

ON THE WAY TO SUSTAINABILITY

United Nations
Global Compact
Communication
on Progress 2016



Published: September 2017.



Neptune Lines Sustainability Contact Desk
Neptune Lines Shipping and Managing Enterprises S.A
5-9 Iassonos Street, GR 18537, Piraeus, Greece

Department of Health, Safety, Quality & Environment
(H.S.Q.E)
Tel. +30 210 45 57700
hsqe@neptunelines.com
www.neptunelines.com

This Communication on Progress has been developed
with the support of Global Sustain.



Creative design and layout:

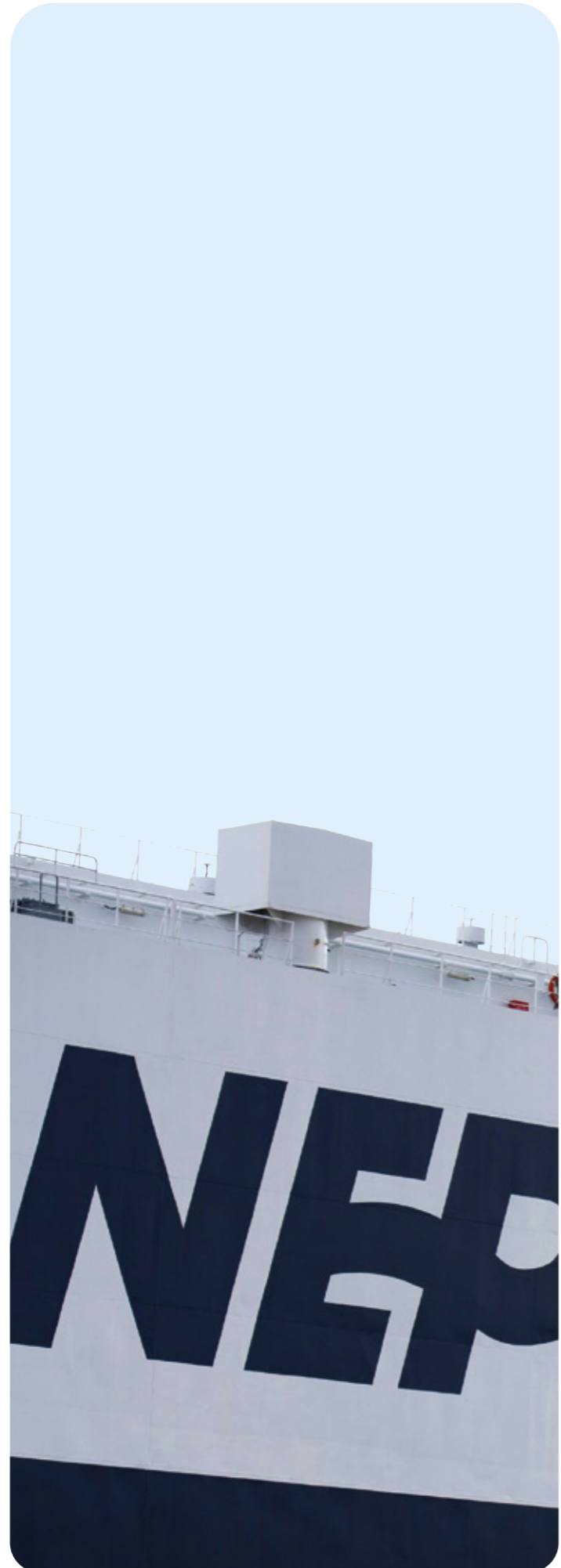
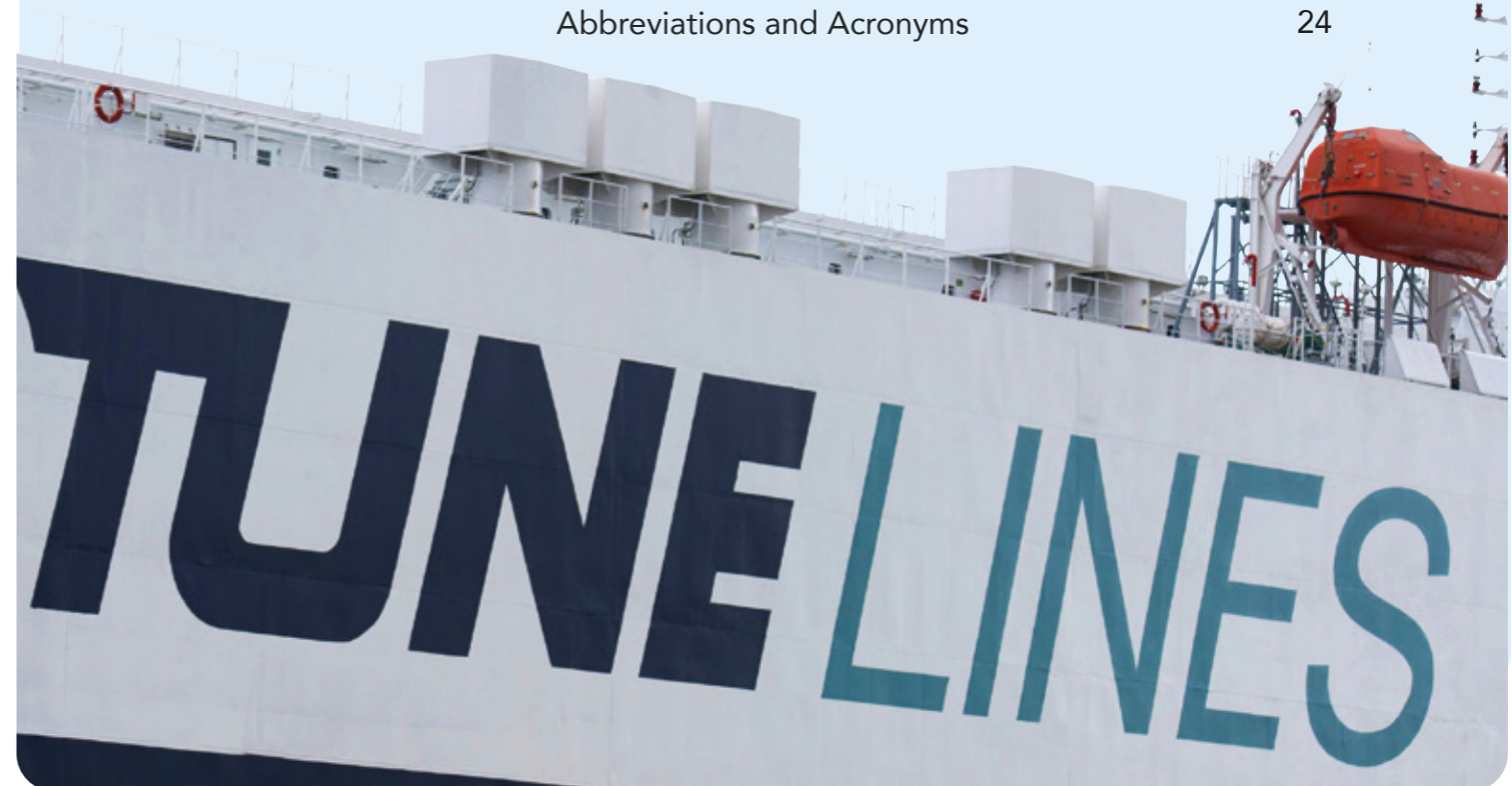


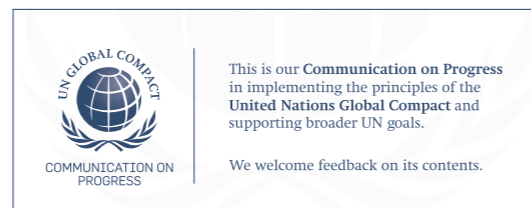
Table of Contents

1. INTRODUCTION	4
Statement of continued support of the UN Global Compact and its Ten Principles About Neptune Lines	4 6
2. HUMAN RIGHTS	8
Principles 1 & 2	8
Assessment, Policy and Goals	8
Implementation	9
Measurement of outcomes	9
3. LABOUR	10
Principles 3, 4, 5 & 6	10
Assessment, Policy and Goals	10
Implementation	11
Measurement of outcomes	11
4. ENVIRONMENT	16
Principles 7, 8 & 9	16
Assessment, Policy and Goals	16
Implementation	17
Measurement of outcomes	19
5. ANTI-CORRUPTION	22
Principle 10	22
Assessment, Policy and Goals	22
Implementation	23
Measurement of outcomes	23
Abbreviations and Acronyms	24





Statement of continued support of the UN Global Compact and its Ten Principles



Neptune Lines reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. For each of these four areas, this Communication on Progress (COP) outlines our policies, goals and assessments as well as the implementation and outcomes to integrate the Ten Principles of the UNGC into our business strategy, culture and daily operations.

Neptune Lines is a leading short sea, car carrier operator, specializing in the transportation of finished vehicles, and other rolling and static cargoes for the world's largest automotive manufacturers and logistics providers.

The largest proportion of global transportation is seaborne and this makes shipping an important pillar of international trade. As a leader in its business segment, Neptune Lines has taken significant steps over the last three years in identifying and assessing its economic, environmental and social impact at both national and international levels. Our Company has already issued two Sustainability Reports, communicating non-financial information to our stakeholders since 2014, using internationally accepted guidelines such as the GRI and the UNGC.

The year 2016 was full of exciting corporate responsibility initiatives and one of our main objectives was meeting the expectations of our stakeholders. This was achieved by continually providing outstanding quality services and by strengthening our relationships with both our customers and our people.

We are excited to build upon, develop, and further strengthen our commitment to this initiative while striving to promote sustainable business practices for the benefit of our employees, our customers and the communities in which we operate.

We see our investments in these areas as good business and the right thing to do. We are committed to sharing our efforts and performance in terms of sustainability with our stakeholders, using our primary channels of communications, including this COP.

This COP (Active level) covers the reporting period from 01/01/2016 to 31/12/2016.

We welcome your comments and feedback to advance our corporate responsibility and sustainability practices.

Yours sincerely,
Melina Travlos
President & CEO

About... NEPTUNE LINES

Neptune Lines Shipping and Managing Enterprises S.A. (Neptune Lines) is a leading car carrier operator in the short sea transportation sector, controlled and ultimately owned by the Travlos family. Neptune Lines is a finished vehicle logistics provider, offering transportation and shipping solutions to manufacturers and shippers of cars and high and heavy cargoes.

Through our modern fleet of Pure Car & Truck Carrier (PCTC) vessels and our expansive agency network and operational expertise, we provide short sea transportation in the Mediterranean basin, extending from the Atlantic ports of Vigo and Casablanca in the West, to the Black Sea in the East.

In June 2016, Neptune Lines launched its new Ro/Ro transportation service in the Gulf currently connecting the United Arab Emirates, Iran, Iraq, Saudi Arabia, Kuwait, Oman, Qatar and Bahrain.

Neptune Lines has always been proud to combine its family-owned enterprise values – such as personal attention to customers and service flexibility – with the efficiency and professional management of a thoroughly modern shipping company. The Company's service is backed by an unwavering commitment to conducting business in a socially responsible and ethical manner.



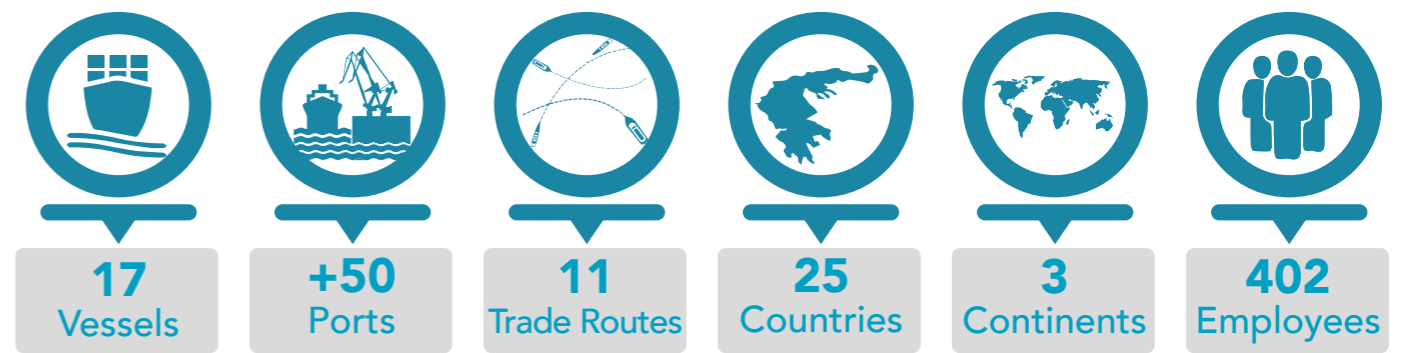
Neptune Lines **mission** is to be the most trusted car carrier company in the areas we operate, always delivering flexible and tailor-made solutions to our client-partners by investing in our most valuable asset, our people.

It is an integral part of our **vision** to be pioneering whether in our services and markets served, environmental standards, or supporting actions to the communities we operate.

Established in 1975, Neptune Lines has been conducting business for over 40 years now based on the founding **values** of Trust, Flexibility, Confidence, Integrity, Pioneering, Human Capital, Excellence and Responsibility.



“ Neptune Lines Shipping and Managing Enterprises S.A. (Neptune Lines) is a leading car carrier operator in the short sea transportation sector ”



2. HUMAN RIGHTS

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



Assessment, Policy and Goals

Neptune Lines aims to be a company for which people want to work, a company that boasts about an interesting working environment both at sea and ashore. Neptune Lines and its management board are committed to supporting and protecting the **Universal Declaration of Human Rights** within their sphere of influence and throughout their business activities. It is further declared that the Company's policy is neither to permit nor to tolerate but to prevent any kind of discrimination and/or harassment of its employees on board or ashore on the grounds of race or ethnic origin, gender, religion or belief, disability, age or sexual orientation.

Neptune Lines chooses its business partners based on their efforts to respect human rights, comply with laws, protect the environment and address social issues, as well as considerations such as quality and price. The Company shares its stance regarding fulfilment of social responsibility, including respect for human rights, compliance with laws and protection of the environment, with its business partners and encourages them to take their own voluntary initiatives.



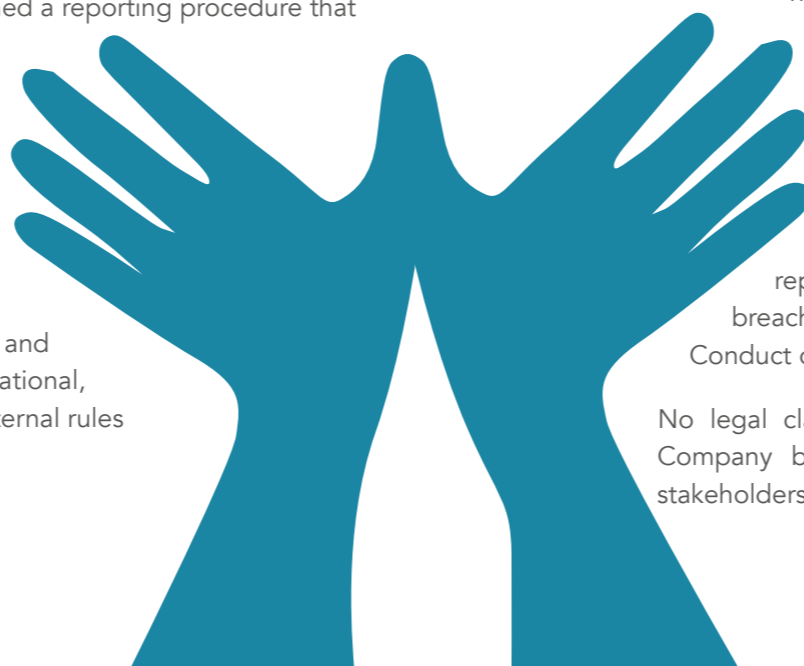
RENAULT SUPPLIER AWARDS 2016

Neptune Lines itself was recognised for its sustainability efforts as a service provider and achieved the Renault Supplier Award for Corporate and Social Responsibility in June 2016.

Furthermore, the same month, Neptune Lines achieved the bronze award from the Corporate Responsibility Index (CR Index), an initiative introduced by "Business in the Community" - a responsible business network.

All Neptune Lines suppliers must be aware that child labour is unacceptable and that the employment of young workers should adhere to local regulations. Neptune Lines suppliers are expected to treat all employees fairly and not discriminate against any group in employment practices and also respect human rights in the areas of their operation. The Company is aiming to continually improve its social and environmental performance through its worldwide supply chain and for that purpose has issued a **Code of Conduct for Suppliers**.

Also within its management system Neptune Lines has established a reporting procedure that enables and encourages all employees to report any non-conformity or compliance regarding the Maritime Labour Convention (MLC) and other applicable national, international or internal rules and regulations.



Goals

With regards to the Human Rights Principles, the Company is setting the following targets:

- Continuous monitoring of performance with respect to internal corporate human rights policies and international declarations and initiatives.
- Continuous support of UN Global Compact Human Rights Principles.
- Maintain zero-tolerance in human rights abuse.

Implementation

Neptune Lines goals for 2016 with respect to human rights were mainly achieved by training through internal arrangements such as meetings, news and presentations of induction documents for new employees.

Human rights awareness has been achieved through the following actions and initiatives:

- All employees are signing Neptune Lines policy acceptance clause related with human rights and principles as part of their induction programme.
- Provision of training for all management team members.
- The Global Compact Human Rights Principles have been a subject of attention in employees and managers' meetings.
- Neptune Lines documents regarding corporate responsibility, where human rights policies and commitments are included, are accessible to all employees and other stakeholders through the Company's intranet.
- Continued training activities for employees and seafarers in 2016.
- The Company encourages all employees to formally report any concerns of assault or other bullying behaviour as well as any incident of harassment or discrimination to Human Resources Manager (grievance mechanism).

Measurement of outcomes

In 2016, there has not been any suspected or unethical behaviour reported, nor concerns about possible breaches of the Company's Code of Conduct or violation or abuse of human rights.

No legal claims have been made against the Company by any of its employees or other stakeholders regarding violation of human rights.



3. LABOUR

Assessment, Policy and Goals

Neptune Lines has in place policies that fully support the labour principles of the **International Labour Organization (ILO)**.



As of August 2013, all vessels of Neptune Lines fleet comply with the **MLC 2006 (Maritime Labour Convention)**. MLC establishes minimum working and living standards for all seafarers working on ships flying the flags of ratifying countries. Neptune Lines complies with the current labour market legislation of the country in which the individual is employed.

Neptune Lines is committed to providing a working environment free from any form of harassment, intimidation or bullying. The Company defines bullying as persistent, malicious, unwelcome, severe and pervasive mistreatment that harms, intimidates, demeans, offends, degrades or humiliates an employee, whether verbal, physical or otherwise, at the place of work and/or during employment.

Bullying behaviour includes, but is not limited to abusive and offensive language, insults, teasing, spreading rumour and innuendo, unreasonable criticism, unfairly blaming for mistakes, criticizing in public, and trivializing of work and achievements.

The Company, also prohibits discrimination and harassment and protects the right to be free of hate activity, based on age, ancestry, citizenship, creed (religion), colour, disability, ethnic origin, family status, gender identity, level of literacy,

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

marital status, place of origin, membership in a union or staff association, political affiliation, race, receipt of public assistance, record of offences, sexual orientation or any other personal characteristics by or within the organisation.

Neptune Lines:

- Recognises and respects cultural differences. All employees are treated strictly according to his or her abilities and qualifications in any employment decisions, including but not limited to hiring, advancement (promotion), compensation, benefits, training, layoffs and termination.
- Is committed to treating with fair, objective and transparent manner the professional development of all its employees and no discrimination is practiced in respect of employment, dismissals, relocations, promotions, determination of salary and working conditions or competence development.



- Is committed to respecting multicultural issues (beliefs, cultures, religions) and is committed to treating people with respect, courtesy, honesty, integrity and fairness.
- Is committed to eliminating discrimination regarding gender, ethnicity, religion, culture and social profile and is also committed to offering all employees fair and equitable treatment.
- Does not tolerate any form of child labour and it does not tolerate any form of forced or compulsory labour.

The Company has in place appropriate policies against discrimination and harassment and all complaints of unlawful harassment, intimidation or bullying are handled in an absolute discreet and confidential manner. Once the matter has been reported it is promptly investigated and any necessary corrective action is taken where appropriate. Any employee found in violation of this policy will be disciplined, up to and including immediate termination of his or her employment. Independent contractors found to be in violation of this policy may be subject to contract cancellation. All Neptune Lines suppliers must prohibit the use of forced labour and give workers, whether local or migrant, the right and the ability to leave employment when they choose.

Neptune Lines promotes a no-blame culture and motivates staff to ensure that they understand and embrace the requirements of the Company's management system.

Additionally, Neptune Lines provides that all identified risks to its personnel are being assessed and appropriate processes exist to ensure that no unacceptable or avoidable risks are taken.

Goals

Neptune Lines is committed to supporting the Labour Principles and sets the following main goals:

- To maintain zero loss-of-life incidents and minimize Lost Time Injury Frequency (LTIF) rates. The target for 2017 is set at a LTIF reduction of at least 0.25.
- Ensure that the Company continues to be compliant with applicable rules, regulations and laws.
- To continually improve the training performance of its employees and to provide



additional training opportunities to all.

- To continue improving employee satisfaction rate, as well as the crew retention rate.

Implementation

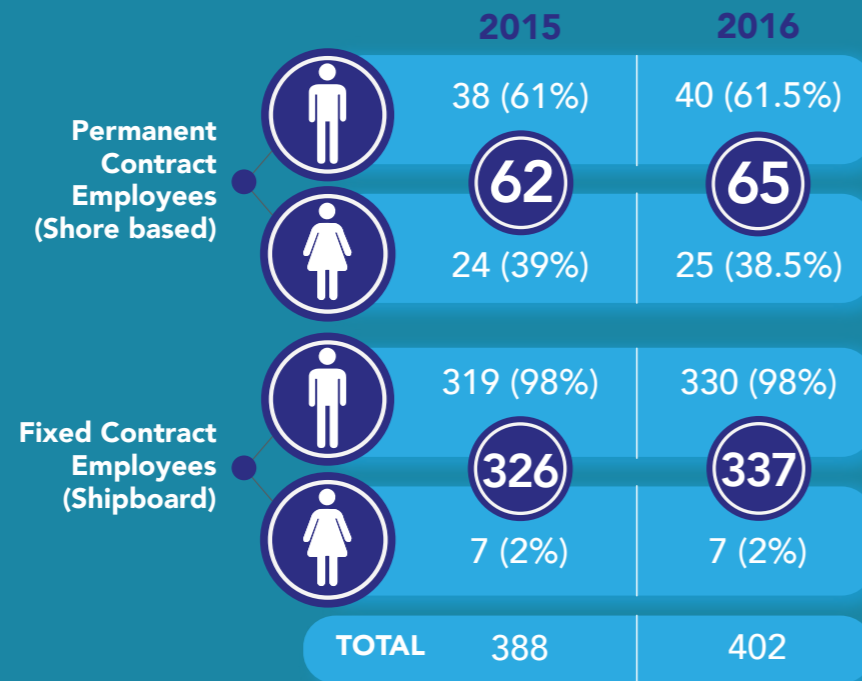
The Company ensures that all labour regulated activities are reviewed according to the countries' specific regulations and the Labour Principles are applied.

For the health and safety of its employees, Neptune Lines has in place strict procedures, such as emergencies training and drill plans, that are rehearsed and performed at regular intervals, onboard the ships and ashore. Neptune Lines ensures that all employees are fully prepared for all emergencies, as the implementation of safety principles and of environmentally friendly practices improve the safety of the working environment and help in preventing injuries and ill health.

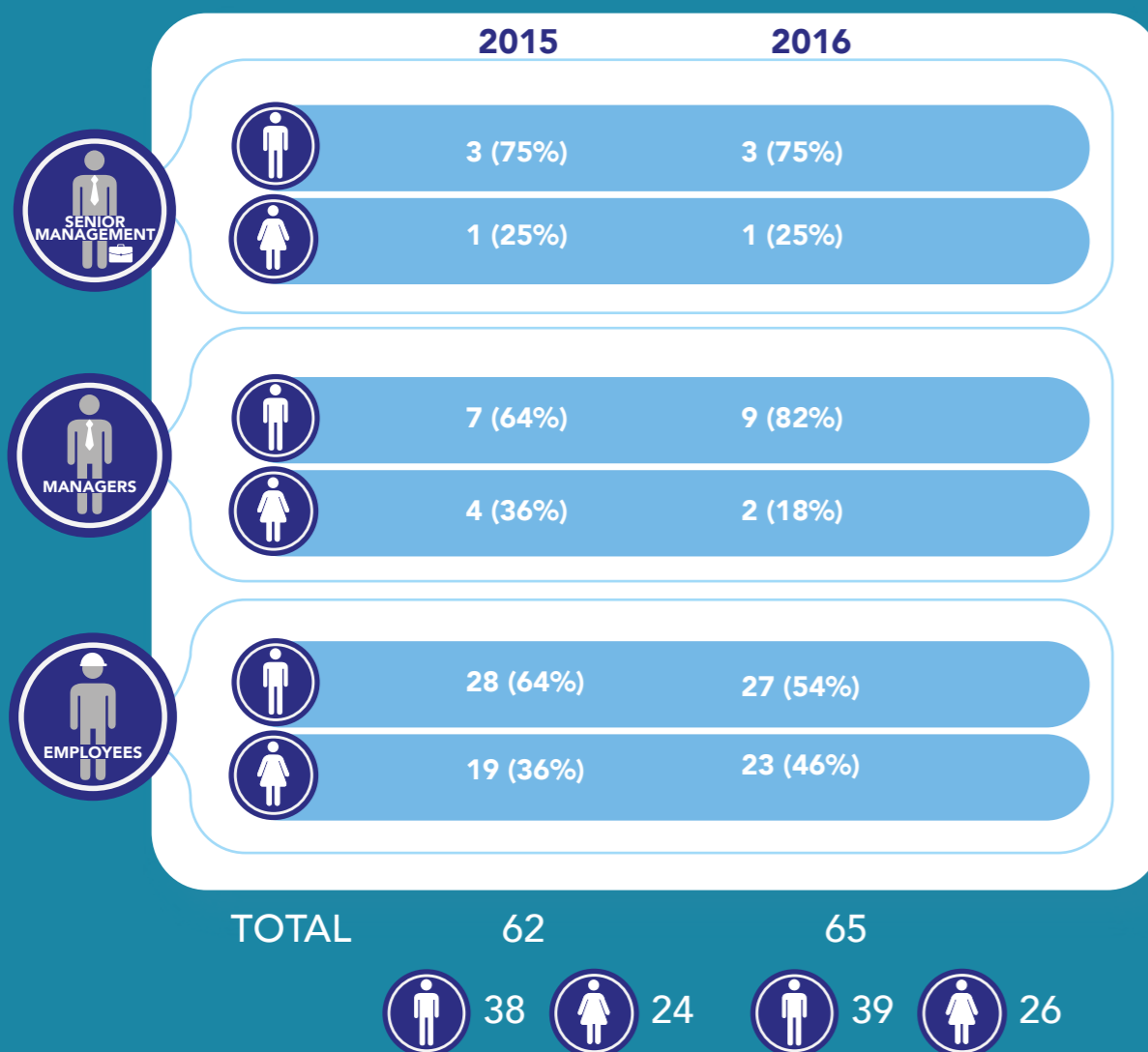
Measurement of outcomes

Neptune Lines maintains a policy of providing employees with equal opportunities for development of skills and offering new challenges within the Company. All employees are treated equally, irrespective of ethnic background, gender, religion or age and they are offered equal opportunities for development and promotion to higher positions. Gender-based discrimination is not allowed in terms of recruitment, promotion or wage compensation.

Number & Percentage of Employees (Shore based & Shipboard workforce) by Gender (2015 & 2016)



Workforce by Employee Category & Gender (2015 & 2016)

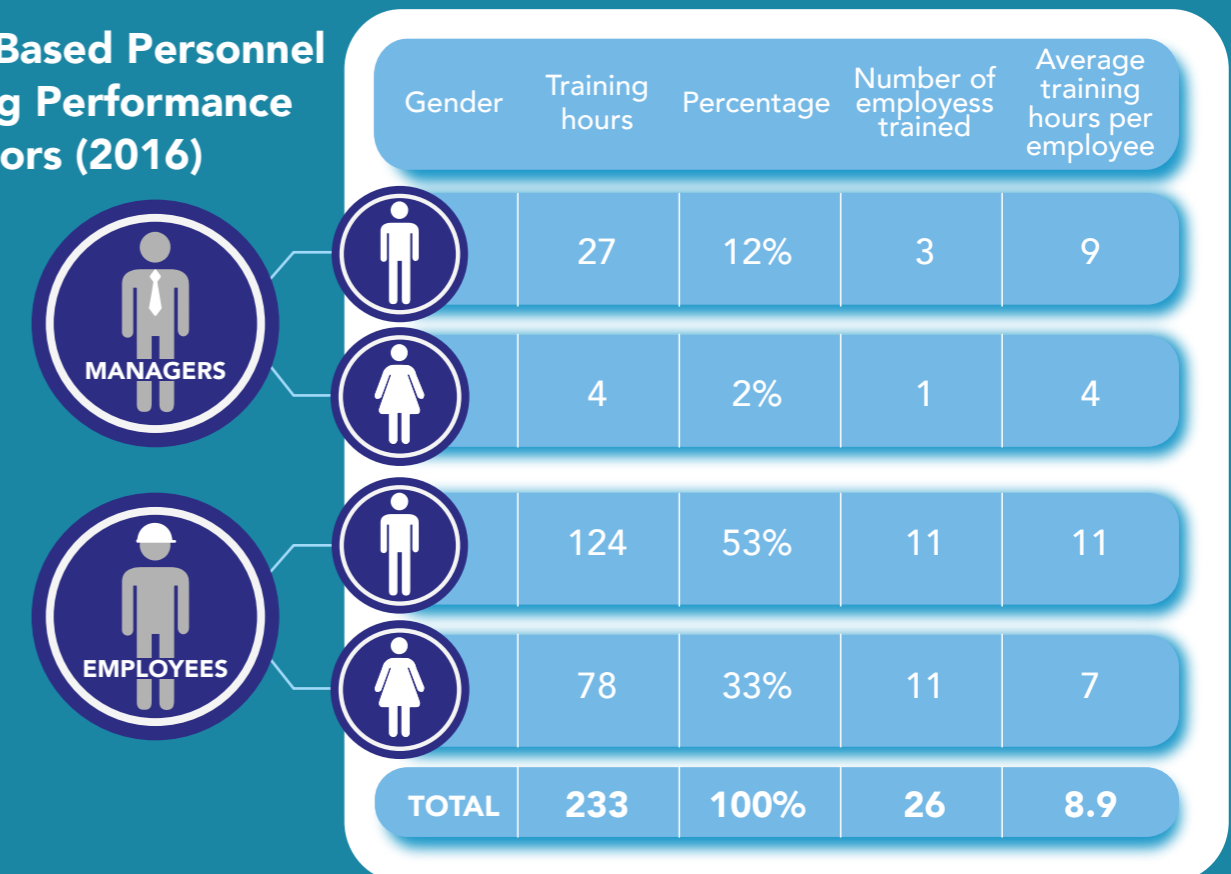


Neptune Lines provides equal employment opportunities and endeavours to recruit more women to its shipping operations.

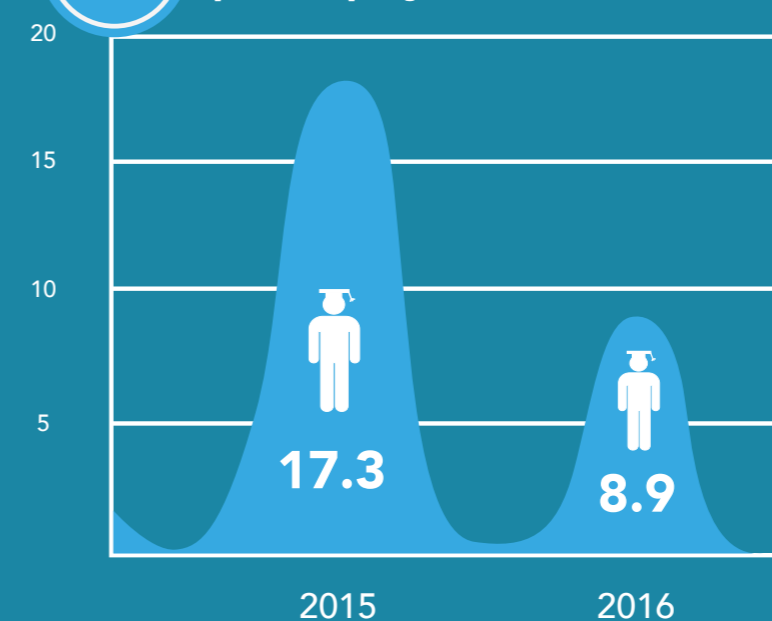
Training

Each department within the Company is responsible to identify the training needs of its employees and request the relevant seminars. Technical, Commercial, Accounting / Finance matters and English language, were the main training topics for 2016. The performance indicators for 2016 for the shore based personnel are shown below.

Shore Based Personnel Training Performance Indicators (2016)



Average Training Hours per Employee (2015 & 2016)



In 2015 there was a massive training performed due to the completion of projects which triggered the need for training such as the change of the main communication system, the implementation of business reporting tools (target) as well as the completion of English training courses.

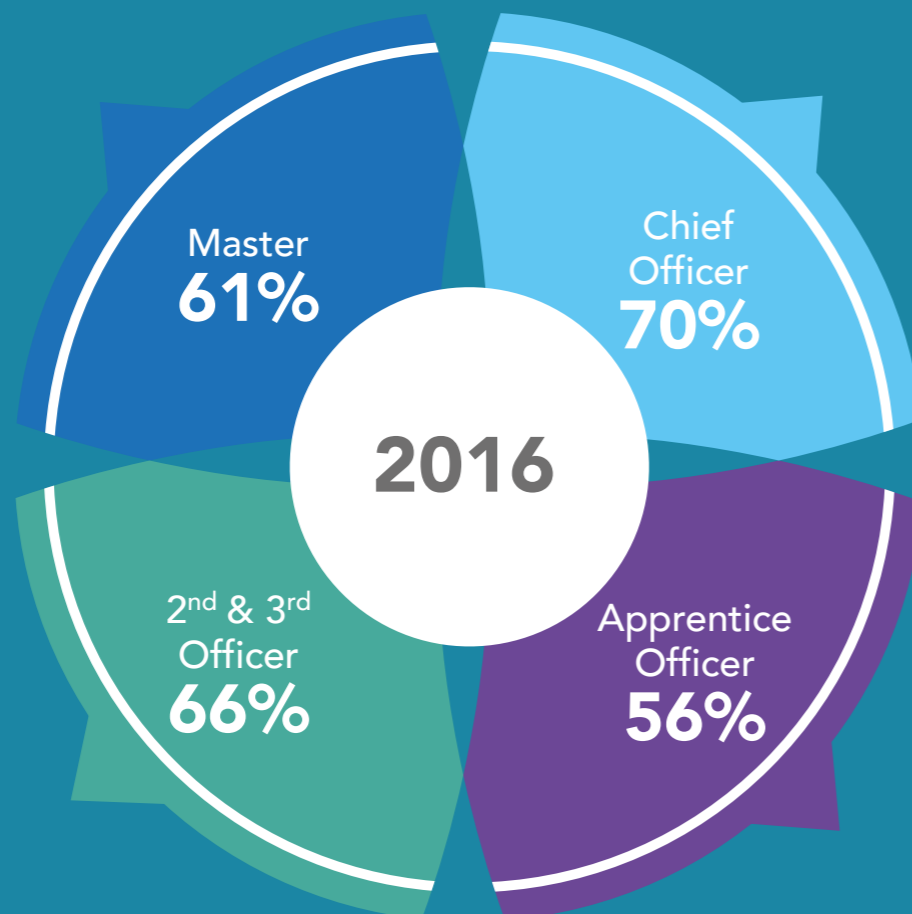
Seagoing personnel have undergone training activities onboard the ships. Training activities were based on computer training (DVD training materials) for CBT, CST and CES. Onboard test results have shown that an average score of more than 80% was achieved (minimum pass level is 60%).

Onboard Personnel – Average Test Results (2016)

Master	90%	88%	Electrician
Chief Officer	90%	88%	Bosun
2 nd & 3 rd Officer	89%	87%	Deck Ratings
Apprentice Officer	88%	86%	Engine Ratings
Chief Engineer	91%	86%	Chief Cook
3 rd & 4 th Engineer	89%	84%	Messman
2 nd Engineer	89%		

Office pre joining tests were also performed for Greek Officers. Pre-joining tests included Navigation, STCW, Fire-fighting, MLC 2006, Maritime English and GMDSS. The average score (%), per crew category for 2016 is shown in the following graph.

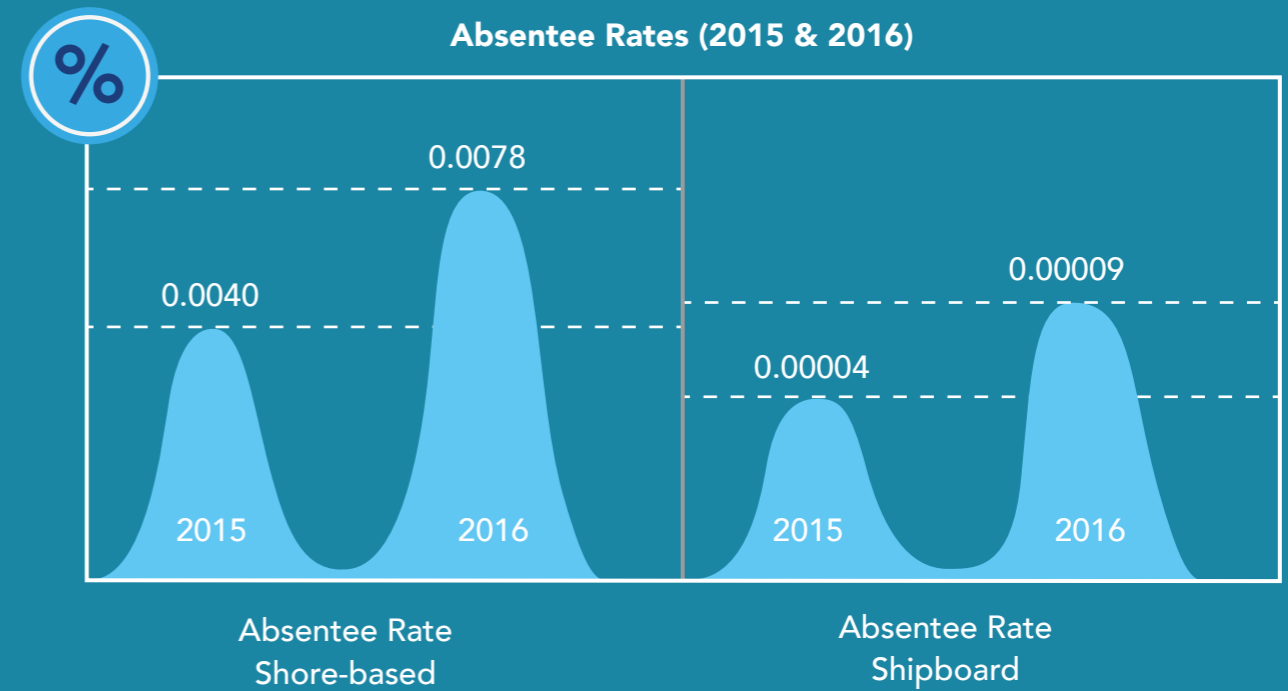
Average Scores Pre Joining Tests (2016)



Absentee Rate (AR)

The absence rate figures recorded at shore and on ships increased. Our occasional absences from work increased since 2015 due to employees' sickness as well as due to childcare and eldercare. Home/family responsibilities remain among the top causes of short-term absence. Human Resources Department is handling each case separately trying to facilitate the best possible course of action for each one of our employees.

Absentee Rates (2015 & 2016)



Lost Time Injury Frequency Rate (LTIF)

In comparison with the 2015 figure (2.49), the frequency of the injuries reduced, resulting in 1.01 LTIF incidents.

Crew Retention Rate (per nationality & per category)

Nationality	Retention Rate		
	2015	Year	2016
Greek Crew	90%	Masters	100%
	90%	Senior Officers	88%
	87%	Junior Officers	90%
	N/A	Ratings	N/A
Filipino Crew	80%	Masters	100%
	88%	Senior Officers	85%
	86%	Junior Officers	88%
	90%	Ratings	87%
Ukrainian Crew	100%	Masters	100%
	95%	Senior Officers	93%
	92%	Junior Officers	92%
	90%	Ratings	93%

The above figures indicate that Neptune Lines has a high retention rate of its crew.

Report to Labour Standards Violations

There have not been any reported possible breaches of Labour Standards since Neptune Lines became a signatory to the UN Global Compact in 2015. Furthermore, the Company has not reported any breach of any labour principles since its establishment.

4. ENVIRONMENT

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

Assessment, Policy and Goals

Neptune Lines fully supports the Principles 7, 8 & 9. The Company constantly works on developing instructions and procedures and takes measures to ensure the safe operation of all its vessels regarding environmental protection.

Neptune Lines has implemented a Management System that is under annual evaluation for effectiveness and continual improvement. The **“Neptune Lines Management System”** (NL-MS), combines ISO 9001 and 14001 as well as OHSAS 18001 standards and MLC 2006 concurrently with the ISM Code mandatory regulatory requirements. The Company is assessing all identified environmental risks that may emerge within its sphere of influence or through its business activities and is committed to continually improve its employee skills and abilities, with regard to environmental protection.

Neptune Lines as part of its commitment for the protection of the environment is a member of the **Clean Shipping Index** (CSI), a business to business tool, for cargo owners to select clean ships and quality ship operators, driven by a non-profit organisation.

The Company has also taken measures and initiatives to promote greater environmental responsibility and encourages the use of environmentally friendly technologies. Neptune Lines has in place an **Environmental Protection Policy**, which dictates that all employees are committed and dedicated in the protection of the environment and pollution prevention.



Neptune Lines is strongly committed to the protection of the environment and society, by adhering to the following **commitments**:

- Comply with international and national legislation in all countries in which it operates.
- Promote its initiatives and programmes related to environmental and social components and encourage its stakeholders to engage actively.
- Sustain the ongoing communication with its stakeholders regarding the development of environmental and social initiatives and programmes.
- Measure its environmental and social impacts.
- Mitigate and reduce the environmental footprint deriving from its operations and business activities.
- Obtaining and maintaining all permits and approvals required for its business and the proper handling, storage and disposal of materials.
- All suppliers and subcontractors shall operate in full compliance with relevant laws and regulations applicable to their operations and employment in the countries in which they operate.
- All major suppliers must have a written environmental policy appropriate to the size and nature of their operations.
- All suppliers must abide by all legislation and regulations related to the protection of the environment and the handling of dangerous and hazardous materials.
- All suppliers should work actively to improve the environment in the communities in which they operate and pursue initiatives to bring about such improvement.
- All clients shall comply with every regulation and policy related to Neptune Lines operations.
- Continually access all identified environmental risks that may emerge within its sphere of influence or through its business activities.

Neptune Lines has also an **Energy Efficiency Management Policy**, as it believes that although shipping is the most fuel-efficient mode of transport, additional actions must be taken to improve the energy efficiency of ship related operations. Energy efficiency is controlled primarily through well-planned and properly managed ship operations that require the personal commitment of everyone involved.

Goals

The goals set by Neptune Lines are:

- Minimisation of environmental impact.
- Compliance with applicable laws and regulations.
- Compliance of Company's suppliers with the Company's policies and procedures.

Implementation

Efforts to enhance the energy efficiency of the shipboard operations include:

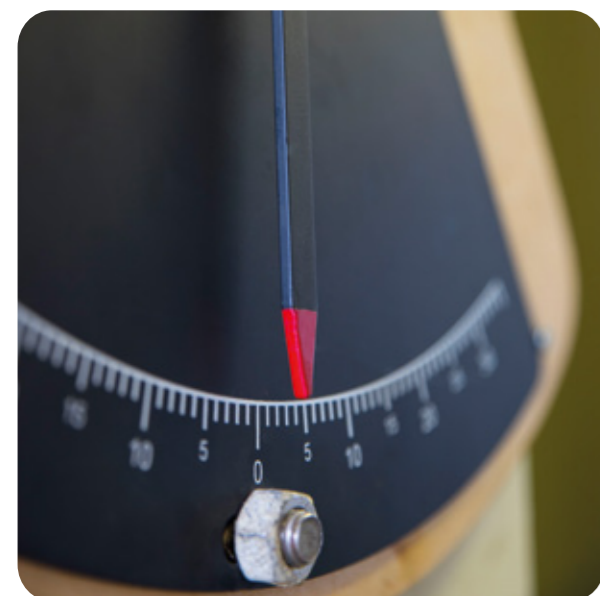
- Implementation of an Environmental Management System supported with several environmental programmes with the objective to continually increase energy efficiency and minimise energy waste. A set of SMART targets are established and maintained related to a combination of design optimisation, in-service performance monitoring and best-practice operational management processes.
- Establishment and maintenance of a **Ship Specific Energy Efficiency Management Plan** (SEEMP) that is regularly reviewed and approved by the management. SEEMP, developed specifically for each vessel and provides standard procedures and practices on best energy management under the various operational modes of the vessel.
- Energy efficiency awareness through training to the shore and sea-going personnel and implementation of energy related campaigns and other personnel incentive/motivating programmes.
- Monitoring and compliance with all applicable legal requirements related to ship energy management.



As part of the membership of the CSI, Neptune Lines has participated in a workshop organised by VW in 2016 in Germany and presented and discussed its experience related to the implementation of CSI, especially the major issues faced during implementation phase, which was completed in 2016 including the verification process.

The Company has also taken important measures, set targets and implemented technologies that affect the vessels performance, making them more environmental friendly. These measures are touching elements from operations to mechanical modifications and ships coating as well as training activities.

Neptune Lines also participates in the **POSEIDON MED** (part I and part II) – **LNG EU** sponsored project. The Company provides design information and operational data for one of its vessels, which will be a candidate for conversion to LNG. As part of POSEIDON MED part II, which started in 2016, a detailed conversion design will be performed on one of the Company's vessels. Neptune Lines participates in this project, by providing vessel's plans and drawings so a retrofit LNG installation could be feasible. The first phase of the project completed with the preliminary design and risk assessment performed with the participation of Lloyds Register. The second phase started in February 2016 and included detailed design drawings and cost related studies for the retrofitting of LNG as well as for the design and cost of the land-based port infrastructure.



Through its **Environmental Protection Policy** (pursuant to the ISO 14001 standard) the Company aims to:

- Reduce total weight of waste by type and use more environmental disposal methods, by implementing zero-tolerance in water pollution from oil, implementing zero-tolerance in water pollution from garbage, reducing total generated quantity of plastics, reducing sludge generation and increasing oily waste disposed quantities at dedicated shore facilities.
- Maintain zero-tolerance to water pollution from micro-organisms that may disrupt the native ecology of visited ports, from negligent and improper management of ballast water.
- Minimise total direct and indirect greenhouse gas emissions (by weight) by reducing CO₂ emissions and by monitoring SO_x air emissions (by weight).
- Optimise materials use (by volume and weight) by optimising paint, chemical, paper and lube oil consumption.
- Monitor water withdrawal by source by reducing fresh water consumption and by maximising fresh water production on board vessel.
- Reduce incineration process and increase the use of more environmentally friendly disposal methods.
- Ensure compliance with environmental legislation, regulations and other requirements by maximising third party inspections and audits performance.
- Implement, periodically review and communicate the Policy to all employees and other stakeholders.
- Provide adequate resources to promote this Policy.
- Assess all identified hazards and manage risks to its ships, personnel and the environment by establishing appropriate safeguards (risk assessment).
- Provide appropriate training to all personnel whose work may create a significant impact on the environment.
- Continual improvement of the overall environmental performance.
- Continuously cooperate with its suppliers and contractors for their environmental improvement.
- Review objectives and targets on annual basis through established KPIs.

In 2016, Neptune Lines implemented all necessary measures and procedures to comply with the **SOLAS Ch. XI-1, Reg. 7. MSC. 380 (94)** regulation, which requires atmosphere testing instruments for enclosed spaces to be carried onboard the ships.

Neptune Lines also adopted the regulation **EU MRV** (monitoring, reporting and verification of CO₂ emissions from maritime transport). The MRV regulation aims to quantify and reduce CO₂ emissions from shipping and will create a new benchmarking system in Europe. The implementation is expected to be completed by the end of 2017.

Measurement of outcomes

Neptune Lines has set targets and is continually monitoring several parameters that affect the environment. These parameters and their monitored target results are presented below.

• CO₂ emissions

A total reduction of 8.64% on CO₂ emissions was achieved since January 1st, 2010. The target for 2016 was an annual reduction of 0.5% but due to increased speed demands for the fulfilment of contractual agreements with the customers, this figure was not achieved. Nevertheless, Neptune Lines for each year following 2016, is aiming for a further annual reduction in CO₂ emissions of 0.5% until 2018.

• Waste disposal at sea

Since 2013 Neptune Lines implements a zero-tolerance policy for waste disposal at sea. Further to this policy and after February 2016, no waste was disposed at sea. The amount of garbage discharged at sea for 2016 was the minimum amount of 0.008 m³/vessel/month and is expected to be eliminated in 2017.

• Oily water and sludge generation

Oily water increased for 2016 (0.49 m³/day) in comparison with 2015 (0.45 m³/day). However, sludge generated for 2016 (0.37 m³/day/vessel) was reduced in comparison with 2015 (0.39 m³/day/vessel). The environmental character of Neptune Lines HMD vessels (eight Vessels) do not allow any drains 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.

“ Neptune Lines has set targets and is continually monitoring several parameters that affect environment ”

• Use of paints

The monthly consumption was reduced in 2016 in comparison with 2015 from 188 to 143 liters/vessel/month. Maintenance is monitored during onboard attendances from Superintendents.

• Use of chemicals

The monthly consumption was reduced in 2016 in comparison with 2015 from 191 to 179 liters/vessel/month.

• Paper consumption

The majority of monthly forms needed for periodical reporting are forwarded by email and are being filed electronically in the office. Electronic filling onboard the vessels is not yet implemented since proper filling arrangements by using appropriate software tools need to be implemented. Paper consumption has slightly increased in comparison with 2015 (from 4.61 to 4.73 packets/vessel/month).

• Cooking oil consumption

Consumption of cooking oil increased from 1.33 (in 2015) to 1.36 liters/crew/month in 2016.

• Consumption and production of fresh water

Fresh water consumption for 2016 was slightly reduced compared to 2015 (5.5 tons/vessel/day). Fresh water production was reduced from 5.93 tons/sailing day/vessel in 2015 to 5.27 in 2016.

- **Incineration process**

Incineration processes need to be reduced as much as possible while shore disposal of garbage and sludge is being compulsory at home ports like Barcelona and Piraeus. Garbage incineration process reduced from 0.55 in 2015, to 0.44 m³/month in 2016, while sludge incineration process reduced from 0.225 to 0.158 m³/month.

Neptune Lines has taken the following **environmental measures** during 2016, encouraging this way the development and diffusion of environmentally friendly technologies:

- **Operational measure for speed optimisation and ship efficiency to reduce fuel consumption**

In 2016, Neptune Lines continued with the speed operation for most vessels at 16 knots. This is an operational measure for monitoring results in the fuel consumption. Neptune Lines changed its policy in the use of the constant RPM mode on the Korean fleet (six 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 owned fleet has run more miles in 2016 as compared to 2015 due to the increase in the fleet size (3.7% increase in miles). The total fuel consumption per ton mile was increased by 2.3% due to increased idle periods of the vessels (utilisation reduction). The fuel oil consumption of the motor engine per nautical mile (indicating the hull performance) was reduced by 0.1%. No improvements in hull (re-coating) took place in the first period of the year.

- **Trim optimisation and reduction of ballast carried / GM control**

Trim optimisation and ballast control is now applied to 12 vessels in the fleet, using specialised software.

- **Foul release and advanced A/F coatings to reduce fuel consumption**

Neptune lines continues monitoring the performance of the eight vessels coated with silicon anti-fouling and the three with advanced efficiency A/Fs. The performance is very good. In 2016, the Company dry-docked one of the Fincantieri vessels and re-coated the silicon with the Hempel Hempaguard X7 silicon based antifouling system.



- **Energy efficiency improvements for two of the Company's ships (Neptune Aegli and Neptune Dynamis)**

Both vessels have now been re-bladed and their efficiency has improved.

- **SOx emissions reductions**

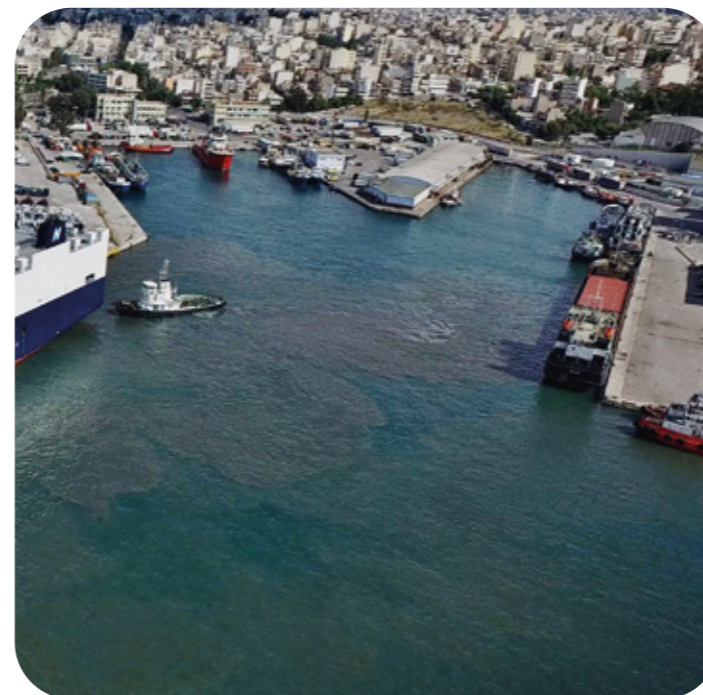
For the eighth year, Neptune Lines restricted the mean sulphur content of the HFO fuel bunkered for the fleet to below 2.8% S content. The global limit has been reduced as from January 2012 to 3.5%. For 2016, the mean value was 2.7%.

- **Energy savings device on propeller**

Installation and use of energy saving device on propeller of six vessels.

- **Alpha lubricator usage and scavenge drain analysis**

With the installation of the Alpha lubricator on the new ships, Neptune Lines reduced the cylinder oil consumption to very low levels up to 0.6 gr/kwh (the normal is 1.0 gr/kwh). Two new ships were entered also on this programme. The results of cylinder oil consumption of the 2-stroke vessels have been consistently low throughout the year. The two new vessels reduced their cylinder oil consumption significantly through this programme. Neptune Hellas from 249 to 158 liters/day and Neptune Horizon from 205 to 149 liters/day in 2016 respectively.



- **Car deck lights turning off at sea**

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

- **Led lights installation test (continuation)**

In 2015, Neptune Lines installed on Neptune Odyssey and Neptune Iliad about 50 pieces of Led tubes replacing some of the fluorescent tubes. The Company is presently monitoring their performance and durability in preparation for a large-scale implementation.

- **Telemetry system (continuation)**

On the two new ships, Neptune Lines installed a telemetry system to monitor real time 24 parameters – from ship performance to energy consumption. All these can be monitored remotely from the Company's office or elsewhere.

- **Installation of kwh meters**

Neptune Lines installed kwh meters presently on eight vessels and is monitoring the auxiliary power usage monthly. This will assist in measuring the effects of any improvements that will be made to the auxiliary power usage systems onboard.

- **Installation of shaft power meters**

Neptune Lines installed shaft power meters for eight vessels being now able to more accurately control the performance of the motor engine, hull and propeller cleanliness.

- **Water in oil monitor installation on 11 vessels**

Eleven vessels are equipped with water in oil monitors attached to the main engine to monitor continuously the water percentage in the lub oil. All installations are presently working, while two more were implemented in 2016.

- **Installation of VSD drives on sea water pumps and E/R fans**

On the eight Korean built vessels, VSD drives were installed on the sea water pumps and the E/R fans and the results have been successful.

- **Coriolis flowmeters**

On eight vessels Coriolis flowmeters were installed for accurate measurement of the fuel oil consumption for motor engine and auxiliaries. On two new vessels, Coriolis flowmeters were installed for accurate measurements during bunkering.

Flag performance

A total of eight flag inspections were performed in 2016 and six observations were raised, having an average of 0.75 deficiencies per flag inspection, thus achieving the target set for 2016 (i.e. less than two deficiencies per flag inspection). The figure for 2015 was 1.08.

RO Performance

A total number of seven external audits, covering ISM, ISPS, MLC and ISO-OHSAS scopes, were performed in 2016 and zero observations per audit were identified. The target is to maintain zero non-conformities at all audits and less than three observations per audit (mean value), a target already achieved.

Port State Control (PSC) Performance

A total of 19 PSC inspections were performed in 2016. The average number of deficiencies issued per PSC inspection was reduced by 3.3% in comparison with the 2015 figure (0.84 compared to 0.87), achieving the target set for 2016 of less than two deficiencies per inspection.

5. ANTI-CORRUPTION

Assessment, Policy and Goals

Neptune Lines fully adheres to the 10th UN Global Compact Principle.

The Company adopts a zero-tolerance policy to bribery and corruption practices. According to its **Anti-Corruption & Anti-Bribery Policy**, all employees should refrain from:

- Offering, giving or promising a financial or other advantage to another person with the intention to induce or reward them to perform an improper act.
- Requesting, receiving or agreeing to receive a financial or other advantage from another person with the intention of being induced or rewarded to perform their responsibilities or duties inappropriately.

Any employee found in violation of this policy will be disciplined, up to and including immediate termination of his or her employment. Independent contractors found to be in violation of this policy shall be subject to contract cancellation.



Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery

Neptune Lines has also in place a **Fair Business Practices Policy**, which dictates that the Company and its employees:

- Do not engage in unfair price fixing, collusion, dumping or any other actions that hinder free competition.
- Do not provide or accept gifts or entertainment that may cause suspicion regarding the Company's fairness.
- Do not give or accept money or gifts during work with the Company's business partners.
- Keep meals and entertainment with the Company's business partners within socially acceptable limits only.

Neptune Lines is committed to act against any unlawful act such as bribery, fraud, money laundering or abuse. Employees or representatives of Neptune Lines must not offer, provide, accept, or promise, either directly or indirectly, any undue financial or other advantage to a public and/or private official for obtaining any favourable treatment or business advantage.

Goals

The goals set by the Company regarding the 10th Principle are:

- To continually monitor its performance and the compliance with anti-corruption laws and regulations including its Anti-Corruption & Anti-Bribery Policy.
- To continually monitor the compliance of its Fair Practices Policy.
- To expand training on corruption to all levels of employees.

Implementation

Neptune Lines is a member of the **Maritime Anti-Corruption Network (MACN)**, a global business network working towards its vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. MACN's mission is to promote good corporate practice in the maritime industry for tackling bribes, facilitation payments, and other forms of corruption. Neptune Lines HSQE Manager and Legal Advisor attended the MACN annual meeting held at London on April 2016. Neptune Lines participates in best practice sharing webinars and reports corruption incidents faced during Company's vessels' day-to-day operations, through a web-sharing MACN platform which may eventually lead to a collective action programme depending on the severity and repetition status of the incidents reported.

In 2015, for the 40th anniversary of Neptune Lines, the Company has held the Neptune Lines 1st Agents Conference to promote relationships and communication between all Company's major Port Agents from all over the Mediterranean and Black Sea. Among the topics discussed and given attention was the number of corruption practices and incidents amongst port authorities in some ports of the Company's operation – a continuous challenge for Neptune Lines.



“ The Company has a responsibility to its employees and to the countries and communities it operates to be ethical and lawful in all business dealings ”

Neptune Lines has also addressed the following topics regarding the 10th Principle:

The Company provides **anti-corruption training** to those employees for whom it believes it is most relevant of their role or in response to specific incidents. Every new employee at Neptune Lines receives relevant familiarisation training regarding the established anti-corruption policies. Existing personnel receive a refreshment course on the established policies, every two years, or upon any alteration or revision effected to the already implemented anti-corruption policies. The Company is currently exploring possibilities for further investing on anti-corruption training for its governance body members (decision-makers), shore-based and seagoing employees as well as those business partners who may have a higher risk of facing or raising incidents of corruption.

Neptune Lines **Code of Conduct** explicitly prohibits engaging in bribery and corruption in any form. The Company has a responsibility to its employees and to the countries and communities it operates to be ethical and lawful in all business dealings.

Neptune Lines abides by all relevant international laws and principles and has zero-tolerance policies for corruption and anti-competitive practices, for both the Company and its stakeholders.

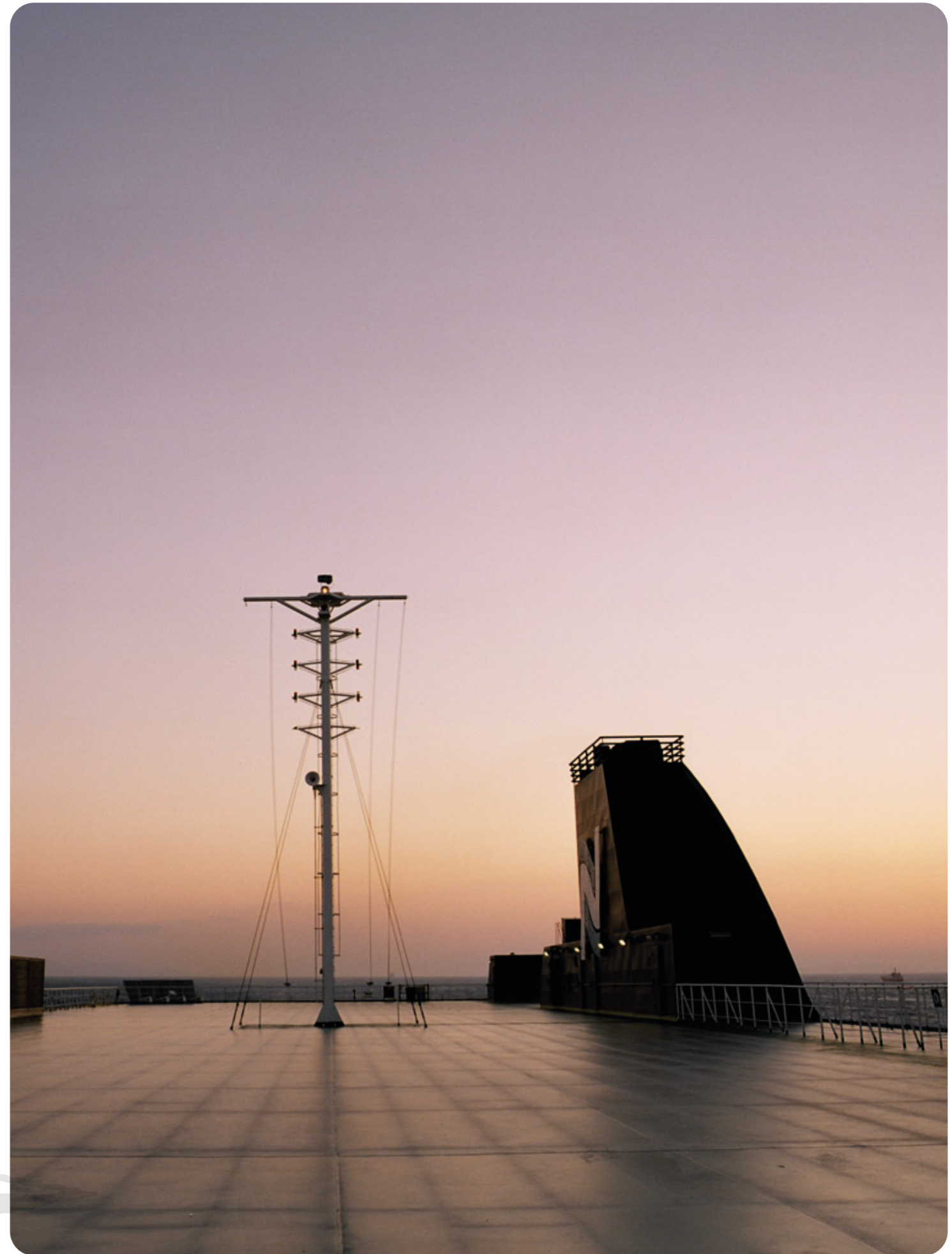
Measurement of outcomes


Neptune Lines has undergone a thorough risk assessment regarding corruption issues with the assistance of an external legal firm. The top-level management has been informed about the outcomes of this risk assessment and was trained on corruption issues.

No incidents of corruption have been recorded and no legal actions have been taken against the Company and/or any of its employees.

Abbreviations and Acronyms

AF	Anti-Fouling (coating)
AR	Absentee Rate
CBT	Computer Based Training
CES	Crew Evaluation System
CO₂	Carbon Dioxide
COP	Communication on Progress
CR	Corporate Responsibility
CSI	Clean Shipping Index
CST	Computer Simulation Training
E/R	Engine Room
EU	European Union
GM	Gravity Metacentre
GMDSS	Global Maritime Distress and Safety System
GR	Grams
GRI	Global Reporting Initiative
HFO	Heavy Fuel Oil
HMD	Hyundai Mipo Dockyard
HSQE	Health, Safety, Quality, Environment
ILO	International Labour Organization
IMO	International Maritime Organization
ISM	International Safety Management (Code)
ISO	International Standardization Organization
ISPS	International Ship and Port Facility Security
KPI	Key Performance Indicator(s)
KWH	Kilo Watt Hour(s)
LNG	Liquefied Natural Gas
LTIF	Lost Time Injury Frequency Rate
MACN	Maritime Anti-Corruption Network
MARPOL	MARine POLLution
MLC	Maritime Labour Convention
MRV	Monitoring, Reporting, Verification (Regulation)
MSC	Maritime Safety Committee
NL-MS	Neptune Lines Management System
OHSAS	Occupational Health & Safety Assessment
PBCF	Propeller Boss Cap Fins
PCTC	Pure Car & Truck Carrier
PPM	Parts Per Million
PSC	Port State Control
RO	Recognised Organization
Ro/Ro	Roll-on/Roll-off
RPM	Revolutions per Minute
S	Sulphur
SEEMP	(Ship) Specific Energy Efficiency Management Plan
SMART	Specific, Measurable, Achievable, Realistic and Time sensitive
SO	Sulphur Oxide
SOLAS	Safety of Life at Sea
STCW	Standards of Training, Certification and Watchkeeping
UNGC	United Nations Global Compact
VSD	Variable Speed Devices



An aerial photograph showing the wake of a ship moving through the ocean. The water is a deep blue, and the wake consists of white, frothy water trailing behind the ship, creating a series of curved, parallel lines. The perspective is from directly above, looking down at the ship's path.

Neptune Lines Shipping and Managing Enterprises S.A
5-9 Ilassonos Street, GR 18537, Piraeus, Greece
www.neptunelines.com