BUILDING A SAFER AND GREENER FUTURE

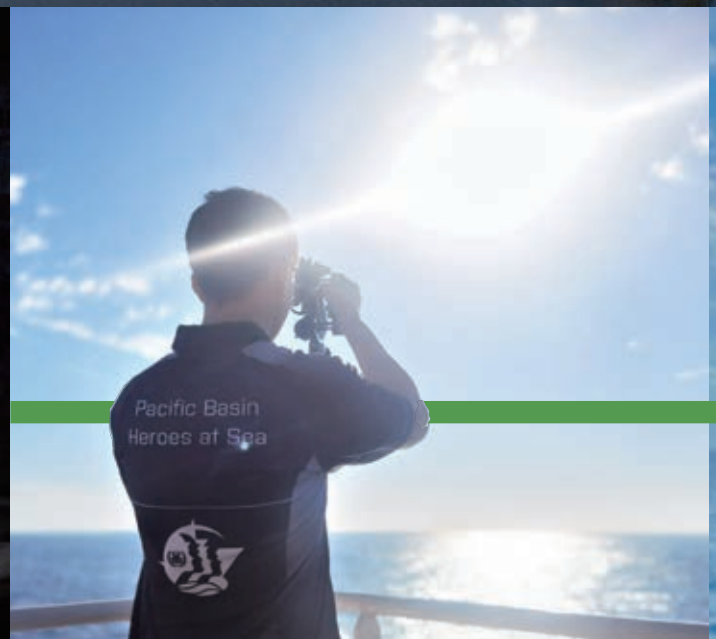
SUSTAINABILITY REPORT 2021

Stock Code: 2343

Pacific Basin

#WithYouForTheLongHaul







OUR HEROES AT SEA

Professionalism, Perseverance & Loyalty

From our seafaring heroes who enable uninterrupted service to customers during the pandemic, to our shore staff who support our ships and crews and manage our customer relationships, the perseverance and strength of the Pacific Basin team is key to our success

Seafarers around the world continue to be impacted by crew-change restrictions, long periods of quarantine and other complications arising from governments' measures to manage the pandemic. We recognise the toll these measures have on our seafarers and so our shore-based staff and management are doing their utmost to provide our seafarers with financial and other support, encouragement, leisure and sports equipment, increased internet and communications access, as well as free access to mental health support to help safeguard our crews' health, safety and wellbeing on board.

We are very grateful to our seagoing staff who throughout the pandemic have demonstrated patience and professionalism in maintaining safe operating practices and a reliable and substantially uninterrupted service to our customers.

Seamless Service Provided by Our Excellent Team

116 owned ships

trading at sea continuously through the pandemic in 2021

4,600+ crew

have served on our owned ships since the pandemic began

4,000 shipments

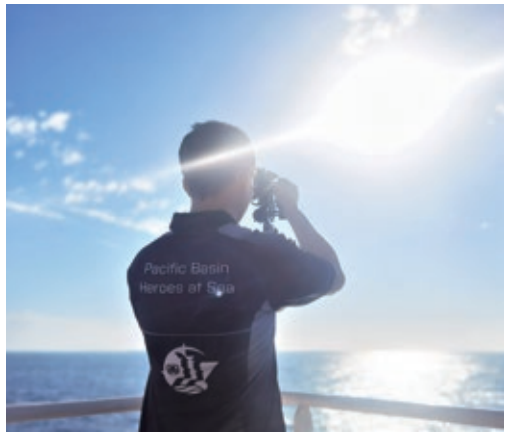
completed in 2021

Most of the photos in this report come from seafarers on board Pacific Basin ships. The stories they tell are varied, thoughtful, colourful and poignant. We proudly reproduce them here to honour our seafarers for their professionalism, loyalty, strength, compassion, team spirit and good humour at sea during the pandemic.

The Neptune Declaration on Seafarer Wellbeing and Crew Change

Seafarers International Relief Fund

p.46-48 Crew Safety and Wellbeing during the Pandemic







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Key to navigation symbols

- Linkage to related details within the Sustainability Report
- Linkage to related details on our website www.pacificbasin.com
- AR — Linkage to related details in our Annual Report 2021
- KPI — High-level KPIs (Key Performance Indicators)



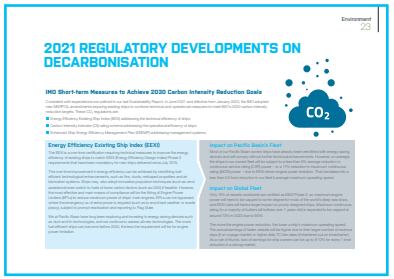
p.79 Independent Assurance Statement

Our Sustainability KPIs and the disclosures in this Sustainability Report have been subject to an independent external assurance audit by American Bureau of Shipping (ABS)

FEATURED IN THIS REPORT...



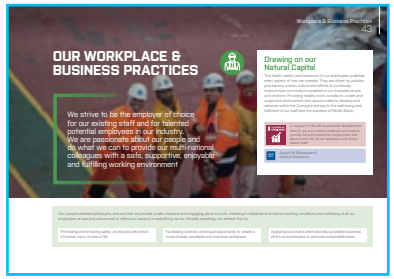
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Issued in March 2022



ABOUT PACIFIC BASIN

Pacific Basin is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk ships

Group Facts

- Headquartered and listed in **Hong Kong**
- Operating about **250** interchangeable ships worldwide
- **4,600** seafarers
- **365** shore-based staff in 13 key locations

Customer Focus

- Over **550** 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
- Ease of doing business with us
- Excellence through dedication and teamwork
- Personalised, flexible, responsive and reliable service
- A sustainable business approach
- Safety and environmental stewardship
- Care, humour, fairness and respect

p.4 Facts & Figures
Award-winning ESG

Our Purpose

To safely and sustainably deliver by sea the agricultural products, raw materials and other bulk commodities that are essential to people's lives and society's progress

Our Mission

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

Our Vision

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

AR With You For The Long Haul p.7
Who We Are p.5-8

Financial Highlights

Revenue
US$
2.97bn
1.47bn (2020)

EBITDA
US$
890m
185m (2020)

Net Profit
US$
845m
-208m loss (2020)
after impairment in 2020
and write-back in 2021

Return on Equity
%
58%
-18% (2020)

Available Committed Liquidity
US$
668m
363m (2020)

Our Dry Bulk Segment

AR Our Industry and our place in it **p.9–10**



Handysize

25,000-40,000 dwt



Supramax

40,000-70,000 dwt

Our geared bulk carriers are highly versatile self-loading and self-discharging ships

Our ships transport mainly minor bulks including agricultural products, raw materials, construction materials and other essential bulk commodities

Our cargo mix comprises mainly non-fossil fuel commodities

The 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

90%
Non-fossil fuel cargoes

90%
Laden

Our Scale & Global Reach

Fleet in operation
Handy & Supra Ships
256 (2021 average)
225 (2020)

Cargo Volumes
Tonnes
79.2m
69.6m (2020)

Global Network
Offices
13
12 (2020)

Ports Called
Ports & Countries
824/110
804/110 (2020)

Distance Travelled
Nautical Miles
14.5m
11.9m (2020)

2021 ESG FACTS & FIGURES

Our owned fleet is crewed by
4,600 seafarers

Our team also comprises 365 shore staff in 13 key locations around the world

Lost Time Injury Frequency KPI
0.25 incidents per million man hours
(0.60 in 2020)

5 lost-time injuries
in 20 million man hours
(our lowest ever injury frequency)

Seafarer Retention
88%
(88% in 2020)

We are signatories of the
Neptune Declaration on Seafarer Wellbeing and Crew Change
which defines actions to facilitate crew changes and keep global supply chains functioning

Recordable Case Injury Frequency KPI
0.55 incidents per million man hours
(1.11 in 2020)

Inspection Deficiency Rate KPI
0.60 deficiencies per PSC inspection
(0.69 in 2020)

We joined the Sailors' Society's
Wellness at Sea
awareness campaign and coaching programme to actively enhance the wellbeing of seafarers

Shore Staff
365 staff
(343 in 2020)

Shore Staff Receiving Training
47%
(50% in 2020)

Sponsorship & Charity
US$365,000
(2020: US$39,000)

0 cases of corrupt practice or whistleblowing incidents

ESG and Related Awards

Hong Kong ESG Reporting Awards 2021
- Grand Award in Excellence in Environmental Positive Impact
- Grand Award in Best ESG Report (Mid-cap)

HKICPA Best CG and ESG Awards 2020
- Special Mention among the Most Sustainable Companies (Medium Market Capitalization)

Hong Kong Marine Department Awards 2021
- Outstanding Performance in 2020 Port State Inspections

Hong Kong Investor Relations Association Awards
- Certificate of Excellence

IR Magazine Awards
- Sector Award (industrial)

Fuel Consumed
by owned fleet
0.51m tonnes
(0.46m in 2020)

Fuel Consumed
by owned & chartered fleet
1.22m tonnes
(0.91m in 2020)

We have conducted a
Climate Risk Scenario Analysis
and we disclose our climate-related strategy risks, risk management, metrics and targets with reference to the Task Force on Climate-Related Financial Disclosures (TCFD) framework

Deep sea shipping is the most-energy efficient mode of transportation

We target Net Zero by 2050
We have committed to use only zero-emission ships by 2050. Meanwhile, we will (a) constantly reduce the carbon intensity of our existing ships and (b) support the roll out of zero-emission bulk carriers well before 2030

CO_2 Emitted
by owned fleet
1.59m tonnes
(1.43m in 2020)

CO_2 Index (EEOI) KPI
10.10 grams CO_2 per tonne-mile
(9.79 in 2020)

We target AER ratings of C or better from 2024 onwards

MARPOL Pollution KPI
0 incidents
(0 in 2020)

A+ sustainability rating by HKQAA

As the world decarbonises, Pacific Basin will decarbonise too, and we will continue to carry the non-fossil fuel commodities that will be the mainstay of future global seaborne trade

WITH YOU FOR THE LONG HAUL
A shipping company committed to and supporting a sustainable future





SUSTAINABILITY REVIEW





Our strong environmental, social and governance performance in a year marked by crew movement restrictions and other pandemic-related challenges are evidence of successful execution of our strategies to continually reduce our environmental impact intensity, keep our crews healthy and safe, and maintain sound controls and accountability to our stakeholders. We have the people, values, assets, business model, strategies and financial health that position us well for a sustainable future

p.2 About Pacific Basin

2021 saw the strongest dry bulk freight market since 2008, and we generated our best results in our Company's history. Our ability to capitalise on the strong market and significantly strengthen our available liquidity while navigating crew movement restrictions and other pandemic-related challenges – and while still delivering a safe, efficient and seamless service to our customers – speaks volumes about the Pacific Basin platform that we have built over many years. It also reinforces our confidence in our preparedness for the future.

Crew Safety and Wellbeing is a Key Focus Area

Seafarers around the world continue to be impacted by crew-change restrictions, long periods of quarantine and other complications arising from governments' measures to manage the pandemic (see page 46 for more about what seafarers are enduring in the pandemic).

We recognise the toll these measures have on our seafarers, and so our shore-based staff and management are doing their utmost to provide our seafarers with financial and other support, encouragement, leisure and sports equipment, increased internet and communications access, and free access to mental health support to help safeguard our crews' health, safety and wellbeing on board. In 2021, we joined the Sailors Society's Wellness at Sea campaign which supplements our in-house fleet-wide wellness programme with multi-media training on mental health and wellbeing for seafarers, their families and shore staff.

In parallel, we continue to pursue every effort to reunite our seafarers with their families, if necessary deviating our ships, paying premium prices for air tickets home, and putting up our crews in hotel rooms for long layovers and quarantine. We have engaged with and urged governments and other authorities for solutions to enable the safe movement of seafarers and, in January 2021, Pacific Basin signed the *Neptune Declaration on Seafarer Wellbeing and Crew Change* that you can read more about on page 48.

Thankfully our efforts resulted in successfully relieving almost all of our crews within one month of their contract periods in 2021, although several have faced unavoidable extended tours of duty, occasionally because of positive Covid cases on board despite a high rate of vaccination among our crews. The surge in Omicron cases around the world is also impacting the availability of seafarers due to join vessels, which adds further complication to crew rotations.

We are very grateful to our seagoing staff who throughout the pandemic have demonstrated patience and professionalism in maintaining safe operating practices and a reliable and substantially uninterrupted service to our customers

The life of the seafarer is never easy, but pandemic containment measures, piracy, and the unjust criminalisation of seafarers all add significant extra stress. We will continually seek new ways to improve seafarers' lives and raise the profile of their essential work, which will also be important in the long-term challenge of attracting future new talent to careers at sea.

p.46 What Seafarers Endure in the Pandemic

In-house Fleet Management Drives Health, Safety, Quality and Environmental Focus

With safety being so important, it is pleasing that our ships' crews recorded our lowest ever injury frequency KPIs (registering five lost-time injuries in 19.9 million man hours in 2021) which we hope will mark a key step in our efforts to reach zero injuries in the future. This 2021 safety performance is particularly commendable in the context of the challenging pandemic period when seafarers' mental health has been strained by Covid-related restrictions.

Having an innovative, comprehensive and world-class fleet management team in-house (with experts covering technical operations, fleet personnel and marine risk, safety and security) represents a significant advantage for us and our stakeholders.

Firstly, we can be directly involved with our seafarers, ensuring they benefit from sound labour standards, workplace conditions, our best shore-based support and a fulfilling career. Health and safety on board our ships have always been of paramount focus, underpinned by the investments we make in training, risk management and the policies and practices embodied in our Pacific Basin Management System.

Secondly, having a core owned fleet of around 120 ships run by our own in-house fleet management team also means we have better control of the quality of our ships and the service reliability that we are able to offer our customers.

Thirdly, our experts ensure that we are adequately shouldering our responsibility to continually reduce the environmental impact of our operations and to stay ahead of and comply with all relevant environmental and other laws and regulations in our highly regulated industry.

p.44 In-house Fleet Management Expertise Ensures Safety & Quality at Sea

Well Prepared to Comply with IMO Carbon Intensity Reduction Rules

In June 2021, IMO adopted global EEXI (energy efficiency existing ship index) and CII (carbon intensity index) regulations to drive technical and operational measures to ensure annual improvements in the carbon efficiency of existing ships over the course of this decade with effect from 2023. Shortly thereafter, the European Commission announced its intention to include shipping in the European Union Emissions Trading System (EU ETS), charge tax on bunker fuel and implement carbon intensity reduction requirements effective 2023 which, subject to further development, may help to drive a more ambitious pace of decarbonisation.

These decarbonisation rules are front and foremost on the industry agenda, and our sustainability, optimisation, technical, commercial and senior management teams are well attuned to these and longer-term decarbonisation challenges. They have been collaborating internally and with other stakeholders for some years to ensure that we are already well prepared to comply with the 2023 rules, for which:

- we are growing and renewing our fleet with younger, larger, more efficient ships which help to reduce our carbon intensity;
- we will continue to assess and adopt innovative energy-efficiency technical retrofits (such as fins, ducts and reshaped propellers) as we have done for several years;
- we will continue to trade our ships efficiently for high laden-to-ballast utilisation; and
- we will constantly seek, assess and implement other energy-efficient operating measures, such as fuel-efficient weather routing, slow steaming and just-in-time arrivals, etc.

We will pursue these initiatives – including looking for collaborative solutions with our customers, tonnage providers, ports and other stakeholders – to ensure our existing ships running on conventional fuel oil can continue to trade for the foreseeable future.

p.26 How We Are Reducing Our Carbon Emissions

In parallel, we are also collaborating and making preparations to achieve the longer-term goal of complete decarbonisation involving entirely new ships and fuels which are not yet available.

Targeting Net Zero by 2050

Our ambition since 2021 is for Pacific Basin to achieve net zero emissions by 2050. We hope that the IMO will similarly tighten its 2050 target to align with this key goal of last November's COP26, which is designed to limit global warming to 1.5°C over pre-industrial levels.

To achieve that goal, we target that our fleet will comprise only zero-emission vessels by 2050, and we will not contract newbuildings until zero-emission-ready ships are available and commercially viable in our segments and the appropriate refuelling infrastructure is being built out globally.

We are evaluating which of the possible replacement zero-carbon (or very-low carbon) fuels and propulsion technologies will be right for us, and are actively involved in initiatives to develop and roll out commercially viable deep-sea zero-emission bulk carriers well before 2030.

In 2021, we signed the *Call to Action for Shipping Decarbonisation*, which urges world leaders to align shipping with the Paris Agreement temperature goal and calls for decisive government action to enable full decarbonisation of international shipping by 2050. Please see page 29 for details.

p.29 Call to Action for Shipping Decarbonisation

As an active participant in the working group meetings of the *Getting to Zero Coalition*, we believe the 2050 goal is achievable with the support of governments who we urge to deliver the policies that will supercharge the transition and make zero-emission-ready vessels the default choice by 2030. What we want to see from the IMO and governments is:

- support for investment in new marine fuels R&D to accelerate our understanding of which green fuel will be right for our dry bulk sector;
- support for the development of a worldwide refuelling infrastructure to assure global tramp ship operators that the new fuel or fuels will be readily accessible around the world; and
- carbon pricing (implemented on a global level playing field) to help drive the transition to expensive new green fuels.

Pacific Basin Offers Carbon Neutral Shipping

Acknowledging that we will still be left with unavoidable voyage emissions for the foreseeable future, in November 2021 we launched the *PB Carbon Neutral Voyage Programme*, which offers our customers the option of voluntarily offsetting voyage emissions from the transportation of their cargoes on Pacific Basin ships using carbon credits generated by Hong Kong power company CLP's wind and solar farms in Asia. While carbon offsetting is no substitute for tangible efforts to reduce and eventually eliminate our actual emissions which we are pursuing, we believe that offering carbon neutral shipping is an extra step worth taking. It helps to raise carbon footprint awareness in the supply chain and is something we can do today.

p.29 PB Carbon Neutral Voyage Programme

We disclose our voyage emissions data to customers who request it, and are gradually rolling out disclosure of forecast and actual voyage emissions before and after every voyage. We engage with customers, banks and now also insurers who through the *Sea Cargo Charter*, *Poseidon Principles* and *Poseidon Principles for Marine Insurance* commit to track, assess and disclose the emissions and climate alignment of their shipping activity.

For the second consecutive year, we offset the carbon emissions from our global onshore operations in 2021, including all office activities, commuting and business and crew travel.

Climate Risk Scenario Analysis

In 2021, we engaged external consultants ABS (American Bureau of Shipping) to lead a Pacific Basin climate-related risk scenario analysis that is aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") framework established by the Financial Stability Board.

The exercise has helped us to refine our understanding of the most material physical and transition risks, vulnerabilities and opportunities to our business, stemming from:

- shifts in climate patterns (such as extreme weather events); and
- climate-related changes in policy, technology and markets (such as decarbonisation rules, market-based measures, new fuels and propulsion systems, and changing commodity trade patterns).

The study includes scenario analyses to understand and quantify the risks and uncertainties our business may face under different hypothetical futures (including +1.5ºC and +4ºC scenarios), which can in turn be used to help refine our strategy and decision-making to mitigate, adapt to and even benefit from possible future factors.

Key take-aways from the exercise are that:

1) we are fortunate to be focused on Handysize, Supramax and diverse minor bulks and grain (the mainstay of future dry bulk trade) with an agile tramping business model which allows us to change our trading patterns at short notice if necessary to avoid developing physical risks; and
2) we are fortunate to have the scale and sophisticated, experienced team that enable us to navigate challenging regulatory, technological, demand and other transition-related changes.

Our assessment of climate-related risks and their quantitative impact on our business will be further refined through continued analysis in 2022 and beyond.

p.36 Climate Risk Scenario Analysis

Experienced Team and Effective Platform for a Sustainable Business

Our commitment to strong corporate governance – sound internal controls, transparency and accountability to all stakeholders – continues to underpin all components of our business and seeks to enhance stakeholder confidence in Pacific Basin.

That commitment starts with a strong board. Our Board and board-level committees have continued to evolve in recent months. With effect from our 2021 AGM, John Williamson assumed the position of Chairman of the Audit Committee, a role for which his considerable financial and governance experience makes him amply qualified.

Alexander Cheung joined the Board and board-level committees as a new Non-executive Director in January 2022. Alex's strong professional background in the legal, regulatory, commercial, governance and compliance fields, coupled with his intimate knowledge of our Company will be beneficial to Pacific Basin's business and development.

AR Our Directors **p.64**

Our senior management team also evolved with the retirement of our CEO Mats Berglund, and Martin Fruergaard taking over as our new CEO on 31 July 2021. Martin has settled in well and is proving to be a very good fit for Pacific Basin. Under him, the Company continues to be in excellent hands.

Martin has assumed the chairmanship of our Sustainability Management Committee ("SMC") which reports to the board-level Audit Committee to ensure strong sustainability governance and board engagement. Our SMC comprises our CEO, CFO and six senior executives from different functions to ensure that members with different backgrounds and expertise are represented so that our sustainability strategy delivers meaningful outcomes and sound progress against our sustainability goals annually-reviewed KPI targets.

p.18 Sustainability Governance

Delivering that progress day-to-day is an outstanding team of people across our business who provide the world-class expertise we need to tackle the challenges we face.

Safeguarding the wellbeing of seafarers and improving their lives for the long term, and embracing the fourth propulsion revolution and the new environmental regulations and technical challenges that come with that – these and other social and environmental challenges require a keen understanding of the issues, careful collaboration and astute decision-making for which we are well equipped.

We have recently formed a dedicated sustainability team to further enhance our strategic focus on sustainable business practices and investments in sustainable assets. We aim

to develop a more holistic and effective approach and set adequately ambitious goals and targets to ensure we are continuously refining our policies and practices and our conduct in everything we do.

The Company received a number of awards and commendations in 2021 in recognition of excellence in such areas as corporate governance, safety and port state control inspections, environmental positive impact and sustainability generally.

- Pacific Basin was named among the Most Sustainable Companies at the HKICPA's Best Corporate Governance and ESG Awards 2021;
- we won two Grand Awards for Excellence in Environmental Positive Impact and for Best ESG Report (mid-cap) at the 2021 Hong Kong ESG Reporting Awards;
- in investor relations, we won a Sector Award (Industrial) at the IR Magazine Awards and a Certificate of Excellence at the Hong Kong Investor Relations Association 7th Awards; and
- we again received the Hong Kong Marine Department Award for Outstanding Performance in Port State Control Inspections.

Our governance and overall Environmental Social Governance (ESG) ratings are typically the best in our industry, according to ESG ratings information available from Refinitiv, MSCI, S&P Global, Sustainalytics and Bloomberg.

In 2021, on behalf of Hang Seng Indexes, the Hong Kong Quality Assurance Agency (HKQAA) awarded Pacific Basin a sustainability rating of A+

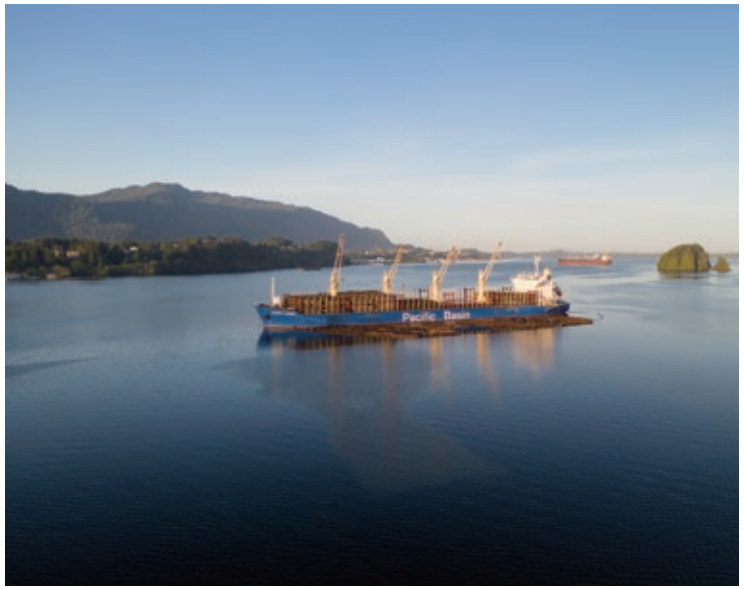
These awards and industry-best ESG ratings are indicative of the professionalism of our teams whose focus on ESG matters enhance the sustainability of our operations and the reputation of our Company in the eyes of customers, suppliers, staff and potential recruits, investors, financiers and other stakeholders.

p.45 Sustainability Awards & Ratings

The focus of these pages is on how, at all levels of our business from the Board down, 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 have the excellent board, staff, values, assets, business model, strategies and financial health that position us well for a sustainable future.

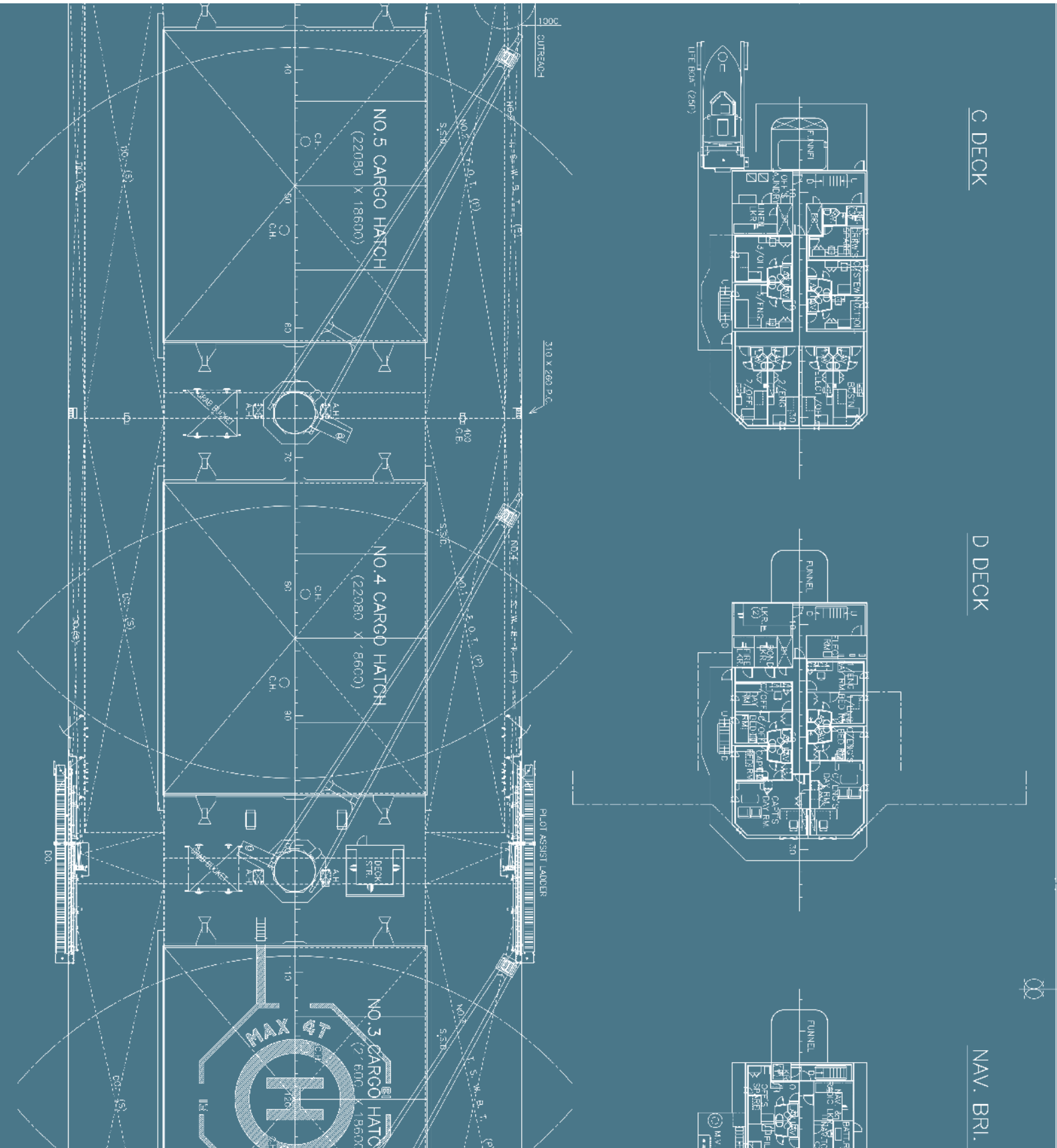
David Turnbull
Chairman

Martin Fruergaard
Chief Executive Officer





ESG STRATEGY, GOVERNANCE & REPORTING



ABOUT OUR SUSTAINABILITY REPORT

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

Through linkage in our Annual Report to information in this Sustainability Report and online (and vice versa), 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 Sustainability Report discloses our ESG performance data for 2021 and summarises more permanent aspects of our sustainability 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 sustainability governance. We also disclose environmental KPI targets against which we measure our achievements and which will help us to meet our environmental strategic goals and regulatory requirements. KPI

Scope

The scope of this report covers the significant Environmental, Social and Governance (ESG) initiatives of our business 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 sustainability reporting boundary focuses on the majority portion of our core fleet that comprises owned vessels that we control both commercially and technically. It also covers aspects of our chartered-in vessels.

It is our owned 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 for chartered-in vessels, although we do hold our tonnage providers to ensure that they and their ships, certificates and practices comply with all relevant labour, health & safety, environmental, sanction and other laws and regulations and are consistent with our Counterparty Code of Conduct. We aim to disclose more on our chartered fleet's carbon intensity performance in 2022 onwards.

We also report on our company-wide staff engagement and community initiatives and performance.

Sustainability Reporting Framework

Our sustainability reporting follows the latest 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 the International Integrated Reporting Council's International <IR> Framework (now merged with SASB to form Value Reporting Foundation). This report is also prepared with reference to the Core option of the Global Reporting Initiative ("GRI") Standards and TCFD.

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

p.80 SEHK ESG Reporting Guide Index

Reporting Principles

This Sustainability Report is prepared based on the reporting principles of materiality, quantitative, balance and consistency.

Reporting Period

The reporting period is 1 January to 31 December 2021.

Assurance

Our Sustainability KPIs and the disclosures in this Sustainability Report have been subject to an independent external assurance audit by American Bureau of Shipping (ABS).

p.79 Independent Assurance Statement

Our Energy Efficiency Operational Indicator, Annual Efficiency Ratio 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 ISO 45001 certifications.

Policies and Guidelines

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

- HSEQ Policy
- Commitment to a Healthy & Safe Workforce (OHSAS 18001)
- Environmental Policy Guide
- Drug & Alcohol Policy
- Code of Conduct (staff; counterparty)
- Whistleblowing Policy
- Workplace Practices Policy Summary
- Board Diversity Policy
- Anti-Bribery Policy
- Privacy Policy
- Social Media Policy
- Trading Restriction Policy
- Remote Working Policy

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

ESG Environmental & Social Governance

CG Corporate Governance

This report focuses on our environmental and social sustainability. While we summarise our sustainability governance on page 18 of this report, we address the wider subject of corporate governance separately and in detail in the Governance section of our Annual Report.

AR Corporate Governance p.45

We value your feedback

Stakeholder Feedback Form

We welcome your feedback on this Sustainability Report and our approach to sustainability. Scan this QR code for easy access to our feedback form.

Alternatively, you can direct your questions, comments or suggestions about this report, our sustainability programme or our performance to our Sustainability Team at E-mail: ESG@pacificbasin.com

SUSTAINABILITY STRATEGY

Our Sustainability Strategy and Focus Areas

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

Environmental stewardship

Improving our fleet's consumption of fuel and other inputs and the resulting impacts of emissions, use of resources and climate change.

Safety, workplace and business practices

Rewarding the skills, experience, behaviour and loyalty of our staff and enhancing with fair remuneration and a commitment to health and safety, development and training, equal opportunity and a comfortable and fulfilling workplace.

Community engagement

We strive to maintain mutually beneficial partnerships with our customers, suppliers and other stakeholders in our communities, while always demonstrating responsible business practice.

Corporate governance

Evolving management and governance practices for best-in-class risk management, transparency and stakeholder confidence.

Matters of Key Strategic Focus

We assess all the issues 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 issues, and this is the driving force behind our long-term progress and success.

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

Deepening our relationships	Investing in our people	Investing in our high-quality fleet
Safeguarding health & safety	Maximising efficiencies & controlling costs	Safeguarding the environment
Enhancing corporate & financial profile	Evolving management & governance practices	

Annual Report p.37-39
Strategy Delivery
AR

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

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

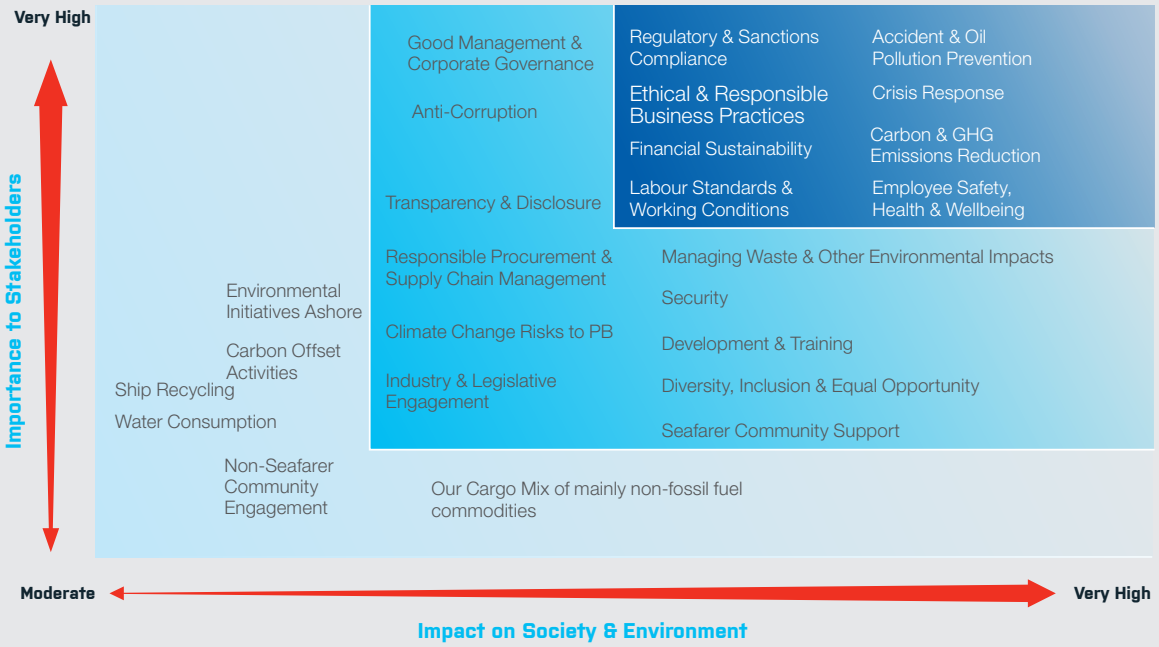
Materiality

We conduct an annual ESG materiality assessment, reaching out to different stakeholders groups on a rotational basis. We also engage actively with associations that work to influence and respond to regulations that affect our industry. These engagements enable us to map issues that are of greatest importance to our business and stakeholders, and determine the key issues for discussion in our sustainability reporting.

This materiality matrix reflects the findings of our latest ESG materiality assessment in 2021:

SEHK ESG Materiality Assessment

p.17 Stakeholder Engagement



SUSTAINABLE DEVELOPMENT GOALS

Our sustainability focus areas, strategy and targets are consistent with several of the United Nations Sustainable Development Goals (UN SDGs) designed to achieve a better and more sustainable future for all. As a responsible corporate citizen, we are committed to taking steps to tackle the environmental and social challenges we face in our industry. Our sustainability initiatives and targets are aligned with the 2030 Agenda for Sustainable Development of the United Nations and in particular with several UN SDGs as shown on the right:

Environmental Stewardship

Greenhouse gas emissions, energy consumption, SOx, NOx, waste, biodiversity

13 CLIMATE ACTION · 14 LIFE BELOW WATER · 17 PARTNERSHIPS FOR THE GOALS

Safety, Workplace and Business Practices

Health & safety, human rights, diversity & equal opportunity, training & development, anti-corruption

4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

Community Engagement

Local communities, academic institutions, industry associations

17 PARTNERSHIPS FOR THE GOALS

Corporate Governance

Risk management, transparency

16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

OUR RESOURCES & 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, to enhance the safety and wellbeing of our staff, and to enhance the quality of the relationships and interactions we have with our communities.

SEHK ESG KPI A3.1
Significant impacts of activities

At Sea

Inputs

Key resources and relationships we rely on

Physical & Natural Capital

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

Human Capital

Staff at sea

Social & Relationship Capital

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



Outputs

Atmospheric Emissions

Greenhouse gases, SOx, NOx, Particulate Matter, Volatile Organic Compounds

Shore Discharge

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

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.

Marine Discharge

Bilge and ballast water, sewage and gray water, leaching from paint, food waste, non-HME cargo residue and open-loop scrubber wash water discharge – all compliant with MARPOL convention and all applicable regulations

Mental Impacts

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

During the Covid pandemic, crew cannot go ashore due to local Covid restrictions, resulting in mental fatigue from prolonged crew contracts and limited proper access to medical attention in port

Other impacts

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

Physical Impacts

Accidents & illness, personal fitness, productivity & effectiveness

SEHK ESG KPI A1.1
Type of emissions and data

Onshore

Inputs

Key resources and relationships we rely on

Physical & Natural Capital

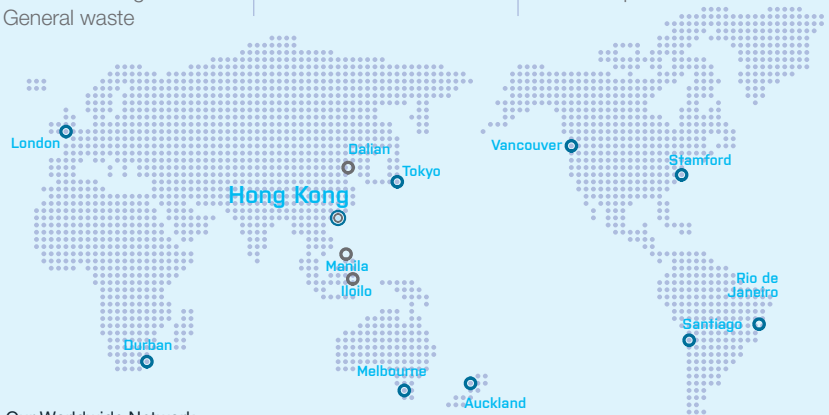
Business travel
Commuting
Electricity
Paper supplies
Printer supplies
Water & Sewage
General waste

Human Capital

Staff ashore

Social & Relationship Capital

Customers
Suppliers
Regulators & policy makers
Communities
Investors
Finance providers



Our Worldwide Network

Office locations:
13

- **10** commercial offices
- **4** technical & crewing offices

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

Outputs

Atmospheric Emissions

Greenhouse gases, SOx, NOx, PM

Mental Impacts

Work-life balance

Other impacts

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

Physical Impacts

Accidents & illness, personal fitness, productivity & effectiveness

Goodwill & Reputation Impacts

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



OUR RESOURCES IN ACTION

We attach great importance to cultivating resources and relationships which we employ as optimally as we can to propel us towards our vision and to benefit our shareholders and customers

An expanded form of this summary table is available on our website
www.pacificbasin.com
About Us > Our Resources in Action

The resources and relationships we rely on	How we create or protect value	Matters of key strategic focus	Desired Outcomes
Physical Capital – Our Fleet	High-quality Ships Scale & Interchangeability In-house Technical Operations	Investing in Our Fleet	■ 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
Human Capital – Our People & Global Office Network	Team Productivity Being Local Being Global	Investing in Our People Deepening Our Relationships	■ Safeguarding quality, effectiveness and availability of staff onshore and at sea ■ Meaningful customer partnerships ■ Access to market intelligence and cargo ■ Optimal trading and positioning of our fleet
Social & Relationship Capital	Stakeholder Engagement & Wellbeing	Safeguarding Health & Safety Evolving Management & Governance Practices	■ Understanding, trust and support between Pacific Basin and our staff, customers, tonnage providers, suppliers, investors, financiers, communities and other stakeholders
Natural Capital	Environmental Responsibility	Safeguarding the Environment	■ Minimise consumption of natural resources and impact on the environment
Intellectual Capital	Effective Business Model & Systems	Maximising Efficiencies & Controlling Costs	■ Sector-leading service delivery ■ Maximising vessel earnings and minimising costs without impacting safety ■ Strong brand reputation
Financial Capital	Considered Treasury Activity	Enhancing Corporate & Financial Profile	■ Sound financial management

Our Purpose
To safely and sustainably deliver by sea the agricultural products, raw materials and other bulk commodities that are essential to people's lives and society's progress

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

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

STAKEHOLDER ENGAGEMENT

Stimulating transparency through engagement

Pacific Basin listens to and engages in active two-way dialogue with our stakeholders. We believe that the transparency stimulated by active stakeholder engagement builds recognition of our brand and ultimately enhances value to our customers and shareholders.

STAKEHOLDER GROUP	WHY WE ENGAGE	HOW WE ENGAGE	OUTCOMES AND ACTIONS IN 2021
Customers	We strive to be the partner of choice for customers in our segment. We are passionate about service and delivering best-in-class performance, and customer focus lies at the heart of everything we do.	■ Day-to-day chartering enquiries and fixing ■ Customer events ■ Service feedback ■ Customer survey calls ■ Website & publications	We constantly seek to improve our service quality to deliver sustainable and value-adding services to our customers. In 2021, we conducted customer survey calls with dry bulk customers accounting for over 60% of our cargo volumes feedback from which helps us to find ways to enhance the customer experience.
Suppliers	We are committed to managing our supply chain in a socially and environmentally responsible manner, sourcing from approved suppliers who meet our sustainability requirements.	■ Supplier evaluations ■ Purchasing activity ■ Website & publications	We regularly evaluate the performance of our suppliers and integrate ESG considerations in the evaluation process. In 2021, we rolled out a new Counterparty Form which covers our latest Code of Conduct including ESG expectations and requirements.
Employees	We strive to be the employer of choice for our existing staff and for talented potential employees in our industry. We are a caring employer and seek to provide full and productive employment and decent work for all our seafarers and shore-based staff.	■ Training programs ■ Town hall meetings ■ Open-door policy ■ Performance feedback ■ Intranet	We put health and safety first at all times. We foster an open and inclusive work environment both on board and ashore. We fairly reward and offer career development opportunities to our people. The focus we place on employee wellbeing and fulfilment translates into increased productivity, loyalty and relation.
Investors and financiers	We are dedicated to creating long-term value for our shareholders over the shipping cycle. Transparency stimulated by active investor engagement builds recognition of our brand and enhances shareholder value. We maintain good relationship with our financiers to ensure access to funding sources, thereby building up our financial strength for future development.	■ Annual, Interim & Quarterly reporting ■ Annual General Meetings ■ Investor perception studies ■ Vessel and cargo terminal tours ■ Investor meetings and conferences ■ Investor, analyst, bankers days	We regularly engage with our shareholders and financiers about the Company's development and strategy. We provide transparent and timely information about our performance, strategy and outlook, which facilitates our shareholders and financiers to make more informed investment and lending decisions.
Community	We recognise our obligations as a responsible corporate citizen and strive to create positive social impact to the port, seafarer and other communities in which we operate.	■ Seafarer philanthropy ■ Being respectful visitors ■ Maintaining good relations	We continue to sponsor and be actively involved in good causes, the majority of which relate to seafarer causes and other staff-driven initiatives. While doing good, these initiatives enhance our reputation and employer brand.
Shipping Industry	We contribute to the shipping community and have a voice in the international dialogue with legislators and other parties on topical issues and future legislation.	■ Industry organisations ■ Partnerships & coalitions ■ Formal & casual meetings ■ Our website & publications	We actively participate in and engage with industry organisations associations, committees, conferences and seafarers regarding different aspects of our business, resulting in enhanced networks, knowledge and preparation for industry challenges.
Regulators and authorities	We actively engagement with local and international regulators and authorities to ensure full compliance with all applicable laws and regulations.	■ Public forums ■ Formal meetings ■ Audits	We continue to comply with all applicable laws and regulations. In 2021, we had no cases of non-compliance.

SUSTAINABILITY GOVERNANCE

Sustainability is a Board Responsibility

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

As such, the Board has overall responsibility for, and is engaged in, the Group's sustainability strategy and reporting, including identifying, evaluating and managing ESG-related risks, and ensuring appropriate and effective ESG risk management and internal control systems are in place. Management provides confirmation to the Board of the effectiveness of these systems. The Board also reviews progress made against ESG-related goals and targets.

AR Board Responsibilities **p.45**

The Board delegates to the Audit Committee more specific responsibility for reviewing the effectiveness of the Group's sustainability initiatives and the work of the Sustainability Management Committee ("SMC").

Functions of SMC

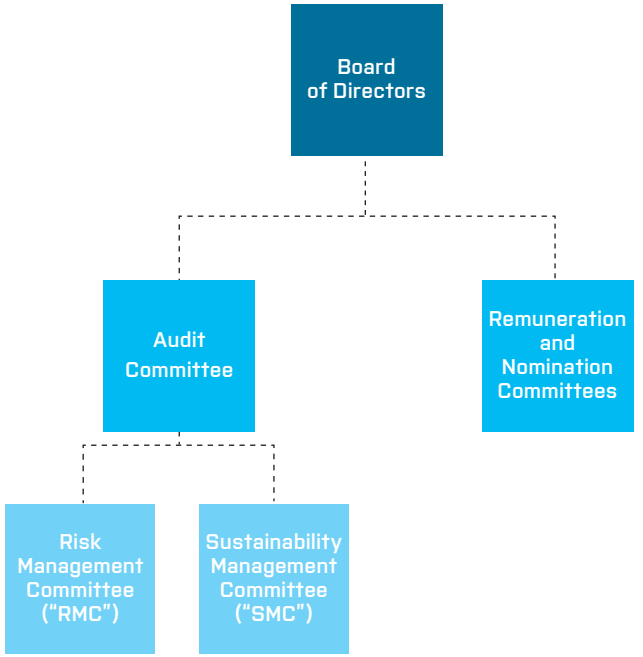
The Group's SMC comprises the CEO, CFO and six senior executives from different functions. It reports to the Audit Committee at least twice a year, and is responsible for reviewing, assessing and enhancing the Group's sustainability policies, strategies and performance, and ensuring the Group is in full compliance with ESG requirements. This approach affirms and enables the Group's commitment to sustainability, and ensures that members with different backgrounds and expertise are represented to deliver meaningful outcomes.

Day-to-day Implementation

We have recently formed a dedicated sustainability team to further enhance our strategic teams on sustainable business practices and investments in sustainable assets. Supported by the sustainability team, day-to-day execution of sustainability initiatives and sustainable business practice lies with managers across the business, most notably the Fleet Director (supported by his senior managers covering technical operations, fleet personnel and risk, safety & security), the Commercial Operations Director, the CEO and the Human Resources and Administration Director.



In support of the UN Sustainable Development Goal 16, we strive for effective, accountable and inclusive management and corporate governance, and responsible business practice where there is no place for corruption and bribery



While we summarise our sustainability governance here, we address the wider subject of corporate governance separately and in detail in the Governance section of our Annual Report and website .

AR Governance **p.45**

www.pacificbasin.com
Sustainability > Corporate Governance

The Sustainability Management Committee

Membership

Chairman: Chief Executive Officer

Members: Chief Financial Officer, Director of Chartering, Director of Operations, Director of Fleet Management, Director of Group HR & Admin, Head of Sustainability, Director of Risk, Manager of Risk

Main Responsibilities

1. Oversee and execute the Group's sustainability strategy.
2. Review and ensure proper disclosure and compliance with the ESG Guide of the Hong Kong Stock Exchange.
3. Review the annual materiality assessment of ESG risks.
4. Review the internal procedures and system for the maintenance and generation of appropriate and accurate KPI data.
5. Present and regularly report to the Board on sustainability performance.
6. Make recommendations to enhance sustainability strategies and practices.

Work Done in 2021

In 2021, the SMC met three times and reported to the Audit Committee on the Group's sustainability programme, performance and work done. The work undertaken included:

- review and discuss the materiality assessment of ESG topics and risks with reference to the Company's strategy and industry relevance;
- review of the proposed environmental KPI targets and steps to achieve them with a recommendation to the Board for approval;
- set new targets including net zero emissions by 2050;
- review and assessment of incoming energy-efficiency and decarbonisation regulations and measures in the shipping industry;
- study of climate-related risks and opportunities and their possible impacts on the Group;
- implementation of enhanced supply chain ESG management initiatives; and
- amendment of the terms of reference of the Sustainability Management Committee.



Compliance with ESG Guide

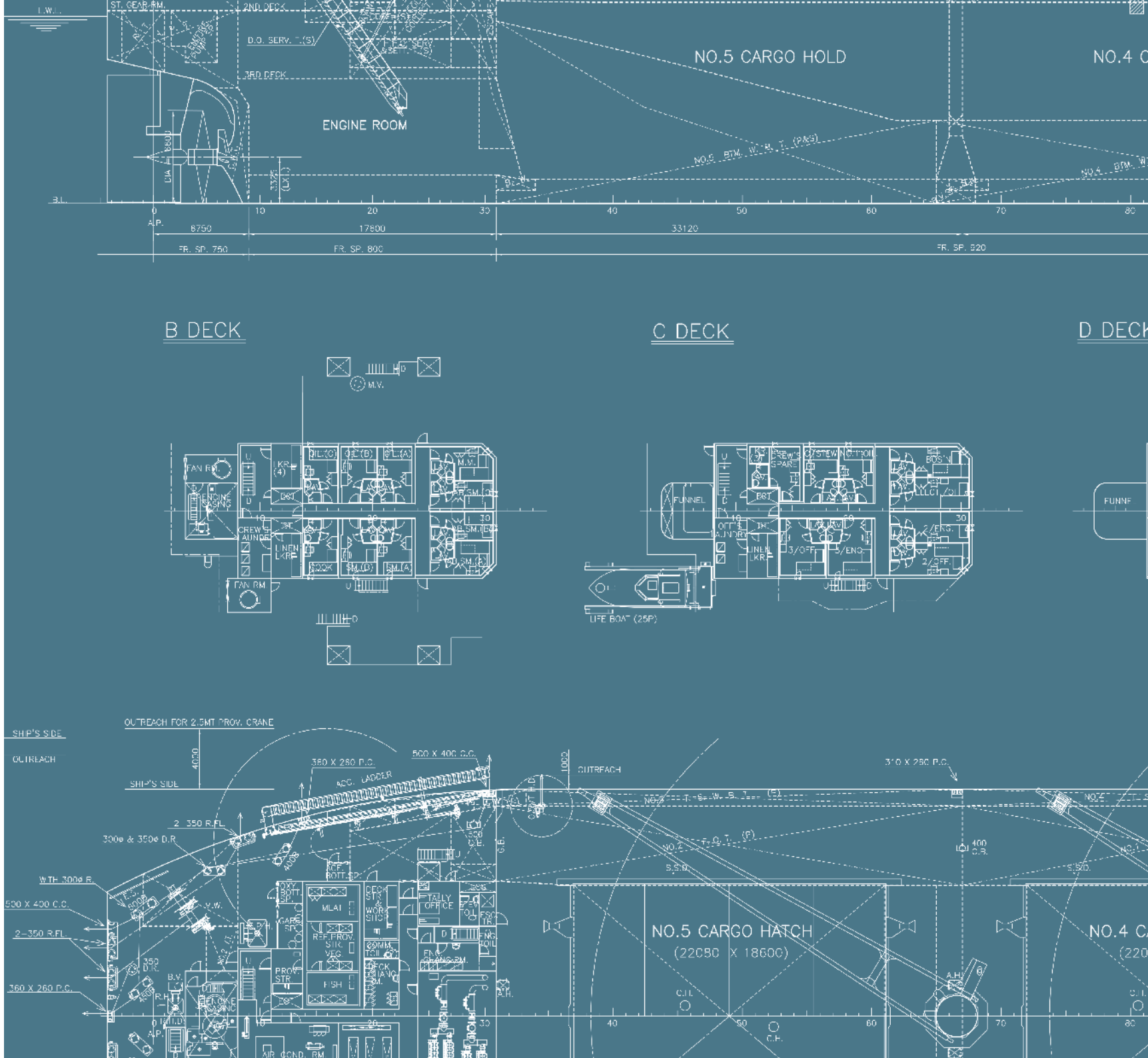
In preparing our Sustainability Report, the Group has followed the ESG Guide as set out in Appendix 27 to the Listing Rules of the Stock Exchange and has referenced other international sustainability reporting standards. We monitor developments and trends in areas of sustainability and sustainability reporting to better meet the expectations of our stakeholders in light of evolving business and regulatory requirements.

We have set more ambitious Carbon Intensity and Net Zero Targets

In 2020, we set environmental KPI targets to comply early with new requirements of the ESG Guide. In 2021, we increased our decarbonisation ambition level with a revised target of net zero emissions by 2050. We also set ourselves the target of achieving an AER carbon intensity rating of C or higher on our vessels from 2024 onwards to ensure we easily comply with IMO's carbon intensity rules. Setting these and related targets is key to improving the Group's decarbonisation performance and the overall sustainability of our business. SMC has implemented climate and environmental KPI targets endorsed by the Board, details of which can be found in the Company's Sustainability Report 2021.

p.26 How We Are Decarbonising

ENVIRONMENT



OUR ENVIRONMENTAL APPROACH

As the world decarbonises, Pacific Basin will decarbonise too, and we will continue to carry the non-fossil fuel commodities that will be the mainstay of future global seaborne trade

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 our operations' impact 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.

During the year, we had no cases of non-compliance with environmental laws and regulations.

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 and energy-efficient 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 bring only small benefits to the environment, as even individual contributions make a difference

- One of the ways we reduce the environmental impact of our operations is by our gradual fleet renewal and our efficient operation of modern ships designed and equipped for efficiency (see page 27).
- 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.

SEHK ESG Aspect A1 (Emissions) General Disclosure

- 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.

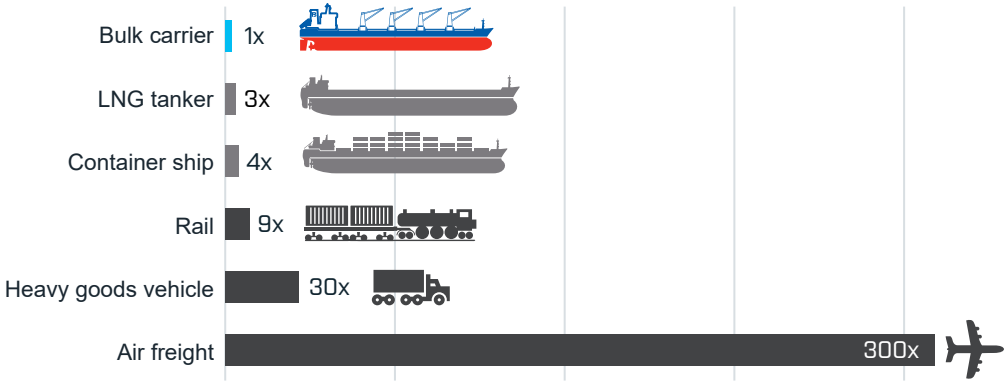
DECARBONISATION & ENERGY EFFICIENCY

Bulk carriers are by far the most energy-efficient mode of transportation, meaning also that they generate significantly less carbon emissions per tonne-mile of cargo carried than any other vehicle using fossil fuels. However, we recognise that propelling a vessel across oceans requires resources and impacts the environment, and we want to do our bit to constantly find ways to reduce our environmental impact.

The IMO has implemented regulation to facilitate such progress across our industry.

Bulk carriers are the most energy-efficient mode of transportation

grams of CO_2 per tonne mile



Source: Pacific Basin, comparisons are approximate and based on data from the UK Government's Greenhouse gas reporting: conversion factors 2019

IMO GHG Strategy

In 2018, the International Maritime Organization (IMO) set a greenhouse gas reduction strategy with goals to:

- improve the global fleet's carbon efficiency (CO_2 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).

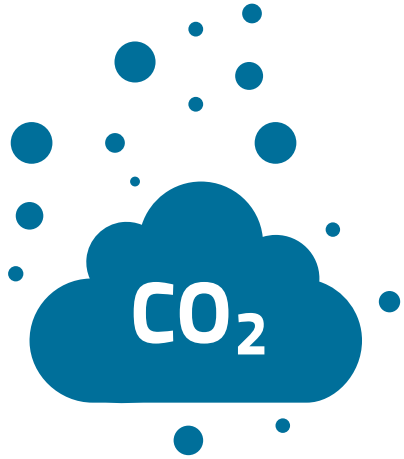
The expectation was that the global fleet should fully decarbonise as soon as possible within this century.

These IMO goals are no longer adequately ambitious, and it is our hope that the IMO will tighten its targets to align with the Net Zero by 2050 goal promoted at last November's COP26, which is designed to limit global warming to 1.5°C over pre-industrial levels.

In 2021, we revised our own carbon reduction target to net zero emissions by 2050.

In June 2021, IMO adopted global regulations to drive technical and operational measures to ensure annual improvements in the carbon efficiency of existing ships designed to achieve IMO's current greenhouse gas reduction targets.

2021 REGULATORY DEVELOPMENTS ON DECARBONISATION



IMO Short-term Measures to Achieve 2030 Carbon Intensity Reduction Goals

Consistent with expectations we outlined in our last Sustainability Report, in June 2021 and effective from January 2023, the IMO adopted new MARPOL amendments requiring existing ships to combine technical and operational measures to meet IMO's 2030 carbon intensity reduction targets. These CO_2 regulations are:

- Energy Efficiency Existing Ship Index (EEXI) addressing the technical efficiency of ships
- Carbon Intensity Indicator (CII) rating scheme addressing the operational efficiency of ships
- Enhanced Ship Energy Efficiency Management Plan (SEEMP) addressing management systems

Energy Efficiency Existing Ship Index (EEXI)

The EEXI is a one-time certification requiring technical measures to improve the energy efficiency of existing ships to match EEDI (Energy Efficiency Design Index) Phase 2 requirements that have been mandatory for new ships delivered since July 2015.

This one-time improvement in energy efficiency can be achieved by retrofitting fuel-efficient technological enhancements, such as fins, ducts, reshaped propellers and air lubrication systems. Ships may also adopt innovative propulsion techniques (such as wind assistance) even switch to fuels of lower carbon factors (such as LNG) if feasible. However, the most effective and main means of compliance will be the fitting of Engine Power Limiters (EPLs) to reduce maximum power of ships' main engines. EPLs can be bypassed where the emergency us of extra power is required (such as to avoid bad weather or evade piracy), subject to prompt reactivation and reporting to Flag State.

We at Pacific Basin have long been exploring and investing in energy saving devices such as duct and fin technologies, and we continue to assess all new technologies. The more fuel efficient ships can become before 2023, the less the requirement will be for engine power limitation.

Impact on Pacific Basin's Fleet

Most of our Pacific Basin owned ships have already been retrofitted with energy saving devices and will comply without further technical enhancements. However, on average, the ships in our owned fleet will be subject to a less than 8% average reduction in continuous service rating (CSR) power – or a 17% reduction in maximum continuous rating (MCR) power – due to EEXI-driven engine power limitation. That translates into a less than 0.5 knot reduction in our fleet's average maximum operating speed.

Impact on Global Fleet

Only 15% of vessels worldwide are certified as EEDI Phase 2, so maximum engine power will need to be capped to some degree for most of the world's deep-sea ships, and EEXI rules will have a larger impact on poorly designed ships. Maximum continuous rating for a majority of bulkers (all bulkers over 7 years old) is expected to be capped at around 73% in 2023 due to EEXI.

The more the engine power reduction, the lower a ship's maximum operating speed. The annual earnings of faster vessels will be higher due to their larger number of revenue days (if on voyage charter) or higher daily TC hire rates (if chartered out on timecharter). As a rule of thumb, loss of earnings for ship owners can be up to 8-10% for every 1 knot reduction in a strong market.

Carbon Intensity Indicator (CII)

The CII is a measure of how efficiently a ship is operated in the transportation of goods, using an Annual Efficiency Ratio (AER) of grams of CO2 emitted per cargo-carrying capacity and nautical mile (essentially a factor of actual fuel consumption and distance travelled).

Ships are given annual carbon intensity ratings between "A" to "E", and rating thresholds will become increasingly stringent each year to 2030. Carbon intensity must reduce 2% per year in 2023 to 2026 to maintain a rating, while annual reduction requirements after 2026 will be set later and are expected to be more ambitious. Vessels rated "D" for three consecutive years or "E" for one year must submit plans for improvement.

Improvements in carbon intensity are achieved through operational measures, such as slowing ships down to reducing fuel consumption, minimising idle periods in ports and anchorages (where fuel is consumed with no distance travelled), prioritising trades with longer sea passages and shorter port stays, use shore power where available instead of ships' generators, fuel-efficient weather routing, improving hull performance with cleaning and better paints, etc.

AER uses the ship's deadweight capacity as a proxy for actual cargo carried, which is inappropriate and unfortunate, as AER does not consider or reward high laden utilisation which results in a better ratio of carbon emissions per actual transport work, and because improvements in AER can also be achieved by reducing a ship's cargo load (or even sailing empty) to generate fewer emissions for a given distance sailed. For this reason, we continue to track and disclose our Energy Efficiency Operational Indicator (EEOI) performance alongside our AER disclosure in our sustainability reporting, and we hope IMO will adopt the EEOI carbon intensity indicator with effect from 2026 when updated carbon intensity reduction requirements are expected to apply.

Impact on Pacific Basin's Fleet

Our projections show Pacific Basin vessel speeds could drop by about 3 knots from 13 knots to 10 knots between 2023 to 2030. However, we will try to maintain sound AER ratings by improving our technical and operational measures so that we do not rely only on slower speeds to comply.

The majority of our Pacific Basin owned ships can maintain at least a "C" rating with some speed reduction under current rules. We are already engaging with customers to discuss where collaboration (such as on just-in-time arrivals) can help to ensure our ships can maintain sound AER ratings while performing their trades for the foreseeable future. We are also preparing charter contract clauses to ensure any of our vessels chartered out on timecharter basis are operated in a way that has no material negative impact on our ships' CII ratings.

Impact on Global Fleet

CII rules will have a larger impact than EEXI and will reduce speeds across the global dry bulk fleet by an average of about 3 knots by 2030. They will have a larger impact on poorly designed and poorly operated ships.

Other than having to submit plans for improvement, IMO has not yet set penalties for low-rated ships. We expect market forces to make it difficult trading for "E" rated ships, such as charterers refusing to employ such vessels and banks refusing to finance them. This is where charterers' Sea Cargo Charter and financiers' Poseidon Principles are likely to have a positive effective on carbon intensity and the phasing out of inefficient ships.

Ship Energy Efficiency Management Plan (SEEMP)

An enhanced Ship Energy Efficiency Management Plan (SEEMP), already a mandatory requirement, will be subject to external audit and statutory certification, and will be required to demonstrate that comprehensive efforts have been applied to maintain or achieve a high efficiency rating.

We are well positioned to meet IMO's EEXI and CII rules designed to meet its 2030 GHG Reduction Goal

- Pacific Basin's carbon intensity reduction target of over 50% by 2030 (and 100% by 2050) is more ambitious than IMO's target of 40% by 2030 relative to 2008
- The vast majority of our vessels are rated "C" or higher. If our ships rate lower, it is often for operational reasons, not technical inefficiency
- In 2021, the global fleet's carbon efficiency has reduced somewhat due to higher operating speeds in the much stronger freight market
- Our existing fleet will meet requirements through continuous fleet renewal, investments in fuel-saving technologies and in energy-efficient operating measures – mainly speed reduction and optimal deployment of our ships in efficient trades

EU Action on Shipping Emissions

In July 2021, the European Commission announced its intended carbon efficiency measures for shipping, including its plan to incorporate shipping into the European Union Emissions Trading System (EU ETS), to charge a bunker fuel tax and to mandate greenhouse gas intensity reduction requirements, all effective 2023.

Under the proposal, implementation of the EU ETS would be phased in over a three-year period and involves:

- 100% of the emissions when calling at an EU port for voyages within the EU
- 50% of the emissions from voyages starting or ending outside of the EU

The ship owner is required to surrender EU Allowances on an annual basis to cover:

- 20% of emissions for 2023
- 45% of emissions for 2024
- 70% of emissions for 2025
- 100% of emissions for 2026 and each year thereafter

The EU's Energy Taxation Directive (ETD) proposes new taxes on marine fuels sold within and for use within the EEA to encourage a switch to more sustainable fuels.

The EU's greenhouse gas intensity reduction mandates for shipping target intensity reductions of 2% by 2025, 6% by 2030, escalating to 59% by 2045 and 75% by 2050.

All part of the EU's Fit for 55 package (in turn part of the European Green Deal that targets climate neutrality in the EU by 2050), these rules are still subject to further negotiation and development among the EU states, and may not be ready in time for the intended start date on 1 January 2023.

While we do not support regional initiatives – preferring instead a global approach to driving and regulating decarbonisation in our global industry – we do believe that the European Commission's plan may drive a higher pace of decarbonisation. We consider this to be a positive effect at time when IMO is slow to tighten its targets to align with the Net Zero by 2050 ambition that is now largely accepted as the goal required to limit global warming to 1.5°C over pre-industrial levels.

We have been following the EU action on shipping emissions closely and have started our preparations to trade in EU Allowances, etc. so that we are ready to comply with the EU's package of measures before they are finalised and take effect.

IMO Medium- and Long-term Measures for Greenhouse Gas Reduction

On the IMO agenda from 2023 onwards are also medium-term and long-term measures for greenhouse gas reduction in the years to 2030 and from 2030 onwards, respectively. These measures will require innovation and aim to incentivise the adoption of new fuels and technologies.

Medium-term measures are expected to include the role out of market-based measures, such as a global carbon tax on marine fuel or and emissions trading system, to encourage further carbon intensity improvements and a switch to more sustainable fuels.

Long-term measures are expected drive the large-scale development and deployment of carbon-neutral fuels and ships to achieve full decarbonisation.

International Chamber of Shipping Proposal for a Global Carbon Levy

In September 2021, the International Chamber of Shipping (ICS) put forward a proposal to the IMO calling for a global levy on carbon emissions from ships. Funds raised would go into an "IMO Climate Fund" which, as well as closing the price gap between zero-carbon and conventional fuels, would be used to deploy the bunkering infrastructure required in ports throughout the world to supply fuels such as hydrogen, methanol and ammonia. It is intended that the carbon levy would expedite the creation of a market that makes zero emission shipping viable, thereby facilitating the industry's green transition.

This ICS proposal comes on top of a previous proposal by governments for a US$2 per tonne fuel levy to create a US$5 billion R&D fund to accelerate the development of zero-carbon technologies. The carbon levy concept remains on the IMO agenda for 2023.

Stakeholders Driving Decarbonisation

Shipping company stakeholders are increasingly embracing their shared responsibility in the decarbonisation of our industry. The ship finance sector established the Poseidon Principles in 2019, and major charterers adopted the Sea Cargo Charter in 2020 with a commitment to track, assess and disclose the emissions and climate alignment of their shipping activity. In December 2021, the marine insurance sector followed suit with the launch of the Poseidon Principles for Marine Insurance, which is also aligned with the IMO's current GHG emissions reduction goals, although with the ambition to take steps toward alignment with the Paris Agreement.



HOW WE ARE DECARBONISING

A parallel approach

We continue to adopt fuel efficiency enhancements and practices to ensure that our conventionally-fuelled existing ships are well positioned to comply and continue to trade for the foreseeable future. In parallel, we are collaborating and making preparations to achieve the longer-term goal of complete decarbonisation by transitioning to entirely new zero-emission-ready ships and fuels which are not yet available

- Fleet renewal for energy efficiency
- Energy-efficient operational measures
- Energy-efficient technology retrofits
- Supporting development of Zero-Carbon fuels and vessels
- Voluntary emissions offsetting



Targeting

Net Zero by 2050

We target that our fleet will comprise only zero-emission vessels by 2050



A CLOSER LOOK AT OUR MAIN DECARBONISATION MEASURES

1) Modernising our fleet by gradual renewal to younger, larger, more energy-efficient ships

- We renew our fleet through our largely counter-cyclical acquisition of Japanese built or designed modern second-hand vessels with fuel-efficient hull designs and machinery and the best designs for our trade

Our vessel purchasing has slowed in recent months as asset prices approached historical highs, and there may even be periods when our owned fleet shrinks in the short term when we sell more ships than we buy, but we remain committed to further growing our Supramax fleet and renewing our Handysize fleet in the long term.

- We will not contract newbuildings until zero-emission-ready ships are available and commercially viable in our segments and the appropriate refuelling infrastructure is being built out globally

2) Adopting energy-efficient operating measures

- Maintaining our high laden-to-ballast ratio – Our ships are laden with cargo for over 90% of the time because our fleet uniformity and scale and our ship operating and cargo expertise enable us to optimally schedule and combine our ships and cargo for high laden utilisation. That is a significant advantage compared to similar ships in our segment which spend more time in ballast
- Fuel-efficient voyage planning using the latest Continuous Weather Routing services
- Reducing rudder movements and improving course-keeping using advanced self-tuning autopilot systems to automatically adapt to load and weather characteristics
- Avoiding unnecessarily high engine torque in bad weather conditions using real-time propeller-curve displays
- Optimising hull cleaning frequency for reduced drag, using detailed analysis of vessels' speed and fuel consumption performance over time
- Slow steaming at optimal operating speeds to achieve desired carbon intensity performance

3) Adopting latest energy-efficiency technologies on our ships

- Fitting propeller boss cap fins, non hub-vortex propellers, rudder bulbs and Mewis ducts to improve propulsion hydrodynamics
- Reshaping propellers for reduced fuel consumption and/or improved torque characteristics
- Optimising combustion pressure by engine tuning
- Applying anti-fouling paints over a larger hull area to reduce drag even when fully laden
- Retrofitting LED lights throughout our ships' accommodation blocks and engine rooms

4) Supporting the development of potential zero-carbon fuels and vessels

- We engage regularly with the classification societies, engine manufacturers, shipbuilders and other stakeholders who are more directly involved in new fuels and new propulsion R&D, and we also engage with other ship owners and operators who are similarly interested in tracking and contributing to this industry discussion with input from the user's practical perspective.
- We are members of the Getting to Zero Coalition of over 150 companies committed to exploring how to achieve the goal of developing and rolling out the first deep-sea zero-emission ships by 2030. Ammonia and methanol synthesised from green hydrogen are currently among the front-runners in a short list of potential fuels for shipping.

5) Voluntarily offsetting our emissions with carbon credits

- Despite all our initiatives to continually improve our carbon intensity, our operations will still generate carbon emissions for years to come. We wish to offset at least some of these unavoidable emissions and, in 2021, we launched our *PB Carbon Neutral Voyage Programme* for our customers. We have voluntarily and fully offset the carbon emissions from our global onshore operations in 2021. See page 29 for more information about our *PB Carbon Neutral Voyage Programme*.

SASB TR-MT-110a.2

SEHK ESG — KPI A1.5
Measures of emission target

SEHK ESG — KPI A2.3
Energy efficiency target measures



In support of the UN Sustainable Development Goal 13, we pursue measures to reduce our emissions and minimise our contribution to air pollution and its impact on climate change

EMISSIONS KPIs & TARGETS

Targeting net zero by 2050

In 2021, we increased our decarbonisation ambition level with a revised target of net zero emissions by 2050. Setting this and related targets is key to improving the Group's decarbonisation performance and the overall sustainability of our business.

REDUCING OUR CO_2 INTENSITY

Our industry has to decarbonise if it is to bear its fair share of climate change action, and IMO regulations to drive decarbonisation will likely be followed by EU and other regional rules to accelerate the pace of decarbonisation.

Short and Long-term Goals

Our long-term target is to achieve net zero emissions by 2050.

Based on this 2050 target, we expect to have reduced our EEOI carbon intensity to 6.7 by 2030, representing a reduction of over 50% compared to our 2008 baseline (exceeding IMO's target of a 40% reduction in CO_2 per transport work over the same period).

Key Motivators

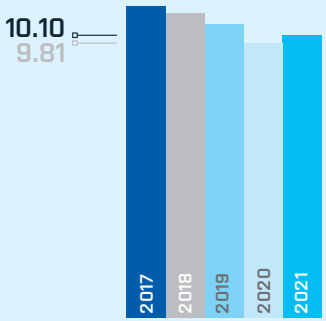
- Decarbonisation
- Eliminating our climate impact
- Fuel saving

KPI

Carbon Intensity (EEOI)

10.1 ▲ 3%

Grams CO_2 per tonne-mile

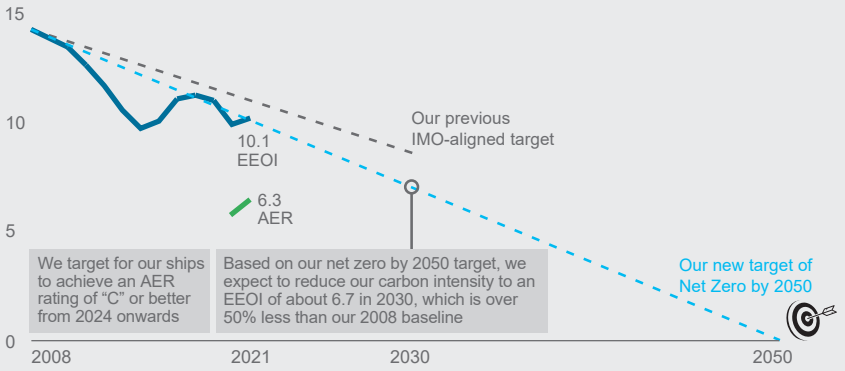


TARGET

Carbon Intensity (EEOI)

0 by 2050 (6.7 by 2030)

Grams CO_2 per tonne-mile



2021 Performance

Our fleet's carbon intensity in 2021 increased 3.2% to 10.1 grams of CO_2 per tonne-mile, as calculated using the ship Energy Efficiency Operational Indicator (EEOI) method. This was due to faster operating speeds of our ships (and across the industry) in the strong freight market, slightly offset by an increase in our vessels' average tonne-miles performed.

Our fleet registered an AER of 6.28, representing an 8.7% increase due to the faster operating speeds combined with longer average port stays because of pandemic-related port congestion.

All of our 28 owned ships that are subject to Energy Efficiency Design Index (EEDI) rules have attained an average EEDI of 4.75 grams of CO_2 per tonne-nautical mile, which exceeds the average required EEDI of 5.71 grams of CO_2 per tonne-nautical mile.

SASB TR-MT-110a.4



Pacific Basin Launches PB Carbon Neutral Voyage Programme

We announced the launch of our *PB Carbon Neutral Voyage Programme* in November 2021. For Pacific Basin customers wanting carbon neutral shipping, we offer the option of voluntarily offsetting voyage emissions from the transportation of their cargoes on Pacific Basin ships.

While we invest in reducing our actual carbon emissions, inviting our customers to pay to offset the remaining emissions redirects capital into renewable energy projects which, in addition to balancing out one's own carbon footprints, supports the underlying renewable asset and local community, and also incentivises the development of more renewable energy projects.

At Pacific Basin, we take the firm view that carbon offsetting is no substitute for tangible efforts to reduce and eventually eliminate our actual emissions. We are pursuing a comprehensive programme of initiatives that continue to gradually reduce our owned fleet's carbon intensity, but our Company and industry still have a long journey ahead to full decarbonisation which we target to achieve in our Pacific Basin fleet by 2050. Carbon offsetting is at least something we can do today and, as long as we still generate unavoidable emissions, we believe that neutralising emissions through offsetting is an extra step worth taking.

We have partnered with CLP Innovation Enterprises Limited, a wholly-owned subsidiary of Hong Kong-headquartered power company CLP Holdings Limited (CLP), to supply our carbon emissions offset programme with independently verified carbon credits derived from CLP's wind and solar farms in Asia.

CLP 中電

Signatory to the Call to Action for Shipping Decarbonisation

Pacific Basin is among industry leaders and organisations that have signed the *Call to Action for Shipping Decarbonisation*, which calls for decisive government action to enable full decarbonisation of international shipping by 2050.

The Call to Action calls on world leaders to:

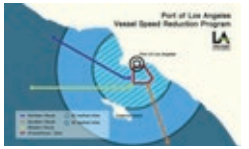
- Commit to decarbonising international shipping by 2050 and deliver a clear and equitable implementation plan to achieve this when adopting the IMO GHG Strategy in 2023
- Support industrial scale zero emission shipping projects through national action, for instance by setting clear decarbonisation targets for domestic shipping and by providing incentives and support to first movers and broader deployment of zero emissions fuels and vessels
- Deliver policy measures that will make zero-emission shipping the default choice by 2030 (including meaningful market-based measures, taking effect by 2025) that can support the commercial deployment of zero emission vessels and fuels in international shipping.

When signing, we also declared our target for our fleet to comprise only zero emission vessels by 2050, and that we will only order newbuildings when zero-emission-ready vessels are available and commercially viable in our segments and appropriate global refuelling infrastructure is being rolled out. We believe the net zero by 2050 goal is achievable with the support of government policies to supercharge the transition and make zero-emission-ready vessels the default choice by 2030.

Getting to Zero Coalition · GLOBAL MARITIME FORUM · FRIENDS of OCEAN ACTION · WORLD ECONOMIC FORUM

Port of Los Angeles – Vessel Speed Reduction Program

Pacific Basin has again received the Vessel Speed Reduction Program (VSRP) certificate by the Port of Los Angeles. The object of the VSRP is to reduce air emissions from ocean-going vessels by slowing their speeds as they approach or depart the Port, at 20 or 40 nautical miles from Point Fermin. We are happy to play our part to reduce air emissions in the San Pedro Bay harbour to benefit the area's residents, visitors, maritime professionals and the local ecology.



REDUCING OUR SULPHUR OXIDES (SOx) INTENSITY

The IMO 2020 global 0.5% sulphur limit reduced the maximum sulphur content of marine fuel from 3.5% to 0.5%. Ship owners have had to comply either by using more expensive low-sulphur fuel or by burning heavy fuel oil in combination with installing and operating exhaust gas scrubbers.

Short and Long-term Goals

Our long-term target is to achieve zero SOx emissions by 2050, with our SOx intensity reducing in line with our fleet's fuel economy and carbon intensity.

Based on this 2050 target, we expect to have reduced our SOx intensity to 0.017 grams of SOx per tonne-mile by 2030.

Key Motivators

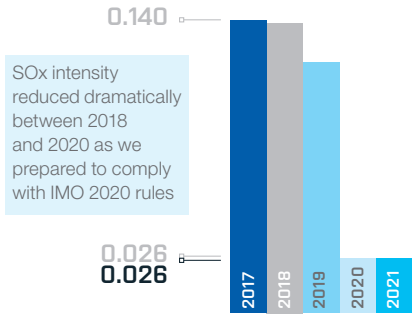
- Comply with IMO regulations
- Improve air quality

KPI

Sulphur oxides (SOx) intensityy

0.026 ➡ **0%**

Grams SOx per tonne-mile

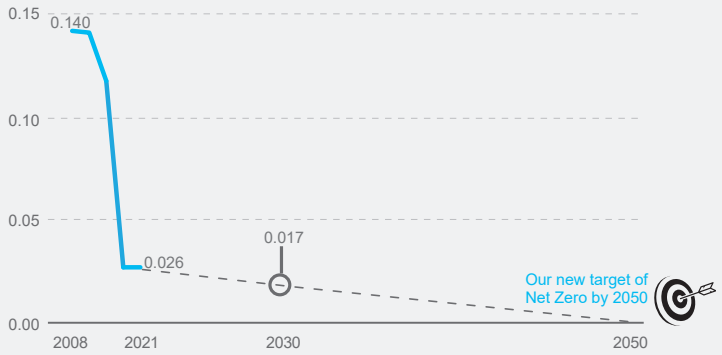


TARGET

Sulphur oxides (SOx) intensity

0 by 2050 (0.017 by 2030)

Grams SOx per tonne-mile



2021 Performance

Our fleet's SOx intensity in 2021 remained unchanged at 0.24 gram of SOx per tonne-mile. We complied with the IMO 2020 rules mainly by using low-sulphur fuel (with less than 0.5% sulphur content, or 0.1% in ECAs) or by operating exhaust gas scrubbers fitted on Supramax vessels. We currently have 32 scrubber-fitted ships in our fleet of 42 owned Supramax vessels.

SASB TR-MT-120a.1

REDUCING OUR NITROGEN OXIDES (NOx) INTENSITY

The combustion of marine fuels generates harmful NOx emissions which are closely correlate with CO_2 emissions and fuel consumption. Moreover, the higher the combustion temperature, the greater the NOx formation.

Short and Long-term Goals

Our long-term target is to achieve zero NOx emissions by 2050, with our NOx intensity reducing in line with our fleet's fuel economy and carbon intensity.

Based on this 2050 target, we expect to have reduced our NOx intensity to 0.17 grams of NOx per tonne-mile by 2030.

Key Motivators

- Reduce air emissions
- Improve air quality

2021 Performance

Our fleet's NOx intensity in 2021 increased 4% to 0.24 grams of NOx per tonne-mile, due to faster operating speeds and therefore higher fuel consumption of our ships (and across the industry) in the strong freight market.

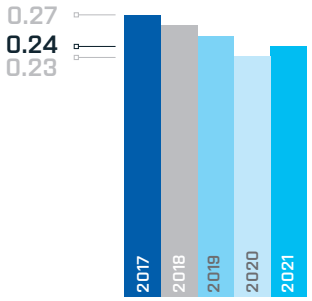
The control of NOx emissions is mainly achieved by reducing fuel consumption and equipping ships with latest generation engines certified for lower NOx emissions. Our vessels are all equipped with NOx-controlled engines that meet the relevant IMO standards.

KPI

Nitrogen oxides (NOx) intensity

0.24 ▲ 4%

Grams NOx per tonne-mile



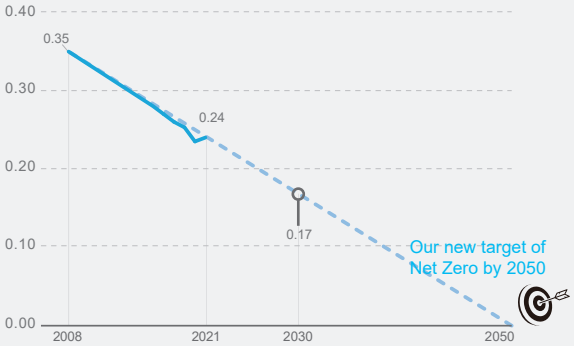
SASB TR-MT-120a.1

TARGET

Nitrogen oxides (NOx) intensity

0 by 2050 (0.17 by 2030)

Grams NOx per tonne-mile



REDUCING OUR PARTICULATE MATTER (PM) INTENSITY

PM emissions, including black carbon, are a result of incomplete combustion and sulphur content of the fuel oil, and are closely correlate with CO_2 emissions.

Short and Long-term Goals

Our long-term target is to achieve zero PM emissions by 2050, with our PM intensity reducing in line with our fleet's fuel economy and carbon intensity.

Based on this 2050 target, we expect to have reduced our PM intensity to 0.009 grams of PM per tonne-mile by 2030.

Key Motivators

- Reduce air emissions
- Improve air quality

2021 Performance

Our fleet's PM intensity in 2021 remains unchanged as 0.013 grams of PM per tonne-mile.

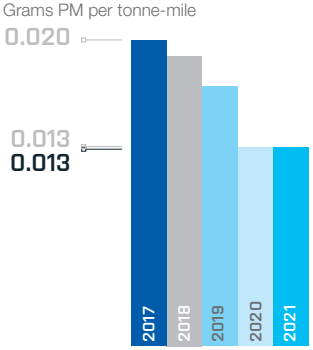
We control our PM emission by using low-sulphur fuel or installing exhaust gas scrubbers, by reducing fuel consumption, and by acquiring ships with fuel-efficient engines.

KPI

Particulate matter (PM) intensity

0.013 ▬ 0%

Grams PM per tonne-mile



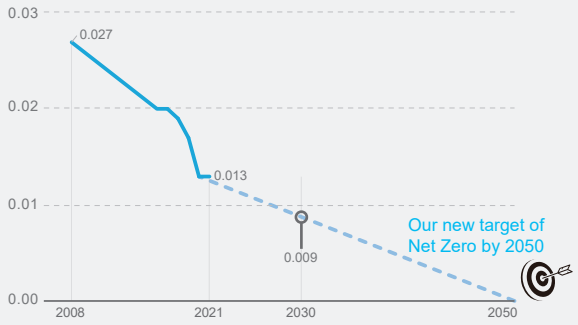
SASB TR-MT-120a.1

TARGET

Particulate matter (PM) intensity

0 by 2050 (0.009 by 2030)

Grams PM per tonne-mile



CONSERVING MARINE BIODIVERSITY



Marine Biodiversity

As a maritime shipping company, we are committed to minimising our impacts on marine biodiversity by adopting environmentally responsible measures in our operations and monitoring advances in more eco-friendly paints, technologies and practices. We invest in and adopt environmentally-friendly equipment and operational practices, including those that comply with the MARPOL convention and all applicable regulations, such as ballast water treatment systems, biocide-based but non-toxic paints and biodegradable oils for oil-to-sea interfaces, as well as some of a voluntary nature, to help protect the marine environment.

Our ships occasionally sail through marine protected areas or areas with conservation status, for which we always comply with relevant local laws and regulations often involving slow-steaming or using ultra-low sulphur fuel to protect marine biodiversity or reduce emissions.

SASB TR-MT-160a.1

IMO-compliant 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 harmful transfer of invasive aquatic organisms between marine ecosystems where they do not belong. Over 80% of our owned Handysize and Supramax ships are now fitted with BWTS – mostly systems based on filtration and electrocatalysis – and we have arranged to retrofit all our remaining owned vessels by the end of 2022. We have implemented ballast water management plans to ensure our ballast water management procedures are carried out to the standards set out by IMO and relevant coastal states, including no ballast water exchange when in port.

SASB TR-MT-160a.2

Conserving North Atlantic Right Whale

Pacific Basin has received a Certificate of Corporate Responsibility from the National Oceanic and Atmospheric Administration (NOAA) of United States which recognises our protection of the North Atlantic Right Whales by way of speed restrictions of 10 knots or less in Seasonal Management Areas transiting the NOAA's Stellwagen Bank National Marine Sanctuary along the U.S. East Coast between 1 January and 15 May 2021. The purpose of this programme is to reduce the likelihood of death and serious injury to these endangered whales from collisions with ships.


Certificate of
Corporate Responsibility

Pacific Basin Shipping HK Ltd.

Grade
A



Participation in the Enhancing Cetacean Habitat and Observation (ECHO) Program

Pacific Basin proudly participates in the Enhancing Cetacean Habitat and Observation (ECHO) Program, a regional collaborative initiative led by the Vancouver Fraser Port Authority to reduce the impacts of commercial shipping on at-risk whales. Since 2017, our vessels have been slowing down while transiting through key foraging areas of the endangered southern resident killer whales, helping to measurably reduce underwater noise and create quieter oceans for healthier whales. This is an example of our commitment to addressing the "SDG 14: Life Below Water" marine conservation component of the UN Sustainable Development Goals.

Green Ship Recycling

Old ships sent for demolition may contain hazardous materials such as asbestos, heavy metals and ozone-depleting substances, which can pose health and safety risks to scrapyard workers and be harmful to the environment.

While we sell our older ships for further trading well before the end of their economic lives, Pacific Basin has a Ship Recycling Policy so that we comply and support sustainable ship recycling initiatives, including the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships ("the Hong Kong Convention"). Our policy outlines best practices for us to follow during the process of designing, building, operating and potentially also decommissioning and recycling vessels, ensuring that the entire recycling process for retired ships is carried out in a safe and environmentally sound manner.

In 2020, we completed the preparation of a certified Inventory of Hazardous Materials (IHM) for each of our ships, a critical requirement of the Hong Kong Convention that must be onboard every vessel. The IHM lists all hazardous materials on board and indicates their locations, and it must be maintained and updated throughout the operational life of the ship so that an accurate inventory is available at the end of a ship's life to ensure its safe and environmentally sound recycling.

Port of Vancouver's EcoAction Program

Pacific Basin again received the Port of Vancouver's Blue Circle Award which recognises shipping companies that have voluntarily invested in green technologies and practices and are the main participants in the port's EcoAction Program. The program seeks to conserve energy and reduce emissions at the port by encouraging cleaner shipping through incentives such as discounted harbour dues to ships that have implemented voluntary emission reduction measures and other environmental practices.

2020 RECIPIENT
bluecircle AWARD

14 LIFE BELOW WATER

In support of the UN Sustainable Development Goal 14, we pursue measures to improve safety, training and environmental stewardship to prevent pollution and reduce our impact on marine biodiversity

Oil Pollution, Marine Discharges & Waste Management

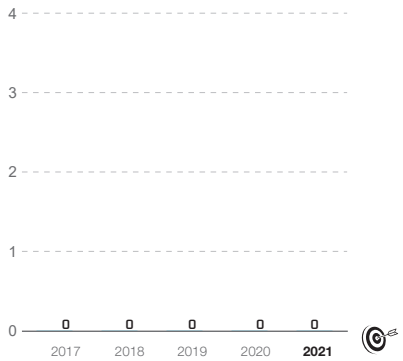
Avoiding any Oil Spill Incidents

Short Term Goal:
We target never to have any oil spill incidents.

Key Motivators:
- Comply with IMO regulations
- Protect marine biodiversity

Current YOY Performance:
In 42,520 owned vessel days in 2021, our owned fleet again committed no marine pollution and violations. This MARPOL performance is indicative of the effectiveness of our Pacific Basin Management System and the high standard of professionalism of our seafarers.
- 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.

Oil Pollution KPI



SASB TR-MT-160a.3

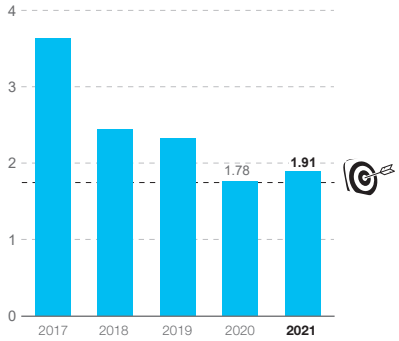
Minimising our Garbage Landed

Short Term Goal:
We target to achieve <1.78 (m^3 per month per ship) garbage landed in 2022. We also target a 2% reduction in plastic waste generated on board.

Key Motivators:
- Reduce resources use

Current YOY Performance:
We have reduced the volume of domestic and operational garbage generated on our ships in recent years through initiatives such as equipping our ships with drinking water purifiers (reducing the need for bottled water) and requesting our suppliers to try to eliminate the use of plastic packaging. In 2021, our volume garbage landed has increased by 7.3% due to more pandemic-related PPE and plastic waste.

Garbage Landed
1.91
m^3 per month per ship



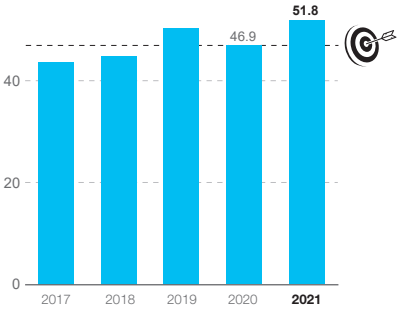
Managing our Fresh Water Consumption

Short Term Goal:
In 2022, we target to consume less than 46.9 tonnes per month per ship of fresh water sourced from ashore.

Key Motivators:
- Reduce resources use

Current YOY Performance:
Our fresh water sourced from ashore increased 10% in 2021 because of the congestion-related increase in average port stays (when freshwater generators cannot be used) and marginally more frequent cargo hold washing is required when faster ship speeds result in more cargoes loaded over a period.

Fresh Water Sourced from Ashore
51.8
tonnes per month per ship



Over 70% of fresh water that we consume is produced by desalinating seawater using freshwater generators on board our ships. It is the fresh water sourced from ashore that we consider to be material for disclosure. Fresh water is consumed primarily for drinking, cooking and other domestic purposes as well as for boiler, machinery cooling and deck and hold cleaning.

Plastic Litter & Waste Management

Marine plastic and microplastic pollution is harmful to marine biodiversity, human health and ship operations. For our industry's part in adding to such pollution, the IMO's 2018 Action Plan to address marine plastic litter from ships aims to enhance existing regulations and introduce new supporting measures to reduce marine plastic litter from the global shipping and fishing fleets. At Pacific Basin, we are committed to complying with existing and future regulations and to adopting best practices to prevent marine plastic litter from entering the oceans through ship-based activities.

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

SEHK ESG
KPI A1.6
Handling of waste and reduction initiatives

Page 75 Performance Data Summary
Our emissions and discharge performance data

The Technologies and Practices we have Implemented to Minimise our Ships' Environmental Impact

- Real-time propeller-curve displays to avoid unnecessarily high engine torque
- 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

- Recycling bins and food waste commuter to prevent pollution by garbage

- Advanced self-tuning autopilot systems reduce rudder movements and improve course-keeping to improve fuel efficiency
- Retrofitting LED lights

- Right Speed Programme for speed optimisation
- Reshaping propellers
- Optimising combustion pressure

- Optimal fleet scheduling and fuel-efficient voyage planning using Continuous Weather Routing services to minimise ballast passages and enhance fuel savings



- Main engines with electronic control for better efficiency
- Engine tuning for better combustion pressure

- 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

- IMO and coastal states-compliant ballast water management plans minimise spread of aquatic species
- Ballast water treatment equipment fitted to comply with IMO and USA BWM regulations
- Fitted for trading in IMO's Emission Control Areas (MARPOL Annex VI)

- 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

CLIMATE-RELATED RISK ASSESSMENT

We recognise the need to identify, understand and manage the physical and transition risks of climate change on our operations. Understanding these risks enables us to formulate strategic actions to manage them.

In 2021, we engaged external advisors ABS (American Bureau of Shipping) to lead a Pacific Basin climate-related risk assessment and scenario analysis that is aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") framework established by the Financial Stability Board.

The exercise has helped us to refine our understanding of the most material physical and transition risks, vulnerabilities and opportunities to our business, stemming from shifts in climate patterns (such as extreme weather events) and climate-related changes in policy, technology and markets (such as decarbonisation rules, market-based measures, new fuels and propulsion systems, and changing commodity trade patterns).

The table below provides a guide on where (in this Sustainability Report 2021 and our Annual Report 2021) to find information relating to each of the key TCFD recommendations.

p.79 Independent Assurance Statement

SEHK ESG — Aspect A4 (Climate Change) General Disclosure

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

Core Element	TCFD Recommendation	Section & Page Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities.	■ Describe the board's oversight of climate-related risks and opportunities ■ Describe management's role in assessing and managing climate-related risks and opportunities	**p.18** Sustainability Governance AR **p.44** Governance
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	■ Describe the climate-related risks and opportunities the organisation has identifed over the short-, medium- and long-term ■ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning ■ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**p.22-27** Decarbonisation & Energy Efficiency **p.39-40** Physical Risks & Transition Risks AR **p.53** Our Principal Risks
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	■ Describe the organisation's processes for identifying and assessing climate-related risks ■ Describe the organisation's processes for managing climate-related risks ■ Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	**p.13** Materiality **p.36** Climate-Related Risk Assessment AR **p.51** Risk Management
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	■ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process ■ Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	**p.26-28** How We Are Decarbonising **p.75** Performance Data Summary

[1] The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks and investors to support informed capital allocation. The FSB is an international body that monitors and makes recommendations about the global financial system.

CLIMATE-IMPACT RISK ASSESSMENT PROCESS

Our climate-related risk assessment in 2021 followed a multi-step process in which we narrowed down our most material climate-related transition and physical risks and opportunities (initial impact screening followed by portfolio heat mapping), assessed their financial impacts on our assets and operations, and considered strategies for managing them.

We used quantitative and qualitative scenario analyses which consider impacts of +2ºC and +4ºC scenarios over timescales ranging from the medium term (2030) to the long term (2050).



Initial Impact Screening

Key Impacts

Transition Risks

- Carbon pricing
- Energy efficiency and GHG intensity requirements
- Macroeconomic impacts (changes in demand patterns)
- Macroeconomic impacts (supply chain impacts linked to climate change)

Physical Risks

- Business continuity (in-port operations)
- Business continuity (changes in voyage routing)
- Increased fuel consumption
- Damage to assets

The climate scenarios used come from reputable sources, including the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA), Organisation for Economic Co-operation and Development (OECD), World Bank and other recently published journal papers.

TRANSITION RISKS

The transition to a low-carbon global economy will be largely driven by policy and facilitated by technology, while also impacting markets. How well a company can respond to and comply with new regulations, how readily it can fund and adopt changing technology and assets, and how nimbly it can respond to changing market conditions can significantly impact its operations, reputation, profitability and financial strength.

Our TCFD-aligned study reviewed relevant global and regional government policies and regulation as well as market and technological trends. We evaluated our exposure and our capacity to adapt to these transition risks.

Key Transition Risks Identified

The study identified following seven key climate-related transition risk and opportunity drivers that may have financial impacts on our business:

Transition Risk Type	Risk and Opportunity Drivers	Potential Financial Impacts
Policy and Regulation	Decarbonisation rules, including tightening energy-efficiency and carbon intensity requirements	■ Poor management could require greater investment or result in reduced revenue to meet requirements ■ Costs may reduce due to improved energy efficiency
Policy and Regulation	Introduction of carbon pricing or "market-based measures" such as implementation of an emissions trading system (ETS) or a carbon levy on fuel	■ Increased expenditure for compliance ■ Early movers may develop a new revenue source by selling ETS allowances from operating zero-emission ships
Policy and Regulation	More stringent public emissions disclosure requirements	■ Increased expenditure for compliance
Market	Growing consumer preference for local agricultural and other products ("near-sourcing")	■ Reduced revenue from increasingly near-sourced products ■ A shift to near-sourcing reduces effective demand for shipping, affecting the freight market overall
Market	Decreasing demand of fossil fuel products	■ Decreased revenue from coal and petcoke
Market	Increasing customer demand for carbon-efficient or carbon-neutral shipping	■ Increased revenue from a growing number of sustainability-minded customers
Market	Shifts in agricultural production lead to changing commodity trade patterns	■ Increased revenue from greater demand and supply of supply of agricultural products.
Reputation	Increasing exposure to reputation and litigation risks	■ Decreased revenue if weaker reputaion results in reduced support from customers
Technology & Innovation	Increased adoption of new fuels and propulsion systems	■ Increased capital investment in these new technologies and systems ■ Increased revenue from a growing number of sustainability-minded customers

The study concludes that our Company's business stands to benefit overall from a medium to high level of opportunity from the key transition risk drivers contemplated. If not well managed, these drivers can result in lost revenue, increased costs and an impaired reputation.

Transition Risk Mitigation and Resilience

We are fortunate to have the scale and sophisticated, experienced team that enable us to navigate challenging regulatory, technological, commodity demand and other transition-related changes. We believe that our current business and sustainability strategies will allow us to effectively manage these identified transition risks and capture the opportunities from our industry's transition to a net-zero future. These strategies include:

- Maintaining our high laden-to-ballast ratio for maximum utilisation
- Gradually renewing our fleet with younger, larger, more energy-efficient ships
- Continuing to evaluate and adopt energy-efficient operating measures
- Continuing to evaluate and retrofit innovative green technologies on our ships
- Supporting the development of potential zero-carbon fuels and vessels
- Investing in zero-emission-ready ships when they are commercially viable and the appropriate refuelling infrastructure is being built out globally
- Voluntarily offsetting our emissions with carbon credits
- Engaging our supply chain and collaborating with customers and other stakeholders on decarbonisation and climate resilience

PHYSICAL RISKS

We conducted a scenario analysis of acute and chronic physical climate risks to our assets (our ships) and operations under two comprehensive climate scenarios as contemplated by the IPCC's Representative Concentration Pathways (RCP) 4.5 and 8.5, which project global mean surface temperature increases of 1.7-3.2°C and 3.2-5.4°C in the period 2081-2100.

Physical risks resulting from climate change can be event driven (acute) or longer-term (chronic) shifts in climate patterns. Acute event-driven risks include increasingly severe extreme weather events, such as hurricanes and floods. Chronic risks include sustained higher temperatures that may cause rising sea levels and geographical shifts in agricultural production (such market risk being categorised as a transition risk for us, not a physical risk).

Our study collated historical regional meteorological data and projected climate variables, such as sea level rise, precipitation, tropical cyclones, wind intensity, etc. to forecast regional climate scenarios. With this, we conducted a holistic evaluation of the exposure of our global operations over the periods to 2025, 2030 and 2050.

We also undertook an operation-level assessment of the degree of hazard, exposure and adaptive capacity of our ships under the potential effects of the identified climate risks.

Key Physical Risks Identified

The study identified following three key physical climate-related risks to our fleet:

- sea level rise
- increasing frequency of tropical cyclones
- increasing frequency and intensity of extreme weather events

The study concludes that deep sea ships will face a medium to high level of risk from these extreme events in all the considered climate scenarios which, if not well managed, can disrupt business activities resulting in lost revenue, and can increase the damage and wear and tear to vessels resulting in higher repair and maintenance costs.

Physical Risk Mitigation and Resilience

We are fortunate that deep-sea shipping has over many decades developed resilience and mitigation measures that prepare us well for continued, albeit increasing, extreme weather in the future.

The following measures are expected to help mitigate physical risks and enhance resilience across our fleet under the considered future climate scenarios:

- Use of latest weather routing technology and services, enabling vessels to schedule and route their voyages to avoid severe weather events
- Close coordination with customers and port authorities to target just-in-time arrival, avoiding both delays and unnecessary early arrival
- Regular vessel condition inspections, maintenance and repair to ensure vessels are fit to operate through severe weather conditions
- Consider scope for upgrading existing ships and invest in enhanced new vessel designs that are more environmentally friendly and climate resilient







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. For example:

- We do not use plastic rubbish bin liners at our desks and, since reducing the number of rubbish bins in our offices, our total office waste has reduced.
- We continue our gradual upgrade to more efficient office equipment to further enhance the efficiency of our offices, and technologies using low-energy motion-activated lighting, fewer lights, more natural light and more energy efficient air-conditioning.

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

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

Pacific Basin (HK) is a Signatory to the Energy Saving and 4T Charters

The Hong Kong office has recently signed up to the "Energy Saving Charter" and the "4T Charter" of the Environmental Protection Department of HKSAR to help save energy and combat climate change. The Energy Saving Charter encourages companies to make commitments to promote energy efficiency and implement energy saving practices. The 4T Charter encourages companies to set energy saving targets and timelines, and to share their existing and planned energy saving measures (transparency and togetherness).

We disclose our carbon footprint data through several channels, including:

- the **Carbon Footprint Repository** (CFR) developed by the Environmental Protection Department of the Hong Kong Government for listed companies in Hong Kong
- the **HKQAA** Sustainability Rating and Research for the Hang Seng Corporate Sustainability Index Series
- the **World Wildlife Fund** (WWF) Low-carbon Office Operation Programme (LOOP)







Tracking, Minimising and Offsetting Emissions from our On-Shore Activities

We are doing what we can through our comprehensive programme of initiatives to reduce our carbon emissions.

Pacific Basin was awarded a Platinum Label by 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 87% of our shore-based staff work) produced scope 2 and 3 carbon emissions of 495 metric tonnes for the 2020/2021 audit year (2019/20: 1,150). This represents a decrease in emissions of 57% due to reduced overseas business travel and staff commuting (scope 3 emissions) in a period affected by Covid-19 travel restrictions and work-from-home arrangements.

Scope 2 and 3 emissions from our 13 offices globally is estimated to be 779 metric tonnes, while scope 3 emissions from our seafarers' air travel to and from our owned ships was 6,801 metric tonnes, resulting in total carbon emissions of 7,580 metric tonnes generated by our global shore-side operations.

We have offset all carbon emissions from our global onshore operations

Since December 2020, we have committed to carbon neutral global shore-side operations. For 2021, we have again offset the carbon emissions from our office activities, commuting and business and crew travel, with carbon credits supplied by Hong Kong-headquartered power company CLP whose independently verified carbon credits are derived from CLP's wind and solar energy projects in Asia.

In partnership with CLP, we now also offer our cargo customers the option of voluntarily offsetting voyage emissions with CLP carbon credits.

p.29 PB Carbon Neutral Voyage Programme



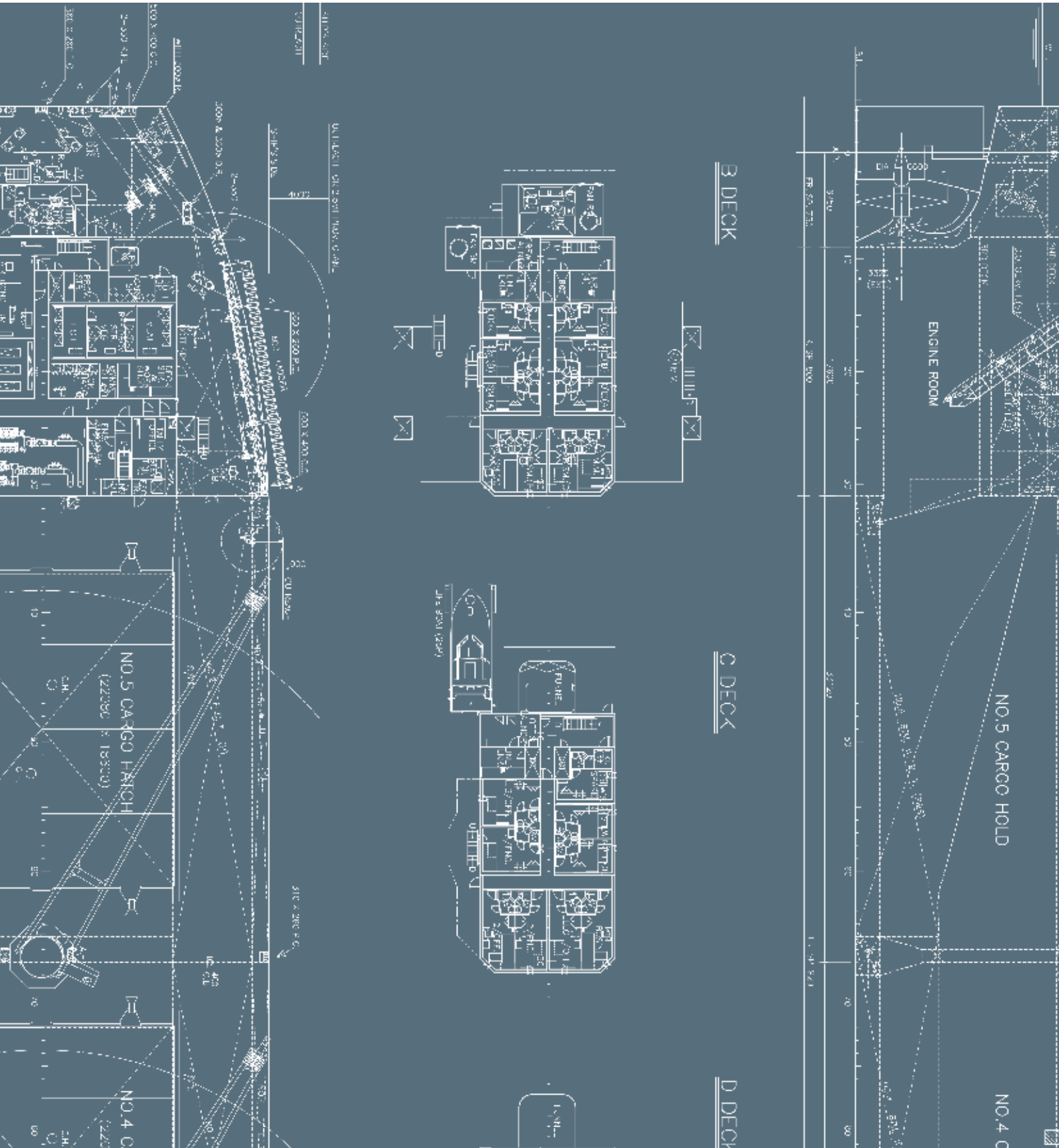




MANAGEMENT SYSTEM CERTIFICATION
DNV·GL
ISO 9001 = ISO 14001
ISO 45001

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.

WORKPLACE & BUSINESS PRACTICES



OUR WORKPLACE & BUSINESS PRACTICES



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

Drawing on our Natural 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.

8 DECENT WORK AND ECONOMIC GROWTH

In support of the UN Sustainable Development Goal 8, we are a caring employer and seek to provide full and productive employment and decent work for all our seafarers and shore-based staff

SEHK ESG

Aspect B1 (Employment)
General Disclosure

Our people-oriented philosophy ensures that we provide a safe, inclusive and engaging place to work, investing in initiatives to enhance working conditions and wellbeing of all our employees at sea and ashore and to refine our conduct in everything we do. Broadly speaking, we achieve this by:

- Promoting and ensuring safety at sea and prevention of human injury or loss of life
- Facilitating diversity and equal opportunity to create a more diverse, equitable and inclusive workplace
- Applying sound and internationally accepted business ethics and principles to promote sustainable trade

IN-HOUSE FLEET MANAGEMENT DRIVES HEALTH, SAFETY, QUALITY AND ENVIRONMENTAL FOCUS

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



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
- ISO 45001:2018 for our occupational health & safety management system

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 4,600 seafarers are mainly from China and the Philippines, and some of our officers and cadets are from India, Ukraine, Hong Kong, Bangladesh and elsewhere.

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

Benefits of In-house Fleet Management

Having a world-class fleet management team in-house represents a significant advantage for us and our stakeholders:

- We can be directly involved with our seafarers, ensuring they benefit from our best shore-based support, sound labour standards and workplace conditions, and the investments we make in training and risk management
- We have better control of the quality of our core owned fleet of around 120 ships and the service reliability that we are able to offer our customers
- We can ensure that we adequately shoulder our responsibility to continually reduce the environmental impact of our operations and stay ahead of and comply with all relevant environmental and other laws and regulations in our highly regulated industry

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 sustainability 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 2021, we won several awards/recognitions for ESG and related performance, including:

Hong Kong Marine Department Award
- Outstanding Performance in Port State Control Inspections (12 times in the past 13 years)

HKICPA Best CG and ESG Awards
- Special Mention in Most Sustainable Companies Awards (Medium Market Cap)

Hong Kong ESG Reporting Awards
- Grand Award in Best ESG Report (Mid-cap)
- Grand Award in Excellence in Environmental Positive Impact

Some notable other awards in recent years include:

- Excellence in Dry Bulk Shipping at Lloyd's List Asia Pacific Awards 2019
- People Development Award at International Bulk Journal Awards 2019
- 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

Best-in-Sector Sustainability Ratings

Our governance and overall ESG ratings are typically the best in our sector, according to ESG ratings information available from Refinitiv, MSCI, S&P Global, Sustainalytics and Bloomberg.

88% ESG Governance Score by Refinitiv

Our ESG ratings indicate excellent corporate governance performance and a high degree of transparency

A+ Sustainability Rating by HKQAA

We disclose our comprehensive ESG policies, practices and performance data to Hong Kong Quality Assurance Agency who, on behalf of Hang Seng Indexes, assesses the ESG performance of Hong Kong-listed companies

HEALTH & SAFETY

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

SEHK ESG

Aspect B1 (Employment)
General Disclosure

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

- 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

What Seafarers Endure in the Pandemic

Many ports do not allow crew to disembark, even to return home on completion of their contracts. That means seafarers often go several months on board without being able to step ashore for a few hours of relaxation, and they often are stuck on ships for longer than their intended contracts until the ship owner/manager is able to direct the ship to a port where crew changes are possible. Local rules change, meaning that planned crew changes can get frustrated shortly before arriving at the port.

Even if crew can disembark in a port, there are often no airline connections to get them home, requiring ship managers to be even more inventive with crew change and travel logistics.

Seafarers often have to quarantine multiple times before commencing or after completing their tours of duty. For example, a seafarer may have to quarantine in a hotel at their port of disembarkation in Europe before flying to their home country in Asia, then quarantine on arrival both in their home country and their home province, and then still self-isolate at home for weeks, adding up to 5-8 weeks of quarantine before they can be reunited with their families.



Crew Safety and Wellbeing during the Pandemic

Seafarers around the world continue to be impacted by crew-change restrictions, long periods of quarantine and other complications arising from governments' measures to manage the pandemic.

We recognise the toll governments' Covid-19 containment measures have on our seafarers, and so our shore-based staff and management are doing their utmost to provide our seafarers with financial and other support, encouragement, leisure and sports equipment, increased internet and communications access, and free access to mental health support to help safeguard our crews' health, safety and wellbeing on board. In 2021, we joined the Sailors Society's Wellness at Sea coaching programme which supplements our in-house fleet-wide wellness programme with multi-media training on mental health and wellbeing for seafarers, their families and shore staff.



We also support the Mission to Seafarers' Sustaining Crew Welfare Campaign.

p.68 The Seafarer Community

In parallel, we continue to pursue every effort to reunite our seafarers with their families, if necessary deviating our ships, paying premium prices for air tickets home, and putting up our crews in hotel rooms for long layovers and quarantine. We have engaged with and urged governments and other authorities for solutions to enable the safe movement of seafarers and, in January 2021, Pacific Basin signed the Neptune Declaration on Seafarer Wellbeing and Crew Change.

We acknowledge our seafarers' patience and professionalism, and their tireless and vital contribution to our Company, our customers and to global trade in essential dry bulk cargoes



Pacific Basin signs Neptune Declaration on Seafarer Wellbeing and Crew Change

In January 2021, Pacific Basin signed the *Neptune Declaration on Seafarer Wellbeing and Crew Change* which defines four main actions to facilitate crew changes and keep global supply chains functioning:

- Recognise seafarers as key workers and give them priority access to Covid-19 vaccines
- Establish and implement gold standard health protocols based on existing best practice
- Increase collaboration between ship operators and charterers to facilitate crew changes
- Ensure air connectivity between key maritime hubs for seafarers

The Neptune Declaration on Seafarer Wellbeing and Crew Change

We are very grateful to our seagoing staff who throughout the pandemic have demonstrated patience and professionalism in maintaining safe operating practices and a reliable and substantially uninterrupted service to our customers.







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.

Our focus is to implement a safety culture where every crew member is well informed of the tasks at hand and the risks they entail, and is empowered to speak out to voice his/her concerns and to stop work if it is deemed unsafe. Initiatives to implement this include:

- Enhanced Formalised Risk Assessment for every critical activity
- Work planning meeting and toolbox talk onboard
- Incentives for reporting of unsafe conditions or acts on board without blame/penalty
- Safety feedback by every "Manager Participant"
- Unannounced checks on safety equipment
- Analysis of industry and internal incidents to enhance safety awareness
- Training of staff ashore and onboard with a focus on safe operation



SEHK ESG

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

Anti-Piracy

Piracy against merchant vessels in recent years has been a common security threat in the Gulf of Guinea, in South East Asia, off the Coast of Somalia, in the Gulf of Aden and in the wider Indian Ocean.

Often using hijacked merchant ships as mother ships to carry out their attacks, pirates operate multiple, high-speed skiffs to fire on vessels with automatic weapons and rocket propelled grenades in an attempt to slow the target vessels so the pirates can climb on board. Once a vessel has been hijacked, the pirates typically request large ransom payments for the safe return of the crew, vessel and cargo.

Pacific Basin follows IMO guidance and the industry Best Management Practices (BMP5) for ships to prevent, report and respond to pirate attacks. We employ armed guards on our owned vessels when occasionally transiting the Indian Ocean Region High-Risk Area and Gulf of Guinea. Key anti-piracy measures we pursue prior to every transit through high risk areas include:

- conducting thorough voyage-specific threat and risk assessments (carried out by our Company Security Officer and Technical Director) on a ship-by-ship basis, and reviewing our Ship's Security Plan
- hardening our vessels with relevant ship self-protection measures (SPM) applying a layered defence methodology according to BMP5
- following the navy-patrolled Maritime Security Transit Corridor when transiting the Gulf of Aden, the Southern Red Sea and associated waters
- training our crew to follow best practice in the event of an attack (including steps to take if boarded by pirates) which can make all the difference between an unsuccessful approach by pirates and falling victim to a kidnap and ransom situation that ends with no loss of life, or an attack with tragic consequences

We also engage with industry and anti-piracy organisations to exchange information on security risks. We maintain close communication with our vessels, and our in-house ship management team is always on standby to offer help and support in case of any emergency. We are a signatory of the Gulf of Guinea Declaration on the Suppression of Piracy, indicating our support for a range of initiatives to address the rising number of piracy attacks in the Gulf of Guinea.

During the reporting year, there were no piracy attacks on our owned vessels.

People-focused Safety & Training



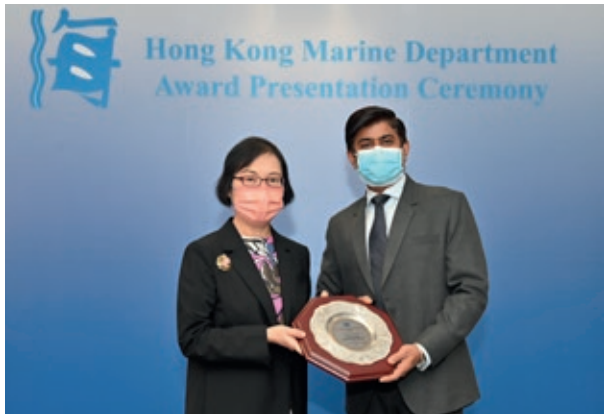


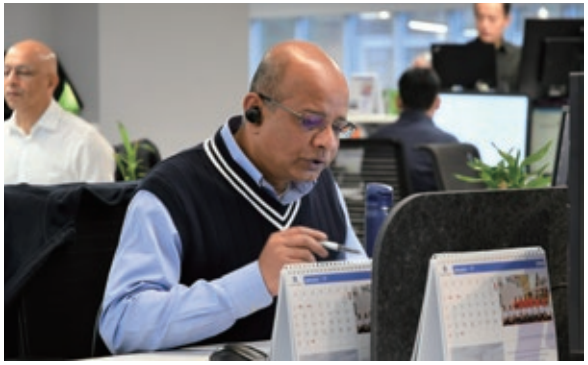












Health & Safety Performance in 2021

REDUCING INJURIES TO OUR CREW

SASB TR-MT-320a.1

Short Term Goals:
We aim to substantially eliminate incidents and to achieve an even better LTIF than in 2021.

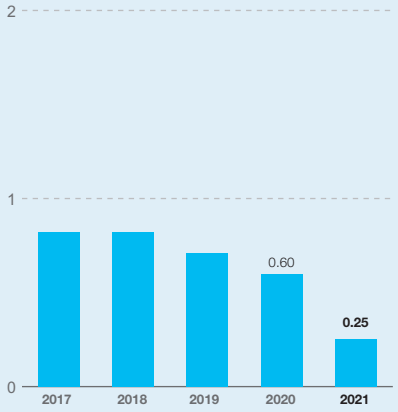
Steps to achieve target:
- enact effective policies and procedures
- comprehensive training and development

Key Motivators:
- Crew safety
- Corporate reputation

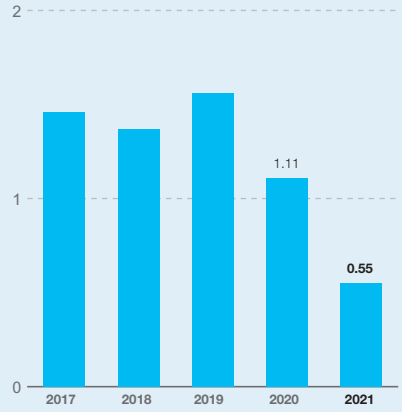
Current YOY Performance:
In 2021, our crews registered 5 lost-time injuries in over 19.9 million man hours, resulting in a lost time injuries frequency (LTIF) of 0.25 which marks a 58% improvement year on year and our lowest LTIF since 2005.

Mostly arising from relatively minor slips, trips, falls and crushing incidents, our total recordable case frequency (TRCF) decreased to 0.55 which remains low by industry standards.

KPI
Lost Time Injury Frequency (LTIF)
0.25 ↓ 58%
injuries per million man hours



KPI
Total Recordable Case Frequency (TRCF)
0.55 ↓ 50%
injuries per million man hours



REDUCING SAFETY INSPECTION DEFICIENCIES

Short Term Goals:
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.

Steps to achieve target:

SASB TR-MT-540a.3

- enact effective policies and procedures
- comprehensive training and development

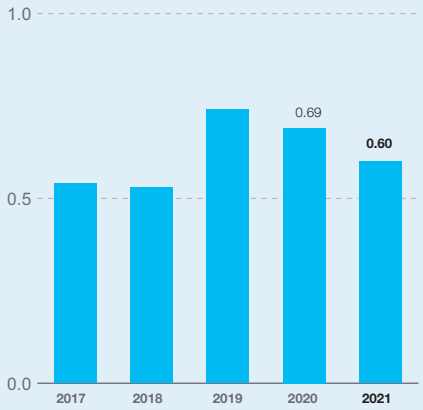
Key Motivators:
- Crew safety
- Timely port turnaround
- Asset condition and longevity
- Corporate reputation and goodwill

p.69 Ports Where Our Ships Trade

Current YOY Performance:
In 2021, our average deficiencies per inspection was 0.60 (2020: 0.69), and 77% of our Port State Control inspections found zero regulatory deficiencies (2020: 81%).

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.

KPI
External Inspection Deficiency Rate
0.60 ↓ 13%
deficiencies per inspection



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.

SEHK ESG
KPI B2.1
Number and rate of work-related fatalities

SEHK ESG
KPI B2.2
Lost days due to work injury

Training & Development

Investing in our People

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

In support of the UN Sustainable Development Goal 4, we invest significantly in the development and training of our seafarers which drives safety, environmental protection, professionalism and fulfilling work on board

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:

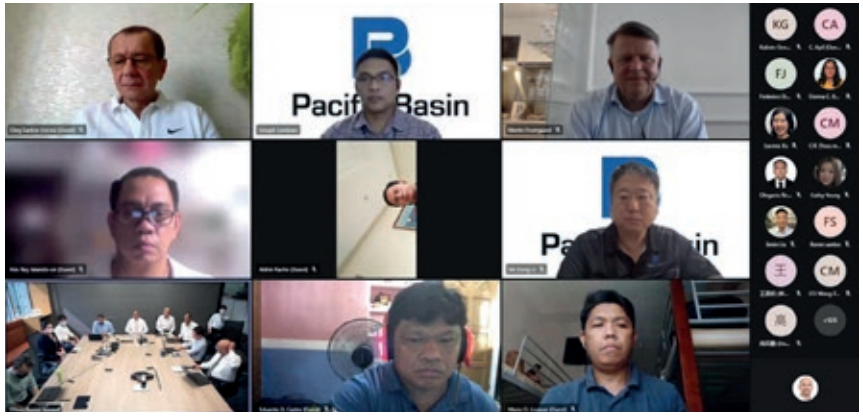
- We host at least four officer training seminars annually at our crewing centres in Manila, Dalian and Odessa. Through these two-day events, we engage with our "on-board managers" to reinforce our company policies, practices and values, review regulatory changes and industry developments, share safety and navigation-related experiences, and analyse industry incidents and develop preventive measures with the involvement of our crew and managers.
- In light of Covid-related restrictions and social distancing, we conducted 11 seafarer training webinars in 2021 in lieu of our usual seminars. Each was attended by an average of over 150 officers plus many of our shore-based staff.

11 training webinars in 2021 attended by 2,162 seafarers (2020:7)

SEHK ESG Aspect B3 (Development & Training) General Disclosure

- We organise monthly topical training for all engineering department staff conducted by Chief Engineers under the guidance of our shore-based training 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.

1.3 officer cadets per ship (2020:1)



- 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.

11 ships per safety/training manager in 2021

- In addition to our Marine & Safety Managers ashore, we deploy 8 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, onshore 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.



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.

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:

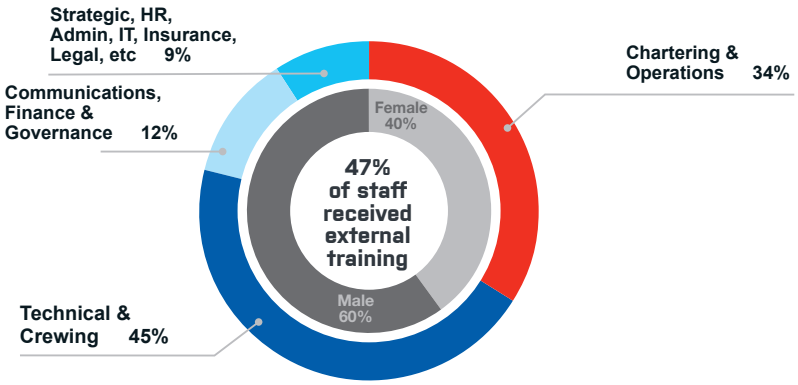
- Independently-run classroom and seminar-based training
- On-the-job training, site visits and company visits
- Understudy programmes for young executives
- Social and team-building exercises promoting high-performance teamwork and a culture of high standards
- Leadership and management training and executive coaching 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.

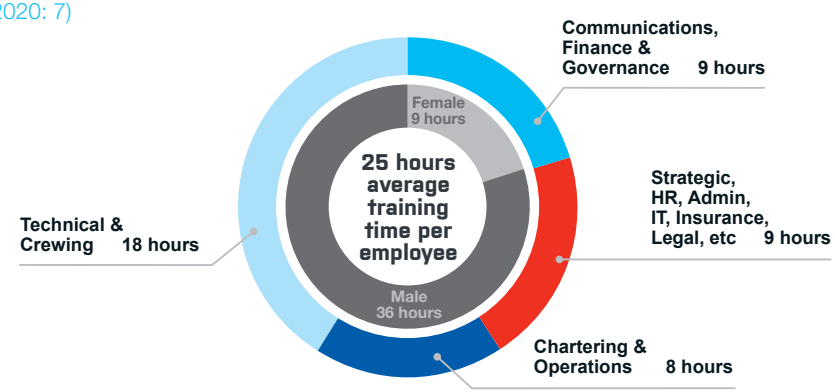
SEHK ESG KPI B3.1
Percentage of employees trained by category

SEHK ESG KPI B3.2
Average training hours per employee

47% received external training **mostly via video** in 2021 (2020: 50%)



25 average training hours per onshore employee (2020: 7)





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 2021, 4 young staff members attended our structured trainee programme in which trainees cycle through our various departments and, in non-pandemic times, 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.

4 graduate and other young recruits
(2020: 4)

We regularly support Hong Kong Maritime Week, recruit interns from Hong Kong's Maritime Services Training Institute, and fund scholarships at Hong Kong Polytechnic University, several recipients of which now work at Pacific Basin.

p.70 Our Hong Kong Community Maritime Education

ISO, ISM, ISPS, MLC 2006 & MARPOL Training

Every year, the Marine & Safety experts from our Fleet Management team run awareness training on our implementation of international ISO 9001, ISO 14001 and ISO 45001 standards as encapsulated in our Pacific Basin Management System. The training sessions also cover the ISM Code, International Ship and Port Facility Security (ISPS) Code, MLC 2006 and the MARPOL convention.
In 2021, colleagues from our Hong Kong headquarters and overseas offices attended such training in person or by video conference to refresh and enhance their knowledge and understanding of our certification standards and the implementation and internal control of our management systems. The sound execution of our Pacific Basin Management System has underpinned an excellent record of safety and environmental performance over many years.



Labour Standards & Workplace Conditions

Safe and fulfilling workplace

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. We are also committed to the internationally recognised provision on human rights as expressed in the UN Guiding Principles on Business and Human Rights.

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.





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 and Class

SEHK ESG Aspect B4 (Labour Standards) General Disclosure

SEHK ESG KPI B4.1 Description of measures to review employment practices to avoid child and forced labour

SEHK ESG KPI B4.2 Description of steps taken to eliminate child and forced labour when discovered

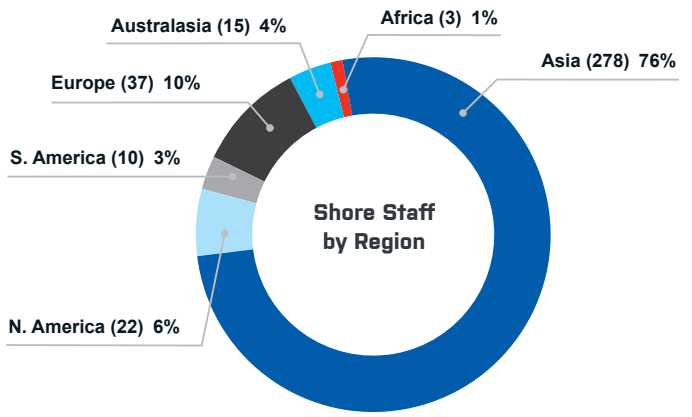
Employee Wellbeing Ashore

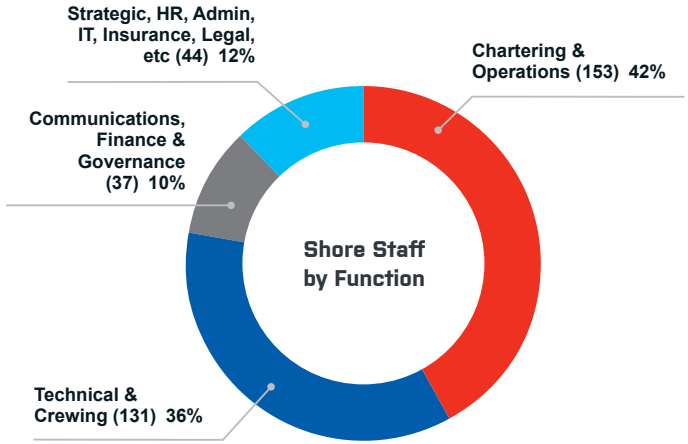
Ashore, our offices adhere to all relevant local workplace health and safety and related codes, offering our employees a safe, comfortable and productive work environment. This includes good lighting and air conditions, and ergonomic workstations. 2021 was our group headquarters' fourth full year in 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. All of our global offices have been refurbished in recent years 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.







SEHK ESG Aspect B1 (Employment) General Disclosure

SEHK ESG KPI B1.1 Total workforce by employment type

Diversity & Equal Opportunity

Diversity generates value for all

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 30 nationalities

The gender and age distribution of our shore-based workforce is well-balanced, and we are investing in the development of a growing number of female seafarers on our ships.

p.72 WISTA Membership for all Female Pacific Basin Seafarers

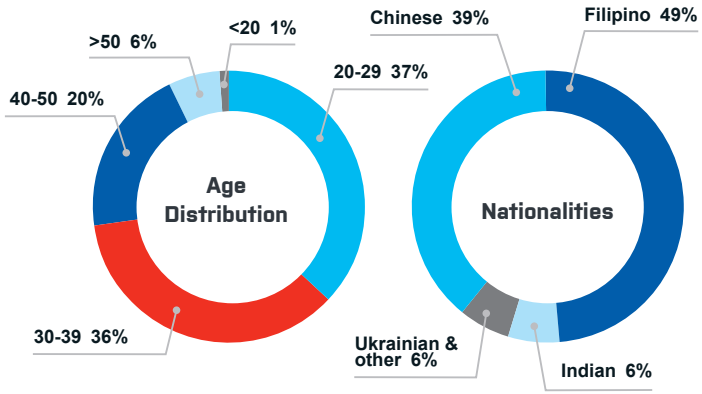
Pacific Basin was an early adopter of the Hong Kong Equal Opportunities Commission's (EOC) Racial Diversity and Inclusion Charter, in support of the EOC's mission to promote racial equality and inclusion in the workplace.

36% of our shore-based staff have worked for Pacific Basin for over 10 years, which is testament to the inclusion, engagement and job fulfilment at Pacific Basin over a period of significant growth.

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



4,600 Seafarers



91% officer retention (2020: 96%)

87% overall crew retention (2020: 88%)

SEHK ESG KPI B1.2
Employee turnover rate

5 GENDER EQUALITY

In support of the UN Sustainable Development Goal 5, we support gender equality and empower women and all staff across our global office network, and we are making progress in developing female seafarers on our ships

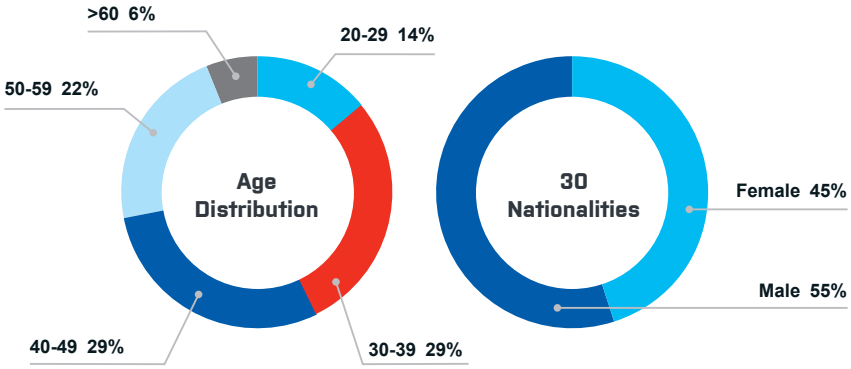


We are caring, good humoured and fair, and treat everybody with dignity and respect, encouraging diversity of opinions and cultures

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 and racial harassment in our workplace, and we investigate all allegations of harassment promptly, discreetly and with respect. Our Staff Code consists of policies on sexual and racial harassment, and a Code of Conduct sets out the reporting channels and handling procedures for any reported incidents. In conjunction with our whistleblowing policy and procedures, these mechanisms ensure we act in compliance with relevant laws, regulations and best practices.

We are not aware of any non-compliance incidents in relation to employment, health & safety, equal opportunity and labour standards during the reporting year.

365 Shore Staff



88% shore staff retention
(2020: 94%)

26% shore staff under equity incentive scheme
(2020: 28%)

36% shore staff with Pacific Basin for over 10 years

Responsible Business Practices

Strong corporate ethics and sensible business values

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.

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. To bolster the Company's anti-corruption culture and maintain a zero corruption record, we continually review our anti-corruption policies and practices which we convey to our staff via regular training.

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 provide anti-corruption training for our directors and shore-based and seafaring staff on a rotational basis by means of an online e-learning portal and in-house workshops.

During the reporting period, we were not, are not and have never been involved in any legal cases regarding corrupt practices.

SASB TR-MT-510a.2

0 Cases of corrupt practices

SEHK ESG	KPI B7.1 Number of legal cases regarding corrupt practices
SEHK ESG	KPI B7 (Anti-Corruption) General Disclosure
SEHK ESG	KPI B7.3 Description of anti-corruption training provided

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

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. MACN 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
- creating a culture of integrity within the maritime community

TRACE CERTIFIED

MACN

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

In support of the UN Sustainable Development Goal 16, we strive for effective, accountable and inclusive management and corporate governance, and responsible business practice where there is no place for corruption and bribery

Through adopting the MACN anti-corruption principles and MACN's toolkits, we are better able to avoid, respond to and report incidents of bribery, facilitation payments and other forms of corruption through appropriate monitoring, comprehensive risk assessment and training.

Our ships' officers occasionally encounter the need to make facilitations payments under duress - essentially extortion in which local officials threaten harm to our crews and/or improper fines and delays to our vessels. Our ships' captains will always refuse such extortion attempts, but payments are not always avoidable when our crews' safety is at real risk. All incidents of attempted or successful extortion are reported to our head office and recorded in MACN's Incident Reporting System.

In 2021, we registered 23 incidents of facilitation payments under duress on our owned vessels involving total payments of about US$34,000 in cash or in kind (2020: 27 incidents totalling US$34,000).



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.

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).

SEHK ESG

KPI B7.2

Preventive measures & whistle-blowing procedures

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 reputable organisations, including many blue-chip companies, who we know well. Nevertheless, our customers are required to commit to the expectations and requirements of our Counterparty Code of Conduct (including no contravention of sanctions) and for newer potential customers in particular, 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



Offering an Excellent Customer Experience

We strive to be the partner of choice for customers in our segment. We are passionate about service and delivering best-in-class performance, and customer focus lies at the heart of everything we do. Our customer-focused business model has driven innovative customer engagement and service at a local level, solid service reliability, enhanced customer satisfaction and an excellent reputation globally.

We consider diligently and respond quickly to our customers' enquiries, cargo contract tenders, operational queries, opinions requests and complaints. Our global office network positions us close to our customers, enabling direct and frequent customer engagement, a clear understanding of their needs and localised customer support. Having a large, modern, uniform fleet and comprehensive in-house technical operations enhances our ability to deliver high-quality and reliable service.

We regularly engage with our customers through surveys, telephone and face-to-face contact to gather and understand their views and expectations about our service performance. This enables us to understand where we do well, where we do less well, and how we can further improve our service quality and enhance our competitiveness.

In 2021, we conducted our tenth annual customer telephone survey comprising an average of 35 calls run by our Corporate Affairs Director to a mixed sample of customers around the world.

p.17 Stakeholder Engagement







Information Technology Security

Information Technology (IT) security has become increasingly important in shipping as maritime cyber-attacks, phishing emails, malicious websites and other fraudulent activities across electronic channels become more common place. Our business processes rely heavily on IT systems (including cloud-based applications and data storage) and daily communications ashore and at sea. Failure of a key IT system or successful attacks on our systems could result in communications breakdowns and business disruption.

Our IT Steering Committee, chaired by our CEO, oversees the Group's IT policies and procedures and ensures that our IT strategies meet our business needs. We have developed an internal Information Security Policy to protect the interests of our staff, our business and our information assets from threats. Our IT team works closely with all business departments to tailor appropriate and effective IT solutions, support, and preventive and contingency measures. Tips and reminders on anti-spoofing and phishing emails are circulated to our employees regularly to enhance their cyber security awareness.

IMO's Maritime Cyber Risk Management resolution came into effect in January 2021. Accordingly, we have updated our Pacific Basin Safety Management System to enhance our cyber security risk management, in an effort to better safeguard our on-board operations from existing and emerging cyber threats and vulnerabilities. Vessel hardware and systems are reviewed periodically to maximise system efficiency and security.

We have a formal Business Continuity Plan (BCP) in place that sets out fallback arrangements in the event of a communications or IT systems blackout. Company-wide BCP drills are carried out regularly to ensure that our teams are familiar with the relevant procedures and to seek improvements in our contingency plans and processes. We also carry commercial crime insurance to cover financial losses from cyber-crimes. We select reputable IT service providers and regularly evaluate cloud-service providers' internal controls and independent assurance reports.

Utilising Technology and our Data for Better Decision-making Processes and Interactions

In the last several years, we have invested in upgraded software that has resulted in efficiencies across our global operations in a period of significant expansion of our in-house managed fleet of owned ships.

These solutions – including latest cloud-based applications that support remote access, advanced data sharing and robust systems integration and offer better IT security – have benefitted key departments including chartering, commercial ship operations, bunker management, claims, technical management, marine, crewing, as well as finance and accounting and HR. They help us to streamline our operations processes, standardise our training and enhance internal support capabilities.

As a large player in our market segment with an unusually comprehensive network of commercial offices around the world, we see more of what's going on in the market than most of our peers which means we have historically had access to more data giving us a competitive advantage. With certain data now more readily available, we have invested to stay ahead in the data game.

Our in-house commercial intelligence team harnesses various demand and supply data, including Automatic Identification System (AIS) signals from the global fleet of bulk carriers, for analysis that enhances our commercial and operational decision-making. Similarly, data from our vessels enables our technical management team and voyage optimisation team to respond quickly to vessels' systems and performance abnormalities, find scope for better fuel economy, carbon intensity and other efficiencies.

Our data feeds into an automated management reporting dashboard which presents information that helps managers at all levels (including the CEO) to make quicker and better commercial decisions.

We have recently formed a dedicated digitalisation team to further evolve and expand our digitalisation programme with investments to be made in new digital solutions across our organisation that will help to leverage our large amount of data to optimise our business processes and interactions, and improve our decision-making. The aim of this programme is to generate value for our business and our customers and enhance the customer experience overall.



SUPPLY CHAIN MANAGEMENT

Sustainable supply chain

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, sourcing from approved suppliers who meet our sustainability requirements

Strategies and Procedures

We have established the following policies for responsible supply chain management to identify environmental and social risks along our supply chain, and to ensure suppliers align with our procurement standards and sustainability 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 Counterparty Code of Conduct (updated in 2021) sets out minimum standards and practices for our suppliers and other counterparties relating to legal and regulatory compliance, labour practices, health & safety and environmental protection
- Our Counterparty Form (updated in 2021) requires our suppliers and other counterparties to declare that they strictly adhere to:
  - all applicable laws, including global anti-corruption laws
  - relevant labour practice requirements
  - 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.

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)

SEHK ESG	Aspect B5 (Supply Chain Management) General Disclosure
SEHK ESG	KPI B5.3 Description of practices used to identity environmental and social risks along the supply chain
SEHK ESG	KPI B5.2 Description of practices related to engaging suppliers
SEHK ESG	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers



Our Vendors

In 2021, our list of approved vendors numbered 1,249, of which we vetted about 259 during the year, including new suppliers and existing suppliers re-evaluated on a rotational basis.

Our number of suppliers increased significantly in 2021 as terminal access restrictions during the pandemic made us more dependent on local chandlers, workshops and provisions suppliers at ports around the world.

Bunker Suppliers

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 96% of our fuel from 15 major bunker suppliers in 2021. The remainder was sourced from several smaller suppliers for spot bunkering in remote ports.

Tonnage Providers

Our large fleet includes chartered ships over which we do not have control over management of technical, environmental, crewing and other compliance matters, and so these ships represent greater reputational and ESG risk for us. We therefore charter from reputable tonnage providers who we know well and who understand our expectations as responsible ship charterers/operators.

Our charter contracts contain Fair Crew Employment Practice clauses and other clauses and warranties that bind tonnage providers to ensure that they and their ship, certificates and practices comply with all relevant labour, health & safety and environmental laws and regulations.

We regularly evaluate the performance of our tonnage providers, bunker suppliers and other counterparties, and we integrate ESG considerations in the evaluation process. In 2021, we rolled out a new Counterparty Form including a revised Counterparty Code of Conduct covering our ESG expectations and requirements.

Key Suppliers in 2021 by Region	Bunker Suppliers	Other Suppliers	Total*
Africa	2	70	72
Asia	4	604	608
Central America	2	39	41
Europe	3	263	266
Middle East	2	24	26
North America	5	91	96
Oceania	2	35	37
South America	4	114	118
The Caribbean	1	9	10
	25	1,249	1,274*

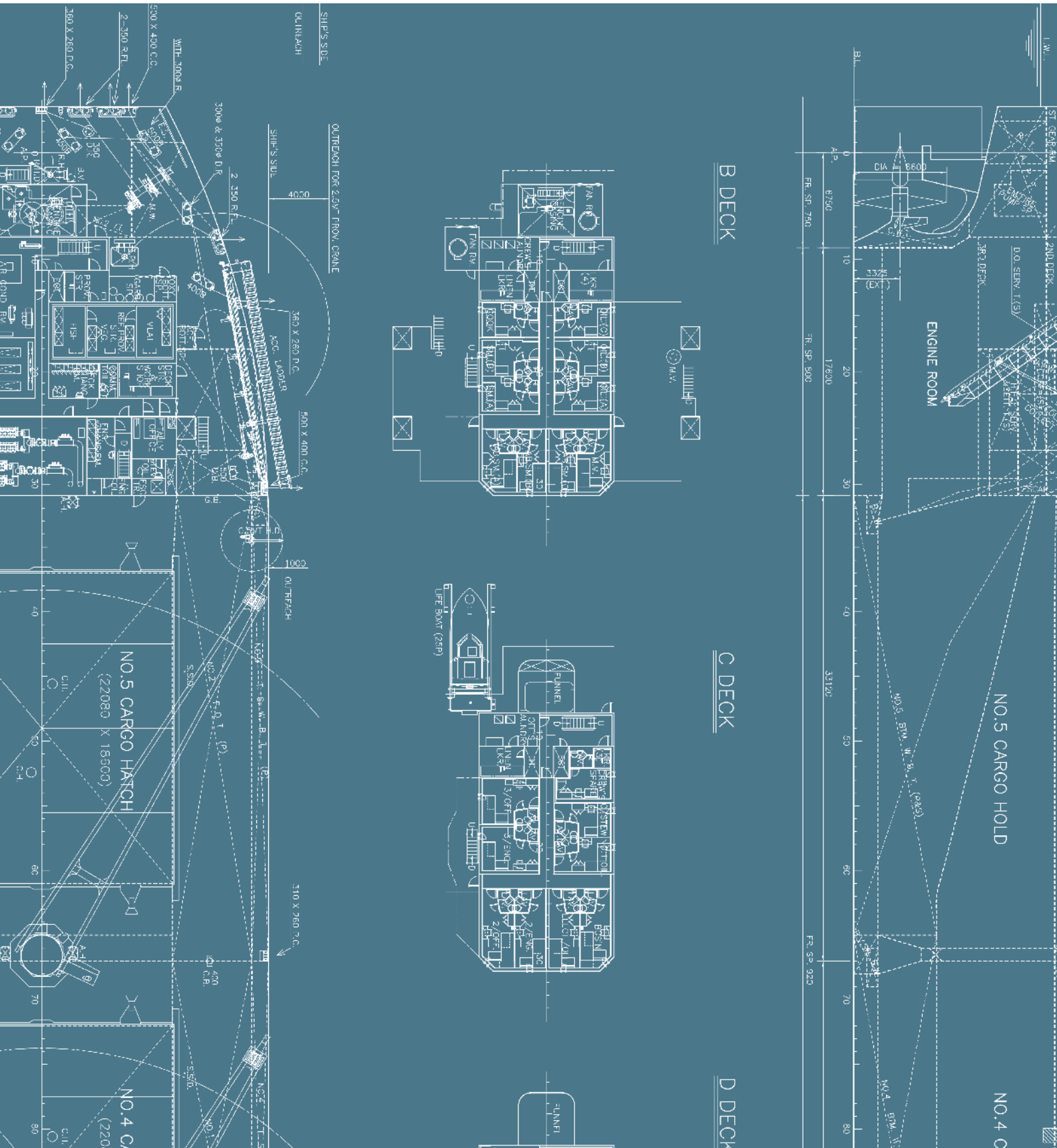
* excluding over 350 tonnage providers

SEHK ESG

KPI B5.1
Number of suppliers by geographical region



COMMUNITY ENGAGEMENT





OUR COMMUNITY ENGAGEMENT

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 support, donate to and be actively involved in good causes, the majority of which relate to seafarer causes and other staff-driven initiatives.

SEHK ESG	Aspect B8 (Community Investment) General Disclosure	
SEHK ESG	KPI B8.1 Focus areas of contribution	
SEHK ESG	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. Our 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 2021, our charitable donations and committed sponsorship amounted to US$365,000 (2020: US$39,000), including donations to the Sailor's Home and Mission to Seamen, the Mission to Seafarers and the Merchant Navy Officers' Guild.
- We entered into a 3-years commitment as a platinum sponsor of the Mission to Seafarers' *Sustaining Crew Welfare Campaign*, allocating our contribution specifically to the Mission's *Family Support Network* which supports over 4,000 seafarers and their family members across the Philippines. This valuable service brings seafarers' families together to provide mutual support, and offers relevant training and guidance on managing long-distance relationships, how to communicate by social media with seafarers away from home, managing finances and every-day worries and concerns. It has also helped with the Covid-19 vaccination effort.
- We supported the Seafarers International Relief Fund, a collaborative effort between International Chamber of Shipping and leading maritime charities, to help Indian Seafarers and their families impacted by the Covid-19 crisis in India.
- We donated emergency relief funds to 20 Pacific Basin seafarers' families who were impacted by Typhoon Odette in the Philippines in December 2021.
- We donated US$12,000 to CIRM (International Radio Medical Centre) which provides essential medical advice free of charge to ships regardless of their nationality.

p.47 Crew Safety & Wellbeing During the Pandemic





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 customers, stevedores, port operators and other stakeholders in the ports where we call.

Some of the commendations our crews received in 2021:

- *Your crew were very cooperative and the team was able to give practical solutions for any difficulty encountered during the voyage*
- *It was a pleasure working with this vessel and her Captain and Chief Officer, both of whom had a professional knowledge and good leadership to ensure smooth loading of logs, especially during the Covid situation and the Arctic storm weather condition*
- *I commend your ship and crew for their efforts made throughout the loading operations. All personnel were very proficient and efficient at their duties. It was a pleasure working on board. The ship was in great shape, clean and organised*
- *Sincere thanks to you and your crew for ensuring smooth logs loading operations. Despite the difficult weather conditions, the entire crew performed their duties with the highest degree of safety awareness and were always ready to help*
- *Your ship was by far the best performer out of our shipments. We acknowledge your ship and its crew for their exceptional standards of performance throughout the loading operations*

In 2021 our ships called at

824 ports in **110** countries





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)

HONG KONG maritime museum 香港海事博物館

We have been supporters of HKMM since its establishment in 2003, our Head of Sustainability is on the board of HKMM and we are 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. HKMM continues to generate community value through its social enterprise managed café, marine environment agenda and outreach programmes involving local schools and minority groups.

In 2021, the museum's operations were heavily impacted by Covid-related closures and social distancing measures, but it still welcomed over 67,000 visitors, including 4,400 school and community group visitors and 1,600 event attendees. Adaptations were made to continue the museum's learning programmes, including with the Education Bureau, 19 secondary schools, the Seamen's Union and Ocean 3C. The museum held five special exhibitions and three travelling exhibitions to Beijing, acquired 139 new artifacts, and expanded into marine science and environmental protection with a dedicated new Marine Science Programme Coordinator and approval to construct a new Discovery Centre due to open in 2022.

Marking the International Day of the Seafarer in late June, Pacific Basin again 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 to museum visitors. Over 1,500 visitors attended with Covid-related capacity restrictions in force.

In July, our Fleet Management Director joined the museum director of HKMM to speak about the lives and essential work of seafarers at a townhall event of one of our largest shareholders, Fidelity International.

- Hong Kong Maritime Week

  We frequently support Hong Kong Maritime Week to generate enthusiasm among 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 three students are currently pursuing a bachelor's degree in International Shipping and Transport Logistics under our sponsorship. Eight 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.

- Supporting the Hong Kong Shipping Register

  All our owned ships fly the Hong Kong flag and our crews typically include 1-2 Hong Kong officer cadets.



- Pacific Basin Soccer Sixes

  While cancelled in 2021, we host the annual Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong's shipping and related services companies – plus shipping companies from Mainland China – field teams in this popular sporting event for the Hong Kong shipping community.

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 Personnel, 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

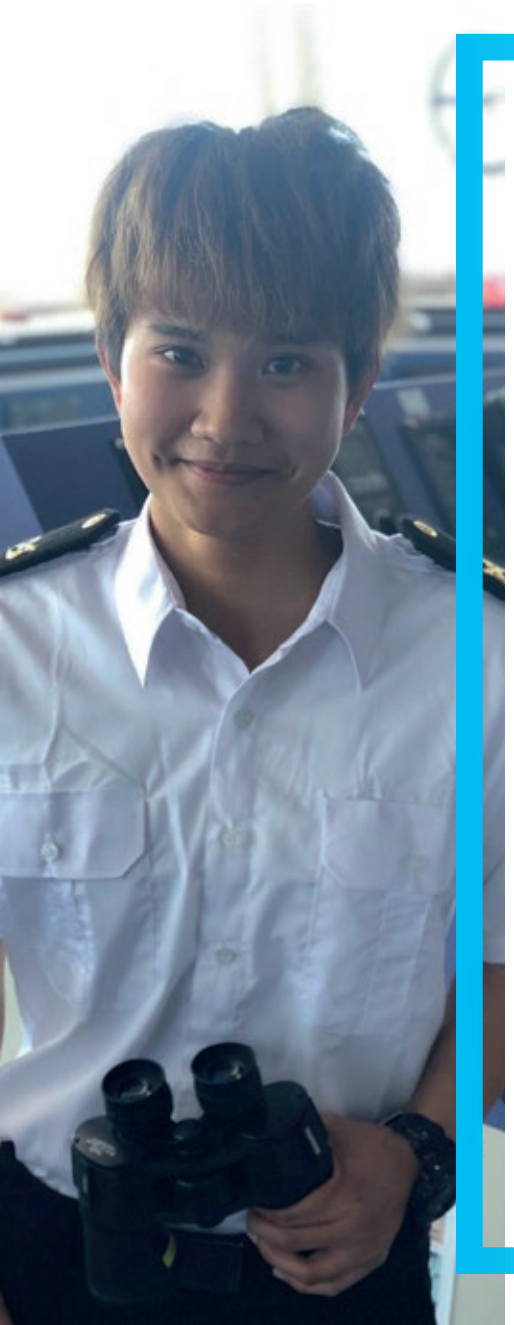
17 PARTNERSHIPS FOR THE GOALS

In support of the UN Sustainable Development Goal 17, we engage and collaborate with our peers, industry associations, NGOs and other stakeholders on matters that drive the sustainable development of our industry

Pacific Basin Sponsors The Captain's Table Maritime Innovation Competition

Pacific Basin is honoured to be the Gold Sponsor of The Captain's Table, a global competition connecting innovators and startup entrepreneurs with the maritime and logistics industry. Founded in Hong Kong and organised by YPSN (Young Professionals in Shipping Network), the competition's objective is to build a sustainable future for the maritime industry by connecting innovators to corporates to develop solutions to the current and future industry-specific problems.

In 2021, The Captain's Table showcased four decarbonisation solutions including hardware and emissions monitoring initiatives. We have assessed these new decarbonisation projects and continue to explore innovative solutions for our own decarbonisation programme.



Our First Female Officer

Jerrisa Mendoza is Pacific Basin's first female Third Officer. Born and raised in Hong Kong, she was inspired by her father's career at sea and the excitement she felt as a child when visiting him on his ships. She studied at Hong Kong's Maritime Service Training Institute (MSTI) and started as a deck cadet on bulk carriers and container ships before joining the Pacific Basin family in 2020. She was promoted to Third Officer while serving on board our Supramax vessel "Honey Island" on which she is now sailing again on the recommendation of the ship's captain.

Jerrisa's greatest satisfaction as a seafarer comes from being part of a team and taking responsibility for navigating the ship. "Being the first female officer in Pacific Basin means a lot to me, and I hope stories like mine also inspire future female seafarers contemplating a careers in shipping. It is a big step for us younger generation of women, especially in a male dominated dry bulk industry."

On the challenges of her work, Jerrisa says "Covid-19 restrictions on seafarers has been really tough for all of us, but we keep a positive mind, we talk and share our thoughts, work hard and stay strong together on board. And we strictly follow extra safety precautions to keep ourselves safe and healthy."

She says that a big challenge for female seafarers is acceptance which she earns by showing determination, courage and a positive attitude. "The hardest part of being a seafarer was definitely being far away from loved ones and family while dealing with loneliness and mental and physical stresses including occasional bad weather. Life at sea is difficult but it makes us all stronger and, for me, I cope by keeping myself engaged and allowing myself some alone time to relax and recharge. With internet on board, I get to stay connected with my loved ones which brings me great strength."

Jerrisa has visited more than 28 countries and likes to meet different people and get to know more about places and their culture. She cherishes the beauty of the world as seen from her ship, including the spectacular views, sunsets and the endless horizon.

"Go as far as you can see" she says, "and when you get there, you'll be able to see further! While the seafarer's life is hard, I aim to position myself to go even further in this industry, because I know this is exactly what I want."

WISTA Membership for All Female Pacific Basin Seafarers

We encourage and facilitate our female Pacific Basin seafarers' membership of the Women's International Shipping & Trading Association (WISTA International), a global organisation connecting female professionals from all sectors of the maritime industry and a leader in diversity and inclusion in shipping.



The General Manager of our Auckland office has been elected President of WISTA's New Zealand chapter.



Setting the Best Example at the Helm

Captain Zhu Qianchun has served on Pacific Basin ships for 20 years during which time he has been at sea for 176 months and visited 60 countries. Ten years ago, he became a celebrity for safely managing his Pacfic Basin crew and ship through the Tōhoku tsunami while battling an 8-metre swell in the port of Onahama, for which he was named "Seafarer of the Year" at the Lloyd's List Global Awards of 2011.

A farmer's son, Zhu looked for a different life and chose to study at Dalian Maritime College. He quickly found enjoyment in his new profession as soon as he went to sea.

He takes great satisfaction from his leadership record of no navigation or MARPOL incidents and no crew injuries. His greatest priority is the health and safety of his crew. Especially during the Covid-driven global seafarer crisis, Zhu follows strictly the Outbreak Management Plan and continuously cares for and bonds with his on-board family, keeps his crew fully engaged, and promotes a culture of respect, support, help and open communication throughout his ship.

"The pandemic and global disembarkation and travel restrictions severally compound the pressures seafarers feel when working as hard as they do at sea. As Captain, I need to make sure my crew face the difficulties united and with faith, patience, following the rules and always keeping safety first."

Even without the pandemic, the hardest part of Zhu's job is being away from his family, missing his son's growth, and not being there for his parents in their old age. What does he think of his Pacific Basin family?

"In my mind there are two types of shipping company in the world. One is Pacific Basin, and the other is everyone else. I feel honoured and proud to be serving on the PB team all these years. I understand what it feels like to truly work as a team, how to communicate, and how to support each other – on board and between the shore-based and on-board teams."

For the younger generation, he advises not to give up easily, as every success must be accumulated bit by bit, as that is the way one grows.

For 20 years, Captain Zhu Qianchun has been one of our most admired heroes at sea – a great example and mentor to over 4,000 PB seafarers.

What our Customers Say

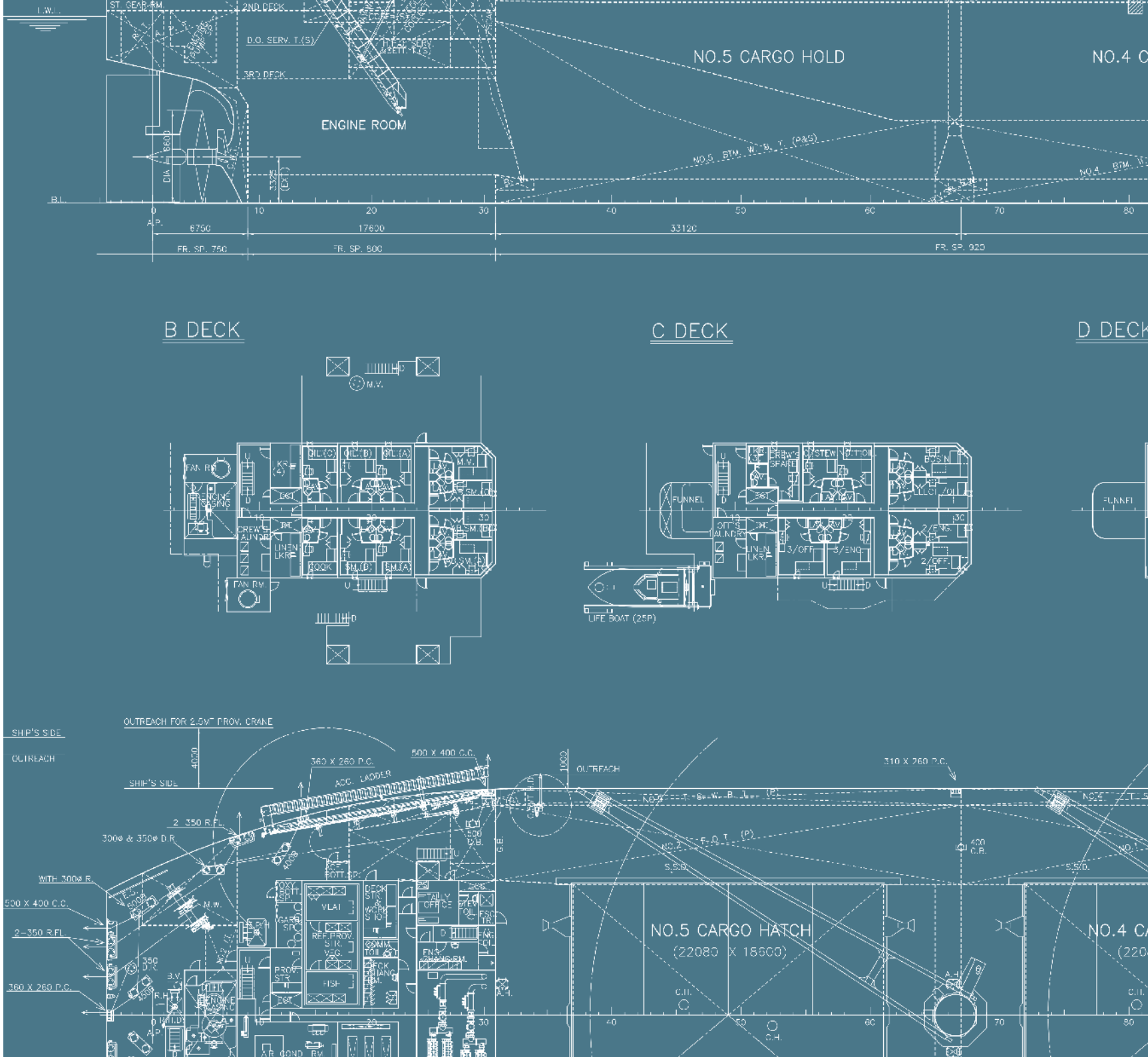
Here is just some of the feedback received from our 2021 customers survey calls and from customer representatives in ports where our ships called.

"

- Pacific Basin lives up to our expectations for reliable, timely service and competitive freight rates – you are by far our favourite owner to work with
- Pacific Basin is a very good counterparty, we like working with people like PB who are trustworthy and apply common sense
- I give you 9.5 out of 10 – you show flexibility, there have been no delays or issues, everything is professionally executed, and we are very satisfied with your service quality
- Your sustainability reporting is a good reference for us and is becoming more important – not a lot of carriers provide this level of detail
- Service and performance-wise, PB is the only owner with whom we have no problems
- We have commercial calls with your teams and we like that you put issues on the table and work hard to find solutions together – we do not get that kind of response from others
- PB maintains high standards of ships and crews
- Sincere thanks to you and your crew for ensuring smooth logs loading operations; despite the difficult weather conditions, the entire crew performed their duties with the highest degree of safety awareness and were always ready to help
- Your team has gone above and beyond in terms of providing an excellent service – you have a good understanding of the issues we face and you provide assistance that we wish your competitors would think to provide
- We respect Pacific Basin and your fantastic fleet and reputation
- Your ship was by far the best performer out of our shipments

"

PERFORMANCE DATA



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	2017	2018	2019	2020	2021	
GENERAL							
Owned ships operated (2021 average)[1]	# ships	99	107	113	113	**116**	
Chartered ships operated (2021 average)[1]	# ships	143	115	116	112	**143**	
Cargo volume carried	million tonnes	66	62	67	70	**79**	
Revenue	US$ million	1,488	1,592	1,586	1,471	**2,972**	
ENVIRONMENT							
Fuel Consumed by Owned Fleet	metric tonnes	420,500	445,100	448,500	462,500	**505,800**	SASB TR-MT-110a.3
Heavy fuel oil (in conjunction with scrubbers since 2020)	metric tonnes	378,500	400,300	382,600	125,200	**140,100**	
Low sulphur fuel oil	metric tonnes	n/a	n/a	13,800	281,000	**305,900**	
Low sulphur marine gas oil	metric tonnes	42,000	44,800	52,100	56,300	**59,800**	
Fuel Intensity	000' mt/ship	4.25	4.16	3.97	3.79	**4.18**	
Fuel Intensity	kg/dwt	101.7	101.9	97.1	98.5	**97.7**	
Emissions from Owned Fleet							
EEOI CO_2 index[2] KPI	grams CO_2 per tonne-mile	11.14	10.90	10.49	9.79	**10.10**	p.28
AER CO_2 index	–	–	–	–	5.78	**6.28**	
AER average rating	–	–	–	–	A	**B**	
Scope 1 CO_2 emissions from our owned fleet	metric tonnes	1,313,000	1,389,000	1,405,000	1,430,000	**1,592,000**	
Sulphur Oxides (SO_x)	grams SO_x per tonne-mile	–	–	–	0.026	**0.026**	SASB TR-MT-120a.1
Nitrogen Oxides (NO_x)	grams NO_x per tonne-mile	–	–	–	0.23	**0.24**	
Particulate Matter (PM)	grams PM per tonne-mile	–	–	–	0.013	**0.013**	
Fuel Consumed by Chartered Fleet	metric tonnes	586,800	422,900	407,100	450,200	**719,100**	
Heavy fuel oil	metric tonnes	541,400	387,000	252,900	23,300	**67,500**	
Low sulphur fuel oil	metric tonnes	n/a	n/a	108,500	383,100	**584,400**	
Low sulphur marine gas oil	metric tonnes	45,400	35,900	45,700	43,800	**67,200**	
Emissions from Chartered Fleet							
Scope 1 CO_2 emissions from chartered fleet	metric tonnes	–	–	–	–	**2,267,000#**	

We plan to disclose the EEOI CO_2 index of our chartered fleet for 2022 onwards

	UNIT	2017	2018	2019	2020	2021
Greenhouse Gas Emissions (GHG)						
Scope 1 GHG emissions from owned fleet	metric tonnes CO_2e	1,332,000	1,412,000	1,427,000	1,477,000	**1,615,000**
Scope 1 GHG emissions from chartered fleet	metric tonnes CO_2e	–	–	–	–	**2,299,000**
Scope 2 GHG emissions from onshore activities	metric tonnes CO_2e	940	658	378	382	**371**
Scope 3 GHG emissions from onshore activities	metric tonnes CO_2e	862	874	1,977	1,559	**408**
Scope 3 GHG emissions from PB crew travel	metric tonnes CO_2e	–	–	5,565	4,774	**6,801**
Total GHG emissions from onshore activities[3]	metric tonnes CO_2e	1,802	1,532	7,920	6,715	**7,580**
Total GHG emissions	metric tonnes CO_2e	1,335,604	1,415,064	1,442,840	1,490,430	**3,921,580**
Waste from our Owned Fleet						
Sludge incinerated	m^3/month/ship	2.12	1.98	1.66	1.71	**1.33**
Garbage landed	m^3/month/ship	3.67	2.46	2.34	1.78	**1.91**
Fresh water consumption	tonnes/month/ship	–	–	50.4	46.9	**51.8**
Oil Pollution Incidents KPI	#	0	0	0	0	**0**

SASB TR-MT-110a.1

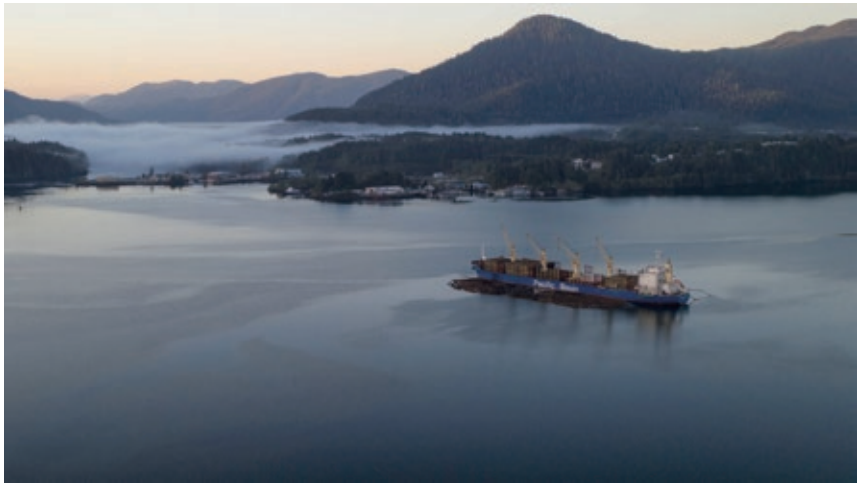
SASB TR-MT-160a.3

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[1] Our fleet numbers exclude one owned small Capesize ship which is chartered out under a long-term bareboat charter and which we do not control either commercially or technically

[2] In addition to the incoming AER carbon intensity index reporting requirement, we continue to track and disclose our ship Energy Efficiency Operational Indicator (EEOI) which is a more accurate indication of CO_2 emissions per actual transport work done

[3] Emissions from our onshore 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 2020 to June 2021). We also disclose emissions from PB crew travel to and from our owned ships



Our EEOI, AER 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 ISO 45001 certifications

Our Sustainability KPIs and the disclosures in this Sustainability Report have been subject to an independent external assurance audit by American Bureau of Shipping (ABS)

p.79 Independent Assurance Statement

Page 14 Our Resources & Responsibilities
Key inputs and outputs of our ships and our office activities

SEHK ESG **KPI A1.1**
Type of emissions and data

SEHK ESG **KPI A1.2**
GHG emissions in total tonnes

SEHK ESG **KPI A2.1**
Direct/indirect energy consumption

SOCIAL

	UNIT	2017	2018	2019	2020	2021
Health & Safety						
Total recordable injury case frequency (TRCF) KPI	per mil man hrs	1.46	1.37	1.56	1.11	**0.55**
Lost time injury frequency (LTIF) KPI	per mil man hrs	0.82	0.82	0.71	0.60	**0.25**
Crew fatalities	#	1	2	2	2	**0**
Deficiencies per PSC inspection KPI	#	0.54	0.53	0.74	0.69	**0.6**
Zero deficiency rate in PSC inspections	%	78	79	73	81	**77**
Near-miss reports	#	672	548	587	422	**1,264**
Navigational accidents	#	3	2	5	2	**2**[4]
Development & Training						
Shore staff receiving external training	staff %	47	46	45	50	**47**
Average training hours per onshore employee	hours	9	12	9	7	**25**
Seafarer/officer training seminars	#	5	5	5	7	**11**
Ships per safety/training manager	#	8	8	8	11	**11**
Officer cadets per ship	#	1.5	1.6	1.5	1	**1.3**
Seafarers Demographics						
Seafarers headcount	#	3,400	3,800	3,900	4,100	**4,600**
Seafarers by age						
<20 years old	%	1	2	1	2	**1**
20-29 years old	%	37	39	40	38	**37**
30-39 years old	%	31	31	32	32	**36**
40-49 years old	%	24	22	21	21	**20**
>50 years old	%	7	6	6	7	**6**
Seafarers by nationality						
Chinese	%	56	57	52	48	**39**
Filipino	%	40	39	42	45	**49**
Ukrainian	%	2	2	3	4	**3**
Russian & other	%	2	2	3	3	**9**
Shore Staff Demographics						
Shore-based staff headcount	# staff	335	336	345	343	**365**
Women in workforce	%	44	43	43	43	**45**
Shore staff nationalities	#	27	29	28	28	**30**
Full-time	%	–	–	–	–	**99**
Non-full-time	%	–	–	–	–	**1**
Shore staff by age						
20-29 years old	%	15	14	12	13	**14**
30-39 years old	%	36	35	32	31	**29**
40-49 years old	%	27	29	32	30	**29**
50-59 years old	%	17	17	19	20	**22**
>60 years old	%	5	5	5	6	**6**

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SASB TR-MT-320a.1

SASB TR-MT-540a.1

SASB TR-MT-540a.3

	UNIT	2017	2018	2019	2020	2021	
Shore staff by region							
Asia	%	74	74	72	74	**76**	
Europe	%	10	10	11	10	**10**	
N. America	%	8	8	8	7	**6**	
Australasia	%	4	4	5	5	**4**	
S. America	%	3	3	3	3	**3**	
Africa	%	1	1	1	1	**1**	
Seafarer Turnover/Retention							
Officer retention	%	94	95	95	96	**91**	
Overall crew retention	%	87	86	87	88	**87**	
Shore Staff Turnover/Retention							
Shore staff retention	%	87	90	90	94	**88**	
Shore staff under share award scheme	%	25	25	28	28	**26**	
Shore staff turnover by gender							
Men	%	–	–	–	6	**12**	
Women	%	–	–	–	6	**14**	
Shore staff turnover by age							
20-29 years old	%	–	–	–	12	**23**	
30-39 years old	%	–	–	–	7	**17**	
40-49 years old	%	–	–	–	3	**8**	
50-59 years old	%	–	–	–	1	**6**	
>60 years old	%	–	–	–	18	**19**	
Shore staff turnover by region							
Asia	%	–	–	–	6	**12**	
Europe	%	–	–	–	9	**5**	
N. America	%	–	–	–	4	**23**	
Australasia	%	–	–	–	7	**33**	
S. America	%	–	–	–	9	**30**	
Africa	%	–	–	–	0	**0**	
Supply Chain Management							
Approved suppliers	#	395	460	620	985	**1,249**	
Bunker suppliers	#	27	25	14	15	**25**	
Anti-Corruption							
Cases of corruption	#	0	0	0	0	**0**	SASB TR-MT-510a.2
Community Investment							
Sponsorship & donations	US$'000	58	84	85	39	**365**	

[4] We sustained two navigational accidents in 2021. In both cases, our ships collided with other vessels while preparing to berth/anchor in strong wind while under pilotage. One incident resulted in no injury, hull breach or pollution. The other incident did result in hull breach and injury to one person ashore. The lessons learned have been shared and discussed with our ships' crews.

INDEPENDENT ASSURANCE STATEMENT

Independent Verification and Limited Assurance Report of American Bureau of Shipping to Pacific Basin Shipping Limited

We were engaged by Pacific Basin Shipping Limited ("the Company") to report on the ESG data, key performance indicators (KPIs) and other ESG-related metrics ("the Metrics") and disclosures of the Company's Sustainability Report 2021 ("the Report") relating to the year ended 31 December 2021 in the form of a limited assurance conclusion about the proper preparation of the Metrics, in all material respects, in accordance with the Company's own methodology for sustainability report development ("the Methodology").

This independent limited assurance report is made solely to the Company in accordance with the terms of our engagement. Our work has been undertaken so that we might provide limited assurance to the Company on those matters that we have been engaged to consider in this report only and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Responsibilities of the directors

The directors of the Company are responsible for the proper preparation of the Report, and the Metrics, information and statements contained therein, in accordance with the Methodology.

It is the directors' responsibility to develop, operate and maintain internal systems and processes relevant to the proper preparation of a Report that is free from material misstatement, whether due to fraud or error.

Responsibilities of American Bureau of Shipping

Our responsibility is to independently express a limited assurance conclusion to the Company, based on the procedures performed and evidence obtained, as to the proper preparation of the Report, in all material respects, in accordance with the Methodology. We conducted our work over the course of several months in 2021 and in early 2022 in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information ("Standard"), issued by the International Auditing and Assurance Standards Board. The Standard requires that we obtain sufficient and appropriate evidence related to the Metrics that is free of material misstatement on which to base our conclusion.

Scope of work

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Metrics as a basis for our limited assurance conclusion. The procedures selected depend on our judgment, on our understanding of the Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed included:

- Investigating, observing, inspecting, and reporting on the processes and documents, and agreeing or reconciling with the underlying records to check errors or omissions in data analysis, consistency, and reasonableness of reporting.
- Reviewing the Company's Sustainability Report for 2021 and identifying key Metrics and other ESG-related disclosures for review.
- Inquiries to the Company's management and personnel involved in the sustainability report's preparation process, the internal control system governing this process, and selected disclosures in the sustainability report.
- Data collection, including limited substantive testing, on a selective basis to verify the Metrics stated in the report. Recalculations were performed as required to verify the data.
- Evaluating if the sustainability performance disclosures have been presented with reference to the criteria set out in the GRI Standards and HKEX Environmental, Social and Governance Reporting Guide ("ESG Guide").

The procedures performed in a limited assurance engagement vary in nature and timing and are not as extensive as a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

In providing our limited assurance conclusion, we relied on the information and documents provided to us by the Company. To the best of our knowledge, there are no circumstances which would render such information or documents unreliable. Because of such reliance, there may be errors or irregularities which may not have been detected.

Conclusion

Based on the procedures performed and evidence obtained, and subject to the key assumptions and inherent limitations set out above, nothing has come to our attention that causes us to believe that the Metrics and other key disclosures presented in the Report for the year ended 31 December 2021 have not been properly prepared, in any material respects, in accordance with the Methodology.

American Bureau of Shipping

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Singapore 119958
sustainability@eagle.org

11 March 2022

SEHK ESG REPORTING GUIDE INDEX

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

A. Environmental

SEHK ESG

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A4	**Climate Change**	
	General disclosure statement	36-39
4.1	Description of significant climate-related issues and actions taken to manage them	36-39

B. Social

SEHK ESG Index Ref.	Description	Page
B1	**Employment**	
	General disclosure statement	43
1.1	Total workforce by employment type	57, 77
1.2	Employee turnover rate	78
B2	**Health and Safety**	
	General disclosure statement	46
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2.2	Lost days due to work injury	49, 77
2.3	Description of occupational health and safety measures adopted	46-49
B3	**Development and Training**	
	General disclosure statement	52
3.1	Percentage of employees trained by category	54
3.2	Average training hours per employee	54
B4	**Labour Standards**	
	General disclosure statement	56
4.1	Description of measures to review employment practices to avoid child and forced labour	56
4.2	Description of steps taken to eliminate child and forced labour when discovered	56
B5	**Supply Chain Management**	
	General disclosure statement	64
5.1	Number of suppliers by geographical region	65
5.2	Description of practices related to engaging suppliers	64-65
5.3	Description of practices used to identity environmental and social risks along the supply chain	64-65
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers	64-65
B6	**Product Responsibility** Not applicable as our business does not manufacture or trade in products	NA*
B7	**Anti-Corruption**	
	General disclosure statement	60
7.1	Number of legal cases regarding corrupt practices	60
7.2	Description of preventive measures and whistle-blowing procedures	60-61
7.3	Description of anti-corruption training provided	60
B8	**Community Investment**	
	General disclosure statement	67
8.1	Focus areas of contribution	67-73
8.2	Resources contributed	67-73

Remarks:

* We do not address SEHK ESG subject areas A2.5 and B6 because we are a freight service business that does not require packaging material and does not manufacture and/or sell products.

GRI STANDARDS CONTENT INDEX

GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
GRI 102 GENERAL DISCLOSURES 2016		
Organisational profile		
GRI 102-1	Name of the organisation	About Pacific Basin
GRI 102-2	Activities, brands, products, and services	About Pacific Basin
GRI 102-3	Location of headquarters	About Pacific Basin
GRI 102-4	Location of operations	About Pacific Basin; Our Resources & Responsibilities
GRI 102-5	Ownership and legal form	About Pacific Basin
GRI 102-6	Markets served	About Pacific Basin
GRI 102-7	Scale of the organisation	About Pacific Basin
GRI 102-8	Information on employees and other workers	Performance Data Summary
GRI 102-9	Supply chain	Supply Chain Management
GRI 102-10	Significant changes to the organisation and its supply chain	Supply Chain Management
GRI 102-11	Precautionary Principle or approach	Sustainability Governance
GRI 102-12	External initiatives	About Our Sustainability Report; Sustainability Strategy
GRI 102-13	Membership of associations	Community Engagement
Strategy		
GRI 102-14	Statement from senior decision-maker	Sustainability Review
Ethics and integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	About Pacific Basin
Governance		
GRI 102-18	Governance structure	Sustainability Governance
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	Stakeholder Engagement
GRI 102-41	Collective bargaining agreements	Labour Standards & Workplace Conditions
GRI 102-42	Identifying and selecting stakeholders	Materiality; Stakeholder Engagement
GRI 102-43	Approach to stakeholder engagement	Materiality; Stakeholder Engagement
GRI 102-44	Key topics and concerns raised	Materiality; Stakeholder Engagement
Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	Refer to the “Financial Statements” section of our Annual Report
GRI 102-46	Defining report content and topic Boundaries	About Our Sustainability Report
GRI 102-47	List of material topics	Materiality; Stakeholder Engagement
GRI 102-48	Restatements of information	Not applicable
GRI 102-49	Changes in reporting	About Our Sustainability Report

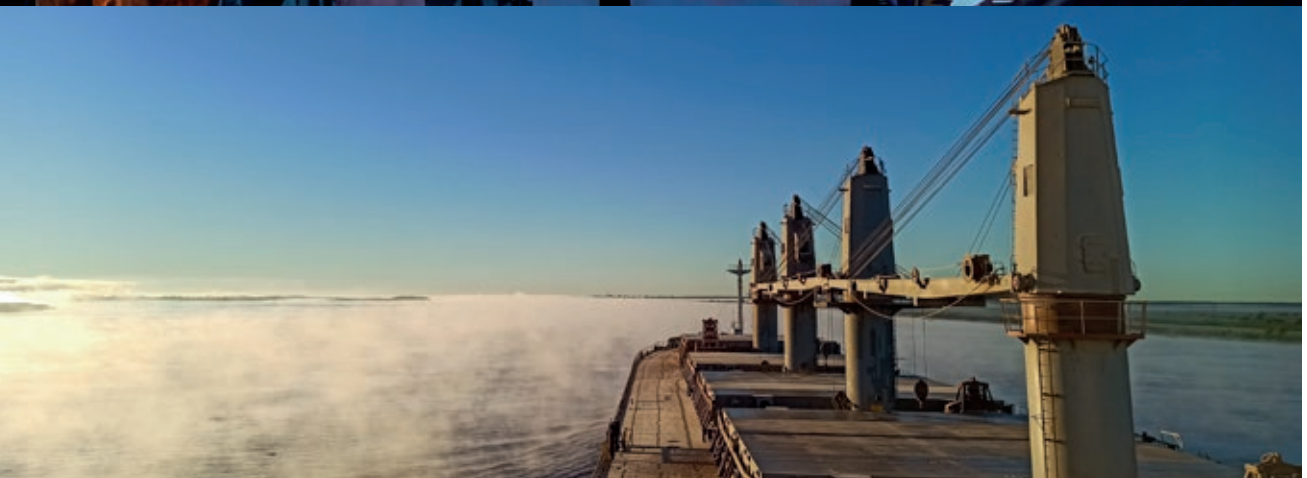
GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
Reporting practice (continued)		
GRI 102-50	Reporting period	About Our Sustainability Report
GRI 102-51	Date of most recent report	Contents
GRI 102-52	Reporting cycle	About Our Sustainability Report
GRI 102-53	Contact point for questions regarding the report	About Our Sustainability Report
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About Our Sustainability Report
GRI 102-55	GRI content index	GRI Standards Content Index
GRI 102-56	External assurance	Independent Assurance Statement
GRI 103: MANAGEMENT APPROACH		
GRI 103-1	Explanation of the material topic and its Boundary	Materiality; Stakeholder Engagement
GRI 103-2	The management approach and its components	Sustainability Governance; Sustainability Strategy
GRI 103-3	Evaluation of the management approach	Sustainability Governance; Sustainability Strategy
GRI 200: ECONOMIC		
GRI 205: Anti-corruption 2016		
GRI 205-3	Confirmed incidents of corruption and actions taken	Responsible Business Practices; Performance Data Summary
GRI 300: ENVIRONMENTAL		
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organisation	Performance Data Summary
GRI 302-3	Energy intensity	Performance Data Summary
GRI 303: Water and Effluents 2018		
GRI 303-5	Water consumption	Performance Data Summary
GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	Performance Data Summary
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Performance Data Summary
GRI 305-3	Other indirect (Scope 3) GHG emissions	Performance Data Summary
GRI 305-4	GHG emissions intensity	Performance Data Summary
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance Data Summary
GRI 306: Waste 2020		
GRI 306-3	Waste generated	Performance Data Summary
GRI 307: Environmental Compliance 2016		
GRI 307-1	Non-compliance with environmental laws and regulations	Environment
GRI 400: SOCIAL		
GRI 403: Occupational Health and Safety 2018		
GRI 403-1	Occupational health and safety management system	Workplace & Business Practices
GRI 404: Training and Education 2016		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Training & Development
GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Diversity of governance bodies and employees	Diversity & Equal Opportunity
GRI 406: Non-discrimination 2016		
GRI 406-1	Incidents of discrimination and corrective actions taken	Diversity & Equal Opportunity

SASB MARINE TRANSPORTATION MATERIAL ISSUES INDEX

CATEGORY	DISCLOSURE TOPIC	CODE	SECTION REFERENCES AND COMMENTS
GHG emissions	Gross global Scope 1 emissions	TR-MT-110a.1	p.75 Performance Data Summary
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR-MT-110a.2	p.27 How We Are Decarbonising
	Total energy consumed, percentage heavy fuel oil, percentage renewable	TR-MT-110a.3	p.75 Performance Data Summary
	Average Energy Efficiency Design Index (EEDI) for new ships	TR-MT-110a.4	p.28 Emissions KPIs & Targets
Air Quality	Air emissions for the following pollutants: NOx, SOx, and particulate matter (PM)	TR-MT-120a.1	p.30-31 Emissions KPIs & Targets p.75 Performance Data Summary
Ecological impacts	Shipping duration in marine protected areas or areas of protected conservation status	TR-MT-160a.1	p.32 Conserving Marine Biodiversity
	Percentage of fleet implementing ballast water exchange and ballast water treatment	TR-MT-160a.2	p.32 Conserving Marine Biodiversity
	Number and aggregate volume of spills and releases to the environment	TR-MT-160a.3	p.34 Conserving Marine Biodiversity p.76 Performance Data Summary
Employee health and safety	Lost time injury rate (LTIR)	TR-MT-320a.1	p.51 Health & Safety p.77 Performance Data Summary
Business ethics	Amount of legal and regulatory fines and settlements associated with bribery or corruption	TR-MT-510a.2	p.60 Responsible Business Practices p.78 Performance Data Summary
Accident & safety management	Number of serious marine incidents	TR-MT-540a.1	p.34 Conserving Marine Biodiversity p.76 Performance Data Summary
	Number of port state control deficiencies and detentions	TR-MT-540a.3	p.51 Health & Safety p.77 Performance Data Summary







Annual Report 2021



Both our Annual Report and Sustainability Report are now available at **www.pacificbasin.com/ar2021**

Please send us your feedback via our online feedback form

2021 Online Annual Report



Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

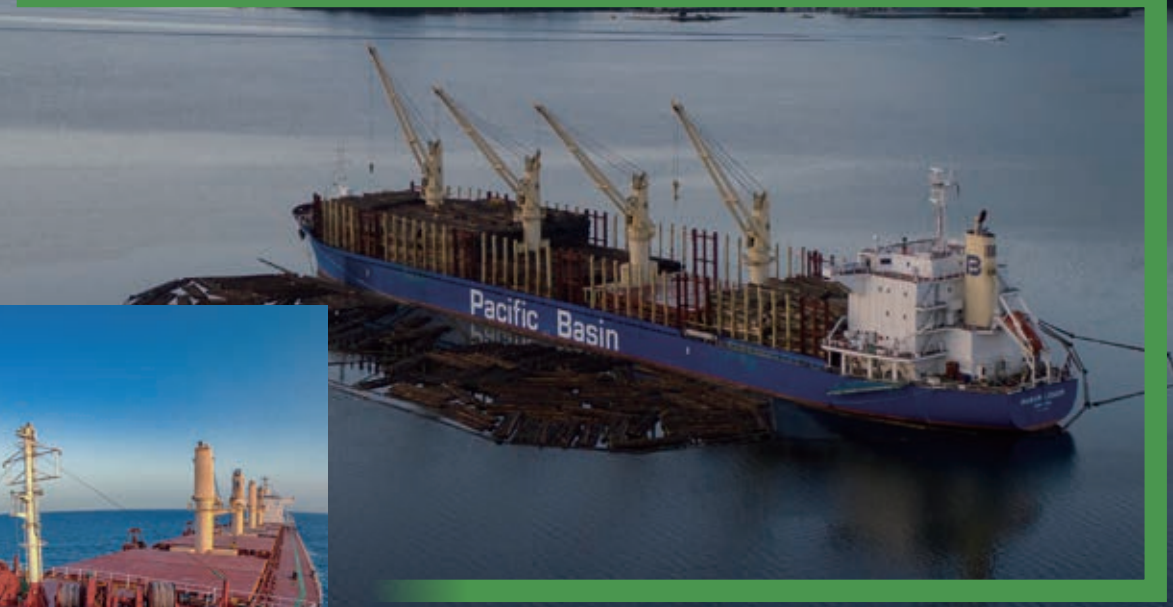
OUR PACIFIC BASIN CREW ARE OUR HEROES AT SEA

SUSTAINABILITY REPORT 2021









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