



**Pacific Basin**

With you for the long haul

Responsibility  
from the bridge down



Front cover: our 37,000 dwt Handysize vessel m/v "Imabari Logger" during sea trials in Japan's Inland Sea. She is an excellent example of a modern, high-quality vessel designed and equipped for efficiency and versatility.



This page: a high-efficiency Non Hub-Vortex propeller on our 37,000 dwt Handysize vessel m/v "Impression Bay" prior to delivery.

Contents

Chairman and CEO's Message

02

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



About Pacific Basin

Our business in facts & figures

04



About Our CSR Report

How we report on CSR

06



Our Approach to CSR

A sustainable business approach

08



Our Key Impacts

Resources & relationships we rely on

12



Workplace & Safety

Staff wellbeing & business practice

14



Environment

Our physical & natural resources

29



Community

Responsible citizenship

34



Performance Data Summary

38

SEHK ESG Reporting Guide Index

40

Stakeholder Feedback Survey

Key to navigation symbols

Linkage to related details within this CSR Report

Linkage to related details in our Annual Report

Audited Information

Linkage to related details on our website [www.pacificbasin.com](http://www.pacificbasin.com)

Information related to SEHK ESG Reporting Guide

Key Performance Indicators



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

# Chairman and CEO's Message

In 2017, we celebrated Pacific Basin's thirtieth anniversary. Since taking delivery of our first Handysize bulk carriers "Pacific Lover" and "Handy King" in late 1987, Pacific Basin has evolved into one of the biggest and most reputable names in dry bulk shipping. Our fleet, team, network and business model today are the best we have ever had, thanks to the dedication and hard work of many people over the years to grow and improve our company. We thank our past and present colleagues – both ashore and at sea – as well as our customers, suppliers and all stakeholders for their enduring support.

## A SUSTAINABLE BUSINESS MODEL

We are an owner and operator specialising in modern Handysize and Supramax dry bulk ships, mid-size versatile ship segments that offer benefits of diversification in terms of geography, customers and cargoes. That means we don't experience the degree of earnings volatility that other segments do, which is partly how we managed to safely navigate extraordinarily challenging market conditions of the past several years. Our ability to leverage the characteristics of these segments through our scale, high-quality substitutable ships, office network, customer focus, cargo systems, and depth and breadth of experience enables us to maximise our fleet utilisation and generate TCE earnings that outperform the freight market indices.

Page 16  
Understanding our Core Market



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

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

We are passionate about our people, and are caring, fair and treat everybody with dignity and respect. Safety comes first, and our investment in the development and training of our staff underpins our safety performance while also driving knowledge, productivity, engagement, loyalty and a deeper sense of belonging to the company.

Page 17  
Health & Safety Performance

We achieved our lowest ever lost time injury frequency of 0.82 in 2017



Our large fleet comprises quality ships of efficient design, which delivers operational efficiencies for the benefit of our customers while generating lower atmospheric emissions than the average ship in our segment. We have long been early adopters of technological and operational measures to minimise our impact on the environment, and we continue to invest in technologies, systems and processes that reduce our environmental footprint not only because of the moral and increasing regulatory obligation to do so, but also because of the strong business case for taking action.

## STAYING ON TOP OF REGULATORY CHALLENGES

We welcome new, stricter regulations for greener shipping where prescribed environmental solutions are effective and financially feasible. Two very current regulatory challenges pose potentially significant technical, operational and financial burdens of compliance on shipowners.

### Ballast Water Management

The International Maritime Organisation's 2004 Ballast Water Management Convention (BWMC) entered into force in September 2017 requiring ballast water treatment equipment to be fitted on ships during

docking surveys between 2019 and 2024. This global convention aims to substantially eliminate biological organisms from ships' ballast water, thereby minimising the transfer of invasive species that can damage or destroy local marine ecosystems.

A few of our recently delivered newbuildings and secondhand acquisitions came fitted with ballast water treatment systems. For the rest of our fleet requiring such equipment to be retrofitted, we have selected ballast water management system makers who are compliant with IMO regulations and are on track to obtaining type approval for compliance with United States ballast water management regulations, and we are well positioned to complete implementation across our owned fleet by 2023, one year ahead of the IMO's mandatory schedule.

### 2020 Global Sulphur Limit

The IMO's global 0.5% sulphur limit enters into force in January 2020, in addition to the 0.1% sulphur limit in Emission Control Areas in North American, US Caribbean, North Sea and Baltic regions. To comply with sulphur limits, shipowners can either burn low sulphur fuel oil or marine gas oil, or install exhaust gas cleaning systems (scrubbers) and burn high sulphur fuel.

We feel scrubbers represent an impractical and ineffective solution requiring tens of thousands of vessels to retrofit this expensive technology on a small-scale basis with significantly increased operating costs instead of extracting the sulphur on a much larger scale at the source ashore. Shore discharge and reception facilities would need to be developed in ports all around the world to make shore-side discharge of scrubber sludge and the use of scrubbers practical. Moreover, there is no guarantee that high sulphur fuel for vessels fitted with scrubbers will be globally available in the coming several years, adding to the case against installing scrubbers. Only around 1% of deep sea ships currently use scrubbers.

We welcome stricter environmental regulation, but we do not think scrubbers are an effective solution technically or environmentally, and we

much prefer a mandate for everyone to burn cleaner fuel and the level playing field this would create.

### Impact of New Environmental Regulations

The new environmental regulations discussed above pose significant uncertainties for shipowners, including:

- (i) how best to comply with the global sulphur limits from 2020;
- (ii) which ballast water treatment system to install; and
- (iii) questions about the future price, types and availability of fuel.

Combined with the attraction of low secondhand prices, these uncertainties are currently discouraging new ship ordering in our segment, and are also expected to impact dry bulk supply in other ways.

A consequence of a global adoption of low sulphur fuel is that its higher cost will discourage ship operating speeds from increasing, contributing to lower emissions and a better supply-demand balance.

The extra investment for ballast water treatment systems (and potentially for exhaust gas scrubbers) and the higher cost of low sulphur fuel will penalise the oldest and worst performing ships, potentially driving such ships to demolition.

Overall, we welcome stricter regulation to minimise our industry's environmental footprint – notwithstanding our preference for burning cleaner fuel rather than installing scrubbers. We believe these new regulations will be positive for the supply-demand balance and benefit larger, stronger companies with high quality fleets that are better positioned to adapt and to cope practically and financially with compliance.

### Other Current Regulations

The implementation of an Electronic Chart Display and Information System (ECDIS) for paperless navigation will be mandatory for all our ships by July 2018. We completed retrofitting ECDIS across our fleet in 2014-2017, have trained our navigating officers in its

use and rolled out ECDIS as a primary means of navigation on all our ships well in advance of the implementation schedule.

EU regulations on Carbon Dioxide (CO<sub>2</sub>) Monitoring, Reporting and Verification (MRV) for shipping require the first reporting cycle to commence in 2018 in a step towards setting reduction targets by mandating the collection and public reporting of CO<sub>2</sub> emissions data. We have developed and integrated MRV procedures into our existing management system for compliance.

In 2017, the IMO formalised a 6-year roadmap for developing a comprehensive strategy on reduction of green-house gas (GHG) emissions from ships. This roadmap builds on the IMO's various streams of GHG emissions reduction activity to date, including technical and operational measures (Energy Efficiency Design Index and Ship Energy Efficiency Management Plan) and the adoption of a data collection system to provide the basis for objective policy debates and additional measures ahead. In April 2018, IMO member states will debate and develop a comprehensive strategy including emissions reduction goals and a list of possible short, medium and longer term measures to help achieve them.

We are fortunate to have an excellent team of people who endow our company with world-class expertise and professionalism right across our business. Thanks in particular to our award-winning in-house technical operations, we are fully prepared to meet the challenges of new environmental and other maritime regulations.


### THIS CSR REPORT

This document is our second standalone CSR Report, designed to serve as a comprehensive CSR reference document to better satisfy the growing interest in the details of our CSR responsibilities and performance. It also serves to clearly address the disclosure requirements of the Environmental, Social and Governance Reporting Guide ("ESG Guide") of The Stock Exchange of Hong Kong.

The focus of these pages is on how we tackle our responsibilities for the safety and wellbeing of our staff and ethical business practice, and our responsibilities towards 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.

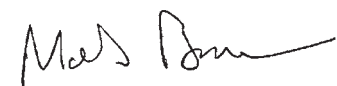
Commentary relating to our economic sustainability and a detailed account of our corporate governance continue to feature in our Annual Report. We remain committed to the concepts of "Integrated Reporting", and provide clear linkage between sections in our 2017 Annual Report and this CSR Report (and vice versa). We continue to publish a short summary of our CSR performance highlights for the year in our Annual Report.

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



**David Turnbull**

Chairman







**Mats Berglund**

Chief Executive Officer


# About Pacific Basin

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

## Group Facts

-  Headquartered and listed in **Hong Kong**
-  Operating over **220** interchangeable ships worldwide
-  Over **3,400** staff at sea
-  **335** shore-based staff in 12 key locations

## Customer Focus

-  Over **500** customers – industrial users, traders and producers of dry bulk commodities
-  Spot and long-term freight contracts
-  Grains & agriculture products, logs & forest products, steel & scrap, cement, fertiliser, metal concentrates, etc

## What We Stand For

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

## Awards

Lloyd's List  
Global Awards 2017  
**Company of the Year**

International Bulk  
Journal Awards 2017  
**Safety Award**

Seatrade Maritime  
Awards 2017  
**CSR Award**

Hong Kong  
Marine Department Awards 2017  
**Outstanding performance in Port State Inspections**



## Financial Highlights

<b>Revenue</b> USD	<b>EBITDA</b> USD	<b>Net Profit</b> USD	<b>Handysize TCE</b> USD	<b>Supramax TCE</b> USD
<b>1.49bn</b> 1.09bn (2016)	<b>133.8m</b> 22.8m (2016)	<b>3.6m</b> -86.5m (2016)	<b>8,320/day net</b> 6,630 (2016)	<b>9,610/day net</b> 6,740 (2016)



## Our dry bulk segment



### Handysize

25,000-42,000 dwt

Highly versatile self-loading and discharging ships

Minor bulk segments offers benefits of diversification in terms of geography, customers and cargoes enabling triangular trading and high utilisation

**>90% loaded ratio**

In a highly fragmented market, we operate approximately 7% of global 25,000-42,000 dwt Handysize ships of less than 20 years old



### Supramax

50,000-60,000 dwt



## Other information

<b>Fleet in operation</b> Ships (annual average)	<b>Cargo Volumes</b> Tonnes	<b>Global Network</b> Offices	<b>Ports Called</b> Ports & Countries	<b>Distance Travelled</b> Nautical Miles
<b>241</b> 211 (2016)	<b>66.2m</b> 57.2m (2016)	<b>12</b> 12 (2016)	<b>823/106</b> 716/95 (2016)	<b>12.1m</b> 12.0m (2016)
<b>Crew Employed</b> Seafarers	<b>Shore Staff</b> Staff	<b>Staff Training</b>	<b>Seafarer Retention</b>	<b>Sponsorship &amp; Charity</b> USD
<b>3,400</b> 3,000 (2016)	<b>335</b> 330 (2016)	<b>47%</b> 48% (2016)	<b>87%</b> 87% (2016)	<b>58,000</b> 55,000 (2016)
<b>Tot. Rec. Injury Frequency</b> <small>KPI</small> TRCF	<b>Lost Time Injury Frequency</b> <small>KPI</small> LTIF	<b>Inspection Deficiency Rate</b> <small>KPI</small> per PSC inspection	<b>Enviro Pollution Incidents</b> <small>KPI</small> Incidents	
<b>1.46</b> 1.3 (2016)	<b>0.82</b> 0.9 (2016)	<b>0.54</b> 0.7 (2016)	<b>0</b> 0 (2016)	
<b>Fuel Consumed</b> Tonnes (total fleet)	<b>Fuel Consumed</b> Tonnes (owned ships)	<b>CO<sub>2</sub> Emitted</b> Tonnes (equiv)	<b>CO<sub>2</sub> Index (EEOI)</b> <small>KPI</small> Grams CO <sub>2</sub> /tonne-mile	
<b>1.01m</b> 0.88m (2016)	<b>0.42m</b> 0.33m (2016)	<b>1.31m</b> 1.03m (2016)	<b>10.75</b> 11.02 (2016)	




# About Our CSR Report

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

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

Our CSR reporting discloses our CSR performance data for 2017 and summarises more permanent aspects of our CSR narrative, such as (a) key inputs and outputs of our business, (b) initiatives we pursue to tackle our responsibilities, and (c) materiality, reporting scope and CSR governance.

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

-  workplace and business practices (human capital)
-  environmental stewardship (natural capital)
-  community engagement (social & relationship capital)

## CSR Reporting Framework

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

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


Page 40  
SEHK ESG Reporting Guide Index




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

- 

Corporate Social  
Responsibility




Corporate  
Governance

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

## An Integrated Reporting Framework

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

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

<https://integratedreporting.org>   
IIRC's International <IR> Reporting Framework



## Scope

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

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

## Reporting Period

The reporting period is 1 January to 31 December 2017.

## Assurance

Our Energy Efficiency Operational Indicator (EEOI) and other environmental and safety KPI data have been measured or calculated in accordance with industry standards, and has been audited by Lloyd's Register Quality Assurance for ISO 9001, ISO 14001 and OHSAS 18001 certification.

## Policies

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

- HSEQ Policy
- Commitment to a Healthy & Safe Workforce (OHSAS 18001)
- Environmental Policy Guide
- Drug & Alcohol Policy
- Code of Conduct
- Whistleblowing Policy – External
- Workplace Practices Policy Summary

104

Average number of owned ships we operated in 2017



241

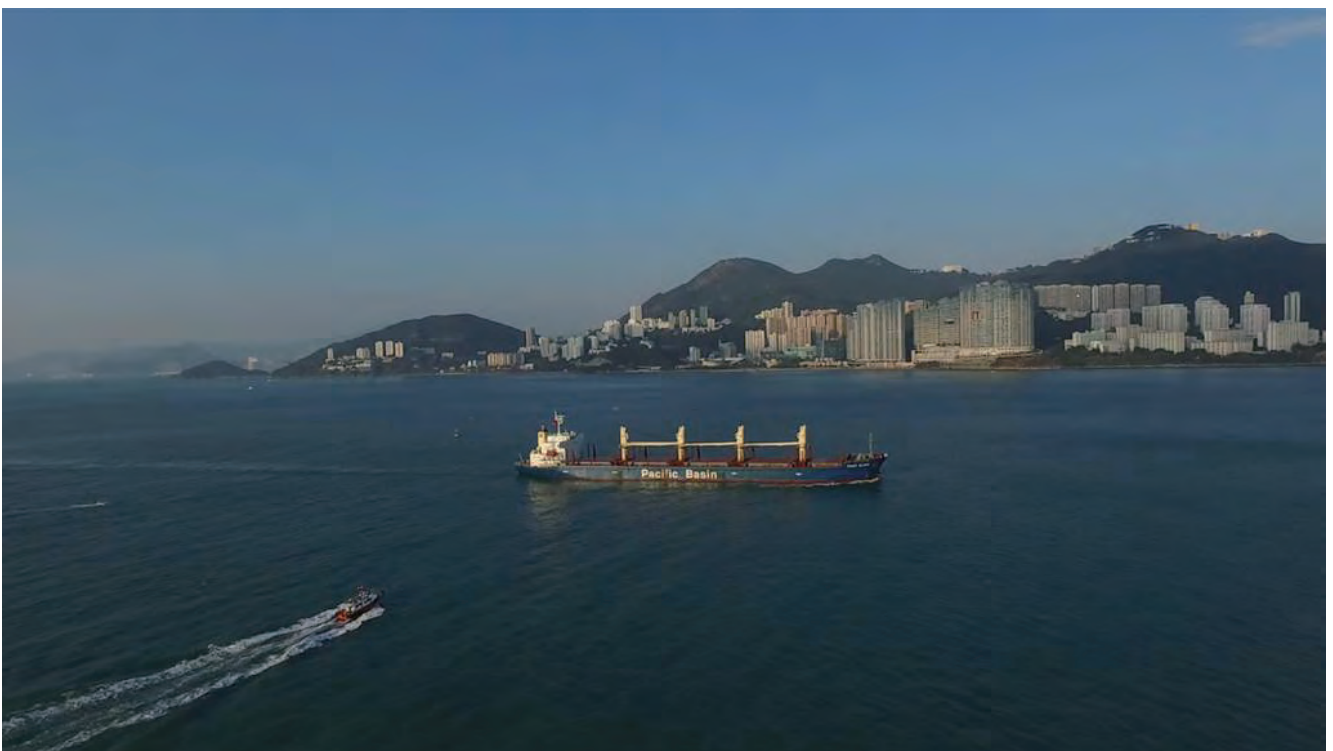
Average number of ships we operated overall in 2017



Page 41

CSR feedback form

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




# Our Approach to CSR

## A Sustainable Business Approach

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

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













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

Page 11  
Key Material Matters 

## Our Resources in Action

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

B **OUR CAPITALS – THE RESOURCES AND RELATIONSHIPS WE RELY ON**

	<b>Physical Capital</b> <b>Our Fleet</b>	
	Handysize	
	Supramax	 p18
	<b>Human Capital</b> 3,400 seafarers 330 staff ashore Our Global Office Network <b>12 offices</b> <b>10 chartering offices</b>	 p13
	<b>Social Capital &amp; Relationship Capital</b>	 p34
	<b>Intellectual Capital</b>	 p18
	<b>Financial Capital</b>	 p28
	<b>Natural Capital</b>	 p12

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

C **HOW WE CREATE OR PROTECT VALUE**

- Scale and Interchangeability
- High-quality Assets
- In-house Technical Operations
- Team Productivity
- Being Local
- Being Global
- Stakeholder Engagement & Wellbeing
- Effective Business Model & Systems
- Considered Treasury Activity
- Environmental Responsibility

## Our Focus Areas

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



### Workplace and operating practices

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



### Environmental stewardship

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



### Community engagement

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

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

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

#### Key:



Linkage to further details within this CSR Report



Please read our Annual Report for more information



#### MATTERS OF KEY STRATEGIC FOCUS

Investing in our fleet



p20

Investing in our People  
Deepening our relationships

Safeguarding health & safety  
Evolving management & governance practices

Maximising efficiencies and reducing costs

Enhancing corporate and financial profile

Safeguarding the environment

#### Our Mission

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



#### OUTCOME

- Optimal ship design and efficiency p10
  - 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
- 
- Safeguarding and enhancing quality, effectiveness and availability of staff on shore and at sea p14
  - Meaningful customer partnerships, better understanding of needs
  - Access to comprehensive market intelligence and cargo
  - Optimal trading and positioning of our fleet
- 
- Builds and understanding trust and support between Pacific Basin and our staff, customers, tonnage providers, suppliers, investors, financiers, communities and other stakeholders
- 
- Sector-leading service delivery
  - Maximising vessel earnings, minimising costs and generating consistently respectable financial performance through the cycle
  - Strong brand reputation
- 
- Sound financial liquidity
  - Optimal balance of financial capital sources benefits shareholders and enhances returns p26
- 
- Sector-leading efforts to minimise consumption of natural resources and impact on the environment

### CSR Governance

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

Annual Report p.31  
Board Responsibilities



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

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

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



## Key Material Matters

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

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

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

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

Annual Report p.20  
Strategy Delivery & Risks

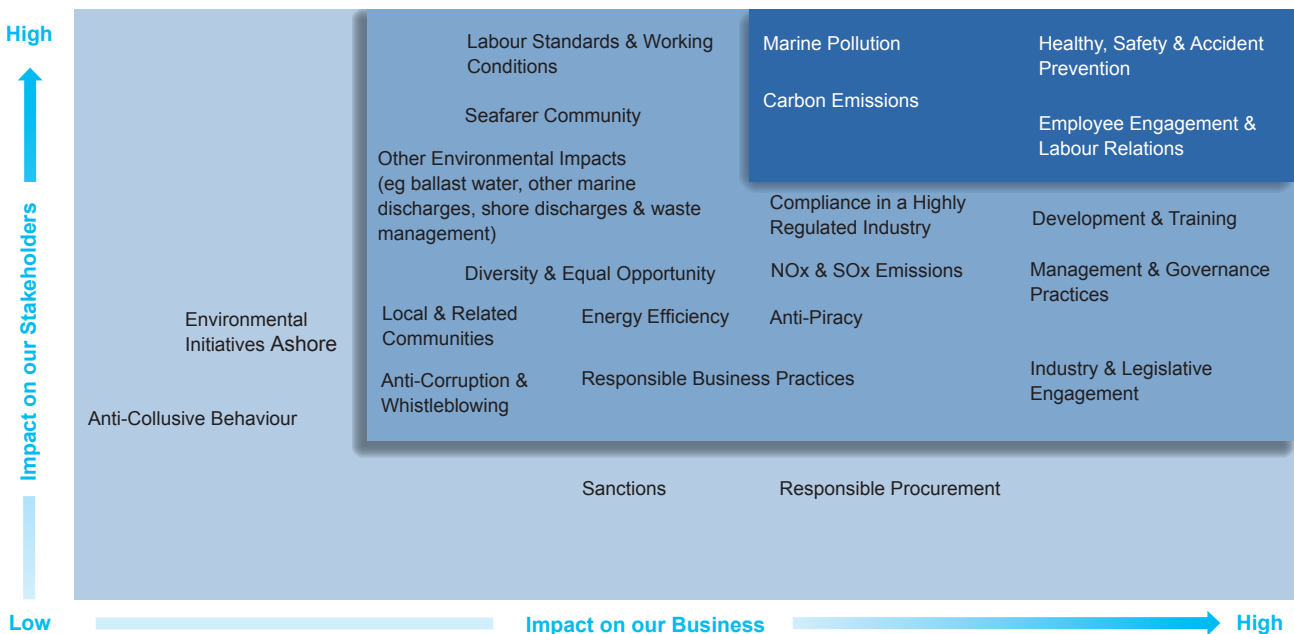


## Materiality Matrix & Stakeholder Engagement

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

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

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



# Our Key Impacts & Responsibilities

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

## At Sea

### Inputs

Key resources and relationships we rely on (our Capitals)

#### Human Capital

Staff at sea

#### Physical & Natural Capital

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

#### Social & Relationship Capital

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



### Outputs

Our impacts and CSR responsibilities

#### Physical Impacts

Accidents & illness, personal fitness, productivity & effectiveness

#### Mental Impacts

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

#### Atmospheric Emissions

CO<sub>2</sub>, Greenhouse gases, SOx, NOx, PM, VOCs

#### Marine Discharge

Bilge and ballast water, sewage and gray water, garbage/food waste, toxic leaching from paint, cargo residue and accidental discharges

#### Shore Discharge

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

#### Other impacts

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

#### Goodwill & Reputation Impacts

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



KPI A1.1

Type of emissions and data

## On Shore

### Inputs

#### Human Capital

Staff ashore

#### Physical & Natural Capital

Business travel  
Commuting  
Electricity  
Paper supplies  
Water & Sewage  
General waste

#### Social & Relationship Capital

Customers  
Suppliers  
Regulators & policy makers  
Communities  
Investors  
Finance providers



#### Our Worldwide Network

12 office locations including:

- 10 commercial offices
- 3 technical & crewing offices

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

### Outputs

#### Physical Impacts

Accidents & illness, personal fitness, productivity & effectiveness

#### Mental Impacts

Work-life balance

#### Atmospheric Emissions

CO<sub>2</sub>, Greenhouse gases, SO<sub>x</sub>, NO<sub>x</sub>, PM, VOCs

#### Other Impacts

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

#### Goodwill & Reputation Impacts

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

# Workplace & Safety



## Drawing on our Human Capital

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

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



Aspect B1 (Employment)  
General Disclosure

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

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

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

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

Our comprehensive technical ship management function covers:

- Newbuilding and contracting support
- Newbuilding supervision
- Technical support for ship sale and purchase activities
- Technical and crew management of ships

- Procurement
- Marine & safety quality management and superintendence
- Regulatory compliance
- Dry docking supervision
- Safety & security assessments and training
- Internal/external audit corrective action implementation

We operate our own Pacific Basin crewing and training centres in Dalian, Manila and Hong Kong where our crew recruiting, training and management activities are based. Our pool of over 3,400 seafarers are mainly from China and the Philippines, and some of our officers and ratings are from Russia and Ukraine (FSU), Hong Kong and Bangladesh.





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

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

## Health & Safety

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

Our HSEQ policy and our 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



Aspect B2 (Health & Safety)  
General Disclosure



## People-focused Safety Innovation

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

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

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

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

### “Make Complacency History”

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

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

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



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



## Health & Safety Performance in 2017

*We have steadily reduced our Total Recordable Case Frequency by an average of 6% per year since 2004*

In 2017, we recorded near record low total injuries and injury frequency on our ships, most arising from relatively minor slips, trips, falls and crushing incidents.

We achieved our lowest ever lost time injuries frequency (LTIF) in 2017 which improved 13% year on year to 0.82. Our crew registered 14 such injuries in over 710,000 man days in the year.

Our total recordable case frequency (TRCF) increased 11% to 1.46 which remains low by industry standards. Overall, we have steadily reduced our TRCF by an average of 6% per year since 2004.

Our aim is to substantially eliminate our personal injury incidents and to improve on our lowest ever LTIF result of 0.82.

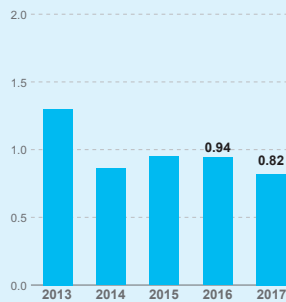
KPI

Lost Time Injury Frequency (LTIF)

0.82

↓ 13%

injuries per million man hours

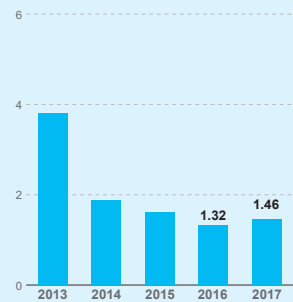


Total Recordable Case Frequency (TRCF)

1.46

↑ 11%

injuries per million man hours



KPI B2.1

Number and rate of work related injuries



KPI B2.2

Lost days due to work injury

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

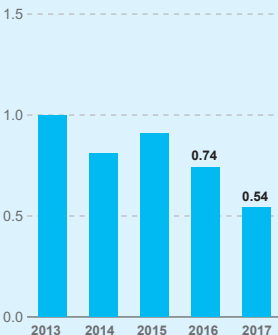
In 2017, we continued to reinforce our established safety programme with our campaign to target “Zero Lost Time Injuries”, involving enhanced pre-joining and on-board training, and monthly alerts to the fleet with reminders of injuries sustained on our ships. Our “Make Complacency History” campaign also reaches out to our seafarers’ families for a more holistic and effective approach.

KPI

External Inspection Deficiency Rate

0.54 ↓ 27%

deficiencies per inspection



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

In 2017, our average deficiencies per inspection improved by 27% to 0.54.

78% of our Port State Control inspections found zero regulatory deficiencies (2016: 72%).

These results are among the best in the industry, especially considering the scale of our activity in the Far East where defects are typically raised in larger numbers.



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

We encourage near-miss reporting which in 2017 accounted for 672 reports (2016: 783) through which officers and crew described safety incidents and near-misses, however minor, which serves as a valuable tool for the prevention of injury and loss.

Page 22-23  
**Labour Standards & Workplace Conditions**  
 Promoting our staff's physical fitness, mental health and general wellbeing at sea and ashore

**Award-winning Safety Culture & Performance**

Page 28  
 More on our award-winning Safety & Quality at Sea



In 2017, we won the following awards recognising our commitment to and performance in safety and related areas:

**International Bulk Journal Awards 2017**

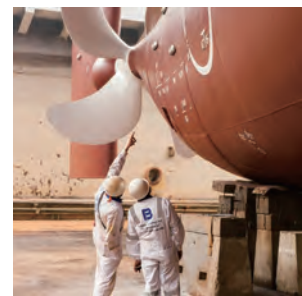
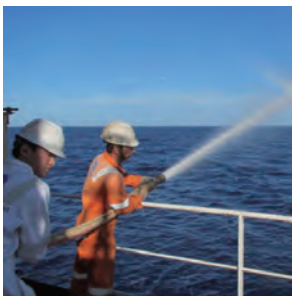
- Safety Award

**Seatrade Maritime Awards 2017**

- CSR Award

**Hong Kong Marine Department Award**

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



**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 Lloyd's Register Quality Assurance (LRQA) to voluntary standards, including:

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



## Training & Development

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

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



Aspect B3 (Development & Training)  
General Disclosure

### Employees at Sea

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

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

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

- We host at least four officer training seminars annually at our crewing centres in Manila and Dalian, and in 2017 also in Odessa. Through these two-day events, we engage with our "on-board managers" to reinforce our company policies, practices and values, review regulatory changes and industry developments, share safety and navigation-related experiences, and analyse industry incidents and develop preventive measures with the involvement of our crew and managers.

**5** training seminars in 2017  
(2016: 4)

- We conduct enhanced pre-joining briefings for all our sea staff.
- Our experienced Masters and Chief Engineers voluntarily run training sessions for our ratings whilst both teachers and students are on shore-leave.



- 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.

**1.5** officer cadets per ship  
in 2017  
(2016: 2.0)



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

**8** Ships per safety/training manager in 2017

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



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



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



## Employees ashore

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

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

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



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 2017, 9 young staff members attended our structured three-month trainee programme in which trainees cycle through our various departments, travel on ships, visit dry-docks, spend time with our shipping agents, shipbrokers and customers, and receive an in-depth experience in all facets of dry bulk shipping.

**47%** received external training in 2017 (2016: 48%)

**18.6** training hours (average) per employee (2016: 12.5)

**9** graduate and other young recruits in 2017 (2016: 12)



KPI B3.1  
Percentage of employees trained by category



KPI B3.2  
Average training hours per employee



## Labour Standards & Workplace Conditions

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

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

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

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

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



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



Aspect B4 (Labour Standards)  
General Disclosure

### Seafarers' Bill of Rights

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

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

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

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



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



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





## Employee Wellbeing Ashore

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



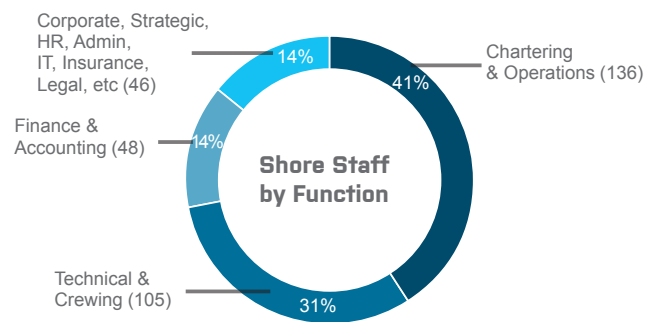
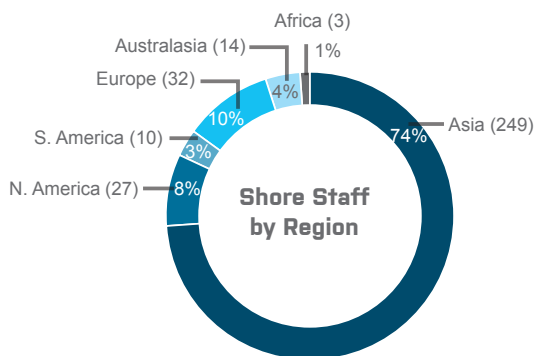
Aspect B1 (Employment)  
General Disclosure

In May 2017, we relocated our group headquarters to a newly revitalised part of town about 15 minutes outside of Hong Kong's Central business district, and took the opportunity to create a healthier and more practical and fulfilling office environment. Our office is bright, airy, colourful and informal, and staff have access to a number of casual spaces for collaborative work or just a quiet place to make phone calls, exercise or attend to personal matters.



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. Our new headquarters office in Hong Kong is surrounded by mountains, shoreline and sporting facilities that staff make use of to keep fit, and we encourage all our staff around the world to make the most of whatever nature and facilities are available to them for better health and fitness. We encourage a healthy balance between family life and work.

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



KPI B1.1  
Total workforce by employment

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 27 nationalities.

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

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

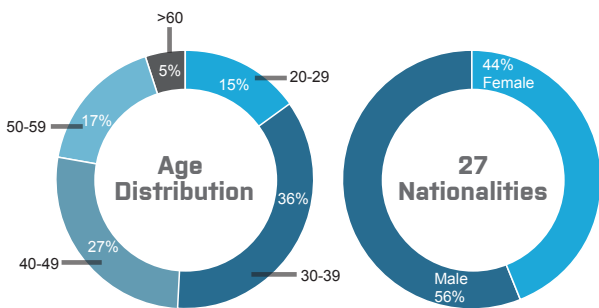
Our high officer and crew retention rate speaks volumes about the job fulfilment we offer our seafarers.

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

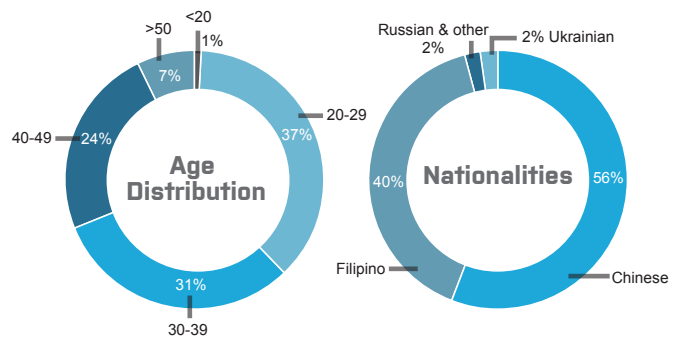
We reaffirm our longstanding commitment to providing a safe environment for all our staff free of discrimination and harassment on any grounds. We operate a zero tolerance policy towards sexual harassment in our workplace, and we investigate all allegations of sexual harassment promptly, discreetly and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



**335 Shore Staff**



**3,400 Seafarers**



**87%** shore staff retention (2016: 80%)

**94%** officer retention (2016: 92%)

**25%** shore staff under equity incentive scheme (2016: 23%)

**87%** overall crew retention (2016: 87%)

**31%** shore staff with Pacific Basin for over 10 years



KPI B1.2  
Employee turnover

## Responsible Business Practices

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

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



### Our Vision, Mission & Business Principles

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

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

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

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

### Anti-Corruption

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

#### 0 Cases of corrupt practices

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 seminars run by external trainers for our Hong Kong staff on a rotational basis.

We were not in 2017, are not currently and have never been involved in any legal cases regarding corrupt practices.




Aspect B7 (Anti-Corruption)  
General Disclosure



KPI B7.1  
Number of legal cases regarding corrupt practices

### Whistleblowing

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

 KPI B7.2  
Preventative measures & whistleblowing practices

### Anti-Collusive Behaviour

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

### Sanctions

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

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

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

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

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

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



## Responsible Procurement

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 selection and continued support of suppliers is heavily influenced by the outcome of our reviews of their and their products' 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)



Aspect B5 (Supply Chain Management)  
General Disclosure



KPI B5.2  
Description of practices related to engaging suppliers



In 2017, our list of vetted vendors numbered approximately 240, of which 130 were new suppliers and about 110 were existing suppliers re-evaluated during the year.



KPI B5.1  
Number of 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 30% of our annual fuel needs from any single supplier. We sourced over 80% of our fuel from 10 major bunker suppliers in 2017. The remainder was sourced from about 17 smaller suppliers for spot bunkering in remote ports.



**240** suppliers  
(2016: 240)

**27** bunker fuel suppliers  
(2016: 26)

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

In 2017, we won top global and regional industry awards for safety, CSR and best shipping company overall, including:

### Lloyd’s List Global Awards 2017

- Company of the Year

### Seatrade Maritime Awards 2017

- CSR Award

### International Bulk Journal Awards 2017

- Safety Award

### Hong Kong Marine Department Award

- Outstanding performance in Port State Control Inspections



Some notable other awards in recent years include:

- Safety Award at Lloyd’s List Global Awards 2016
- Ship Operator Award at Lloyd’s List Awards Asia 2015 and 2016
- Best CSR Award at Asian Excellence Recognition Awards 2015
- Hong Kong Marine Department award for Outstanding Performance in Port State Control Inspections (nine times in the past 10 years)
- Shipping Company of the Year at BIMCO Awards 2014
- Shipmanager of the Year and Environment Award at Lloyd’s List Asia Awards 2011
- Environment Award at Lloyd’s List Global Awards 2011 and IBJ Awards 2012
- Seafarer of the Year at Lloyd’s List Global Awards 2011 (Captain Zhu Qianchun)

[www.pacificbasin.com](http://www.pacificbasin.com)  
Company > Awards



# Environment



## Drawing on our Natural Capital

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

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

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

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

Adopting environmentally-friendly technologies and practices across our business

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

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

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



Aspect A1 (Emissions)  
General Disclosure

## Tackling our Environmental Responsibilities

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

## Environmental Responsibilities

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

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



### Atmospheric Emissions & Fuel Efficiency

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

#### Fuel-efficient Operational Measures

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

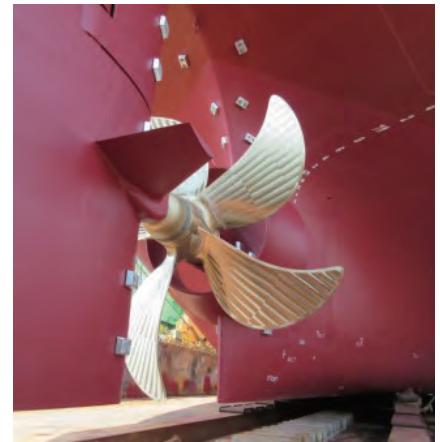
#### Improving Hull and Propulsion Hydrodynamics

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

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

#### Improving Engine Performance

- Fuel combustion catalysts facilitate more complete and cleaner combustion. This leads to fuel savings and reduces the frequency of engine overhaul maintenance.
- Computer-aided optimisation of cylinder lubrication and machinery overhaul intervals leads to reduced fuel and lubricating oil consumption.



KPI A1.5  
Measures to mitigate emissions

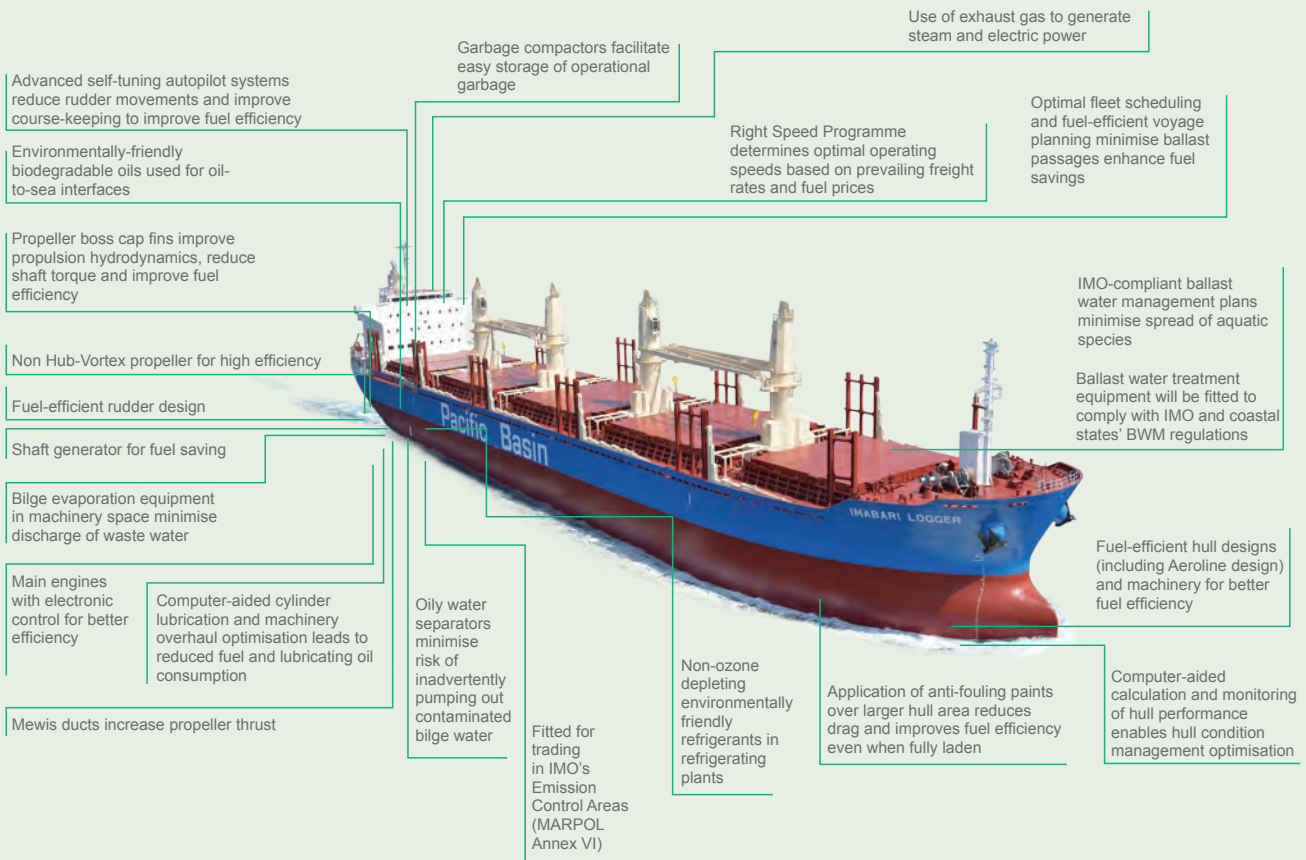


KPI A2.3  
Energy efficiency measures





## Environmentally-friendly Features



## CO<sub>2</sub> Emissions Performance in 2017

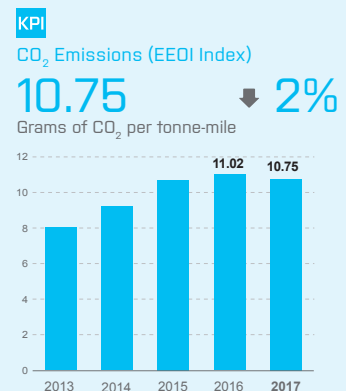
Our carbon intensity remains among the lowest in our segment due to the above technological and operational measures and the overall efficiency of our large, modern fleet.

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

Our fleet's carbon emissions intensity in 2017 decreased 2% to 10.75 grams of CO<sub>2</sub> per tonne-mile, as calculated using the industry-standard ship Energy Efficiency Operational Indicator (EEOI) method. Our ships operated at slightly faster average operating speeds in 2017 as optimised by our proprietary Right Speed Programme based on prevailing freight rates and fuel prices. The reduction in our carbon

intensity was therefore largely driven by the increased efficiency of our fleet as our last seven newbuildings and seven modern acquisitions delivered into our ownership. We continued to apply technologies and practices that we implemented in earlier years to minimise our fuel consumption and emissions, and benefitted from the delivery into our fleet of new and modern ships of efficient design.

In 2017, we added seven newbuilding and seven modern ships to our fleet on the water, and the average age of our owned ships was 8.5 years as at 31 December 2017. One more delivered in early 2018. All these acquisitions are efficient ships of excellent design for our trades.



## Marine Discharges & Waste Management


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


### Reducing Marine Discharges

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

### Waste Management

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

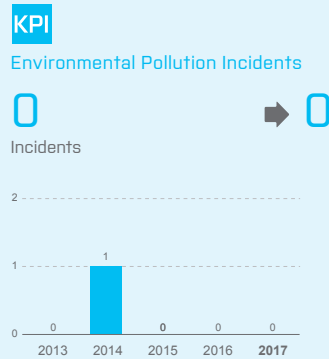
Page 38   
**Performance Data Summary**  
 Our emissions and discharge performance data

 **KPI A1.6**  
 Handling of waste and reduction initiatives

### Marine Discharge, Pollution and Waste Performance in 2017

We aim to not have any pollution incidents.

In over 36,200 ship days in 2017, our owned fleet committed no marine pollution violations (2016: no pollution violations). This MARPOL performance is indicative of the effectiveness of our Pacific Basin Management System and the high standard of professionalism of our seafarers.



## Green Efforts Ashore

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

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

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

In 2017, we discontinued the use in our Hong Kong office of plastic rubbish bin liners at our desks thereby eliminating the use of about 400 plastic liners per month, and we have encouraged our regional offices to do the same.



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

An independent audit of our environmental performance determined that our headquarters office in Hong Kong (where 60% of our shore-based staff work) produced carbon emissions of 1,135 metric tonnes for the 2016/2017 audit year (2015/16: 1,067). This represents an increase in emissions of 6.5% which was attributable to increased business travel (scope 3 emissions) partly offset by a marked reduction of 30% in our electricity consumption (scope 2 emissions).

Our increased business travel was mainly attributable to a return to our normal levels of air travel mainly because of our ship managers' increased ship visits to our larger fleet of owned ships.

Our lower electricity consumption was due to our relocation in May 2017 to a modern, more efficient new office with low-energy motion-activated lighting, fewer lights and more natural light, and more efficient air-conditioning.

**30%** Reduction in electricity consumption in Hong Kong headquarters



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

We also disclose our carbon footprint data through:

- the Carbon Footprint Repository (CFR) developed by Hong Kong's Environment Bureau for listed companies in Hong Kong; and
- the HKQAA Sustainability Rating and Research for the Hang Seng Corporate Sustainability Index Series.



# Community



## Drawing on our Social & Relationship Capital

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

We achieve this by:

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

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



Aspect B8  
(Community Investment)  
General Disclosure



KPI B8.1  
Focus areas of contribution



KPI B8.2  
Resources contributed

## The Seafarer Community

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

- Our Human Resources Director is an Asian Ambassador of the Sailors' Society, an organisation we support because of our particular interest in the welfare of seafarers and their dependents globally. Through this role, we promote regionally the need to support the welfare of seafarers whose lives at sea are not easy and who give so much to the business of shipping.
- In 2017, our charitable donations and sponsorship amounted to over US\$58,000, including donations to the Sailors' Society and the Mission to Seafarers.
- We sponsor a minibus in Manila for the use of the Sailors' Society to provide free transport to all seafarers in Manila and to facilitated ship visits by the Manila port chaplain.

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



## Ports Where our Ships Trade

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

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

One measure of our success in this area is the feedback we get from stevedores, port operators and other stakeholders in the ports where we call. Here are examples of commendations we received in 2017:



In 2017 our ships called at **823** ports  
**106** countries



*A job well done by all your crew with excellent cooperation for a safe and successful loading.*

**Stevedores in Longview, USA**

*Our inspector found your vessel to be well organised and safely operated. Your vessel's management practices demonstrate a strong commitment to marine safety and environmental protection.*

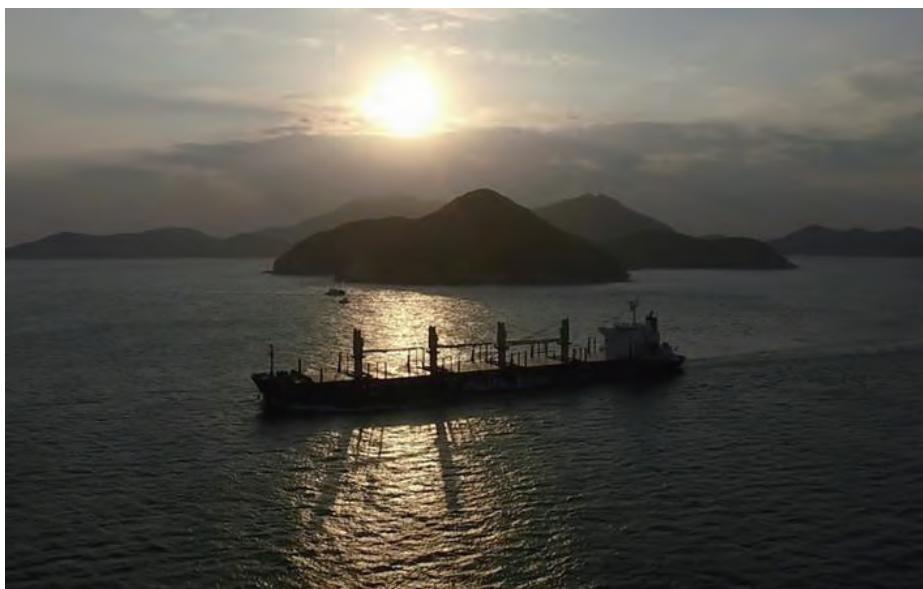
**Department of Ecology, Washington, USA**

*We credit your master and his crew for their professionalism, work ethic, courtesy and general attitude towards safety during loading operations in our port. Many positive comments were made by stevedores, surveyors and others about their approach to all facets of their work.*

**Customers at load port in Australia**

*Your crew were a pleasure to work with and were professional in all aspects of their work. They were very hospitable to all who came aboard and worked with them every day. The loading went well as the crew efficiently assisted every time they were required. I hope to see this crew back again on future voyages.*

**Stevedores in Stewart, Canada**



## 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, the Shipping Consultative Committee of the Hong Kong Administration and the Seafarer Advisory Board. We also support various maritime and related causes in Hong Kong.

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

The museum welcomed over 130,000 visitors in 2017, including over 15,000 student and community group visitors and 21,000 event attendees. In addition to showing its permanent collections, which expanded with important new acquisition and gifts in 2017, the museum arranges quality exhibitions and programmes such as public lectures, symposia, family activities and industry focused events.

Notable events included an academic symposium on the cultural and trade links between countries located along China’s traditional Maritime Silk Road, and special exhibitions on the origins and trade of Chinese export silver, and ancient maritime and overland trade. Hong Kong Maritime Week (see below) helped the Museum’s growing reputation as a centre for informal learning for all things maritime.

HKMM continues to generate community value through its social enterprise managed café, marine environment agenda and disadvantaged schools outreach, and several other initiatives.

- Hong Kong Maritime Week – We frequently support Hong Kong Maritime Week (formerly Maritime Awareness Week) to generate enthusiasm amongst young Hongkongers for shipping as a worthwhile career.

At Hong Kong Maritime Week in November 2017, our Third Officer Simon Ng spoke to secondary school students and their parents about his fascinating life as a seafarer and how to qualify for a career at sea, such as through the Pacific Basin Cadetship programme which Simon joined in 2014.



- 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 – In 2017, we funded two more scholarships at Hong Kong Polytechnic University where four students are currently pursuing a bachelor’s degree in International Shipping and Transport Logistics under our sponsorship. Four recipients of our scholarship now work at Pacific Basin in Hong Kong, London and Vancouver.
- Supporting local employment – We employ on some of our ships a number of senior officers from Hong Kong, and we have run an officer cadet recruitment and training scheme in Hong Kong since 2013.



- All our owned ships fly the Hong Kong flag. In 2017, our newbuilding m/v Osaka Bay took the Hong Kong Shipping Register (the fourth largest in the world) past the 110 million gross tonnage mark.



- Pacific Basin Soccer Sixes – In November, we hosted the sixth instalment of the Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong’s shipping and related services companies fielded 19 teams in this increasingly popular sporting event for the Hong Kong shipping hub.
- Pearl River Delta Emissions Control – The voluntary Fair Winds Charter which we signed up to in 2013 resulted in new Hong Kong regulation requiring ocean-going vessels to switch to clean marine fuel with sulphur content not exceeding 0.5 per cent while at berth in Hong Kong which led to similar standards being adopted by several other key Pearl River Delta ports effective 1 January 2017. The limit will apply also to all vessels entering Hong Kong waters from January 2019 to further reduce air pollution in the region.

- Funding other good causes, a Pacific Basin team completed the mountainous 100km Oxfam Trailwalker hike for the thirteenth consecutive year in aid of Oxfam's poverty alleviation programmes.



- A team of 10 colleagues ran the Bloomberg Square Mile Relay race through Hong Kong's Central business district raising funds for local charity Unleash Foundation which promotes the inclusion of youth with physical disabilities through inclusion training and home-based work opportunities.



## 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 appropriate industry organisations such as:



- International Association of Dry Cargo Shipowners (Intercargo)
- The Baltic and International Maritime Council (BIMCO)
- The Baltic Exchange

- Executive Committee of the Hong Kong Shipowners Association, an influential organisation within the International Chamber of Shipping and the International Maritime Organization (IMO)
- Sub committees of the Hong Kong Shipowners Association, such as the Marine Sub Committee and the Maritime Education and Training Sub Committee
- Hong Kong Shipping Consultative Committee
- Customer Relations Group of the Hong Kong Shipping Register
- Lloyd's Register and ClassNK Technical Committees
- ClassNK Hong Kong Owners Committee



# 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	2013	2014	2015	2016	2017	
<b>General</b>							
Owned ships operated (average)	# ships	61	80	84	87	104	
Cargo volume carried	million tonnes	50	52	55	57	66	
Revenue	US\$ million	1,709	1,718	1,260	1,087	1,488	
<b>Environment</b>							
<b>Emissions (owned fleet)</b>							
<i>At Sea</i>							
EEOI CO <sub>2</sub> Index <sup>1</sup> <b>KPI</b>	grams CO <sub>2</sub> per tonne-mile	8.02	9.22	10.70	11.02	10.75	 p.31
CO <sub>2</sub> (Scope 1 emissions from our owned dry bulk fleet)	metric tonnes	705,100	902,000	1,043,000	1,028,000	1,313,000	
Chlorofluorocarbons (CFCs)	kg/month	0.58	0.45	0.30	0.46	0.32	
<i>On Shore</i>							
CO <sub>2</sub> (Scope 2+3 emissions from headquarter activities) <sup>2</sup>	metric tonnes	1,269	1,293	1,329	1,067	1,135	
<b>Fuel Consumed (purchased for owned &amp; chartered fleet)<sup>3</sup></b>							
Heavy fuel oil	metric tonnes	716,000	727,400	749,700	804,500	919,900	
Low sulphur fuel oil	metric tonnes	69,500	61,700	0	0	0	
Low sulphur marine gas oil (& diesel prior to 2015)	metric tonnes	11,500	20,600	69,200	78,000	87,400	
<b>Fuel Consumed (owned fleet)</b>	metric tonnes	226,000	289,000	334,000	329,000	420,000	
<b>Waste</b>							
Garbage landed	m3/month/ship	4.03	3.57	2.63	2.97	3.67	
Garbage discharged to sea (foodwaste + cargo residue)	m3/month/ship	1.64	1.58	1.18	0.94	1.30	
Engine room bilge water discharged to sea	m3/month/ship	8.71	7.97	8.44	6.80	6.19	
Sludge incinerated	m3/month/ship	2.53	2.26	2.14	2.23	2.21	
<b>MARPOL pollution incidents</b> <b>KPI</b>	#	0	1	0	0	0	 p.32
<b>Social</b>							
<b>Working Conditions</b>							
Shore-based staff	# staff	380	340	330	330	335	
Women in workforce	%	41	42	45	42	44	
Shore staff nationalities	#	30	31	31	27	27	
Shore staff by age							
20-29 years old	%	16	17	14	15	15	
30-39 years old	%	31	32	35	34	36	
40-49 years old	%	26	29	28	27	27	
50-59 years old	%	20	16	18	18	17	
>60 years old	%	7	6	5	6	5	
Shore staff by region							
Asia	%	62	68	74	76	74	
Europe	%	8	10	10	9	10	
N. America	%	3	4	5	8	8	
Australasia	%	3	4	5	4	4	
S. America	%	23	13	5	2	3	
Africa	%	1	1	1	1	1	
Seafarers (dry bulk fleet)	#	2,300	2,900	3,000	3,000	3,400	
Seafarers by age							
<20 years old	%	4	2	2	1	1	
20-29 years old	%	35	37	33	36	37	
30-39 years old	%	32	32	33	32	31	
40-49 years old	%	21	22	25	24	24	
>50 years old	%	8	7	7	7	7	



KPI A2.1  
Direct/indirect energy consumption

KPI A1.2  
GHG emissions in total tonnes



	Unit	2013	2014	2015	2016	2017	
<b>Seafarers by nationality</b>							
Chinese	%	56	56	52	54	56	
Filipino	%	40	40	44	42	40	
Ukrainian	%	2	2	2	2	2	
Russian & other	%	2	2	2	2	2	
Shore staff retention	%	84	80	80	80	87	
Shore staff under share award scheme	%	37	36	36	23	25	
<b>Seafarer retention</b>							
Officers	%	81	88	90	92	94	
Overall	%	76	80	84	87	87	
<b>Health &amp; Safety</b>							
Injury frequency (TRCF) <b>KPI</b>	# per million man hours	3.57	1.44	1.60	1.32	1.46	p.17
Injury frequency (LTIF) <b>KPI</b>	# per million man hours	1.24	0.85	0.95	0.94	0.82	p.17
Crew fatalities	#	0	1	0	1	1 <sup>4</sup>	
Deficiencies per PSC inspection <b>KPI</b>	#	0.4	0.91	0.91	0.74	0.54	p.17
Zero deficiency rate in PSC	%	71	68	70	72	78	
Near-miss reports	#	676	689	539	783	672	
Navigational accidents	#	3	0	0	0	3 <sup>5</sup>	
<b>Development &amp; Training</b>							
Shore staff external training	staff %	32	57	55	48	47	
Seafarer/officer training seminars	#	5	5	4	4	5	
Ships per safety/training manager	#	6	6	7	8	8	
Officer cadets per ship	#	3.7	3.0	2.4	2.0	1.5	
<b>Supply Chain Management</b>							
Suppliers	#	200	220	280	240	240	
Bunker suppliers	#	32	38	27	26	27	
<b>Anti-Corruption</b>							
Incidents of corruption	#	0	0	0	0	0	
<b>Community Investment</b>							
Sponsorship & donations	US\$,000	80	218	71	55	58	

- Our CO<sub>2</sub> emissions have been calculated using the industry-standard ship Energy Efficiency Operational Indicator (EEOI) method since 2013.
- Emissions from our headquarter office consumption and activities includes emissions from staff commuting and business air travel, air conditioning, lighting and computer and office equipment, as well as paper and fresh water consumption (audit period: July 2016 to June 2017).
- In 2017, we purchased more low sulphur marine gas oil (and no low sulphur fuel oil or marine diesel oil) to fuel our larger fleet of ships over longer sailing distances (on average), and to meet emission regulations limiting fuel sulphur content to no more than 0.1% in designated emission control areas where our ships frequently trade.
- Regretfully an off-duty crew member died of non-work related causes. Additionally, the fatal fall of a stevedore in Thailand who failed to follow our prescribed safe working practices was deemed to be outside our scope of responsibility.
- We sustained three minor navigational accidents in 2017. One of our ships sustained hull damage from floating ice east of Russia which could have been avoided through better voyage planning and weather monitoring. Another of our ships made minor contact with a coastal vessel while avoiding an incident with a third vessel, despite having a Yangtze River pilot on board at the time. And one of our ships dragged anchor in Bangladesh and made soft contact with a vessel anchored close astern despite using our ship's propulsion to try avoid contact. None of these incidents resulted in any injury or pollution. The lessons learned have been shared with our ship's crews through publication of a fleet circular and discussion in our pre-joining, on-board training and officers safety seminars.



Page 12

Our Key Impacts

Key inputs and outputs of our ships and our office activities



Our EEOI and other environmental and safety KPI data in this report has been measured or calculated in accordance with industry standards, and has been audited by Lloyd's Register Quality Assurance for ISO9001, ISO14001 and OHSAS18001 certification.

# SEHK ESG Reporting Guide Index

We have measured and tracked key aspects of our CSR performance for several years and we meet the Stock Exchange ESG Guide's disclosure requirements<sup>b</sup> and recommendations for 2017.

## A. Environment

SEHK ESG Index Ref.	Description	Cross-references & Comments	Page
<b>A1</b>	<b>Emissions</b>		
	<b>General disclosure statement</b>		29
1.1	Type of emissions and data		12-13
1.2	GHG emissions in total tonnes		38-39
1.3	Hazardous waste produced		38-39
1.4	Total non-hazardous waste produced		38-39
1.5	Measures to mitigate emissions		30-31
1.6	Handling of waste and reduction initiatives		32
<b>A2</b>	<b>Use of Resources</b>		
	<b>General disclosure statement</b>		12-13
2.1	Direct/Indirect energy consumption		38-39
2.2	Water consumption (total)	Not applicable as our business does not require sourced water	NA <sup>a</sup>
2.3	Energy efficiency measures		30-31
2.4	Issues in sourcing water	Not applicable as our business does not require sourced water	NA <sup>a</sup>
2.5	Total packaging material	Not applicable as our business does not require packaging material	NA <sup>a</sup>
<b>A3</b>	<b>Environment and Natural Resources</b>		
	<b>General disclosure statement</b>		8-9
3.1	Description of significant impacts of activities		

## B. Social

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

Remarks:

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

# Feedback

Thank you for your interest in Pacific Basin's Corporate Social Responsibility Report 2017. We welcome your feedback on the content of this CSR Report so that we can better shape our future CSR strategy and improve our CSR performance and reporting.

Please send any comments to our corporate communications team at:

E: [comms@pacificbasin.com](mailto:comms@pacificbasin.com)

T: +852 2233 7000

## Stakeholder Feedback Survey

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

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

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

- 5       4       3       2       1

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

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

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

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



With you for the long haul



2017 Online Annual Report



All reports are now available at [www.pacificbasin.com/ar2017](http://www.pacificbasin.com/ar2017)



Please send us your feedback via our online feedback form

2017 Annual Report 2017 CSR Report



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

- 5 = top importance
- 4 = high importance
- 3 = medium importance
- 2 = low importance
- 1 = not important

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

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

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



## Pacific Basin

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