

BUILDING A SAFER AND GREENER FUTURE



SUSTAINABILITY REPORT 2022
STOCK CODE: 2343



#WithYouForTheLongHaul



2022 ESG FACTS & FIGURES

Revenue (USD million)	3,282
Net profit (USD million)	702
Cargo volume carried (million tonnes)	68
Tonne-miles work done (million tonnes-miles)	158,330
Fuel consumed (thousand tonnes)	1,117
Fleet GHG emissions from vessel operations (thousand tonnes CO ₂ equivalent)	3,534
Pollution incidents (non-MARPOL violation)	1
Seafarer man hours (million man hours)	20.8
Notable navigational incidents	1
Lost-time injuries (0.29 injuries per million man hours)	6
Employee engagement score	82%
Staff nationalities (shore staff & seafarers)	34
Women on our Board	22%
Women in workforce ashore	43%
Women on our ships	37



118 owned ships
traded at sea in 2022

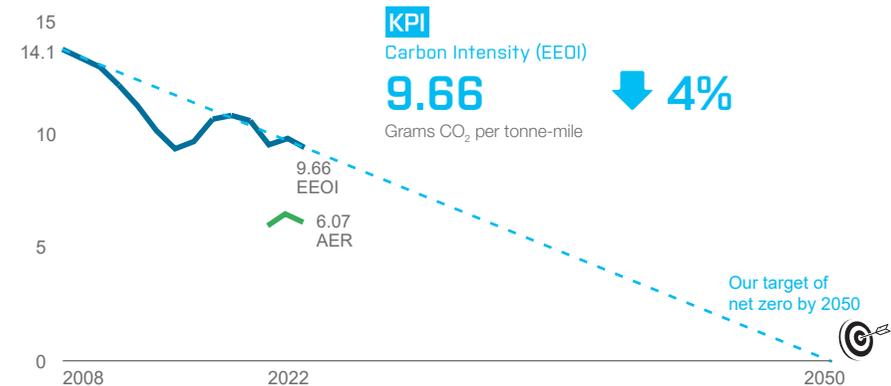


3,900+ active crew
PB seafarer numbers in 2022



1,750+ voyages
completed in 2022

We continue to reduce our fleet's carbon intensity



Shipping Company of the Year
Seatrade Maritime Awards

We are designing our 1st generation zero-emission vessel (ZEV) fuelled by methanol or fuel oil

Enhanced wellness and training programmes

A+ Sustainability Rating
by HKQAA

Contents

2022 ESG Highlights & Strategy

- 02 About Pacific Basin
- 04 Chief Executive's Sustainability Review
- 08 Sustainability Strategy
- 09 Materiality

Environmental Responsibility

- 11 Environmental Responsibility
- 12 Decarbonisation & Energy Efficiency
- 13 Our Decarbonisation Strategy
- 16 Decarbonisation Initiatives in 2022
- 19 Tracking a Course to Net Zero
- 20 Well Prepared for Decarbonisation Rules
- 23 Our Emissions & Environmental KPIs
- 25 Conserving Biodiversity
- 26 Green Efforts Ashore

Responsibility to our People

- 29 Responsibility to our People
- 30 In-House Fleet Management
- 32 Safety, Health & Wellbeing
- 36 Training & Development
- 40 Labour Standards & Workplace Conditions
- 42 Diversity & Equal Opportunity

Key to navigation symbols

-  Linkage to related details within the Sustainability Report
-  Linkage to related details in our Annual Report 2022
-  Linkage to related details on our website www.pacificbasin.com
-  High-level KPIs (Key Performance Indicators)



04 CEO's Sustainability Review



13 How We Are Decarbonising



29 Safety, Health & Wellbeing

Responsible Value Creation

- 45 Responsible Value Creation
- 46 How We Create Value
- 47 Stakeholder Engagement
- 48 Serving Our Customers & Society
- 49 Serving Our Communities

Responsible Business Fundamentals

- 55 Responsible Business Fundamentals
- 56 Sustainability Governance
- 58 Responsible Business Practices
- 61 Climate Change Resilience
- 62 Responsible Supply Chain

Performance Data & Assurance

- 65 Performance Data Summary
- 70 Independent Assurance Statement
- 71 SEHK ESG Reporting Guide Index
- 73 GRI Content Index
- 75 UN Global Compact Content Index
- 76 SASB & TCFD Index
- 77 About Our Sustainability Report

About Pacific Basin

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



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.46 The Value We Create



What We Stand For

- Our customers, our people and our brand
- Honouring our commitments
- Long-term relationships over short-term gain
- Ease of doing business with us
- Personalised, flexible, responsive and reliable service
- A sustainable business approach
- Safety, wellbeing and environmental responsibility
- Care, good humour, fairness and respect
- Valuing diversity and equal opportunity
- Excellence through dedication, teamwork and continuous improvement
- Collaboration to tackle challenges

With you for the long haul

↔ IFC ESG Facts & Figures p.31 Award-winning ESG

Group Facts

- About **240** interchangeable ships operating worldwide
- 3,900** seafarers on our owned ships
- 373** shore-based staff in **14** key locations
- Headquartered and listed in **Hong Kong**

Customer Focus

- Over **500** customers – industrial users, traders and producers of dry bulk commodities
- Single spot voyages and longer-term multi-shipment freight contracts
- Transporting grains & agricultural products, logs & forest products, steel & scrap, cement, fertiliser, metal concentrates, and other essential materials



Financial Highlights

Revenue

US\$

3.28bn

2.97bn (2021)

EBITDA

US\$

935m

890m (2021)

Net Profit

US\$

702m

845m (2021)

Return on Equity

%

38%

58% (2021)

Available Committed Liquidity

US\$

615m

668m (2021)



Our Dry Bulk Segment

[AR](#) Our Industry p.5



Handysize

25,000-40,000 dwt



Supramax

40,000-70,000 dwt

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

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

Our cargo mix comprises mainly non-fossil fuel commodities

The minor bulk segment offers benefits of diversification in terms of geography, customers and cargoes enabling triangular trading, high laden utilisation and greater carbon efficiency

Our ships are laden with cargo over 90% of the time

90%

Non-fossil fuel cargoes

90%

Laden utilisation



Our Scale & Global Reach

Fleet in operation

Handy & Supra Ships

248 (2022 average)

259 (2021)

Cargo Volumes

Tonnes

68.0m

79.2m (2021)

Global Network

Offices

14

13 (2021)

Ports Called

Ports & Countries

676/99

824/110 (2021)

Distance Travelled

Nautical Miles

12.3m

14.5m (2021)

Chief Executive's Sustainability Review



Our strong environmental, social and governance performance is evidence of successful execution of our strategies to continually reduce our environmental impact, keep our crews healthy and safe, and maintain sound controls and accountability to our stakeholders. We have the people, values, assets, business model, strategies and financial health that position us well for a sustainable future

Pacific Basin had another very good year in 2022, benefiting from a strong dry bulk market especially in the first half, while managing our way through industry-wide and global challenges and uncertainties to again deliver our Company's strongest ever underlying results.

 see p.2 of our Annual Report for Business Highlights

It was also a year in which we doubled down on our preparations and strategies for the great decarbonisation challenge, enhancing our resilience in the face of coming carbon reduction rules and the expected raft of new measures – global and regional – that will drive our industry's transition to a low-carbon future. We welcome such further regulation where it is well conceived and effective in achieving its carbon reduction goals. It is sorely needed if our industry is to align with a 1.5°C pathway.

Progress towards our ambition of Net Zero by 2050

We target to have a fully zero-emission fleet by 2050 and so, while we are buying modern second-hand ships, we will continue not to order any newbuildings until they are zero-emission capable. We made an important step in that direction in 2022 when we commenced a collaboration with leading Japanese shipbuilding group Nihon Shipyard Co. and major trading house Mitsui & Co. to assess the suitability of alternative green fuels for our ship types.

We conclude that green methanol is currently the best fuel around which to plan our first zero-emission vessels (ZEVs) and we are now again collaborating with our partners to develop an efficient design for what we expect will be our first dual-fuel Ultramax ship 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.

We have ambitions both to renew and grow our fleet in the years ahead. It is vital therefore that we collaborate with shipbuilding and other partners to ensure we develop optimally-designed first generation ZEVs and secure our access to a strong flow of zero-emission-capable Ultramax and Handysize opportunities with which to renew and grow our fleet.

We believe that ammonia will one day join methanol as an important marine fuel in some sectors once technical and safety challenges are adequately addressed, and that biofuels will also feature in the industry's fuel mix. Biofuels are expected to be recognised by IMO as a low-carbon fuel in the future, at which point they can then be blended with fuel oil to reduce ships' carbon emissions intensity or be used as a drop-in fuel to fully replace fuel oil.

We trialled the use of 100% biofuel in 2022, and our findings showed no adverse effects on our main and auxiliary engines, boding well for the uptake of biofuel in our fuel mix in the future.

 **p.16 Decarbonisation Initiatives**

Well prepared to comply with IMO carbon reduction rules

The first global rules to mitigate carbon emissions from existing ships came into effect on 1 January 2023, and a cross-functional effort in 2022 has ensured that our Pacific Basin ships are well prepared to comply.

Energy Efficiency Existing Ship Index (EEXI) rules require all ships to achieve a minimum energy-efficiency level through technical design enhancements. Our ships' EEXI ratings benefit from our longstanding investments in energy-saving devices but, like most of the global dry bulk fleet, around 70 of our owned ships will also need to be fitted with engine power limiters by their first annual survey after 1 January 2023 in order to be EEXI-compliant. Arrangements have been made for all our ships to comply.

Carbon Intensity Indicator (CII) rules will require all ships to adjust the way they are operated in order to gradually reduce their emissions per unit of work done. Compliance will become increasingly difficult for conventionally-fuelled ships over the medium to long term – especially if IMO increases the annual reduction requirements from 2027 – and needs a truly cross-functional and multi-stakeholder effort to ensure existing ships are able to comply and continue to trade for the foreseeable future. Technical enhancements will help, but the main levers for managing ships' CII ratings rest with commercial managers who decide how to deploy ships – including which cargoes/trades to perform and at what speed. Our global chartering team has developed a good understanding of the CII rules and their implications, and they are armed with our own digital tools to track our ships' CII metrics and to calculate the effect of future deployment alternatives on our ships' CII ratings.

 **p.20 Well Prepared for Decarbonisation Rules**

New rules will increase fleet inefficiency and tighten supply

EEXI (and specifically engine power limiters) will result in a one-time permanent reduction in maximum speeds, which will limit the global fleet's ability to speed up to meet increases in demand.

CII will result in progressively slower vessel speeds and, over time, accelerated scrapping as older and less-efficient ships become incapable of compliance.

The current CII framework is imperfect. It allows vessels' CII ratings to be significantly impaired by factors outside vessels' control (such as port waiting times, adverse weather, voyage distance, etc.) and, illogically, it encourages longer sailing distances – including longer empty ballast voyages – and penalises shorter sailing distances and high-utilisation trading patterns with a high laden-to-ballast ratio.

We understand the challenges of the UN and IMO's consensus system, and we recognise that the flawed current CII framework is a compromise designed to launch carbon reduction rules without delay. However, for the above reasons, we join other voices that are calling for IMO to revise its CII framework for more logical, fair and effective carbon reduction and to align it with real-life operating conditions.

At Pacific Basin, we prioritise the use of the EEOI carbon-intensity metric which sensibly indicates CO₂ emissions per tonne-mile of actual cargo transported, thus encouraging more efficient, higher-utilisation vessel deployment strategies. We consider EEOI to be a far better metric for the environment.

We hope IMO will address these points when reviewing its decarbonisation measures over the next few years, when we also hope IMO will tighten its 2050 target to align with widespread calls for Net Zero by 2050.

 **p.19 Tracking a Course to Net Zero by 2050**

In December 2022, the European Union reached agreement on the main terms of shipping's inclusion in the EU Emissions Trading System (ETS) with effect from 2024. This will be the first significant programme in which the sea transport value chain will have to pay for its carbon emissions. We have been watching the evolution of this scheme closely and are well prepared for it.

While we far prefer global over regional regulations, we recognise the need for such carbon pricing scheme in order to drive carbon-intensity improvements and the transition from fossil fuels to more expensive green fuels.

IMO is now considering how it too should best approach carbon pricing, which is likely to be adopted in a couple of years and take the form of a global carbon levy collected at the fuel pump.

Regional – if not global – initiatives will continue to be rolled out in the years ahead to drive decarbonisation (including carbon-intensity reduction rules, carbon pricing and taxation, fuel standards, etc.), and the growing patchwork of different and sometimes inconsistent rules and regulations around the world are making shipping more complicated. As a large dry bulk player with comprehensive capabilities spanning technical, commercial, operational and other functions, we are well equipped to understand and navigate the complex regulatory environment.

Compliance with CII and other coming regulations will increasingly require dialogue and even collaboration with stakeholders. We want to expand our engagement with our cargo customers and tonnage providers about decarbonisation and the implications of related regulation, offering to share our knowledge and collaborate with them on initiatives to better understand and reduce our shared carbon footprint and propose strategies to ensure their trades may continue as decarbonisation rules tighten.

 **p.13 Our Decarbonisation Strategy**

Enhancing our focus on our people

While greenhouse gas (GHG) reduction now appears at the top of the industry's agenda, our first priority remains the safety, health and wellbeing of our staff. Our fleet's safety KPIs in 2022 were slightly behind our best-ever performance figures of 2021, but are still well ahead of industry averages. Even so, our board and managers cast a critical eye over any accidents and injuries, and we continue to target zero incidents across our fleet.

In extreme weather in July 2022, our vessel Portland Bay lost power near Sydney due to engine blower failure, resulting in a near-grounding, tug support and media attention, but thankfully no injuries or environmental impact. We commend her captain and crew for maintaining control over the situation in such tough conditions, and we also thank the local tug operators who assisted our crew and ship over much of their three-day ordeal. Key learnings from this incident were shared across our fleet. It served as a sharp reminder of the extreme importance of safety, preventive maintenance and good seamanship.

 **p.34 Crisis Response**

Sadly, two crew members died on our ships in 2022. While both non-work related fatalities, we still owe it to our seafarers to support their physical health and mental wellbeing as best we reasonably can. Building on our initiatives of recent years, we created a new role of "Head of Training" in 2022 (driving strategies to improve maintenance, navigation and seamanship, safety as well as health and wellbeing), we enhanced our Wellness At Sea manual and training programme with new and improved modules, we are enhancing our culture of looking after each other, and we engaged two innovative providers of remote specialist services to support our crews' physical and mental wellbeing. Feedback from our crews has been positive.

 **p.33 Crew Wellbeing**

Still on the subject of wellbeing, I share with you the story of our Captain Yu who, as Master on one of our vessels, was detained in Honduras in August 2021 when port authorities discovered drugs in a cargo hold vent shaft which they say were smuggled on our ship from the US. After 18 months, Captain Yu still languishes in a Honduran jail today without bail and without trial, despite no evidence linking him or any of his ship's crew to the drugs. We respect the rule of law, but we are appalled by his treatment and the lack of due process, especially in the absence of evidence against him. Captain Yu and his family are constantly in our thoughts, and we are doing our utmost – including enlisting the help of the IMO, ICS, ILO and other authorities – to get our captain released and reunited with his family.

Our people are our most importance resource, and we continue to challenge ourselves on what it means and takes to cultivate an optimally equipped, competent, engaged and diverse workforce.

We strive for a culture of care, respect and non-discrimination and inclusion – a dynamic organisation in which all staff feel safe, are welcomed for their differences, have equal access to opportunities, and are supported in their individual efforts to contribute to our business' success. This will always be a work in progress, but I am encouraged by the good mood, professional culture and positive feedback in our offices and across our fleet, which are consistent with our 82% overall staff engagement score established by independent consultants in 2022.

Having a comprehensive and world-class fleet management team in-house (with experts covering technical operations, fleet personnel and marine risk, safety and security) ensures that we can be directly involved with our seafarers and their safety, wellbeing, engagement and performance on board. This represents a significant advantage for us and our stakeholders.

 **p.30 In-house Fleet Management**

Striving for ESG excellence

I believe Pacific Basin has done commendably well in at least our most material aspects of sustainability over the past several years, and our ESG ratings and awards support this. However, as sustainability generates value and increasing interest, we recognise the need to strive for greater ESG excellence.

Therefore, in early 2022, we established a dedicated sustainability team to further enhance our strategic focus on sustainable development and our sustainability awareness at every level of our organisation. The team also enables us to better address growing ESG expectations, compliance and reporting requirements, and the need for an increasingly comprehensive and holistic ESG approach. Some of our industry's biggest sustainability challenges clearly need greater engagement and collaboration – cross-functionally within companies as well as with external stakeholders – and we made good early progress in this respect in 2022.

We embarked on a review of our sustainability strategy in 2022 with a rigorous independently-run benchmarking and stakeholder interview exercise to clarify what ESG issues are important for our stakeholders and our company, how to prioritise them and to identify gaps. Ambition-setting for our various ESG issues is ongoing and, as ever, will be constantly revisited to ensure that we keep challenging ourselves to make positive differences where they are needed the most.

 **p.9 Materiality**

Safety & Wellbeing and GHG Emissions Reduction are our top-most ESG priorities, but we also discuss our progress on other material ESG topics in the pages of this 2022 Sustainability Report.

 **p.8 Sustainability Strategy**

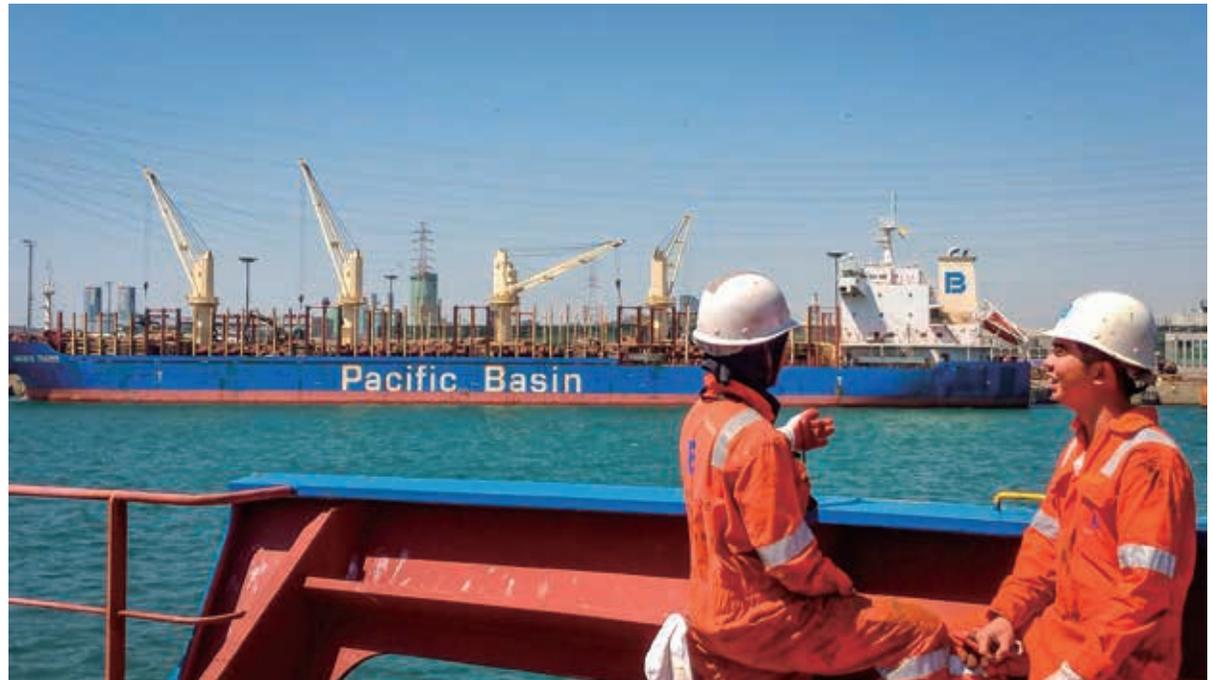
We strive for ESG to become more fully embedded in our operations and decision-making across our business, rather than expanding a separate sustainability function.

A focus in 2023 will be to arm all our employees and teams with a better understanding and greater ownership of ESG issues most pertinent to them, strengthening sustainability in our culture and breaking down the silo mentality that we often see around ESG.

Experienced team and effective platform for a sustainable business

It is an extraordinary achievement for Pacific Basin to have been named both Shipping Company of the Year at the Seatrade Maritime Awards and Bulk Ship Operator of the Year at the IBJ (International Bulk Journal) Awards in 2022 – representing the highest recognition in our sector and our industry. We also won a Gold Award for the Most Sustainable Companies at Hong Kong’s HKICPA Best Corporate Governance and ESG Awards.

↔ p.31 Sustainability Awards



Shipping Company of the Year



Bulk Ship Operator of the Year

These and other environmental, safety and investor relations awards, as well as our industry-best ESG ratings reflect the hard work, professionalism and care demonstrated by our staff ashore and at sea. We are privileged to have such excellent and dedicated people in our Pacific Basin family, and I thank them all for what they do so well – and the way they do it – responsibly delivering value for our customers, shareholders, and other business partners and stakeholders. They are all worthy Pacific Basin ambassadors who underpin the reputation and resilience of our Company.

Martin Fruergaard
Chief Executive Officer

Sustainability Strategy

Our 4 Drivers of Sustainability

The way we 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 drivers:



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 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



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

Our Sustainability Priorities

Still a work in progress, we currently see these five ESG issues as our top-most sustainability focus areas:

Employee Safety, Health & Wellbeing

 **p.32** We constantly look for ways to ensure our seafarers and office staff are safe and healthy

Carbon & GHG Emissions Reduction

 **p.13** Climate change is now the priority in our wider efforts to minimise our impact on the environment

Good Management & Corporate Governance

 **p.55** Good ethical management, decision-making, controls and governance underpin sustainable business development

Diversity, Inclusion & Equal Opportunity

 **p.42** We strive for a culture of care, respect and non-discrimination, and a workplace where all colleagues enjoy equality of opportunity

Responsible Business Practices and Cargo Carriage

 **p.58** We apply sound business ethics and principles, and we are cautious in our choice of suppliers, counterparties, cargoes and trading areas so that we contribute positively to sustainable development

Our prioritisation is based on our assessments of what is currently most important to our stakeholders, our business, society and the environment, and considers our levels of ambition towards the several sustainability issues that we deem material for our Company. We are further building out our strategies to better inform our programmes and measure progress.

 **p.9** Materiality
Issues that we consider material enough that we need to better understand, manage and report on them

Materiality

We determine in a number of ways what sustainability issues really matter to us. Several of them are risks and responsibilities that we are mandated to manage by our industry’s regulators and other authorities; we engage actively with associations that work to influence and respond to regulations that affect our industry. Some sustainability issues are matters increasingly raised in our routine dealings with customers, employees, banks and investors. We also consider the requirements of reporting frameworks such as GRI, TCFD and SASB and the criteria of ESG ratings platforms as proxies for stakeholder expectations. (More on ESG ratings below.)

We also continue to conduct annual ESG materiality surveys, reaching out to different stakeholder groups on a rotational basis.

In 2022, we engaged independent consultant The Purpose Business to run focus group workshops with 45 stakeholders to clarify what sustainability issues are important to them and how they think we are doing. This was part of a larger sustainability strategy review, which also entailed ambition-setting for our various sustainability issues – a process that is ongoing and will be constantly revisited to ensure that we keep challenging ourselves to make positive differences where they are needed the most.

These engagements enable us to map issues that are of greatest importance to our business, our stakeholders, society and the environment, and to determine the key issues for discussion in our sustainability reporting. Our ESG materiality matrix reflects our combined findings.



➡ p.47 Stakeholder Engagement

ESG Ratings

The landscape of ESG ratings platforms is fragmented and complex, so we will be prioritising three for the time being:

- **MSCI ESG** – used by about 70% of our largest shareholders for assessing the ESG performance of a companies
- **EcoVadis** – used by the majority of our customers who are beginning to conduct supplier/partner ESG assessments
- **Hong Kong Quality Assurance Agency (HKQAA)** – assessing the ESG performance of Hong Kong-listed companies on behalf of Hang Seng Indexes



In 2022, Pacific Basin received an MSCI ESG Rating of BBB



We ranked in the top 10% among our peers in ISS' governance qualityscore



We received an A+ in HKQAA's ESG rating of Hong Kong listed companies

Sustainability Reporting Frameworks

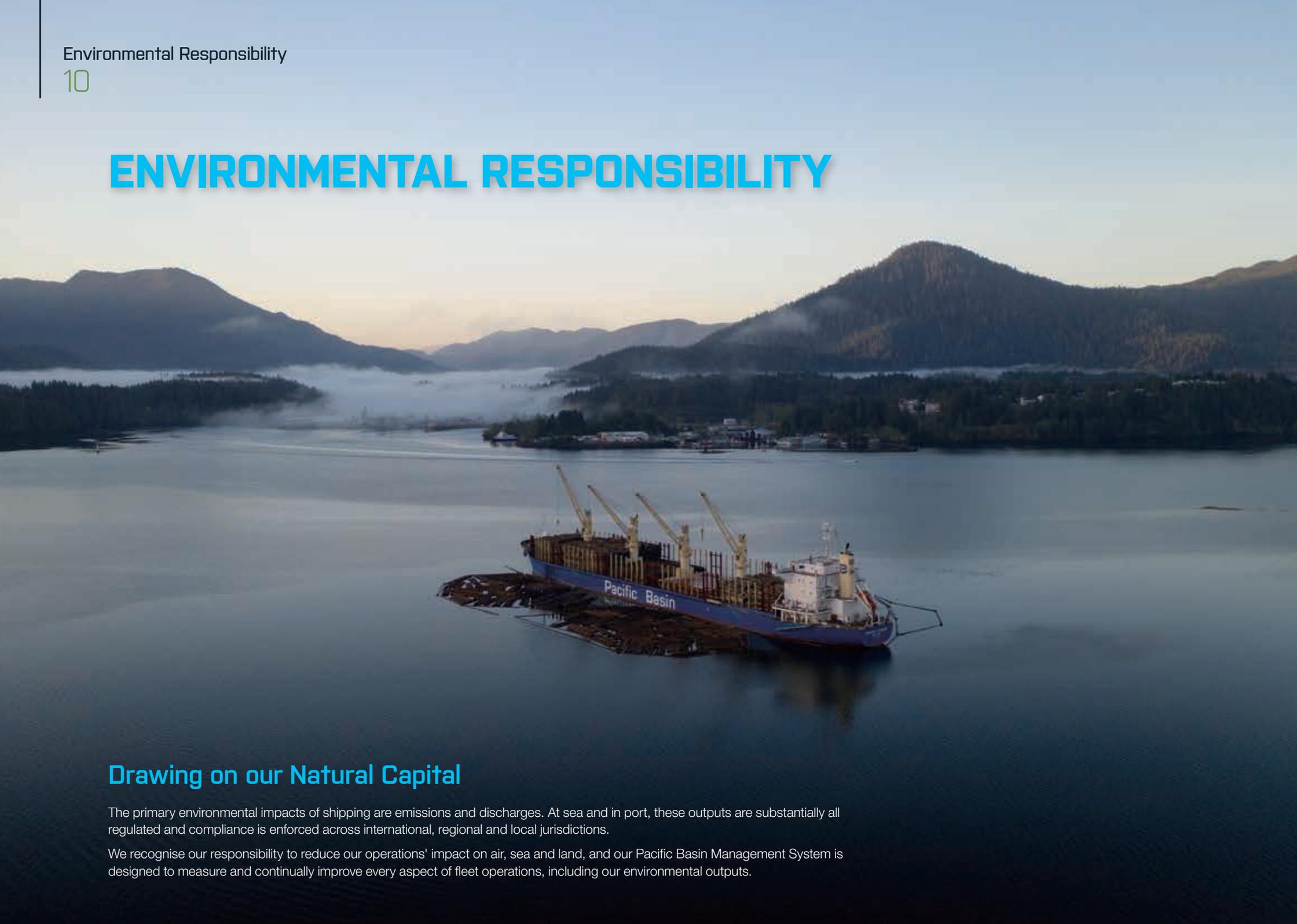
Our sustainability reporting follows the latest Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong. It is also prepared with reference to standards and recommendations of the GRI, TCFD, SASB and the Integrated Reporting <IR> frameworks. We also draw on the guidelines and principles of the United Nations Global Compact.

We do not currently work with the Science Based Targets initiative (SBTi) in part because SBTi Maritime Guidance advocates action to achieve net zero by 2040, while our current ambition is net zero by 2050 – already some way ahead of IMO’s target. We will reassess our possible participation in SBTi in due course.



➡ p.71 Reporting Framework Indices

ENVIRONMENTAL RESPONSIBILITY



Drawing on our Natural Capital

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

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

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 damage. We take responsibility for decarbonising our fleet, managing our waste, marine discharges and resources consumption, ensuring our ships are primed for proper recycling and minimising our biodiversity impacts as we continue to grow our business.



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



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



Aspect A1 (Emissions) General Disclosure

Commitment to

Decarbonising our fleet

We target to become net zero by 2050 to reduce our impact on climate change by adopting technical and operational measures, preparing for market-based measures and supporting the development and deployment of green fuels and zero-emission vessels.

Minimising our environmental impact

We manage and operate our fleet and offices with a commitment to reducing our resource consumption, waste footprint and biodiversity impacts. We ensure that our older ships that we sell are primed for proper recycling at end of life.

Enhancing and optimising green & safe ship operations

We strive to adopt industry best practices and promote a culture of high standards to ensure environmentally-responsible and safe ship operations through continued investment in training, systems, procedures and technology.

Related material issues

- Carbon & GHG emissions reduction
- Innovation & Digitalisation
- Regulatory & Sanctions Compliance
- Climate Change Risks
- Industry & Legislative Engagement

- Waste Management & Ship Recycling
- Accident & Oil Pollution Prevention
- Environmental Impacts on Biodiversity
- Environmental Initiatives Ashore
- Water Consumption

- Innovation & Digitalisation
- Regulatory & Sanctions Compliance
- Development & Training



p.14 & 16

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.



p.19 & 23

The first step to improving the environmental performance of our fleet is to monitor, measure and analyse the outputs of our vessels. From there, we can assess and adopt measures to reduce our environmental impacts, with performance improvements achieved through both technical and operational enhancements.

Decarbonisation & Energy Efficiency

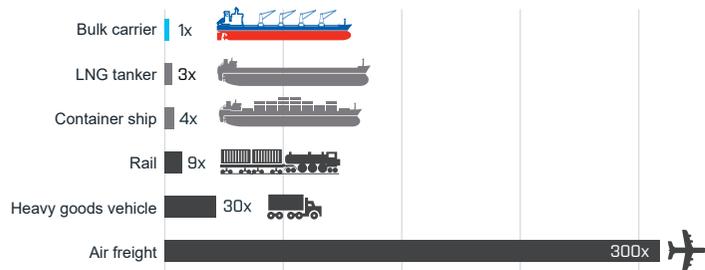
Bulk carriers are by far the most energy-efficient mode of transportation, meaning also that they generate significantly less carbon emissions per tonne-mile of cargo carried than any other mode using fossil fuels.

However, we recognise that shipping's share of global greenhouse gas emissions (currently about 3%) will rise if left unchecked, and so we – and our industry – need to do our bit to constantly find ways to reduce our emissions and ultimately eliminate any negative climate impact.

Effective from January 2023, the International Maritime Organization (IMO) has implemented the first global regulations to start the challenging process of decarbonisation across our industry.

Bulk carriers are the most energy-efficient mode of transportation

grams of CO₂ per tonne mile



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

IMO GHG Strategy

In 2018, IMO set a greenhouse gas reduction strategy with industry goals to:

- reduce carbon intensity by 40% by 2030 and by 70% by 2050; and
- to reduce total GHG emissions by half by 2050 (both relative to 2008)

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

Since 2021, our own carbon reduction target is to achieve net zero emissions by 2050.

In June 2021, IMO adopted global regulations to drive technical and operational measures to ensure annual improvements in the carbon efficiency of existing ships designed to achieve IMO's current greenhouse gas reduction targets. These EEXI, SEEMP and CII rules took effect on 1 January 2023 (↔ see p.20)

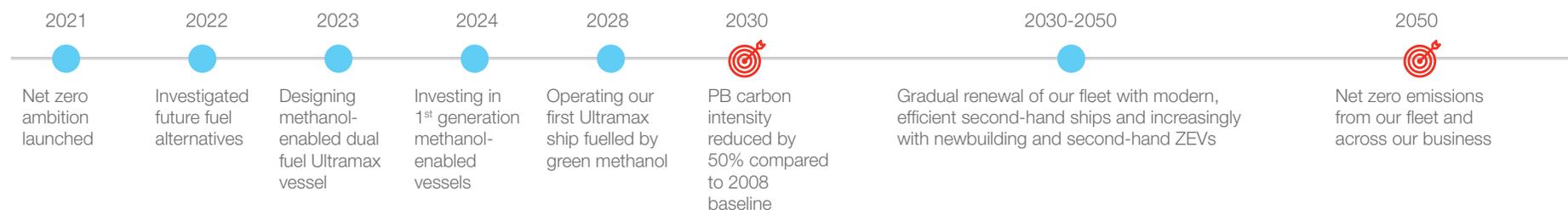


Our Decarbonisation Strategy

We continue to adopt fuel-efficiency enhancements and practices to ensure that our conventionally-fuelled existing ships are well positioned to comply with applicable global and regional rules and to continue to trade for the foreseeable future. In parallel, we are collaborating and making preparations to achieve the longer-term goal of complete decarbonisation by transitioning to entirely new zero-emission-capable ships and fuels under development



Roadmap to net zero by 2050



Our Main Decarbonisation Measures and Commitments

1) Fleet renewal and growth for energy efficiency

- We will not order newbuildings until they are zero-emission capable
- We aim to expand our own fleet and will continue to gradually replace our oldest ships with modern, larger and more efficient second-hand ships

Our vessel purchasing slowed in 2022 due to elevated asset prices, and there were even periods when our owned fleet shrank in the short term when we sold more ships than we bought, but we remain committed to further growing our Supramax fleet and renewing our Handysize fleet in the long term. However, in January 2023, we resumed our acquisitions with a commitment to purchase 6 modern second-hand ships in the next several months.

2) Development of zero-emission vessels and fuels

- We are collaborating with shipbuilding partners to design a first-generation methanol-capable ZEV

←→ **p.16 Collaborating to develop Zero-Emission Vessels**

- We expect to operate our first ZEV well ahead of our 2030 target
- 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 committed to making ZEVs the default choice by 2050.

←→ **p.17 Getting to Zero Coalition**

3) Supporting green fuel availability

- We will look for ways to help develop the availability of green fuels for our sector, including possible investments in green fuel infrastructure
- We have trialled the use of biofuel and we aim for green methanol, biofuels and synthetic fuels to make up 3% of our fuel mix by 2030

←→ **p.16 Biofuel Trial on Pacific Basin Ship**



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



KPI A1.5
Measures of emission target



KPI A2.3
Energy efficiency target measures

SASB TR-MT-110a.2

4) Carbon-efficient operational measures

- Leveraging data, we will make vessel operations and deployment decisions that will gradually improve the carbon intensity of our activities

p.17 Carbon-Intensity Management Apps

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

5) Energy-efficient technology adoption

- We will continue to investigate and invest in innovative technological enhancements to improve the energy efficiency of our ships
- Fitting propeller boss cap fins, non hub-vortex propellers, rudder bulbs and Mewis ducts to improve propulsion hydrodynamics

p.18 Energy-efficient Technology

- 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 to reduce the use of auxiliary power
- Trialling fuel consumption limiters to reduce fuel consumption
- Selecting ships with fuel-efficient hull designs (such as Aeroline design) and more fuel-efficient machinery

6) Information-sharing and collaboration for excellence

- We are expanding our emissions data sharing and related dialogue to raise carbon footprint awareness among our customers and other stakeholders

p.18 Voyage Emissions Reporting

- We will increasingly harness the value of data, digitalisation, innovation and collaboration to tackle decarbonisation and other ESG challenges, and to differentiate our value proposition to stakeholders
- We will join other voices calling for globally implemented carbon pricing that is effective in driving the transition to ZEVs

Voluntary offsetting

We continue to offer the option of voluntarily offsetting of voyage emissions for Pacific Basin customers wanting carbon neutral shipping. However, carbon offsetting is not a key part of our decarbonisation strategy.

We have voluntarily and fully offset the carbon emissions from our global onshore operations in 2022.

 p.18 Voluntary offsetting with carbon credits is not a key part of our strategy

Decarbonisation Initiatives in 2022

Collaborating to Develop Zero-Emission Vessels

In May 2022, we commenced a collaboration with a leading Japanese shipbuilding group, Nihon Shipyard Co., and major trading house Mitsui & Co. to assess the suitability of alternative green fuels for our ship types. We concluded that green methanol is currently the best fuel around which to plan our first zero-emission-capable vessels (ZEVs) and, now in the second phase of our collaboration, we are currently developing an efficient design for what we expect will be our first dual-fuel Ultramax ship 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.

It is vital that we collaborate with shipbuilding and other partners to ensure we develop optimally-designed first generation ZEVs and secure our access to a strong flow of zero-emission-capable Ultramax and Handysize opportunities with which to renew and grow our fleet. We have also commenced engagement with partners through whom we intend to develop priority access to green methanol and other low-carbon fuels in the early days of zero-emission shipping, when green fuels will not yet be widely available.



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

Biofuel Trial on Pacific Basin Ship

We trialled the use of 100% biofuel on one of our ships in July 2022, when our Handysize m/v Ince Point ran exclusively on fatty acid methyl ester (FAME) biofuel over 4 days between Antwerp and Brazil. The trial was well planned and carried out in open seas in safe navigation areas, and our findings showed no adverse effects on our main and auxiliary engines, boding well for the uptake of biofuel in our fuel mix in due course.

Biofuels are expected to be recognised by IMO as a low-carbon fuel in the future, after IMO completes its lifecycle assessment (LCA) of candidate future fuels and develops a Low-GHG Fuel Standard. Biofuels can then be blended with fuel oil to reduce ships' carbon emissions intensity, thus extending their ability to comply with carbon intensity reduction rules. Biofuels could also be used as a drop-in fuel to fully replace fuel oil.



Getting to Zero Coalition

We continue to be active members of the Getting to Zero Coalition (GTZ) of over 200 organisations committed to exploring how to get commercially viable deep sea zero-emission vessels powered by zero-emission fuels into operation by 2030, with the ambition of full decarbonisation by 2050. Our Head of Decarbonisation participated in several GTZ workshops and seminars during 2022 which we find to be valuable forums for knowledge and experience sharing.

We stand by our support of the *Call to Action for Shipping Decarbonisation* that GTZ and the Global Maritime Forum coordinated in November 2021, which calls on governments to:

1. Commit to decarbonising international shipping by 2050 (setting an unambiguous target with a clear, achievable and equitable implementation plan in 2023)
2. Support industrial scale zero-emission shipping projects through national action (supporting industrial scale demonstration projects, de-risking first movers and accelerating innovation)
3. Deliver policy measures that will make zero-emission shipping the default choice by 2030 (adopting meaningful market-based measures that will support the commercial deployment of zero-emission vessels and fuels)

**Getting to Zero
Coalition**



Voluntary Speed & Emissions Reduction Programmes

Pacific Basin continues to participate in voluntary speed reduction and emissions reduction programmes in the vicinity of ports where they exist. Two most notable initiatives where our ships trade very frequently are:

- Port of Los Angeles' Vessel Speed Reduction Program
- Port of Vancouver's EcoAction Program (Blue Circle award)

Both of these programmes incentivise environmental practices with discounted harbour dues. We are happy to play our part to reduce air emissions as part of such programmes to benefit the areas' residents, visitors, maritime professionals and the local ecology.



Carbon-Intensity Management Apps

We have developed our own digital application suite for best carbon-intensity tracking and decision-making to ensure compliance with IMO's CII rules that came into effect in January 2023. With these applications we are able to accurately track the year-to-date AER carbon intensity of all of our owned ships, calculate the expected impact of potential deployment decisions on a ship's AER (in particular which cargoes/trades to perform and at what speed), and generate corrective action recommendations to ensure ships achieve a compliance rating by year end.



Data and digital tools are becoming increasingly important to tackle decarbonisation challenges, and our decarbonisation, digitalisation and IT teams will collaborate to ensure we are always equipped for optimal decision-making to achieve compliance and our strategic goals.

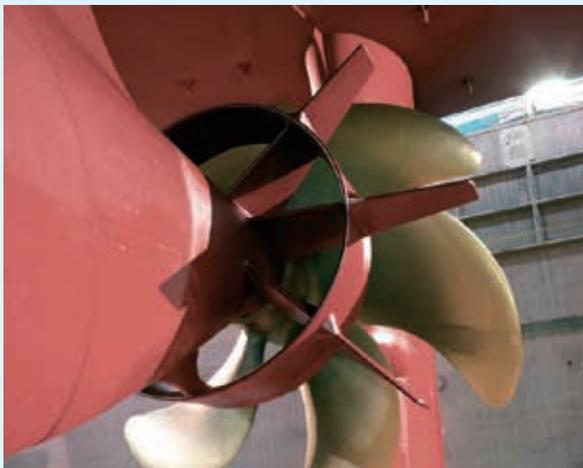


Energy-Efficient Technology

We have investigated and invested in innovative technological enhancements over many years to improve the energy efficiency of our ships. Examples of such initiatives include reshaping propellers, optimising hull paint systems and fitting fins and ducts to improve propulsion hydrodynamics, engine tuning for improved efficiency, and retrofitting LED lights throughout our ships to reduce the power load.

New for 2023, we will be trialling pre-swirl vanes (PSV) positioned ahead of the propeller to improve water flow through the propeller resulting in an expected fuel saving of about 4%. They reduce rotational energy losses in the propeller slipstream and increase the flow velocity towards the inner radius of the propeller.

We are now upgrading our autopilot systems to adaptive systems which drive smaller, more frequent rudder movements, thereby reducing engine load and achieving expected fuel savings of over 1%.



Voyage Emissions Reporting

In 2022, we developed a Voyage Emissions Report generator with which we are commencing routine semi-automated issuing of Voyage Emissions Reports to all our cargo customers after completion of shipments performed by Pacific Basin. Though this emissions data sharing and related dialogue, we hope to raise carbon footprint awareness among our customers and encourage collaboration to tackle better the decarbonisation challenges that we share.

Pacific Basin		
Voyage Emissions Report		
Vessel	m/v XYZ LOGGER	
DWT (Summer)	32,700	
IMO No.	7654321	
Voyage No.	SURU-XX	
Customer	ABC TRADING LTD.	
Voyage Type	NON-PARCEL	
Cargo type	CEMENT	
Commencement Port*	XYZ PORT, JAPAN	
First Load Port	ABC PORT, SOUTH KOREA	
Last Discharge Port	XYZ PORT, USA	
Cargo Volume Carried	MT	30,800
Commencement Date	06-Sep-2022	
Completion Date	20-Oct-2022	
Days at Sea (Ballast)	1.8	
Days at Sea (Laden)	20.4	
Days in Port	23.3	
Total Days	45.5	
Distance (Ballast)	NM	400
Distance (Laden)	NM	4,943
Total Distance	NM	5,343
Transport Work Done	Ton-Miles	149,463,100
CO2 (Ballast)	MT	49.2
CO2 (Laden)	MT	810.2
CO2 (in Port)	MT	166.3
Total CO2	MT	1,025.7
Carbon intensity EEOI (Laden)	CO2 Gms/Ton-Mile	6.53
Carbon intensity EEOI (Total)	CO2 Gms/Ton-Mile	6.86
Carbon intensity AER (Laden)	CO2 Gms/DWT-Mile	6.04
Carbon intensity AER (Total)	CO2 Gms/DWT-Mile	5.87
Voyage AER Category	A	

Voluntary offsetting is not a key part of our decarbonisation strategy

While not a key part of our decarbonisation strategy, we continue to offer the option of voluntarily offsetting of voyage emissions for Pacific Basin customers wanting carbon neutral shipping. For this, we partner with Hong Kong-headquartered power company CLP to supply our PB Carbon Neutral Voyage Programme with independently verified carbon credits derived from CLP's wind and solar farms in Asia.

We offer this carbon offsetting option as the last tool in our decarbonisation toolbox, recognising that offsetting is not an equal substitute for our tangible efforts to reduce and eventually eliminate our actual emissions. As long as we still generate unavoidable emissions, we believe that neutralising emissions through offsetting is an extra step worth taking, and we are willing share in the cost of such offsetting when customers opt for carbon neutral shipping.



p.27 We offset our onshore emissions



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

Tracking a Course to Net Zero by 2050

Pursuing a 2050 net zero emissions target is key to improving the Group’s decarbonisation performance and the overall sustainability of our business. While our absolute emissions are likely to increase further as our core fleet grows, our average emissions per ship per unit of transport work done (our carbon intensity) continues to improve long term.



REDUCING OUR CO₂ INTENSITY

Short and Long-term Goals

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

Based on this 2050 target, we expect to have reduced our EEOI carbon intensity to 6.7 by 2030, representing a reduction of over 50% compared to our 2008 baseline. This exceeds IMO’s target of a 40% reduction in CO₂ per transport work over the same period.

Key Motivators

- Fuel saving
- Decarbonisation
- Eliminating our climate impact
- IMO regulations
- EU rules

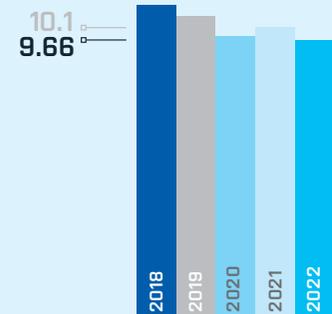
2022 Performance

Our fleet’s carbon intensity in 2022 decreased 4.4% to 9.66 grams of CO₂ per tonne-mile, as calculated using the ship Energy Efficiency Operational Indicator (EEOI) method. This was due to reduced fuel consumption per ship and a marginal increase in average tonne-miles performed by our ships, driven by 8% fewer sea days at 5% higher average operating speeds, and a slight increase in the average size of our ships.

Our fleet registered an AER carbon intensity of 6.07, representing a 3.3% decrease, reflecting reduced fuel consumption and a slight increase in the average size of our ships.

KPI
Carbon Intensity (EEOI)
9.66
Grams CO₂ per tonne-mile

↓ **4%**



↔ **p.65** Performance Data Summary
Our CO₂ performance data

TARGET
Carbon Intensity (EEOI)
0 by 2050 (6.7 by 2030)
Grams CO₂ per tonne-mile



All of our 28 owned ships that are subject to Energy Efficiency Design Index (EEDI) rules have attained an average EEDI of 4.74 grams of CO₂ per tonne-nautical mile, which exceeds the average required EEDI of 7.87 grams of CO₂ per tonne-mile.

All of our owned ships are prepared for compliance with new EEXI rules in 2023/2024.

SASB TR-MT-110a.4

Well Prepared for Decarbonisation Rules

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

Effective from January 2023, the IMO's new MARPOL amendments require existing ships to combine technical and operational measures to meet its 2030 carbon intensity reduction targets. These CO₂ regulations are:

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

EEXI

requiring only
Design/Technical
enhancements

Energy Efficiency Index for Existing Ships

- All ships must achieve a required minimum energy-efficiency level
- A one-time certificate will be issued at ships' first survey after 1 January 2023
- EEXI ratings must match EEDI Phase 2 (equivalent to newbuilds since July 2015)
- EEXI improvements are achieved through technological/design enhancements that result in permanent fuel-efficiency gains
- Enhancements include retrofit fins, ducts, reshaped propellers, sails, engine power limiters (EPL), etc.
- EPL to reduce ships' maximum power will be the most effective and main compliance method
- Over 70% of global dry bulk fleet will require EPL, resulting in a reduction of maximum operating speeds

CII

requiring mainly
Operational
measures

Carbon Intensity Indicator

- All ships must gradually improve their carbon intensity through the way they are operated and deployed
- CII is measured annually using the Annual Efficiency Ratio (AER) metric, from 1 January 2023
- The first annual rating will be issued in 2024 based on ships' carbon intensity performance in 2023
- AER rating categories are A to E, with A-C being fully compliant
- D is permitted for 3 years and E is permitted for 1 year before corrective action is required to return to C
- Rating requirements tighten over time at the rate of 2% per year to 2026, thereafter to be decided by IMO
- AER is driven by fuel consumption, distance travelled and DWT carrying capacity

Our EEXI Preparation

- We have long explored and invested in energy-saving devices (eg duct & fin technologies) so were prepared early
- Our EEXI Technical Files have been approved by Class for all of our currently 114 owned ships, all of which will have a compliant EEXI rating by their first annual survey after 1 January 2023, as required by IMO
- 68 of our ships will be retrofitted with EPLs, all of which have been ordered and roll-out of which has commenced (EPLs will be in override mode until activation is required at annual survey)
- Our remaining 46 ships comply without EPL
- Our Chartering and Contract Management teams are standing by to reflect ship design changes in our vessels' time-charter descriptions and ensure we manage the performance risk of charterparties' minimum speed clauses, etc.
- Our Chartering team is equipped for customer engagement around EEXI

Our CII Preparation

- We have developed our own digital application suite for best AER tracking and decision-making; including AER Tracking, Voyage AER Calculator, and AER Corrective Action Calculator
- We have developed a new Right Speed Program able to calculate optimum MCR power output/speed with corresponding CO₂ emissions and AER ratings
- Our SEEMP-III plans are all approved by Class and are onboard our owned vessels from 1 January 2023
- Our Chartering team has analysed of AER implications and developed a good, understanding of AER sensitivity to speed, distance, sea days ratio, as well as the AER characteristics of our various vessel types and trades, and how to collaborate with customers to achieve AER targets and CII compliance.
- Our initial ambition is for our ships to achieve AER rating of "C" or better from 2024, but we will continue to prioritise EEOI with high laden-to-ballast utilisation, while managing our AER to ensure CII compliance
- We are enhancing our system for collecting required AER data from our chartered-in vessels
- Our Chartering and Contract Management teams are standing by to manage or eliminate the CII-related risks in charterparty commitments such as minimum speed clauses and minimum AER provisions
- Our Chartering team is equipped for customer engagement around CII

p.48 Serving our Customers

We stand ready to share information with our customers and help them understand the challenges and implications of new decarbonisation rules on their trades, with ideas for short-term mitigation and long-term solutions for compliance and the health of the environment

EEXI Impact on Global Fleet

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

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

CII Impact on Global Fleet

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

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

Ship Energy Efficiency Management Plan (SEEMP)

Every vessel is required to have on board a Confirmation of Compliance (CoC) and an enhanced Ship Energy Efficiency Management Plan (SEEMP-III) that prescribes a plan of comprehensive efforts to maintain or achieve the minimum required CII rating. The SEEMP is subject to an external audit and statutory certification by Class.

We comply with this mandatory IMO measure. All our vessels' SEEMP-III plans have been approved by Class and supplied to our ships since prior to the 1 January 2023 compliance date.

Shipping inclusion in EU Emissions Trading System

The European Union has recently agreed on the terms of shipping's inclusion in the EU Emissions Trading System (EU ETS) to take effect from January 2024. Shipping companies will have to buy and surrender one EU Allowance (EUA) for every tonne of CO₂ emitted during all voyages within or into or out of the EU, with other greenhouse gases (methane and nitrous oxide) to be covered from 2026.

The ETS will cover 100% of emissions on intra-EU voyages and 50% of emissions on international voyages from/to the EU. EUA surrendering obligations will be phased in, starting with 40% of 2024 emissions, then 70% of 2025 emissions, then 100% of emissions in 2026 onwards.

Based on the current EU carbon price of around 80 Euros per tonne of CO₂, all ships on international voyages calling at EU ports would initially pay about 50 Euros per tonne of fuel consumed, although this figure would then progressively increase to about 130 Euros by 2026 (and double that for intra-EU voyages). EU ETS revenues will be used to fund decarbonisation innovation – including shipping innovation projects – as well as marine biodiversity protection, etc.

The final law will likely be published later in 2023. We have been watching the evolution of this scheme closely and we are well prepared for it with an EUA trading account in place, charter-party clauses at the ready, etc.

While we far prefer global over regional regulations, we recognise the need for such carbon pricing scheme to drive carbon-intensity improvements and the transition from fossil fuels to more expensive green fuels if our industry is to align with a net zero by 2050 ambition.

The EU has cited the IMO as acting too slowly in developing a global carbon pricing scheme, so the EU has proceeded unilaterally. However, the EU has indicated that shipping's inclusion into the EU ETS will be revisited once – or if – IMO eventually implements a global carbon-pricing measure.

Shipping Decarbonisation needs Carbon Pricing

A global carbon pricing scheme is needed to drive carbon-intensity improvements and the transition from fossil fuels to more expensive green fuels. Unlike the EU carbon-pricing mechanism which is a cap-and-trade style ETS, proposals for a global mechanism generally take the form of a carbon levy to be charged on fuel purchased. A levy system would allow easier administration, price certainty and more stability for making investment decisions, while also allowing for a more straightforward pass-through of the cost to customers.

The carbon levy concept is on the IMO agenda for 2023.

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

On the IMO agenda for 2023 to 2030 and from 2030 onwards is the development of various candidate measures to drive large-scale development, deployment and uptake of carbon-neutral or zero-emission fuels and ships to achieve full decarbonisation.

Medium-term measures are expected to include a global carbon levy on marine fuel (as summarised above) and a lifecycle assessment (LCA) of the overall GHG footprint of candidate future fuels both upstream and downstream of the ship's fuel tank. This is expected to result in lifecycle GHG intensity guidelines for all types of relevant fuels, in which biofuels, green methanol, etc. will be recognised by IMO as net zero carbon – or low carbon – fuels on a full lifecycle or “well to wake” basis.

Longer-term, IMO measures have yet to be specified, but are expected to include programmes to develop and use zero carbon fuels, biofuels, carbon capture and other innovative mechanisms to drive the large-scale transition to fully decarbonised shipping.

Stakeholders Driving Decarbonisation

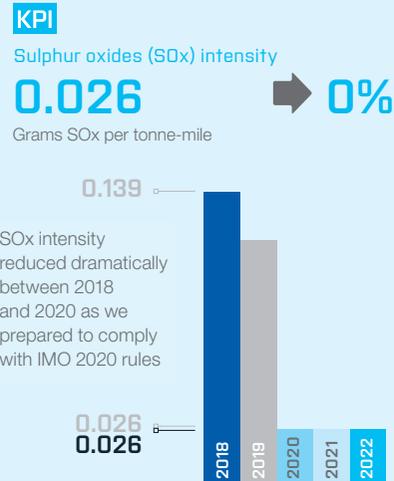
Shipping company stakeholders are increasingly embracing their shared responsibility in the decarbonisation of our industry. The ship finance sector established the Poseidon Principles in 2019, and major charterers adopted the Sea Cargo Charter in 2020 with a commitment to track, assess and disclose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

Our Progress on Other Key Emissions

Reducing our Sulphur Oxides (SOx) Intensity

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

Our fleet's SOx intensity in 2022 remained unchanged at 0.026 grams of SOx per tonne-mile. We complied with the rules mainly by using less than 0.5% sulphur content, or 0.1% in ECA zones. To a lesser degree, we also used exhaust gas scrubbers to comply. We currently have 33 scrubber-fitted Supramax vessels.



Reducing our Nitrogen Oxides (NOx) Intensity

The combustion of marine fuels generates harmful NOx emissions which are closely correlate with CO₂ emissions and fuel consumption. Moreover, the higher the combustion temperature, the greater the NOx formation.

Our fleet's NOx intensity in 2022 decreased 4% to 0.23 grams of NOx per tonne-mile due to lower fuel consumption of our ships.

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.

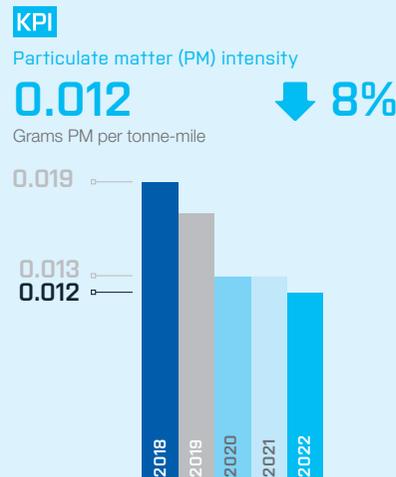


Reducing our Particulate Matter (PM) Intensity

PM emissions, including black carbon, are a result of incomplete combustion and sulphur content of fuel oil, and closely correlate with CO₂ emissions.

Our fleet's PM intensity in 2022 decreased 8% to 0.012 grams of PM per tonne-mile.

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



Oil Pollution, Resource Consumption & Waste Management

Avoiding any Oil Spill Incidents

Short-term Goal:

We target never to have any oil spill incidents.

Key Motivators:

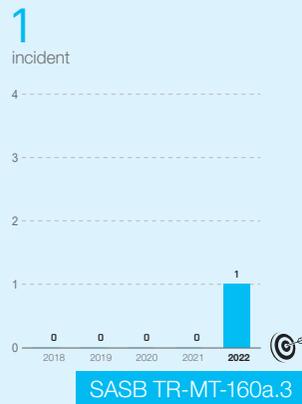
- Comply with IMO regulations
- Protect marine biodiversity

Current YOY Performance:

In 42,900 owned vessel days in 2022, we recorded one oil pollution incident in which several lubricating oil drums fell overboard while being hoisted aboard. Our crew responded well, resulting in no penalty, claim or MARPOL violation.

- Our ISM and ISO-compliant safety management system prescribes system controls, procedural safeguards and training to prevent and respond to oil spillage.
- Oily water separators minimise the risk of inadvertently pumping out contaminated bilge water.

Oil Spill Incidents **KPI**



Minimising our Garbage Landed

Short-term Goal:

We target to achieve <1.78 (m³ per month per ship) garbage landed in 2023. We also target a 2% reduction in plastic waste generated on board.

Key Motivators:

- Reduce resources use

Current YOY Performance:

We have reduced the volume of domestic and operational garbage generated on our ships in recent years through initiatives such as equipping our ships with drinking water purifiers (reducing the need for bottled water) and requesting our suppliers to try to eliminate the use of plastic packaging. In 2022, our volume garbage landed has increased slightly due to continued pandemic-related backlog of industrial garbage landed, such as old mooring ropes, drums, wires, etc.

Garbage Landed



Managing our Fresh Water Consumption

Short-term Goal:

In 2023, we target to consume less than 46.9 tonnes per month per ship of fresh water sourced from ashore. We always try to rely more on desalinated seawater.

Key Motivators:

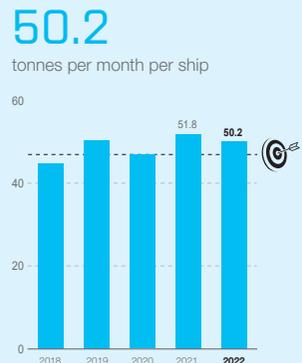
- Reduce resources use

Current YOY Performance:

Our fresh water sourced from ashore decreased by 3% in 2022. Over 70% of fresh water that we consume is produced by desalinating seawater using fresh water generators on board our ships. It is the fresh water sourced from ashore that we consider to be material for disclosure. Fresh water is consumed primarily for drinking, cooking and other domestic purposes as well as for boiler, machinery cooling and deck and hold cleaning.

How much water we need from ashore depends on the capacity of our fresh water generators and the amount of time ships are in port where desalination is not possible.

Fresh Water Sourced from Ashore



Plastic Litter & Waste Management

Marine plastic and microplastic pollution is harmful to marine biodiversity, human health and ship operations. 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 ashore.

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

Our policies and guidelines are designed to promote environmental awareness, mandate environmentally-friendly activities and promote similar behaviour at work and in the communities where our ships trade and our employees live and work.

- Recycling bins and food waste compactor to prevent pollution by garbage
- Oily water separators and bilge evaporation equipment minimise risk of inadvertently contaminating sea water
- Garbage compactors facilitate easy storage of operational garbage

Conserving Marine Biodiversity

As a maritime shipping company, we are committed to minimising our impacts on marine biodiversity by adopting environmentally responsible measures in our operations and monitoring advances in more eco-friendly paints, technologies and practices.

We invest in and adopt environmentally-friendly equipment and operational practices, including those that comply with the MARPOL convention and all applicable regulations, such as ballast water treatment systems, biocide-based but non-toxic paints and biodegradable oils for oil-to-sea interfaces, as well as some of a voluntary nature, to help protect the marine environment. Our ships occasionally sail through marine protected areas or areas with conservation status, for which we always comply with relevant local laws and regulations often involving slow-steaming or using ultra-low sulphur fuel to protect marine biodiversity or reduce emissions.

We slow down for wildlife

Pacific Basin continues to participate in speed reduction programmes where they exist to protect endangered species from collisions, propeller strikes, noise and disruption.

Two notable initiatives where our ships trade are:

- Vancouver Fraser Port Authority's Enhancing Cetacean Habitat and Observation (ECHO) Program
- US NOAA's programme to protect the North Atlantic Right Whales in the Stellwagen Bank National Marine Sanctuary on the US East Coast

We gladly play our part to reduce the disruption to environmentally-sensitive habitats such as these.



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. 100% of our owned Handysize and Supramax ships are already fitted with BWTS – mostly systems based on filtration and electrocatalysis. We have implemented ballast water management plans to ensure our ballast water management procedures are carried out to the standards set out by IMO and relevant coastal states, including no ballast water exchange when in port.

SASB TR-MT-160a.2



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

Priming our ships for safe, green 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, we have a Ship Recycling Policy that ensures 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 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.

We have 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 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.

We support the UN Biodiversity Conference (COP 15) in adopting the new global biodiversity framework that safeguards people's health and wellbeing alongside that of the planet. We also support the UN Sustainable Development Goal 14 – Life Below Water, encouraging programmes that promote marine conservation in our operations

Green Efforts Ashore

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

- In 2022, we upgraded the water taps in our Hong Kong office to water efficiency grade 1 units, which are the most efficient under Hong Kong's voluntary water efficiency labelling scheme.
- We do not use plastic rubbish bin liners at our desks.
- We continue a constant gradual upgrade to more efficient office equipment to further enhance the efficiency of our offices. When fitting out or renovating our offices, we prioritise low-energy motion-activated lighting, fewer lights, more natural light and more energy efficient air-conditioning.
- We strive to reduce aircon use (especially during the summer months) and other initiatives specified by the "4T Charter" of the Environmental Protection Department.

We communicate policies, guidelines and reminders across our office network to:

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

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

Our Hong Kong office again signed up to Hong Kong's "Energy Saving Charter" and the "4T Charter" of Hong Kong's Environmental Protection Department to help save energy, with commitments to:

- a) maintain average indoor temperature, between 24-26°C in June to September
- b) switch off electrical appliances and systems when not in use and procure energy-efficient appliances and systems
- c) engage staff to adopt these practices



The WWF's Low-carbon Office Operation Programme (LOOP^{PLUS}) has again audited our measurements of environmental outputs and energy consumption from our headquarters in Hong Kong.

Our headquarters office in Hong Kong (where 57% of our shore-based staff work) produced indirect (scope 2 and 3) carbon emissions of 875 metric tonnes for the 2022 audit year. This represents a 77% increase due to normalised overseas business travel and staff commuting following the relaxation of Covid-19 travel restrictions.

Scope 2 and 3 emissions from our 14 offices globally is estimated to be 1,544 metric tonnes, while scope 3 emissions from our seafarers' air travel to and from our owned ships was 9,001 metric tonnes, resulting in total carbon emissions of 10,545 metric tonnes generated by our global shore-side operations.



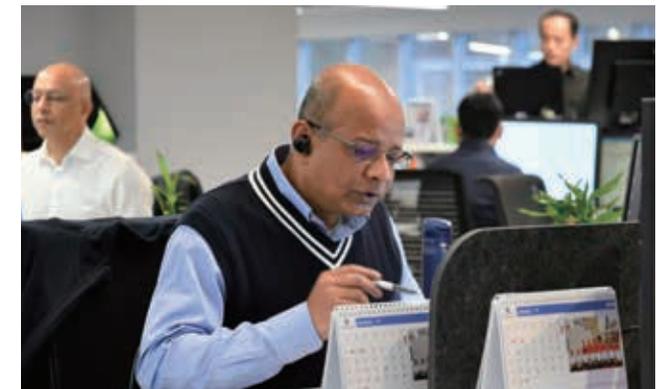
We offset our global shore-based carbon emissions

Since 2020, we offset the annual carbon emissions from our office activities, commuting and business and crew travel, with carbon credits supplied by Hong Kong-headquartered power company CLP whose independently verified carbon credits are derived from CLP's wind and solar energy projects in Asia.

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



p.18 PB Carbon Neutral Voyage Programme



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

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



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.

RESPONSIBILITY TO OUR PEOPLE



Drawing on our Human Capital

The safety, health, wellbeing and behaviour of our employees underlies every aspect of how we operate. They are driven by policies, procedures, a safe and caring team culture as well as 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 wellbeing and fulfilment of our staff and the success of Pacific Basin.

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.

8 DECENT WORK AND ECONOMIC GROWTH

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

SEHK ESG Aspect B1 (Employment)
 General Disclosure

Commitment to

Safeguarding a decent, healthy & safe work environment

We strive to eliminate injury and navigation incidents and promote a healthy work environment at sea and ashore. We will continue every effort to get our seafarers home quickly and safely even during crises. We enable fair, decent and productive livelihoods for all of our staff.

Nurturing an empowered and inclusive organisation

We value, respect, trust and care for our people. We invite and support each unique individual to contribute to our business and its positive impact. We value and encourage diversity of experience, perspectives and opinions, provide equality of opportunity, and strive to remove bias and barriers.

Investing in a well-supported and competent workforce

We invest in the growth of our teams to enhance safety, environmental protection, productivity, customer satisfaction and the success of our business overall. We strive to enhance our employer brand to attract talent, and we promote job fulfilment by unlocking potential and supporting career development.

Related material issues

- Employee Safety, Health & Wellbeing
- Labour Standards & Working Conditions
- Accident & Oil Pollution Prevention

- Diversity, Inclusion & Equal Opportunity
- Seafarer Community Support
- Future of Work

- Training & Development
- Seafarer Community Support

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 try to provide our multi-national colleagues with a safe, supportive and enjoyable working environment

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

As ship owners, our service reliability is enhanced by an innovative and comprehensive in-house 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, wellbeing 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 and wellbeing 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, labour laws and all other local and international laws and regulations. Their combined efforts are key drivers of stakeholder satisfaction and our Pacific Basin brand.

Technical

Marine & Safety

Crewing

Decarbonisation & Optimisation

Our comprehensive ship management function covers:

- Newbuilding and contracting support
- Newbuilding supervision
- Technical support for ship sale and purchase activities
- Technical and crew management of ships
- Marine & safety quality management and superintendence
- Procurement
- Regulatory compliance
- Dry docking supervision
- Safety & security assessments and training
- Internal/external audit corrective action implementation
- Decarbonisation & optimisation
- 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 3,900 seafarers are mainly from the Philippines and China, and some of our officers and cadets are from India, Ukraine, Hong Kong, Bangladesh and elsewhere.

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

That investment in our employees and their engagement broadly addresses the following areas:

- Safety, Health & Wellbeing
- Accident Oil Pollution Prevention
- Training & Development
- Labour Standards & Workplace Conditions
- Diversity, Inclusion & Equal Opportunity
- Seafarer Community Support
- Responsible Business Practices

Benefits of In-house Fleet Management

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

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

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 requirements, is an early adopter of best practices 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



Award-winning Safety & Quality at Sea

The history of our fleet management team stretches back well beyond the founding of Pacific Basin, as many of our colleagues served at Jardine Ship Management which we acquired in 2000. Drawing on our 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, marine & 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 2022, we won several top awards/recognitions for ESG and related performance, including:



SeaTrade Maritime Awards

- Shipping Company of the Year Award

HKICPA Best CG and ESG Awards

- Gold Award in Most Sustainable Companies Awards (Medium Market Cap)

IBJ Awards (International Bulk Journal)

- Bulk Ship Operator of the Year Award

Hong Kong ESG Reporting Awards

- Grand Award for Excellence in Environmental Positive Impact
- Commendation for Best ESG Report (Mid-cap)

Hong Kong Marine Department Awards

- Outstanding Performance in Port State Control Inspections (13 times in the past 14 years)
- 25th Anniversary Award for Long-standing Quality Partnership with Hong Kong Shipping Registry

Some notable other awards in recent years include:

- Excellence in Dry Bulk Shipping at Lloyd’s List Asia Pacific Awards 2019
- People Development Award at International Bulk Journal Awards 2019
- Dry Bulk Operator of the Year at Lloyd’s List Global Awards 2018
- Customer Care Award at International Bulk Journal Awards 2018

Best-in-Sector Sustainability Ratings

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

➡ p.9 ESG ratings platforms that we will prioritise in 2023

Safety, Health & Wellbeing

Safety first at all times

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

SEHK ESG Aspect B1 (Employment)
General Disclosure

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

- We employ and train qualified seafarers in accordance with requirements of flag state and STCW (Standards of Training, Certification & Watchkeeping) Convention
- We have implemented risk assessment systems to review all identified risks to our ships, personnel and the environment, and to identify and establish appropriate safeguards and practices
- We seek to continuously improve quality, health & safety and environmental performance and management skills of personnel ashore and at sea, through a system of audits, analysis and feedback
- We keep personnel appropriately informed of HSEQ matters by circulating pertinent information and providing training resources
- We provide a safe and healthy work environment and ensure the welfare of the staff
- We enforce a drug and alcohol policy on board our ships and ensure all watch-keeping personnel undergo drug and alcohol tests before embarking on any of our vessels
- We conduct anti-piracy training, follow best practices and adhere to Internationally Recommended Transit Corridor mandates covering areas threatened by piracy attacks



People-focused Safety Innovation

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

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

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

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

Crew Wellbeing

Seafaring is a noble profession and, while it is often fulfilling, it can be very challenging for ships' crews. Seafarers are far away from their families and friends for many months at a time, and they can feel isolated, lonely, fatigued, anxious, physically unfit, bored and deprived of the amenities and creature comforts of home.

We have long been mindful of our seafarers' needs and wellbeing, and we have over the years pursued many initiatives to improve our crews' lives and wellness – social, emotional, spiritual, intellectual and physical.

These wellbeing challenges were significantly amplified during the pandemic when governments' Covid containment measures meant that crews were not allowed to step ashore for a few hours of relaxation or even to return home on completion of their contracts. Even if crew could disembark in a port, there were often no airline connections to get them home, requiring ship managers to be even more inventive with crew change and travel logistics. Seafarers often had to quarantine multiple times before commencing or after completing their tours of duty, in many cases adding up to 5-8 weeks of quarantine before they could be reunited with their families.

Covid containment measures eased in 2022 – most recently and significantly in China – but crewing logistics are not yet back to normal, and the wellbeing challenges of seafarers remain a priority for us. They always will.

Here are some of the crew wellbeing initiatives that we pursued during the pandemic and in 2022:

- Our shore-based staff and management have provided our seafarers with financial and other support, encouragement, leisure and sports equipment, increased internet and communications access, and free access to mental health support
- In 2022, we again upgraded our satellite data plans to offer our crews an unlimited, faster, more stable and free internet access, enabling them to better connect with their families, friends and the outside world
- In 2022, we engaged Sea Bird Medicare and 3Cube to support our crews' physical and mental wellbeing with the latest in remote medical support services from doctors, specialists, psychologists, wellness experts, and technical and support teams

We acknowledge our seafarers who throughout the pandemic demonstrated patience and professionalism in maintaining safe operating practices and a reliable and substantially uninterrupted service to our customers.

- We are raising awareness across our fleet about wellbeing and the need to look out for each other's mental wellbeing, and we enhanced our Wellness at Sea Manual which covers issues ranging from managing stress and fatigue, eliminating harassment and bullying, to common signs of depression and guidance for care
- While on shore leave, all our seafarers undergo crew wellness training covering the contents of our Wellness at Sea Manual
- We subscribe to the Sailors Society's Wellness at Sea coaching programme to enhance the effectiveness of our in-house fleet-wide wellness programme with multi-media training on mental health and wellbeing for seafarers, their families and shore staff
- We also engage with professional seafarer wellbeing trainers from the Mission to Seafarers and we support their Sustaining Crew Welfare Campaign
- We have trained all our Crewing Assistants in Manila and Dalian to identify signs of distress amongst our crew when communicating with them during their tenure onboard
- We are training all our ships' Masters in the good management of any cross-cultural issues and conflicts onboard
- We have pursued every effort to reunite our seafarers with their families, if necessary deviating our ships, paying premium prices for air tickets home, and putting up our crews in hotel rooms for long layovers and quarantine
- We engaged with and urged governments and other authorities for solutions to enable the safe movement of seafarers and we are signatories to the Neptune Declaration on Seafarer Wellbeing and Crew Change which defines main actions to enable crew changes and repatriation



➡ p.49 The Seafarer Community



Crisis Response

Emergencies occur without notice, therefore, effective planning and preparedness are essential to restore control, reduce confusion and avoid mistakes and omissions. We have a crisis management manual in place and conduct crisis management training and drills to ensure that we are equipped and prepared to handle emergencies and crisis situations appropriately and in a timely manner. Our manual defines the procedures to be adopted and guidelines to be followed by ships' staff and shore staff in the event of a major or serious incident involving a vessel or office within the Pacific Basin group and to ensure that resources are deployed in a co-ordinated, prompt and effective manner.

↔ p.6 See our CEO's remarks about a notable safety incident involving our m/v Portland Bay



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

Anti-Piracy

Piracy against merchant vessels has reduced in recent years, but it does remain a security threat especially 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.

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

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

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

We are a signatory of the Gulf of Guinea Declaration on the Suppression of Piracy, indicating our support for a range of initiatives to address the rising number of piracy attacks in the Gulf of Guinea.



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

Health & Safety Performance in 2022

REDUCING INJURIES TO OUR CREW

SASB TR-MT-320a.1

Short Term Goals:

We aim to substantially eliminate incidents and to achieve an even better LTIF than in 2022.

Steps to achieve target:

- enact effective policies and procedures
- comprehensive training and development

Key Motivators:

- Crew safety
- Corporate reputation and goodwill

Current YOY Performance:

In 2022, our crews registered 6 lost-time injuries in over 20.8 million man hours, resulting in a lost time injuries frequency (LTIF) of 0.29 which increased 16% year on year.

Mostly arising from relatively minor slips, trips, falls and crushing incidents, our total recordable case frequency (TRCF) slightly increased to 0.58. Our injury rates remain low by industry standards.

↔ p.67 Fatalities (2 non-work related)

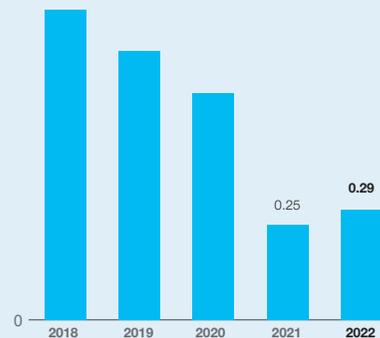
KPI

Lost Time Injury Frequency (LTIF)

0.29 ↑ 16%

injuries per million man hours

1



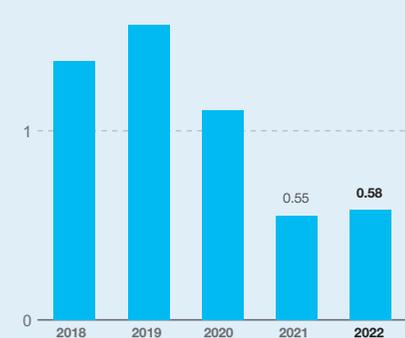
KPI

Total Recordable Case Frequency (TRCF)

0.58 ↑ 5%

injuries per million man hours

2



REDUCING SAFETY INSPECTION DEFICIENCIES

Short Term Goals:

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

Steps to achieve target:

- enact effective policies and procedures
- comprehensive training and development

SASB TR-MT-540a.3

Key Motivators:

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

↔ p.50 Ports Where Our Ships Trade

Current YOY Performance:

In 2022, our average deficiencies per inspection was 0.93 (2021:0.60), and 74% of our Port State Control inspections found zero regulatory deficiencies (2021: 77%).

PSC deficiencies remain higher than in past years mainly on our older vessels that are over 15 years old. This is an industry-wide issue due to deterioration in standards when ship managers are unable to visit during Covid-19, and increased intensity of PSC inspections post-pandemic. With the ease of travel restrictions, our ship managers are now visiting our ships more frequently to improve the ships' conditions.

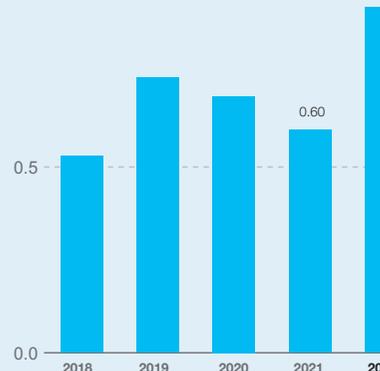
KPI

External Inspection Deficiency Rate

0.93 ↑ 55%

deficiencies per inspection

1.0



↔ p.6 See our CEO's remarks about a notable safety incident involving our m/v Portland Bay



KPI B2.2

Lost days due to work injury

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

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 (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.

- We host multiple officer training seminars annually at our crewing centres in Manila, Dalian and Odessa, although pandemic restrictions and the conflict in Ukraine have changed the nature of our officer training programme.
- In 2022, we conducted

6 training seminars in 2022
attended by 380 seafarers

43 training webinars in 2022
attended by 3,389 seafarers

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

Introducing a new dedicated training function

In 2022, we created a new role of Head of Training to develop and implement a more cohesive training strategy for all seafarers in our owned fleet, adopting a well-designed and structured approach that boosts overall performance and engagement.

↔ p.32 Safety, health & wellbeing

Examples of training topics in 2022

- Safe navigation
- Ballast water treatment system checks & troubleshooting
- Auxiliary engine overhaul
- Crew safety
- Social wellbeing
- Sexual harassment & anti-bullying
- Exhaust gas cleaning system operation & troubleshooting
- Engine room watch-keeping
- Commercial operations
- Fuel & lube oil purifier overhaul
- Main engine piston ring & scavenge manifold inspection & procedures
- Deck maintenance
- Port state control
- Technical training
- Electrical training
- International Maritime Dangerous Goods (IMDG) Code
- International Maritime Solid Bulk Cargoes (IMSBC) Code
- Cargo security
- Main & auxiliary engine components calibration
- Hatch cover operation & maintenance
- Stern tube air seal maintenance
- Voyage planning



Aspect B3 (Development & Training)
General Disclosure

- We organise monthly topical training for all engineering department staff conducted by Chief Engineers under the guidance of our shore-based training managers.
- We conduct enhanced pre-joining briefings for all our sea staff.
- Our senior crewing managers review all staff's training needs during appraisals to ensure skill gaps are identified and plugged and further development training is on offer.
- We have run officer cadet recruitment and training schemes in our crewing centres in China since 2005 and the Philippines since 2010, as well as in Hong Kong since 2013 and Odessa since 2017.
- We have officer cadets training on all of our ships and are growing our intake of female cadets.

1.9 officer cadets per ship

- 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 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.
- Examples of 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 monthly leadership and MRM remote 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 training conferences, seminars, webinars and cadet programmes offer a clear path of career advancement within the ranks of our crew.

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

Employees Ashore

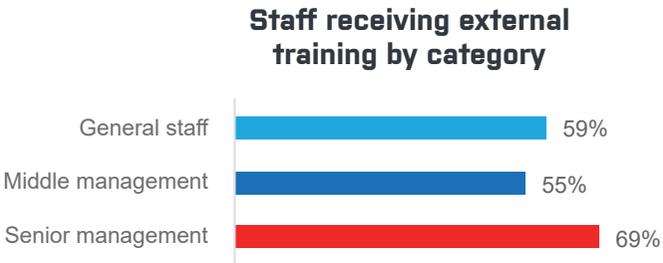
Ashore, we make a concerted investment in staff training and leadership development at all levels of the organisation, which has resulted in enhanced productivity, engagement, loyalty and retention and a strong foundation for our succession planning. That investment ashore broadly takes the following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

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

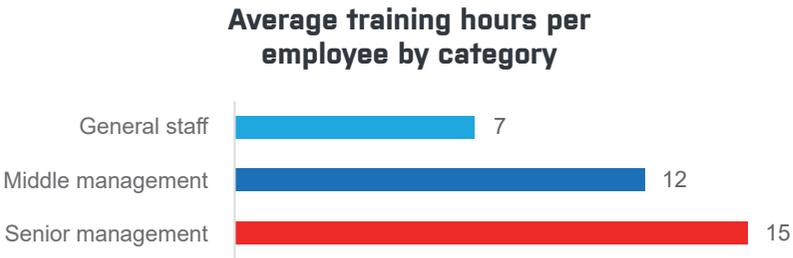
The Company has a healthy budget for training and development of shore-based staff, of which typically around half receive some form of external training each year provided by local trainers or leading business schools internationally.

SEHK ESG	KPI B3.1 Percentage of employees trained by category
SEHK ESG	KPI B3.2 Average training hours per employee

57% staff receiving external training
(mostly via video in 2022)



10 Average training hours per onshore employee





Our recruitment and training of international graduate and other young recruits over many years has armed our teams with keen, talented executives who are now demonstrating their value at all levels and in our offices around the world. In 2022, 4 young staff members attended our structured trainee programme in which trainees cycle through our various departments and, in non-pandemic times, travel on ships, visit dry-docks, spend time with our shipping agents, shipbrokers and customers, and receive an in-depth experience in all facets of dry bulk shipping.

4 graduate and other young recruits in 2022

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

↔ p.51 Our Hong Kong Community Maritime Education

ISO, ISM, ISPS, MLC & MARPOL Awareness Training

Every year, the Marine & Safety experts on our Fleet Management team run awareness training for shore-based staff – especially new joiners – 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 2022, 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 providing decent work, sound workplace conditions and fair employment terms, we benefit in return from strong retention of high-quality, loyal seafarers and safe operations

↔ p.43 Seafarer Retention

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

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

These ILO conventions relating to seafarers have been consolidated into a single, coherent instrument – the Maritime Labour Convention 2006 (“MLC”) – which has

been ratified by China and the requirements of which have been largely incorporated in Hong Kong flag state legislation under Hong Kong CAP478 Merchant Shipping (Seafarers) and other ordinances. As such, the conventions are mandatory for us to follow in respect of our Hong Kong-flagged dry bulk ships.

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



Seafarers' Bill of Rights

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

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

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

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

SEHK ESG Aspect B4 (Labour Standards)
General Disclosure

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

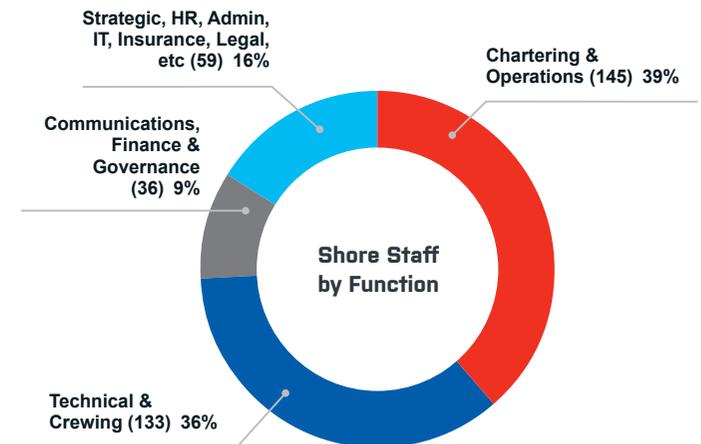
SEHK ESG KPI B4.2
Description of steps taken to eliminate child and forced labour when discovered

Workplace Conditions 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. 2022 was our group headquarters' fifth year in 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 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.



↔ p.68 Shore Staff by Region

SEHK ESG Aspect B1 (Employment)
General Disclosure

SEHK ESG KPI B1.1
Total workforce by employment type

Diversity & Equal Opportunity

Diversity generates value for all

We recognise the value of diverse staff of different ages, cultures and backgrounds who bring to our team diversity of experience, perspectives and opinions that make our business more dynamic, vibrant, innovative and successful.

We strive to create culture of care, respect and non-discrimination and inclusion, and a workplace where all colleagues enjoy equality of opportunity, where all ideas are heard, where decisions are based on merit, and where staff are supported in their individual efforts to contribute to our business' success. This will always be a work in progress, and we will regularly seek out and try to understand any existing biases and barriers.

Employee engagement scores support a strong employer brand

In 2022, 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.

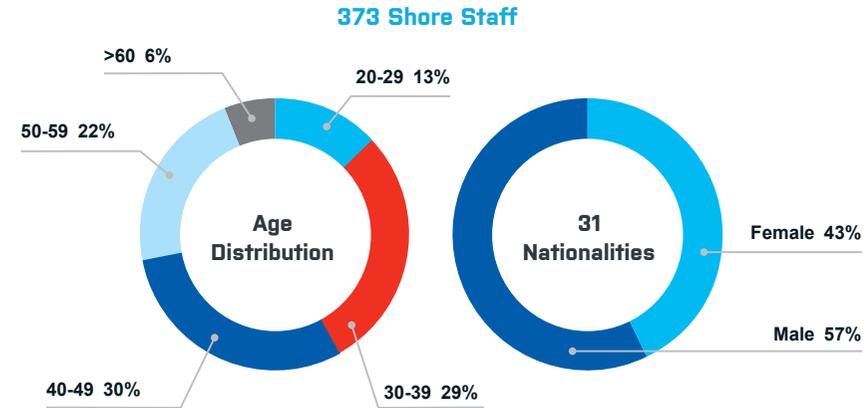
88% enjoy working at Pacific Basin

82% overall engagement score



Our shore-based team comprises executives of 31 nationalities, and the gender and age distribution of our shore-based workforce is relatively well-balanced. We are also 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.



88% shore staff retention

36% shore staff with Pacific Basin for over 10 years

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



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



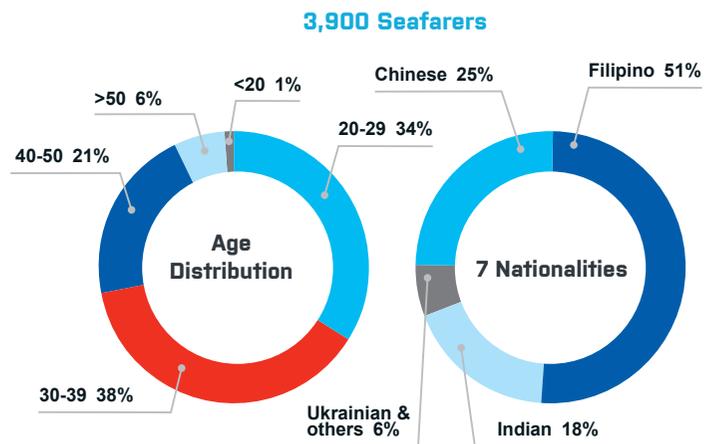
We currently have 37 female seafarers on our owned ships, including five officers.

↔ p.53 Pacific Basin's WISTA membership is a resource for our female staff and seafarers

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

We reaffirm our longstanding commitment to providing a safe environment for all our staff free of discrimination and harassment on any grounds. We operate a zero tolerance policy towards sexual, racial or any harassment in our workplace, and we investigate all allegations of harassment promptly and with respect for the victim. Our Staff Code consists of policies on sexual and racial harassment, and a Code of Conduct sets out the reporting channels and handling procedures for any reported incidents. In conjunction with our whistleblowing policy and procedures, these mechanisms ensure we act in compliance with relevant laws, regulations and best practices.

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



91% officer retention (2021: 91%)

86% overall crew retention (2021: 87%)

Our high officer and crew retention rates clearly evidence our seafarers' engagement and job satisfaction at Pacific Basin.

↔ p.33 Crew Wellbeing



KPI B1.2
Employee turnover rate

RESPONSIBLE VALUE CREATION



Drawing on our Social and 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 effectiveness, resilience and sustainability

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.



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

Commitment to

Serving our customers

We strive to deliver to our customers a class-leading, personalised, flexible, responsive and reliable service. We wish to make sustainability an opportunity for differentiation, such as by engaging and collaborating with our customers to decarbonise their supply chains.

Serving society and sustainable trade

We move diverse and essential commodities that support the global economy and sustainable development. We are discerning with our suppliers, service providers, ports, cargoes and customers – managing our exposure to risky, controversial and destructive trades.

Serving our stakeholders

We recognise our obligations and respond to the interests of our stakeholder networks – our investors, shipping industry organisations, regulating bodies, jurisdictions in which we operate, the seafarer community and the wider global supply chain.

Related material issues

Carbon & GHG emissions reduction

Employee Health, Safety & Wellbeing

Responsible Cargo Carriage

Responsible Procurement & Supply Chain

Financial Sustainability

Seafarer Community Support

Industry & Legislative Engagement

Non-Seafarer Community Engagement

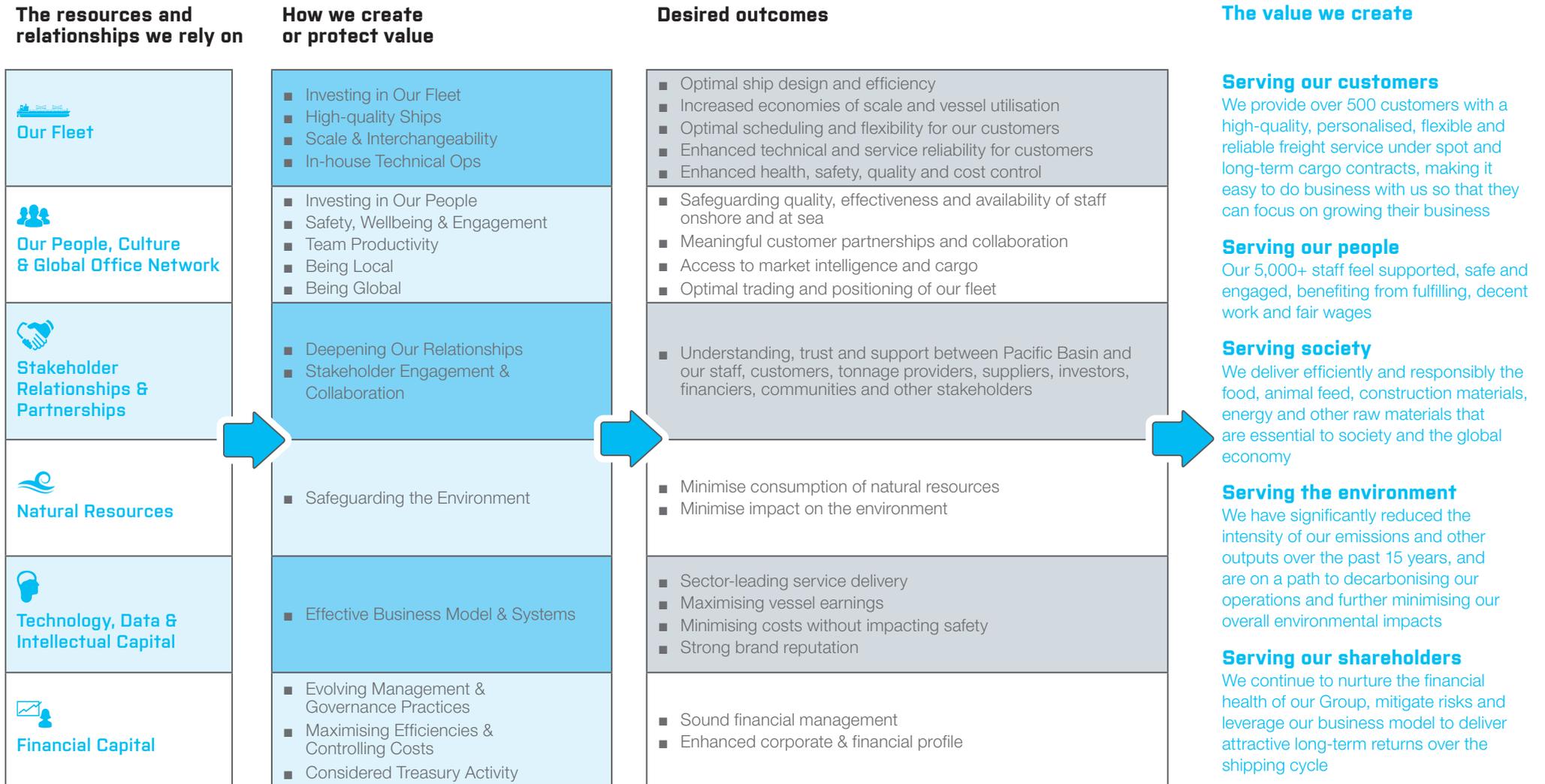
As the world decarbonises, we will increasingly carry the non-fossil fuel commodities that will be the mainstay of future global seaborne trade



How We Create Value

We attach great importance to cultivating the relationships and resources that we need to propel us towards our vision and to create better outcomes for our customers, our people, our shareholders, society and the environment

An expanded form of this summary table is available on our website
www.pacificbasin.com
 About Us > How We Create Value



Stakeholder Engagement

Stimulating transparency and collaboration through engagement

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

STAKEHOLDER GROUP	WHY WE ENGAGE	HOW WE ENGAGE	OUTCOMES AND ACTIONS IN 2022
Customers 	We strive to be the partner of choice for customers in our segment. Multi-faceted engagement helps us to better understand their business, their needs, and their views and expectations about our service and performance, while also facilitating dialogue and collaboration to tackle challenges that affect us both.	<ul style="list-style-type: none"> Day-to-day chartering enquiries and vessel/cargo fixing Customer meetings & events Service feedback Customer survey calls ESG materiality survey Website publications & circulars 	Our 2022 customer survey calls (with customers accounting for over 20% of our cargo volumes) revealed a high level of satisfaction. We also engaged external consultants to conduct focus group interviews with select customers to obtain their views, priorities and expectations regarding our ESG efforts and ambition levels. Engagement is increasing on decarbonisation compliance, and we are positioning ourselves for increased collaboration with customers to tackle related challenges.
Suppliers 	We are committed to managing our supply chain in a socially and environmentally responsible manner, sourcing from approved suppliers who meet our ESG requirements and make efforts towards sustainable development.	<ul style="list-style-type: none"> Supplier evaluations Code of conduct forms ESG materiality survey Purchasing activity Website & publications 	Throughout the year, we continued our regular evaluation of the performance of our suppliers. We integrate ESG considerations in the broader evaluation process which requires execution of a Counterparty Form with our latest Code of Conduct including ESG requirements and expectations.
Employees 	We are a caring employer that promotes a culture and actions that ensure our staff at sea and ashore feel safe, respected, welcomed and supported so that, in return, we benefit from a productive, healthy and loyal workforce. We strive to be the employer of choice for our existing staff and for talented potential employees in our industry.	<ul style="list-style-type: none"> Training programmes Town hall meetings & intranet Open-door policy ESG materiality survey Performance feedback Social events 	In 2022, we enhanced our wellbeing programme and continued to look for ways to improve engagement. Our fleet's safety KPIs were only slightly behind our best-ever performance figures – and significantly better than industry averages – and an independent survey of our shore-based staff pointed to a high level of employee satisfaction and engagement, and provided useful insight into areas that may benefit from extra attention.
Investors and financiers 	We strive to create long-term value for our shareholders over the shipping cycle, and we believe that transparency stimulated by active investor engagement enhances recognition of our brand, investor support and shareholder value. We maintain good dialogue and partnerships with our financiers to ensure access to competitive funding.	<ul style="list-style-type: none"> Annual, Interim & Quarterly reporting Annual General Meetings Investor perception studies ESG materiality survey Vessel and cargo terminal tours Investor meetings and conferences Investor, analyst, bankers days Regular meetings with banks 	We encourage active analyst coverage to help investors evaluate our Company. In 2022, we were covered by 9 analysts and 65 research reports. In 2022, we achieved an 80% reduction in our convertible bonds and negotiated the release of 27 older vessels from our secured committed facilities, further enhancing our balance sheet and liquidity position.
Communities 	Engaging and collaborating with the communities we impact and belong to generates enhanced recognition, goodwill, support and opportunity for our Company.	<ul style="list-style-type: none"> Seafarer philanthropy Being respectful visitors Maintaining good relations 	We continued to sponsor and be involved in good causes, mostly relating to seafarer welfare, promoting maritime awareness in Hong Kong and other staff-driven initiatives which help and enrich society and also enhance our own brand.
Shipping Industry & Regulators/Authorities 	Collaborating within our industry and engaging with local and international regulators and authorities gives us a voice on regulatory and other matters, helps us to track and understand incoming rules so we can better prepare for compliance, and enhances goodwill, support and opportunity for our Company.	<ul style="list-style-type: none"> Industry organisations Partnerships & coalitions Formal & casual meetings Our website & publications Public forums Audits 	Active engagement with ship-building partners, industry associations, peers and other working groups in 2022 has helped us to enhance our networks and knowledge and prepare better for decarbonisation regulations and other challenges we face. We adhere to all applicable laws and regulations and, in 2022, we had no cases of non-compliance. We won Shipping Company of the Year at our industry's Seatrade Maritime Awards.

Serving our Customers



We strive to be the partner of choice for customers in our segment. We try to deliver best-in-class service and performance, and our customer-focused business model has driven 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 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 and telephone and face-to-face contact to gather their views and expectations about our 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 2022, we conducted our 11th annual customer telephone survey comprising candid calls with a diverse sample of customers around the world.

In addition to our customer survey and ESG materiality assessment, we engaged external consultant The Purpose Business to conduct focus group interviews with select customers (and other stakeholders) to obtain their views and expectations on our ESG efforts and ambition levels.

We wish to collaborate with our customers to help them on freight matters so they can focus on growing their business. We stand ready to share information with our customers and help them understand the challenges and implications of new decarbonisation rules on their trades, with ideas for short-term mitigation and long-term solutions for compliance and the health of the environment.



What our customers said in 2022



- Pacific Basin has some of the best vessels that are clean and well-maintained
- You are a key partner who really performs per expectation regardless of market conditions
- You consistently provide very prompt and competitive rates, your service performance has been very good and any issues are quickly resolved
- We think your performance has been perfect. Nominations and vessels are on time and I feel you listen and respond well to find good solutions
- We keep using you as our shipping partner because of your good service and performance
- I appreciate the fantastic service by your very responsive and reactive team. Pacific Basin has anticipated my needs and always works to accommodate any one-off requests I make
- We consider Pacific Basin to be a top-tier owner. No one does better than you do



Serving Society

Shipping facilitates world trade which helps to house and feed populations and drive prosperity

Largely hidden from view, the shipping industry transports more than 80% of global trade volume from which everyone in the world benefits. Countries are not entirely self-sufficient and therefore rely on maritime trade to sell what they have and buy what they need – commodities, raw materials, components or finished

products. In that respect, shipping underpins modern life and helps ensure that the benefits of trade are more evenly spread. The livelihoods of billions of people in the developing world, and standards of living in the industrialised and developed world, depend on shipping. As the world's population continues to grow,

particularly in developing countries, low-cost and efficient maritime transport has an essential role to play in growth and sustainable development.

At Pacific Basin, we strive to be an efficient and responsible leader in our shipping sector, so that we can be confident that our service contributes positively to the global economy and sustainable development.

Serving our Communities

Serving The Seafarer Community

We are one of the largest foreign employers of Filipino and Chinese crew and a significant employer of Indian crew and Ukrainian officers. We invest in recruitment activities and training programmes in Dalian, Manila, Hong Kong, Mumbai and Odessa. Our community initiatives and financial donations are mainly focused on seafarer welfare causes.

- Our Human Resources Director is an Asian Ambassador of the Sailors' Society, which 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 shipping industry.
- In 2022, we made charitable donations to various seafarer organisations (see next article).
- We are a platinum sponsor of the Mission to Seafarers' *Sustaining Crew Welfare Campaign*, allocating our contribution specifically to the Mission's *Family Support Network* which supports seafarers and their family members across the Philippines. This valuable service brings seafarers' families together to provide mutual support, and offers relevant training and guidance on managing every-day concerns relating to seafarers and their families.
- We donated to CIRM (International Radio Medical Centre) which provides free essential medical advice to ships regardless of their nationality.



US\$312,000 Charitable Donations & Sponsorships

In 2022, our charitable donations and committed sponsorship amounted to US\$312,000. Our first focus for philanthropic aid is to the seafarer community, including our donations to the Seafarers' Charity, the Mission to Seafarers, the International Sailors' Society Canada, and the International Radio Medical Centre.

Other shipping-related causes include the Captain's Table maritime innovation competition, and the Hong Kong Maritime Museum (see pages 51 and 52).

In 2022, we received a Covid-related subsidy from the Hong Kong government which we chose to give back to the Hong Kong community via non-maritime charities proposed by our staff, such as the Mission for Migrant Workers, ImpactHK (helping the homeless), Hong Kong Dog Rescue and the Community Chest of Hong Kong, among others.

Ports Where our Ships Trade

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

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

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



Some of the commendations our crews received in 2022:

- *The professionalism and efficiency of the Nobel Island crew was a credit to the leadership of the Captain*
- *Sincere thanks to you and your crew for ensuring the ship is following accepted industry standards and to focus awareness on issues which can prevent vessel incidents and oil spills to Washington waters. Your replies to our screening questions showed a good understanding of oil spill prevention topics*
- *I commend your ship and crew for their efforts made to ensure smooth logs loading operations. All personnel were well-prepared and no deficiency was identified during the process*
- *The Captain showed great professionalism in leading the crew to ensure smooth loading operations despite malfunction of the crane on the first day at port*
- *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*

676 ports & **99** countries
visited by our ships in 2022



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, our Head of Sustainability is on the board of HKMM and we regularly support the museum's programmes and initiatives that complement our shipping and Hong Kong community-focused social responsibility priorities. HKMM continues to generate community value through the educational contents of its galleries, its social enterprise managed café, marine environment agenda and outreach programmes involving local schools and minority groups.



In 2022, HKMM welcomed more than 35,000 visitors, including over 3,200 schools and community group visitors.

HKMM was closed for over two months due to Covid restrictions in the first quarter but reopened in time to launch its annual special exhibition, *Hong Kong's Maritime Miracle: The Story of Our City since 1945*, part of the Hong Kong SAR 25th anniversary celebrations. The museum's new Swire Marine Discovery Centre partially opened in the fourth quarter to host marine science and conservation activities in collaboration with environmental groups.

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.

Pacific Basin hosted three "Night at the Museum" events in 2022 to share HKMM's offering with our Hong Kong-based staff, seafarers and partners.



■ Hong Kong Maritime Week

We frequently support Hong Kong Maritime Week to generate enthusiasm among young Hongkongers for shipping as a worthwhile career.

■ Maritime Education

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

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

■ Student Scholarships

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



■ Supporting local employment

We employ on some of our ships a number of senior officers from Hong Kong, and we have run an officer cadet recruitment and training scheme in Hong Kong since 2013.

■ Supporting the Hong Kong Shipping Register

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



■ Pacific Basin Soccer Sixes

After a Covid-related break of two years, we hosted in October 2022 the annual Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong's shipping and related services companies fielded 13 teams in this popular Hong Kong shipping community event.



The Shipping Industry

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

- International Association of Dry Cargo Shipowners (Intercargo)
- The Baltic and International Maritime Council (BIMCO)
- The Baltic Exchange
- Executive Committee of the Hong Kong Shipowners Association, an influential organisation within the International Chamber of Shipping and the International Maritime Organization (IMO)
- Sub-committees of the Hong Kong Shipowners Association, such as the Marine Sub-committee and the Maritime Personnel, Education and Training Sub-committee
- Hong Kong Fleet Operations Advisory Committee
- Hong Kong Shipping Register Customer Relations Group



- ClassNK Technical Committee
- American Bureau of Shipping Marine Technical Committee and Greater China Committee
- DNV GL Hong Kong Machinery Group and Greater China Committee
- ClassNK Hong Kong Owners Committee
- Maritime Anti-Corruption Network
- Getting to Zero Coalition

17 PARTNERSHIPS FOR THE GOALS

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

Pacific Basin Sponsors The Captain's Table Maritime Innovation Competition

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

In 2022, The Captain's Table showcased several safety & wellbeing, technical operations and decarbonisation and emissions control solutions. We have assessed these new projects and continue to explore innovative solutions for our own ESG, optimisation and decarbonisation programmes.



Our first Chief Officer from Hong Kong

“ I was one of the first Hong Kong-hired cadets at Pacific Basin. I grew up and studied in Hong Kong and had never travelled internationally before pursuing a career as a seafarer. I started my journey with Pacific Basin in 2013.

Anyone who starts a career at sea is thrilled to finally see the world from his or her own perspective, and I certainly was. Due to the versatility of the vessels Pacific Basin operates, our ships are able to reach many ports around the world. I see this as a business advantage and a perk, as I get to visit and experience various countries.

Minor bulk ships carry more types of cargo – loading and discharging with their own cranes – which brings various challenges to seafarers. I am up for that challenge, preferring it to the less interesting cargo handling of other ship types. It is fascinating, and I am eternally grateful to Pacific Basin for offering me the cadetship in the first place.

At Pacific Basin, the colour of your skin and the native language you speak do not matter, but what is paramount is the adaptability and personality you display. Ultimately, we are all on the same team.

With this motto in mind, I have experienced smooth cooperation with all my PB colleagues at sea, no matter what their ethnicities are. I enjoy being immersed in this cultural hub of Pacific Basin.

Being the first Hongkonger promoted by Pacific Basin to Chief Officer is a great honour. It also means greater responsibilities.

I look back on eight years, when I was one of the first batch of Hong Kong cadets hired by the Company, I had this gut wrenching feeling that I would be subpar and a poor representative of Hong Kong and Hong Kong seafarers. I diverted that anxiety into motivation, I kept pushing myself and learned from my colleagues throughout my eight years with Pacific Basin, and I see every day that passes as a lesson to be learned.

I am a bookworm, but I believe that some important traits of a successful mariner cannot be learned from any book or instructor. Yes, the science of navigation, cargo operations and meteorology can be taught, but the art of the successful mariner must be developed from experience.

I will continue to challenge myself and gain as much experience as possible to be a proud and capable Pacific Basin seafarer. ”

C/O Andy Lau

currently serving on
m/v Barrow Island

WISTA Membership is a resource of our Female Staff and Seafarers

Pacific Basin is a corporate member of the Women's International Shipping & Trading Association (WISTA International), a global organisation connecting female professionals from all sectors of the maritime industry and a leader in diversity and inclusion in shipping. We invite our female seafarers and shore-based staff to take advantage of this membership to enhance their network, resources, knowledge and access to mentorship.

In November 2022, the General Manager of our Auckland office spoke at WISTA New Zealand's decarbonisation event. Over 100 participants attended including senior managers from several shipping companies and other maritime experts. Panellists shared their insights on decarbonisation and carbon-reduction targets, and discussed different types of green fuel and other measures for complying with decarbonisation regulations and tackling the great decarbonisation challenge.



In 2022, the General Manager of our Auckland office was elected president of WISTA's New Zealand chapter for a second term.

RESPONSIBLE BUSINESS FUNDAMENTALS



Drawing on our Intellectual and Human Capital

We are committed to conducting our business in adherence to high ethical standards, and we recognise the importance of good corporate stewardship in driving sustainability and enhancing our brand and shareholder value. Through responsible, experienced staff and an effective business model and organisational systems, we are able to maximise efficiencies and create intangibles associated with a strong reputation.

Responsible Business Fundamentals



Ambition

Pacific Basin aims 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.



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

Commitment to

Governing with efficiency and discretion

We continue to bolster and streamline management decision-making, risk mitigation, due diligence and board governance procedures and systems, ensuring alignment between ship and shore operations.

Strengthening resilience and business continuity

We mitigate accidents which pose material risks not only to the business but to our people and the environment. We futureproof the business by assessing and managing disruptions from climate risks, global pandemics and cyber security.

Building trust through integrity and transparency

We increase stakeholder confidence by tackling corruption with ethical practices, transparent reporting and regular multi-level engagement.

Maintaining financial health and access to capital

We continue to manage our financial resources and funding, work within our financial gearing targets, maintain the financial health of the Group drawing on our access to capital, and strive for best-in-class reporting, transparency and corporate stewardship.

Related material issues

Good Management & Corporate Governance

Innovation & Digitalisation

Responsible Procurement & Supply Chain

Crisis Response

Accident & Oil Pollution Prevention

Regulatory & Sanctions Compliance

Climate Change Risks

Cyber Security

Ethical & Responsible Business Practices
(including Anti-Corruption)

Transparency & Disclosure

Public Image

Financial Sustainability

Sustainability Governance

Sustainability is a Board Responsibility

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

As such, the Board also 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.

 **Board Responsibilities p.42**

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

Functions of SMC

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

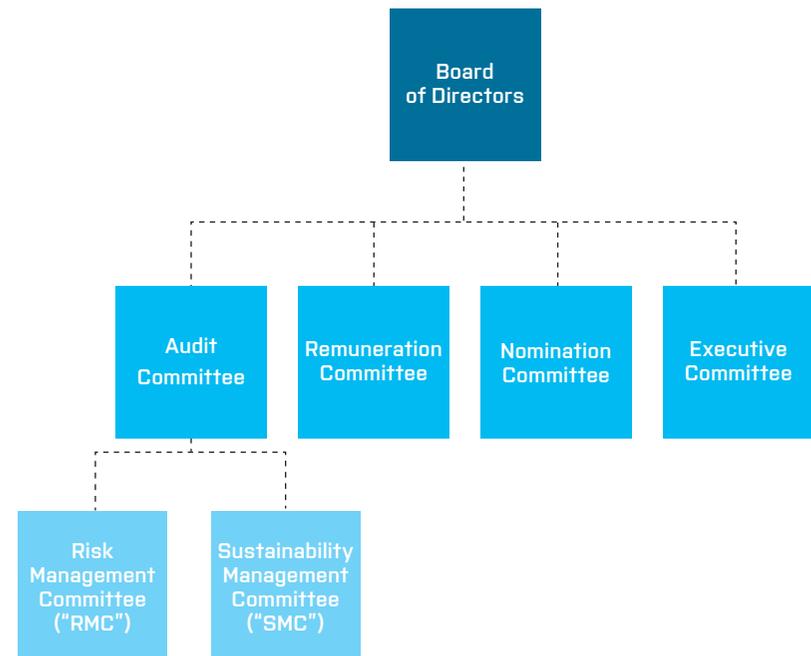
Day-to-day Implementation

We have a dedicated sustainability team to enhance and help to coordinate our approach to sustainable business practices and investments in sustainable assets. Supported by the sustainability team, day-to-day execution of sustainability initiatives and sustainable business practice lies with managers across the business, most notably the Fleet Director (supported by his technical, personnel, and risk & safety managers), the Commercial Operations Director 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 .

 **Governance p.42**

 www.pacificbasin.com
Sustainability > Corporate Governance



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

The Sustainability Management Committee

Membership

Chairman: Chief Executive Officer

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

Main Responsibilities

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

Work Done in 2022

In 2022, the SMC met two times and reported to the Audit Committee on the Group's sustainability programme, performance and work done. The work undertaken included:

- review and discuss the materiality assessment of ESG topics and risks with reference to the Company's strategy and industry relevance;
- review of the proposed level of ambition for various ESG issues
- review of the proposed environmental KPI targets and steps to achieve them with a recommendation to the Board for approval;
- review and assess incoming energy-efficiency and decarbonisation regulations and measures in the shipping industry;
- implement enhanced customer ESG engagement initiatives; and
- amend 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.

Progress towards our ambition of Net Zero by 2050

In 2022, we made an important step towards our Net Zero by 2050 ambition when we commenced a collaboration with leading Japanese shipbuilding group Nihon Shipyard Co. and major trading house Mitsui & Co. to assess the suitability of alternative green fuels for our ship types. We concluded that green methanol is currently the best fuel around which to plan our first zero-emission vessels (ZEVs) and we are now again collaborating with our partners to develop an efficient design for what we expect will be our first dual-fuel Ultramax ship able to run on either methanol or fuel oil.

Responsible Business Practices

Strong corporate ethics and sensible business values

In the pursuit of our vision and objectives, we always seek to apply sound and internationally accepted business ethics and principles. Our business principles cover a range of tenets and traits designed to maximise the trust, respect and friendship between the Company and its stakeholders, highlighting the fairness and responsibility with which we approach our business.

Anti-Corruption

← p.2 What We Stand For

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

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

We provide anti-corruption training for our directors and shore-based and seafaring staff by means of an online e-learning portal and in-house workshops. Every new joiner receives training in anti-corruption, whistleblowing and our Code of Conduct in our orientation programme. Anti-corruption refresher training is arranged for all staff every three years to ensure they are updated on the subject.

In 2022, 100% of our new joiners completed anti-corruption training. All of our directors received anti-corruption training in the past three years.

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

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

Pacific Basin has been an active member of the Maritime Anti-Corruption Network (MACN) which strives through collective action to eliminate all forms of corruption in the maritime industry. MACN does this by:

- raising awareness of the challenges faced
- implementing the MACN anti-corruption principles and co-developing and sharing best practices
- collaborating with governments, NGOs and civil society to identify and mitigate the root causes of corruption
- creating a culture of integrity within the maritime community

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

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

In 2022, we registered 10 incidents of facilitation payments under duress on our owned vessels involving total payments of about US\$20,000 in cash or in kind.

Cases of corrupt practices

SEHK ESG	KPI B7 (Anti-Corruption) General Disclosure	SASB TR-MT-510a.2
SEHK ESG	KPI B7.1 Number of legal cases regarding corrupt practices	
SEHK ESG	KPI B7.3 Description of anti-corruption training provided	



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



Anti-Collusive Behaviour

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

Sanctions

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

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

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

Nevertheless, our customers are required to commit to the expectations and requirements of our Counterparty Code of Conduct (including no contravention of sanctions) and for newer potential customers in particular, we may seek advice on their background, verbal and written references, formal counterparty risk appraisals, and we check if they appear on US, UK, EU and UN sanction lists.

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

In 2022, we enhanced our sanctions checking of all chartering counterparties, with the establishment of a new due diligence team and the use of an additional, more sophisticated screening platform (Dow Jones Risk and Compliance) that offers comprehensive sanctions

coverage with more diligent search of our counterparties' ultimate beneficial ownership.

In addition to our own sanctions due diligence, banks that our customers transact through also conduct checks and 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.

Responsible Cargo Carriage

Our commitment to responsible cargo carriage and sustainable trade is reflected in our Trading Restrictions Policy which sets out restricted trading activities and areas, and related procedures and approval requirements. We plan to develop a more thorough responsible cargo carriage policy to enhance our positive contribution to sustainable shipping.

We know our customers and their business and adhere to trading practices that follow the letter of local, regional and international maritime law and do not contravene sanctions

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).

Whistleblowers can raise their concerns without fear of victimisation, discrimination or disadvantage to the Chairman of the Audit Committee, who is an independent non-executive director of the Company.

Attention: John Williamson, Audit Committee Chairman

Email: whistleblowing@pacificbasin.com

Tel: +852 2233 7296



KPI B7.2

Preventive measures & whistle-blowing procedures



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 commonplace. 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 updated our Pacific Basin Safety Management System to enhance our cyber security risk management and 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.

We have not experienced any breaches of information security or other cyber-security incidents in the past three years or previously.

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

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

These solutions – including latest cloud-based applications that support remote access, advanced data sharing, 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 a comprehensive network of commercial offices around the world, we see more of what's going on in the market compared to most of our peers. This means we have historically had access to more data, thus giving us a competitive advantage. With certain data now more widely available, we are committed to investments that allow us to maintain this advantage.

We harness 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, more frequent data transmissions from our vessels enables our technical management team and voyage optimisation team to respond quickly to vessels' systems and performance abnormalities. We can also leverage this information to help us better study and action on fuel economy, carbon intensity and other efficiencies.

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

We have a dedicated Digitalisation Team to further evolve and expand our digitalisation programme with investments in new digital solutions across our organisation. This helps to leverage our large amount of data to optimise our business processes and interactions, and improve our decision-making.

Through our dedicated digitalisation function, we keep close relationships with the main technology vendors, partners and innovators in the maritime industry. By having close ties with new technology, we are able to adopt the best-fit solutions and partnerships available in the market, thereby generating value for our business, and improving the experience of our customers and stakeholders.

Climate-change Resilience

We try to understand and prepare ourselves for tomorrow’s potential challenges, including the physical and transition risks of climate change on our operations. Understanding these risks enables us to formulate strategic actions to manage them.

Our climate risk assessment and scenario analysis (in conjunction with American Bureau of Shipping in 2021) considers the impacts of +2°C and +4°C scenarios over timescales ranging from the medium term (2030) to the long term (2050)¹. The exercise helped us to refine our understanding of the most material physical and transition risks, vulnerabilities and opportunities to our business, stemming from shifts in climate patterns (such as extreme weather events) and climate-related changes in policy, technology and markets (such as decarbonisation rules, market-based measures, new fuels and propulsion systems, and changing commodity trade patterns).

The index on page 76 provides a guide on where (in this Sustainability Report and our Annual Report) to find information relating to each of the key recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) framework.²



↔ p.76 TCFD Index

↔ p.70 Independent Assurance Statement

SEHK ESG Aspect A4 (Climate Change)
General Disclosure

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



Physical Risks

Acute or chronic 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



Shipping has over many decades developed resilience and mitigation measures (e.g. weather routing tech, enhanced ship design & maintenance) that prepare us well for extreme weather event



We focus on diverse minor bulks and grain with an agile tramp trading 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

↔ p.13 Our Decarbonisation Strategy

¹ The climate scenarios used come from reputable sources, including the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA), OECD, World Bank and other recently published journal papers.
² TCFD was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks and investors to support informed capital allocation.



Responsible Supply Chain

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

Strategies and Procedures

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

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

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

↔ p.59 Sanction Compliance

Responsible Procurement and Monitoring

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

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

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

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



Our Vendors

In 2022, our list of approved vendors numbered 1,411, of which we vetted about 267 during the year, including new suppliers and existing suppliers re-evaluated on a rotational basis.

Our number of suppliers increased further in 2022 with terminal access restrictions during and since the pandemic still making us more dependent on local chandlers, workshops and provisions suppliers at ports around the world.

SEHK ESG KPI B5.1
Number of suppliers by geographical region

Key Suppliers by Region in 2022	Bunker Suppliers	Other Suppliers	Total*
Africa	2	84	86
Asia	6	687	693
Central America	2	39	41
Europe	4	274	278
Middle East	2	22	24
North America	4	116	120
Oceania	2	43	45
South America	4	136	140
The Caribbean	2	10	12
	28	1,411	1,439

* excluding over 300 tonnage providers

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 98% of our fuel from 15 major bunker suppliers in 2022. The remainder was sourced from about 20 smaller suppliers for spot bunkering in remote ports.

Tonnage Providers

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

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

We regularly evaluate the performance of our tonnage providers, bunker suppliers and other counterparties, and we integrate ESG considerations in the evaluation process through our Counterparty Form and Counterparty Code of Conduct.

Understanding our major value-chain emissions

In addition to their own direct and indirect greenhouse gas emissions, companies are expected to understand and develop an inventory of the most material indirect emissions in their value chain. For us, that would include for example the carbon footprint made by the construction of our ships and the materials used to make them; the extraction, processing and delivery of the fuel and lubricating oil that we purchase; the dry-dock work done on our ships; and so on.

We have started first to develop an understanding of the well-to-tank (WTT) emissions of the fuel we purchase, as these are our largest value-chain emissions (before considering the emissions from building our ships).

Only one of our several fuel suppliers has been able to provide us with an analysis of WTT emissions of the fuel that they have delivered to our ships. Their WTT emissions represent about 17% of the

fuel's total value chain emissions after our ships consume it.

We have estimated our overall WTT emissions using the 2022 UK Government GHG Conversion Factors for Company Reporting standard. These calculated WTT emissions amount to about 22% of our fuel's total value chain emissions after our ships consume it.

PERFORMANCE DATA & ASSURANCE

Providing transparency for fair assessment of our ESG performance

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



Performance Data Summary

The following environmental and social metrics quantify material emissions, discharges and workplace impacts from our operations. We have tracked these for several years and they mainly represent normal, efficient operations.

	UNIT	2018	2019	2020	2021	2022
GENERAL						
Owned ships operated (2022 average)¹	# ships	107	113	116	116	118
Chartered ships operated (2022 average)¹	# ships	115	116	112	143	130
Cargo volume carried	million tonnes	62	67	70	79	68
Revenue	US\$ million	1,592	1,586	1,471	2,972	3,282
ENVIRONMENT						
Fuel Consumed by Owned Fleet	metric tonnes	445,100	448,500	462,500	505,800	487,000
Heavy fuel oil (in conjunction with scrubbers since 2020)	metric tonnes	400,300	382,600	125,200	140,100	135,200
Low sulphur fuel oil	metric tonnes	n/a	13,800	281,000	305,900	293,500
Low sulphur marine gas oil	metric tonnes	44,800	52,100	56,300	59,800	58,300
Fuel Intensity	000' mt/ship	4.16	3.97	3.79	4.18	4.16
Fuel Intensity	kg/dwt	106.4	97.2	98.1	104.6	97.3
Emissions from Owned Fleet						
EEOI CO ₂ index ² KPI	grams CO ₂ per tonne-mile	10.90	10.49	9.79	10.10	9.66
AER CO ₂ index	–	–	–	5.78	6.28	6.07
AER average rating	–	–	–	A	B	C
Direct CO ₂ emissions from our owned fleet	metric tonnes	1,389,000	1,405,000	1,430,000	1,592,000	1,530,000
Sulphur Oxides (SO _x)	grams SO _x per tonne-mile	–	–	0.026	0.026	0.026
Nitrogen Oxides (NO _x)	grams NO _x per tonne-mile	–	–	0.23	0.24	0.23
Particulate Matter (PM)	grams PM per tonne-mile	–	–	0.013	0.013	0.012
Fuel Consumed by Chartered Fleet	metric tonnes	422,900	407,100	450,200	719,100	629,600
Heavy fuel oil	metric tonnes	387,000	252,900	23,300	67,500	52,300
Low sulphur fuel oil	metric tonnes	n/a	108,500	383,100	584,400	517,200
Low sulphur marine gas oil	metric tonnes	35,900	45,700	43,800	67,200	60,100
Emissions from Chartered Fleet						
EEOI CO ₂ index	grams CO ₂ per tonne-mile	–	–	–	–	8.88
Direct CO ₂ emissions from chartered fleet	metric tonnes	–	–	–	2,267,000	1,983,000

SASB TR-MT-110a.3

 p.19

SASB TR-MT-120a.1

	UNIT	2018	2019	2020	2021	2022
Greenhouse Gas Emissions (GHG)³						
Scope 1 direct emissions from owned fleet	metric tonnes CO ₂ e	1,412,000	1,427,000	1,477,000	1,615,000	1,542,000
Scope 1 direct emissions from chartered fleet ⁵	metric tonnes CO ₂ e	-	-	-	1,791,000	1,551,000
Scope 2 emissions from purchased electricity ⁴	metric tonnes CO ₂ e	658	378	382	371	343
Scope 3 indirect emissions from chartered in/out fleet	metric tonnes CO ₂ e	-	-	-	481,000	441,000
Scope 3 well-to-tank (WTT) emissions from fuel purchased ⁶	metric tonnes CO ₂ e	-	-	-	764,000	696,150
Scope 3 indirect emissions from onshore activities ⁴	metric tonnes CO ₂ e	874	1,977	1,559	408	1,201
Scope 3 indirect emissions from PB crew travel	metric tonnes CO ₂ e	-	5,565	4,774	6,801	9,001
Total GHG emissions	metric tonnes CO ₂ e	1,413,532	1,434,920	1,483,715	4,658,580	4,251,240
Waste from our Owned Fleet						
Sludge incinerated	m ³ /month/ship	1.98	1.66	1.71	1.33	1.27
Garbage landed	m ³ /month/ship	2.46	2.34	1.78	1.91	2.02
Oil Pollution Incidents KPI	#	0	0	0	0	1 ⁷
Resources Consumption from our Owned Fleet						
Fresh water consumption	tonnes/month/ship	-	50.4	46.9	51.8	50.2
Marine Lubricant Oil	litre	-	-	-	5,676,600	5,816,870
Grease	kg	-	-	-	64,671	40,386
Marine Paint	litre	-	-	-	-	1,014,021
Refilled Refrigerant – R134a	kg	-	-	-	-	4
Refilled Refrigerant – R404a	kg	-	-	-	-	1,597
Refilled Refrigerant – R407c	kg	-	-	-	-	156
Recycling – Hong Kong office						
Recycling – Paper	kg	-	-	-	-	742
Recycling – Printer Cartridge/Toner	#	-	-	-	-	16

SASB TR-MT-110a.1

SASB TR-MT-160a.3

←→ p.24

- Our annual average fleet numbers are calculated from our total vessel days, and exclude one owned small Capesize ship which is chartered out under a long-term bareboat charter and which we do not control either commercially or technically.
- In addition to the new AER carbon intensity index reporting requirement, we continue to track and disclose our ship Energy Efficiency Operational Indicator (EEOI) which is a more accurate indication of CO₂ emissions per actual transport work done.
- Our Ships' GHG emissions data is calculated by using the appropriate carbon emission factors and related Global Warming Potential (GWP) values obtained from The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5). The applicable GWP values are: 1 for CO₂, 28 for CH₄, and 265 for N₂O respectively.
- 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. We also disclose emissions from PB crew travel to and from our owned ships.
- We have started to track GHG emissions from our chartered fleet from 2021.
- We are now tracking well-to-tank (WTT) value chain emissions from our purchased fuel.
- We recorded one oil pollution incident in 2022, in which several lubricating oil drums fell overboard while being hoisted aboard. Our crew responded well, resulting in no penalty, claim or MARPOL violation.



Our EEOI, AER and other environmental and safety KPI data in this report has been measured or calculated in accordance with industry standards, and are subject to annual audit by DNV GL Business Assurance for ISO9001, ISO14001 and ISO 45001 certifications.

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



←→ p.70 Independent Assurance Statement

	UNIT	2018	2019	2020	2021	2022
SOCIAL						
Health & Safety						
Total recordable injury case frequency (TRCF) KPI	per mil man hrs	1.37	1.56	1.11	0.55	0.58
Lost time injury frequency (LTIF) KPI	per mil man hrs	0.82	0.71	0.60	0.25	0.29
Crew fatalities	#	2	2	2	0	2⁶
Deficiencies per PSC inspection KPI	#	0.53	0.74	0.69	0.6	0.93
Zero deficiency rate in PSC inspections	%	79	73	81	77	74
Near-miss reports	#	548	587	422	1,264	1,700
Navigational accidents	#	2	5	2	2	3⁷
Development & Training						
Shore staff receiving external training	%	46	45	50	47	57
Shore staff trained by gender						
Men	%	62	67	58	60	55
Women	%	38	33	42	40	45
Shore staff trained by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	%	11	10	12	9	12
Chartering & Operations	%	52	45	45	34	37
Communications, Finance & Governance	%	10	11	20	12	11
Technical & Crewing	%	27	34	23	45	40
Shore staff trained by employee category						
Senior management	%	–	–	–	–	69
Middle management	%	–	–	–	–	55
General staff	%	–	–	–	–	59
Average training hours per onshore employee	hours	12	9	7	12	10
Shore staff average training hours by gender						
Men	hours	16	11	10	18	11
Women	hours	6	7	4	4	8
Shore staff average training hours by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	hours	4	7	6	9	9
Chartering & Operations	hours	16	14	12	8	11
Communications, Finance & Governance	hours	7	7	7	9	12
Technical & Crewing	hours	13	6	3	18	8
Shore staff average training hours by employee category						
Senior management	hours	–	–	–	–	15
Middle management	hours	–	–	–	–	12
General staff	hours	–	–	–	–	7
Seafarer/officer training webinars and seminars	#	5	5	7	11	49
Ships per safety/training manager	#	8	8	11	11	11
Officer cadets per ship	#	1.6	1.5	1	1.3	1.9

 p.35

SASB TR-MT-320a.1

SASB TR-MT-540a.1

SASB TR-MT-540a.3

	UNIT	2018	2019	2020	2021	2022
Seafarers Demographics						
Seafarers headcount	#	3,800	3,900	4,100	4,600	3,900
Seafarers by age						
<20 years old	%	2	1	2	1	1
20-29 years old	%	39	40	38	37	34
30-39 years old	%	31	32	32	36	38
40-49 years old	%	22	21	21	20	21
>50 years old	%	6	6	7	6	6
Seafarers by nationality						
Chinese	%	57	52	48	39	25
Filipino	%	39	42	45	49	51
Ukrainian	%	2	3	4	3	3
Russian & other	%	2	3	3	9	21
Shore Staff Demographics						
Shore-based staff headcount	# staff	336	345	343	365	373
Women in workforce	%	43	43	43	45	43
Shore staff nationalities	#	29	28	28	30	31
Full-time	%	–	–	–	99	99
Non-full-time	%	–	–	–	1	1
Shore staff by age						
20-29 years old	%	14	12	13	14	13
30-39 years old	%	35	32	31	29	29
40-49 years old	%	29	32	30	29	30
50-59 years old	%	17	19	20	22	22
>60 years old	%	5	5	6	6	6
Shore staff by region						
Asia	%	74	72	74	76	76
Europe	%	10	11	10	10	10
N. America	%	8	8	7	6	6
Australasia	%	4	5	5	4	3
S. America	%	3	3	3	3	4
Africa	%	1	1	1	1	1
Shore staff by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	%	15	14	13	12	16
Chartering & Operations	%	39	40	39	42	39
Communications, Finance & Governance	%	14	13	14	10	9
Technical & Crewing	%	32	33	34	36	36
Seafarer Turnover/Retention						
Officer retention	%	95	95	96	91	91
Overall crew retention	%	86	87	88	87	86

	UNIT	2018	2019	2020	2021	2022
Shore Staff Turnover/Retention						
Shore staff retention	%	90	90	94	88	88
Shore staff under share award scheme	%	25	28	28	26	26
Shore staff turnover by gender						
Men	%	–	–	6	12	13
Women	%	–	–	6	14	12
Shore staff turnover by age						
20-29 years old	%	–	–	12	23	34
30-39 years old	%	–	–	7	17	9
40-49 years old	%	–	–	3	8	10
50-59 years old	%	–	–	1	6	7
>60 years old	%	–	–	18	19	10
Shore staff turnover by region						
Asia	%	–	–	6	12	13
Europe	%	–	–	9	5	14
N. America	%	–	–	4	23	9
Australasia	%	–	–	7	33	13
S. America	%	–	–	9	30	0
Africa	%	–	–	0	0	0
Supply Chain Management						
Approved suppliers	#	460	620	985	1,249	1,411
Bunker suppliers	#	25	14	15	25	28
Governance						
Cases of corruption	#	0	0	0	0	0
Number of facilitation payments incidents	#	–	–	–	23	10
Total value of incidents of facilitation payments under duress	US\$	–	–	–	34,000	20,000
Breach of sanction cases	#	0	0	0	0	0
Whistleblowing cases received	#	0	0	0	0	0
Sustainability Management Committee meetings	#	–	–	3	3	2
Audit Committee meetings	#	4	4	4	4	4
Community Investment						
Sponsorship & donations	US\$'000	84	85	39	365	312

SASB TR-MT-510a.2

⁶ Regretfully two crew members passed away at sea during the year. Both were non-work related deaths. Following the incidents, we circulated wellness bulletins with relevant wellbeing advice, we engaged two remote medical service providers to support our crews' physical and mental wellbeing, and we engaged professional seafarer wellbeing trainers to enhance the effectiveness of our wellbeing training programme.

⁷ We recorded three navigational accidents in 2022, in which there were no injuries, pollution or damage to the ships. The lessons learned have been shared and discussed with our ships' crews.



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

Independent Assurance Statement



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

We were engaged by Pacific Basin Shipping Limited (“the Company”) to report on the ESG data, key performance indicators (KPIs) and other ESG-related metrics (“the Metrics”) and disclosures of the Company’s Sustainability Report 2022 (“the Report”) relating to the year ended 31 December 2022 in the form of a limited assurance conclusion about the proper preparation of the Metrics, in all material respects, in accordance with the Company’s own methodology for sustainability report development (“the Methodology”).

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

Responsibilities of the directors of the company

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

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

Responsibilities of American Bureau of Shipping

Our responsibility is to independently express a limited assurance conclusion to the Company, based on the procedures performed and evidence obtained, as to the proper preparation of the Report, in all material respects, in accordance with the Methodology. We conducted our work over the course of several months in 2022 and in early 2023, in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (“Standard”), issued by the International Auditing and Assurance Standards Board. The Standard requires that we obtain sufficient and appropriate evidence related to the Metrics that is free of material misstatement on which to base our conclusion.

Scope of work

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

The procedures performed included:

- Investigating, observing, inspecting, and reporting on the processes and documents reviewed, and agreeing or reconciling with the underlying records to check errors or omissions in data analysis, consistency, and reasonableness of reporting.
- Reviewing the Company’s Sustainability Report for 2022 and identifying key Metrics and other ESG-related disclosures for review.
- Inquiries to the Company’s management and personnel involved in the sustainability report’s preparation process, the internal control system governing this process, and selected disclosures in the sustainability report.
- Data collection, including limited substantive testing, on a selective basis to verify the Metrics stated in the report. Calculations were re-checked for limited data sets to verify the data accuracy.*
- Evaluating if the sustainability performance disclosures have been presented with reference to the criteria set out in the GRI Standards and HKEX Environmental, Social and Governance Reporting Guide (“ESG Guide”).

The procedures performed in a limited assurance engagement vary in nature and timing and are not as extensive as a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. ABS has only verified the data for the client’s owned fleet. Data for chartered vessels has not been verified.

Inherent limitations

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

Conclusion

Based on the procedures performed and evidence obtained, and subject to the inherent limitations set out above, nothing has come to our attention that causes us to believe that the Metrics and other key disclosures presented in the Report for the year ended 31 December 2022 have not been properly prepared, in any material respects, in accordance with the Methodology.

American Bureau of Shipping

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13 March 2023

SEHK ESG Reporting Guide Index

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

Mandatory Disclosure Requirements

Index Ref.	Description	Page
Governance Structure	A statement from the board containing the following elements:	
	(i) a disclosure of the board's oversight of ESG issues;	56
	(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	56
	(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	56
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report	77
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report	77

A. Environmental

Index Ref.	Description	Page
A1	Emissions	
	General disclosure statement	11
1.1	Types of emissions and data	65-66
1.2	GHG emissions in tonnes	66
1.3	Total hazardous waste produced	66
1.4	Total non-hazardous waste produced	66
1.5	Description of emission targets set and steps taken to achieve them	13-15
1.6	Description of handling of waste and reduction targets set and steps taken to achieve them	24
A2	Use of Resources	
	General disclosure statement	11
2.1	Direct/Indirect energy consumption	66
2.2	Water consumption	24, 66
2.3	Description of energy efficiency targets set and steps taken to achieve them	14-15
2.4	Issues in sourcing water and water efficiency targets set	24
2.5	Total packaging material used	Not applicable as our business does not produce finished products requiring packaging material
A3	Environment and Natural Resources	
	General disclosure statement	11
3.1	Description of significant impacts of activities	11
A4	Climate Change	
	General disclosure statement	61
4.1	Description of significant climate-related issues and actions taken to manage them	13-15, 61

B. Social

Index Ref.	Description	Page
B1	Employment	
	General disclosure statement	29
1.1	Total workforce by employment type	42-43
1.2	Employee turnover rate	42-43
B2	Health and Safety	
	General disclosure statement	29
2.1	Number and rate of work-related fatalities	35, 67
2.2	Lost days due to work injury	35, 67
2.3	Description of occupational health and safety measures adopted	32-35
B3	Development and Training	
	General disclosure statement	29, 36-39
3.1	Percentage of employees trained by category	38
3.2	Average training hours per employee	38
B4	Labour Standards	
	General disclosure statement	40-41
4.1	Description of measures to review employment practices to avoid child and forced labour	40
4.2	Description of steps taken to eliminate child and forced labour when discovered	40, 59
B5	Supply Chain Management	
	General disclosure statement	62-63
5.1	Number of suppliers by geographical region	63
5.2	Description of practices related to engaging suppliers	62-63
5.3	Description of practices used to identify environmental and social risks along the supply chain	62-63
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers	62-63
B6	Product Responsibility	Not applicable as our business does not manufacture or trade in products
B7	Anti-Corruption	
	General disclosure statement	58
7.1	Number of legal cases regarding corrupt practices	58
7.2	Description of preventive measures and whistle-blowing procedures	58-59
7.3	Description of anti-corruption training provided	58-59
B8	Community Investment	
	General disclosure statement	45
8.1	Focus areas of contribution	45-53
8.2	Resources contributed	45-53

Remarks:

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

GRI Content Index

Pacific Basin has reported on matters cited in this GRI content index (with reference to the GRI Standards) for the period 1 January to 31 December 2022.

GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
GRI 2: GENERAL DISCLOSURES 2021		
The organisation and its reporting practices		
2-1	Organisational details	About Pacific Basin
2-2	Entities included in the organization's sustainability reporting	About Our Sustainability Report
2-3	Reporting period, frequency and contact point	About Our Sustainability Report
2-4	Restatements of information	Not applicable
2-5	External assurance	Independent Assurance Statement
Activities and workers		
2-6	Activities, value chain and other business relationships	About Pacific Basin; How We Create Value
2-7	Employees	Performance Data Summary
2-8	Workers who are not employees	Performance Data Summary
Governance		
2-9	Governance structure and composition	Sustainability Governance; refer to Governance section of our Annual Report 2022
2-10	Nomination and selection of the highest governance body	Refer to Governance section of our Annual Report 2022
2-11	Chair of the highest governance body	Refer to Governance section of our Annual Report 2022
2-12	Role of the highest governance body in overseeing the management of impacts	Refer to Governance section of our Annual Report 2022
2-13	Delegation of responsibility for managing impacts	Sustainability Governance; refer to Governance section of our Annual Report 2022
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance; refer to Governance section of our Annual Report 2022
2-15	Conflicts of interest	Refer to Governance section of our Annual Report 2022
2-16	Communication of critical concerns	Refer to Governance section of our Annual Report 2022
2-17	Collective knowledge of the highest governance body	Refer to Governance section of our Annual Report 2022
2-18	Evaluation of the performance of the highest governance body	Refer to Governance section of our Annual Report 2022
2-19	Remuneration policies	Refer to Governance section of our Annual Report 2022
2-20	Process to determine remuneration	Refer to Governance section of our Annual Report 2022
2-21	Annual total compensation ratio	Refer to Governance section of our Annual Report 2022
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Sustainability Strategy
2-23	Policy commitments	About our Sustainability Report
2-24	Embedding policy commitments	About our Sustainability Report
2-25	Processes to remediate negative impacts	Sustainability Governance
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Governance
2-27	Compliance with laws and regulations	Refer to each section for details
2-28	Membership associations	Our Community Engagement
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Labour Standards & Workplace Conditions

GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	Materiality; Stakeholder Engagement
3-2	List of material topics	Materiality
3-3	The management approach and its components	Refer to each section for details
GRI 205: ANTI-CORRUPTION 2016		
205-2	Communication and training about anti-corruption policies and procedures	Responsible Business Practices
205-3	Confirmed incidents of corruption and actions taken	Responsible Business Practices
GRI 302: ENERGY 2016		
302-1	Energy consumption within the organisation	Performance Data Summary
302-3	Energy intensity	Performance Data Summary
GRI 303: WATER AND EFFLUENTS 2018		
303-5	Water consumption	Performance Data Summary
GRI 304: BIODIVERSITY 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Conserving Marine Biodiversity
GRI 305: EMISSION 2016		
305-1	Direct (Scope 1) GHG emissions	Performance Data Summary
305-2	Energy indirect (Scope 2) GHG emissions	Performance Data Summary
305-3	Other indirect (Scope 3) GHG emissions	Performance Data Summary
305-4	GHG emissions intensity	Performance Data Summary
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance Data Summary
GRI 306: WASTE 2020		
306-1	Waste generation and significant waste-related impacts	Resource Consumption & Waste
306-2	Management of significant waste-related impacts	Resource Consumption & Waste
306-3	Waste generated	Performance Data Summary
GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	Performance Data Summary
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1	Occupational health and safety management system	In-House Fleet Management
403-5	Worker training on occupational health and safety	Health & Safety
403-8	Workers covered by an occupational health and safety management system	Health & Safety
403-9	Work-related injuries	Health & Safety; Performance Data Summary
GRI 404: TRAINING AND EDUCATION 2016		
404-1	Average hours of training per year per employee	Performance Data Summary
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
405-1	Diversity of governance bodies and employees	Diversity & Equal Opportunity; refer to Governance section of our Annual Report 2022
GRI 406: NON-DISCRIMINATION 2016		
406-1	Incidents of discrimination and corrective actions taken	Diversity & Equal Opportunity
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour Standards & Workplace Conditions

UN Global Compact Content Index

Pacific Basin has reported with reference to the UN Global Compact for the period from 1 January to 31 December 2022.

THE TEN PRINCIPLES	SECTION REFERENCES AND COMMENTS
HUMAN RIGHTS	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Labour Standards & Workplace Conditions
Principle 2: make sure that they are not complicit in human rights abuses	Labour Standards & Workplace Conditions
LABOUR	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labour Standards & Workplace Conditions
Principle 4: the elimination of all forms of forced and compulsory labour	Labour Standards & Workplace Conditions
Principle 5: the effective abolition of child labour	Labour Standards & Workplace Conditions
Principle 6: the elimination of discrimination in respect of employment and occupation	Labour Standards & Workplace Conditions
ENVIRONMENT	
Principle 7: Businesses should support a precautionary approach to environmental challenges	Environmental Responsibility
Principle 8: undertake initiatives to promote greater environmental responsibility	Environmental Responsibility
Principle 9: encourage the development and diffusion of environmentally friendly technologies	Environmental Responsibility
ANTI-CORRUPTION	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Responsible Business Practice

SUSTAINABLE DEVELOPMENT GOALS

We are committed to taking steps to tackle the environmental and social challenges we face in our industry. Our sustainability priorities, strategy and targets are aligned with the United Nation’s 2030 Agenda for Sustainable Development and consistent with several of the UN’s Sustainable Development Goals (SDGs) designed to achieve a better and more sustainable future for all.



Environmental Responsibility

Minimising emissions, energy consumption, waste and impact on biodiversity



Responsibility to our People

Enhancing safety, health & wellbeing, decent work, human rights, diversity & equal opportunity, training & development



Responsible Value Creation

Serving customers, suppliers, seafarers and other stakeholders for a more responsible and resilient supply chain



Responsible Business Fundamentals

Enhancing management and governance practices, controls, business resilience, ethics and trust



SASB Marine Transportation Material Issues Index

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

Task Force on Climate-related Financial Disclosures Index

CORE ELEMENT	TCFD RECOMMENDATIONS	SECTION REFERENCE
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities	 Sustainability Governance
	Describe management's role in assessing and managing climate-related risks and opportunities	 Governance
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term	 Decarbonisation & Energy Efficiency
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	 Climate-change Resilience
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	 Our Decarbonisation Strategy
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks	 Materiality
	Describe the organisation's processes for managing climate-related risks	 Climate-change Resilience
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	 Risk Management
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	 Tracking a Course to Net Zero by 2050
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	 Performance Data Summary

About our Sustainability Report

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

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

Our Sustainability Report discloses our Environmental, Social and Governance (ESG) strategic approach and performance data for 2022, including environmental and social KPI targets against which we measure our achievements and which will help us to meet our strategic goals and regulatory requirements.

KPI denotes high-level KPIs
(key performance indicators)

Sustainability Reporting Framework

Our sustainability reporting follows the latest Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong (the “Stock Exchange” or “SEHK”) and draws on the guidelines and principles of their frameworks, standards and recommendations.

 **p.9 Sustainability Reporting Frameworks**

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

 **p.71 SEHK ESG Reporting Guide Index**

Scope

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

Our sustainability reporting boundary focuses on the majority portion of our core fleet that comprises owned vessels that we control both commercially and technically. It also covers Greenhouse gas emissions of our chartered-in vessels.

It is our owned vessels over which we have the authority to mandate and control Health, Safety, Environment and Quality (HSEQ) policies and actions. By contrast, we do not control HSEQ, crewing and other technical management aspects for chartered-in vessels, although we do hold our tonnage providers to ensure that they and their ships, certificates and practices comply with all relevant labour, health & safety, environmental, sanction and other laws and regulations and are consistent with our Counterparty Code of Conduct.

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

Reporting Principles

Report preparation draws on principles of materiality, quantitative, balance and consistency.

Reporting Period

Reporting period 1 January to 31 December 2022.

Assurance

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

 **p.70 Independent Assurance Statement**

Our carbon intensity 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:

- Health, Safety, Environment and Quality Policy
- Commitment to a Healthy & Safe Workforce
- Environmental Policy Guide
- Drug & Alcohol Policy
- Code of Conduct for Staff
- Whistleblowing Policy
- Workplace Practices Policy Summary
- Due Diligence Process Policy
- Board Diversity Policy
- Anti-Bribery Policy
- Privacy Policy
- Social Media Policy
- Business Continuity Plan
- Counterparty Code of Conduct & Form
- Trading Restrictions Policy
- Information Security Policy
- Remote Working Policy

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

ESG Environmental & Social Governance

CG Corporate Governance

This report focuses on our environmental and social sustainability. While we summarise our sustainability governance on page 56 of this report, we address the wider subject of corporate governance separately and in detail in the Governance section of our Annual Report.

AR Corporate Governance p.42

We value your feedback

We welcome your feedback on this Sustainability Report and our approach to sustainability.



Scan this QR code for easy access to our feedback form.

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

OUR PACIFIC BASIN CREW ARE OUR HEROES AT SEA

SUSTAINABILITY REPORT 2022



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