

CAPITAL

Tanker Operator Athens

May 2022



An aerial photograph of a large container ship sailing on the ocean. The ship is white with a blue hull and has a South African flag on its funnel. It is moving towards the viewer, leaving a white wake in the dark blue water. The ship's deck is filled with numerous colorful shipping containers.

CAPITAL

Capital Group Overview

A red diamond-shaped separator located below the title.

Capital Group: A Global Shipping Establishment



Headquarters in Piraeus, Greece.



Fully owned or affiliated agency/crewing offices in Constanta, Novorossiysk, Manila and Singapore.



Affiliated offices in Piraeus & London, offering full fledged commercial services.



Public markets presence with Capital Product Partners L.P. (NASDAQ: CPLP)

Capital Group: A Diversified Shipping Establishment

GROUP FLEET

12 LNG Carriers



33 Tankers



4 Bulk Carriers



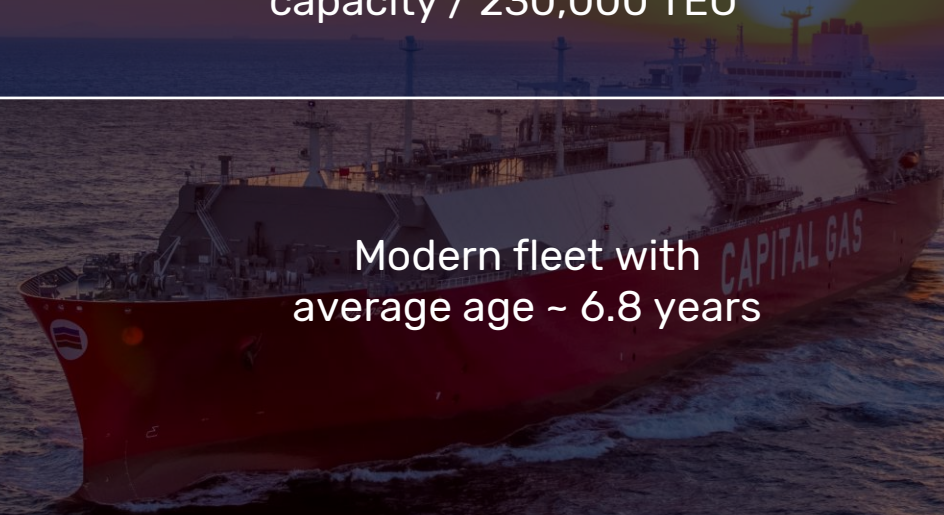
43 Containers



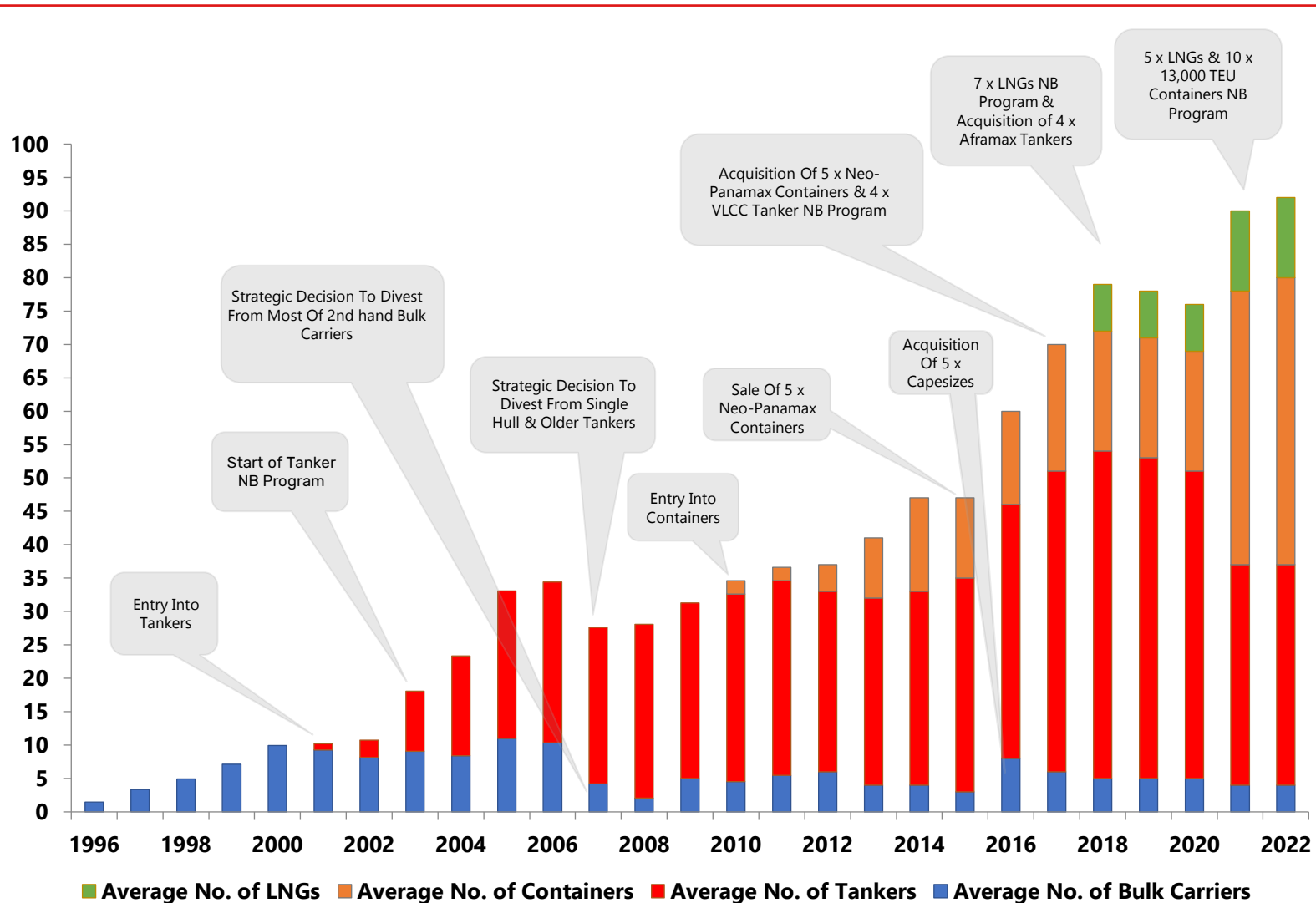
TOTAL : 92 Vessels

Approx. 9.7 million dwt / 2.1 million CBM LNG capacity / 230,000 TEU

Modern fleet with average age ~ 6.8 years



Strategically Expanded and Managed The Fleet



Managed on average more than **70 vessels** annually over the last 5 years

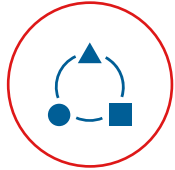


Currently manages **33 tankers**, **12 LNGs**, **43 containers** and **4 bulk carriers**



Represents total dwt of **~9.5 million tons**, **32 million barrels** oil capacity, **2.1 million cbm** LNG capacity and **230,000 TEU**

Capital Group



Fully integrated and diversified global ship owning group spanning key shipping segments (LNG / Crude / Products / Chemical / Container / Bulk)



Trusted by Oil Majors, Traders, Liners and Operators **worldwide** to carry their cargoes. Among a handful of Owners vetted successfully for period business by Oil & Gas Majors



Strong balance sheet offering financial strength, growth and flexibility over the last 20 years



Newbuilding Expertise – a total of 125 New buildings ordered and delivered at leading Ship Yards in South Korea, China and Japan



Operational Excellence – Each year Capital Group receives numerous awards and recognition from leading Classification societies, Coast Guards and Oil Majors for it's HSSE performance and the distinction of its ship management



Strong Management Team – Recognized track record in successfully timing the markets. Numerous successful public and private capital placements



A Strong Shipping Establishment



CULTURE

- Continuous improvement
- Commitment to integrity
- Team spirit
- Commitment to health, safety, quality and the environment
- State-of-the-art IT architecture
- Audited under US GAAP and compliant with SOX-404



PEOPLE

- Principal with strong track record of building valuable franchises
- Experienced and committed management team
- Highly qualified personnel (150 on shore employees and pool of 2,000+ qualified shipmen)
- High onshore and offshore personnel retention rate



COMMERCIAL EXPERTISE

- An extensive network of relationships with charterers including miners, traders and operators
- Qualified to enter into long term period business with all end users
- Experience in operating all sizes of dry bulk, tanker and container/ multi purpose vessels



INDUSTRY WIDE CONTACTS

- Quality shipyards: Hyundai, Samsung JMU, Daewoo, Daehan, Sungdong, SWS.
- Leading financial institutions and shipping finance: HSH, ING, NBG, CREDIT AGRICOLE, CMB, ICBC, BNP, BOFA, CITI, UBS, Wells Fargo
- Suppliers and agencies worldwide

A sample of direct Challenges



Shore

- International Maritime Organization (IMO) CO2 emissions regulations
- Environmental, social and governance (ESG)
- Cyber security regulations
- New digital technologies
- Oilcos new directions



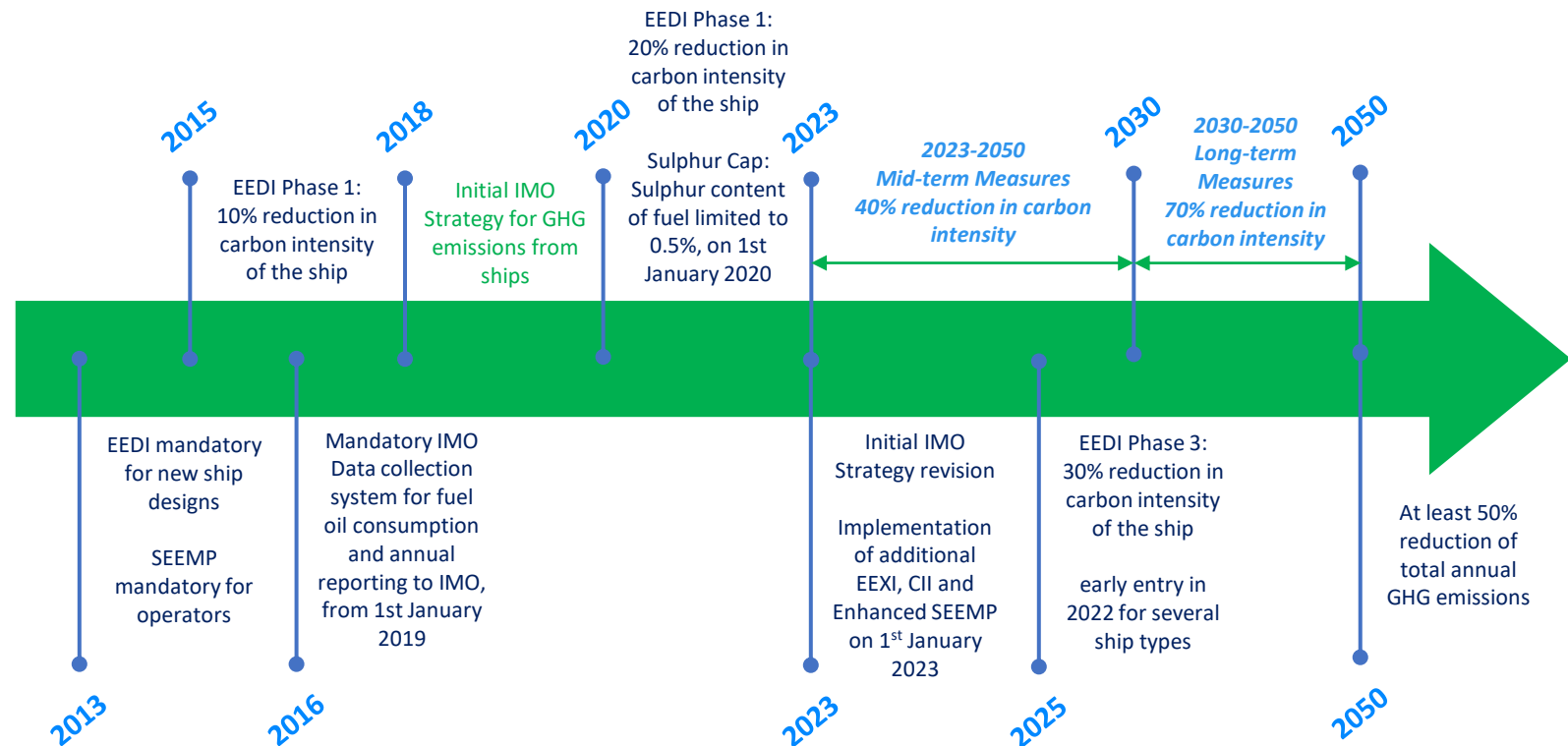
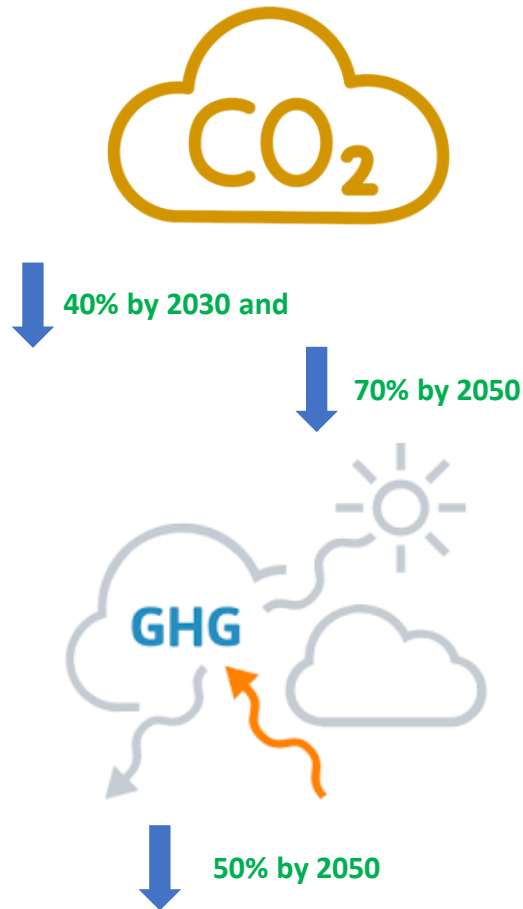
Onboard

- Crew shortages
- Crew competence
- Crew welfare
- Crew/Office personnel Training
- **Zero incident industry.**

The Framework

In April 2018, the **International Maritime Organization (IMO)** adopted an ambitious **Green-House Gas (GHG)** emissions-reduction strategy that envisions:

- ❑ Reducing the the average carbon density of international shipping, by at least 40% by 2030 and 70% by 2050, compared to the respective base-values of 2008.
- ❑ Reducing in half (50%) the total annual GHG emissions from international shipping by 2050, compared to the respective base-values of 2008





FIT FOR 55

The Framework

In July 2021, the **European Commission** adopted an ambitious **Fit for 55** package of proposals intended to reduce the EU's total GHG emissions by 55% by 2030, paving the way for full EU decarbonization by 2050. For shipping the package involved the following:

- ❑ **European Trading System Directive.**
Shipping will become subject to the ETS as of 2023, with the ships presently reporting emissions under the EU MRV regulation required to purchase CO2 emission credits. All intra-EU emissions will be included, but only 50% of the emissions for voyages when arriving in or departing from the EU. There will also be a phase-in period starting with 20% coverage in 2023 and increasing to 100% in 2026. Non-compliance is fined and may eventually lead to a ban from EU waters.
- ❑ **FuelEU Maritime Regulation.**
Coming into effect in 2025, the regulation imposes life cycle GHG footprint requirements on the energy used on board ships. It will apply to the same ships that are covered by the EU MRV regulation and will, in addition to CO2, cover methane and nitrous oxide, all in a well-to-wake perspective. The GHG intensity of the energy used will be required to improve by 2% in 2025 relative to 2020, ramping up to 75% by 2050. Credits will be granted for energy generated on board, such as by wind power. The regulation will also require container and passenger vessels to connect to shore power from 2030 for stays longer than two hours. Same as for the ETS, non-compliance may lead to fines and being banned from EU waters.
- ❑ **Alternative Fuels Infrastructure Regulation**
This regulation is an update of an existing directive and will require EU member states to ramp up the availability of LNG by 2025 and onshore electrical power supply by 2030 in core EU ports.
- ❑ **Energy Taxation Directive**
This directive is being revised to remove the tax exemption for conventional fuels used between EU ports as of 1 January 2023. International bunker for extra-EU voyages remains tax exempt. For heavy fuel oil, the new tax rate will be approximately €37 per tonne. LNG will initially be taxed at a rate of €0.6 per GJ. Alternative fuels will be tax exempt for a ten-year period.

The Framework



**POSEIDON
PRINCIPLES**

*“The **Poseidon Principles** are a global framework for assessing and disclosing the climate alignment of financial institutions’ shipping portfolios. They establish a common, global baseline to quantitatively assess and disclose whether financial institutions’ lending portfolios are in line with adopted climate goals. Thus, they also serve as an important tool to support responsible decision-making.”*

These principles are to be followed by the **financial institutions that are Signatories** in all business activities related to:

- ✓ Bilateral loans
- ✓ Syndicated loans
- ✓ Club deals
- ✓ Finance leases
- ✓ Unmortgaged ECA loans

Currently, **27 financial institutions are Signatories to the Poseidon Principles**, representing a bank loan portfolio to global shipping of approximately \$185 billion – **nearly 50% of the global ship finance portfolio**. More banks are expected to join soon.

Based on the annual report of 2021, 11 Signatories have lower Carbon Intensity in their portfolio than required by the decarbonisation trajectory reflecting a tense of the big financial institutions to choose green ships for their credit products.

The Framework

SIRE 2.0

In 2017 OCIMF started working on this new scheme for vetting inspections, following the industry evolution, the changing environment and demands throughout the years.

The VIQ has been thoroughly reviewed and finally decommissioned and replaced by this new tool that is prepared to deliver towards the requirements of the times. A risk-based approach has been followed which is being scrutinized for the past 4 years by three working groups.

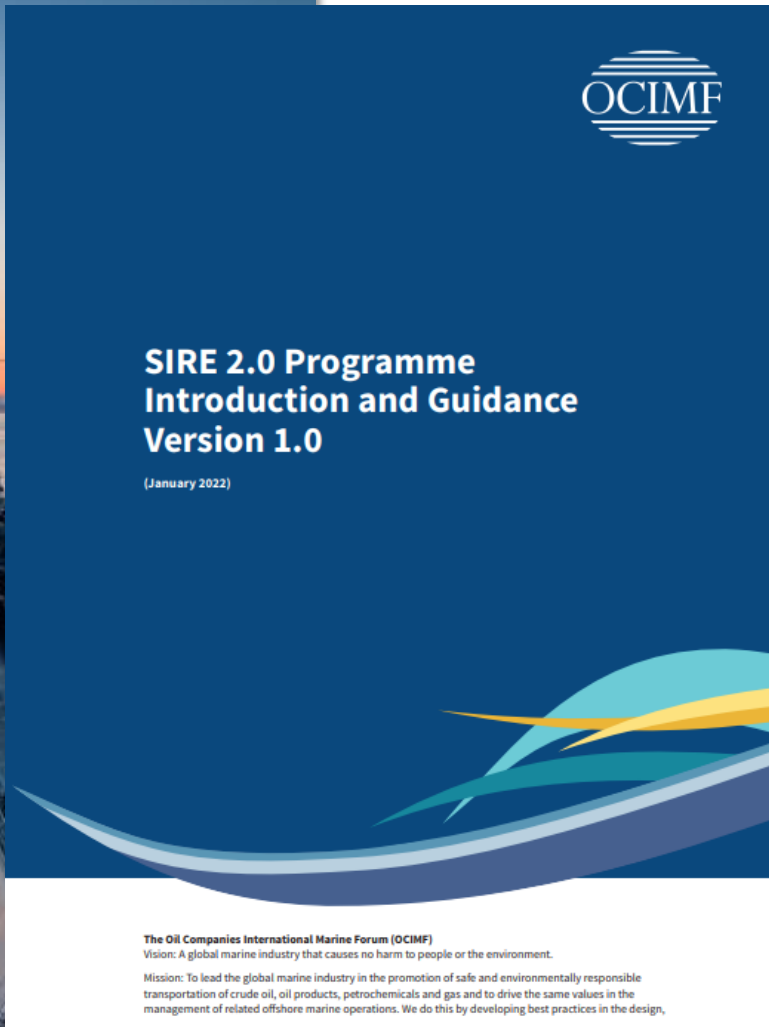
SIRE 2.0 is enhancing the risk-based approach and is introducing new elements to the way the vetting inspection is being

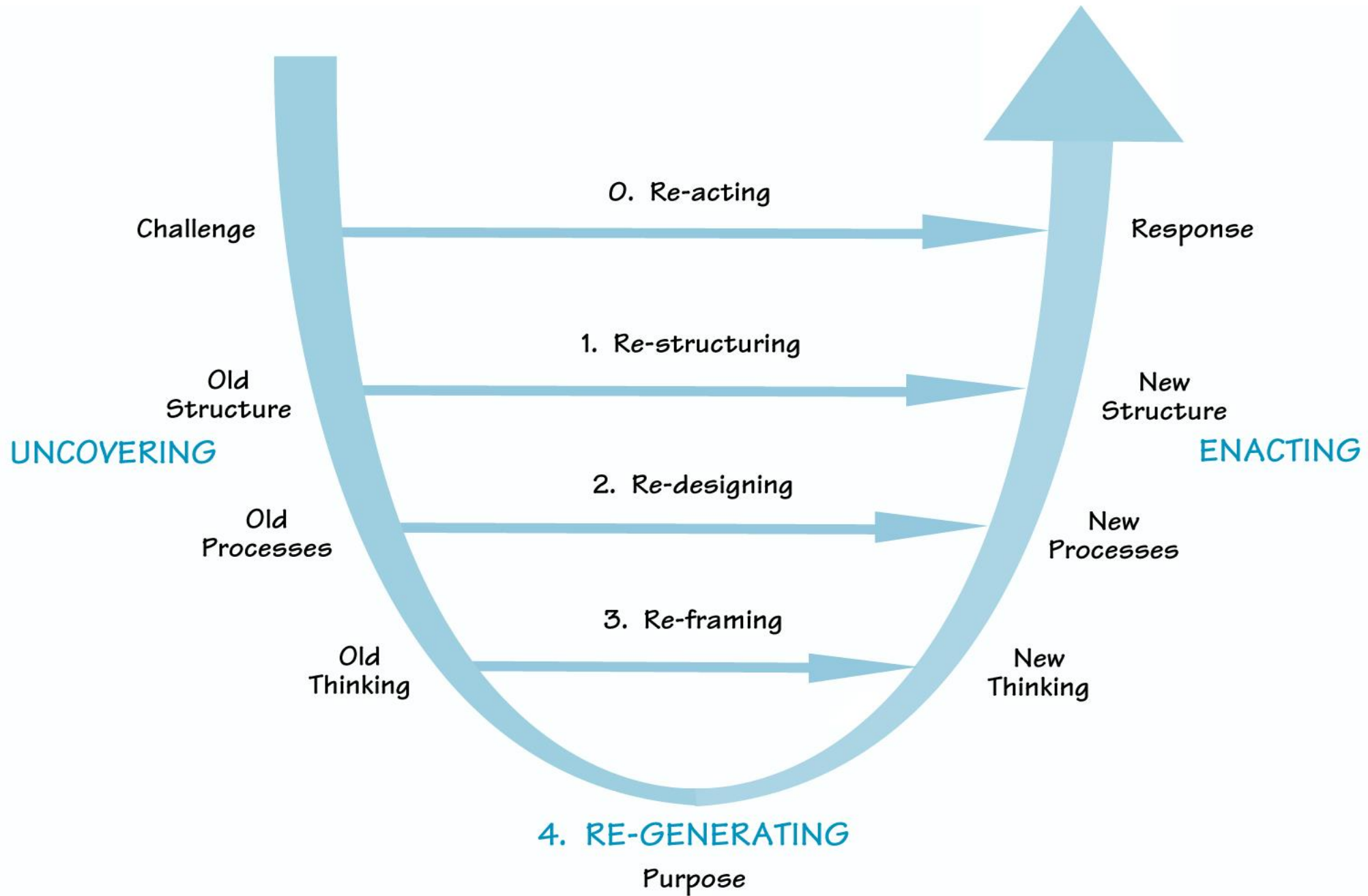
- ✓ thought of,
- ✓ prepared,
- ✓ conducted and
- ✓ reported

with the view to reflect the most precise and customized information for the safety and performance onboard a specific vessel. In addition to that, the focus that has been placed on the human factor in VIQ 7 is enhanced even more in SIRE 2.0. The inspections are getting more thorough and detailed and inspections' number will be reduced.

Enhanced question guidance (rules applicable, what the inspector expects to see, how the inspection is going to be conducted for each question) is included in the new SIRE 2.0 programme as well as alignment with the TMSA requirements while anticipating the new TMSA chapter on the human factor.

SIRE 2.0 programme was originally expected to be launched in Q2 2022. However, following the feedback of the shipping community, the necessity of further testing and the enhanced training required and promised to be provided by OCIMF to inspectors and operators the launching has been deferred to Q4 2022.





Operational Excellence



- Capital Ship Management Corp. (CSM), Capital Executive Ship Management Corp. and Capital Gas Ship Management Corp. manage both CMTC and CPLP vessels with excellent operational track record and reputation among charterers



- Among handful of ship managers vetted for period business by all oil majors



- Performance well recognized within the industry:

- Lloyd's Register of Shipping presented Capital with an 'Attestation' relating to 'Excellence in Ship Management and Operations'.
- CSM operated tankers were regularly within the top 10 performing vessels of BP's time charter fleet
- Received "Lloyd's List Tanker Company of the year award"
- Awarded with the Amver "Special Rescue Award" by the U.S. Coast Guard
- Awarded with the "Green Environmental Achievement Award" by the Port of Long Beach



- Quality assurance and procedures certified with Lloyds register for:

- Environmental, health, safety and security
- Quality and management systems

- First shipping company to be certified according to IMO concept of sustainable industry



- Innovative ERP program (based on Microsoft Platform) fully customized to company's needs

- Emphasis on team attitude, special attention to a strong office-vessel relationship



- Continuous identification and monitoring of commercial and technical developments in the shipping industry: vessel optimization, LNG, eco type designs, future regulation etc.

- Member of Intertanko, HELMEPA and other global maritime organizations

- Sponsor with established track record has received acknowledgment for his contribution to the shipping sector





CAPITAL

Thank You