



## Sustainability Report 2014 - 2015





# About the Report

## Purpose of the report

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Dear Reader,

Thank you for your interest in our Company's sustainability progress.

With our first report in 2013, we started out on a journey towards a truly sustainable future for:

our Company,

our Stakeholders

and Society as a whole.

Two years later, committed to this ongoing journey, we are proud to share with you our latest efforts in measuring, understanding and communicating the performance of our company with regard to the three pillars of sustainability: economic, environmental and social.

With this report, we aim to reflect our acknowledgement of impacts and risks related to our business activities as well as our orientation towards outlining transparently the challenges that the company faces and the steps it needs to take to address them. Understanding and prioritizing those challenges is an on-going process in which we review and analyze our external and internal business context.

As part of this report, we will be also presenting the progress we have made so far in achieving our 2013 targets, as well as new ideas, goals and approaches which emerged during our quest in this biennial reporting period.

We value our sustainability report as a consistent means of sharing our year-to-year activities and performance in terms of sustainability, with our stakeholders as well as anyone interested in its content.

Last but not least, this whole process has proven to be a valuable 'navigation instrument' for our company in charting our own viable corporate strategy.

### Reporting Period (G4-22, G4-28, G4-29, G4-30, G4-33)

This is the second sustainability report of 'Neptune Lines Shipping and Managing Enterprises S.A' and it covers the period of two fiscal years from *January 1st 2014* to *December 31st 2015*. Data from our last report in 2013 are disclosed only for comparison and consistency purposes, so as to enable traceability of our progress so far. We have decided to publish our reports from now on a biennial basis, because we have realized that the period of one year is not sufficient to provide significant and meaningful results or demonstrate progress. We will not seek external assurance for the present report.

### Applying the 'Global Reporting Initiative (GRI) Guidance' and 'UN Global Compact 10 Principles'

This report is 'In Accordance' with the 'GRI G4 Guidelines - Core option'. (G4-32)

GRI is an international independent organization that promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to a sustainable global economy. Its comprehensive reporting framework is widely used around the world.

This report also fulfills our commitment as a signatory to the United Nations Global Compact (UNG) to producing a UNGC Communication on Progress, a public disclosure outlining our progress in implementing the '10 Principles of the UNGC' and in supporting broader UN development goals.

### ANNEX

GRI Content Index (pg.82-84)

UN Global Compact -  
Communication on Progress (COP)  
Table (pg.85)

Neptune Lines Sustainability  
Contact Desk (pg. 86)

# Statement from CEO

## Embracing more sustainability initiatives and developments



*Our commitment to sustainable growth becomes more mature and a more visible strategic option.*

The last two years have been pivotal in the history of Neptune Lines.

In 2015, our company celebrated 40 years of successful operation.

It has also been the first year without our company's founder Nikos Travlos, as 2014 was solemnly marked by his passing.

Nikos Travlos was a man of vision. He was committed to establishing a reputation for Neptune Lines as the leader of short-sea logistics, with hard work and always providing outstanding quality services.

He was also a man of value. Since the establishment of our company in 1975, we have been conducting our business in a socially responsible and ethical manner. Good corporate governance, business ethics, integrity, respect and personal attention to customer are principles, which are deeply rooted in our company's values and in our philosophy.

I am proud to introduce our second Sustainability Report for the years 2014 and 2015, reflecting the success story of our company and its achievements in terms of sustainable development. In this period, our commitment to sustainable growth becomes more mature and a more visible strategic option. Neptune Lines becomes a formal signatory of the UN Global Compact and I am pleased to confirm that we fully support the Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this report, we describe our actions to continually improve the integration

*'We have developed a new Sustainability mindset, which will guide us when evaluating our everyday business, setting new targets and assessing future challenges'*

of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

During this reporting period we joined the 'Maritime Anti-Corruption Network' and at the same time, our sustainability team members received extensive GRI training.

We have focused more on the active engagement of our stakeholders - our 1<sup>st</sup> Agents Conference takes place in Greece with the participation of 41 delegates from 16 countries, also providing a thorough insight during the preparation of our materiality assessment. 'Materiality Survey' is distributed to and filled in by our stakeholders and the Executive Committee of our company.

In 2014, we established a dedicated Human Resources Department with the aim of investing in our human capital and improving the performance of our company through the performance of our people.

We continue to support our cadet program embracing diversity and equal opportunities among Greek men and women.

And we have maintained our active support to local communities in an effort to combat poverty and support culture, education and athletics.

All this, in parallel with a solid track record and the constant expansion of our fleet. Two state-of-the-art eco-friendly new buildings have been added in our fleet in 2014 and two

further vessels have been acquired in 2015. Since 2010, we have achieved a 10,66% reduction of our CO<sub>2</sub> emissions and we aim to further reduce them by 0,5% on an annual basis till 2018.

And we are proud for being recognized for these efforts. In 2015, we achieve the Gold Recognition by EcoVadis on behalf of one of our major customers through our evaluation in sustainability matters.

We are also honored to receive the 'Agility-Innovation' distinction by Renault Nissan Alliance and we have also been voted as the 'Dry Cargo Company of the Year' in Lloyd's List Greek Shipping Awards 2015.

At Neptune Lines, we have developed a new 'Sustainability' direction, a new 'Sustainability' mindset, which will guide us when evaluating our everyday business, setting new targets and assessing future challenges. It is true that we are susceptible to developments in the shipping industry, as well in as the automotive industry itself - energy prices, changes in international and national legislation, tonnage supply and demand, port infrastructures, market fluctuations and geopolitical developments, are only some of the factors that are taken into account when shaping our business and business strategy.

With what Neptune Lines has achieved these last two years, we look forward to embracing more sustainability initiatives and developments. Our services and products are the focus of continual

innovation with the aim of delivering outcomes that exceed our customer's business expectations, while at the same time, being environmentally and socially responsible.

With our strong values and principles that have made this company great for 40 years, Neptune Lines' vision is to further strengthen its sustainability performance vis-a-vis the environment, local communities, the market and of course our greater asset, our employees.

**Melina Travlos**  
President & Chief Executive Officer

# Our Company

## *Neptune Lines at a glance*

Organizational Profile  
Governance Structure  
Ethics and Integrity

It is Neptune Lines' mission 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 supportive actions to the communities in which we operate.



# Organizational Profile

## Neptune Lines at a glance

Neptune Lines Shipping and Managing Enterprises S.A. is a leading car carrier operator in the short sea transportation sector. Neptune Lines is controlled and ultimately owned by the Travlos family. The company operates regular liner services to more than 30 key ports in 17 countries in the Mediterranean basin, extending from the Atlantic ports of Vigo & Casablanca in the West, to the Black Sea in the East. (G4-3, G4-4, G4-6, G4-7, G4-8)

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. Our service is backed by an unwavering commitment to conducting business in a socially responsible and ethical manner.

Our Trading Area. (G4-4, G4-6)



Scale of the Organization (G4-9)

**16** Vessels

**28** Port Agents

**12** Trade Routes

**3** Continents

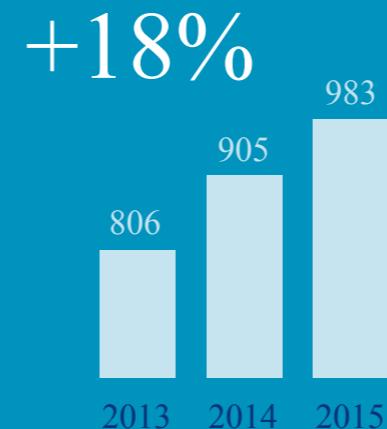
**388** Employees

Our company has formed direct contracts and established long-standing relationships with all major car and commercial vehicle manufacturers, as well as with leading 3PL and 4PL companies. It, also, specializes in the safe handling of project cargo, high and heavy units, agricultural and construction equipment. (G4-8)

The company operates through a wide, dedicated agency network.

### Transported Units ('000)

Since 2013



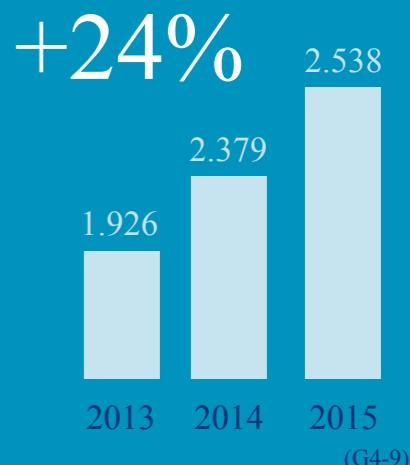
### Sailing Miles ('000)

Since 2013



### Port Calls

Since 2013



Total Capitalization (G4-9)

Neptune Lines manages assets of over

**400m €**

Net Sales per annum (G4-9)

Over **150m €**

### Carrying Capacity\* (G4-13)

(thousand units - owned vessels)

Since 2013



41.206

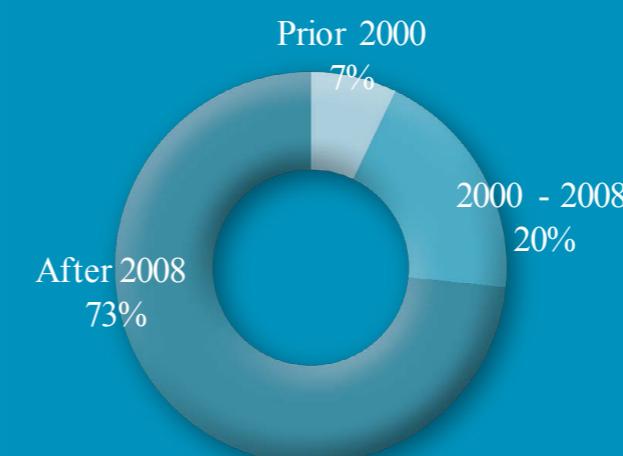
26.086

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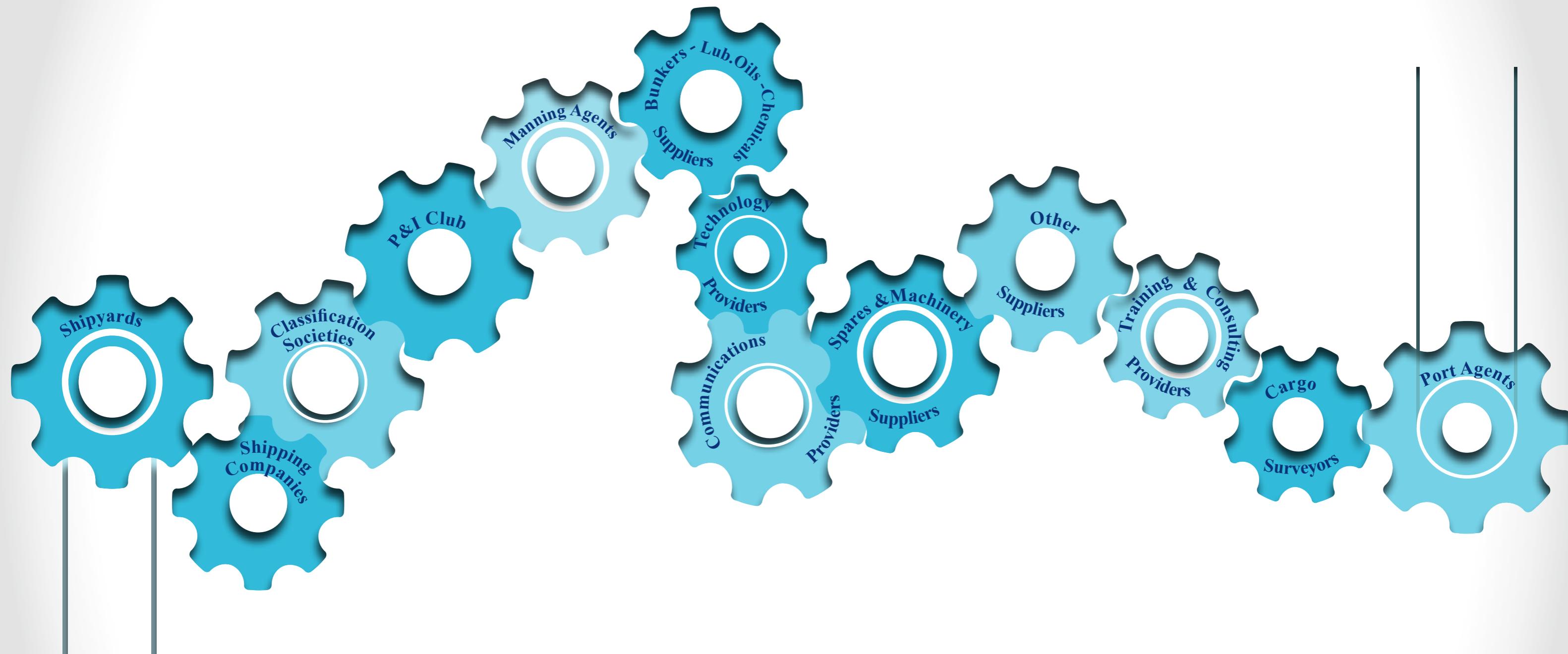
33.646



(\*Calculation is based on RT43)

# Organizational Profile

## Supply Chain: Parties providing products and services



All these Contractors, Sub-Contractors, Suppliers and Business Cooperators contribute to our quality service through:

- **Shipyards:** shipbuilding, repairs and drydocking
- **Shipping Companies:** chartered vessels, service lines
- **Classification Societies:** certification, training
- **Protection & Indemnity (P&I) Club:** insurance protection
- **Manning Agents:** crew screening, crew training and familiarization according to corporate standards
- **Bunkers -Lub Oil-Chemicals Suppliers:** bunkers, lubricants, chemicals and paints
- **Technology Providers:** information systems and information technologies, e-services, on-going support, know-how, marine-type equipment (i.e. ECDIS etc.)
- **Communications Providers:** networks, internet, communication systems
- **Spares & Machinery Suppliers:** spare parts and various machinery, periodic inspections
- **Other Suppliers:** provisions, stores, lashing and cargo securing equipment
- **Training & Consulting Providers:** training and consulting, crew-training modules, business intelligence, assurance, Certification
- **Cargo Surveyors:** cargo inspection
- **Port Agents:** coordinating and ensuring smooth delivery of service to customers, arranging for vessels' operations and needs (i.e. in supplies, crew movements etc.), they are the 'ambassadors' of our policies, requirements and strategy to each port/country area of operation

# Organizational Profile

## *Commitment to external initiatives and memberships*

Neptune Lines has been steadily increasing its presence on national, international and industry-specific boards and organizations, as a company that is responsible towards its stakeholders, the community, its industry and the environment.

In keeping with our commitment to social responsibility, we have adopted a number of voluntary codes and other external initiatives that we consider particularly relevant to our business. We will continue to monitor the advancement of sustainable development initiatives in society, to ensure we remain a responsible company wherever we do business.

It is Neptune Lines policy and objective to ensure that all reasonably foreseeable risks which are related to safety, occupational health, environment and property are properly identified, assessed and managed, so as to reduce the likelihood of occurrence, or to reduce the severity of the consequences, to an acceptable level. Risk assessment is intended to be a careful examination of what, in the nature of operations, could cause harm to people, property and environment, so that decisions can be made as to whether enough precautions have been taken or whether more should be done to prevent harm. (G4-14)

Neptune Lines has adopted United Nations Global Compact (UNG) principles since September 2015 and reports as per Global Reporting Initiative (GRI G4) principles since August 2014.

Neptune Lines incorporates the '10 Principles of UNGC' in the established policies and procedures. Shore-based and shipboard operations are conducted based on the implementation of those policies and relevant trainings are provided to employees. Both external initiatives are voluntary for Neptune Lines.

Furthermore, Neptune Lines adopts internationally accepted quality standards for conducting day to day operations. ISO 9001:2008 for the scope of Quality Service and ISO 14001: 2004 for the scope of Environmental Management are implemented since 2009. OHSAS 18001:2007 for the scope of Occupational Health and Safety Management was added in our voluntary certification scheme since 2014. External audits from independent organizations, are conducted at periodical intervals to

verify the continual improvement of the established management system. Above standards are fully implemented for all shore-based and shipboard operations covering all fleet vessels. (G4-15)

Neptune Lines is an active member of:

- Hellenic Chamber of Shipping (Board)
- Union of Greek Shipowners (Board)
- Malta International Shipping Council (Board)
- European Community Shipowners' Association (Board)
- DNV Technical Committee
- BIMCO (Membership)
- HELMEPA
- The Association of European Vehicle Logistics, ECG (Membership).

(G4-16)

# Governance Structure

## *Structure and composition*

(G4-34)

Neptune Lines has a four-tier management structure consisting of the Board of Directors, the Chief Executive Officer, the Executive Committee and the Sustainability Committee, as shown in the below Corporate Governance Framework.

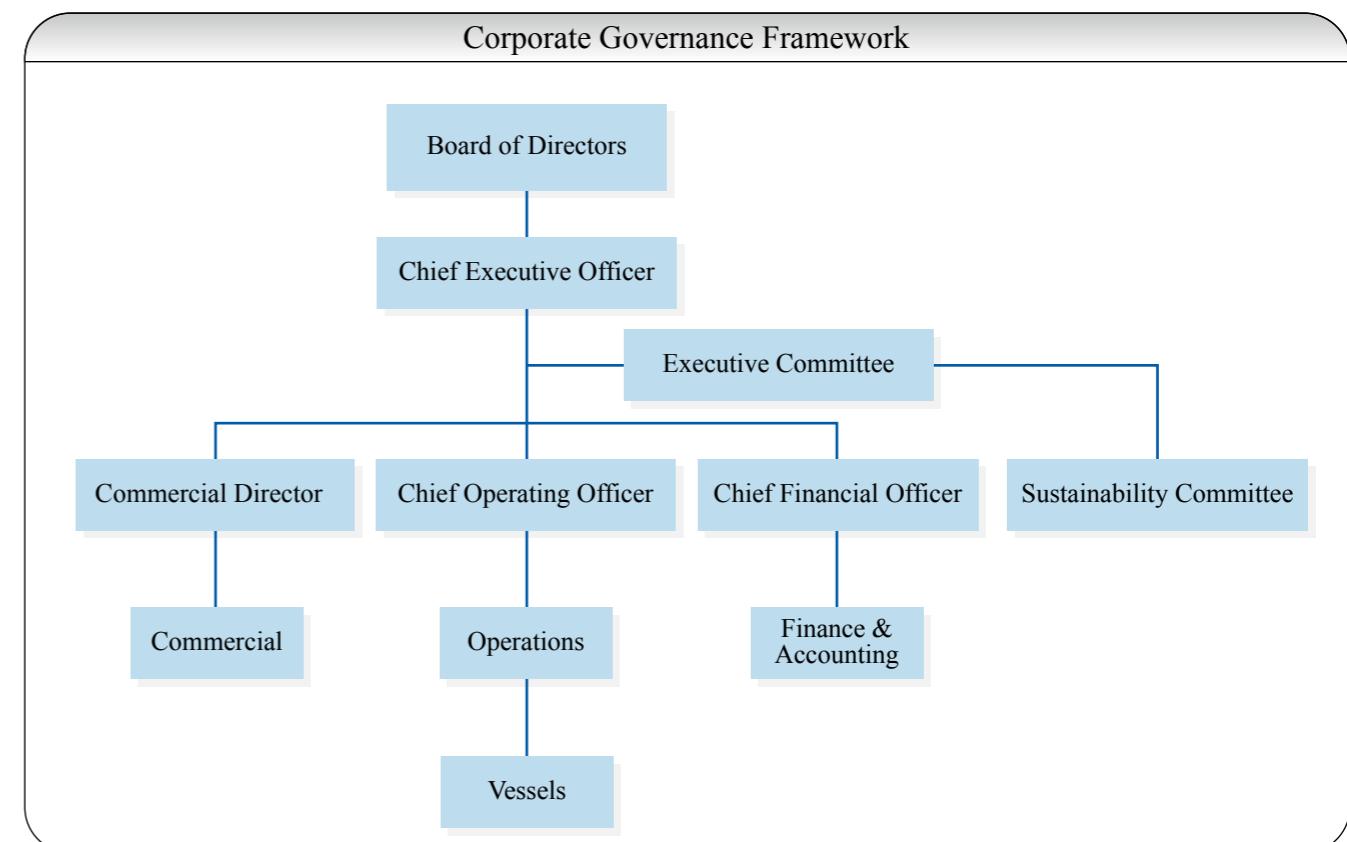
The Board of Directors and the CEO, lay down the general business, the management principles as well as the strategy and the risk policies.

The Executive Committee ensures the proper organization and supervises the performance of the company and its management. It consists of the Chief

Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Commercial Director and functions as the day-to-day management. Its members are participating in the Sustainability Committee who is responsible for the decision-making on economic, environmental and social issues.

The Sustainability Committee consists of the members of the Executive Committee with the addition of the Sustainability Officer, the Operations Manager, the Technical Manager, the Crewing Manager and the Legal Advisor. Its role is to agree on the

sustainability policies and set the appropriate sustainability strategies. It oversees compliance with policies set and monitors progress on sustainability projects.



# Ethics and Integrity

## Mission, Vision, Values

(G4-56)

Neptune Lines has a strong and well-established commitment to ethical business conduct and compliance with applicable laws and regulations.  
(G4-DMA)

Our leadership strives continually to demonstrate this commitment by leading through example. We openly and repeatedly encourage our personnel to raise ethics concerns and ask about the best course of action.

### Mission

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

### Vision

Our vision is to maintain our leading position in our target segment, while at the same time, to grow and expand our services in new markets. We will accomplish our goal by applying our values and a strong code of ethics to everything we do. For a family business, like Neptune Lines, values are the connective tissue – the source of our success, our commitment, and our longevity.

In our transition to a larger corporate structure, our values will continue to guide our philosophy: integrity, respect and close customer relationships. We will extend the power of our values to benefit our strategic partnerships and our people, but also the communities in which we operate, by keeping a vigilant eye on the social, political and economic factors that shape the world we live in.

### Values

At the core of everything we do there are eight values. They form the foundation of our company and help us to foster each and every customer relationship.

1 | **TRUST:** Honoring relationships, old and new.

2 | **FLEXIBILITY:** Tailoring our services according to our customers' needs.

3 | **CONFIDENCE:** Providing peace of mind to our customers, year after year.

4 | **INTEGRITY:** Conducting business according to a strict code of ethics.

5 | **PIONEERING:** Encouraging and supporting innovative thinking in everything we do.

6 | **HUMAN CAPITAL:** Investing in –and inspiring—people.

7 | **EXCELLENCE:** Delivering excellence every day of the week, year-round.

8 | **RESPONSIBILITY:** Caring for the community and the environment we live and work in.

*Our Code of Conduct outlines the high standards to which all of our employees are expected to conduct themselves, and a Fair Business Practices policy that details standards we follow to conduct business in an ethical manner.*

(G4-56)

### Fair Business Practices (G4-DMA)

We strive to conduct business with partners who share our commitment to high ethical standards and engage in fair, transparent and free competition and appropriate business transactions.

We choose our business partners on the basis of 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.

We do not engage in unfair price-fixing, collusion, dumping or any other actions that hinder free competition.

We do not provide or accept gifts or entertainment that may cause suspicion regarding our fairness.

We do not give or accept money or gifts in the course of our work with our business partners.

We also keep meals and entertainment with our business partners within socially acceptable limits only.

We respect all of our business partners who share our aims, and work together with them toward sustained growth.

We maintain equitable relationships with our business partners and do not apply coercive pressure.

We share our stance regarding fulfilment of social responsibility, including respect for human rights, compliance with laws and protection of the environment, with our business partners and encourage them to take their own voluntary initiatives.

We cooperate with our business partners in working to enhance the value of Neptune Lines.

### Code of Conduct

'Neptune Lines Code of Conduct' applies to the Board of Directors, Senior Management members, all employees and suppliers working for, or are associated with Neptune Lines. Our Code of Conduct is applicable to all units within Neptune Lines, and compliance is required by all suppliers.

Senior and middle management shall act as role models for the employees by leading the way and adhering to the Code of Conduct.

Senior and middle management are obliged to spread the knowledge and integrate the content of Code of Conduct in their department, ensuring that compliance is achieved.

### Reporting

Senior and middle management shall actively support employees who raise questions or express concern regarding actions or issues that may be restricting or violating the application of the Code of Conduct.

Any reported violation is reviewed from the Sustainability Committee who decides on the course of actions to be taken.

No such incidents were reported during the reporting period.

(Further information for ethics and integrity can be found also in the 'Society' section of the present report).



# Neptune Lines & Stakeholders

*Setting the course together*

Stakeholder Groups

Stakeholder Engagement

Neptune Lines believes that part of solving problems effectively with others is *planning* effectively through joint effort -understanding problems, generating options for response, evaluating those options meaningfully, and choosing a roadmap for action.

Over the past few decades, most fields of policy and practice have seen increased demands for less 'top-down' decision making and action, for a wider

engagement of Stakeholders in setting directions (*planning*) and shaping other kinds of decisions that matter for their lives.

Neptune Lines will 'walk' together with its Stakeholders to identify the material aspects and define the collaboration boundaries.



# Neptune Lines and Stakeholders

## Setting the course together

Our Stakeholders' interests and expectations guide our way in our sustainability strategy, since the sustainable growth of our company depends to a great extent on them.

(G4-25)

### Stakeholder Groups

The process we implemented to identify all our stakeholders has not changed since our first report in 2013<sup>1</sup>. However, since this process ought not to remain static but keep pace with company dynamics (e.g. changes in its external or internal environment, new impacts, business decisions, added competitive intelligence etc.), our sustainability reporting team along with the Sustainability Committee, further reviewed the stakeholder groups and relevant sub-categories identified back in 2013.

After relevant discussion and brainstorming, the following modifications and additions were decided:

- 1) The group of 'Industry Organizations' was renamed '*International/Industry Organizations and Regulators*' to reflect - apart from maritime-related organizations - international bodies and regulators who, even though are not dedicated to the shipping industry, however have (or may have in the future) a significant impact on our company, through their declarations and provisions.
- 2) '*Finance-related*' stakeholders were added to include financial institutions/banks, which play an important role to our financial and monetary related functions.
- 3) Specific stakeholder sub-categories, which were initially included in the broader 'Suppliers' group were discerned to be regrouped under a more specific stakeholder group named '*Business Cooperators in the provision of service*', due to their decisive participation in the provision, delivery and quality of our service. These are our '*Port Agents*', '*Manning Agents*', '*Cargo Surveyors*' as well as '*Shipowning Companies (Chartered Vessels)*'. Also, some new entries were included in this new group. These are the '*Stevedores*', '*Cargo Brokers*' and '*Shipping Logistics Companies*'.

Having implemented the above changes, our stakeholder groups with their respective sub-categories identified for 2014-2015 are listed in 'Stakeholders Engagement Table' in the following pages of the present report.

### Stakeholder Engagement (G4-26)

Stakeholder engagement, is a set of processes and occasions, through which Neptune Lines consults and connects with its key stakeholders. The process of identifying and selecting our key stakeholders shall be analyzed in the section of Materiality Assessment.

Although there are numerous mechanisms in place -through which we communicate with our key stakeholders and express our mutual commitment - there are not, yet, many engagement processes developed from our side specifically for the purpose of sustainability. That is, due to the fact that our three-year sustainability strategy is still at an initial stage and therefore relative processes are at a preparatory stage.

However, in September 2015, a first organized attempt was made by our company, in view of this biennial report, to engage key stakeholders and include their perspective when defining report content. This was effected through our materiality survey, which will also be presented in detail in a following section.

Stakeholder engagement forms, occasions and communication channels are demonstrated in Stakeholders Engagement Table. The table has not changed much since 2013; it has only been updated to include the new stakeholder groups, as well as new sub-categories under each group. These new sub-categories (except those already mentioned in the previous section) are namely:

- '*Freight Forwarders*' and '*Shippers of Project Cargo*' (in 'Customers' group)
- '*Financial Institutions*' (in 'Finance Related' group)
- '*International Transport Workers' Federation*' (in 'Trade Unions')
- '*National/Local Governments*', the '*European Union*' and '*Employment Agencies*' (in 'Government' group)
- The '*Malta International Shipping Council (MISC)*' and the '*P&I Club*' ('International/Industry Organizations & Regulators')
- '*Port Terminals*' and '*Port Service Providers*' (in 'Suppliers' group)
- '*Local Communities at ports of operation*' (in 'Society' group)



Also, compared to 2013, there are some new forms and occasions of engaging and communicating with stakeholders, demonstrating our efforts towards improving this important sustainability requirement.

Some of these engagement forms are:

- Corporate 'employee welfare initiatives' (to be further presented in the 'Employees' section)
- Our 'materiality survey' addressed to our key stakeholders
- Participation in 'policy development meetings'
- Participation in 'industry forums featuring sustainable shipping trends'
- Participation in 'customers' sustainability assessments' and 'benchmarking systems'
- 'Working with major customers to develop services that promote sustainability' (i.e. low-carbon solutions) (G4-26)

Our Stakeholders (Groups) (G4-24)	Who they are (Sub-categories)	Communication channels and forms of engagement	What they expect from us	Further Engagement Opportunities (indicative)
		<p style="text-align: center;"><b>Neptune Lines Sustainability Report/COP</b></p>	<ul style="list-style-type: none"> <li>• Ongoing support and open communication between management and employees as well as with seagoing &amp; shorebased personnel</li> <li>• Code of Conduct</li> <li>• Monthly internal meetings (onboard and ashore)</li> <li>• Familiarization training process (seminars, knowledge tests, classroom courses)</li> <li>• Training opportunities</li> <li>• Annual Management Review report (demonstrating, among other KPIs, progress on sustainability-related targets)</li> <li>• Team building events</li> <li>• Employee welfare initiatives</li> <li>• Biennial employee satisfaction surveys (shore-based personnel)</li> <li>• Complaints procedure</li> <li>• Post-service meetings with seagoing personnel (Officers) to discuss problems and areas of improvement</li> <li>• Company circulars &amp; announcements (through emails)</li> <li>• Office Emergency Team (OET) - 24/7 availability</li> <li>• Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>• Increase awareness and inclusiveness of NL employees in Corporate Sustainability Strategy and strengthen internal communication of company's efforts</li> <li>• Communicate results of employee surveys to personnel</li> <li>• Expand HR best practices and employee-welfare programs</li> <li>• Review and update Performance Management systems (e.g. performance appraisal criteria)</li> <li>• Train seafarers and shorebased employees to embrace sustainability culture, acting as required at all times, to safeguard human life and rights, the environment and corporate integrity</li> </ul>
Customers	<p>Global Automotive Companies (OEMs)</p> <p>Freight Forwarders</p> <p>Shippers of Project Cargo (agricultural, energy, construction and other equipment)</p> <p>Logistic Service Providers (LSPs)</p> <p>Individuals</p>	<ul style="list-style-type: none"> <li>• Cargo booking process &amp; dedicated Customer Service Coordinators (CSCs)</li> <li>• Performance Review Meetings (PRMs), sharing improvement action plans and long term strategy (every 6 months and when necessary)</li> <li>• Frequent conference calls and extraordinary meetings</li> <li>• Participation in customers' benchmarking systems</li> <li>• Attendance in LSP/industry exhibitions</li> <li>• Attendance in exhibitions/events /workshops organized by customers</li> <li>• Participation in customers' sustainability assessments</li> <li>• Working with major customers to develop services that promote sustainability (for example through low carbon solutions)</li> <li>• Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfill and anticipate their needs</li> <li>• High-quality service and flexibility</li> <li>• Adherence to agreed upon terms and conditions (reserved space, prices, timelines etc.)</li> <li>• Ongoing support</li> <li>• Availability/Responsiveness</li> <li>• Accurate information</li> <li>• Effective problem solving / flexibility</li> <li>• Responsibility/Accountability</li> <li>• Easy adaptation of customer requirements</li> <li>• Added-value/innovative Solutions</li> <li>• Transparency</li> <li>• Conducting business and delivering our service in a sustainable manner (ethical, safe, environmentally-friendly, respecting human rights)</li> </ul>	<ul style="list-style-type: none"> <li>• Invest further on transparency and maintaining customers' trust through our sustainability reporting process and efforts</li> <li>• Create a specific communication strategy to get our sustainability efforts across to our customers and obtain their feedback</li> <li>• Further use of corporate website as a means to communicating sustainability actions/keeping it updated with sustainability highlights and corporate achievements</li> </ul>
Finance-related	Financial Institutions	<ul style="list-style-type: none"> <li>• Loan agreements and Credit analysis</li> <li>• Payroll accounts</li> <li>• Contracts</li> <li>• Periodical financial reports</li> <li>• Progress meetings (occasional)</li> <li>• Corporate presentations</li> <li>• Day to day transactions</li> <li>• Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>• Creditworthiness/financial performance</li> <li>• Transparency and accurate information</li> <li>• Preference in their products/services</li> <li>• Responsibility/Accountability</li> <li>• Consistency</li> <li>• Risk Control/Management</li> <li>• Robust management processes and long-term growth</li> </ul>	<ul style="list-style-type: none"> <li>• Send them our sustainability report or inform them of its availability online</li> </ul>
Trade Unions	<p>International Transport Workers' Federation (ITF)</p> <p>Seafarers' Associations</p>	<ul style="list-style-type: none"> <li>• Collective Bargaining Agreements (renewed on annual basis)</li> <li>• Keeping updated with latest rules and regulations coming in force</li> <li>• Occasional meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment and adherence to the terms of the agreements</li> <li>• Compliance with applicable rules and regulations</li> <li>• Respect of labour and union rights (i.e. wages, working hours, training, health and safety, working conditions, employee benefits, remuneration, reparation etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
Government	<p>National/Local Governments</p> <p>Flag Administration</p> <p>Port Authorities/National Coast Guard</p> <p>Employment Agencies (e.g.POEA)</p> <p>European Union (EU)</p> <p>Marine Accident Investigation Organizations</p>	<ul style="list-style-type: none"> <li>• Notices/instructions with latest rules and requirements</li> <li>• Inspections and auditing process</li> <li>• Formal dialogues/correspondence</li> <li>• Participation in EU policy development forums</li> <li>• Voluntary participation of our vessels in exercises</li> <li>• Root-cause analysis/action-plan submission</li> <li>• Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance and consistency</li> <li>• Due diligence</li> <li>• Transparency</li> <li>• Safe and environmentally-friendly operations</li> <li>• Collaboration and timely action</li> <li>• Quality standards implementation</li> <li>• Risk Management</li> <li>• Verification of process implementation and responsiveness</li> <li>• To generate economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Declare our sustainability efforts with emphasis on our health &amp; safety, environmental and anti-corruption proceedings</li> </ul>

Our Stakeholders (Groups) (G4-24)	Who they are (Sub-categories)	Communication channels and forms of engagement	What they expect from us	Further Engagement Opportunities (indicative)
International and Industry Organizations & Regulators	Classification Societies P&I Club Auditing/External Assurance Parties Union of Greek Shipowners (EEE) International Maritime Organization (IMO) Malta International Shipping Council International Labor Organization (ILO) The Association of European Vehicles Logistics (ECG) European Maritime Safety Agency (EMSA) European Community of Shipowners' Association (ECSA) United Nations	<p style="text-align: center;"><b>Neptune Lines Sustainability Report/COP</b></p> <ul style="list-style-type: none"> <li>Participation in committees and councils (annual and adhoc meetings)</li> <li>Memberships</li> <li>Annual company and vessel audits</li> <li>Circulars and announcements</li> <li>High-level meetings/steering groups (extraordinary)</li> <li>Seminars and workshops/lectures/summits</li> <li>Lobbying and thematic meetings (i.e. regarding environmental issues, viable industry solutions/regulations/measures etc)</li> <li>Participation in industry forums featuring sustainable shipping trends</li> <li>Action plans</li> <li>Surveys</li> <li>Participation in projects</li> <li>Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>Active participation - collaboration</li> <li>Keeping updated with new requirements coming into force and ensure compliance</li> <li>Ethical behavior</li> <li>Transparency</li> <li>Responsibility and due diligence</li> <li>Reliability/Accountability</li> <li>Support</li> <li>Action</li> <li>Quality Management according to Standards</li> <li>Sustainability culture</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Enhance our active presence in existing and upcoming opportunities for knowledge-sharing and further engagement in sustainability-related issues (i.e. in round-table discussions, internationally organized summits etc.)</li> <li>Find the most suitable communication strategy to bring our sustainability efforts to their attention</li> </ul>
Suppliers	Stores & Spares Suppliers Service Providers Communication Providers Shipyards I.S/I.T Providers Training & Consulting Providers Travel Agents Crew Insurance Agents Bunker Suppliers Chartering, S&P Brokers Insurance Brokers Port Service Providers Port Terminals	<ul style="list-style-type: none"> <li>Supplier performance evaluation</li> <li>Agreements</li> <li>Ad-hoc service review meetings with major suppliers (i.e. to discuss poor quality issues or health and safety-related concerns, to follow-up on project deliverables e.t.c.)</li> <li>Exhibitions (i.e. the International Shipping Exhibition 'Posidonia')</li> <li>Participation in workshops organized by suppliers (extraordinary)</li> <li>Conference calls and day to day communication</li> <li>Close cooperation in projects (upon occurrence and for a certain time frame)</li> <li>Consulting</li> <li>On-site sales presentations</li> <li>On-site visits</li> <li>Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>Fair and long-term cooperation</li> <li>Timely execution of financial responsibilities and adherence to our contractual obligations</li> <li>Honest projection of our company's needs and timely information on any significant changes affecting them</li> <li>Endorsement and positive word of mouth for their products/services</li> <li>Business opportunities</li> <li>Know-how exchange</li> </ul>	<ul style="list-style-type: none"> <li>Determine what is the most suitable method of stakeholder engagement to be implemented for the initial 'briefing' phase of engaging with our Suppliers in sustainability matters.</li> <li>Explore sustainability aspects and criteria to be included in our Suppliers' selection and evaluation processes</li> <li>Formalize and communicate our strategy of sustainable purchasing to our Suppliers and obtain their feedback</li> <li>Establish a supplier-engagement strategy</li> </ul>
Business Cooperators in provision of Service	Port Agents Manning Agents Shipping Logistics Companies Shipowning Companies (Chartered Vessels) Cargo Brokers Cargo Surveyors Stevedores	<ul style="list-style-type: none"> <li>Same as in 'Suppliers' Group</li> <li>Conference organized for all NL Port Agents (i.e. 1<sup>st</sup> NL Agents Conference)</li> <li>Materiality survey</li> </ul>	<ul style="list-style-type: none"> <li>Same as in 'Suppliers' Group</li> </ul>	<ul style="list-style-type: none"> <li>Same as in 'Suppliers' Group</li> <li>Organize more conferences for our business cooperators</li> <li>Work on an initial attempt of putting together a few basic guidelines for business cooperators - to be further enriched on a later stage</li> </ul>
Society	Academic Institutions Local Communities at ports of operation Media Environmental Protection Institutions NGOs	<ul style="list-style-type: none"> <li>Students' on-site visits and career opportunities</li> <li>Press releases/interviews</li> <li>News published in corporate web-site and social media</li> <li>Media Response Plan</li> <li>Membership in Hellenic Marine Environment Protection Association (HELMEPA)</li> <li>Donations and charities</li> <li>Participation and discussions/dialogue in sustainability forums organized by NGOs</li> <li>Subscription to receive notifications of their actions/events</li> </ul>	<ul style="list-style-type: none"> <li>Social and economic development</li> <li>Transparency</li> <li>Support</li> <li>Ethical behavior and protection of human rights</li> <li>Accountability/Responsibility</li> <li>Availability of information</li> <li>Employment opportunities</li> <li>Contactability and opportunities to dialogue/communication channels</li> <li>Adherence to public statements and commitments</li> <li>Environmental measures</li> </ul>	<ul style="list-style-type: none"> <li>Explore more opportunities to support (e.g. support events and activities in the context of the UN Human Rights, youth skills development and employability etc.)</li> <li>Increase publicly available information with regard to our sustainability activities and achievements</li> </ul>

# Reporting Strategy

## *Following the Optimal Route*

### Materiality Assessment Methodology

In navigation, there are quite a few possible routes to follow in order to reach your destination.

However, not all of them are the *optimal route*.

When carving a sustainability strategy, even though there are numerous possible issues to consider and report on, we focus on those that are crucial for us and our relation with others, in order to be effective.



# Reporting Strategy

## Following the optimal route

Materiality is the principle of defining the significant economic, social and environmental topics that matter most to our business and our stakeholders.

### Materiality Assessment Methodology

Material aspects are those that reflect the organization's significant economic, environmental and social impacts or substantively influence the assessment and decisions of stakeholders.

For Neptune Lines, the materiality assessment process is used as a strategic business tool, with implications beyond sustainability reporting. Our sustainability reporting method is concentrated on those issues which are material enough, due to their impacts, to attract Company's efforts.

Since our last report, we have tried to further enhance our sustainability-reporting skills and re-consider our approaches and methodologies, in order to result in a more strategic report.

In that context, in 2014, we decided to improve the materiality assessment process we had initially developed in 2013, with the aim of producing a list of even more focused and operable (relevant and significant in our business sector) aspects -along with their constituent topics/indicators- to report on from now on. (G4-23)

Towards that end, in 2014, we followed a structured assessment process based on the methodology and guidelines that are suggested and inspired by the *Global Reporting Initiative (GRI-G4)*. These steps are namely: **identification, prioritization, validation and review**. Each of the four steps, addresses specific elements to consider when trying to define what is material and employs particular principles for defining report content. (G4-18)

Through the increased and active involvement of the Executive and Sustainability Committees during the materiality assessment process, we managed to increase - compared to 2013- the inclusiveness of our key stakeholders and hence produce an even more representative output of their actual needs.

We shall present our actions during each step in the following section, except from the last step of 'review' which will be implemented soon after the publication of this report.

Last but not least, our materiality assessment process includes only 'Neptune Lines Shipping and Managing Enterprises S.A' as the sole entity included in the financial statements. (G4-17)



(G4-18)

### DEFINING MATERIAL ISSUES: THE PROCESS

#### STEP 1- IDENTIFICATION

For identifying which issues are truly material for our company and its stakeholders, we needed to create an initial broad list of possible subjects to select from; a list, comprehensive enough, so as not to omit anything which should merit inclusion-always within the context of sustainability. Readily available input for this list, was gathered from:

- The **GRI G4 Guidelines**: all aspects with their constituent topics and indicators mentioned in those guidelines were considered at this stage
- The **UN Global Compact 'Ten Principles'** (which are linked with some of GRI's aspects)
- Our last **sustainability report of 2013**: all aspects that were identified back then as material- which now had to be re-assessed

However, apart from the generic GRI aspects that are applicable to all sectors, it should be noted that there are no sector - specific aspects and topics issued, yet, officially by the GRI for the shipping sector. So, in an attempt to come up with a more focused result, we reviewed the officially GRI-entrenched 'Sector Supplements' from other sectors which assemble some extra aspects due to sector specificities. Some of these sector-aspects were of similar concern with our business (e.g. the aspect of 'Emergency Preparedness' which is included in the 'Oil & Gas Industry' GRI sector-supplement) and provided useful insight during this stage. These other sectors' aspects, being already context-verified by the GRI, did not have to be questioned in terms of sustainability context.

In addition to the above, we considered it important to identify some more shipping-oriented subjects, more relevant to our business. We managed to come up with some new topics, deriving from our own business operations and work experience. For these complementary, 'self-developed' sector- specific topics and indicators, we posed a series of test-questions for each one of them, in order to ensure that they are within sustainability context and are not merely performance or efficiency indications which simply happen to be of interest to our company.

Fresh ideas and topic suggestions emerged, also, through the below processes and sources:

- Brainstorming within the Sustainability Committee
- Internal feedback (e.g. discussions and interviews with department heads, consultation with employees, employee opinion survey)
- External feedback (e.g. comments from our customers, suppliers, readers of our last sustainability report, consultation of sustainability experts etc.)
- Training workshops, seminars and conferences (sustainability or shipping-related)
- Conferences, meetings and day to day dealings with stakeholders
- Corporate material (e.g. business plans, management reviews, minutes from meetings and presentations)

- Key projects and programs on progress
- Company 'self-assessment' tools, vessels' reporting forms, records and Key Performance Indicators
- Assessment of the company's external environment, business-sector assessments of critical points and conditions (e.g. industry benchmarks, market research results etc.)
- Review of sustainability-related articles providing insight into global sustainability trends, as well as sector risks and opportunities
- Best sustainability practices in our sector
- Legislative frameworks, conventions (e.g. by ILO, IMO etc.), regulations and external commitments, license to operate (global, within EU or regional)
- Sustainability-related initiatives in which our company participates or intends to participate
- Feedback received from assessment of our company in terms of sustainability performance (assessment was initiated by our customers)
- Getting an idea of public perception through social media investigation/online research

#### Stakeholders' Inclusiveness (G4-26)

At this initial stage, 'taking the pulse' of stakeholders, helped us ensure that the aspects and topics gathered, will not concern only our company, but will also correspond to their reasonable expectations, interests or even concerns.

Our main stakeholders and engagement occasions were analyzed under 'Neptune Lines and Stakeholders' section. In this section, we shall only refer to their involvement solely in the materiality process and their contribution in identifying material issues.

During this first step of the process, our approach was to brainstorm over information gathered at times from various occasions of engagement with some of our key stakeholders (i.e. customers, port agents), such as conferences and meetings; occasions which-even though were not initiated specifically for sustainability purposes- however, do have certain sustainability value due to the topics addressed.

A typical example of such engagement that provided significant initial input to our materiality assessment is the **1<sup>st</sup> Port Agents Conference** of our company, held in autumn of 2015.

Additional input regarding stakeholders' perspective, was gathered:

- a) through internal feedback provided by company personnel that regularly communicates and engages with stakeholders - therefore contributing a great deal to the better understanding of their concerns, expectations or how their decisions are influenced.
- b) through research and information gathering for those stakeholders that are not easily accessible.

(G4-27)

## Neptune Lines' 40 Year Anniversary

### 1<sup>st</sup> Agents Conference

Held on October 23<sup>rd</sup> 2015, on the occasion of the 40-year anniversary of our company, 'Neptune Lines 1<sup>st</sup> Agents Conference' brought together in Athens all our major Port Agents from all over the Mediterranean and Black Sea (40 delegates from 16 countries), to promote relationships and communication.

Our Port Agents are our 'front-office' at each port of operation; they represent Neptune Lines at their location of operation, ensuring smooth vessel operations, making all necessary arrangements for the seamless delivery of cargo to the final customer.

The stakeholder engagement event was organized by Neptune Lines for the first time, in an effort to honor the longtime relationship we share with these major stakeholders, discuss issues of concern, emerging risks as well as opportunities to improve our services.

Their valuable experience and day-to-day contact with port terminals, authorities, customers, provided real-time constructive feedback, leading to a fruitful discussion during a workshop session.

All information accumulated helped us in our aspirations to further develop our sustainability strategies and projects to follow.

Among other issues, below sustainability topics were addressed:

- The number of corruption practices and incidents amongst port authorities in some ports of our operation - a challenge we have to face
- New market development possibilities and impacts to consider
- Upcoming global shipping trends, such as the use of electronic cargo documents instead of conventional ones. It is a fact that we are heading towards electronic, paperless trade using electronic processes to facilitate procedures and exchange of information which will eventually make shipping trade more effective and sustainable.

At the end of the Conference, it was commonly agreed that everyone would leave with fresh thoughts and ideas, for harder work, towards an even better and more challenging future for Neptune Lines and its stakeholders.



(G4-18)

### STEP 2- PRIORITIZATION

Moving on to the step of 'Prioritization', we had to prioritize all topics gathered, taking into account two factors:

- 1) **Significance**<sup>1</sup> of their economic, environmental or social impacts to our Company,
- 2) Whether they have substantive **influence** on the assessments and decisions of our Stakeholders.

Materiality - deriving as a **combination of these two factors** - is the threshold at which topics take priority over the rest and become sufficiently important to be reported.

In order to assess the priority level of each topic and determine if it is material, quantitative assessment was needed to measure the degree to which both of these conditions are fulfilled for each topic.

The higher each topic scores in 'significance' for the company or 'influence' on assessment and decision of stakeholders, the more material it becomes.

### Materiality Survey (G4-26)

For the assessment, our sustainability team designed an **online-questionnaire**, addressed to our key stakeholders, as well as, to our Executive Committee.

In the questionnaire, each topic was presented under the general aspect it belongs to (e.g. the topic 'turnover and retention rates' under the aspect 'Employment') and was followed by a brief disclosure of its sustainability context, to facilitate its comprehension and evaluation.

The evaluation was based on three questions which were the same for each topic; each of the three questions provided an assessment of the topic, through a rating scale. Each question was designed to reflect, though its own perspective and wording, the two materiality factors: 'significance to our company' and 'influence on stakeholders'.

With minor adjustments, the same questions were posed to our Executive Committee.

Invitation to participate in the survey was sent, through an online survey software, to delegates from selected stakeholder groups.

Here below are the stakeholders that were selected for our survey:

- Automotive Companies (Customers)
- Logistics Service Providers (Customers)
- Shipping Companies (Business Cooperators)
- Port Agents (Business Cooperators)
- Manning Agents (Business Cooperators)
- Cargo Surveyors (Business Cooperators)
- Classification Societies (Industry Organizations)
- Unions of Shipowners (Industry Organizations)
- Auditing Parties (Industry Organizations)
- Financial Institutions (Finance-related)
- Port Terminals (Suppliers)
- Bunkers & Lube Oil Suppliers (Suppliers)
- Stores Suppliers (Suppliers)

- Communication/ I.T.-S Providers (Suppliers)
- Insurance Brokers (Suppliers)
- Training and Consulting Providers (Suppliers)
- Shipyards (Suppliers)
- Flag Administration (Government)
- Neptune Lines seagoing personnel-represented by the Crewing Manager (Employees)
- Neptune Lines office personnel-represented by the HR Manager (Employees)

The process we followed in order to decide to which specific stakeholders we shall address the questionnaire, is analyzed hereinafter;

### Stakeholders' Prioritization: Selecting Key Stakeholders (G4-25)

For our survey, we had to select individual stakeholders, to create -to the best possible extent- a representative sample that would provide us with stakeholders' perspective: i.e.

*Which topics from the broader list seem to be of interest to them or concern them the most? Which are perceived to be important for their assessments and decisions?*

The process we followed to prioritize our stakeholders and define those who would be top-listed as our *key Stakeholders*, is the following:

From the broader list of stakeholder groups with their sub-categories (all those identified in 2013 as well as the new entries) -we assessed each group and sub-category separately (e.g.: Group: Customers Sub-Cat: Automotive Companies).

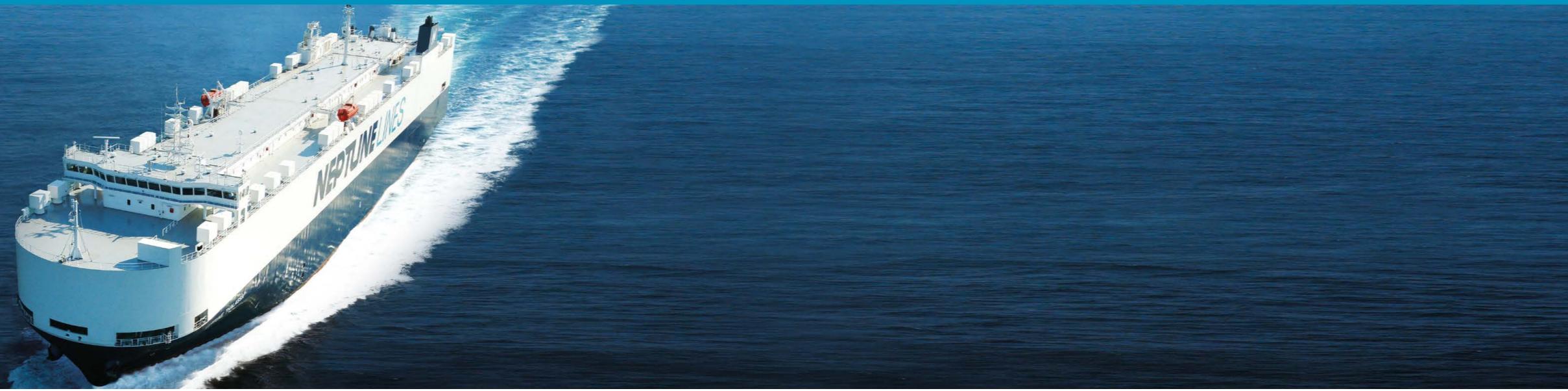
The assessment was performed according to **five evaluation criteria\*** (using a numeric score scale) namely: *Dependency, Responsibility, Representation, Influence and Proximity* (see Figure 1).

The stakeholders that stood out from the rest due to higher average score, were the *key Stakeholders* for our company and therefore, the ones to address our materiality questionnaire.



Figure 1

<sup>1</sup> Significant are the impacts that are considered important enough to require active management or engagement by the Company.



(G4-18)

**Identifying and prioritizing key impacts, risks and opportunities is an on-going process in which we review and analyze our external and internal business context.**

Internally for our company, the online-survey questionnaire was addressed not only to the Executive Committee members, but also to our HR and Crewing Managers representing our shore-based and seagoing personnel respectively. HR and Crewing Managers, were guided by the sustainability team to respond to the survey without expressing their personal opinion or point of view on the topics posed, but having in mind the employees' interests, views and opinions.

The answers provided by our Executive Committee represented the 'significance to our company', whilst the HR and Crewing Managers' answers were collected and analysed together with the rest of stakeholders' answers since 'Employees' are one of the stakeholder groups.

Once answers were gathered from all internal and external stakeholders, they were turned to numeric values and further analyzed; the analysis provided two average scores for each topic: one representing the viewpoint of

our company and one -that of our stakeholders. These two scores consisted the coordinates of each topic's position in the *materiality matrix*.

Perusing the matrix, results were rather close to what was expected. Results were reviewed and presented by the Sustainability Committee; the review was based on the following elements:

- Likelihood and severity of an impact
- Likelihood of risks or opportunities arising from an aspect and whether an aspect may become highly relevant over time
- Criticality for the long-term performance of the company
- The opportunity for the company to grow or gain advantage from the impact.

Following the completion of the review, the final 'Materiality Matrix' was produced based on the aforementioned criteria as well as on stakeholders' ratings; it was decided that the material topics for Neptune Lines and Stakeholders are the ones illustrated in '*Figure 2*'; (the threshold being at the average score of 2,00 in both 'Neptune Lines' and 'Stakeholders' axes).

However, apart from these, there were three aspects which could not be omitted from the report, even though were not within the materiality area. Those are:

***Effluents and Waste***  
Controlled and strictly monitored during our day to day operations with significant impact to the environment.

***Child Labor & Forced or Compulsory Labor***  
As a signatory to UNGC, Neptune Lines will have to report for both topics since are included in the 10 Principles of the UN Global Compact.

#### Changes in the assessment results of 2014/2015 compared to 2013 (G4-23)

The outcome of the assessment was rather close to that of 2013, with a few differences. The main differences are:

a) Material issues of 2013 were actually at an aspect-level, therefore more generic with less focus and fewer in number, compared to the more specific topics of 2014/2015. However, even though material topics for 2014/2015 are quite numerous (41 topics), we believe that as our sustainability strategy

(G4-18)

matures they will eventually be further narrowed down to fewer, more substantive topics to focus on.

b) 'Effluents and Waste', 'Child Labor', 'Forced or Compulsory Labor' as well as 'Local Communities' were identified as material in 2013, whilst, now did not score high enough.  
Other than these four topics, the rest of the material aspects of 2013 are

all covered in the materiality area of 2014/2015 matrix.

c) 'Emissions' and 'Energy' remain material for 2014/2015 – however, they were lower-scored by our stakeholders compared to 2013.

d) The topic 'Audits, Inspections, Surveys' is one of the three top-scored (by both company and stakeholders) topics in our 2014/2015 assessment, whilst in

2013, its relative aspect ('Compliance with Environmental laws') was not one of the top-rated in the matrix.

Finally, it should be noted that the materiality assessment process which covers this biennial reporting period started in 2014 and was completed in 2015.

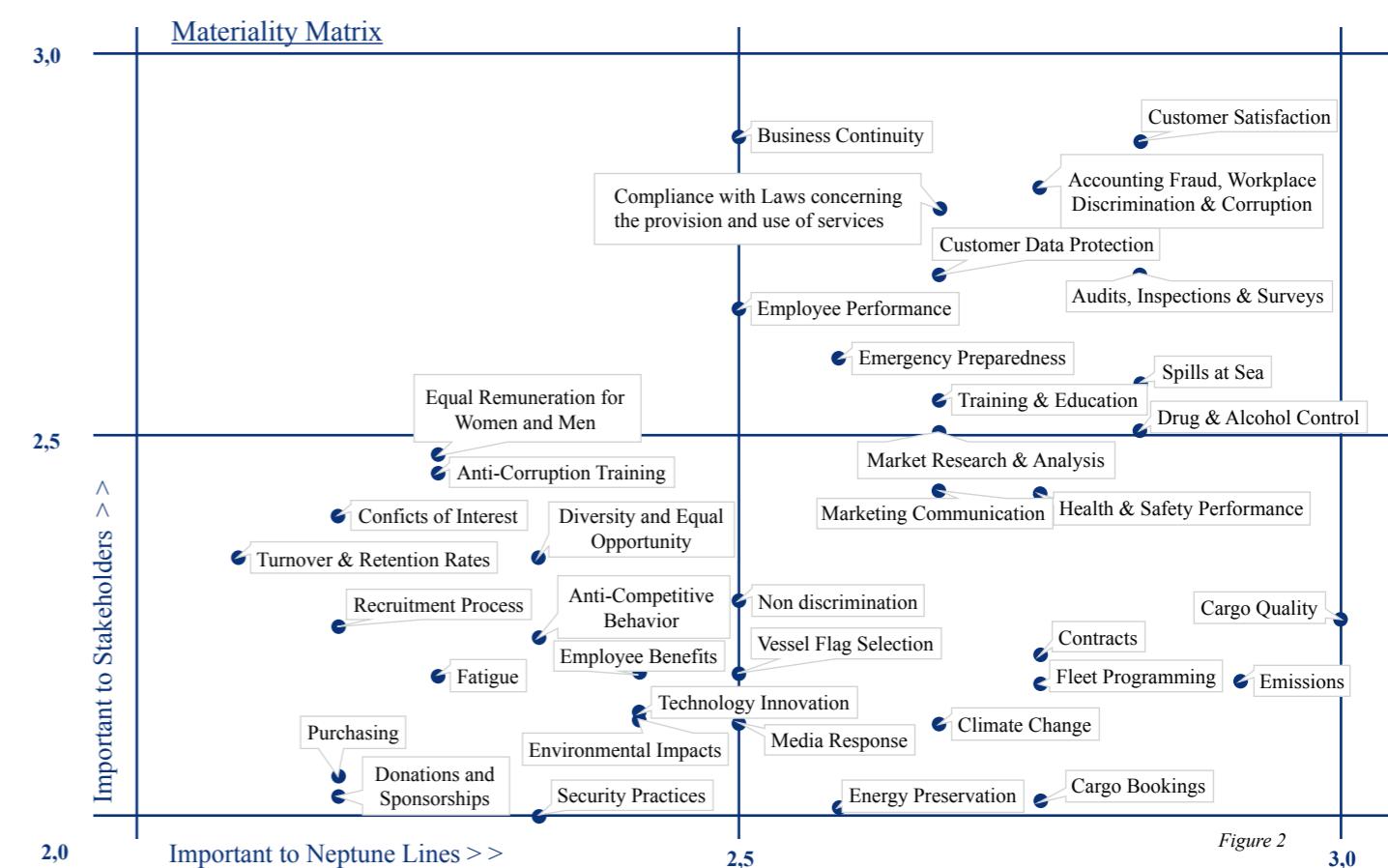


Figure 2

### Defining Boundaries

Outside Neptune Lines

Within Neptune Lines



As a last step of 'prioritization', we had to identify which entities *within or outside Neptune Lines*, cause or are likely to cause the impact related to each topic and therefore undertake the responsibility. In GRI terminology, this process is named 'Defining Boundaries'.

In our report, *within the company* refers to the impacts that occur or may occur directly from the activities and operations of Neptune Lines.

*Outside the company* refers to all those entities that are not part -and therefore not within the direct control- of Neptune Lines; such impacts, occurring outside Neptune Lines are those that occur or may occur from the activities and operations of entities related with Neptune Lines.

This process of identifying boundaries, helped to pinpoint those parts of our value chain, where there is a need for change or particular attention and measures need to be taken; Such change or attention, may include a different management approach or new processes

to be implemented, in order to mitigate or avoid negative impacts.

**In the following table, we have listed all material topics with their meaning, their corresponding aspects, and their identified boundaries and limitations.**

The mark (\*\*\*) signifies that the relative topic or aspect is company-specific and non-GRI or that its context applies somehow differently for our business than as stated in GRI-G4 Guidelines.

We had no specific limitations regarding the boundaries we identified (both within and outside the company).

(G4-20, G4-21)

### STEP 3 - VALIDATION

The material topics decided in the previous step, had to undergo a final review, to ensure that our report would provide a reasonable and balanced representation of our sustainability performance for the reporting period of 2014-2015 (GRI Completeness Principle).

So, all topics were assessed, against:

a) Their range, to determine whether they are sufficient to:

- Reflect the significant economic, environmental and social impacts of Neptune Lines

- Enable our stakeholders to assess our performance

b) Time – meaning that information to be reported on these topics is complete for the specified period of this report (January 1st 2014 to December 31st 2015) and there are no gaps.

We also had to make sure that the topics identified as material in our 2013 report -as well as the targets set back then - are being considered and followed-up through our current report so as to provide a clear picture of the

progress made when comparing the two reports (GRI Comparability Principle).

Based on above process, it was concluded that all identified material topics were deemed important to merit inclusion in the report –despite their wide range. (G4-23) However, their level of coverage and the extent of their analysis in the report, would differ – according to each material topic's reporting priority.

Reporting priority of each topic, was decided during the discussion of our sustainability team with the Sustainability Committee.

After obtaining the Committee's final approval, the sustainability team started gathering information to be reported for each material issue and assembling the final report.

TABLE OF MATERIAL ISSUES & THEIR BOUNDARIES (G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries	
		Within the Organization	Outside the Organization
<b>Economic</b>			
Economic Performance	Vessel Flag Selection (***)		
	Flag selection is not just a crucial decision with regard to ship operation, but also plays an important role in the economic growth. Flag state is highly relevant to sustainability, since it exercises jurisdiction and control in administrative, technical and social matters over vessels flying its flag, to ensure full compliance with environmental, health & safety, social and liability-related regulations. Flag-related parameters taken into consideration when deciding to register a newly acquired vessel, may include: flag reputation and risk-level, taxation policy, stable economic environment, shipping tradition, human rights etc.	Neptune Lines & Neptune Fleet Vessels	Flag Administration
	Climate Change		
	Being part of the transportation industry that contributes significantly to this global threat, we ought to monitor our vessels' operations in the most environmentally effective way. Changes in the climate system and weather patterns should not be ignored, as they may pose real physical risks to our company. For Neptune Lines, regulatory restrictions on greenhouse gas (GHG) emissions, are setting the course towards 'one-way opportunities' to integrate new, eco-friendly technologies in our business model - creating, as a result, new markets and changing trade patterns.	Neptune Lines & Neptune Fleet Vessels	Government, International&Industry Organizations&Regulators, Customers, Shipping Logistics Companies, Shipowning Companies (Chartered Vessels), Bunker Suppliers, Shipyards, Environmental Protection Institutions.
Market Presence	Market Research & Analysis (***)		
	Market research and analysis helps identify new business opportunities, as well as threats and opportunities of existing market segments. In the context of sustainability, this business process acquires an additional functionality: that of tracing and considering all sustainability-related impacts of each 'business move', in existing or new markets. Market research and analysis of markets already served by our company, will also provide valuable insight into their emerging/ever-changing needs - so as to better serve them and contribute to their economic well-being.	Neptune Lines & Neptune Fleet Vessels	Customers, Port Agents, Local Governments, Local Communities, Financial Institutions, Port Authorities, Shipping Logistics Companies, Shipowning Companies (Chartered Vessels), Chartering, S&P Brokers.
Procurement Practices	Purchasing (***)		
	Constant review of our company's purchasing needs on a 'need to have' basis, to avoid unnecessary expenses; ensuring, always, good quality and proven compliance with regulations/standards of products purchased- so as not to jeopardise our service quality or pose a risk to anyone's health and safety; audit, at all times, the fulfillment of purchasing requests/quotations as per agreed terms and clauses.	Neptune Lines & Neptune Fleet Vessels	Suppliers, Port Agents.
Contracts	Contracts (***)		
	The review and evaluation of all contracts is taking into consideration sustainability issues such as: environmental and social impacts, human rights, labor rights etc. Compliance with signed contract terms and company policies is monitored throughout the contract period. Breach of contract terms and provisions declared in our company policies, may result in termination of business relationship, requests for corrective actions, significant monetary fines and claims, reimbursements as well as a tarnished reputation.	Neptune Lines	All stakeholders with whom our company has contractual relationship.

TABLE OF MATERIAL ISSUES & THEIR BOUNDARIES (G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries	
		Within the Organization	Outside the Organization
		Who causes the impact	
<b>Environmental</b>			
Energy	<b>Energy Preservation</b>		
	Measures to reduce energy consumption and improve energy efficiency.	Neptune Lines & Neptune Fleet Vessels	Government, Customers, International&Industry Organizations&Regulators, Bunker Suppliers, Shipyards, Port Service Providers, Business Cooperators.
Emissions	<b>Emissions</b>		
	Efforts to reduce direct Green House Gas (GHG) emissions from our vessels' operations, as well as indirect GHG emissions resulting from the generation of electricity, heating and cooling consumed at company premises.	Neptune Lines & Neptune Fleet Vessels	Customers, Government, International&Industry Organizations&Regulators, Shipyards, Bunker Suppliers, Port Service Providers, Shipping Logistics Providers, Shipowning Companies (Chartered Vessels)
Effluents & Waste	<b>Spills at Sea</b>		
	Spills of chemicals, oils, fuels and waste can have severe negative impact on the surrounding water environment, as well as the regional communities nearby. Precautionary measures and compliance procedures to avoid occurrence, as well as carefully designed responsive measures to mitigate the impact of a possible real incident, need to be constantly assessed to ensure effectiveness at all times.	Neptune Lines & Neptune Fleet Vessels	Not applicable
Products and Services	<b>Technology Innovation</b>		
	Promptly investing in technology innovation - apart from mitigating environmental impacts to a great extent- may also influence in an indirect, positive way other shipping companies to consider following this leading practice. Integrating environmental considerations into Client Service design, may help identify new business opportunities and stimulate innovation in technology.	Neptune Lines & Neptune Fleet Vessels	Financial Institutions, Government International& Industry Organizations &Regulators, Shipyards, Service Providers, Port Terminals, Port Service Providers, Local Communities
	<b>Environmental Impacts</b>		
	Assessing the environmental impacts from cargo transportation (i.e. levels of noise, effluents and waste, water use, materials used).	Neptune Lines & Neptune Fleet Vessels	Customers, Shipyards, Bunker Suppliers, Port Terminals, Local Communities, Shipping Logistics Companies, Shipowning Companies (Chartered Vessels), Environmental Protection Institutions, NGO's
Compliance	<b>Audits, Inspections, Surveys</b>		
	Authorized third party audits, inspections and surveys are conducted within company and onboard vessels to verify compliance with the established environmental laws and regulations. Failure to comply - apart from being alarming when it comes to vessel's condition - may result in significant environmental damages, in vessel's detention, significant monetary fines, delays in our service and negative impact on the company's environmental records and reputation.	Neptune Lines & Neptune Fleet Vessels	Flag Administration, Port Authorities, Classification Societies, P&I Club, Auditing/External Assurance Parties.

(G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries		
		Within the Organization	Outside the Organization	
<b>Social</b>				
<b>Human Rights</b>				
Non-Discrimination	<b>Non-Discrimination</b>			
	Fair and unprejudiced treatment of different categories of people. Being a core-part of our Code of Conduct, non-discrimination governs all our company relationships with no exception.	Neptune Lines Employees (Shore-based & Seagoing)	All Stakeholders.	
Security Practices	<b>Security Practices</b>			
	The conduct of security personnel (individuals or companies employed for the purpose of guarding property of the company, crowd control, loss prevention and escorting persons and valuables) towards third parties is significantly linked to their training in human rights, particularly regarding the use of force. Training security personnel can help prevent reputational and litigation risks that arise from inappropriate actions or approaches not condoned by the company. Security personnel working for Neptune Lines, apart from human rights training, have also undergone relative screening (psychometric tests etc.) to ensure that they will respect human rights in case of incidents.	Neptune Lines Employees (Shore-based & Seagoing)	P&I Club, Flag Administration, Port Authorities, Auditing/External Assurance Parties, Service Suppliers.	
<b>Social</b>				
<b>Labor Practices and Decent Work</b>				
Employment	<b>Recruitment Process (***)</b>			
	For Neptune Lines, recruitment process works as a 'gatekeeper', allowing access to diverse, qualified and ethical personnel providing, at the same time, access to employment for the unemployed through a decent working environment. To have this process really contributing to the development of the company and at the same time promote its sustainability, it is carefully designed on a fair, unprejudiced and meritocratic basis.	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Employment Agencies, Flag Administration, ILO, Manning Agents.	
	<b>Employee Turnover &amp; Retention Rates</b>			
	'Employee turnover' refers to the number or percentage of workers who leave the company voluntarily or due to dismissal, retirement or death in service. 'Retention rate', expresses the ability of Neptune Lines to retain shipboard personnel within the company. Increased turnover and low retention rates may signify problems, such as plummeting employee morale and levels of uncertainty and dissatisfaction among employees. They may also signal lack of comprehension of company's performance expectations or even a fundamental change in the structure of its core operations.	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Employment Agencies, Flag Administration, ILO, Manning Agents.	
	<b>Employee Benefits</b>			
	'Employee benefits' is a form of investment for Neptune Lines. The quality of benefits for full-time staff is a key factor in retaining employees and attracting new ones. These include to the minimum: life insurance, health care, disability/invalidity coverage and parental leave.	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Employment Agencies, Flag Administration, ILO, Manning Agents.	

TABLE OF MATERIAL ISSUES &amp; THEIR BOUNDARIES (G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries				
		Within the Organization	Outside the Organization			
		Who causes the impact				
<b>Social</b>						
<b>Labor Practices and Decent Work</b>						
Occupational Health & Safety	<b>Health &amp; Safety Performance</b>					
	For Neptune Lines 'Occupational Health and Safety' always comes first and is safeguarded through carefully-designed policies. Elevated 'Lost Time Injury Frequency' and 'Absentee' rates, are particularly alarming and may signal a number of worrying issues to assess and consider seriously: low staff morale followed by low productivity, personnel fatigue due to excessive work/inadequate rest, high risk factor of assigned tasks; elevated absentee rates may even indicate negligence and ignorance from employees' side, which should be also further examined with regard to its root cause.	Neptune Lines Employees (Shore-based & Seagoing)	Customers, Trade Unions, Flag Administration, Employment Agencies, Port Authorities, Auditing/ External Assurance Parties, IMO, ILO, Manning Agents, Shipyards, Stores and Spares Suppliers, Port Service Suppliers, Port Terminals, Service Suppliers.			
	<b>Fatigue (***)</b>	Neptune Lines Employees (Shore-based & Seagoing)	Customers, Trade Unions, Flag Administration, Employment Agencies, Port Authorities, Auditing/ External Assurance Parties, IMO, ILO, Manning Agents, Port Terminals, Stevedores.			
	<b>Emergency Preparedness (***)</b>	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Employment Agencies, Flag Administration, Port Authorities, IMO, Auditing/ External Assurance Parties, Classification Societies, P&I Club, Manning Agents, Service Suppliers, Port Service Providers.			
	<b>Drug &amp; Alcohol Control (***)</b>	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Employment Agencies, Flag Administration, Port Authorities, Auditing/ External Assurance Parties, Manning Agents, Service Suppliers, Port Service Providers.			
	Enforcing zero tolerance procedures 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.	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Flag Administration, Employment Agencies, Manning Agents, Society.			
Diversity & Equal Opportunity	<b>Diversity &amp; Equal Opportunity</b>					
	Respecting difference and diversity and offering equal opportunity to all employees and applicants within various diversity categories (such as: gender, age group, minority groups, nationality, religion etc.).	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Flag Administration, Employment Agencies, Manning Agents, Society.			

(G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries		
		Within the Organization	Outside the Organization	
<b>Social</b>				
<b>Labor Practices and Decent Work</b>				
Training & Education	<b>Training and Education</b>			
	Training opportunities offered by the company, contribute significantly in attracting new employees, maintaining the level of performance according to company standards and retaining existing qualified employees.	Neptune Lines Employees (Shore-based & Seagoing)	Customers, Trade Unions, Employment Agencies, Manning Agents, Training and Consulting Providers.	
	<b>Employee Performance (***)</b>	Neptune Lines Employees (Shore-based & Seagoing)	Employment Agencies, Manning Agents, Service Providers.	
Equal Remuneration	<b>Equal Remuneration for Women &amp; Men</b>			
	Enforcement of equal pay principal, for work of equal value. Equality of remuneration between women and men is one of the factors that result in retaining qualified employees in the workforce. (G4-DMA)	Neptune Lines Employees (Shore-based & Seagoing)	Trade Unions, Flag Administration, Employment Agencies, Manning Agents, Society.	
	<b>Social</b>			
<b>Society</b>				
Anti-Corruption	<b>Anti-Corruption Training</b>			
	Signing an anti-corruption policy is a critical bonding act, however not sufficient to promise alertness and increase willingness to comply; training always helps towards that direction since it may go deep into an issue; and even though it may not solve the problem, it can increase awareness and therefore the possibility of 'saying no' to such practices.	Neptune Lines Employees (Shore-based & Seagoing)	All Stakeholders.	
	<b>Conflicts of Interest</b>	Neptune Lines Employees (Shore-based & Seagoing)	All Stakeholders.	
	The term 'conflicts of interest' refers to the situation where an individual is confronted with choosing between the requirements of his/her function and his/her own private interests.	Neptune Lines Employees (Shore-based & Seagoing)	All Stakeholders.	
	<b>Donations and Sponsorships</b>	Neptune Lines Employees (Shore-based)	All Stakeholders.	
	Ensure that charitable donations and sponsorships that are made to other parties by our company, are not used as a disguised form of bribery.	Neptune Lines Employees (Shore-based)	All Stakeholders.	
	<b>Anti-Competitive Behavior</b>			
	Fair competition law may on no account be violated. Any such violation may result in substantial fines for Neptune Lines and in fines for its employees.(G4-DMA)	Neptune Lines	Customers, Business Cooperators, Port Terminals, Port Service Providers.	
	<b>Compliance</b>	<b>Overall compliance with Laws (i.e. Accounting Fraud, Workplace Discrimination &amp; Corruption)</b>		
	The company's overall record of compliance with the range of laws under which it operates. It reflects significant fines and non-monetary sanctions under laws or regulations other than those that cover environmental issues or provision of service.	Neptune Lines	All Stakeholders.	

TABLE OF MATERIAL ISSUES & THEIR BOUNDARIES (G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries				
		Within the Organization	Outside the Organization			
		Who causes the impact				
<b>Social</b>						
<b>Society</b>						
Public Policy	<b>Media Response (***)</b>					
	Public communication and availability on the occasion of a crisis - apart from being essential to restore company's reputation and ultimately, its continued success- is also an act of responsibility towards society, and those affected by the crisis in which the company is involved.	Neptune Lines & Neptune Fleet Vessels	Customers, Trade Unions, Government, Classification, P&I Club, Manning Agents, Training&Consulting, Business Cooperators,Society.			
<b>Social</b>						
<b>Product Responsibility</b>						
Product & Service Labelling	<b>Marketing Communication</b>					
	The combination of strategies, systems, methods and activities used by the company to promote its reputation and services to target-audiences (i.e. advertising, promotion events, public relations and sponsorships). Efforts shall be made at all times, to ensure compliance - so as to communicate our brand name and services always in a responsible manner, that will reflect reality and will not be misleading.	Neptune Lines	Customers, Communication Providers, Media.			
	<b>Customer Satisfaction</b>					
	In the context of sustainability, customer satisfaction provides insight into how the organization approaches its relationship with this important stakeholder group. It indicates the degree to which the company takes into consideration the needs and plausible requests of its customers and tries to fulfill them in the best possible way protecting its customers' vocational interests.	Neptune Lines	Customers, Port Agents, Port Terminals, Shipping Logistics Companies, Shipowning Companies (Chartered Vessels), Local Communities.			
Customer Privacy	<b>Customer Data Protection</b>					
	Protection of customer privacy and handling customers' requests and information with discretion and professionalism is critical in our business. Most of our customers have a competitive relationship and require strict confidentiality rules.	Neptune Lines	Customers, Port Agents, Business Cooperators, Port Terminals.			
Business Continuity	<b>Business Continuity (***)</b>					
	Business continuity encompasses a set of activities which are intended to ensure that the critical business functions of the company -will either continue to operate despite serious incidents or disasters that might otherwise have interrupted them- or will be recovered to an operational state within a reasonably short period. Failure to do so, may result in a rather severe threat or disruption that may lead to severe implications (i.e. bankruptcy).	Neptune Lines	Customers, Finance Institutions, Government, Business Cooperators, IST Providers, Communication Providers.			
Compliance	<b>Compliance with Laws and Regulations for the Provision and use of Services</b>					
	Failure to comply with laws and regulations - including international declarations, conventions and treaties, and national, sub-national, regional and local regulations concerning the provision and use of service, may lead to monetary fines of significant value, administrative or judicial sanctions and damaged reputation. The strength of an organization's compliance record may also affect its ability to expand operations or gain permits. (G4-DMA)	Neptune Lines & Neptune Fleet Vessels	Customers, Finance Institutions, Government, Business Cooperators, Society.			

(G4-19, G4-20, G4-21)

Aspect	Specific Material Issues identified through our materiality assessment	Boundaries		
		Within the Organization	Outside the Organization	
<b>Social</b>				
<b>Product Responsibility</b>				
Service Quality (***)	<b>Fleet Programming (***)</b>			
	The company shall optimize vessels' schedule to conform to contract terms related with the on-time arrival of vessel at port, as well as, with the frequency of port calls agreed. Vessel rotation plans in dedicated service lines shall be monitored closely and adjusted to meet customers' requirements.	Neptune Lines & Neptune Fleet Vessels	Customers, Business Cooperators, Port Terminals, Port Service Providers.	
	<b>Cargo Bookings (***)</b>			
	Having an effective cargo booking process and being responsive, attentive and always customer-centered; treating all customer inquiries in an equal and professional way -offering equal opportunities to load their cargo.	Neptune Lines & Neptune Fleet Vessels	Customers, Port Agents, Shipping Logistics Companies, Cargo Brokers.	
	<b>Cargo Quality (***)</b>			
	The company shall maintain the highest possible transportation standards, as defined by customers' needs and requirements. Failure to maintain these standards, may result in loss of market-share and reputation.	Neptune Lines Employees (Shore-based & Seagoing)	Customers, Auditing/ External Assurance Parties, Business Cooperators.	

Aspect	Other issues to report on	Boundaries	
		Within the Organization	Outside the Organization
		Who causes the impact	
<b>Environmental</b>			

Effluents & Waste	<b>Waste Generation</b>		
	Monitoring weight of waste generated on board our vessels. Data on waste-generation figures, over several years, indicates the level of progress the company has made towards waste reduction efforts.	Neptune Lines & Neptune Fleet Vessels	Not applicable.

<b>Social</b>			
<b>Human Rights</b>			

Child Labor	<b>Child Labor</b>		
	The abolition of child labor is a key principle and objective of major human rights declarations and legislation to which we shall conform.	Neptune Lines & Neptune Fleet Vessels	All Stakeholders.
Forced Labor	<b>Forced or Compulsory Labor</b>		
	Forced or compulsory labor is defined as 'all work or service which is demanded from any person, under the menace of any penalty and for which the said person has not offered himself voluntarily'.	Neptune Lines & Neptune Fleet Vessels	All Stakeholders.



## Economic

*The economic dimension of sustainability*

Economic Performance  
Procurement Practices  
Contracts  
Market Presence

The economic dimension of sustainability corresponds to the impacts of our Company on the economic conditions of its Stakeholders as well as on economic systems at local, national and global levels.

# Economic

## *Sustainable development offers a framework to generate economic growth*

**Sustainable development offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance.**

### **Economic Performance**

#### Climate Change (G4-EC2)

Being part of the transportation industry that contributes significantly to this global threat, we ought to monitor our vessels' operations in the most environmentally effective way. Changes in the climate system and weather patterns should not be ignored, as they may pose real physical and economic risks to our company. On the other hand, regulatory restrictions on greenhouse gas (GHG) emissions, are setting the course towards 'one-way opportunities' for carriers in our sector to integrate new, eco-friendly technologies in their business model - creating, as a result, new markets and changing trade patterns.

As a company endeavoring to contribute to a sustainable society as well as its own long-term viability, Neptune Lines believes that addressing environmental issues, including climate change, is crucial in achieving this goal. We also recognize the importance of such efforts from the perspective of business continuity. The failure to take appropriate steps to respond to such issues involves various underlying risks that



could negatively impact our operations. (G4-DMA)

These include risks involving new or amended laws or regulations that could elicit higher carbon taxes, broaden the geographic applicability of emissions trading schemes or impose tougher energy-saving standards on products. Another example is physical risks, such as the risk of rising sea levels and abnormal weather patterns caused by climate change. Neptune Lines realizes that flawed responses to such risks and changes could have major social and financial implications. (G4-DMA)

On the other hand, efforts to address the issue of climate change present promising business opportunities. With general awareness of climate change growing, energy efficiency will become an increasingly important aspect of customer needs. Our company has recently acquired four new vessels incorporating the latest environmentally-friendly technologies and implements new environmental practices to the existing fleet vessels so as to reduce the energy consumption. We see this as a positive

development that has further enhanced the competitive advantages of our services. (G4-DMA)

More detailed analysis on the actual metrics and performance can be viewed at the 'Technology Innovation' section in the Environmental Performance chapter of the present report.

#### Vessel Flag Selection

Flag selection is not just a crucial decision with regard to ship operation, but also plays an important role in the economic growth.

27% of Neptune Lines fleet vessels are under the national flag registry (Greek Flag) and 73% are under European foreign flag registry (Malta Flag).

The degree to which each Flag State executes effectively its duties determines significantly its vessels' conformity with regard to the applicable international regulations; Flag State is highly relevant to sustainability, since it exercises jurisdiction and control in economic, administrative, technical and social matters over vessels flying its flag.

Flag-related parameters are taken into iteration when deciding to register a newly-acquired vessel which may include: flag reputation and risk-level, taxation policy, stable economic environment, shipping tradition, human rights etc.

#### Procurement Practices

#### Purchasing & Local Spending (G4-EC9)

We constantly review our purchasing needs on a 'need to have' basis, to avoid unnecessary expenses - ensuring, always, good quality of products purchased, with proven compliance with regulations/standards, so as not to jeopardize our service quality or pose a risk to anyone's health and safety; We audit, at all times, the fulfillment of purchasing requests/quotations as per agreed terms and clauses. (G4-DMA)

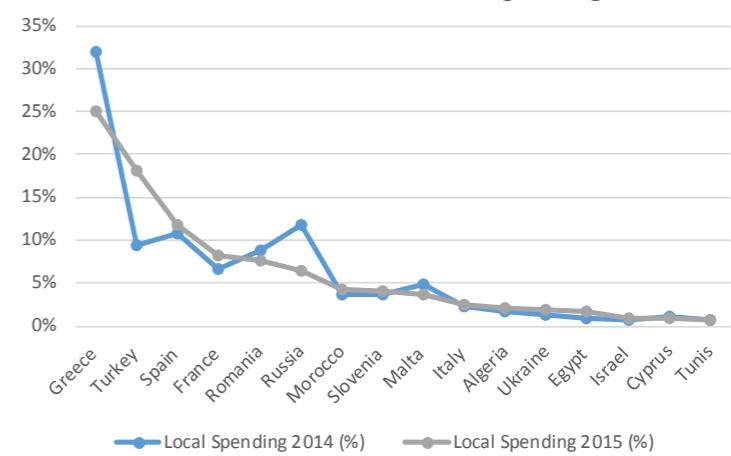
Our company is spending proportionally on local suppliers at the significant locations of operation. The trading area of our fleet vessels and the frequency of port calls are setting the scene for our significant locations of operation.

Port call expenses (port dues, tug boats etc.), cargo handling expenses, waste disposal fees as well as bunker expenses, are the driving costs for our fleet vessels. Turkish ports (wider Istanbul area), Spanish ports along the coast of Mediterranean (Barcelona, Sagunto, Valencia) as well as in the northern part of Spain (Vigo), the port of Piraeus in Greece, the French ports in the Mediterranean (Marseille, Sete, Fos), the port of Koper

in Slovenia and finally, Italian ports (Vasto, Civitavecchia, Livorno), comprise our main hub ports within the limits of our trading area.

#### Contracts

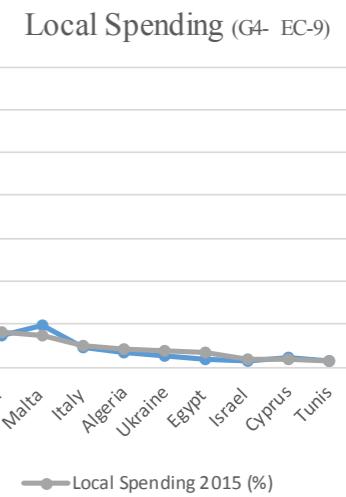
When reviewing and evaluating all contracts we take into consideration sustainability issues such as: environmental and social impacts, human rights, labor rights etc. Compliance with signed contract terms and company policies is monitored throughout the contract period. Breach of contract terms and provisions declared in our company policies, may result in termination of business relationship, requests for corrective actions, significant monetary fines and claims, reimbursements as well as a tarnished reputation. No incidents have been reported or identified during the reporting period.



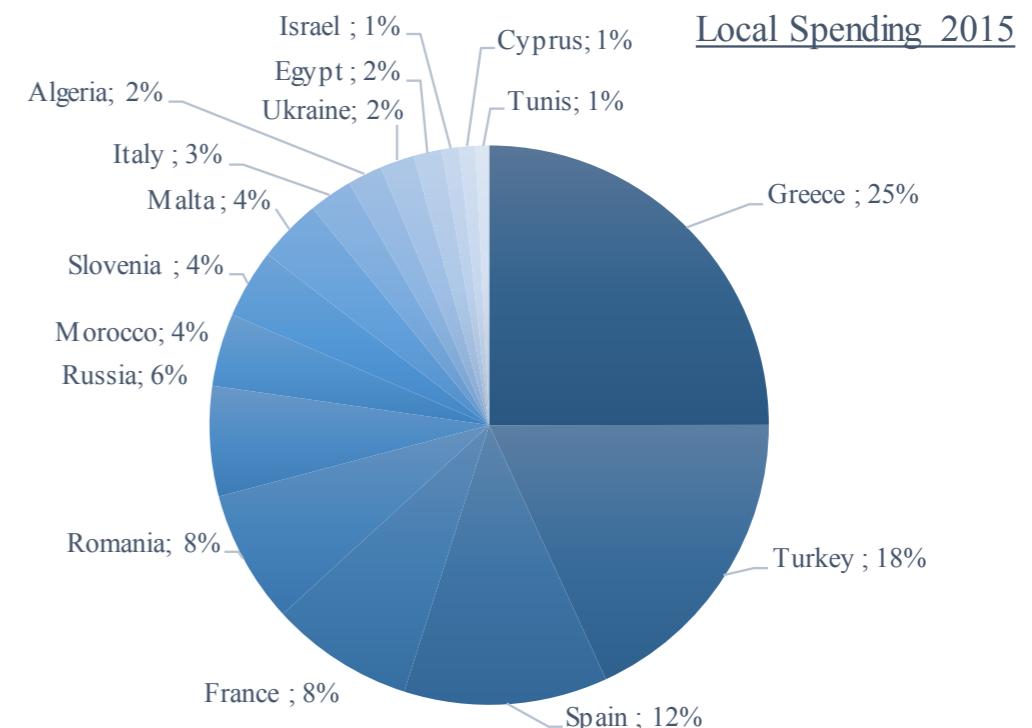
#### Market Presence

#### Market Research and Analysis

Market research and analysis helps identify new business opportunities, as well as threats and opportunities of existing market segments. In the context of sustainability, this business process acquires an additional functionality: that of tracing and considering all sustainability-related



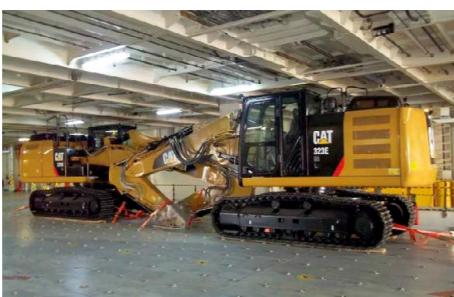
impacts of each 'business move', in existing or new markets. Market research and analysis of markets already-served by our company, will also provide valuable insight into their emerging/ever-changing needs - so as to better serve them and contribute to their economic well-being. (G4-DMA)



#### Entry Level Wages (G4-EC5)

Neptune Lines invests in its employees and their well-being. It identifies the local minimum wage and compares it (in percentage terms) to the organization's entry level wage.

Our workforce is divided between the shore-based personnel located at company premises and shipboard personnel serving onboard our fleet vessels. For shore-based personnel, the ratio is set at 1.6 of the applicable minimum wage scale set by Greek regulations and at 1.3 for shipboard personnel of the applicable collective bargaining agreement. (ITF Wage scale 2014-15 and ILO requirements).



## Market Presence

Neptune Lines continues to strengthen its presence in its areas of operation by providing innovative solutions to its customers, optimizing cargo flows and routes on a continuous basis-always in joint cooperation with its customers.

Over the years, our company has built a reputation of developing new markets without, however, abandoning its long-established ones or leaving a customer without a service. (G4-DMA)

In 2015, Neptune Lines expanded its service capability offering roll trailer equipment within its network to assist with the transportation of static cargo. This development is part of its general expansion strategy that includes the rapid development of project and high and heavy cargo. (G4-13)

For 2016 we will double the number of roll trailers available and target a 50 % revenue growth in that sector versus 2015. With the purchase of our 'Neptune Hellas' and 'Neptune Horizon' in 2015 -equipped with liftable decks and 120 tons capacity ramps- we have ensured increased capacity to accommodate this rising demand.



*'Whether excelling in what we already do or exploring more promising, remote and diverse markets, our strengths and values will always be our unwavering guide: Confidence, Flexibility & Trust'*



**“Earth provides enough to satisfy every man's needs, but not every man's greed.”**

— Mahatma Gandhi

## Environmental Performance

*Serve to Conserve*

Emissions  
Effluents and Waste  
Technology Innovation  
Environmental Impacts  
Compliance  
Energy Preservation

We are continuing to strengthen our commitment for the protection of the Environment by implementing the latest environmentally-friendly technologies for our managed vessels and ashore infrastructure.

The latest four (4) additions to our fleet vessels, reveal not only our intention but also, the outcome of our environmental and energy efforts.

Neptune Lines monitors the enforcement of its 'Environmental and Energy Management System' through a

number of key performance indicators which are reviewed and 'tuned' on a periodical basis to achieve the environmental targets set.

Our aim is to continue improving our environmental footprint, reducing it through our day to day operations.

# Emissions

## Reduce to protect the generations to come...

Neptune Lines is firmly committed to playing its part in reducing CO<sub>2</sub> emissions so as to protect the environment and act as a depositary for generations to come. Our commitment is demonstrated through the established Environmental & Energy Efficiency Policies -expressed through specific measures- which are the driving forces for achieving the targets set.

Maritime shipping is the world's most carbon efficient form of transporting goods, far more efficient than road or air transport. Maritime transport, emits around 1000 million tonnes of CO<sub>2</sub> annually and is responsible for about 2.5% of global greenhouse gas emissions (source: 3rd IMO GHG Study). Ships' energy consumption and subsequently CO<sub>2</sub> emissions could be reduced by up to 75% by applying efficient operational measures and implementing not only existing but more advanced technologies (source: 2nd IMO GHG Study).

Many of these measures are cost-effective and offer net benefits, since reduced fuel costs may support the pay back of any operational or investment cost-depending on current fuel prices. New innovative technologies can further increase such benefits. (G4-DMA)

### Measures to reduce emissions (G4-EN6, G4-EN15, G4-EN19)



#### 'Clean Design' Vessels

In 2014, Neptune Lines received two(2) new buildings from Hyundai Mipo Dockyard (HMD). These vessels are similar in capacity to existing four(4) vessels built in Korea in 2009 and 2010, but have been designed with a number of environmental features that make them unique. Their fuel efficiency was measured 20% better than the original series vessels.

In 2015, Neptune Lines added two(2) more environmentally-friendly vessels in the fleet. These vessels are also similar in capacity to the existing ones built in Korea, with the addition of Environmental Protection (EP) design notation. (G4-13)



#### Speed Optimization

In 2014 and 2015, our company continued with the speed optimization project that was launched in 2013.

This is an operational measure for monitoring the results in the fuel consumption.

In 2014-2015, the owned fleet ran more miles compared to 2013, due to the increase in fleet size, with the acquisition of the new vessels (29.6% increase). However, the total fuel consumption per nautical mile was reduced by 4.2% (compared with 2013), demonstrating the positive outcome of this operational measure.

We will continue with the speed optimization project for 2016, aiming to further reduce the fuel consumption by 0.5%.



#### Energy Saving Devices

On two of the newly acquired vessels we have installed PBCF's to improve their performance.

PBCF (Propeller Boss Cap Fins) System is an energy-saving device attached to the propeller. It helps reduce fuel consumption resulting in corresponding reduction in CO<sub>2</sub> emissions. Its application results also in reduced vibration in the stern, hence achieving less underwater noise.

As these vessels are equipped with fixed pitch propellers, we expect the effect of the PBCF to improve their efficiency.

*Since 2010, we have achieved a 10,66% reduction of our CO<sub>2</sub> emissions and we aim to further reduce them by 0,5% on an annual basis till 2018.*

### CO<sub>2</sub> Emissions (G4-EN3, G4-EN15)

2010

0.2992 (t/n.mile)

2013

0.2790 (t/n.mile)

2015

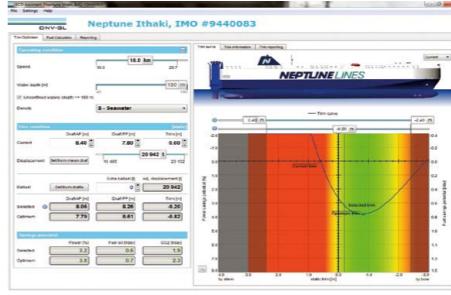
0.2673 (t/n.mile)



#### Re-blading and Propeller Optimization

In addition to the pilot vessel that was re-bladed in 2013, one more vessel was re-bladed in December 2014, achieving a reduction of 10% in its own fuel oil consumption.

As an outcome of this measure, both vessels' efficiency is considerably improved.



#### Trim Optimization & Ballast Reduction

During this reporting period, trim optimization and ballast control was applied in two of the newly-acquired vessels, raising the size of the existing fleet equipped with this system from eight(8) vessels back in 2013, to ten(10).

The software assists vessel's crew to minimize the ballast and optimize the trim upon departure from the port, resulting in reduced residence during sailing.

For 2016, we have scheduled to include the other two acquired vessels in the same program.



#### Foul Release & Advanced A/F coatings

Since 2013, we doubled the number of vessels coated with silicon-based antifoulings.

Eight(8) vessels are coated so far with silicon-based antifoulings, while three(3) are coated with advanced efficiency antifoulings resulting in reduced fuel consumption.

### CO<sub>2</sub> Calculation Method

Our calculations of CO<sub>2</sub> emissions, were based on the relevant IMO legislation under resolution MEPC.1 / Circ. 684 issued on August 17<sup>th</sup>, 2009. Data were collected from our monthly and daily position reports received from the vessels for distance travelled and fuel consumed. Nautical miles data used in our analysis are obtained from the vessels and include pilotage miles, all deviations due to weather, drifting etc. Calculation type used: Mass (tons) of CO<sub>2</sub> per nautical mile sailed (Fuel consumption X Distance Sailed X Emission Factor for Heavy Fuel Oil and Gas Oil used).

### CO<sub>2</sub> Reduction Achievement (G4-EN6, G4-EN19)

2010

Starting Point

2013

- 6.8%

2015

- 10.66%

# Effluents and Waste

## No Waste at Sea

(G4-EN23, G4-EN24)

Spills of chemicals, oils, fuels and waste can have severe negative impacts on the surrounding water environment which may also lead to contamination of land in the regional nearby communities. Precautionary measures and compliance procedures to avoid occurrence, as well as carefully designed responsive measures to mitigate the impacts of a possible real incident, need to be constantly assessed to ensure effectiveness at all times.

(G4-DMA)

### Zero Tolerance Policy for Waste Disposed at Sea

At the beginning of 2011, we decided to minimize and eventually eliminate the disposal of processed food at sea (being the only waste allowed to be disposed at sea under certain conditions as per our established environmental policy and regulations in force).

Since 2014, we are implementing a zero tolerance policy for the waste disposal at sea.

The total amount of processed food discharged at sea in 2015 reached the minimum amount of 0.016 m<sup>3</sup>/vessel/month with the aim to be further reduced to zero for 2016.

### Plastics

Even though in 2014 we further reduced the generation of plastics onboard our vessels - i.e. discharging 6.4% less plastics ashore than 2013 (taking always into consideration that plastics disposal at sea is strictly

prohibited), in 2015 the generation of plastics significantly increased due to the addition of our two new vessels in our fleet. Those vessels, being both existing vessels, had to be brought up to the standards implemented through our policies, resulting in increased waste disposal at shore facilities.

Furthermore, during the reporting period we continued to implement a measure proven successful in 2013, requesting from our suppliers to apply improved packaging of the supplied materials, so as to decrease the disposed packaging volumes for 2016.

Our target for 2016 is to achieve a 5% reduction in plastics disposal.

### Oily Water

In comparison with 2013, there is a significant improvement in the collection process of all drains onboard, since the environmental character of six(6) of our vessels do not allow any drains (all engine room drains plus air

(G4-EN23)

condition condensed water, CO<sub>2</sub> room drains etc..) to be directed overboard; instead, all drains are collected in an oily water tank and are further processed (through 15 ppm) or discharged at dedicated shore facilities.

Regarding oily water generation, it was slightly reduced in 2015 compared to 2014. However, compared to 2013, significant improvement is demonstrated (6.2 % less generation of oily water), due more emphasis being placed to the implementation of the established planned maintenance system -leading to limited leakages.

Our target for 2016 is to maintain the same levels of oily water generation.

### Sludge

Sludge generation for 2015 was reduced for the second year in a row (compared to 2014 and 2013) achieving the target set back in 2013 for the improvement of sludge generation. We aim to achieve a further reduction 2% in sludge generation for 2016.

### Incineration

We did not manage to achieve our target for 2014 for the reduction in our garbage incineration process, since the delivery of our two new vessels and their positioning from the delivery shipyard

to our current trading area created an increased need for incinerating the garbage due to long sailing periods. However, during 2015 we managed not only to bridge the gap created during 2014, but also to achieve the reduction target of 5% which was initially set at 2013.

On the other hand, sludge incineration process was almost eliminated, as from 2013, achieving a 0.024 m<sup>3</sup>/month on a fleet average by implementing zero incineration policies and enforcing disposal policies at shore facilities in order to minimize the impact on air pollution from the emissions of the incineration.

Our aim is to further eliminate the incineration process for 2016.

### Paints and Chemicals

Even though the same maintenance policy is being followed since 2013 (i.e. paints supply is based on actual maintenance needs and not on a periodical basis), the paint consumption increased considerably during 2014 and 2015 due to special surveys performed for more than half of the fleet vessels.

Additional maintenance teams were placed onboard the vessels for certain periods in order to maintain the highest maintenance standards set through our

maintenance policies. For 2016, we expect and aim at a 5% reduction in paint consumption due to significant maintenance works carried out over the past two years.

Chemicals consumption was reduced from 220 liters/vessel/month in 2013 to 191 liters/vessel/month in 2015, achieving the target set. The addition of the four environmentally-friendly vessels to our fleet, enabled us to reduce the overall consumption ratio since the need for fuel treatment additives is no longer considered necessary.

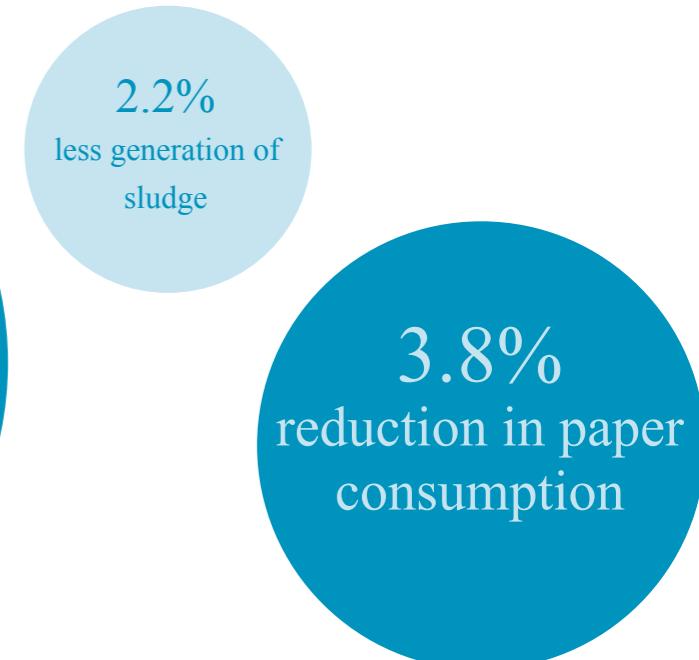
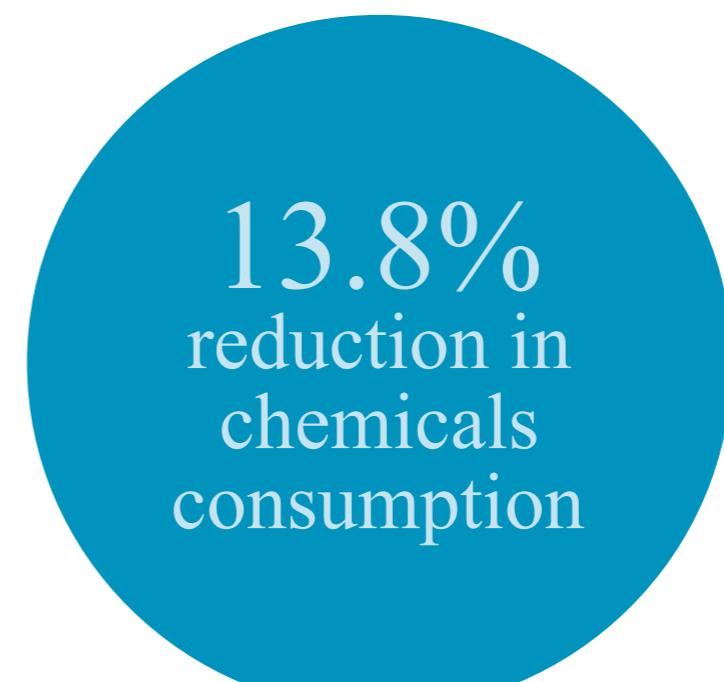
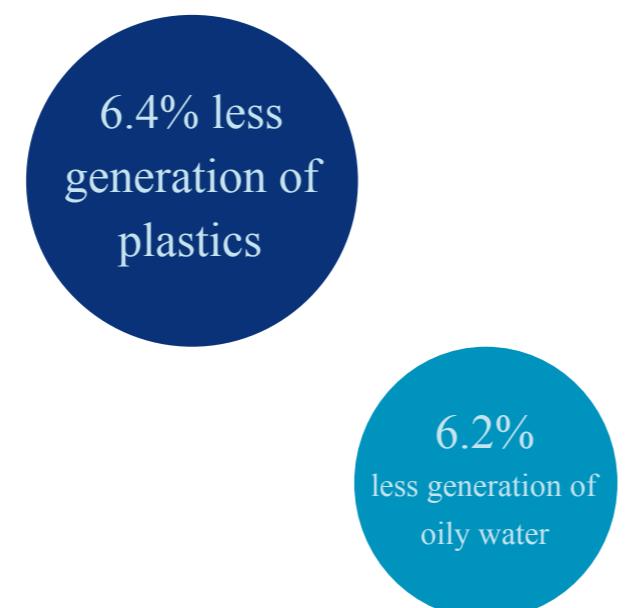
### Paper

Paper consumption was reduced by 3.8 % since 2013, despite the fact that documentation formalities at ports have been increased. On the other hand, at office premises, we are enforcing centrally controlled printing policies which allow us to reduce paper consumption (double-sided printing, secure printing etc.). We aim to further reduce the consumption by 5% for 2016.

### Spills

No spills of chemicals, oils, fuels or other waste occurred for the reporting period of 2014 and 2015. (G4-EN24)

## Progress made since 2013



# Technology Innovation

## *Innovative technology leads to new sustainable business opportunities*

Promptly investing in technology innovation - apart from mitigating environmental impacts to a great extent may also influence in an indirect, positive way other shipping companies to consider following this leading practice. At the same time, integrating environmental considerations into Client Service design, may help identify new business opportunities and stimulate innovation in technology.

### Two Environmental New Buildings

In 2014, our Company received two new vessels from HMD shipyard in S.Korea. Both Pure Car Truck Carriers (PCTCs) of 3,800 car units each, these ships are enhanced with advanced environmental technologies, resulting in improved energy efficiency and reduced environmental footprint. Their basic energy saving and environmental features are described herebelow.

#### Hull lines Optimization

This project was a continuation of our previous new building project. The general dimensions of the vessels are the same, while the design draft is modified to the more realistic scantling draft of 8.7 m (from 7.8 m). Using the statistics of average operating drafts of the operating vessels of about 8.2-8.5 m and the fact that the previous vessels had less resistance with trim by the bow up to 1 m, the new hulls were optimized using Computational Fluid Dynamics (CFD) analysis for the higher draft and for less trim by the bow. The new hulls are fuller forward and leaner, aft -compared to the old generation. As a result of the CFD calculation the effective power of the new hull is about 5% better than the old hull form at the drafts 8.2-8.5 m (majority time spent at these drafts) and the resistance is minimized at trim 0.5 m by the bow which is an achievable target. At the draft of 7.8 m the effective power of the new hull form is no different than the old hull form.

#### Electronic Engines

An electronic engine is used on this project 7S50ME-C8.2. The SFOC (specific fuel oil consumption) of the engine at 75% load is improved from 170 g/kwh to 166 g/kwh or 2.3% improvement in fuel consumption. An electronic engine also permits balanced operation of all the cylinders of the main engine.

#### Derated Engine

We used a seven cylinder engine but derated this by 20% to the power of a 6-cylinder engine as the speed requirements are reduced. This reduced the maximum power of the engine but results in an efficiency improvement in the fuel consumption. The derated engine SFOC at NCR load (90%) is improved from 166 g/kwh for the 6-cylinder engine of same power to 161.7 g/kwh or 2.6% improvement in fuel consumption.

#### Energy Saving Device – PROMAS

Model tests were performed with three combinations of energy saving devices and these were compared with the conventional CPP propeller. From these tests the best performing solution from Rolls – Royce was selected (PROMAS). The reduction in effective horsepower from this energy saving device was measured at 4.7% as compared to the conventional CPP propeller. At the higher speeds the improvement was measured more than 5%.



M/V Neptune Galene, PROMAS System

#### Telemetry

On the two new ships we have installed a telemetry system from MARORKA to monitor in real time 24 parameters of the ship from ship performance to energy consumption. Through ACONIS AMS (HHI HIDS) we have installed real time monitoring of the Alarm and Monitoring displays onboard the vessel. All these can be monitored remotely from our office or from any other remote location.

#### Led Lighting

In 2015 we installed on two of our vessels 50 led tubes to replace some of the fluorescent tubes. We are confident that performance and durability will be the expected ones so we will be prepared for large scale implementation.

#### KWHR Meters

If we cannot measure we cannot control. Based on this principle, we have installed Kwhr meters on eight(8) vessels (Korean built) 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.

#### Shaft Power Meters

We have also installed shaft power meters to eight(8) of our vessels. With these meters we are able to control more accurately the performance of the M/E, hull and propeller cleanliness.

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

On the eight(8) Korean built vessels we have installed Variable Speed Drives (VSD) on the sea water pumps and E/R fans. The results are quite successful as can be seen in the reduction of auxiliary fuel consumption for the same vessels. Average consumption was reduced from 3.21 m ton/day to 2.73 m ton/day.

#### Coriolis Flowmeters

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

# Environmental Impacts

## *Identify your impacts and manage them*

(G4-EN27)

An environmental impact is the change that takes place from the occurrence of any given aspect. The relationship between the two is causal: an impact is the pollution that would result if an environmental aspect was not properly managed or controlled.

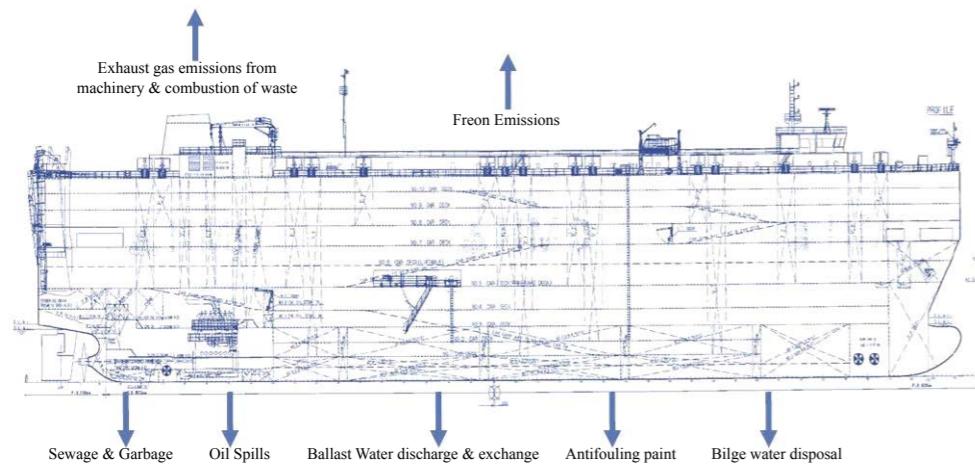
We try to identify all environmental aspects and their corresponding impacts in order to assess their significance and take relative measures.

Environmental impacts are having direct, indirect, accidental, potential and actual effect on the environment. (G4-DMA)

The following table and graph illustrates some of the environmental impacts and aspects related to vessel's operations.

The measures we take to mitigate below impacts were analyzed in the previous environmental sections.

Ship Activity	Sub System	Impacts
Domestic Routine and Catering	Galley and provisions garbage (food waste, beverages, packages from provisions, papers). Sanitary functions producing sewage. Grey Waters (drains from hospitals, galley, lavatory).	Littering of beaches. Water pollution. Marine Life Effect.
Maintenance	Machinery maintenance results in oily water generation, consumption of materials, chemicals, paints and spare parts and the use of packaging materials.	Acid Rain, Global Warming, Air & Water Pollution, Marine Life Effect.
Operation	Vessels operations result in fuel oil consumption, lube oil consumption, air emissions, ballast exchange, water consumption, bilge and sludge generation, sewage and garbage generation, possible oil spills, freon emissions.	CO <sub>2</sub> , NOx, SOx emissions, Ballast water invasive species, Bilge & Sludge, Toxic substances.



# Compliance

## *Audits, Inspections, Surveys*

Authorized third party audits, inspections and surveys are conducted within the company and onboard vessels to verify compliance with the established environmental laws and regulations. Failure to comply may result in significant environmental damages, vessel detention, significant monetary fines, delays in our service and negative impact on the company's environmental records and reputation. (G4-DMA)

We are monitoring the number of flawless inspections performed onboard our vessels, which include inspections performed from Port State Control (PSC) and Flag State (Greek and Malta Flag).

The number of flawless PSC and Flag inspections (i.e. number of inspections with zero deficiencies) was reduced by 22.7% since 2013, meaning that during the reporting period fewer PSC and Flag inspections were performed without deficiencies.

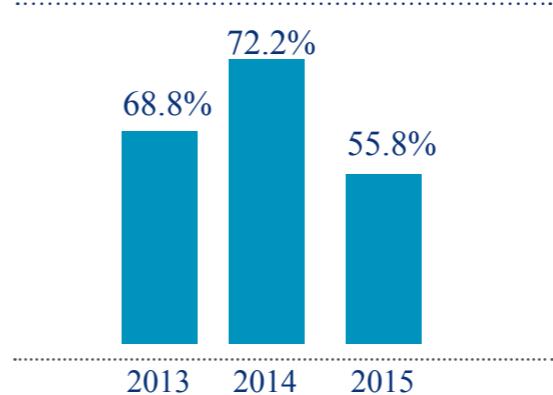
A rather increased number of inspections has been observed since 2013, resulting to a 19.4% increase of the total number of inspections from 2014 to 2015.

The total number of deficiencies per inspection, even though increased from 0.88 deficiencies per inspection (in 2013) to 1.16 (in 2015), is still within the target set of less than 1.5 deficiencies per inspection, therefore maintaining a our high performance record during external inspections.

However, our overall good performance in the PSC inspections for 2014, was seriously affected from the detention of one of our older vessels at the port of Alexandria, Egypt on September 09<sup>th</sup>, 2014 where the PSC Officer raised two detainable deficiencies: one for insufficient pressure on the emergency fire pump and a second one for an inoperative emergency air compressor. Both deficiencies were immediately rectified and preventive actions were taken - to the satisfaction of the Classification Society and local Port State Control. Corrective measures were circulated for training purposes to the rest of our fleet vessels and internal procedures were revised to avoid repetition of similar deficiencies. In the year that followed, no detention occurred. (G4-EN29)

We aim to maintain the same targets for 2016 as with the reporting period of 2013 (less than 1.5 deficiencies per inspection and zero detention record for the fleet).

Flawless Inspections (PSC, Flag)



Deficiencies per Inspection (PSC, Flag)



# Energy Preservation

*Today's wastage, is tomorrow's shortage...*

Although shipping is by far the most fuel-efficient mode of transport, we believe that additional steps need to be taken to improve energy efficiency of shipboard and shore-based related operations. Energy efficiency -when achieved to a considerable degree- will minimize our environmental impact by reducing pollutive emissions in the air, eventually supporting the preservation of our natural resources; (G4-DMA)

#### Certified Environmental Management System (ISO 14001:2004)

Neptune Lines implements a certified Environmental Management System (ISO 14001:2004) supported with several environmental programs with the objective to continually increase energy efficiency and minimize energy waste. A set of specific, measurable, achievable, realistic and time-sensitive targets is established and maintained, that relates to a combination of design optimization, in-service performance monitoring and best-practice operational management processes.

#### SEEMP

We maintain a Ship Specific Energy Efficiency Management Plan (SEEMP) for every managed vessel. Such plan provides standard procedures and best practices on energy management under the various modes of vessel operations.

#### Energy Efficiency Awareness

We promote energy efficiency awareness through training to the shore-based and seagoing personnel

and we implement energy-related campaigns and other personnel incentive training programs.

#### Energy Consumption (G4-EN3, G4-EN6)

Energy for both shipboard and shore-based operations is coming exclusively from non-renewable sources. The types of energy used are electricity, natural gas and fuel oil. While energy consumption for shipboard operations is coming solely from fuel oil, shore-based operations are using electricity and natural gas purchased from external sources.

Energy consumption is calculated separately for shipboard and shore-based operations. Shipboard energy consumption calculation, is based on the fuel oil consumption and already reported in the 'Emissions' section of the present report.

Energy saving policies are implemented at shore based facilities. In 2013, we decided to change the main source of energy used for the heating of shore-based facilities from fuel oil to natural gas. Even though natural gas is still a non-renewable energy source, it



POSEIDON MED is coordinated by QENERGY Europe and is the first European cross-border project which aims to introduce LNG as the main fuel for the shipping industry and the development of an adequate network infrastructure supplying LNG and Natural Gas. The project aims to design an integrated chain of ports for using LNG as fuel for ships, including the development of a network for the transmission and distribution of LNG, and the creation of a well-organized and sustainable market.

Neptune Lines is a participating company in Poseidon Med I and part II– LNG EU sponsored project. We are providing design information and operational data for one of our vessels, which will be a candidate for conversion to LNG. The first phase of the project has been completed with the preliminary design and risk assessment performed with the participation of Lloyd's Register.

The second phase will start as from February 2016 and will include 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.

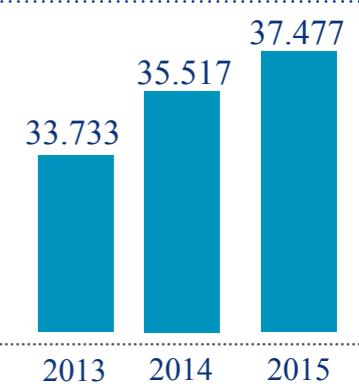
is less harmful than oil, causing less damage to the environment. In fact emissions of carbon dioxide are 45% less than other conventional fuels and 30% less than oil. Natural gas burns cleaner without leaving any smell, ash or smoke and it is cheaper than electricity. In 2014, the natural gas installation was completed and used exclusively to cover heating requirements of our shore-based facilities during the whole of 2015.

Calculation of shore-based energy consumption is based on the consumption of electricity and natural gas which is also used for the heating, cooling and other

operational needs of our shore-based facilities.

Previously implemented energy-saving practices -mainly through the path of Information Technology (hibernate policies, personnel training, centrally controlled printing systems)- continued for 2014 and 2015. Even though the energy consumption increased after 2013, this can be attributed to the steadily increasing size of our shore-based operations followed by the employment of additional shore personnel to cover the increasing demands of our operations. (G4-EN3)

#### **Energy Consumption (G4-EN3) (Shore-based Operations - kWh/month)**





“To deny people their human rights is to challenge their very humanity.”

- Nelson Mandela.

## Social *Doing the right thing*

Human Rights  
Labor Practices and Decent Work  
Society  
Product Responsibility

Human life and human rights must be at the heart of everything we do.

At Neptune Lines, we embrace this belief and safeguard it through established policies and procedures - to which we are all committed.

For our Company, '*business success*' can only be true if it is the outcome of responsible service and not to the detriment of human rights, human life and the society as a whole.

With regard to our own people, whether they are working ashore or

at sea, we demonstrate the same commitment and we fully support our well-established corporate value that human capital is our most important asset.

Neptune Lines is a signatory to the 'UN Global Compact', supporting and respecting the protection of internationally-set human rights and making sure that is not complicit in human rights abuses. (G4-DMA)



## Human Rights

### Respecting ...

Our human rights policies and procedures reflect our commitment, not only to respect but also to promote, human rights in our business activities and stakeholder relationships. We do not tolerate behavior that is in breach with the law or our corporate policies. (G4-DMA)

#### [Child Labor - Forced or Compulsory Labor \(G4-DMA, G4-HR5, G4-HR6\)](#)

Neptune lines will not tolerate the exploitation of children, their engagement in unacceptably hazardous work and the physical punishment, abuse or involuntary servitude of any worker, in any of its operations. For Neptune Lines, a 'child' is anyone who is less than 18 years of age.

We expect our suppliers and contractors with whom we do business to uphold the same standards.

There are no incidents of child labor or forced-compulsory labor identified so far in our supplier/business cooperators network.

#### [Non-Discrimination \(G4-HR3\)](#)

Neptune Lines supports the fair and unprejudiced treatment of different categories of people.

Being a core part of our Code of Conduct, non-discrimination governs all our relationships with no exception.

Neptune Lines had no incidents of discrimination during the reporting period.

#### [Security Practices \(G4-DMA, G4-HR7\)](#)

The conduct of security personnel (i.e individuals or companies employed for the purpose of guarding property of the company, crowd control, loss prevention and escorting persons and

valuables) towards third parties, is highly linked to their training in human rights, particularly in relation with the use of force. Training of security personnel helps prevent reputational and litigation risks that arise from inappropriate actions or approaches not condoned by the company.

Our company employs three(3) security guards at its premises, all of whom have passed relevant training on human rights policies regarding the use of force. Security personnel directly employed to Neptune Lines are included in the induction program applicable for all personnel. Security personnel working for the company,

apart from human rights training, has undergone relative screening (psychometric tests etc.) to ensure that they will respect human rights in case of incidents.

#### [Maritime Labor Convention \(MLC 2006\) \(G4-HR3, G4-HR5, G4-HR6, G4-HR7\)](#)

Neptune Lines complies fully with the requirements of the 'Maritime Labor Convention (MLC 2006)' for all seafarers employed onboard its managed vessels.

A Labor Management System is implemented onboard its fleet vessels, covering issues such as minimum age of

*Neptune Lines will not tolerate the use of child, forced or compulsory labor in any of its operations.*

# Labour Practices & Decent Work

## Employment

### Employee Turnover & Retention Rates

Our Workforce (G4- 10, G4-11)

Since 2013

**+25%**

Neptune Lines' total workforce increased by 25% as from 2013 till the end of 2015, so as to cover the increasing service quality demands. At the same time, the company identified the risks of this 'rapid growth' and managed to balance employees' satisfaction with well-developed personnel incentive plans.(G4-13)

	2013	2014	2015
Total Number of Employees :	291	340	388
Permanent Contract Employees (Shore-based):	48	61	62
Fixed Term Contract Employees (Shipboard):	243	279	326

*All employees are on a full time contract, covered with collective bargaining agreements and possess the right to be involved in trade unions and professional associations, without any limitations. No regional offices exist. No significant variation in employment due to seasonality or other reason is applicable.*

Increased turnover and low retention rates may signify problems, such as plummeting employee morale, levels of uncertainty and dissatisfaction among employees. They may also signal lack of comprehension of the company's performance expectations or even a fundamental change in the structure of its core operations. These indicators are seriously considered since they may eventually demonstrate that the company is losing high-performing employees whose performance, skills and qualifications are valuable resources. (G4-DMA)

#### Shore-based and Shipboard Workforce by Gender (G4-10)

	2014	2015
Shore-based Employees		
Total number of employees :	61	62
Total number of male employees:	37	38
Total rate of male employees:	60%	61%
Total number of female employees:	24	24
Total rate of female employees:	40%	39%

	2014	2015
Shipboard Employees		
Total number of employees :	279	326
Total number of male employees:	272	319
Total rate of male employees:	97%	98%
Total number of female employees:	7	7
Total rate of female employees:	3%	2%

## Shore-based



Employee Turnover Rate (G4-LA1)

**2015: 6.5 %**

**2014: 8.7 %**

'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; The indicator refers only to full-time employees.

Employee Turnover by Age group and Gender (G4-LA1)



Age group	2014	2015
- 30	0	0
30 - 50	2	2
50 +	1	0



Age group	2014	2015
- 30	0	0
30 - 50	2	2
50 +	0	0

New Hires by Age group and Gender (G4-LA1)



Age group	2014	2015
- 30	1	1
30 - 50	7	2
50 +	0	0



Age group	2014	2015
- 30	1	1
30 - 50	3	1
50 +	0	0

Workforce by Employee Category and Gender

Senior Management

Women 2014: 1 (25%)  
Women 2015: 1 (25%)



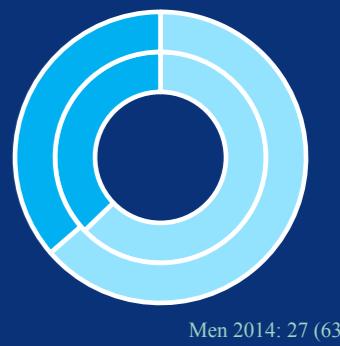
Managers

Women 2014: 4 (36%)  
Women 2015: 4 (36%)



Employees

Women 2014: 16 (37%)  
Women 2015: 16 (36%)



## Retention Rates (G4-LA1)

'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 region. Ukrainian and Greek crew are occupying most of our onboard positions achieving a retention rate close to 90%.

### Officers

	2013	2014	2015
Greek	80%	85%	88%
Ukrainian	91%	90%	92%
Filipino	82%	80%	83%

### Ratings

Ukrainian	91%	86%	90%
Filipino	80%	84%	85%

## New Hires by Age group and Gender (G4-LA1)



Age group	2014	2015
- 30	23	31
30 - 50	49	76
50 +	4	15



Age group	2014	2015
- 30	0	0
30 - 50	2	1
50 +	0	0

## Shipboard



# Labor Practices & Decent Work Employment Recruitment



For Neptune Lines, the recruitment process works as a 'gatekeeper', allowing access to diverse, qualified and ethical personnel - providing, at the same time, access to employment for the unemployed through a decent working environment. To have this process really contributing to the development of the company and at the same time promoting its sustainability, it is carefully designed on a fair, unprejudiced and meritocratic basis. (G4-DMA)

Maintaining relationships with employees based on cooperation, co-creation and fairness, is fundamental when it comes to their motivation and incentive; for Neptune Lines this is a major factor behind its attractiveness as an employer. These relationships are decisive in guaranteeing the long-term competitiveness of our company. (G4-DMA)

We continue to support our tailor-made 'Recruiting and Selection' process, assessing all the relevant candidate attributes such as education, working experience, motivation aspects, competencies and personality characteristics. We run tailor-made 'assessment centers' of multiple steps, incorporating assessment tools such as competency-based (individual and group) business simulations, custom-made tests, personality questionnaires and personal interviews.

Understanding the importance of communicating with its employees, our Company is continuing its efforts to further improve the working environment by conducting its second 'Employee Engagement Survey (EES)'; Neptune Lines recognizes that organizations with higher employee engagement and enablement (employee effectiveness), have stronger business results.

EES measures job satisfaction, motivation, and attitudes, giving our people the opportunity to provide feedback for our company. Our goal is to take into account everyone's suggestions regarding possible improvements, as well as to enhance commitment and productivity.

### Equal Remuneration for Women & Men (G4-LA13)

We give to our employees fair pay in line with the standard wages typical to our employment market and guarantee equal pay for work performed by men and women without discrimination. We enforce the equal pay principal, for work of equal value. Equality of remuneration between women and men is one of the factors that result in retaining qualified employees in the workforce. We assess the effectiveness of our pay and benefits elements by conducting various surveys and measures.

### Diversity and Equal Opportunity

We respect difference and diversity and we offer equal opportunity to all employees and applicants within various diversity categories (such as gender, age group, minority groups, nationality, religion etc.).

*"Maintaining relationships with employees based on cooperation, co-creation and fairness, is fundamental when it comes to their motivation and incentive; for Neptune Lines this is a major factor behind its attractiveness as an employer."*

### Employee Benefits (G4-LA2)

The quality of benefits for full-time staff constitutes a key factor in retaining employees and attracting new ones. These include to the minimum: life insurance, health care, disability/invalidity coverage and parental leave.

Full-time employees are receiving Life, Health Insurance & Extra employment injury benefits.



"Success is not the key to happiness.  
Happiness is the key to success."

If you love what you are doing,  
you will be successful."

(Albert Schweitzer)

## Employee Incentives

*Making those who contribute to our success happy...*

### Running together in the Athens Marathon

November 8<sup>th</sup> 2015 was the starting point of an organized effort of our company to bring together its employees in a voluntary participation for a good cause. Neptune Lines would "run" in the Athens Authentic Marathon "for Symplyesis"- a non-profit, non-governmental organization (presented in the 'Society' section hereinafter).

Thirty-five people from all company levels embraced this challenge and participated in this corporate initiative, demonstrating enthusiasm, not only during the Marathon, but also in the relevant training courses organized by the company, taking place once a week during the preparatory period.

Our target is to "keep running" the following years and continue this good "practice"!

### Engaging with each other

When it comes to managing human capital, we believe that everybody is capable of doing their best every day; the result does not have to be anything major; it can be as simple as doing your job responsibly, timely, through good cooperation and team-work. Doing so, all challenges are faced effectively and there is progress both at a personal and corporate level. In order to do one's best, however, one has to feel good, motivated, content.

Investing in this fundamental principle, on January 31<sup>st</sup> 2015 at the 'Wine Museum' situated in the suburbs of Athens, our company organized an engagement event inviting all employees and management to gather together for a whole day and "*unveil the real secret of success*" through meaningful and inspiring team-building games, all based on our eight corporate values: Trust, Flexibility, Confidence, Integrity, Pioneering, Human Capital, Excellence, Responsibility. This joyous event brought out the best in everyone and all employees seemed to leave happy at the end of the day with the feeling that they tried to be the very best that they can be!



# Labor Practices & Decent Work

## Occupational Health and Safety

*Safety rules, are your best tools*

659  
random onboard  
drug & alcohol  
tests so far

99.5%  
drug & alcohol  
negative results

Neptune Lines Health and Safety Management System places the safe operation of vessels in a first priority and sets a proactive approach towards safety. On an organizational level, a proactive occupational health and safety approach is directly associated with more positive organizational attitudes and safety environment perceptions. On an individual employee level, more positive safety perceptions and organizational attitudes are associated with better health and wellbeing. (G4-DMA)

For Neptune Lines Occupational Health and Safety always comes first and is safeguarded through carefully-designed policies. Elevated 'Lost Time Injury Frequency' and 'Absentee' rates, are particularly alarming and may signal a number of worrying issues to assess and consider seriously: low staff morale followed by low productivity, personnel fatigue due to excessive work/inadequate rest, high-risk factor of assigned tasks; even in the cases where they may indicate negligence or ignorance from the employee's side, they should be further examined with regard to its root cause. Risk assessment, rest hours and medical records, incident/near miss reporting, drills frequency as well as findings from relevant audits/inspections (internal and third party) are some 'safeguards' to health & safety performance. (G4-DMA)

### OHSAS 18001:2007 Certification.

Neptune Lines Occupational Health and Safety Management system is certified as per OHSAS 18001:2007 standard for the ashore and onboard management of its Car Carriers.

### Health & Safety Performance (G4-LA6)

**Lost Time Injury Frequency rate** (LTIF) is an expression on the frequency of crew injuries onboard the vessel. It measures the number of injury incidents which resulted in more than 1 day loss of work. In comparison with 2013, the frequency of the injuries increased, resulting in 2.49 LTIF incidents for 2015. Shall be noted that all crew injuries were of minor importance which are also duly analyzed in order to correctly address the root cause and take preventive actions. No fatal incidents occurred during the reporting period.

LTIF is calculated by multiplying the Lost Time Injury incidents x 1,000,000

hours and dividing the result with the total exposure hours (total scheduled working hours).

**Absentee Rate (AR)** is calculated based on the total absentee days divided by the total workdays (total number of employees x total number of working days) during the reporting period.

Shipboard absentee rate is calculated from the time/date the illness occurred and the person was found unfit for duty and ends at the time of recovery (if not signed off) or when the reliever boarded the vessel.

### Fatigue

Fatigue caused by excessive work hours may lead to occupational injuries and even worse, to a maritime casualty. Due to the nature of our trade, characterized by frequent port calls, hours of rest onboard as well as timely crew changes and flexible contracts, compose a critical framework which is monitored closely and proactively by our company. At the same time, working hours of shore personnel are controlled effectively in order to avoid excessive overtime and demonstrate in practice the respect of the employees' right to leisure and a decent work-life balance. We are always aiming to zero fatigue incidents.

### Emergency Preparedness

A well-coordinated emergency response minimizes and prevents injuries and fatalities, mitigating severe environmental, social and financial impacts. Relevant pre-joining training, onboard drills and exercises as well as emergency response training at office premises, are closely monitored to ensure effective emergency response at all times.

Annual tabletop exercises are conducted at company premises with the active participation of responsible parties (i.e. Office Emergency Team-vessel-Classification Society) in an effort to simulate real emergency conditions

and respond effectively. Action plans are issued on completion of the annual exercises and corrective actions are taken to improve the efficiency of the emergency response.

### Drug and Alcohol Control

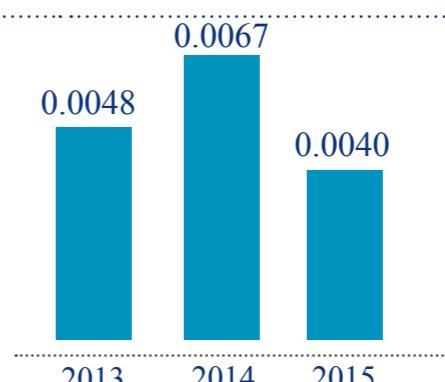
Neptune Lines is enforcing zero tolerance policies and procedures for the possession and use of alcohol and drugs so as to minimize the possibility of having an incident due to drug or alcohol abuse. External collection suppliers are contracted to conduct random tests onboard the vessels at different locations of our operating areas.



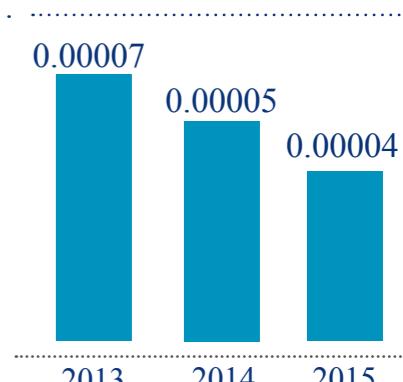
**Lost Time Injury Frequency Rate (G4-LA6)**  
(Number of work-related injuries resulting in more than 1 day loss of work)



**Absentee Rate (Shore-based) (G4-LA6)**



**Absentee Rate (Shipboard) (G4-LA6)**



# Labor Practices & Decent Work

## Training & Education

*Training increases the efficiency and effectiveness of both employees and the organization*

Neptune Lines believes that investing in human capital through training, is a key element in organizational development. Training opportunities offered by the company, contribute significantly in attracting new employees, maintaining the level of performance according to company standards and retaining existing qualified employees. It further increases the efficiency and the effectiveness of both employees and the organization.

Training is important to enhance the capabilities of employees. (G4-DMA)

### Training & Education (G4-LA9)

**Shore-based** training hours increased by 69% since 2013, focusing mainly on ongoing training programs throughout the year and on-the-job training sessions expanding the existing job knowledge and leading to improved employee performance. Our aim for 2016 is to maintain the training hours at the same levels as 2015.

Major shore-based training sessions:

1. Sales Behavior & Customer Service Coordination
2. Global Reporting Initiative (GRI)-G4 Guidelines
3. Ship Energy Efficiency Practices
4. Ongoing inhouse foreign language lessons
5. Conference participation

Our **shipboard** training, is a Computer Based Training (CBT) implemented onboard all fleet vessels since August 2014; it consists of training modules/ tests (including Maritime training films) covering a wide range of advanced training for various shipboard operations and management systems. Passed training sessions increased by 35% since 2014, having an average of 8.5 training sessions per seafarer.

Major shipboard training sessions :

1. Ship Damage Stability
2. International Collision Regulations
3. Fuel Oil Systems
4. Fire Fighting Practices
5. ISO 14001 and OHSAS 18001

Shore-based training is measured in training hours calculating the average training hours per employee, gender and employment category (senior management, managers and employees).

Shipboard training is measured based on the passed training sessions, calculating the average number of passed training sessions per shipboard crew, gender and employment category (officers and ratings).

### Employee Performance

'Performance Appraisal' is a business process that facilitates the realization of our strategy. It is a process for managing and developing people that align their personal goals with those of Neptune Lines so that the value added to the business is optimized. The appraisal process provides an environment in which our employees can excel and it encourages them to make optimum use of their developing capabilities for the achievement of the company's business strategies and objectives.

The performance appraisal process takes place on an annual basis, where the performance of individuals is assessed against objectives set at the beginning of the performance year and in relation with the competencies required for their role.

Employees are rated based on a number of core and job role specific competencies on a 1-5 scale (5 = excellent level, 4 = above requested acceptable level, 3 = requested acceptable level, 2 = below requested acceptable level but trainable, 1 = much lower than requested level and difficult to train, 0 = very low level and not trainable).

This competency framework applies to different employment category levels; each level is measured against consistent and clear criteria related to the knowledge and technical skills required for the specific job role and its accomplishment.

## Shore-based Training in figures (G4-LA9)



### Average Training Hours per Employee



### Average Training Hours per Employment Category

	2013	2015
Senior Management	8.1	12.0
Managers	8.1	19.0
Employees	8.1	32.0

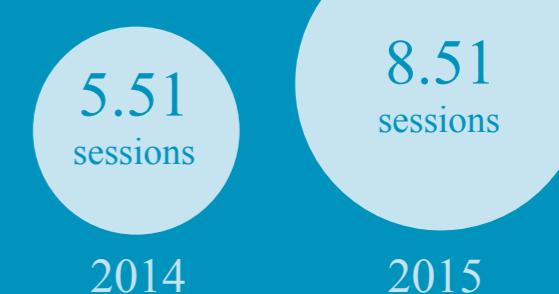
### Average Training Hours per Gender



## Shipboard Training in figures (G4-LA9)



### Average Training Sessions per Employee



### Average Training Sessions per Employment Category

	2014	2015
Officers	6.25	8.54
Ratings	5.05	8.49

### Average Training Sessions per Gender



# Society

*A society regulated by a public sense of justice  
is inherently stable*

'Neptune Lines Code of Conduct' defines our commitment to high ethical standards. It is based on our values and clarifies the principles and expectations for how we work.

## Code of Conduct

Our Code of Conduct applies to all hierarchy levels at Neptune Lines. We expect and encourage our major stakeholders to act in a way that is consistent with our Code and we take appropriate actions where we believe they have not met our expectations or their contractual obligations. We provide our employees with training and communication on how to apply the Code's principles. Managers are responsible for helping their teams understand how the Code guides the way we work and are expected to have conversations with their teams throughout the year.

## Anti-Corruption

Our Code of Conduct explicitly prohibits engaging in bribery and corruption in any form. We have a responsibility to our employees and to the countries and communities in which we do business to be ethical and lawful in all our dealings. (G4-DMA)

We participate in the Maritime Anti-Corruption Network (MACN). The Maritime Anti-Corruption Network is 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 is comprised of vessel-owning and managing companies within the main sectors of the maritime industry as well as other companies of the industry including cargo owners and maritime service providers.

MACN performs bi-annual meetings with the participation of all members. Two-day meetings are an important aspect of developing the group's cohesiveness and moving the group forward on key decision points; at the same time they constitute a key (engagement) opportunity for active sharing of best practice. (G4-15)

We participate in best practice sharing webinars and report corruption incidents faced during our vessels' day-to-day operations, through a web sharing MACN platform which may eventually lead to a collective action program—depending on the severity and repetition status of the incidents reported.



## Anti-Corruption Training (G4-SO4)

Signing an anti-corruption policy is a critical bonding act, however it is not sufficient to promise alertness and increase willingness to comply; training always helps towards that direction since it may go deep into an issue; and -even though it may not solve the problem- it can increase awareness and therefore the possibility of 'saying no' to such practices.

We provide training to those employees for whom we believe it is most relevant

Neptune Lines declares that all our charitable donations and sponsorships are irrelevant with our 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. (G4-DMA-b)



depending on the nature or location of their role or in response to specific incidents.

Every new employee at Neptune Lines receives relevant familiarization training regarding the established anti-corruption policies. Existing personnel receives a refreshment course on the established policies, every two years, or upon any alteration or revision effected to the already implemented anti-corruption policies.

Our 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. (G4-SO4)

Due to legal issues and constraints, we do not report in detail the corrective actions taken in response to incidents of corruption presented so far. However, if we become aware of any risks related to corruption, we take appropriate action. (G4-SO5)

## Conflicts of Interest (G4-DMA-b)

Employees may face various conflicts of interest which are identified and managed from Neptune Lines in order to avoid the occurrence of corruption incidents and other wrongful acts. The term 'conflict of interest' refers to the situation where an individual is

confronted with choosing between the requirements of his/her function and his/her own private interests. (\**GRI Glossary terminology*)

Neptune Lines understands that avoiding such conflicts may not always be possible. The required action for an employee who does not or cannot avoid a conflict of interest is to disclose it. Employees must disclose any such incident to their superior. Disclosures are taking place as soon as the employee identifies that there might be a conflict of interest and, whenever possible, before the employee engages in the conduct in question.

## Anti-Competitive Behavior (G4-DMA, G4-SO7)

Neptune Lines implements a Fair Business Practices policy which has been communicated to all employees and constitutes an integral part of our New Employee Induction Program.

Fair-competition law may on no account be violated. Any such violation may result in substantial fines for our company as well as its employees. In particular, price-fixing among competitors (verbal, written or in any other form), market allocation and any other practices which may inhibit free competition, are strictly prohibited.

## Public Policy - Media Response

Public communication and availability on the occasion of a crisis, apart from being essential to restore company's reputation and ultimately, its continued success, is also an act of responsibility towards society and those affected by the crisis in which the company is involved.

Handling the media during and after emergency situations might be proved to be a difficult exercise, especially when no procedures are in place or no training was given to the involved personnel. Recognizing that risk, we have selected one reputable and specialized Media Response handler to develop a Media Response Plan and train all Neptune Lines employees and senior staff onboard our vessels. During the reporting period, a Media Response Plan was prepared and senior management training was effected with real-case scenarios of past incidents known to the shipping industry.

## Overall Compliance with Laws (i.e. Accounting Fraud, Workplace discrimination & Corruption) (G4-SO8)

No fines or non-monetary sanctions under laws or regulations were enforced so far.



# Society

## Donations and Sponsorships

In 2014 and 2015, we did not cease to support society. This time, our initiatives and projects were channeled through a structured corporate program focusing on four main pillars: *poverty, education and culture, athletics and infrastructure*.

Supporting local communities within our network is an important way for us to give back to society, thereby perpetuating our social responsibility.

11.170  
families  
supported

## Fighting Poverty

Neptune Lines supports initiatives of substantial range and importance aiming at the alleviation of the adverse financial conditions that affect a large number of social groups in Greece.

More specifically, our support to the successful 'Solidarity and Welfare' program, established in 2012 under the auspices of the Union of Greek Ship-owners, continued in 2014 and 2015. Under this program, in 2014 alone, Neptune Lines assisted in catering for the nurturing needs of 11.170 families all around Greece.

'Solidarity and Welfare' program mainly focuses on:

- issues of feeding and health
- infrastructure projects of care centers of vulnerable social groups
- the support of marine education through infrastructure projects.

## Supporting NGOs

Last but not least, in 2014 we commenced our relation with Symplexis, a non-profit, non-governmental organization.

Symplexis is dedicated to the support and improvement of quality of life of the inhabitants of the remote islands of the Aegean, through infrastructure projects, school equipment, medical examination and cultural events. Apart from the active voluntary participation of our company's employees to Symplexis missions at the islands, Neptune Lines also sponsored a big infrastructure project. The company funded the installation of a desalination unit in Gavdos, a small island south of Crete suffering from serious problems of water supply and shortage of fresh clean water. This desalination unit will cover the needs of the inhabitants for fresh drinking water as well as land cultivation.

## Education and Culture

Moving on to our efforts in the pillar of education, we have maintained our relation with 'Friends of the Child' nursery, ensuring the continuation of the special education teacher, which was integrated in the educational program of the nursery in 2013 with Neptune Lines' funding. In 2015, we decided to further strengthen our support through covering the totality of the feeding needs of the children hosted at the nursery.

Apart from pre-school education, our company had the chance to be of use in third-level education students as well, particularly those coming from maritime academic institutions. Being part of the shipping industry, our company tries at any given opportunity to support maritime students in their quest for practical knowledge, through student visits onboard its fleet vessels or ashore, at company premises. During onboard visits, some of our experienced crew members accompany the students on a physical tour to various vessel compartments of interest, after taking all mandatory safety precautions. During these educational tours, the students are familiarized with vessel functions and operations, they ask questions and benefit from real-life maritime experience of our seafarers. Respectively, during this reporting period, we hosted at our office premises students and professors from State Universities and Maritime Colleges, in the framework of their educational trip to our country. The students were welcomed by our Commercial Director and Technical Manager who presented the activities of the company, its history, its routes and services as well as the characteristics and challenges of short sea shipping. Current projects were described in detail, as for example the initiative for greening of the fleet and Neptune Lines' participation in the EU innovative project for testing LNG (liquefied natural gas)

as marine fuel and LNG bunkering hub in the Adriatic and Eastern Mediterranean Sea. The presentations were followed by a lively Q&A session about the different aspects of maritime transportation.

Last but not least, treasuring the rich culture of our country, in 2015, we commenced our support to Benaki Museum.

At the same period, we became supporters of the 'Greek Shipping Miracle', the first online maritime museum and we sponsored the organization of a seminar in Shipping Law in co-operation with the Greek Legal Publishing House.

## Healthy mind in healthy body

An advocate of the saying "*healthy mind in healthy body*" credited to Greek philosopher Thales, Neptune Lines supports athletics. More specifically, the company sponsors the Greek Gold Olympic medalists and multiple World and European Champions, in their preparation towards the Olympic Games, which will take place in Rio de Janeiro in 2016. The Greek sailing team, under the initiative Hellenic Wind competes under NACRA 17 category.

In 2015, we commenced our relationship with a promising 16-years old Greek pole vaulter who won the Bronze medal in IAAF World Youth Championships 2015 in Cali Columbia.

## Infrastructure Projects

In 2014, we assisted in the restoration of the 'Galliano General Lyceum of Keramia' in Kefalonia by replacing all the old doors and windows of the building with new ones of the newest technology and in accordance with the highest safety standards. This infrastructure project was in response to the big earthquake, which had hit the island in January 2014.

# Product Responsibility

## Service Responsibly

All these years of our service, it has been hard work and commitment that have paved our company's way to what it is today; a leading company in the short sea shipping industry in terms of customer satisfaction, flexibility, efficiency and responsibility. The very same 'indicators' of our 'compass' - hard work and commitment- shall continue to guide us in our service for the years to come.

### Product and Service Labelling

#### Customer Satisfaction (G4-PR5)

The philosophy of Neptune Lines is customer oriented, from top management to every level.

Customer satisfaction is a main driver of our business process and its application, therefore, it is very closely monitored. (G4-DMA)

It is measured continuously among regular customers. Our dedicated Customer Service Coordinators collect feedback from their assigned customers through regular meetings and daily contacts throughout the contract execution process. Complaints are reported and handled systematically. Customers' recommendations are taken into consideration in the restructure and development of existing and new services.

KPI's are discussed and agreed upon and a respective monitoring process is put into action.



Relevant software tool assists our commercial and operational teams to follow this process.

Regular review meetings ensure adherence and realization of possible improvement potential.

At Neptune Lines we believe that consistent top performance ensures long-term partnerships built on trust and confidence.

#### Cargo Bookings

Our customer service is characterized by constant direct communication with our customers. The dedicated Customer Service Coordinators closely coordinate bookings and sailings schedules with their respective counter parts, monitor and communicate changes and provide alternative solutions if required. Feedback received on any business aspect is cascaded to the relevant departments for immediate action.

#### Cargo Quality

An additional key factor in customers' satisfaction is the achievement of very low damage ratio on transported vehicles.

Customers are requesting low damage ratio, setting at the same time tight KPIs. As their Logistics Service Provider, we continuously have to walk a fine line between swift, flexible service and flawless handling of the vehicles we carry. In case of cargo damage, relevant process of restoration is initiated, which creates considerable delay in delivering the vehicle to our customers and, as a result,

to their final consumers. Therefore, timely delivery as promised from our end, hand in hand with excellent quality are highly critical for our commercial relationship.

In this respect, we emphasize on the strict application of quality standards required by each of our customers, as well as the continuous training and high retention rate of our experienced crew members that will lead to proper/damageless handling of the vehicles.

Our company has appointed independent certified surveyors on all ports of operation. They inspect all the vehicles prior to loading onboard our vessels and classify the defects noted based on each customer's standards.

Identified damages are presented to the delivering party and relevant damage protocols are countersigned. The same procedure applies during handing over the vehicles at each destination, as all vehicles are again inspected along with the receiving party. The inspection reports issued by the surveyors are reviewed by the cargo quality team at Neptune Lines headquarters. Root cause analysis is carried out for the additional damages noted during the post-discharging inspection and action plans are applied in order to minimize/eliminate the damages caused during the maritime transportation. The aforementioned procedure leads to significant improvement of our company's performance as the maritime damage ratio decreased by 50% since 2013 from 0.2% to 0.1%, i.e. 1 damaged vehicle over 1,000 vehicles transported, one of the lowest damage ratios in the industry.

Our target is not just to maintain the said damage ratio, but to create and implement procedures that will lower it even more.

#### Marketing Communication (G4-PR7)

External communication is a major factor in Neptune Lines commercial strategy.

Marketing communication is the combination of strategies, systems, methods and activities used by the company to promote its reputation and services to target audiences (i.e. advertising, promotion events, public relations and sponsorships). Marketing communication is subject to many rules and regulations. Efforts are made to ensure compliance - so as to communicate our brand name and services always in a responsible manner that will reflect reality and won't be misleading. (G4-DMA)

Towards that direction, our corporate website is updated on a regular basis to transmit new and accurate information about our business as well as our community and social activities.

Our employees, specialized in their respective fields, are participating in international workshops and working groups.

Neptune Lines is a regular exhibitor and visitor at relevant industry exhibitions. In addition to our regular exhibition at the Logitrans Istanbul, we are also planning for 2016 to exhibit at the Break Bulk Antwerp as well as Break Bulk Abu Dhabi.

Management is regularly attending Annual ECG conferences (The Association of European Vehicle Logistics) and actively participating in the ECG working groups as well Automotive Logistic Conferences.

There were zero incidents of non-compliance with regulations and voluntary codes concerning marketing communication including advertising, promotion and sponsorship during the reporting period.

#### Service Quality

#### Fleet Programming

Neptune Lines optimizes vessels' schedule to conform to contractual terms related with the on-time arrival of vessel at port as well as with the frequency of port calls agreed. Vessel rotation plans in dedicated service lines are monitored closely and adjusted to meet customers' requirements.

Short, medium and long-term programming is taking place, aiming to conform and even go beyond our contractual obligations.

#### Compliance with Laws and Regulations covering the provision and use of services (G4-PR9)

There were no administrative or judicial sanctions levied against Neptune Lines for failures to comply with the laws and regulations concerning the provision and use of company services.

#### Customer Data Protection (G4-PR8)

Protection of customer privacy and handling customers' requests and information with discretion and professionalism is critical in our business. Most of our customers have a competitive relationship and require strict confidentiality rules. (G4-DMA)

Neptune has invested in the internal and external data security to ensure customer privacy.

For the internal security, we implement different methods to control system access, such as limited and controllable access to removable and recording devices, password policy enforcement, user-level access control on files and resources, ethernet port management and wireless access control, secure printing system/policies, limited or forbidden access to external emailing systems and limited or forbidden access to file-sharing cloud services like Dropbox, iCloud and Google drive.

For the external security, we are using the latest technology in firewalls called 'Unified Threat Management Systems', controlling access per IP address and per port, per application, user or department. Secure (encrypted) remote connections (VPN) are enforced as well as antivirus and anti-spam mail scans, intrusion detection and prevention.

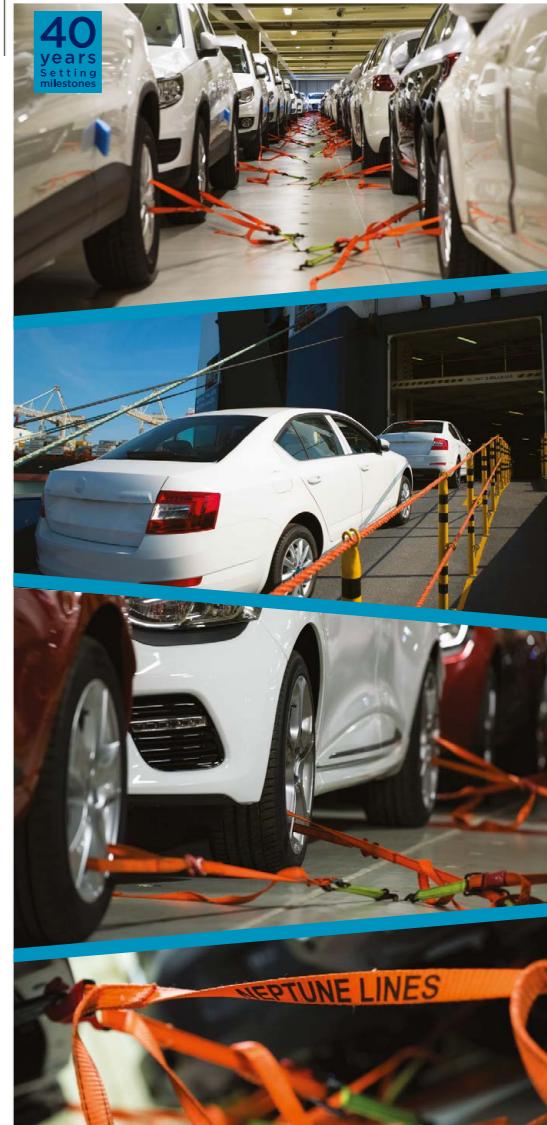
No substantiated complaints were received regarding breaches of customer privacy during the reporting period.

#### Business Continuity

Business continuity encompasses a set of activities which are intended to ensure that an organization's critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted them, or will be recovered to an operational state within a reasonably short period. Failure to do so, may result in a rather severe threat or disruption that may lead to severe implications (i.e. bankruptcy).

Our backup procedure is based on a hybrid solution that incorporates both backup to disk and backup to tape.

0.1 %  
damage ratio



# 2014 -2015 Main Sustainability Highlights

## **ECO Newbuildings**

**February 6th and April 28th 2014**

Neptune Galene and Neptune Thalassa ,the first ECO Vessels of our fleet, were delivered from Hyundai Mipo Dockyard.

## **Materiality Survey released to Stakeholders**

**September 2015**

Our first Materiality Assessment survey was launched to key Stakeholders, in an effort to increase their awareness and inclusiveness in our sustainability strategy and improve our reporting.

## **Joined UN Global Compact**

**September 23rd 2015**

We joined the UN Global Compact (UNGCG), through which we officially signed up to the initiative's 10 Principles.

## **Acquisition of two Clean Notation Vessels**

**May 25-26th 2015**

Our Green fleet was further enhanced with the acquisition of two CLEAN Notation vessels: Neptune Hellas and Neptune Horizon.

## **Suppliers CSR Assessment Recognition**

**June 2nd 2015**

Our company was assessed as a major supplier of Renault in sustainability matters and scored high enough to receive the Gold recognition.

## **Agility/Innovation Award**

**June 4th 2015**

Renault -Nissan Alliance awarded our company with the *Agility/Innovation* award (Outbound Logistics) in its 2015 ALE Supplier Convention.

This award was given in recognition of our company's service flexibility, adaptability and support of the *Monozukuri* concept of continuous process improvement.

## **1<sup>st</sup> Neptune Lines Agents Conference**

**October 23rd 2015**

Our first official stakeholder engagement event. During this whole-day Conference, we had the opportunity to discuss various issues with our Port Agents, who comprise one of our major stakeholders. Discussions held, provided significant input for our material topics.

## **Dry Cargo Company of the Year 2015**

**December 4th 2015**

An independent judging panel representing a broad cross-section of the Greek shipping community and industry experts selected our company as 'Dry Cargo Company of the Year', in the award tradition established by Lloyd's List to honour achievement and excellence in the Greek shipping community.



## Progress on Targets set in our last report...

Topic	Targets for 2014-2015	Outcome
Environmental Performance	New buildings delivery within 2014	New buildings were delivered on February and April 2014
Sustainability	Become signatory of 'UN Global Compact'	Signed the 'UN Global Compact' on September 23 <sup>rd</sup> , 2014
Occupational Health and Safety	Include all vessels under OHSAS certification	All vessels were included in OHSAS certificate on April 07 <sup>th</sup> , 2014
Employment	Maintain managers and employees workforce by gender at the same levels for 2014	Achieved. (See p.63)
	Increase women employment onboard vessels by 5% for 2014	Not achieved due to limited openings in shipboard positions
Electronic Training & Education Program	Implement electronic training & education program onboard fleet vessels	Computer Based Training (CBT) was implemented to all vessels on Sept.2014
	Increase training hours by 5% for 2014	Achieved. Training hours per shore-based employee increased from 8 to 26 - while training sessions for shipboard personnel increased from 5.51 to 8.51. (See p.71)
Cargo Quality	Maintain maritime damage ratio at less than 0.2% of total transported cargo	Achieved. Maritime damage ratio was reduced to 0.1%. (See p.76)
Anti-Corruption & Anti-Competitive behavior Training Program	All office employees shall receive relevant training by the end of 2014	Familiarization training was provided to all employees. (See p.72-73)
OHSAS Awareness Program	All office employees shall receive relevant training by the end of 2014	Familiarization training was provided to all employees
Minimize Environmental Impact	Reduce CO <sub>2</sub> emissions by 0.5%	Achieved. CO <sub>2</sub> emissions were reduced by 3.86% from 2013 till 2015. (See p.49)
	Reduce energy consumption by 2%	Achieved for shipboard operations (3.86%) but not achieved for shore-based operations. (See p.56-57)
	Maintain zero waste disposal at sea	Not achieved. (See p.50)
	Maintain zero oil spills	Achieved. Zero spills for 2014-2015. (See p.51)
	Reduce chemicals consumption by 5%	Achieved. Chemicals consumption was reduced by 13.18%. (See p.51)
	Reduce paper consumption by 10%	Not achieved. Reduced by 3.8%. (See p.51)
	Maintain sulphur value at less than 2.7 m/m	Achieved. Mean value 2.61 for 2014 and 2.64 for 2015
Minimize Injuries & Illnesses	Maintain LTIF at 1.9 incidents per million hours	Not achieved. (See p.68)
	Maintain zero fatalities	Achieved. No fatal incidents occurred. (See p.68)
Establish new CSR Programs	Combating poverty. Support local families through charitable donations	Achieved. 11.170 families were supported. (See p.75)
	Support educational program for the 'Friends of the Child'	Achieved. Continued in 2014 and 2015. (See p.75)

# ANNEX

## GRI Content Index

Reporting Option: In Accordance Core (G4-32)



### General Standard Disclosures

General Standard Disclosures	Page Number	External Assurance (G4-33)
<b>Strategy and Analysis</b>		
G4-1	p.4-5	No
<b>Organizational Profile</b>		
G4-3	p.8	No
G4-4	p.8	No
G4-5	p.86	No
G4-6	p.8	No
G4-7	p.8	No
G4-8	p.8	No
G4-9	p.8-9	No
G4-10	p.62	No
G4-11	p.62	No
G4-12	p.10-11	No
G4-13	p.9, p.44, p.48, p.62	No
G4-14	p.12	No
G4-15	p.12, p.72	No
G4-16	p.12	No
<b>Identified Materials Aspects and Boundaries</b>		
G4-17	p.26	No
G4-18	p.27, p.29-30-31-32	No
G4-19	p.33-34-35-36-37-38-39	No
G4-20	p.32-33-34-35-36-37-38-39	No
G4-21	p.32-33-34-35-36-37-38-39	No
G4-22	p.3	No
G4-23	p.26, p.30, p.32	No
<b>Stakeholder Engagement</b>		
G4-24	p.20, p.22	No
G4-25	p.18, p.29	No
G4-26	p.18-19-20-21-22-23, p.27, p.29	No
G4-27	p.28	No
<b>Report Profile</b>		
G4-28	p.3	No
G4-29	p.3	No
G4-30	p.3	No
G4-31	p.86	No
G4-32	p.3, p.82-83-84	No
G4-33	p.3, p.82-83-84	No
<b>Governance</b>		
G4-34	p.13	No
<b>Ethics and Integrity</b>		
G4-56	p.14-15	No

(G4-32)

### Specific Standard Disclosures

DMA and Indicators	Page Number	Identified Omission (s)	Reason for Omission (s)	Explanation for Omissions (s)	External Assurance (G4-33)
<b>Category: Economic</b>					
<b>Material Aspect: Economic Performance</b>					
G4-DMA	p.42	None	-	-	No
G4-EC2	p.42	None	-	-	No
<b>Material Aspect: Market Presence</b>					
G4-DMA	p.43-44	None	-	-	No
G4-EC5	p.43	None	-	-	No
<b>Material Aspect: Procurement Practices</b>					
G4-DMA	p.42	None	-	-	No
G4-EC9	p.42-43	None	-	-	No
<b>Category: Environmental</b>					
<b>Material Aspect: Energy</b>					
G4-DMA	p.56	None	-	-	No
G4-EN3	p.49, p.56-57	None	-	-	No
G4-EN6	p.48-49, p.56	None	-	-	No
<b>Material Aspect: Emissions</b>					
G4-DMA	p.48	None	-	-	No
G4-EN15	p.48-49	None	-	-	No
G4-EN19	p.48-49	None	-	-	No
<b>Material Aspect: Effluents and Waste</b>					
G4-DMA	p.50	None	-	-	No
G4-EN23	p.50-51	None	-	-	No
G4-EN24	p.50-51	None	-	-	No
<b>Material Aspect: Products and Services</b>					
G4-DMA	p.54	None	-	-	No
G4-EN27	p.54	None	-	-	No
<b>Material Aspect: Compliance</b>					
G4-DMA	p.55	None	-	-	No
G4-EN29	p.55	None	-	-	No
<b>Category: Social</b>					
<b>Sub Category: Labor Practices and Decent Work</b>					
<b>Material Aspect: Employment</b>					
G4-DMA	p.62, p.65	None	-	-	No
G4-LA1	p.63-64	None	-	-	No
G4-LA2	p.65	None	-	-	No
<b>Material Aspect: Occupational Health and Safety</b>					
G4-DMA	p.68	None	-	-	No
G4-LA6	p.68-69	None	-	-	No
<b>Material Aspect: Training and Education</b>					
G4-DMA	p.70	None	-	-	No
G4-LA9	p.70-71	None	-	-	No
<b>Material Aspect: Equal Remuneration for Women and Men</b>					
G4-DMA	p.37	None	-	-	No
G4-LA13	p.65	None	-	-	No

Specific Standard Disclosures					
DMA and Indicators	Page Number	Identified Omission (s)	Reason for Omission (s)	Explanation for Omissions (s)	External Assurance (G4-33)
Sub Category: Human Rights					
Material Aspect: Non-Discrimination					
G4-DMA	p.59-60	None	-	-	No
G4-HR3	p.60-61	None	-	-	No
Material Aspect: Child Labor					
G4-DMA	p.59-60	None	-	-	No
G4-HR5	p.60-61	None	-	-	No
Material Aspect: Forced or Compulsory Labor					
G4-DMA	p.59-60	None	-	-	No
G4-HR6	p.60-61	None	-	-	No
Material Aspect: Security Practices					
G4-DMA	p.59-60	None	-	-	No
G4-HR7	p.60-61	None	-	-	No
Sub Category: Society					
Material Aspect: Anti-Corruption					
G4-DMA	p.14-15, p.72	None	-	-	No
G4-SO4	p.72-73	None	-	-	No
G4-SO5	p.73	None	-	-	No
Material Aspect: Anti-Competitive Behavior					
G4-DMA	p.14-15, p.37, p.73	None	-	-	No
G4-SO7	p.73	None	-	-	No
Material Aspect: Compliance					
G4-DMA	p.14-15, p.72	None	-	-	No
G4-SO8	p.73	None	-	-	No
Sub Category: Product Responsibility					
Material Aspect: Product and Service Labelling					
G4-DMA	p.76	None	-	-	No
G4-PR5	p.76	No survey results reported.	The information is subject to specific confidentiality constraints	-	No
Material Aspect: Marketing Communication					
G4-DMA	p.77	None	-	-	No
G4-PR7	p.77	None	-	-	No
Material Aspect: Customer Privacy					
G4-DMA	p.77	None	-	-	No
G4-PR8	p.77	None	-	-	No
Material Aspect: Compliance					
G4-DMA	p.38	None	-	-	No
G4-PR9	p.77	None	-	-	No

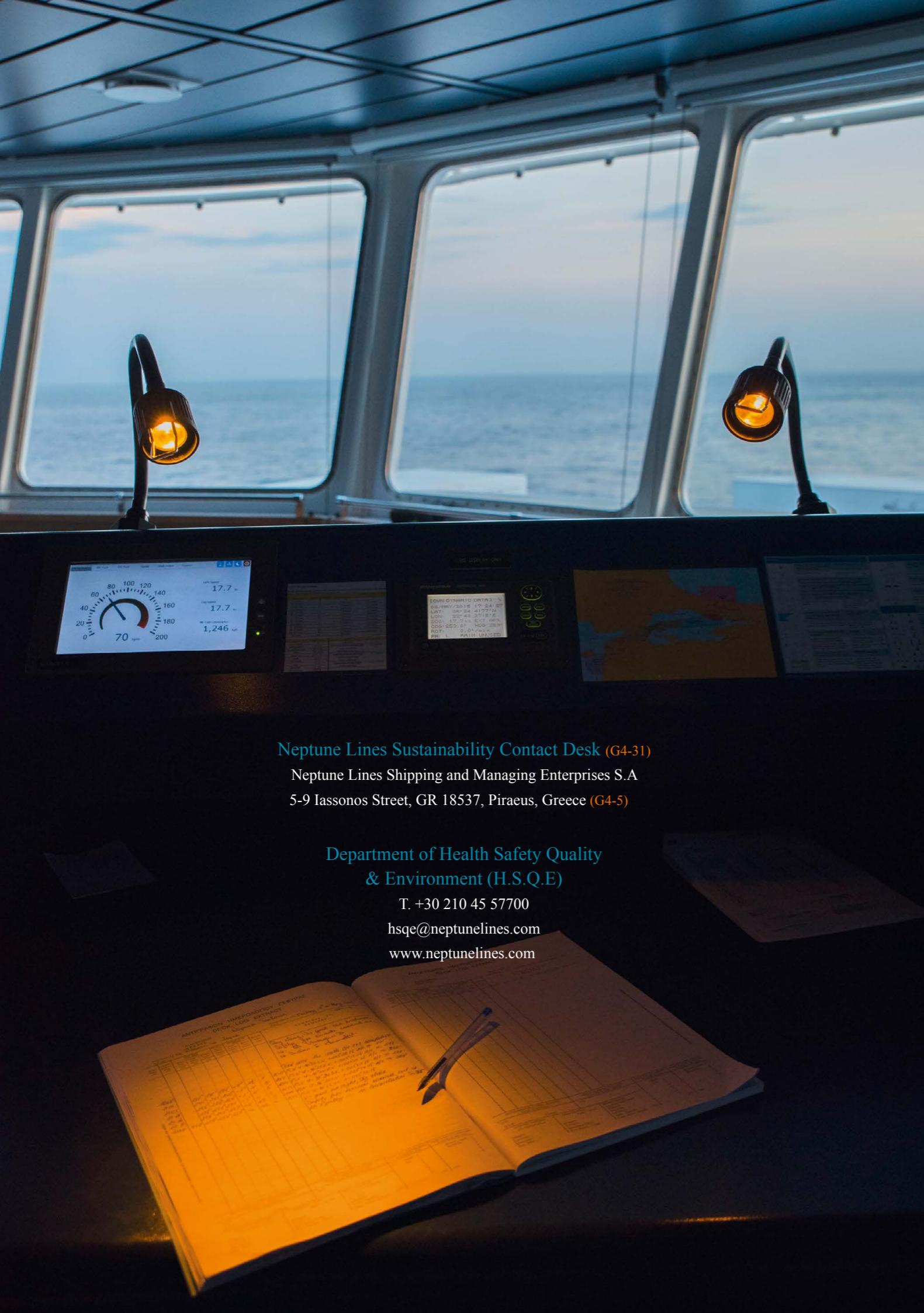
## UN Global Compact Communication on Progress (COP) Table

The Ten Principles of Global Compact			
		Sustainability Report Reference or Implementation Approach	Page Numbers & GRI disclosures/ indicators
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights Labor Practices & Decent Work: Employment	p.60-61 (G4-HR3, G4-HR7) p.65 (G4-LA2,G4-LA13)
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	As per above	As per above
Labor			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labor Practices & Decent Work: Employment	p.62 (G4-11)
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor	Human Rights: Forced or Compulsory Labor	p.60-61 (G4-HR6)
Principle 5	Businesses should uphold the effective abolition of child labor	Human Rights: Child Labor	p.60-61 (G4-HR5)
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Human Rights: Non-Discrimination Labor Practices & Decent Work: Employment - Equal Remuneration for Women and Men - Diversity and Equal Opportunity	p.60-61 (G4-HR3) P.62 (G4-10) p.65 (G4-LA13)
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environmental Performance: Energy - Emissions - Effluents&Waste - Products & Services - Compliance	p.12 (G4-14) P.42 (G4-EC2) p.48-51 & p.54-57 (G4-EN3, G4-EN6, G4-EN15, G4-EN19, G4-EN23, G4-EN24, G4-EN27, G4-EN29)
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	As per above	As per above plus p.52-53(Technology Innovation)
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	As per above	As per above plus p.52-53(Technology Innovation)
Anti Corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Society: Anti-Corruption - Anti-Competitive Behavior - Conflicts of Interest-Compliance - Code of Conduct	p.14-15 (G4-56) p.72-73 (G4-SO4, G4-SO5, G4-SO7, G4-SO8)



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



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