

SUSTAINABILITY HIGHLIGHTS

Pacific Basin's sustainability strategy harnesses our culture of "doing the right thing" and puts it to work in a pragmatic yet ambitious framework that considers the environment, our people, our stakeholders and our business fundamentals.

Our goal is to balance the practicalities of our heavily regulated industry with sufficient ambition, such that we are not only compliant but are emboldened to lead.

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 future value of our business.



Our Purpose

To safely and sustainably deliver by sea the dry bulk commodities that are essential to society

Our Vision

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

↔ p.0 Our Business Principles

With You for the Long Haul

Our Sustainability Strategy Framework

The way we at Pacific Basin see sustainability and our related strategies is evolving. Our sustainability initiatives and reporting are guided by strategic objectives encompassed in a framework of four sustainability pillars.

ENVIRONMENTAL RESPONSIBILITY

Decarbonising our fleet, managing our waste and use of resources, and minimising our impact on biodiversity as we continue to grow our business

RESPONSIBILITY TO OUR PEOPLE

Safeguarding a decent, healthy and safe work environment and nurturing an empowered and inclusive organisation, while developing a well-supported and competent workforce

RESPONSIBLE BUSINESS FUNDAMENTALS

Evolving and enhancing management and governance practices (including due diligence, financial and risk management, integrity and transparency) to safeguard business resilience and stakeholder trust and confidence

RESPONSIBLE VALUE CREATION

Serving, helping and collaborating with customers, suppliers, the seafarer community and other stakeholders to support a responsible and resilient supply chain and PB community





ENVIRONMENTAL RESPONSIBILITY

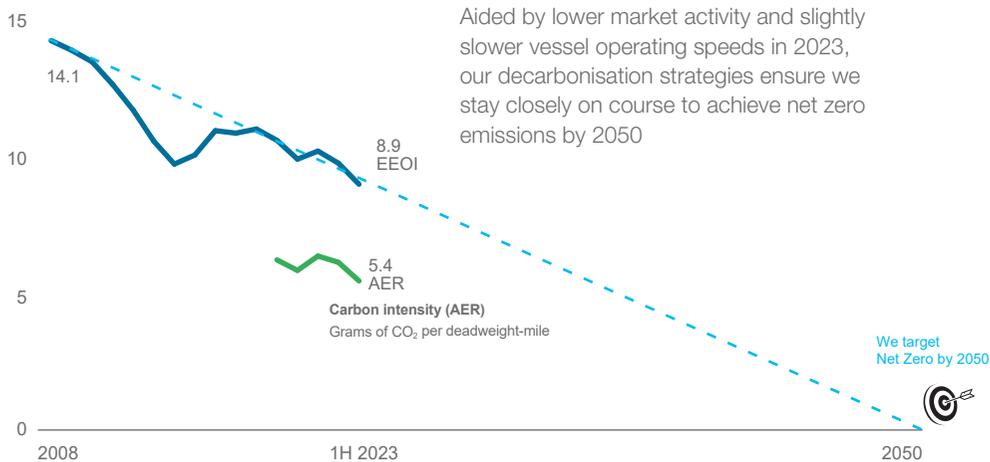
Ambition: As a leading dry bulk ship owner and operator, Pacific Basin seeks to further improve our fleet scale, optimise our performance and offer flexible and reliable service while striving to decouple this from environmental impact. We take responsibility for decarbonising our fleet, managing our waste, marine discharges and resources consumption, ensuring our vessels are primed for proper recycling and minimising our biodiversity impacts as we continue to grow our business.

Tracking a Course to Net Zero by 2050

KPI

Carbon Intensity (EEOI)

Grams CO₂ per tonne-mile



IMO Adopts More Ambitious GHG Strategy – Net Zero by 2050

In July 2023, IMO adopted a revised, more ambitious greenhouse gas (GHG) strategy with a goal for international shipping to achieve net-zero emissions by about 2050, with indicative interim checkpoints. IMO's target is therefore now better aligned with Pacific Basin's own net zero by 2050 target to which we committed in 2021.

To support the requisite transition to zero-emission fuels, IMO will now develop a package of mid-term measures, including technical and economic measures such as a GHG Marine Fuel Standard and a maritime GHG emissions pricing mechanism. We expect clarity on these measures by the end of 2025, with earliest entry into force in 2027. Meanwhile, IMO's revised GHG strategy will lead to tighter CII and EEXI rules from 2027 with CII/EEXI revisions due to be completed in 2026 at the latest. We will closely monitor and prepare for changes to CII and EEXI, and for IMO's introduction of mid-term GHG reduction measures.

Preparing Well for a Raft of New Decarbonisation Regulations

- **IMO 2023 Carbon Intensity Reduction Rules** – IMO's EEXI and CII rules came into effect in January and, having analysed and prepared for the rules early, our conventionally-fuelled existing fleet is well positioned to comply and continue to trade for the foreseeable future through technical enhancements and operational measures, with a programme of regular fleet renewal, especially in view of IMO's newly revised GHG strategy (see below)
 - **EU Emissions Trading System** – Shipping's inclusion in the EU ETS will take effect from January 2024. We have been watching the evolution of this scheme closely and are preparing well for it
- We are also watching and preparing for further decarbonisation regulations, such as:
- **FuelEU Maritime** – a directive to drive a shift to renewable and low-carbon fuels when travelling in, to and from EU, effective from 2025
 - **EU's Revised Energy Taxation Directive** – a directive to end tax exemptions for conventional marine fuels purchased in EU while incentivising uptake of alternatives
 - **US Clean Shipping Act & International Marine Pollution Accountability Act** – a proposed package of maritime fuel carbon intensity reduction rules (requiring zero emission by 2040) and shore-power requirement and a greenhouse gas levy applicable to voyages in, to and from USA, proposed to be effective from 2027

Collaborating to Develop Our First Zero-Emission Vessel

In our collaboration with leading Japanese shipbuilding group Nihon Shipyard Co. and major trading house Mitsui & Co., we concluded in October 2022 that sustainable green methanol is currently the best fuel around which to plan our first zero-emission vessels (ZEVs), and we are currently developing an efficient design for what we expect will be our first dual-fuel Ultramax vessel able to run on either methanol or fuel oil. We should be ready to contract our first ZEV for delivery well ahead of our original 2030 target, and we believe that our example will help accelerate the transition to zero-emission shipping in our dry bulk sector.

i Clarifying Net Zero: Several new fuels such as methanol contain carbon and therefore emit CO₂ on combustion. However, if such fuels are produced using renewal energy and carbon that is captured and therefore recycled, then (on a "well-to-wake" or "full lifecycle" basis) the emissions from the combustion of such fuels become "net zero" and can be certified as sustainable or green.



RESPONSIBILITY TO OUR PEOPLE

Ambition: Pacific Basin strives to develop a diverse, effective and motivated team. At sea and on shore, we continue to uphold the highest health and safety standards and train our colleagues to enable them to tackle evolving business challenges while looking after their – and each other’s – overall wellbeing. We want to encourage and support each individual’s unique efforts to contribute to our business and to remove barriers to inclusion and equality of opportunity.

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

- enhanced training strategies and constant review of safety and wellbeing programs
- resumption of in-person, interactive officer training seminars
- online training extended to on-leave and on-the-job training in specialist areas
- engagement of two remote medical service providers 3Cube and Sea Bird Medicare to support our crews’ physical and mental wellbeing
- additional psychometric screening tests for all seafarers prior to joining our vessels
- upgraded satellite data plans to offer our crews better internet access 24/7
- implementation of PB Families Programme with quarterly forums for families in the Philippines



Total Recordable Case Frequency

0.87 ↑ 50%

injuries per million man hours

External Inspection Deficiency Rate

0.53 ↓ 43%

deficiencies per PSC inspection

Harassment Cases

1

reported harassment incident

In the first half of 2023, our crews registered 9 recordable injuries (including 5 lost-time injuries) in over 10.3 million man hours, including minor falls, water burn and finger injuries. We conduct thorough reviews of every incident and near-miss, analysing the root causes to develop and implement effective preventive measures.

We recorded fewer deficiencies in Port State Control inspections, partly due to normalised ship manager visits and a commensurate improvement in vessel conditions.

We do not tolerate harassment. Following our investigation of one on-board incident reported during the period, the perpetrator was dismissed and we have stepped up our harassment prevention training across our fleet.





RESPONSIBLE VALUE CREATION

Ambition: Pacific Basin is in it for the long haul – valuing long-term relationships over short-term gains with our customers, suppliers, investors, finance providers, regulators, local communities and other networks. Leveraging our scale and influence in the dry bulk industry, we seek to promote a responsible, ethical, inclusive and resilient global marketplace by working together with our stakeholders.



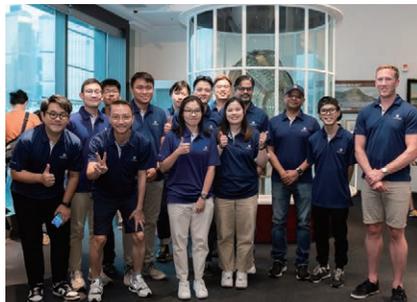
Collaborating with Customers for a Safer Dry Bulk Supply Chain

Since March 2023, we have been collaborating with our like-minded cargo customer Rio Tinto as part of their Designated Owners & Operators Standard initiative to enhance safety and crew welfare in the dry bulk industry. Our participation is consistent with our commitments to safeguarding a decent, healthy and safe work environment and serving and collaborating with our stakeholders.



Sponsoring Hong Kong Maritime Museum Open Day

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 to present museum objects, seafaring stories and career paths to museum visitors. A record 4,300 visitors attended.



RESPONSIBLE BUSINESS FUNDAMENTALS

Ambition: We aim to evolve and enhance management and governance practices for best-in-class risk management, reporting, transparency, stakeholder confidence and corporate stewardship. We adopt responsible observance of stakeholder interests as an integral part of our commitment to sustainability and good corporate governance.

With an eye on resilience and business continuity, we futureproof the business by assessing and managing disruptions such as those stemming from climate risks, global pandemics and cyber security.

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.

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.



In 2023, Pacific Basin received an MSCI ESG Rating of BBB



We have an A+ sustainability rating from the Hong Kong Quality Assurance Agency on behalf of Hang Seng Indexes



Pacific Basin has been awarded a bronze EcoVadis medal in our first EcoVadis assessment (top 37% among ocean transport companies)



We are active members of the Maritime Anti-Corruption Network



Pacific Basin was included this year in Webber Research & Advisory’s annual ESG rankings and is reported to have placed 5th out of 64 publicly-listed shipping companies