



CAPITAL

PRODUCT PARTNERS L.P.

2020 ESG Report

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# About this report

**This is the first ESG Report of Capital Product Partners L.P., setting out the impacts of our operations on the Environment, our People and the Society. This is done in conjunction with our Managers, Capital Executive Ship Management Corp. and Capital Ship Management Corp. ("our Managers").**

In this report, the data and information included, demonstrate the performance of our fleet for the year 2020 consisting of 14 vessels, while the data presented for 2019, for comparative purposes, refer to our last year's fleet of 11 vessels.

In addition, data and information relating to our onshore operations reflect the respective functions performed by our Managers

This report presents our approach and actual ESG performance on maritime sustainability issues, related to the marine environment, our operational practices and our contribution to the community for the period from January 1<sup>st</sup>, 2020, to December 31<sup>st</sup>, 2020.

Capital Product Partners is continuously working toward its commitments to meet industry's goals to reduce Greenhouse Gas emissions by 2050, and to adhere to the United Nations Sustainable Development Goals (UN SDGs).

This report is prepared in accordance with the Global Reporting Initiatives (GRI) Standards "Core" option, the Sustainability Accounting Standards Board (SASB) for Marine Transportation and the assistance of PwC Greece. Capital Product Partners L.P. undertakes full responsibility for the content of the Report.



# Message from our CEO

## To Our Unitholders



**Jerry Kalogiratos**  
Director and Chief Executive Officer

As we reflect on the past year, the world had to contend with the challenges of COVID-19. Undoubtedly, the pandemic caused major disruptions across the global maritime trade and laid the foundations for a transformed industry and associated supply chains. Nevertheless, the Partnership has remained resilient and effectively navigated all challenges presented. Throughout the year, our commitment to safety was crucial in how we approached our pandemic response, establishing together with our Managers a multi-disciplinary COVID-19 management plan to implement and monitor work programs to ensure employee and seafarers' health and safety. In view of this, we are proud of our employees and their remarkable ability to work together and uphold high quality service standards to our clients despite the adverse circumstances.

However, 2020 was also a year, in which we strived to improve the Partnership's performance across our environmental, social and governance (ESG) platform. While ESG has gained momentum in recent years, we have long recognized the importance of leading on sustainability issues and we aspire our ESG initiatives to create long term value. Therefore, this inaugural report which is prepared in accordance with the Global Reporting Initiatives (GRI) Standards "Core" option and the Sustainability Accounting Standards Board (SASB) for Marine Transportation is meant to profile the actions we have taken and our commitment to reduce Greenhouse Gas emissions by 2050, and to adhere to the United Nations Sustainable Development Goals (UN SDGs). Furthermore, the report captures our ESG performance on maritime sustainability issues, our operational practices and

our contribution to the community across multiple metrics for the period from January 1<sup>st</sup>, 2020, to December 31<sup>st</sup>, 2020.

As we embark on our sustainability journey, we are focusing on integrating best practices into our business strategy to propel our success. As part of our materiality assessment, we identified three key sustainability focus areas that represent not only risks being managed, but also significant opportunities for our business.

- Environmental Stewardship - Protect the environment, the marine ecosystem and take action on climate change.
- Health and Safety - Safeguard our people, operations and the community.
- Social Investing & Corporate Governance - harmonize our charitable giving and create a stronger alignment to risk management and community needs.

We recognize the impact that climate change poses to both the environment and our business and have aligned our strategy with the Environmental Management System (EMS). We are working to better understand our emissions and have developed data to determine main emissions sources and advance our emissions reduction strategy.

Reducing our carbon footprint is and continues to be a priority. In this respect we are participating in several research programs related to initiatives in Green Technology and Alternative fuels.

Health and safety are core values and will always be at the forefront of our operational excellence. Together with our Managers, we have endeavored in 2020 to strengthen the management systems that keep our employees safe and have established performance improvement initiatives and actions all underpinned by diversity and inclusion, offering employee equal career growth opportunities and investing on educational development. Due to our global presence, we endeavor to work with reliable and well-qualified suppliers and have adopted an evaluation system through which we select the suppliers and/or subcontractors, who supply products or services that directly or indirectly affect the quality of service we provide to our charterers. The same principle of continued development and contribution applies our corporate values. To this end, we have established robust governance structures in place anchored with our Board of Directors and supported by additional committees that adhere to the highest standards of business conduct and ethics. By embracing the culture of sustainability, we position the Partnership for success in the immediate future and create a path to build long-term value for the benefit of our unitholders. We look forward to continuing the dialogue on our progress.

Sincerely,  
Jerry Kalogiratos  
Chief Executive Officer

A handwritten signature in dark ink that reads "Jerry Kalogiratos". The signature is written in a cursive, flowing style.

# Coping with the Coronavirus (COVID – 19) pandemic

The COVID-19 pandemic created a major disruption in our operations. We developed a COVID-19 Management Plan following the guidance provided by the government and the international organizations and applied additional measures, to protect our people onboard and ashore, as well as our customers and partners.

We implement specific procedures and measures, provide guidance and closely monitor their implementation, to minimize the impact of COVID-19 pandemic in our operations.

Our COVID-19 Management Plan is used together with the World Health Organization (WHO) Handbook for “Management of Public Health Events onboard Ships” and International Chamber of Shipping (ICS) Publication “Guidance for the ship operators for the protection of the Health of Seafarers”.

In addition, Capital Ship Management Corp., one of our Managers, made a significant contribution to Syn-Enosis, the Greek Shipowners’ Social Welfare Company, to strengthen the national health system against the Covid-19 pandemic with necessary medical equipment and other necessities.



## Indicative precautionary measures implemented onboard contain:

- Cleaning and disinfection procedures.
- Guidance for suspected cases onboard.
- Suspension of crew changes and motivation of crew members to remain onboard.
- Frequent updates about all relevant precautions through circular letters.
- Medical support 24/7 for all managed vessels.
- Mental health support by specialists.
- COVID-19 risk assessment prior to entering ports.
- Weekly communication of senior management with fleet.
- Visitation restrictions and strict boarding protocol for visitors.
- Daily monitoring of crew members’ temperature.

## Indicative precautionary measures implemented at our head office:

- Work from home policy with limited staff working in the office premises.
- Restrictions on number of visitors and temperature monitoring.
- Twice a week personnel testing for COVID-19.
- Postponement of office personnel travelling unless deemed essential by top management.
- Social distancing in all office premises.
- Cleaning and disinfection procedures.
- Additional leave days for COVID-19 vaccinated personnel.





# 2020 Key Highlights



## Environment

**ZERO**  
number of spills to the environment

**79%**  
have installed  
BWTS

**41% ↓**  
in our total SOx emissions  
compared to 2019

**50%**  
of our vessels have installed  
Scrubber systems



## Health & Safety

**ZERO**  
Fatalities

**25% ↓**  
In Lost Time Injury Frequency



## Corporate Governance

**ZERO**  
Violations of our ethical  
principles & anti-  
corruption policy

**ZERO**  
Cyber security incidents

# Share our passion for shipping

# About Capital Product Partners

## The Partnership

We are an international owner of ocean-going vessels. As at June 30, 2021, our fleet consists of 16 container carrier vessels (1.5 million dwt and total TEU capacity of 114,640) and one Capesize bulk carrier (0.2 million dwt), with an average fleet age of approximately 9.7 years.

All of our container vessels are currently chartered under medium- to long-term charters to reputable charterers, such as CMA CGM, MSC, HMM, ZIM, ONE and Hapag-Lloyd. Our fleet is managed by our Manager, which is a private company.

## Business Strategies

**Our primary business objective is to increase cash available for distributions to our unitholders, while maintaining a strong financial position. We aim to realize our business objectives through the following strategies:**

### Maintain medium- to long-term fixed charters.

We seek to enter into medium- to long-term, fixed-rate charters for a majority of our fleet in an effort to provide visibility of revenues and cash flows. As our vessels come up for re-chartering, we aim to redeploy them under period contracts that reflect our expectations of prevailing market conditions. In the pursuit of our strategies, we evaluate growth opportunities across all shipping sectors. We believe that the average age of our fleet of approximately 9.7 years as at June 30, 2021, compared to an industry average of 12.9 years (adjusted for the composition of our fleet) and the high specifications of our vessels, position us favorably to continue to secure medium- to long-term charters for our vessels.

### Expand our fleet through accretive acquisitions.

Subject to available required financing, we intend to evaluate potential acquisitions of both newbuilds and

second-hand vessels across the shipping markets. We also intend to take advantage of opportunities afforded to us by our relationship with our sponsor, Capital Maritime. In January 2020, we acquired three 10,000 TEU container vessels and in February 2021 an additional three 5,100 TEU vessels.

### Maintain and build on our ability to meet rigorous industry and regulatory safety standards.

We believe that in order for us to be successful in growing our business, we need to maintain our vessel safety record and further build on our high level of customer service and support. We believe that our Manager, Capital-Executive has a strong record of vessel safety and compliance with rigorous health, safety and environmental protection standards, and are committed to providing our charterers with a high level of customer service and support.

# Our Priorities



**Safeguarding Quality, Environment protection and Health & Safety**



**Customer Satisfaction**



**Exceeding the needs of interested parties**



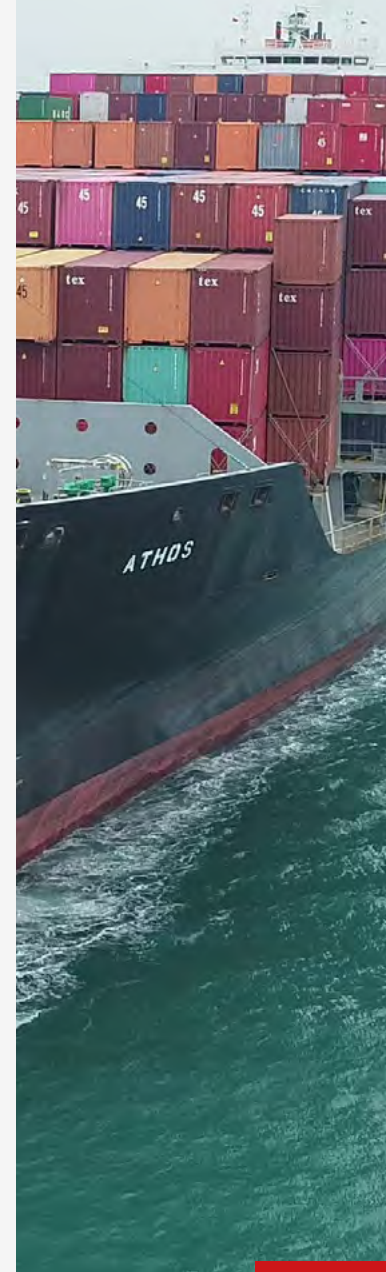
**No Accidents**



**No harm to people**



**Energy Conservation**



## ABOUT CAPITAL

Listed Company: Nasdaq

Stock Ticker: CPLP

Headquarters: Athens, Greece



**\$140.9 m**

Revenue  
(Fiscal year 2020)



**\$30.4 m**

Net income



**>14 years**

Presence  
in the Shipping industry

## OUR PEOPLE\*

**33**

Total employees



**67%**

Male

**33%**

Female

**476**

Total seafarers

**6**

Nationalities

## OPERATIONAL PERFORMANCE

**1,415,301 (DWT)**

of Deadweight Tonnage

**99,373 (TEU)**

Twenty-foot equivalent unit capacity

**293**

Port Calls



**4,792**

Operating days

**140**

Countries visited

## VESSELS: 14\*\*

1

Capesize  
Bulk Carrier



13

Container  
Carriers

\* Includes the employees of Capital Executive Ship Management Corp & Capital Ship Management Corp involved in the management of our vessels.

\*\* Our fleet consists of 16 container carrier vessels, as of June 30, 2021.



# Our Fleet

At the end of 2020, Capital Product Partners operated 14 vessels with per vessel TEU capacity that varies between 5,023 and 9,288 TEU, and between 63,010 and 179,221 DWT.

All our vessels are built at reputable shipyards worldwide, including Hyundai Heavy Industries Group (HHI), Daewoo Shipbuilding and Marine Engineering (DSME), HSG Sungdong Shipbuilding and Samsung Heavy Industries.

While many of our vessels have latest efficient designs, we continuously upgrade our fleet in an effort to comply with regulations and decrease the environmental footprint of our vessels including carbon intensity.

In January 22<sup>nd</sup> 2020, we completed the acquisition of M/V Athenian and in January 23<sup>rd</sup>, 2020 the acquisition of M/V Athos and M/V Aristomenis, which increased the size of our fleet by 27%. All vessels were built in 2011 at Samsung Heavy Industries Co.

## Wide beam Eco Design Container



**5,000-9,288 DWT**  
Approx. DWT Capacity



- CMA CGM Magdalena (2016)
- Akadimos (2015)
- Adonis (2015)
- Hyundai Prestige (2013)
- Hyundai Privilege (2013)
- Hyundai Platinum (2013)
- Hyundai Premium (2013)
- Hyundai Paramount (2013)

## Container Carrier



**8,000 – 10,000 DWT**  
Approx. DWT Capacity



- Athenian (2011)
- Athos (2011)
- Aristomenis (2011)
- Agamemnon (2007)
- Archimidis (2006)

## Capesize Bulk Carrier



**180,000 DWT**  
Approx. DWT Capacity



- Cape Agamemnon (2010)

## Our Operational performance

Operational overview of Container carriers	2020	2019
Planned off-hire & dry-docking days	267	231
Operating days	4,792	3,784
Port calls	293	230
Countries visited	140	129
Nautical miles travelled	1,184,176	941,824
Fleet Utilization rate (%)	99.7%	98.3%
Total transport work (tonnes*nms)	64,444,594	47,664,926

# Our Business Strategy

Our primary business objective is to increase cash available for distributions to our unitholders, while maintaining a strong financial position. We aim to realize our business objectives through the following strategies:

- Maintain medium- to long-term fixed charters. We seek to enter into medium- to long-term, fixed-rate charters with reputable charterers for a majority of our fleet in an effort to provide visibility of revenues and cash flows.
- Expand our fleet through accretive acquisitions. Subject to available required financing, we intend to evaluate potential acquisitions of both newbuilds and second-hand vessels across the shipping markets.
- Maintain and build on our ability to meet rigorous industry and regulatory safety standards. We believe that in order for us to be successful in growing our business, we need to maintain our vessel safety record and further build on our high level of customer service and support. We believe that our Manager, Capital-Executive has a strong record of vessel safety and compliance with rigorous health, safety and environmental protection standards, and are committed to providing our charterers with a high level of customer service and support.

Statement of operations (in \$th.)	2020	2019
<b>Total Revenues</b>	<b>140,865</b>	<b>108,374</b>
Time charters revenue	137,893	108,374
Voyage charters revenue	2,972	-
<b>Total Operating expenses</b>	<b>93,622</b>	<b>68,242</b>
Vessel operating expenses (incl. vessel operating expenses – related parties)	38,721	30,549
Voyage expenses	6,301	2,930
Depreciation and amortization	41,405	29,261
General and administrative expenses	7,195	5,502
<b>Operating income</b>	<b>47,243</b>	<b>40,132</b>
Total other expenses	16,876	15,711
<b>Net income</b>	<b>30,367</b>	<b>24,421</b>



**\$140.9 m**

Total consolidated  
Revenue for 2020



**\$17.1 m**

Distributions Paid to  
Shareholders during 2020

# 2020 ESG Performance



## Environment

KPI	2020*	2019**
Weighted Average Energy Efficiency Operation Index (EEOI) (gr CO <sub>2</sub> / Tonne-mile)	13.45	12.48
Average fleet Annual Efficiency Ratio (AER) (gr CO <sub>2</sub> / DWT-mile)	7.17	7.28
GHG emissions (tn)	813,648	597,471
Fuel consumption (tn)	260,905	191,444
SOx emissions (tn)	2,263	3,829
NOx emissions (tn)	21,173	15,124
PM10 emissions (tn)	1,006	535
Waste generated (m3)	936.5	694.4
Fleet implementing ballast water exchange / system (%)	79%	64%
Number and volume of spills and releases to the environment	0	0



## Social

KPI	2020*	2019**
Number of seafarers	476	433
Seafarers' retention rate (%)	98%	96%
Employees ashore	33	29
Gender diversity (%)	women 33% men 67%	women 38% men 62%
% of employees with seagoing experience	15%	14%
Port state control deficiencies and other deficiencies	15	24
Lost time injury (LTIF) rate per 1,000,000 manhours	1.35	1.80
Total Recordable Cases Frequencies (TRCF) per 1,000,000 manhours	1.80	1.80



## Governance

KPI	2020*	2019**
Port calls in countries that have the 20 lowest rankings in the CPI (%)	13%	14%
Amount of legal and regulatory fines associated with bribery or corruption	0	0
Number of controls tests conducted	157	157
Number of material weaknesses or deficiencies	0	0

\* The reported KPIs for 2020 refer to 14 vessels.  
 \*\* The reported KPIs for 2019 refer to 11 vessels.



# Approach to ESG

Capital Product Partners recognizes that sustainable transport is a major challenge during these times. Shipping, while relatively safer compared to other types of commercial transport, imposes still a significant impact on the environment and society at large. Since our Company has a global presence, we have placed a strong focus on incorporating ESG practices within our broader business strategy and objectives.

## Focus areas



Protect the environment, the marine ecosystem & take action on climate change.



Protect the health & safety of our people & operations & support the community.



Maintain highest ethical business conduct & corporate governance standards.

# Materiality analysis

Our approach to material ESG issues is based on the identification of the needs and interests of our key stakeholders. We carefully analyze and prioritize material issues and related risks communicated by our stakeholders.

## Stakeholder Engagement

Stakeholder engagement helps us understand the impact of our activities, potential risks and opportunities, and is an essential part of the formulation of our ESG strategy.

We carried out an online survey and distributed electronic questionnaires to sample groups of external and internal stakeholders in order to evaluate significant environmental, social and governance issues related to our activities.

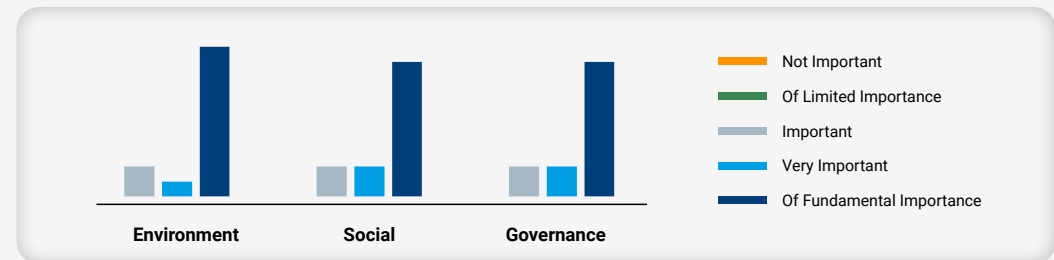
Our materiality approach represents a comprehensive overview of the needs and interests of our key stakeholders, while also reflecting their perception on the importance of the overall ESG framework. We carefully reviewed, analyzed and prioritized material issues and related risks communicated by our stakeholders, in order to ensure that our business strategy remains aligned with their requirements and expectations.

## Our key stakeholder groups are:

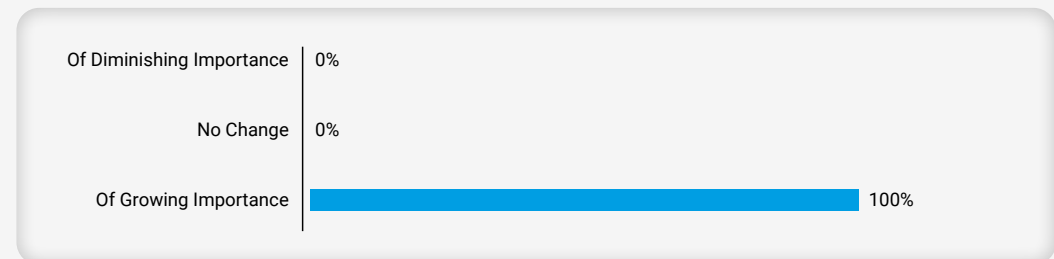
- Charterers
- Shipbrokers
- Shareholders
- Supplier / Business Partner
- Classification Society
- Flag State
- Port Authority
- International / Industry organization
- Insurer / P&I Club
- Financial institution
- Manning Agent
- Academic institution

As part of our stakeholder engagement process, we incorporated two key questions to gain a better understanding of how some of our key internal leaders, business partners, as well as external stakeholders, perceive the overall ESG framework and its importance over the next years.

## How would you evaluate the importance of the three broad ESG categories?



## How do you expect the importance of ESG to evolve going forward?

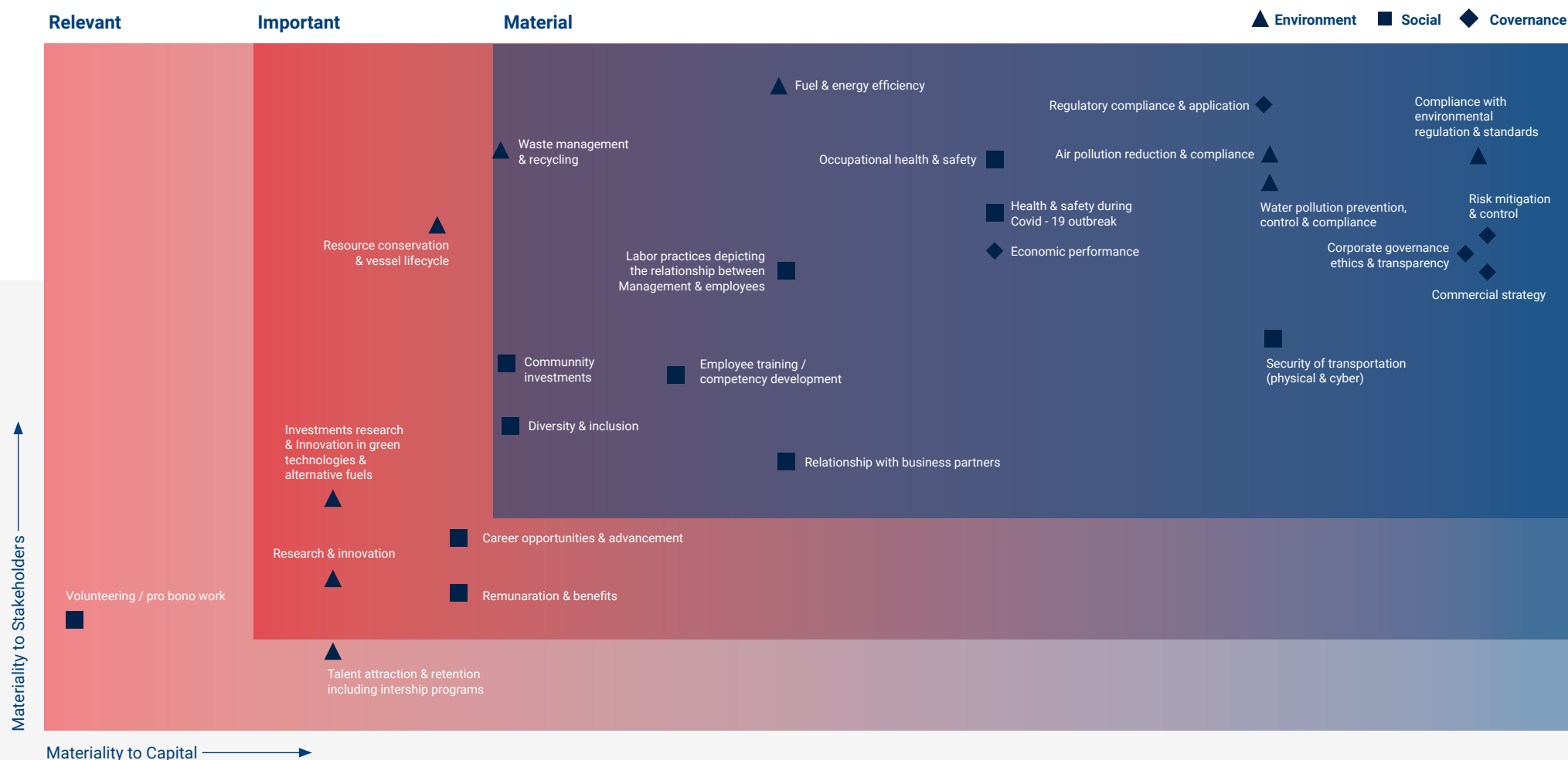


The outcome confirms the importance of ESG in the shipping industry. More specifically, the environmental component of ESG seem to play a more significant role for our stakeholders, while 100% of them agree on the fact that the overall set of environmental, social and governance issues are of growing importance and will be of growing significance in the future.

The results from our stakeholders' feedback were mapped into the following materiality matrix.

# Our Material ESG topics

The key material topics identified by our stakeholders are presented in the materiality matrix and are classified in three categories according to their significance both to us and to our stakeholders:



## Relevant issues:

issues that are identified as relevant to our business which we will engage in the future.

## Important issues:

Issues identified, on being significant to us and our stakeholders, which we will monitor, manage, and report

## Material issues:

Issues identified as critical by both our internal and external stakeholders that are considered material to our ESG performance and a top priority to be monitored, reported and emended in our Company's goals.

## Looking Ahead

Through this extensive materiality analysis, our aim is to ensure that our Company's ESG practices remain in parallel with our most material matters, to drive our long-term business value. Ultimately, through the findings of this analysis we will be able to incorporate various ESG principles into our business strategy.



# Alignment with United Nations Sustainable Development Goals



In 2015, the United Nations developed 17 Sustainable Development Goals (SDGs) “to transform our world, to end poverty, protect the planet, and ensure prosperity for all” – which were agreed and signed by the 193 member states. The SDGs articulate the world’s most pressing environmental, social, and economic issues, and provide a framework that businesses can use to improve their performance on sustainable development.

As the UN agency is responsible for the safety and security of shipping, and for the prevention of marine and atmospheric pollution by ships, the International Maritime Organization (IMO) is actively working towards the 2030 Agenda for Sustainable Development and the associated SDGs.

Capital Product Partners L.P. integrates these ambitious goals in its strategy and is dedicated to promoting sustainable development, while closely cooperating with other stakeholders in the maritime industry.

## We meet the IMO’s GHG emission reduction targets and the United Nations Sustainable Development Goals, by:

Implementing the best operational practices to optimize our ships, by increasing energy efficiency and reducing carbon footprint, ensuring that we promote marine environmental protection and sustainability.



Encouraging long-term and loyal relationships with our employees and enhancing their environmental awareness (both onboard and ashore), in order to incorporate sustainability in the daily work environment.



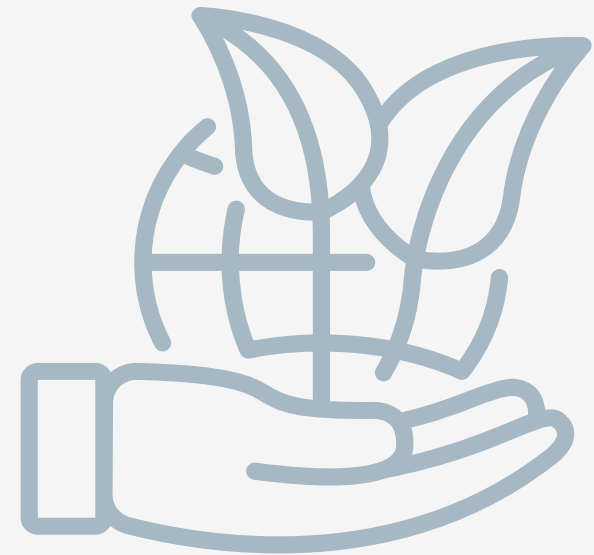
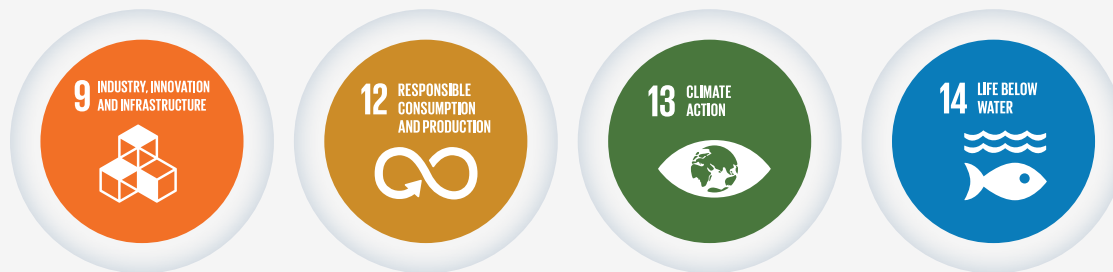
Supporting the social prosperity and promoting the sustainability of the container shipping industry.

Ensuring transparent and constructive communications with our key stakeholders, in order to understand their needs, address their concerns, and build long-term relationships to better manage the challenges, and capitalize upon the opportunities of a highly cyclical and volatile market.



# Environment

## Related Sustainable Developments Goals (SDGs)



# Our approach towards environmental protection

We conduct our business in a manner that is environmentally responsible and consistent with our goals: aspiring to cause no damage to the environment, participating in reducing global emissions and providing safe and sustainable marine transportation.

We recognize our responsibility to reduce our carbon intensity footprint and our fleet's greenhouse gas emissions, improve our ESG impact on the ecosystem and comply with all environmental regulations and industry's requirements.

We are committed to a series of technical and operational improvements on our vessels, which we aspire that will make Capital Product Partners' fleet meet, and exceed, environmental standards. During 2019 and 2020, we had no cases of non-compliance with applicable environmental laws and regulations.

## Our energy and environmental policy

We follow an ESG approach fully aligned with the existing environmental regulations in industry's best practices, aiming to monitor and minimize our emissions to the environment.

We have an established energy and environmental policy, depicting the way we operate with a focus on increasing energy efficiency and minimizing our environmental footprint.

## The key elements of our policy are:

- An Environmental Management Systems (EMS) in accordance with **ISO Standards 14001:2015, 50001:2018, and 45001:2018** and all other applicable requirements by interested parties and rules.
- Reduction of the environmental impacts of our operations through the maximization of energy efficiency and minimization of GHG emissions, discharge, and waste and set of specific targets.
- Implementation of control mechanisms aiming at pollution prevention, shown in our comprehensive Environmental Management System.
- Incorporation of methods for reducing waste and decrease utilization of natural resources, which are part of our SEEMP.
- Implementation of a Waste Management system.

## Quality certifications

Our Managers are accredited with the following ISO standards:

- ISO 14001: 2015 Environmental Management Systems
- ISO 45001: 2018 Health and Safety Management
- ISO 50001: 2018 Energy management systems



## Energy efficiency measures onboard and ashore

Together with our Managers we apply a series of technical and operational improvements both onboard our vessels and at shore, to improve our energy performance and reduce our environmental footprint.



## Onboard

- Optimal voyage planning & weather routing
- Monitoring of main engine & diesel generator performance
- Monitoring of speed & daily fuel consumption
- Speed reduction / slow steaming
- Operation & maintenance of all machinery as per makers' recommendations
- Software implementation for performance improvement
- Trim optimization
- Propeller polishing
- Installation of scrubbers & ballast water systems
- Air-sealed vessels modification for prevention of oil spills
- Monitoring & hull cleaning diagnosis
- Use of fuel additives
- Monitoring of electric loads
- Participation in R&D programs for alternative fuels (ammonia)
- Use of energy saving devices that enhance the propulsion efficiency
- Use of new technology led lighting systems
- Use of VDF for sea water pumps and engine room fans
- High efficiency coatings
- R&D projects biofuels, LNG-as-fuel
- Use of SCR to reduce NOx
- Implementing IHM maintenance procedures



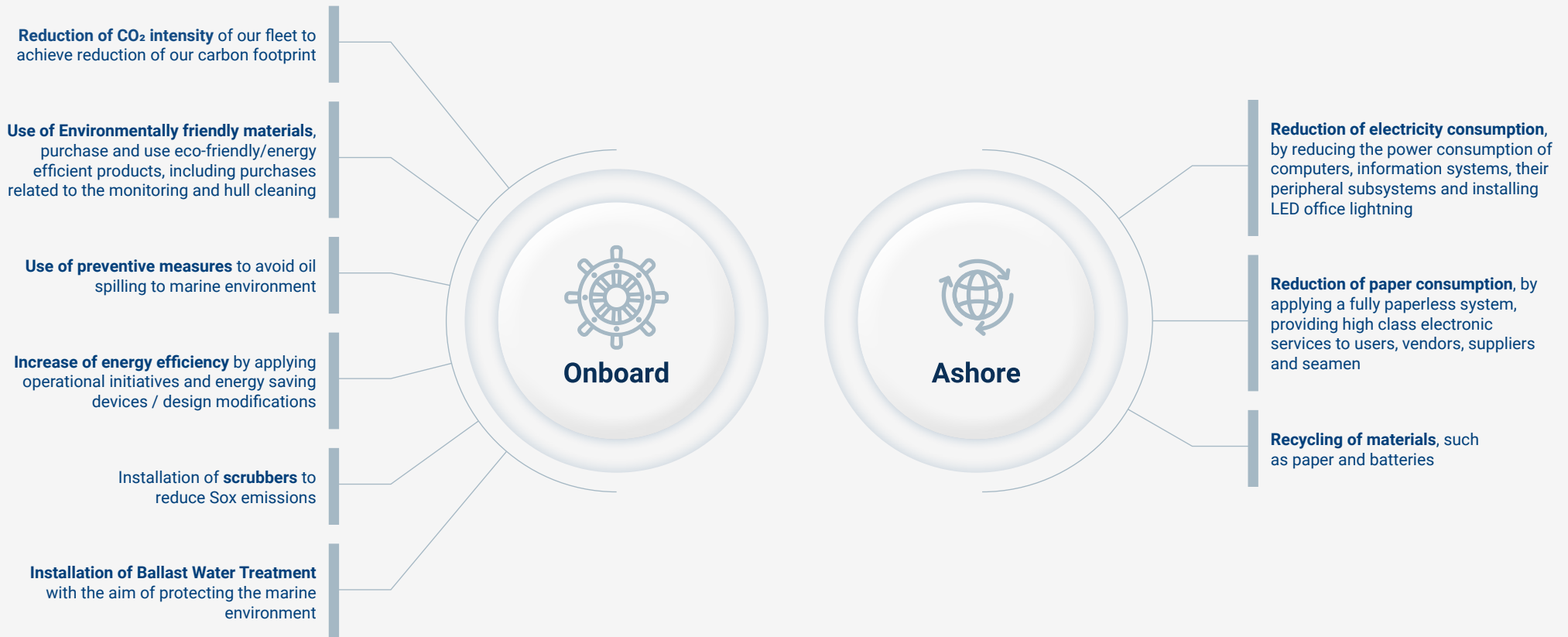
## Ashore

- Replacement of conventional bulbs with corresponding LED bulbs
- Use of energy efficient equipment
- Installation of photocells and motion sensors in all facilities
- Use of recyclable materials
- Purchase of electric company cars - Installation of electric vehicle charging stations
- Recycling of office supplies (e.g. paper, batteries)



# Our environmental goals

We are committed to comply with specific environmental related targets, both for our onboard and ashore operations:



# R&D Programs, Green Technology, Alternative fuels initiatives & partnerships

Capital Product Partners' vessels and our Managers remain at the forefront of technical research and regulatory developments and are participating in several research programs related to initiatives in Green Technology and Alternative fuels, such as:



The **ShipFC**, a research project of the European Commission, examining the conversion of an offshore vessel to run on ammonia-powered fuel cell. The project has been awarded backing from the EU's Research and Innovation programme Horizon 2020 under its Fuel Cells and Hydrogen Joint Undertaking in order to deliver world's first high-power fuel-cell to be powered by green ammonia in late 2023.

The **ABS 'Smart Bearing'** research project, supported by the National Technical University of Athens (NTUA) and Metrisis Ltd., for the development of sensors to measure the force exerted by the main propulsion shafting system onto the vessel bearings. The smart bearing sensor was last installed and tested on board the Capital-Executive Ship Management Corporation Container vessel M/V 'Adonis' (ex "CMA-CGM Uruguay"), IMO 9706310 with excellent results in February 2020.

The group of leading companies in maritime transportation led by **Bureau Veritas Solutions Marine & Offshore** research project, investigating the technical feasibility and specific safety risks of using ammonia (NH<sub>3</sub>) as a marine fuel. Currently, aspects of using ammonia are not explicitly covered by the existing regulatory framework – notably IMO's International Code of Safety for Ship Using Gases or Other Low-flashpoint Fuels (the IGF Code), and require specific attention.

Other research projects successfully completed during 2020, by undergraduate and postgraduate students: (a) **Degree Thesis on the concept design of a VLCC with atomic batteries** from the School of Naval Architecture and Marine Engineering, National Technical University of Athens (NTUA) and (b) **PhD research on the interrelationships between manning agency selection criteria and value co-creation** at the Department of Maritime Studies, University of Piraeus.

Our Managers participate in several scientific initiatives and programs, such as **Safety4Sea conferences, National Technical University of Athens (NTUA), University of Piraeus, Capital Link conferences, Solent University, Metropolitan College, Isalos.net, Technological Academies events** and others, presenting the experience and challenges of a modern ship operator, facing all new challenges in shipping.

# Energy efficiency

## Energy Efficiency Operational Indicator (EEOI)

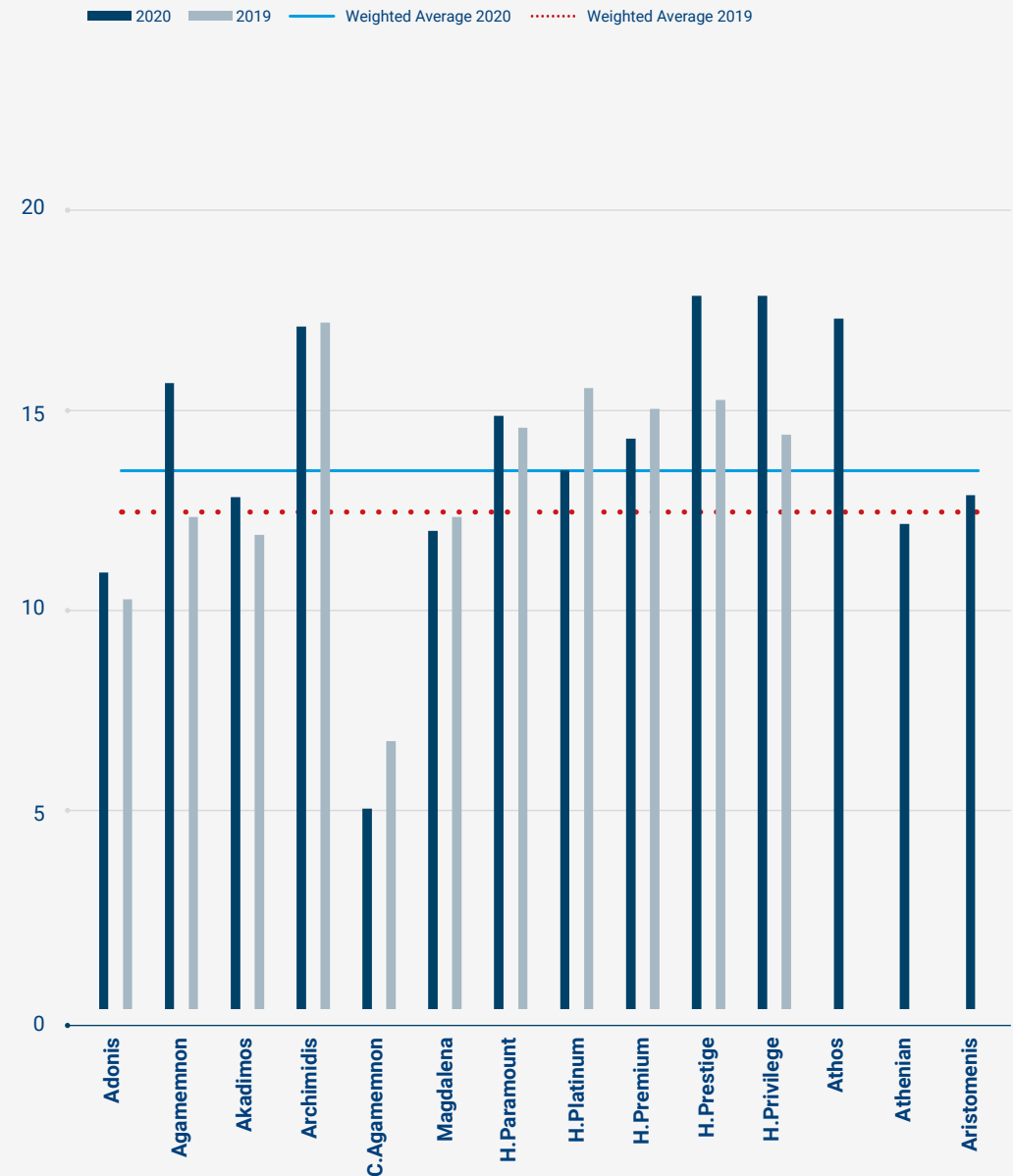
In our attempt to monitor and record the energy performance of our ships, separately and as a fleet, and evaluate the effectiveness of the planned energy efficiency measures, we use the IMO Energy Efficiency Operational Indicator (EEOI). EEOI is an indicator reflecting the impact of operational enhancements and technical modifications on fuel efficiency and emissions and measures the fuel efficiency of vessel operations. EEOI is most appropriately expressed as gr CO<sub>2</sub> / Tonne - miles.



**13.45**

gr CO<sub>2</sub> / tonne - mile in 2020

## EEOI per vessel (gr CO<sub>2</sub> / tonne - mile)



# Energy efficiency

## Annual Efficiency Ratio (AER)

Another metric which is applied for the assessment of the energy performance of our ships, and is similar to EEOI, is the Annual Efficiency Ratio (AER). The parameters needed for its calculation are the amount of fuel consumption, the distance travelled, and design deadweight tonnage. This metric is calculated using an estimation of the total annual transport work performed by a vessel, obtained from its total distance travelled and DWT. AER is mostly reported in gr CO<sub>2</sub> per DWT – mile.

**In 2020, we managed to reduce the average Annual Efficiency Ratio by 2% compared to 2019, despite the fact that our fleet increased by three more vessels this year.**

Average AER of our fleet



**7.17**

gr CO<sub>2</sub> / DWT \* mile in 2020

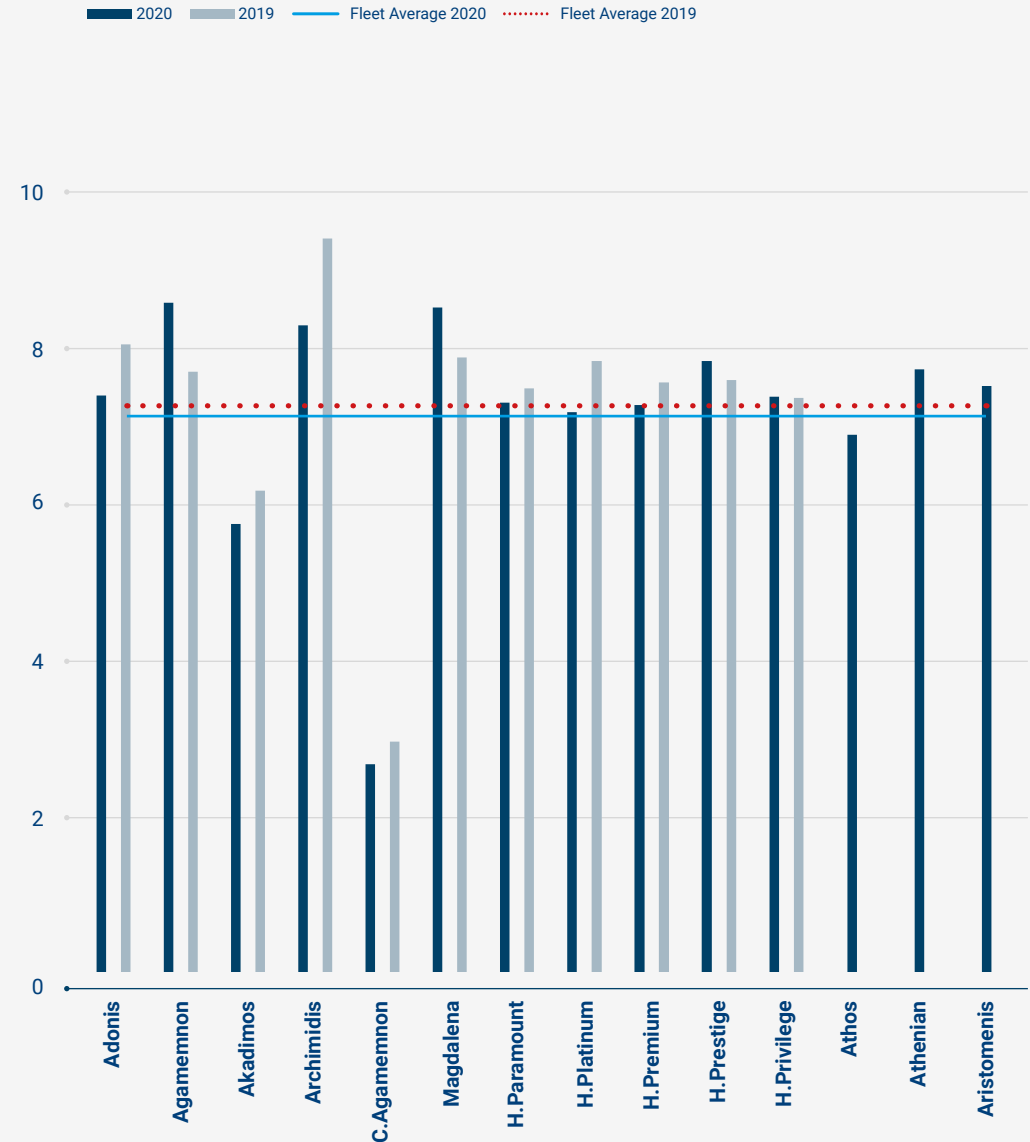
Our average AER



**↓2%**

in 2020 comparing to 2019

## Annual Efficiency Ratio - AER per vessel (gr CO<sub>2</sub> / DWT \* mile)



# CO<sub>2</sub> Emissions

Providing a quality service, protection of the environment, energy conservation and reduction in our GHG emissions following industry's goals and targets are of fundamental importance for us. We have implemented onboard our vessels a variety of energy efficiency measures, initiatives, systems and improvements to reduce our vessel's fuel consumption and CO<sub>2</sub> emissions.

These measures and initiatives include:

Energy Saving by changes in ship design or installations.

Energy Saving by vessels' operations.

Energy Efficiency Management Audits.

In 2020, our 14 vessels emitted 813,648 tonnes of CO<sub>2</sub>, while in 2019, when our fleet consisted of less vessels (11 vessels), the CO<sub>2</sub> emission in total were 597,471 tonnes.

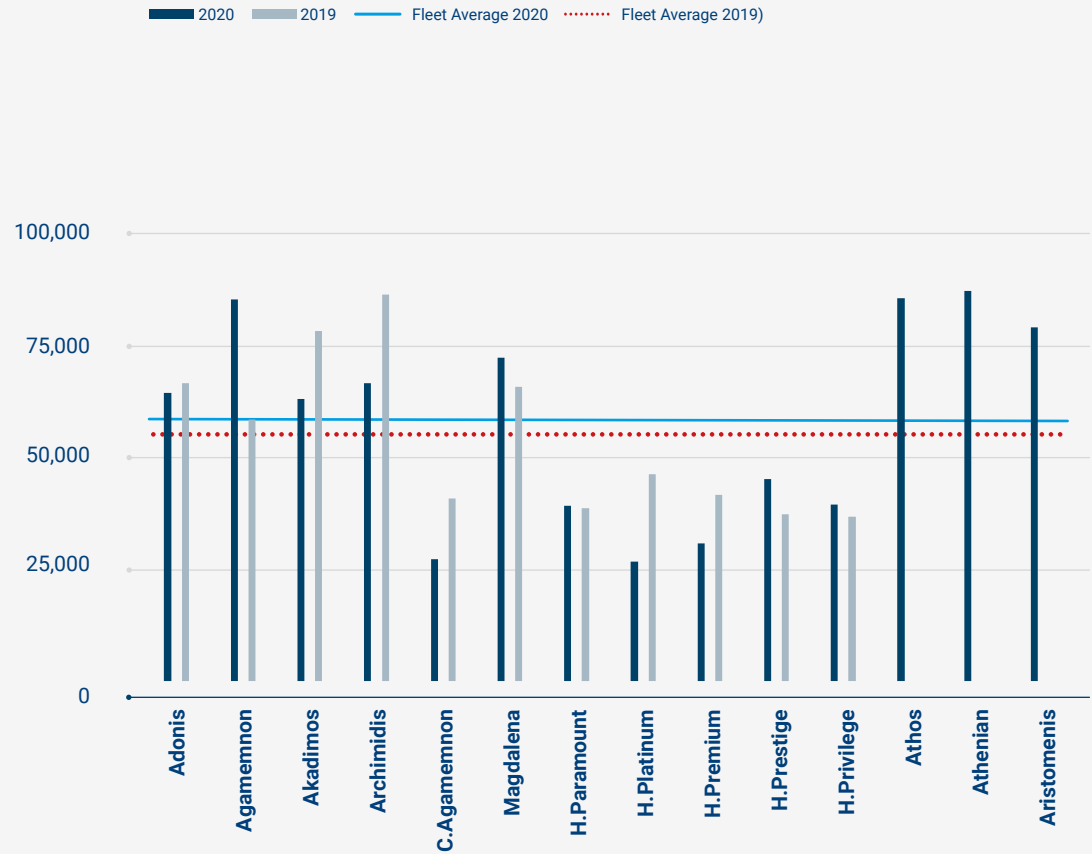


Long-term vision:

**20%**

reduction of fleet's carbon intensity by 2030 from 2018 baseline

## CO<sub>2</sub> emissions ('tonnes)



Total CO<sub>2</sub> emissions of our fleet

**813,648**

tonnes in 2020



Total fuel consumption of our fleet

**260,905**

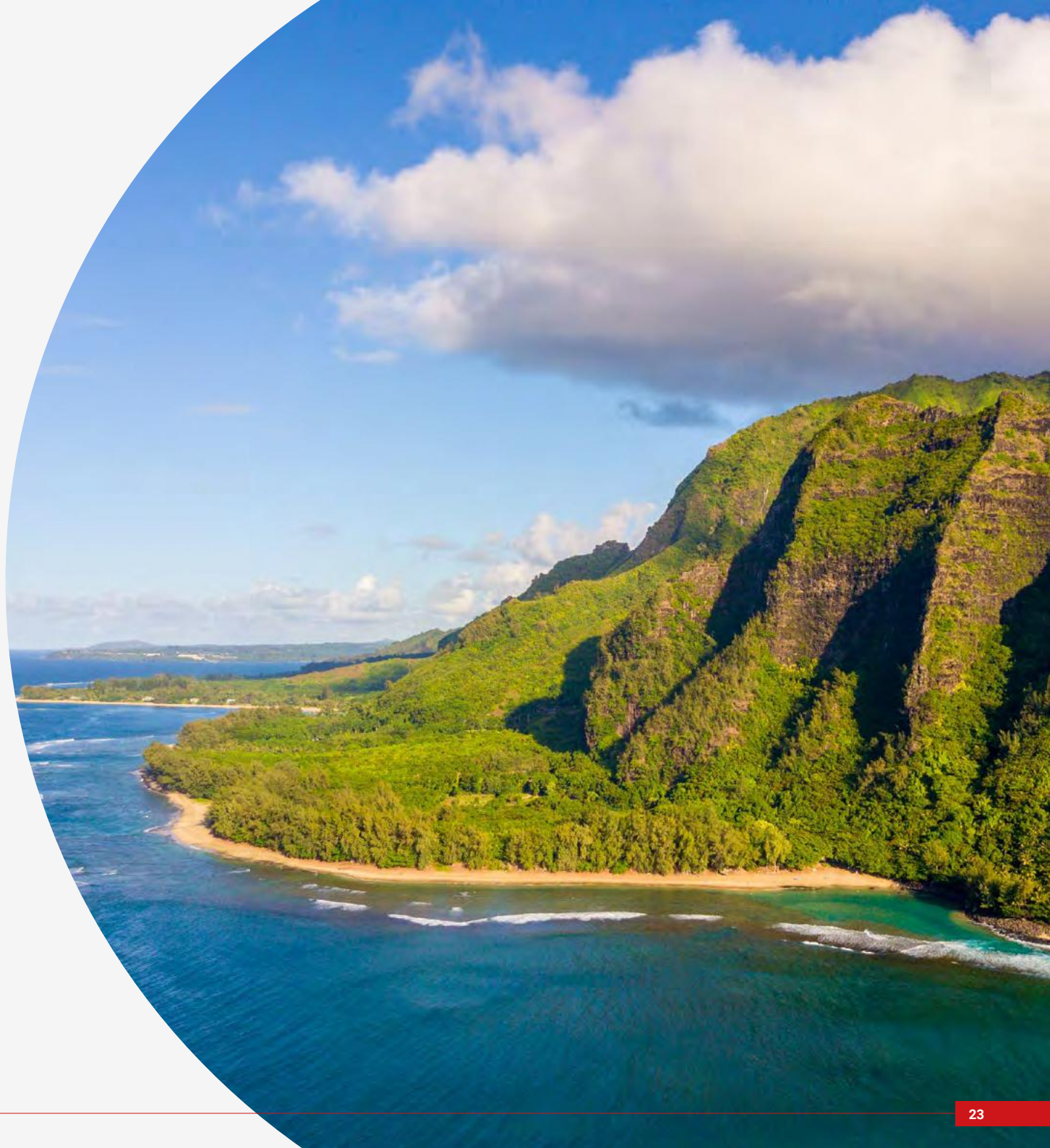
tonnes in 2020





# Air Emissions

Our fleet primary pollutants to the atmosphere are nitrogen oxides (NOx), Sulphur Oxides (SOx) and Particulate Matter (PM10).



## Air Emissions

# SOx emissions

On January 1<sup>st</sup>, 2020, the IMO introduced regulations to reduce the sulfur limit in the fuels used by ships from 3.50% to 0.50%. In response to global Sulphur limit, Capital Product Partners installed Exhaust Gas Cleaning Systems (EGSs) to seven of our vessels and purchased Low-Sulphur fuel (0.5%) in order to reduce the SOx emissions.

**In 2020, we managed to reduce our fleet average SOx emissions by 41% compared to 2019, despite the fact that our fleet increased by three more vessels this year.**

Total SOx emissions of our fleet

**2,263**

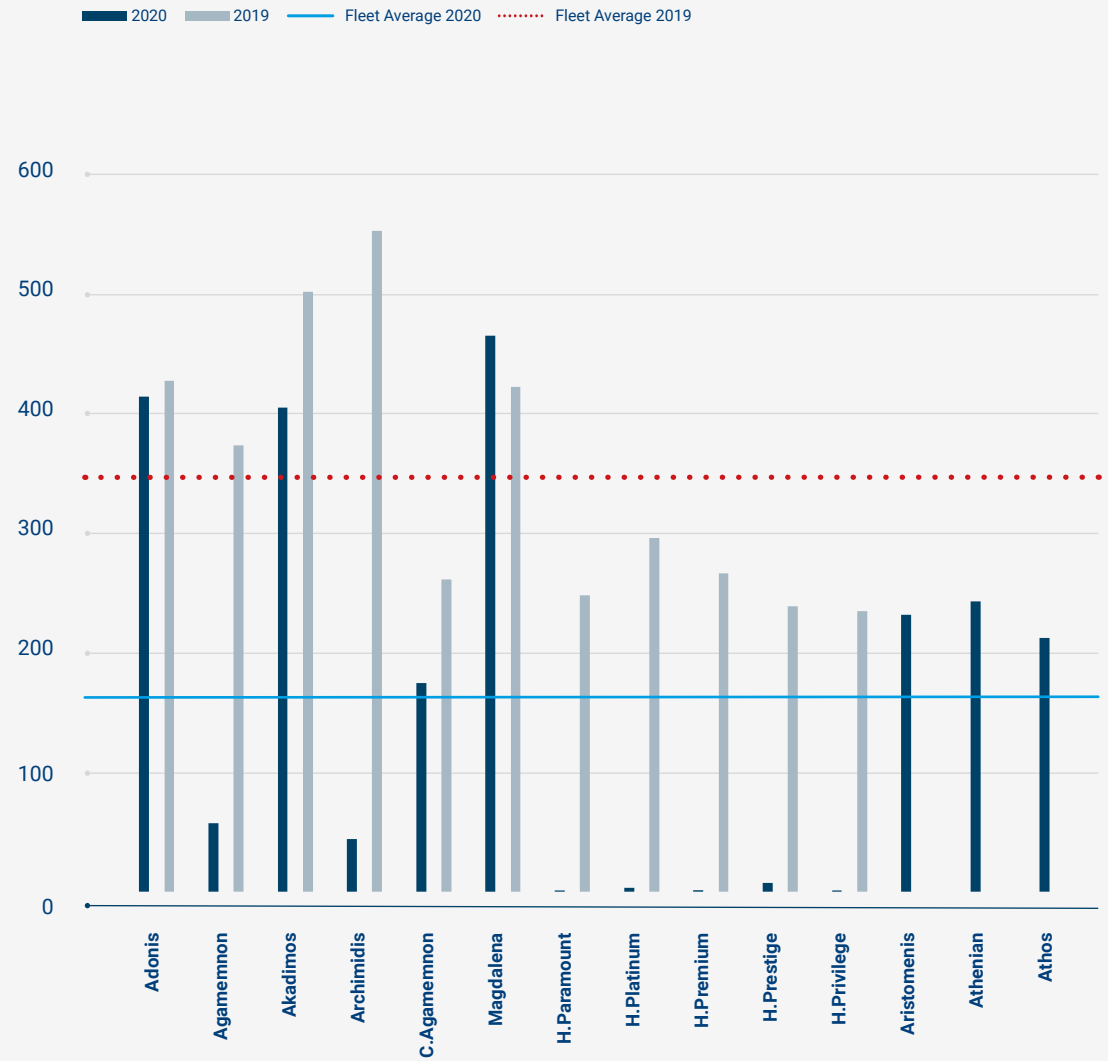
tonnes in 2020

Our fleet average SOx emissions

**↓41%**

in 2020 comparing to 2019

## SOx emissions (tonnes)



## Air Emissions

# NOx emissions

NOx emissions are released in the air by the reaction of nitrogen and oxygen gases during the fuel combustion at high temperatures in vessel's main and auxiliary engines, and boilers. Capital Product Partners continuously monitors its NOx emissions during ship and equipment upgrades and voyages in order to secure proper emission control and reducing our environmental footprint through our operations.

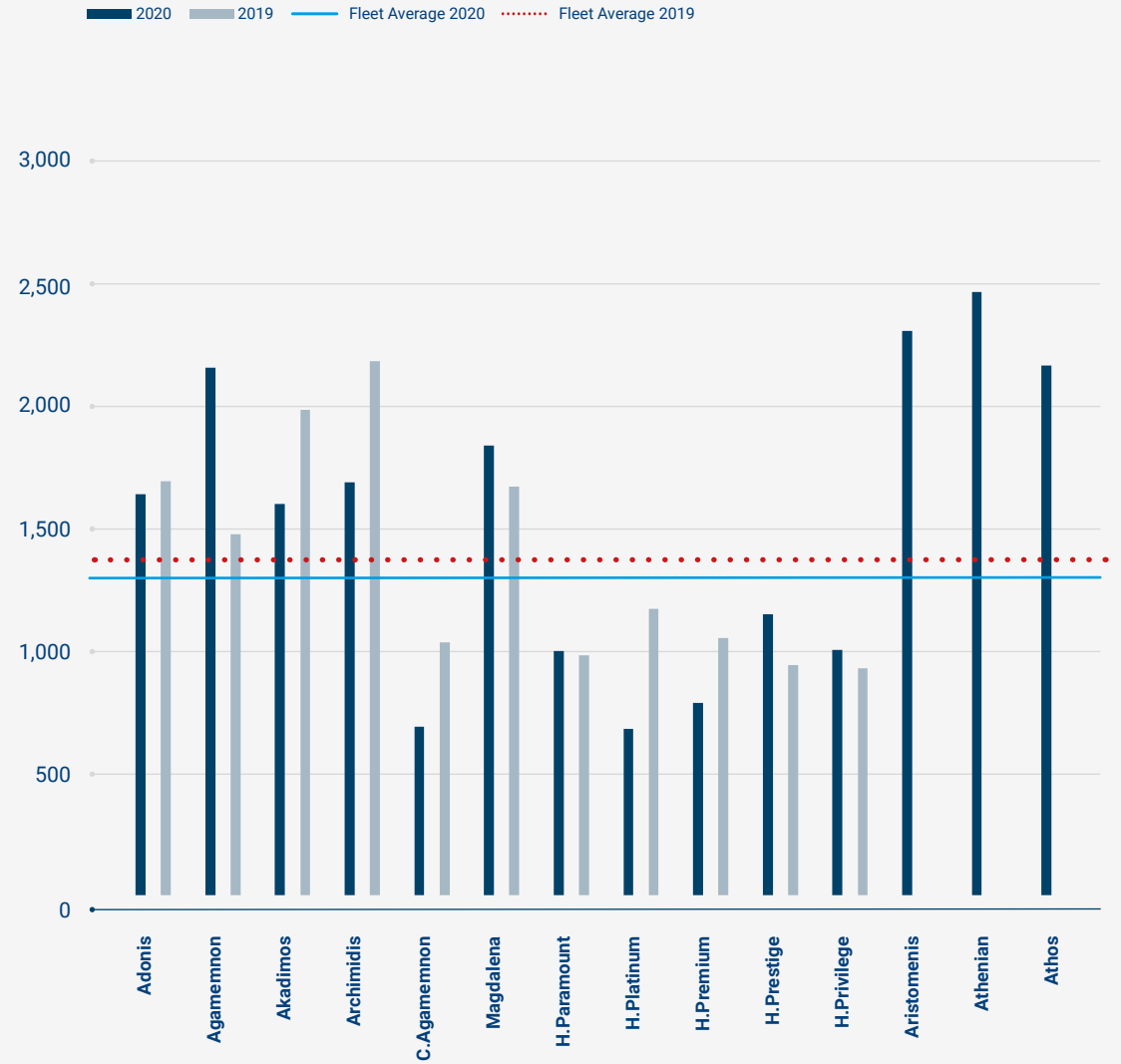
In 2020, our 14 vessels emitted a total of 21,173 tonnes of NOx. In 2019, when our fleet consisted of less vessels (i.e. 11 vessels), the NOx emissions were 15,124 tonnes.

Total NOx emissions of our fleet

# 21,173

tonnes in 2020

## NOx emissions (tonnes)



## Air Emissions

# Particulate Matter emissions

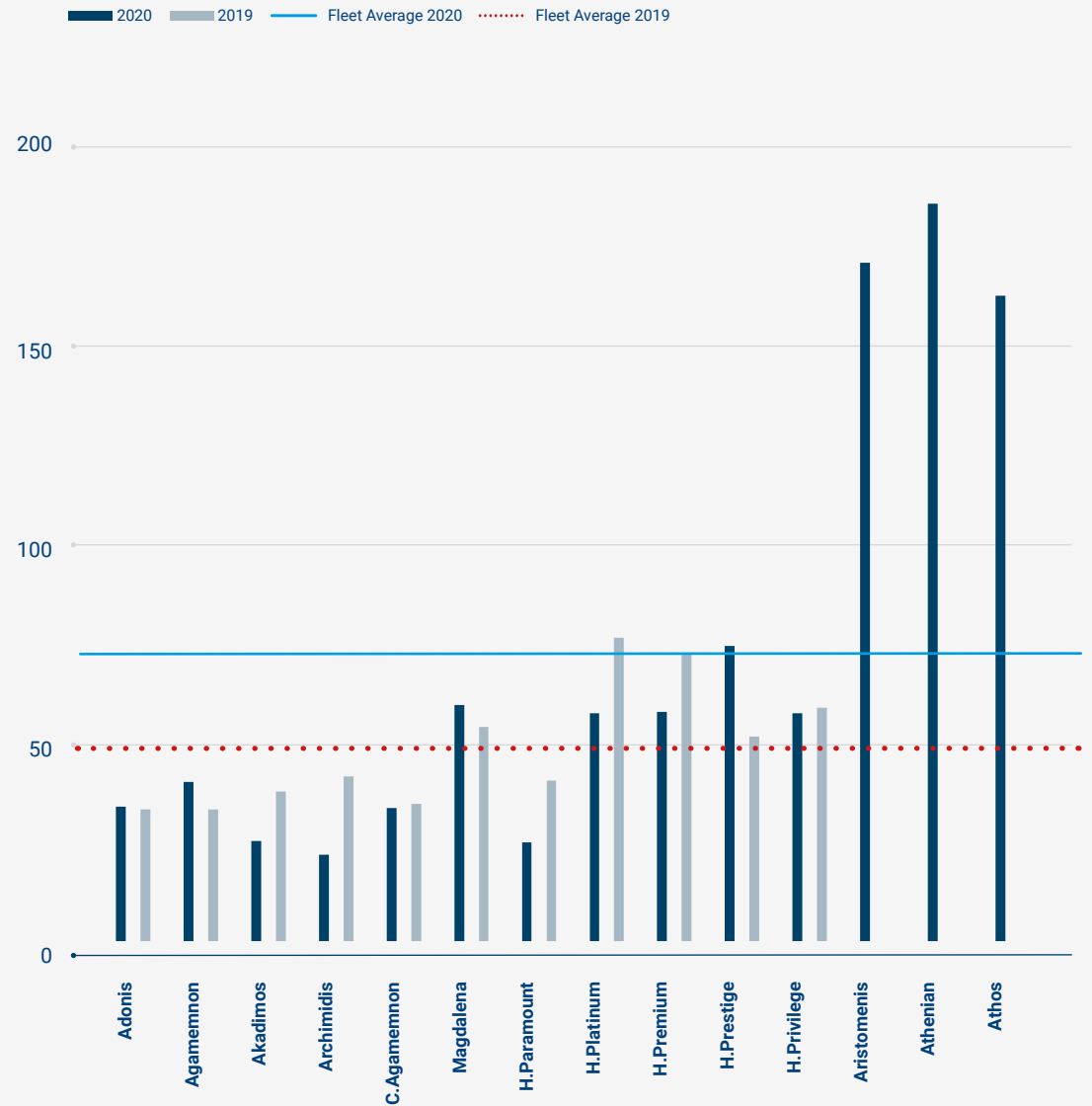
Particulate matter (PM) emissions are related to the fuel used and its relative sulfur content. PM10 emissions are defined as particulate matter with a diameter of 10 micrometers. In 2020, our 14 vessels emitted a total of 1,006 tonnes of PM10, while in 2019, when our fleet consisted of three less vessels, the PM10 emission in total were 535 tonnes.

Total PM10 emissions of our fleet

# 1,006

tonnes in 2020

## PM10 emissions (tonnes)



# Water & waste management

## Waste management

Controlling, managing and safely disposing all types of waste generated onboard our fleet, is an essential element of our environmental management system. We implement a comprehensive waste management system, in accordance with international and local regulations across our fleet, governing how all types of waste and sewage must be treated and disposed.

### Total Waste of our fleet



**936.5 m<sup>3</sup>**

in 2020



## Fresh water management

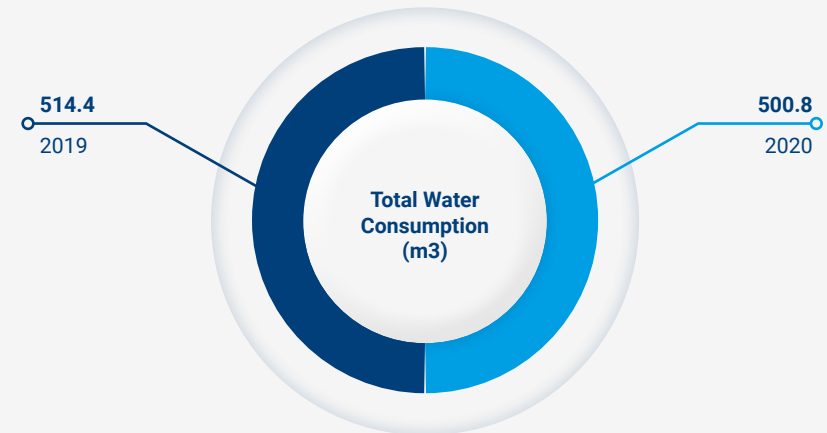
Fresh water is either produced onboard by ships' freshwater generators (from sea water) or supplied from shore-based sources. We are committed to continuous monitoring the consumption control and setting annual reduction targets for freshwater consumption across our fleet. We utilize water evaporators and rainwater collectors (wherever possible) installed onboard our vessels for vessel daily operations. In comparison with 2019, freshwater consumption was reduced by approximately 3%.

### Total Water consumption



**500.8 m<sup>3</sup>**

in 2020







# Protection of the marine ecosystem

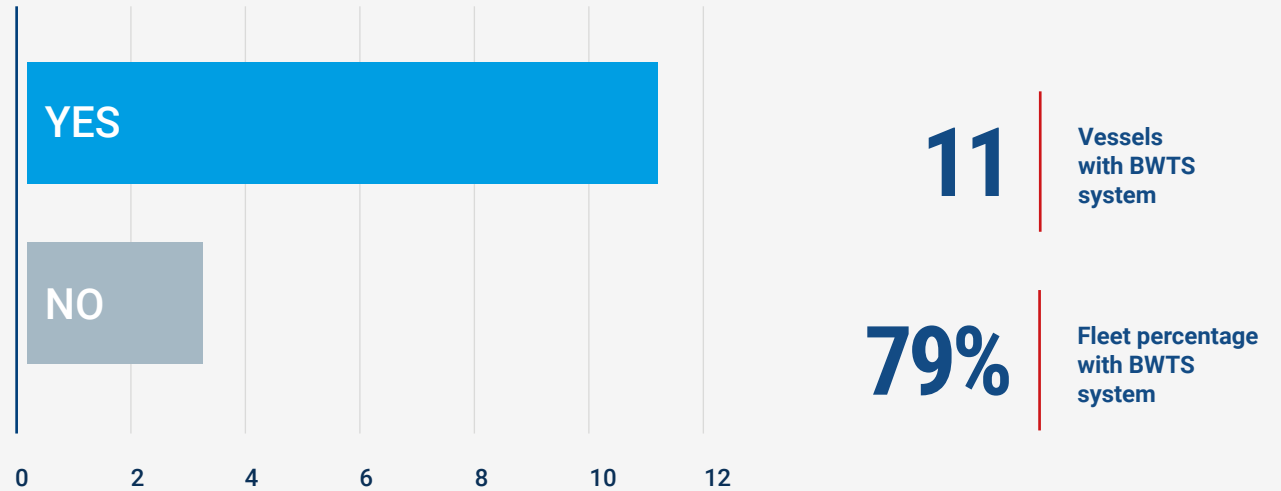


# Ballast water management & Scrubber installations

According to IMO Ballast Water Management Convention, it is of high importance to the Shipping Industry to properly manage ballast water in order to protect marine biodiversity.

We adhere to these guidelines and monitor our vessels closely. Ballast Water Treatments Systems (BWTS) are installed to remove and destroy any non-native and inactive biological organisms (zooplankton, algae, bacteria) that can be present in ballast water and could potentially harm the marine environment. At the end of year 2020, 11 of our vessels had installed BWTS. Based on our Dry-Docking planning, 3 more vessels are scheduled to install a Ballast water treatment by the end of 2021.

Number of Vessels with BWTS

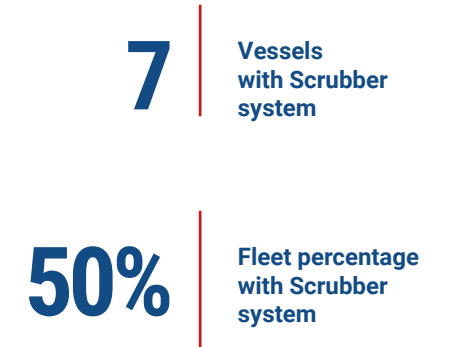


# Exhaust Gas Cleaning Systems or Scrubbers installations

The use of exhaust gas cleaning systems, also known as scrubbers, on ships as an alternative to switching to cleaner low-sulphur fuel, has accelerated since the adoption of stricter global ship fuel sulphur regulations by the International Maritime Organization (IMO) more than ten years ago. Since 2015, all ships travelling in designated Sulphur Emission Control Areas (SECA) have to comply with a fuel sulphur limit of 0.10 per cent.

The SECAs cover two northern European sea areas, the North Sea and the Baltic Sea, as well as the coastal waters (out to 200 nautical miles) of the United States and Canada.

As from 1 January 2020, the global sulphur limit has been reduced from 3.50 per cent to 0.50 per cent and will apply to all ships in international trade.





# Fuel spills release to marine environment

Oil and lubricant spills release at the oceans or harbors render into extreme risk marine life. We strictly follow and comply with local, national and international regulations, as well as procedures and safety and environmental standards with regards to the ISO 14001. We achieved zero spills to marine ecosystem both in 2019 and 2020. We are responsible and committed to the environment and the continuation of the marine biodiversity and we have an obligation to prevent the release of harmful substances and garbage into our oceans and seas.

We strive to protect both our people as well as our environment by achieving zero spills and incidents.

We are aware of the impact of oil and lubricants spills on the marine environment. We apply strict policies and set specific targets of zero spills to the environment, that comply with the international standards and legislations to protect the marine ecosystem.

## Our marine environmental protection performance in 2020:

**ZERO**

Number of spills  
to the environment

**ZERO**

Pollution  
incidents



# Ship recycling

All our vessels comply with the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) and hold an Inventory of Hazardous Materials certificate approved by our classification society. The HKC was adopted in 2009 in China and was further developed with input from IMO member states and other non-government organizations. The aim of the HKC is to ensure that when ships are being recycled once they reach the end of their operational lives, do not jeopardize human health and safety or the environment.

**% Fleet  
compliance  
with IHM**

**100%**





# Our ashore environmental impact

In our attempt to reduce our operation's environmental footprint, we are also closely monitoring the emissions of our head office operations. In 2020 we estimated our carbon footprint for the first time, and this enabled us to handle our environmental performance and monitor the effect of our day-to-day business activities.

During 2020, our head office CO<sub>2</sub> emissions were estimated at 545.75 tonnes reduced by 9.7% compared to 2019

Type of emissions	2020	2019
Electricity	90,000	89,700
Mobility	17,750	51,000
Air Travel	9,000	28,000
Shipments	429,000	435,500
Total CO <sub>2</sub> emissions (kg CO <sub>2</sub> )	545,750	604,200



Head office CO<sub>2</sub> emissions

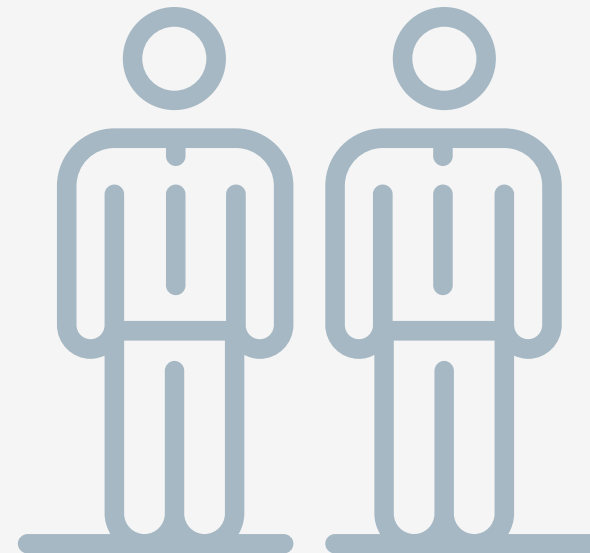
**545.75**

tonnes in 2020



# Social

## Related Sustainable Developments Goals (SDGs)



# Our Health & Safety, Environment, & Energy Efficiency (HSEE) system

We have a strong commitment to ensure the health and safety of the people and the protection of the marine environment. We comply with the national and international laws, rules, regulations and industry standards and apply policies to ensure the health and safety of all people associated with our operations.

We consider health and safety an integral part of our operations. We have established a Health and Safety, Environment, and Energy Efficiency (HSEE) System, with specific policies, procedures and controls. We consider our HSEE System fundamental to our long-term success and therefore an integral part of Company's business plans.

We continuously review and monitor the effectiveness of the established procedures and guidelines, as well as the continuity of the policies suitability and apply additional measures and proceed with necessary adjustments when deemed necessary, in order to ensure that our goals are achieved.

Our system's responsibilities extend throughout the organization from the highest level of Management downwards. All our personnel both ashore and onboard, implement and follow the Company's HSEE detailed procedures and instructions.

## We aim to:

**Prevent unsafe acts, personal injury, damage to property and the environment.**

**Recognize that health, safety, quality, energy efficiency and environment protection are essential to achieve the Company's goals.**

**Increase the sense of personal responsibility and raise awareness for health, safety, energy efficiency and environment protection.**

**Ensure that personnel assigned to the various tasks are experienced and have received adequate training.**

## HSEE Management Team / Occupational Health & Safety Committee

Our Managers have established an HSEE Management Team / OHS Committee to be responsible for the effective implementation of the current HSEE policies and activities and HSEE performance improvement initiatives and actions. The Committee consists of the HSEE Representative, the Managing Director, the Chief Technical Officer (acting also as the personnel representative) and the DPA.

## Employees' Consultation and Participation

Our employees' opinion is important to us. We provide to our employees clear, comprehensive and relevant information about the HSEE System, adequate training and required resources, while we also encourage them to propose initiatives or submit their complaints. We have adopted a HSEE suggestion and complaint mechanism, through which all employees are able to express a complaint or suggest an idea. Complaints and cases of non-conformity can be reported either anonymously or personally. The HSEE Representative and the HSEE Management Team / OHS Committee investigates the root cause of the complaint / non-conformity / suggestion and proceeds with necessary correction and corrective actions, when deemed necessary.

# Drug & Alcohol policy

We are highly committed in providing a safe work environment for our crew and in protecting their safety and well-being. Alcohol and drug abuse can impair a person's ability to perform properly and could thus, have serious adverse effects on safety. Management have established a strict Drug & Alcohol Policy which is adhered by all persons onboard our vessels.

We constantly monitor and make sure that the Drug & Alcohol Policy restrictions and policies are followed. Our crew members undertake drug and alcohol testing prior to employment, while at the same time our vessels are provided with approved alcohol testing devices and collection kits for drug testing purposes. We schedule unannounced drug and alcohol testing two or three times per year, with the help of approved shore medical services. Masters, Officers and crew are obliged to provide samples as and when required by shore laboratories and to undergo all testing when requested.

**Any violation of the Drug & Alcohol Policy results in the instant discharge from duties and disembarkation.**

## The policy mandates that:

Consumption and possession of alcohol, for private or any other use onboard our vessels is strictly forbidden.

The maximum permissible blood alcohol content of seafarers and other individuals attending our vessels should not exceed a specific level, in order to ensure that they are able to respond at any time to an emergency situation.

Crew members and other individuals attending a vessel must have abstained from alcohol for at least four hours prior to carrying out their duties.

The misuse of legitimate drugs and the use, possession, distribution and sale and purchase of illegal drugs is strictly forbidden.

## Number of Drug & Alcohol incidents



# ZERO

in both 2019 & 2020

# Our Health & Safety performance in 2020

Health and Safety onboard our vessel is a fundamental piece of our long-term success and a core value for us and our Managers. We are dedicated in providing a safe and healthy workplace onboard for our employees and visitors, through the implementation of our Health and Safety, Environment, and Energy Efficiency System (HSEE). We aim to enhance occupational safety, reduce factors that contribute to the occurrence of accidents and prevent human injuries for all seafarers and ashore personnel and visitors onboard our vessels.

Our health and safety performance is driven by our policies, guidance, equipment and training programs.



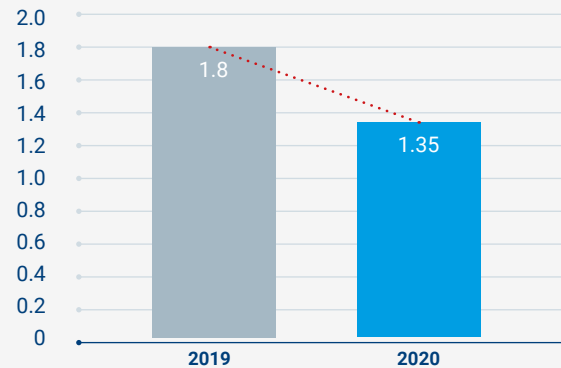
Lost Time Injury Frequency

**1.35** ↓ **25%**

Recordable Cases Frequencies

**1.80**

## Lost Time Injury Frequency (LTIF)



In 2020, we recorded four injuries including one medical treatment case and three lost work cases in our operations.

We reduced the Lost Time Injury Frequency (LTIF) by 33% and maintained a constant Total Recordable Case Frequency (TRCF) compared to 2019.

The LTIF rate in 2020 was 1.35 per 2,222,352 manhours and TRCF were 1.80 per 2,222,352.

Total Injuries (Lost Time injuries)

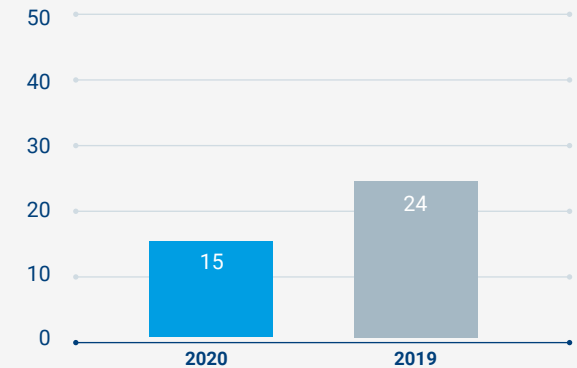
**4 (3)**

Fatalities

**ZERO**

Our operations are regulated by numerous international conventions, port state and flag state requirements. Our records in PSC (port state control) inspection's deficiencies are an indication of the effective implementation of policies, procedures and guidance.

## PSC Total Deficiencies per Year



PSC Inspections

**31**

PSC Deficiencies

**15**

Internal and external audits are performed onboard our vessels to safeguard that we comply with all regulatory requirements. During 2020, we reported an average of 0.2 nonconformities per internal audit and 0.4 nonconformities per 3<sup>rd</sup> party audit.

Ship visits by Superintendents

**19**

Ship visits by Top Management

**2**

We are close to our seafarers, we physically attend our vessels to support our crew members and ensure that all Company's policies are followed. In 2020 our visits were significantly reduced due to Covid-19 travel restrictions and we performed 19 visits onboard by our ashore Superintendents and 2 visits by Top Management



# Our seafarers onboard

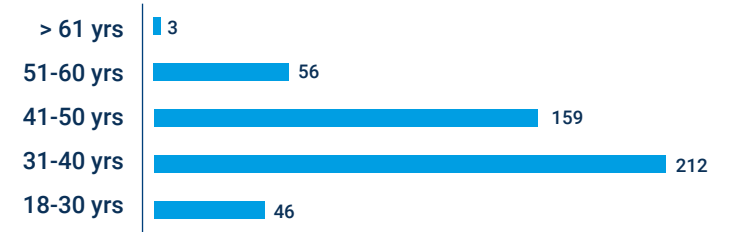
Our seafarers are the driving force of our operations, their safety and welfare are a priority for us.

The total number of seafarers onboard our vessels as of December 31<sup>st</sup>, 2020, was 280 selected from a pool of 476 skilled and experienced seafarers. We employ seafarers from different cultural backgrounds, and the majority of them are Filipinos and Romanians.

We invest in our people and promote their development. We are committed in providing equal opportunities to our crew members for career and skills development. Our philosophy is based on keeping our seafarers satisfied at their workplace and maintaining a high retention rate. We provide employees with learning and development opportunities that inspire and enable them to advance their capabilities. We invest in the upskilling of our seafarers in order to achieve their personal goals. In 2020 we spent \$311,363 in training programs.



## Seafarers per age group



**40**

Average age of seafarers

**98%**

Retention Rate

**\$4.3m**

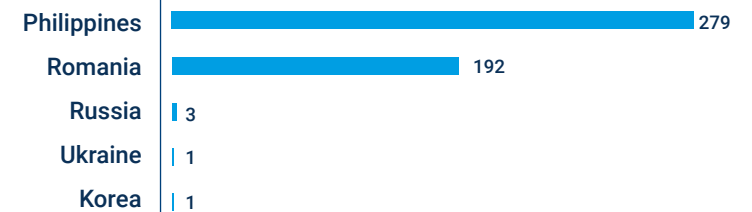
Crew salaries and bonus



## Nationalities

**5** Seafarer Nationalities

## Pool of Seafarers by Region



## Learning & Development



**\$311,363**

Crew training Expenses



**12**

Promotions



# Our employees ashore

Our people strengthen our operations and are considered the most important asset of our Company. Our team ashore together with that of our Managers consists of highly skilled individuals with extensive experience in the shipping operations and industry. We adhere to all labor laws and regulations and provide an attractive and safe work environment that promotes equality and diversity, empowerment and career development.

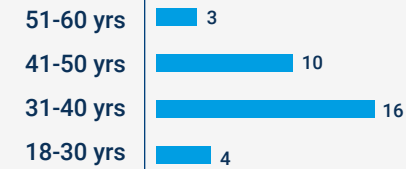
As of December 31, 2020, 33 individuals are involved in the management of our fleet, increasing our shore team by 14% since 2019. Regarding the characteristics of our ashore workforce, 23% of our employees represent women and 79% belong to the age group of 31-50 years old. In addition, our team has a diverse educational and professional background, while 100% of our employees holding a Bachelor or Postgraduate Degree.

We offer equal career growth opportunities that motivate our employees and we invest on their educational development and constant up-skilling.

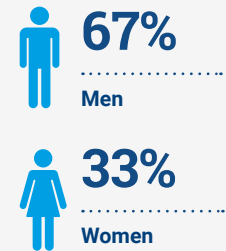
In 2020, our employees attended an average of 3 trainings (3 days/training session), with an average duration of 72 hours per year.



## Employee age distribution



## Gender Breakdown



## Employees educational background



## Recruitment & Promotions



# Supply chain practices

We manage our supply chain in a socially and environmentally responsible manner and collaborate with suppliers that meet our requirements. We have established an evaluation system through which we evaluate and select the suppliers and/or subcontractors, who supply products or services that directly or indirectly affect the quality of services we provide to our clients.

## Our criteria to the supplier's selection and evaluation process are the following:

- Quality of products and services delivered.
- Availability of items and delivery schedule.
- Value of products and services and payment terms.
- Legal compliance of products and services.
- Compliance of products and services to the Company's declared HSEE specifications, e.g. certification of PPEs, energy efficient equipment, certification of chemical substances, environmentally friendly products (e.g., chemicals, products with less package, etc.).
- Historical demonstrated capacity and performance.
- Compliance with HSEE industry standards and certifications such as ISO 9001, ISO 45001, ISO 14001 or ISO 50001.

We collaborate with suppliers worldwide and consider important to consolidate our spare parts shipment and forwarding activities in order to achieve a high level of efficiency and minimize our supply chain carbon footprint.

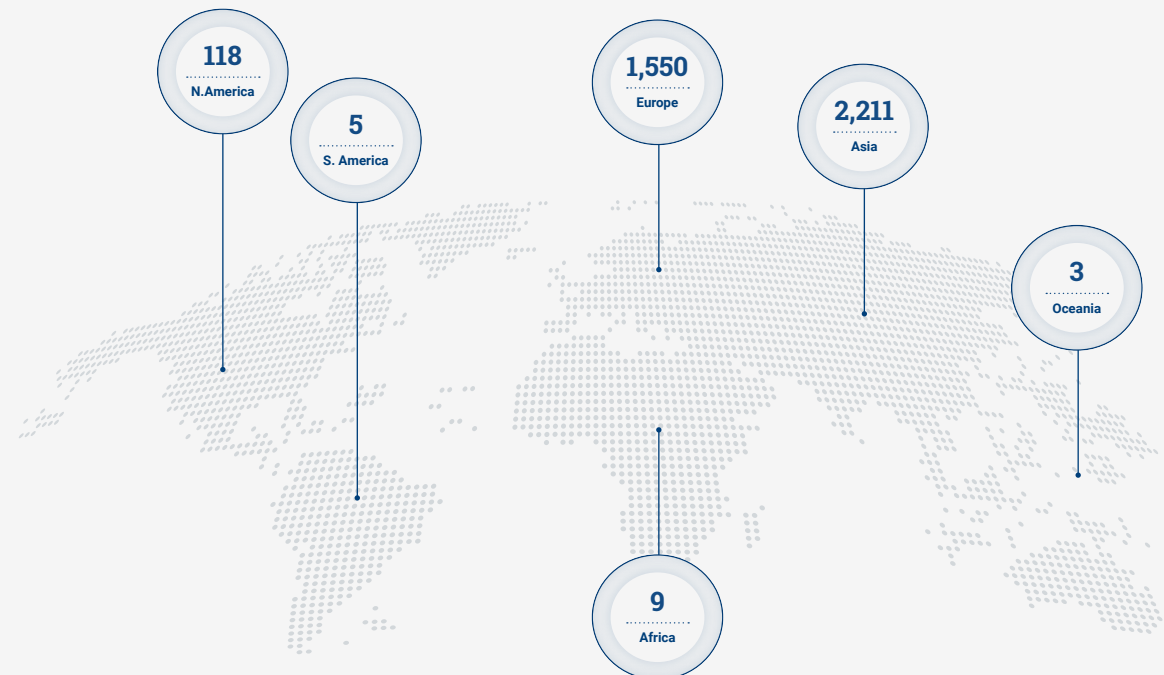
During the reporting period, approximately 34% of our supply shipments were consolidated.



Total Purchase orders in 2020

3,896

## Purchase orders per region in 2020





# Our contribution to the community

At Capital Product Partners, we believe that we are responsible for supporting and empowering our society. This notion is incorporated in our Company's philosophy and values and drives our daily business conduct. For many years we have been actively supporting a significant number of charitable and cultural causes both in Greece and around the world. Our primary purpose is to contribute meaningfully to the communities in which we work and live.

## Cultural Initiatives

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In order to preserve access to higher education about Modern Greece abroad, we partly supported the fundraising initiated and completed by Ohio Hellenic Paideia ('OHP', Columbus Ohio, USA) between 2015-2020, in order to safeguard the continuing operation of the Modern Greek Studies Program at The **Ohio State University** (Columbus Ohio, USA).

## Social Initiatives

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Our Managers offered donations for the support of people in need around the Port of Piraeus and other charitable and cultural causes.



# Corporate Governance

Related Sustainable Developments Goals (SDGs)

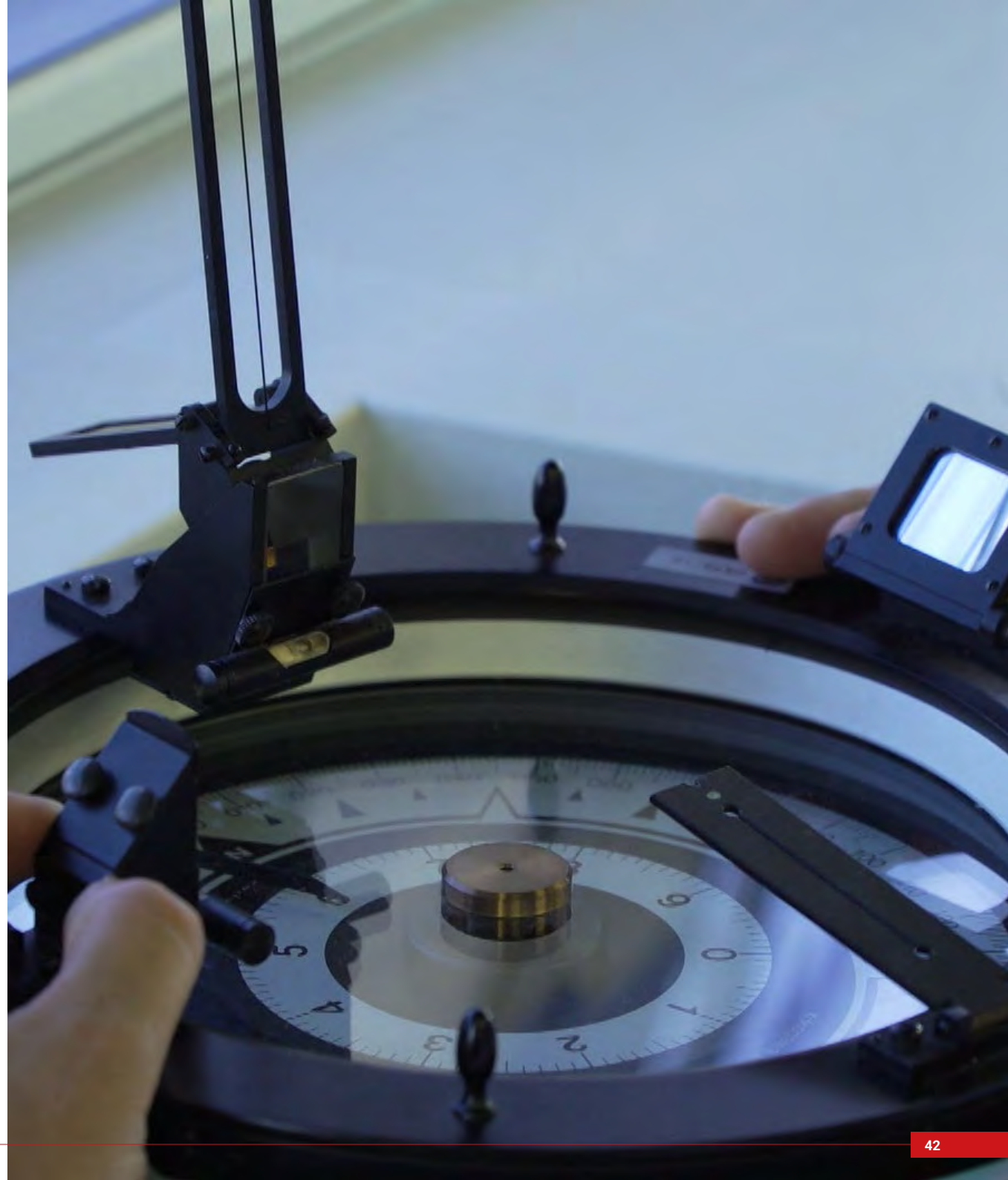






# Our Governance Framework

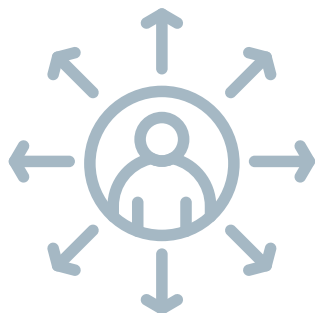
Sustainability is rapidly becoming a strategic imperative for Capital. In order to maintain the trust and confidence of our stakeholders, we act responsibly, adhere to the highest standards of ethical conduct and implement a more targeted and integrated approach to reach our sustainability-related objectives. Our governance model is anchored with the Board of Directors and supported by additional committees that ensure alignment across the company. Through our governance framework, we aim to foster a culture of ethical business, while also following a proper risk management system.





# Our Board of Directors

Pursuant to our Partnership agreement, our Board of Directors has the authority to oversee and direct our operations, management and policies on an exclusive basis.



## Board composition

Directors appointed by our General Partner serve as directors for terms determined by our General Partner and directors elected by our common unitholders are divided into three classes serving staggered three-year terms ("Class I", "Class II", and "Class III").

Our Board of Directors currently consists of seven members, including two members who are designated by our General Partner in its sole discretion and five members who are elected by the common unitholders.



Board Members	Role	Committees
<b>Keith Forman</b>	Chairman of the Board   Class III director	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Conflicts committee</li> <li>Compensation committee</li> </ul>
<b>Gerasimos (Jerry) Kalogiratos</b>	Director appointed by our General Partner   Chief Executive Officer	
<b>Dimitris P. Christacopoulos</b>	Class II director	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Conflicts committee</li> <li>Compensation committee</li> </ul>
<b>Gurpal Grewal</b>	Director appointed by our General Partner	
<b>Rory Hussey</b>	Class I director	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Conflicts committee</li> <li>Compensation committee</li> </ul>
<b>Abel Rasterhoff</b>	Class II director	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Conflicts committee</li> <li>Compensation committee</li> </ul>
<b>Eleni Tsoukala</b>	Class III director	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Conflicts committee</li> <li>Compensation committee</li> </ul>

# Board Characteristics

We have formed a diversified governance body that encompasses a wide range of backgrounds, cultures and experience

1

Ethnic Minority

4

Nationalities

1

Female Director



Average Directors' tenure

7.8 yrs

The Board of Directors is additionally supported by various committees which are summarized below:



## Audit Committee

Our Audit Committee of our Board of Directors is composed of three or more independent directors, each of whom must meet the independence standards of the Nasdaq Global Select Market, the SEC and any other applicable laws and regulations governing independence from time to time. The Audit Committee, among other things, (i) reviews our external financial reporting, (ii) engages our external auditors and (iii) oversees our internal audit activities and procedures and the adequacy of our internal accounting controls.



## Conflicts Committee

Our Conflicts Committee of our Board of Directors is composed of three or more independent directors that are not officers or employees of our General Partner or directors, officers or employees of its affiliates, and meet the independence standards established by the Nasdaq Global Select Market to serve on an Audit Committee of a Board of Directors and certain other requirements. The Conflicts Committee (i) reviews specific matters that the board believes may involve conflicts of interest and (ii) determines if the resolution of the conflict of interest is fair and reasonable to us.



## Compensation Committee

Our Compensation Committee of our Board of Directors is composed solely of independent directors, those directors who neither are officers or employees of the General Partner or its affiliates nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise independent under the rules of the Nasdaq Global Select Market as they apply to compensation committee members. The Compensation Committee (i) reviews compensation of the members of the Board of Directors and (ii) has overall responsibility for approving and evaluating our compensation plans, policies and programs, but not the compensation of the executive officers of the General Partner of the Partnership and related executive service agreements.

# Our Ethical Principles

We are dedicated in creating an ethical and trustworthy working environment. Thus, all our employees and business partners are required to strictly follow our Code of Business Conduct and Ethics. Our Code sets out the principles and values we follow, which guide all our actions and decisions.

## The key areas covered by the Code are the following:

- Compliance with applicable Laws, Rules and Regulations
- Compliance with anti-trust laws
- Application to third parties
- Zero tolerance on retaliation
- Dissemination and amendment
- Waivers
- Operational conduct
- Personal conduct in the Company
- Personal relationships
- Confidential information
- Company property
- Anti-bribery and corruption
- Records and accounts
- Reporting and compliance procedures
- Training and review procedures

All of our employees, directors and officers, agents and persons performing similar functions, officers or directors of our manager wherever located, as well as all of our subsidiaries and other business entities, are obliged to follow our Code of Ethics. Any violation of this Code may result in disciplinary action, including suspension and/or termination of employment.

### Third- Party ethics training

Our aim is to collaborate with third parties, either entities or individuals, whose principles and morals are aligned with our business conduct. Thus, in order to ensure that all employees and third parties act in accordance with the Code, the Company regularly provides a series of appropriate trainings aiming at enhancing ethical awareness across all business parts.

### Our anti-bribery and corruption policy

We are committed to carrying out our business fairly, honestly and openly. It is our policy to maintain the highest standards of ethical conduct and to comply fully with all applicable laws and regulations, including anti-bribery legislation such as the U.S. Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act 2010 ("Bribery Act"), in every jurisdiction in which we do business. We do not engage in bribery or corruption in any form, whether in the private or public sector, while compliance with anti-bribery legislation is an ongoing responsibility of each employee.

### Induction and Refreshers

The Company is providing a comprehensive induction procedure for all new employees with emphasis on Ethics training while it also provides all employees with refresher courses on the Code of Ethics.



## ZERO

Bribery & fraud incidents



## ZERO

Violations of our ethical principles & anti-corruption policy

### Corporate culture

We are a prominent company with global exposure and thus, we are committed to upholding the highest standard of ethical business. We aim to sustain a corporate culture that promotes fair activities, prohibits and reports any forms of conflict and/or suspicious behavior, respects human rights and diversity, and enhances a safe and healthy working environment.

### Reporting violations of Business Conduct and Ethics

Company's Employee should notify immediately our Independent Legal Consultant at any incident of bribe, facilitation payment or kickback that has been, or will be, paid or offered to or from an employee. Any issues reported to our Independent Legal Consultant are treated confidentially or in anonymous basis.

### Transparency International Corruption Perception Index

Our vessels operate globally and thus, geography plays a highly significant role to our exposure to corruption risks. In 2020, 13% of our vessels port calls, were in countries in the 20 lowest rankings of Transparency International's Corruption Perception Index (CPI).

Port calls in countries with the 20 lowest rankings in CPI

## 13%

of our total port calls

# Risk Management

We have established an Internal Audit department that provides independent and objective assurance to our activities, and adds value to the improvement of our operations. Our Internal Audit department brings a disciplined approach to evaluate and improve the effectiveness of the organisation's operations, governance, risk management and internal control mechanisms. The Internal Audit department is responsible to assess and evaluate whether existing practices and policies are adequate and effective, and meet our targets and objectives. During the fiscal year 2020, the Internal Audit department conducted 157 tests of controls in 15 processes with no material weaknesses or control deficiencies identified.



**157**

Number of controls tests conducted



**ZERO**

Material weaknesses or control deficiencies identified

To ensure the efficiency in our operations and the continuity of our business activities, we constantly monitor, assess and evaluate the risks associated with our operations and industry, and take immediate action and implement required measures.



## Our top risks for 2020

- ▶ Partnership's business affairs to be conducted in an ethical and legal manner.
- ▶ The management structure to be adequate and efficient.
- ▶ The business risks (across all levels of the entity) are adequately considered and evaluated.
- ▶ To successfully grow the Partnership's business together with its capacity to manage its expanding business.
- ▶ To maintain and operate a high quality, modern fleet with high fleet utilization rates.
- ▶ To attract and retain qualified and competent personnel.
- ▶ To maintain a culture of honesty and opposition to fraud and corruption through adherence to entity's policies and procedures.
- ▶ To identify information technology risks and protect information technology from information security risks.
- ▶ To maintain a well-established internal controls system which is properly monitored by Management.



# Enhancing Digital Security

We recognize the risks arising from cyber security incidents and we have established a Cyber Security policy, that aims to safeguard and protect the Company's information assets from any potential internal or external, deliberate or accidental threat and to ensure business continuity by reducing damages and increasing investment return and relevant industry opportunities.

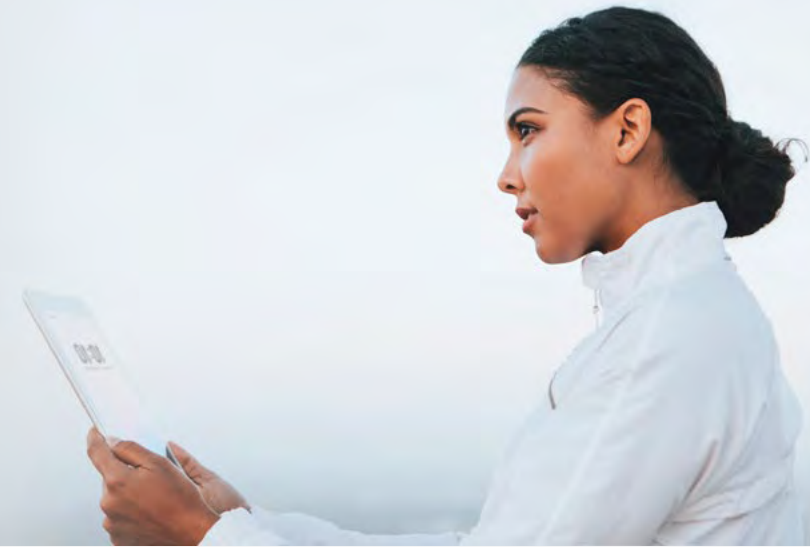
## Our approach to Cyber Security:

1. We have established a Policy to safeguard that information and systems identified as vulnerable to Cyber-attacks are protected from a loss of confidentiality, integrity and availability and that all regulatory and legislative requirements are met. All breaches of information security, actual or suspected, are immediately reported and investigated.
2. We have developed Cyber Security Contingency Plans and provided Cyber Security training to all staff.
3. We have drafted specific guidance and procedures to support our policy, including incident handling, information backup, system access, virus controls, passwords and encryption processes.
4. We have appointed a Security Manager who is responsible of the information security, advice and guidance on Cyber Security Policy implementation.
5. Our Managers are directly responsible for implementing the Policy within their departments.
6. Each employee and crew member is responsible to adhere to Company's Cyber Security Policy.

We have designed and implemented a disaster recovery plan that aims to address significant disruptions in case of threats and risk conditions or other highly unusual events, that might affect our day to day operations.

## ZERO

Cyber security incidents



## Our disaster recovery plan supports the Company through the following actions:

- a. Identification of the requirements and needs for continuity of our operations in case of threats and risk conditions, and the development of plans against those risks.
- b. Planning of the resources, disaster recovery capabilities and actions, to ensure continuity of business when responding to risk conditions.
- c. Periodic table-top exercises that allow for revision of disaster plans, and training for new and for experienced personnel.
- d. Ensuring that the security architecture that protects the existing systems, facilities, personnel, and assets, is adequately implemented in all Company's functions during a disaster recovery scenario.

## We have applied specific measures to mitigate all threats onboard and ashore:

- a. We actively promote cyber security awareness among all our employees with regular seminars conducted by a third party.
- b. All employees responsible for security, are adequately trained in order to support company's activities.
- c. Vessels are provided with enhanced security and monitoring equipment (established CCTV on main office and some vessels and two satellite communication systems, apart from Inmarsat-C).
- d. We are involved in the testing and implementation of innovative security technology and systems (i.e. upgrade of all vessels to Fleet Xpress and Darktrace testing).
- e. Regular penetration test conducted by third party with GAP analysis for further cybersecurity improvement.



# Appendices

# Key environmental regulations

We comply with all the applicable environmental regulations.

Regulation / Initiative	Description	Our response
<p><b>1. Inventory of Hazardous Materials (IHM) requirements for a structured system to control hazardous materials</b></p>	<p>A regulation which controls hazardous materials onboard and aims to Safe and Environmentally Sound Recycling of Vessels. Any vessel of 500 GT and/or over, requires a valid and certified IHM onboard if calling at an EU port or anchorage. Non-EU flagged vessels can also be certified against EU SRR by complying with the HKC IHM requirements.</p> <p><b>Entry into force: 31 December 2020</b></p>	<p>All CPLP fleet vessels <b>comply with the IHM regulation</b> and relevant certificates are issued for each vessel.</p>
<p><b>2. MARPOL Annex VI 0.50% Sulphur limit</b></p>	<p>A regulation which aims to minimize the amount of sulphur oxide emissions from vessels - either by adopting alternate fuels or installing Exhaust Gas Cleaning Systems (EGCS / scrubbers), or by using fuel oil with a Sulphur content of no more than 0.50% m/m (mass by mass).</p> <p><b>Entry into force: 1 January 2020</b></p>	<p><b>7</b> of our vessels have already installed <b>Scrubbers</b>. <b>3</b> of our vessels to install <b>Scrubber</b> by the end of 2021.</p>
<p><b>3. IMO Strategy on reduction of GHG emissions from ships</b></p>	<p>Reduction of total GHG emissions from international shipping by at least by at least 50% by 2050 and a reduction in carbon intensity of 40% by 2030, and 70% by 2050 (compared to 2008).</p> <p><b>Entry into force: October 2018</b></p>	<p>We are committed to reduce our carbon intensity and meet the IMO's 2030 and 2050 targets.</p>
<p><b>4. IMO Ballast Water Management Convention</b></p>	<p>Sets standards for proper management of ballast water and sediments to prevent the spread of harmful marine species.</p> <p><b>Entry into force: 8 September 2017</b></p>	<p><b>11</b> CPLP vessels <b>comply</b> already <b>with the IMO Ballast Water Management</b> regulation.</p>
<p><b>5. IMO Data Collection System (DCS)</b></p>	<p>Requires collection of fuel consumption data for ships 5,000 GT or over as part of the mandatory Ship Energy Efficiency Management Plan.</p> <p><b>Entry into force: 1 January 2020</b></p>	<p>All CPLP vessels <b>comply with the IMO Data Collection System (DCS)</b>.</p>
<p><b>6. Energy Efficiency Existing Ship Index - (EEXI)</b></p>	<p>The latest MARPOL Convention amendments mandate that all vessels above 400 GT in size are required to comply and achieve a required level of technical efficiency, based on a required reduction factor.</p> <p><b>Entry into force: 1 January 2023</b></p>	<p>We are working towards the upcoming EEXI regulation set to come into effect on January 1<sup>st</sup>, 2023, through an initial preparation as per latest available guidelines.</p> <p>All CPLP vessels are in progress to complete all the required preparation in order to comply with the Energy Efficiency Existing Ship Index - (EEXI) standard.</p>



# SASB marine transportation material issues

Category	Disclosure topic	Code	Page reference
<b>GHG emissions</b>	Gross global Scope 1 emissions	TR0301-01	22
	Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR0301-02	-
	Total energy consumed, percentage from heavy fuel oil, percentage from renewables	TR0301-03	22
	Energy Efficiency Design Index (EEDI) for new ships	TR0301-05	-
<b>Air Quality</b>	Air emissions for the following pollutants: NOx, SOx, and particulate matter (PM)	TR0301-04	23-36
<b>Ecological impacts</b>	Shipping duration in marine protected areas and areas of protected conservation status	TR0301-06	-
	Percentage of fleet implementing (1) ballast water exchange and (2) ballast water treatment	TR0301-07	29
	Number and aggregate volume of spills and releases to the environment	TR0301-08	30
<b>Employee health and safety</b>	Lost time injury rate (LTIR)	TR0301-12	36
<b>Business ethics</b>	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	TR0301-09	45
	Amount of legal and regulatory fines and settlements associated with bribery or corruption	TR0301-10	45
<b>Accident &amp; safety management</b>	Number of serious marine incidents	TR0301-11	36
	Number of Conditions of Class or Recommendations	TR0301-13	N/A
	Number of port state control (1) deficiencies and (2) detentions	TR0301-14	36



# GRI contents index

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	102-2 Activities, brands, products, and services		
	102-3 Location of headquarters		
	102-4 Location of operations		
	102-5 Ownership and legal form		
	102-6 Markets served		
	102-7 Scale of the organisation		
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	102-16 Values, principles, standards, and norms of behavior	Governance	41
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	102-18 Governance structure		
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	102-56 External assurance	-	
<b>Economic performance</b>			
<b>GRI 103</b> Management approach	103-1 Explanation of the material topic and its Boundary	Materiality Analysis	13-14
	103-2 The management approach and its components		
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<b>GRI 201</b> Economic performance	201-1 Direct economic value generated and distributed	About Capital Product Partners	7
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<b>Diversity and equal opportunities</b>			
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