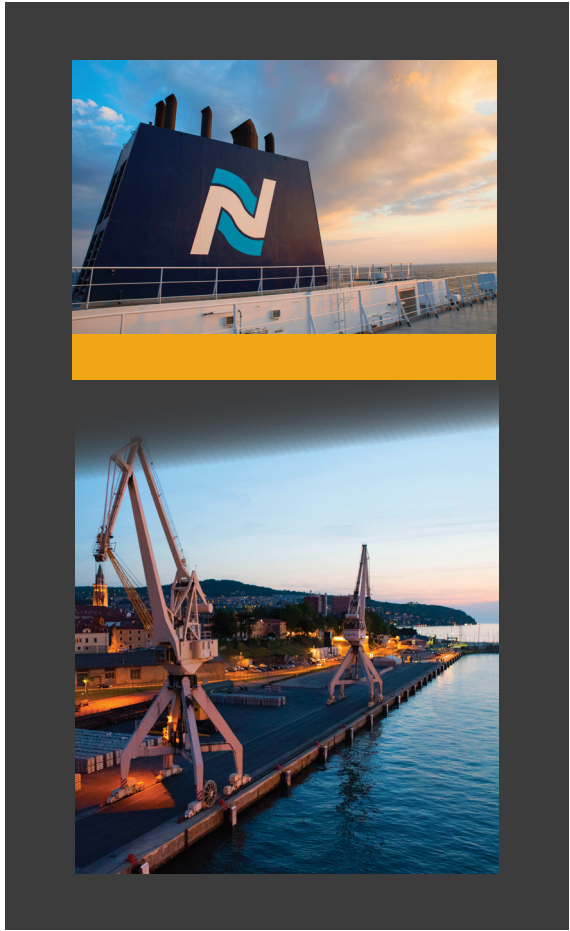
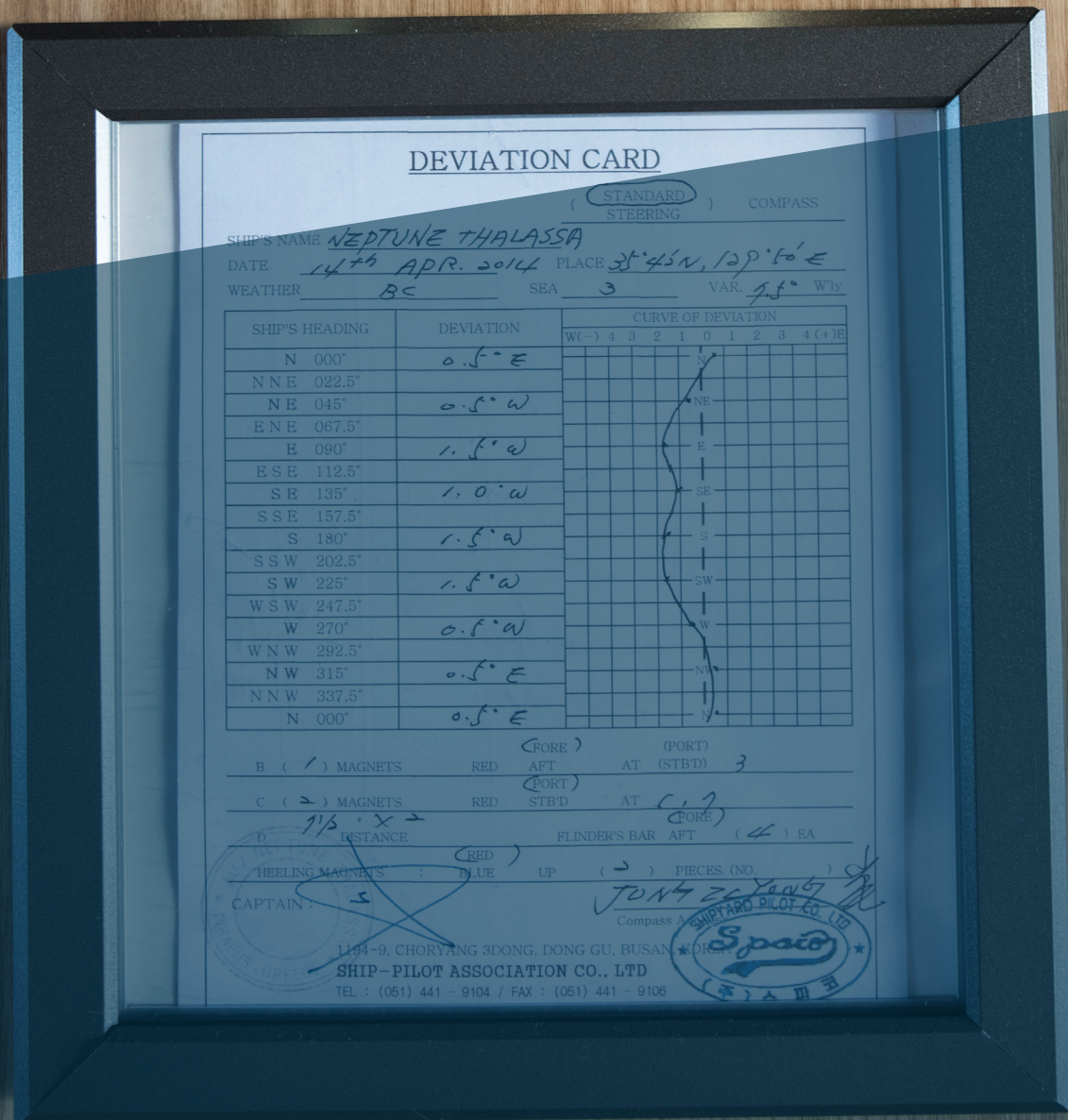




COMMUNICATION ON PROGRESS

2017



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This is a GC Active COP covering the reporting period from 01/01/2017 to 31/12/2017. It is created based on specific template and guidance provided by the United Nations Global Compact.

Message from the CEO

Neptune Line's mission is to be the most trusted car carrier company in its operational markets and above all, in the conscience of all its stakeholders

I am pleased to confirm that Neptune Lines Shipping and Managing Enterprises S.A. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress we present our well-established corporate policies within those four pillars, as well as, our efforts and achievements throughout the year 2017.

Looking back at this year, despite challenges faced, I feel proud seeing all that we have accomplished.

Through joint efforts within the 'Neptune family' and broader stakeholders, our company is heading towards even deeper integration of the Compact's principles into its sustainable development strategy.

We remain committed to sharing our progress using our primary channels of communication, including this COP.

Neptune Lines' mission is to be the most trusted car carrier company in its operational markets and above all, in the conscience of its stakeholders; trusted, not only for its quality services, but also for the added value it strives to generate and its responsible and ethical business profile.



Our people, ashore and seagoing, and our carefully-selected business partners remain core to realizing this vision through their hard work and engagement in our high standards of business conduct.

As our company continues its journey of sustainable development, we will continue to uphold these high standards, doing our utmost to safeguard human rights, the environment and to well-serve our customers and surrounding communities.

Melina Travlos

President & CEO
Neptune Lines Shipping and Managing Enterprise S.A.

Human Rights

Human rights are not worthy of the name if at the end of the day, they do not protect the people.

Neptune Lines is committed to safeguard human rights and secure dignity and equality for each and every person.

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2

Make sure that they are not complicit in human rights abuses

01

Commitment

Being a signatory to the United Nations Global Compact, Neptune Lines has embraced its 10 Principles and therefore is committed, by return, to submitting this Communication on Progress (COP) on an annual basis.

Starting with the first two Principles which refer to human rights, our company is committed to respecting and protecting the internationally proclaimed human rights as expressed in the *International Bill of Human Rights* and the *ILO Core Conventions on Labour Standards*.

Said commitment is not expressed, yet, through a free-standing Human Rights Policy, since that requires good in-house knowledge, experience and capacity.

It is Neptune Lines' goal to gain insight into relevant guiding principles that were recently adopted and work towards forming a solid and detailed Human Rights Policy.

In the meantime, our sustainability team is exploring available management guidance tools that help clarify human rights for business and map practical action. Nevertheless, our commitment in the area of Human Rights is expressed through human rights-related policies and specifically in our:

- *Non-Discrimination Policy* describing Neptune's commitment in providing a working environment free from any form of discrimination (e.g. based on gender, origin, religious beliefs, colour, disability etc.), harassment or bullying.
- *Health & Safety Policy* developed to protect the right to safe, healthy and decent working conditions on board and ashore.
- *Corporate Code of Conduct* stipulating company's human rights-related commitments, as well as, expectations of its employees, business partners





Neptune Lines' set of corporate Policies and Code of Conduct are reviewed by our Executive and Sustainable Development Committees and are approved by the President & CEO and the Board of Directors (i.e. highest governance body).

and other parties directly linked to its operations, products or services.

In the Code of Conduct, Neptune's human rights-related commitments towards its own people, as well as society, are clearly disclosed. The company is committed to:

- Treat everyone with respect, courtesy, honesty, integrity and offer to all employees fair and equitable treatment.
- Ensure fair earned wages, including benefits to all employees, that will respond to the offered services. No discrimination will be practiced in respect of employment, dismissals, relocations, promotions, determination of salary and working conditions or competence development.

- Provide a working environment free from any form of disrespectful treatment and ensure free of hate activity.
- Ensure that all employees (ashore and seagoing) are working in a safe, healthy and secure environment.
- Provide to all employees support mechanisms and respect personal privacy.
- Treat with fair, objective and transparent manner the professional development of all its employees.
- Provide employees with a decent living for themselves and their families.
- To address social issues in order to support the society in which it operates.

Last, there is relative clause in the Code that business cooperators and providers must respect human rights in the areas of their operation.

Finally, human rights commitments in the form of stand-alone clauses and statements:

- can be found in corporate sustainability reports and COPs uploaded to the UN Global Compact website (both publicly available and shared with stakeholders)
- within broader public company statements used for external communication
- are reflected, as necessary, in operational policies and procedures (e.g. instructions through circulars)

Implementation of Commitment & Actions taken to protect and support Human Rights, as well as, respond to related Concerns

The Right to Just and Favourable Conditions of Work (i.e. safety, security, equality, fair and respectful treatment, rest & leisure, wellbeing etc.)

Improving and facilitating employees' everyday work life is a daily target for Neptune Lines.

We want our people to feel safe and secure working for our company and be glad and proud to be a part of the Neptune family.

Health, Safety & Security

It is a basic goal of our company to identify, well in advance, and eliminate possible dangers which may result in human injury, accidents or a situation of security threat.

We continuously work to improve our Management System with regard to health, safety and security and establish a preventive culture within every single employee.

Health and safety, as well as security on board our vessels, is ensured through various processes and procedures. These include:

- Vessels' reporting of near-miss cases on a monthly basis, as well as, incidents - as occurred.



- Periodical execution of onboard drills -including ship-to-shore exercises.
- Risk assessment performed before proceeding to high-risk activities (i.e. assessing all identified hazards and managing risks by establishing appropriate safeguards).
- Safety and security meetings on board performed twice a month, where relevant topics and instructions are discussed.
- Health and Safety bulletins and maritime magazines of related content - sent to all vessels
- Crew working and rest hours monitoring.
- Internal audits performed by a dedicated audit team on board each vessel.
- Promotion of a 'no-blame' culture and continuously motivating staff to ensure that they understand and embrace requirements of the ship management, system as well as, the importance of their own personal safety and contribution to vessel's overall safety and security.
- A zero-tolerance policy 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. External collection suppliers are contracted to conduct random tests onboard the vessels at different locations of our operating areas.
- On board Computer Based Training (CBT) including health and safety related modules.
- Manning of fleet vessels with qualified, certified, and medically-fit seafarers - in accordance with national and international rules and regulations.

- Demonstration of due diligence on the security providers that we contract with in order to ensure that they are qualified and trained (e.g. in the use of force) to tackle potential high-risk and security situations in the most appropriate way based on human rights.
- Close monitoring of vessels' maintenance by setting high standards through periodical inspections from office personnel.
- The provision of adequate resources to promote Health & Safety as well as security on board fleet vessels (i.e. in equipment, latest technologies etc.).
- Annual review of objectives and targets through established Key Performance Indicators (e.g. lost time injury rate).

All of the above, being provisions of various mandatory shipping conventions, regulations and codes (e.g.. SOLAS, ISM & ISPS Codes), are incorporated in our management system which is subject to periodical verification (on board and ashore) through accredited bodies. Results of the verification process are included in our Management Review Meeting- which is circulated within company and fleet vessels.

Last, considering the safety of its people a top priority, Neptune Lines has also obtained the Occupational Health & Safety (OHSAS 18:001) voluntary certification, applying said standard's additional requirements to its Management System.

Employee Engagement & Wellbeing

Particularly during the last years, employee wellbeing emerges as a strategic priority for our company.

With attention to the wellbeing of both our shore-based employees as well as seafarers', we aim to create engaged, productive and cohesive teams.

In Neptune Lines, we want to see our people happy, motivated and empowered; it is only fair to say that our people truly constitute the heart of our operations.

Our company has achieved great accomplishments during 2017 thanks to its people, their knowledge, talent, experience and commitment.

Appreciation towards employees for their solid contribution in achieving important milestones is expressed through recognition emails sent from our top-management.

We believe that saying "thank you" and letting our people know how much the company values their commitment is well worth the effort.

Shore-based Employees

Employee engagement survey

It is very important for us to know what our employees want and what they value.

In general, all employees are encouraged during the course of work to express themselves freely in order to seek assistance in executing their duties or to raise any concerns and request support.

Specifically, in the context 'speaking up' and 'being heard', the company is currently elaborating on the outcome and feedback provided last year from our employee engagement survey.

This survey helped us get a more clear picture of our employees' views, wishes and opinions in order to better carve our strategy in this important matter of employee engagement and wellbeing.

HUMAN CAPITAL is one of our core values.

Our company has achieved great accomplishments during 2017 thanks to its people, their knowledge, talent, experience and commitment.

Key-topics emerging from the survey will be further presented in the following 'Measurements' section.

Pleasant & Comfortable Working Environment

Employee wellbeing in a pleasant and comfortable workplace is a key topic for Neptune Lines.

A positive working environment, where dialogue, cooperation and exchange of ideas is encouraged, can drastically assist employees overcome difficulties, be more focused, motivated and efficient.

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

We believe that the working environment can directly impact productivity, employee morale and employee engagement.

Personal Attention & Support

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

The company cares about its employees and is being supportive each and every time an employee discloses a personal issue.

We value as very important employees' lives outside work - particularly their family lives. We demonstrate this care with discretion, in various ways - even allowing them time off, from work, in case they are facing a problem (i.e. a factor increasing the absentee rate).

Moreover, as far as sickness leave is concerned, the company does not make employees feel uncomfortable to report sickness. Again, 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. After all, an emotionally-balanced workforce is most probably going to be a more efficient and well performing workforce.

Social Security

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

- Life Insurance
- Permanent Total Disability Insurance Due To Sickness (Prior to age 60)
- 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)



Our employees participated once more in the Athens Authentic Marathon, supporting *Axion Hellas* - a non-profit, non-governmental organization with the purpose to support society and especially vulnerable groups living in remote and inaccessible areas of Greek islands and the mainland.

Wellness Program

In 2017, the company continued to support its initiative first introduced in 2015, bringing together its employees in a voluntary participation in the Athens Authentic Marathon, for a good cause.

Our employees participated once more in this major athletic event, supporting *Axion Hellas* - a non-profit, non-governmental organization with the purpose to support society and especially vulnerable groups living in remote and inaccessible areas of Greek islands and the mainland.

Our company participated both in the Authentic Marathon, as well as, in the Semi-marathon.

More than thirty people from all company levels embraced once more this challenge and participated in this corporate initiative.

Before participating in the Marathon, our company has been offering training courses to its employees since 2015 (when wellness program was launched).

This activity has been established in the context of our participation in the marathon in order to train our employees during the preparatory period.

The wellness program ensured the continuation of the training sessions as the participation of the employees was impressive. So, during 2017, we increased the offered training sessions from one to three weekly.

Moreover, in the context of this wellness program, we established cooperation with a catering company providing healthy and balanced food, so as to provide our employees with various lunch options on a daily basis (the employees pay only a small amount since a good part of the cost is paid by the company).

Believing in the ancient Greek saying "healthy mind in healthy body", Neptune Lines underlines the importance of quality and healthiness of the food employees eat.

Shipboard Employees

Crew Welfare and protection of seafarers' rights (e.g., work and rest hours, payment of wages, recreational facilities, quality of food, protection from abandonment etc.) is regulated under the Maritime Labour Convention (MLC).

Compliance of our management system with the requirements of the MLC is periodically audited by accredited bodies, as well as, internally by our dedicated audit team.

Food & Recreation Facilities

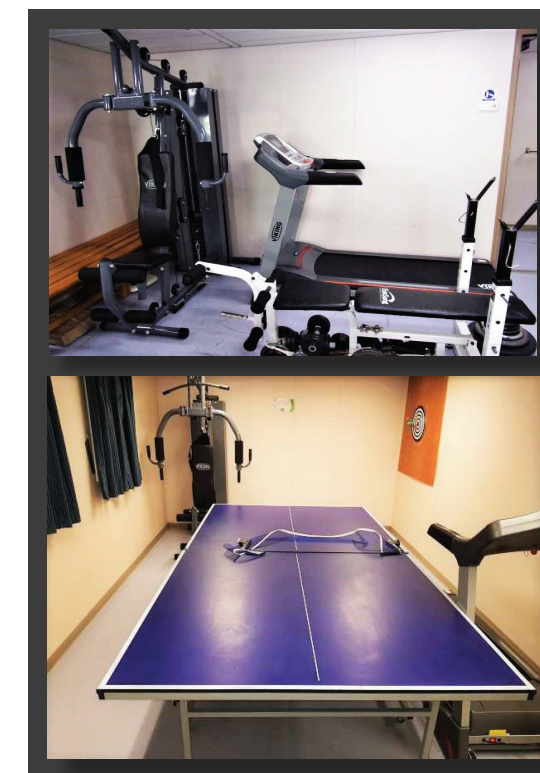
Great emphasis is placed by the company in quantity and quality of provisions and food preparation on board its fleet vessels (i.e. cleanliness of provision rooms and galley, good hygiene during cooking, Cook's skills and demonstrated knowledge of various cuisines to satisfy the needs of different-ethnicity crew on board); also, in the cleanliness of accommodation rooms and cabins, as well as, in good keeping of recreation facilities so as to ensure the best possible conditions for our crew. In general, the company allocates resources to keep

up high standards of living and working conditions on board.

This year, for the welfare of its crew, the company invested in modern gym equipment for all its fleet vessels.

In addition to existing facilities (i.e. ping-pong tables), vessels were provided with following equipment: treadmill, stationary bicycle, punching bag for boxing, multifunction gym station and weight lifting bench.

Our crew members reported their content for the upgraded gymnasium - a place used rather frequently for their fitness, leisure and relief from stress.



Also, in an effort to make leisure time on board more pleasant, digital satellite TV platform was installed onboard fleet vessels, providing access to over 500 TV channels - many of them in the language spoken by our crew (i.e. ukrainian, greek, philippino).

Last, in case of any complaints related to MLC (i.e. seafarers' rights and welfare), there is specific complaints procedure established on board for reporting. All seafarers' reasonable complaints are handled in due time and in a professional manner.



Training & Development

Training plays an important part in company's overall success, as it provides insight to improve existing practices and, sometimes, reveals new 'horizons' that were not previously explored.

In Neptune Lines, we closely monitor training of our people, observing in practice that it truly advances people's capabilities and broadens their thinking.

Training opportunities can emerge after initiative taken, either by the company itself (through its HR department), or by employees, in the context of their work and due to specific requirements of that (e.g. specific training to IT/IS personnel for the emerging cyber-risks).

Specifically during 2017, the company continued to provide lessons in the English language to groups of employees that needed, or wanted to advance their English. Towards the end of the year, relevant planning was made for next year's group-training to include also computer-based courses (for all office personnel) in Microsoft Excel in order to further develop their skills in this useful business tool.

Also, throughout the year, various employees from the office attended training seminars and courses on different topics related to their work or department.

Indicative topics that are related to human rights or sustainability in general, include:

- Safety & Human Element
- Leadership Impact
- Sustainability Reporting based on the new Global Reporting Initiative (GRI) Standards
- Digital Ship Cyber Security and GDPR

Protection of Personal Data

With attention to the basic human right of "Freedom from Interference with Privacy, Family, Home and Correspondence" (as stated in the *International Bill of Human Rights*), Neptune Lines respects the personal lives of its employees and handles their personal data or reported issues with strict confidentiality.

Shore-based personal data (CVs, training records, contact and residence information, medical records etc.) are monitored solely by the HR department and Crew data, by our Crewing dept.

In addition, as already mentioned, the company offers support to employees that come forward on their own to disclose personal or family issues, in a completely discrete manner.

This year, towards safeguarding the right to privacy, we all started to prepare for the new General Data Protection Regulation (GDPR) - coming in force on May 25th 2018. The new regulation - initiated by the European Commission - 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.

To be prepared for the new regulation, Neptune Lines decided to appoint a specialized advisory firm to perform a gap assessment and analysis in our company; Based on their knowledge and expertise, they will provide us with guidance throughout the whole process of implementation of the new requirements.

In November of 2017, an initial workshop was held by the advisory team, at our office premises, in order to better understand the requirements of the regulation and the path for the implementation. The workshop was held with the participation of: the Chief Operating Officer (COO), our Legal Advisor-Compliance Officer and legal department, the HR Manager, Crewing Manager, IS & Business Processes Manager and the Health Safety Quality & Environment (HSQE) Manager.

Over the next year, there will be more workshops organized to raise awareness within all levels of the company and inform our employees of the new regulation and course of action.

Internal Reporting Process

Ownership of human rights and issues of personnel conduct, lies within our HR department, and in the case of seafarers, through collaboration with Crewing department - which by default is primarily involved.

The company encourages all employees to formally report to the Human Resources Manager, any concerns they may have with regard to their own rights as well as possible incidents of misconduct, assault, or other disrespectful behaviour.

The Company is committed to protect an employee who reports conduct from retaliation or reprisal.

Once the matter has been reported it will be promptly investigated and any necessary corrective action will be taken where appropriate. All complaints are handled in an absolute discreet and confidential manner.

Any human-rights related reported violation is reviewed also by the Senior Management who decides on the course of action.

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.

Neptune Lines, being part of a rather big supply chain, that of logistics, faces this major challenge as well as risks arising through its many business relationships; whether these relationships are direct (as in the case

of its Agents being our close business cooperators) or indirect - meaning entities where the company has no control at all over their business (as in the case of authorities).

So far, the company manages this issue through:

- Explicit clauses related to the respect and protection of human rights (i.e. termination of contract in case of evidenced complicity in human rights abuses) in Providers and Business Cooperators' Code of Conduct.
- Reminding all company departments to be alerted during everyday practices and decision-making (e.g. in selecting providers)
- Reporting to Executive Management through Management Meetings upon identification of such risks or impacts - with the coordination of Sustainable Development committee.

Despite these efforts, relevant assessment of potential negative impacts within our supply chain has space for improvement.

Neptune Lines recognizes that implementing an integrated human rights policy, as well as human-rights due diligence processes and grievance mechanisms is part of a long-drawn and continuous process.

It is within our goals, however, over the next years, to:

- Draw on external expertise to conduct a basic policy gap analysis to determine which of the internationally recognized human rights are already covered by company's existing policies and code of conduct. This will serve as a starting point to identify any priority issues -towards carving an integrated Human Rights Policy.
- Upgrade accordingly our corporate Code of Conduct (both employees' and Business Cooperators')

Supporting human rights and improving the living conditions and lives of others

Neptune Lines has proceeded in voluntary actions that seek to further support and advance human rights.



Collective action to improve the life of Communities

In order to truly make a difference in the world, and significantly contribute in resolving major social problems related to human rights - such as poverty alleviation - cooperation and collective action is needed.

Neptune Lines offers its committed support to the below collective-action initiatives, aiming to improve the lives of vulnerable social groups:

- SYN-ENOSIS, a Social Welfare Company established by the Union of Greek Shipowners.
- AXION HELLAS a non-profit, non-governmental organization, with the aim to support society, and especially communities in remote and inaccessible areas of Greek islands and the mainland.



Supporting Youth and their Development

Many young people are missing out on the opportunity to learn, acquire skills, knowledge and competencies that they could use throughout their lives in order to participate fully in the development of a prosperous and inclusive society.

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

In particular our company:

- Sponsors two young athletes from Greece (a girl and a boy).
- Provides scholarship for postgraduate studies abroad in shipping-related fields. Said scholarship is established in memory of its founder Nikolaos Travlos and is launched each academic year. It is valid for studies in universities of the European Union (EU).



Enforcing the Right to Cultural life

Culture, as a product of all human beings and a common heritage of mankind, enables all of us, not only to affirm that we are born equal in dignity and rights, but also to recognize that we should respect the right of all groups to their own cultural identity and the development of their distinctive cultural life.

Contributing to the assurance of this human right, as well as, to the raising of the general level of life-long education, our company has been supporting various culture-related projects and institutions in Greece.



Contributing to Child Welfare

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, supports for the fourth consecutive year, the charity association 'Friends of the Child'.

Its goal is to support and secure all the required needs for children whose families (single-parent or nuclear families) face financial and social problems.

The association, apart from psychological support, provides to the children daily: food, education (including special needs education), medical care, creative occupation, as well as, entertainment in the form of excursions, celebrations, theatre and museum visits. It also supports in various ways children's parents.

Measurement of Outcomes & Performance

Here below are indicative performance indicators for the year 2017 and quality data related with aforementioned human rights:

• Health & Safety

1. Health and Safety Accidents

During 2017, our seafarers experienced difficult navigation situations due to adverse weather conditions.

On June 7th, one of our vessels faced extreme and unpredictable weather (i.e. sudden squall of wind of gale force up to 58 knots = Beaufort force 11 = "Violent Storm"), which resulted in her shifting and moving towards a nearby berth. Despite property damage, there was no any human injury during this accident.

Our goal is to further enforce safety procedures and emergency preparedness on board with regard to extreme weather.

2. Lost Time Injury Frequency rate (LTIF)

LTIF is an expression on the frequency of crew injuries on board. It measures the number of injury incidents which resulted in more than 1 day loss of work. Unfortunately, in comparison with 2016, the frequency of the onboard injuries increased, resulting in 2.09 LTIF incidents (compared to 1.01 of 2016). The increased number of incidents as well as the increased recovery period (lost work days) are the immediate causes for the increase in LTIF, however, the basic cause is the lack of attention at the execution of the assigned works which are leading to minor incidents.

• Employee Wellbeing

Office Personnel

1. Employee Survey Outcome

In the previous reporting period we initiated our second Employee Effectiveness Survey; the whole process was completed in May of 2016 and during 2017, our company started to process the outcome. The most notable findings which are currently under consideration and further planning include:

- Performance management: was highlighted as a key area with space for improvement; a need for more clear performance targets & expectations, for the provision of clear & regular feedback and for managing underperformers, was diagnosed.
- Employee enablement: a need for better use of each employee's skills and abilities was noted.
- The need for more job-related training and sufficient time allocation to take advantage of the training opportunities.

In view of all the above, we have started to upgrade our Performance Management System, in order to facilitate employee advancement, not only in terms of rewards and career development, but also in terms of providing a more structured training path, tailored to the needs of each employee.

However, apart from areas for further development, there were noted through the survey, some areas of strength for our company:

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

Our goal is to continue investing in these areas of strength, being also highly-linked to human rights.

2. Office Personnel Turnover Rate and New Hires

'Employee Turnover Rate' equals to the number of employees who have left the organization voluntarily or due to dismissal, retirement or death in service, divided by the average total number of employees.

The number of employees leaving and the total number of employees, are measured over one calendar year and in our case particular, at the end of the year (i.e. December 31st 2017).

The data reported have been submitted by our HR department.

Employee Turnover Rate this year, was set at 9.45 % - compared to 12.6 % figure of 2016 - hence, resulting in a 3.15 % decrease. Our goal is to further increase our shore-based turnover rate.

Last, during 2017 the company welcomed 3 new hires:

- 2 male
(i.e. 1 of the age group of under-30 years old and 1 of the 30-50 age group)
- 1 female (i.e. of the 30-50 age group).

Crew

Retention Rate

'Retention Rate' expresses the ability to retain shipboard personnel within the company, since all seafarers are on a fixed-term contract instead of a full-time employment.

We monitor our crew retention rates based on rank and ethnicity. Ukrainian and Greek crew are occupying most of our onboard positions.

As can be seen in the charts of the following page, Neptune Lines has maintained very high retention rates with regard to its crew - demonstrating its dedication in keeping high standards of living and working conditions on board, as well as, in managing its seafarers' requests and needs.

In particular, it can be seen through the charts that:

Retention Rate (per ethnic group) for 2017 of:

Masters:

Greek 95%
Ukrainian 100%
Filipino 100%.

Junior Officers:

Greek 88%
Ukrainian 92%
Filipino 94%.

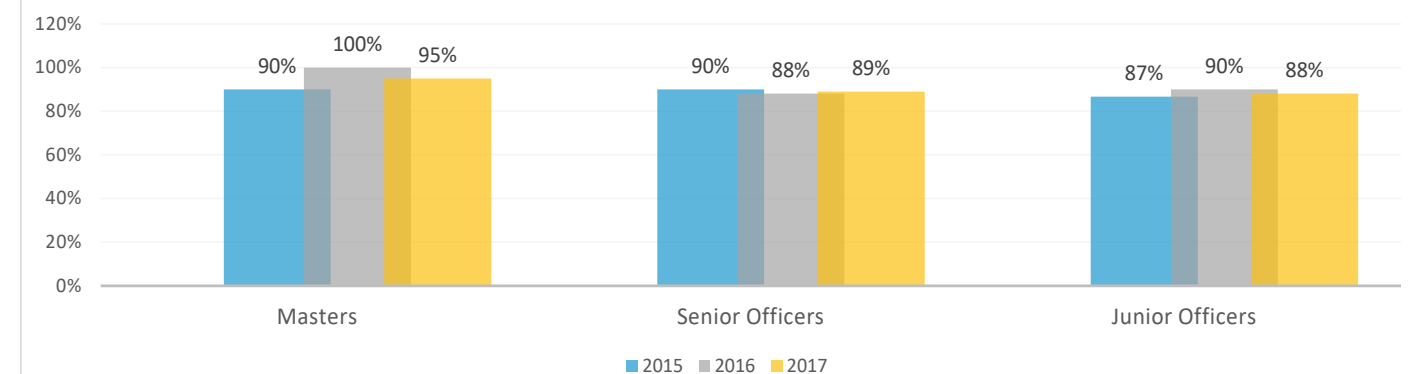
Senior Officers:

Greek 89%
Ukrainian 93%
Filipino 92%.

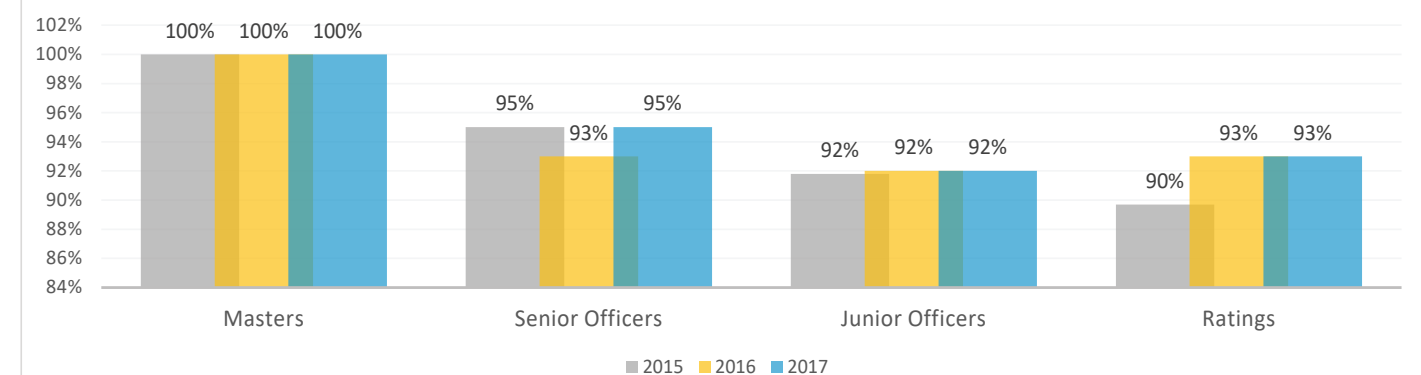
Ratings:

Ukrainian 93%
Filipino 89%.

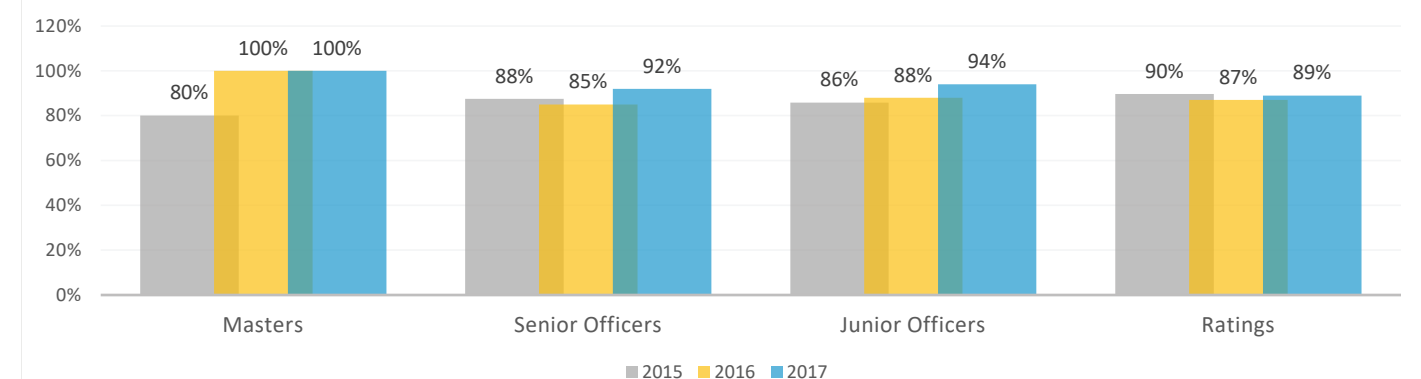
Greek Crew Retention Rate



Ukrainian Crew Retention Rate

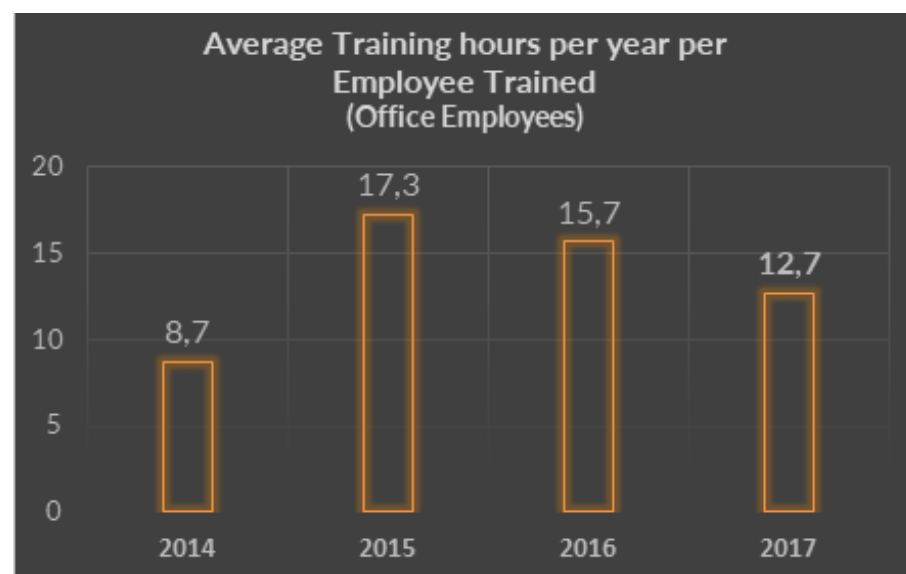


Filipino Crew Retention Rate



• Training and Development

Office Employees



Should be noted that in our 2016 COP there was a miscalculation in the training hours of that year due to omission (i.e. we had omitted to include a large-scale training of office personnel in Media Response).

Training hours of that course – attended by the totality of office employees – were erroneously not inserted in our data-keeping records. As a result, the correct figure for 2016 is 15,7 and not 8,9-as indicated in our previous report. Also, the indicator was erroneously stated as Average Training Hours “per Employee” whilst it should have been: “per Employee Trained”.

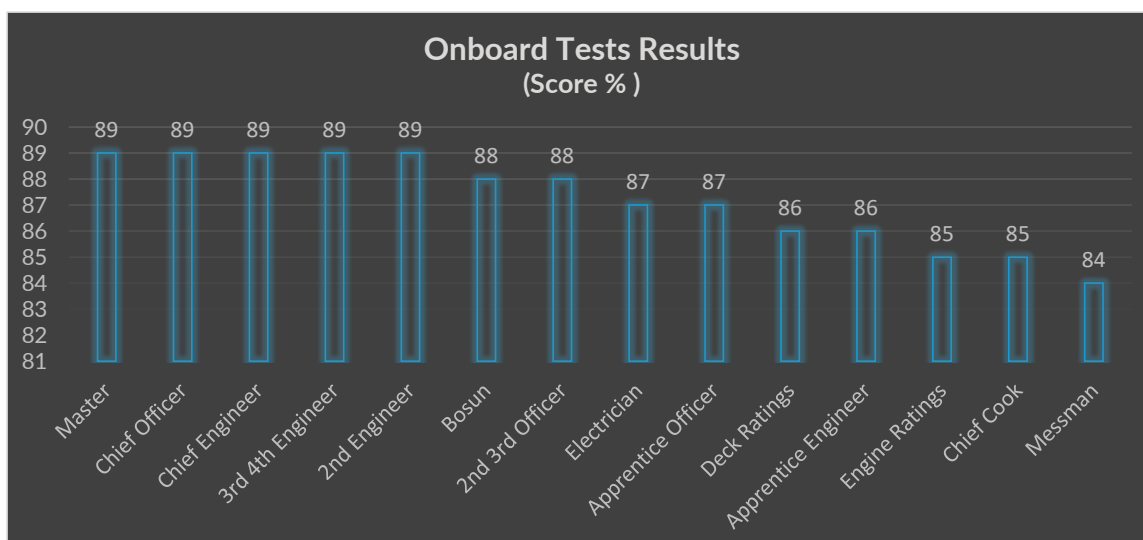
Calculation Method used: Total Number of Training Hours provided to Employees / total number of Employees Trained

In 2017, there was no large-scale training taking place in the company - as in the case of the two previous years, where various projects were running that required all employees to be trained. Based on this, as well as the aforementioned miscalculations of last year, the ‘Average Training Hours per year per Employee Trained’ have decreased since 2016.

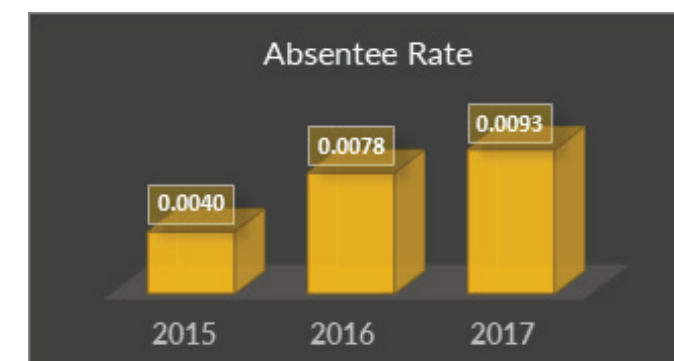
Crew

Computer-based Training (CBT) Performance (Crew)

As demonstrated in the ‘Onboard Tests Results’ chart, the training performance of our crew is very high (i.e. all ranks score in average more than 84% - with the passing mark being set by our company at 60%).



• Absentee Rates (the indicator applies only for Office Personnel)



As explained in ‘Employee Engagement & Wellbeing’ (section ‘Personal Attention & Support’), the Company allows its employees time off from work whenever they need it due to personal and family issues; this has a direct effect on its employees’ Absentee Rate – which during 2017 increased compared to 2016.

Absentee Rate: measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period.

Absentee: worker absent from work because of incapacity of any kind, not just as the result of work-related injury, disease or illness

Note: Absentee excludes permitted leave absences such as holidays, study, maternity or paternity leave, and compassionate leave.

Absentee Rate Calculation method: Absentee Rate = Total number of absentee days / Total number of workdays (Number of Personnel x Total Days of Work)

• Internal Reporting Process

During this year, there was one complaint issue reported, regarding the misconduct of an office employee disrespecting the rest of the team.

Human Resources took appropriate action to resolve the issue - keeping the focus on behaviour and problems rather than people. Efforts resulted in a constructive meeting, where involved employees agreed to cooperate in a better manner.

Our Human Resources resolved the issue in the best possible way, acting with discretion and respect to all those involved - including the employee with the problematic behavior.

• Incidents with regard to Human Rights abuses or complicity in violation

There are no incidents reported or identified in Neptune Lines’ network of business cooperators/providers. Neptune Lines has zero legal offences or accusations of human rights abuse or complicity in such.



• Investing in Society and Actions of 2017

SYN-ENOSIS

Following the successful results of the social responsibility initiatives undertaken by the greek shipping community in recent years throughout the country, the Greek Shipowners' Social Welfare Company SYN-ENOSIS was established in 2016 by members of the Union of Greek Shipowners.

Neptune Lines continued in 2017 to support this initiative, contributing through its membership to its multifaceted actions - which happen to enforce a wide range of human rights.

These actions are part of its established Social Welfare Program "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)
- **Maritime Education** (contributing to the upgrade of the infrastructure and technological equipment of the Merchant Marine Academies effectively supporting maritime education with the means to improve the standards of cadet training)
- **Projects of Public Interest** (focusing on projects of public benefit and thus supporting organizations of broader public interest)
- **Scholarships** (granting scholarships for one-year postgraduate studies of a pre-doctorate level in fields related to Shipping in Universities in Greece and abroad)

In order to see what specific actions were undertaken within abovementioned focus areas during 2017, one can visit SYN-ENOSIS' website (www.syn-enosis.gr).



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.

On March of 2017, Neptune Lines provided through AXION HELLAS, two cleaning sweepers to the municipality of the greek island 'Meganisi'. This small island is located just between the island of Lefkada and the western mainland coasts of Greece.

Then on September, the company contributed in the restoration of the outpost in the greek historic island of 'Psara' (i.e. a small island northwest of Chios island) as well as, in the provision of school supplies in Volissos, the largest village in the northwest part of Chios.



SUPPORTING YOUNG ATHLETES

Magoulia, a 16-years old multi-medalist in shot put, became this year the new member of Neptune Lines family.

The talented athlete is the Greek Champion in her category and won the gold medal in the most recent Balkan Games.

Maria holds the Pan-Hellenic record in junior category (3kg) and keeps breaking her own personal record in the 4 kg shot. In the European Athletics U20 Championships, which took place in Grosseto, Italy in July, Maria competed with the Greek National Team and scored 15,25 meters breaking her personal record for the 4th time in a few months.

Maria originates from the island of Kalymnos. Our company is really proud for Maria and looks forward to support her in more achievements over 2018.



Since 2015, Neptune Lines supports the young pole vaulter Emmanuel Karalis. This year, Emmanuel broke twice the panhellenic junior record and won the silver medal in the National Indoor Athletics Panhellenic Championship in September, 19th.

Emmanuel jumped over the bar at the 5.61 meters and then the 5.70 meters - scoring a new panhellenic junior record and securing his place at the World Championship in Belgrade in March, 3rd.

Neptune Lines aims to support Karalis' efforts over the next year, as well, wishing him every success in his already impressive course.



FRIENDS OF THE CHILD

Supporting 'Friends of the Child' for the third consecutive year, Neptune Lines covered in 2017 their monthly needs for food and offered equipment for their classes.

Also, during Christmas time, Neptune employees participated voluntarily in purchasing small christmas gifts for the children, which were offered to them in person through representatives among themselves.



BENAKI MUSEUM

Since 2016 we support the operation of the BENAKI Museum situated in Athens.

Through its contribution Neptune Lines has ensured for its office personnel the following:

- Free entrance for them and their families or friends, for all permanent and periodical exhibitions of the Museum.
- Participation in the special tour program organized by the Museum for its major supporters.

This year, the company joined the 'Adoption' program of the museum - a sponsoring opportunity to cover the costs of a Curatorial, Managerial or other positions of the museum on an annual basis.

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



Labour

Respecting the rights of Labour, young children and of people that are part of the Neptune family.



02

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4

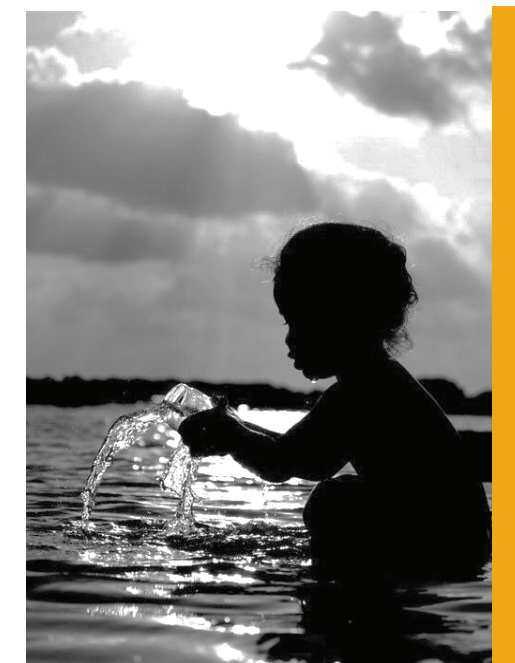
The elimination of all forms of forced and compulsory Labour

Principle 5

The effective abolition of child Labour

Principle 6

The elimination of discrimination in respect of employment and occupation



Commitment

Moving, now, to a more focused set of human rights (i.e. rights concerning Labour) and specific principles adopted by UN Global Compact to protect and support them, our company is committed to comply with all *ILO Conventions and Labour Standards* - major of those being:

- The *Declaration of Fundamental Principles and Rights at Work* (1998) enshrining the right of workers to organize and bargain effectively, as well as, freedom from discrimination, elimination of forced or compulsory labour and the abolition of child labour;

- the *Maritime Labour Convention (MLC)* adopted by the 94th (Maritime) Session of the International Labour Conference (ILC) on February 23rd of 2006; said convention, places great emphasis on fair terms of employment, decent living and working conditions and social protection (such as access to medical care, health protection and welfare).

At all times, Neptune shall comply with the current Labour market legislation of the country in which the individual is employed.

Taking each of the Labour-related principles, separately, we will demonstrate commitment within each one.

Freedom of Association and Effective Recognition of the Right to Collective Bargaining (Principle 3)

All Neptune Lines employees are covered with collective bargaining agreements and possess the right to be involved in trade unions and professional associations, without any limitations.

Elimination of all forms of Forced and Compulsory Labour (Principle 4)

Forced or compulsory labour 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. Employees should be free to leave whenever they wish - in accordance with established rules.

As stated in our Corporate Policies and Code of Conduct, Neptune Lines does not tolerate any form of forced or compulsory labour.

Moreover, where adherence to forced or compulsory labour provisions of national laws and regulations is insufficient, the company takes account of international standards.

Last, all Neptune Lines' contractors, providers and business cooperators are required, through the Code of Conduct, to uphold the same standards and give workers, whether local or migrant, the right and the ability to leave employment when they choose.

In case of proven violation, the company is committed to terminate business cooperation.

Neptune Lines will not tolerate the exploitation of children, their engagement in unacceptably hazardous work, as well as, the physical punishment, abuse, or involuntary servitude of any worker in any of its operations.

Abolition of Child Labour (Principle 5)

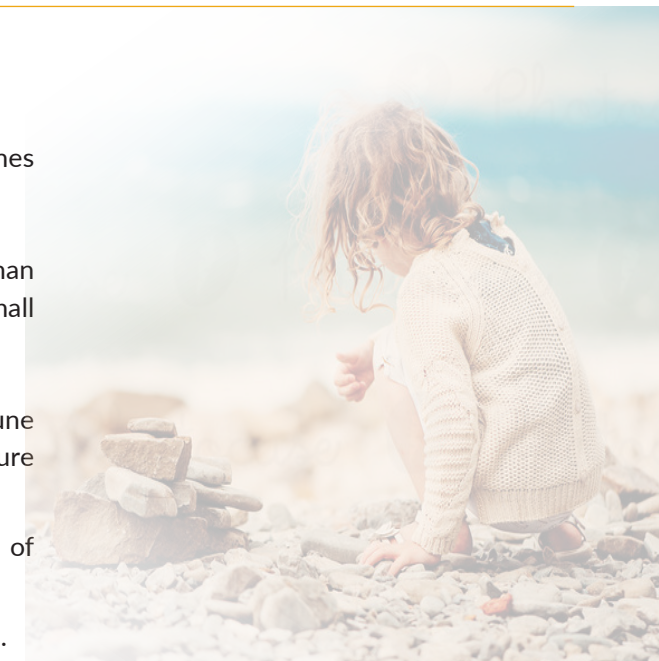
Also mentioned in our Policies and Code of Conduct, Neptune Lines will not tolerate any form of child Labour.

Unless local law stipulates a higher age limit, no person younger than the age of completing compulsory education or younger than 18 shall be employed.

Similar as in the case of forced and compulsory labour, all Neptune Lines' contractors, providers and business cooperators must ensure that:

- child Labour is not used in any of their operations - stages of provision of products and/or services.
- the employment of young workers adheres to local regulations.

Again, in case of proven violation, the company is committed to terminate business cooperation.



Elimination of Discrimination in respect of Employment and Occupation (Principle 6)

Neptune Lines towards its Employees

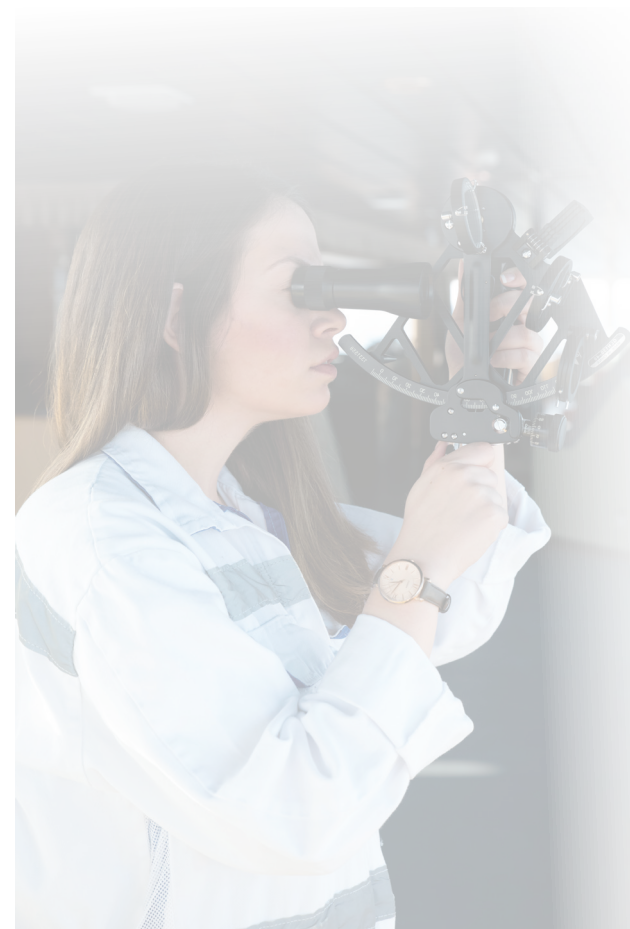
Neptune Lines is committed through its *Non-Discrimination policy* and Code of Conduct to:

- respect multicultural issues (beliefs, cultures, religions) and provide a working environment free from any form of discrimination (i.e. gender, origin, age, literacy level, family status, political affiliation, sexual orientation, individual disability etc.)
- treat all employees equally and according to their competence and qualifications
- provide fair-earned wages, and benefits to all employees, corresponding to the offered services and respective legislation
- not practice discrimination in respect of recruitment, dismissals, relocations, promotions, determination of salary and working conditions
- treat with fair, objective and transparent manner the professional development of all its employees and provide equal opportunities for development of skills

Expectations and Requirements from Employees

By return, the company expects from its employees to:

- refrain from any form of discriminatory behaviour such as bullying, harassment or intimidation
- treat everyone (i.e. co-workers, business cooperators, customers etc.) with respect and dignity
- respect the contribution of people with whom they work with and cooperate in team-spirit



Implementation of Commitment & Actions taken to protect and support Labour Rights, as well as, respond to related Concerns

Since labour rights are a subdivision of the broader “human rights”, many of our labour-related actions and management approaches were presented in the ‘Human Rights’ Section. However, with particular focusing to the four labour principles, we add the below.

Management System certified for compliance with the Maritime Labour Convention (MLC) 2006

Our Management System is certified and periodically audited by accredited bodies for compliance with the Maritime Labour Convention (MLC) 2006.

The MLC 2006 sets out, in one place, seafarers’ rights to decent working conditions. It covers almost every aspect of their work and life on board including:

- minimum age
- seafarers’ employment agreements
- hours of work or rest
- payment of wages and paid annual leave
- repatriation at the end of contract
- onboard medical care
- the use of licensed private recruitment and placement services
- accommodation, food and catering
- health and safety protection and accident prevention
- seafarers’ complaint handling
- provisions of financial security in respect of repatriation of seafarers in case of abandonment by the ship-owner
- ship-owner’s liability and provision of a system of financial security to assure compensation for contractual claims following the death or disability of a seafarer.

Our corporate *MLC 2006 Manual* describes all the processes and procedures within these areas, which our sea-going and office personnel have to follow in order to comply with all requirements of the convention and our company-specific standards.

Diversity and Gender Equality within our Company

Diversity

Neptune Lines, apart from treating all employees equally, truly values and pursues diversity in its business relations.

Being a company that cherishes its long-term relationship with business partners from various places in the world and different cultures, Neptune has gained much in terms of knowledge, experience and valuable insight thanks to its diversified network.

In the same context, the company pursues the opportunity of engaging also employees that will bring diversity ‘wealth’ within the company.

Our company has realized that diverse personnel plays a critical role in company’s ability to adapt, grow and sustain a competitive advantage in the modern business landscape.

Currently the company employs ethnically diverse workforce both ashore and at sea.

In ‘Measurements’ section that follows, one can see the different ethnic groups within our company.

Gender Equality

In Neptune Lines we fully support the employment of female seafarers through our Cadet Ship Program. However, even though we are putting our efforts to achieve an increase in women figures on board, we still have space for improvement.

Presence of women in the maritime industry has demonstrated a slight increase during the last years. However, in a such unique and differentiated industry as shipping, much progress remains to be done concerning gender diversity and inclusion.

In Neptune Lines we believe that a diverse workforce is strongly linked to the strength and the success of an organization.

Internal Reporting on Issues or Concerns related with Labour (i.e. bargaining agreements, forced or compulsory labor and discrimination)

Ownership of labour rights and issues of personnel, lies within our HR department - as in the case of ‘Human Rights’ in general- and in the case of seafarers, through collaboration with Crewing department - which by default is primarily involved.

The company encourages all employees to formally report to the Human Resources Manager (and in the case of seafarers to Crewing Manager), any concerns they may have with regard to their labour rights.

The Company is committed to support an employee who reports related concerns and to act with due diligence to resolve any case or incident related to labour rights.

Avoiding Complicity in Labour Rights Abuses

As stated in the ‘Human Rights’ section, performing a large-scale assessment within our supply chain to ensure that our company does not get involved through its business relationships in labour rights abuses - is truly a complex task.

As well as in human rights, in the case of labour rights (child labour, forced labour etc.), the company faces this major challenge as well as risks arising through its many business relationships;

Off course, the company has set relevant standards to its existing business partners (including through the code of conduct) and is careful when it comes to selection of business cooperators, providers and sub-contractors (i.e. through setting relevant provisions

and requirements such as certification by accredited bodies etc.).

However and despite these efforts, there is more to be done towards forming a more structured and solid process.

So far, the company manages this issue through:

- Explicit clauses related to the respect and protection of labour rights (i.e. termination of contract in case of evidenced complicity in labour rights abuses) in Providers and Business Cooperators’ Code of Conduct.
- Occasional or periodical visits to its direct business cooperators (i.e. Agents and Manning Agents)
- Reminding all company departments to be alerted during everyday practices and decision-making (e.g. in selecting providers)
- Reporting to Executive Management through Management Meetings upon identification of such risks or impacts - with the coordination of Sustainable Development committee.



Measurement of Outcomes & Performance

• Diversity Figures

1. Ethnic Groups within the Company

Office Personnel

The company has 62 employees among which:

German: 1
French: 1
Turkish: 1

The rest are Greek. The same synthesis applied for last year as well.

Crew

	2016	2017
Ukrainian	186	224
Filipino	101	55
Greek	53	50
Total	340	329

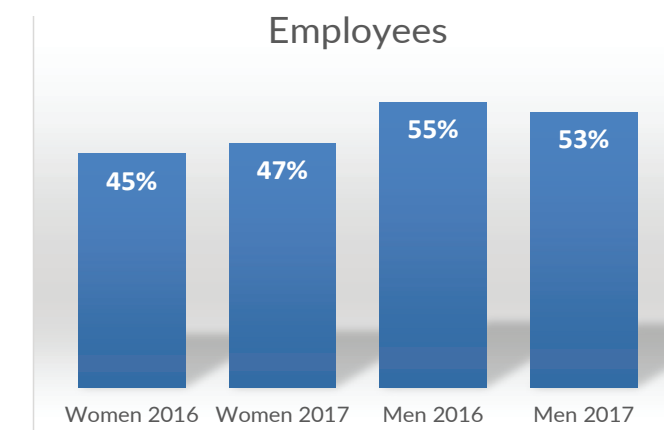
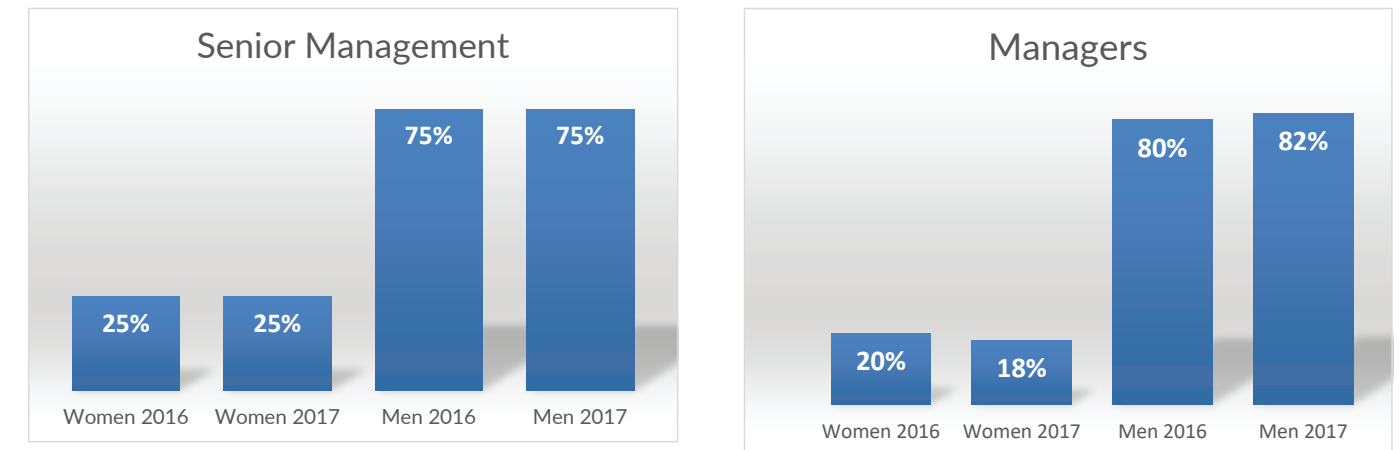
2. Gender Figures



Shore based	Men	Women	Total	Men %	Women %
2016	39	26	65	60,00%	40,00%
2017	37	25	62	59,68%	40,32%

Shipboard	Men	Women	Total	Men %	Women %
2016	335	5	340	98,53%	1,47%
2017	322	7	329	97,87%	2,13%

Office Personnel - Gender Representation per Employee Category



• Compliance with Labour Rules & Regulations

There were no any labour-related incidents (i.e. labour rights, child labor, forced or compulsory labour or diversity-related) in which the company was involved during the reporting period.

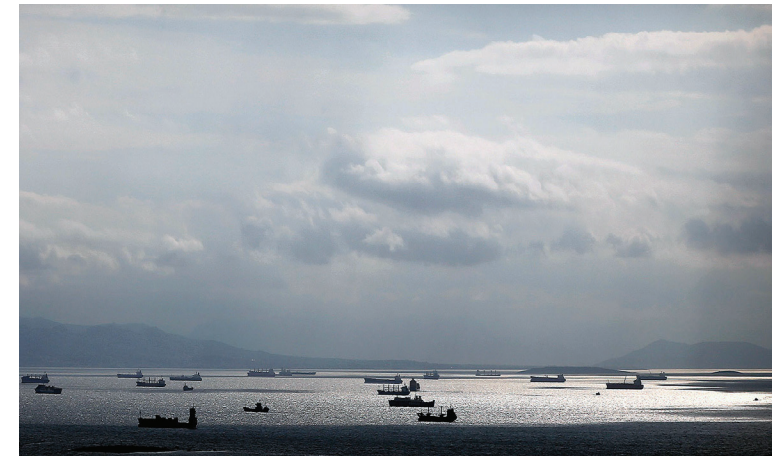
During the reporting period there were zero legal offences or accusations of labour rights abuse or complicity in such activities.

Environment

Seaborne transport accounts today for almost **90%** of international trade as measured by ton-miles.

However, it remains by far the most carbon-efficient mode, accounting only for approximately **2.2%** of annual emissions worldwide.

(Source: DNV-GL)



03

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

Undertake initiatives to promote greater environmental responsibility

Principle 9

Encourage the development and diffusion of environmentally friendly technologies



Commitment

Neptune Lines is firmly committed to continually protect environmental resources and reduce its CO₂ emissions so as to contribute to the major global goal of combating climate change and its impacts.

Climate change is a real and undeniable threat to our entire civilization. Its effects are increasingly visible and affect shipping in a direct way (i.e. extreme and unpredictable weather conditions posing risks to vessels' structural integrity, cargo and seafarers' safety).

Experiencing these effects even more this year, and in view of challenges yet to come, our company is strengthening its efforts to ensure environmental compliance at all times.

Policies & Code of Conduct

Our commitments in environmental responsibility are disclosed in the corporate *Environmental Protection* and *Energy Efficiency Management* policies and refer to our company's:

- Compliance with applicable environmental rules and regulations and international and national legislation of countries in which it operates.
- Compliance with all applicable legal requirements related more specifically to ship energy management.
- Record-keeping, measuring (i.e. through established KPIs) and monitoring of its environmental impacts in order to mitigate and

reduce the environmental footprint deriving from its operations and business activities.

- Efforts to promote initiatives and programs within environmental focus areas
- Adherence in obtaining and maintaining all permits and approvals required for its business and the proper handling, storage and disposal of materials.
- Ongoing communication with stakeholders regarding the development and progress of environmental initiatives and programs.
- Continual assessment of all identified risks that may emerge within its sphere of influence or through its business activities.

Neptune Lines is also committed to continually improve its employees' (shorebased and seagoing) environmental awareness and responsible conduct.

Expectations from its employees with regard to demonstrating environmental sensibility and diligence, are outlined in the Code of Conduct.

Finally, the Code also requires from company's 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.

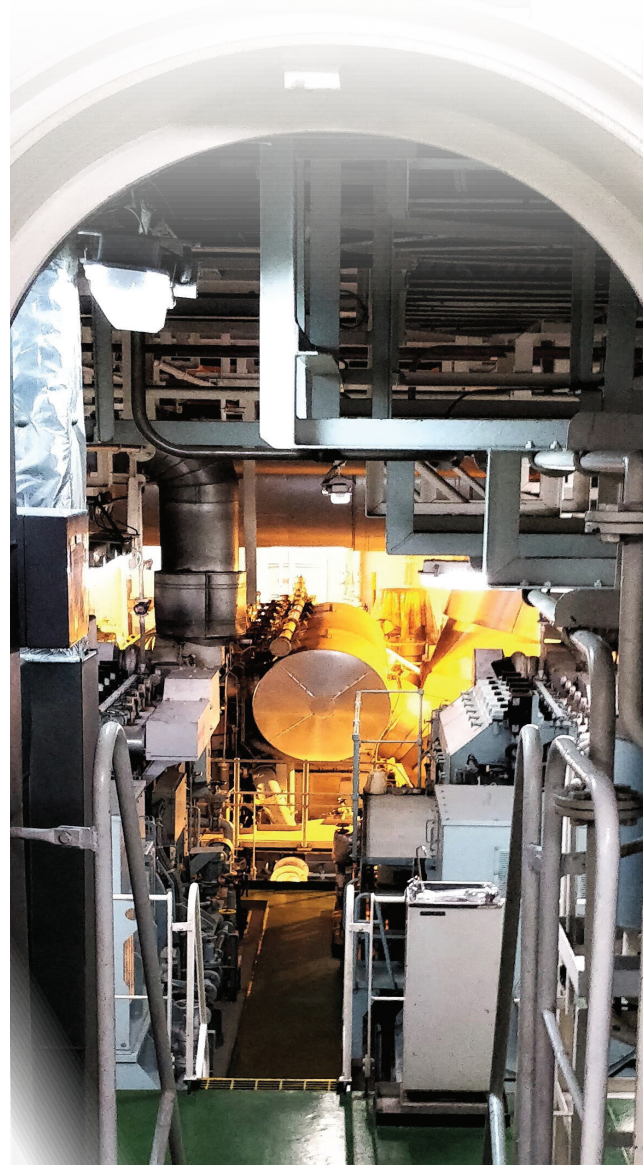
Environmental Management System

Neptune Lines' *Environmental Management System* complies with all applicable regulations and conventions of our sector, with 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-spill pollution, pollution by noxious liquid substances, sewage, garbage, air pollution).

Adhering, also, to the amendments of MARPOL Annex VI, we are committed to monitor our fleet vessels' energy efficiency through the *Energy Efficiency Design Index* (EEDI) - the most important technical measure adopted to promote the use of more energy efficient (less polluting) equipment and engines on board vessels.

Last, but not least, our Management System is certified according to ISO 14001 and 9001 standards.



Regulatory Overview

This year was very important for the shipping industry with regard to environmental regulatory developments.

Being committed to comply at all times with our sector's regulatory framework, we increased our efforts to adapt on these developments and ensure on-time compliance with their upcoming mandatory requirements.

Said developments are presented here below.

EUROPEAN UNION (EU) - MRV Regulation

In order to reduce emissions from shipping, the European Union (EU) has introduced the shipping Monitoring, Reporting and Verification (MRV) Regulation - designed to gather data on CO₂ emissions.

The regulation requires ship owners and operators calling at any EU and EFTA (Norway and Iceland) port to annually monitor, report and verify CO₂ emissions as well as provide information on energy efficiency parameters (applicable for vessels larger than 5,000 gross tonnage).

Although said regulation entered into force on July 1st 2015, the reporting period is to begin on January 1st 2018 - hence shipping companies were in a preparatory stage throughout 2017.

Once the data is collected, they are to be verified by a third-party organization and sent to a central database, presumably managed by the European Maritime Safety Agency (EMSA).

The aggregated ship emission and efficiency data will be published by the European Commission by June 30th 2019 and then every consecutive year.

This transparent reporting system aims to create a new kind of benchmarking system in Europe.

IMO Data Collection System (DCS) on Fuel Consumption

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

In October of last year, at the 70th session of the IMO's *Marine Environment Protection Committee* (MEPC 70), the MEPC adopted* 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.

The data should be collected in accordance with a methodology which is to be included in the Ship Energy Efficiency Management Plan (SEEMP).

Regulation 22A is expected to enter into force on March 1st 2018, with first data 'calendar year' beginning January 1st 2019.

The data in aggregate will be submitted in annual reports to the relevant ship's Flag Administration after each calendar year. The data reporting must be verified by the Flag Administration - through Recognized Organizations (ROs) - before a statement of compliance is issued.

Flag Administrations are, then, required to submit collected data to the IMO - which will aggregate all data submitted and publish them in an anonymized form on the IMO Ship Fuel Oil Consumption Database.

In July 7th of this year, relevant guidelines were issued by MEPC (71) for the development and management of the IMO Ship Fuel Oil Consumption Database, as well as, for administration verification of ship fuel oil consumption data.

* through amendments to MARPOL Annex VI 'Prevention of Air Pollution from Ships'

Ballast Water Management Convention

Ballast water contains a variety of organisms, such as marine and coastal plants and animals from different regions of the world. If taken up in one place and released in another, some organisms may survive and prosper in their new environment. These “non-native species” can have a serious ecological, economic and public health impact on the receiving environment.

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

On September 8th 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 shall do so with an efficiency of 95 % volumetric exchange of ballast water and ships using a ballast water management system (BWMS) shall meet a performance standard based on agreed numbers of organisms per unit of volume.

The convention requires either one or the other of the standards after entry into force. In both cases, though, relevant approval must be obtained by the Flag Administration through the submission of a ballast water management plan.

After a transitional period extending up to September of 2019, vessels will be required to meet the discharge standard of *ballast water treatment*, regardless of their initial selection. This is most commonly met by installing an approved Ballast Water Management System (BWMS).

Implementation of Environmental Commitments through ongoing Measures and specific Actions

Environmental Management System

Environmental compliance and performance on board our vessels are ensured and monitored through:

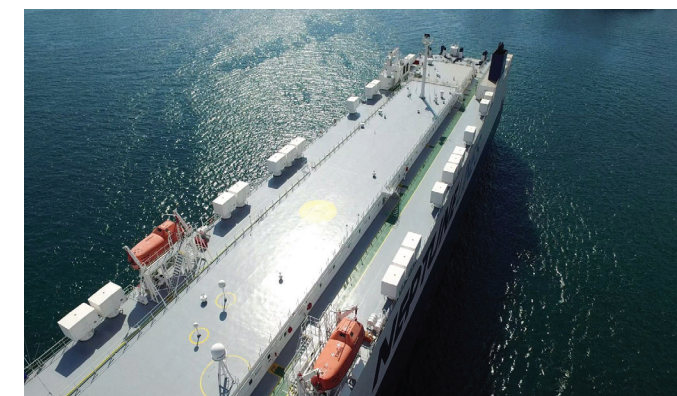
- Existing Management System manuals and plans (i.e. Garbage Management Plan, SEEMP, Ballast Water Management plan etc.).
- Vessels' reporting on environmental indicators (i.e. fuel consumption, chemicals consumption etc.).
- Conduct of periodical oil-spill related drills and ship-to-shore exercises.
- Seafarers' familiarization in environmental measures and expected actions upon embarkation.
- Safety meetings where relevant topics and instructions are discussed.
- 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) on ISO standard 14001.

During 2017, we implemented necessary revisions in our Management System for the transition to the new ISO 14001 and 9001 standards (i.e. 14:001 and 9001:2015).

Moreover, we prepared ship-specific monitoring plans as per the MRV Regulation and Ballast Water Management Convention requirements and submitted them for approval.

Finally, this year, we also 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 Sulphur Dioxide (SO₂) which is directly harmful to human health.

(Source: www.shippipedia.com)



Training of Shore Personnel

During 2017, respective personnel from the office attended the below environmentally-related training courses:

- Scrubber Ballast Water Treatment Systems
- New Developments On Main Engines
- Revised ISO Standards 9001 and 14001:2015

Progress On Ongoing Environmental Measures

During 2017, we continued our ongoing environmental measures, progress of which, is presented here below.



Speed optimization/Ship efficiency (operational measure)

In 2017 we continued with the speed optimization program. We have been monitoring the results in the fuel consumption in an effort to minimize said measure - and consequently our CO₂ emissions.

We have also changed our policy in the use of the constant RPM mode on our Korean fleet (6 vessels). If the speed is above or equal to 16 knots, they continue to use the constant RPM mode; and if the speed is less than 16 knots the combinator mode is used. The trade-off is between usage of the shaft generator and saving fuel in the propeller.

The performance of the fleet in 2017 is very similar to the performance in 2016:

- The average speed is 14,24 compared to 14,26 knots of last year
- the total fuel consumption per nautical mile is 0,0877 versus 0,0874 of last year and,
- the M/E consumption per nautical mile is 0,0753 compared to 0,0746 of last year (1% deterioration).

This year we improved the coating in three vessels that performed their drydocking and repairs.



Trim Optimization and Reduction of Ballast Carried / GM Control (stability indicator)

Pure Car and Truck Carrier (PCTC) vessels, such as those within our fleet, always carry ballast, even in fully-loaded conditions, to ensure adequate stability is available.

It is very important to have appropriate tools to optimize the use of ballast and properly trim the vessel, so as to minimize the hull resistance and the fuel consumption.

Trim optimization and ballast control is now applied to 12 vessels in the fleet (added 2 vessels). For 6 of our vessels we use the *ECO-Assistant* software tool of DNV-GL.

Said software is an on board and onshore software tool built around a pre-calculated database of ship-specific resistance and power-demand data providing answers in all operating conditions.

For the other 6 vessels of the fleet, we use the *Ship Efficiency Monitoring (SEMT)* software package from the Hellenic Information Technologies & Engineering Company (Helintec). Using such software, the ships are trying to minimize the ballast and optimize the trim upon departure from a port.

Foul Release and Advanced Anti-Fouling (A/F) Coatings to Reduce Fuel Consumption

We continue monitoring the performance of the 8 vessels coated with silicon anti-foulings and the 3 with advanced efficiency A/F's of premium quality.

The performance is very good.

Environmental measure:SO_x Emissions Reductions

For the ninth year we continue to restrict the mean sulphur content of the Heavy FO fuel bunkered for the company fleet to below 2.8% sulphur content. The global limit has reduced as from January, 2012 to 3.5%. For 2017 the mean value is 2.67%.

Energy-Saving Devices (ESD) on Propeller

We now have 4 vessels with Propeller Boss Cap Fins (PBCF) installed and two vessels with the Promas system installed.





Car Deck Lights Turning Off at Sea

We continued with application of this measure for the turning off of the car deck lights on 12 of the vessels in the fleet during sailing. Only the emergency lights are left on. Savings on auxiliary engine consumption have been reported through this measure. Instructions are also provided for turning off lights in various spaces onboard the vessel when these are not used. Special stickers are supplied to the vessels and are installed in most spaces to remind users to turn off the lights.

Telemetry System (continuation)

On the two new ships we have installed a telemetry system to monitor real time 24 parameters of the ship from ship performance to energy consumption. All these can be monitored remotely from our office or elsewhere.

Led Lights Installation

After our successful tests in 2015, this year we installed Led's to replace fluorescents in 4 ships of the fleet. We replaced all tubes in Engine Room (E/R) and Accommodation and the emergency lights in the car decks.

Installation of KWHr Meters

If we cannot measure we cannot control. Based on this principle we have installed Kwhr meters presently on 8 vessels of the fleet and we are monitoring the auxiliary power usage on a monthly basis. This will assist us to measure the effects of any improvements that will be made to the auxiliary power usage systems onboard.

Coriolis Flowmeters

On 8 vessels in our fleet we have installed Coriolis flowmeters for accurate measurement of the fuel oil consumption for M/E and auxiliaries. On the two new vessels we have also installed Coriolis flowmeters for accurate measurements during bunkering.

Installation of Variable Speed Drives (VSD) on sea water pumps and E/R fans

On total 8 vessels we have installed Variable Speed Drives on the sea water pumps and the E/R fans. The results are successful.

Supporting Environmental Initiatives & Projects

PARTICIPATION IN EU PROJECTS INVOLVING COLLECTIVE ACTION

CARESMATIC

CarEsmatic is a Connecting Europe Facility (CEF) co-financed Action. Its implementation started in March 2016 and is expected to be concluded in December 2018.

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 onboard the vessels to allow transportation of electric cars without any problems. We will install these chargers in two of our vessels trading 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, which will be a candidate for conversion to Liquefied Natural Gas (LNG).



MarineLife

In 2017 we were given the opportunity to support a marine wildlife research charity called MARINElife and, contribute through their actions to the conservation of the wildlife of oceans and marine life research.

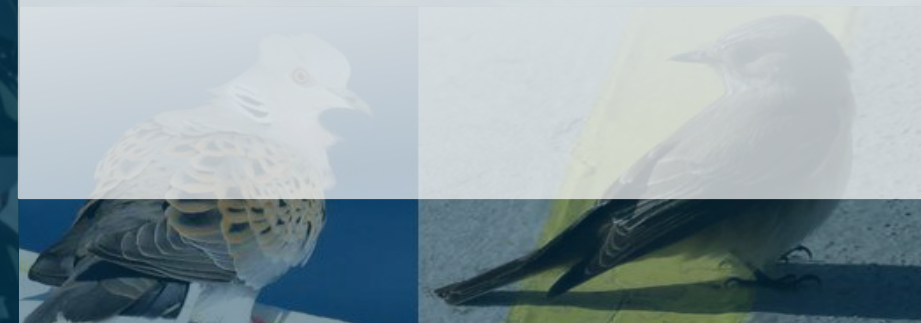
Researchers of said initiative conduct research from various ships departing from the UK watching from the bridge of the ship once a month on a return sailing, recording any Whales, Dolphin and seabirds seen.

Since during this year, 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 volunteers.

In particular, through one of our fleet vessels (dedicated for these routes) we managed to provide MarineLife with two sailing/roundtrip opportunities: one in November (duration: 7 days) and one in December (8 days) – where they recorded numerous different species of seabirds and marine mammals.

The reports from these trips can be found on MarineLife's website:

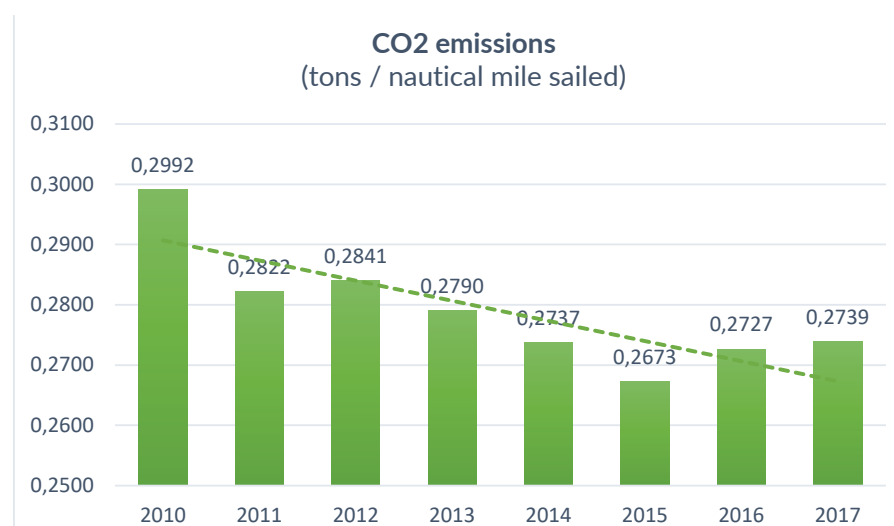
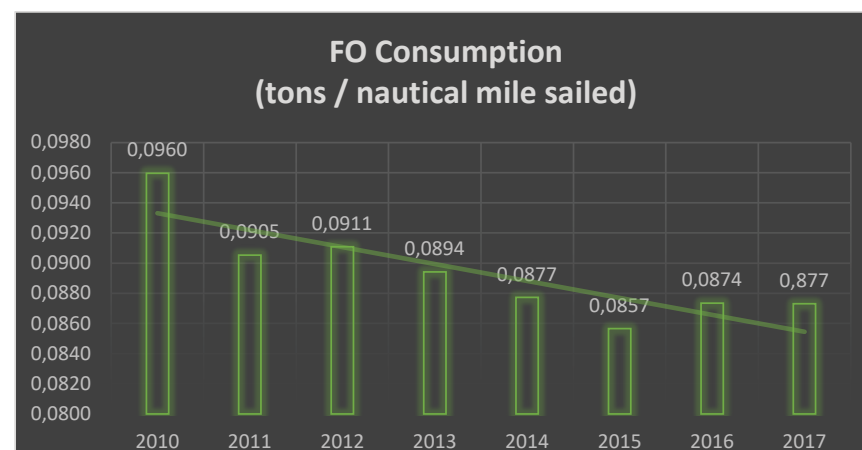
www.marine-life.or.uk



Measurement of Outcomes & Energy and Environmental Performance

CO₂ Emissions

The following graphs indicate our CO₂ emissions as from 2010 till 2017, without taking into consideration the volume of the transported work. For 2016 and 2017 we failed to achieve our target for 0.5% reduction due to increased speed demands for the fulfillment of our contractual agreements.



To calculate our CO₂ emissions, we collect our data from our monthly and daily position reports received from the vessels for distance travelled and fuel consumed. The nautical miles data used in our analysis are retrieved from the vessels and include pilotage miles, all deviations due to weather, drifting etc. Calculation type used: Mass (tons) of CO₂ per nautical mile sailed (Fuel consumption x distance sailed x emission factor for Heavy Fuel Oil and Gas Oil used).

CO₂ emissions calculation method including volume of cargo transported have been prepared and we are in the process of implementing the automatic calculation method through our ERP.

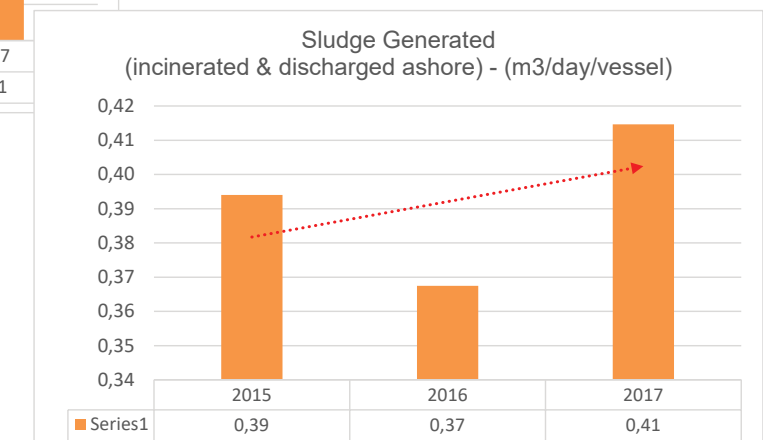
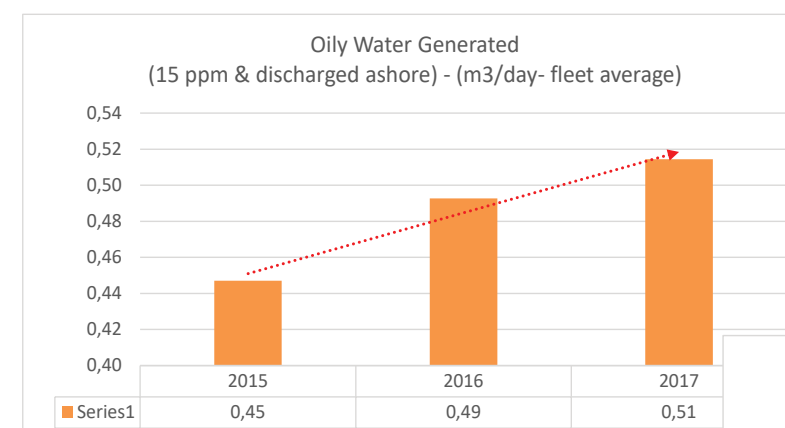
Waste Disposal at Sea

Since 2013 we are implementing a zero tolerance policy for the waste disposal at sea. Only our Neptune Ploes have disposed processed food at sea for the first months of 2017 due to extended stay at sea. Total amount of garbage discharged at sea for 2017 is the minimum amount 0.002 m³ / vessel / month which will be further reduced to zero for 2018.



Oily Water and Sludge Production

Oily water increased for 2017 (0.51 m³/day) in comparison with 2016 (0.49 m³/day). Sludge generated for 2017 (0.41 m³/day/vessel) increased in comparison with 2016 (0.37 m³/day/vessel). The environmental character of our vessels do not allow drains (all engine room drains plus air condition condensed water, CO₂ room drains etc) to be directed overboard but on the contrary to be collected in oily water tank and further processed through 15 ppm or discharged at dedicated shore facilities.



- **Use of Paints**

The monthly consumption per vessel (liters) decreased in 2017 in comparison with 2016 from 153 liters per vessel per month to 141 liters per vessel per month. Paints are supplied to the vessel basis on the stock available onboard and actual maintenance needs. Maintenance is monitored during onboard attendances from Superintendents.

- **Paper Consumption**

Still vessels will have to increase their awareness and reduce as much as possible the paper consumption. Majority of monthly forms needed for periodical reporting are forwarded by email and are being filed electronically in the Office. However, we are in the process of implementing electronic document management on board fleet vessels. Paper consumed slightly increased in comparison with 2016 noting an increase from 4.71 packets per month per vessel to 4.83.

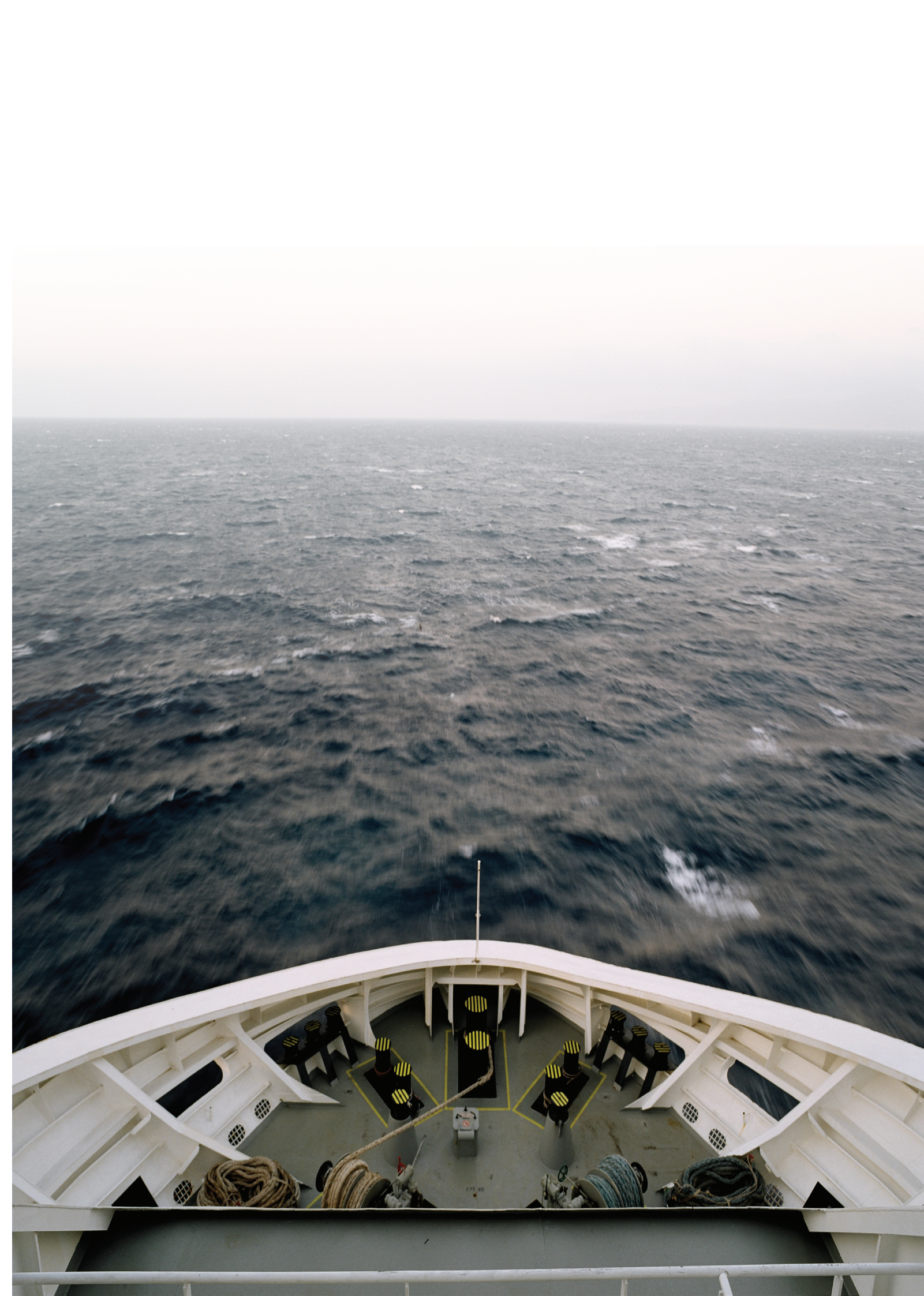
- **Spills at Sea**

There we no spills at sea during the reporting period.

- **Compliance with Environmental Laws & Regulations**

There were no any claims with regard to the environment during the reporting period.

Neptune Lines has zero legal offences or accusations of doing harm to the environment or complicity in such activities.



Anti-Corruption

04

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

corruption in all its forms, including bribery and extortion

- in our *Fair Business Practices* policy, demonstrating our commitment to always engage in fair trading and transparent business transactions (i.e. anti-competitive behaviour, fair business practices, detecting and preventing price fixing and market allocation practices)
- 2. in the Code of Conduct which requires all employees (ashore and seagoing), top-level management and all parties that conduct business with or on behalf of Neptune to act lawfully, with fairness and integrity, maintaining high standards of personal and business ethics.

It is clearly stated in the Code that employees, as well as, representatives and business cooperators

Commitment

Neptune Lines is committed to conducting business with integrity and in compliance with all applicable anticorruption legislation including the *UK Bribery Act** *Anti-Corruption Rule*.

Our company's commitment to the 10th Principle is expressed:

1. in our Policies and specifically:
 - in its *Anti-Corruption and Anti-Bribery* policy which explicitly states company's zero tolerance towards

* UK BRIBERY ACT 2010

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Actions taken to implement our Commitment, address Corruption Risks & respond to related Concerns

Selection & Recruitment Process

During the selection process of shorebased personnel, apart from competence and skills, the company places great emphasis on the human factor and seeks to define whether candidate's character fits its core values-including *integrity*.

Of course, assessing candidates' personalities during selection process is much harder than assessing their skills and results of personality assessment are not fully reliable on their own.

However, to raise possibilities of engaging the best people in terms of dependability and ethical behaviour, our HR department uses below tools:

- Initial screening
- Personal interviews (i.e. with HR Manager and respective superiors)
- Conversation (i.e. talking some more to final candidates)

Internal & External Communication Processes

Neptune Lines seeks to ensure that its corruption and unethical behaviour policies, as well as, the requirements and implications of the code of conduct are embedded and understood throughout the company, through internal and external communication.

Internal communication includes:

- Induction and familiarization process of new employees; Every new hire (shore based and seagoing) receives relevant familiarization regarding the established anti-corruption policies and signs the corporate Code of Conduct. Also company material (i.e. sustainability reports/ COPs/ circulars) is handed to them to review.
- Coaching; Top and middle-level management is responsible to convey the 'tone from the top' - helping their subordinates understand how to apply the code's principles and how they should behave when faced with corrupt demands or situations where corruption might occur.

of Neptune 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.

The Code also clarifies the use of gifts and hospitality, since these may constitute corruption offenses, may be used to facilitate corruption, or give the appearance of corruption.

3. through our sustainability reporting (content of which is publicly available and shared with stakeholders) where - among other relative indicators and statements - the company declares that all its charitable donations and sponsorships are irrelevant with its 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.

All employees and parties that conduct business with or on behalf of Neptune (e.g. business cooperators, subcontractors etc.) are expected to act in a way that is consistent with company's anti-corruption commitments. In the opposite case, appropriate action is taken.

The company is committed 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.).

All Neptune employees and business cooperators are encouraged to speak up and report any incident that they may become aware of which could be breaching corporate policies and the code of conduct through established communication channel-described in the next section.

- Pre-joining briefing; Prior joining our fleet vessels, all seafarers are briefed on latest updates and instructions issued.
- Confidential reporting of incidents (whistle-blowing); Bribery and corruption incidents or concerns, are reported to our Compliance Officer who is responsible to provide guidance on how to handle the situation. The Compliance Officer is part of the Sustainable Development Committee and reports to the Board of Directors. In the case of vessels, seafarers report directly to the DPA who, then, informs the Compliance Officer.

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

The main external channels to communicate our anti-corruption policies, measures and updates are:

- our corporate sustainability report issued on a biennial basis (uploaded to our website and shared with stakeholders)
- our Communication on Progress (COP) uploaded annually to the UN Global Compact website
- our corporate material (i.e. brochures)
- for reporting of incidents or concerns, associated parties may contact our Compliance Officer.

Compliance Management Program

During this year, in an effort to upgrade our existing compliance program, we decided to externally assess our system so as to ensure that it covers all risks deriving from our operations and take necessary actions to mitigate them.

We contracted a well-established law firm in order to review our existing basic compliance policies and processes, perform a risk assessment to identify further risks and describe what control actions we need to take in order to minimize the severity of possible incidents at a manageable level; the action plan deriving from the risk assessment, will assist in improving existing policies and processes so as to establish a solid compliance program.

Workshops held so far towards implementation of said project, were conducted with full involvement of Top Management and will continue over the next year along with implementation of next steps.

Existing Controls

We closely monitor all company expenditure and all invoices go through an electronic-approval flow passing through various levels of approval for better verification. Cases of particular interest are always investigated until justification is provided.

Collective Action

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

This year, Neptune Lines has made some important moves to participate more actively in collective action initiatives fighting against corruption and bribery. These are demonstrated here below.

TRANSPARENCY INTERNATIONAL

At the beginning of the year, Neptune Lines joined *Transparency International* (through its network in Greece), 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. Transparency International has drawn synergies with both government and the private sector, as well as with civil society organizations, by offering expertise in the area of anti-corruption. At the same time, it exercises pressure, pointing out the need for adopting measures that will increase transparency and accountability.

On December 6th 2016, a Memorandum of Understanding (MoU) was signed between Transparency International and *United Nations Development Programme* (UNDP), to promote anti-corruption through *Goal 16* (peace, justice and strong institutions) of the *2030 Agenda for Sustainable Development*, as a major development issue;



The same year, *Transparency International Greece Business Integrity Forum (BIF)* was established with the aim of supporting leading businesses in demonstrating their commitment to the fight against corruption.

So far, Neptune Lines has participated in 3 round tables, where anti-corruption experts provided updates on anti-corruption, good governance and corporate compliance and demonstrated best practices as well as developments in anti-corruption legal and regulatory matters. Indicative themes discussed:

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

Last, company's membership in this voluntary initiative has provided guidance and access to several tools and publications, such as Due Diligence Check List, RESIST, Transparency in Corporate Reporting (TRAC), Corporate Anti-Corruption Benchmark Tool, Codes of Conducts for Small and Medium Size Enterprises etc.

MACN

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

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. MACN's members 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.

Neptune Lines participates in 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.



Our company has provided specific instructions to fleet vessels so, in case of any demands of bribery or facilitation payments, vessel's Master and crew are requested to follow a specific procedure and then report the incident to our office. Our DPA is responsible to submit said incidents to MACN database.

Analysis of such data will assist the MACN in scoping the problem and developing further action plans to eliminate its extent and frequency.

Finally, due to our MACN membership, we are able to benefit from:

- other companies' experiences and best practices through shared examples and case stories
- a wide range of useful material (e.g.. toolkits, risk assessment tools, methodologies etc.).

Towards the end of this year, and due to increased pressure experienced by our seafarers at various ports to offer facilitation payments, we launched a “Say No” campaign on board our vessels, to publicly state our company’s clear stance towards bribery and its zero tolerance to such practices. Content of the campaign is briefly presented in the following frame.

As a first step, the campaign will be implemented initially only to European Union and Turkish ports.

“Say No” Campaign

- Seafarers were instructed to not engage in any kind of facilitation payment 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
- SAY NO posters were dispatched to all vessels (as per specific template provided by MACN) and placed at pilot stations, ramps, elevator, ship's office, captain and chief engineer's day room, mess rooms and announcement boards.
- Master and crew were guided in terms of conduct 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 facilitation payment. He will point to them the available posters.
- When necessary, the Port Agent will explain to the Port Officials in their native language that Neptune Lines is a member of 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 the Compliance Officer and decide on course of action.
- The Master will inform the Port Officials that said incident will be reported and escalated to Senior Management as per established policy.



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.



MACN
Maritime Anti-Corruption Network



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.

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Measurement of Outcomes & Performance

Responsibility for monitoring company's anti-corruption performance lies within the Compliance Officer. This business role is responsible for tracking and monitoring alleged corruption incidents and reported concerns and report them to the BOD (keeping the Sustainable Development Committee informed). Vessel-related cases are also monitored from the DPA through MACN's database and tools.

Highlights with regard to outcomes and goals set this year:

- Company's DPA participated in MACN's biannual members meeting held in London on October.
- Fulfilling our duties as an active member of MACN, we completed and submitted our annual self-assessment for 2017 to the MACN Secretariat (BSR). Results of the assessment will be shared at

the established forthcoming members meeting and used as a tool to identify which topics we could work on further with the guidance from MACN in order to further support our onboard compliance.

- The next steps of our Compliance Program upgrade project that started this year (including gap analysis and assessment conducted) are anticipated over the next year; once formalized they will be processed and monitored with the guidance of the contracted law firm.
- Anticipating the outcome of our new 'SAY NO' onboard campaign
- There were no corruption incidents recorded for 2017, nor any legal actions, sanctions or fines posed against Neptune Lines.



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