RISK MANAGEMENT STRATEGY

2026

Navigating uncertainty.

Supporting informed decisions.

Shipping connects global markets, but is exposed to changing economic conditions, geopolitics, technology, regulation and the natural environment. Danaos approaches these uncertainties as part of everyday management and long-term business decisions.

Business resilience / Accountable decisions / Long-term perspective



danaos

Risk management is part of how we operate and invest

Managing risk means making informed choices under uncertainty, not attempting to eliminate uncertainty altogether.

> Our approach connects the forces shaping global shipping with the decisions taken across the business, from chartering and vessel operations to financing, investment, technology and people.

Protect the business

Understand potential disruption to operations, safety, cash flows, compliance and business continuity.

Make informed choices

Consider the consequences of alternative decisions, including investment opportunities and the risks they carry.

Adapt over time

Revisit assumptions as markets, regulations, technologies and the Company's activities evolve.

Risk management is part of how Danaos is managed

Managing risk is a shared responsibility across Danaos. It begins with the people making day-to-day business decisions and extends through senior management and the relevant governing bodies.

01

Business and departmental management

Each business function considers the risks arising from its activities and the steps needed to address them. This includes operational, safety, technology, commercial and financial matters.

02

Senior management and Board oversight

Senior management provides direction for managing risks across the business, oversees the application of relevant policies and procedures, and reviews significant exposures and management responses. Board and committee oversight takes place through the applicable governance arrangements.

03

Internal Audit

Internal Audit provides independent reviews and advice on governance, risk management and internal controls. Responsibility for business decisions and managing risks remains with management.

From strategic uncertainty to management action

The Business Risk Assessment (BRA) connects principal business risks with detailed management exposures across Danaos. Its purpose is to inform decisions, help identify matters requiring attention, and reflect a changing operating environment.

Tier one

Principal business risks

An integrated view of broad exposures relevant to the Company's strategy, financial resilience, operations, compliance, technology and people.

Tier two

Detailed management risks

More specific risks considered by the relevant business functions, including their likelihood, potential consequences and possible responses.

Risk acceptance and management judgment. The BRA helps management consider whether an exposure calls for additional action or can be managed within existing arrangements. These judgments take account of potential consequences, business objectives, measures already in place and the options available. Decisions remain subject to the Company's management responsibilities and applicable approval arrangements.

The Business Risk Assessment is reviewed at least twice a year, with changing business conditions considered as they arise.

From uncertainty to informed choices

How information about uncertainty supports business decisions and subsequent review.

01

Business objectives and decisions

What is the Company seeking to achieve?

›

02

Factors that may affect outcomes

What could change the expected result?

›

03

Possible consequences

What are the potential effects and likelihoods?

›

04

Management choices

What responses or alternatives merit consideration?

›

05

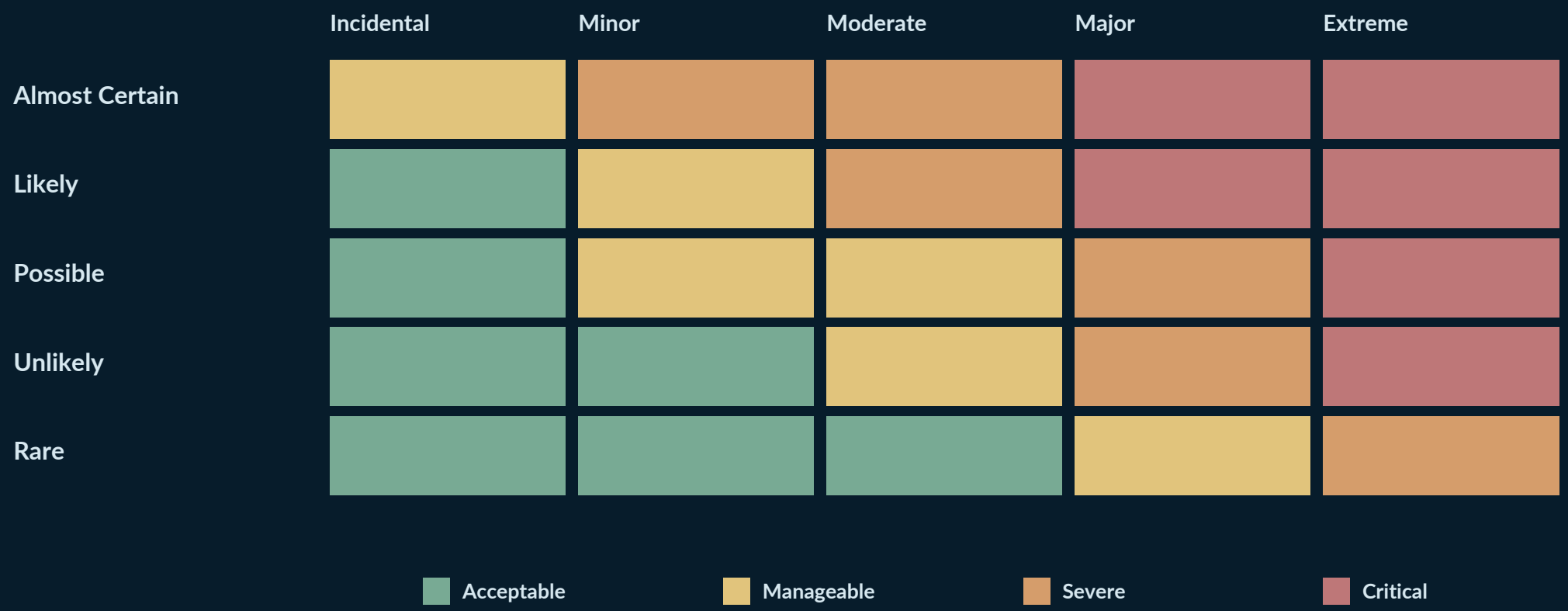
Response and monitoring

What has changed, and does the decision need revisiting?

New information and changing circumstances feed back into management decisions.

How risks are assessed

The BRA uses five-point likelihood and impact scales to inform management's evaluation and response. This illustrative matrix does not show the Company's actual risk ratings.



One connected view of the business

Six thematic groupings organize the principal risks; they do not represent an additional assessment tier or severity ranking.

18

PRINCIPAL BUSINESS RISKS

112

DETAILED MANAGEMENT RISKS

6

THEMATIC GROUPINGS

Six themes. One connected perspective.

These six themes organize the 18 principal risks for easier reading. They do not represent a ranking of severity or an additional assessment tier.

01

Strategy & markets

Global economic conditions, trade and shipping markets, and the choices that shape future fleet and portfolio positioning.

02

Finance & capital

Counterparty performance, liquidity, capital markets, insurance and the financial capacity to manage changing conditions.

03

Maritime operations

Vessel performance, safe operations, third parties and the infrastructure supporting business continuity.

04

Regulation & climate

Legal and trade obligations, environmental requirements and the transition in vessel technologies and emissions-related costs.

05

Technology & change

Cybersecurity, data governance, AI and the execution of digital and organizational transformation.

06

People & integrity

Leadership and skills, ethical conduct, fraud exposure and organizational accountability.

Understanding the risk landscape / 01

The following exposures are presented as business considerations, not a severity ranking.

01

STRATEGY & MARKETS

Macroeconomic conditions and market volatility

The Company's performance, profitability, costs, cost of capital, and strategic flexibility may be affected by global economic instability, inflation, interest-rate and exchange-rate volatility, energy and commodity price movements, and broader financial market conditions.

02

STRATEGY & MARKETS

Geopolitics, trade and route disruption

The Company's commercial position, operating routes, trade flows, vessel utilization, and counterparty exposure may be affected by geopolitical developments, armed conflict, regional instability, trade restrictions, tariffs, sanctions-related restrictions, or disruption to international shipping lanes.

Understanding the risk landscape / 02

The following exposures are presented as business considerations, not a severity ranking.

03

STRATEGY & MARKETS

Shipping demand and charter-rate cycles

The Company's revenue, profitability, vessel employment, and growth prospects may be affected by changes in demand for container and dry bulk transportation, charter-rate volatility, vessel supply-demand imbalance, cargo flow shifts, newbuilding deliveries, and competitive market conditions.

04

FINANCE & CAPITAL

Charterer credit and revenue concentration

The Company may be exposed to financial loss, cash-flow pressure, commercial disputes, or reduced flexibility if charterers, customers, financial counterparties, or other key counterparties fail to meet their obligations, delay payments, dispute amounts due, or if revenue remains concentrated among a limited number of major customers.

Understanding the risk landscape / 03

The following exposures are presented as business considerations, not a severity ranking.

05

FINANCE & CAPITAL

Liquidity and financial flexibility

The Company's ability to fund operations, investments, debt service, shareholder returns, and strategic opportunities may be affected by liquidity constraints, refinancing conditions, debt obligations, vessel value movements, mark-to-market movements on financial investments, interest-rate exposure, working-capital needs, or changes in lender and investor expectations.

06

STRATEGY & MARKETS

Capital allocation and fleet competitiveness

The Company's long-term value and strategic positioning may be affected by capital allocation decisions, strategic investments, new business entry into adjacent shipping or energy-transportation sectors, partnerships, joint ventures, vessel acquisitions and disposals, newbuilding commitments, diversification opportunities, asset values, technology choices, decarbonization investments, post-investment monitoring, exit discipline, and the continued competitiveness of the fleet and investment portfolio.

Understanding the risk landscape / 04

The following exposures are presented as business considerations, not a severity ranking.

07

MARITIME OPERATIONS

Vessel performance and regulatory readiness

The Company may experience operational, financial, safety, compliance, or reputational impacts if vessels are not operated, maintained, upgraded, or monitored effectively in line with market expectations, charter-party requirements, class and flag requirements, environmental rules, and broader performance expectations.

08

REGULATION & CLIMATE

Decarbonization and climate transition

The Company may be affected by increasingly stringent environmental requirements, emissions-related costs, carbon market exposure, climate-related stakeholder expectations, alternative-fuel uncertainty, green technology decisions, and the need to adapt fleet strategy, operating practices, capital planning, and disclosures to the decarbonization transition.

Understanding the risk landscape / 05

The following exposures are presented as business considerations, not a severity ranking.

09

REGULATION & CLIMATE

Legal, tax, sanctions and regulatory compliance

The Company may be exposed to financial, operational, regulatory, or reputational consequences if it fails to meet applicable tax, legal, sanctions, trade compliance, corporate governance, maritime, or other regulatory obligations across the jurisdictions in which it operates.

10

FINANCE & CAPITAL

Capital markets and listed-company obligations

The Company's market valuation, share-price volatility, dividend expectations, capital-raising capacity, and shareholder confidence may be affected by capital markets dynamics, SEC reporting and disclosure obligations, NYSE governance requirements, financial, operational, sustainability and climate-related reporting expectations, controlling-shareholder dynamics, potential equity dilution, capital return programs, and investor communication.

Understanding the risk landscape / 06

The following exposures are presented as business considerations, not a severity ranking.

11

TECHNOLOGY & CHANGE

Cybersecurity, data and AI governance

The Company's operations, financial processes, systems, information, reporting, and reputation may be affected by cyber incidents, ransomware, data breaches, privacy failures, AI-enabled threats, inappropriate or uncontrolled use of AI, weak AI governance, emerging threats to encryption and authentication, poor data quality, weak information governance, or loss of trust in digital processes and outputs.

12

MARITIME OPERATIONS

Business continuity and critical infrastructure

The Company may be unable to maintain critical operations during disruptive events affecting the infrastructure and systems on which shipping and shore-side activity depend, including telecommunications and satellite connectivity, cloud services, business systems, banking and payment channels, port and terminal access, logistics networks, and the impact of climate-related physical events on critical infrastructure. This includes the risk of multiple disruptions occurring concurrently.

Understanding the risk landscape / 07

The following exposures are presented as business considerations, not a severity ranking.

13

MARITIME OPERATIONS

Third-party and supply-chain dependency

The Company may be exposed to operational disruption, compliance issues, cyber incidents, financial loss, service-quality issues, safety events, or reputational damage due to weaknesses, financial distress, contractual gaps, limited substitutability, or failures involving suppliers, shipyards, agents, crewing providers, brokers, consultants, IT vendors, cloud providers, contractors, and other service providers on which the Company depends.

14

FINANCE & CAPITAL

Insurance capacity, coverage and claims

The Company may face increased cost, reduced coverage, higher deductibles, exclusions, claims disputes, delayed recovery, or reduced availability of insurance for vessel, war, sanctions, cyber, business interruption, environmental, liability, climate-related, or other operational exposures.

Understanding the risk landscape / 08

The following exposures are presented as business considerations, not a severity ranking.

15

MARITIME OPERATIONS

Safety, security and crew welfare

The Company may face severe operational, legal, financial, regulatory, and reputational consequences from health and safety incidents, loss of life, crew welfare failures, maritime security threats, piracy, stowaways, high-risk-area exposure, emergency response weaknesses, or serious onboard or shore-side incidents.

16

PEOPLE & INTEGRITY

Talent, leadership and succession

The Company's ability to execute strategy, maintain effective operations, and respond to emerging risks may be affected by loss of key personnel, insufficient succession planning, talent scarcity, crew recruitment and retention challenges, workforce diversity, inclusion and engagement expectations, workload pressure, institutional knowledge loss, or capability gaps in areas such as technical shipping, commercial strategy, AI, cyber, data, ESG, compliance, and transformation.

Understanding the risk landscape / 09

The following exposures are presented as business considerations, not a severity ranking.

17

PEOPLE & INTEGRITY

Ethics, fraud and corporate integrity

The Company may suffer financial loss, regulatory exposure, reputational damage, or governance concerns if ethical standards, anti-corruption practices, fraud-prevention measures, whistleblowing arrangements, conflict-of-interest safeguards, related-party governance, accountability practices, or corporate culture are ineffective. This also includes emerging fraud risks such as payment manipulation, vendor impersonation, and AI-enabled deception.

18

TECHNOLOGY & CHANGE

Innovation and transformation execution

The Company may fail to achieve strategic, operational, financial, or organizational objectives if major change initiatives, digital transformation, AI adoption, system implementations, process redesign, new business models, or innovation projects are not effectively governed, resourced, embedded, monitored, and aligned with the Company's capabilities and risk appetite.

Charterer credit and revenue concentration

Selected examples show how business risks inform management choices and responses. They do not rank the Company's risks.

THE EXPOSURE

Financial difficulties among charterers, late payments, contractual disputes or reliance on a limited number of customers may affect cash collection, revenue stability and commercial flexibility.

DECISIONS IT INFLUENCES

The financial strength of counterparties, charter terms and the concentration of revenue are important considerations in commercial decisions.

MANAGEMENT RESPONSE

Charterer assessments and contractual safeguards form part of the measures identified in the Business Risk Assessment for addressing counterparty exposure. The Company also considers the breadth of its charterer base when evaluating concentration risk.

WHAT REMAINS UNCERTAIN

Charter arrangements and contractual protections cannot eliminate payment, counterparty or concentration risks.

Capital allocation and fleet competitiveness

Selected examples show how business risks inform management choices and responses. They do not rank the Company's risks.

THE EXPOSURE

Vessel acquisitions, newbuildings, partnerships and technology choices involve long-term commitments in markets where commercial conditions and regulations continue to evolve.

DECISIONS IT INFLUENCES

These uncertainties inform the timing of investments, vessel specifications, financing requirements and the future competitiveness of the fleet.

MANAGEMENT RESPONSE

Investment evaluation, fleet renewal planning and monitoring of market and regulatory developments are among the measures identified in the Business Risk Assessment. They provide a basis for considering investment alternatives and future fleet requirements.

WHAT REMAINS UNCERTAIN

Future market demand, technology, regulations and project conditions may affect investment returns and the long-term value of assets.

Developments that could reshape future exposures

Longer-term changes in the external environment can intensify existing risks or create new dependencies. The following two developments may influence Danaos' decisions over the coming years and beyond. They are considered within the BRA and are presented as areas for continued attention, not as a ranking of current exposures.

Danaos' business profile includes container shipping and dry bulk activities, alongside publicly discussed opportunities in LNG-related transportation. Any extension into adjacent activities may introduce new operational, commercial, funding, and capability considerations. References to potential developments do not imply final investment or operating commitments.

A developing risk is not necessarily new to shipping, and longer-term trends may coexist with near-term exposures.

Climate pressures on maritime infrastructure

Long-term developments that may affect future business choices.

Over the longer term, changes in physical climate patterns and the resilience of ports, terminals, logistics connections, and supporting infrastructure may affect the reliability of maritime transport networks. This differs from managing an individual severe-weather incident.

WHY IT MATTERS TO DANAOS

Long-term changes in port and transport-infrastructure availability could affect the routes and schedules on which Danaos' vessel employment depends, as well as voyage planning and operating flexibility. Physical climate risks may combine with existing business continuity and insurance considerations.

RESPONSE PERSPECTIVE

Danaos' 2025 ESG Report describes climate scenario analysis, weather routing, automated passage planning, risk-based vessel deployment and an alternative operational framework for significant disruption. These disclosed approaches are relevant to physical climate exposure, while longer-term changes in port and infrastructure resilience remain uncertain.

Uncertainty in future maritime fuel and propulsion pathways

Long-term developments that may affect future business choices.

Shipping's transition toward lower-emission operations involves uncertainty over future fuel availability, propulsion technology, bunkering infrastructure, regulation, and charterer preferences. Different pathways may develop at different speeds across routes and markets.

WHY IT MATTERS TO DANAOS

Vessel specification and fleet investment decisions made today can affect operating economics, future charter appeal, asset values, and the flexibility to respond to changes in the shipping market over a vessel's operating life. These considerations are particularly relevant when evaluating fleet renewal and longer-term capital commitments.

RESPONSE PERSPECTIVE

The BRA identifies fuel availability, propulsion technology and related investment choices as considerations in fleet competitiveness and capital allocation. Danaos' published environmental reporting also addresses the changing conditions facing maritime decarbonization. The implications for particular vessel and investment decisions depend on the technologies, infrastructure and commercial conditions that develop.

Risk awareness is sustained through management practice

Risk awareness grows when people understand the decisions they make, share concerns early and learn from changing conditions.

01

Ownership close to decisions

Business teams consider the risks connected with their work and raise matters that may call for wider management attention.

02

Relevant knowledge and training

Danaos' 2025 ESG reporting describes employee training in compliance, regulatory awareness, health and safety, and digital skills, as well as training and performance development for seafarers. These activities support risk awareness across different roles.

03

Speaking up and learning

Published governance disclosures describe confidential whistleblowing and internal grievance channels. Seafarer training, performance feedback and other reporting processes also provide opportunities to identify concerns and improve practices.

RISK MANAGEMENT STRATEGY 2026

Our aim: a risk management approach that remains useful as the business evolves, recognizes uncertainty and helps management make informed decisions. Risk management supports informed choices while recognizing that uncertainty cannot be eliminated.

This overview describes risk-management practices and selected business uncertainties. It is general information and does not replace relevant annual reports, regulatory filings or other official disclosures. Actual results and future developments may differ materially from expectations, including because of factors described in those filings. Risks and response approaches evolve with business conditions.

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