Our Pacific Basin Crew are our Heroes at Sea

#WithYouForTheLongHaul
Our Heroes at Sea, enduring the Covid-19 crew change crisis, we thank and salute you

Governments’ measures to contain the Covid-19 pandemic around the world continue to make it very difficult for ship owners to change crews and get their seafarers home, leaving tens of thousands stuck at sea beyond their original contract periods. We continue to pursue every effort to reunite our seafarers with their families, if necessary deviating our ships, paying premium prices for air tickets home, and putting up our crews in hotel rooms for long layovers and quarantine. Thankfully we have successfully changed and repatriated many of our crews in recent months. Thanks to our seafarers’ remarkable patience and professionalism, combined with our wide-ranging business continuity initiatives, our service to customers has continued seamlessly and substantially uninterrupted throughout the pandemic.

We have engaged vigorously with and urged governments and other authorities for solutions to enable the safe repatriation of seafarers and, in January, Pacific Basin signed the Neptune Declaration on Seafarer Wellbeing and Crew Change which defines four main actions to facilitate crew changes and keep global supply chains functioning:

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

While we repeat our calls and efforts to bring our seafarers home, our daily focus is on looking after our crews’ health, safety and wellbeing on board. Our seagoing and shore-based staff and management are doing their utmost to provide our seafarers with support and encouragement so that they remain motivated, feel appreciated, look after each other and do their professional best and always maintain safe operating practices while global lockdown conditions keep them at sea. We have provided our crews upgraded entertainment and sports equipment and access to mental health support.

Acknowledging our seafarers’ patience and professionalism and their tireless and vital contribution to our company, our customers and global trade in essential dry bulk cargoes

#CrewChangeCrisis  #OurHeroesAtSea  #Keyworkers  #BringThemHome  #PacificBasin  #WithYouForTheLongHaul
Contents

Chairman and CEO’s Message 2
About Pacific Basin 4
About Our Sustainability Report 6
Our Approach to Sustainability 8
  - Our Sustainability Strategy and Focus Areas 10
  - Stakeholder Engagement & Materiality 11
Sustainability Governance 12
Our Resources & Responsibilities 14
Environment 16
  - Carbon Emissions & Fuel Efficiency 18
  - Other Air Emissions, Marine Discharges, etc. 25
  - Marine Biodiversity 29
  - Green Ship Recycling 29
  - Climate Change Risks 30
  - Green Efforts Ashore 31
Safety, Workplace & Business Practices 32
  - Health & Safety 33
  - Training & Development 38
  - Labour Standards & Workplace Conditions 41
  - Diversity & Equal Opportunity 43
  - Responsible Business Practices 44
  - Supply Chain Management 47
Community 49
Performance Data Summary 53
SEHK ESG Reporting Guide Index 55
GRI Standards Content Index 56

Key to navigation symbols

- Linkage to related details within this Sustainability Report
- Linkage to related details in our Annual Report
- Audited Information
- Linkage to related details on our website www.pacificbasin.com
- Information related to SEHK ESG Reporting Guide
- Key Performance Indicators

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

Issued in March 2021
Chairman and CEO's Message

2020 was a gruelling year in which global efforts to contain the Covid-19 pandemic affected the dry bulk freight market, posed practical challenges to our operations and had a real impact on our staff and our seafarers in particular.

Global Crew Change Crisis

Our wide-ranging business continuity initiatives enabled our business to remain fully operational throughout the pandemic with our service continuing seamlessly and substantially uninterrupted, as commended in feedback from our annual customer survey. However, governments’ Covid restrictions around the world have made it very difficult for ship owners to change crews and get their seafarers home, leaving tens of thousands stuck at sea beyond their original contract periods. We continue to pursue every effort to reunite our seafarers with their families and we have successfully changed and repatriated many of our crews in recent months.

Our seagoing and shore-based staff and management continue to do their utmost to provide our seafarers with support and encouragement so that they remain motivated, feel appreciated, do their professional best and always maintain safe operating practices while global lockdown conditions keep them at sea.

In-house Fleet Management

Drives Health, Safety, Quality and Environmental Focus

Having an innovative, comprehensive and world-class fleet management team in-house – with experts covering technical operations, fleet personnel and marine risk, safety and security – represents a significant advantage for us and our stakeholders. Firstly, we can be directly involved with our seafarers, ensuring they benefit from sound labour standards, workplace conditions and a fulfilling career. Their wellbeing has taken centre stage during the pandemic, and the shore-based support we extend to our crews has been enhanced accordingly. Health and safety on board our ships has always been of paramount focus, underpinned by the investments we make in training, risk management and the policies and practices embodied in our Pacific Basin Management System. It is a great credit to our seafarers and our marine safety team that, despite the extra stresses of the global crew change crisis, we registered a further improvement in our safety KPIs in 2020.

Secondly, having a core owned fleet of around 115 ships run by our own in-house fleet management team also means we have better control of the quality of our ships and the service reliability that we are able to offer our customers.

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

Complying with Environmental Regulations

The IMO 2020 global 0.5% sulphur cap took effect on 1 January 2020 and our fleet complies mostly by using low-sulphur fuel. Our ships made the fuel switch without any major unplanned operational disruption, as we prepared thoroughly to ensure compliance and seamless service delivery to our customers. The majority of our owned Supramax vessels comply by operating exhaust gas scrubbers. We are well on track to fitting all our owned vessels with ballast water treatment systems (“BWTS”) by the end of 2022 to comply with the Ballast Water Management Convention ahead of schedule.

Navigating Increasing Decarbonisation Regulation

The goals of IMO’s greenhouse gas (“GHG”) reduction strategy are to improve global shipping’s carbon efficiency by at least 40% by 2030 relative to 2008, and then halve our industry’s total GHG emissions by 2050 with a view to fully decarbonising within this century.

Our own fleet’s carbon intensity (EEOI) continues to reduce and is currently on course to meet our IMO-aligned target of a 40% improvement by 2030.

Our dedicated optimisation team supported by our technical colleagues will continue to research and adopt new fuel-efficiency technologies and operating practices that, together with our ongoing fleet modernisation and utilisation initiatives, will enable us to meet tightening emissions targets and regulations.

In June 2021, IMO is expected to clarify and finalise new policies, metrics and targets to drive shipping companies to pursue short-term technical and operational measures to achieve IMO’s 2030 carbon intensity goals, using the new Energy Efficiency Existing Ship Index (“EEXI”) and Carbon Intensity Index (“CII”). The EU intends to apply its own market-based decarbonisation measures on shipping by including the maritime sector in the EU Emissions Trading System effective 2023 or sooner.

Page 24
IMO Policies to Reduce Carbon Intensity

We also keep a close eye on the much longer term goal of complete carbon neutrality in shipping, which will require the production of green fuels on a massive scale, the creation of global green fuel bunkering logistics and the development of zero emission deep-sea vessels (“ZEVs”). The wide scale roll-out of commercially viable ZEVs needs to start by the end of this decade if our industry is to halve its total GHG emissions by 2050 and fully decarbonise thereafter. The
industry-wide discussion about how shipping will achieve this gained visible momentum in 2020, and we are actively involved in this discussion, including via regular working group meetings of the Getting to Zero Coalition. Ammonia and methanol synthesised from green hydrogen are currently among the front-runners in a short list of potential fuels for shipping. We are following closely which of the possible replacement fuels and propulsion technologies will be right for us, and we look forward to adopting new fuel and propulsion technologies when practical and economically-viable options with an appropriate global bunkering infrastructure become readily available.

Until then, we will progress our carbon intensity reduction initiatives, including maintaining our high laden-to-ballast ratio, continuing to modernise our fleet by gradually trading up to modern, larger, more energy-efficient second-hand ships, and investing in fuel-efficiency technologies and operating practices, such as slow steaming, engine tuning, weather routing technology, trim and draft optimisation and many other voyage optimisation initiatives.

In the short term, what the industry can and should do to reduce GHG emissions and improve profitability is to slow down existing ships and, as we are doing, refrain from ordering newbuildings with traditional fuel oil engines. Upcoming EEXI and Carbon Intensity Indicator requirements will almost certainly lead to slower speeds for most vessels.

We have offset our 2020 carbon emissions from our global offices and onshore activities by buying carbon credits generated by Hong Kong power company CLP’s windfarms and related community projects in India. Our next step will be to offer our cargo customers the opportunity to voluntarily purchase carbon credits to offset emissions from the transportation of their cargoes on Pacific Basin vessels starting in 2021. You can read more about our decarbonisation and other environmental initiatives on page 18 of this report.

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

An Experienced, Reliable Team
Being on the cusp of the fourth propulsion revolution, new environmental regulatory and technical challenges ahead will require a keen understanding of the issues and astute decision-making. We have an outstanding team of people across our business who provide the world-class expertise we need to tackle these challenges.

Our Board continued to evolve during the year, with Daniel Bradshaw retiring and John Williamson joining as a new Independent Non-executive Director, bringing with him considerable financial, governance and risk management experience.

As addressed in our Annual Report, Mats has decided to retire on 30 July 2021 and will be leaving behind a strong and focused company with an excellent team, efficient cost structure and a clear strategy. His successor Martin Frueergaard is currently CEO of Ultragas and previously occupied senior positions in the Maersk group. Considering his lifelong maritime experience, proven leadership credentials and keen interest in sustainability, the Board is confident that Pacific Basin’s prominent position in the minor bulk segments will continue to develop and prosper under Martin’s leadership.

Effective Platform for a Sustainable Business
In 2020, in compliance ahead of schedule with new requirements of the Hong Kong Stock Exchange’s ESG Guide, we rolled out a more formal stakeholder engagement process for assessing the materiality of ESG topics, we set and have disclosed Environmental KPI Targets and steps to achieve them, and we further strengthened our sustainability governance and board engagement with the establishment of a Sustainability Management Committee (“SMC”). Reporting to the Audit Committee, our SMC comprises our CEO, CFO and six senior executives from different functions to ensure that members with different backgrounds and expertise are represented so that our sustainability strategy delivers meaningful outcomes.

Many of our customers are concerned about climate change and are actively seeking out companies and industries that will help them achieve their sustainability goals. We are working with our customers to help them meet these goals, and we are committed to doing our part to reduce our carbon footprint and contribute to a more sustainable future.

Pacific Basin’s stakeholders increasingly require detailed disclosures on our ESG policies, practices and performance. Similar to the Poseidon Principles established in 2019 by the ship finance industry, major charters and the Sea Cargo Charter 2020 with a commitment to track, assess and disclose the emissions and climate alignment of their shipping activity. We engaged with banks and charterers to help ensure meaningful outcomes from their respective frameworks, and we gladly disclose to them our relevant voyage data. We also disclose our comprehensive ESG policies, practices and performance data to Hong Kong Quality Assurance Agency who, on behalf of Hang Seng Indexes, assesses the ESG performance of Hong Kong-listed companies.

In 2020, HKQAA awarded Pacific Basin a sustainability rating of AA-
In addition to the quality of our people and their professionalism and know-how, we have a robust, sustainable, cargo-focused business model that enables us to generate vessel earnings that outperform the market indices, which we did in 2020, generating positive cash flow despite the weak Covid-impacted market in the first half of the year. Our ability to navigate such challenging periods while still delivering an excellent and seamless service to our customers and safeguarding our financial health speaks volumes about the Pacific Basin platform that we have built over many years. It also reinforces our confidence in our preparedness for the future.

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

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

**What We Stand For**

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

**Group Facts**

- Headquartered and listed in **Hong Kong**
- Operating about **250** interchangeable ships worldwide
- **4,100** seafarers
- **343** shore-based staff in 12 key locations

**Customer Focus**

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

**Awards**

- **Hong Kong ESG Reporting Awards 2020**
  - **Commendation for Excellence in Social Positive Impact**

- **HKICPA Best Corporate Governance Awards 2020**
  - **Gold Award in non-Hang Seng Index (small market cap) category**

- **Hong Kong Marine Department Awards 2020**
  - **Outstanding Performance in 2019 Port State Inspections**
Financial Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (US$)</td>
<td>1.47bn</td>
<td>1.59bn</td>
</tr>
<tr>
<td>EBITDA (US$)</td>
<td>185m</td>
<td>231m</td>
</tr>
<tr>
<td>Underlying Loss (US$)</td>
<td>-19.4m*</td>
<td>20.5m profit</td>
</tr>
<tr>
<td>Handysize TCE (US$)</td>
<td>7,860/day net</td>
<td>9,630 (2019)</td>
</tr>
<tr>
<td>Supramax TCE (US$)</td>
<td>11,140/day net</td>
<td>11,720 (2019)</td>
</tr>
</tbody>
</table>

Other Information

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fleet in operation</td>
<td>225</td>
<td>229</td>
</tr>
<tr>
<td>Cargo Volumes Tonnes</td>
<td>69.6m</td>
<td>67.1m</td>
</tr>
<tr>
<td>Global Network Offices</td>
<td>12</td>
<td>12 (2019)</td>
</tr>
<tr>
<td>Ports Called Ports &amp; Countries</td>
<td>804/110</td>
<td>768/110</td>
</tr>
<tr>
<td>Distance Travelled Nautical Miles</td>
<td>11.9m</td>
<td>11.8m</td>
</tr>
</tbody>
</table>

Our Dry Bulk Segment

Handysize
- 25,000-41,999 dwt
- Highly versatile self-loading and discharging ships
- Minor bulk segment offers benefits of diversification in terms of geography, customers and cargoes enabling triangular trading, high laden utilisation and greater carbon efficiency. Our ships are laden with cargo over 90% of the time.
- In a highly fragmented market, we operate about 6% of global Handysize ships of 25,000-41,999 dwt of less than 20 years old.
- Our cargo mix comprises mainly non-fossil fuel commodities.

Supramax
- 42,000-64,999 dwt
- 90% Laden vs Ballast
- 90% Non-fossil fuel cargoes

Sponsorship & Charity
- US$ 39,000 (2019)

Recordable Case Frequency (KPI)
- TRCF: 1.11
- 1.56 (2019)

Lost Time Injury Frequency (KPI)
- LTIF: 0.60
- 0.71 (2019)

Inspection Deficiency Rate (KPI)
- per PSC Inspection: 0.69
- 0.74 (2019)

MARPOL Pollution Incidents (KPI)
- 0 (2019)

CO₂ Index (EEOI) (KPI)
- 9.79
- 10.49 (2019)

CO₂ Emitted
- 1.43m (2019)
- 1.41m (2019)

Fuel Consumed
- 0.89m (total fleet)
- 0.86m (2019)
- 0.44m (owned fleet)
- 0.45m (2019)
About Our Sustainability Report

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

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

Our Sustainability Report discloses our ESG performance data for 2020 and summarises more permanent aspects of our sustainability narrative, such as (a) key inputs and outputs of our business, (b) initiatives we pursue to tackle our responsibilities, and (c) materiality, reporting scope and sustainability governance. We now also disclose new environmental KPI targets against which we will measure our achievements and which will help us to meet our environmental strategic goal and regulatory requirements.

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:

- **Environmental & Social Sustainability**
- **Corporate Governance**

This report focuses on our environmental and social sustainability. While we summarise our sustainability governance on page 13 of this report, we address the wider subject of corporate governance separately and in detail in the Governance section of our Annual Report and website.

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

- **Environmental stewardship** (natural capital)
- **Safety, workplace and business practices** (human capital)
- **Community engagement** (social & relationship capital)
- **Corporate governance** (social & relationship capital)

**Sustainability Reporting Framework**

Our sustainability reporting follows the Environmental, Social and Governance Reporting Guide ("ESG Guide") of The Stock Exchange of Hong Kong (the “Stock Exchange” or “SEHK”) as updated in December 2019, and draws on the guidelines and principles of the United Nations Global Compact and the International Integrated Reporting Council’s International <IR> Framework. This report is also prepared with reference to the Core option of the Global Reporting Initiative ("GRI") Standards.

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

The scope of this report covers the significant Environmental, Social and Governance (ESG) initiatives of our business that reduce our environmental impact, reinforce our class-leading safety culture and mitigate safety and environmental risks, enhance job fulfilment and promote responsible engagement within the communities where we operate.

Our sustainability reporting boundary focuses on the majority portion of our core dry bulk fleet that comprises owned vessels that we control both commercially and technically.

It is these owned vessels over which we have the authority to mandate and control Health, Safety, Environment and Quality (HSEQ) policies and actions. By contrast, we do not control HSEQ, crewing and other technical management aspects for inward chartered vessels. We also report on company-wide staff engagement and community initiatives and performance.

Assurance

Our Energy Efficiency Operational Indicator and other environmental and safety KPI data have been measured or calculated in accordance with industry standards, and are subject to annual audit by DNV GL Business Assurance for ISO 9001, ISO 14001 and ISO 45001 certifications.

Policies and Guidelines

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

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

Reporting Principles

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

Reporting Period

The reporting period is 1 January to 31 December 2020.

We value your feedback

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

Alternatively, you can direct your questions, comments or suggestions about this report, our sustainability programme or our performance to our Sustainability Team at:
31/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong
Email: sustainability@pacificbasin.com
Tel: +852 2233 7000
www.pacificbasin.com

An Integrated Reporting Framework

In preparing our Annual Report and Sustainability Report, 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
Our Approach to Sustainability

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 Sustainability – make us competitively stronger and enhance our financial performance, our reputation and the sustainability and future value of our business.

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

Our Resources in Action

We attach great importance to cultivating resources and relationships (our stores of value or Capitals) which we employ as optimally as we can to propel us towards our vision and benefit our shareholders and customers.
Our Vision, Mission & Business Principles

**Our vision** is to be a leading ship owner/operator in dry bulk shipping 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

---

**OUTCOME**

- Optimal operational ship design and efficiency
- Increased economies of scale and vessel utilisation
- Optimal scheduling and flexibility for our customers
- Enhanced technical and service reliability for customers
- Enhanced health, safety, quality and cost control
- Safeguarding and enhancing quality, effectiveness and availability of staff onshore and at sea
- Meaningful customer partnerships, better understanding of needs
- Access to comprehensive market intelligence and cargo opportunities
- Optimal trading (cargo combinations) and positioning of our fleet
- Builds understanding, trust and support between Pacific Basin and our staff, customers, tonnage providers, suppliers, investors, financiers, communities and other stakeholders
- Sector-leading service delivery
- Maximising vessel earnings, minimising costs without impacting safety, and generating respectable financial performance through the cycle
- Strong brand reputation
- Sound financial liquidity to fund investments and meet payment obligations and covenants
- Optimal balance of financial capital sources benefits shareholders and enhances returns
- Sector-leading efforts to minimise consumption of natural resources and impact on the environment

---

**MATTERS OF KEY STRATEGIC FOCUS**

- Investing in Our Fleet  
  > Linkage to further details within this Sustainability Report
- Investing in Our People
- Deepening Our Relationships
- Safeguarding Health & Safety
- Evolving Management & Governance Practices
- Maximising Efficiencies and Controlling Costs
- Enhancing Corporate and Financial Profile
- Safeguarding the Environment

---

Please read our Annual Report for more information
Our Sustainability Strategy and Focus Areas

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

- **Environmental Stewardship**
  - drawing mainly on natural capital, predominantly through our fleet’s consumption of fuel and other inputs and the resulting impacts of emissions, use of resources and climate change.

- **Safety, Workplace and Business Practices**
  - 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.

- **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 always demonstrating responsible business practice.

- **Corporate Governance**
  - drawing on social and relationship capital, evolving management and governance practices for best-in-class risk management, transparency and stakeholder confidence.

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.

**SUSTAINABLE DEVELOPMENT GOALS**

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

- **Environmental Stewardship**
  - Greenhouse gas emissions, energy consumption, \( \text{SO}_x \), \( \text{NO}_x \), waste, biodiversity

- **Safety, Workplace and Business Practices**
  - Health & safety, human rights, diversity & equal opportunity, training & development, anti-corruption

- **Community Engagement**
  - Local communities, academic institutions, industry associations

- **Corporate Governance**
  - Risk management, transparency

To support our sustainability strategy, the UN SDGs and the IMO’s decarbonisation goals, we have recently developed key environmental KPI targets which we publish in this report. Disclosure of these targets facilitates our progress evaluation and continuous scrutiny of our strategies and systems, thereby resulting in better risk management and improved performance. This helps to meet the evolving expectations of our stakeholders and is an incremental enhancement in our sustainability reporting.
Matters of Key Strategic Focus

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

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

<table>
<thead>
<tr>
<th>Deepening our relationships</th>
<th>Investing in our people</th>
<th>Investing in our high-quality fleet</th>
<th>Safeguarding health, safety &amp; environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximising efficiencies &amp; controlling costs</td>
<td>Enhancing corporate &amp; financial profile</td>
<td>Evolving management &amp; governance practices</td>
<td></td>
</tr>
</tbody>
</table>

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

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

Stakeholder Engagement & Materiality

Pacific Basin listens to and often engages in active two-way dialogue with our stakeholders – primarily customers, suppliers, employees, shareholders, financiers, industry associations and regulators. In addition to our day-to-day contact with customers, we conduct annual and in-depth customer and investor surveys that provide insight about our operations and ways we can improve. We also conduct an annual ESG materiality assessment, reaching out to different stakeholders groups on a rotational basis. We also engage actively with associations that work to influence and respond to regulations that affect our industry. These engagements enable us to map issues that are of greatest importance to our business and stakeholders, and determine the key issues for discussion in our sustainability reporting.

The following materiality matrix reflects the findings of our latest ESG materiality assessment in 2020:
Sustainability Governance

Sustainability is a Board Responsibility

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

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

The Board delegates to the Audit Committee (now comprising five Independent Non-executive Directors) more specific responsibility for reviewing the effectiveness of the Group’s sustainability initiatives, and reviewing the work of the Sustainability Management Committee (“SMC”).

SMC Formed in 2020

The Group’s SMC was formed in 2020 and comprises our CEO, CFO and six senior executives from different functions. It will report to the Audit Committee at least twice a year and is responsible for reviewing, assessing and enhancing the Group’s sustainability policies, strategies and performance, and ensuring the Group is in full compliance with ESG requirements. This approach affirms and enables the Group’s commitment to sustainability, and ensures that members with different backgrounds and expertise are represented to deliver meaningful outcomes.

In 2020, the SMC met three times and reported to the Audit Committee on work done during the year.

Day-to-day Implementation

Day-to-day execution of sustainability initiatives and sustainable business practice lies with managers across the business, most notably the Fleet Director (supported by his senior managers covering technical operations, fleet personnel and risk, safety & security), the Commercial Operations Director, the CFO and the Human Resources and Administration Director.

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

Membership
Chairman: Chief Financial Officer
Members: Chief Executive Officer, Director of Chartering, Director of Operations, Director of Fleet Management, Director of Group HR & Admin, Director of Corporate Affairs, Director of Risk, Manager of Risk Management

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

Work Done in 2020
The SMC met three times during the year and reported to the Audit Committee on the Group’s sustainability programme and performance. The work undertaken included:
- review and discuss the materiality assessment of ESG topics and risks with reference to the Company’s strategy and industry relevance;
- review of the proposed environmental KPI targets and steps to achieve them with a recommendation to the Board for approval;
- review and assessment of opportunities for carbon offsetting in the shipping industry;
- review and recommend enhanced supply chain ESG management initiatives; and
- review the terms of reference of the Sustainability Management Committee.

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

2030 Environmental KPI Targets
In 2020, to support the Group’s long-term sustainability strategy and to comply early with new requirements of the ESG Guide, SMC implemented environmental KPI targets endorsed by the Board, details of which can be found in this Sustainability Report. Setting and disclosing these targets is key to improving the Group’s ESG performance and the overall sustainability of its business.

Pacific Basin’s stakeholders increasingly request detailed disclosures on our ESG policies, practices and performance. We also disclose such data to HKQAA who, on behalf of Hang Seng Indexes Company Limited, assesses the ESG performance of Hong Kong-listed companies. HKQAA gave Pacific Basin a AA- sustainability rating in 2020.
Our Resources & Responsibilities

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

<table>
<thead>
<tr>
<th>Physical &amp; Natural Capital</th>
<th>Human Capital</th>
<th>Social &amp; Relationship Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel &amp; vessel materials</td>
<td>Staff at sea</td>
<td>Customers</td>
</tr>
<tr>
<td>Fuel oil</td>
<td></td>
<td>Suppliers</td>
</tr>
<tr>
<td>Paints</td>
<td></td>
<td>Ports &amp; local community</td>
</tr>
<tr>
<td>Ballast water</td>
<td></td>
<td>Dock/port workers</td>
</tr>
<tr>
<td>Food &amp; packaging</td>
<td></td>
<td>Agents</td>
</tr>
<tr>
<td>Cargo storage &amp; packing materials</td>
<td></td>
<td>Local regulators</td>
</tr>
<tr>
<td>Lubricants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Outputs**

<table>
<thead>
<tr>
<th>Atmospheric Emissions</th>
<th>Physical Impacts</th>
<th>Goodwill &amp; Reputation Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gases, SO, NO, Particulate Matter, Volatile Organic Compounds</td>
<td>Accidents &amp; illness, personal fitness, productivity &amp; effectiveness</td>
<td>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</td>
</tr>
<tr>
<td>Marine Discharge</td>
<td>Physical Impacts</td>
<td>Goodwill &amp; Reputation Impacts</td>
</tr>
<tr>
<td>Bilge and ballast water, sewage and gray water, leaching from paint, food waste, non-HME cargo residue and open-loop scrubber wash water discharge – all compliant with MARPOL convention and all applicable regulations</td>
<td>Accidents &amp; illness, personal fitness, productivity &amp; effectiveness</td>
<td>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</td>
</tr>
<tr>
<td>Shore Discharge</td>
<td>Physical Impacts</td>
<td>Goodwill &amp; Reputation Impacts</td>
</tr>
<tr>
<td>Garbage, waste dunnage, cargo residue, sludge, hazardous waste, expended parts</td>
<td>Accidents &amp; illness, personal fitness, productivity &amp; effectiveness</td>
<td>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</td>
</tr>
<tr>
<td>Other impacts</td>
<td>Physical Impacts</td>
<td>Goodwill &amp; Reputation Impacts</td>
</tr>
<tr>
<td>Steel and other materials consumption (for vessel construction), noise and visual impact</td>
<td>Accidents &amp; illness, personal fitness, productivity &amp; effectiveness</td>
<td>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</td>
</tr>
</tbody>
</table>

KPI A1.1 Type of emissions and data
KPI A3.1 Significant impacts of activities
Onshore

Inputs

Physical & Natural Capital
- Business travel
- Commuting
- Electricity
- Paper supplies
- Printer supplies
- Water & Sewage
- General waste

Human Capital
- Staff ashore

Social & Relationship Capital
- Customers
- Suppliers
- Regulators & policy makers
- Communities
- Investors
- Finance providers

Our Worldwide Network

12 office locations including:
- 10 commercial offices
- 3 technical & crewing offices

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

Outputs

Atmospheric Emissions
- Greenhouse gases, SO₂, NOₓ, PM

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

Physical Impacts
- Accidents & illness, personal fitness, productivity & effectiveness

Mental Impacts
- Work-life balance

Goodwill & Reputation Impacts
- Courtesy, fairness, cooperation and professionalism impact support and goodwill from customers and other partners/stakeholders
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. During the reporting period, we had no cases of non-compliance with environmental laws and regulations. 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 and energy-efficient technologies and practices across our business
- Pursuing environmental initiatives at sea and on land that meet or go beyond what is required of us by law and regulations
- Promoting more modest practices even if they bring only small benefits to the environment, as even individual contributions make a difference

- One of the ways we reduce the environmental impact of our operations is by our gradual fleet renewal and our efficient operation of modern ships designed and equipped for efficiency (see page 18).
- 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.

As the world decarbonises, Pacific Basin will continue to carry the non-fossil fuel commodities that will be the mainstay of future global seaborne trade.
Tackling Shipping’s Environmental Responsibilities

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

Bulk carriers are the most energy-efficient mode of transportation

<table>
<thead>
<tr>
<th>Mode of Transportation</th>
<th>grams of CO(_2) per tonne mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulk carrier</td>
<td>1x</td>
</tr>
<tr>
<td>LNG tanker</td>
<td>3x</td>
</tr>
<tr>
<td>Container ship</td>
<td>4x</td>
</tr>
<tr>
<td>Rail</td>
<td>9x</td>
</tr>
<tr>
<td>Heavy goods vehicle</td>
<td>30x</td>
</tr>
<tr>
<td>Air freight</td>
<td>300+</td>
</tr>
</tbody>
</table>

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

IMO GHG Strategy

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

- improve the global fleet’s carbon efficiency (CO\(_2\) emissions per unit of transport work) by at least 40% by 2030 and
- to reduce total GHG emissions by half by 2050 (both relative to 2008).

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

Pacific Basin fully supports the IMO’s GHG reduction strategy and has set an IMO-aligned target of reducing our own fleet’s carbon intensity by 40% by 2030 relative to 2008.

We have done a lot to minimise our ships’ environmental impact

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

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

Carbon Emissions & Fuel Efficiency

The main measures and technologies we use to reduce our carbon intensity and improve our fuel economy include:

1) Maintaining our high laden-to-ballast ratio
   - Our ships are laden with cargo for over 90% of the time because our fleet uniformity and scale and our ship operating and cargo expertise enable us to optimally schedule and combine our ships and cargo for high laden utilisation. That is a significant advantage compared to similar ships in our segment which spend more time in ballast.

2) Modernising our fleet by gradually trading up to younger, larger, more energy-efficient ships
   - We renew our fleet through our largely counter-cyclical acquisition of modern Japanese-built or designed second-hand vessels with fuel-efficient hull designs and machinery and the best designs for our trades.
   - We are still avoiding contracting newbuildings with traditional fuel oil engines due to the continued gap between newbuilding and second-hand prices, their low return, and the uncertainty over new environmental regulations and their impact on future vessel designs, fuels and technology.
3) Adoption of latest energy-efficient operating measures

- Fuel-efficient voyage planning using the latest Continuous Weather Routing services
- Reducing rudder movements and improving course-keeping using advanced self-tuning autopilot systems to automatically adapt to load and weather characteristics
- Avoiding unnecessarily high engine torque in bad weather conditions using real-time propeller-curve displays
- Improved trim and draft optimisation to reduce hull resistance
- Optimising hull cleaning frequency (for reduced drag) using detailed analysis of vessels’ speed and fuel consumption performance over time
- Computer-aided optimisation of cylinder lubrication and machinery overhaul intervals leading to reduced fuel consumption
- Slow steaming at optimal operating speeds

4) Adoption of latest energy-efficiency technologies on our ships

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

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

- We engage regularly with the classification societies, engine manufacturers, shipbuilders and other stakeholders who are more directly involved in new fuels and new propulsion R&D, and we also engage with other ship owners and operators who are similarly interested in tracking and contributing to this industry discussion with input from the user’s practical perspective.
- We are members of the Getting to Zero Coalition of over 120 companies committed to exploring how to achieve the goal of developing and rolling out the first deep-sea zero-emission or carbon-neutral ships by 2030. Ammonia and methanol synthesised from green hydrogen are currently among the front-runners in a short list of potential fuels for shipping.

6) Voluntarily offsetting our emissions with carbon credits

- Despite all our initiatives to continually improve our carbon intensity, our operations will still generate carbon emissions for years to come. We wish to offset at least some of these unavoidable emissions. We have voluntarily and fully offset the carbon emissions from our global onshore operations in 2020. See page 21 for more information about our carbon offset programme.
Our carbon intensity remains among the lowest in our segment due to our technological and operational fuel efficiency measures and the high laden utilisation and overall efficiency of our large, modern fleet. Our fleet’s carbon emissions intensity in 2020 reduced 6.7% to 9.79 grams of CO₂ per tonne-mile, as calculated using the industry-standard ship Energy Efficiency Operational Indicator (EEOI) method. This was primarily due to two factors:

(a) Our carbon intensity benefited from greater cargo volume carried in 2020 and a slight increase in our average ship size due to fleet renewal; and

(b) Our ships operated at marginally slower average speeds in 2020 as optimised by our proprietary Right Speed Programme.

Our current target is to reduce our carbon intensity by 40% by 2030 compared to 2008, which aligns with IMO’s target of a 40% reduction in CO₂ per transport work over the same period. We use EEOI because we consider tonne-miles of actual cargo carried to be the most appropriate proxy for “transport work” and until such time as IMO defines “transport work” and refines its CO₂ reduction goals for dry bulk ships of our type and size.

Steps to Achieve Target:

- Continued adoption of latest energy efficiency technologies and practices on our existing ships.
- Maintaining our high laden-to-ballast ratio by effective planning and fleet utilisation.
- Modernising our fleet by gradually trading up to younger, larger, more energy-efficient ships.

To satisfy the ESG Guide’s requirement for fuel consumption metrics and targets, we disclose our fuel consumption on a “per deadweight (DWT) capacity” basis (based on our prevailing fleet capacity). Our target trajectory is aligned with our EEOI target.

Our fuel consumption per DWT capacity increased marginally (while EEOI reduced) because our ships carried more cargo year on year resulting in greater fuel consumption at similar speeds.
Decarbonising Shipping – On the Cusp of the 4th Propulsion Revolution

IMO’s decarbonisation goals have become our industry’s biggest long-term technical challenge requiring the development of new low-carbon and zero-carbon fuels and engines, and related bunkering infrastructure worldwide. Such an undertaking will need a lot of research and development and cooperation mainly between academics, technology companies, engine manufacturers, shipyards, energy and infrastructure companies and governments and NGOs. By engaging with shipowner associations, class societies, engine makers, etc., we contribute to that discussion our views about what potential solutions will and will not work practically from a Handysize and Supramax owner’s perspective and we keep a close eye on technological, regulatory and related developments to ensure we are well prepared and make the right investment decisions for the future.

Our engagement on this subject is enhanced by our membership of the Getting to Zero Coalition which was formed in 2018 in partnership between the Global Maritime Forum, the Friends of Ocean Action and the World Economic Forum. The Getting to Zero Coalition comprises over 120 organisations across the maritime, energy, infrastructure and finance sectors committed to exploring how to get commercially viable deep-sea zero-emission vessels into operation by 2030. Engagement and progress on this moon-shot ambition for maritime shipping was palpable throughout 2020.

Getting to Zero Coalition

Pacific Basin Onshore Operations Go Carbon Neutral from 2020

As described in previous pages, we are doing what we can through a comprehensive programme of initiatives to reduce our carbon emissions. What remains are currently unavoidable emissions, some of which we wish to neutralise through carbon offsetting.

In December 2020, Pacific Basin pledged to offset all carbon emissions from its global shore-side operations starting in 2020, including all office activities, commuting and business and crew travel.

To facilitate our 2020 carbon offsets, we partnered with CLP Innovation Enterprises Limited, a wholly-owned subsidiary of Hong Kong-headquartered power company CLP Holdings Limited (CLP), which supplied Pacific Basin’s carbon emissions offset programme with carbon credits derived from CLP’s wind farms in India.

Again in partnership with CLP, our next step on this journey will be to offer our cargo customers the opportunity to voluntarily purchase carbon credits to offset carbon emissions from the transportation of their cargoes on Pacific Basin vessels starting in 2021. Such an arrangement is similar to carbon offsetting that airlines offer to their passengers. As commodity producers, traders and end users become increasingly interested in mitigating the environmental footprint of their activities, they are also likely to become more interested in offsetting emissions from the transportation of their products.

Green Flag Award

Pacific Basin is an active participant in the Port of Long Beach’s Green Flag Program, a voluntary initiative to reduce sailing speeds to 12 knots or less within 40 nautical miles of the coastline. In recognition of our participation and commitment to reducing air pollution, we received a Green Flag Award from the Port of Long Beach in 2020. Ships emit less smog-forming emissions and diesel particulates when they sail more slowly. The Green Flag Program prevents more than 1,000 tons of air pollution per year.
A new decade has started with calls for action to reduce greenhouse gas emissions from shipping. This will be an era of transition and it is difficult to predict all of the changes that will take place, but we can be sure the industry will face many challenges to meet its carbon reduction targets in the next 10 years. Uncertainty about future regulations and available technology has clouded the industry’s future outlook for some time and the global coronavirus outbreak has introduced a new level of uncertainty and difficulty that nobody was able to foresee a few months ago.

The societal pressure for action by governments and industries is building and the international shipping industry is not immune to this pressure. For shipping, this can be both a challenge and an opportunity, given its global commercial nature and international regulatory framework provided by the IMO and its member states. How the industry responds to this challenge will shape its future. This year started with a new global Sulphur limit for marine fuels. The switch over from heavy fuel oil to low sulphur fuel was anticipated with anxiety about fuel availability, quality, compatibility, and price. The reports on the issue have ranged from a smooth transition, to a lack of bunker barge capacity, to a legal storm of contractual disputes. Shipowners who installed scrubbers took advantage of the early price gap between high and low sulphur fuels, but that gap has quickly narrowed, while events leading to the coronavirus outbreak have overshadowed last year’s price assumptions. Investment in retrofits, whether scrubbers or new technology, has risks that are difficult to quantify.

Although the IMO global sulphur limit has a significant impact on shipping, its significance pales in comparison to the IMO targets for shipping decarbonisation, and the current decade will be critical for achieving the preliminary emission reduction targets set for 2030 and 2050. There is a common agreement the targets cannot be met without alternative fuels and these alternatives must be available by 2030.

LNG is considered as a transition fuel but not as an ultimate solution since it provides a limited reduction of CO₂ emissions. There are a number of pilots testing several alternatives and a number of initiatives bringing the various stakeholders together. However, it is unclear how the industry will respond to the financial and regulatory challenges of today as well as prepare for the next decade.

In the short-term, action is needed to maintain the reductions already achieved and improve towards the 2030 target. The CO₂ emissions relative to the IMO benchmark year 2008 have dropped as a result of slow steaming in weak market conditions and due to energy efficiency improvements, both in new buildings and existing vessels. Some of these gains are at risk if market conditions improve and, if the improvement is sustained, the benefits of slow steaming may be lost. Ideally, better market conditions should accelerate the technology development needed to eventually achieve the 2050 target of reducing total GHG emissions by 50%.

The current submissions for short-term measures at IMO are based on goal-based technical measures and on goal-based operational measures. These submissions were scheduled to be discussed at the Intersessional Working Group on Reduction of GHG Emissions from Ships at the end of March but, unfortunately due to the coronavirus pandemic, both this and the MEPC 75 meetings have been postponed indefinitely.

These postponements add to the challenge and we need a pragmatic approach, without sacrificing safety and technical integrity, to implement short term measures as soon as possible. The measures could be implemented in stages, allowing time for development of a more sophisticated framework taking advantage of digital advances and other developments in the industry.
Learning from the past

Even with the urgency of issues critical that the process results in good regulations which promote the right behavior and safety. New regulations and technologies often have unintended consequences. It is critical that alternative fuel and new technology development and regulations prioritise safety. It is also important that the regulations have a solid technical basis. We should learn from past regulatory challenges.

Let’s consider the multiple fuel types ships have to carry today and the operational challenges associated with them. If, in 2005, the global sulphur limit had been set at 0.5% rather than 3.5%, would we still need Emission Control Areas, and would the transition to a single fuel, possibly with a phased approach, have been better than providing an equivalency option of scrubbers?

Goal based regulations are intended to provide compliance options and incentives for technology development, but they need to be carefully formulated to promote correct behaviour and desired outcomes, and to avoid unnecessary complexity and bureaucracy in their implementation and enforcement.

The double-hull requirement for tankers was another regulation with a major impact on the industry. At the time of their regulatory development a number of alternative solutions were proposed to address accidental oil pollution from tankers, but regulation remained prescriptive requiring a double hull, and modern tankers have fairly standard structural designs with minor modifications. It is possible the markets would have led to a standard solution anyway, but after a period of prototype testing.

The industry should consider the role of standardisation in the future to eliminate inefficiencies, to lower the cost of building ships, and to reduce the cost of developing a global infrastructure for multiple fuel alternatives. We should not discourage innovation or simplify a complicated technological issue to come up with a quick prescriptive requirement. Complex analysis and testing should be done before and during the regulatory process, and the resulting regulation should be clear and feasible to implement and enforce.

Considering regulatory lessons learned, the Ballast Water Management Convention provides a cautionary example. It is an example of a regulation that was not clear and could not be implemented in its initial form. As a result, its compliance and enforcement has been fraught with uncertainty. It serves as a reminder that regulating technology that does not yet exist is difficult.

While double-hull requirement was well within the capabilities of the industry to regulate, implement, and enforce, the ballast water regulation introduced science and technology that was new and unfamiliar to the shipping community. The sulphur regulation required the refinery and bunker supply industry to provide the new fuels. But decarbonisation will be at a different scale and cannot be accomplished by shipping alone. Major investment, of both financial and intellectual resources, is needed for developing new fuels and building new infrastructure.

Encouraging collaboration

The development of zero-carbon fuels and technology cannot wait for the regulatory process to complete its course. Global technology collaboration to review alternatives and innovate new solutions is required. Ultimately, regulations are needed to provide the foundation for a level playing field, and regulatory certainty is needed to encourage, not penalise, early adopters.

We should study how others facing grand challenges have achieved their goals. A good example is the building of, and discoveries from, the CERN Particle Accelerator, which has been truly an international collaborative effort involving thousands of scientists, engineers, and technicians. Due to the financial and intellectual resource requirements, the CERN discoveries could not have been achieved by a small group of scientists and engineers alone.

In the same way, the stakeholders in maritime trade and transportation need to accelerate the research and development work with collaboration on a grand scale, utilising global private and public R&D resources. Addressing this grand challenge with an international collaboration does not eliminate the competition and the need for commercial entities to develop their own commercially viable and safe solutions.

Carbon taxing

It is difficult to see the source of the needed investment without assigning a cost to CO₂. This will be a difficult conversation all stakeholders will need to have and the debate has already started. A tariff of US$2 per tonne of fuel has been proposed by shipowner associations with the proceeds used to fund R&D. As a cost, it would be small and it could be absorbed by the industry, but it will not change behavior, and it will limit the incentive to develop new technology to only those who have access to the raised funds. However, we can argue that it is a small step in the right direction.

Ultimately, the costs should be translated to business opportunities and low carbon technology should provide a competitive advantage. This would require a cost for carbon that would make investments in low carbon fuels and technology good business.

If we consider the fast pace of technology development today, we must remain optimistic that technical solutions will be available to provide both environmental and financial sustainability for shipping, as soon as the regulatory certainty and financial incentives are in place. At the same time, the challenge is grand.

It requires bright scientists and engineers, investment, and a lot of hard work. It will be an exciting decade and we have no time to waste.

April 2020
IMO Introducing Policies to Drive Short-term Measures to Achieve 2030 Carbon Intensity Goals

In November 2020, the IMO’s Marine Environment Protection Committee (MEPC) approved draft amendments to the MARPOL convention that will require existing ships to combine technical and operational short-term measures to meet IMO’s 2030 target of reducing carbon intensity by 40%.

(a) The first requirement is to improve the fuel economy of existing ships through the use of an Energy Efficiency Existing Ship Index (EEXI), a goal-based technical measure similar to the Energy Efficiency Design Index (EEDI) which has been mandatory for new ships since 2013. In addition to retrofitting fuel-efficient technological enhancements, the main means of compliance with EEXI reduction requirements will be engine power limitation.

(b) The second requirement is to apply operational measures to reduce the carbon intensity of ships as tracked using a Carbon Intensity Index (CII) which will rate ships’ efficiency levels annually on a scale of A to E. An enhanced Ship Energy Efficiency Management Plan (SEEMP), already a mandatory requirement, will be subject to external audit and statutory certification, and will be required to demonstrate that comprehensive efforts have been applied to maintain or achieve a high efficiency rating.

Calculation guidelines and other details of these carbon intensity policies and measures are expected to be clarified and adopted in June 2021 for implementation from 2023.

We at Pacific Basin are already very much on top of the kind of measures that will be required to meet the energy-efficiency obligations that are expected to apply to ships of our type and size.

IMO is likely to choose the Annual Efficiency Rating (AER) as the metric for carbon intensity which measures carbon emissions per transport work. AER uses the ship’s deadweight capacity multiplied by miles travelled as a proxy for transport work, whereas the Energy Efficiency Operational Indicator (EEOI) (the industry-standard carbon intensity indicator until now) is based on actual transport work (actual cargo volume carried multiplied by miles travelled).

EEOI was introduced by the IMO as a measure of energy efficiency and has been widely adopted by the industry as the appropriate measure of carbon intensity, but IMO lacks the necessary historical cargo data (which has not been disclosable under mandatory IMO and EU data collection schemes) with which to calculate carbon intensity for the 2008 baseline year.

We consider the use of AER to be inappropriate as AER does not consider or reward high laden utilisation which results in a better ratio of carbon emissions per actual transport work. In fact, improvements in AER can be achieved by reducing a ship’s cargo load (or even sailing empty!) to generate fewer emissions for a given distance sailed. We intend to continue to track and disclose our EEOI performance in our future sustainability reporting in addition to AER, if AER is indeed confirmed to be the required metric later this year.

EU Action on Shipping Emissions

As part of the European Green Deal to become the first climate neutral continent by 2050, the EU intends to apply its own market-based decarbonisation measures on shipping by including the maritime sector in the EU Emissions Trading System (EU ETS) effective 2023 or possibly even 2022. A tax on emissions is another possibility under EU consideration.

Our view is that a unilateral EU scheme would undermine IMO efforts to reduce global greenhouse gas emissions currently underway. While market-based measures are contentious, the shipping industry is currently engaging with the EU on this matter in an effort to help steer the shape of any such legislation. We are confident of our ability to manage our compliance if our ships trading in EU waters should become subject to an EU ETS or tax.

Shipping’s Proposed US$5bn Decarbonisation Research Fund

Proposed in late 2019, the shipping industry advocates a global scheme that would impose a mandatory levy of US$2 per tonne of fuel consumed by ships to fund research and development projects by raising an estimated US$500 million annually over 10 years. We support this initiative. The funds would be administered by an autonomous organisation to be called the International Maritime Research and Development Board (IMRB). The proposal’s backers (eight of the largest shipping industry associations) hope to establish the organisation by 2023. As this is a contentious subject, deliberations and negotiations are expected to continue this year, especially ahead of the next MEPC in June.
Other Air Emissions, Marine Discharges & Waste Management

2020 Global Sulphur Cap

The IMO 2020 global 0.5% sulphur limit took effect on 1 January 2020, reducing the maximum sulphur content of marine fuel from 3.5% to 0.5%, and decreasing sulphur emissions by about 85%. Ship owners have had to comply either by using newly available, more expensive low-sulphur fuel, or by continuing to burn heavy fuel oil in combination with installing and operating exhaust gas scrubbers. The majority of the global dry bulk fleet, especially smaller vessels such as our Handysize ships, are complying by using low-sulphur fuel.

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

We completed our scrubber retrofit programme in early February 2020, with scrubbers successfully fitted and operational on 28 of our 35 owned Supramaxes. By the time our recent Ultramax acquisitions deliver into our fleet in the first half of 2021, we will have 32 scrubber-fitted ships in our fleet of 40 owned Supramax vessels. Having scrubbers on less than 15% of our currently about 250 operated ships provides us some optionality in how we manage our fuel needs to comply with the IMO 2020 rules.

**TARGET**

**Sulphur oxides (SOx) intensity**

0.026

Grams SOx per tonne-mile

78%

SOx intensity reduced dramatically in 2020 because of our compliance with the IMO 2020 rules. Our 2030 target aligns with our EEOI target trajectory, as SOx intensity will now reduce in line with our fleet’s fuel economy and carbon intensity.

Steps to Achieve Target:

- Complying with the IMO 2020 global sulphur cap either by using low-sulphur fuel (with less than 0.5% sulphur content, or 0.1% in ECAs) or by operating exhaust gas scrubbers.
- Maintaining our high laden-to-ballast ratio by effective planning and fleet utilisation.
- Modernising our fleet by gradually trading up to younger, larger, more energy-efficient ships.
Reduction in Nitrogen Oxides (NOx) and Particulate Matter (PM)

The combustion of marine fuels generates NOx emissions which are harmful to the environment and health, and closely correlate with CO2 emissions and fuel consumption. Moreover, the higher the combustion temperature, the greater the NOx formation. Consequently, the control of NOx emissions is mainly achieved by reducing fuel consumption and equipping ships with latest generation engines certified for lower NOx emissions. Our vessels are all equipped with NOx-controlled engines that meet the relevant IMO standards.

Particulate Matter (PM) emission, including black carbon, is a result of incomplete combustion and sulphur content of the fuel oil. We control our PM emission by using low-sulphur fuel or installing exhaust gas scrubbers, by reducing fuel consumption, and by acquiring ships with fuel-efficient engines.

Steps to Achieve Target:

- Continued adoption of latest energy efficiency technologies and practices on our existing ships.
- Maintaining our high laden-to-ballast ratio by effective planning and fleet utilisation.
- Modernising our fleet by gradually trading up to younger, larger, more energy-efficient ships.
Oil Pollution, 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.

Plastic Litter & Waste Management

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

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

Oil Pollution Target

TARGET

Oil Pollution

0 in 2021

Oil Pollution incidents

We target never to have any pollution incidents.

Steps to Achieve Target:

- We have policies and procedures in place to prevent oil pollution incidents, including mainly through safe navigation and safe bunkering practices.
- We have stringent requirements for compliance with national and international regulations and Company policies relating to pollution, and we report all violations to port state and flag state.
- We train and continuously update our ships’ officers and crew and shore-based staff on our policies and requirements for strict compliance with MARPOL and environmental awareness generally.

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

**Fresh Water sourced from ashore**

- **TARGET**
  - $<46.9$ in 2021
  - tonnes per month per ship

Steps to Achieve Target:

- Modernising our fleet by gradually trading up to younger, larger, more energy-efficient ships which typically have larger capacity freshwater generators.
- Maintaining our at-sea to in-port ratio which enables our freshwater generators to work more of the time, resulting in less need to source fresh water from ashore.
- We encourage our seafarers to be mindful of unnecessary wastage of fresh water.

**Garbage Landed Target**

**Garbage Landed**

- **TARGET**
  - $<1.78$ in 2021
  - m$^3$ per month per ship

Steps to Achieve Target:

- Reducing plastic waste by minimising our use of plastic drinking water bottles, instead installing and using more CTO drinking water purifiers and encouraging ship crews to drink this filtered water instead of bottled water.
- Continuing to request our suppliers to substantially eliminate the use of plastic packaging on their products delivered to our ships.
- Reducing paper consumption through more rigorous use of electronic documents and filing.
- Continuing the use of garbage compactors on board all our ships for responsible disposal of garbage ashore.

**Garbage Landed in 2020**

- **Garbage Landed**
  - 1.78 m$^3$ per month per ship
  - 24%

**Garbage Landed in 2020**

- **Garbage Landed**
  - 1.78 m$^3$ per month per ship
  - 2016: 2.34 m$^3$, 2017: 2.24 m$^3$, 2018: 1.78 m$^3$, 2019: 2.24 m$^3$, 2020: 1.78 m$^3$

We have reduced the volume of domestic and operational garbage generated on our ships in recent years through initiatives such as equipping our ships with drinking water purifiers (reducing the need for bottled water) and requesting our suppliers to try to eliminate the use of plastic packaging. We reduced plastic waste by 12% in 2020.

**Water Consumption in 2020**

- **Fresh Water sourced from ashore**
  - 46.9 tonnes per month per ship
  - 7%

**Water Consumption in 2020**

- **Fresh Water sourced from ashore**
  - 46.9 tonnes per month per ship
  - 2016: 50.4, 2017: 50.4, 2018: 46.9, 2019: 50.4, 2020: 46.9

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

The Ballast Water Management Convention requires ballast water treatment systems (BWTS) to be fitted on ships during routine dockings between 2019 and 2024 to substantially eliminate the harmful transfer of invasive aquatic organisms between marine ecosystems where they do not belong. 77 of our ships are now fitted with BWTS – mostly systems based on filtration and electrocatalysis – and we have arranged to retrofit all our remaining owned Handysize and Supramax vessels by the end of 2022. We have implemented the ballast water management plans to ensure our ballast water management procedures are carried out to the standards set out by IMO and relevant coastal states, including no ballast water exchange when in port.

**Marine Biodiversity**

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

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

Between 1 July and 31 October 2020, Pacific Basin participated in the Enhancing Cetacean Habitat and Observation (ECHO) Program’s underwater noise reduction initiative of the Vancouver Fraser Port Authority by voluntarily slowing down in Haro Strait and Boundary Pass, with a new slowdown trial also for outbound vessels at Swiftsure Bank. Our participation in this voluntary slowdown initiative helps reduce underwater noise in the critical habitat of the southern resident killer whale and supports the recovery of this endangered species. This is an example of our commitment to addressing the “SDG 14: Life Below Water” marine conservation component of the UN Sustainable Development Goals.

**Green Ship Recycling**

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

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

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

Much attention is given to what shipping companies are doing to reduce their greenhouse gas emissions and their damaging contribution to climate change. Pacific Basin supports the International Maritime Organization’s initial strategy on the reduction of GHG emissions from shipping (see pages 17 and 24 for details), which outlines a pathway of CO2 emissions reduction that is consistent with the Paris Agreement. We are pursuing strategies, initiatives and targets that are aligned with the IMO strategy and goals.

However, other climate-related questions also being asked are: How is climate change impacting shipping companies? What are the climate-related physical and transition risks to your business?

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

Physical risks refer to impacts that are event-driven and longer-term shifts in climate patterns, including cyclones, sea ice, extremely low atmospheric pressure, hurricanes, floods and sea level rise.

Transition risks refer to risks emerging from the transition to a lower-carbon economy, such as policy, legal, technology and market changes.

We are in the process of referencing the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate-related risks and opportunities and develop appropriate risk management approaches. The following table summarises our preliminary approach to climate-related risks and opportunities based on the four core elements set out in the TCFD framework, namely governance, strategy, risk management, and metrics and targets.

| Governance | Climate-related issues and their impacts on our operations will be identified, evaluated and managed by the Sustainability Management Committee (SMC). The SMC meets three times a year and reports to the Audit Committee on sustainability issues (soon to include climate change management) and the progress made against our sustainability goals and targets. |
| Strategy | We are in the process of identifying climate-related risks and opportunities to our business over the short, medium, and long term. Our decarbonisation strategies consist of both fleet renewal and investment in technical and operational initiatives to reduce our carbon intensity. More details can be found in the Environment section of this Sustainability Report. |
| Risk Management | Sustainability-related risks, including climate change risk, are included in our risk registry and Enterprise Risk Management system. In 2021, we are conducting an enhanced operational risk assessment to improve our understanding of relevant climate-related risks and impacts, so that we can formulate better strategic responses to these risks and opportunities. |
| Metrics and Targets | Metrics and targets are set in line with our policies and risk management system, and with reference to the IMO’s greenhouse gas reduction strategy. Our carbon emissions and other metrics and targets are presented in the Environment and Performance Data Summary sections of this report. Our current carbon intensity target is to achieve a 40% reduction in our EEOI by 2030 relative to 2008. Progress made against our target will be monitored annually. We will address targets for managing the physical impacts of climate change in future reports. |

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

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

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

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

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

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

An independent audit of our environmental performance determined that our headquarters office in Hong Kong (where 59% of our shore-based staff work) produced scope 2 and 3 carbon emissions of 1,150 metric tonnes for the 2019/2020 audit year (2018/19: 1,411). This represents a decrease in emissions of 18.5% which was attributable to reduced overseas business travel and staff commuting (scope 3 emissions) in a period partly affected by Covid-19 travel restrictions and work-from-home arrangements.

Scope 2 and 3 emissions from our 12 offices globally is estimated to be 1,941 metric tonnes. Scope 3 emissions from our seafarers’ air travel to and from our owned ships was 4,774 metric tonnes, resulting in total carbon emissions of 6,715 metric tonnes generated by our global shore-side operations.

In December 2020, we offset all these carbon emissions from our global onshore operations. See page 21 for details of our carbon offset programme for which we partnered with Hong Kong power company CLP.

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

We disclose our carbon footprint data through:

- the Carbon Footprint Repository (CFR) developed by the Environmental Protection Department of the Hong Kong Government for listed companies in Hong Kong;
- the HKQAA Sustainability Rating and Research for the Hang Seng Corporate Sustainability Index Series; and
Safety, Workplace & Business Practices

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.

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:

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

We operate our own Pacific Basin crewing and training centres in Dalian, Manila and Hong Kong where our crew recruiting, training and management activities are based. Our pool of 4,100 seafarers are mainly from China and the Philippines, and some of our officers and cadets are from Russia and Ukraine, Hong Kong and Bangladesh.
We believe that the right investment in our employees – both at sea and ashore – does much to increase safety, knowledge, productivity and contribution, and promote a deeper sense of belonging across our organisation. That investment in our employees and their engagement broadly addresses the following areas:

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

Health & Safety

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

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

- 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.

Anti-Piracy

Piracy against merchant vessels in recent years has been a common security threat in the Gulf of Guinea, in South East Asia, off the Coast of Somalia, in the Gulf of Aden and in the wider Indian Ocean. Often using hijacked merchant ships as mother ships to carry out their attacks, pirates operate multiple, high-speed skiffs to fire on vessels with automatic weapons and rocket propelled grenades in an attempt to slow the target vessels so the pirates can climb on board. Once a vessel has been hijacked, the pirates typically request large ransom payments for the safe return of the crew, vessel and cargo.

Pacific Basin follows IMO guidance and the industry Best Management Practices (BMP5) for ships to prevent, report and respond to pirate attacks. Since 2011, we have employed armed guards on our owned vessels when occasionally transiting the Indian Ocean Region High-Risk Area. Key additional anti-piracy measures we pursue prior to every transit through high risk areas include:

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

We also engage with industry and anti-piracy organisations to exchange information on security risks. We maintain close communication with our vessels, and our in-house ship management team is always on standby to offer help and support in case of any emergency.

During the reporting year, there were no piracy attacks on our owned vessels.
Coping with Coronavirus Disruption

Stakeholders have asked how our business has been affected by the Covid-19 Coronavirus pandemic that has caused major disruption globally since January 2020. We have been managing the situation cautiously to mitigate risk to our shore staff and our ships’ crews.

For staff on shore, we have banned non-essential travel, and our staff are following safe health practices prescribed by relevant governments.

Our service to customers has continued seamlessly and substantially uninterrupted throughout the pandemic, thanks to our wide-ranging business continuity initiatives (including the use of video communications technologies) and thanks especially to our seafarers’ remarkable patience and professionalism.

Governments’ measures to contain the Covid-19 pandemic around the world have made it very difficult for ship owners to change crews and get their seafarers home, leaving tens of thousands stuck at sea beyond their original contract periods. Thousands of our own seafarers on Pacific Basin owned ships have experienced the same stressful situation despite all our efforts to successfully rotate our crews and reunite our seafarers with their families.

Please see the inside front cover of this Sustainability Report for more about our efforts to bring our seafarers home and our constant support to ensure their health and wellbeing while stuck on board.

In 2020, we ran a Pacific Basin crew photo competition to stimulate some light-hearted and creative teamwork during the Covid-related global crew change crisis, and we proudly reproduce some of the entries in this Sustainability Report. The stories they tell are varied, thoughtful, colourful and poignant, illustrating our colleagues’ strength, compassion, team spirit and good humour at sea during the pandemic.

We acknowledge our seafarers’ patience and professionalism, and their tireless and vital contribution to our company, our customers and to global trade in essential dry bulk cargoes.
People-focused Safety Innovation

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

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

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

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

“Make Complacency History”

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

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

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

KPI B2.3
Description of occupational health & safety measures adopted
Health & Safety Performance in 2020

In 2020, our crews registered 12 lost-time injuries in over 19.9 million man hours in 2020, resulting in a lost time injuries frequency (LTIF) of 0.60 which marks a 15% improvement year on year and our lowest LTIF since 2005.

Mostly arising from relatively minor slips, trips, falls and crushing incidents, our total recordable case frequency (TRCF) decreased to 1.11 which remains low by industry standards.

In 2020, we continued to reinforce our established safety programme with our campaign to target “Zero Lost Time Injuries”, involving enhanced pre-joining and on-board training, and monthly alerts to the fleet with reminders of past injuries sustained on our ships. Our “Make Complacency History” campaign also reaches out to our seafarers’ families for a more holistic and effective approach.
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 2020 accounted for 422 reports (2019: 587) 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.

**Award-winning Safety Culture & Performance**

In 2020, we won the [Hong Kong Marine Department Award](#) for outstanding performance in global Port State Control inspections for the 12th time in 13 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 DNV GL Business Assurance to voluntary standards, including:

- ISO 9001:2015 for our quality management system
- ISO 14001:2015 for our environmental management system
- ISO 45001:2018 for our occupational health & safety management system
Training & Development

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

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

Employees at Sea

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

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

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

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

  In light of Covid-related restrictions and social distancing, we conducted 7 officer training webinars in 2020 in lieu of our usual seminars. Each was attended by an average of over 100 officers plus many of our shore-based staff.

- Our experienced Masters and Chief Engineers voluntarily run training sessions for our ratings whilst both teachers and students are on shore-leave.
- We conduct enhanced pre-joining briefings for all our sea staff.
- Our senior crewing managers review all staff’s training needs during appraisals to ensure skill gaps are identified and plugged and further development training is on offer.
- We have run officer cadet recruitment and training schemes in our crewing centres in China since 2005 and the Philippines since 2010, as well as in Hong Kong since 2013 and Odessa since 2017.
- We train 1-2 officer cadets on each of our ships and are growing our intake of female cadets.

7 training webinars in 2020 attended by 717 officers
(2019: 5)

1 officer cadets per ship
(2019: 1.5)
■ We employ Marine & Safety Managers and Training Managers ashore who conduct fleet safety inspections, navigation audits and pre-joining briefings and provide shore-based support on marine and safety issues to our ships’ crews.

11 ships per safety/training manager in 2020

■ In addition to our Marine & Safety Managers ashore, we deploy 7 Fleet Training Managers to sail periodically on our owned vessels and offer our crew on-the-job training.

■ Our in-house technical department communicates shore-based advice and support to our ships’ staff to enhance the safety of our operations at sea and the consistency of our service quality.

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

■ We promptly notify our ships of relevant regulatory changes and industry developments.

■ We circulate monthly alerts to our fleet with reminders of lessons learned from past accidents and injuries sustained on our ships.

■ Some of the investments we make in non-STCW training on-board, in classrooms and via computer include regular simulator-based training in Bridge Team Management and the types of ECDIS (Electronic Chart Display Information System) fitted on our ships, and Maritime Resource Management, in partnership with the Swedish Club. We cultivate leadership qualities through MRM training for both our shore-based and on-board managers, because we believe the success of our safety management system depends on the trained skills of our managers and how these leaders approach our safety management system’s implementation at sea, onshore and at the ship-shore interface.

■ Our crew conferences, training seminars and cadet programmes offer a clear path of career advancement within the ranks of our crew.
Employees Ashore

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

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

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

4 graduate and other young recruits (2019: 5)

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 2020, 4 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.

50% received external training mostly via video in 2020 (2019: 45%)

7 average training hours per onshore employee (2019: 9)

ISO, ISM, ISPS, MLC 2006 & MARPOL Training

Every year, the Marine & Safety experts from our Fleet Management team run awareness training on our implementation of international ISO 9001, ISO 14001 and ISO 45001 standards as encapsulated in our Pacific Basin Management System. The training sessions also cover the ISM Code, International Ship and Port Facility Security (ISPS) Code, MLC 2006 and the MARPOL convention. In 2020, colleagues from our Hong Kong headquarters and overseas offices attended such training in person or by video conference to refresh and enhance their knowledge and understanding of our certification standards and the implementation and internal control of our management systems. The sound execution of our Pacific Basin Management System has underpinned an excellent record of safety and environmental performance over many years.
Labour Standards & Workplace Conditions

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

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

Our labour policies and minimum standards are determined with reference to the conventions of the International Labour Organization (ILO) – the United Nations agency that shapes policies to promote decent working conditions for seafarers and other workers. We are also committed to the internationally recognised provision on human rights as expressed in the UN Guiding Principles on Business and Human Rights.

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

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

In 2020, we used our upgraded KVH VSAT broadband service to facilitate ship-to-shore video crew training and support to our seafarers during the Covid pandemic also enabling our seafarers to stay in touch with family and friends.

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 and forced labour

KPI B4.2 Description of steps taken to eliminate child and forced labour when discovered
Employee Wellbeing Ashore

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

2020 was our group headquarters’ third full year in new premises outside of Hong Kong’s Central business district. This office provides a healthier and more casual, practical and fulfilling working environment that supports more productive and collaborative work.

All of our global offices have been refurbished in recent years to upgrade our office work spaces for greater energy efficiency, staff comfort, fulfilment and collaboration.

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

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

We take pride in the diversity of our staff – including the diversity of cultures and age that exists among our shore-based staff comprising executives of 28 nationalities. The gender and age distribution of our shore-based workforce is well-balanced, and we are investing in the development of a growing number of female seafarers on our ships.

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

38% of our shore-based staff have worked for Pacific Basin for over 10 years, which is testament to the inclusion, engagement and job fulfilment at Pacific Basin over a period of significant growth.

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

We reaffirm our longstanding commitment to providing a safe environment for all our staff free of discrimination and harassment on any grounds. We operate a zero tolerance policy towards sexual and racial harassment in our workplace, and we investigate all allegations of harassment promptly, discreetly and with respect. Our Staff Code consists of policies on Sexual and Racial Harassment and a Code of Conduct, sets out the reporting channels and handling procedures for any reported incidents. In conjunction with our Whistleblowing Policy and Procedures, these mechanisms ensure we act in compliance with relevant laws, regulations and best practices. During the reporting year, we were not aware of any non-compliance incidents in relation to employment, health & safety, equal opportunity and labour standards.

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

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

**Age Distribution**

- 343 Shore Staff
  - 20-29: 33%
  - 30-39: 37%
  - 40-49: 30%
  - >50: 10%

- 28 Nationalities
  - Male: 57%
  - Female: 43%

**Nationalities**

- Russian & other: 3%
- Ukrainian: 4%
- Chinese: 48%
- Filipino: 45%
- 30-39: 32%
- 40-49: 21%
- >50: 7%
- <20: 12%

**343 Shore Staff**

- 94% shore staff retention (2019: 90%)
- 28% shore staff under equity incentive scheme (2019: 28%)
- 38% shore staff with Pacific Basin for over 10 years

**4,100 Seafarers**

- 96% officer retention (2019: 95%)
- 88% overall crew retention (2019: 87%)

**Employee turnover rate**
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.

Offering an Excellent Customer Experience

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

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

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

In 2020, we conducted our tenth annual customer telephone survey comprising an average of 35 calls made by our Corporate Affairs Director to a mixed sample of customers around the world.

Anti-Corruption

Our Code of Conduct prohibits our staff from offering or accepting bribes or engaging in fraud, forgery, collusion, anti-competitive behaviour or other forms of corruption. To maintain a zero corruption record, we continually review our anti-corruption policies and practices which we convey to our staff via regular training. We enhanced our anti-bribery policy in 2018 to bolster the Company’s anti-corruption culture.

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

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

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

KPI B7 (Anti-Corruption)
General Disclosure

KPI B7.1
Number of legal cases regarding corrupt practices

KPI B7.3
Description of anti-corruption training provided

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

Pacific Basin has been an active member of the Maritime Anti-Corruption Network (MACN) which strives through collective action to eliminate all forms of corruption in the maritime industry. The organisation does this by: raising awareness of the challenges faced; implementing the MACN anti-corruption principles and co-developing and sharing best practices; collaborating with governments, NGOs and civil society to identify and mitigate the root causes of corruption; and creating a culture of integrity within the maritime community. Through adopting the MACN anti-corruption principles and MACN’s toolkits, we are better able to avoid, respond to and report incidents of bribery, facilitation payments and other forms of corruption through appropriate monitoring, comprehensive risk assessment and training.

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

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

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

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

Our customers are reputable organisations, including many blue-chip companies, who we know well. 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.

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

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.
Information Technology Security

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

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

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

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

Leveraging our Data and IT Strength for Better Decision-making

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

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

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

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

Our data feeds into an automated management reporting dashboard which presents information that helps managers at all levels (including the CEO) to make quicker and better commercial decisions. We will continue to find new ways to access and harness valuable data which will no doubt play a key role in our future financial performance, safety performance and environmental and social sustainability.
Supply Chain Management

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

Strategies and Procedures

We have established the following policies for responsible supply chain management to identify environmental and social risks along our supply chain, and to ensure suppliers align with our procurement standards and sustainability performance requirements:

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

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

Responsible Procurement and Monitoring

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

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

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

Our Vendors

In 2020, our list of approved vendors numbered 985, of which we vetted about 185 in 2020, including new suppliers and existing suppliers re-evaluated during the year on a rotational basis.

Our number of suppliers increased significantly in 2020 as terminal access restrictions during the pandemic made us more dependent on local chandlers, workshops and provisions suppliers at ports around the world.

Bunker Suppliers

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

We source no more than 20% of our annual fuel needs from any single supplier. We sourced over 92% of our fuel from 15 major bunker suppliers in 2020. The remainder was sourced from several smaller suppliers for spot bunkering in remote ports.

Tonngage Providers

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

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

Additionally, we highlight some of our ESG expectations in a Counterparty Form which our tonnage providers are required to sign in acknowledgement, and we will soon expand this to cover more ESG issues.
Key Suppliers in 2020 by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Bunker Suppliers</th>
<th>Other Vendors</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1</td>
<td>57</td>
<td>58</td>
</tr>
<tr>
<td>Asia</td>
<td>4</td>
<td>486</td>
<td>490</td>
</tr>
<tr>
<td>Central America</td>
<td>0</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Europe</td>
<td>5</td>
<td>192</td>
<td>197</td>
</tr>
<tr>
<td>Middle East</td>
<td>1</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>North America</td>
<td>2</td>
<td>72</td>
<td>74</td>
</tr>
<tr>
<td>Oceania</td>
<td>1</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>South America</td>
<td>1</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>The Caribbean</td>
<td>0</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>985</strong></td>
<td><strong>1,000</strong>*</td>
</tr>
</tbody>
</table>

* excluding over 350 tonnage providers

Award-winning Safety & Quality at Sea

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

In 2020, we won top global and regional industry awards for CSR/ESG and best dry bulk operator overall, including:

**Jinganggu Awards**
- Best CSR Listed Company Award

**HKICPA Best Corporate Governance Awards**
- Gold Award - non-Hang Seng Index (small market capitalization) category

**Port of Long Beach**
- Green Flag Award

**Hong Kong ESG Reporting Awards**
- Excellence in Social Positive Impact (Commendation)

**Hong Kong Marine Department Award**
- Outstanding Performance in Port State Control Inspections

**Port of Vancouver’s EcoAction Program**
- Blue Circle Awards

Some notable other awards in recent years include:

- Excellence in Dry Bulk Shipping at Lloyd’s List Asia Pacific Awards 2019
- People Development Award at International Bulk Journal Awards 2019
- Blue Circle Awards at Port of Vancouver’s EcoAction Program 2019
- Commendation in Best ESG Report (mid-cap) and Commendation in Excellence in Environmental Disclosure at the Hong Kong ESG Reporting Awards 2019
- Dry Bulk Operator of the Year at Lloyd’s List Global Awards 2018
- Customer Care Award at International Bulk Journal Awards 2018
- Company of the Year at Lloyd’s List Global Awards 2017
- Safety Award at International Bulk Journal Awards 2017
- CSR Award at Seatrade Maritime Awards 2017
- Safety Award at Lloyd’s List Global Awards 2016
- 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 (12 times in the past 13 years)
- Shipping Company of the Year at BIMCO Awards 2014
- Environment Award at IBJ Awards 2012 and Lloyd’s List Global Awards 2011
- Shipmanager of the Year and Environment Award at Lloyd’s List Asia Awards 2011
- Seafarer of the Year at Lloyd’s List Global Awards 2011 (Captain Zhu Qianchun)
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.

The Seafarer Community

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

- Our Human Resources Director is an Asian Ambassador of the Sailors’ Society, an organisation we support because of our particular interest in the welfare of seafarers and their dependents globally. Through this role, we promote regionally the need to support the welfare of seafarers whose lives at sea are not easy and who give so much to the business of shipping.
- In 2020, our charitable donations and sponsorship amounted to US$39,000, including donations to the Sailor’s Home, the Mission to Seafarers and the Merchant Navy Officers’ Guild.
Ports Where our Ships Trade

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

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

One measure of our success in this area is the feedback we get from customers, stevedores, port operators and other stakeholders in the ports where we call.

Some of the commendations we received in 2020:

- I commend your ship and crew for a job well done with excellent cooperation during loading during the Covid-19 pandemic. All crew especially Master and Chief Officer did a very professional and diligent job and it was my pleasure to work alongside such a great team to ensure a safe and successful loading.

- We acknowledge your ship and its crew for a great job throughout the load. For a 2005-built vessel she is in good working form and probably one of the cleanest I’ve been aboard of this vintage. Captain and Chief Officer were very proficient and easy to work with, as was the rest of the crew. Job well done by all.

- It was a pleasure working with this vessel and her Captain and Chief Officer, both of whom had a thorough knowledge of their vessel and were well versed in the intricacies of cargo operation and safety for crew and cargo. More importantly, the crew were well trained, drilled, happy, always smiling and willing to go the extra mile.

- The Master showed a good understanding of oil spill prevention topics, especially around voyage planning and emergency checklists. We appreciate the cooperation of your officers and your continued commitment to safe marine transportation and environmental protection.

- Your crew was one of the best crews I’ve worked with. Loading of the vessel was made easier for my foreman because of everyone on this ship. We thank the crew for their cooperation.

In 2020 our ships called at 804 ports in 110 countries.
Our Hong Kong Community

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

- Hong Kong Maritime Museum (HKMM) – We have been supporters of HKMM since its establishment in 2003, and we are partners under the museum’s CSR Partner Programme which matches the museum’s programmes and initiatives with our shipping and Hong Kong community-focused social responsibility priorities. HKMM continues to generate community value through its social enterprise managed café, marine environment agenda and outreach programmes involving local schools and minority groups.

In 2020, the museum’s operations were heavily impacted by Covid-related closures and distancing measures, but it still welcomed over 20,600 visitors in 2020, including 1,500 student and community group visitors and 670 event attendees. Adaptations were made to continue the museum’s learning programmes, including with City University, the Sea School and the Vocational Training Centre. The museum expanded its online learning resources, launching three online exhibitions and its new resource centre website featuring special collections and archives.

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

- Maritime Education – We regularly recruit interns from Hong Kong’s Maritime Services Training Institute, which is part of the Vocational Training Centre, some of whom transition into full-time employees.

- Our Fleet Personnel GM serves as vice chairman of the Maritime Education and Training Sub Committee of the Hong Kong Shipowners Association, helping to work with government and academia to raise the profile of maritime education in Hong Kong and promote shipping careers to young Hongkongers.

- Student Scholarships – We continue to fund scholarships at Hong Kong Polytechnic University where two students are currently pursuing a bachelor’s degree in International Shipping and Transport Logistics under our sponsorship. Six recipients of our scholarship now work at Pacific Basin in Hong Kong, London and Vancouver, and in our fleet.

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

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

- Pacific Basin Soccer Sixes – While cancelled in 2020, we host the annual Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong’s shipping and related services companies – plus shipping companies from Mainland China – field teams in this popular sporting event for the Hong Kong shipping community.
Funding other good causes:

- We gave US$18,000 to seafarer charities.
- Our Manila office extended help, care and supplies to families impacted by a barrage of three consecutive typhoons in late 2020.
- Pacific Basin was a sponsor of “The Captain’s Table”, a global maritime start-up competition organised by YPSN (Young Professionals in Shipping Network) to fuel innovation in shipping.
- We donated $11,000 to CIRM (International Radio Medical Centre) which provides essential medical advice free of charge to ships regardless of their nationality.
- Our Durban colleagues participated in fundraising for the National Sea Rescue Institute and Durbanville Children’s Home.

The Shipping Industry

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

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

Contributing to the International Chamber of Shipping’s Engine Room Procedures Guide

In August 2020, the International Chamber of Shipping (ICS) published its inaugural ICS Engine Room Procedures Guide. Our ship management colleague was in ICS’s professional working group that created this Guide over five years of painstaking effort.

The Guide is relevant to all types of merchant ships and will be an invaluable tool for ships’ engineering teams, as well as shipping companies and training institutions. The ICS Engine Room Procedures Guide sets out routine engine room procedures with useful checklists for ships’ engineering teams. It also provides clear guidance on safe and environmentally responsible engine room operation and maintenance, reinforcing the established industry best practice and internationally agreed standards and recommendations adopted by IMO.

Pacific Basin is honoured to have contributed to the publication of this Guide, which also reflects our commitment in shaping a better shipping industry through collaborative efforts between industry organisations.

Contributing to UNCTAD’s Review of Maritime Transport 2020

The United Nations Conference on Trade and Development (UNCTAD) prepares its Review of Maritime Transport annually to foster transparency of maritime markets and analyse developments. Our Asset Management Director is acknowledged in the publication for his contribution.
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.

### General

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned ships operated (2020 average)¹</td>
<td># ships</td>
<td>86</td>
<td>99</td>
<td>107</td>
<td>113</td>
</tr>
<tr>
<td>Chartered ships operated (2020 average)¹</td>
<td># ships</td>
<td>127</td>
<td>143</td>
<td>115</td>
<td>116</td>
</tr>
<tr>
<td>Cargo volume carried</td>
<td>million tonnes</td>
<td>57</td>
<td>66</td>
<td>62</td>
<td>67</td>
</tr>
<tr>
<td>Revenue</td>
<td>US$ million</td>
<td>1,087</td>
<td>1,488</td>
<td>1,592</td>
<td>1,586</td>
</tr>
</tbody>
</table>

### Environment

#### Emissions at Sea (owned fleet)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEOI CO₂ Index² KPI</td>
<td>grams CO₂ per tonne-mile</td>
<td>11.36</td>
<td>11.14</td>
<td>10.90</td>
<td>10.49</td>
<td>9.79</td>
</tr>
<tr>
<td>Scope 1 CO₂ emissions from our owned fleet</td>
<td>metric tonnes</td>
<td>1,028,000</td>
<td>1,313,000</td>
<td>1,389,000</td>
<td>1,405,000</td>
<td>1,430,000</td>
</tr>
<tr>
<td>Sulphur Oxides (SOₓ)</td>
<td>grams SOₓ per tonne-mile</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>grams NOₓ per tonne-mile</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>grams PM per tonne-mile</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Fuel Consumed by Owned Fleet</td>
<td>metric tonnes</td>
<td>329,000</td>
<td>420,500</td>
<td>445,100</td>
<td>448,500</td>
<td>462,500</td>
</tr>
<tr>
<td>Fuel Intensity</td>
<td>kg/dwt</td>
<td>88.1</td>
<td>101.7</td>
<td>101.9</td>
<td>97.1</td>
<td>98.5</td>
</tr>
<tr>
<td>Fuel Consumed by combined owned &amp; chartered fleet</td>
<td>metric tonnes</td>
<td>882,600</td>
<td>1,007,300</td>
<td>868,000</td>
<td>855,600</td>
<td>912,700</td>
</tr>
</tbody>
</table>

#### Emissions Onshore

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 2 CO₂ emissions from onshore activities</td>
<td>metric tonnes</td>
<td>659</td>
<td>940</td>
<td>658</td>
<td>378</td>
<td>382</td>
</tr>
<tr>
<td>Scope 3 CO₂ emissions from onshore activities</td>
<td>metric tonnes</td>
<td>1,257</td>
<td>862</td>
<td>874</td>
<td>1,977</td>
<td>1,559</td>
</tr>
<tr>
<td>Scope 3 emissions from PB crew travel</td>
<td>metric tonnes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,565</td>
<td>4,774</td>
</tr>
<tr>
<td>Total CO₂ emissions from onshore activities³</td>
<td>metric tonnes</td>
<td>1,916</td>
<td>1,802</td>
<td>1,532</td>
<td>7,920</td>
<td>6,715</td>
</tr>
</tbody>
</table>

#### Waste from our Owned Fleet

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garbage landed</td>
<td>m³/month/ship</td>
<td>2.97</td>
<td>3.67</td>
<td>2.46</td>
<td>2.34</td>
<td>1.78</td>
</tr>
<tr>
<td>Fresh water consumption</td>
<td>tonnes/month/ship</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>50.4</td>
<td>46.9</td>
</tr>
</tbody>
</table>

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

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

³ Emissions from our onshore activities includes emissions from staff commuting and business air travel, air conditioning, lighting, computer and office equipment, and paper and fresh water consumption (audit period: July 2019 to June 2020). We now also disclose emissions from PB crew travel to and from our owned ships.
### Social

#### Health & Safety

<table>
<thead>
<tr>
<th></th>
<th>Unit 2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable injury case frequency (TRCF) (KPI) per mil man hrs</td>
<td>1.32</td>
<td>1.46</td>
<td>1.37</td>
<td>1.56</td>
<td>1.11</td>
</tr>
<tr>
<td>Lost time injury frequency (LTIF) (KPI) per mil man hrs</td>
<td>0.94</td>
<td>0.82</td>
<td>0.82</td>
<td>0.71</td>
<td>0.60</td>
</tr>
<tr>
<td>Crew fatalities</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Deficiencies per PSC inspection (KPI)</td>
<td>0.74</td>
<td>0.54</td>
<td>0.53</td>
<td>0.74</td>
<td>0.69</td>
</tr>
<tr>
<td>Zero deficiency rate in PSC</td>
<td>72%</td>
<td>78%</td>
<td>79%</td>
<td>73%</td>
<td>81%</td>
</tr>
<tr>
<td>Near-miss reports</td>
<td>783</td>
<td>672</td>
<td>548</td>
<td>587</td>
<td>422</td>
</tr>
<tr>
<td>Navigational accidents</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

#### Development & Training

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shore staff receiving external training staff %</td>
<td>48</td>
<td>47</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Average training hours per onshore employee</td>
<td>13</td>
<td>9</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Seafarer/officer training seminars</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Ships per safety/training manager</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Officer cadets per ship</td>
<td>2.0</td>
<td>1.5</td>
<td>1.6</td>
<td>1.5</td>
</tr>
</tbody>
</table>

#### Staff Demographics

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shore-based staff headcount</td>
<td>330</td>
<td>335</td>
<td>336</td>
<td>345</td>
<td>343</td>
</tr>
<tr>
<td>Women in workforce</td>
<td>42%</td>
<td>44%</td>
<td>43%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Shore staff nationalities</td>
<td>27</td>
<td>27</td>
<td>29</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>20-29 years old</td>
<td>15%</td>
<td>15%</td>
<td>14%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>30-39 years old</td>
<td>34%</td>
<td>36%</td>
<td>35%</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>40-49 years old</td>
<td>27%</td>
<td>27%</td>
<td>29%</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>50-59 years old</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>&gt;60 years old</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>76%</td>
<td>74%</td>
<td>74%</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>N. America</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Australasia</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>S. America</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Seafarers headcount</td>
<td>3,000</td>
<td>3,400</td>
<td>3,800</td>
<td>3,900</td>
<td>4,100</td>
</tr>
<tr>
<td>Seafarers by age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;20 years old</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>20-29 years old</td>
<td>36%</td>
<td>37%</td>
<td>39%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>30-39 years old</td>
<td>32%</td>
<td>31%</td>
<td>31%</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>40-49 years old</td>
<td>24%</td>
<td>24%</td>
<td>22%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>&gt;50 years old</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Seafarers by nationality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinese</td>
<td>54%</td>
<td>56%</td>
<td>57%</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Filipino</td>
<td>42%</td>
<td>40%</td>
<td>39%</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Ukrainian</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Russian &amp; other</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Staff Turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shore staff retention</td>
<td>80%</td>
<td>87%</td>
<td>90%</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Shore staff under share award scheme</td>
<td>23%</td>
<td>25%</td>
<td>25%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Seafarer retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officers</td>
<td>92%</td>
<td>94%</td>
<td>95%</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>87%</td>
<td>87%</td>
<td>86%</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>Shore staff turnover by gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Shore staff turnover by age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-29 years old</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>30-39 years old</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>40-49 years old</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>50-59 years old</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>&gt;60 years old</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Shore staff turnover by region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>N. America</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Australasia</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>S. America</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved suppliers</td>
<td>350</td>
<td>395</td>
<td>460</td>
<td>620</td>
<td></td>
</tr>
<tr>
<td>Bunker suppliers</td>
<td>26</td>
<td>27</td>
<td>25</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cases of corruption</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Community Investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship &amp; donations</td>
<td>US$'000</td>
<td>55</td>
<td>58</td>
<td>84</td>
<td>85</td>
</tr>
</tbody>
</table>

---

4 Regrettably two crew members passed away on board during the year. One fatality was non-work related. The other was a fall from a suspended working platform in a cargo hold when our seaman did not have his harness connected as dictated in our prescribed safe working practices. Following the incident, we circulated safety bulletins to reminding our crews to always follow prescribed safe practices in our ongoing drive to continually enhance safety culture, and we have prohibited the use of platforms while reviewing methods to enhance platform safety.

5 We sustained two navigational accidents in 2020. In both cases, our ships were under pilotage and approaching terminal when one grounded and the other made contact with the berth. Neither incident resulted in any injury, hull breach or pollution. The lessons learned have been shared and discussed with our ships’ crews.
SEHK ESG Reporting Guide Index

We have measured and tracked key aspects of our sustainability performance for several years and we meet the Stock Exchange ESG Guide’s disclosure requirements for 2020.

A. Environmental

<table>
<thead>
<tr>
<th>SEHK ESG Index Ref.</th>
<th>Description</th>
<th>Cross-references &amp; Comments</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>General disclosure statement</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>1.2</td>
<td>Types of emissions and data</td>
<td></td>
<td>14-15, 53</td>
</tr>
<tr>
<td>1.3</td>
<td>GHG emissions in tonnes</td>
<td></td>
<td>53</td>
</tr>
<tr>
<td>1.4</td>
<td>Total hazardous waste produced</td>
<td></td>
<td>53</td>
</tr>
<tr>
<td>1.5</td>
<td>Description of emission targets set and steps taken to achieve them</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>1.6</td>
<td>Description of handling of waste and reduction targets set and steps taken to achieve them</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>A2</td>
<td>Use of Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Direct/Indirect energy consumption</td>
<td></td>
<td>14-15</td>
</tr>
<tr>
<td>2.2</td>
<td>Water consumption</td>
<td></td>
<td>53</td>
</tr>
<tr>
<td>2.3</td>
<td>Description of energy efficiency targets set and steps taken to achieve them</td>
<td></td>
<td>17-19</td>
</tr>
<tr>
<td>2.4</td>
<td>Issues in sourcing water and water efficiency targets set</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>2.5</td>
<td>Total packaging material used</td>
<td>Not applicable as our business does not require packaging material</td>
<td>NA</td>
</tr>
<tr>
<td>A3</td>
<td>Environment and Natural Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>General disclosure statement</td>
<td></td>
<td>8-9</td>
</tr>
<tr>
<td></td>
<td>Description of significant impacts of activities</td>
<td></td>
<td>14-15</td>
</tr>
<tr>
<td>A4</td>
<td>Climate Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>General disclosure statement</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Description of significant climate-related issues and actions taken to manage them</td>
<td></td>
<td>30</td>
</tr>
</tbody>
</table>

B. Social

<table>
<thead>
<tr>
<th>SEHK ESG Index Ref.</th>
<th>Description</th>
<th>Cross-references &amp; Comments</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>General disclosure statement</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>1.2</td>
<td>Total workforce by employment type</td>
<td></td>
<td>42, 54</td>
</tr>
<tr>
<td>1.3</td>
<td>Employee turnover rate</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>B2</td>
<td>Health and Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>General disclosure statement</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>2.2</td>
<td>Number and rate of work-related fatalities</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>2.3</td>
<td>Lost days due to work injury</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>2.4</td>
<td>Description of occupational health and safety measures adopted</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>B3</td>
<td>Development and Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>General disclosure statement</td>
<td></td>
<td>38</td>
</tr>
<tr>
<td>3.2</td>
<td>Percentage of employees trained by category</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>3.3</td>
<td>Average training hours per employee</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>B4</td>
<td>Labour Standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>General disclosure statement</td>
<td></td>
<td>41</td>
</tr>
<tr>
<td>4.2</td>
<td>Description of measures to review employment practices to avoid child and forced labour</td>
<td></td>
<td>41</td>
</tr>
<tr>
<td>4.3</td>
<td>Description of steps taken to eliminate child and forced labour when discovered</td>
<td></td>
<td>41</td>
</tr>
<tr>
<td>B5</td>
<td>Supply Chain Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>General disclosure statement</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>5.2</td>
<td>Number of suppliers by geographical region</td>
<td></td>
<td>48</td>
</tr>
<tr>
<td>5.3</td>
<td>Description of practices related to engaging suppliers</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>5.4</td>
<td>Description of practices used to identify environmental and social risks along the supply chain</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>5.5</td>
<td>Description of practices used to promote environmentally preferable products and services when selecting suppliers</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>B6</td>
<td>Product Responsibility</td>
<td>Not applicable as our business does not manufacture or trade in products</td>
<td>NA</td>
</tr>
<tr>
<td>B7</td>
<td>Anti-Corruption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>General disclosure statement</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>7.2</td>
<td>Number of legal cases regarding corrupt practices</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>7.3</td>
<td>Description of preventive measures and whistle-blowing procedures</td>
<td></td>
<td>45</td>
</tr>
<tr>
<td>7.4</td>
<td>Description of anti-corruption training provided</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>B8</td>
<td>Community Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1</td>
<td>General disclosure statement</td>
<td></td>
<td>49</td>
</tr>
<tr>
<td>8.2</td>
<td>Focus areas of contribution</td>
<td></td>
<td>49-52</td>
</tr>
<tr>
<td>8.3</td>
<td>Resources contributed</td>
<td></td>
<td>49-52</td>
</tr>
</tbody>
</table>

Remarks:

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

<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Description</th>
<th>Section References and Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRI 102 General Disclosures 2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organisational profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-1</td>
<td>Name of the organisation</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-2</td>
<td>Activities, brands, products, and services</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-3</td>
<td>Location of headquarters</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-4</td>
<td>Location of operations</td>
<td>About Pacific Basin; Our Resources &amp; Responsibilities</td>
</tr>
<tr>
<td>GRI 102-5</td>
<td>Ownership and legal form</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-6</td>
<td>Markets served</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-7</td>
<td>Scale of the organisation</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td>GRI 102-8</td>
<td>Information on employees and other workers</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 102-9</td>
<td>Supply chain</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>GRI 102-10</td>
<td>Significant changes to the organisation and its supply chain</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>GRI 102-11</td>
<td>Precautionary Principle or approach</td>
<td>Sustainability Governance</td>
</tr>
<tr>
<td>GRI 102-12</td>
<td>External initiatives</td>
<td>About Our Sustainability Report; Our Sustainability Strategy and Focus Areas</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-13</td>
<td>Membership of associations</td>
<td>Community</td>
</tr>
<tr>
<td><strong>Ethics and integrity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-14</td>
<td>Statement from senior decision-maker</td>
<td>Chairman and CEO’s Message</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-15</td>
<td>Governance structure</td>
<td>Sustainability Governance</td>
</tr>
<tr>
<td>GRI 102-16</td>
<td>Values, principles, standards, and norms of behavior</td>
<td>About Pacific Basin</td>
</tr>
<tr>
<td><strong>Stakeholder engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-40</td>
<td>List of stakeholder groups</td>
<td>Not applicable</td>
</tr>
<tr>
<td>GRI 102-41</td>
<td>Collective bargaining agreements</td>
<td>Labour Standards &amp; Workplace Conditions</td>
</tr>
<tr>
<td>GRI 102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>Stakeholder Engagement &amp; Materiality</td>
</tr>
<tr>
<td>GRI 102-43</td>
<td>Approach to stakeholder engagement</td>
<td>Stakeholder Engagement &amp; Materiality</td>
</tr>
<tr>
<td>GRI 102-44</td>
<td>Key topics and concerns raised</td>
<td>Stakeholder Engagement &amp; Materiality</td>
</tr>
<tr>
<td><strong>Reporting practice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>Refer to the “Financial Statements” section of our Annual Report</td>
</tr>
<tr>
<td>GRI 102-46</td>
<td>Defining report content and topic Boundaries</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-47</td>
<td>List of material topics</td>
<td>Stakeholder Engagement &amp; Materiality</td>
</tr>
<tr>
<td>GRI 102-48</td>
<td>Restatements of information</td>
<td>Not applicable</td>
</tr>
<tr>
<td>GRI 102-49</td>
<td>Changes in reporting</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-50</td>
<td>Reporting period</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-51</td>
<td>Date of most recent report</td>
<td>Contents</td>
</tr>
<tr>
<td>GRI 102-52</td>
<td>Reporting cycle</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-53</td>
<td>Contact point for questions regarding the report</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>About Our Sustainability Report</td>
</tr>
<tr>
<td>GRI 102-55</td>
<td>GRI content index</td>
<td>GRI Standards Content Index</td>
</tr>
<tr>
<td>GRI 102-56</td>
<td>External assurance</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>GRI 103: Management Approach</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Stakeholder Engagement &amp; Materiality</td>
</tr>
<tr>
<td>GRI 103-2</td>
<td>The management approach and its components</td>
<td>Sustainability Governance; Our Sustainability Strategy and Focus Areas</td>
</tr>
<tr>
<td>GRI 103-3</td>
<td>Evaluation of the management approach</td>
<td>Sustainability Governance; Our Sustainability Strategy and Focus Areas</td>
</tr>
<tr>
<td><strong>GRI 200: Economic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 200-20</td>
<td>Anti-corruption 2016</td>
<td>Responsible Business Practices; Performance Data Summary</td>
</tr>
<tr>
<td>GRI 200-25</td>
<td>Confirmed incidents of corruption and actions taken</td>
<td>Responsible Business Practices; Performance Data Summary</td>
</tr>
<tr>
<td><strong>GRI 300: Environmental</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 300-1</td>
<td>Energy consumption within the organisation</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 300-2</td>
<td>Energy intensity</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td><strong>GRI 303: Water and Effluents 2018</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 303-1</td>
<td>Water consumption</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td><strong>GRI 305: Emissions 2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 305-3</td>
<td>Other indirect (Scope 3) GHG emissions</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>GHG emissions intensity</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td>GRI 305-7</td>
<td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td><strong>GRI 306: Waste 2020</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-1</td>
<td>Waste generated</td>
<td>Performance Data Summary</td>
</tr>
<tr>
<td><strong>GRI 307: Environmental Compliance 2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>Environment</td>
</tr>
<tr>
<td><strong>GRI 400: Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 400-3</td>
<td>Occupational Health and Safety 2016</td>
<td>Health &amp; Safety</td>
</tr>
<tr>
<td>GRI 400-4</td>
<td>Training and Education 2016</td>
<td>Training &amp; Development</td>
</tr>
<tr>
<td><strong>GRI 404: Diversity and Equal Opportunity 2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 404-1</td>
<td>Diversity of governance bodies and employees</td>
<td>Diversity &amp; Equal Opportunity</td>
</tr>
<tr>
<td>GRI 404-6</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>Diversity &amp; Equal Opportunity</td>
</tr>
</tbody>
</table>
All reports are now available at www.pacificbasin.com/ar2020

Please send us your feedback via our online feedback form