

SUSTAINABILITY HIGHLIGHTS

Pacific Basin's active approach to sustainability is rooted in our culture and, governed by policies and systems, is integrated into our daily business behaviour and operating practices. We believe that many of the responsible actions we take – our commitment to sustainability – make us competitively stronger and enhance our financial performance, reputation and the longevity and future value of our business



Our Purpose

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

Our Mission

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

Our Vision

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

With You for the Long Haul

As well as serving key players across the grain, minor bulk and other industries, Pacific Basin serves leading companies in sustainable forestry in Canada, the United States, New Zealand and Australia.

Our Sustainability Strategy and Focus Areas

Our sustainability initiatives and reporting are guided by broad strategic objectives and responsibilities that are core to our culture, strategy and long-term vision, and make a difference within and outside our Group:

Environmental stewardship



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

Safety, workplace and business practices



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

Community engagement



Maintaining mutually beneficial partnerships with our customers, suppliers and other stakeholders in our communities, while always demonstrating responsible business practices

Corporate governance



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

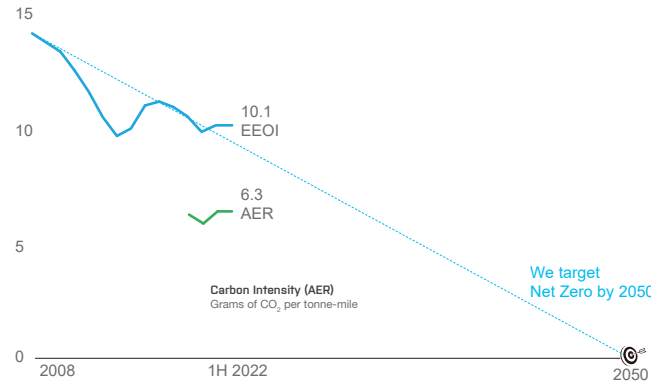
 ENVIRONMENTAL STEWARDSHIP

Tracking a Course to Net Zero by 2050

KPI

Carbon Intensity (EEOI)
Grams of CO₂ per tonne-mile

The global dry bulk fleet continued to operate at high speed in the strong market resulting in largely unchanged carbon emissions intensity compared to 2021, but our decarbonisation strategies ensure we stay closely on course to achieve net zero emissions by 2050.



Partnering with Nihon Shipyard Co. and Mitsui & Co. to investigate alternative green fuels and associated bunkering infrastructure, and to develop an all-new zero-emission-ready ship design

A Parallel Approach to Decarbonisation

We continue to adopt **fuel efficiency enhancements and practices** to ensure that our conventionally-fuelled existing ships are well positioned to comply and continue to trade for the foreseeable future.

We are collaborating and making preparations to achieve the longer-term goal of complete decarbonisation by transitioning to entirely new **zero-emission-ready ships and fuels** which are not yet commercially available.

Well Prepared for 2023 Carbon Intensity Reduction Rules

We have thoroughly analysed the implications of IMO's new EEXI and CII rules on our fleet and prepared our people, ships and systems to ensure our conventionally-fuelled existing ships are well positioned to comply with the rules and continue to trade for the foreseeable future through technical enhancements, operational measures and gradual fleet renewal.

We have also been following developments and preparing ourselves for shipping's eventual inclusion in the European Union Emissions Trading System (EU ETS) and other EU initiatives to drive decarbonisation in shipping. The European "Fit for 55" package remains subject to negotiations between the European Council, Parliament and Commission, and is now likely to apply to shipping from 2024 onwards.

Collaborating to Develop Zero-Emission-Ready Vessels

In mid-May 2022, Pacific Basin committed to cooperating with top-class ship building partners in Japan to investigate and develop what we expect will be our first zero-emission-ready vessels – a crucial step to achieving our goal of net zero emissions by 2050.

Our partners are Nihon Shipyard Co. (a JV between Japan's two largest shipbuilders Imabari and Japan Marine United) and Mitsui & Co., one of the world's largest trading companies with operations spanning energy, machinery, chemicals, logistics and more.

Our collaboration will investigate alternative green fuels and associated bunkering infrastructure, and develop an all-new green ship design resulting in the eventual ordering of zero-emission-ready vessels before 2030.



SAFETY & WORKPLACE

Our increased focus on mental wellbeing in recent years has been further enhanced with:

- wellbeing assessments of all our ships' crew
- the increased use of specialist seafarer wellbeing trainers
- a seafarer helpline providing 24/7 access to unlimited, independent, professional and immediate help

We have created a new role of "Head of Training" and expanded our training programme with several new modules.

With pandemic-related travel restrictions easing, our ship managers are again visiting and inspecting our ships more frequently, resulting in more regular on-board support across our fleet.

Ongoing enhancements of our safety culture have supported yet further improvement in our crew safety KPIs.

Lost Time Injury Frequency

0.19 ↓ **31%**

injuries per million man hours

KPI

Total Recordable Case Frequency

0.58 ↑ **5%**

injuries per million man hours

External Inspection Deficiency Rate

0.83 ↑ **38%**

deficiencies per PSC inspection

We experienced increased PSC deficiencies mainly on vessels aged more than 15 years. With pandemic-related travel restrictions easing and our ship managers are now visiting our ships more frequently, our PSC inspection performance is now improving again.



COMMUNITY ENGAGEMENT

Sponsoring Community Open Day at the Hong Kong Maritime Museum

Marking the International Day of the Seafarer in late June, Pacific Basin again sponsored free admission to the Hong Kong Maritime Museum, with Pacific Basin ship cadets and officers as well as shore-based managers and former ship captains volunteering to teach navigation skills and knot-tying, and present museum objects, seafaring stories and career paths to museum visitors. Over 1,800 visitors attended.



Employee Engagement Scores Support a Strong Employer Brand

We engaged independent consultants to conduct an anonymous staff survey. The results pointed to a high level of satisfaction and engagement across 10 main criteria, and provided useful insight into areas that may benefit from extra attention.

Overall Engagement Score



82%

"I enjoy working at Pacific Basin"



88%

WISTA Membership for Pacific Basin's Female Seafarers

Our corporate membership of WISTA (Women's International Shipping & Trading Association) is available to benefit all our female Pacific Basin seafarers and shore-based staff. WISTA is a global organisation connecting female professionals from all sectors of the maritime industry and a leader in diversity and inclusion in shipping.



Making Best Impressions Wherever We Go

We take pride in the care and professionalism we demonstrate in our interactions across the communities we engage with, and how we are perceived is important to us.

“ Sincere thanks to you and your crew for ensuring smooth operations - the entire crew performed their duties with the highest degree of safety awareness and were always ready to help

The professionalism and efficiency of your ship's crew was a credit to the leadership of the captain

We appreciate the cooperation of your officers and your continued commitment to safe marine transportation and environmental protection



CORPORATE GOVERNANCE

We conduct our business with high standards of corporate governance to ensure responsible direction and management of the Group and to achieve sustainable value for our shareholders and other stakeholders.

Our Risk Management Committee (“RMC”) and Sustainability Management Committee (“SMC”) report to the board-level Audit Committee to ensure strong governance, sustainability and board engagement.

Top 10% Governance QualityScore by ISS

indicating excellent corporate governance practices and relatively low governance risk.

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

A+ Sustainability rating by HKQAA

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


Corrupt practice or whistleblowing incidents

We are active members of the Maritime Anti-Corruption Network

RESILIENCE

We try to understand and prepare ourselves for tomorrow’s potential challenges.

Our recent **climate risk scenario analysis** (in conjunction with American Bureau of Shipping) helped us to refine our understanding of the most material climate-related physical and transition risks, vulnerabilities and opportunities for our business.



Physical Risks


Shifts in climate patterns, e.g.:

- more frequent and intense tropical cyclones & floods (extreme events)
- rising sea levels & shifting agriculture patterns (longer-term events)

If not well managed, extreme climate events can disrupt business activities resulting in lost revenue, and can increase the damage and wear and tear to vessels resulting in higher repair and maintenance costs



Deep-sea shipping has over many decades developed resilience and mitigation measures (e.g. weather routing tech) that prepare us well for increasing extreme weather in the future



We focus on diverse minor bulks and grain with an agile tramping business model which allows us to change our ships’ trading patterns at short notice if necessary to avoid physical risks




Transition Risks


Climate-related changes in policy, technology and markets, e.g.:

- decarbonisation rules, carbon pricing
- new fuels and propulsion systems
- changing commodity trade patterns

How well a company can respond to and comply with new regulations, how readily it can fund and adopt changing technology and assets, and how nimbly it can respond to changing market conditions can significantly impact its operations, reputation, profitability and financial strength



We have the scale and sophisticated, experienced team that enable us to navigate challenging regulatory, technological, commodity demand and other transition-related changes



Our business and decarbonisation strategies will allow us to effectively manage these identified transition risks and capture the opportunities from our industry’s transition to a net-zero future