well as its management approach to reduce emissions, increase energy efficiency and create value through knowledge and innovation opportunities, are reported in the *Emissions* and *Energy Efficiency* sections.

In response, now, to the aforementioned physical risks, Neptune Lines has in place various *adaptive*<sup>2</sup> measures to safeguard human life in extreme weather conditions, the environment and property, as well as to promote resilience and improve system responses. These are:

- ☛ Weather forecasting and weather routing software on board fleet vessels
- ☛ Specific processes and procedures described in our Management System.
- ☛ Heavy-weather risk assessment forms, procedures & checklists
- ☛ Circulars with additional instructions to fleet vessels (e.g. entrance to specific ports that are more vulnerable to extreme weather phenomena) or with real case studies from other vessels (i.e. highlighting issues that require attention and things to avoid in difficult weather conditions)
- ☛ Drills performed on board at relevant intervals
- ☛ Computer-based training modules on board and ashore
- ☛ Emergency response simulation training and business continuity systems (see *Business Continuity & Emergency Preparedness* section)
- ☛ Incident/Accident investigation analysis processes

Also, during the reporting period, our operations department personnel along with a selected pool of senior officers participated in meteorology and weather routing training provided by our weather software providers.

1. Mitigation refers to actions taken to reduce greenhouse gas emissions, which are primarily driven by energy use.

2. Adaptation refers to activities that reduce harm or risk of harm, or realize benefits associated with climate variability and climate change. (BSR "Adapting to Climate Change: A Guide for the Transportation Industry")

### MONITORING FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

There are various costs and expenses rising from climate change risks and impacts.

These range from smaller or medium-scale costs such as:

- ☛ investments in emergency response and weather routing training & systems for weather-forecasting
- ☛ costs from minor vessel damages or minor injuries
- ☛ costs of tug-boats assisting the vessels in heavy weather during port arrival and departure
- ☛ fuel consumption costs due to the fact vessels consume more fuel in bad weather
- ☛ costs created due to disruptions and delays (e.g. in vessel operations, flights of crew members or technicians joining the vessels, maintenance and dry dock works etc.)

to greater-scale costs and implications such as:

- ☛ insurance costs
- ☛ claims from external parties due to major property and assets damages (e.g. cargo, port terminal),
- ☛ costs due to vessels' structural damage
- ☛ costs deriving from a casualty.

### Evaluation (GRI 103-3)

Neptune Lines does not have yet a system in place to calculate the financial implications and costs rising from climate change risks or opportunities, nor makes revenue projections of same. However, since company ERPs and data collection systems are currently under reconstruction, we believe that monitoring relevant data to reveal the financial side of climate change will be feasible over the next years.



(GRI 103-1)

# Effluents & Waste (ecosystem impacts) Material Topic

Long time ... no "Sea"

"The world's oceans – their temperature, chemistry, currents and life – drive global systems that make the earth habitable for humankind. How we manage this vital resource is essential for humanity as a whole, and to counterbalance the effects of climate change" (United Nations Development Program - SDG 14 Life below water).

How fast we manage to react to its deterioration is of immense importance.

## Why this topic is Material

"Water is life" as the saying goes; It is no coincidence that water dominates our planet and our human body. Its role is critical in supporting life on earth. Oceans and seas, along with the rest of the water bodies, constitute the most diverse and important ecosystem.

By their very nature—with all streams and waterways leading to the sea—the oceans are the end point of much of the pollution produced on land. At the same time, as vital conduits for trade and transportation, they are subject to the environmental impacts of maritime activity.

Oil and chemical spills, non-compliant discharges of ballast water, cargo residues, routine discharges of oily bilge and pollution from non-biodegradable solid waste (e.g. plastics), have severe negative impacts on the marine environment and, in many cases, the nearby communities.

Moreover, serious marine accidents involving ship grounding or sinking and ship breaking activities performed without due diligence, have cumulatively led to the contamination of the ocean's sediment.

Managing the risks and impacts of marine pollution effectively, is of critical importance for Neptune Lines due to the environmental orientation of our company and, above all, due to the profound and far-reaching implications associated with a possible miss in this area (i.e. environmental damage, legal implications, economic losses that tend to be enormous in such cases, tarnished reputation etc.).

Apart from our company, this topic is critical to our industry and to the rest of our stakeholders - since an environmental accident, more or less, impacts the wider shipping sector and ripples up to the broader society.

This is why we believe that compliance procedures to prevent environmental harm, as well as, carefully designed responsive measures to mitigate the impacts of a possible incident, need to be rigorously monitored and constantly assessed to ensure effectiveness at all times.

While working towards proper implementation of our sector's stringent requirements and safeguards, we also expect those who conduct business with us to follow the required procedures for using, storing, labeling, transporting and disposing of materials that are harmful to the environment.

The topic "Effluents and Waste" is closely linked to the Sustainable Development Goal 14 Life Below Water and its sub-target to "prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris<sup>1</sup> and nutrient pollution<sup>2</sup> - by 2025" (Target 14.1).

1. Marine debris is defined as any persistent solid material that is manufactured or processed and directly or indirectly, intentionally or unintentionally, disposed of or abandoned into the marine environment. (National Ocean Service - U.S. Department of Commerce)

2. Nutrient pollution is the process where too many nutrients, mainly nitrogen and phosphorus, are added to bodies of water and can act like fertilizer, causing excessive growth of algae. This process is also known as eutrophication. Excessive amounts of nutrients can lead to more serious problems such as low levels of oxygen dissolved in the water. (National Ocean Service - U.S. Department of Commerce)

(GRI 103-1)

## SECTOR KEY-POINTS AND REGULATORY OVERVIEW

### MARPOL

The main convention that covers prevention of pollution of the marine environment by ships is the *International Convention for the Prevention of Pollution from Ships*, also known as MARPOL.

The Convention includes regulations aimed at preventing and minimizing both accidental pollution and that deriving from ships' routine operations. It specifies Special Areas with strict controls on operational discharges, discharge standards, as well as, equipment requirements, where applicable.

Currently, MARPOL includes six technical Annexes covering:

- pollution prevention by *oil* from operational measures as well as from accidental discharges (*Annex I*),
- discharge criteria and measures for the control of pollution by *noxious liquid substances carried in bulk* (*Annex II*),
- pollution prevention by *harmful substances carried by sea in packaged form* (*Annex III*),
- requirements to control pollution of the sea by *sewage* (*Annex IV*),
- types of *garbage* and the manner in which they may be disposed of. Garbage means all kinds of food wastes, domestic wastes and operational wastes, all plastics, cargo residues, incinerator ashes, cooking oil, fishing gear and animal carcasses generated during the normal operation of the ship and liable to be disposed of continuously or periodically<sup>1</sup> (*Annex V*),
- prevention of *air* pollution from ships (*Annex VI*).

On March 1<sup>st</sup> 2018, amendments to Annex V (adopted at MEPC 70) entered into force, distinguishing cargo residues from the rest of the garbage and splitting them in two categories to be separately monitored and declared: HME (Harmful to the Marine Environment) cargo residues, and non-HME. This applies to ships that carry solid bulk cargo.

A new form of the onboard Garbage Record Book (GRB) was introduced for better and more accurate monitoring of garbage disposal from ships. It is divided into two parts:

- *Part I* (applies to all ships): for all garbage other than cargo residues. Among the garbage categories a new addition was made for "e-waste<sup>2</sup>".

1. MARPOL Annex V - Chapter 1/Regulation 1 Definitions

2. E-waste is defined as any electronic equipment, including its components, sub-assemblies and consumables, when disposed of as a waste.

- *Part II* (applies only to ships that carry solid bulk cargo): for cargo residues, harmful and non-harmful to the marine environment.

To comply with the new amendments, Garbage Record Books with the new format (only Part I is applicable in our case) were provided to fleet vessels and relevant procedures were updated.

### Ballast Water Management Convention (BWMC)

Ballast water can pose a risk to ecosystems due to the invasive species that can be transported and discharged from ballast water tanks into local waters.

To combat the problem of invasive species from ballast water, the International Maritime Organization adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments in 2004.

On September 8<sup>th</sup> 2017, the convention entered into force stipulating two specific standards with regard to discharged ballast water: ballast water exchange and ballast water performance (or treatment) standard.

Ships performing ballast water exchange are required to do so with an efficiency of 95% volumetric exchange of ballast water and ships using a ballast water management system (BWMS), must meet a performance standard based on agreed numbers of organisms per unit of volume.

The convention required either one or the other of the standards right after it entered into force. In both cases, though, relevant approval must be obtained by the Flag Administration through the submission of a ballast water management plan (BWMP).

During the reporting period we prepared ship-specific monitoring plans according to the requirements of the convention and submitted them for approval.

After a transitional period extending up to September of 2019, all vessels will be required to meet the second discharge standard (i.e. of ballast water treatment), regardless of their initial selection. This is most commonly met by installing an approved ballast water treatment system.

Two of our fleet vessels are fitted (by design) with an approved ballast water treatment system and the rest are scheduled to be retrofitted in the following years - as necessary.

(GRI 103-2)

**How we Manage this topic****Waste Management Policies & Procedures**

Our waste management policies and procedures focus on:

- the elimination of non-hazardous waste disposal at sea (e.g. comminuted food waste) - despite being allowed by regulations,
- the environmentally friendly handling of waste disposal (i.e. proper segregation, reuse, recycling, onboard processing/treatment etc.),
- reduction at the source (i.e. minimization of generated waste and packaging materials, use of materials with increased service life),

Specific procedures for the monitoring and disposal of generated effluents and waste - including those followed in emergency cases (e.g. accidental marine pollution) are laid out in respective company manuals - approved according to established regulations (e.g. Shipboard Oil Pollution Emergency Plan, Garbage Management Plan, Sewage, Bilge Water & Refrigerant Systems Management Plan, Ballast Water Management Plan etc.).

Furthermore, the company is taking steps to minimize the taking aboard of potential garbage, in cooperation with its providers, encouraging them to consider their products in terms of the garbage they generate. Environmental Officers and staff being in direct contact with the local providers and having a clear picture of materials delivered to the vessel, ensure that unnecessary and/or undesired items/packages are not to be taken on board. (See also *Environment: Our Management Approach* section.)

**Environmental Notation Vessels**

Four of our fleet vessels have "CLEAN" notation, an environmental notation given by the Classification Society for voluntary compliance with additional pollution prevention measures.

Clean notation shows compliance with all mandatory MARPOL requirements, regardless of exemptions that may be granted by flag state administrations. It contains additional requirements to prevent oil pollution and requires a vessel to have improved technical and management procedures to reduce discharges to sea and emissions to air<sup>1</sup>.

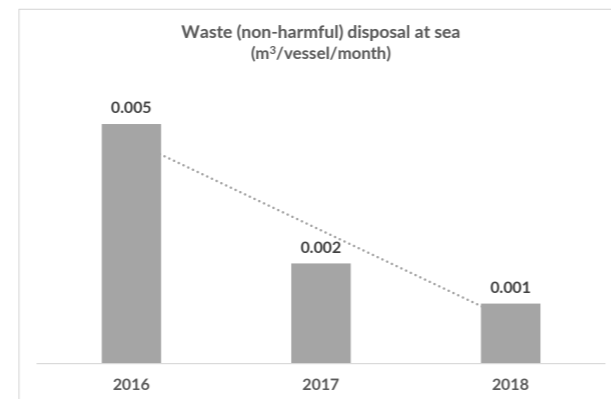
Moreover, all fleet vessels are fitted with a fuel oil overflow tank, minimizing the risk of an overboard fuel oil spill.

1. "Environmental Class Notations" by DNV-GL

**Progress and Performance (GRI 103-3, GRI 306-2)****Garbage (Solid Waste)****Zero waste disposal at sea**

According to regulations in force, the only garbage type (see "types of garbage" as per MARPOL Annex V in pg.71) allowed to be disposed at sea -under certain conditions- is food waste (i.e. the only solid waste that is not harmful to the marine environment). The rest are to be discharged ashore at appropriate reception facilities.

Despite the fact that disposal of food waste at sea is permitted by regulations, Neptune Lines implements a zero-disposal policy.

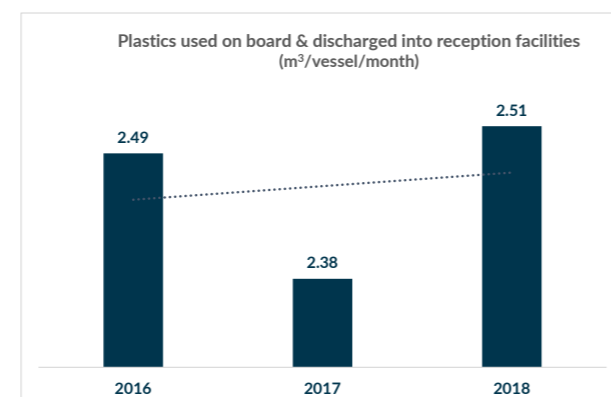


In 2017 the total amount of comminuted food waste discharged at sea was 0.002 m³/vessel/month, and in 2018 it reached the minimum amount of 0.001 m³/vessel/month.

**Plastics**

Neptune Lines aims to minimize the usage of plastics on board and ashore.

In 2017 we managed to reduce the plastics used on board our vessels by 4.4.% compared to 2016.



However, in 2018 the volume of plastics increased from 2.38 m³/vessel/month (in 2017), to 2.51 m³/vessel/month. The reason for this increase was the company's decision to supply fleet vessels with plastic bottle mineral water for the whole crew - as it is of better quality than fresh water produced on board.

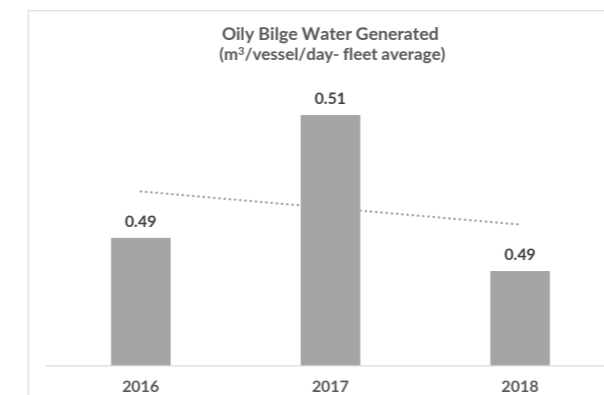
In an effort to reduce the plastics consumption at office premises, in 2018 we implemented an initiative that was suggested by our employees. In particular, it was realized that the most significant source of plastic waste generation daily came from the plastic coffee cups received when ordering coffee and other beverages from the nearby coffee shops. So, it was commonly agreed to order all coffee and drinks in paper cups that would be recycled after use.

**Oily bilge water & Oil residues (Sludge)**

*Oily bilge water* means water which may be contaminated by oil<sup>1</sup> resulting from things such as a leakage or maintenance work in machinery spaces.

*Oil residue or 'sludge'* means the residual waste oil products generated during the normal operation of a ship (i.e. such as those resulting from the purification of fuel or lubricating oil, separated waste oil from oil filtering equipment, waste oil collected in drip trays etc.).

Oily bilge water cannot be discharged at sea. It has to be processed/filtered through an *Oily Water Separator (OWS)* - ensuring oil content of 15 ppm (i.e. parts of oil per million parts of water by volume) or less. The processed water of 15 ppm/less can be discharged at sea as per regulation specifications, while the remaining oil residue (sludge) is kept on board with the rest of sludges - for incineration or further discharging at shore facilities.



In the above chart, "Oily Bilge Water Generated" contains

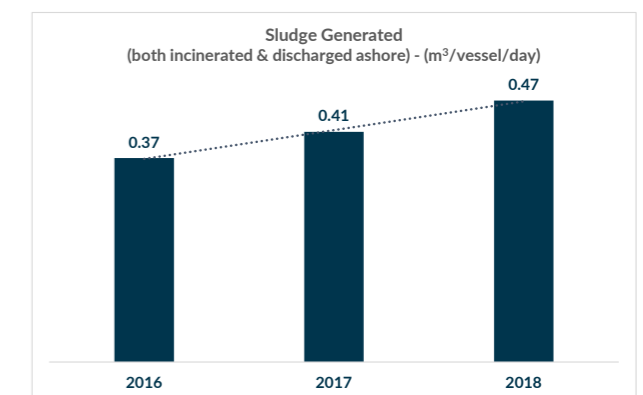
1. Oil means petroleum in any form including crude oil, fuel oil, sludge, oil refuse and refined products and substances listed in MARPOL Annex I - appendix I.

(GRI 103-2, GRI 103-3, GRI 306-2)

both the processed/filtered water that is discharged at sea and the remaining oil residue/sludge which is either incinerated or discharged at shore facilities.

In 2017, the oily bilge water generation on board increased (0.51 m³/vessel/day) in comparison with 2016 (0.49 m³/vessel/day).

However, in 2018 it decreased again to 0.49 m³/vessel/day - achieving our target of less than 0.50 m³/vessel/day.



On the other hand, the generated sludge has been steadily increasing since 2016.

**Paints and Chemicals Consumption**

Neptune Lines places emphasis on the use of premium quality paints and chemicals for the maintenance and needs of its fleet vessels. Their use, however, is based on a 'need to have' basis aiming, through careful planning, to minimize their consumption.

Paints are supplied taking into account the stock available on board and each vessel's actual maintenance and cosmetic needs, while chemicals serve, also, as fuel additives.

The monthly paints consumption per vessel decreased in 2017 in comparison with 2016 from 153 liters/vessel/month to 141 liters. In 2018, it further decreased to 135 liters/vessel/month.

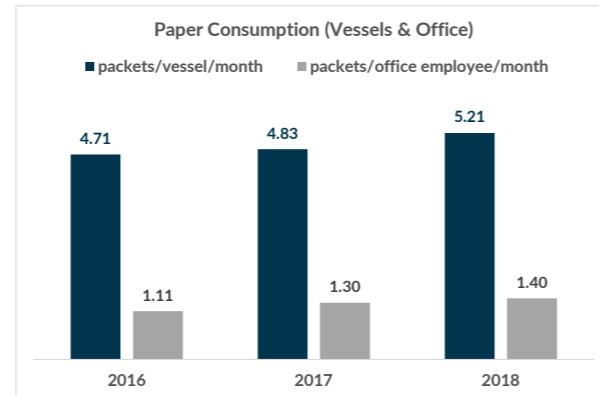
The monthly chemicals consumption, on the other hand, increased in 2017 in comparison with 2016 from 179 liters/vessel/month to 205 liters. In 2018, however, relevant figure dropped to 203 liters.

(GRI 103-2, GRI 103-3, GRI 306-2)

(GRI 103-2, GRI 103-3, GRI 306-2)



Paper Consumption



As observed in the above chart, the last two years there has been an increase in paper consumption - both on board and ashore.

However, within this period we implemented electronic reporting and filling, as well as, controlled printing processes which we expect will contribute to the reduction of paper consumption.

Recycling

Apart from paper, the company gives batteries, lamps and electronic devices for recycling. However, only batteries and lamps from fleet vessels are recorded with regard to their quantities.

Recycling of materials discharged by our fleet vessels is performed only through the port of Piraeus. Other Mediterranean and Black Sea ports have been checked for recycling facilities, but the exorbitant cost was not allowing us to proceed. Besides, there were complaints from our crew that the disposed materials for recycling were placed by the collecting company together with the rest of the normal garbage, instead of being segregated.

The fleet average of batteries recycled increased in 2017 by 73% compared to 2016, while in 2018 it remained at the same levels.

Lamps recycled on board also increased during these last two years (i.e. from 49 pieces/vessel/month recorded in 2016, to 61 pieces in 2017 and to 63 pieces in 2018).

Spills (GRI 306-3)

No spills of chemicals, oils, fuels or other waste occurred during the reporting period.

Green Recycling of Neptune Ploes

Ship recycling is the process of dismantling the ship at the end of its life, including all associated operations such as mooring, disassembling, recovery of materials and reprocessing.

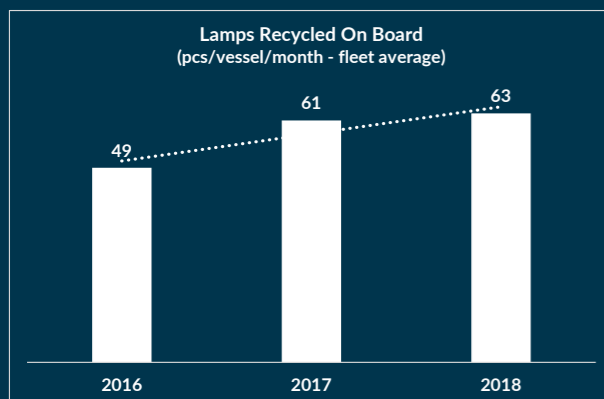
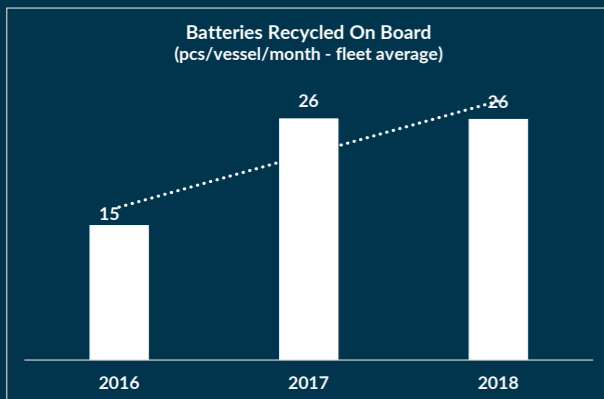
Vessels must be recycled under safe conditions with respect for human health, safety and environment. The *Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships* aims to ensure that ships, when recycled do not pose a risk to the safety of workers or to the environment.

In 2017, our Neptune Ploes was given for recycling. The vessel, serving the company for twenty years, had reached the end of its operational life. The process took place at a RINA certified recycling facility, in compliance with the Hong Kong Convention.

Neptune Lines proceeded with the option to follow a more thorough recycling program, namely the "Responsible Ship Recycling Program (RSRP)". This program among others:

- Addresses issues relating to safety, occupational health, welfare and environmental protection (i.e. through record-keeping of accidents damaging human health and/or the environment which may occur during the process, calculation of parameters related to the environmental footprint of ship's recycling etc.).
- Evidences compliance with requirements and agreed standards for green recycling through:
  - Compilation of ship's inventory of hazardous materials (IHM) and licensed disposal/recycling solutions for all materials listed in it.
  - Submission of a Ship Recycling Plan (SRP) developed in accordance with the guidelines of IMO Res. MEPC 196 (62).
  - Monthly reports prepared from experts on field, describing in detail the procedures followed throughout the entire process - along with supportive photographic material.
  - Issuance of an official Statement of Completion (SoC).

Neptune Ploes was the first vessel of our company to be sent for scrap and the first one to be recycled.



Creating Value  
for **our People**



# Employment Material Topic

*Getting and keeping good people isn't easy; Neptune Lines, though, is particularly proud to have great employees working within the company, most of them for many years.*

## Why this topic is Material (GRI 103-1)

One of our corporate Values is *Human Capital*. Our employees working ashore and those at sea constitute the driving force for the company's success. Through their commitment, their skills and hard work, Neptune Lines has achieved many business milestones.

Our company is committed to respect its people and their contribution to company's success, ensuring at all times that its policies, practices, the way of conducting business and day-to-day operations are in line with this fundamental principle.

Considering employment and all its aspects (i.e. job creation, recruitment, employee engagement and retention, working conditions etc.) material and definitive for company's sustainability and further success, our aim is to provide and sustain a supportive and desirable workplace.

## How we Manage this topic (GRI 103-2)

### JOB CREATION AND RECRUITMENT

#### Young Employees

Neptune Lines supports young people and is open to students who want to get familiar with a maritime corporate environment.

#### Internships

For more than seven consecutive years, Neptune Lines offers internship opportunities (i.e. every summer) to undergraduate university students from shipping and maritime, as well as, other academic fields. During their internship, we try to offer them practical knowledge and hands-on experience encouraging them to ask questions and share ideas. Interns can be subsequently hired by our company.

#### Cadet Training Program

Through our Cadet Training Program we recruit young seafarers, men and women, from Merchant Marine Academies - offering them the opportunity to complete the period of sea service that they need and gain the experience required to graduate and obtain their professional diploma. During their period on board, attention is given to their instruction in theoretical and

practical level. The knowledge and experience they gain during the program, apart from contributing to their personal development, constitute a solid first step for a further professional relationship with our company.

#### Recruitment Process

Having the right person in the right position is the key to unlocking value for the company. At the same time, it consists quite a challenge during the recruitment phase.

Thanks to a well-established employer brand, Neptune Lines has access to a large, diverse pool of qualified candidates - attracting young talented people, as well as experienced executives.

Our recruitment and selection process, assesses all the relevant attributes such as education, working experience, motivation aspects, competencies and personality traits. Through a multiple-interview process we try to appraise each candidate's skills to find the best possible fit for each position, ensuring at the same time that we are a best fit for them.

Throughout the recruitment process, we use a variety of modern HR tools. We design in-house and run tailor-made assessment centers focusing both on the hard and soft skills of the candidates (competency-based tools), business simulations, custom-made tests and one-to-one or panel interviews. In the interactive parts of the process different department heads participate to ensure diversity of perspectives.

### EMPLOYEE ENGAGEMENT AND ENABLEMENT

Apart, however, from attracting and selecting the right people, their retention within the company is of paramount importance. Employee engagement, welfare, motivation and development are important focus-areas of Neptune Lines' human resources strategy.

Despite the fact that the company progressively grows, it maintains a personal approach to its people.

Valuing the engagement and commitment of our long-term employees and building on our relationship with newer ones, we consider important to know what are their distinctive needs and wishes and what matters to them.

## Employee Engagement Survey

In the previous reporting period, we conducted our second 'Employee Engagement Survey' to gain better insight into the needs and further expectations of our office personnel. It was designed and monitored by an external provider of relevant expertise and had the active support of our leadership and senior management. The whole process was completed within the current reporting period.

The survey gained full participation. The results were presented to our leadership and the outcome report was forwarded and communicated by department heads to employees of their department. The most notable findings are presented here below.

#### Areas for further Improvement

- Q Performance management was highlighted as a key area with space for improvement. Employees requested to be provided with more clear performance targets and expectations and regular feedback. Another aspect noted, was the management of under-performers.
- Q Skills management: the need for better use of each employee's skills and abilities.
- Q Training and development: The need for more job-related training and sufficient time allocation to take advantage of the training opportunities.

#### Areas of Strength

- Q High levels of employee pride and loyalty.
- Q High levels of trust and confidence in leadership and senior management, as well as, in company's future business prospects.
- Q The quality and customer focus is perceived as very high.
- Q Good cooperation and teamwork within work groups and departments.
- Q Good physical working conditions and safety of work area.
- Q The company is perceived by its employees as being "socially and environmentally responsible, ethical in its business dealings, demonstrating care and concern for its employees".

#### Further Actions

Taking into consideration all identified areas for further improvement, we started upgrading our Performance Management System in order to facilitate employee advancement, not only in terms of rewards and career progression, but also in terms of providing a more structured training and development path, tailored to the needs of each employee.

## "Sea makes you related, Neptune Lines makes you Family"



Wishing to express our appreciation to our seagoing personnel for their service and share with them company's vision, current pathways and future plans, on June 25<sup>th</sup>-26<sup>th</sup>, 2018 we organized our first seafarers engagement event.

This engagement opportunity was decided to be addressed initially to our Ukrainian seafarers (i.e. consisting the great majority of our crew) in order to be more targeted and effective in terms of communication.

The venue was situated in Odessa of Ukraine to facilitate participation of the crew. "Sea makes you related, Neptune Lines makes you Family" was the welcoming tagline and main engagement message. 100 seafarers of all ranks participated, as well as, the director of the Marine Odessa Academy and representatives from our Manning Agency in Ukraine, Neptune Lines' senior management and office departments.

The two-day agenda included presentations from all company departments with discussion intervals to promote dialogue and encourage our crew to express their opinions and suggestions regarding their work and our company in general. Among topics discussed were: next generation of vessels, new technologies that could make seafarers life easier on board, various safety topics, crew motivation, relations between crew members and career programs for ratings and cadets.

The event concluded with traditional Ukrainian festivities where everyone enjoyed themselves and got to know each other better.



(GRI 103-2, GRI 403-3)

We want our employees to feel motivated and confident in their work and we try to give them as much autonomy as possible to monitor their work and how best to get it accomplished.

They are encouraged to express themselves freely, seeking assistance, raising concerns or suggesting action paths. Based on their particular skills, they can, also, pursue projects they're especially passionate about.

Being a customer-centric company, Neptune Lines encourages its people to be pioneers in what they do and how they do it, giving them the potential to add value to our business and their own development.

## WELFARE

We try to demonstrate our care for our employees in various ways.

### Shore-based Employees

#### Working Environment

The working environment can directly impact productivity, employee morale and employee engagement. A safe and comfortable workplace, as well as, a pleasant working environment where dialogue, cooperation and exchange of ideas is encouraged, can drastically assist employees overcome difficulties, be more focused, motivated and efficient.

Neptune Lines places emphasis on these aspects and sets high standards with regard to their implementation.

Company's offices are hosted in a state-of-the-art building having advanced safety and security features (i.e. fire control systems, controlled access in the building etc.).



We pay attention to spacious and clean offices, modern and comfortable furniture, adequate lighting-access to natural daylight, temperature control and quality of air.

Within the company, there are fully equipped spaces for employees to take intermittent breaks during the course of the working day, as well as, a dedicated restaurant area for their lunch break.

In order for our personnel to perform their work with maximum efficiency, we try to provide them with all the necessary tools and resources incorporating the newest trends and technology features.

#### Personal Attention & Support

Neptune Lines believes that family issues faced from its employees during the course of their business life need to be fully supported.

We value our employees' lives outside work - particularly their family lives. We demonstrate this care with discretion, in various ways.

As far as sickness leave is concerned, the company does not make employees feel uncomfortable to report sickness. This can have as a result an increased absentee rate.

This attention to wellbeing is indispensable for Neptune Lines, as there is a direct impact on the overall health of its employees, both mental and physical- as well as their productivity.

#### Medical & Healthcare Services (GRI 401-2, GRI 403-6)

Apart from the minimum-required social security which is provided, the company has insured all its shore-based employees under a group policy which provides them and their children with various advantages, as well as, coverages such as:

- Life Insurance
- Permanent total disability insurance due to sickness (prior to age 60 years old)
- Accidental death - permanent disability insurance due to accident
- Major medical insurance (In and Out-of-Hospital) due to accident or sickness
- Maternity benefit insurance
- In Hospital indemnity insurance due to accident or disease
- Surgical benefit insurance due to accident or sickness
- Preventive insurance (Check-Up)

#### Wellness Program (GRI 403-6)

An advocate of the saying "healthy mind in a healthy body", Neptune Lines aims to enforce the physical wellbeing of its



employees by providing them opportunities to exercise and participate in athletic events and by offering healthy food on a daily basis.

#### Athletic events & Training sessions

Particularly in 2018, the company continued to support the initiative of bringing together its employees in a voluntary participation for a good cause, in the Athens Authentic Marathon and Semi-marathon.

Our employees participated once more in this major athletic event, supporting Axion Hellas, a non-profit, non-governmental organization.

In the context of preparing for the Marathon, but also as part of its employee wellness program, Neptune Lines has been offering training courses to its employees since 2015.

#### Healthy food

As part of our wellness program, we have established cooperation with a catering company providing healthy and balanced food, so as to offer our employees various lunch options on a daily basis. The menu is accompanied by nutrition information facilitating employees in their "healthy-meal" selection. We have also, installed a vending machine at the restaurant area with healthy snacks and refreshments.

#### Shipboard Employees

Crew welfare is regulated under the *Maritime Labor Convention* known also as "MLC 2006". In the framework of the convention, issues such as work and rest hours, payment of wages, on-board recreational facilities, quality of food and water, protection from abandonment etc. are clearly defined to protect seafarers and their rights.

Caring equally for its seagoing personnel, Neptune Lines aims to meet and where possible, exceed the requirements of the convention.

(GRI 103-2, GRI 403-3, GRI 403-6)

#### Medical & Healthcare Services to Seafarers (GRI 401-2)

Neptune Lines' crew and their 1<sup>st</sup> degree relatives are also insured under a group policy for:

- 24/7 health support communication to health care facilities
- Emergency care and urgent hospital assistance coverage
- Doctor home visit
- Medication support

Risks covered include: acute illness, exacerbation of a chronic disease, injury, poisoning, accident, other health disorder and/or for prevention purposes.

#### Food & Recreation Facilities

The company allocates resources to keep up high standards of living and working conditions on board and great emphasis is placed in the quantity and quality of provisions, as well as, food preparation.

Cleanliness of provision rooms, galley and other spaces on board, hygiene standards, Cook's skills and demonstrated knowledge of various cuisines to satisfy the needs of different-ethnicity crew, are areas of corporate focus and constitute standard items of on-board inspection.

The company also invests in recreation facilities to create the best possible conditions for the crew. During the reporting period, modern gym equipment was provided to all fleet vessels. In addition to existing facilities (e.g. ping-pong tables), vessels were equipped with: treadmills, stationary bicycles, punching bags for boxing, multifunction gym stations and weight lifting benches.

Our crew members reported their overall satisfaction for the upgraded gymnasium, a place they use quite frequently for their fitness, leisure and relief from stress.

Finally, in an effort to make leisure time on board more pleasant, a digital satellite TV platform was installed, providing access to over 500 TV channels - many of them in the language spoken by our crew (i.e. Ukrainian, Greek).



(GRI 103-2)

**TRAINING**

**Shore-based Employees**

We closely monitor training, seeing in practice that it truly advances people's capabilities and boosts innovative thinking.

Training opportunities can emerge following a corporate initiative (i.e. through the HR department) or after specific request from employees (i.e. in the context of their work and due to specific requirements of that).

Corporate Training Programs

Throughout the reporting period we continued to provide group lessons in the English language to employees that needed or wanted to improve their English.

Moreover in 2018, the company organized computer-based courses in Microsoft Excel in order to further improve employees' skills in this useful business tool.

The same year, another company-wide training took place, in the context of the *General Data Protection Regulation (GDPR)* that came in force on May 25<sup>th</sup>. All company levels were familiarized with the requirements of the regulation and got prepared for their implementation.

Ad hoc Training

Regarding ad hoc training, various employees from the office attended training seminars and courses on different topics related to their work or department. Indicative training topics include:

- Safety and Human Element
- Sustainability Reporting - based on the new Global Reporting Initiative (GRI) Standards - as well as participation in various sustainability workshops
- Leadership Impact
- ECG EU Competition Law Training Course
- Digital Ship and Cyber Security
- Scrubbers-meeting the Sulfur Cap 2020 limits
- Air Quality emissions measurement in Ports

**Shipboard Employees**

On board Training

Shipboard training, is a Computer Based Training (CBT) implemented on board all fleet vessels. It consists of training modules covering a wide range of advanced training topics for various shipboard operations and management systems. These CBT modules consist of:

- e-learning courses with follow-up comprehension tests to be completed by each seafarer on an annual basis while on board the vessel
- maritime training films (DVDs) which can be viewed individually by each seafarer or in groups.

In 2018, we included in the training scheme some new e-learning courses on cyber security. Our aim was to raise awareness of our crew on this critical issue and train them how to handle and react on a possible cyber threat putting at risk vessel's safety and security.

Pre-Joining Training and Assessment

Every officer, prior to joining our fleet vessels, passes a pre-joining assessment which - apart from evaluation purposes in the case of newcomers - is used for additional training of hired seafarers.

This assessment, namely "*Crew Evaluation System (CES)*" is an online tool to evaluate the background knowledge of seafarers with the objective to identify further training needs. It consists of a question database with over 5,000 multiple choice questions, specific to the knowledge areas defined in maritime codes, rules and regulations (i.e. navigation and watchkeeping, radio communication, emergency preparedness, marine engineering etc.). The level of difficulty is customized based on the rank.

After completion of each section of the assessment, we give the individuals their results, along with all the correct answers to the questions examined, for their reference and further perusal.

**Evaluation and Further Monitoring (GRI 103-3)**

Our performance indicators in terms of employee training (shore-based and shipboard) are demonstrated in the following pages including employee-related data.

In general, the company wishes to increase the training hours of its shore-based personnel and is currently exploring new training opportunities.

With regard to our shipboard personnel, in 2017 the company decided to launch some specialized, 'hands-on' training in the areas of safety and critical operations-in cooperation with external training centers. Among the training topics selected were (GRI 403-5):

- Advanced fire-fighting
- Use of Lifeboats
- Emergency/Critical Operations during Navigation (e.g. use of ECDIS)
- Lashing and Cargo Handling for High & Heavy vehicles

# Employment Figures (GRI 103-3, GRI 102-8)

The data reported for the shore-based employees have been obtained from company's Human Resources department and for the shipboard employees from Crewing department and Manning Agents. Our HR and payroll softwares were used for the data gathering. Relevant numbers were collected at the end of each calendar year (i.e. on December 31<sup>st</sup> of each year).

**Information on Employees (GRI 102-7)**

	2016	2017	2018
<b>Total Number of Employees (GRI 102-7):</b>	399	387	369
<b>Shore-based (Permanent Contract*):</b>	65	62	71
<b>Shipboard (Fixed Term Contract**):</b>	334	325	298

\*Permanent contract: is an employment contract for full-time or part-time work, for an indeterminate period. All Neptune Lines' shore-based employees are on full-time contract.

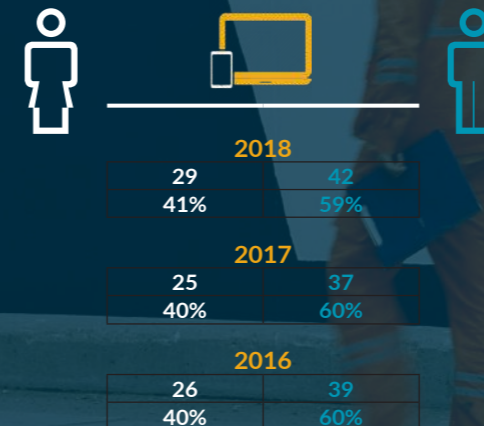
\*\*Fixed term contract: is an employment contract that lasts for a specific period. This term applies to our shipboard employees.

The total (100%) of employees are covered with collective bargaining agreements and possess the right to be involved in trade unions and professional associations, without any limitations. (GRI 102-41)

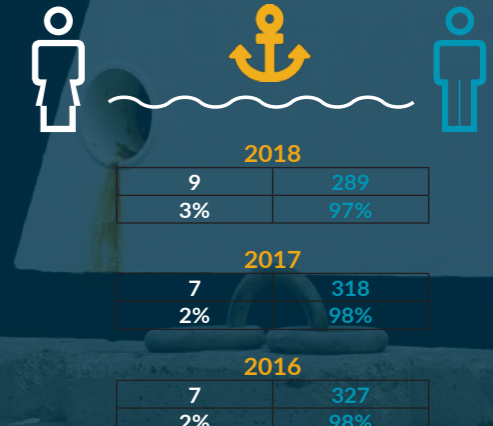
No regional offices exist. No significant variations in the numbers reported in employment due to any reason.

It should be noted that a portion of company's activities is performed by workers who are not our employees. The scope of their work mainly relates to the operation, maintenance or repair of the vessel -including her technical systems- and the handling of its cargo; their duties may include navigational/formalities' assistance (i.e. pilots, boarding agents etc.), security services (i.e. security guards), technical repairs (i.e. technicians), performance of loading/unloading and cargo-stowage operations, lashing/unlashing of the cargo, cargo-handling on board and ashore (i.e. cargo surveyors, stevedores etc).

**Number & Rate of Shore-based Employees by Gender**



**Number & Rate of Shipboard Employees by Gender**



(GRI 103-3, GRI 401-1)

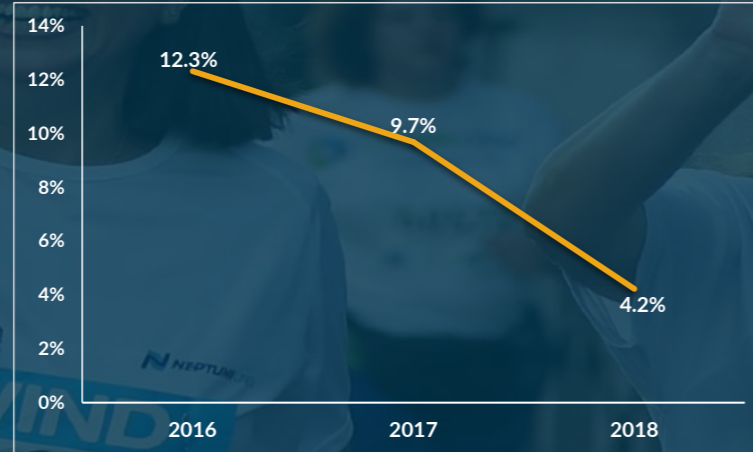
(GRI 103-3, GRI 401-1)

# Shore-based Personnel

**Employee Turnover** and **New Employee Hires** apply only to our shore-based personnel, since in the case of shipboard personnel the nature of employment is different (i.e. shipboard personnel is on a fixed-term contract instead of a full-time employment); in that case, we monitor the **Crew Retention Rate** (see pg.87).

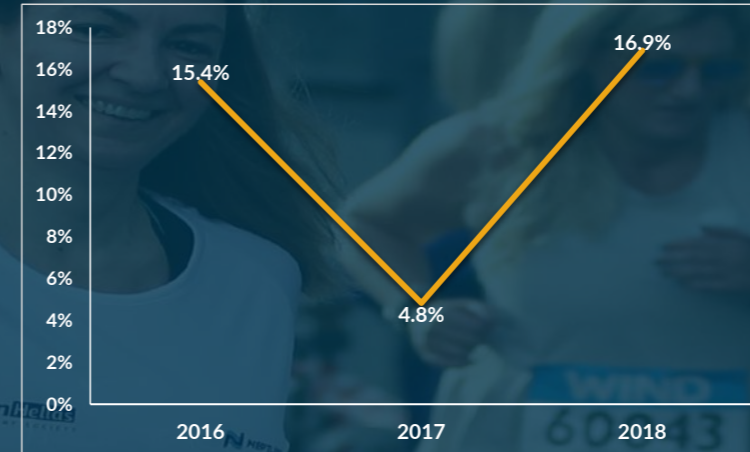
**Employee Turnover:** Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.

Overall Employee Turnover Rate



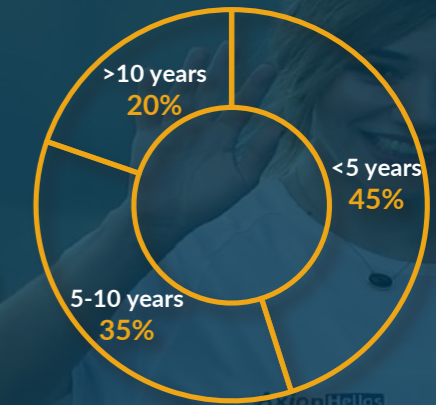
In 2018, three office employees left the company - turning the overall turnover rate to 4.2%.

Overall New Employee Hire Rate



New employee hires figures can indicate company's strategy and ability to attract diverse, qualified employees, as well as, its efforts to implement inclusive recruitment practices based on age and gender. Although in 2017 our **Overall New Employee Hire Rate** dropped from 15.4% to 4.8%, in 2018 12 new employees were hired- raising the rate to 16.9%.

Length of Employment



This indicator is used to demonstrate how long our employees have worked at our company. The clusters in the pie-chart represent the percentage of the total workforce - as counted at the end of 2018. The average length of employment for our shore-based employees is 6 years and 55% of our workforce works at the company for more than 5 years.

## Employee Turnover by Age Group and Gender

### 2016

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees who left during said year	1	0	1	4	3	7	0	0	0
Employee Turnover Rate	2.6%	0%	1.5%	10.3%	11.5%	10.8%	0%	0%	0%
Total Employee Turnover: 8 Employees / Turnover Rate all employees: 12.3%									

### 2017

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees who left during said year	1	1	2	3	1	4	0	0	0
Employee Turnover Rate	2.7%	4%	3.2%	8.1%	4%	6.5%	0%	0%	0%
Total Employee Turnover: 6 Employees / Turnover Rate all employees: 9.7%									

### 2018

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees who left during said year	0	0	0	2	1	3	0	0	0
Employee Turnover Rate	0%	0%	0%	4.8%	3.4%	4.2%	0%	0%	0%
Total Employee Turnover: 3 Employees / Turnover Rate all employees: 4.2%									

## New Employee Hires by Age Group and Gender

### 2016

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of new employee hires during said year	1	3	4	4	2	6	0	0	0
New Employee Hires Rate	2.6%	11.5%	6.2%	10.3%	7.7%	9.2%	0%	0%	0%
Total New Hires: 10 Employees / New Hires Rate all employees: 15.4%									

### 2017

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of new employee hires during said year	1	0	1	1	1	2	0	0	0
New Employee Hires Rate	2.7%	0%	1.6%	2.7%	4%	3.2%	0%	0%	0%
Total New Hires: 3 Employees / New Hires Rate all employees: 4.8%									

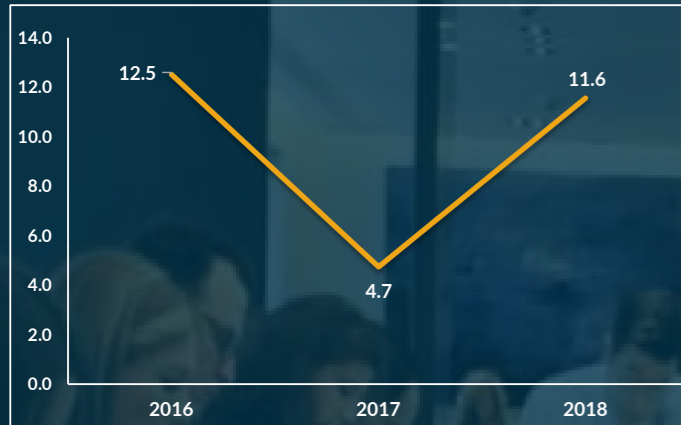
### 2018

	<30 years old			30-50 years old			>50 years old		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of new employee hires during said year	0	2	2	6	2	8	1	1	2
New Employee Hires Rate	0%	6.9%	2.8%	14.3%	6.9%	11.3%	2.4%	3.4%	2.8%
Total New Hires: 12 Employees / New Hires Rate all employees: 16.9%									

(GRI 103-3, GRI 404-1)

The **Average Training Hours** apply to our shore-based personnel. In the case of shipboard personnel, we monitor the **Average Training Sessions** which is more relevant to the nature of the onboard training.

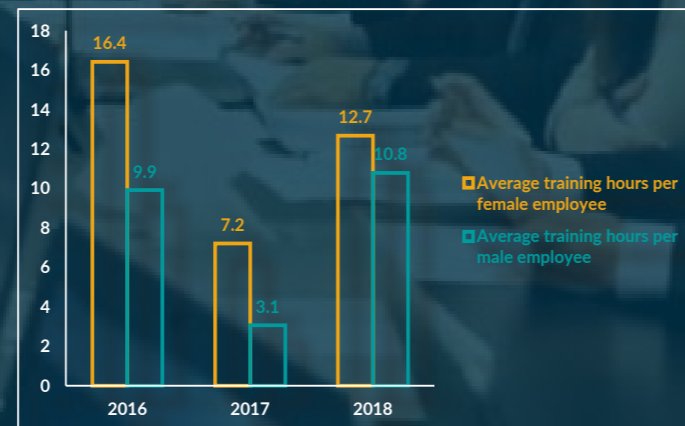
### Average Training Hours per Year, per Employee



In 2017, apart from the ongoing training in the English language, there weren't any other large scale training programs taking place within the company. This explains the significant decrease in the Average Training Hours per Employee that year - compared to 2016 (i.e. in 2016, all shore-based employees had undergone extensive training in crisis communications and media response).

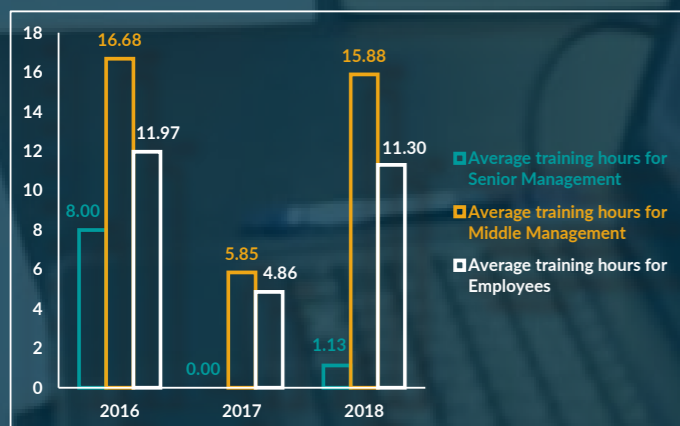
In 2018, however, the average training hours increased to 11.6 hours; that year all office staff participated in in-house computer-based training, and in familiarization sessions in the context of the General Data Protection Regulation (GDPR).

### Average Training Hours by Gender



Neptune Lines focuses on the empowerment of female employees, something which is reflected also through the **Average Training Hours by Gender**.

### Average Training Hours by Employee Category



Our Middle Management (i.e. department heads) has the highest average training hours per year.

## Shipboard Personnel

(GRI 103-3)

### Crew Retention Rate by Ethnicity and Employment Category (GRI 401-1)

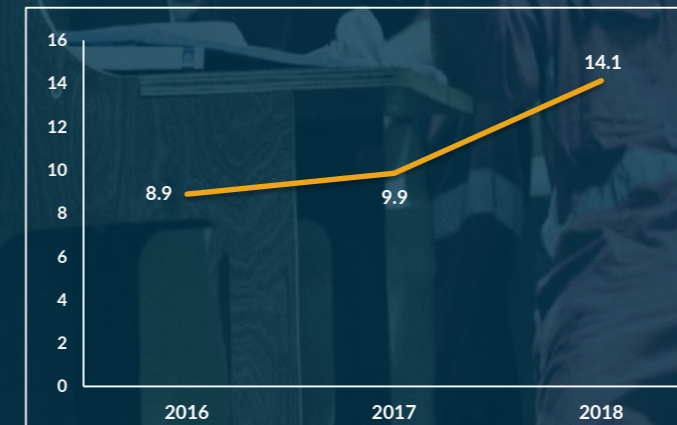
This rate expresses the ability to retain shipboard personnel within the company. We monitor our crew retention rates based on rank (i.e. employment category) and ethnicity.

Neptune Lines has high crew retention rates (i.e. above 87%).

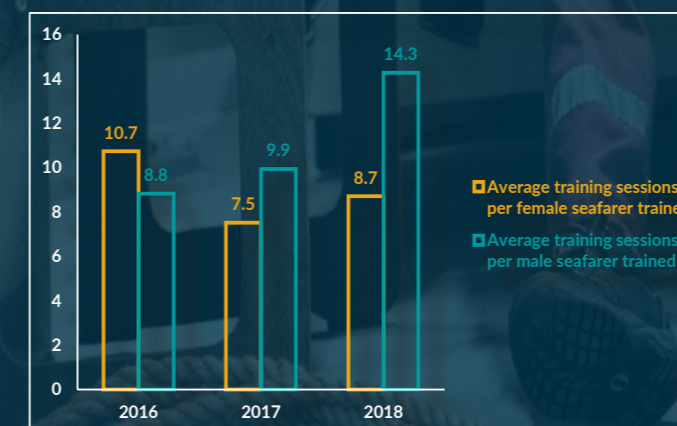
Calculation Method Used: "Intertanko Officer Retention Formula"

Rank	Ethnicity	2016	2017	2018
Masters	US	100%	95%	87%
	Other	100%	100%	91%
Senior Officers	US	88%	89%	100%
	Other	93%	95%	98%
Junior Officers	US	90%	88%	96%
	Other	92%	92%	96%
Ratings	US	n/a	n/a	n/a
	Other	93%	93%	91%

### Average Training Sessions per Year, per Seafarer Trained (Onboard Computer-Based Training) (GRI 404-1)



### Average Training Sessions by Gender



### Average Training Sessions by Employee Category



(GRI 103-1)

# Occupational Health, Safety & Wellbeing Material Topic

*The unique worth of an individual human life...*

## Why this topic is Material

Human life is irreplaceable and should always be a priority. At the end of the day, we should all return to our home safe and sound.

Occupational health and safety is highly material for the entire company with particular focus, however, on our shipboard employees - since working on board involves many hazards.

As the *International Labor Organization (ILO)* underlines, the maritime working environment comprises physical, ergonomic, chemical, biological, psychological and social elements which could lead to occupational accidents, injuries and diseases. Apart from their exposure to unforeseen dangerous situations (e.g. possible fire on board, adverse weather etc.), seafarers face demanding working conditions, distance from their families and social connections, difficult hours of work and high levels of stress and fatigue. They must also learn to communicate

with others in multinational crews. Alcohol and drug abuse, harassment and infectious diseases are further potential problems threatening the physical and mental health and safety of seafarers<sup>1</sup>.

Office personnel on the other hand, even though not so much exposed to work-related hazards, are confronted with a sedentary work life which is linked to various health concerns. In addition, workplace stressors - if not properly handled - might affect the psychological wellbeing of office employees.

Neptune Lines' basic goal is to identify well in advance and eliminate all possible dangers threatening the health and safety of its employees and those directly affected by its occupational health and safety performance.

Appropriate care and due diligence with regard to health and safety is equally expected from our business cooperators and providers. (GRI 403-7)

1.Guidelines for implementing the occupational safety and health provisions of the Maritime Labor Convention, 2006 (ILO Sectoral Activities Department - International Labor Standards Department, Geneva, 2014)

(GRI 103-1)



### Lost Time Injury Frequency Rate (LTIF)

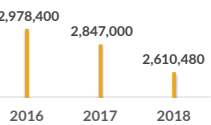
(GRI 103-3)



LTIF = LTIs x 1,000,000 / Total Exposure Hours

### Total Exposure Hours

(GRI 403-9)



## REGULATORY OVERVIEW AND SECTOR KEY-POINTS

### Amendments to the Maritime Labor Convention (MLC)

The occupational health and safety of seafarers is regulated by the ILO mainly through the provisions of the Maritime Labor Convention, 2006 (MLC, 2006).

The MLC, 2006 was adopted by the 94<sup>th</sup> (Maritime) Session of the International Labor Conference (ILC) in February 2006. It includes Regulation 4.3-Health and safety protection and accident prevention- and the related Code (Standard A4.3 and Guideline B4.3), which have the stated purpose: "To ensure that seafarers' work environment on board ships promotes occupational safety and health". In addition, the Convention contains a number of provisions that address safety and health in connection with onboard accommodation (Regulation 3.1) and seafarers under the age of 18 (Standard A1.1 - Minimum age).

On January 2017, amendments to the convention came in force, to more specifically address the problem of abandonment of seafarers and shipowners' liability for death or long-term disability.

During the reporting period, Neptune Lines updated its management system to reflect the new requirements of the convention.

### Work-related hazards and high-consequence injuries (GRI 403-9)

Specific inherent hazards have been identified when working on board ships. These are determined in the *ILO Code of Practice Accident prevention on board ship at sea and in port*.

Given that the shipboard environment is a "floating steel" construction, with innumerable systems and work stations, almost any work-related hazard can potentially result in a high-consequence injury.

Apart from apparent hazards arising during a maritime casualty event (e.g. fire and explosion, contact, collision, grounding/standing etc.) which may result in fatal injuries, some work-related hazards that pose a risk of high-consequence injury to seafarers are grouped here below (i.e. as obtained from case studies and related sectoral analyses).

### Hazards related with mooring and unmooring operations

Mooring lines can pose a great danger to the crew if not properly used and their handling has a higher potential accident risk than most other shipboard activities. A significant hazard is snap-back, the sudden release of the energy stored in the tensioned mooring line when it breaks. The ends of the line snap back can strike anything



## HEALTH & SAFETY

### KPIs

(Seafarers)

## 2018 vs. 2017

### Fatalities:

**0 =**  
(same levels)

### High-consequence injuries:

**1 =**  
(same levels)

Rate\*: 0.38 vs. 0.35

### Total Recordable Injuries:

**19 ↑**  
(increased by 6)

Rate\*: 7.28 vs. 4.57

### Lost Time Injuries (LTIs):

**5 ↓**  
(decreased by 2)

### Days off duty (Lost days):

**28 ↓**  
(decreased by 24)

### Drug & alcohol incidents:

**0 =**  
(same levels)

High-consequence injury: Is a work-related injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Total Recordable Injuries or Total Recordable Cases (TRCs): The total number of recorded work-related injuries (not including First Aid Cases).

LTIs (Lost Time Injuries): Lost time injuries are the sum of Fatalities (F), Permanent Total Disabilities (PTDs), Permanent Partial Disabilities (PPDs) and Lost Workday Cases (LWCs). During the reporting period, there were no Fatalities, PTDs or PPDs. There were only LWCs (definitions of LTIs, PTDs, PPDs and LWCs are obtained from the "Marine Injury Reporting Guidelines" of OCIMF, as well as, the "BIMCO Shipping KPI system").

Days off duty (Lost days): Number of days lost on board (i.e. that were not "worked") due to work-related injuries.

Exposure Hours: In all our calculations in the place of number of hours worked, "exposure hours" are used - due to the maritime sector's particularity: crew is exposed 24 hours per day while serving on board - even when not on actual duty (therefore injuries during "off duty" on board are also included in work-related injuries).

\*All rates have been calculated based on 1,000,000 hours worked.

(GRI 103-3, GRI 403-9)

(GRI 103-1, GRI 403-9)

in their path with significant force causing severe and in many cases fatal traumas.

#### Enclosed or Confined Spaces Hazards

Entering and working in enclosed or confined spaces (e.g. tanks), poses serious risks to the safety of seafarers. These risks, if not properly assessed to take relevant precautions, may result in sudden fatalities; relevant hazards are the lack of oxygen/ventilation or even the presence of hazardous vapors making the environment in such spaces non-life-supporting; at the same time, the lack of space makes it very hard for a person to be rescued in there.

#### Struck-by and Crushing Hazards

Struck-by and crushing hazards may be created by moving cargo (vehicles), moving machine parts (mechanical motion), loss of control of handling equipment or other heavy objects, watertight doors, falling objects etc.

#### Hazards of working with electricity/electrical equipment/power tools

Electricity is associated with hazards such as contact with live parts causing electrical shock and burns; fire and explosion hazards.

#### Fall Hazards

Falls can range from simple slips, trips and stumbling on obstacles, to a person falling from height (i.e. while working aloft, over the side, on scaffolds, ladders etc.). Even though slipping and tripping accidents can occur anywhere, usually with minor consequences, in maritime settings the consequences can be much more serious considering ship's construction. According to EMSA's *Annual Overview of Marine Casualties and Incidents 2018*, in terms of occupational accidents, slipping/falling of persons is the main cause of fatalities (52%) on board.

One of our significant injuries in 2017, was due to slipping on deck (mentioned in the "Work-Related Injuries" paragraph of "Progress and Performance" of this section). (GRI 103-3)

#### Hazards related with lifeboats, launching appliances and on-load release gear

Accidents that occur during lifeboat drills are related to hazards such as: equipment failures or accidental operation of the release mechanism, unsafe practices followed by the crew, failure to communicate properly from one crew member to another during the drill etc.

Because of numerous accidents that have occurred in recent years during lifeboat drills, on June 2017, the IMO

adopted amendments to the existing guidelines in an attempt to make them safer.

In 2018, one of our seafarers had a serious finger injury during a lifeboat drill, due to unsafe practice used (see the "Work-Related Injuries" paragraph of "Progress and Performance" of this section). (GRI 103-3)

#### How we Manage this topic (GRI 103-2)

The company's objective is to operate with a zero level of accidents and fatalities and safeguard the wellbeing of its people.

Our Health & Safety policy sets out the general rules and principles to be followed in order to ensure that employees execute their duties and responsibilities under safe and healthy conditions, with proper concern on safeguarding human life.

The company also has in place a Drug & Alcohol policy, enforcing a clear stance of zero-tolerance for the possession and use of alcohol and drugs, so as to minimize the possibility of having an incident due to drug or alcohol abuse.

#### OCCUPATIONAL HEALTH AND SAFETY CERTIFICATION & RELEVANT PROCESSES (GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6)

As mentioned in *Safe & Secure Operations* section, apart from all mandatory certification imposed by regulations, our Management System has obtained the OHSAS 18001:2007 voluntary certification for the onboard and ashore (i.e. at its office premises) management of occupational health and safety. Implementation of said standard, was a decision undertaken by our company due to its commitment to high operational standards and people's safety.

By default, the overall aim of OHSAS 18001:2007 is to safeguard human life and to eliminate or minimize risk to employees and other interested parties<sup>1</sup> who may be exposed to OH&S risks associated with the company's activities. In this respect, our OH&S Management System (i.e. or 'SMS') covers also:

- Workers who are not employees but whose workplace is controlled by our company (for more details on who they are, see pg.83 of *Employment* section). "Workplace" controlled by our company, in our case, is our office premises and our fleet vessels.

<sup>1</sup>Interested party: person or group, inside or outside the workplace, concerned with or affected by the OH&S performance of the company (i.e. they can be workers who are not employees but whose work and/or workplace is controlled by the company, visitors etc.).

(GRI 103-2, GRI 403-9)

- Visitors coming to company's office premises or boarding its fleet vessels (e.g. maritime students boarding vessels for training purposes, family members of our crew who visit them on board while the ship is at port, any person sailing with the vessel who is not a member of the crew or a worker). (GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6)

Further to the processes and procedures mentioned in the "Safety Management System (SMS)" paragraph (i.e. pg. 32 of *Safe & Secure Operations* section), below additional functions apply with regard to occupational health and safety:

- ✓ OH&S-related familiarization procedures established on board and ashore (for employees and interested parties), communicating our company's health and safety measures, giving specific guidance and instructions (e.g. on personal safety/use of safety equipment/mustering locations and emergency-evacuation plans, raising awareness on cleanliness and hygiene standards etc.) (GRI 403-3, GRI 403-4, GRI 403-5)
- ✓ The company's Health & Safety Policy is posted at conspicuous places on board. (GRI 403-2, GRI 403-4)
- ✓ Vessels' reporting of injuries and/or illness -as occurred.
- ✓ Recording and monitoring of occupational accidents and work-related injuries; investigation and analysis, as applicable, to prevent recurrence.
- ✓ Provision of safety equipment (e.g. personal protective equipment, specialized rescue equipment etc.) as per latest regulations in force and best practice.
- ✓ Working and rest hours monitoring (i.e. through specialized software).
- ✓ Onboard random drug and alcohol tests conducted by contracted external collection providers at different locations of our operating areas.
- ✓ Food and drinking water quality monitoring: Quality of drinking water on board is being monitored through external laboratory analysis by certified providers at six-month intervals. At office premises, we have installed watercooler filters, certified by 3M, and meeting the NSF Standards (*USA National Sanitization Foundation - US National Institute of Hygiene*), as well as, all the conditions laid down for drinking watercoolers by EPDWA (*European Point-of-use Drinking Water Association, European Organization Chiller Drinking Water Faucet*). Every six-months, the filters are replaced and sanitization of the cooler takes place. (Regarding the monitoring of food quality, see pg.81 '*Healthy Food*' and '*Food & Recreational Facilities*'). (GRI 403-3)

- ✓ Health Risk Assessment resources (i.e. obtained from competent organizations, such as the *National Travel Health Network and Centre or 'NaTHNaC'*), sent to fleet vessels for voyages to destinations with identified health hazards. (GRI 403-4)
- ✓ OH&S-related informative material provided occasionally to employees to raise awareness (e.g. on workplace stress, ergonomics, first-aid etc.) (GRI 403-3)
- ✓ Access of office employees to occupational physician during their working hours - twice a month. (GRI 403-3)
- ✓ Access to quality medical and healthcare services for seagoing and shore-based employees and wellness programs (see also *Social Security and Wellness Program* paragraphs, pg. 80-81) (GRI 403-6)

#### OH&S COMPUTER-BASED TRAINING (GRI 403-5)

Our onboard training library (see also '*On board Training*' on pg. 82) includes a number of e-learning modules and maritime films (DVDs) - further expanding our seafarers' knowledge and skills on critical OH&S issues/topics namely:

- Enclosed space entry (i.e. hazard awareness, preparation for entry, entry operation, emergencies and rescue)
- Firefighting
- Personal safety
- Personal survival (i.e. familiarization, survival craft, rescue and abandoning ship etc.)
- Mooring operations (i.e. risk assessment and management, safe handling and good practice)
- Permit to work
- First-Aid (i.e. principles of first-aid, causes of unconsciousness, cardiopulmonary resuscitation/CPR, burns, shock, transporting a casualty etc.)
- Occupational Health and Safety Management System

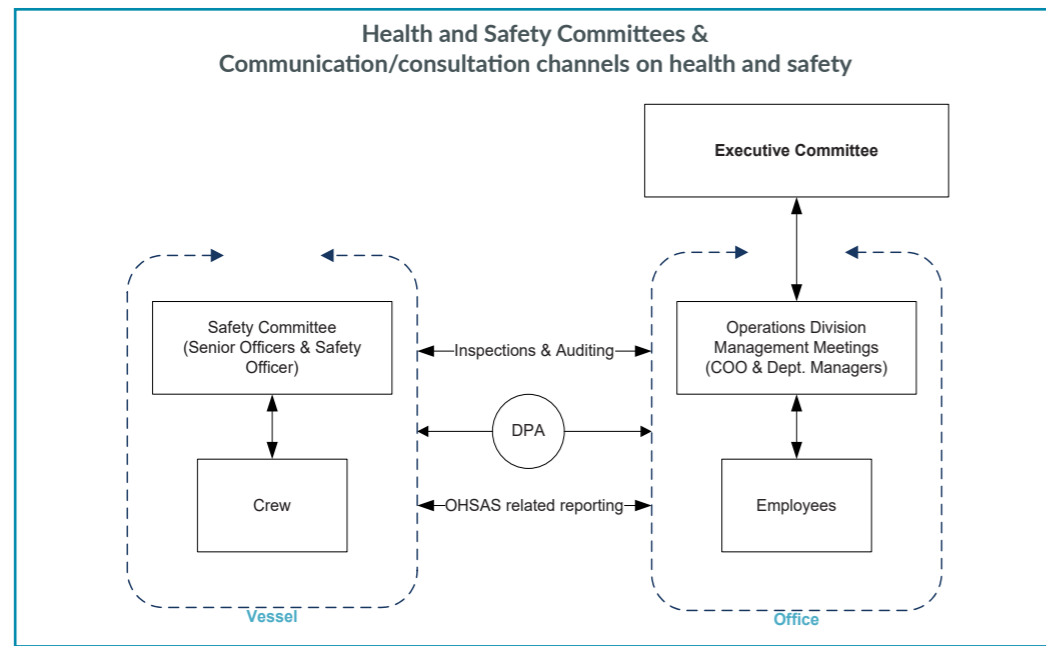
#### COMMUNICATION/CONSULTATION CHANNELS ON HEALTH AND SAFETY & RELEVANT COMMITTEES

(GRI 403-2, GRI 403-4)

All means of communicating health and safety issues (e.g. work-related hazards/hazardous situations) and receiving relevant input from employees can be grouped in two main categories:

a) through *OH&S related reporting* (e.g. Complaints form, familiarization forms during induction at the office/pre-joining of crew, near-miss/incidents forms, reporting of defects through the PMS, Master's reviews, handover reports and checklists, direct communication through

(GRI 103-2)



emails, post-service interviews followed by written comments of the seafarer after their disembarkation, internal reporting process as described on pg.97)

b) through *inspections and auditing* processes and procedures of our Safety Management System (e.g. riding audits/onboard attendances including personal interviews with crew members, office internal audits, third party inspections and auditing etc.).

In both cases, all input is recorded and reviewed. Then, relevant follow-up actions are planned and performed, based on each case.

Relevant committees and specific roles which oversee health and safety matters and compliance are the following:

- The onboard *Safety Committee* (its members represent the crew. They are senior officers from ship's departments, including the Master and the Chief Officer who is also the *Safety Officer and Seafarer's Representative* on board the ship). Twice a month, a *Safety Meeting* is held on board, where the committee with the rest of the crew consult on such issues.
- As required by the ISM Code, there is a *Designated Person Ashore (DPA)*, responsible for ship's safety. By requirement, this role oversees implementation of the SMS and has direct access to the highest level of management - hence creating an important link between the ship and company's management.
- The *Operations Division Meetings* ashore (held periodically) where all health and safety issues and topics are presented, thoroughly discussed and decided upon (see also pg.32). The decision making authority within these meetings lies with the COO - and whenever deemed necessary, the Executive Committee is further consulted.

Workers who are not Neptune Lines' employees and/or other interested parties, may report any feedback regarding OH&S issues related with our operations and activities, through their respective contact-points/appointed departments within our company (e.g. stevedores are in contact with our Cargo Quality dept., customers have designated Customer Service Coordinators with whom they consult etc.). Their input will be conveyed through respective department head(s) to the Operations Division Management Meeting - to be further discussed and decided upon. (GRI 403-2, GRI 403-4)

#### OH&S IMPACTS LINKED TO OUR OPERATIONS AND SERVICE BY OUR BUSINESS RELATIONSHIPS (GRI 403-7)

Neptune Lines expects from its business cooperators and suppliers to operate in compliance with all occupational health and safety standards applicable to their industry and nature of operations. Through our *Suppliers' Code of Conduct* we communicate to them our requirements and expectations with regard to occupational health and safety - which can be summarized as follows:

- To provide a safe and healthy working environment and protect their employees from any harm arising from workplace activities.
- To have in place OH&S processes and procedures in accordance with any applicable national and international standards and sector requirements.
- To provide their workers with the required personal protective equipment and training necessary to safely perform their assigned functions.
- To continuously work to reduce and mitigate health and safety hazards and risks in their workplace.
- To exercise due diligence when designing, manufacturing and/or testing products, so as to

(GRI 103-2)

protect against product defects which could harm the life, health or safety of people likely to be affected by the use of such a product.

- To maintain valid certification for health and safety systems implemented for the execution of their service or for the production of the equipment, as required by law, and provide such certificates (and/or tests, test-results, requested information on origins of materials etc.), upon request. (GRI 403-7)

#### Progress and Performance (GRI 103-3)

##### SPECIALIZED SAFETY TRAINING (GRI 403-5, GRI 403-9)

###### Advanced firefighting & Lifeboats live Training

In 2018, the company launched a series of specialized training courses for seafarers whose onboard role is highly relevant to safety.

Conducted by a competent training provider, in collaboration with the Hellenic Navy, these courses involve practical live "hands-on" training on two critical safety issues: the correct operation and maintenance of conventional lifeboats (2-day course) and advanced firefighting techniques (5-day course). They are performed at a controlled environment in specially designed facilities, under the supervision and guidance of training experts of the field.

So far, 11 seafarers have participated in the lifeboat training and 8 in the advanced firefighting. These courses will continue over the next years for relevant personnel.

##### WORKING AND REST HOURS MONITORING

Working on board is challenging and needs energy at all times. Fatigue is seen as a significant contributory factor to

many maritime incidents and injuries. Effective monitoring of crew working and rest hours is a crucial task; yet, not an easy one due its complexity.

In 2018, we changed the existing onboard software for the record keeping and monitoring of the crew working and rest hours.

The new, specialized software, due to its user-friendly interface and easy-to-use functions, made it easier for our crew to record and observe their working and rest hours, so as to monitor the occurrence of a violation.

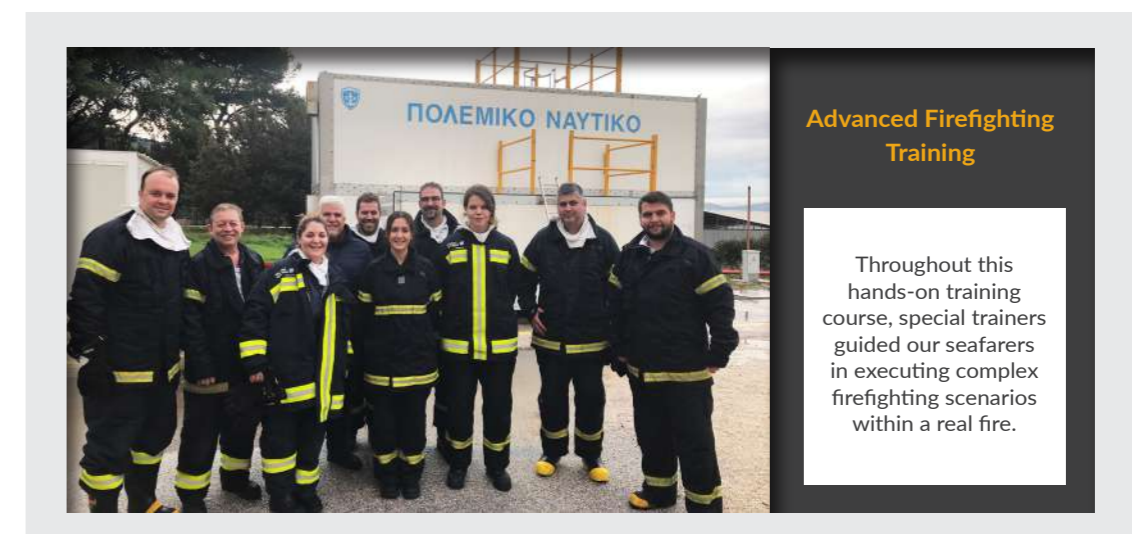
It has also facilitated respective analysis from the office-side (through the generation of useful reports) enabling effective decision-making in terms of human resources management (i.e. placing additional crew on board where needed).

##### OCCUPATIONAL HEALTH AND SAFETY KPIs

###### Work-Related Injuries (GRI 403-9)

The company monitors and reports on employee injuries (office and shipboard). We do not report on possible injuries of other interested parties (i.e. workers who are not our employees and visitors to our office/vessels), as relevant numbers are not currently monitored and recorded. It should be clarified, though, that exclusion from our reporting scope does not exclude continuing to meet obligations, regulatory requirements and requirements deriving from our OHSAS-certified SMS. OH&S-related injuries arising out of any act, neglect or default on board or at office premises, or in relation to our vessels or the handling of their cargo, are indeed covered by our company and its insurance coverage.

Work-related injuries of office personnel remain at a zero level. Regarding fleet vessels, the most frequent injury types that occurred during 2017/18 were eye and finger



(GRI 103-3, GRI 403-9)



injuries. In 2018, there were also some minor chemical burns and leg bruises.

In 2017, there were in total 13 recordable injuries on board - of minor importance in their majority - caused mainly due to accidental hits; Some of these injuries involved prescribed resting periods, therefore resulting in increased lost days on board (i.e. 52 days off-duty in total). The Lost Time Injury Frequency (LTIF) rate of that year was 2.46 incidents per million hours.

In 2018, there were more injuries recorded than 2017 (i.e. 19) however, with fewer days off-duty (i.e. 28 days were lost in total). The LTIF for 2018 decreased to 1.92 incidents per million hours as there were less Lost Time Injuries (LTIs) and fewer exposure hours.

Within 2017, one high-consequence injury occurred. In particular, during mooring operations at port, a deck cadet slipped on wet deck, fell down and hit the back side of the head. After the completion of his medical treatment and a six-month recovery period, he was fit for duty and continued his onboard service. Special attention was drawn on the case on board and additional training was given to the mooring team for the incident.

Then in 2018, another high-consequence injury occurred during the launching of lifeboat for testing purposes. When the lifeboat was 1 meter above sea level, the 2nd Officer who was standing inside the lifeboat, was holding with his left hand the lifeboat remote control wire while with his right hand was trying to activate the emergency release mechanism by handle. When the on load release mechanism was activated, the lifeboat was released to the water violently and the sudden move of the remote control wire amputated two phalanxes of two fingers of the 2nd Officer's left hand - who was erroneously still holding the remote control wire. The crew member was hospitalized and after proper treatment he assumed his duties on board within 5 months.

As follow-up actions, relevant guidelines were sent to all vessels and caution instructions were posted inside the

lifeboats. Moreover, to further enhance seafarers' skills in the operation of lifeboats, a series of practical, live "hands-on" training was launched on the safe operation of conventional lifeboats, as mentioned earlier in the "Specialized Safety Training" paragraph of present section.

(GRI 403-5)

#### Office Absenteeism

*Absenteeism* refers to employees missing part or whole days of work due to personal illness, personal business, or other reasons; their absence may be avoidable or unavoidable.

These absences, expressed as *absentee days* (i.e. workdays lost), do not include permitted leave absences (such as holidays, study, maternity or paternity leave, and compassionate leave).

The company monitors office absenteeism by calculating on an annual basis the *absenteeism rate*. This rate is also used as an indirect indicator which may hint underlying workplace problems (such as plummeting morale and dissatisfaction among employees).

Absenteeism rate is a measure of actual absentee days lost within a company. It can be expressed as a proportion of total days lost (the numerator) relative to the total number of days scheduled/supposed to be worked by employees for the same period (the denominator).

The total number of days scheduled/supposed to be worked by company's employees within one calendar year are calculated by multiplying the total number of office employees of said year with the 251 calendar days - i.e. the working days for a period of one year (in 2018 they were 252).

In 2017, the annual office absenteeism rate was 0.0093 (i.e. 0.93% of the total working days of that year were absentee days). In 2018, the rate decreased to 0.0067 (i.e. 0.67% of the total working days of said year were absentee days).

## Human Rights, Diversity & Equal Opportunities

*Strength lies in differences, not in similarities. (Stephen R. Covey)*

*Diversity refers to anything that makes us different from each other and unique as individuals; it fosters innovative thinking within a company and its role is key to sound business decision making. Despite our valuable differences, though, we are all completely equal and entitled to the exact same rights.*

Neptune Lines respects the uniqueness of each and every individual and aims to treat everyone equally, with dignity and respect.

Wishing to play an active role in protecting human rights in our sphere of influence, we are seeking ways to contribute not only to the elimination of their abuse, but also to their further advancement.

Being a signatory to the United Nations Global Compact (UNGC), our company has embraced its 10 Principles and is committed to demonstrating its efforts and progress with regard to the protection and further support of internationally proclaimed human rights (i.e. as these are expressed in the *International Bill of Human Rights* and the *ILO Core Conventions on Labor Standards*).

Through our community investment programs and variety of actions we support fundamental rights, such as the right to an adequate standard of living and the right to

education and self-development (see the *Community Investment* section).

We also truly value and pursue diversity in our business relations; being a company that cherishes its long-term relationship with business partners from various places in the world and different cultures, Neptune Lines has gained a lot in terms of knowledge, experience and valuable insight thanks to its diversified network.

In the same context, we seek to engage diverse employees that will bring a wealth of different thinking within the company. We believe that diverse personnel plays a critical role in company's ability to adapt, grow and remain sustainable in the modern business landscape.

We also believe in gender equality. Being a company that is chaired by a woman, Neptune Lines invests in the potential and skills of female employees, ashore and on board.





## Neptune Lines does not tolerate child labor and any form of forced or compulsory labor in any of its operations.

### COMMITMENT TO HUMAN RIGHTS AND RELATED POLICIES

Our commitment to human rights and relative expectations from our employees, business partners and other parties directly linked to our operations and services, are reflected in our corporate Code of Conduct.

They are also enforced by related corporate policies in place:

- *Non-Discrimination Policy*: prohibiting discrimination of any kind and protecting the right to be free of hate activity.
- *Health & Safety Policy*: developed to protect the right to safe, healthy and decent working conditions on board and ashore.

It is our goal to gain insight into relevant global guidelines from related institutions and organizations (such as, the 'Guiding Principles on Business and Human Rights' of the United Nations, respective guidelines from the ILO etc.) to further advance our existing policies.

### FORCED OR COMPULSORY LABOR

"Forced or compulsory labor is any work or service that is extracted from any person under the menace of any penalty, and for which that person has not offered himself or herself voluntarily" (*ILO Forced Labor Convention, 1930 -No. 29*).

Neptune Lines does not tolerate any form of forced or compulsory labor and degraded treatment of workers.

Work should only be performed as a result of free will, under no threat or physical punishment and employees should be free to leave whenever they wish in accordance with established rules.

All of Neptune Lines' contractors, providers and business cooperators are required to uphold the same standards and give workers, whether local or migrant, the right and the ability to leave employment when they choose.

Where adherence to forced or compulsory labor provisions of national laws and regulations is insufficient, our company takes account of international standards.

### CHILD LABOR

According to the ILO '*child labor*' is defined as "work that deprives children (any person under 18 years old) of their childhood, their potential and their dignity, and that is harmful to their physical and/or mental development. It refers to work that:

- is physically, mentally, socially or morally dangerous and harmful to children; and/or
- interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work."

Neptune Lines does not tolerate child labor in any of its forms and fully supports the fundamental ILO standards that constitute the two legal pillars for the global fight against it (i.e. *ILO Convention No.138 and 182*).

We are committed to make sure that our operations do not contribute in any way (whether directly or indirectly through our business relationships) to violations of children's rights.

### DIVERSITY AND NON-DISCRIMINATION

Neptune Lines respects diversity and does not tolerate discrimination, or such behavior in the workplace, on any grounds (e.g. based on gender, race, color, age, origin, beliefs and opinions, preferences, individual disability, family status, or any other protected characteristic/status).

The company is committed to:

- Offer equal employment opportunities, in conformance with all applicable laws and regulations, to individuals who are qualified to perform job requirements.
- Ensure no unlawful discrimination is practiced in any aspect of the employment relationship (i.e. compensation/wages and benefits/remuneration, training and development opportunities, promotion, relocation, termination etc.).
- Provide an inclusive working environment, free from any form of disrespectful treatment and hate activity such as harassment and bullying.

- encourage employees to report any concerns regarding discrimination in the workplace.
- protect employees from retaliation for bringing about a complaint or for assisting in an investigation into discriminatory practices.
- investigate any case reported and respond through appropriate and timely action.
- ensure that no discrimination is practiced in the service provided to customers and in the business relationships with business partners.

### Gender Equality

Female employees are equally treated, remunerated and promoted within the company, as male employees.

They are offered the same professional development opportunities and have the same access in decision making processes and senior positions.

On board fleet vessels we fully support the employment of female seafarers through our Cadet Program and strive to achieve a balanced overall ratio of men and women.

It is Neptune Lines' goal to further enhance the representation of women throughout the company, as well as, their occupation in challenging assignments.

### INTERNAL REPORTING (GRI 403-2, GRI 403-4)

Neptune Lines encourages all employees to report any concerns they may have with regard to their own rights, as well as, possible incidents of discriminatory or other disrespectful behavior such as bullying and harassment.

Ownership of human rights and issues of personnel conduct lies with the Human Resources department and in the case of seafarers, Crewing is primarily involved.

These two departments make sure that employees feel comfortable to report any workplace issue they might be



facing or any misconduct that comes to their attention - feeling certain that they will not be penalized or pinpointed for coming forward.

Neptune Lines will protect an employee who reports any concern, from retaliation or reprisal (i.e. relative clause is included in the *Code of Conduct and Company Policies Acceptance* form which is signed by employees) and will act with discretion and due diligence to resolve any issue.

Following adequate investigation, if an actual breach of company's policies and Code of Conduct is identified, then the case will be brought to the attention of the Senior Management who shall decide on the course of action. (GRI 403-2)

**AVOIDING COMPLICITY IN HUMAN RIGHTS ABUSES**

Assessing human rights impacts is a complex task for any company, especially those with global operations and business relationships, such as our own.

Being part of a rather large supply chain, Neptune Lines faces this major challenge and the risks arising through its many business relationships - both direct (i.e. as in the case of our port agents who are our closest business cooperators) and indirect (i.e. entities where our company has no control over their business and activities, as in the case of authorities).

Presently, the company manages this issue:

- Through explicit clauses in our Suppliers Code of Conduct referring to human rights protection and termination of the business relationship with our company in case of evidenced complicity in any such violation.
- By reminding company departments to be alerted during everyday practices and decision-making (e.g. in selecting providers) and reporting any related concerns.
- Through management meetings of our Sustainable Development Committee (i.e. with the participation of our Senior Management) enabling the identification of such risks and possible impacts arising from our operations or business network.

Despite these efforts, we acknowledge that human rights assessment of our supply chain has space for improvement in order to be more thorough and as comprehensive as possible; it is within our goals to upgrade our existing processes over the next years.

**Progress and Performance (HR-1, GRI 406-1)**

**Internal Reporting**

During 2018, there were no cases reported by employees regarding human rights issues or discrimination and other unaccepted conduct within the company and on board fleet vessels.

There was only one complaint reported in 2017, regarding the misconduct of an office employee disrespecting the rest of the team.

Our Human Resources finally resolved the issue with discretion, keeping the focus on behavior and problems rather than people.

Efforts resulted in a constructive meeting, where involved individuals agreed to cooperate in a better manner - in accordance with the corporate Code of Conduct and company policies.

**Incidents with regard to Human Rights abuses or complicity in violation**

During the reporting period, there were no external human-rights related incidents reported or identified in our network of business cooperators and suppliers.

There were also zero legal offenses or accusations of human rights abuse (i.e. including offenses or accusations concerning forced or compulsory labor and/or child labor), or complicity in such, against our company.

# Diversity Facts & Figures (GRI 405-1)

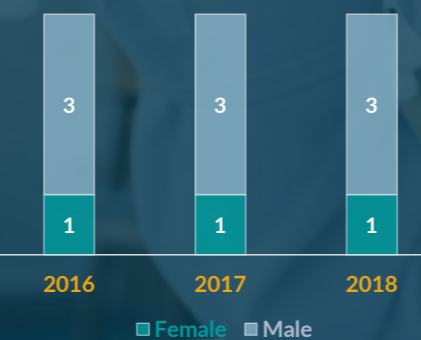
## Shore-based Personnel

### Nationalities Occupied Ashore

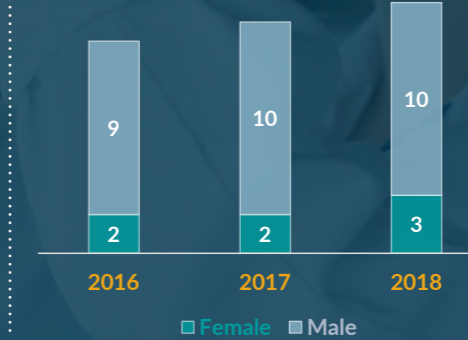


### Number of Employees by Gender and Employee Category

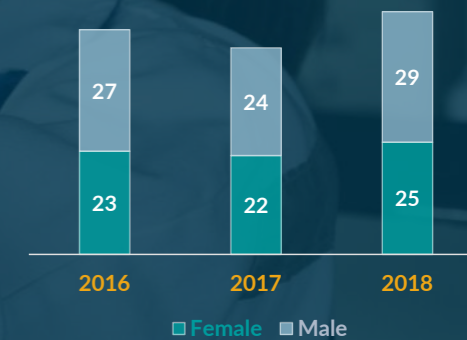
#### Senior Management & Leadership



#### Middle Management



#### Employees



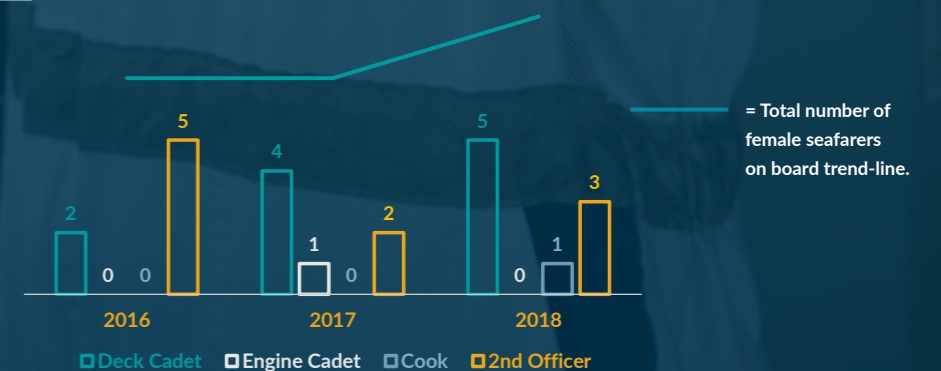
## Shipboard Personnel

### Nationalities Occupied On Board



### Number of Female Seafarers by Rank (DE-1)

The below chart shows the number and rank of female seafarers who were on board our vessels on December 31<sup>st</sup> of each year. We chose to use this figure, even though it is not fully indicative of the women representation on board throughout the whole year, so as to be consistent with the rest of the GRI disclosures (i.e. which are based on the number of employees at the end of each calendar year. See 'Employment Figures' pg. 83-85).



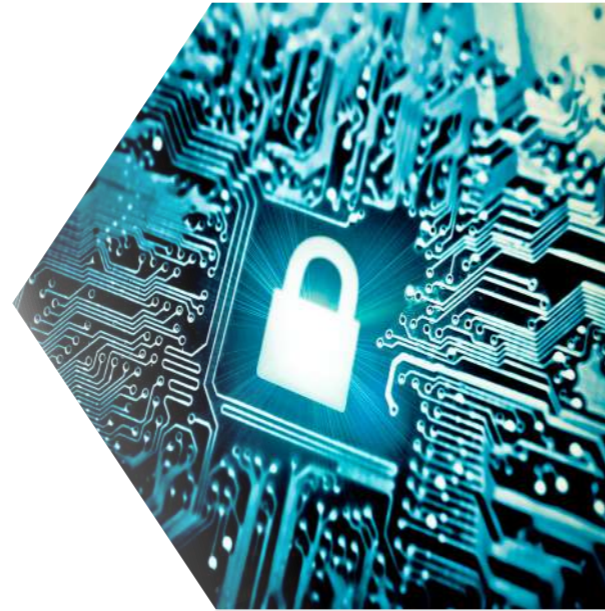
Creating Value  
through **Digital  
Technology**



# Data Management & Data Protection

*“Nearly 40 percent of all businesses will die in the next 10 years if they don’t figure out how to change their entire company to accommodate new technologies.”*

*(John Chambers - outgoing CEO of Cisco Systems, 2015)*



## Towards Digital Transformation

Digital transformation is defined as leveraging digital technology to drive strategic improvement across the company<sup>1</sup>.

With the current technological landscape where almost everything is literally being transformed to digital, this ‘wind’ of change can no longer be undervalued. Our company has realized that some years ago and decided to take advantage of it and invest in digital technology, as an auxiliary force towards sustainable development.

Evaluating that decision today, taking into account the course of things and rapid evolutions in technology during this period (i.e. in infrastructure, communications, increasing data flows and the need to minimize disruptions etc.), it was a decision well-made. Thanks to a timely planning, preparation and installation of new hardware and software, by the end of 2017, our company’s platform was ready to support more advanced business functions.

Since 2015, there has been an enormous increase of data transacted from Neptune Lines’ vessels, in the tune of 900%. Modern satellite connectivity contributed towards this direction by providing improved stability, higher speeds and no data volume limitations.

At the same time, this caused a serious need for enhanced data-handling capabilities, efficiency, redundancy and of course, tight security. Lately, the maritime industry has been a frequent target of many cyber criminals, aiming to extract money and cause serious business disruption by taking advantage of the weak security due to the lack of modernization of information technologies of the sector.

Our company has been targeted six times during the reporting period: two times the office email system and

four times our fleet vessels. The office threats were dealt with timely and successfully before materializing and causing any harm. In the case of our vessels, the response from our IT/IS personnel was rather fast and effective and all affected vessel systems were fully restored without causing disruption of operations.

For all the above, Neptune Lines is proud for its quick and efficient adaptation of state-of-the-art technologies, towards safeguarding its headquarters and vessels from cybercrime.

## VESSELS

During the reporting period, the company invested heavily on vessels’ infrastructure covering three major pillars:

- Satellite Communications
- Internal firewalls and security
- IT infrastructure

All our vessels have been fitted with VSAT systems which provide high-speed data connections with Committed Information Rate (CIR) agreements for constant bandwidth availability. At the same time, the Fleet Broadband (FBB) system was kept active to provide a backup data connection solution.

A new communication box was introduced on our vessels which replaced the old and obsolete firewall. This new box, provides the necessary firewalling features and additionally controls access to internet for both business usage and crew; it also provides for connectivity failover



**The world is generating data at an exponentially increasing rate. Ninety percent of all existing data was created in these last two years.”** [\(GDPR:REPORT - February 23<sup>rd</sup>, 2018\)](#)

between the satellite systems and offers the advantage of 'Voice over Internet Protocol (IP)' telephony. Last, through the fast and unlimited data exchange, it leads to a more detailed and accurate reporting (data quality and validity) as well as a centralized management through remote connectivity. Information and data sharing is now available easily without interruptions, bringing the vessels much closer to office.

Moreover, all vessel computers and servers were replaced with new. Virtualization was adopted for improved and efficient resources management. A cluster of three highly available servers provide the vessel the required reliability for both CPU capabilities and centralized data storage. For the first time, automated data backup is available.

Last, internal policies have been implemented in order to provide user-level access control and monitoring. Up-to-date operating systems and a combination of two online different anti-viruses were installed, to further ensure that no threat will interrupt operations and business continuity.

## OFFICE

From the office side, the following projects took place:

- Company's disaster recovery site was moved from the cloud where previously held, to a private site in another European country. The site is on line and ready to be activated in case of an emergency.
- Internal networking has been revised towards performance, reliability and security.
- Revised and newly adapted security policies for both user access and external system connectivity have been introduced. More specifically, the company proceeded with a collaboration with one of the best Cyber Security and Intelligence Technology & Services providers who perform a real-time monitoring on all systems and provide valuable directions towards the strengthening of both peripheral and internal security.
- A specialized provider was appointed to upgrade and maintain one of our main, in-house developed ERPs in order to optimize our database performance through big data and predictive analytics.

Over the coming years, we will continue to invest in information systems and technology as they have become an integral part of decision-making. Besides, we believe, that a company who strategically implements digital technology, generates value and creates new pathways not only to success but to their very own sustainability.

## Data Protection (GRI 418-1)

### PREPARATION FOR THE GENERAL DATA PROTECTION REGULATION (GDPR)

The European Commission took a major step to standardize online privacy protections for its citizens. The General Data Protection Regulation (GDPR), that came in force on May 25<sup>th</sup> 2018, requires businesses to comply with new rules for collecting, sharing, and protecting personal data within the borders of the European Union (EU) or when exporting information internationally. In case of non-compliance, steep fines are imposed.

In view of the new regulation, Neptune Lines appointed a specialized advisory firm to assess all business processes and functions. Said firm performed relevant gap analysis and guided all company levels throughout the whole process of implementation of the new requirements.

Within 2017-2018, training workshops were held within the company, which prepared the path for implementation (see also "Corporate Training Programs" paragraph, pg.82).

### CUSTOMER DATA PROTECTION

Protection of customer data and handling of customer requests and information with confidentiality, is critical in our business. Neptune Lines' investment in internal and external data security and its focus on flawless customer service aim to protect the reputation, business interests or any other information that each customer entrusts to our company.

During the reporting period, there were not any complaints received concerning breaches of customer privacy and losses of customer data.

<sup>1</sup>. Technopedia : Common Digital Transformation Mistakes to Avoid (Giancarlo Di Vece)

# Reporting Requirements

ΑΝΤΙΓΡΑΦΟΝ ΗΜΕΡΟΛΟΓΙΟΥ ΓΕΦΥΡΑΣ  
 DECK LOG EXTRACT

Νεπτυνή Thalassa

Ημερομηνία (2) Date Friday, 2<sup>nd</sup> of May 2009 GMT +3

ΑΤΜΟΠΛΟΙΟΥ VESSEL  
 ΠΡΟΠΗΛΙΑΣ TO Zorpe

ΣΥΜΒΑΝΤΑ (11) REMARKS  
 Sky clear, Vis good, sea moderate  
 safely. Ice sounds carried out  
 in Scales S. D. D.

ΑΝΕΜΟΣ(9) WIND		Barom. Baro (10)
Αερο-θώρας Επιδεί-ξηση	Εντα-σις Force	

(GRI 102-46, GRI 102-49)

# Materiality Analysis

## Process Overview

For this report, we used the *GRI Standards* and the United Nations' *Sustainable Development Goals (SDGs)* as frameworks to report and present our company's impacts.

By the term *impacts* we refer to the effects our company has on the economy, the environment and society which, in turn, can indicate its contribution -positive or negative- to sustainable development.

In this context, we had to perform a new materiality analysis that follows the GRI Standards' requirements.

*Materiality* is the principle that determines which sustainable development topics are sufficiently important that is essential for our company to report on them.

Following this principle, we assessed topics against the following two dimensions: significance of company's impacts<sup>1</sup> and influence on assessments and decisions of stakeholders.

This process follows three distinctive phases:

- I. Identification of relevant sustainable development topics (i.e. those that potentially merit inclusion in the report)
- II. Prioritization of topics that were identified in the first phase and determination which of those are material
- III. Validation of the material topics

In order to perform a more thorough materiality assessment in accordance with the GRI Standards, our company decided to draw on external expertise.

## PHASE I: IDENTIFICATION OF RELEVANT SUSTAINABLE DEVELOPMENT TOPICS

During the first step of the materiality analysis process, the GRI Principles of *Sustainability Context* and *Stakeholder Inclusiveness* were applied.

To prepare the list of relevant topics the external experts:

- Reviewed our previous Sustainability Report.
- Conducted an online media review for 2016 and 2017.
- Reviewed topics found in international sustainability publications and leading global framework (i.e.

GRI Standards, ISO 26000, UN SDGs, UNGC CoP, GRI Publication: '*Sustainability topics for sectors: Water Transportation*', SASB: '*Marine Transportation*', Sustainable Shipping Initiative and Robeco SAM).

- Conducted a peer review of publicly available sustainability reports of other companies of our sector.
- Reviewed corporate documents related to strategic direction and impacts (i.e. Code of Conduct, Company Policies, S.W.O.T. Analysis, Management Review Reports, press clippings, Employee Effectiveness Survey).

The topics that were identified by our company based on the above process, were the following (in random sequence):

1. Employment
2. Training & Development
3. Occupational Health, Safety & Wellbeing
4. Human Rights, Diversity & Equal Opportunities
5. Economic Value Distributed
6. Responsible Supply Chain
7. Compliance & Business Ethics
8. Safe & Secure Operations
9. Protection of Personal Data
10. Community engagement
11. Innovation
12. Cooperation with Stakeholders
13. Business Continuity & Emergency Preparedness
14. Energy Efficiency
15. Emissions & Climate Change
16. Effluents & Waste (Ecosystem Impacts)
17. End of Vessel Life Management & Materials Traceability
18. Sourcing & Materials

## PHASE II: PRIORITIZATION OF IDENTIFIED TOPICS

In order to assess the priority level of each topic, we considered the GRI Principles of *Materiality* and *Stakeholder Inclusiveness* prioritizing the topics identified in Phase I against the two aforementioned dimensions of:

- Significance of the topics' impacts to *Sustainable Development*
- Significance of the topics for *Neptune Lines' Stakeholders*.

## Significance of the topics' impacts to Sustainable Development

To prioritize the identified topics with regard to the first dimension, we organized a workshop within our company with the participation of our senior management.

During this workshop, our management rated the eighteen topics based on *internal business criteria*: i.e. influence of each topic on our company's business model, its reputation, its ability to achieve its objectives, as well as, the degree to which it constitutes a core competency or priority for Neptune Lines.

The topics were also rated and prioritized based on *external criteria* (i.e. broader economic, social, and/or environmental interests, topics and trends).

Then, the results of both the internal and external assessments were taken into account, providing an initial ranking of the topics.

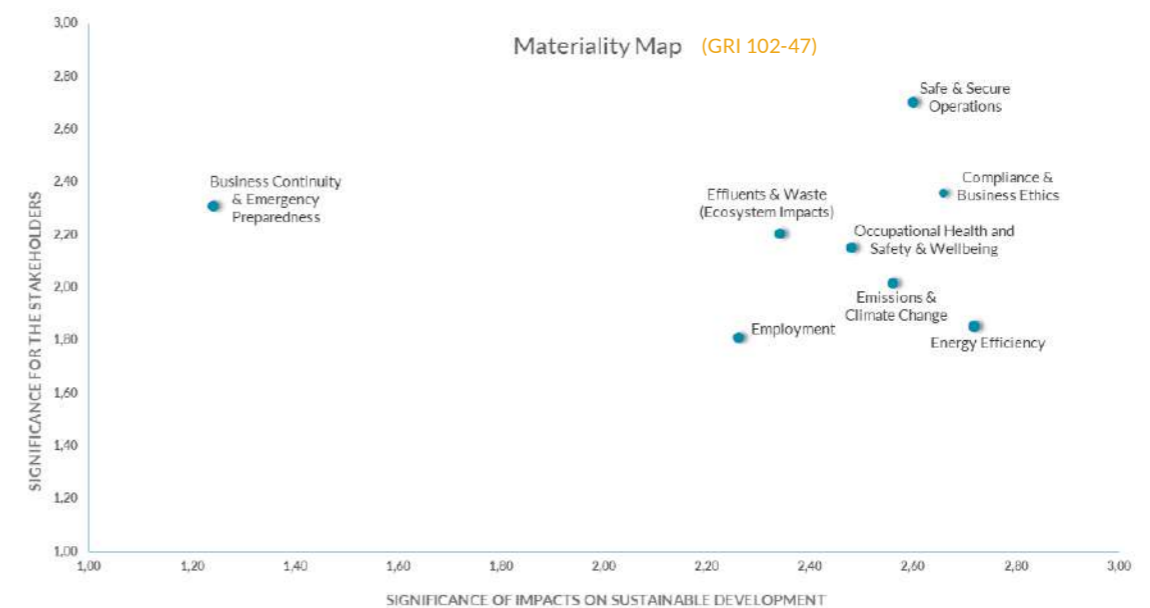
## Significance of the topics to Neptune Lines' Stakeholders

For the second dimension, an electronic survey was conducted with the participation of stakeholders, in order to assess to which degree each of the topics influences their assessments and decisions.

The survey was addressed to all stakeholder groups - including shore-based and seagoing employees.

Apart from the eighteen topics included in the questionnaire, respondents were encouraged to mention any other topic they deemed necessary for our company to consider.

The analysis of the results led to another ranking of the topics, this time from the stakeholders' perspective.



(GRI 102-46, GRI 102-49)

## Materiality Matrix

Mapping the two-dimensional ranking of the eighteen topics, we ended up with a matrix for all of them.

X-Axis stands for: significance of each topic's impact to sustainable development.

Y-Axis stands for: significance of each topic for Neptune Lines' Stakeholders.

The higher each topic scored in each one or both dimensions, the more material it was considered.

After internal consultation within the sustainability team members, it was decided that the material topics for our company are the eight topics in the upper right area of the matrix - as demonstrated below.

## PHASE III: VALIDATION

In the final phase of the materiality analysis process our sustainability team validated the results of Phase II with the company's senior management and Sustainable Development Committee. During this phase, the GRI Principles of *Completeness* and *Stakeholder Inclusiveness* were implemented.

During this validation process, all eight topics were reconsidered so as to determine whether they are *sufficient* to reflect Neptune Lines' economic -environmental and/or social impacts.

It was finally decided that these eight topics were the company's material topics for the reporting period and are presented in detail within this sustainability report. The topic boundaries for each topic are further explained in the specific section of each material topic.

<sup>1</sup> The term 'impact' can refer to positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impacts.



Content Index  
NEPTUNE LINES SHIPPING  
AND MANAGING  
ENTERPRISES SA

Sep 2019  
Service

(GRI 102-55)

# GRI Content Index

"For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report."

(GRI 102-55)

**Important Note:** In the report, when the **GRI disclosure labels** are placed at the top or bottom of a page, they refer to the entirety of the page contents. When they are placed next to a section, they refer to the entire section - including sub-sections (if any).

GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (i.e. part omitted, reason, explanation)	External assurance
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
<b>Organizational profile</b>				
GRI 102: General Disclosures 2016	102-1 Name of the organization	pg.9	-	Yes
	102-2 Activities, brands, products, and services	pg.9	-	Yes
	102-3 Location of headquarters	pg.14	-	Yes
	102-4 Location of operations	pg.12 & 14-15	-	Yes
	102-5 Ownership and legal form	pg.9	-	Yes
	102-6 Markets served	pg.9 & 14-15	-	Yes
	102-7 Scale of the organization	pg.12-13 & 83	-	Yes
	102-8 Information on employees and other workers	pg. 83	-	Yes
	102-9 Supply chain	<a href="#">Neptune Lines Sustainability Report 2014-2015</a> pg.10-11	-	Yes
	102-10 Significant changes to the organization and its supply chain	pg.15 & 23-24	-	Yes
	102-11 Precautionary Principle or approach	pg.54	-	Yes
	102-12 External initiatives	pg.13 Neptune Lines is also a <a href="#">Signatory</a> of the UN Global Compact.	-	Yes
	102-13 Membership of associations	pg.13	-	Yes
<b>Strategy</b>				
102-14 Statement from senior decision-maker	pg. 6-7	-	Yes	
<b>Ethics and integrity</b>				
102-16 Values, principles, standards, and norms of behavior	pg.10-11	-	Yes	
<b>Governance</b>				
102-18 Governance structure	pg.16	-	Yes	
<b>Stakeholder engagement</b>				
102-40 List of stakeholder groups	pg.17	-	Yes	
102-41 Collective bargaining agreements	pg.83	-	Yes	
102-42 Identifying and selecting stakeholders	<a href="#">Neptune Lines Sustainability Report 2014-2015</a> pg.18 & 29	-	Yes	
102-43 Approach to stakeholder engagement	pg.17-19 and <a href="#">Neptune Lines Sustainability Report 2014-2015</a> pg.18-23	-	Yes	
102-44 Key topics and concerns raised	pg.18-19 & 79 and <a href="#">Neptune Lines Sustainability Report 2014-2015</a> pg.20-23	-	Yes	

GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (i.e. part omitted, reason, explanation)	External assurance
<b>General Disclosures</b>				
<b>Reporting practice</b>				
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	This report is about <i>Neptune Lines Shipping and Managing Enterprises SA</i> who is a subsidiary of <i>Neptune Holding Overseas SA</i> and has no consolidated financial statements.	-	Yes
	102-46 Defining report content and topic Boundaries	pg.106-107	-	Yes
	102-47 List of material topics	pg. 105	-	Yes
	102-48 Restatements of information	There are not any restatements for the report time period.	-	Yes
	102-49 Changes in reporting	pg.106-107	-	Yes
	102-50 Reporting period	Two fiscal years (i.e. from January 1 <sup>st</sup> 2017 to December 31 <sup>st</sup> 2018).	-	Yes
	102-51 Date of most recent report	<a href="#">Neptune Lines Sustainability Report 2014-2015</a> (Sept. 2016)	-	Yes
	102-52 Reporting cycle	Biennial	-	Yes
	102-53 Contact point for questions regarding the report	Health-Safety-Quality-Environmental Department: Email: <a href="mailto:hsqe@neptunelines.com">hsqe@neptunelines.com</a> Phone: +30 210 4557700	-	Yes
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	-	Yes
	102-55 GRI content index	pg.108-113	-	Yes
	102-56 External assurance	a) We sought limited external assurance from an independent assurance provider to ensure that the agreed disclosures for specific sections of this report and for the year 2018 meet the relevant requirements of the GRI Standards.  b) pg.117-119.	-	Yes

(GRI 102-55)

GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (part omitted, reason, explanation)	External assurance
<b>Material Topics</b>				
<b>Compliance &amp; Business Ethics</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.25 & pg.52.	-	Yes
	103-2 The management approach and its components	pg.25-30 and pg.52-54	-	Yes
	103-3 Evaluation of the management approach	pg.30 and pg.53-54	-	Yes
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	pg.29-30	-	Yes
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg.30	-	No
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	pg.54	-	Yes
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	pg.30	-	Yes
<b>Safe &amp; Secure Operations (SSO)</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.31	-	Yes
	103-2 The management approach and its components	pg.32-35	-	Yes
	103-3 Evaluation of the management approach	pg.36-37	-	Yes
Non-GRI disclosures (company-specific)	SSO-1 Third-party inspections and audits performance	pg.36-37	-	No
	SSO-2 Safety and security incidents	pg.37	-	Yes
<b>Business Continuity &amp; Emergency Preparedness (BCE)</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.38	-	Yes
	103-2 The management approach and its components	pg.38-39	-	Yes
	103-3 Evaluation of the management approach	pg.39	-	Yes
Non-GRI disclosures (company-specific)	BCE-1 Business continuity and emergency preparedness training	pg.39	-	No
	BCE-2 Business continuity and emergency preparedness cases within the reporting period	pg.39	-	Yes

(GRI 102-55)

GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (part omitted, reason, explanation)	External assurance
<b>Material Topics</b>				
<b>Emissions &amp; Climate Change</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.52, pg.55-56 and pg.67-68	-	Yes
	103-2 The management approach and its components	pg.52-54, pg.56-59, pg.66 & pg.69	-	Yes
	103-3 Evaluation of the management approach	pg.53-54, pg.58-61 & pg.68-69 See, also, in pg.37 the "Safety and security incidents" paragraph.	-	Yes
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	pg.67 & pg.69	-	No
GRI 305: Emissions 2016	305-4 GHG emissions intensity	pg.60-61	-	Yes
<b>Energy Efficiency</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.52 & pg.62	-	Yes
	103-2 The management approach and its components	pg.52-54, pg.56-59, pg.63-64 & pg.66	-	Yes
	103-3 Evaluation of the management approach	pg.53-54, pg.58-61 & pg.64-65	-	Yes
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pg.64-65	-	No
	302-3 Energy Intensity	pg.60-61 & pg.63	-	Yes
<b>Effluents &amp; Waste</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.52 & pg.70-71	-	Yes
	103-2 The management approach and its components	pg.52-54 & pg.72-75	-	Yes
	103-3 Evaluation of the management approach	pg.53-54 & pg.72-75	-	Yes
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	pg.72-75	-	No
	306-3 Significant spills	pg.74	-	Yes
<b>Employment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.78	-	Yes
	103-2 The management approach and its components	pg.78-82	-	Yes
	103-3 Evaluation of the management approach	pg.82-87	-	Yes



(GRI 102-55)

GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (part omitted, reason, explanation)	External assurance
<b>Material Topics</b>				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pg.84-85 & pg.87 ("Crew Retention Rate per Ethnicity and Employment Category")	-	Yes
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pg.80-81	-	No
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg.86-87	-	No
<b>Occupational, Health, Safety &amp; Wellbeing</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	pg.88-90	-	Yes
	103-2 The management approach and its components	pg.32-34 & pg.90-93	-	Yes
	103-3 Evaluation of the management approach	pg.36-37 & pg.93-94	-	Yes
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pg.31-32, pg.36-37 & pg.90-91	-	Yes
	403-2 Hazard identification, risk assessment, and incident investigation	pg.32-34 & 36, pg.90-92 & pg.97-98	-	Yes
	403-3 Occupational health services	pg.80-81 & pg.90-91	-	Yes
	403-4 Worker participation, consultation, and communication on occupational health and safety	pg.32-33, pg.36-37, pg.90-92 & pg.97	-	Yes
	403-5 Worker training on occupational health and safety	pg.82, pg.90-91 & pg.93-94	-	Yes
	403-6 Promotion of worker health	pg.80-81 & pg.90-91 Workers who are not employees of Neptune Lines are excluded from the scope of the non-occupational medical/healthcare services and voluntary health promotion services offered by our company.	-	Yes
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.	pg.38-39, pg.88 & pg.92-93	-	Yes
	403-9 Work-related injuries	pg.88-89, pg.90-91 & pg.93-94	-	Yes

(GRI 102-55)





GRI Standard	Disclosure	Page number(s), URL(s) and/or Direct Statements	Omission (part omitted, reason, explanation)	External assurance
<b>Non-Material Topics</b> (i.e. The below topics were not identified as "material" based on our company's Materiality Assessment Process. However, they are included in the report due to our commitment to the UN Global Compact to report on them and/or their importance either for our company and/or our stakeholders.)				
<b>Economic Value Distributed</b>				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	pg.24	-	No
<b>Community Investment (CI)</b>				
Non-GRI disclosure (company-specific)	CI-1 Community Investment Programs and Initiatives	pg.41-49	-	No
<b>Human Rights (HR), Diversity &amp; Equal Opportunities (DE)</b>				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	pg.99	-	No
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	pg.98	-	No
Non-GRI disclosures (company-specific)	DE-1 Number of female seafarers	pg.99	-	No
	HR-1 Incidents related to human rights and corrective actions taken	pg.98	-	No
<b>Data Management &amp; Data Protection</b>				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg.103	-	No

# Sustainable Development Goals (SDGs)

"Sustainable development associates three key elements, which are interlinked and interdependent: economic growth, social inclusion and environmental protection. Based on this, world leaders adopted a set of 17 Sustainable Development Goals (SDGs) during the United Nations Sustainable Development Summit in September 2015. These goals constitute the core of the Agenda for Sustainable Development to be accomplished by 2030. The SDGs, also known as the *Global Goals*, came into force on January 1<sup>st</sup>, 2016. They define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets." (*Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labor Market Indicators*, Department of Statistics (STATISTICS), Geneva: ILO, 2018)

Aligning our sustainability strategy with the 2030 Agenda, we demonstrate in this report the contribution of our business activities to the achievement of the SDGs, by reporting on our company's related impacts (i.e. positive and negative).

In the following table, we have made the connection between our material topics (as derived from our materiality analysis, explained in pg. 106-107) and their related SDGs. We have also included those topics that were not identified as material by the materiality analysis, however, they are equally important to our company.

Sustainable Development Goals (SDGs) related with our business activities and impacts	Report section(s) where relevant information can be found/page number(s)	Relevant GRI disclosure number(s)
<b>Goal 1</b> End poverty in all its forms everywhere 	-Community Investment (pg.41-45 & pg.47)	-
<b>Goal 3</b> Ensure healthy lives and promote well-being for all at all ages 	-Community Investment (pg.42-45 & pg.47) -Employment (pg.78-81) -Safe & Secure Operations (pg.31-37) -Business Continuity & Emergency Preparedness (pg.38-39) -Occupational, Health, Safety & Wellbeing (pg.88-94)	401-2, 403-6
<b>Goal 4</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 	-Community Investment (pg.41-48) -Employment (pg.78,82 & pg.86-87)	404-1
<b>Goal 5</b> Achieve gender equality and empower all women and girls 	-Employment (pg.78: "Cadet Training Program" paragraph & pg.83-87) -Human Rights, Diversity & Equal Opportunities (pg.95-99)	401-1, 404-1, 405-1, 406-1
<b>Goal 7</b> Ensure access to affordable, reliable, sustainable and modern energy for all 	-Emissions (pg.57-61) -Energy Efficiency (pg.62-66)	302-1, 302-3

<b>Goal 8</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 	-Compliance & Business Ethics (pg.30: see "Overall Socioeconomic Compliance" paragraph) -Safe & Secure Operations (pg.31-37) -Employment (pg.78-87) -Occupational, Health, Safety & Wellbeing (pg.88-94) -Human Rights, Diversity & Equal Opportunities (pg.95-99)	102-8, 102-41, 401-1, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7 403-9, 404-1, 405-1, 406-1, 419-1
<b>Goal 11</b> Make cities and human settlements inclusive, safe, resilient and sustainable 	-Community Investment (pg. 41-45)	-
<b>Goal 12</b> Ensure sustainable consumption and production patterns 	-Economic Value Distributed (pg.24) -Compliance & Business Ethics (pg.30: "Overall Socioeconomic Compliance" paragraph) -Environment - Our Approach (pg.54 "Compliance with environmental laws and regulations" paragraph) -Effluents & Waste (ecosystem impacts) (pg.72-75) -Also, same reference as in Goal 7	204-1, 302-1, 302-3, 306-2, 306-3, 307-1, 419-1
<b>Goal 13</b> Take urgent action to combat climate change and its impacts 	-Environment - Our Approach (pg.52-54) -Emissions (pg.55-61) -Energy Efficiency (pg.62-66) -Climate Change (pg.67-69)	201-2, 302-1, 302-3, 305-4, 307-1
<b>Goal 14</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development 	- Safe & Secure Operations (pg.31-37) -Business Continuity & Emergency Preparedness (pg.38-39) -Community Investment (pg.49) -Environment - Our Approach (pg.52-54) -Emissions (pg.55-61) -Effluents & Waste (ecosystem impacts) (pg.70-75)	305-4, 306-2, 306-3, 307-1
<b>Goal 16</b> Promote peaceful and inclusive societies for sustainable development; provide access to justice for all and build effective, accountable and inclusive institutions at all levels 	-Our Moral Compass (pg.10-11) -Compliance & Business Ethics (pg.25-30) -Business Continuity & Emergency Preparedness (pg.38-39) -Environment - Our Approach (pg.54 "Compliance with environmental laws and regulations" paragraph) -Occupational Health, Safety & Wellbeing (pg.92-93) -Human Rights, Diversity & Equal Opportunities (pg.95-99) -Data Management & Data Protection (pg.103: "Customer Data Protection" paragraph)	102-16, 205-3, 206-1, 307-1, 403-4, 403-7, 406-1, 418-1, 419-1
<b>Goal 17</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development 	-Company Snapshot (pg.13: "External Initiatives & EU Projects") -Our Stakeholders (pg.18-19) -Compliance & Business Ethics (pg.28: "Collective Action - The MACN") -Energy Efficiency (pg.66: participation in the Poseidon Med LNG II and CarEsmatic R&D projects)	102-12

(GRI 102-56)

# UNGC 10 Principles

As a UNGC signatory, Neptune Lines submits this report to the United Nations Global Compact (UNGC) as its Communication on Progress (CoP) - stating the company's progress with regard to the UNGC Ten Principles (as demonstrated in the below table).

Description		Reference on report section(s) & Page numbers
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	-Community Investment (pg.41-49) -Employment (pg.78-87) -Occupational Health,Safety & Wellbeing (pg.88-94) -Human Rights, Diversity & Equal Opportunities (pg.95-99) -Data Management & Data Protection (pg.103)
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	-Human Rights, Diversity & Equal Opportunities (pg.98)
<b>Labor</b>		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	-Employment (pg.82)
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor	-Human Rights, Diversity & Equal Opportunities (pg.95-98)
Principle 5	Businesses should uphold the effective abolition of child labor	-Human Rights, Diversity & Equal Opportunities (pg.95-98)
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	-Our Moral Compass (pg.11) -Employment (pg.83-87) -Compliance & Business Ethics (pg.30) -Human Rights, Diversity & Equal Opportunities (pg.95-99)
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges	-Environment - Our Management Approach (pg.54)
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	-Our History (pg.9) -Environment - Our Management Approach (pg.52-54) -Emissions (pg. 55-61) -Energy Efficiency (pg.62-66) -Climate Change (pg.67-69) -Effluents & Waste (ecosystem impacts) (pg.70-75) -Community Investment (pg.49)
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	Same as stated in Principle 8
<b>Anti-Corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	-Our Moral Compass (pg.10-11) -Compliance & Business Ethics (pg.25-30)




**This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.**

**We welcome feedback on its contents.**

COMMUNICATION ON PROGRESS

# Limited External Assurance



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**INDEPENDENT ASSURANCE STATEMENT**

**TO THE MANAGEMENT OF NEPTUNE LINES SHIPPING AND MANAGING ENTERPRISES S.A.**

The “2017/18 Sustainable Development Progress Report” (“the Report”) of Neptune Lines Shipping and Managing Enterprises SA (“Neptune Lines”) has been prepared by Neptune Lines Management, which is responsible for the collection and presentation of the information contained therein. Our responsibility is limited in carrying out a “limited level” assurance engagement of specific scope for the 2018 reporting period on the English version of the Report, as well as the review of the Report’s “In accordance – Core” option adherence against the GRI Sustainability Reporting Standards (“GRI Standards”).

Our responsibility in performing our assurance engagement is solely to Neptune Lines Management and in accordance with the terms of reference agreed between us. We neither accept nor we assume any responsibility and for any other purpose, to any other person or organization. Any reliance any third party may place on the Report is entirely at its own risk and responsibility.

**WORK SCOPE AND CRITERIA**

The assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements (ISAE3000 revised), in order to provide:

- Limited level assurance on the accuracy and completeness of quantitative data and the plausibility of qualitative information related to the GRI General Disclosures that are required as a minimum prerequisite for the “In accordance – Core” option, according to the GRI 102 Standard.
- Limited level assurance on the accuracy and completeness of quantitative data and plausibility of statements that correspond to ten (10) material topics, as those resulted from Neptune Lines’ materiality analysis, against the requirements of the respective GRI Standards for these Specific Disclosures, as well as the accuracy and completeness of quantitative data and the plausibility of qualitative information that correspond to these material topics, against the requirements of GRI 103 Standard “Management Approach”.
- Limited level assurance on the Report’s “In accordance – Core” adherence against the GRI Standards’ requirements.

The GRI General and Specific Disclosures under the scope of our engagement are indicated in the Report’s GRI Content Index, found on pages 108-113.

**WHAT WE DID TO FORM OUR CONCLUSIONS**

In order to form our conclusions in relation to the scope and criteria mentioned above, we performed (but were not limited to) the steps outlined below:

- ▶ Performed interviews with the Neptune Lines’ Management executives, in order to understand its current status of corporate responsibility and sustainable development processes, policies and activities for 2018.
- ▶ Reviewed information in order to substantiate quantitative data and statements regarding the Neptune Lines’ sustainable development performance during 2018, as these are presented in the Report.
- ▶ Interviewed executives responsible for managing, collecting and processing data related to the GRI General and Specific Disclosures under the scope of our engagement.
- ▶ Reviewed the Report for the appropriate transposition and presentation of the sustainability data linked to the GRI General and Specific Disclosures under the scope of our assurance engagement, including limitations and assumptions relating to how these data are presented within the Report.

(GRI 102-56)

# Limited External Assurance (continued)

(GRI 102-56)



- ▶ Reviewed relevant documentation and reporting systems, including, among others, data collation tools, standards and guidance documents.
- ▶ Read information or explanations to substantiate key data, statements and assertions regarding the sustainability disclosures under the scope of our assurance engagement.
- ▶ Reviewed the GRI Content Index found on pages 108-113 as well as the relevant references included therein, against the GRI Standards' requirements for the "In accordance – Core" option.

## LEVEL OF ASSURANCE

Our procedures for collecting evidence were designed, in order to obtain a "limited level" of assurance, as set out in ISAE 3000 (revised) on which we formed our conclusions. The extent of the procedures for collecting evidence for obtaining a "limited level" of assurance is less than those designed to obtain a reasonable level of assurance and therefore a lower level of assurance is obtained compared to a reasonable assurance engagement.

## LIMITATIONS OF OUR REVIEW

- ▶ Our review was limited to the English version of the Report. In the event of any inconsistency in translation between the English and other (if any) versions, as far as our conclusions are concerned, the English version of the Report prevails.
- ▶ Our review was limited to information related to the GRI General and Specific Disclosures under the scope of our engagement and did not include financial data nor the corresponding narrative text in the Report.
- ▶ Our work did not cover activities performed by third parties. In addition, it did not include any review of the accuracy of survey results assigned to third parties, nor Information Technology systems used by third parties, but was instead limited to the proper transposition of the final results -under the scope of our engagement- to the Report.
- ▶ Our review did not include testing of the Information Technology systems used or upon which the collection and aggregation of data was based by Neptune Lines.
- ▶ We do not provide any assurance relating to future information such as estimates, expectations or targets, or their achievability.

## CONCLUSIONS

Based on our work and according to the terms of reference and the limitations of our review, we report the following conclusions. Our conclusions are based on the appropriate application of the selected criteria and should be read in conjunction with the "What we did to form our conclusions" section above.

### 1. How complete and accurate are the quantitative data and how plausible is the qualitative information related to the GRI General Disclosures under the scope of our engagement?

- ▶ Nothing has come to our attention that causes us to believe that any reporting unit, according to the set boundary and time period stated in the Report, is not included in the quantitative data of the Report related to the GRI General Disclosures under the scope of our engagement.
- ▶ Nothing has come to our attention that causes us to believe that errors or inaccuracies exist in the collation of the quantitative data related to the GRI General Disclosures under the scope of our engagement, or in the transposition of these data to the Report, that would materially affect the way they are presented.



- ▶ We have reviewed information and explanations on selected Management statements related to the GRI General Disclosures, as these are presented in the Report, for which no misstatements came to our attention.

### 2. How complete and accurate are the quantitative data and how plausible are the statements of the Specific Disclosures relating to the ten (10) material topics under the scope of our engagement?

- ▶ Nothing has come to our attention that causes us to believe that any reporting unit, according to the set boundary per material topic and the time period stated in the Report, is not included into the quantitative data of the Report related to the GRI Specific Disclosures under the scope of our engagement.
- ▶ Nothing has come to our attention that causes us to believe that errors or inaccuracies exist in the collation of the quantitative data related to the GRI Specific Disclosures under the scope of our engagement, or in the transposition of these data to the Report that would materially affect the way they are presented.
- ▶ We have reviewed information and explanations on selected statements, as they are presented in the Report, relating to the material topics under the scope of our engagement against the requirements of the GRI 103 Standard "Management Approach", for which no misstatements came to our attention.

### 3. Does the Report meet the GRI Standards' requirements of the "In accordance – Core" option?

- ▶ Based on our work, nothing has come to our attention that causes us to believe that the Report does not meet the requirements of the "In accordance – Core" option, as presented in the GRI Content Index, found on pages 108-113.

## INDEPENDENCE

We have implemented a set of audit quality control policies and practices which meet the requirements of the International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB). We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants ("the Code"), which requires, among other requirements that the members of the engagement team, as well as the assurance Firm, are independent of the client, including not being involved in writing the Report. EY has systems and processes in place to monitor compliance with the existing independence rules as they are defined by the Code. EY and all professional personnel involved in this engagement have met these independence requirements.

## OUR ASSURANCE TEAM

The professionals who participated in the engagement are members of and are supported by the EY Climate Change and Sustainability Services global network, which undertakes similar engagements in Greece and at a global level.

Athens, 19 September 2019

For and on behalf of

ERNST & YOUNG (HELLAS) Certified Auditors Accountants S.A.

Vassilios Kaminaris  
Partner

# Summary of Highlights

## 2017

- 📍 Company's Network Expands
- 📍 Collaboration with *Marine life* Research Charity
- 📍 Launching of our on board "SAY NO" Campaign
- 📍 Neptune Lines joins *SYN-ENOSIS* and *Axion Hellas* collective action initiatives
- 📍 Participation in the *Forma't al Port* project of the Port of Barcelona
- 📍 Participation in the *Caresmatic* and *Poseidon Med Part II-LNG* environmental projects
- 📍 The company further invests in digital technology and vessels' infrastructure

## 2018

- 📍 A record-year for Neptune Lines with 1,112,000 units transported by fleet vessels
- 📍 Launching of the *Annual Seafarers' Seminar* in Odessa, Ukraine
- 📍 Green Recycling of our Neptune Ploes
- 📍 Preparing for scrubbers installation on board fleet vessels
- 📍 Reporting CO<sub>2</sub> Emissions in accordance with the EU MRV and DCS regulatory frameworks
- 📍 Preparation for the Ballast Water Treatment Convention
- 📍 Launching of specialized, hands-on safety training courses





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Neptune Lines Shipping and Managing Enterprises SA

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