



**STAR BULK**  
2018 SUSTAINABILITY REPORT



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# MESSAGE FROM OUR CEO



# MESSAGE FROM OUR CEO

2018 has been a milestone year for Star Bulk, a year of sustainable growth, exciting developments, and solid performance on all aspects of our business.

Our fleet increased by 50% through a series of successful fleet acquisitions which have further strengthened the modernity, quality and fuel-efficiency of our fleet. This growth coupled with a strong 2018 market allowed us to almost double our revenues compared to the previous year, while remaining one of the most efficient ship operators among our peers and consistently ranking among the top companies globally on the Rightship risk rating. Our cash position was one of the strongest among dry bulk peers, further safeguarding the company's financial sustainability.

Monitoring, reporting and strengthening our Environmental, Social and Governance activities, is at the top of our strategic agenda. With this Report we aim to enhance the transparency of our Sustainability performance, contribute to the United Nations' Sustainable Development Goals (SDGs), and present our action plan for continuous improvement.

With the rapidly changing external environment, we strive to proactively address new risks and requirements and remain at the forefront of developments. Complying timely and efficiently with environmental regulations, building long-lasting and trusted relationships with our partners, safeguarding high ethical standards in our working practices, and ensuring the security, safety and quality of our operations, have all been pivotal elements in our strategy, culture and everyday business.

None of the above could have been accomplished without our people, both on board and ashore. We take pride in the qualities, commitment and professionalism of our team of seafarers and shore employees, and we make sure to provide them with a safe, secure and fair working environment which respects diversity and fosters talent development. Together with our team, we support the communities in which we operate, through social contribution initiatives on humanitarian assistance and education, among other activities.

Our vision is to be the global leader in sustainable dry bulk shipping. This drives our hearts and minds every day, striving to perform responsibly and respectfully in the arena of global trade.



*Petros Pappas, Star Bulk CEO*

“  
*Give me a Ship  
and I shall move  
the Earth.*

”

*inspired by Archimide's  
original quote*

# ABOUT THIS REPORT



# ABOUT THIS REPORT

We at Star Bulk Carriers Corp. (Star Bulk), the largest U.S. listed dry bulk shipping company, view sustainability as a guiding framework of our activities and a core element of our culture, business and corporate strategy. We communicate our approach on sustainability issues, progress and achievements through our annual Sustainability Report.

This is Star Bulk Carriers Corp.'s first Sustainability Report and refers to the period 01.01.2018 – 31.12.2018. The Report has been prepared in accordance with the GRI Standards\*: Core option. Reporting based on the GRI Standards ensures that the content and issues discussed are relevant, consistent and comparable.

Our Sustainability Report describes our strategy, the issues that are material both for us and our stakeholders, provides extensive information about the Company's sustainability activities and communicates the actions taken for accomplishing our goals.

The scope of the Report covers all aspects of the Company's sustainable operations including corporate governance, operational excellence, and the ways in which it measures and manages its impact on the environment, its people and society. Our approach is to highlight and report on the material issues as these have been identified by our stakeholders, including among others our clients, business partners, employees, suppliers and the communities we affect through our operational activities.

\* GRI Standards: Global Reporting Initiative Standards

\*\* Except as otherwise noted, this Report covers the 2018 performance of Star Bulk. Certain information in this Report regarding the Company comes from third – party sources of operations outside our control. We believe such information has been accurately collected and reported.



*This is Star Bulk Carriers Corp.'s **first Sustainability Report**, disclosing performance for the year 2018. This Report has been prepared in accordance with the **GRI Standards: Core option** and with the guidance of **PwC Greece**.*

# ABOUT STAR BULK CARRIERS CORP.



# WHO WE ARE

**We are a global shipping company providing worldwide seaborne transportation solutions in the dry bulk sector. Our vessels transport major bulks, which include iron ore, minerals and grain and minor bulks which include bauxite, fertilizers and steel products.**

We were incorporated in the Marshall Islands on December 13, 2006 and maintain offices in Athens, Cyprus, New York, Oslo, and Geneva. Our common shares trade on the Nasdaq Global Select Market and the Oslo Børs under the symbol “SBLK”. As of 31 December 2018 we owned a fleet of 107 vessels, with an aggregate capacity of 11,75 million dwt, consisting of Newcastlemax, Capesize, Minicape, Post Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels, with carrying capacities between 52,055 dwt and 209,537 dwt. Additionally, during 2019 we will be taking delivery of three newbuilding Newcastlemax vessels built in a reputable Chinese shipyard.

## **Our Major Shareholder: Affiliates of Oaktree Capital Management, L.P.**

Oaktree Capital Management, L.P. is affiliated with entities that comprise our largest shareholder (collectively, “Oaktree”). Oaktree is a leader among global investment managers specializing in alternative investments, with \$120 billion in assets under management as of December 31, 2018. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 900 employees and offices in 18 cities worldwide.

Oaktree recognizes that the environmental, social and governance (“ESG”) issues are of paramount importance to responsible investing, regularly evaluates how to best incorporate ESG considerations to the investment process on behalf of its clients and conscientiously implements the Company’s Socially Responsible Investing policy.



## **107 vessels**

*with an aggregated capacity of 11,75m dwt as of 31/12/2018*



## **5 offices**

*around the world, including Athens, Cyprus, New York, Oslo, and Geneva*



## **2 listings**

*Star Bulk’s common stock trades on the **Nasdaq** Global Select Market under the ticker symbol “SBLK” and on the **Oslo Stock Exchange** under the ticker symbol “SBLK”*

# OUR GLOBAL OPERATIONS



Our **larger size vessels**, Newcastlemax and Capesize vessels, primarily transport minerals from the **Americas, Australia and Brazil to East Asia**, particularly **China**, but also **Japan, South Korea, Taiwan, Indonesia and Malaysia**.



Our **smaller size vessels**, Post-Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels, carry minerals, grain products and steel products between the **Americas, Europe, Africa, Australia and Indonesia** and from these areas to **China, Japan, South Korea, Taiwan, the Philippines and Malaysia**.



## 55 million metric tons

*In 2018 we carried more than 55,000,000 metric tons of cargo across the world*

### NUMBER OF PORT CALLS IN OUR MOST VISITED COUNTRIES DURING 2018



# OUR VISION, MISSION AND VALUES



## Our Vision

To be the global leader in sustainable dry bulk shipping.



## Our Mission

We own and manage a diverse and modern fleet of high-specification bulk carriers that transport cargoes efficiently and in a way that protects human health, the environment and the vessels in operation, and that meets or exceeds the safety and quality standards of the industry and of our customers. Our vessels are manned by competent and well-trained seafarers and are operated by experienced and highly skilled onshore professionals. We strive to achieve the following goals:

- ✔ **Zero** incidents
- ✔ **Zero** oil spills
- ✔ **Reduction** of emissions
- ✔ **Superior** service to our charterers
- ✔ **Maximum** value for our shareholders



## Our Values

We are guided by the following principles in our thought and action:

### ✔ **Entrepreneurship:**

We are dynamic, rigorous, agile and assertive in our everyday work and decision-making.

### ✔ **Openness:**

We promote honesty, transparency, integrity and ethos, as well as willingness to listen, learn and develop one's self.

### ✔ **Meritocracy:**

We are fair to our business partners and also to our employees, whose talents we promote and develop within our organization.

### ✔ **Initiative:**

We encourage new ideas, creativity, and innovative approaches to continuously improve our services and our way of working.

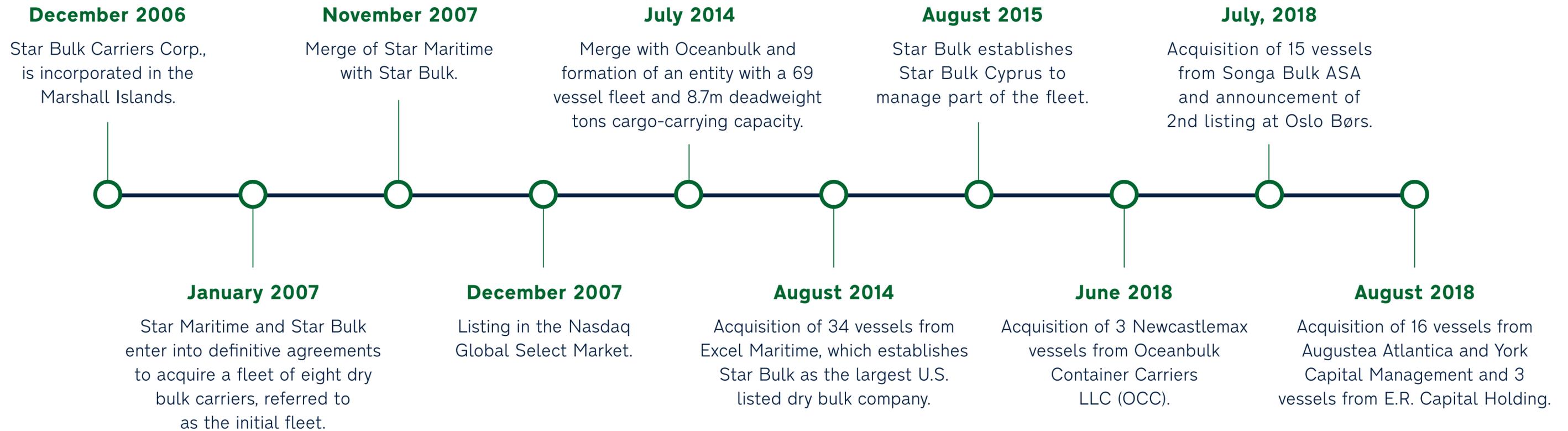
### ✔ **Teamwork:**

We foster collaboration and respect, and we aim to leverage each person's competencies for the benefit of the company.

### ✔ **Sustainability:**

We encourage a deep awareness of our impacts on the economy, the environment and society today and in the future.

# A PATH TO CONTINUOUS GROWTH



## Our Memberships



# OUR MODERN AND DIVERSIFIED FLEET

## 8 years

*fleet average age*

### **A fleet of 107 vessels**

As of December 31, 2018 our company owned a diversified fleet consisting of 107 vessels with carrying capacity between 52,055 dwt and 209,537 dwt, which covers all market segments and transportation needs. We have sustainably grown our fleet through timely and selective acquisitions of secondhand and newbuilding vessels. Our fleet comprises large, modern, fuel-efficient and high-quality vessels, with an emphasis on the largest Eco-type Newcastlemax and Capesize vessels, built at leading shipyards and featuring the latest technology in shipbuilding.

## 50%

*Increase in fleet size since 2017*

*Our **fleet size** continuously grows and we anticipate a further **increase** by the **end of 2019**.*

## 32,000

*Ownership days on a fully delivered basis within 2018*

### **Technical Management Services to our fleet**

During 2018 we provided in house technical management services to 67% of our fleet (74 out of 107 vessels). More specifically, our in house managed fleet consists of 11 Newcastlemax, 13 Capesize, 4 Post Panamax, 20 Kamsarmax, 2 Panamax, 14 Ultramax, and 10 Supramax vessels. For the remaining vessels Third Party Technical Managers with long standing experience and track record were appointed.



**14 Newcastlemax**  
*(+3 New Buildings)*



**20 Capesize**



**7 Post Panamax**



**35 Kamsarmax**



**2 Panamax**



**17 Ultramax**



**12 Supramax**

# OVERVIEW OF OUR SUSTAINABILITY PERFORMANCE (A)

As a leading shipping company with global operations we focus on monitoring closely and continuously improving the impact of all of our activities on sustainability. This report presents our sustainability performance in five areas (“sustainability pillars”).



## Corporate Governance

We operate under a strong corporate governance framework and adhere to the highest ethical standards at par with international best practices in order to achieve the Company’s objectives and ensure sustainable growth. For 2018, we report:

- Adopting the **highest standards** in **ethics, integrity** and **anti-corruption**.
- **Zero whistleblowing incidents**.
- **Zero violations of our ethical principles**.
- **No material weaknesses** or **significant deficiencies** in internal audits or external financial audits.
- **30%** increase of **internal audits** conducted by our Internal Audit team compared to 2017.



## Operational excellence

We operate at the highest industry standards, consistently offering high quality services and seeking ways to create efficiencies and optimise our performance. For 2018, we report:

- Consistently one of the **top ranking** companies globally in the **Rightship** risk rating.
- Approximately **\$ 320 million** increase in **Revenues** and **70%** increase of **operating income**.
- One of the **most efficient** dry bulk operators in **Operating Expenses** among our peers.
- Over **99%** fleet **utilization**.
- Dedicated pool of more than 4,000 seafarers.



## Society

It is important for us to be a responsible corporate citizen by supporting and creating value for the wider community. We work closely with our community stakeholders to achieve greater social impact through our business operations and other activities.

- Our **community investment** activities included **cash donations, voluntary work** and provision of **goods / services**.
- Among other activities, we supported underprivileged groups, we helped **young people** develop their talents and skills and contributed to **families** who suffered damages from **natural disasters**.

# OVERVIEW OF OUR SUSTAINABILITY PERFORMANCE (B)

As a leading shipping company with global operations we focus on monitoring closely and continuously improving the impact of all of our activities on sustainability. This report presents our sustainability performance in five areas (“sustainability pillars”).



## Environment

We are committed to minimising our impact on the environment by promoting environmental stewardship in all aspects of our operations and being proactive in adopting upcoming regulations. For 2018, we report:

- **Zero oil spill** incidents.
- **14%** reduction of **environmental Port State Control deficiencies**.
- **Commitment to comply with IMO 2020** timely and efficiently by retrofitting the majority of our fleet prior to 1 January 2020 with **Exhaust Gas Cleaning Systems**.
  - ✓ Secured timely slots for the installation of the Exhaust Gas Cleaning Systems in highly technical expertise shipyards.
  - ✓ Secured contracts with reputable and high quality suppliers.
  - ✓ Set up in house and on site dedicated teams to oversee the project.
- Secured a **green loan of \$ 70 million** that will finance 70% of the Exhaust Gas Cleaning Systems procurement and installation costs for certain of our vessels.



## Employment

We ensure a safe working environment both on board our vessels and at our offices by implementing a robust health and safety management plan aiming to eliminate work related accidents.

- Over **95% crew** and over **97% office** employee **retention** rate.
- **41%** of our office employees are women, creating a **diverse** and **equal opportunities** work environment.
- More than **24%** of our **office operational workforce have seagoing experience**.
- **32%** increase in **crew promotions** since 2017.
- Our average salary for Philippino crew is more than **9 times higher** compared to the **country’s GDP**.
- **100%** of our employees receive **performance feedback**.

# OUR APPROACH TO SUSTAINABILITY



# ALIGNING OUR SUSTAINABILITY STRATEGY WITH THE SDGs

In 2015, the UN adopted 17 goals 'to transform our world, to end poverty, protect the planet, and ensure prosperity for all' agreed upon and signed by the 193 UN member states. The SDGs articulate the world's most pressing environmental, social and economic issues, and also provide a universal framework that businesses can use to improve their performance on sustainable development.

As part of the United Nations family, IMO is actively working towards the 2030 Agenda for Sustainable Development and the associated SDGs.

As a member of the international shipping community, Star Bulk is dedicated to aiding in the achievement of the SDGs by working with the various stakeholders of the maritime industry for the promotion of sustainable development.



# ENGAGING WITH OUR STAKEHOLDERS

At Star Bulk we appreciate the role and significance of our stakeholders when it comes to defining our sustainability strategy. Their insight enriches our perspective regarding their needs which supports our decision making process and ensures that our sustainability actions and reporting is relevant and responsive to their expectations and concerns.

## Stakeholder engagement approach

Our ongoing engagement approach with our stakeholders helps us understand:

- The impact of our activities and how to address them in a sustainable manner.
- The potential risks and opportunities associated with each stakeholder group and how we can effectively manage them in a proactive way.
- The ongoing effectiveness of our sustainability strategy.

Feedback received from our stakeholders on what we can do to improve our management and reporting of sustainability issues included the following recommendations:

- Integrate sustainability issues further into business strategy.
- Enhance our sustainability reporting practices to demonstrate transparency.
- Set clear KPIs and targets and measure progress against them.
- Promote greater standardization of procedures on quality, labour management and environmental issues across all locations of operation.

Our stakeholders are divided into the following categories:



### Customers

- Vessel owners
- Charterers
- Cargo owners



### Suppliers

- Manufacturers
- Ship yards
- Brokers
- General suppliers
- Port agents



### Seafarers & office employees

- Seafarers
- Office employees
- Manning agents



### Industry organizations

- Governments
- IMO
- Flag administration
- Port authorities / coastguard



### Shareholders / Investors

- Natural persons
- Institutional shareholders



### Community & society

- Academic institutions
- Local communities
- NGOs
- Media



### Financial institutions

- Banks
- Leasing financial institutions
- Underwriters
- Insurance companies



### International & industry organisations

- Classification societies
- Recognized organizations
- P&I clubs
- Insurers
- Vetting companies

# ENGAGING WITH OUR STAKEHOLDERS

| Stakeholder group   | Basis for engagement  | Engagement methods   | Engagement frequency  | Key areas of interest   | Our response  |
|---|---|--|---|---|---|
| <b>Customers</b> <ul style="list-style-type: none"> <li>• Vessel owners</li> <li>• Charterers</li> <li>• Cargo owners</li> </ul>  | Customers, including charterers, cargo owners etc. are vital to the organisation's success and have a direct interest in our market impact and sustainability performance.                                  | <ul style="list-style-type: none"> <li>• Charter Parties</li> <li>• Service feedbacks</li> </ul>   | <ul style="list-style-type: none"> <li>• Ad hoc</li> <li>• Strategic</li> </ul>                     | <ul style="list-style-type: none"> <li>• Service quality</li> <li>• Business ethics</li> <li>• Financial performance</li> <li>• Vessel condition</li> </ul>               | We constantly strive to increase our service quality in order to deliver sustainable and value adding services to all our clients.  |
| <b>Seafarers &amp; office employees</b> <ul style="list-style-type: none"> <li>• Crew on board</li> <li>• Employees ashore</li> <li>• (Affiliated) Manning agents</li> </ul>                    | Our people are critical to our business, strategy and decision making. We therefore aim to maintain a safe and rewarding work environment whilst engaging and collaborating with them to achieve our goals. | <ul style="list-style-type: none"> <li>• Performance feedback</li> <li>• Open communication channels</li> </ul>  | <ul style="list-style-type: none"> <li>• Daily</li> <li>• Annually</li> </ul>                       | <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Work conditions</li> <li>• Remuneration &amp; benefits</li> <li>• Career development</li> </ul> | We put health and safety first and foster an open and inclusive work environment both on board and ashore. We fairly reward and offer career advancement opportunities to our people. |
| <b>Shareholders / Investors</b> <ul style="list-style-type: none"> <li>• Natural persons</li> <li>• Institutional investors</li> <li>• Funds/ Private Equities</li> </ul>                       | Shareholders are essential to the company's operations and growth and have a direct interest in the company's performance.  | <ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Quarterly / Annual financial results</li> <li>• Investor briefings &amp; roadshows</li> <li>• Web site / Press releases</li> </ul> | <ul style="list-style-type: none"> <li>• Annually</li> <li>• Quarterly</li> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Business strategy</li> <li>• Governance</li> <li>• Regulatory compliance</li> </ul>             | We regularly inform our shareholders on the company's development and strategy. We conduct our business and take actions with the ultimate goal of increasing the company's value.    |
| <b>Financial institutions</b> <ul style="list-style-type: none"> <li>• Banks</li> <li>• Leasing financial institutions</li> <li>• Underwriting agents</li> <li>• Insurance companies</li> </ul> | Financial institutions require information on the company's performance with a rising interest in sustainability related matters.   | <ul style="list-style-type: none"> <li>• Quarterly / Annual financial results</li> </ul>   | <ul style="list-style-type: none"> <li>• Annually</li> <li>• Quarterly</li> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Business strategy</li> <li>• Governance</li> <li>• Regulatory compliance</li> </ul>             | Providing transparent information about the performance, strategy and outlook of the company.   |

# ENGAGING WITH OUR STAKEHOLDERS

| Stakeholder group  | Basis for engagement   | Engagement methods  | Engagement frequency                                       | Key areas of interest   | Our response   |
|--|--|---|--|---|--|
| <b>Suppliers</b> <ul style="list-style-type: none"> <li>• Manufacturers</li> <li>• Shipyards</li> <li>• Brokers</li> <li>• Port Agents</li> <li>• Ship chandlers</li> </ul>  | We aim to understand our suppliers' concerns and develop channels of mutual support that enhance the quality of our supply chain and foster long term collaboration and opportunities. | <ul style="list-style-type: none"> <li>• Supplier evaluations</li> <li>• Contracts</li> </ul>               | <ul style="list-style-type: none"> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Business ethics</li> <li>• Evaluation criteria</li> <li>• Environmental performance</li> </ul>              | We evaluate the performance of our suppliers and integrate sustainability related issues within the evaluation process.                                      |
| <b>Industry organisations</b> <ul style="list-style-type: none"> <li>• Classification societies</li> <li>• Recognized organizations</li> <li>• P&amp;I clubs</li> <li>• Insurers</li> <li>• Vetting companies</li> </ul> | Industry standards and regulations set by maritime organisations play a major role in the manner we conduct our business.  | <ul style="list-style-type: none"> <li>• Partnerships</li> <li>• Formal meetings</li> </ul>                 | <ul style="list-style-type: none"> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Environmental performance</li> <li>• Health &amp; safety</li> </ul>   | We participate and engage with all industry organizations regarding the various business issues that may arise.  |
| <b>Community &amp; society</b> <ul style="list-style-type: none"> <li>• Academic institutions</li> <li>• Local communities</li> <li>• Media</li> <li>• NGOs</li> </ul>   | We aim to have a positive impact on society by creating strong partnerships with the communities in which we operate.  | <ul style="list-style-type: none"> <li>• Conferences</li> <li>• Community engagement initiatives</li> </ul> | <ul style="list-style-type: none"> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Support of employment</li> <li>• Community support</li> <li>• Responsible business practices</li> <li>• Environmental Performance</li> </ul> | We support the local society with community-focused initiatives and take their needs into consideration to maximise shared value.                            |
| <b>Authorities</b> <ul style="list-style-type: none"> <li>• Governments / Local / Port authorities</li> <li>• IMO</li> <li>• Flag administration</li> </ul>  | Active engagement with state and regulatory authorities ensures compliance with all applicable standards and regulation.   | <ul style="list-style-type: none"> <li>• Audits</li> <li>• Public forums</li> </ul>                         | <ul style="list-style-type: none"> <li>• Ad hoc</li> </ul> | <ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Business ethics</li> <li>• Environmental performance</li> <li>• Health &amp; safety</li> </ul>              | We follow and comply with State and regulatory authority rules and regulations. We follow and implement all instructions and we aim for no non-conformities. |

# MATERIALITY ASSESSMENT

Our ultimate goal is to embed sustainability into our business strategy and processes. To achieve that, we need to understand the most relevant and important sustainability issues for our business and our stakeholders and ensure that our strategy is shaped accordingly.

## Materiality analysis process

The materiality analysis and the resulting materiality matrix was created by undertaking three processes:

### ISSUE IDENTIFICATION

- Review issues raised by the leading sustainability standards and initiatives as well as industry - SDGs, GRI, SASB, DJSI etc.
- Explore business and industry landscape on sustainability – Benchmarking of peers.
- Introduce our company-specific issues.
- This process led to the initial pool of potentially material sustainability issues which were grouped into focus areas.

### ASSESSMENT & PRIORITISATION

The issues were assessed and ranked from a business perspective considering their impact to the business, their associated risks and opportunities and the degree of influence over them.

Utilising our stakeholder communication channels and feedback, the issues were evaluated and ranked from the perspective of different stakeholders. We obtained input from key stakeholder groups on what they perceive to be the most important issues in relation to our performance. Their input was then evaluated and compared to our own prioritisation. In order to assess and prioritize critical issues we obtained input from various stakeholders, including our charterers, employees, investors, financial institutions and suppliers.



### VALIDATION & ALIGNMENT

Review of the assessment results and validation that they are aligned with objectives reflect Star Bulk’s sustainability standpoint. Produce the “Materiality matrix”, focus efforts and allocate resources accordingly.



# OUR MATERIALITY MATRIX

## MATERIAL

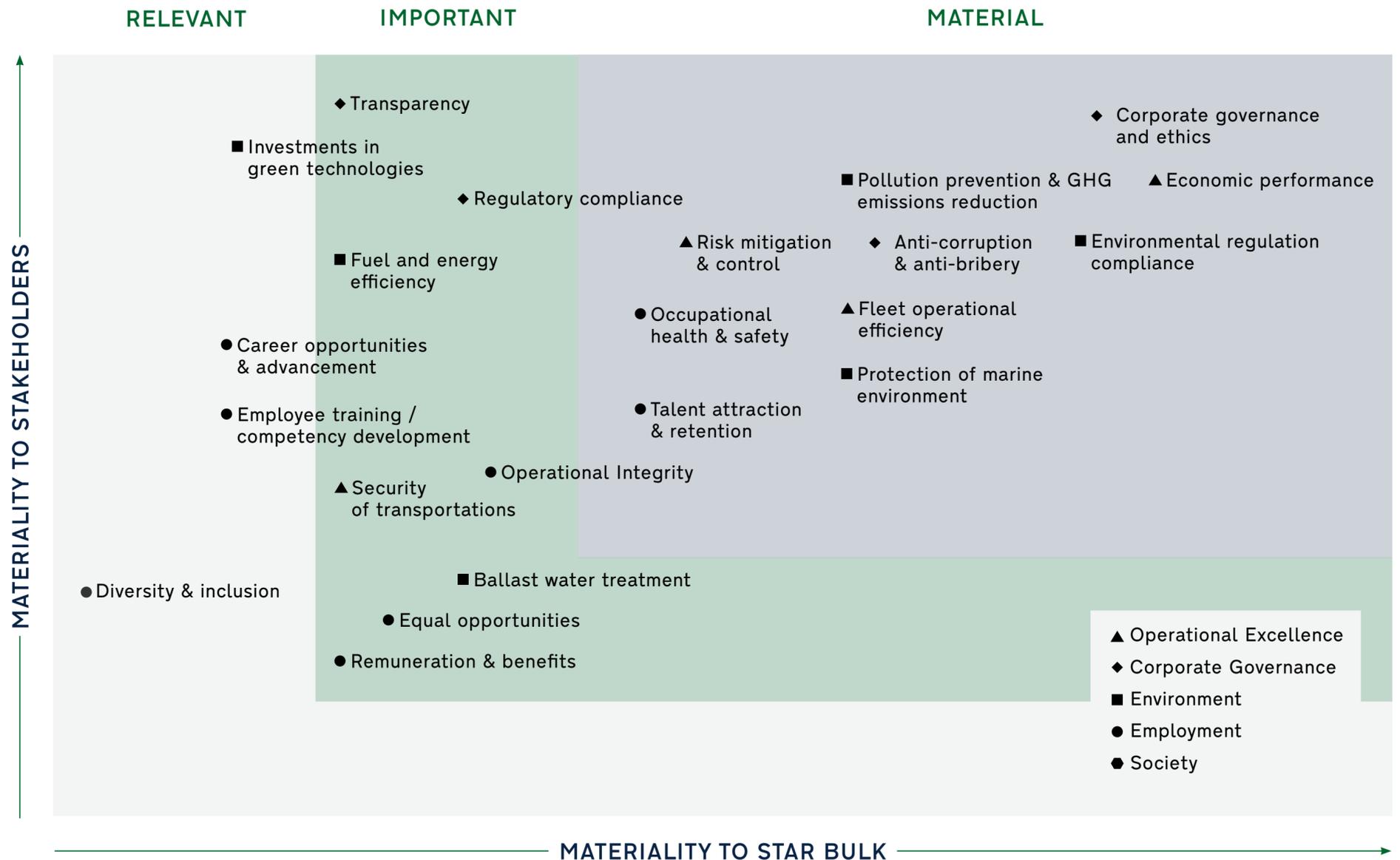
Issues identified as the most material to our sustainability performance by both the company and our stakeholders. These are considered the most critical to our performance and we have therefore established ongoing management systems, targets and measurements to report our performance and progress on a regular basis.

## IMPORTANT

Issues frequently identified by either the company or stakeholders as important. We manage and report on those issues regularly.

## RELEVANT

Issues that although not critical to our sustainability performance we still consider relevant and seek to engage with.



# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE

## *Material issues*

- Corporate governance & ethics
- Anti-corruption and anti-bribery
- Regulatory compliance
- Transparency

## *Related SDGs*



# ADHERING TO STRONG ETHICAL PRINCIPLES

## Code of Ethics

We have adopted and communicated our Code of Ethics to all of our employees (shore based & onboard personnel), Directors, Officers, consultants including all of our subsidiaries, which govern our business activities and cover the following key topics:

- Conflicts of Interest
- Corporate Opportunities
- Related Party Transactions
- Confidentiality and Privacy
- Honest and Fair Dealing
- Protection and Proper Use of Company Assets
- Compliance with Laws, Rules and Regulations
- Securities Trading
- Disclosure
- Procedures Regarding Waivers
- Reporting

All of our employees (permanent and temporary) are obliged to follow our Code of Ethics. Any non compliance with the Code's principles is treated as a serious violation and may lead to termination of employment or even legal sanctions.

## Reporting Violations of the Code

Employees shall take all appropriate action to stop any known misconduct by fellow Employees or other Company personnel that violate this Code. Employees shall report any known or suspected misconduct to the Chairman of the Audit Committee or the Company's General Counsel. External parties including business partners, outsourced services providers, contractors and any other party are encouraged to report any known or suspected violation of this Code, as well as any concerns regarding questionable matters. Company's employees and external parties shall forward complaints on a confidential and or anonymous basis to Company's Audit Committee through the Company's "P.O. Box 61323 15104 Maroussi" established for this purpose. The Company will not retaliate or allow retaliation for reports made in good faith.

## Anti Corruption Policy

Compliant with the requirements of the U.S Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act, we have set forth guidelines through our Anti - Corruption Policy (complementary to the Code of Ethics) to ensure that all employees, Directors, Officers, consultants are prohibited from promising, paying or providing, or authorizing the promising, paying or providing of any amount of money or anything of value to a Public official or Private Sector Counterparty Representative for the purpose of improperly obtaining, directing or retaining business or securing an improper advantage for the Company.

0

**whistleblowing incidents**  
since inception

0

**Violations of our Ethical principles**  
since inception

# OUR BOARD OF DIRECTORS AND ITS COMMITTEES

## Our Board of Directors

The foundations for structuring a strong corporate code are set by the BoD through the Senior Management. Based on the Company's dynamic organization chart and detailed job descriptions, specific roles are established for each employee and crew member. The Senior Management is involved in the daily operation of the company and committed to the implementation of the code and policies from all company staff.

The BoD is additionally supported by several committees which are assigned specific responsibilities.



## Nomination and Corporate Governance Committee

Star Bulk's Nominating and Corporate Governance Committee, is comprised of three independent directors. The Committee is responsible for, among other things, (i) recommending to the Board of Directors nominees for Director and Directors for appointment to Committees of the Board of Directors, (ii) advising the Board of Directors with regard to corporate governance practices.

## Audit Committee

Star Bulk's Audit Committee is comprised of three independent directors. The Audit Committee is responsible for, among other things, (i) reviewing the Company's accounting controls, (ii) making recommendations to the Board of Directors with respect to the engagement of the Company's outside auditors and (iii) reviewing all related party transactions for potential conflicts of interest and all those related party transactions and subject to approval by the Company's Audit Committee.

## Compensation Committee

The Compensation Committee, is comprised of three independent directors. The Compensation Committee is responsible for, among other things, recommending to the Board of Directors, the Company's senior executive officers' compensation and benefits.

## Chart of Authorities & Monetary Authorities Matrix

We have established and operate under a thorough and diligent internal Chart of Authorities & Monetary Authorities Matrix covering all areas, which enables our company to execute the related activities in an effective and transparent manner in order to achieve our goals and objectives successfully.

# OUR BOARD MEMBERS AND EXECUTIVE OFFICERS

| BoD COMPOSITION     | ROLE                                    | COMMITTEES  |
|---------------------|---|---|
| Spyros Capralos     | Non - Exec. Chairman   Class C Director | Compensation Committee Chairman<br>Nominating Committee |
| Petros Pappas       | CEO   Class C Director                  |   |
| Tom Søfteland       | Class A Director                        | Audit Committee Chairman<br>Compensation Committee      |
| Koert Erhardt       | Class B Director                        | Audit Committee<br>Nominating Committee                 |
| Roger Schmitz       | Class B Director                        |   |
| Mahesh Balakrishnan | Class A Director                        | Compensation Committee                                  |
| Emily Stephens      | Class B Director                        | Nominating Committee                                    |
| Nikolaos Karellis   | Class A Director                        | Audit Committee   |
| Arne Blystad        | Class C Director                        |   |
| Rafaella Zagari     | Class C Director                        |   |

(\*As of 31 December 2018)

| EXECUTIVE OFFICERS  | CAPACITY                   |
|---------------------|----------------------------|
| Petros Pappas       | CEO                        |
| Hamish Norton       | President                  |
| Nicos Rescos        | Chief Operating Officer    |
| Christos Begleris   | Co-Chief Financial Officer |
| Simos Spyrou        | Co-Chief Financial Officer |
| Charis Plakantonaki | Chief Strategy Officer     |

# ESTABLISHING A STRONG INTERNAL CONTROL ENVIRONMENT

## Internal Control Environment

We have an independent Internal Audit in house department which reviews the Company’s processes, controls and provides appropriate recommendations, in order to add value, improve the Company’s operations and assist the Management to accomplish its objectives. Our Internal Audit department also assists the Management to achieve compliance with the Sarbanes – Oxley requirements (SOX) regarding the internal control environment for material business cycles related to the financial statements. Additionally, throughout the year several audits are being conducted in order to assess and monitor the performance of the respective activities. The Internal Audit department reports directly to the Audit Committee regarding its findings, provides recommendations and monitors their implementation.

## Internal Audits performed in 2018

The number of internal audits (including SOX related audits) performed by our Internal Audit team was significantly increased by 30% compared to 2017. Moreover, no material weaknesses or significant deficiencies were identified during our audits (internal or external financial).

**30%**

**Increase in the number of internal audits performed during 2018 compared to 2017**

**0**

**Material weaknesses or significant deficiencies were identified in 2018 internal audits or external financial audits.**

## Risk Management

Within the scope of our Risk Management procedures, we continuously monitor, assess and evaluate the risks that can affect our business operations and adopt all the necessary measures for the continuity of our business activities:

| TOP RISKS |  |
|-----------|--|
| 1         | General dry bulk shipping market conditions (Supply & Demand)                            |
| 2         | Bunker prices and availability   |
| 3         | Changes in governmental rules and regulations or actions taken by regulatory authorities |
| 4         | General domestic and international political conditions                                  |
| 5         | The availability of financing and refinancing  |
| 6         | Counterparty risk  |
| 7         | Weather related events   |
| 8         | Cyber crime  |
| 9         | Disruption in exports of materials due to physical accidents                             |

# OPERATING IN A HIGHLY REGULATED INDUSTRY

Government regulation and laws significantly affect the ownership and operation of the fleet. We at Star Bulk have adopted and implemented all the necessary operational procedures in order to meet the requirements of those regulations, such as GHG compliance, MRV for CO<sub>2</sub> emissions. We have developed and implemented a Ship Energy Efficiency Management Plan and Ballast Water Treatment Systems in our fleet and complied with all regulations related to safety and security, pollution and anti fouling.



The **International Maritime Organization**, the United Nations agency for maritime safety and the prevention of pollution by vessels (the “IMO”), has adopted a series of international Conventions, such as **MARPOL, SOLAS, LL Convention** and **ISM** which emphasize (among others) the areas of air emissions, safety management system requirements and pollution control.



The International Labor Organization is a U.N. agency, that sets labor standards, develops policies and devises programmes promoting decent work for all women and men.



The **European Union Regulations** include:

- ✓ A directive to impose criminal sanctions for illicit ship-source discharges of polluting substances.
- ✓ Monitoring, reporting and verification regulation (EU MRV) regarding reporting of vessels CO<sub>2</sub> emissions.
- ✓ Imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in EU ports.



**United States Regulations** include:

- ✓ The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act
- ✓ The U.S. Clean Air Act
- ✓ The U.S. Clean Water Act



**Additional Regulations & Standards**

There are additional regulations imposed by several governing bodies with most notable the following:

- ✓ Greenhouse Gas Regulation
- ✓ International Labour Organization
- ✓ Inspection by Classification Societies
- ✓ Vessel Security Regulations
- ✓ ISO standards
- ✓ BMSA requirements

# STRENGTHENING OUR DIGITAL SECURITY AND DATA PROTECTION

## Digital security and data protection

The increasing integration of digital solutions in every aspect of our operations greatly enhances our connectivity, efficiency and the quality of our services. As digital processes are now an integral part of our operations, so is the responsibility to protect company, clients and personal data. With the increasing threats to digital security, we take all the necessary measures to ensure our regulatory compliance, strengthen our IT infrastructure and train our people on the proper data use practices.

Data protection and digital security is safeguarded through the following processes and controls:

- A dedicated IT function oversees the integrity of our IT systems and has developed documented policies and procedures, reviewed and approved by our Management, governing key IT function activities.
- Strict access control policies are in place.
- Our employees are educated and trained on IT systems functionalities and proper data use.
- The integrity of our IT systems is assessed through regular vulnerability scans and potential areas of weakness investigated and resolved.
- There are contingency planning procedures to ensure the company's and the vessel's continuity of operations in cases of IT system outages.

It should be noted that the design and operating effectiveness of our IT systems have been assessed by an independent auditor.

## General Data Protection Regulation (GDPR)

The new EU General Data Protection Regulation came into force on 25 May 2018. GDPR sets guiding principles for the collection and processing of individuals' personal information within the European Union, extends the protection of personal data and strengthens the rights of every individual regarding the collection, storage, use and general processing of his / her personal data.

In that respect:

- We have mapped in detail all personal data and processes by the company.
- We have assessed and produced relevant Gap Analysis on existing policies, processes and systems, to protect personal data against the requirements of the regulation.
- We have implemented improvements and best practices on policies, processes and systems with the guidance of an independent advisor.



# OPERATIONAL EXCELLENCE



# OPERATIONAL EXCELLENCE

## Material issues

- Economic performance
- Risk mitigation and control
- Fleet operational efficiency
- Security of transportations

## Related SDGs



# EMPHASIZING HEALTH, SECURITY, SAFETY, QUALITY AND THE ENVIRONMENT (HSSQE)

Operating our business in a consistent and reliable manner is paramount to us, especially in a constantly changing business environment. The values and principles we uphold while we conduct our business is the foundation upon which we have managed to attain our leading position in the shipping industry and will continue to drive our business progression and development.

At Star Bulk we recognise that the need for strict health, safety, quality, security, energy and environmental procedures are more important than ever in today's dynamic world and markets.

We have put in place principles and codes that help us to achieve our business objectives while adhering to best practices, in line with our mission to be the global leader in sustainable dry bulk shipping.

We believe that owning a modern, high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in securing favorable time charters. We maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel. Furthermore, we take a proactive approach to safety and environmental protection through comprehensively planned maintenance systems, preventive maintenance programs and by retaining and training qualified crews.



***Our culture of quality is evident across all aspects of our business. Our comprehensive ship management programs, quality, health, security, safety, environmental protection policies, and ongoing training of qualified seafarers, underscores the value we place on quality and the delivery of safe and efficient marine transportation services to our clients.***

# A MANAGEMENT SYSTEM TO SAFEGUARD HIGH HSSQE STANDARDS

## Management System and Certifications

Our Management system is designed to ensure that the company's activities are sufficiently controlled to protect personnel, property and the environment from all risks and hazards that can be reasonably expected. Therefore we aim in providing top-quality services without neglecting to adjust industry needs, always maintaining high ethical standards and abiding by all applicable laws, rules, regulations and standards. We focus on creating real and long-lasting opportunities while advocating a balanced, sustainable approach to our business. We pursue continuous improvement of our operational capabilities hence we are accredited with the following ISO standards:

### ✔ ISO 9001

We are fully committed in providing world-class ship management services in a consistent manner that meet or exceed our customers' requirements. In our Management System we have developed procedures which promote and sustain the improvement of our overall performance and the quality of services that we offer to all customers.



### ✔ ISO 14001

We strive to maintain ZERO Oil Spills and ZERO Marine and Pollution atmospheric Incidents. We are committed to conduct our operations systematically and in compliance with the strictest international standards and regulations.



### ✔ ISO 45001

We are strongly committed to providing an uncompromisingly safe, healthful and good working environment for all our employees by implementing high operating standards. We always strive to control and mitigate any potential risks, accidents, incidents or near misses by implementing proactive systematic management processes.



### ✔ ISO 50001

We have incorporated the principles of ISO 50001 into our Energy Management system and have developed best – practice operational management processes designed to continuously improve vessels' energy performance, energy efficiency, energy use and consumption.



# OUR HSSQE OBJECTIVES

Our fleet management system places great emphasis on ensuring the integrity of our operations as well as the compliance with all applicable law and regulations. Taking all the necessary measures and going above and beyond compliance is the prerequisite for delivering services of the highest quality to our customers. Through our safety management system we ensure safety on board, maritime security, the integrity of our cargo and the protection of the environment.

Our safety management system, in conjunction with ISO 9001 and the ISM code, guarantees the quality of our services and also ensures that improvements within the organization are ongoing. Our main service quality objectives are:

- Achieving high customer satisfaction and exceeding expectations while being fully compliant with all applicable legislation and regulations.
- Ensuring the competence and commitment to the highest level of standards of its staff and fleet.
- Maintaining a proactive approach to quality and safety management.
- Implementing the appropriate measurement and feedback processes that drive continuous improvement.

Long term business relationships are the result of high customer satisfaction and this is what Star Bulk strives for it in every aspect of its operation. In order to ensure the implementation of its commercial commitments Star Bulk provides ongoing support to its vessels by both shore and ship based personnel, with continuous guidance on route planning, cargo treatment, cargo plan management as well as facilitating in matters related to engaging with agents, port authorities and other stakeholders.

| OUR HSSQE OBJECTIVES   |   |
|--|---|
| Zero PSC detentions  | Zero rejections during charterers inspections |
| Zero accidents (loss of life, permanent or partial disability, etc.) | Zero charterer complaints and cargo claims    |
| Zero incidents (collisions, fires, etc.)                             | Minimisation of stoppages                     |
| Minimisation of downtime (breakdowns, etc.)                          | Zero fines from authorities                   |
| Zero pollution incidents   | Minimisation of dry docking time              |

# SUSTAINING STRONG ECONOMIC GROWTH

## Improved Financial Performance

Voyage revenues for the year ended December 31, 2018 increased to \$651.6 million compared to \$332.0 million from the previous year. This increase was primarily attributable to the significant rise in charter rates (also reflected in the BDI\*), which led to a Time Charter Equivalent\*\* (“TCE”) rate of \$13,768 for the year ended December 31, 2018. The corresponding TCE rate for 2017 was \$10,393, representing a 32% increase.

The rise in revenue was also the result of an increase in the average number of vessels in our fleet to 87.7 and the increase in charter-in days to 5,089 for the year ended December 31, 2018 compared to 69.6 average number of vessels and 428 days for the previous year respectively.

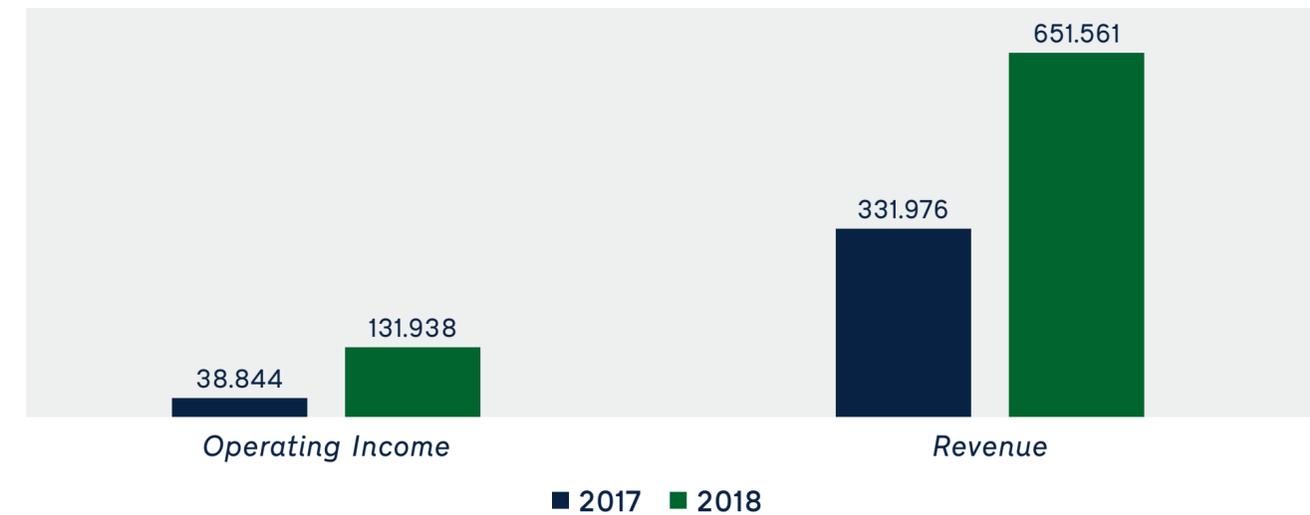
Moreover, we have total cash of over \$207 millions, one of the highest cash balances among dry bulk peers and have fully delivered a net leverage of approximately 50%.

*\*The Baltic Dry Index, or the “BDI”, provides the daily average of charter rates for key dry bulk routes published by the Baltic Exchange Limited, which has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market.*

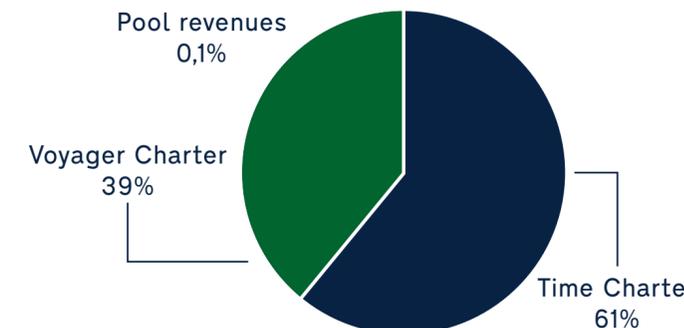
*\*\*Time charter equivalent rate, represents the weighted average daily TCE rates of our operating fleet (including owned fleet and fleet under charter-in arrangements).*

The following table and graph show the voyage revenues earned from time charters, voyage charters and pool agreements for the year ended December 31, 2018:

### Operating Income & Revenue \$ (000's)



### Revenue distribution per type of charter party agreement



| Revenue type   | \$ (000's)     |
|----------------|----------------|
| Time Charter   | 397,499        |
| Voyage Charter | 253,812        |
| Pool Revenue   | 250            |
| <b>Total</b>   | <b>651,561</b> |

# MAXIMIZING THE UTILISATION OF OUR FLEET

## Fleet utilization

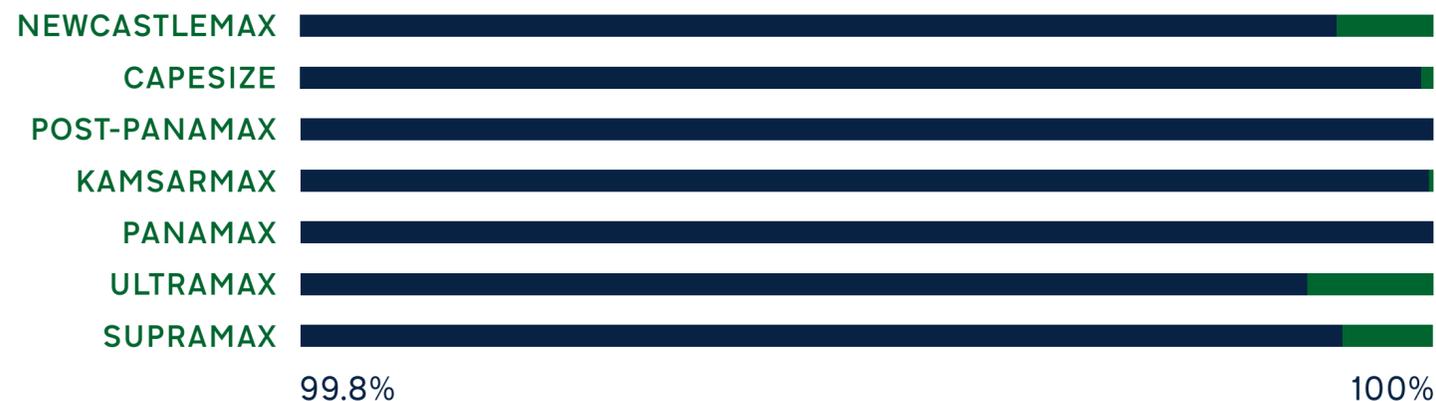
We deploy our vessels on a mix of short to medium time charters or voyage charters contracts of affreightment, or in dry bulk carrier pools, according to our assessment of market conditions. We adjust the mix of these charters to take advantage of the relatively stable cash flow and high utilization rates associated with medium to long-term time charters, or to profit from attractive spot charter rates during periods of strong charter market conditions, or to maintain employment flexibility that the spot market offers during periods of weak charter market conditions.

For 2018 we achieved a **99% fleet utilization** rate.

We calculate fleet utilization by dividing available days (including charter-in days) by ownership days plus any charter-in days for the relevant period.

## Fleet utilization for our managed fleet

Our managed fleet reached an average utilisation rate of 99.9% within 2018, with the average utilisation per vessel type illustrated in the graph below:



# IMPROVING OUR PORT STATE CONTROL PERFORMANCE

Our Management team and staff are committed effectively implementing the safety management system at all times. In addition, all related incidents and near misses are documented and taken into consideration when reassessing the safety management in order to ensure continuous performance improvement.

Internal and external audits take place in order to ensure that we comply with all international and legal requirements related to the safety and integrity of our operations. We aim to physically inspect each vessel 4 times every year, twice by a Technical superintendent and twice by a Marine superintendent. Indicative of the emphasis we place in compliance is that the majority of Port State Control (“PSC”) Inspections result in zero deficiencies as well as our consistently low deficiency ratio, which is significantly lower than the Paris MoU average. Within 2018 only one case of detention was recorded.

## Flawless Port State Control Inspections (managed fleet)



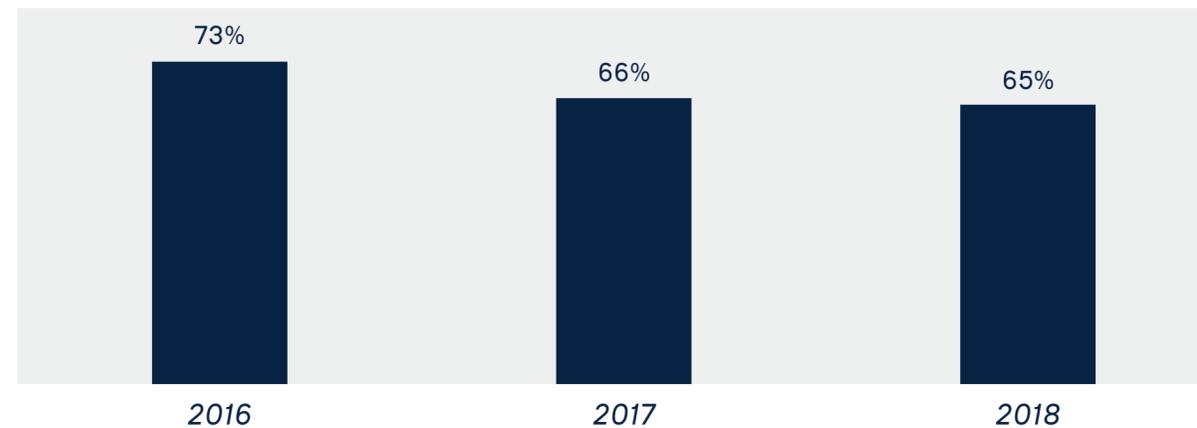
The total number of PSC Inspections for all vessels during 2018 was 212. For 65% of the total inspections, no deficiencies (including detentions) were noted.

## Average Port State Control deficiency ratio (managed fleet)



PSC deficiency ratio is calculated by dividing the number of reported deficiencies by the number of Port State Control Inspections.

## Flawless Port State control inspections ratio (managed fleet)



Flawless PSC inspections ratio is calculated based on the number of reported inspections without deficiencies compared to the number of PSC Inspections.

# CERTIFICATIONS & AWARDS FOR OUR PERFORMANCE

## QUALSHIP 21 Certification

The USCG's Quality Shipping for the 21st Century program (QUALSHIP 21) recognizes and rewards vessels, as well as their owners, for their commitment to safety and quality. The criteria for inclusion are very strict and only a small percentage of all foreign-flagged ships that operate in the U.S. have earned the QUALSHIP 21 designation. Thirty-four of our vessels achieved the certification, indicative of our commitment to the highest quality standards and operational excellence.



**34** of our vessels have been awarded with the QUALSHIP 21 Certification

## AMVER awards

AMVER is the Automated Mutual Assistance Vessel Rescue (since 1958) international system, sponsored by the United States Coast Guard that uses commercial ships to rescue people in distress at sea globally. The U.S. Coast Guard created an annual AMVER Awards Program as a way of rewarding those ships which remain "on plot" for at least 128 days in a calendar year.

These awards have become instrumental in AMVER recruitment and retention. AMVER awards are a tribute to the support of a ship's crew, management, and ownership, which is so integral to the program's success.

Star Bulk has been voluntarily participating for more than a decade. During 2018, 68 of Star Bulk's vessels were nominated to receive the AMVER award, verifying our commitment and positive contribution towards the program's success.



**68** of our vessels were nominated to receive the AMVER award in 2018

# ENHANCING OUR NEAR MISS REPORTING

## Our Near Misses Reporting Policy

Near Miss is a sequence of events and/or conditions that could have resulted in loss. This loss was prevented only by a fortuitous break in the chain of events and / or conditions. The potential loss could be human injury, environmental damage, or negative business impact (e.g. repair or replacement costs, scheduling delays, contract violations, loss of reputation)

Each Crew member is strongly urged to report all possible Near Miss reports in a timely manner and as per Company's procedures. Unsafe acts during a daily routine of an unplanned job can be considered a Near Miss. We strongly encourage our seafarers to report all these unsafe acts aiming for zero incidents / accidents onboard.

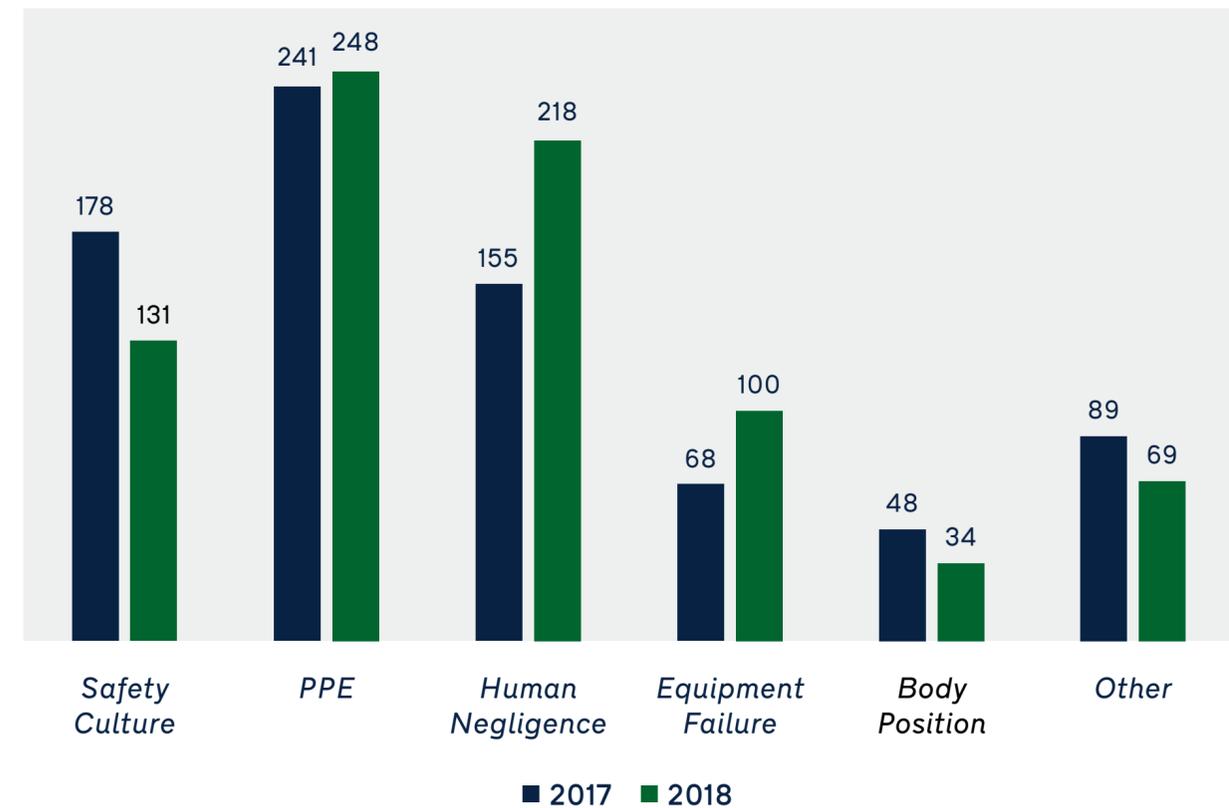
In total our managed vessels reported 800 Near Misses within 2018, compared to 779 in 2017.

## Total number of Near Misses per Quarter (managed fleet)



## 2018 Near Misses Ratio (managed fleet)

From the analysis of Near Misses it was identified that the Near Misses with the higher frequency are those related to the use of Personal Protective Equipment ("PPE") and negligence.



# SAFEGUARDING CARGO INTEGRITY

Star Bulk emphasizes a quality management system in accordance with ISO 9001, and in conjunction with the ISM Code, guarantees transportation and cargo safety. It also ensures that improvements within the organization are ongoing.

Cargo integrity is vital to what we do and we therefore take all the necessary precautions to ensure that we deliver the highest quality standards. We undertake systematic cargo surveys to safeguard cargo quantities against receiving/delivery quantities and invest in the maintenance of our cargo holds to extend their lifespan and competitiveness. We also provide advanced training to our crew members on how to handle specific cargoes.

We believe that minimising cargo related claims is integral to maintaining high customer satisfaction and long term collaboration and we therefore place the necessary emphasis on the matter. We conduct tests and inspections with high frequency, as well as specialised maintenance on our cargo operating equipment. As a result, throughout the past years we have been maintaining cargo related performance at high levels. We encountered cargo related incidents only in 3,8% of our voyages.



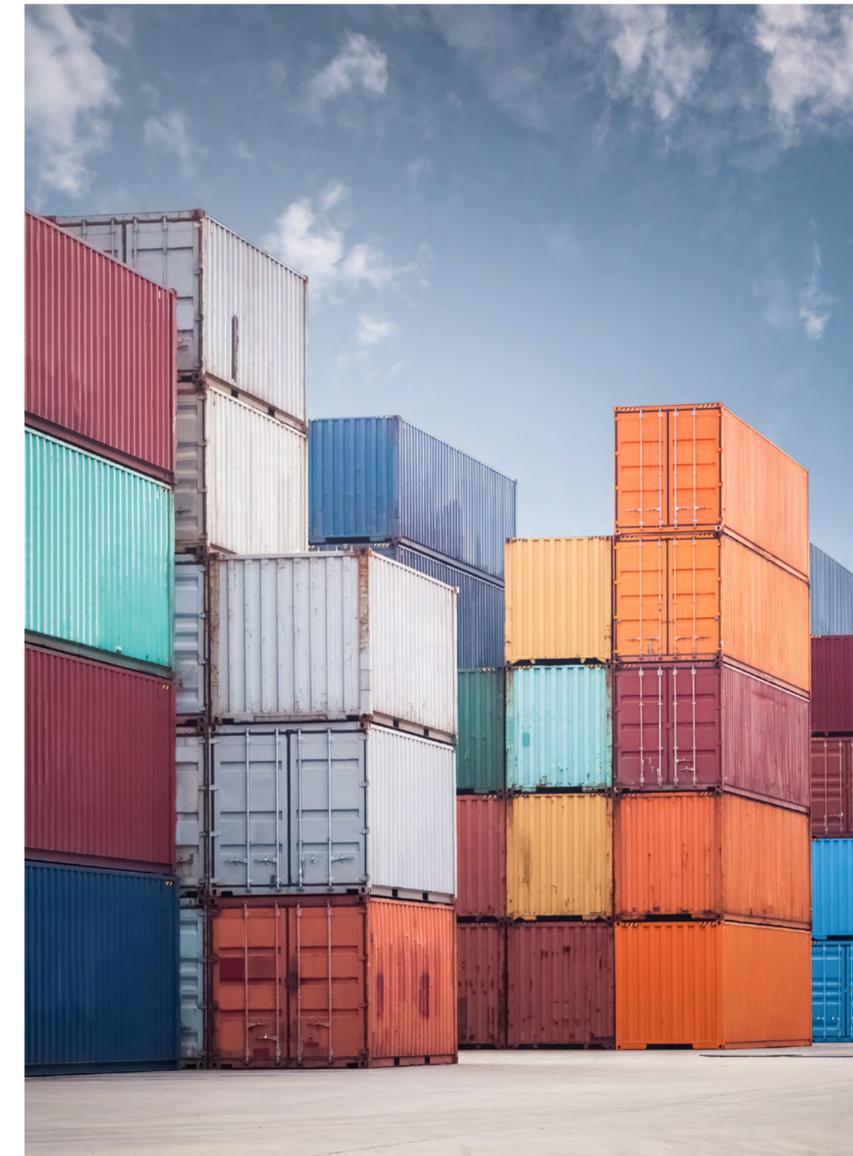
### Charter Party complaints (managed fleet)

- **Zero** complaints from charter parties within 2018



### Cargo related incidents (managed fleet)

- We encountered cargo related incidents only in **3,8%** of the total voyages in 2018



# CONSTANTLY IMPROVING OUR OPERATIONAL EFFICIENCY

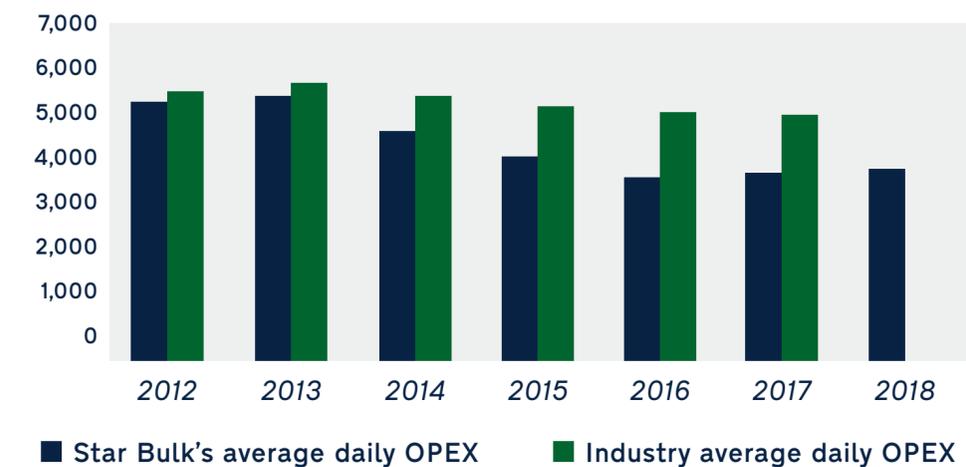
## Overview of our performance

We appreciate the impact that operating expenses can have on our performance and overall competitiveness. This is the reason we established procedures to monitor and minimise our operating expense levels in order to reinforce our resilience to operating cost fluctuations in the industry. Within 2018 we managed to reduce our average daily operating expenses (despite the increase of our fleet) through the following key processes:

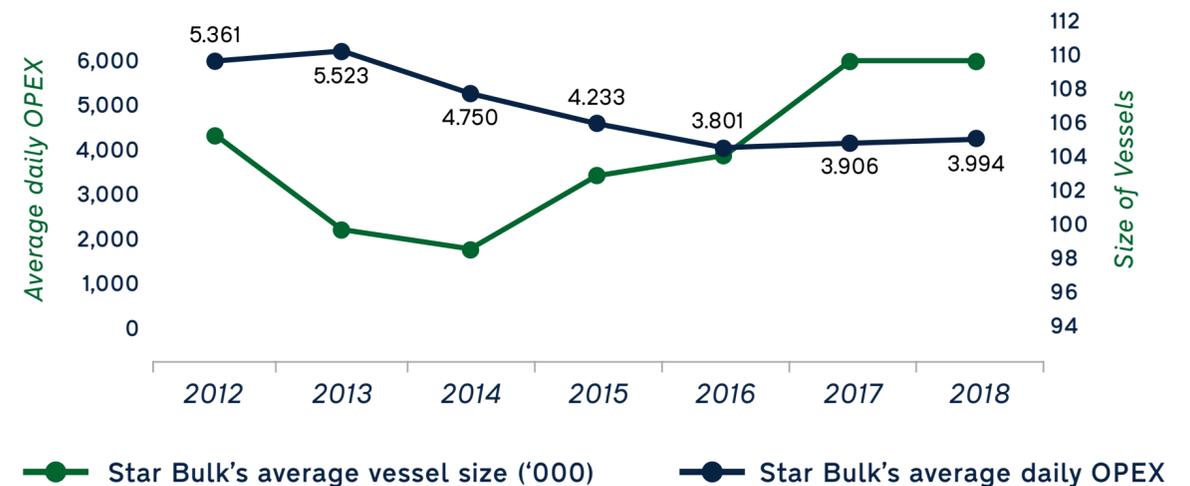
- Preparation and approval of the annual budget for all expense categories.
- Monitoring of actual results against budgeted amounts per vessel and per expense category.
- Performance of market analysis procedures and evaluation of offers from different suppliers in any instance of procurement activities.
- Agreement of contracts and pricelists with suppliers and service providers.
- Optimisation of key operating processes.
- The combination of excellent market knowledge and technical expertise by the departments that conduct planning and procurement activities ensuring processes are up to the highest technical and financial standards.

Our emphasis in minimising operating expenses, without compromising service quality, is evident through the yearly reduction of our daily opex levels and they are consistently below industry average despite the increase of our average vessel size.

## Comparison of our daily OPEX against industry average



## Despite our fleet growth, we managed to reduce our daily OPEX



# OPTIMIZING OUR PROCUREMENT AND SUPPLIER EVALUATION PROCESS

Star Bulk is dedicated to promote and maintain sustainable and responsible long lasting relationships with all suppliers. Being a major component in the supply chain of our clients, we are also dedicated to promoting sustainable and responsible practices within our own supply chain. We therefore place emphasis in ensuring that our business partners and suppliers conduct their business in accordance with our quality, ethical, environmental and social standards.

## Supplier evaluation process

We continuously seek for improved quality of suppliers' services, by applying an ongoing suppliers evaluation process.

### Indicative suppliers evaluation activities

- ✓ Vessel and office evaluation (upon each supply or at a pre-defined frequency based on the type of expense).
- ✓ On site audits to suppliers' premises.
- ✓ Suppliers performance analysis and statistics.
- ✓ Maintenance of suppliers' overall ranking.
- ✓ Existence of suppliers "black list" for disqualified suppliers.

**300** *new suppliers within 2018*

**30%** *less time spent in order to issue an RFQ*

| NUMBER OF POS |        |        |
|---------------|--------|--------|
| Continent     | Spares | Stores |
| Africa        | 1      | 782    |
| Americas      | 82     | 1.117  |
| Asia          | 5.042  | 6.679  |
| Europe        | 1.595  | 1.064  |
| Oceania       | 1      | 72     |

# PROMOTING COLLABORATION IN THE SHIPPING INDUSTRY THROUGH PARTICIPATION IN EU PROGRAMS

In our efforts to continuously improve our performance and promote progress and collaboration in the shipping industry, we participate in multiple European Union funded programs that aim to improve performance and introduce innovative technologies. Some of the key programs we participate are listed below:

| EU PROGRAM           | DESCRIPTION   |
|----------------------|---|
| <b>HOLISHIP</b>      | HOLISHIP (HOListic optimisation of SHIP design and operation for life-cycle) relates to the development of innovative methodologies, that integrate design requirements (technical constraints, performance indicators, life-cycle cost, environmental impact) at an early stage and for the entire life-cycle of a vessel. Design integration will be implemented in practice by the development of integrated s/w platforms and demonstrated by digital mock-ups and industry led application studies.  |
| <b>INVEST</b>        | The purpose of the INVEST project is to increase the ship’s overall operational reliability by implementing a holistic structural monitoring scheme, integrating state-of-the-art and novel sensing technologies coupled with advanced decision support tools for maintenance and emergency actions.  |
| <b>BUGWRIGHT2</b>    | The objective of BUGWRIGHT2 is to bridge the gap between the current and desired capabilities of ship inspection and service robots by developing and demonstrating an adaptable autonomous robotic solution for servicing ship outer hulls. By combining the survey capabilities of autonomous Micro Air Vehicles (MAV) and small Autonomous Underwater Vehicles (AUV), with teams of magnetic-wheeled crawlers operating directly on the surface of the structure, the project inspection and cleaning system will be able to seamlessly merge the acquisition of a global overview of the structure with performing a detailed multi-robot visual and acoustic inspection of the structure, detecting corrosion patches or cleaning the surface as necessary – all of this with minimal user intervention. The detailed information provided will be integrated into a real-time visualization and decision-support user-interface taking advantage of virtual reality technologies. |
| <b>AIRCOAT</b>       | The Air Induced friction Reducing ship COATING (AIRCOAT) project aims to develop a passive air lubrication technology inspired by the Salvinia effect. Applying the AIRCOAT technology to ship-hull surfaces will produce a thin permanent air layer when submerged in water. This will reduce the overall frictional resistance while acting as a physical barrier between water and the hull surface. In addition to reducing energy consumption, the air barrier will inhibit the attachment of maritime organisms (biofouling).   |
| <b>SHIPPINGNEXUS</b> | “ShippingNEXUS” delivers cloud services for optimal decision making on emission reduction technologies and policies from shipping, including the assessment on primary and secondary impacts of the technologies and polices proposed.  |

# ENVIRONMENT



# ENVIRONMENT

## Material issues

- Environmental regulation compliance
- Pollution prevention and GHG emissions reduction
- Protection of the marine environment
- Fuel and energy efficiency
- Ballast water treatment
- Investments in green technologies

## Related SDGs



# OUR ENVIRONMENTAL MANAGEMENT SYSTEM

We are an environmentally conscious company and we acknowledge the potential environmental impact that our operations may have on the environment. Our activities include the ship management of bulk carriers, therefore, we are committed to make continuous efforts to improve environmental performance in all areas required by our SMS and throughout operations. Our Senior Management endorses this policy and ensures it is compatible with the context and strategic direction of the Company.

Star Bulk has established and implements an Environmental Management System in accordance with ISO 14001. Our Senior Management, in coordination with the Environmental Management Representative are accountable for the effectiveness of the environmental management system (EMS) and we are responsible for ensuring that it is communicated, understood, implemented and maintained at all levels. Senior management promotes and is committed to the continual improvement of the EMS in order to enhance the Company's environmental performance.

## Our commitment towards the environment is guided by the following principles:

- ✓ **Comply** with all applicable **environmental laws**
- ✓ **Respond quickly** and **effectively to environmental incidents** resulting from operations
- ✓ **Respect the environment**, emphasize every **employee's responsibility** in environmental performance & foster appropriate **operating practices and training**
- ✓ Work with **local businesses**, partners or suppliers to encourage commitment & **improvement in our local environment**
- ✓ Manage business with the goal of **preventing environmental incidents & controlling emissions** & wastes to below harmful levels
- ✓ Uses **energy, water, materials** and other natural resources **as efficiently as possible**, giving particular regard to the long-term sustainability of consumable items
- ✓ **Minimize waste to landfill** by reducing our waste generation

## We consistently measure our environmental performance through our various environmental programs. Critical KPIs include:

- ✓ Pollution incidents due to oil spills.
- ✓ Environmental Port State Control Inspection deficiencies.

# Zero

*Incidents of marine oil spills*

# 14%

*reduction of **environmental Port State Control deficiencies** for 2018 compared to the previous year*

# OUR RESPONSE TO KEY ENVIRONMENTAL REGULATIONS

## The major environmental regulations & our response

Star Bulk demonstrates a clear commitment to running a responsible business while respecting the environment and embracing precautionary efforts to mitigate broad global climate change impacts.

The following table shows the 5 significant regulations and our action plan to meet their requirements:

| REGULATION / INITIATIVE                       | OBJECTIVE  | OUR RESPONSE  |
|---|--|---|
| IMO 2020 enhanced global Sulphur limit        | Reduces the sulphur content in marine fuel to further minimize SOx emissions and other pollutants. Entry into force: 1 Jan 2020.   | We retrofit our vessels and install Exhaust Gas Cleaning Systems on the majority of our fleet.  |
| EU Monitoring, Reporting & Verification (MRV) | Collection & reporting of CO <sub>2</sub> emissions data for ships over 5,000 GT calling at EU/EFTA ports. Entry into force: 1 Jul 2015 for data collection from 1 Jan 2018.                               | We established relevant Monitoring Plans and advanced data collection, analysis, monitoring and reporting systems through our Vessel Performance Monitoring (VPM) system. |
| IMO Ballast Water Management Convention       | Sets standards for proper management of ballast water and sediments to prevent the spread of harmful marine species. Entry into force: 8 Sep 2017.   | We install Ballast Water Treatment Systems (BWTS) on the majority of our fleet.   |
| IMO Data Collection System (DCS)              | Requires collection of fuel consumption data for ships 5,000 GT or over as part of the mandatory Ship Energy Efficiency Management Plan. Entry into force: 1 Mar 2018 for data collection from 1 Jan 2019. | We collect data, monitor and are ready to report them through our Vessel Performance Monitoring (VPM) system.   |

# EXHAUST GAS CLEANING SYSTEMS PROGRAM A STRATEGIC DECISION

## Our response to the IMO 2020 sulfur cap

IMO announced in October 2016 that as of January 1, 2020, there will be a cap on sulfur content in vessel air emissions globally, with the exhaust gas from burning bunker fuel being limited to 0.5% m/m sulfur content, instead of the current 3.5% m/m sulfur cap. From January 1, 2020, vessels will be required to remove sulfur from emissions through the installation of Exhaust Gas Cleaning Systems (“EGCS”) or burn marine fuel with lower sulfur content.

*Star Bulk is committed to retrofitting the majority of its fleet with EGCS.*

We, at Star Bulk have taken the strategic decision and we are fully committed to comply with IMO’s upcoming regulation in a timely and effective manner through the installation of EGCSs. From the very beginning of the regulation’s announcement, Star Bulk has worked in devising its compliance approach and within 2018 announced its plan to retrofit the majority of its entire fleet with EGCSs, or “scrubbers” before 2020.

For this massive endeavor to be implemented, we have secured a total debt financing of \$150 million, out of which **70\$ million has been classified as “Green” by DNVGL**. The green loan will finance approximately 70% of the procurement and installation costs. The remaining 30% financed from operating cash flows and cash on hand and no additional equity raised for that purpose.

For the implementation of this project, Star Bulk has **signed contracts with 1st class European EGCS manufactures**, with expertise in the installation of EGCSs and **ensured shipyards availability** for their installation. Moreover, we have established an **in-house dedicated team** to oversee the project and on site representatives to ensure the successful and timely installation of the EGCSs.

Star Bulk’s EGCS-equipped vessels will be able to continue using the lower-priced standard 3.5% sulfur marine bunker fuel, making them more attractive to charterers because of their lower total fuel costs compared to non-scrubber equipped vessels, which will comply by using low sulfur fuel – expected to be much more expensive.

**100+**

*Vessels will be retrofitted with EGCS by **end 2019**.*

**\$ 70m**

*Secured green loan (approx. 70% of total installation cost).*

# ADVOCATING FOR THE REDUCTION OF MARINE EXHAUST GAS EMISSIONS – CLEAN SHIPPING ALLIANCE 2020

## Star Bulk is a member of the Clean Shipping Alliance 2020

The Clean Shipping Alliance 2020 (CSA 2020) represents a group of 38 global leading companies from the commercial shipping and cruise industries that have been leaders in emission control efforts and have made significant investments in research and analysis, funding and committing resources to comply with 2020 fuel requirements through the installation of Exhaust Gas Cleaning Systems (EGCSs) on their fleets.

CSA 2020 members, which represent over 3,000 ships from the commercial shipping and cruise industry, support the timely and efficient compliance with IMO 2020, and believe that EGCS will make a substantial difference to the ports and ocean environments in which their ships operate. CSA 2020 strives to promote global environmental progress – especially the goal of reducing the health impact from airborne sources, which is at the heart of the 2020 IMO regulation.

Star Bulk is proud to be a member of CSA 2020. The aim is to advocate the reduction of marine exhaust gas emissions, and also to educate on the use and effectiveness of EGCS in order to help achieve shared environmental and sustainability initiatives in commercial shipping.



**38**  
*members*



**3,000+**  
*total ships*



**30 shipping**  
*sectors*



**25**  
*countries*



# ENSURING COMPLIANCE WITH ENVIRONMENTAL REGULATIONS (A)

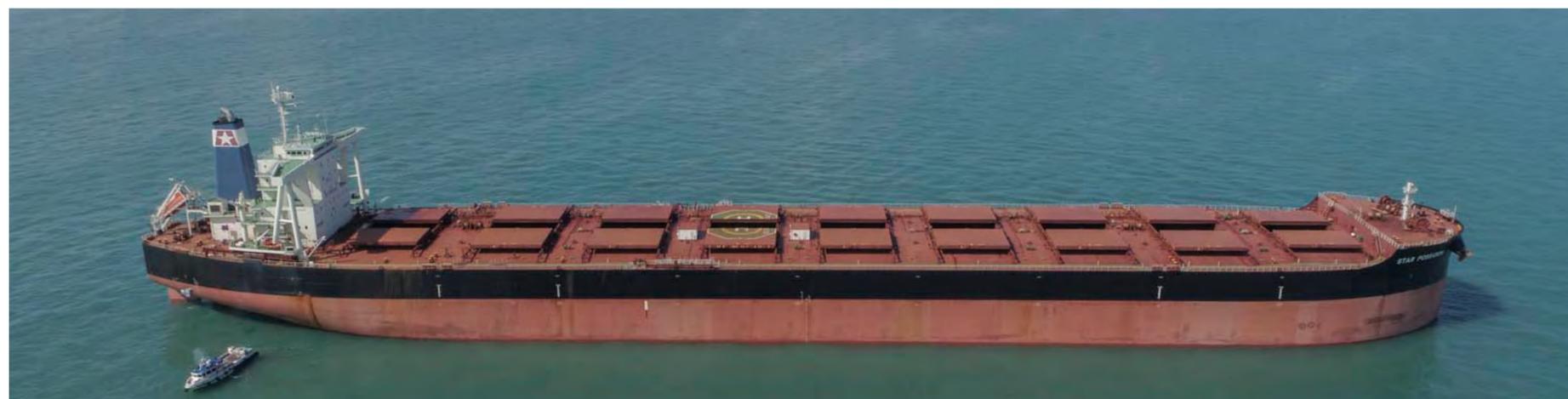
## Other aspects of our environmental compliance:

- **Refrigerant Allowance**

We have banned all the types of refrigerants that significantly affect the ozone layer such as R22 and in order to reduce the Global Warming Potential (GWP). Additionally, during possible maintenance activities both in offices and in vessels, eco friendly refrigerants that do not affect the ozone layer are used such as: R407 and R404. In line with EU 517/2014 regulation, stipulating restriction to the use of refrigerants exceeding GWP of 2500, environmental friendly refrigerants are being progressively used, in the 30% of the fleet.

- **Biodegradable Lubricants**

We have decided to use these types of biodegradable lubricants proactively for the majority of our fleet regardless of their destination. Biodegradable lubricants are eco friendly lubricants which are mandatory for vessels that transport cargo or have as a destination ports of the United States.



**100%**

*of our fleet will have installed **eco friendly** refrigerants within the **next 5 years**.*

**100%**

*of our fleet is using **biodegradable** lubricants.*

# ENSURING COMPLIANCE WITH ENVIRONMENTAL REGULATIONS (B)

## Hazardous Materials

We have proactively taken immediate steps to comply within 2019 with EU regulation (1257/2013 on Ship Recycling), that will be in force on 31 December 2020. The regulation refers to vessel recycling activities and the identification and monitoring of hazardous materials, including:

- Asbestos
- PCBs
- Ozone depleting substances
- PFOS
- Anti-fouling systems containing organotin compounds as a biocide

We are also in the process of replacing the onboard Ozone depleting substances (Freon) and extend compliance to Hazardous Material regulation to all of our fleet.

**72**  
**vessels**

*will comply until mid 2020.*

**35**  
**vessels**

*already comply with the Hazardous Material regulation.*

## EU Monitoring Reporting Verification (MRV)

We are fully compliant with the EU MRV regulation. We have established a standardized and structured process to ensure completeness, consistency and accuracy in our monitoring and reporting process for the EU MRV.

As part of the data collection and KPIs calculation process we use our in-house developed Vessel Performance Monitoring (VPM) system, which provides accurate and real time information regarding the performance of our vessels. Additionally, with enforcement of the EU MRV Regulations, the GHG emissions of our vessels travelling to and from EU ports are also subjected to third party verification by an independent accredited verifier.

**100%**

*of our vessels comply with the EU MRV regulation.*

# ENERGY EFFICIENCY MANAGEMENT

We believe that although shipping is the most fuel-efficient mode of transport, nevertheless additional actions must be taken to further improve the energy efficiency of ship related operations. The increased energy efficiency will eventually result in increased environmental protection by reducing air emissions as well as in improved operational performance by reducing energy cost.

Energy efficiency is controlled primarily through well-planned and properly managed ship operations and requires the personal commitment of everyone involved. To be successful, energy efficiency and conservation must go beyond compliance with rules and regulations.

With the aim of enhancing the energy efficiency of our ship operations, our Company is committed to:

- ✓ Establish, document, implement and maintain an Energy Management System in accordance with the requirements of ISO 50001:2011, with the objective of continually increasing energy efficiency and minimizing energy waste.
- ✓ Establish and maintain a Ship Energy Efficiency Management Plan (SEEMP) which will be regularly reviewed by the senior management. This Plan, which applies to all fleet vessels, provides standard procedures and practice on best energy management under the various operational modes of each vessel.
- ✓ Ensure the availability of information and of necessary resources to achieve the set objectives and targets on energy efficiency performance.
- ✓ Promote energy efficiency awareness through training of the shore and sea-going personnel and implement energy related campaigns and other relevant personnel incentive/motivating programs.
- ✓ Monitor and comply with all applicable legal and other requirements related to ship energy management.
- ✓ Supporting the purchase of energy-efficient products and services, and design for energy performance improvement.
- ✓ Investing in green technologies in order to increase the efficiency of our fleet while preserving the environment and reducing our footprint, such as our investment in LED technology in our fleet.

*Our performance targets in terms of energy efficiency and emissions reduction are the following:*

**0,1% annual reduction of CO2 emissions required for transpiration of 1 ton for 1 mile**

**0,1% annual reduction of SOx emissions required for transportation of 1 ton for 1 mile**

**0,1% annual reduction of NOx emissions required for transportation of 1 ton for 1 mile**

**0,1% annual reduction of specific consumption of fuel (i.e. consumption needed for transportation of 1 ton of cargo per 1 mile)**

# FOCUSING ON VESSEL PERFORMANCE MONITORING

## An advanced Vessel Performance Management (“VPM”) System

We have a dedicated in-house team, responsible to monitor and report vessel related performance. Our team has developed and operates a sophisticated Vessel Performance Monitoring (VPM) Software, which is customized to our business needs and requirements. Our VPM enables us to collect and analyze data from the vessels in order to support our operational and commercial activities and optimize the performance of our fleet.

The software automatically collects daily data (such as speed, consumption, engine temperature, location etc.) and generates reports, which are monitored and evaluated by the involved departments.

Through the collection of vessel performance data we are able to:

- ✓ Combine and analyze data from multiple sources
- ✓ Live access to vessel performance
- ✓ Integration with existing systems and other external sources
- ✓ Monitor vessels' performance through KPIs
- ✓ Benchmark performance
- ✓ Create a friendly dynamic reporting environment, customized to users needs
- ✓ Ensure data integrity and cyber security.



# MONITORING AND MANAGING OUR EMISSIONS (A)

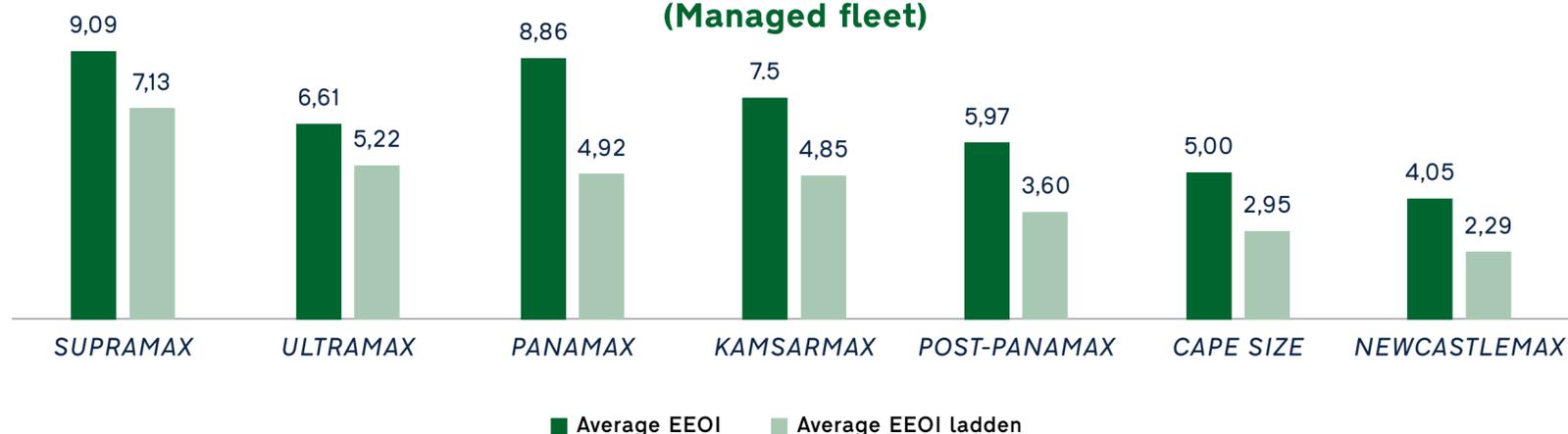
## CO<sub>2</sub> emissions

We are committed to reducing our CO<sub>2</sub> emissions by employing the latest technology in monitoring our fleet’s performance and consumption profile and taking measures to optimize performance and quantify the savings achieved.

Since carbon emissions vary between voyage types (laden, ballast), vessels and other operational factors, we measure CO<sub>2</sub> emissions performance through the EEOI, as set by the IMO guideline.

EEOI (Energy Efficiency Operational Indicator): is used to provide an overview of the transport efficiency of the vessel. It is calculated by dividing the daily CO<sub>2</sub> emissions with the transport work (amount of cargo transported times the sailed distance). Average EEOI Laden is calculated based on the assumption that no ballast voyages are performed by the vessel.

**Average EEOI & Average EEOI Laden (grams of CO<sub>2</sub> / mt\*nm) for our different vessel types (Managed fleet)**



The average difference between EEOI average (which represents the actual performance of our vessels for 2018) and EEOI laden is 2,3. EEOI also includes ballast voyages as well. The small difference between the two KPIs leads to the conclusion that our vessels are operated with high efficiency.



# MONITORING AND MANAGING OUR EMISSIONS (B)

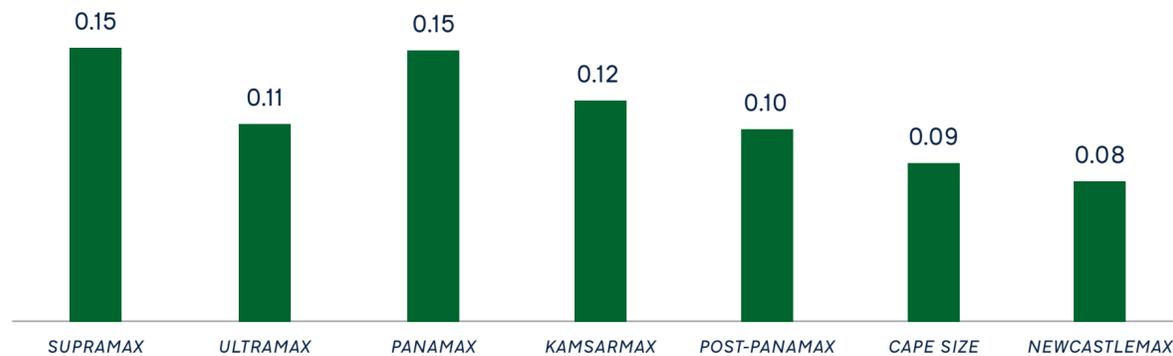
## SOx Emissions

Ship-generated SOx emissions are defined as the amount of sulphur oxides produced by the combustion of fuel in a ship's diesel engines.

The amount of sulphur oxides emitted to the atmosphere is almost directly proportional to the amount of sulphur in the fuel (% m/m) burnt in the vessel's engines. Therefore, primary data sources for the assessment of ship's SOx emissions performance should be the ship's bunkering-related records (i.e. bunkering operations log, bunker delivery notes, etc.) which provide a clear view of the fuel type, quality (in terms of sulphur content) and quantity received by the ship over a given period (e.g. quarterly).

SOx emissions of our managed fleet in 2018 are presented below.

**Average SOx/Transport work per vessel type in 2018 (grams/mt\*nm) (Managed fleet)**



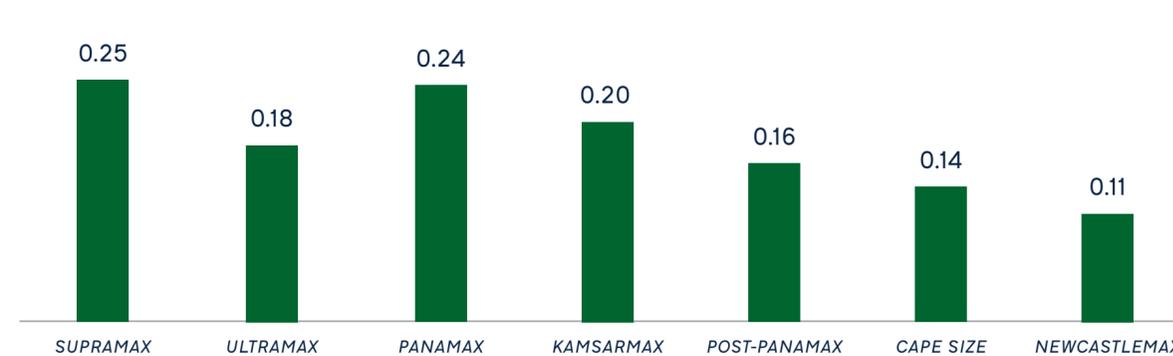
## NOx Emissions

NOx emissions are defined as the amount of NOx produced by the ship's Main Engine.

Primary data sources selected could be the ship's log-book (bridge log-book, engine log-book, deck logbook, Engine's technical file and other official records). The collection of data from ships includes the quantity (in metric tonnes) of fuel used, the cargo carried (in metric tonnes), the distance (in nautical miles) corresponding to the transported cargo, the main engines and diesel generators' operating hours, the main engine's average power (in kW), the diesel generator's average power (in kW) and the certified NOx emissions per kWh of main engine and diesel generators for corresponding power/RPM.

Estimated NOx emissions of our managed fleet in 2018 are presented below.

**Average NOx/Transport work per vessel type in 2018 (grams/mt\*nm) (Managed fleet)**



# MONITORING AND MANAGING OUR FUEL CONSUMPTION

## Monitoring and managing fleet consumption

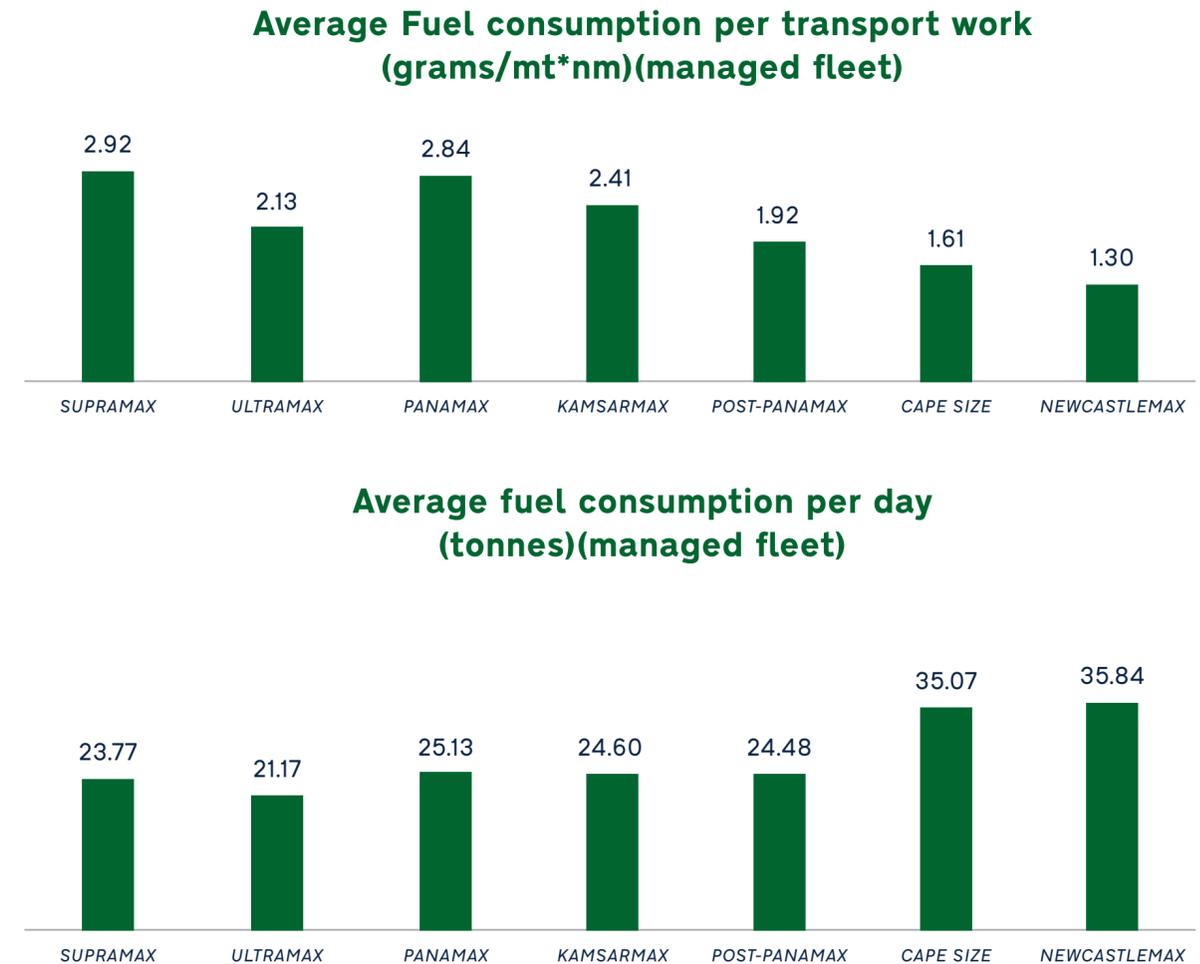
We use our Vessel Performance Monitoring System, in order to collect data and monitor our vessels' consumption and calculate an Energy baseline.

The energy baseline is the reference point derived from the review of the Fleet's energy consumption measured for year 2018. The energy performance of our vessels is evaluated against the energy baseline.

For the calculation of the Energy Baseline and Fleet Performance the following parameters are considered:

- ✓ Fuel Consumption (speed, ship/engine design optimization)
- ✓ Cargo quantity
- ✓ Length of voyages
- ✓ Ballast legs
- ✓ Time spent off hire, at anchorage, port delays, repairs or other idle conditions.

The total fuel consumption and average fuel consumption/day per type of vessel for 2018 is presented in the graphs below:



# MANAGING AND REDUCING OUR WASTE

All our vessels comply with MARPOL Annex V, which seeks to eliminate and reduce the amount of garbage being discharged into the sea from ships.

MARPOL Annex V generally prohibits the discharge of all garbage into the sea, except as provided otherwise in regulations 4, 5, and 6 of the Annex, which are related to food waste, cargo residues, cleaning agents and additives and animal carcasses.

Under MARPOL Annex V, garbage includes all kinds of food, domestic and operational waste, all plastics, cargo residues, incinerator ashes, cooking oil, fishing gear, and animal carcasses generated during the normal operation of the ship and liable to be disposed of continuously or periodically.

Being fully conscious of the impact of improper waste disposal, we have developed and implement a waste management system that stipulates the ways in which all types of waste are handled and disposed. Thus, waste on board is collected, separated and deposited in ports for proper disposal, in line with all respective regulations.



# OFFICE ENVIRONMENTAL MANAGEMENT

Although the vast majority of our environmental impact is related to our sea operations, we still consider managing and reducing the footprint of our premises operations important. Therefore we are focusing our efforts on energy and resource efficiency, waste reduction and recycling through a specific action plan and environmental programs with implementation being continuously monitored and reported to Top Management.

## **We established within 2018 Environmental Programs for minimizing the use of the following solid materials:**

- ✓ Paper
- ✓ Aluminum
- ✓ Toners
- ✓ Batteries
- ✓ Lamps

## **Environmental Objectives**

We have set the following environmental objectives:

- Implementing environmental practices on handling paper consumption and disposal of batteries.
- Following best practices on FW (fresh water) and Energy Consumption in office.
- Increasing of environmental awareness of office personnel for minimizing the impacts of their activities.
- Implementing environmental practices on handling paper, plastics, aluminum cans, toners, lamps, batteries, micro electrical gadgets consumption, disposal and recycling.



# EMPLOYMENT

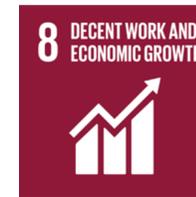


# EMPLOYMENT

## Material issues

- Occupational health and safety
- Talent attraction and retention
- Training / competency development
- Career opportunities and advancement
- Equal opportunities
- Remuneration and benefits

## Related SDGs



# FOCUSING ON OUR PEOPLE

At Star Bulk, our people are our greatest asset. With a pool of more than 4,000 seafarers, 2,600 being on board at all times and more than 280 office employees in the wider group, we believe that our long-term success depends on our ability to attract, develop and maintain an engaged workforce. We implement a long-term strategy that focuses on finding and retaining talent, promoting their development whilst supporting and safeguarding their rights. We always strive to attract highly qualified personnel, respect their aspirations and ensure their continued professional growth for all our employees, on board and ashore.

Key focus areas in managing our employees include the following:

- **Health and safety:**

We take all necessary measures, minimize relevant risks and go beyond compliance with rules for a safe working environment for our employees.

- **Employee welfare:**

We promote the welfare of our employees through fair remuneration, benefits and incentives, as well as by creating an environment that enhances satisfaction and retention.

- **Training and development:**

We provide continuous training opportunities in order to ensure that our crew and personnel are equipped with the required skills to execute their work and support their career advancement prospects.

- **Talent Management:**

We attract, retain and develop a talented workforce that is capable of fulfilling demanding tasks and contributing to the company's continuous growth.

- **Diversity and equal opportunities:**

We are fostering an inclusive work environment where people can perform regardless of their background.



# FOSTERING AN OPEN REPORTING CULTURE

Our Company’s mission is to operate our vessels efficiently and in a way that protects human health and the environment. We aim to meet or exceed the safety and quality standards of the industry and of our customers.

In order to ensure that the Company’s high safety and operational standards are met, we encourage all our employees to report any safety-related issue or concern through our “Just Say It” campaign. Reporting issues may include damages, defects, bad behaviors, poor practices or illegal acts and we ensure immediately that all issues are addressed in a constructive way.

Employees who identify a genuine safety/security concern are treated with an open and supportive manner and not with prejudice and are provided with feedback regarding the issue they have raised once the relevant investigation is completed.

By encouraging an open reporting culture we aim to address timely any misconduct and/or malpractice related to health, safety and security matters and further improvement in the Company’s systems and processes.

## “Just Say It”



# PRIORITIZING HEALTH & SAFETY IN THE WORK ENVIRONMENT

## 0 Fatalities due to accidents in 2018

At Star Bulk we believe that the health, safety & welfare of our people is of **prime importance and essential for the efficient operation of our undertakings**. We are committed to **protecting the health and safety of our people**. We continuously work on developing high standards and practices that reinforce the safety of the work performed, as well as identify, minimise and manage safety risks associated with our activities.

In order to achieve that, we conduct our business adhering to all relevant regulations and codes of practice. Moreover, we developed a comprehensive **Health and Safety policy** that is in line with the requirements set by **SOLAS, MARPOL and MLC** for the maritime industry.

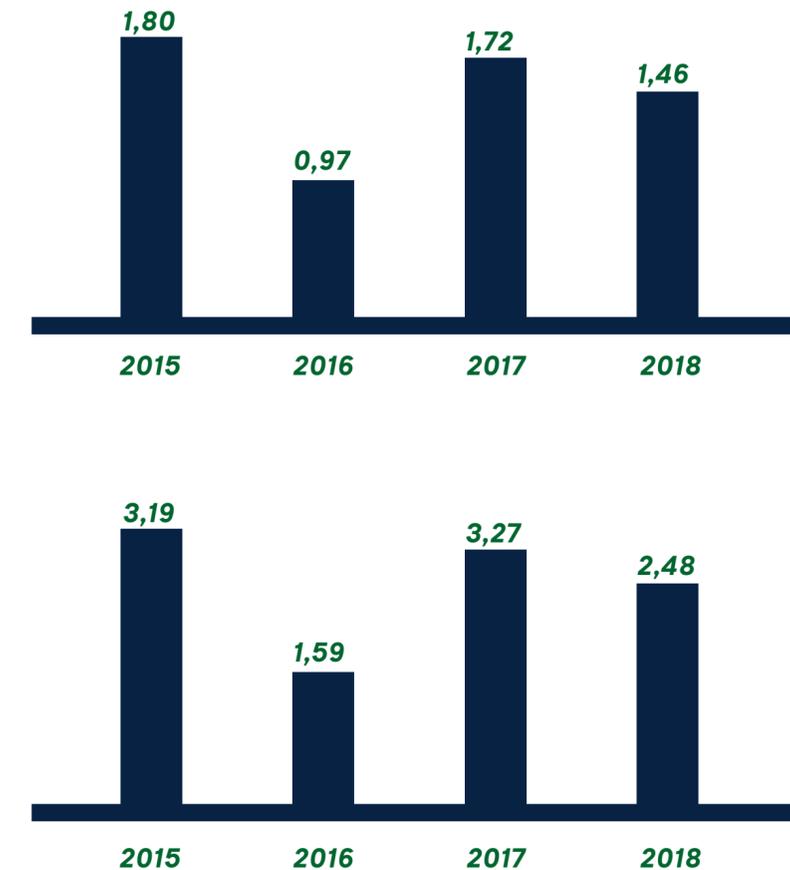
Within this context, we were **ISO 45001** certified within 2018. Through this certification we strengthened even further aspects related to our health and safety performance by maintaining a robust management system that identifies hazards, assesses the occupational health and safety risks related to our activities and services, determines the necessary controls and sets clear objectives and targets to improve our performance.

As a result we managed to maintain health and safety incidents at low levels and more specifically we achieved our targets of **zero fatalities** due to injury or sickness in 2018 and **significant reduction in Lost Time Injury Frequency (LTIF)\*** and Total Recordable Cases Frequencies (TRCF)\*\*.

\*Lost Time Injury Frequency (LTIF) is the total injury time per million hours worked.

\*\*Total Recordable Cases Frequencies (TRCF) is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per million hours worked.

### Significant Reduction in Lost Time Injury Frequency (LTIF) - managed fleet



# SUPPORTING THE WELFARE OF OUR CREW (A)

The **welfare and development** of our crew is essential to our business success & prospects for **long term growth and sustainability**. As such we place emphasis in the aspects that contribute to the welfare and satisfaction of our on-board workforce and continuously seek ways to enhance their competencies, ensuring they are **equipped with the skills necessary to grow as professionals**.

Our objective is to foster a value adding work environment based on the principles of **trust, accountability, professional development, environmental and social awareness and technical training**.

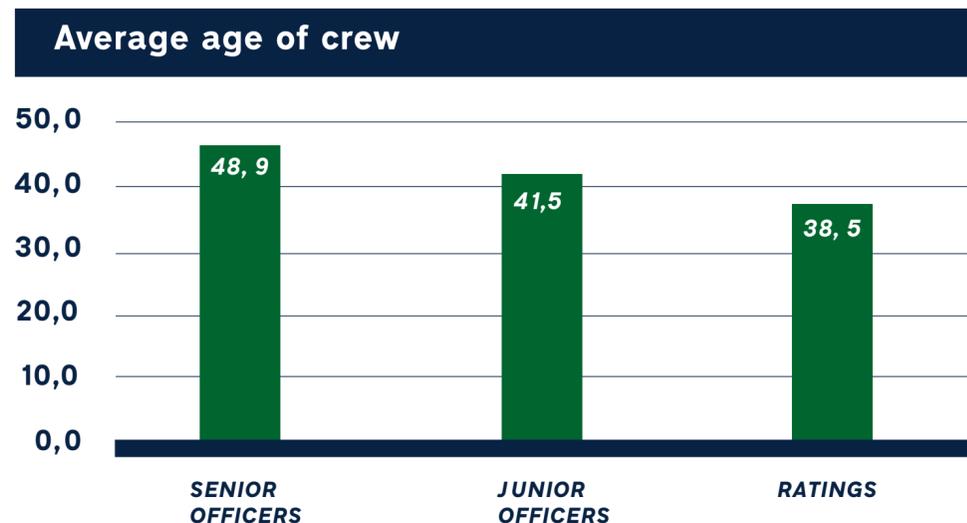
In a commercially and technically dynamic environment, we are constantly seeking ways to **optimally assign our seafarers** in order to best match their skills and capabilities with each vessel's requirements.

Perhaps the most essential part contributing the welfare of our crew is their **remuneration**. We remunerate and **provide benefits** to our crew fairly, based on the competency requirements of each position.

We also appreciate the fact that in order to attract and retain the best talent we must provide **competitive salaries and benefits** that place us among the **highest paying employers** in the industry.

Based on our own industry benchmark, we are positioned above the 76% of our peers in senior officer salaries and above 50% of our peers for salaries of junior officers and ratings.

| Crew Country of Origin |                 |
|------------------------|-----------------|
| COUNTRY                | % OF TOTAL CREW |
| Philippines            | 93,4 %          |
| Ukraine                | 5,4%            |
| Bulgaria               | 0,5%            |
| Romania                | 0,5%            |
| Russia                 | 0,2%            |



# SUPPORTING THE WELFARE OF OUR CREW (B)

Every year payments to our crew amount to approximately **123 million \$** which include **wages, remittances, bonuses, social security payments and cash advances**. Specifically for **cash advances** we are always open to meet **requests of our crew** regarding the coverage of medical emergencies, personal needs, coverage of natural disaster related calamities etc.

In relation to crew wages, we adhere to well defined and transparent remuneration standards, that **take into account the challenges of life on board**.

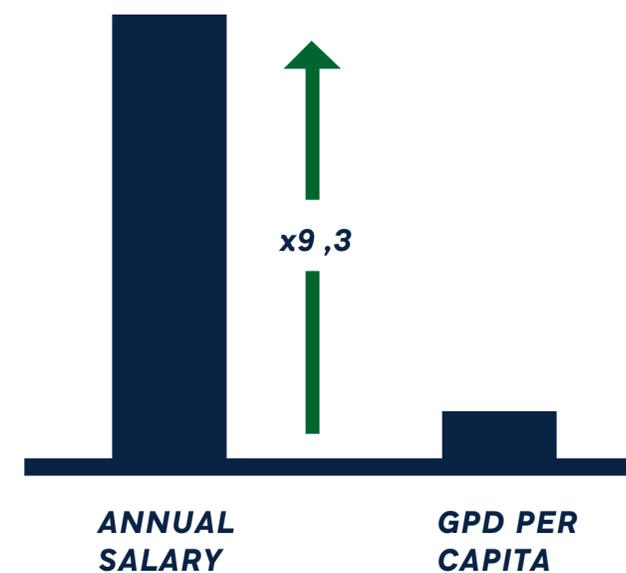
As a consequence the **average salary of our crew is 9.3 times higher than the local GDP per capita** (considering the Philippines which is where the majority of our crew is from). Other crew benefits include **private insurance** to officers and their immediate family members and **additional benefit schemes** to crew members that **demonstrate excellent performance** and remain in the company for a long period of time.



## >\$120million

Spent in **crew salaries, bonuses & social security contributions** within 2018.

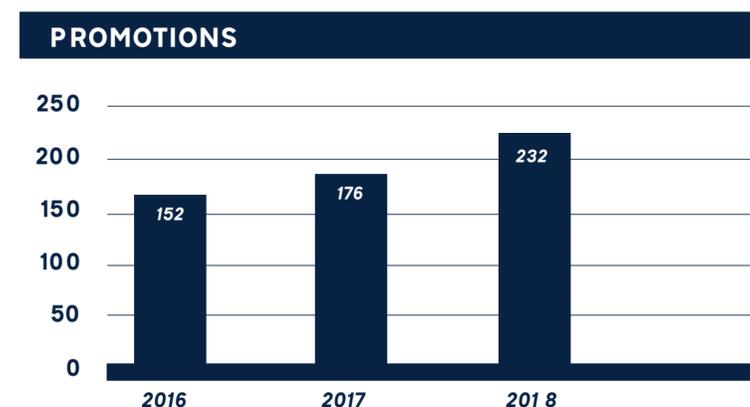
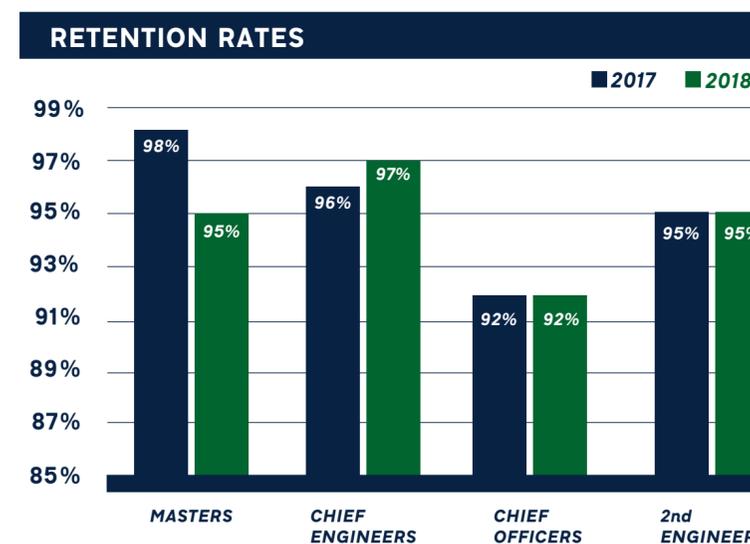
*Proportion of seafarer salary in relation to local (Philippines) GDP per capita*



# RETAINING & ADVANCING THE CAREER OF OUR CREW

Our efforts for providing a **safe, motivating and rewarding work environment** of the highest industry standards are paying off. This is reflected the **very high retention rates** which averages **96%** for the years 2017-2018 (based on the industry standard Intertanko formula). We believe that a key to the satisfaction and therefore retention of our crew lies in **rewarding their efforts, maintaining personal contact and building trust and loyalty.**

Crucial to our success is providing **long-term career development prospects** to our crew. We have in place **internal promotion programs** through which position demands are covered internally by **promotions of crew members** that have been demonstrating **high performance**. Specifically for 2018, **promotions increased by 32%** in relation to the previous year. In terms of new hires and turnover, resignations and terminations are demonstrating a downward trend the last two years, while **hires of permanent personnel** as well as **interns have increased.**



# INVESTING IN TRAINING AND DEVELOPMENT

At Star Bulk we appreciate the significance of **investing in the development** of the competencies of our people and we maintain an ongoing program for a wide range of training opportunities. We place emphasis on the **technical strengths and personal development** of our crew and aim to provide them with the knowledge and competencies for the latest industry practices. For that reason we **collaborate with external training centers** and providers that offer training courses of the **highest industry standards**.

Trainings on top of **STCW mandatory trainings** include the following topics:

- MAN ME electronic engines
- Ship handling
- Navigation training for Port Hedland operations
- Ship Safety Officer
- Safe Mooring Operations
- Safe Bunkering operations
- Media Response
- Ballast Water Treatments Systems
- Exhaust Gas Scrubber Systems
- Electrical / electronics
- Planned Maintenance
- Safe anchoring
- Marine Accident / Incident Investigation

The significance placed in the competency development of our crew is evident in the year by year increase in the amount spent on training, which was increased by **23%** in 2018 compared to 2017.



**23%**

*Increase of cost for crew **training and development** within 2018 compared to 2017.*

## On board training by experts

Since 2016 we have developed and implemented **on board safety and quality training programs** that enhance our crew's knowledge on matters related to safe ship operations **conducted by our S&Q superintendents**. The training programs consist of **detailed activities, drills and exercises on each subject matter**, concluded by assessment activities that evaluate the crew's knowledge on the respective topics. This training take place without interrupting the vessel's day-to-day operations.

## Specialised Exhaust Gas Cleaning System training

Part of our EGCS retrofitting program includes providing training to our crew on how to operate these newly installed systems. This training is **provided by specilised personnel** and aims **to ensure that our crews are capable of efficiently operating the EGCSs**.

# AN ONSHORE TEAM OF TALENTED PROFESSIONALS

Apart from crew, a team of more than 280 office employees work to support our vessels' operations. We strive to ensure diversity and promote equal opportunities.

As such **the percentage of women has significantly increased** during the years compared to men, currently reaching approximately 41%. Moreover, compared to 2017, we provided the opportunity to more young people to work with us, **increasing the number of employees under 30 years old by 5%.**

Our goal is to be an attractive and modern employer that is able to recruit and retain the best talent. To this end, we offer career advancement opportunities, tangible benefits and bonus schemes that motivate and reward outstanding performance.

## Maritime Expertise and Professional Development

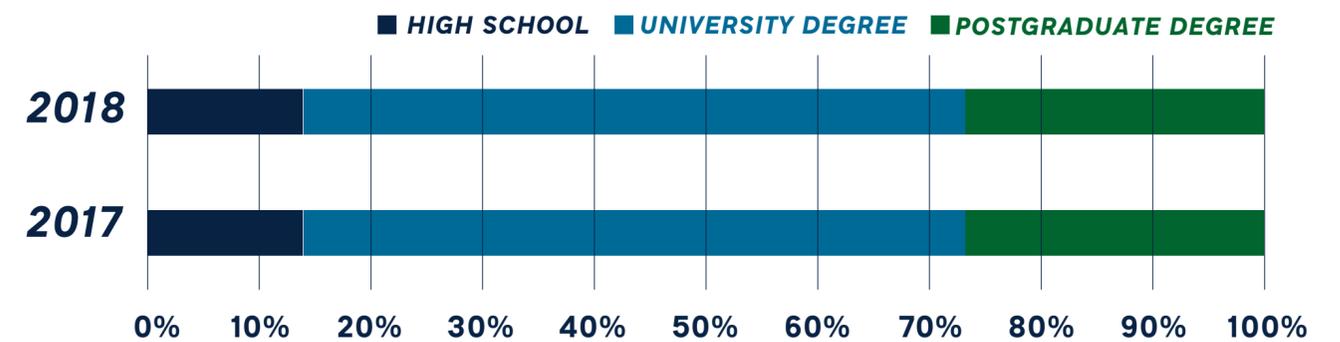
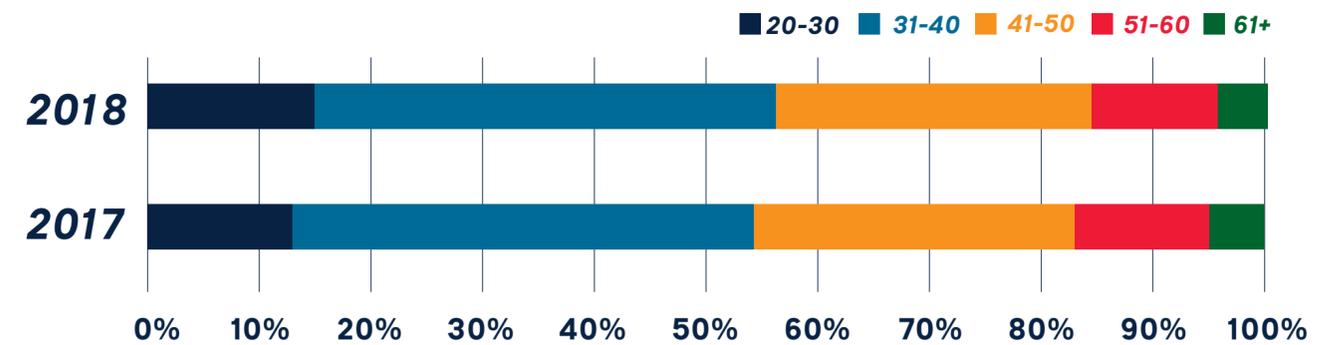
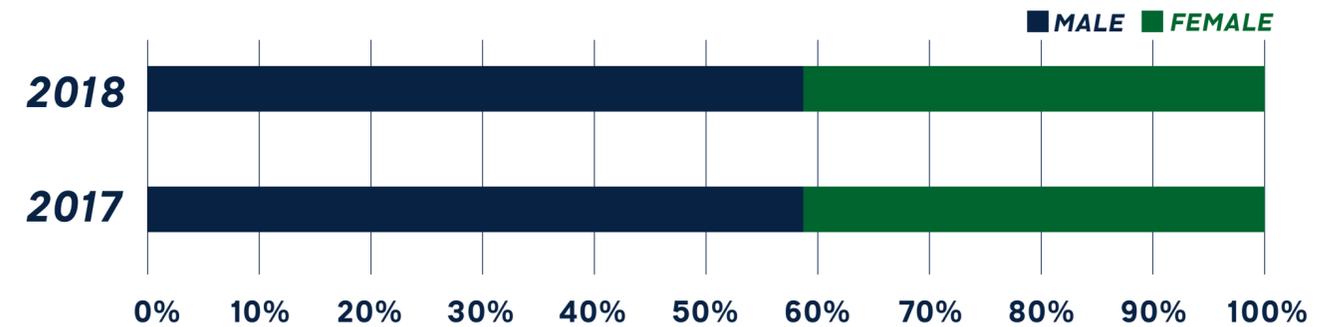
Our vessels are managed across all functions by our in-house team of experienced and highly-skilled professionals who have a deep knowledge and expertise in the maritime sector. More than 24% of our maritime in-house operational workforce (i.e. employees of Technical, Operations and MSQ Departments) have seagoing experience.

Professional development of our people is at the heart of our everyday operations. We manage and reward performance in a fair and transparent way and we strive to develop meaningful career paths and development opportunities for our employees.



# 24,2%

*Of our in-house maritime operational workforce have **seagoing experience***



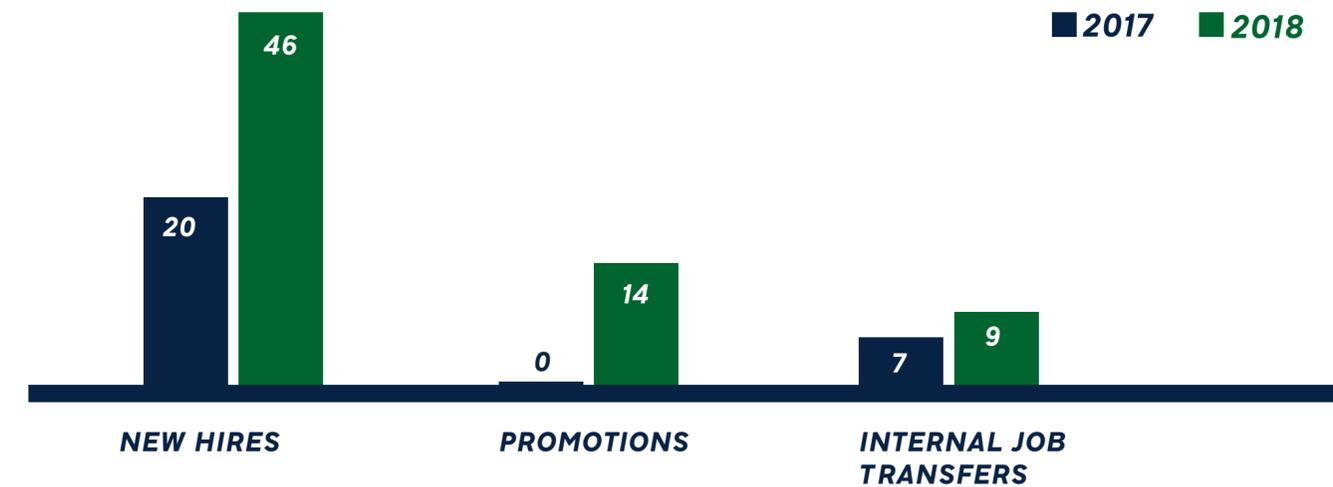
# RETAINING & ADVANCING THE CAREER OF OFFICE EMPLOYEES

As part of the ongoing process of promoting a culture of high performance, all shore employees are appraised for their **annual performance** by their supervisor and improvement objectives are set. One of our main goals for the next years is to launch a formalised training program for our office employees, that is tailored to their specific needs, based on performance appraisal outcomes, as well as industry updates and trends.

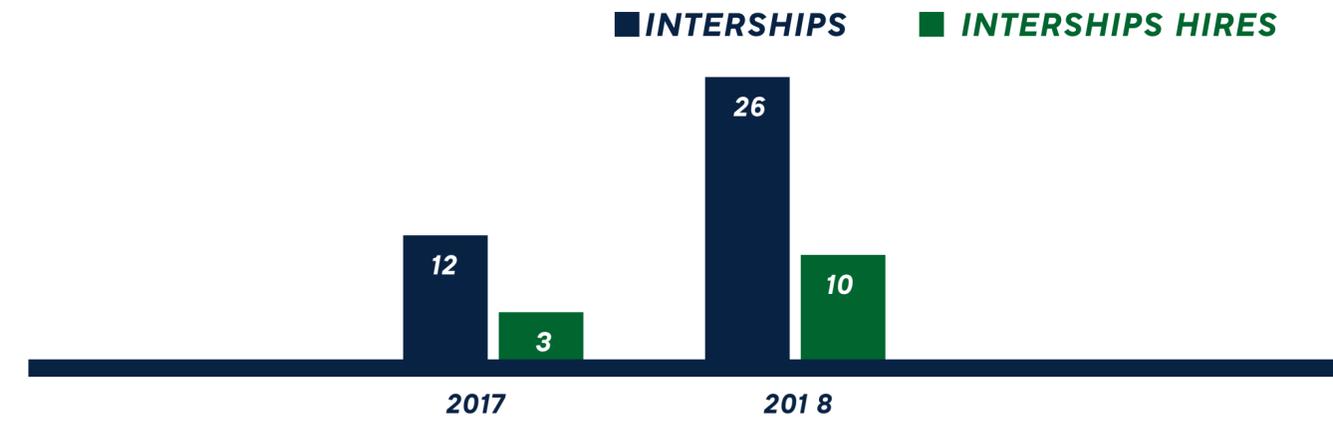
The work environment, career prospects and benefits we offer to our employees result in high employee satisfaction, which translates into **high retention rates**.

Through our long term collaboration and engagement with academic institutions, we have been consistently offering **internship opportunities** to students, providing them with valuable experience and tools for their future, many of which have resulted in permanent hires.

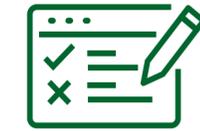
## NEW HIRES, PROMOTIONS & INTERNAL TRANSFERS



## INTERSHIPS




**100%**  
Of our shore employees receive **annual performance feedback**



**97,5%**  
**Retention rate** of shore employees

# DIVERSITY AND EQUAL OPPORTUNITIES

Star Bulk is committed to providing equal working opportunities and promoting a culture of equal employment and career advancement opportunities based on competence and qualifications. We promote fair employment at all levels.

We are committed to equal opportunity in recruitment and employment. The Company embraces the diversity of employees and offers fair promotion opportunities. It is the Company's policy not to discriminate against any employee on the grounds of sex, race, color, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion or any other basis prohibited by the laws that govern its operation.

In order to draw on our employee's capabilities, we place importance on fairly evaluating and promoting personnel regardless of their nationality or gender. We are fostering a culture of equal employment and career advancement opportunities based on competence and qualifications. We provide employees with equal opportunities for training and development based on their strengths and needs and help them achieve their full potential.

We reward employees fairly based on abilities, performance, contribution and experience.

Although the shipping business is traditionally a male-dominated sector, Star Bulk supports the recruitment of women, offering equal career paths for both women and men.

Star Bulk has established policies against all forms of discrimination and harassment. We encourage all employees to treat one another with respect. If an employee believes they have been subjected to discrimination or harassment they are urged to immediately report the incident to their supervisors, Top Management, or the Human Resources Department.



# SOCIETY

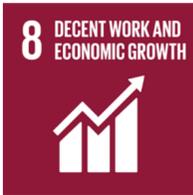


# SOCIETY

## Material issues

- Community investments

## Related SDGs



# OUR COMMUNITY INVESTMENT ACTIVITIES



Members of the union of Greek Shipowners have **established** in 2016 the Greek Shipowners' social welfare company **SYN-ENOSIS**. The mission of the company is the **support of the Greek society** via social welfare programs and activities for vulnerable social groups and to establish projects of public interest, through the provision of humanitarian and charitable aid.

Star Bulk has been providing **annual financial contribution** to SYN-ENOSIS for the past years by supporting initiatives in the areas of **food aid, health and social care, education, projects of public interests** as well as **crisis management relief actions**.



The Stavros Niarchos Foundation Endowed Scholarship Fund represents an **endowed fund at Anatolia College** through the generosity of the Stavros Niarchos Foundation in **support of a Center for Talented Youth ("CTY")**. The fund seeks to support the access of deserving underprivileged students to the CTY Summer Program.

We at Star Bulk are **committed to a community investment to support scholarships** of CTY students through the Stavros Niarchos Foundation Endowed Scholarship Fund for a period of five years (2018 – 2022).



The Institute of Preventive Medicine, Environmental and Occupational Health **Prolepsis** is a **nongovernmental organization**, active in the field of medical research, health promotion, environmental and occupational health.

Star Bulk supported a school nutrition program coordinated by Prolepsis by **covering the expenses of the daily food provided to the students** of an elementary school in an underprivileged area in Athens throughout the academic year 2018.



**Project Connect is a Non-Profit Organization** of professionals from the Shipping and HR industries who have been exploring the gaps in, and offering **practical solutions to the problem of youth employability during the crisis in Greece**.

The scope of the "Adopt a Ship" program is to **introduce Greek elementary students to shipping** by having them come in contact with the Master of a vessel. The students contact the Master via emails and ask questions in order to explore life at sea, exchange photos, paintings and other relevant information.

During 2018 **Star Bulk engaged its vessel** M/V Gargantua and her Master with the students of the 5th Class of Elementary School of Keratsini.

# Appendix

## *I. GRI Contents Index*

## GRI Contents Index

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## Forward-Looking Statements

Matters discussed in this report may constitute forward looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words “believe,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “pending” and similar expressions identify forward-looking statements.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, examination by the Company’s management of historical operating trends, data contained in its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company’s control, the Company cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in the Company’s view, could cause actual results to differ materially from those discussed in the forward-looking statements include general dry bulk shipping market conditions, including fluctuations in charter rates and vessel values; the strength of world economies; the stability of Europe and the Euro; fluctuations in interest rates and foreign exchange rates; changes in demand in the dry bulk shipping industry, including the market for our vessels; changes in our operating expenses, including bunker prices, dry docking and insurance costs; changes in governmental rules and regulations or actions taken by regulatory authorities; potential liability from pending or future litigation; general domestic and international political conditions; potential disruption of shipping routes due to accidents or political events; the availability of financing and refinancing; our ability to meet requirements for additional capital and financing to complete our newbuilding program and grow our business; the impact of the level of our indebtedness and the restrictions in our debt agreements; vessel breakdowns and instances of off hire; risks associated with vessel construction; potential exposure or loss from investment in derivative instruments; potential conflicts of interest involving our Chief Executive Officer, his family and other members of our senior management and our ability to complete acquisition transactions as planned. Please see our filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties. The information set forth herein speaks only as of the date hereof, and the Company disclaims any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this communication.

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