
COSTAMARE ESG REPORT

2019



Key figures¹

Number of seafarers on board
our fleet vessels (approx.)

1,700²



Distance travelled
by vessels (nm)

6,362,223



Number of operating days

25,549



Number of vessels in fleet

76



Number of port calls

6,265



Deadweight tonnage

5,814,509

DWT

Twenty-foot equivalent
unit capacity

481,722

TEU

¹ All figures are based on a total number of 76 vessels operated throughout the period from 1 January to 31 December 2019, including 3 vessels acquired and 5 vessels sold during this period, but excluding 5 vessels under construction.

As of 31 December 2019, the total number of vessels was 70. All figures include vessels acquired pursuant to the Framework Deed dated 15 May 2013, as amended and currently in force between Costamare Inc. (hereafter 'Costamare' or the 'Company') and York Capital Management Global Advisors LLC and an affiliated fund. Figures for TEU and DWT represent the fleet as of 31 December 2019.

² Total pool of seafarers approx. 3,000

Introduction

Costamare's track record over the last 46 years has been the result of long-term commitment, patience and care. Emphasis on safe and efficient vessels operations, prudent chartering and balance sheet management, have been the cornerstones of our philosophy.

Our goal is to continue growing our Company in a sustainable manner – for the benefit of all our stakeholders (inter alia shareholders, employees, customers), society and the environment.

Over the past decade, there has been a trend of increasingly strict regulations imposed by governmental authorities and regulatory agencies relating to environmental, social and governance (ESG) concerns that affect the shipping industry.

At Costamare, we recognize the need and responsibility to comply with these regulations and to responsibly address ESG considerations in our operations and management.

For many years, and irrespective of the applicable regulations at any given point in time, we have been taking measures and adopting strict internal standards to protect the environment and safeguard the working conditions of our employees. It is important that all employees, directors, officers and agents of the Company are familiar with our procedures and know how to execute operations in a consistent, safe, and efficient manner. Conducting our business with honesty and integrity is not only the right thing to do but is also critical to the continued success of our Company.

Since 2010, we have sold 35 vessels with an average age of 26 years, all of which have been replaced with younger and more environmentally friendly vessels of an average age of 7 years. A large number of the older vessels in our

fleet have been retrofitted to be more fuel efficient and all our vessels have either ballast water management systems or ballast management treatment systems ensuring the protection of the marine ecosystem.

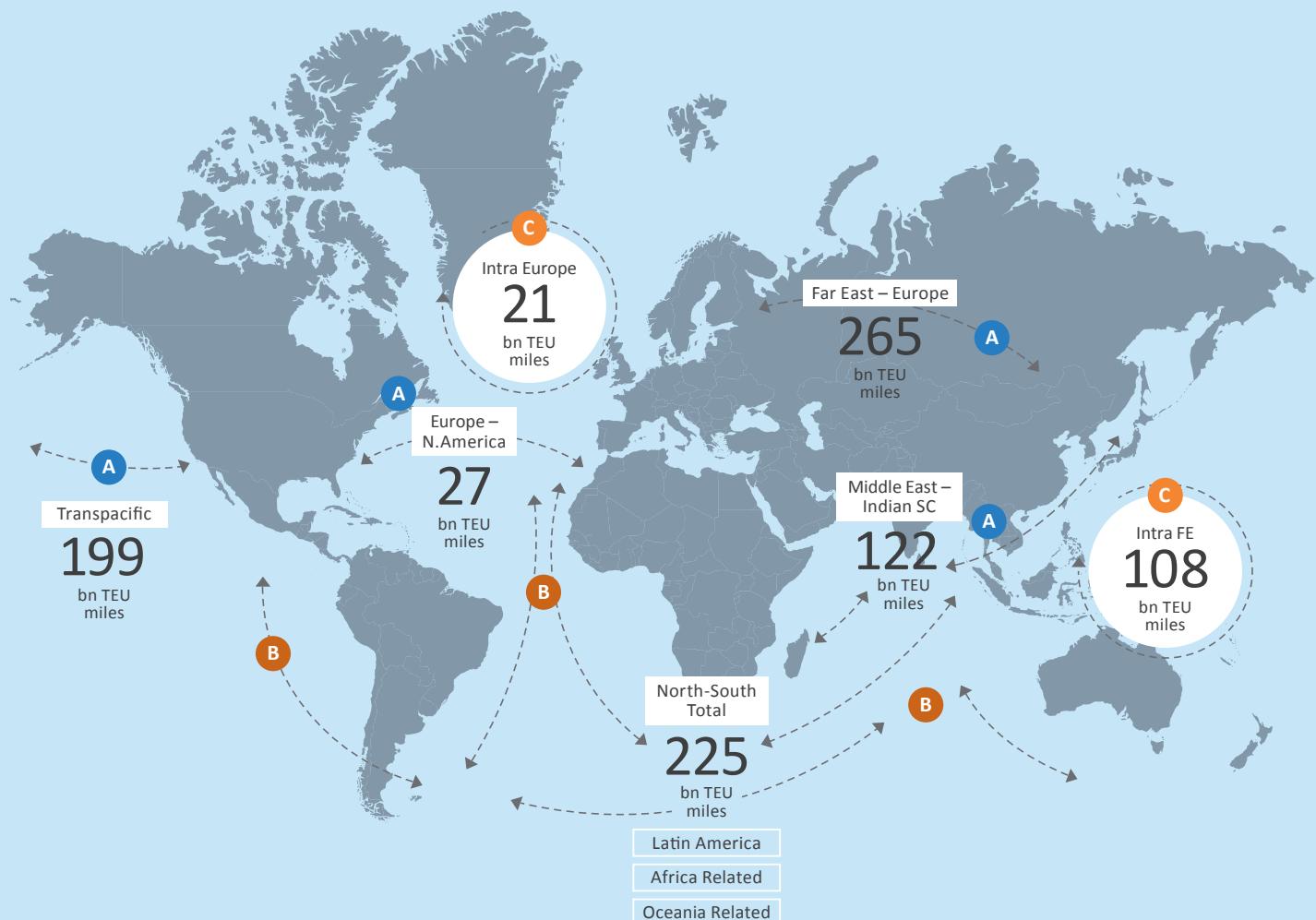
This is our first standalone report on ESG, and it covers Costamare's operations in 2019. While there are several approaches to reporting on sustainability, we have chosen to be as concrete as possible in our reporting and, thus, have selected to disclose in line with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB). The framework includes material indicators for our industry. Furthermore, we have chosen to disclose our fleet average Energy Efficiency Operational Indicator ("EEOI") and Average Efficiency Ratio ("AER"), which are used to assess fleet performance over time.

In the future, we will carry on with our efforts to improve our sustainability footprint.

Konstantinos V. Konstantakopoulos
Chief Executive Officer
Costamare Inc.

CONTAINER TRADE HIGHWAY

Our fleet with vessels of various sizes, including feeder, Panamax and post-Panamax container ships, serves the requirements of our charterers on short-, medium- and long-haul routes across all three of the geographical trade route groups.



Source: Clarksons Seaborne Trade Monitor
November 2020 / Company estimates

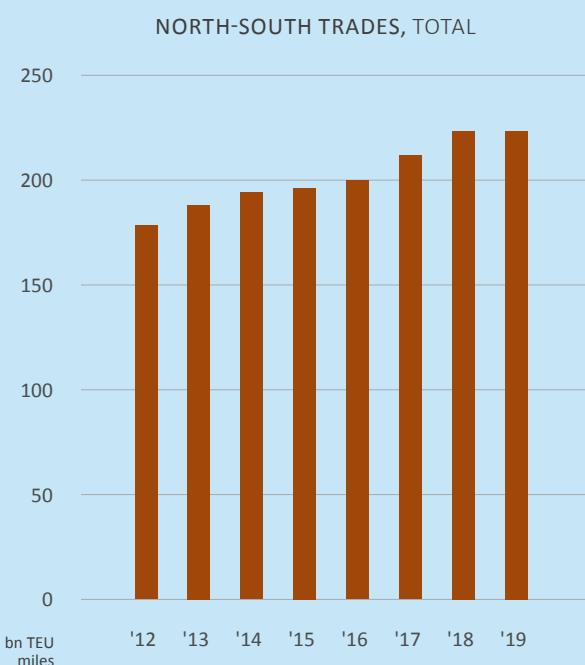
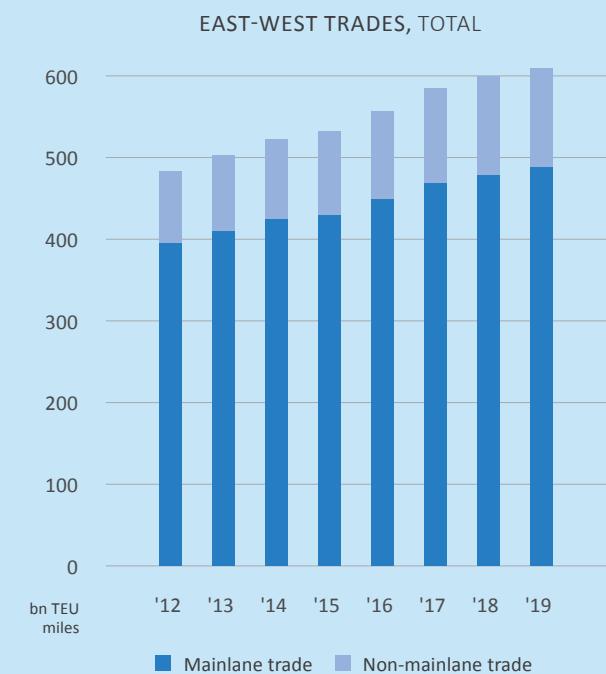
Container value chain



Container shipping routes

Container shipping routes can be divided primarily into three main groups:

- A** East-West trades, linking major industrial and consumption centres of North America, Europe and Asia.
- B** North-South trades, linking production and consumption centres of Europe, Asia and North America with developing countries in the Southern Hemisphere.
- C** Intra-regional trades operating on shorter routes.



Source: Clarksons Seaborne Trade Monitor November 2020

1 GOVERNANCE AT COSTAMARE

Costamare Inc. is committed to a culture of integrity in its business and operations. We recognize that high standards of corporate governance are integral to this goal. Costamare Inc. has adopted and operates in strict compliance with internal governance procedures.

CORPORATE GOVERNANCE GUIDELINES

Our Board of Directors operates strictly in compliance with our Corporate governance guidelines, established to safeguard its integrity. For instance, the guidelines require that at least two directors will be independent under the rules of the New York Stock Exchange as interpreted by the Board. All members of the Audit Committee will be independent directors. The non-management directors will meet without management at regularly scheduled executive sessions.

Our Audit Committee monitors Costamare's systems of internal controls and compliance procedures and holds meetings as often as necessary, at a minimum four times a year.

Our Corporate Governance, Nominating and Compensation Committee periodically reviews our corporate governance guidelines and makes appropriate proposals to our Board of Directors.

GOVERNING DOCUMENTS

- [Corporate Governance Guidelines](#)
- [Statement of Significant Corporate Governance Differences](#)

COMMITTEE CHARTERS

- [Audit Committee Charter](#)
- [Corporate Governance, Nominating and Compensation Committee Charter](#)

MANAGING ESG

ESG management and reporting processes are integrated in Costamare's quality, safety and environmental management system (QSEMS). Environmental, social and governance issues are managed and reported on as part of Costamare's core operations, ensuring that our sustainability policies are an integral part of our operations. In the table below, we reference Costamare's internal governance documents that ensure the proper implementation of international standards covering certain ESG issues material to our business.

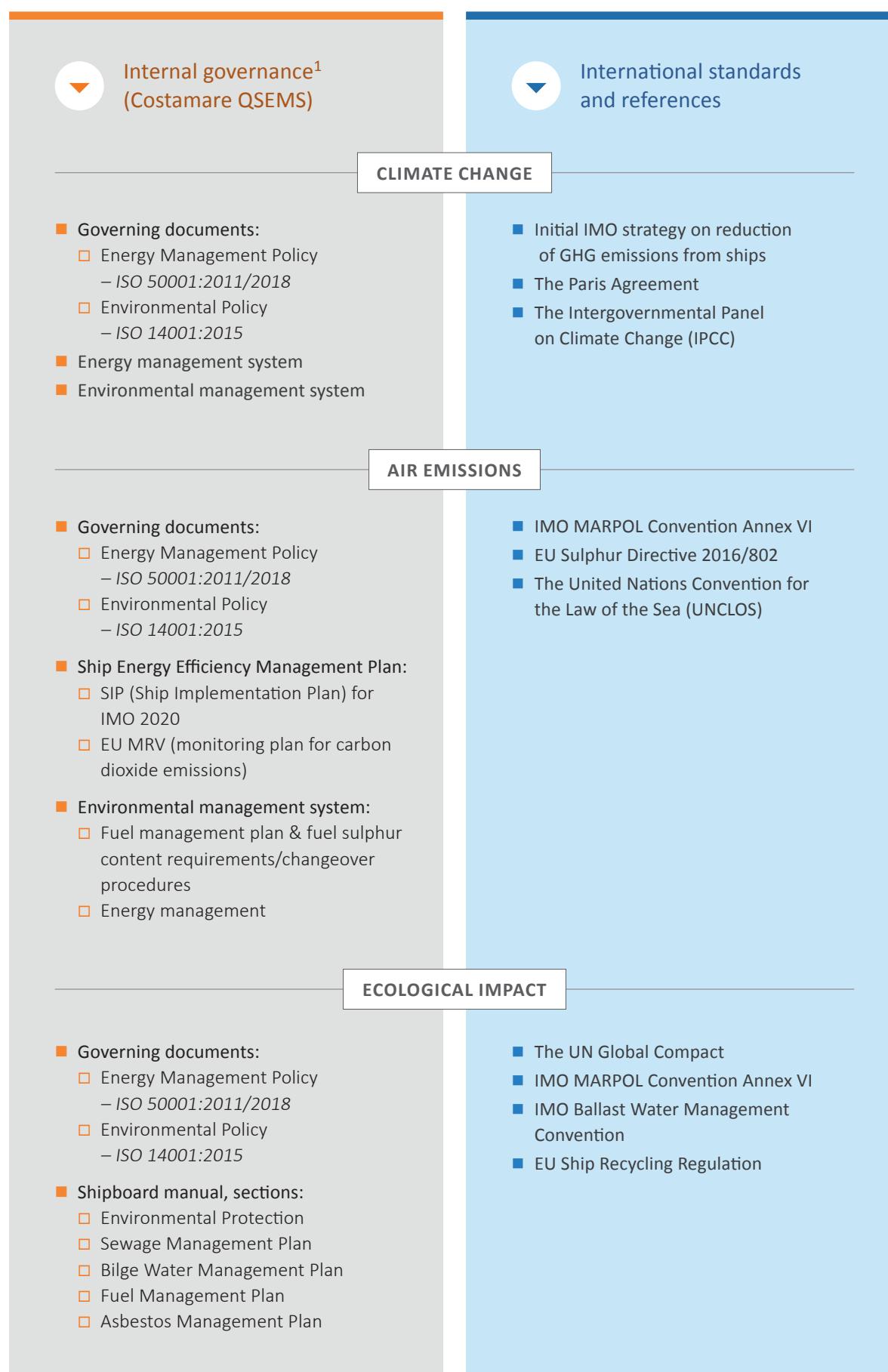
Environmental (ISO 14001:2015) and energy management (ISO 50001:2011/2018) indicators are calculated on a semiannual and monthly basis and distributed to vessels and office staff for performance reviews. During the performance reviews, corrective actions are discussed and implemented as necessary with the goal of having the best possible operational performance of each individual vessel and the overall fleet.

In addition, environmental, safety and energy considerations are discussed among vessel operators, captains and chief engineers before signing on new vessels. During such briefing sessions, individual performances on the last vessel assignments are reviewed and discussed in order to:

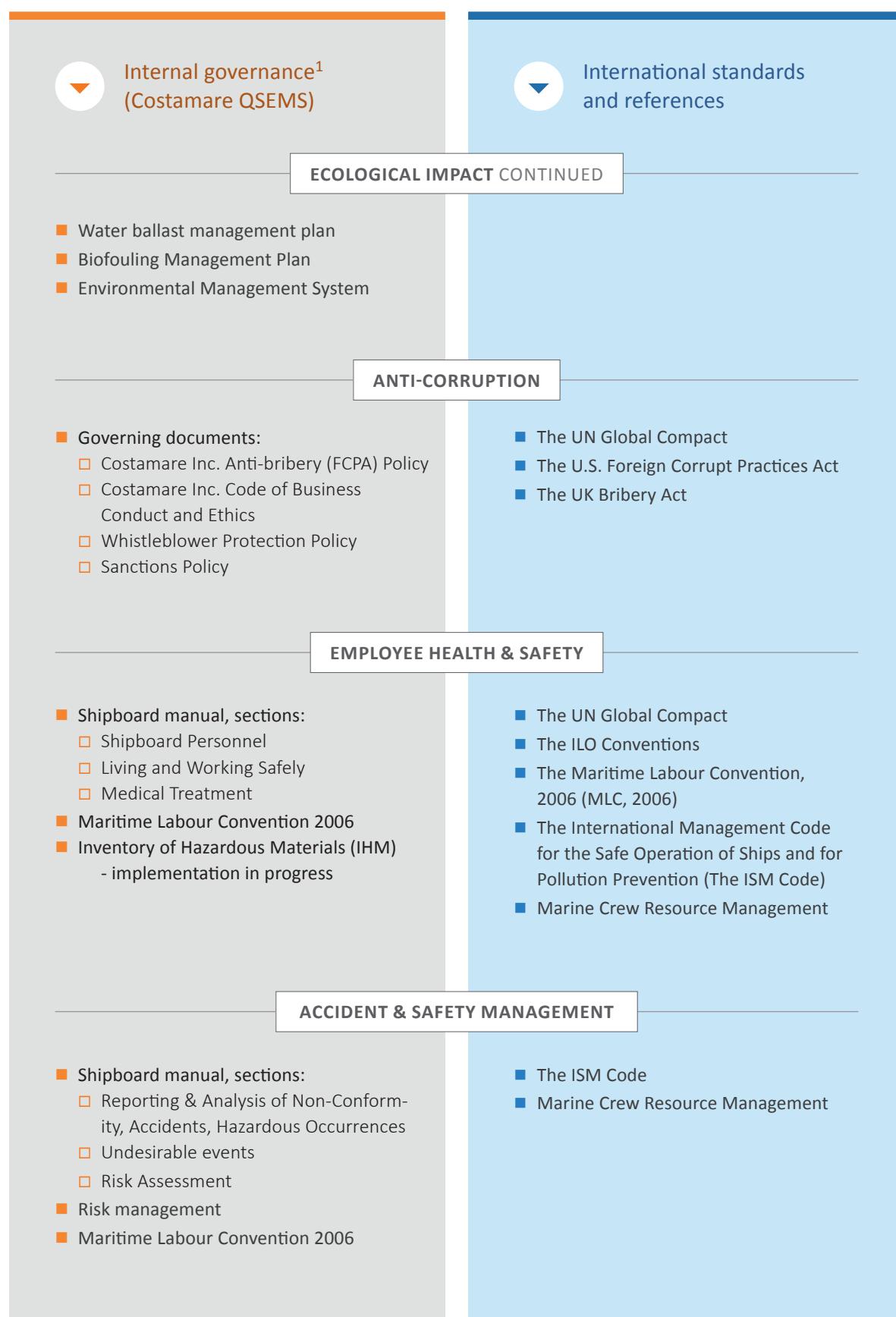
- 1) enhance officers'/crew's learning curves
- 2) manage the distribution of knowledge and experience across the Company
- 3) maintain the general awareness level at a consistently high level

We periodically review actual and potential risks faced by our Company, including risks relating to environmental, social or governance issues, and ensure that these are being managed in a prudent and efficient manner.

MATERIAL ISSUES



MATERIAL ISSUES



¹ References in this table to ISO certificates apply to 68 of our vessels whose technical managers have been certified accordingly.

2 BUSINESS ETHICS AND ANTI-CORRUPTION



Costamare insists on ethical conduct at all levels of our Company. Costamare's Code of Business Conduct and Ethics guides the actions of the Board of Directors as well as all of the Company's employees, directors, officers and agents.

The code covers conflict of interest, corporate opportunities, confidentiality and privacy, honest and fair dealing, protection and proper use of company assets, compliance with laws, rules and regulations, securities trading, disclosure, directors' duties, procedures regarding waivers and duty to report.

To ensure compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act, Costamare has also established an Anti-Bribery Policy. All employees, directors, officers and agents acting on behalf of Costamare are required to uphold the standards outlined in the aforementioned policy.

Detecting and addressing potential breaches of procedures or regulations is a priority for Costamare, and we have established a whistleblowing mechanism outlined in our Whistleblower Protection Policy. All reports from employees are received and handled in confidence (to the extent possible and allowed by law) and retaliation against an employee who has made such a report in good faith is prohibited.

Our affiliated technical manager Costamare Shipping Management has signed on to the Maritime Anti-Corruption Network (MACN). In order for captains of ships to say no to demands for facilitation payments, they must feel supported by strong principles. MACN provides a safe forum for engagement through which members can share challenges and best practices.



MACN
Maritime Anti-Corruption Network

During 2019, despite conducting business in countries with a high risk of corruption, Costamare did not experience any losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices.

GOVERNING DOCUMENTS

- [Costamare Inc. Code of Business Conduct and Ethics](#)
- [Costamare Inc. Anti-Bribery \(FCPA\) Policy](#)
- [Costamare Inc. Whistleblower Protection Policy](#)
- [Costamare Inc. Sanctions Policy](#)

3 ENVIRONMENT

Shipping moves about 85% of world trade and is comparatively far more energy efficient per unit of cargo transported and distance travelled than other modes of transportation. Due to economies of scale and technological innovations, the largest ships are today significantly more carbon efficient than 30 years ago. Estimates show that shipping contributes to about 3% of global greenhouse gases emitted annually.



As emphasized by the initial IMO strategy on the reduction of GHG emissions from ships, it is imperative that the shipping industry as a whole sets clear reduction targets for its emissions and contributes to the common goal of reducing emissions consistent with the Paris Agreement reduction targets. In 2018, the IMO adopted a climate strategy towards 2050. Compared to 2008, the targets are to reduce the average carbon intensity by 40% in 2030 and 70% in 2050. Costamare acknowledges these ambitions, and we are ready to select viable solutions and practices that will help our industry reach these targets.

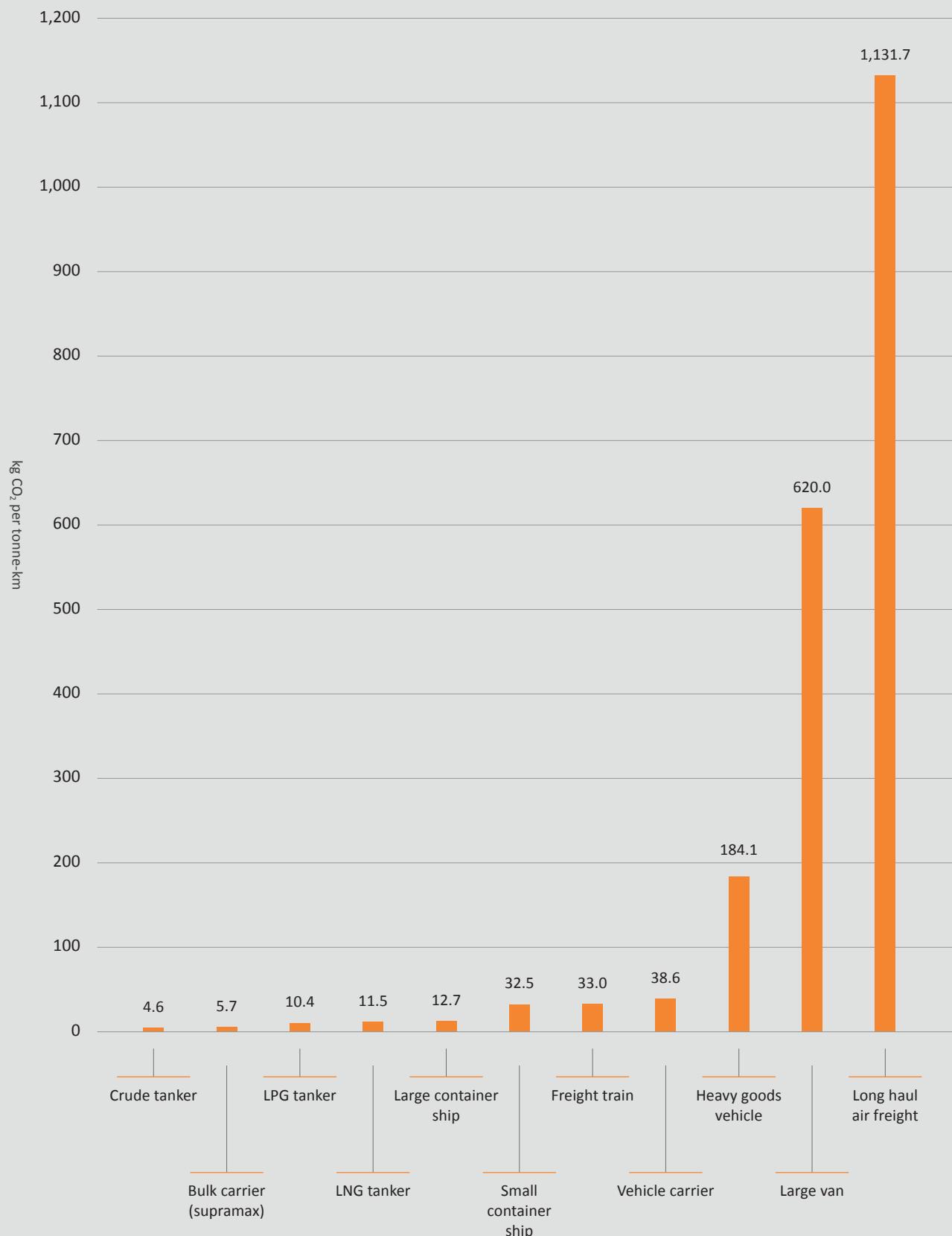
We are committed to protecting our environment and this commitment is reflected in our Environmental Policy. We seek to minimize the impacts of our operations on both air quality and the marine environment. To support our policy, we have an environmental management system in place, incorporated in QSEMS E23/M1, to define our objectives, action plans, strategic ambition, and the corresponding deadlines for our work to reduce potential negative impacts.

Since 1985, through our exclusive managers Costamare Shipping Company S.A., Costamare has been an active member of the Hellenic Marine Environment Protection Association (HELMEPA). The association was set up in Piraeus in 1982 following a commitment by Greek seafarers and ship owners to safeguard the seas from ship-generated pollution under the motto "To Save the Seas".

Our founder, Capt. Vassilis K. Konstantakopoulos, was the chairman of the association for seven years.



Emission efficiency – modes of freight transportation



Source: DEFRA 2019

CLIMATE CHANGE

Shipping is subject to strict standards of environmental protection driven by, among other things, awareness of climate change and other effects of emissions. For many years, Costamare, its founders and its managers have supported voluntary programmes to protect the marine environment. Five of our vessels have been registered with an operational CO₂ indexing programme since 2008 and were among the first ships worldwide to comply fully with interim IMO guidelines on CO₂ indexing.

Costamare's energy management system outlines our objectives, targets and action plans, which aim to continuously improve our energy efficiency and to minimize waste during energy consumption. The measures used to improve our overall energy efficiency are a combination of asset design optimization, purchase selection, performance monitoring and best practice operational management.

In 2019, we continued to modernise our fleet by replacing six vessels with an average capacity of approximately 2,600 TEUs and an average age of about 25 years with four, more energy efficient vessels with an average capacity of 4,258 TEUs and an average age of approximately 10 years.

All of our newbuildings incorporate the latest green technologies, including:

- modern electronically-controlled ultra-long-stroke engines with significant fuel and CO₂ reductions allowing the use of larger and more efficient propellers;
- optimized hulls with energy saving devices (rudder bulb, propeller boss cap fin, innovative asymmetric profile rudders);
- integrated control and monitoring systems;
- alternative marine power systems allowing vessels to cold iron at port;
- real-time performance monitoring for optimal and transparent operations;
- automatic logging of service data and transmission ashore; and
- frequency-controlled cooling and air conditioning systems.

The newest additions to the fleet are designed for high levels of efficiency in operation.



Regarding the existing fleet, Costamare also strives to reduce environmental impact. All of the new vessels built after 2013 meet higher standards of environmentally friendly design, are assigned voluntary class notations (EP-D by DNV GL, ENVIRO by ABS) and attain EEDI that fulfils Phase 3 requirements.

The company has implemented a retrofit program to reduce emissions and achieve fuel consumption savings for vessels originally designed to operate at high speed. By the end of 2019, Costamare had invested in the propeller exchange, bulbous bow retrofit and/or cold ironing (shore-based power) of 9 large second-hand vessels. These modifications have resulted in energy consumption savings of 10-15% for the retrofitted vessels.

ECOLOGICAL IMPACT

Ballast water discharge represents one of the main environmental challenges of the shipping industry. Discharges can potentially cause harm by spreading bacteria that cause disease. This concern is recognized both by the International Maritime Organization (IMO) and by the World Health Organization (WHO). Costamare has implemented a ballast management plan to ensure efficient and safe management of ballast water. The plan is in accordance with regulation B-1 of the International Convention for Control and Management of Ships' Ballast Water and Sediments (2004) and accompanying guidelines. The plan reflects both the IMO resolution MEPC 124 (53) and the IMO Assembly resolution A.868 (20).

As of 31 December 2019, 43% of our vessels were equipped with approved ballast water treatment systems and fully met Ballast Water Performance Standard D-2, whereas 57% of the fleet implemented ballast water operations in compliance with Performance Standard D-1 (exchange).

OTHER AIR EMISSIONS

Costamare welcomes the conclusions of the IMO's MEPC 73 which directs the IMO to work further towards a smooth, safe and consistent implementation of the 2020 global sulphur cap for marine fuels. Costamare follows the guidelines of the IMO, as the sole global regulator for shipping and believes that the 2020 regulation will help safeguard against previously detected safety and operational issues and will not burden the ships and their crews with unrealistic and disproportionate responsibility and liability.

In light of the recent global cap on sulphur content in fuel enforced by the IMO from 1 January 2020, which reduces the sulphur limit for marine fuels from 3.5% m/m to 0.50% m/m, Costamare has opted to invest in exhaust gas cleaning system (EGCS) technology. Following collaboration with leading manufacturers and our charterers, Costamare contracted 15 exhaust gas cleaning systems (5 open loop type, 5 hybrid for vessels in the water and 5 open loop hybrid-ready for the newbuilding programme) that comply with the most stringent SOx emission level equivalent to 0.1% m/m fuel.

FACTS ABOUT BALLAST WATER MANAGEMENT

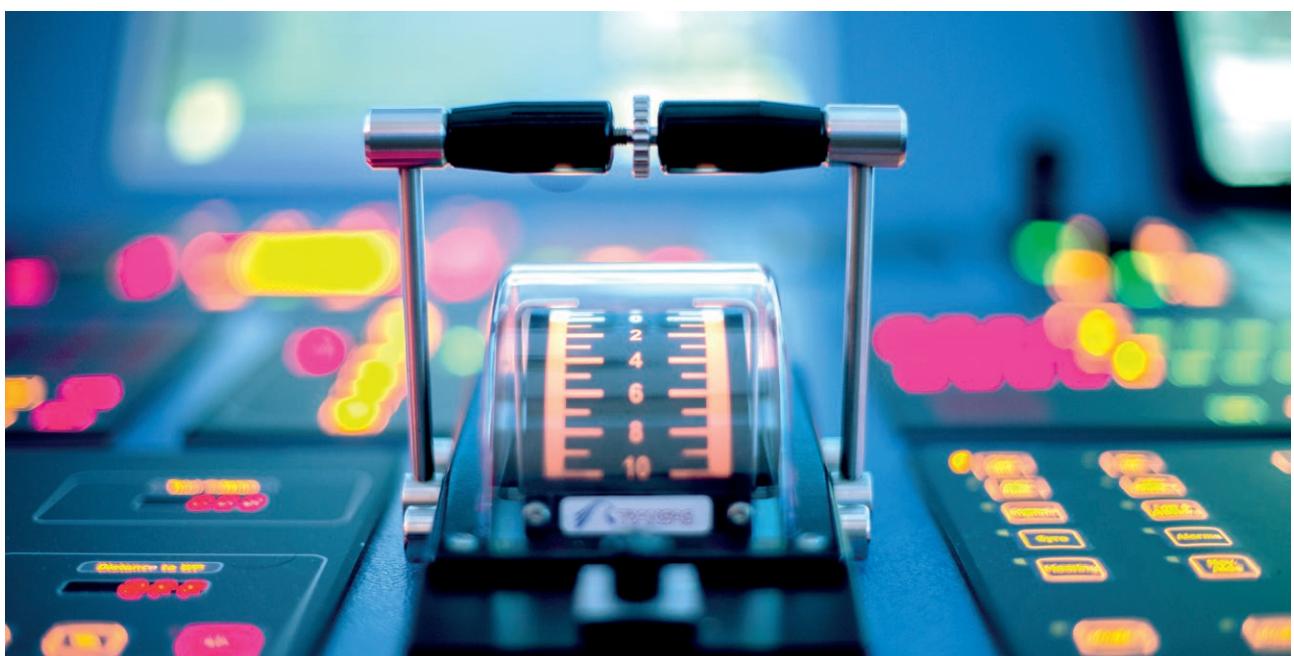
Under the Ballast Water Management Convention (entered into force in 2017), all ships in international traffic are required to manage their ballast water and sediments to a certain standard, according to a ship-specific ballast water management plan.

Ballast water reduces stress on the vessel's hull and substitutes weight lost when carrying less cargo. Ballast water contributes to improved maneuverability, including propeller immersion, and reduces vibrations.

A ballast water exchange system involves the substitution of water in a ship's ballast tanks using either a sequential, flow-through, dilution or other exchange method which is recommended or made obligatory by the IMO.

A variety of technologies are used for ballast water treatment: these include i.e. filtration (physical), chemical disinfection (oxidizing and non-oxidizing biocides); ultra-violet treatment; deoxygenation treatment; heat (thermal treatment) and magnetic field treatment.

4 SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS



Within the marine transportation sector, workers are exposed to various safety concerns, including those associated with shifting weather conditions, large machinery, and heavy cargo. Costamare and our managers have an excellent track record with respect to the safety of our operations.

This record is attributed to the quality of our management systems, the awareness and education of our employees, the accomplishments of crew and shore-based staff, and the high standards of the Costamare fleet.

A QSEMS is implemented by each of Costamare's managers. The system adheres to the requirements of the International Safety Management (ISM) Code for the Safe Operation of Ships and for Pollution Prevention and, for managers who operate 68 of our vessels, such a system is compliant with

ISO 9001:2016 quality management and ISO 14001:2015 environmental management standards. By implementing a detailed and tailored QSEMS, consistent approaches to safe and sound operations are safeguarded.

Costamare was one of the founding members of The Container Ship Safety Forum (CSSF).

The CSSF is a global industry network for improving safety performance and management practices in the container shipping industry.



LABOUR CONDITIONS

Teamwork between shipboard and shore-based personnel is strongly encouraged by our managers and promoted through a culture of cooperation and team spirit.

Costamare abides by the Maritime Labour Convention (MLC) 2006 and we have adopted its requirements in our QSEMS. We have a commitment to offer above-standard living and working conditions for our seafarers. The Maritime Labour Convention of 2006 aims to:

- ensure worldwide safeguard of the rights of seafarers
- establish a level playing field for countries and ship-owners dedicated to providing decent working and living conditions for seafarers.

The high standards of the working environment coupled with rigorous evaluation procedures is evidenced by the fact that approximately 95% of the Masters and Chief Engineers employed by our affiliated technical manager Costamare Shipping Company have been promoted within the company to the highest ranks.



SAFETY

Costamare places great importance on providing a safe working environment for all shipboard personnel. Our fleet and managers have implemented operating procedures which meet strict internal and third-party safety criteria. Safety on board is ensured through training, investments in safety features on board our ships and continuous monitoring and proper maintenance of our fleet. Our managers have a pool of highly qualified, experienced and trained seafarers.

Costamare is committed to promoting safety at sea through the prevention of human injury and damage to or loss of property. These approaches are embedded in our safety management objectives. We continuously refresh

our safety management skills, assess risks and establish corresponding safeguards, and prepare for emergencies related to safety and environmental protection.

The safety management system, along with corresponding procedures, defines in detail how the objectives of Costamare's safety policy will be met. The management team is responsible for ensuring that the safety policy and its associated procedures and controls are understood, implemented and maintained at all levels of its organization.

All employees, both shore-based and shipboard, are encouraged to participate in the evaluation and improvement process of procedures and controls related to safety. Costamare monitors and reviews its safety policy regularly to ensure its relevance and effectiveness.

TRAINING CENTRE

Costamare Maritime Training Services S.A. (CMTS), an affiliate of Costamare, is a company incorporated in 2012 which offers high quality professional maritime education and training services both to ship officers (deck and engine departments) and onshore personnel. CMTS has set up and operates a state-of-the-art bridge and main engine simulator which is used for the continuing training, certification and re-certification of our seafarers. Since inception, CMTS has educated and trained more than 1,800 Costamare seafarers and more than 2,400 seafarers employed in other shipping companies.



Costamare places great importance on providing a safe working environment for all shipboard personnel.

SASB data disclosures

Accounting metric ▾

Unit of measure ▾

Data ▾

Code ▾

► GREENHOUSE GAS EMISSIONS

CO ₂ emissions			
Gross global Scope 1 emissions: Financial control approach	Metric tons CO ₂ -e	4,190,006 ^A	TR-MT-110a.1
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative description	Please refer to Section 3	TR-MT-110a.2

Energy consumed			
(1) Total energy consumed	Gigajoules (GJ)	54,679,699 ^B	TR-MT-110a.3
	Percentage (%)	100	
(2) Percentage heavy fuel oil	Gigajoules (GJ)	51,209,025 ^B	
	Percentage (%)	94	

EEDI			
Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO ₂ per ton-nautical mile	N/A ^C	TR-MT-110a.4

EEOI & AER			
Fleet average Energy Efficiency Operational Indicator (EEOI): simple average, weighted average (MTcargo*nm)	Grams of CO ₂ per ton-nautical mile	17.20, ^D 13.15	Additional
Average efficiency ratio (AER): simple average, weighted average (DWT*nm)	Grams of CO ₂ per ton-nautical mile	9.58, ^E 7.47	Additional

Accounting metric ▾

Unit of measure ▾

Data ▾

Code ▾

► AIR QUALITY

Other emissions to air			
(1) NO _x (excluding N ₂ O)	Metric tons	116,746 ^F	TR-MT-120a.1
(2) SO _x	Metric tons	56,975 ^F	
(3) Particulate matter	Metric tons	7,116 ^F	

► ECOLOGICAL IMPACTS

Marine protected areas			
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	N/A ^G	TR-MT-160a.1

Implemented ballast water			
(1) Exchange	Percentage (%)	57 ^H	TR-MT-160a.2
(2) Treatment	Percentage (%)	43 ^H	

Spills and releases to the environment			
(1) Number	Number	1 ^I	TR-MT-160a.3
(2) Aggregate volume	Cubic metres (m ³)	0.1	

► BUSINESS ETHICS

Corruption index			
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	465 ^J	TR-MT-510a.1

Corruption			
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	TR-MT-510a.2

Accounting metric ▾

Unit of measure ▾

Data ▾

Code ▾

► EMPLOYEE HEALTH & SAFETY

Lost time incident rate

Lost time incident rate (LTIR)	Rate	1.36 ^K	TR-MT-320a.1
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► ACCIDENT & SAFETY MANAGEMENT

Marine casualties

Incidents	Number	6 ^L	TR-MT-540a.1
Very serious marine casualties	Percentage (%)	0 ^L	

Conditions of class

Number of conditions of class	Number	0 ^M	TR-MT-540a.2
Number of recommendations	Number	37 ^M	TR-MT-540a.2

Port state control

(1) Deficiencies	Rate	0.54 ^N	TR-MT-540a.3
(2) Detentions	Number	0	

OUR OPERATIONS IN NUMBERS ^O

Number of seafarers on board our fleet vessels	Number	Approx 1,700	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	6,362,223	TR-MT-000.B
Operating days	Days	25,549	TR-MT-000.C
Deadweight tonnage ^P	DWT	5,814,509	TR-MT-000.D
Number of vessels in fleet	Number	76	TR-MT-000.E
Number of vessel port calls	Number	6,265	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity ^P	TEU	481,722	TR-MT-000.G

Disclaimer and assumptions

Data estimates provided in this report are based on the assumptions outlined in detail below.

- A CO₂ emissions:** Calculations are based on IMO emission factors and fuel consumed for the reporting period. The financial control approach has been applied for Scope 1, which represents vessels owned by Costamare Inc. (including ships owned through JVs).
- B Energy consumption:** Calculations are based on tonnes fuel oil, using DEFRA conversion factors to calculate energy consumed in gigajoules (GJ, NET CV).
- C Energy Efficiency Design Index (EEDI):** This disclosure is not applicable as none of the vessels procured in the reporting period were built after 2013.
- D Energy Efficiency Operational Indicator (EEOI):** The EEOI measures the fuel efficiency of a ship in operation and is estimated based on fuel, cargo carried, and distance travelled (nm).
- E Average efficiency ratio (AER):** carbon intensity metric estimated based on fuel, distance travelled (nm), and deadweight tonnage (DWT).
- F Other emissions to air (NO_x, excluding N₂O, SO_x and particulate matter):** Estimated based on distance travelled (nm) and the tool developed by Danish Shipping for calculating emissions from container ships.
- G Marine protected areas:** Information on shipping duration in marine protected areas was not available for the reporting period as it requires extensive data mining. Costamare may consider reporting on this in the future.
- H Implemented ballast water exchange and treatment:** Data represents the percentage of vessels in Costamare Inc.'s fleet that have implemented ballast water exchange and treatment processes, as of 31 December 2019.

- I Spills and releases to the environment:** Costamare experienced one spill incident when approximately 100 litres of grey water were accidentally discharged from our vessel Monemvasia. The incident was classified as low risk and we believe caused no harm to people or to the environment.
- J Corruption index:** Number of port calls disclosed covers port calls to all countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index for 2019. Where more than one country received the same ranking, all countries have been included.
- K Lost time incident rate (LTIR):** The rate is calculated based on (lost time incidents) / (1,000,000 hours worked), and includes incidents resulting in absence from work beyond the date or shift when they occurred.
- L Marine casualties:** The definition of a marine casualty is based on the United Nations International Maritime Organization (IMO)'s Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84), paragraph 2.9, chapter 2 of the General Provisions.
- M Conditions of class:** The data provided represent the number of conditions of class or recommendations Costamare Inc. has received from a flag administration or a recognized organization (RO) that has been delegated the authority to issue such findings. The scope of disclosure includes all conditions of class regardless of whether they resulted in withdrawal, suspension, or invalidation of a vessel's class certificate.
- N Port state control:** Deficiency rate is calculated using the number of deficiencies it received from regional port state control (PSC) divided by total number of port state control inspections.
- O The figures include** all vessels employed by Costamare throughout 2019.
- P Figure represents** Costamare fleet as of 31/12/2019.

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