



Anti-Fraud Policy

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1. Introduction

Dynagas LNG Partners LP (hereinafter referred to as the “Partnership”) establishes this Anti-Fraud Policy (the “Anti-Fraud Policy”) as a demonstration of its commitment to the highest possible standards of openness, honesty and accountability in all of its affairs. Based on this commitment, this Anti-Fraud Policy outlines the principles to which we are committed in relation to preventing, reporting, and remediate fraud and corruption and establishing a corporate and working culture that improves the value of ethics and promote the individual responsibility. It also outlines the individuals’ responsibility for dealing with such incidents. This Anti-Fraud Policy applies to the Partnership and all of its directors, officers and employees (the “Partnership Personnel” or the “Personnel”), including for the avoidance of doubt any directors, officers and employees of the Partnership’s Manager, Dynagas Ltd.

2. Objectives

The primary objective of the Anti-Fraud Policy is to prevent fraud, maintain integrity in the Partnership’s business dealings, establish procedures and protections that allow employees of the Partnership and members of the public to act on suspected fraud or corruption with potentially adverse ramifications and to achieve the legitimate business objectives of the Partnership for the benefit of its unitholders.

3. Definition

In the broadest sense, fraud can encompass any crime for gain that uses deception as its principal method of operation. More precisely, *fraud* is defined as: “*A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment*”¹. Indicatively, for the purpose of this document, fraud may involve:

- manipulation, falsification or alteration of accounting records or documents;
- suppression or omission of the effects of transactions from records or documents;
- recording of transactions without substance;
- misappropriation (theft) or willful destruction or loss of assets including cash;
- deliberate misapplication of accounting or other regulations or policies;
- bribery and corruption;
- usurpation of corporate interests for personal gain;
- payment or receipts of bribes, kickbacks or other inappropriate payments;
- participation in sham or fraudulent transactions; and
- disclosing confidential and proprietary information to outside parties

There is no set monetary threshold that defines a fraud. There is no need for the fraud to be successful to be viewed as corrupt; the offering can be enough to amount to a criminal offense in certain jurisdictions. These principles apply equally in any country in which the Company operates or carries on business.

¹ *Brayan Garner, ed., Black’s Law Dictionary, 8th Ed. (2004)*

4. Prevention and Control of Fraud

Management shall advocate and develop a corporate culture of honesty and integrity, establish controls and procedures designed to eliminate the likelihood of fraud and to receive, investigate, report and recommend a remedial course of action in respect to suspected or voiced concerns of fraud or fraudulent behavior. More specifically:

- Management shall lead by example in complying with the Partnership's rules and regulations, including this Anti-Fraud Policy;
- Management shall notify Personnel of the opportunity and procedures for anonymously reporting wrongdoings and dishonest behavior through the established whistle-blower policy and the channels of communication defined thereto;
- In connection with the annual risk assessment process (including the risk assessment for SOX s.404 compliance), management shall identify and assess the importance and possibility of fraud risk at entity level, at business department level and at process level;
- Management shall establish procedures to reduce the potential occurrence of fraud through protective approval, segregation of duties and periodic compliance reviews. For those risk areas of fraud occurrence, such as inaccurate financial reporting, exceeded authorization, and information systems, management shall establish necessary internal control activities.

In terms of establishing and maintaining effective controls it is generally desirable that:

- Wherever possible, there must be a separation of duties so that control of a key function is not vested in one individual;
- Back-logs should not be allowed to accumulate; and
- Whenever designing any new system, consideration must be given to building in safeguards.

The Audit Committee is responsible for establishing and maintaining a sound system of internal controls that supports the achievement of Partnership's aims and objectives. The system of internal controls is designed to respond to the fraud risks that the Partnership faces. The system of internal controls is based on an on-going process designed to identify the principal fraud risks, to evaluate the nature and extent of those risks and to manage them effectively by:

- Establishing appropriate mechanisms for reporting fraud risk issues and significant incidents of fraud;
- Making sure that all staff is aware of the Partnership's anti-fraud policy and understand what their responsibilities are in relation to combating fraud;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Ensuring that appropriate legal and/or disciplinary action is taken against perpetrators of fraud;
- Ensuring that appropriate action is taken to minimize the risk of similar frauds occurring in future.

The Internal Audit function is responsible for the following:

- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls commensurate with the extent of the potential exposure/risk in the various activities of the department's operations;

- Ensuring that management has reviewed its risk exposure and identified the possibility of fraud as a business risk;
- Assisting management in conducting fraud investigations.

Each employee is responsible for the following:

- Acting with propriety in the use of Partnership resources and the handling and use of Partnership funds whether they are involved with cash or payments, receipts or dealing with suppliers. Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their integrity;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events; and
- Co-operating fully with whoever is conducting internal checks, reviews or fraud investigations.

5. Prohibited Actions

- No Partnership Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment of Anything of Value or any other advantage to a Government Official, in order to influence any act or decision of the Government Official in their official capacity for the purpose of obtaining or retaining business for or with the Partnership, or securing any improper business advantage;
- No Partnership Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment of Anything of Value or any other advantage to a Commercial Party, in order to obtain or retain business for the Partnership or any improper commercial advantage or benefit for the Partnership;
- No Partnership Personnel or any Third Party Associate shall directly or indirectly, give, offer, promise, request or approve a payment in circumstances where they have any reason to suspect that any portion of that payment will be used for any of the purposes described above;
- No Partnership Personnel or any Third Party Associate shall directly or indirectly, receive or agree to receive Anything of Value or other advantage that may reasonably be regarded as a bribe.

The prohibition on bribery applies to the giving of anything of value, not only money. This includes providing business opportunities, favorable contracts, stock options, gifts and entertainment.

6. Facilitating Payments

Facilitating payments are modest payments made for the purpose of expediting or facilitating the provision of services or routine non-discretionary government action which a Government Official is normally obliged to perform. Making facilitating payments of any kind are not permitted under this Policy, unless the prior written approval of the Chairman of the Conflicts Committee has been received.

Where such approval is granted, the Chairman of the Conflicts Committee must inform the appropriate supervisor, who must ensure that the payment is accurately recorded in Partnership's relevant books and records, and that all supporting documentation, including the written approval, is retained in the appropriate files.

7. Business Hospitality, Travel, Meals and Gifts

This Policy allows certain exceptions to the Partnership's general anti-fraud principles when paying for entertainment, meals, travel or a gift for a Government Official and/or a Commercial Party. Expenses of this kind are permitted if they are of modest value, reasonable, a matter of simple common courtesy under local custom, incidental to conducting legitimate and bona fide business, building business relationships or showing appreciation, and not used with the aim of exerting improper influence, or the expectation of reciprocity, and always provided that any such expenses payment does not contravene the anti-fraud policy of any Commercial Party involved.

Before offering or receiving any gift and/or entertainment to/from a third party, employees should consider whether it is necessary for them to obtain appropriate management approval and/or approval from the departmental supervisor. It is vital to avoid even the appearance of improper conduct with any Government Official and/or Commercial Party, and if in doubt, please seek guidance to the departmental supervisor or avoid making any such payment.

8. Recordkeeping and Reporting Requirements

The U.S Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act impose strict accounting requirements on the Partnership. In particular, the FCPA requires:

- The keeping of books and records that, in reasonable detail, reflect the transactions and asset dispositions of the Partnership, and
- The development and maintenance of a system of internal accounting controls including periodic audits.
- Each Employee is personally accountable for the accuracy of his or her records and reports. Accurate information is essential to the Partnership's ability to meet legal and regulatory obligations and all reports must be made honestly, accurately and in reasonable level of detail.

To comply with these requirements, all Partnership's accounting related employees must:

- Follow the Partnership's accounting requirements as set out in the Company's Accounting Manual;
- Accurately record all transactions, even when the transaction might violate U.S. or foreign laws or regulations;
- Accurately record all payment receipts and requests with sufficient detail to permit full transparency;
- Never agree to requests for false invoices or for payment of expenses that are unusual, excessive, inadequately described, or otherwise raise questions under these guidelines; and
- Never make any payments to anonymous (i.e., "numbered") accounts that are in the name of neither the payee nor an entity known to be controlled by the payee.

9. Third Parties

FCPA prohibits corrupt payments made directly by Partnership's Personnel or indirectly through an agent or other intermediary such as a consultant acting for or on behalf of the Partnership. Under the Act, it is unlawful to make a payment of anything of value to any person, knowing that all or any portion of the payment will be offered, given, or promised to a government official or any other person for a corrupt purpose. The term "knowing" includes conscious disregard, deliberate ignorance, and willful blindness. In other words, the Partnership and individual employees may violate the FCPA if they have "reason to know" or "should have known" that an agent will bribe a government official.

Accordingly, the most important step the Partnership can take to protect itself from liability for improper payments made by third parties is to choose carefully its business partners, including agents and consultants.

The U.S. Justice Department has identified certain circumstances that may suggest reason to know of an illegal payment made by an intermediary. These "red flags" warrant further investigation when selecting or working with a third party. The following are examples of red flags:

- The transaction involves a country known for corrupt payments;
- The Third Party has a close family, personal or professional relationship to a government official or relative of an official;
- The Third Party objects to anti-corruption representations in Partnership agreements;
- The Third Party requests unusual contract terms or payment arrangements that raise local law issues, such as a payment in cash, payment in another country's currency, or payment in a third country;
- The Third Party is suggested by a government official, particularly one with discretionary authority over the business at issue;
- The Third Party's commission or fee exceeds fair and reasonable compensation for the work to be performed.

In all cases, whether or not any of these red flags are present, consult and seek approval from the Chairman of the Conflicts Committee before entering into any arrangement with a Third Party which will have contact with a government official on behalf of the Partnership.

Due Diligence

The Partnership should never enter into any relationship with a Third Party which will have substantive interaction with government officials on behalf of the Partnership without an inquiry into the third party's background, qualifications and reputation.

Any issues raised during this due diligence review must be addressed to the satisfaction of the Partnership prior to entering the relationship. The amount of time and effort required for due diligence will depend on the number and complexity of issues raised during the review process.

Management should inform and seek for approval from Partnership's Conflicts Committee once they have identified a third party which will have substantive interaction with government officials on the Partnership's behalf.

10. Confidentiality

The Partnership treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chairman of the Audit Committee immediately, and should not attempt to personally conduct investigations or interviews/ interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Partnership from potential civil liability.

11. Investigation authorities and responsibilities

The Chairman of the Audit Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, these will be reported to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with Partnership's legal counsel and senior management, as will final decisions on disposition of the case.

12. Authorization for investigating suspected fraud

Members of the Investigation team will have:

- Free and unrestricted access to all Partnership records and premises, whether owned or rented.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

13. Reporting Procedures

Any Partnership Personnel who obtains information about a breach (including a suspected breach) of this Policy and/or any anti-corruption laws must report it to their supervisor who must in turn report it without delay to the Chairman of the Audit Committee.

The report shall be investigated by the appointed individual as authorized by the Chairman of Audit Committee, and all relevant Partnership Personnel and Third Party Associate must co-operate fully with

any such investigation. Partnership does not permit any retaliation of any kind against any Partnership Personnel and Third Party Associate who in good faith makes a report of a breach or suspected breach of this Policy. Any failure to report a suspected or known breach of this Policy will in itself be considered a breach of this Policy.

14. Responsive Actions

Any Partnership Personnel who breaches the Policy may be subject to disciplinary action by the Partnership, up to and including termination of their contract of employment. The investigations will also consider whether there has been any failure of supervision. Where this has occurred appropriate disciplinary action will be taken against those responsible.

15. Review of Policy

The Chairman of the Audit Committee is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed and revised as needed.

16. Terms and Definitions

“Anything of Value” should be broadly construed, and includes not only cash or cash equivalents, but also entertainment, meals, drinks, travel, lodging, gifts, discounts, use of materials, facilities or equipment, investment opportunities, insurance benefits, political or charitable contributions, promise of future employment and/or any other financial advantage. In determining whether Anything of Value has been provided, the key consideration will be the subjective value of that being conveyed, together with the recipient’s perception of it.

“Bribe” means giving or offering to give anything of value to a government official to influence a discretionary decision. Local law may impose a broader definition in some jurisdictions.

“Commercial Party” should be broadly construed, and includes a director, officer, employee, agent or broker of a customer, supplier, vendor or competitor, (or of potential customers, suppliers, vendors, or competitors) or any other person with whom the Partnership or/and the Manager conducts, or may conduct business and who does not act on behalf of Partnership or/and the Manager.

“Facilitating Payment” means small payments paid to government officials to expedite or facilitate non-discretionary actions or services, such as obtaining an ordinary license or business permit, processing government papers such as visas, providing police protection, providing telephone, power or water service, or loading or unloading of cargo.

“Government Official” should be broadly construed, and includes:

- a) any employee or officer of:
any government or government’s department, agency (such as customs, immigration, tax, licensing, permitting, government-owned ports and representatives of government-owned entities, such as national oil companies and their affiliates) or branch;
- i. any public international organization;
- ii. any government owned or controlled commercial enterprise;

- b) members of royal families; and
- c) any political party, party official or candidate for political office; and any other person acting in an official capacity on behalf of any of the foregoing. A person does not cease to be a Government Official by purporting to act in a private capacity or by the fact that they serve unpaid.

“Manager” means Dynagas Ltd. that provides the Partnership and each vessel-owning subsidiary with certain technical, commercial and administrative management services pursuant to identical management agreements, one administrative services agreement and one executive services management agreement.

“Partnership” means Dynagas LNG Partners LP and its wholly owned subsidiaries.

“Third Party Associate” means a person or entity engaged for the purposes of acting on Partnership or/and the Manager’s behalf, and can include (but is not limited to) agents, sub-contractors, consultants, brokers and lawyers.

Approvals

Approved this 19th day of March, 2019.