



Pacific Basin

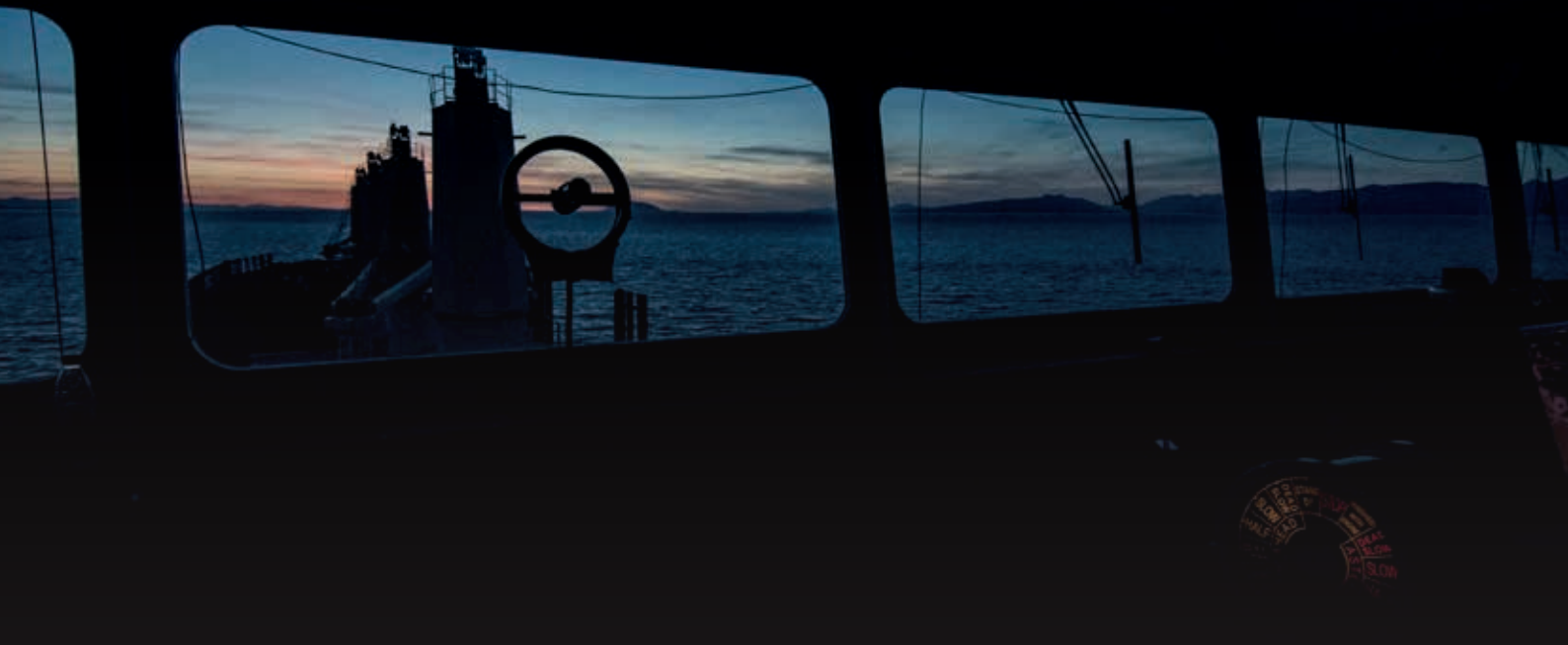
Responsibility
from the bridge down

With you for the long haul

**Corporate Social Responsibility Report
2019**

Stock Code: 2343



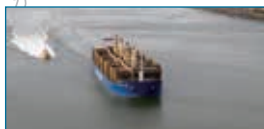
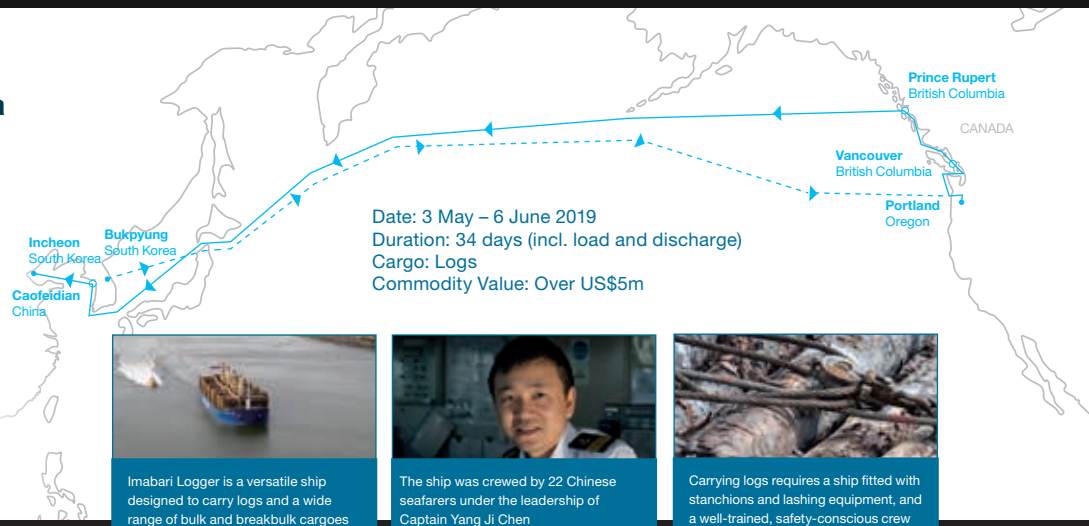


Voyage in Focus

m/v Imabari Logger carrying logs from Canada to South Korea and China

Logs comprise over 10% of our annual cargo volumes. Our logs customers are among the biggest names in sustainable forestry in New Zealand and the north-western United States and Canada.

Several photos in this report follow our 37,500 dwt Handysize vessel "Imabari Logger" which in May 2019 arrived in Portland to discharge a cement cargo from Bukpyung and made a short ballast voyage to Vancouver and Prince Rupert where she loaded logs for shipping to Incheon and Caofeidian. **This valuable combination of fronthaul and backhaul shipments is how we achieve high laden utilisation and thus greater carbon efficiency.**



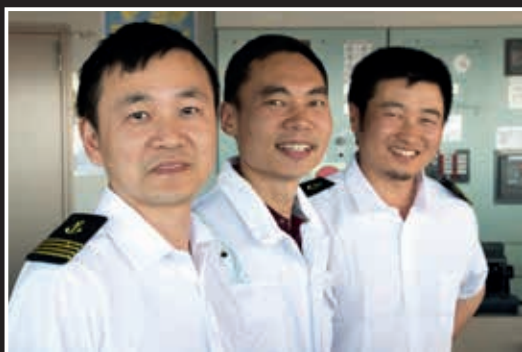
Imabari Logger is a versatile ship designed to carry logs and a wide range of bulk and breakbulk cargoes



The ship was crewed by 22 Chinese seafarers under the leadership of Captain Yang Ji Chen



Carrying logs requires a ship fitted with stanchions and lashing equipment, and a well-trained, safety-conscious crew



Contents

Chairman and CEO's Message

Driving our success and reputation are a sustainable business model and culture, and the support of our customers and other stakeholders



02

About Pacific Basin

Our business in facts & figures



04

About Our CSR Report

How we report on CSR



06

Our Approach to CSR

A sustainable business approach



08

Our Key Impacts

Resources & relationships we rely on



12

Workplace & Safety

Staff wellbeing & business practice



14

Environment

Our physical & natural resources



29

Community

Responsible citizenship



34

Performance Data Summary

38

SEHK ESG Reporting Guide Index

40

Stakeholder Feedback Survey

Key to navigation symbols



Linkage to related details within this CSR Report



Linkage to related details in our Annual Report



Audited Information



Linkage to related details on our website www.pacificbasin.com



Information related to SEHK ESG Reporting Guide



Key Performance Indicators



A glossary covering many of the terms in this document is available on our website

Chairman and CEO's Message

2019 was a volatile and weak year for dry bulk shipping. It was also a year in which we invested heavily to dry-dock ships in preparation for new environmental regulations. Consequently, we produced a lower profit compared to 2018, but we continued to perform well relative to the market.

We grew our owned fleet further with the delivery of eight modern ships, including trading up from two older, smaller vessels that we sold. By the end of April 2020, we will own 117 ships after a few more committed acquisitions are delivered. Including chartered vessels, we typically operate over 200 ships overall.

The more than threefold growth of our owned fleet since 2012 has helped to cement our position as one of the leading names in dry bulk shipping. The value of our Pacific Basin brand today is also a reflection of the dedication and hard work of many people over the years to grow and improve our company. We thank our colleagues both ashore and at sea, as well as our customers, suppliers and all stakeholders for their continuing support.

A SUSTAINABLE BUSINESS MODEL

We are an owner and operator specialising in modern Handysize and Supramax dry bulk ships – mid-size versatile ships in segments that offer benefits of diversification in terms of geography, customers and cargoes. That means we don't experience the degree of earnings volatility that other segments do, which is partly how we managed to safely navigate extraordinarily challenging market conditions of the past several years.

Our ability to leverage the characteristics of the Handysize and Supramax segments – drawing on our scale, high-quality interchangeable ships, customer focus, cargo systems, and ship operating and cargo expertise – enables us to maximise our fleet utilisation and fuel efficiency, and generate TCE earnings that outperform freight market indices.

We are dedicated to our customers and we value long-term relationships over short-term gain. We invest our time and our personalised, innovative efforts to offer a tailored, flexible and reliable service to customers, making it easier for them to do business with us. This is what earns us the customer support that is so valuable to us throughout the cycles and provides the foundation for our business and its success, reputation and sustainability over the long term.

We are thankful for having an excellent team of colleagues in our offices and on our ships. We aim to offer them a safe, caring and fulfilling workplace in which everyone is treated fairly and with dignity and respect.

Safety First

Our day to day priority remains on safety of life, ships and the environment. We challenge our teams both on shore and at sea to focus on what really matters and to do the right things at all times: safety comes first!

Page 17
Health & Safety Performance



We have steadily reduced injuries on board our ships over many years. In 2019, we recorded a lost time injury frequency (LTIF) of 0.71, which marks a 13% improvement year on year and our lowest LTIF since 2004.

Our investment in the development and training of our staff underpins our safety performance while also driving knowledge, productivity, engagement, loyalty and a deeper sense of belonging to the company.

Page 15
Coping with Coronavirus



STAYING ON TOP OF ENVIRONMENTAL REGULATORY CHALLENGES

We have made excellent progress in implementing compliance solutions for major environmental regulations IMO 2020 and the Ballast Water Management Convention, and we continue to assess and plan for a long-term environmental challenge which is high on the industry agenda and poses significant technical, operational and financial burdens of compliance on ship owners.

2020 Global Sulphur Limit

The IMO 2020 global 0.5% sulphur limit took effect on 1 January 2020, and ship owners must comply either by using newly available, more expensive low-sulphur fuel, or by continuing to burn heavy fuel oil in combination with installing and operating exhaust gas scrubbers. The majority of the global dry bulk fleet, especially smaller vessels such as our Handysize ships, are complying by using low-sulphur fuel.

Including chartered in ships, about 85% of Pacific Basin's overall fleet complies by using low-sulphur fuel, and our ships have made the switch without any major unplanned operational disruption, as we prepared thoroughly by cleaning our fuel tanks, securing availability of good quality compliant fuel, and training our crews to ensure compliance and seamless service delivery to our customers.

As Supramax vessels consume more bunkers than Handysize vessels, we chose a balanced approach to how we comply, took early actions to prepare for the expected volatility in fuel prices in early 2020 and installed exhaust gas scrubbers on a majority of our owned Supramax vessels allowing these ships to burn cheaper heavy fuel oil. In early February, we completed our scrubber retrofit programme with scrubbers successfully fitted and operational on 28 of our 35 owned Supramaxes. Having scrubbers on about 15% of our approximately 200 operated ships provides us some optionality in how we manage our fuel needs to comply with the new rules.

The majority of dry bulk vessels (especially in our segments) will increasingly sail at reduced optimal operating speeds – as has already been evident in early 2020 since the IMO 2020 regulation took effect – due to the higher price of low sulphur fuel.

Ballast Water Management

The Ballast Water Management Convention requires ballast water treatment systems (BWTS) to be fitted on ships during routine dockings between 2019 and 2024 to substantially eliminate the transfer of organisms between marine ecosystems. 53 of our ships are now fitted with BWTS – mostly systems based on filtration and electrocatalysis – and we have arranged to retrofit all our remaining owned Handysize and Supramax vessels by the end of 2022.

IMO Greenhouse Gas Reduction Strategy

Looking ahead, the IMO's ambitious greenhouse gas (GHG) reduction goals represent an even greater challenge. Improving the global fleet's carbon efficiency by at least 40% by 2030 and then cutting our industry's total GHG emissions by half by 2050 (both relative to 2008) will soon require new fuels, engine technologies and bunkering infrastructure that are not yet available for use in dry bulk shipping and will take time to develop.

What is needed are major decarbonisation initiatives and the research and development necessary to roll out the world's first commercially viable deep-sea zero-emission ships by as early as the end of this decade. We have joined the recently formed Getting to Zero Coalition of over 100 companies committed to exploring how to achieve that goal.

We are among the most carbon-efficient companies in our segment partly because our ships are laden with cargo for over 90% of the time. That is a significant advantage compared to the average owner of similar ships which spend much more time in ballast.

Additionally, we invest in fuel-efficient secondhand Japanese-built ships, energy-efficiency technologies and fuel optimisation practices that reduce our emissions. For example, we plan the most fuel-efficient passage using weather routing services, and we

improve course-keeping with advanced self-tuning autopilot systems. We improve hull and propulsion hydrodynamics by fitting our ships with propeller boss cap fins, non hub-vortex propellers, rudder bulbs and Mewis ducts. Our team has recently made new progress in other areas of fuel optimisation, such as improving trim optimisation to reduce hull resistance and retrofitting new LED lighting in our ships to reduce energy consumption.

Page 30-31
Tackling our Environmental Responsibilities



In the short term, what the industry can and should do to reduce GHG emissions is to invest further in such initiatives that bring incremental energy-efficiency gains and, most importantly, to slow down existing ships and refrain from ordering new ships with old technology.

In a few years, more detailed regulations will likely be introduced to drive the decarbonisation movement so the industry meets the IMO's GHG goals. We are well-equipped with an excellent team and good financial health to adapt and cope both practically and financially with compliance and new technology.

As the world decarbonises, Pacific Basin will continue to carry the non-fossil fuel commodities that will be the mainstay of global seaborne trade.

Page 10
Climate Change Risks



Other Current Regulations

IMO's Data Collection System (DCS) for fuel consumption commenced on 1 January 2019, so that verified aggregated data is entered into IMO's ship fuel oil consumption database. This will allow IMO to analyse fuel consumption of the global fleet, potentially leading to further regulatory measures to decarbonise shipping. We have integrated fuel consumption monitoring, reporting and verification procedures into our Pacific Basin management system for IMO DCS compliance.

We are on track to attain Inventory of Hazardous Materials (IHM) certification on all our ships by the end of this year, ensuring that our control of hazardous materials on ships complies with the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

AN EXPERIENCED, RELIABLE TEAM

We are fortunate to have an outstanding team of people who provide world-class expertise and professionalism right across our business. All share sensible values and are dedicated to delivering excellent service. Thanks in particular to our in-house fleet management operations, we are well prepared to meet the challenges of new environmental and other maritime regulations.

THIS CSR REPORT

This CSR Report seeks to better satisfy our stakeholders' growing interest in our CSR responsibilities and performance and to clearly address the disclosure requirements of the Environmental, Social and Governance Reporting Guide ("ESG Guide") of The Stock Exchange of Hong Kong.

The focus of these pages is on how we tackle our responsibilities towards the safety and wellbeing of our staff, ethical business practice, the environment and the communities in which we operate. As a large player in our sector with an ambitious vision for the future, we recognise our responsibilities in these areas which have a bearing on the long-term sustainability of our business.

We welcome any feedback from our stakeholders on our CSR programme and the scope and materiality of the contents of this report. A feedback form and contact details are provided on page 41.

David Turnbull

Chairman

Mats Berglund

Chief Executive Officer

About Pacific Basin

Pacific Basin is a leading owner and operator of modern Handysize and Supramax dry bulk ships

Group Facts



Headquartered and listed in **Hong Kong**



Operating about **200** interchangeable ships worldwide



Over **3,900** staff at sea



345 shore-based staff in 12 key locations

Customer Focus



Over **500** customers – industrial users, traders and producers of dry bulk commodities



Spot and long-term freight contracts



Grains & agricultural products, logs & forest products, steel & scrap, cement, fertiliser, metal concentrates, etc

What We Stand For

- Our customers, our people and our brand
 - Honouring our commitments
- Long-term relationships over short-term gain
 - Personalised, flexible, responsive and reliable service
 - Ease of doing business with us
- Excellence through dedication and teamwork
 - A sustainable business approach
 - Safety and environmental stewardship
 - Care, humour, fairness and respect



Awards

Lloyd's List Asia
Pacific Awards 2019

**Excellence in
Dry Bulk Shipping**

International Bulk Journal
Awards 2019

**People Development
Award**

Hong Kong Marine Department
Awards 2019

**Outstanding Performance in
Port State Inspections**



Financial Highlights

Revenue

US\$

1.59bn

1.59bn (2018)

EBITDA

US\$

231m

216m (2018)

Net Profit

US\$

25m

72m (2018)

Handysize TCE

US\$

9,630/day net

10,060 (2018)

Supramax TCE

US\$

11,720/day net

12,190 (2018)



Our Dry Bulk Segment



Handysize

25,000-41,999 dwt



Supramax

42,000-64,999 dwt

Highly versatile self-loading and discharging ships

Minor bulk segment offers benefits of diversification in terms of geography, customers and cargoes enabling triangular trading, high laden utilisation and greater carbon efficiency. Our ships are laden with cargo over 90% of the time

In a highly fragmented market, we operate about 6% of global Handysize ships of 25,000-41,999 dwt and less than 20 years old

90%

Laden vs Ballast



Other Information

Fleet in operation

Handy & Supra Ships

229 (2019 average)

222 (2018)

Cargo Volumes

Tonnes

67.1m

61.8m (2018)

Global Network

Offices

12

12 (2018)

Ports Called

Ports & Countries

768/110

793/104 (2018)

Distance Travelled

Nautical Miles

11.8m

11.6m (2018)

Crew Employed

Seafarers

3,900+

3,800 (2018)

Shore Staff

Staff

345

336 (2018)

Staff Training

45%

46% (2018)

Seafarer Retention

87%

86% (2018)

Sponsorship & Charity

US\$

85,000

84,000 (2018)

Recordable Case Frequency KPI

TRCF

1.56

1.37 (2018)

Lost Time Injury Frequency KPI

LTIF

0.71

0.82 (2018)

Inspection Deficiency Rate KPI

per PSC inspection

0.74

0.53 (2018)

MARPOL Pollution KPI

Incidents

0

0 (2018)

Fuel Consumed

Tonnes (total fleet)

0.86m

0.87m (2018)

Fuel Consumed

Tonnes (owned fleet)

0.45m

0.45m (2018)

CO₂ Emitted

Tonnes (owned fleet)

1.41m

1.39m (2018)

CO₂ Index (EEOI) KPI

Grams CO₂/tonne-mile

10.49

10.90 (2018)

About Our CSR Report

This is our fourth standalone CSR Report, though we have reported on our CSR programme within the pages of our annual reports since 2004 – and in depth since 2011. In combination with the CSR content on our website, this report serves as a record of our main CSR initiatives and performance highlights, focusing on areas that are material to our business and stakeholders.

Through linkage in our Annual Report to information in this CSR Report and online, we create transparency about our operations so that stakeholders have a clear sense of our non-financial business practices and the linkage across our actions, policies and performance.

Our CSR Report discloses our CSR performance data for 2019 and summarises more permanent aspects of our CSR narrative, such as (a) key inputs and outputs of our business, (b) initiatives we pursue to tackle our responsibilities, and (c) materiality, reporting scope and CSR governance.

Our CSR initiatives and reporting are guided by broad strategic objectives that relate to:



workplace and business practices (human capital)



environmental stewardship (natural capital)



community engagement (social & relationship capital)

CSR Reporting Framework

Our CSR reporting follows the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong (the “Stock Exchange” or “SEHK”), and draws on the guidelines and principles of the United Nations’ Global Compact and GRI’s sustainability guidelines as well as the International Integrated Reporting Council’s International <IR> Framework.

We have measured and tracked key aspects of our CSR performance for several years and we meet the Stock Exchange ESG Guide’s disclosure requirements.



Page 40

SEHK ESG Reporting Guide Index



An Integrated Reporting Framework

In preparing our Annual Report, CSR Report and internal management reports, we follow the International <IR> Framework of the International Integrated Reporting Council which enhances the way we think, plan and report the story of our business.

Our integrated reporting demonstrates how we embed holistic, integrated thinking into our strategy and plans and make informed decisions and manage key risks to build investor and stakeholder confidence and improve future performance. We also show how we rely on and impact our resources and relationships – our Capitals – to protect and create value over the long term.

<https://integratedreporting.org>

IIRC's International <IR> Reporting Framework





Sustainable business practices are an important platform for preserving and creating long-term value and fundamental to being a successful, professionally-managed and reputable company. That platform is based on two overarching areas of corporate responsibility:

CSR

Corporate Social
Responsibility

CG

Corporate
Governance

We address Corporate Governance separately in the governance section of our Annual Report  and website .

Scope

The scope of this report covers environment, workplace and community initiatives that reduce our environmental impact, reinforce our class-leading safety culture and mitigate safety and environmental risks, enhance job fulfilment and promote responsible engagement within the communities where we operate.

Our CSR reporting focuses on the majority portion of our core dry bulk fleet that comprises owned vessels that we control both commercially and technically. It is these vessels over which we have the authority to mandate and control Health, Safety, Environment and Quality (HSEQ) policies and actions. By contrast, we do not control HSEQ, crewing and other technical management aspects of inward chartered vessels. We also report on company-wide staff engagement and community initiatives and performance.

113

Average number of
owned ships we
operated in 2019



229

Average number of
**owned and
chartered ships**
we operated
overall in 2019



Reporting Period

The reporting period is 1 January to 31 December 2019.

Assurance

Our Energy Efficiency Operational Indicator (EEOI) and other environmental and safety KPI data have been measured or calculated in accordance with industry standards, and are subject to annual audit by DNV GL Business Assurance for ISO 9001, ISO 14001 and OHSAS 18001 certification.

Policies

The Group has formulated a number of documents to guide our actions and improve our performance in areas of Corporate Social Responsibility, such as:

- HSEQ Policy
- Commitment to a Healthy & Safe Workforce (OHSAS 18001)
- Environmental Policy Guide
- Drug & Alcohol Policy
- Code of Conduct
- Whistleblowing Policy
- Workplace Practices Policy Summary
- Board Diversity Policy
- Anti-Bribery Policy
- Privacy Policy



Page 41

CSR feedback form



We welcome your feedback on this CSR Report and our approach to CSR. Please refer to our CSR feedback form on page 41 of this report.



Our Approach to CSR

A Sustainable Business Approach

We are a substantial shipping business that draws on and impacts the resources and relationships we rely on to create and protect value. These are called our "Capitals".

As a large player in our sector with an ambitious vision for the future, we recognise our responsibilities to these Capitals which have a bearing on the long-term sustainability of our business. We believe that many of the responsible actions we take – our commitment to Corporate Social Responsibility (CSR) – make us competitively stronger and enhance our financial performance, our reputation and the sustainability and future value of our business.

These responsibilities and relationships are components of the key material matters we focus on to deliver our strategic objectives. Our active approach to CSR is therefore rooted in our culture and, governed by our policies and systems, integrated into our daily business behaviour and operating practices.

Page 11
Key Material Matters



Annual Report p.21
With You For The Long Haul



Our Resources in Action

We attach great importance to cultivating resources and relationships (our stores of value or Capitals) which we employ as optimally as we can to propel us towards our vision and benefit our shareholders and customers



OUR CAPITALS – THE RESOURCES AND RELATIONSHIPS WE RELY ON



Physical Capital Our Fleet



Handysize



Supramax



p22



Human Capital 3,900 seafarers
345 staff ashore

Our Global Office Network

12 offices, incl. 10 chartering offices



p13



Social Capital & Relationship Capital



p34



Intellectual Capital



p24



Financial Capital



p18



Natural Capital



p12

Our Vision

To be a leading ship owner/operator in dry bulk shipping, and the first choice partner for customers and other stakeholders



HOW WE CREATE OR PROTECT VALUE

High-quality Ships

Scale and Interchangeability

In-house Technical Operations

Team Productivity

Being Local

Being Global

Stakeholder Engagement & Wellbeing

Effective Business Model & Systems

Considered Treasury Activity

Environmental Responsibility

Our Focus Areas

Our CSR initiatives are guided by broad strategic objectives that relate to:



Workplace and operating practices

drawing mainly on human capital which includes the skills, experience, behaviour and loyalty of our staff that we reward and enhance with fair remuneration and a commitment to health and safety, development and training, equal opportunity and a comfortable and fulfilling workplace.



Environmental stewardship

drawing mainly on natural capital, predominantly through our fleet's consumption of fuel and other inputs and the resulting impacts of emissions on the atmosphere and marine environment.



Community engagement

drawing mainly on social and relationship capital which is the mutually beneficial partnership we strive to maintain with our customers, suppliers and other stakeholders in our communities, while recognising their rights and needs and always demonstrating responsible business practice.

These responsibilities are core to our culture, strategy and long-term vision, and it is our spirit and culture that turn sustainability efforts into reality and make a difference both within and outside of our organisation.

Our CSR initiatives enhance safety and workplace fulfilment, minimise our operations' environmental impact, and enrich engagement with the communities in which we operate

Key:



Linkage to further details within this CSR Report



Please read our Annual Report for more information



MATTERS OF KEY STRATEGIC FOCUS

Investing in Our Fleet



p24

Investing in Our People Deepening Our Relationships

Safeguarding Health & Safety Evolving Management & Governance Practices

Maximising Efficiencies and Controlling Costs

Enhancing Corporate and Financial Profile

Safeguarding the Environment

Our Mission

To be the best in our field by continuously refining our business model, our service and our conduct in everything we do



OUTCOME

- Optimal ship design and efficiency
 - Increased economies of scale and vessel utilisation
 - Optimal scheduling and flexibility for our customers
 - Enhanced technical and service reliability for customers
 - Enhanced health, safety, quality and cost control
- p14
-
- Safeguarding and enhancing quality, effectiveness and availability of staff on shore and at sea
 - Meaningful customer partnerships, better understanding of needs
 - Access to comprehensive market intelligence and cargo
 - Optimal trading and positioning of our fleet
- p14
-
- Builds understanding, trust and support between Pacific Basin and our staff, customers, tonnage providers, suppliers, investors, financiers, communities and other stakeholders
-
- Sector-leading service delivery
 - Maximising vessel earnings, minimising costs and generating consistently respectable financial performance through the cycle
 - Strong brand reputation
-
- Sound financial liquidity
 - Optimal balance of financial capital sources benefits shareholders and enhances returns
- p32
-
- Sector-leading efforts to minimise consumption of natural resources and impact on the environment

CSR Governance

The Board is responsible among other things for the development of our long-term corporate strategies and broad policies. In setting our standards, it considers the needs and requirements of the business, its stakeholders and the Corporate Governance Code and ESG Reporting Guide encompassed in the Stock Exchange's Rules Governing the Listing of Securities on The Stock Exchange.

Annual Report p.33
Board Responsibilities



As such, the Board has overall responsibility for, and is engaged in, our CSR strategy and reporting, including evaluating and determining CSR-related risks, and ensuring appropriate and effective CSR risk management and internal control systems are in place. Management provides confirmation to the Board of the effectiveness of these systems.

The Board delegates to the Audit Committee (now comprising four Independent Non-executive Directors) more specific responsibility for reviewing the effectiveness of the Group's internal control and risk management systems, and reviewing the work of the Risk Management Committee. In turn, our Risk Management Committee (comprising our CEO, CFO, Director of Risk, and Risk and Internal Audit Manager), reporting to the Audit Committee, is responsible for assessing and enhancing the Group's risk management, as well as CSR and corporate governance policies, strategies and performance.

The Chief Executive Officer is delegated responsibility by the Board for executing our corporate sustainability strategy and initiatives. In turn, his direct reports across the Group have functional responsibility for sustainable business practice in specific areas, most notably our Fleet Director and the senior managers of our Fleet Management division (covering technical operations, fleet personnel and risk, safety & security) and our Human Resources and Administration department.

Climate Change Risks

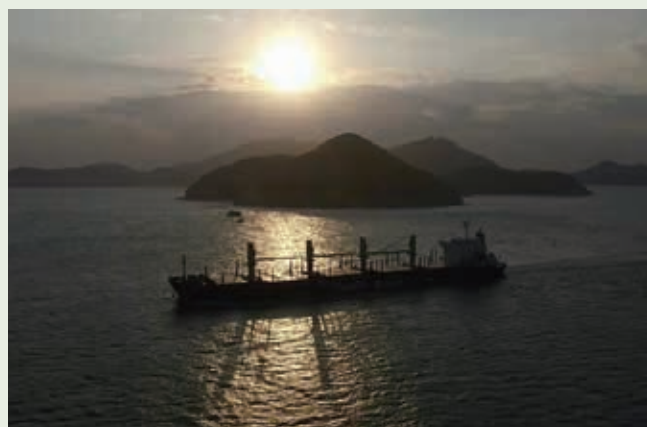
Climate change remains a topical issue and much attention is given to what shipping companies are doing to reduce their greenhouse gas emissions and their damaging contribution to climate change. (You can read about our emissions mitigation initiatives on pages 29-33). ➡

However, another question also being asked is: **How is climate change impacting shipping businesses?**

We consider the main climate change hazards to our business to be (a) more frequent and intense cyclonic activity and rough seas, and (b) increasing temperature extremes.

These weather-related phenomena could, for example, cause increasing disruption to our ships' progress at sea, impede our crews' ability to prepare our ships for receiving or discharging cargo, and accelerate the growth of bio fouling resulting in greater fuel consumption. Rising sea levels is another area of concern for many, but we consider it less of a threat to us.

By operating floating assets, and specifically specialising in the geared Handysize and Supramax dry bulk segments, we benefit from highly versatile assets and diverse customer, cargo and geographical exposure. This means that we can (and do) operate truly globally, following a tramp model, and can therefore direct our ships wherever it is safe and practical to do so. In time, the flow of commodities may change, and our customers may have to adapt, relocate or switch their cargo terminals in response to climate change hazards, but we will always be flexible enough to respond to their changing needs.



Furthermore, as the world decarbonises, Pacific Basin will continue to carry the non-fossil fuel commodities that will be the mainstay of global seaborne trade.

We consider the impact of physical consequences of climate change on our business to be low. We will continue to conduct climate risk assessments to ensure that we are always prepared to adapt to changing conditions and risks.



Aspect A4 (Climate Change)
General Disclosure



KPI A4.1
Description of significant climate-related issues and actions to manage them

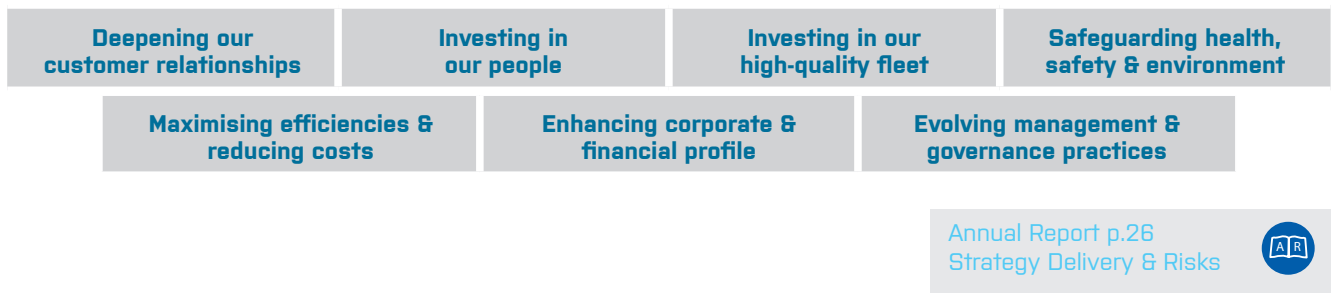
Key Material Matters

We assess all the matters that are material to the long-term success of Pacific Basin and the sustainable growth of our business and operations. This exercise – an analysis of opportunities and risks and how to balance them – also assists us in developing and achieving our strategic objectives. Sustainability is a key element of each of these material matters, and this is the driving force behind our long-term progress and success.

Through this process, we have identified the material matters below which are key components of our business model and key drivers of our Group's performance and long-term viability.

What is material is defined as a matter that would impact our senior management, Board and Board Committees' decisions, applying several criteria such as:


- the potential economic impact of a matter on the business and its value over the short, medium and long term;
- our main stakeholders' concern with a matter and its likely effect on them; and
- the extent to which a matter is likely to grow in significance and impact in the future.



Materiality Matrix & Stakeholder Engagement

Pacific Basin listens to and often engages in active two-way dialogue with our stakeholders – primarily customers, suppliers, employees, shareholders, financiers, industry associations and regulators. This enables us to map issues that are of greatest importance to our business and stakeholders, and determine the key matters for discussion in our CSR reporting. In addition to our day-to-day contact with customers, we conduct regular and in-depth customer and investor surveys that provide insight about our operations and ways we can improve. We also engage actively with associations that work to influence and respond to regulations that affect our industry.

We measure and report key performance indicators (KPIs) across our environmental, social and workplace performance. Through the reporting of these KPIs and information in our CSR Report, we disclose elements deemed to be of greatest impact to our business and stakeholders.

We welcome our stakeholders' feedback on our approach to CSR and the key material matters we discuss in our CSR reporting. Please refer to the feedback form and contact details on page 41 of this report. 



Our Key Impacts & Responsibilities

Propelling a vessel across oceans and operating a network of offices require many resources, the outputs of which impact the environment, our staff and the communities in which we operate. To minimise these impacts, we have ship and shore-based initiatives to reduce atmospheric emissions, marine discharges and resource consumption, enhancing the safety and wellbeing of our staff, and enhancing the quality of the relationships and interactions we have with our communities.



KPI A3.1

Significant impacts of activities

At Sea

Inputs

Key resources and relationships we rely on (our Capitals)

Human Capital



Staff at sea

Physical & Natural Capital



Steel & vessel materials
Fuel oil
Paints
Ballast water
Food & packaging
Cargo packing materials
Lubricants
Chemicals

Social & Relationship Capital



Customers
Suppliers
Ports & local community
Dock/port workers
Agents
Local regulators



Outputs

Our impacts and CSR responsibilities

Physical Impacts



Accidents & illness, personal fitness, productivity & effectiveness

Mental Impacts



Separation from family & friends, absence of normal life ashore, mental wellbeing, boredom

Atmospheric Emissions



CO₂, Greenhouse gases, SO_x, NO_x, PM, VOCs

Marine Discharge



Bilge and ballast water, sewage and gray water, leaching from paint, garbage/food waste, cargo residue and scrubber wash water discharge – all compliant with MARPOL convention and all applicable regulations

Shore Discharge



Garbage, waste dunnage, cargo residue, sludge, hazardous waste, expended parts

Other impacts



Steel and other resources consumption (for vessel construction), and noise, odor and visual impact

Goodwill & Reputation Impacts



Ship/crew performance and cooperation impact support from customers. Courtesy, cooperation and professionalism impact support from shore-side workers, authorities and other service providers. Poor performance and attitude impact brand reputation and vessel turnaround time in port.



KPI A1.1

Type of emissions and data

On Shore

Inputs

Human Capital



Staff ashore

Physical & Natural Capital



Business travel
Commuting
Electricity
Paper supplies
Water & Sewage
General waste

Social & Relationship Capital



Customers
Suppliers
Regulators & policy makers
Communities
Investors
Finance providers



Our Worldwide Network

12 office locations including:

- 10 commercial offices
- 3 technical & crewing offices

Our Hong Kong headquarters is home to commercial, technical, crewing and several other functions

Outputs

Physical Impacts



Accidents & illness, personal fitness, productivity & effectiveness

Mental Impacts



Work-life balance

Atmospheric Emissions



CO₂, Greenhouse gases, SO_x, NO_x, PM, VOCs

Other Impacts



Non-recyclable, non-biodegradable waste, water pollution, fuel & resources consumption

Goodwill & Reputation Impacts

★★★★

Courtesy, fairness, cooperation and professionalism impact support and goodwill from customers and other partners/stakeholders

Workplace & Safety



Drawing on our Human Capital

The health, safety and behaviour of our employees underlies every aspect of how we operate. They are driven by policies, procedures, a team culture and efforts to continually improve how we conduct ourselves in our business at sea and onshore. Providing healthy work conditions, a safe and supportive environment and opportunities to develop and advance within the Company are key to the well-being and fulfilment of our staff and the success of Pacific Basin.

We strive to be the employer of choice for our existing staff and for talented potential employees in our industry. We are passionate about our people and do what we can to provide our multi-national colleagues with a safe, supportive, enjoyable and fulfilling working environment



Aspect B1 (Employment)
General Disclosure

In-house Ship Management Expertise Ensures Safety & Quality at Sea

As ship owners, our service reliability is enhanced by an innovative and comprehensive in-house technical ship management capability that assures the quality of our large fleet of owned ships and growing number of seafarers, while also driving our sector-leading safety and environmental performance.

Our experienced team of ship managers provide dependable shore-based support to our fleet so that our seafarers can manage our ships with a strong safety culture and meet the specific needs of our customers.

Our shore-based and ship-board teams work together to ensure operational readiness and service reliability of our ships at all times, as well as compliance with classification society and flag state rules, environmental regulations and all other local and international laws and regulations. Their combined efforts are key drivers of stakeholder satisfaction and our Pacific Basin brand value.

Our comprehensive technical ship management function covers:

- Newbuilding and contracting support
- Newbuilding supervision
- Technical support for ship sale and purchase activities
- Technical and crew management of ships
- Marine & safety quality management and superintendence

- Procurement
- Regulatory compliance
- Dry docking supervision
- Safety & security assessments and training
- Internal/external audit corrective action implementation
- Projects and retrofits
- Innovations for operational and commercial efficiencies

We operate our own Pacific Basin crewing and training centres in Dalian, Manila and Hong Kong where our crew recruiting, training and management activities are based. Our pool of over 3,900 seafarers are mainly from China and the Philippines, and some of our officers and cadets are from Russia and Ukraine (FSU), Hong Kong and Bangladesh.



We believe that the right investment in our employees – both at sea and ashore – does much to increase safety, knowledge, productivity and contribution, and promote a deeper sense of belonging across our organisation. That investment in our employees and their engagement broadly addresses the following areas:

- Health & Safety
- Training & Development
- Labour Standards & Workplace Conditions
- Diversity & Equal Opportunity
- Responsible Business Practices
- Supply Chain Management

Health & Safety

We put safety first at all times. Our Pacific Basin Management System provides clear policies and procedures for our ship and shore staff to follow and mechanisms for us to analyse our performance and facilitate improvement, with one main objective: *Promoting and ensuring safety at sea and prevention of human injury or loss of life*

Our HSEQ policy and Pacific Basin Management System embody a number of broad actions designed to achieve this objective:



Aspect B2 (Health & Safety)
General Disclosure

- We employ and train qualified seafarers in accordance with requirements of flag state and STCW (Standards of Training, Certification & Watchkeeping) Convention.
- We have implemented risk assessment systems to review all identified risks to our ships, personnel and the environment, and to identify and establish appropriate safeguards and practices.
- We seek to continuously improve quality, health & safety and environmental performance and management skills of personnel ashore and at sea, through a system of audits, analysis and feedback.
- We keep personnel appropriately informed of HSEQ matters by circulating pertinent information and providing training resources.
- We provide a safe and healthy work environment and ensure the welfare of the staff.
- We enforce a drug and alcohol policy on board our ships and ensure all watch-keeping personnel undergo drug and alcohol tests before embarking on any of our vessels.
- We conduct anti-piracy training, follow best practices and adhere to Internationally Recommended Transit Corridor mandates covering areas threatened by piracy attacks.

Coping with Coronavirus

Stakeholders have asked how our business has been affected by the COVID-19 Novel Coronavirus outbreak that has caused major disruption in China since January 2020. We are managing the situation cautiously to mitigate risk to our shore staff and ships' crews.

For staff on shore, we have banned non-essential travel within China as well as into and out of China, and our China-based staff are following safe health practices prescribed by the Chinese Central Government. Staff returning from China are required to work from home for two weeks before returning to their offices.

For our ships' crews, careful planning is required particularly for ships calling at Chinese ports and for our crews joining and disembarking ships. We are closely monitoring infection rates and preventive measures at all Chinese trading ports and shipyards where our ships call.

We have temporarily ceased all crew changes in China since late January. We are having to ask some crews to accept delays in crew changes due to travel restrictions imposed by Chinese authorities and other countries. Crew who joined our ships in China in January were under careful observation and appropriately isolated where flu-like symptoms were detected. All our crew have been reported safe.

We have issued Coronavirus alerts and guidance to all our crews to ensure they are aware of and follow protective measures recommended by the World Health



Organization and shipping industry organisations. This is especially necessary when our ships call at Chinese cargo terminals and shipyards, where we have temporarily suspended shore leave for crew and where protective measures mandated by Pacific Basin and the terminal operators dictate how ships' crews and shore workers must avoid infection. We do not call at any ports in Hubei province.

Fortunately, we completed our large scrubber installation and dry-docking programme in early February, leaving us with fewer dockings to worry about in the near future.

We will continue to monitor the situation in ports and shipyards in China and elsewhere. We will continue to take the necessary precautions to keep everyone safe while ensuring our business continues largely uninterrupted.

People-focused Safety Innovation

We constantly strive to enhance our safety culture with commitments from senior management ashore driving this safety mind-set across our organisation and fleet.

Our commitment to safety is manifested not only through our proactive Pacific Basin Management System, but also through innovative proprietary initiatives and significant investment in seafarer training at sea and ashore to standards exceeding mandatory requirements, resulting in safety performance metrics (KPIs) that are among the best in the industry.

Some of our established home-grown concepts and programmes that seek to maximise our crews' engagement and risk mitigation and safety performance include:

- Our "22 Crew, 22 Owners™" concept to empower our teams at sea to manage our vessels – and think like owner/managers – with a proactive safety culture.
- Five focus areas to "Make Complacency History" (see side bar).
- "5 levels of leadership" (John C. Maxwell) to influence and develop staff on board to lead by example and inspire colleagues to follow.
- "Zero defects in external checks through good self-checks and cross-checks by managers", and loss prevention using our paperless "3W" risk assessment prior to each task.
- Crew rest periods after tiring operations (even if delaying a ship's departure) to reduce the risk of fatigue and stress-related accidents.
- Our "Zero Lost Time Injuries" programme including enhanced pre-joining and on-board training, and monthly alerts to the fleet with reminders of earlier injuries sustained on our ships.
- Analysis of industry and internal incidents and near-misses to learn from one's own and other people's mistakes (OPM).
- Near-miss reporting generating valuable advice to help our seafarers avoid similar occurrences in the future.
- Providing our teams at sea with the best and most understanding shore-based support with a ratio of one former Master or Chief Engineer ashore for every 2.3 ships in our owned fleet.

"Make Complacency History"

We highlight five focus areas in our campaign to eradicate complacency across our fleet, including:

- Safety of Crew
= Zero Lost Time Injuries
- Safety of Environment
= Zero MARPOL violations
- Safety of Navigation
= Zero navigational accidents
- Safety of Machinery
= Zero engineering accidents
- PB Brand & Business
= Zero issues from neglect of care and maintenance

This campaign has been expanded to engage with our seafarers' families through family newsletters and informal participation during our regular safety seminar dinners and through our family welfare officer in our recruitment centre for a more holistic and effective approach.



KPI B2.3
Description of occupational health & safety measures adopted



Health & Safety Performance in 2019

In 2019, our crews registered 14 lost-time injuries in over 19.8 million man hours in 2019, resulting in a lost time injuries frequency (LTIF) of 0.71 which marks a 13% improvement year on year to equal our lowest LTIF since 2004.

Mostly arising from relatively minor slips, trips, falls and crushing incidents, our total recordable case frequency (TRCF) increased to 1.56 which remains low by industry standards.

Our aim is to substantially eliminate our personal injury incidents and to improve further on our low LTIF result of 0.71.

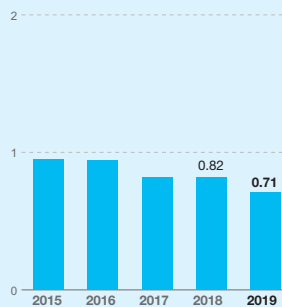
KPI

Lost Time Injury Frequency (LTIF)

0.71

↓ 13%

injuries per million man hours

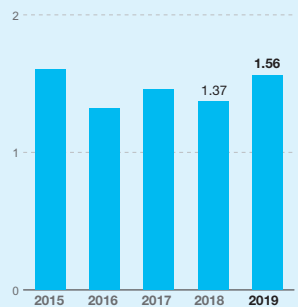


Total Recordable Case Frequency (TRCF)

1.56

↑ 14%

injuries per million man hours



KPI B2.1

Number and rate of work related injuries



KPI B2.2

Lost days due to work injury

Our safety performance is driven by effective policies and procedures in our Pacific Basin Management System and a comprehensive programme of seafarer training and development at sea and ashore.

In 2019, we continued to reinforce our established safety programme with our campaign to target “Zero Lost Time Injuries”, involving enhanced pre-joining and on-board training, and monthly alerts to the fleet with reminders of past injuries sustained on our ships. Our “Make Complacency History” campaign also reaches out to our seafarers’ families for a more holistic and effective approach.

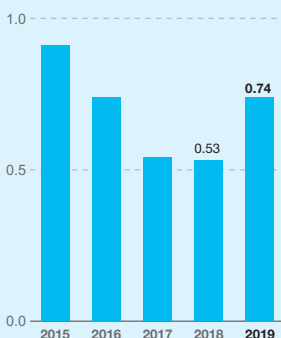
KPI

External Inspection Deficiency Rate

0.74

↑ 40%

deficiencies per inspection



We aim to achieve an inspection deficiency rate of less than 1.0 defects per inspection by maintaining our ships to a high standard, as assessed by external Port State Control (PSC) inspectors.

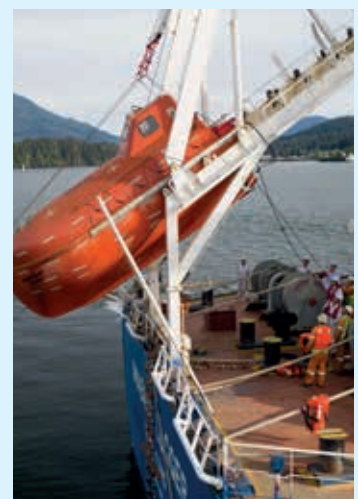
In 2019, our average deficiencies per inspection increased to 0.74.

73% of our Port State Control inspections found zero regulatory deficiencies (2018: 79%).

These results reflect more frequent inspections of a growing number of our vessels that are over 12 years old, but remain among the best results in the industry, especially considering the scale of our activity in the Far East and Africa where defects are typically raised in larger numbers.

Page 35

Ports Where Our Ships Trade



For improved navigational performance, we continue to pursue an extensive engagement exercise which collects wide-ranging feedback from our ships' officers and managers as well as company-specific Bridge Team Management training for all our navigating officers, which we introduced in 2013.

We encourage near-miss reporting which in 2019 accounted for 587 reports (2018: 548) through which officers and crew described safety incidents and near-misses, however minor, which serves as a valuable tool for the prevention of injury and loss.

Page 22-23

Labour Standards & Workplace Conditions

Promoting our staff's physical fitness, mental health and general wellbeing at sea and ashore



Award-winning Safety Culture & Performance

In 2019, we won the following awards recognising our commitment to and performance in safety and related areas:

Page 28

More on our award-winning Safety & Quality at Sea



Hong Kong Marine Department Award

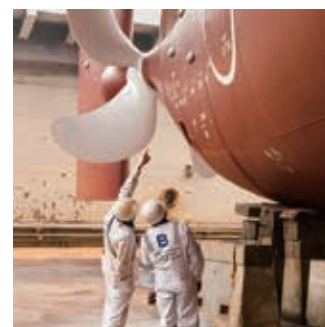
- "Best Performing Ship Management" award for outstanding performance in global Port State Control inspections (for the 11th time in 12 years)

Lloyd's List Asia Pacific Awards 2019

- Excellence in Dry Bulk Shipping

International Bulk Journal Awards 2019

- People Development Award



Operating in a highly regulated industry

Our workplace safety, health and engagement metrics follow best practices as defined by the industry and our peers. Shipping is a highly regulated industry and Pacific Basin meets all minimum requirements and in some cases exceeds requirements determined by local, regional and industry mandates and customer expectations.

Our commitment to Safety is manifested through (a) a proactive Pacific Basin Management System, (b) innovative home-grown initiatives and significant investment in seafarer training at sea and ashore to standards exceeding mandatory requirements, and (c) KPIs that are among the best in the industry.

Quality Assured

Our Pacific Basin Management System ashore and at sea conforms to the mandatory International Safety Management (ISM) Code. It is also certified by DNV GL Business Assurance to voluntary standards, including:

- ISO 9001:2015 for our quality management system
- ISO 14001:2015 for our environmental management system
- OHSAS 18001:2007 for our occupational health & safety management system



Training & Development

We believe that our investment in the development and training of our staff at sea and ashore drives engagement, motivation and retention of our staff and is key to maximising their safety and productivity.

High-performance teamwork at Pacific Basin is vital to our success. We foster high crew standards and teamwork at sea, and our shore-based technical, marine & safety and most senior operations managers are experienced former ship captains and chief engineers. This encourages a culture where problems are shared openly and officers can rely on the very best, consistent support from ashore



Aspect B3 (Development & Training)
General Disclosure

Employees at Sea

We train our seafarers to standards equal to or exceeding those required by the International Maritime Organization's International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (or STCW).

This significant investment we make in seafarer training at sea and ashore drives our safety and external inspection performance indicators which are consistently among the best in the industry.

Here are a number of training and development investments we make to ensure a class-leading safety culture, service delivery and workplace fulfilment:

- We host at least four officer training seminars annually at our crewing centres in Manila and Dalian, and since 2017 also in Odessa. Through these two-day events, we engage with our "on-board managers" to reinforce our company policies, practices and values, review regulatory changes and industry developments, share safety and navigation-related experiences, and analyse industry incidents and develop preventive measures with the involvement of our crew and managers.
- We conduct enhanced pre-joining briefings for all our sea staff.
- Our senior crewing managers review all staff's training needs during appraisals to ensure skill gaps are identified and plugged and further development training is on offer.
- We have run officer cadet recruitment and training schemes in our crewing centres in China since 2005 and the Philippines since 2010, as well as in Hong Kong since 2013 and Odessa since 2017.
- We train 1-2 officer cadets on each of our ships and are growing our intake of female cadets.

5

training seminars in 2019
attended by 828 officers
(2018: 5)

1.5

officer cadets per ship
(2018: 1.6)





- We employ Marine & Safety Managers and Training Managers ashore who conduct fleet safety inspections, navigation audits and pre-joining briefings and provide shore-based support on marine and safety issues to our ships' crews.

8 ships per safety/training manager in 2019

- In addition to our Marine & Safety Managers ashore, we deploy 11 Fleet Training Managers to sail periodically on our owned vessels and offer our crew on-the-job training.
- Our in-house technical department communicates shore-based advice and support to our ships' staff to enhance the safety of our operations at sea and the consistency of our service quality.



- We review incidents and near-misses, analyse root causes and develop and implement preventive measures, all of which we communicate back to our ships.



- We promptly notify our ships of relevant regulatory changes and industry developments.
- We circulate monthly alerts to our fleet with reminders of lessons learned from past accidents and injuries sustained on our ships.
- Some of the investments we make in non-STCW training on-board, in classrooms and via computer include regular simulator-based training in Bridge Team Management and the types of ECDIS (Electronic Chart Display Information System) fitted on our ships, and Maritime Resource Management, in partnership with the Swedish Club. We cultivate leadership qualities through MRM training for both our shore-based and on-board managers, because we believe the success of our safety management system depends on the trained skills of our managers and how these leaders approach our safety management system's implementation at sea, on shore and at the ship-shore interface.
- Our crew conferences, training seminars and cadet programmes offer a clear path of career advancement within the ranks of our crew.



Employees Ashore

Ashore, we make a concerted investment in staff training and leadership development at all levels of the organisation, which has resulted in enhanced productivity, engagement, loyalty and retention and a strong foundation for our succession planning. That investment ashore broadly takes the following forms:

- Independently-run classroom and seminar-based training
- On-the-job training, site visits and company visits
- Understudy programmes for young executives
- Social and team-building exercises promoting high-performance teamwork and a culture of high standards
- Leadership and management training for high-potential employees identified as future leaders
- Training in specialised management tools
- Group-wide intranet connectivity, instant messaging and web-based video supporting real time information sharing

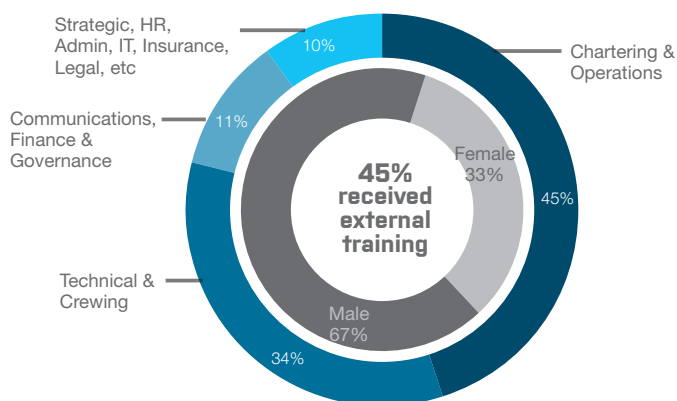
The Company has a healthy budget for training and development of shore-based staff, of which typically around half receive some form of external training each year provided by local trainers or leading business schools internationally.



5 graduate and other young recruits
(2018: 6)

Our recruitment and training of international graduate and other young recruits in recent years has armed our teams with keen, talented executives who are now demonstrating their value in our offices around the world. In 2019, 5 young staff members attended our structured three-month trainee programme in which trainees cycle through our various departments, travel on ships, visit dry-docks, spend time with our shipping agents, shipbrokers and customers, and receive an in-depth experience in all facets of dry bulk shipping.

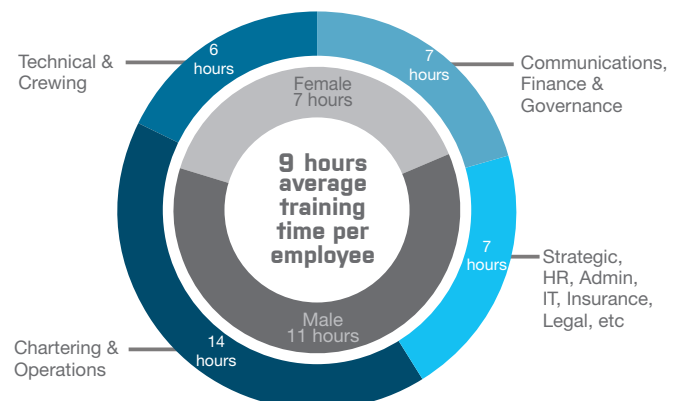
45% received external training
(2018: 46%)



KPI B3.1

Percentage of employees trained by category

9 average training hours per employee
(2018: 12)



KPI B3.2

Average training hours per employee

Labour Standards & Workplace Conditions

Through the commitment we make to our crews' training, safety, motivation and overall job fulfilment, we benefit in return with increased retention of high-quality, loyal seafarers and safe operations

Our labour standards, human rights practices and workplace conditions adhere to all conventions where our ships trade and our offices are located.

Our labour policies and minimum standards are determined with reference to the conventions of the International Labour Organization (ILO) – the United Nations agency that shapes policies to promote decent working conditions for seafarers and other workers.

These ILO conventions relating to seafarers have been consolidated into a single, coherent instrument – the Maritime Labour Convention 2006 (“MLC”) – which has been ratified by China and the requirements of which have been largely incorporated in Hong Kong flag state legislation under Hong Kong CAP478 Merchant Shipping (Seafarers) and other ordinances. As such, the conventions are mandatory for us to follow in respect of our Hong Kong-flagged dry bulk ships.

Where ILO conventions have not been ratified by our flag state, we voluntarily comply with or exceed the requirements of such conventions by way of a Collective Bargaining Agreement (“CBA”) with the International Transport Federation (“ITF”)-affiliated seafarer unions. Pacific Basin was actively involved in drafting the current Hong Kong flag state CBA which applies to all Hong Kong employers of seafarers under the ITF.



We have modernised our ship communications with KVH's mini-VSAT broadband service with enhanced data transfer to facilitate ship-to-shore crew training and support, and to enable our seafarers to stay in touch with family and friends.



Aspect B4 (Labour Standards)
General Disclosure

Seafarers' Bill of Rights

The Maritime Labour Convention 2006 (MLC) is an international agreement of the International Labour Organisation (ILO) which sets out seafarers' rights to decent conditions of work.

More than 100 pages long, the MLC 2006 sets minimum requirements for nearly every aspect of working and living conditions for seafarers such as:

- freedom from forced labour
- minimum age
- prevention of child labour
- conditions of employment
- hours of work and rest
- occupational safety & health
- health protection & medical care
- payment of wages
- annual leave & repatriation
- accommodation, food & catering
- social protection
- right to collective bargaining

Our compliance with ILO conventions and CBA terms is audited by Port State Control inspections



KPI B4.1
Description of measures to review employment practices to avoid child/forced labour



KPI B4.2
Description of steps taken to eliminate child/forced labour when discovered



Employee Wellbeing Ashore

Ashore, our offices adhere to all relevant local workplace health and safety and related codes, offering our employees a safe, comfortable and productive work environment. This includes good lighting and air conditions, and ergonomic workstations.



Aspect B1 (Employment)
General Disclosure

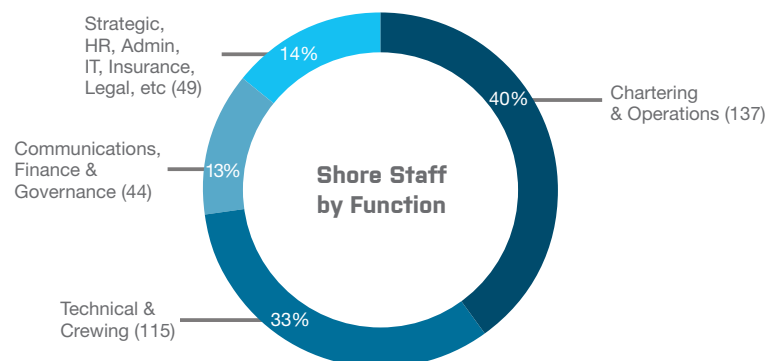
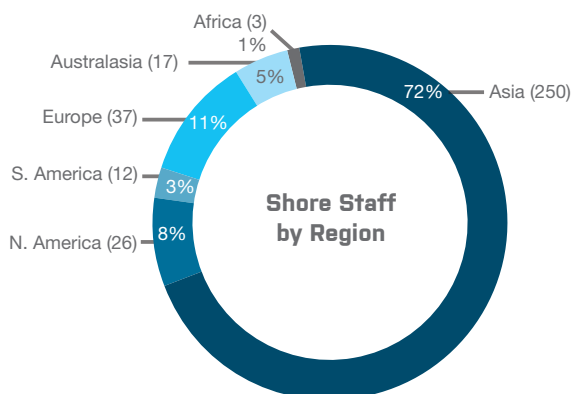
2019 was our group headquarters' second full year in new premises outside of Hong Kong's Central business district. This office provides a healthier and more casual, practical and fulfilling working environment that supports more productive and collaborative work.



In 2019, we refurbished our Rio office, again taking the opportunity to upgrade our office work spaces for greater energy efficiency, staff comfort, fulfilment and collaboration.

We supply free fruit and regularly offer healthy snacks. We actively support colleagues who take on healthy physical challenges in the aid of charitable causes or simply to stay fit, and we encourage all our staff around the world to make the most of whatever nature and facilities are available to them for better health and fitness. We encourage a healthy balance between family life and work.

We keep our employees engaged through newsletters, information circulars, town hall meetings, an open-door policy, and multiple means of staying connected through a group-wide intranet, instant messaging and video conferencing systems.



KPI B1.1
Total workforce by employment

Diversity & Equal Opportunity

We take pride in the diversity of our staff – including the diversity of cultures and age that exists among our shore-based staff comprising executives of 28 nationalities.

The gender and age distribution of our shore-based workforce is well-balanced.

In 2019, Pacific Basin became one of the first 100 companies in Hong Kong to adopt the Hong Kong Equal Opportunities Commission's (EOC) Racial Diversity and Inclusion Charter. The fundamental purpose of adopting the charter is to support the EOC's mission to promote racial equality and inclusion in the workplace.

31% of our shore-based staff have worked for Pacific Basin for over 10 years, which is testament to the job fulfilment at Pacific Basin over a period of significant growth.

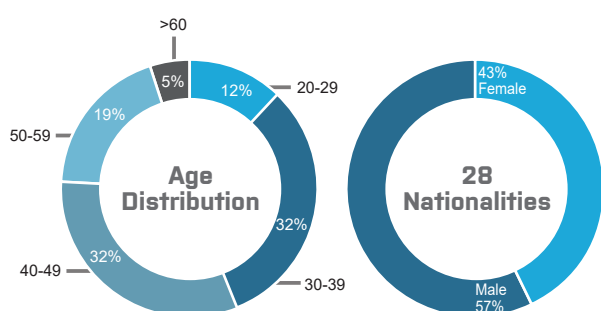
Our high officer and crew retention rate speaks volumes about the job fulfilment we offer our seafarers.

We are caring, good humoured and fair, and treat everybody with dignity and respect, encouraging diversity of opinions and cultures

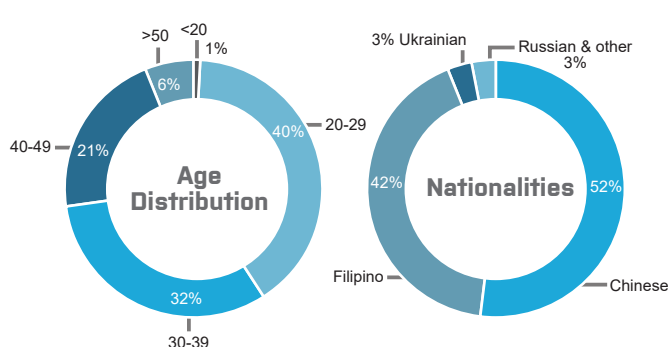
We reaffirm our longstanding commitment to providing a safe environment for all our staff free of discrimination and harassment on any grounds. We operate a zero tolerance policy towards sexual harassment in our workplace, and we investigate all allegations of sexual harassment promptly, discreetly and with respect.



345 Shore Staff



3,900 Seafarers



90% shore staff retention
(2018: 90%)

28% shore staff under equity incentive
scheme (2018: 25%)

31% shore staff with Pacific Basin
for over 10 years

95% officer retention
(2018: 95%)

87% overall crew retention
(2018: 86%)



KPI B1.2
Employee turnover

Responsible Business Practices

In the pursuit of our vision, mission and objectives, we always seek to apply sound and internationally accepted business ethics and principles.

Our business principles cover a range of tenets and traits designed to maximise the trust, respect and friendship between the Company and its stakeholders, highlighting the fairness and responsibility with which we approach our business.

Our Vision, Mission & Business Principles

Our vision is to be a leading ship owner/operator in the dry bulk shipping space, and the first choice partner for customers and other stakeholders.

Our mission is to be the best in our field by continuously refining our business model, our service and our conduct in everything we do.

The guiding **business principles** that dictate our behaviours and actions:

- We are passionate about our customers, our people, our business and our brand
- We honour our commitments and value long-term relationships over short-term gain
- We offer a personalised, flexible, responsive and reliable service, and we look for ways to make it easier to do business with us
- We target excellence and success through dedication and teamwork, and we see everyone in Pacific Basin as a corporate ambassador
- We take a sustainable business approach and promote high standards of safety and environmental stewardship
- We are caring, good humoured and fair, and treat everybody with dignity and respect, encouraging diversity of opinions and cultures

Anti-Corruption

Our Code of Conduct prohibits our staff from offering or accepting bribes or engaging in fraud, forgery, collusion, anti-competitive behaviour or other forms of corruption.

We require our staff to abide fully by local anti-corruption laws such as the Prevention of Bribery Ordinance under Hong Kong law for staff in our Hong Kong headquarters. Similar anti-corruption laws (such as the UK Bribery Act 2010) and expectations apply to all our staff around the world.

We enhanced our anti-bribery policy in 2018 to bolster the Company's anti-corruption culture. In 2019, we provided anti-corruption training for most of our shore-based and seafaring staff on a rotational basis by means of an online e-learning portal and in-house workshops.



Cases of corrupt practices

We are not and have never been involved in any legal cases regarding corrupt practices.



Aspect B7 (Anti-Corruption)
General Disclosure



KPI B7.1
Number of legal cases regarding corrupt practices

Pacific Basin has been certified by globally recognised anti-bribery organisation TRACE since 2017, signifying that our company has been thoroughly vetted, trained and certified by TRACE in anti-bribery matters.



Since 2018, Pacific Basin has been an active member of the Maritime Anti-Corruption Network (MACN) which strives through collective action to eliminate all forms of corruption in the maritime industry. The organisation does this by: raising awareness of the challenges faced; implementing the MACN Anti-Corruption Principles and co-developing and sharing best practices; collaborating with governments, NGOs and civil society to identify and mitigate the root causes of corruption; and creating a culture of integrity within the maritime community.



MACN
Maritime Anti-Corruption Network

Whistleblowing

We are committed to providing a workplace free of dishonest, illegal or discriminatory activities. As part of our efforts in this area, we have whistle-blowing procedures in place for seafarers, shore-based staff and external stakeholders to raise serious and genuine concerns, in confidence, following procedures that are published on our intranet (for our shore-based staff) and on our website (for external stakeholders).



KPI B7.2

Preventive measures & whistleblowing practices

Anti-Collusive Behaviour

We operate in highly competitive and fragmented markets and we do not collude with competitors or otherwise cooperate in a covert manner to gain unfair pricing advantage. The size and market share of our dry bulk fleet and the nature of our dry bulk freight activity are deemed not to breach competition regulations in any markets in which we are engaged.

Sanctions

Our ships operate globally and we engage in trades that comply with international laws and do not contravene international trade sanctions or relevant local or national laws.

Our customers are required not to ship illegal goods on our vessels, and our global chartering organisation follows the key rule of “knowing your customer and their business” which enhances our understanding of their cargo.

Our customers are mainly reputable, blue-chip organisations who we know well. For newer potential customers, we may seek advice on their background, verbal and written references, formal counterparty risk appraisals, and we check if they appear on US, UK, EU and UN sanction lists.

We also consider where voyages are from and to, and monitor the layers of sanctions prevailing around the world so as not to risk exposure to criminal penalties.

There are also safety nets that give us additional comfort that trades we engage in do not violate relevant laws. Importantly, banks do not provide letters of credit or finance to, or otherwise transact with, customers if the cargo or trade breach sanctions, thus preventing the customer from executing a freight contract with us. A second check arises when the cargo and/or freight invoice is payable, at which point banking systems automatically vet the countries and counterparts involved in the transaction.

We know our customers and their business and adhere to trading practices that follow the letter of local, regional and international maritime law



Supply Chain Management

As a global shipping business that relies on many suppliers, we are committed to managing our supply chain in a socially and environmentally responsible manner and sourcing from approved suppliers who meet our CSR requirements.

Strategies and Procedures

We have established the following policies for responsible supply chain management to ensure suppliers align with our procurement standards and CSR performance requirements:

- Our Pacific Basin Management System manual requires that, in all but some exceptional circumstances, stores and spares for our fleet are purchased from approved suppliers who are vetted before approval and reviewed at regular intervals thereafter.
- Our Supplier Code of Conduct sets out minimum standards and practices for our suppliers relating to legal and regulatory compliance, labour practices, health & safety and environmental protection.
- Our Vendor Evaluation Form requires our suppliers to declare that they strictly adhere to:
 - all applicable laws, including global anti-corruption laws;
 - relevant labour practice requirements; and
 - all environmental protection laws and regulations relevant to their operations and industry.

All new suppliers are required to complete this form prior to the procurement process.



Aspect B5 (Supply Chain Management)
General Disclosure



KPI B5.3
Description of practices used to identify environmental and social risks along the supply chain



Responsible Procurement and Monitoring

Our selection and continued support of suppliers is heavily influenced by the outcome of our supplier vetting process, the quality of our suppliers' products and their performance affecting occupational health, safety, quality and the environment.

Examples of vetting criteria we require of our suppliers and subcontractors include, as appropriate:

- Certification to a recognised international standard
- Approval by regulatory authorities
- Authorised agents or original equipment manufacturers, and/or
- Membership of a reputable organisation such as International Ship Suppliers Association (ISSA) or the International Marine Purchasing Association (IMPA)



KPI B5.2
Description of practices related to engaging suppliers



KPI B5.4
Description of practices used to promote environmentally preferable products and services when selecting suppliers

In 2019, our list of approved vendors numbered 620, of which we vetted about 250 in 2019, including new suppliers and existing suppliers re-evaluated during the year on a rotational basis.

Our number of suppliers increased significantly in 2019 due mainly to the larger size of our owned fleet, and record numbers of routine ship dry-dockings, and the installation of ballast water management systems and scrubbers on several of our ships.

Similarly, we purchase bunker fuel only from reputable and reliable suppliers, most of whom we have long-term relationships with. We vet our bunker suppliers at least annually checking their financial position through website searches and through our network of contacts and other resources in the bunker and shipping industry.

We source no more than 20% of our annual fuel needs from any single supplier. We sourced over 90% of our fuel from 14 major bunker suppliers in 2019. The remainder was sourced from about 35 smaller suppliers for spot bunkering in remote ports.

We are not aware of any breach by suppliers in 2019 that had any significant actual or potential negative impact on business ethics, environmental protection, human rights and labour practices, nor are we aware of any non-compliance incidents in respect of these areas.

Key Suppliers in 2019 by Region	Bunker Suppliers	Other Suppliers	Total
Hong Kong	1	43	44
China	1	130	131
Asia (excluding Hong Kong and China)	2	140	142
Australasia	0	21	21
Europe	6	121	127
North America	2	74	76
South America	1	60	61
Africa	1	31	32
	14	620	634



KPI B5.1

Number of suppliers by geographical region



Award-winning Safety & Quality at Sea

The history of our technical team stretches back well beyond the founding of Pacific Basin, as many of our technical management colleagues served at Jardine Ship Management which we acquired in 2000. Drawing on our technical team's combined experience, a safety-first ethos and the prudent rules and guidelines enshrined in our Pacific Basin Management System, we are proud to be the stewards of best practices in technical, safety, quality and CSR management. We frequently receive industry recognition for our commitment to and performance in these areas, as well as other areas such as corporate governance and investor relations.

In 2019, we won top global and regional industry awards for CSR/ESG and best dry bulk operator overall, including:

Lloyd's List Asia Pacific Awards 2019

- Excellence in Dry Bulk Shipping

International Bulk Journal Awards 2019

- People Development Award

Port of Vancouver's EcoAction Program

- Blue Circle Awards

Hong Kong Marine Department Award

- Outstanding performance in Port State Control Inspections

Hong Kong ESG Report Awards

- Commendation in Best ESG Report (mid-cap)
- Commendation in Excellence in Environmental Disclosure



Some notable other awards in recent years include:

- Dry Bulk Operator of the Year at Lloyd's List Global Awards 2018
- Customer Care Award at International Bulk Journal Awards 2018
- Company of the Year at Lloyd's List Global Awards 2017
- Safety Award at International Bulk Journal Awards 2017
- CSR Award at Seatrade Maritime Awards 2017
- Safety Award at Lloyd's List Global Awards 2016
- Ship Operator Award at Lloyd's List Awards Asia 2015 and 2016
- Best CSR Award at Asian Excellence Recognition Awards 2015
- Hong Kong Marine Department award for Outstanding Performance in Port State Control Inspections (11 times in the past 12 years)
- Shipping Company of the Year at BIMCO Awards 2014
- Environment Award at IBJ Awards 2012 and Lloyd's List Global Awards 2011
- Shipmanager of the Year and Environment Award at Lloyd's List Asia Awards 2011
- Seafarer of the Year at Lloyd's List Global Awards 2011 (Captain Zhu Qianchun)



www.pacificbasin.com
About Us > Awards



Environment



Drawing on our Natural Capital

The primary environmental impacts of shipping are emissions and discharges. At sea and in port, these outputs are substantially all regulated and compliance is enforced across international, regional and local jurisdictions.

We recognise our responsibility to reduce the impact of our operations on air, sea and land, and our Pacific Basin Management System is designed to measure and continually improve every aspect of fleet operations, including our environmental outputs.

Our environmental philosophy is centred on our commitment to being a responsible company at the forefront of environmental efforts within the dry bulk shipping industry.

We have embedded across our global footprint at sea and ashore environmental programmes and initiatives that embrace environmental stewardship and, specifically, serve to reduce our atmospheric emissions, marine discharges and resource consumption. Broadly speaking, we achieve this by:

Adopting environmentally-friendly technologies and practices across our business

Pursuing environmental initiatives at sea and on land that meet or go beyond what is required of us by law and regulations


Promoting more modest practices even if they only bring relatively small benefits to the environment, as we believe group-wide and individual contributions make a difference

- One of the ways we reduce the environmental impact of our operations is by our efficient operation of modern ships designed and equipped for efficiency.
- Through our largely counter-cyclical acquisition of newbuilding vessels and modern second-hand ships, we renew our fleet with new or modern ships of the best, efficient designs and equipped with technical enhancements that reduce atmospheric emissions and marine discharges.
- Similarly, we retrofit our existing ships in operation with technical enhancements that reduce atmospheric emissions and marine discharges, and we adopt operational measures to minimise our ships' fuel consumption and emissions.
- Environmental measures embraced by our employees at sea and ashore include training and defined policies and practices such as reducing our consumption of electricity, water and other materials, and recycling.
- Our policies and guidelines are designed to promote environmental awareness, mandate environmentally-friendly activities and promote similar behaviour at work and in the communities where our ships trade and our employees live and work.
- The first step to improving the environmental performance of our fleet is to monitor, measure and analyse the outputs of our vessels. From there, we can assess and adopt measures to reduce our environmental impacts, with performance improvements achieved through both technical and operational enhancements.



Aspect A1 (Emissions)
General Disclosure

Tackling our Environmental Responsibilities

Propelling a vessel across oceans requires many resources, the outputs of which impact the environment, as summarised on page 12 . We take a holistic approach to reducing our operations' impact on the atmosphere, sea and land. Our Pacific Basin Management System ashore and at sea conforms to the mandatory International Safety Management (ISM) Code and is also certified by DNV GL Business Assurance to voluntary standards, including ISO 14001:2015 for our environmental management system. We track the effectiveness of our Environmental Management Systems using KPIs.

Environmental Responsibilities

We seek to minimise our impact on the environment from atmospheric emissions, resource consumption and marine discharges

through the adoption of energy-efficient and environmentally-friendly ship designs, technologies and practices at sea and ashore. The information below is a summary of significant initiatives we pursue to reduce our environmental impact.



Atmospheric Emissions & Fuel Efficiency

The main measures and technologies we use to minimise our emissions include:

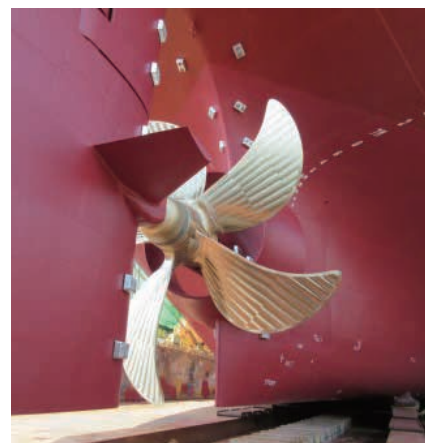
Fuel-efficient Operational Measures

- Optimal scheduling of our fleet coupled with fuel-efficient voyage planning minimises ballast passages (>90% laden vs ballast) resulting in fuel savings and lower emissions per tonne-mile.
- Upgraded adaptive autopilot systems reduce rudder movements and improve course-keeping by automatically adapting to load characteristics and weather conditions.
- Our proprietary Right Speed Programme determines optimal operating speeds based on prevailing freight rates and fuel prices.

- Application of anti-fouling paints over a larger hull area reduces drag and improves fuel efficiency even when fully laden.
- Close monitoring of vessels' speed and fuel consumption performance over time allows us to optimise hull condition management.
- By continually renewing our fleet, we introduce ships with fuel-efficient hull designs and machinery which reduces fuel consumption.

Improving Engine Performance

- Computer-aided optimisation of cylinder lubrication and machinery overhaul intervals leads to reduced fuel and lubricating oil consumption.



Improving Hull and Propulsion Hydrodynamics

- Fitting propeller boss cap fins improves propulsion hydrodynamics, which improves fuel efficiency and reduces emissions.




KPI A1.5
Measures to mitigate emissions



KPI A2.3
Energy efficiency measures



Environmentally-friendly Features

- 
- Propeller boss cap fins improve propulsion hydrodynamics, reduce shaft torque and improve fuel efficiency
 - Non Hub-Vortex propeller for high efficiency
 - Mewis ducts increase propeller thrust
 - Fuel-efficient rudder design
 - Shaft generator for fuel saving
 - Main engines with electronic control for better efficiency
 - Computer-aided cylinder lubrication and machinery overhaul optimisation leads to reduced fuel and lubricating oil consumption
 - Oily water separators minimise risk of inadvertently pumping out contaminated bilge water
 - Bilge evaporation equipment in machinery space minimise discharge of waste water
 - Non-ozone depleting environmentally friendly refrigerants in refrigerating plants
 - Environmentally-friendly biodegradable oils used for oil-to-sea interfaces
 - Garbage compactors facilitate easy storage of operational garbage
 - Advanced self-tuning autopilot systems reduce rudder movements and improve course-keeping to improve fuel efficiency
 - Right Speed Programme determines optimal operating speeds based on prevailing freight rates and fuel prices
 - Optimal fleet scheduling and fuel-efficient voyage planning minimise ballast passages and enhance fuel savings
 - Fuel-efficient hull designs (including Aeroline design) and machinery for better fuel efficiency
 - Close monitoring of vessel speed and fuel consumption performance enables hull condition management optimisation
 - Application of anti-fouling paints over larger hull area reduces drag and improves fuel efficiency even when fully laden
 - Trim optimisation reduces hull resistance
 - IMO and coastal states-compliant ballast water management plans minimise spread of aquatic species
 - Fitted for trading in IMO's Emission Control Areas (MARPOL Annex VI)
 - Ballast water treatment equipment will be fitted to comply with IMO and USA BWM regulations

CO₂ Emissions Performance in 2019

Our carbon intensity remains among the lowest in our segment due to our technological and operational fuel efficiency measures and the high laden utilisation and overall efficiency of our large, modern fleet.

Our fleet's carbon emissions intensity in 2019 reduced 4% to 10.49 grams of CO₂ per tonne-mile, as calculated using the industry-standard ship Energy Efficiency Operational Indicator (EEOI) method. This was primarily due to two factors:

- (a) Our ships operated at slightly slower average speeds in 2019 as optimised by our proprietary Right Speed Programme based on prevailing market freight rates and fuel prices; and

- (b) Our carbon intensity benefited marginally from the slight increase in our average ship size with the addition of eight modern ships to our fleet.

We continued to apply technologies and practices that we implemented in earlier years as well as invest in new fuel optimisation practices to minimise our fuel consumption and emissions, and we benefited from the delivery into our fleet of modern efficient ships of excellent design for our trades.

Our aim is to maximise cargo carried per tonne of energy consumed.

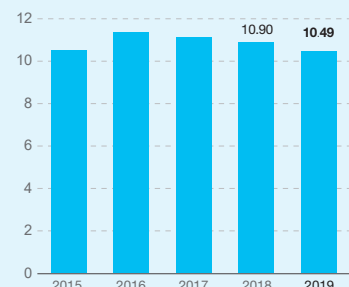
KPI

CO₂ Emissions (EEOI Index)

10.49

Grams of CO₂ per tonne-mile

↓ 4%



Decarbonising Shipping

Getting to Zero Coalition

In 2018, the International Maritime Organization (IMO) set an ambitious greenhouse gas reduction strategy with goals to improve the global fleet's carbon efficiency (CO₂ emissions per unit of transport work) by at least 40% by 2030 and to reduce total GHG emissions by half by 2050 (both relative to 2008). The expectation is that the global fleet should fully decarbonise before the end of this century.

These decarbonisation goals have become our industry's biggest long-term technical challenge requiring the development of new low-carbon and zero-carbon fuels and engines, and related bunkering infrastructure worldwide. Such an undertaking will need a lot of research and development and cooperation mainly between academics, technology companies, engine manufacturers, shipyards, energy and infrastructure companies and governments and IGOs. We want to contribute to that discussion our views about what potential solutions will and will not work practically from a Handysize and Supramax owner's perspective.

We have therefore joined the Getting to Zero Coalition which was recently formed in partnership between the Global Maritime Forum, the Friends of Ocean Action and the World Economic Forum. The Getting to Zero Coalition now comprises over 100 organisations across the maritime, energy, infrastructure and finance sectors committed to exploring how to get commercially viable deep-sea zero-emission vessels into operation by 2030 – maritime shipping's moon-shot ambition.



Marine Discharges & Waste Management

The main measures and technologies we use to minimise our marine discharge and waste include:

Reducing Marine Discharges

- Our ISM and ISO-compliant safety management system prescribes system controls, procedural safeguards and training to prevent and respond to oil spillage.
- Oily water separators minimise the risk of inadvertently pumping out contaminated bilge water.
- IMO-compliant ballast water management plans set out strict practices to minimise the spread of aquatic species.
- We use biocide-based paints and monitor advances in more eco-friendly paints.

Waste Management

Garbage compactors on our ships facilitate easy storage of operational garbage (excluding food waste and cargo residues) until it can be disposed of responsibly on shore.

Page 38

Performance Data Summary

Our emissions and discharge performance data



KPI A1.6

Handling of waste and reduction initiatives

Marine Discharge, Pollution and Waste Performance in 2019

We aim to not have any pollution incidents.

In over 41,000 ship operating days in 2019, our owned fleet committed no marine pollution violations (2018: no pollution violations). This MARPOL performance is indicative of the effectiveness of our Pacific Basin Management System and the high standard of professionalism of our seafarers.

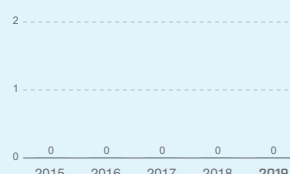
KPI

Environmental Pollution Incidents

0

Incidents

0



Green Efforts Ashore

Across our offices ashore, we do what we reasonably can to minimise our footprint by addressing environmental elements that are within our control.

Guidelines and communications are regularly posted and policies and practices are in place across our network of offices to:

- Reduce consumption of electricity, water and materials
- Recycle office waste

Having successfully discontinued the use in our Hong Kong office of plastic rubbish bin liners at our desks in 2017, we have rolled out a similar practice across our regional offices and, in 2018, we commenced the reduction of rubbish bins to encourage further minimisation of office waste.

Pacific Basin was awarded a Silver Label in the WWF's Low-carbon Office Operation Programme that measures and tracks outputs and energy consumption from our headquarters in Hong Kong.

An independent audit of our environmental performance determined that our headquarters office in Hong Kong (where 59% of our shore-based staff work) produced carbon emissions of 1,411 metric tonnes for the 2018/2019 audit year (2017/18: 1,234 restated). This represents an increase in emissions of 14% which was attributable to increased overseas business travel and staff commuting (scope 3 emissions) partly offset by a 3% reduction in our electricity consumption (scope 2 emissions).

Our increased business travel was mainly attributable to more air travel relating to our ship managers' increased visits to our larger fleet of owned ships, and to attend to a record number of routine dry-dockings, ballast water treatment system installations and scrubber installations.

Our lower electricity consumption was partly due to our upgrade to more efficient office equipment to further enhance the efficiency of our two year old office, which benefits from low-energy motion-activated lighting, fewer lights, more natural light and more efficient air-conditioning.



↓ 3%

Reduction in electricity consumption in Hong Kong headquarters



Our Pacific Basin Management System ashore and at sea conforms to the mandatory International Safety Management (ISM) Code. It is also certified by DNV GL Business Assurance to voluntary ISO 14001:2015 standards for our environmental management system.

We disclose our carbon footprint data through:

- the Carbon Footprint Repository (CFR) developed by Hong Kong's Environment Bureau for listed companies in Hong Kong;
- the HKQAA Sustainability Rating and Research for the Hang Seng Corporate Sustainability Index Series; and
- the World Wildlife Fund's (WWF) Low-carbon Office Operation Programme (LOOP).



Community



Drawing on our Social & Relationship Capital

We recognise our obligations as a responsible member of the communities in which we operate, and we seek to ensure that the interests of these communities are represented within Pacific Basin and vice versa. Our engagement in and contributions to these communities takes a number of forms, in an effort to support their – and our – longer-term sustainability.

We achieve this by:

- Maintaining regular engagement with stakeholders and organisations connected to the shipping industry and the places and jurisdictions in which we operate;
- Ensuring we comply with the laws and regulations of the jurisdictions in which we operate;
- Being mindful of the implications of our business activities on our communities and stakeholders;
- Supporting through activities and donating financially to the most deserving communities and causes most closely connected to our business – in particular seafarer welfare; and
- Supporting and sponsoring our employees who get involved in the communities in which they and Pacific Basin are active or reside, and who participate in groups and associations related to aspects of the shipping industry.

Our engagement in and contributions to the communities in which we operate are an important part of sustainability at Pacific Basin. We continue to donate to and be actively involved in good causes, the majority of which relate to seafarer causes and other staff-driven initiatives.



Aspect B8
(Community Investment)
General Disclosure



KPI B8.1
Focus areas of contribution



KPI B8.2
Resources contributed

The Seafarer Community

As one of the largest foreign employers of Chinese crew and a significant employer of Filipino crew and Ukrainian officers, we invest in recruitment activities and training programmes in Dalian, Manila, Hong Kong and Odessa. Community donations are focused on seafarer welfare causes.

- Our Human Resources Director is an Asian Ambassador of the Sailors' Society, an organisation we support because of our particular interest in the welfare of seafarers and their dependents globally. Through this role, we promote regionally the need to support the welfare of seafarers whose lives at sea are not easy and who give so much to the business of shipping.
- In 2019, our charitable donations and sponsorship amounted to over US\$85,000, including donations to the Sailors' Society and the Mission to Seafarers.

"Our sponsors' long-term support is crucial to sustaining our welfare output. And continuation of these crucial alliances and the industry's recognition of seafarers' need for our welfare work is fundamental to being able to sustain our free provision of service."



Ports Where our Ships Trade

Our ships trade globally and our crew and ships are considered ambassadors for Pacific Basin wherever they sail, so we inspire them to:

- strictly abide by requirements under applicable environmental law so as to minimise our impact on the cities, towns, ports and shorelines we visit;
- show skilful seamanship and act professionally in the way they conduct their ships' business;
- be respectful law-abiding visitors, to show warm hospitality towards visitors on board, and to be in every way becoming of Pacific Basin personnel; and
- establish and maintain good relations with port authorities, agents and other stakeholders in the places we visit.

One measure of our success in this area is the feedback we get from stevedores, port operators and other stakeholders in the ports where we call. Here are examples of commendations we received in 2019:



In 2019 our ships called at **768** ports
110 countries



- *You purchased all new mooring lines prior to arrival which is evidence of a very prudent owner! Excellent Captain and Chief Officer. Officers and deck ratings' performance was also excellent under very tiring conditions due to late stowage plan changes and additional warpings.*
- *Your crew were professional and very cooperative. A very pleasant surprise to see Master in full safety gear on deck lashing logs along with the crew. We rarely see this type of leadership on a logs vessel.*
- *Sincere thanks to you and your crew for allowing our PSC team to conduct valuable training. Your crew was extremely responsive and eager to accommodate our requests. The ship was in excellent condition, and all items that we tested were in excellent condition.*
- *Pacific Basin vessels are renowned in the industry for their reliability. The Captain, Chief Officer and crew on this ship offered that little extra, showing how a professional, organised, well-mannered crew with a drive to maintain safety standards creates a culture of shared values, translating into good work practices and great results.*
- *Your professional crew makes your 18-year old ship very clean and tidy, just like a 2 or 3-year old new ship.*
- *The Captain and Chief Officer had a thorough knowledge of their vessel and were well versed in the intricacies of log loading. The Crew were well trained and drilled, happy, always smiling and willing to go the extra mile.*



Our Hong Kong Community

We take an active role in Hong Kong where we are headquartered, listed and where our owned dry bulk fleet is flagged. We are members of the Hong Kong Shipowners Association executive committee, Hong Kong Fleet Operations Advisory Committee and Seafarer Advisory Board. We also support various maritime and related causes in Hong Kong.

- Hong Kong Maritime Museum (HKMM) – We have been supporters of HKMM since its establishment in 2003 and we are inaugural partners under the museum's CSR Partner Programme which matches the museum's programmes and initiatives with our shipping and Hong Kong community-focused social responsibility priorities.

The museum welcomed over 88,700 visitors in 2019, including 15,000 student and community group visitors and 4,500 event attendees. In addition to showing its permanent collection which expanded with important new acquisition and gifts in 2019, the museum arranges quality exhibitions and programmes such as public lectures, symposia, family activities and industry-focused events.

Marking the International Day of the Seafarer, Pacific Basin sponsored free admission to the public, with Pacific Basin ship cadets, shore-based managers and former ship captains volunteering their time to present museum objects, seafaring stories and career paths with local families.

Special exhibitions included a world class display of antique charts, maps and rare books that narrate

the adventures of explorers and early traders.

HKMM continues to generate community value through its social enterprise managed café, marine environment agenda and outreach programmes involving local schools and minority groups.

- Hong Kong Maritime Week – We frequently support Hong Kong Maritime Week (formerly Maritime Awareness Week) to generate enthusiasm amongst young Hongkongers for shipping as a worthwhile career.
- Maritime Education – We regularly recruit interns from Hong Kong's Maritime Services Training Institute, which is part of the Vocational Training Centre, some of whom transition into full-time employees.
- Our Fleet Personnel GM serves as vice chairman of the Maritime Education and Training Sub Committee of the Hong Kong Shipowners Association, helping to work with government and academia to raise the profile of maritime education in Hong Kong and promote shipping careers to young Hongkongers.
- Student Scholarships – We continue to fund scholarships at Hong Kong Polytechnic University where four students are currently pursuing a bachelor's degree in International Shipping and Transport Logistics under our sponsorship. Six recipients of our scholarship now work at Pacific Basin in Hong Kong, London and Vancouver, and in our fleet.

- Supporting local employment – We employ on some of our ships a number of senior officers from Hong Kong, and we have run an officer cadet recruitment and training scheme in Hong Kong since 2013.



- All our owned ships fly the Hong Kong flag and our crews typically include 1-2 Hong Kong officer cadets.
- Pacific Basin Soccer Sixes – In December, we hosted the eighth instalment of the Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong's shipping and related services companies – plus shipping companies from Mainland China – fielded 20 teams in this popular sporting event for the Hong Kong shipping community.



■ Funding other good causes:

- We were Gold Sponsor of the WISTA (Women's International Shipping & Trading Association) Asia Pacific Regional Conference in Hong Kong.
- A Pacific Basin team participated in the Green Walk Hong Kong City Orienteering Competition to promote the physical health, social and environmental benefits of walking.
- Pacific Basin was a sponsor of "The Captain's Table", a new global maritime start-up competition organised by YPSN (Young Professionals in Shipping Network) to fuel innovation in shipping.
- We donated \$11,000 to CIRM (International Radio Medical Centre) which provides essential medical advice free of charge to ships regardless of their nationality.
- Our Vancouver colleagues participated in the Sailors Society's Annual Peak Challenge on Vancouver's famous Grouse Grind to commemorate the Day of the Seafarer and recognise the value of women in shipping.



The Shipping Industry

We are active contributors within the shipping community and have a voice in the international dialogue with legislators and other parties on topical issues and future legislation in our industry. Pacific Basin and its senior management ensure our regular engagement with the shipping industry and relevant governmental and regulatory bodies through membership of organisations such as:

- International Association of Dry Cargo Shipowners (Intercargo)
- The Baltic and International Maritime Council (BIMCO)
- The Baltic Exchange
- Executive Committee of the Hong Kong Shipowners Association, an influential organisation within the International Chamber of Shipping and the International Maritime Organization (IMO)
- Sub committees of the Hong Kong Shipowners Association, such as the Marine Sub Committee and the Maritime Education and Training Sub Committee
- Hong Kong Fleet Operations Advisory Committee
- Hong Kong Shipping Register Customer Relations Group
- Lloyd's Register and ClassNK Technical Committees
- American Bureau of Shipping Marine Technical Committee and Greater China Committee
- DNV GL Hong Kong Machinery Group and Greater China Committee
- ClassNK Hong Kong Owners Committee
- Maritime Anti-Corruption Network
- Getting to Zero Coalition



Performance Data Summary

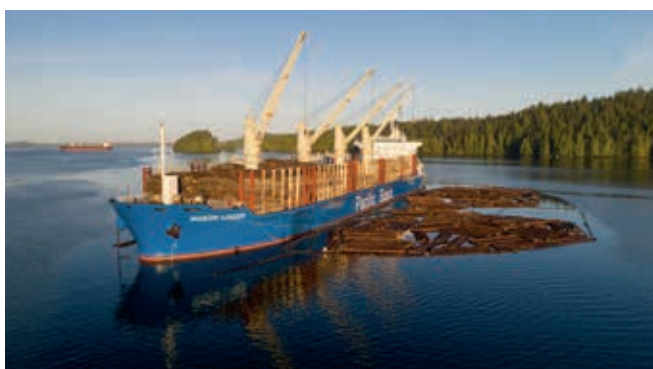
The following environmental and social metrics quantify material emissions, discharges and workplace impacts from our operations. We have tracked these for several years and they mainly represent normal, efficient operations.

	Unit	2015	2016	2017	2018	2019	
General							
Owned ships operated (average) ¹	# ships	83	86	99	107	113	
Chartered ships operated (average) ¹	# ships	124	127	143	115	116	
Cargo volume carried	million tonnes	55	57	66	62	67	
Revenue	US\$ million	1,260	1,087	1,488	1,592	1,586	
Environment							
Emissions at Sea (owned fleet)							
EEOI CO ₂ Index ² KPI	grams CO ₂ per tonne-mile	10.54	11.36	11.14	10.90	10.49	p.31
Scope 1 CO ₂ emissions from our owned fleet	metric tonnes	1,043,000	1,028,000	1,313,000	1,389,000	1,405,000	
Chlorofluorocarbons (CFCs)	kg/month	0.30	0.46	0.32	0.10	0.03	
Fuel Consumed by owned fleet							
Heavy fuel oil	metric tonnes	334,000	329,000	420,500	445,100	448,500	
Very low sulphur fuel oil	metric tonnes	307,000	297,000	378,500	400,300	382,600	
Low sulphur marine gas oil	metric tonnes	n/a	n/a	n/a	n/a	13,800	
Fuel Consumed by combined owned & chartered fleet							
Heavy fuel oil	metric tonnes	27,000	32,000	42,000	44,800	52,100	
Very low sulphur fuel oil	metric tonnes	818,900	882,600	1,007,300	868,000	855,600	
Low sulphur marine gas oil	metric tonnes	749,700	804,500	919,900	787,300	635,500	
	metric tonnes	N/A	N/A	N/A	N/A	122,300	
	metric tonnes	69,200	78,100	87,400	80,700	97,800	
Emissions On Shore							
Scope 2 CO ₂ emissions from headquarter activities	metric tonnes	594	556	390	177	226	
Scope 3 CO ₂ emissions from headquarter activities	metric tonnes	735	511	745	1009	1,185	
Total CO ₂ emissions from headquarter activities ³	metric tonnes	1,329	1,067	1,135	1,186	1,411	
Waste from our Owned Fleet							
Garbage landed	m3/month/ship	2.63	2.97	3.67	2.46	2.34	
Foodwaste discharged to sea	m3/month/ship	0.48	0.47	0.46	0.49	0.46	
Cargo residue discharged to sea (Non-Hazardous to Marine Environment)	m3/month/ship	0.7	0.47	0.84	1.03	1.20	
Engine room bilge water discharged to sea	m3/month/ship	8.44	6.80	6.19	3.60	3.68	
Sludge incinerated	m3/month/ship	2.14	2.23	2.12	1.98	1.66	
MARPOL pollution incidents KPI	#	0	0	0	0	0	p.32

¹ Our fleet numbers exclude one owned and one chartered Post-Panamax ship which are chartered out under long-term charters and which we do not control either commercially or technically.

² Our CO₂ emissions have been calculated using the industry-standard ship Energy Efficiency Operational Indicator (EEOI) method since 2013.

³ Emissions from our headquarter office consumption and activities includes emissions from staff commuting and business air travel, air conditioning, lighting, computer and office equipment, and paper and fresh water consumption (audit period: July 2018 to June 2019).






Page 12

Our Key Impacts

Key inputs and outputs of our ships and our office activities

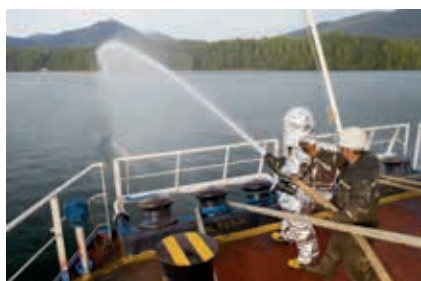


Our EEOI and other environmental and safety KPI data in this report has been measured or calculated in accordance with industry standards, and are subject to annual audit by DNV GL Business Assurance for ISO9001, ISO14001 and OHSAS18001 certification.

	Unit	2015	2016	2017	2018	2019	
Social							
Working Conditions							
Shore-based staff	# staff	330	330	335	336	345	
Women in workforce	%	45	42	44	43	43	
Shore staff nationalities	#	31	27	27	29	28	
Shore staff by age							
20-29 years old	%	14	15	15	14	12	
30-39 years old	%	35	34	36	35	32	
40-49 years old	%	28	27	27	29	32	
50-59 years old	%	18	18	17	17	19	
>60 years old	%	5	6	5	5	5	
Shore staff by region							
Asia	%	74	76	74	73	72	
Europe	%	10	9	10	10	11	
N. America	%	5	8	8	8	8	
Australasia	%	5	4	4	4	5	
S. America	%	5	2	3	3	3	
Africa	%	1	1	1	1	1	
Seafarers	#	3,000	3,000	3,400	3,800	3,900	
Seafarers by age							
<20 years old	%	2	1	1	2	1	
20-29 years old	%	33	36	37	39	40	
30-39 years old	%	33	32	31	31	32	
40-49 years old	%	25	24	24	22	21	
>50 years old	%	7	7	7	6	6	
Seafarers by nationality							
Chinese	%	52	54	56	57	52	
Filipino	%	44	42	40	39	42	
Ukrainian	%	2	2	2	2	3	
Russian & other	%	2	2	2	2	3	
Shore staff retention	%	80	80	87	90	90	
Shore staff under share award scheme	%	36	23	25	25	28	
Seafarer retention							
Officers	%	90	92	94	95	95	
Overall	%	84	87	87	86	87	
Health & Safety							
Total recordable injury case frequency (TRCF) KPI	per mil man hrs	1.60	1.32	1.46	1.37	1.56	 p.17
Lost time injury frequency (LTIF) KPI	per mil man hrs	0.95	0.94	0.82	0.82	0.71	 p.17
Crew fatalities	#	0	1	1	2	2 ⁴	
Deficiencies per PSC inspection KPI	#	0.91	0.74	0.54	0.53	0.74	 p.17
Zero deficiency rate in PSC	%	70	72	78	79	73	
Near-miss reports	#	539	783	672	548	587	
Navigational accidents	#	0	0	3	2	2 ⁵	
Development & Training							
Shore staff external training	staff %	55	48	47	46	45	
Seafarer/officer training seminars	#	4	4	5	5	5	
Ships per safety/training manager	#	7	8	8	8	8	
Officer cadets per ship	#	2.4	2.0	1.5	1.6	1.5	
Supply Chain Management							
Approved suppliers	#	340	350	395	460	620	
Bunker suppliers	#	27	26	27	25	14	
Anti-Corruption							
Cases of corruption	#	0	0	0	0	0	
Community Investment							
Sponsorship & donations	US\$'000	71	55	58	84	85	

⁴ Regretfully two crew members died during the year from non-work related illnesses.

⁵ We sustained two navigational accidents in 2019. In both cases, our ships were under pilotage and approaching terminal when they allided with other vessels. Neither incident resulted in any injury, hull breach or pollution. The lessons learned have been shared and discussed with our ships' crews.



SEHK ESG Reporting Guide Index

We have measured and tracked key aspects of our CSR performance for several years and we meet the Stock Exchange ESG Guide's disclosure requirements^b and recommendations for 2019.

A. Environment

SEHK ESG Index Ref.	Description	Cross-references & Comments	Page
A1	Emissions		
	General disclosure statement		29
1.1	Type of emissions and data		12-13
1.2	GHG emissions in tonnes		38-39
1.3	Hazardous waste produced		38-39
1.4	Total non-hazardous waste produced		38-39
1.5	Emission targets and steps taken to achieve		30-31
1.6	Handling of waste and reduction targets and steps taken to achieve		32
A2	Use of Resources		
	General disclosure statement		12-13
2.1	Direct/Indirect energy consumption		38-39
2.2	Water consumption (total)	Not applicable as our business does not require sourced water	NA ^a
2.3	Energy efficiency targets and steps taken to achieve		30-31
2.4	Issues in sourcing water and water efficiency targets	Not applicable as our business does not require sourced water	NA ^a
2.5	Total packaging material	Not applicable as our business does not require packaging material	NA ^a
A3	Environment and Natural Resources		
	General disclosure statement		8-9
3.1	Description of significant impacts of activities		12-13
A4	Climate Change		
	General disclosure statement		10
4.1	Description of significant climate-related issues and actions taken to manage them		10

B. Social

SEHK ESG Index Ref.	Description	Cross-references & Comments	Page
B1	Employment		
	General disclosure statement		14
1.1	Total workforce by employment		23
1.2	Employee turnover		24
B2	Health and Safety		
	General disclosure statement		15
2.1	Number and rate of work related injuries		17
2.2	Lost days due to work injury		17
2.3	Description of occupational health and safety measures adopted		16
B3	Development and Training		
	General disclosure statement		19
3.1	Percentage of employees trained by category		21
3.2	Average training hours per employee		21
B4	Labour Standards		
	General disclosure statement		22
4.1	Description of measures to review employment practices to avoid child/forced labour		22
4.2	Description of steps taken to eliminate child/forced labour when discovered		22
B5	Supply Chain Management		
	General disclosure statement		27
5.1	Number of suppliers by geographical region		28
5.2	Description of practices related to engaging suppliers		27
5.3	Description of practices used to identify environmental and social risks along the supply chain		27
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers		27
B6	Product Responsibility	Not applicable as our business does not manufacture or trade in products	NA ^a
B7	Anti-Corruption		
	General disclosure statement		25
7.1	Number of legal cases regarding corrupt practices		25
7.2	Description of preventive measures and whistleblowing		26
7.3	Description of anti-corruption training provided		25
B8	Community Investment		
	General disclosure statement		34
8.1	Focus areas of contribution		34-37
8.2	Resources contributed		34-37

Remarks:

- a) We do not address SEHK ESG subject areas A2.2, A2.4, A2.5 and B6 because we are a freight service business that does not require sourced water or packaging material and does not manufacture and/or sell products.
- b) Items in bold black text are mandatory "comply or explain" matters, while the disclosure level for all other items is currently "recommended" only.

Feedback

Thank you for your interest in Pacific Basin's Corporate Social Responsibility Report 2019. We welcome your feedback on the content of this CSR Report so that we can better shape our future CSR strategy and improve our CSR performance and reporting.

Please send any comments to our corporate communications team at:

E: comms@pacificbasin.com

T: +852 2233 7000

Stakeholder Feedback Survey

1. Which of the following best describes you and your relationship to Pacific Basin?

- | | | |
|---|---|--|
| <input type="checkbox"/> Shareholder | <input type="checkbox"/> Customer | <input type="checkbox"/> Industry association |
| <input type="checkbox"/> Bondholder | <input type="checkbox"/> Tonnage provider | <input type="checkbox"/> Non-government organisation |
| <input type="checkbox"/> Potential or past investor | <input type="checkbox"/> Supplier | <input type="checkbox"/> Government Department |
| <input type="checkbox"/> Analyst | <input type="checkbox"/> Employee | <input type="checkbox"/> Other stakeholders (please Specify) |
| <input type="checkbox"/> Banker/financial institution | <input type="checkbox"/> Media | |

2. How would you rate the content of our CSR Report in terms of quality and quantity of information and level of disclosure/transparency? (5= Excellent, 1= Poor)

- ☐ 5
 ☐ 4
 ☐ 3
 ☐ 2
 ☐ 1

3. Please rate the content and quality of our CSR Report according to the following criteria.
(5= Excellent, 1= Poor)

Stakeholder Inclusiveness	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Balance	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Clarity	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Comparability	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Materiality/Relevance	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Completeness	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Sustainability Context	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Accuracy	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Transparency	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Structure	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Design and layout	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1

4. What existing or potential new aspect(s) of the report would you like us to elaborate on in our future CSR reporting?

5. Please share with us any other comments or requests regarding Pacific Basin's CSR Report.

6. From your perspective as a Pacific Basin stakeholder, what sustainability-related issues are most important and least important to you? Please rate the following issues in terms of their importance to you.

5 = top importance

4 = high importance

3 = medium importance

2 = low importance

1 = not important

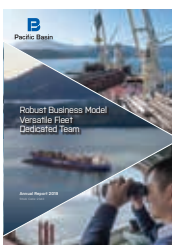
Healthy, Safety & Accident Prevention	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Anti-Piracy	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Employee Engagement & Labour Relations	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Labour Standards & Working Conditions	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Diversity & Equal Opportunity	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Compliance in a Highly Regulated Industry	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Development & Training	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Responsible Business Practices	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Responsible Procurement	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Anti-Corruption & Whistleblowing	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Anti-Collusive Behaviour	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Sanctions	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Energy Efficiency	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Marine Pollution	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Carbon Emissions	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
NOx & SOx Emissions	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Other Environmental Impacts (e.g. ballast water, other marine discharges, shore discharges & waste management)	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Environmental Initiatives Ashore	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Seafarer Community	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Local & Related Communities	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Management & Governance Practices	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Industry & Legislative Engagement	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1

7. What other sustainability-related issues are important to you in regards to Pacific Basin and, on a scale of 1-5, how do you rate their importance to you?

- a)
- b)
- c)
- d)
- e)



[2019 Annual Report](#) [2019 CSR Report](#)



All reports are now available at
www.pacificbasin.com/ar2019



Please send us your feedback
 via our online feedback form

[2019 Online Annual Report](#)





Pacific Basin

31/F One Island South
2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Telephone: +852 2233 7000
Facsimile: +852 2865 2810

www.pacificbasin.com



Scan here for our Company website

Follow us on



Concept and design by emperorworks
Production by Capital Financial Press Limited