



DIANA SHIPPING INC.

# ESG REPORT 2019



# Introduction

---

**Diana Shipping Inc. is a global provider of shipping transportation services, specializing in the ownership of dry bulk vessels.**

---

Diana Shipping Inc. (hereafter “Diana Shipping” or the “Company”) is listed on the New York Stock Exchange (NYSE) and Diana Shipping’s fleet is managed by the company’s wholly-owned subsidiary Diana Shipping Services S.A. and Diana Wilhelmsen Management Limited in Cyprus, which is a 50/50 joint venture with Wilhelmsen Ship Management.

Diana Shipping owns a modern high-quality fleet of dry bulk carriers, including groups of sister ships providing operational and scheduling flexibility – as well as cost efficiencies. Diana Shipping’s main objective is to expand the fleet in a sound manner that enhances shareholder value. The company’s experienced management team intends to continue to:

- pursue a balance of short-term and long-term time charters
- a high-quality fleet
- highly efficient operations
- maintaining a strong balance sheet.

Environmental, Social and Governance (ESG) management and reporting is becoming increasingly more important for the industry and for our Company. The International Maritime Organization (IMO) has set forth a climate change strategy towards 2050, with the ambition of reducing CO<sub>2</sub> emissions per transport work by at least 50 percent and energy efficiency by 70 percent compared to 2008 levels.

IMO’s ambitions reflect the urgent need for the shipping industry to ensure proper handling of climate change risks. Our Board of Directors, management team, and colleagues support these ambitions and recognize the need for action.

Among customers and partners, international charterers and financial institutions, Diana Shipping has a reputation for high standards of performance, reliability and safety. At Diana Shipping we thank our stakeholders for placing their trust in us, and continuously work hard to maintain and develop our valuable relationships. Going forward our reporting on ESG performance in line with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB) will be an increasingly important part of communicating with all our stakeholders, as we believe solid ESG management is a prerequisite for us to remain a trusted and valuable partner.

The report and data included cover the period 1 January to 31 December 2019.



**Simeon P. Palios**  
Chief Executive Officer  
Diana Shipping Inc.





# ESG at Diana Shipping

---

We are conscious that risks related to health and safety, corruption, emissions and spills are present in the shipping industry. Diana Shipping has established principles and processes to handle risks in our daily operations.

---

Diana Shipping Inc., a Marshall Islands company, is not required to abide by the corporate governance practices followed by U.S. companies under the NYSE listing standards. Nevertheless, as established in our *Statement of Significant Differences* between Diana Shipping corporate governance practices and the practices required by the NYSE (included in our annual reports filed with the US Securities Exchange Commission), we believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection of our shareholders.

We have voluntarily adopted a number of NYSE required practices, such as having a majority of independent directors, establishing audit, compensation and nominating committees and adopting a *Code of Ethics*.

## ESG management and responsibility

The responsibility for the management and for safeguarding the proper organization of the Company's operations lies with the Company's executive management team under the ultimate supervision of the Board of Directors. The overall responsibility for securing day-to-day effective governance lies with the Chief Executive Officer (CEO). The CEO shall execute the Board's directions and determined frameworks in the daily operations of the Company.

Diana Shipping's fleet is managed by the company's wholly-owned subsidiary Diana Shipping Services S.A. ("DSS") and Diana Wilhelmsen Management Limited ("DWM") in Cyprus. Both these companies have their own management systems and adhere to the requirements of the International Safety Management (ISM) Code for the Safe Operation of Ships and for Pollution Prevention. Additionally, their systems are in compliance to ISO 14001:2015 environmental management system for the scope of management of vessels for transportation of bulk cargoes.

# Environment

At Diana Shipping, we recognize that the most material environmental and ecological risks posed by the shipping industry are related to emissions, discharges, and spills. It is crucial for us to be able to manage these risks in a proper manner.

In 2019, we increased our capacity for collecting data regarding spills and emissions. We have engaged American Bureau of Shipping (ABS) as our independent third party verifier of data.

#### Our main focus areas:

- Renewal of fleet. Six older vessels were sold in 2019.
- Installed ballast water treatment system.
- Improved our fuel and energy efficiency plan.

Avoiding spills, treating discharges in the right manner, and reducing emissions are critical areas of improvement for our environmental management.

## Climate change and air emissions

Diana Shipping follows the existing regulations and guidelines set by the IMO regarding climate change mitigation and air pollution. We endorse the recently launched climate strategy towards 2050, which aims to reduce CO<sub>2</sub> emissions per transport work, as an average across international shipping, by at least 40 percent by 2030, aiming towards 70 percent by 2050, compared to 2008; and further to reduce the total annual GHG emissions by at least 50 percent by 2050 compared to 2008.



We are confident that our efforts in renewing our fleet will result in lower CO<sub>2</sub> emissions by increasing efficiency. Diana Shipping supports UN SDG 13, targeting global action to combat climate change. This is in line with the IMO 2030 strategy and the IMO 2050 ambition.

## Spills, discharges and ecological impact

Discharges and potential spills represent serious environmental risks in the shipping sector. Our ability to manage these risks is critical to the marine environment, our sector, our customers and our corporate reputation.

In 2019, Diana Shipping experienced two minor spills:

Date	Vessel	Incident	Mitigation
19 Feb	Electra	Oil spill on deck due to vessel rolling heavily. Quantity collected from deck and deep tray: abt 500 ltr.	Early detection due to daily inspection routines. Insertion of scupper plugs. Crew quickly alerted and initiated oil spill removal according to Ship Oil Pollution Emergency Plan (SOPEP). Quantity of potential spill to sea: less than 100 ltr.
2 Dec	New York	Oil spill on deck due to vessel rolling heavily. Lubrication oil drums broke loose when one rope lashing parted, consequently two pieces of lubrication oil drums containing 400 ltr were damaged and leaked.	Insertion of scupper plugs. Crew alerted and initiated oil spill removal according to SOPEP. Potential spill to sea: 40-60 ltr.

Ballast water is a natural part of safe and efficient shipping operations. Nevertheless, loading and unloading untreated ballast water poses serious ecological, economic and health risks as the water may transfer organisms between ecosystems. Under the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (BWM Convention), entered into force globally on 8 September 2017, all ships in international voyages are required to manage their ballast water and sediments to a certain standard, according to a ship-specific ballast water management plan. Our fleet has ballast water management plans, as required by international regulations. These plans are ship specific and the procedure is managed on board.

In 2019, 100 percent of our fleet had ballast water exchange systems installed, while 29 percent had installed ballast water treatment systems. The table below indicates how we plan to be in compliance with the Ballast Water Management Convention in the following years:

Year	No. of vessels
2020	14
2021	5
2022	6
2023	4



We support UN SDG 14, targeting the protection of life below water. Especially relevant to our operations is target 14.C, which is aimed at enhancing the conservation and sustainable use of oceans and their

resources through the implementation of international law. Crew members on our vessels are trained in and must always follow stringent rules for avoiding spills, as well as reporting of incidents should they occur.

Diana Shipping is aware that ship recycling may involve several risks relating to ESG. Acting proactively, we are reviewing our processes to ensure that we follow environmentally sound practices in this area.



During the first quarter of 2019, the majority of DSS Superintendent Engineers certified as Inventory Hazardous Material (IHM) Experts, after successful completion of the Bureau Veritas Marine Training Course "IHM Expert training for EU Ship Recycling Regulation (1257/2013) and Hong Kong Convention (2009)". This has been a great asset to our Company, as we could prepare in-house our fleet's Inventory of Hazardous Materials.

With the assistance of the online platform, given by Bureau Veritas, our IHM Experts prepared the Visual – Sampling Check Plans required by the regulations, prior to their attendance on board. The same year, our IHM Experts sampled five of our vessels ATALANDI, BALTIMORE, G.P. ZAFIRAKIS, HOUSTON and SANTA BARBARA for hazardous materials during their dry dock.

Since 2006, our Company, through its manager DSS, has been an active member of Hellenic Marine Environment Protection Association ("Helmepa"), the pioneering voluntary commitment of Greek seafarers and ship owners to safeguard the seas from ship-generated pollution. Helmepa's principal aim is the human element of the Maritime Community to acquire an environmental consciousness and a spirit of safety towards achieving quality shipping, always at the service of humankind.

Under the motto "To Save the Seas", they have consistently supported their initiative to date. We are part of Helmepa's Training Committee, participating voluntarily to training programs and seminars Helmepa is offering to its volunteer members and seafarers. In 2019, our Director, Deputy Chief Executive Officer and Chief Operating Officer became member of the Board of Directors of this association.



# Social



Safe working conditions and healthy employees are key to Diana Shipping's continued success. We support and comply with relevant regulations to safeguard that human and labor rights are followed throughout our value chain.

## Occupational health and safety

Diana Shipping ensures that its employees have a safe and healthy work environment. Each employee has the responsibility to maintain a safe and healthy workplace.

In order to ensure a stringent follow-up of Health Safety Environmental matters, we have outlined the following ambitions:

- 1 Maintain a safe and healthy workplace for all employees.
- 2 Ensure a working environment that encourages reporting of accidents, injuries and unsafe equipment, practices or conditions.
- 3 High attendance in the workplace and low absenteeism ratio.

Our Lost Time Incident Rate (LTIR) for 2019 was 2.30, while our Lost Time Incident Frequency (LTIF) was at 0.95, for Diana Shipping. During 2019 we experienced nine marine incidents, while none of these led to any fatalities, loss of ship or severe environmental damage.

Diana Shipping values transparency, and on the following page the incidents and preventive actions have been described.

## Marine incidents in 2019

Date	Incident	Preventive action
15 Feb	A member of the crew onboard the vessel <b>Electra</b> suffered a hit on his head from a half-filled bucket – which fell from a height of about 1,5 to 2.0 meters. Crew member was wearing helmet, which minimized injury.	Awareness meeting regarding importance of correct use of Personal Protective Equipment (PPE). Increased focus in all fleet regarding: Risk Assessment and preparation, Safe Working Practices, tools and maintenance.
19 Feb	Health incident onboard the vessel <b>Boston</b> . Crew member dried sweat of face with a dirty glove, this resulted in irritation inside eye. Crew member transferred to hospital by helicopter.	Immediate communication with crew regarding safe working practices. Incident circulated to all the fleet in order to focus on health and safety practices. Aim of using incident as case study in the training centres in Athens and Manilla.
1 May	Main engine chain drive damage on the vessel <b>Calipso</b> while laden with coal off the coast of Argentina. Due to severity of the damage, and worsening weather conditions, vessel was towed to the nearest port with an available repair berth. Repairs completed on 16 June 2019. Root cause of damage: Lack of lubrication.	Fleet-wide communication detailing the damage. All vessels instructed to inspect and report of condition of relevant main engine functions and parts. Planned Maintenance System: Recommendation of inspection interval reduced to 3 000 hrs. Vessels provided with sequence of actions to be followed in the event of main engine low lube oil pressure alarm sounding.
4 Oct	The vessel <b>Crystalia</b> ran aground at the left margin of the Parana river. Vessel was assisted by tugboats and was able to re-float on 5 October. Safely anchored at Arroyo Seco Roads for inspection by the Argentinian Coast Guard.	The Incident Investigation Report was circulated to the entire fleet. Incident to be case-study at training centres in Athens and Manilla to increase awareness.
8 Oct	Crew member, an engineer, slipped and injured his left arm onboard the vessel Myrsini. Happened while tightening bolts.	Meeting with all crew onboard to discuss incident and adoption of Safe Working Practices. The Incident Investigation Report was circulated to the entire fleet to emphasize safe working routines, also sent to training centres in Athens and Manilla to be used as case-study in preparation courses.
11 Nov	Officer collapsed during loading of the vessel Ismene, due to severe allergic reaction. Taken to hospital by ambulance.	Incident circulated to all fleet to increase awareness, also sent to training centres in Athens and Manilla.
18 Nov	A crew member onboard the vessel Norfolk injured his thumb. The incident happened while transferring drums from main deck into steering gear room through the booby hatch. Engineer wore gloves, which minimized injury.	Crew informed, awareness and focus on: safety during lifting operations, correct use of PPE, Risk Assessment, Company Procedures and Safe Working Practices. Incident circulated to all fleet and to training centres in Athens and Manilla.
13 Dec	The vessel Aliko was hit by another vessel while at the port of Longkou. No pollution, spills, or crew injuries. Incident outside of the direct control of the Master and crew of Aliko.	Classification Society and Flag Administration have been notified. Crew on board informed and awareness raised during safety meeting. Incident circulated to all the fleet to alert and emphasise awareness for officers on watch even while vessel at port.

# Social

In the maritime world, education and training are vital. But their importance extends far beyond shipping itself. The safety and security of life at sea, the protection of the marine environment and the efficient transportation of commodities depend on the professionalism and competence of seafarers.



Supporting UN SDG 4 and committed to the continuous training of seafarers, our wholly owned manager, DSS, established in 2018 our in-house training centre in Athens contributing to high-quality education of shore

personnel and seafarers.

During 2019, more than 1,000 seafarers were educated and trained in our training centre in Athens. Also, DSS being a member of Helmepe's Training Committee participates in the "Voluntary Refresher Training Program" of Helmepe contributing to the continuous training of its volunteer members and seafarers.

## Equality and anti-discrimination

Diana Shipping encourages equal opportunities and treatment of men and women. Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.



Diana Shipping supports UN SDG 5. Any form of discrimination or harassment, including those based on gender, color, age, religion, gender, national origin, citizenship status, sexual orientation, or disability, is not accepted.

On the 31 December 2019, Diana Shipping through their managers employed 922 shipboard employees, of which women made up one percent. 30 percent of our onshore staff were women, while ten percent of our Board members were women.

## Number of shipboard personnel in each employee category

Male	Female	Under 30 years old	30–50 years old	Over 50 years old
99%	1%	234	552	136

## Number of onshore personnel in each employee category

Male	Female	Under 30 years old	30–50 years old	Over 50 years old
70%	30%	6	80	26

## Individuals within the organization's governance bodies

Male	Female	Under 30 years old	30–50 years old	Over 50 years old
90%	10%	0	3	8



Our Company is committed to creating an environment in which all individuals are able to make the best of their skills, free from discrimination or harassment and bullying.





# Governance



---

Diana Shipping is committed to conducting its business lawfully and ethically. At the core of our governance framework is our Code of Ethics, Anti-Fraud Policy and Fraud Response Plan, Policies and Procedures to Detect and Prevent Insider Trading, and Audit Committee Charter.

---

All our employees are expected to abide by the highest standards of legal and ethical conduct and in accordance with applicable laws, rules and regulations. Diana Shipping holds all business partners to the same high standard.

## Anti-corruption and business ethics

The effects of corruption undermine economic and social development and undermine sustainability goals. Diana Shipping is committed to the highest possible standards of openness and accountability in all its affairs. As stated in the Anti-Fraud Policy and Fraud Response Plan, the company is determined to maintain a culture of honesty and opposition to fraud and corruption, reinforced through the establishment and maintenance of an effective system in Internal Controls.

Diana Shipping's Anti-Fraud Policy outlines the principles it is committed to in relation to preventing, reporting and managing fraud and corruption, including, but not limited to, violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the anti-corruption laws of the other countries where Diana Shipping does business. It is Diana Shipping's policy to fully comply with competition laws in all jurisdictions where Diana Shipping operates.

There were no cases of corruption or recorded requests for bribes during 2019.

### Whistleblowing and protection

Our Anti-Fraud Policy and Fraud Response Plan includes a comprehensive list of fraudulent or corrupt acts, however, if a person is in any doubt about the seriousness and nature of his/her concerns, advice and guidance can be obtained from the Internal Auditor / Audit Committee Chairman.

Managers are the first line of defense against fraud. Management is to ensure that an adequate system of internal control is established within their area of responsibility, and that those controls are properly operated and complied with. Employers are responsible for reporting any suspected fraud, impropriety or other dishonest activity immediately to their manager or through the whistleblower program, and to assist in the investigation of any suspected fraud.

The company will do its best to protect an individual's identity when he or she raises a concern and does not want their name to be disclosed. The Whistle-blowing program is outlined in the company's Code of Ethics, which is available on the Company's website.

### Prevention of insider trading

Diana Shipping has instituted procedures to prevent the misuse of non-public information. Our policy, described in our Policies and Procedures to Detect and Prevent Insider Trading, is applicable for all of the company's officers, directors and employees ("insiders"), as well as for any transactions in any securities participated in by family members, trusts or corporations directly or indirectly controlled by insiders.

Diana Shipping forbids any insider from trading, either for his or her personal account or on behalf of others, while in the possession of material non-public information, or communicating material non-public information to others in violation of the law.

As a thorough understanding of "insider", the meaning of "material", and the comprehension of "non-public" are crucial to avoid even the appearance of impropriety, our policy gives clear guidance – and the policy is easily accessible on our website. Our policy also entails practical procedures to aid in the prevention of insider trading, including reporting and communication routines.

### Code of ethics

Diana's Shipping Board of Directors has adopted the ethical principles that are to govern the decisions and behaviour of the Company's employees, directors, officers and agents ("Employees"). All Employees must endeavour to deal honestly, ethically and fairly with the company's customers, suppliers, competitors and other employees – as stated in Code of Ethics.

**Diana Shipping is committed to the highest possible standards of openness, probity and accountability in all its affairs through the creation of the appropriate "tone at the top".**



# SASB ESG Disclosures

Accounting metric ▼

Unit of measure ▼

Data ▼

SASB code ▼

## GREENHOUSE GAS EMISSIONS

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

Gross global Scope 1 emissions: Financial control approach	Metric tons CO <sub>2</sub> -e	1 204 755 <b>A</b>	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	Page 4	TR-MT-110a.2

### Energy consumed

(1) Total energy consumed	Gigajoules (GJ)	16 756 228 <b>B</b>	TR-MT-110a.3
	Percentage of energy from heavy fuel (%)	92%	
	Percentage of energy from renewable/low-carbon sources (%)	0%	

### EEDI

Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO <sub>2</sub> per ton-nautical mile	Not applicable	TR-MT-110a.4
-------------------------------------------------------------	------------------------------------------------	----------------	--------------

### EEOI & AER

Fleet average Energy Efficiency Operational Indicator (EEOI): weighted average	Grams of CO <sub>2</sub> per ton-nautical mile	7.95 <b>C</b>	Additional
Average Efficiency Ratio (AER): simple average, weighted average	Grams of CO <sub>2</sub> per ton-nautical mile	3.46 <b>D</b>	Additional

## AIR QUALITY

### Other emissions to air

(1) NO <sub>x</sub> (excluding N <sub>2</sub> O)	Metric tons	Not available	TR-MT-120a.1
(2) SO <sub>x</sub>	Metric tons	Not available	
(3) Particulate matter	Metric tons	Not available	

Accounting metric ▼

Unit of measure ▼

Data ▼

SASB code ▼

## ECOLOGICAL IMPACTS

### Marine protected areas

Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	Not available	TR-MT-160a.1
---------------------------------------------------------------------------------------	-----------------------	---------------	--------------

### Implemented ballast water

(1) Exchange	Percentage (%)	100%	TR-MT-160a.2
(2) Treatment	Percentage (%)	29%	

### Spills and releases to the environment

(1) Number	Number	2 *	TR-MT-160a.3
(2) Aggregate volume	Cubic metres (m³)	0.16	

## 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	41	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
--------------------------------------------------------------------------------------------------------	--------------------	---	--------------

### Facilitation payments

Incidents where bribes have been requested	Number	0	Additional, SDG 16
--------------------------------------------	--------	---	--------------------

### Fines and sanctions

Significant monetary fines	Number	0	Additional, GRI 419-1
Total monetary value of significant fines	Reporting currency	0	
Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	

\* Please see page 4 for further information.

Accounting metric ▼

Unit of measure ▼

Data ▼

SASB code ▼

## EMPLOYEE HEALTH & SAFETY

Lost time incident rate			
Lost time incident rate (LTIR)	Rate	2.30	TR-MT-320a.1
Lost time incident frequency (LTIF)	Rate	0.95	Additional, GRI 403-9

## ACCIDENT & SAFETY MANAGEMENT

Marine casualties			
Incidents	Number	9 *	TR-MT-540a.1
Very serious marine casualties	Percentage (%)	0 %	

Conditions of class			
Number of conditions of class or recommendations	Number	18	TR-MT-540a.2

Port state control			
(1) Deficiencies	Rate	1.04	TR-MT-540a.3
(2) Detentions	Number	2	

## OUR OPERATIONS IN NUMBERS

Number of shipboard personnel	Number	922	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	2 840 761	TR-MT-000.B
Operating days	Days	15 971	TR-MT-000.C
Deadweight tonnage	Deadweight tons	5 239 440 ↓	TR-MT-000.D
Number of vessels in fleet	Number	42	TR-MT-000.E
Number of vessel port calls	Number	670	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	N/A	TR-MT-000.G

\* Diana Shipping values transparency, please see pages 4 and 7 for further details.



# Disclaimer and assumptions

The figures are provided as per the end of the financial year (31 December 2019).

The figures are based on the assumptions and estimates outlined below:

**A CO<sub>2</sub> 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.

**B Energy consumption:** Calculations are based on tonnes of oil equivalents (toe), using DEFRA conversion factors to calculate energy consumed in gigajoules (GJ).

**C Energy Efficiency Operational Indicator (EEOI):** The EEOI measures the fuel efficiency of a ship in operation and is estimated based on fuel consumed, cargo carried, and distance travelled (nm).

**D Average Efficiency Ratio (AER):** carbon intensity metric estimated based on fuel consumed, distance travelled (nm), and deadweight tonnage (DWT).

**E Marine protected areas:** Information on duration of our ships in marine protected areas was not available for the reporting period as it requires extensive data mining from records kept on board our vessels. Diana Shipping may consider reporting on this in the future.

**F 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 it occurred.

**G Marine casualties:** The definition of a marine casualties 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.

**H Conditions of class:** The data provided represent the number of Conditions of Class or Recommendations Diana Shipping 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.

**I 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.

**J Reflects the fleet** as per 31 December 2019.



## DIANA SHIPPING INC.

**Diana Shipping Inc.**

Pendelis 16  
17564 Palaio Faliro  
Athens, Greece

Tel: +30-210-947-0100  
[info@dianashippinginc.com](mailto:info@dianashippinginc.com)  
[www.dianashippinginc.com](http://www.dianashippinginc.com)