

# BUILDING A SAFER AND GREENER FUTURE



Pacific Basin



#WithYouForTheLongHaul

SUSTAINABILITY REPORT 2023

STOCK CODE: 2343

# 2023 ESG FACTS & FIGURES

**Revenue** 2,297  
(USD million)

**Net profit** 109  
(USD million)

**Cargo volume carried** 85  
(million tonnes)

**Tonne-miles work done** 172,770  
(million tonnes-miles)

**Fuel consumed** 1,155  
(thousand tonnes)

**Fleet GHG emissions** 3,688  
from vessel operations  
(thousand tonnes CO<sub>2</sub> equivalent)

**Pollution incidents** 1  
(non-MARPOL violation)

**Seafarer man hours** 20.9  
(million man hours)

**Notable navigational incidents** 2

**Lost-time injuries** 14  
(0.67 injuries per million man hours)

**Crew Retention** 95%

**Staff nationalities** 34  
(shore staff & seafarers)

**Women on our Board** 25%

**Women in workforce ashore** 42%

**Women on our ships** 52



**273** ships

in operation in 2023  
(118 owned)



**5,100+** active crew

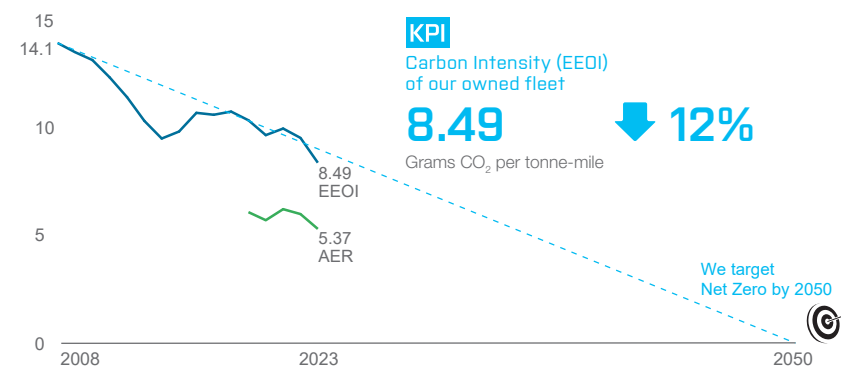
PB seafarer numbers in 2023



**2,180+** voyages

completed in 2023

*We continue to reduce our fleet's carbon intensity*



**Bulk Ship Operator of the Year**  
IBJ (International Bulk Journal) Awards

**AA-** Sustainability Rating  
by HKQAA



**New Sustainability Committee**  
for elevated Board-level oversight of sustainability

Enhanced security, safety and wellness training programmes



**US\$150m sustainability-linked unsecured revolving credit facility**

Design is advancing for a dual-fuel low-emission vessel (LEV)



Thank you to our several Pacific Basin colleagues from across our owned fleet and office network who produced almost all the photos in this report

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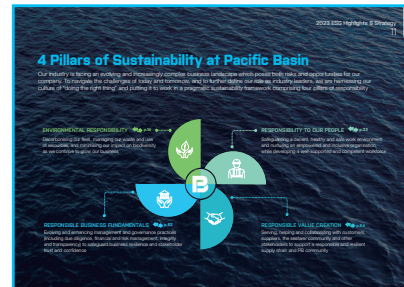
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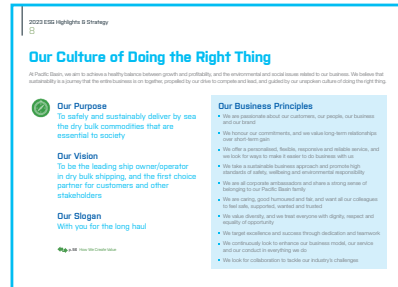
-  Linkage to related details within the Sustainability Report
-  Linkage to related details in our Annual Report 2023
-  Linkage to related details on our website [www.pacificbasin.com](http://www.pacificbasin.com)
-  High-level KPIs (Key Performance Indicators)



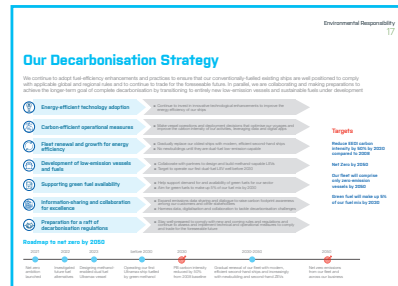
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# About Pacific Basin

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

We own and operate dry bulk cargo ships. Our business is customer focused, providing over 500 industrial users, traders and producers of dry bulk commodities with a high-quality, reliable and competitive freight service under spot and long-term cargo contracts. We are headquartered and listed in Hong Kong and operate globally with a large fleet of ships trading worldwide

 Our History



## 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.56 The Value We Create



With you for the long haul

 p.8 Our Culture of Doing the Right Thing

 p.10 Award-winning ESG



## 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



## Our Scale & Global Reach

### Fleet in operation

Handy & Supra Ships

**273** (average)  
248 (2022)

### Owned fleet

Handy & Supra Ships

**118** (average)  
118 (2022)

### Cargo Volumes

Tonnes

**84.7m**  
68.0m (2022)

### Ports Called

Ports & Countries

**857/108**  
676/99 (2022)

### Distance Travelled

Nautical Miles

**14.0m**  
12.3m (2022)

SASB TR-MT-000.B

### Global Network

Offices

**14**  
14 (2022)

### Shore Staff

employees

**389**  
373 (2022)

### PB Ships' Crew

seafarers

**5,100** on owned ships  
3,900 (2022)

### Cargo Customers

companies

**500+**  
500+ (2022)

IFC ESG Facts & Figures

Our Fleet



## Our Dry Bulk Segment



### 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 about 90% of the time

Annual Report p.5  
Our Industry

**85%**  
Non-fossil-fuel cargoes

**90%**  
Laden utilisation



## Financial Highlights

### Revenue

US\$

**2.3bn**  
3.28bn (2022)

### EBITDA

US\$

**347m**  
935m (2022)

### Net Profit

US\$

**109m**  
702m (2022)

### Return on Equity

%

**6%**  
38% (2022)

### Available Committed Liquidity

US\$

**549m**  
615m (2022)

Annual Report p.3  
Financial Highlights

# 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

## Striving for ESG Excellence

Despite a significantly weaker dry bulk freight market and despite the volatility, uncertainty, complexity and ambiguity of geopolitics, economics and regulations that increasingly affect shipping and business globally, we generated sound financial results, managed our risks and opportunities well, and continued to make good progress on our long journey of sustainable business development.

**AR** Annual Report p.13  
Chief Executive's Review

Key concerns were – and continue to be – the security, safety and wellbeing of our ships' crews, as well as emissions reduction and compliance with the coming raft of global and regional greenhouse gas reduction rules. We have an excellent team that takes an ambitious approach to these challenges, and to the 23 other sustainability issues that we consider material to our business.

Our vision to be the first choice partner for customers and other stakeholders is a key motivator of our sustainability thinking, and it is rewarding to receive regular positive feedback from our customers, investors and other partners that evidence our position as their preferred partner in our dry bulk shipping sector. We are also encouraged by our independent ESG ratings that point to continuous improvement in our sustainability approach and performance, which is relevant to stakeholders who are becoming increasingly attuned to the expectations and value of sustainable business.

For a second consecutive year, we were named Bulk Ship Operator of the Year at the IBJ (International Bulk Journal) Awards and

won a Gold Award for the Most Sustainable Companies at Hong Kong's HKICPA Best Corporate Governance and ESG Awards. At the Hong Kong ESG Reporting Awards (HERA), we won three Grand Awards for excellence in environmental positive impact, excellence in ESG governance and best ESG report (mid-cap), with a commendation for excellence in social positive impact.



Gold Award for the Most Sustainable Companies



Bulk Ship Operator of the Year

Almost all of our several ESG ratings improved in 2023, positioning us among the top few in our sector or industry globally, reflecting the professionalism and care demonstrated by our staff around ESG ashore and at sea.

**➡ p.10** Our ESG Ratings and Awards

## Environmental responsibility

Minimising our impact on biodiversity and managing our waste remain important as we continue to grow our business, but the focus of our environmental programme is the gradual decarbonisation of our fleet for compliance and to achieve our target to have a fully zero-emission fleet by 2050.

Our decarbonisation team is firstly focused on technical and operational fuel-efficiency measures, and on collaborating with our commercial operations team to evaluate and implement new ways to optimise our voyages.

Some of our fuel-efficiency initiatives in 2023 included:

- switching to low-friction silicone antifouling hull coatings that result in less drag for longer periods between dry dockings and a significant fuel saving on application of about 8%. While expensive and less resilient to bumps and scrapes, these silicone coatings represent an effective and economically viable energy-efficiency measure for our type of ships and trades;
- retrofitting pre-swirl vanes (“PSVs”) on a number of our ships (in addition to the several fin, duct and other technologies we have implemented across our fleet over many years) to enhance propulsion efficiency for a fuel saving of about 2% or more;
- adopting strategic power weather routing services that combine continuous weather routing with RPM optimisation for constant power across all sea conditions for a fuel saving of about 3 to 4%;
- installation of smaller, more energy-efficient water pumps on our ships to reduce fuel consumption of our generators;
- further trials of biofuels of different blends. Our findings again showed no adverse effects on our engines, boding well for the future when the gradual uptake of green fuels will be mandatory; and
- introducing an “Energy Saving at Sea” e-learning course for all our ships’ officers and our ship management colleagues ashore, recognising that education and staff engagement will be critical to extracting gradually more energy savings in ship operations.

Initiatives like these are key to maximising the longevity of our conventionally-fuelled existing ships in the face of increasingly stringent regulatory requirements.

### p.17 Our Decarbonisation Strategy

Our carbon intensity in 2023 was 40% lower than in our 2008 baseline year, and we expect to have more than halved our carbon intensity by 2030 en route to our long-term target of net zero by 2050.

### p.16 Measures of Carbon Intensity

## Living with IMO’s short-term GHG measures

IMO’s global energy efficiency and carbon intensity regulations came into effect in January 2023. Having prepared for the rules early and invested in energy efficiency, our ships are in compliance and well positioned to continue to comply and trade for the next decade or more.

The Energy Efficiency Existing Ship Index (“EEXI”) is resulting in a permanent reduction in maximum speeds for most vessels, which will limit the global fleet’s ability to speed up to meet increases in demand. The Carbon Intensity Indicator (“CII”) will force progressively slower vessel speeds and eventually also accelerated scrapping when older and less-efficient vessels can no longer achieve increasingly strict carbon intensity requirements.

Based on current assumptions about the CII rules, we estimate that an increasing proportion of today’s Handysize to Ultramax bulk carrier fleet will fail to comply with CII before their typical 25-year life expectancy, resulting in increased early scrapping of conventionally-fuelled ships after 2030.

Additional technical and operational initiatives available today may extend ships’ CII compliance by only 1 to 2 more years, unless major retrofits are implemented (such as air lubrication, wind propulsion, shaft generators and carbon capture systems) that are currently prohibitively costly or unsuitable for our vessel types. But technology solutions are evolving.

Sustainable biofuels blended with fuel oil or replacing fuel oil will also help to extend the compliance of many ships, but supply will be limited and our industry will not be able to depend solely on biofuel to achieve its longer-term targets.

We will work hard to extract value from our conventionally-fuelled assets for as long as possible, optimising their deployment as best we can to comply with tightening decarbonisation rules, but we recognise that our growth and fleet renewal strategy must soon include investments in a new generation of low-emission vessels (“LEVs”) that can run on sustainable e-fuels.

## Collaborating to develop our first Low-Emission Vessel

In collaboration with our two Japanese partners Nihon Shipyard Co and Mitsui & Co, we continue to progress the design of a dual-fuel low-emission vessel (LEV) capable of running on methanol as well as fuel oil, and we will consider in 2024 whether we are ready to contract to build such a vessel with delivery well ahead of our original 2030 target. We anticipate ordering activity for such mid-size dry bulk LEVs will be limited in 2024. When we do eventually order our first LEV, we believe that our example may help accelerate the transition to low- or zero-emission shipping in our dry bulk sector.

The challenges around such an investment decision are several and significant:

- newbuilding prices are historically high, even before the extra capex of the dual-fuel upgrades;
- there is uncertainty about when, where and if green methanol and other sustainable fuels will be available to shipping in adequate volumes;
- there is uncertainty about how and when the high capex for LEVs and cost of sustainable fuels can be passed along the value chain in the highly competitive market for tramp shipping of low-value dry bulk commodities in which every cent matters; and
- we still need clear, comprehensive and enforced global regulations so that ship owners can confidently plan and invest in green LEVs.

We see IMO, regional blocs, national governments, cargo customers, investors, lenders and other stakeholders increasingly engaged in discussions about the decarbonisation challenge and, while this is a positive development for our industry, we still stress that regulation must lead. Carbon pricing is key to making expensive green fuels competitive against conventional fossil fuels, and regulations that force the uptake of sustainable fuels are necessary to signal to governments and energy companies that they must deliver on the need for massive growth in renewable energy capacity and sustainable fuel production.



## Snowballing carbon reduction rules will drive the transition

Regulation will lead, but it will take some years before the conditions are right to make major capex decisions easier and to pass increased fuel and opex costs along the dry bulk logistics value chain. In the meantime, the raft of coming regulations will pose a significant compliance challenge to many ship owners and operators.

- IMO adopted a revised, more ambitious greenhouse gas (“GHG”) strategy in July 2023, with a goal for international shipping to achieve net-zero emissions by or around 2050, with indicative interim checkpoints. IMO’s target is therefore now aligned with Pacific Basin’s own net zero by 2050 target to which we committed in 2021, and this will translate into tighter CII targets for the period from 2027 onwards.
- IMO will now develop a package of mid-term measures, including technical and economic measures designed to force the gradual uptake of green fuels and to put a price on greenhouse gas emissions, thus making expensive green fuels more competitive. We expect clarity on these measures in 2025, with earliest entry into force in 2027.

Regional decarbonisation regulations are on the rise too.

- The European Union has included shipping in its Emissions Trading System (“EU ETS”) with effect from 1 January 2024. We started early our preparations to comply with this carbon pricing mechanism, and we pass the cost of compliance up to cargo customers by including the cost of EU Allowances (“EUAs”) in our freight rates for EU-related voyages.

- The European Union’s Fuel EU rules are due to take effect in 2025, forcing the gradual uptake of green fuels.
- The proposed US Clean Shipping Act & International Marine Pollution Accountability Act are under discussion in the US Congress for possible effect in 2027, also covering the uptake of green fuels and a carbon pricing levy.

We will continue to closely monitor and prepare for these and other new and changing GHG reduction measures to come, all of which will further incentivise vessel owners to slow down and eventually retire early their conventionally-fuelled ships and transition to low-emission vessels and fuels.

### p.25 Continuous Preparation for Decarbonisation Rules

## Responsibility to our people

Notwithstanding the industry’s focus on decarbonisation, our first priority remains the safety and security of our staff, our ships and our operations, especially in times of heightened and more widespread threats to our seafarers’ security and wellbeing.

While piracy and hijacking have been on the decline since spiking in 2008-2012, hotspots remain, and increased incidents have been evident in recent months in the Middle East and Indian Ocean.

Attacks on cargo ships in the Red Sea and the Gulf of Aden have recently dominated maritime news and caused many shipping companies to avoid the key Red Sea and Suez Canal waterway, choosing the much longer route around Africa instead. Since the attacks began, our own practice has been to avoid the Red Sea, other than in a few cases where voyages were already in progress or transits were deemed safe. In all cases, risk assessments were made and protective actions taken.

Commercial shipping has become increasingly plagued by illicit drug smuggling operations, largely due to the continued expansion of the global narcotics market and because of Covid-related disruption to air and land transport that had been key modes of narcotics trafficking internationally.

In July 2023, drugs were found in the crane housing of one of our ships on arrival in Lagos, Nigeria after a voyage from Brazil, despite arranging extra security cameras and a search using sniffer dogs and underwater divers prior to departing Brazil. Following its detention, the ship was released and half of our crew were allowed to return home against payment of a sizeable bail bond. However, 10 crew members remain detained (albeit with some freedom to move around) subject to a legal process which we fear will take a long time, despite there being no evidence to suggest our crew were involved. We are once again dismayed by the automatic detention and criminalisation of seafarers in such cases; we stand by our detained colleagues, but we respect the rule of law and are working with authorities to try to expedite the process.

On a very happy note, Captain Yu Yihai was finally cleared of involvement in a 2021 drugs case and released in August 2023 after two years in an Honduran prison to be reunited with his family in China. We greatly appreciate the support we received from authorities in Hong Kong and China, and from the Hong Kong Shipowners Association, the International Chamber of Shipping, the IMO, ILO and others who helped raise attention to Captain Yu’s case to ultimately ensure due process and a fair trial. We have found ways to support Captain Yu and his family through their recovery from the trauma they endured, and we wish them well with their further recuperation.

### p.37 Security of our Ships and Crews

These incidents serve as a reminder of security risks in the maritime field and the frequent automatic criminalisation of seafarers who serve a vital role in global trade and deserve that their rights be better respected and protected.

In 2023, our crews registered 14 lost-time injuries in almost 21 million man hours, which translates to an LTIF injury rate of 0.67 that is back up to pre-Covid levels. We understand that the much reduced injury rates in 2021-2022 and the rebound in 2023 was industry-wide, which we attribute to two factors. Firstly, 2023 saw enhanced ship maintenance (when the risk of injury is elevated) after a few years of less intensive maintenance when seafarers were stuck on ships for long periods and superintendent visits were largely suspended due to global ship boarding and disembarkation restrictions. Secondly, doctor’s visits to ships were mostly impossible during Covid, resulting in fewer prescriptions for “time off” or repatriations.

Our injury rates for 2023 were still low by historical sector standards, but our ambition is to continue to gradually reduce and eventually substantially eliminate injuries over the longer term.

Sadly, two crew members died on our ships in 2023. While both were non-work-related fatalities, we still owe it to our seafarers to support their physical health and mental wellbeing as best we reasonably can, and we are doing this through the continuing development of our training strategies, enhancement of our safety and wellbeing programmes, engagement of remote physical and mental health service providers, and implementation of additional psychometric screening for all our seafarers before joining our ships.

Our culture of proactive risk management and vigilance is key to mitigating the risks to our colleagues’ security, safety and wellbeing.



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

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. Our investment in training and development extends across our operations, from the critical training needs of our seafarers to our traineeship programme ashore, and up the organisation to coaching for a stronger, more informed and effective senior leadership team.

#### p.44 Training & Development

We recognise the great value of having diverse staff of different ages, genders, cultures and backgrounds who bring to our team diverse experience, perspectives and opinions that make our business more dynamic, vibrant, innovative and successful. Our shore-based team comprises executives of 33 nationalities. While our gender distribution ashore is relatively well-balanced overall, we recognise the lower representation of female colleagues in middle and senior management and on our Board of Directors. This has much to do with the significantly lower proportion of female applicants for shipping industry roles, but we are trying to improve in this area and we in any case leverage our strong employer brand to build diverse teams.

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.

#### p.50 Diversity, Equity & Inclusion

## Responsible value creation for our stakeholders

We value long-term relationships with our stakeholders and are committed to serving our customers, society and sustainable trade, and our wider stakeholders for more resilient and sustainable dry bulk supply chains. Such initiatives are often characterised by a degree of collaboration and innovation.

Since March 2023, we have been collaborating with our cargo customer Rio Tinto as part of their Designated Owners & Operators Standard initiative to enhance safety and crew welfare in the dry bulk industry.

In December 2023, we successfully concluded our first sustainability-linked credit facility (an unsecured US\$150 million revolver) that aligns with our commitments to sustainability, with interest margin adjustments tied to carbon intensity and crew safety performance which we prioritise among our most important ESG issues.

We continue to be involved with the Maritime Anti-Corruption Network (MACN) and TRACE which draw on collective action to eliminate corruption in our industry and advance commercial transparency in areas of anti-bribery, compliance and good governance. In January 2024, we were vocal participants in a special conference involving the US Coast Guard, BIMCO, Interpol and other security agencies and maritime organisations to discuss and begin to address the recent surge in drug smuggling on merchant ships and its harmful consequences on ships' crews.

These initiatives are just a few examples of the increasing engagement and collaboration with like-minded stakeholders that we consider valuable to better tackle our industry's main challenges and promote a responsible, ethical, inclusive and resilient global marketplace.

#### p.56 How We Create Value

## Responsible business fundamentals

We strive to evolve and enhance management and governance practices for best-in-class risk management, reporting, transparency, corporate stewardship and stakeholder confidence.

Responsibility for Pacific Basin's sustainability rests with our Board of Directors who in January 2024 elevated its delegated board-level oversight of sustainability from the Audit Committee to a dedicated new Sustainability Committee. In line with best practice, this will facilitate greater board-level bandwidth to ESG matters for better sustainability oversight, approach, priorities, performance and reporting, and also free up time in board meetings and Audit Committee meetings for other business. The Sustainability Committee comprises two independent non-executive and one non-executive director, and is chaired by Dr. Kirsi Tikka.

#### p.65 Sustainability Governance

Management and a dedicated sustainability team are supported by a Sustainability Management Committee in coordinating and enhancing our approach to sustainable business practices and investments, in ensuring compliance with growing ESG requirements for companies engaged in shipping and listed on the Hong Kong Stock Exchange, and to better integrate more precise and deliberate sustainability thinking into our culture and business operations.

We believe our enhanced sustainability governance structure will further improve the effectiveness of our approach to sustainable development, the resilience and reputation of our business, and the confidence our stakeholders place in us.

## Effective platform for a sustainable business

I believe Pacific Basin has made commendable progress in addressing our most significant sustainability issues in recent years, and this is supported by the external recognitions that I mentioned in my opening paragraphs on page 4. With dedicated sustainability, decarbonisation, safety, HR and other relevant teams, and with the closer oversight of a dedicated board-level Sustainability Committee, we have experienced people and an effective platform with which to tackle our ESG challenges and make good progress on our sustainability journey.

Last year, we started to arm all our colleagues and teams with a better understanding of ESG issues most pertinent to them, and our internal engagement will continue in the next couple of years as we collaborate to refine and update our ESG ambitions and targets and continue to integrate sustainability into every aspect of our business. In the process, we seek to further embed sustainability in our culture and make more progress towards ESG excellence.

We are fortunate to have such outstanding and committed colleagues in our Pacific Basin family. I thank them all for their exceptional contributions, and for the manner in which they deliver value for our customers, shareholders and other business partners and stakeholders, as well as for the environment. They are all ambassadors for Pacific Basin who underpin the reputation and resilience of our company.

I thank also our shareholders, customers and other stakeholders for their continuous support, including markedly increasing interest in and expressions of encouragement for our ongoing ESG efforts.



**Martin Fruergaard**

Chief Executive Officer

# Our Culture of Doing the Right Thing

At Pacific Basin, we aim to achieve a healthy balance between growth and profitability, and the environmental and social issues related to our business. We believe that sustainability is a journey that the entire business is on together, propelled by our drive to compete and lead, and guided by our unspoken culture of doing the right thing.



## 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

## Our Slogan

With you for the long haul

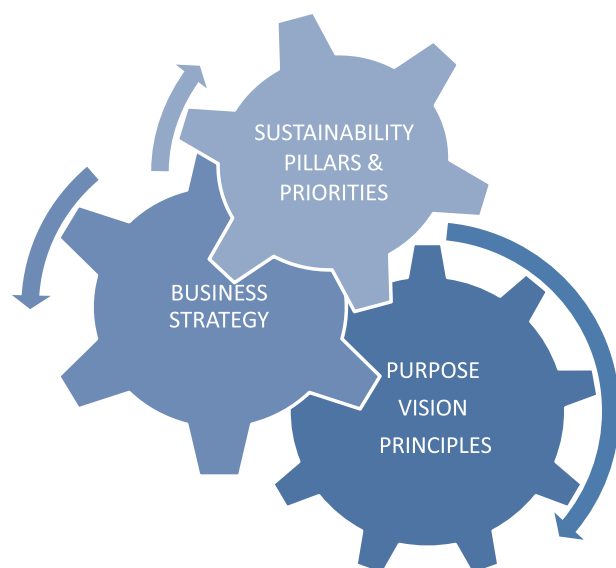
 p.56 How We Create Value

## Our Business Principles

- We are passionate about our customers, our people, our business and our brand
- We honour our commitments, and we value long-term relationships over short-term gain
- We offer a personalised, flexible, responsive and reliable service, and we look for ways to make it easier to do business with us
- We take a sustainable business approach and promote high standards of safety, wellbeing and environmental responsibility
- We are all corporate ambassadors and share a strong sense of belonging to our Pacific Basin family
- We are caring, good humoured and fair, and want all our colleagues to feel safe, supported, wanted and trusted
- We value diversity, and we treat everyone with dignity, respect and equality of opportunity
- We target excellence and success through dedication and teamwork
- We continuously look to enhance our business model, our service and our conduct in everything we do
- We look for collaboration to tackle our industry's challenges

# Achieving our ESG Goals

## Integrating Sustainability and Activating ESG Awareness & Engagement



A sustainability strategy isn't fully effective unless it is consistent with our vision and values, and aligned with our business strategy. Furthermore, our ESG strategy provides a compass and roadmap, but is meaningless without the buy-in and cooperation of our colleagues across our business.

Therefore, to be good at sustainability, we challenge our colleagues to:

- Recognise that ESG lives with our teams, integrated into our daily operations
- Make ESG practices more intentional and precise
- Be curious and creative about ESG matters
- Discuss, collaborate and innovate within our teams and cross-functionally
- Find and leverage competitive advantage from ESG

We still have a long sustainability journey ahead, and we don't have all the answers. To achieve our goals, we need all hands on deck, working together to implement and continuously refine our strategy.

↔ p.11 4 Pillars of Sustainability

↔ p.93 Meet our Sustainability team

### Why do we Care?

Growing environmental concerns, increasingly complex regulations, and shifting stakeholder expectations drive the need for an enhanced sustainability strategy that aligns with and complements our business strategy. This serves to improve our resilience against and readiness for current and future challenges, and to position our business to capture opportunities and create value.

#### External Drivers

- Rules and Regulations
- Climate Change
- Global Biodiversity Loss
- Access to Capital
- Global Labour & Talent Shortage
- Reputational Risk

#### Internal Drivers

- Alignment with our Purpose, Vision & Principles
- Risk Management
- Attracting and Retaining Talent
- Business Differentiators & Opportunity
- Interest from Board of Directors



# Our ESG Ratings

The landscape of ESG ratings platforms is fragmented and complex, so we currently prioritise the following:

**2022** **2023**

**HKQAA** **A+** **AA-**

Assessing the ESG performance of Hong Kong-listed companies on behalf of Hang Seng Indexes

**MSCI ESG** **BBB** **BBB**

Used by about 70% of our largest shareholders for assessing the ESG performance of companies

**EcoVadis** **-** **Bronze Medal**

Used by the majority of our customers who are beginning to conduct supplier/partner ESG assessments

AA-



We are also rated favourably among our shipping peers by several other ESG ratings agencies and platforms, such as ISS, S&P Global, Bloomberg, Refinitiv, Sustainalytics and FTSE Russell. As we do not subscribe to them, we are unable to disclose their ratings for Pacific Basin, although Sustainalytics do publish ESG risk ratings for all to see, which for Pacific Basin improved from “medium risk” in 2022 to “low risk” in 2023.

## Best-in-Sector Sustainability Ratings

Our overall ESG ratings are improving and are typically the best in the dry bulk shipping sector, if not among maritime transport companies overall, according to ESG ratings information available from all the above mentioned ratings agencies.



## ESG Awards

In 2023, we won several top awards/recognitions for ESG and related performance, including:

### IBJ Awards (International Bulk Journal)

- Bulk Ship Operator of the Year Award

### HKICPA Best CG and ESG Awards

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

### Hong Kong ESG Reporting Awards

- Grand Award for Best ESG report (mid-cap)
- Grand Award for Excellence in Environmental Positive Impact
- Grand Award for Excellence in ESG Governance
- Commendation for Excellence in Social Positive Impact

### Hong Kong Marine Department Awards

- Outstand Performance in Port State Control Inspections
- Award for Bravery

### Recent Past Awards

Some notable other awards in recent years include:

- Shipping Company of the Year at Seatrade Maritime Awards 2022
- 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
- Company of the Year at Lloyd's List Global Awards 2017



# 4 Pillars of Sustainability at Pacific Basin

Our industry is facing an evolving and increasingly complex business landscape which poses both risks and opportunities for our company. To navigate the challenges of today and tomorrow, and to further define our role as industry leaders, we are harnessing our culture of “doing the right thing” and putting it to work in a pragmatic sustainability framework comprising four pillars of responsibility

## ENVIRONMENTAL RESPONSIBILITY p.14

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 p.32

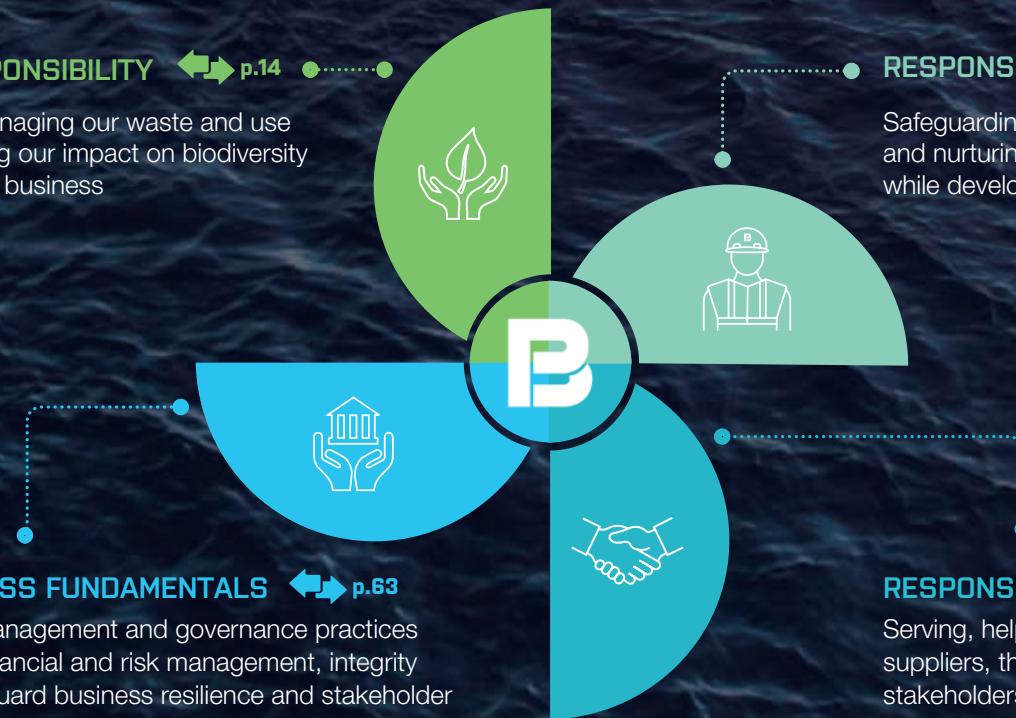
Safeguarding a decent, healthy and safe work environment and nurturing an empowered and inclusive organisation, while developing a well-supported and competent workforce

## RESPONSIBLE BUSINESS FUNDAMENTALS p.63

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

## RESPONSIBLE VALUE CREATION p.54

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



# 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. Some sustainability issues are matters increasingly raised in our routine dealings with customers, employees, banks and investors.

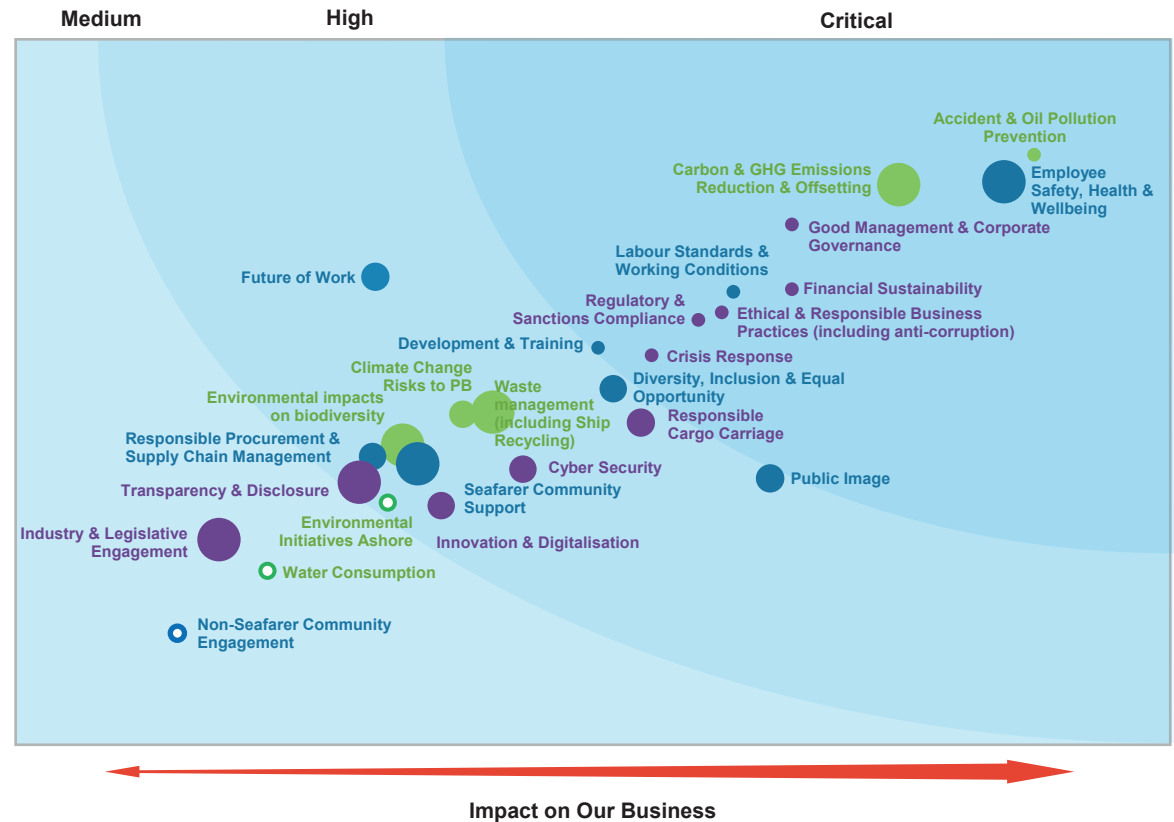
We also consider the requirements of reporting standards and frameworks such as GRI, IFRS S2 and SASB, and the criteria of ESG ratings agencies and platforms as proxies for investors’ and other stakeholders’ expectations.

↔ p.91 Sustainability Reporting Frameworks

↔ p.10 ESG Ratings

We conduct annual ESG materiality surveys, reaching out to different stakeholder groups on a rotational basis. In 2022, our stakeholder survey was enhanced by independently 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.

All 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 Sustainability Priorities

We further prioritise our ESG issues based on our assessments of what is currently most important to our stakeholders, our business, society and the environment, what is most urgent, and considering our levels of ambition towards the several sustainability issues that we deem material for our Company. We currently see these five ESG issues as our company's top-most sustainability focus areas:



## Employee Safety, Health & Wellbeing

←→ p.36

We constantly look for ways to safeguard the security, safety, health & Wellbeing of our seafarers and office staff



## Carbon & GHG Emissions Reduction

←→ p.17

Climate change is now the priority in our wider efforts to minimise our impact on the environment



## Good Management & Corporate Governance

←→ p.64

Good ethical management, decision-making, controls and governance underpin sustainable business development



## Diversity, Equity & Inclusion

←→ p.50

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



## Responsible Business Practices & Cargo Carriage

←→ p.67

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

### 2023 Staff Engagement for greater ESG Awareness

In 2023, we conducted ESG workshops with 15 Pacific Basin teams, engaging with most of our shore-based colleagues in order to (i) help each team figure out it's most relevant ESG issues, (ii) help each team develop a sense of what ambitions and goals could look like for

their top issues, (iii) stimulate dialogue and interest around ESG, (iv) encouraging integration of deliberate sustainability thinking into their daily work, and (v) collect good ideas from teams for consideration in future target setting and initiatives.

In 2024-2026, we will run issue-specific workshops to review our ambition and goals for each of our 25 ESG issues. When new ambitions, goals and targets are set, our teams are empowered to evaluate and improve our initiatives to attain them.

# 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 our 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 minimise environmental impact. 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.24, 27 & 29

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



# Energy Efficiency & Decarbonisation

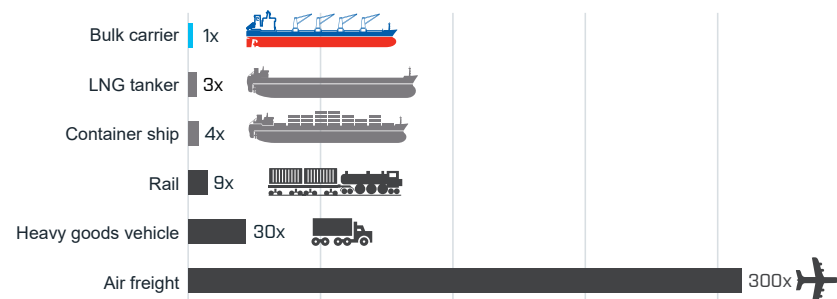
Bulk carriers are by far the most energy-efficient mode of transportation, meaning also that they generate significantly less carbon emissions per tonne-mile of cargo carried than any other mode using fossil fuels.

However, we recognise that shipping’s share of global greenhouse gas emissions (currently about 3%) will rise if left unchecked and that an ambitious approach is needed if shipping is to align with the 1.5°C limit and net zero by 2050 goal of the UNFCCC, and so we – and our industry – need to do our bit to constantly find ways to reduce our emissions and ultimately decarbonise altogether.

Effective from January 2023, the International Maritime Organization (“IMO”) implemented the first global regulations to start the challenging process of decarbonisation across our industry and, during the year, IMO published a revised, more ambitious greenhouse gas (GHG) strategy, and we learned more about coming EU and US plans to regulate on GHG emissions from shipping.

## Bulk carriers are the most energy-efficient mode of transport

grams of CO<sub>2</sub> per tonne mile



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

## Revised IMO GHG Strategy

In July 2023, IMO adopted a more ambitious GHG strategy with a goal for international shipping to achieve:

- net-zero emissions by about 2050
- CO<sub>2</sub> intensity reduction of 40% by 2030 compared to 2008 level
- total GHG emissions reduction of 20-30% by 2030 and 70-80% by 2040
- 5-10% of energy use to come from zero GHG emissions technologies and fuels by 2030



IMO’s target is therefore now better aligned with Pacific Basin’s own net zero by 2050 target to which we committed in 2021.

Next, IMO will soon develop a package of mid-term measures, including technical and economic measures such as a GHG Marine Fuel Standard and a maritime GHG emissions pricing mechanism. We expect clarity on these by the end of 2025, with earliest entry into force in 2027.

[p.26 GHG Regulatory Snowball](#)

## IMO’s Short-term Measures

**EEXI** = Energy Efficiency Index for Existing Ships

- All ships must achieve a minimum energy-efficiency level, certified at first survey after 1 Jan 2023
- Requiring technical enhancements that result in permanent efficiency gains (eg retrofitting fins, ducts, reshaped propellers, sails, engine power limiters (“EPL”), etc.)

**CII** = Carbon Intensity Indicator

- Effective January 2023, all ships must gradually improve their carbon intensity through operational measures
- CII is measured annually using Annual Efficiency Ratio (“AER”)
- 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 for longer-term reduction in carbon intensity

## Measures of Carbon Intensity

**AER** (Annual Efficiency Ratio) is grams of CO<sub>2</sub> emitted per dwt-mile

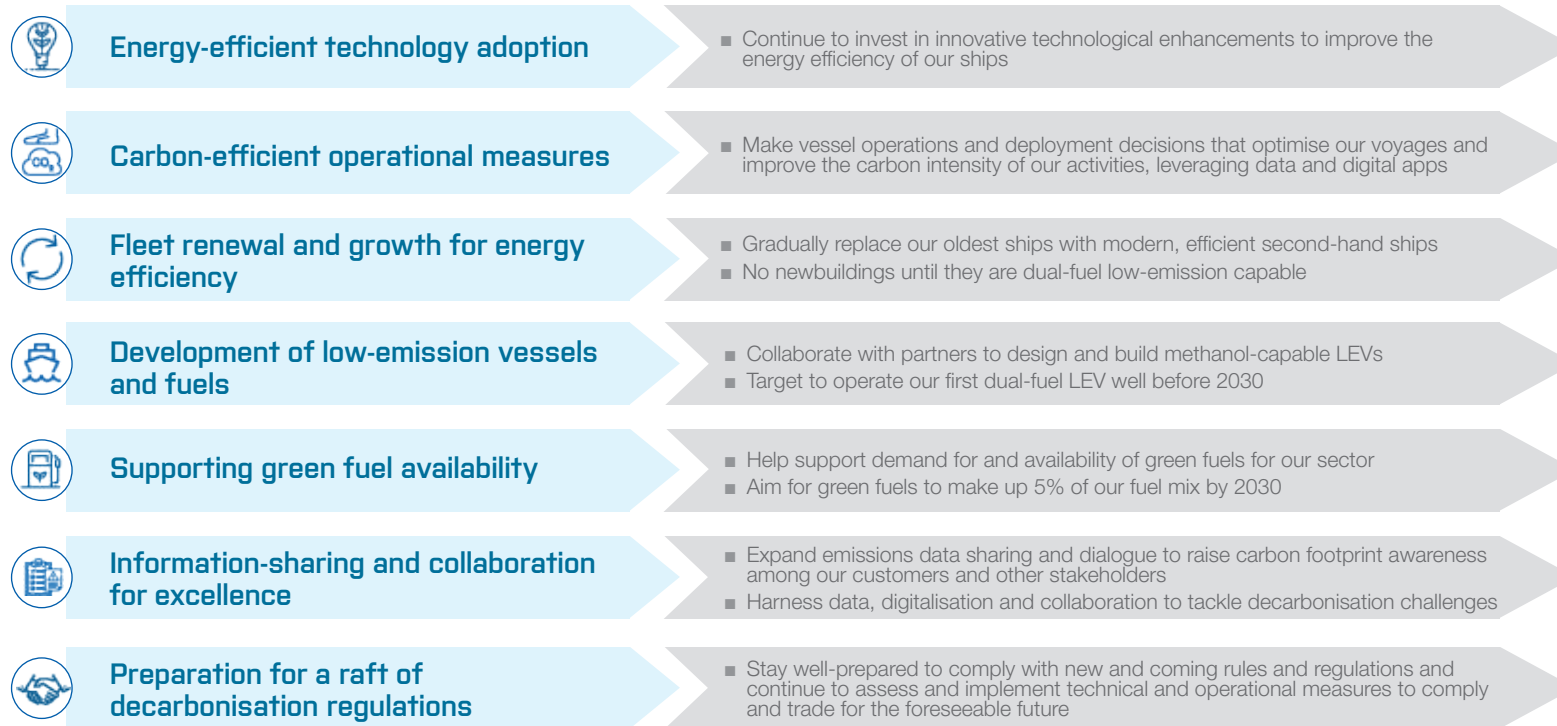
**EEOI** (Energy Efficiency Operational Indicator) is grams of CO<sub>2</sub> emitted per tonne-mile

While AER is IMO’s chosen unit of measure of carbon intensity for CII (as cargo volume data was not available for the baseline year), we continue to prioritise and optimise for EEOI because “grams of CO<sub>2</sub> per tonne-mile” is a more accurate definition of emissions per unit of actual transport work done.

[p.24 Our Carbon Intensity Performance](#)

# 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 low-emission vessels and sustainable fuels under development



## Targets

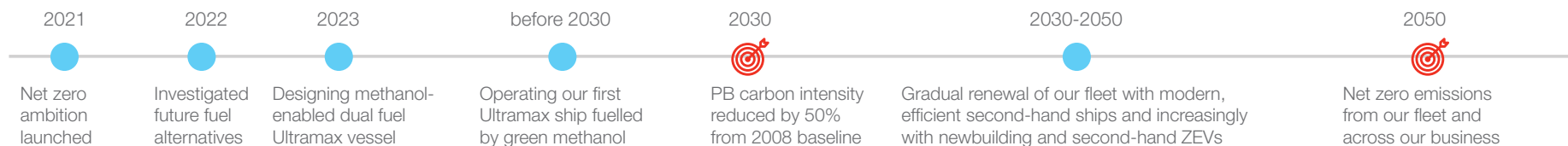
Reduce EEOI carbon intensity by 50% by 2030 compared to 2008

Net Zero by 2050

Our fleet will comprise only zero-emission vessels by 2050

Green fuel will make up 5% of our fuel mix by 2030

## Roadmap to net zero by 2050

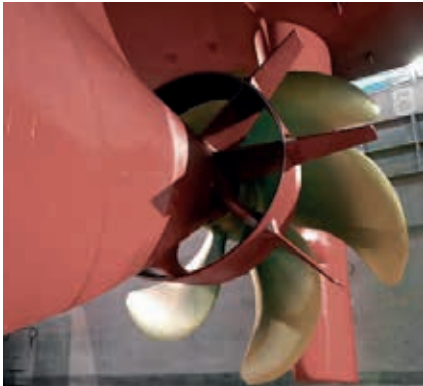


# Our Main Decarbonisation Measures

## Energy-efficient technology adoption

We continue to investigate and invest in innovative technological enhancements to improve the energy efficiency of our ships including, for example:

- Fitting propeller boss cap fins, non hub-vortex propellers, rudder bulbs, Mewis ducts and recently also pre-swirl vanes (PSV) to improve water flow through the propeller and to improve propulsion hydrodynamics
- Reshaping propellers to improve torque characteristics and efficiency
- Engine tuning to optimise combustion pressure
- Applying anti-fouling paints over a larger hull area to reduce drag even when fully laden
- Applying silicone coatings to hull and propeller for better anti-fouling and surface smoothness
- Retrofitting LED lights throughout our ships to reduce demand for auxiliary power
- Installing engine power limiters where required to meet EEXI rules
- Installing smaller harbour seawater pumps that consume less power
- Selecting ships with fuel-efficient hull designs (e.g. Airline design) and more fuel-efficient machinery



Photos showing pre-swirl vanes (PSV) and Mewis ducts, propeller boss cap fins and a silicone painted propeller

## Silicone hull paint significantly reduces drag

In 2023, we applied silicone hull coating to seven of our owned ships, and our initial findings point to significant fuel savings of around 8%. We will continue to roll out the use of silicone paint across our fleet.

Occasionally, when the ambient humidity and temperature are unsuitable for the application of silicone, we apply advanced high-performance antifouling paints that deliver a fuel saving of about 5%.

The accumulation of biofouling (such as algae and barnacles) on ship hulls leads to increased drag and fuel consumption, and therefore increased emissions of greenhouse gases and air pollutants. It also poses a risk of transporting invasive species. To combat this issue, antifouling paints are applied to ships hulls. Conventional biocide-based antifouling coatings deteriorate and become less effective (resulting in more drag) over time between dockings. Silicone paint is smooth and elastic, allowing for much slower build up of biofouling and for the hull to retain its super low-friction qualities for longer. The application of silicone paint to the hull results in fuel savings, reduced carbon emissions, and potential cost savings on future dockings.



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



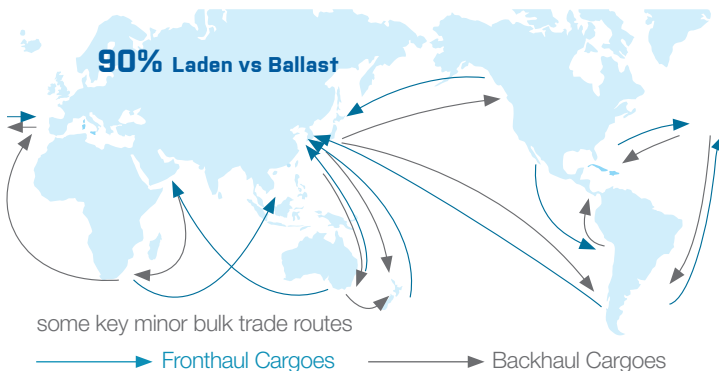
KPI A2.3  
Energy efficiency target measures

SASB TR-MT-110a.2

## Carbon-efficient operational measures

We continue to investigate and make vessel operations and deployment decisions that will gradually improve the carbon intensity of our activities, such as:

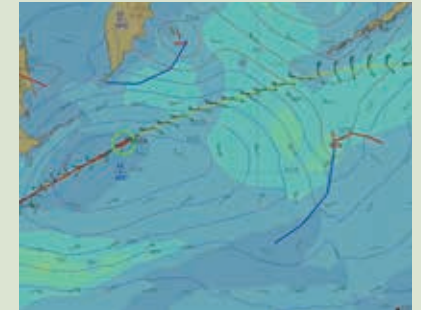
- Maintaining our high laden-to-ballast ratio – Our ships are laden with cargo for about 90% of the time because the uniformity and scale of our fleet and our ship operating and cargo expertise enable us to optimally schedule and combine our ships and cargo for high laden utilisation. That is a significant advantage compared to many ships in our sector that spend more time in ballast
- Becoming increasingly selective, as may be necessary in the future, about vessel employment to optimise our ships’ sea-to-port time ratio for CII compliance
- Fuel-efficient voyage planning using the latest constant power continuous weather routing services which calculate optimal routes and engine speeds based on forecast and real-time weather conditions
- Reducing rudder movements and improving course-keeping using advanced self-tuning autopilot systems that automatically adapt to load and weather characteristics
- Using hull condition analysis to optimise hull cleaning frequency for reduced drag
- Speed organisation using PB Right Speed Programme so that our ships are not sailing faster than is economically necessary
- Slower steaming to achieve desired carbon intensity performance



### Constant Power Weather Routing

We use latest weather routing services that optimise vessels’ routes based on winds, currents, wave height and direction, and adverse weather, while also optimising engine speed (RPM) to maintain constant power output, regardless of weather conditions. This avoids unnecessarily high engine torque in bad weather conditions and can result in significant fuel savings, as the ships engine does not need to work as hard to maintain the same speed which, over time, also results in less stress, wear and tear.

In 2023, constant power weather routing resulted in a total fuel saving of almost 9,000 metric tonnes of fuel across our owned ships, representing 4% fuel savings worth about US\$5.5 million.



### Carbon Intensity Management Apps

We currently rely on our internally developed digital application suite for carbon-intensity tracking and decision-making to ensure compliance with IMO’s CII rules.

Shipping companies are becoming increasingly reliant on bigger and more accurate historical and real-time data to accurately understand their vessels’ energy efficiency and the gains to be derived from investment in energy-saving devices and initiatives to comply for longer with tightening energy-efficiency and decarbonisation regulations. This is especially the case as pressure builds to spend also bigger sums on higher-price technologies and initiatives that may generate less discernible efficiency benefits.

Sensors, data and digital tools are therefore becoming increasingly important for measuring, collecting and sharing data to the granular resolution required to tackle decarbonisation challenges. Our decarbonisation, digitalisation and IT teams are assessing market solutions and collaborating to ensure we equip ourselves for optimal decision-making to achieve compliance and our strategic goals.



***We will work hard to extract value from our conventionally-fuelled assets, optimising their deployment as best we can applying technical and operational measures to meet tightening decarbonisation rules for as long as possible***



## Fleet renewal and growth for energy efficiency

We have long invested in the growth and renewal of our fleet, which has ensured that we have the capacity and the reliable and increasingly efficient ships with which to serve our expanding customers' needs and reduce the energy and carbon intensity of our activity.

- We aim to continue to expand our capacity and will continue to gradually replace our oldest ships with modern, larger and more efficient second-hand ships, prioritising ships with fuel-efficient hull designs (such as Tsuneishi's Aeroline design) and fuel-efficient machinery
- We have not ordered newbuilding ships for several years and will not do so until they are low-emission capable LEVs



Tsuneishi-built Aeroline design Ultramax bulk carrier

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

## Development of low-emission vessels

With an ambition to achieve net zero by 2050, we target for our fleet to comprise only zero-emission vessels by 2050, which will only be possible with collaboration, innovation and significant investment.

- We continue to collaborate with shipbuilding partners to progress the design of a dual-fuel low-emission vessel (LEV) capable of running on sustainable methanol as well as fuel oil
- We expect to operate our first LEV 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 getting commercially viable deep-sea zero-emission vessels powered by zero-emission fuels into operation by 2030 with the ambition of full decarbonisation by 2050

 p.23 Getting to Zero Coalition

### Collaborating on Low-Emission Vessels

Pacific Basin continues its collaboration with global leading Japanese shipbuilding partners Nihon Shipyard Co and Mitsui & Co to develop an efficient low-emission vessel (LEV) design for an Ultramax ship with a dual-fuel engine capable of running on green methanol or conventionally fuel oil.

We will consider in 2024 whether we are ready to contract our first LEV, with delivery well ahead of our original 2030 target. This initiative demonstrates our commitment to sustainability, good preparation for compliance and, when we do eventually order our first LEV, would set an example that may help accelerate the transition to zero-emission shipping in our dry bulk sector. By taking early action to design and build our first LEV, we expect to benefit from early-mover advantages, including:

- expertise-building on a steep learning curve;
- collaborating with sustainability-minded cargo customers to reduce supply chain emissions;
- collaborating with green fuel producers and suppliers as well as associations, governments agencies and other authorities to signal real and growing demand for green fuel in the bulk shipping sector;
- enhancing our access to green fuels; and
- enhancing our access to capital from forward-thinking investors and lenders.



Our Sale & Purchase Director Daigoro Oyama discussing an LEV design with our partners Nihon Shipyard Co and Mitsui & Co.



## Supporting green fuel availability

In order to meet its 2050 net zero target and comply with decarbonisation regulations, our industry urgently needs very large volumes of sustainable biofuel and e-fuels synthesised from green hydrogen. There is uncertainty about when, where and if sustainable fuels will be available to shipping in adequate volumes, and so we need to take actions to help develop the availability of green fuels for our sector and to ensure we have priority access to the fuels we will need.

- We are in regular contact with the world's leading marine fuels companies and companies that specialise in sustainable energy to share updates on our LEV project and future green fuel needs, and learn about developments in green fuel production and supply.
- We engage with Hong Kong authorities about our sectors' green fuel needs, which has helped to elevate the matter in the Hong Kong governments' policy planning and we hope is also signalling to Chinese authorities the need for and opportunity around green fuel production in China.
- We engage with a few of our cargo customers who are also in the business of producing biofuel, bio-methanol and similar green fuels, with a view to collaborating on the sustainable fuelling of our LEVs when they eventually join our fleet.
- We have trialled the use of biofuels of different blends in different engine types, which has given us the experience and confidence for our eventual uptake of significant volumes of biofuel in order to comply with fuel GHG intensity rules in the years ahead.
- We remain open to possibly making investment in green fuel infrastructure.
- We aim for green methanol, biofuels and other synthetic fuels to make up 5% of our fuel mix by 2030.

### Further Biofuel Trials on Pacific Basin Ships

After we trialled the use of 100% biofuel in 2022, we conducted two biofuel trials in 2023, using B24 on a Handysize ship during a 9-day voyage between Jordan and the Netherlands, and on a Supramax ship during a 9-day voyage between Jordan and Qingdao, both transporting fertilisers. The biofuel was refined from fatty acid methyl ester ("FAME") and certified as sustainable. The trial was well planned and carried out in open seas in safe navigation areas, our findings showed no adverse effects on our main and auxiliary engines, and we have now gained experience in bunkering, lab testing, purifying and burning of biofuel, all boding well for the uptake of biofuel in our fuel mix in due course.



### What is Sustainable Biofuel?

Biofuel is produced from plants that capture carbon from the atmosphere as they grow. Depending on its source, it can be an environmentally friendly alternative to traditional fuels. For example, used FAME (Fatty Acid Methyl Ester) cooking oil produced from plants can be repurposed as engine fuel instead of being discarded as waste. When used as fuel, the combustion of sustainable biofuel returns CO<sub>2</sub> to the atmosphere that the plant had absorbed during its life. This process can result in "net zero" emissions on a full lifecycle basis, meaning it adds no new carbon to the atmosphere and is therefore considered sustainable.

IMO has completed its lifecycle assessment (LCA) of candidate future fuels, and the carbon factor of different biofuels are expected to be published in IMO's coming Fuel GHG 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 can also be used as a drop-in fuel to fully replace fuel oil.

### What are E-Fuels?

Some new fuels such as methanol contain carbon and therefore emit CO<sub>2</sub> during combustion. However, if such new fuels are produced using renewable energy and carbon captured from the atmosphere or biomass, the emissions from using these fuels can be classified as "low carbon" or even "net zero" on a well-to-wake or full lifecycle basis. Such fuels, including green hydrogen, green methanol and green ammonia, can be certified as sustainable or green. E-fuels can be used only on ships with special engines specifically designed to run on those fuels.

## Information-sharing and collaboration for excellence

Information-sharing and collaboration foster a culture of knowledge exchange and joint efforts to achieve our industry's very difficult long-term decarbonisation goal.

- We are expanding our emissions data sharing and related dialogue to raise carbon footprint awareness among our customers and other stakeholders
- 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 selectively join other voices calling for globally implemented carbon pricing and other measures that are necessary to drive or support the transition to LEVs and green fuels

### Environmental Ship Index Programme

We participate in the voluntary Environmental Ship Index (ESI) programme founded by the International Association of Ports and Harbors (IAPH, part of the World Ports Sustainability Program) which recognises and rewards ships that exceed the minimum international environmental standards, demonstrating commitment to reducing environmental impact, promoting sustainability and emphasising the importance of data sharing.



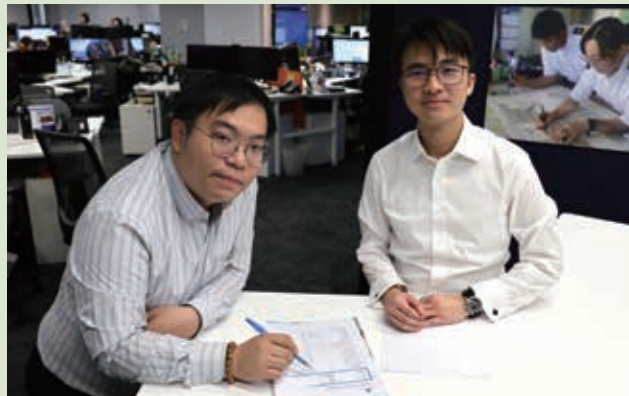
17 PARTNERSHIPS FOR THE GOALS



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

### Voyage Emissions Reporting

In 2023, we expanded our Voyage Emissions Reporting to now cover cargo customers who together represent over 20% of our cargo volumes. Through 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.



### Carbon Neutral Voyages on Offer

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 a 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.



### Energy Saving at Sea e-Learning

In 2023, as part of our continuous drive for better energy efficiency, we introduced the "Energy Saving at Sea" e-learning course developed by the United Nations for seafarers. Via our e-learning platform, the course is attended by our ships' officers, our shore-based ship managers and other crew and office staff wanting to enhance their knowledge of energy efficiency in ship operations. The course comprises modules for ships' engine and deck departments to benefit seafarers regardless of their backgrounds and roles at sea, and encourages interaction between the deck and engine departments, and to foster a comprehensive understanding of the Ship Energy Efficiency Management Plan ("SEEMP") from an engineer's perspective.



### Poseidon Principles & Sea Cargo Charter

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, major charterers adopted the Sea Cargo Charter in 2020, and the marine insurance sector followed suit with the Poseidon Principles for Marine Insurance in 2021. These initiatives commit to track, assess and disclose the emissions and climate alignment of these businesses' shipping portfolio activity.

We collaborate by providing our partners with timely annual data. We expect these partners will in time become increasingly selective in choosing their clients in order to achieve their tightening carbon intensity targets.



## 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 frequently are:

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

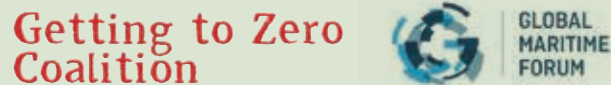
Both programmes incentivise environmental practices with discounted harbour dues. We are happy to play our part to reduce air emissions as part of such programmes to benefit the areas' residents, visitors, maritime professionals and the local ecology.



Our Vancouver colleague Shelby Raeburn receiving our Blue Circle award from the Port of Vancouver

## Getting to Zero Coalition

We are 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. GTZ facilitates valuable knowledge and experience sharing, and our Head of Decarbonisation has participated in GTZ workshops and seminars.



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

1. Commit to decarbonising international shipping by 2050
2. Support industrial scale zero-emission shipping projects through national action that de-risks first movers and accelerates innovation
3. Deliver market-based policy measures that will support the deployment of zero-emission vessels and fuels and will make zero-emission shipping the default choice by 2030.



Sanjay Relan (right), General Manager of Optimisation and Decarbonisation, and his team are investigating every concept we come across for better fuel-efficiency and decarbonisation



## Preparation for a raft of decarbonisation regulations

Regulation has to lead the difficult transition to zero-emission fuels and vessels, and we already see a raft of global and regional regulations in the pipeline that are making shipping more complicated and pose a significant compliance challenge for ship owners and operators around the world.

We map out current and expected future decarbonisation regulations and analyse what they mean for our existing fleet, for conventionally-fuelled ships generally and for our company's growth strategy, and we take early steps to prepare ourselves accordingly.

As a large dry bulk player with dedicated sustainability and decarbonisation teams, and with comprehensive capabilities spanning technical, marine (environmental), chartering, commercial operations (including voyage optimisation), research, financial planning & analysis, and other functions, we are well equipped to understand and navigate the increasingly complex regulatory environment.



- p.25 Continuous Preparation for Decarbonisation Rules
- p.26 GHG Regulatory Snowball





# 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 may increase further as our fleet grows, our average emissions per ship per unit of transport work done (our carbon intensity) continues to improve long term.

## Reducing Our CO<sub>2</sub> Intensity

### Short and Long-term Goals

Our long-term target is to achieve net zero emissions by 2050 compared to our 2008 baseline.

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 CO<sub>2</sub> per transport work over the same period.

We aspire for our ships to achieve a CII AER rating of “C” or better, but we will prioritise EEOI with high laden-to-ballast utilisation while managing our AER to ensure CII compliance.

### Key Motivators

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

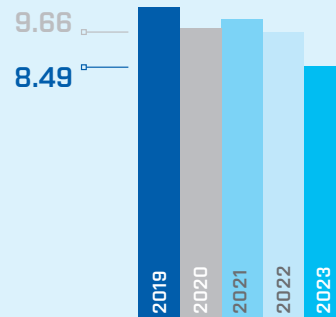
### 2023 Performance

Our fleet’s carbon intensity in 2023 decreased 12.1% to 8.49 grams of CO<sub>2</sub> per tonne-mile, as calculated using the ship Energy Efficiency Operational Indicator (EEOI) method. This was due to increased average tonne-miles performed by our ships, driven by 12% more sea days at 7% lower average operating speeds, and a slight increase in the average size of our ships.

Our fleet registered an AER carbon intensity of 5.37, representing a 11.5% decrease due to lower average operating speeds, more sea days and a slight increase in the average size of our ships.

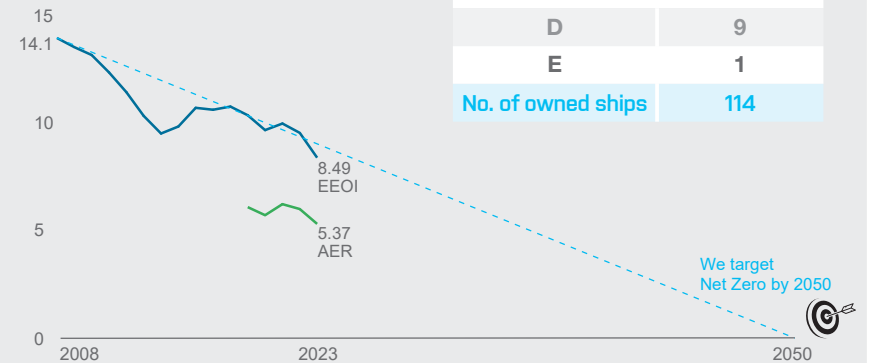
**KPI**  
Carbon Intensity (EEOI)  
**8.49**  
Grams CO<sub>2</sub> per tonne-mile

↓ **12%**



➡ **p.78** Performance Data Summary  
Our CO<sub>2</sub> performance data

**TARGET**  
Carbon Intensity (EEOI)  
**0 by 2050 (6.7 by 2030)**  
Grams CO<sub>2</sub> per tonne-mile



### Our AER Carbon Intensity Ratings

Rating	2023
A	36
B	35
C	33
D	9
E	1
<b>No. of owned ships</b>	<b>114</b>

All of our 30 owned ships that are subject to Energy Efficiency Design Index (EEDI) rules attained an average EEDI of 4.76 grams of CO<sub>2</sub> per tonne-nautical mile, which exceeds the average required EEDI of 7.72 grams of CO<sub>2</sub> per tonne-mile.

All of our owned ships comply with the EEXI rules with 58% of our ships needing engine power limiters (EPL) to comply.

SASB TR-MT-110a.4

➡ **p.16** Measures of Carbon Intensity

# Continuous Preparation for Decarbonisation Rules

## Challenges around Decarbonisation in our Sector

Our and our industry's Paris-aligned 2050 decarbonisation goal will require maximum improvement that is feasibly possible in the fuel-efficiency of existing and new conventionally-fuelled ships. And they will require a concerted and timely transition to new green ships (or LEVs) capable of running on sustainable e-fuels such as green hydrogen, methanol or ammonia.

The challenges around such investment decisions are several and significant:

- For existing conventional ships, some of the more effective energy-efficient technological retrofits are prohibitively expensive;
- For newbuilding conventional ships, some energy-efficient technologies are still prohibitively expensive, and newbuilding prices are historically high and unsupported by current freight earnings; and
- For newbuilding dual-fuel green ships, newbuilding prices are historically high, even before the significant extra capex of the dual-fuel upgrade, sustainable e-fuels will initially be much more expensive than fossil fuels, and there is uncertainty about when, where and if sustainable e-fuels will be available to shipping in adequate volumes.

The high cost and uncertainty of these investment challenges is compounded by the uncertainty about how and when the such high costs – especially the cost of sustainable fuels – can be passed along the value chain in the highly competitive market for tramp shipping of low-value dry bulk commodities.

## Regulation must lead

We see cargo customers, investors, lenders and other stakeholders increasingly engaged in discussions about the decarbonisation challenge and, while this is a positive development for our industry, we still stress that regulation must lead.

Carbon pricing is key to making expensive green fuels competitive against conventional fossil fuels, and regulations that force the uptake of sustainable fuels are necessary to signal to governments and energy companies that they must deliver on the need for massive growth in renewable energy capacity and sustainable fuel production.

### EEXI Impact

58% of our owned ships needed EPL retrofits to comply with EEXI, reducing the average maximum operating speed of our fleet by 0.5 knots

### CII Impact

We finished 2023 with 91% of our owned ships achieving a CII rating of A, B or C. The rest rated lower, mainly due to long periods held up in ports

## Snowballing carbon reduction rules will drive the transition

Regulation will lead, but it will take some years before the conditions are right to make major capex decisions easier and to pass increased fuel and opex costs up to cargo customers. In the meantime, the raft of coming regulations will pose a significant compliance challenge to many smaller ship owners and operators. We welcome them, though we would far prefer one set of onerous global regulations rather than a patchwork of regional regulations.

Recent, planned and other potential future regulations set out to achieve the following:

1. Forcing energy-efficiency improvements in vessels
2. Forcing carbon intensity improvements in vessel operations
3. Forcing a gradual uptake of sustainable fuels
4. Attaching high carbon pricing on fossil fuels

IMO's global energy efficiency and carbon intensity regulations (EEXI and CII) came into effect in January 2023 and, having prepared for the rules early and invested in energy efficiency, our ships are in compliance and well positioned to continue to comply and trade for the foreseeable future.

The European Union included shipping in its Emissions Trading System (EU ETS) with effect from January 2024. This is a carbon pricing mechanism for which we started early our preparations, and we pass the cost of compliance up to cargo customers by including the cost of EU Allowances (EUAs) in our freight rates for EU-related voyages.

Coming further decarbonisation regulations include the European Union's Fuel EU rules due to take effect in 2025 forcing the gradual uptake of green fuels, and the proposed US Clean Shipping Act & International Marine Pollution Accountability Act anticipated in 2027, also covering the uptake of green fuels and a carbon pricing levy.

We will continue to closely monitor and prepare for these and other new and changing GHG reduction measures to come – perhaps also from China – all of which will further incentivise vessel owners to slow down and eventually retire early their conventionally-fuelled ships and transition to low-emission vessels and sustainable fuels.

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



Refer to last year's 2022 Sustainability Report (p.20-22) for a more detailed summary of recently implemented EEXI, CII and EU ETS regulations

# GHG Regulatory Snowball

EEDI & SEEMP, EU MRV, IMO DCS regulations 

2013-2019

EEXI energy efficiency rules 

CII carbon intensity rules 

Reinforced by Poseidon Principles & Sea Cargo Charter (banks, insurers & cargo customers)

2023

EU Emissions Trading System (ETS) 

2024


FuelEU Maritime 

Fuel GHG intensity rules

2025

Steeper IMO CII emissions reduction 

IMO Fuel GHG-intensity Standard 

IMO economic measure   
(eg global carbon levy)

US Clean Shipping Act 

US International Marine Pollution  
Accountability Act 

IMO GHG Strategy revision  
New rules, steeper emissions reduction, etc.

New IMO long-term measures

New fuels safety regulations

More regional regulations?

Forced phase-out fossil fuels?

2027

2028+



forcing continual carbon intensity improvements in vessel operations



forcing energy efficiency improvements in vessels



forcing gradual uptake of sustainable fuels



attaching a heavy price on carbon

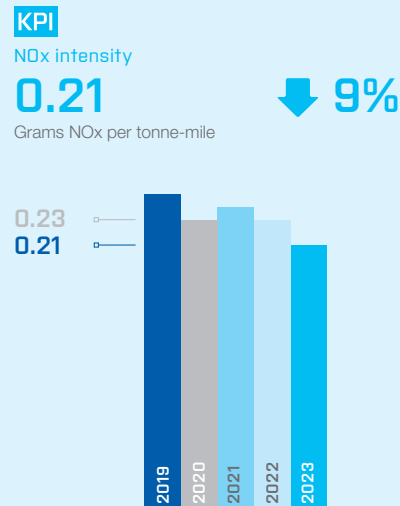
## Our Progress on Other Key Emissions

### Reducing our Nitrogen Oxides (NOx) Intensity

The combustion of marine fuels generates harmful NOx emissions which closely correlate with CO<sub>2</sub> emissions and fuel consumption. Moreover, the higher the combustion temperature, the greater the NOx formation.

Our fleet's NOx intensity decreased 9% in 2023 due to our reduced fuel consumption per tonne-mile.

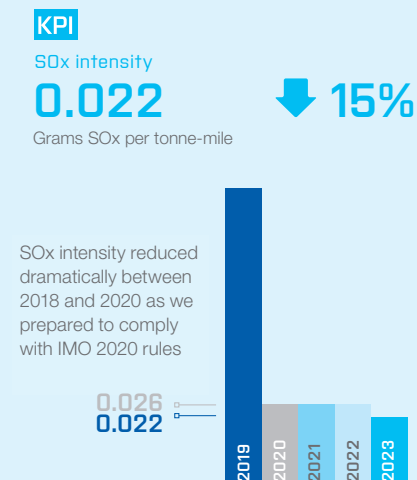
The control of NOx emissions is mainly achieved by reducing fuel consumption and equipping ships with latest generation engines certified for lower NOx emissions. Our vessels are all equipped with NOx-controlled engines that meet the relevant IMO standards.



### Reducing our 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 very low-sulphur fuel or by burning heavy fuel oil in combination with installing and operating exhaust gas scrubbers.

Our fleet's SOx intensity decreased 15% in 2023 due to our reduced fuel intensity. We complied with the rules mainly by using fuel of 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.

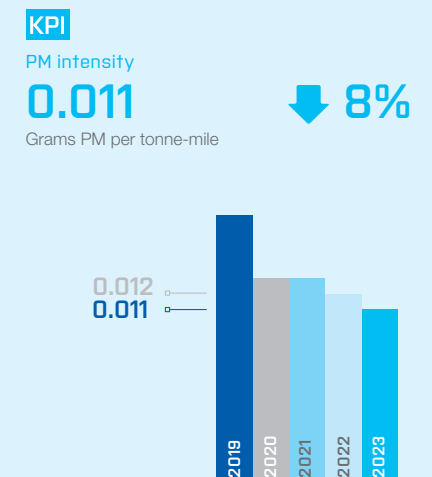


### Reducing our Particulate Matter (PM) Intensity

PM emissions, including black carbon, are a result of incomplete combustion and fuel impurities, and closely correlate with CO<sub>2</sub> emissions.

Our fleet's PM intensity in 2023 decreased 8% due to our reduced fuel consumption per tonne-mile of transport work done.

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.





# 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.

Three 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
- Southern California's Protecting Blue Whales & Blue Skies programme

We gladly play our part to reduce the disruption to sensitive habitats such as these and voluntarily slow our ships where requested to do so by relevant authorities.

## 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 certain types of port.

SASB TR-MT-160a.2

## 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 prepared 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, to 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.



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

## Oil Pollution, Resource Consumption & Waste Management

### Avoiding Oil Pollution Incidents

#### Short-term Goal:

We target never to have any oil pollution incidents.

#### Key Motivators:

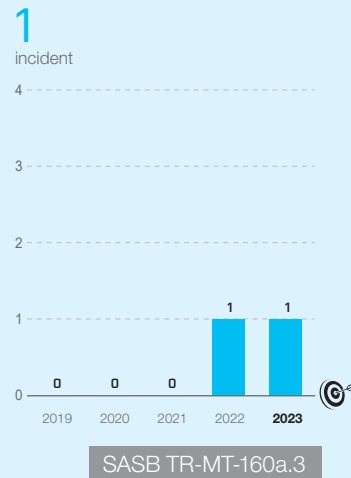
- Comply with IMO regulations
- Protect marine biodiversity

#### Current YOY Performance:

In 43,100 owned vessel days in 2023, we recorded one oil pollution incident in which about 70 litres of fuel spilled into the sea during an internal fuel oil transfer. Our crew responded well to contain the oil spill. Lessons learned were shared and discussed with our ships' crews.

- 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 prevent the risk of inadvertently pumping out contaminated bilge water.
- Stringent bunkering procedures to prevent inadvertent oil pollution during bunkering.

#### Oil Pollution Incidents **KPI**



### Minimising our Garbage Landed

#### Short-term Goal:

We target to achieve <math><1.8\text{ m}^3\text{ per month per ship}</math> garbage landed in 2024. 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 2023, our garbage landed volume was reduced by 8% but was still slightly above our best ever performance of  $1.8\text{ m}^3$ .

#### Garbage Landed



### Managing our Fresh Water Consumption

#### Short-term Goal:

In 2024, we target to consume less than 46.4 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

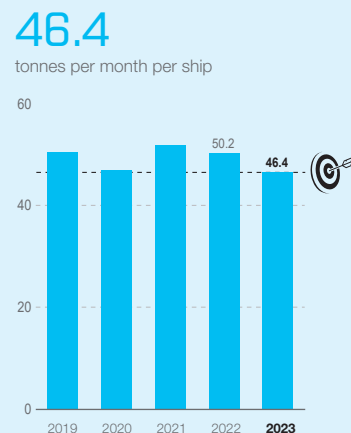
#### Current YOY Performance:

Our fresh water sourced from ashore decreased 7.6% to 46.4 tonnes per month per ship in 2023.

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. In 2021, IMO adopted the Strategy to Address Marine Plastic Litter from Ships which aims to strengthen the international framework and compliance with relevant IMO instruments to achieve zero plastic waste discharges to sea from ships by 2025. At Pacific Basin, we do not allow any plastic waste discharges to sea, and will comply with regulations and best practices.

- We use receptacles for garbage segregation and waste compactors to facilitate responsible disposal ashore
- Garbage compactors on our ships facilitate easy storage of plastic and other operational garbage (excluding food waste and cargo residues) until it can be disposed of responsibly ashore.
- Oily water separators and bilge evaporation equipment prevent the risk of inadvertently contaminating sea water

**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.

**p.79 Performance Data Summary**  
Our emissions & discharge performance data

# 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 our Hong Kong office we use water efficiency grade 1, low-flow water taps, 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 constantly and gradually upgrade to more efficient office equipment to further enhance the efficiency of our offices and, 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 pursue other initiatives specified by the Environmental Protection Department's "4T Charter"
- We communicate policies, guidelines and reminders across our office network to reduce consumption of electricity, water and materials, and to recycle office waste

## Energy Saving and 4T Charters

Our Hong Kong office is a signatory to the Energy Saving Charter and 4T Charter of Hong Kong's Environmental Protection Department to help save energy, with commitments to:

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



## Hong Kong Office Rejuvenation

In 2023, we rejuvenated our Hong Kong office workstations with new ergonomic chairs and ultra-screen wide computer monitors for enhanced ergonomics, wellness, engagement and productivity. To reduce the project's environmental impact, we gave 119 old but well-maintained computer monitors and 159 office chairs to our colleagues for reuse at home, and we donated 70 monitors and 37 office chairs to Caritas Computer Workshop and The Salvation Army to support their community projects.

↔ p.42 Wellbeing Ashore

↔ p.49 Workplace Conditions Ashore



The WWF’s Low-carbon Office Operation Programme (LOOP<sup>PLUS</sup>) has again audited our measurements of energy consumption and environmental outputs from our headquarters in Hong Kong.

- Our headquarters office in Hong Kong (where 56% of our shore-based staff work) produced indirect (scope 2 and 3) carbon emissions of 1,705 metric tonnes for the 2023 audit year, an increase year on year mainly due to further normalisation of overseas business travel to pre-Covid levels and compounded by growing business activity.
- Scope 2 and 3 emissions from our 14 offices globally is estimated to be 3,074 metric tonnes, while scope 3 emissions from our seafarers’ air travel to and from our owned ships was 5,605 metric tonnes (significantly down due to a return to shorter haul flights after Covid), resulting in total carbon emissions of 8,679 metric tonnes generated by our global shore-side operations.

The LOOP<sup>PLUS</sup> external assessor reported a 0.7% underestimation in our reported 2022 Scope 3 emissions from our global shore-side operations due to an external system error. When offsetting our 2023 shore-based carbon emissions, we also purchased extra carbon credits to offset these slightly under-reported emissions from our global shore-side operations in 2022.

### 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.

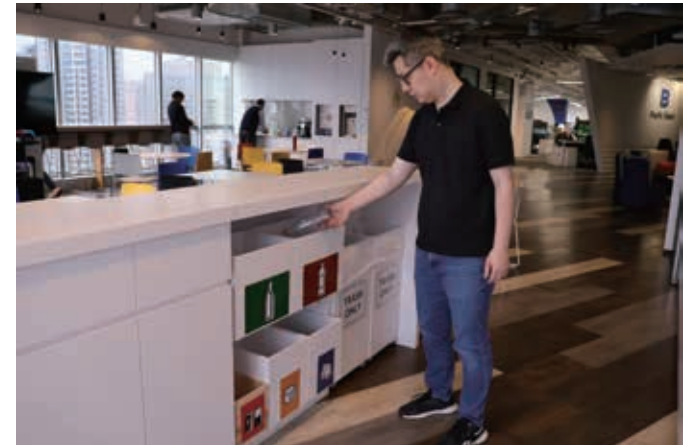
In partnership with CLP, we also offer our cargo customers the option of voluntarily offsetting voyage emissions with CLP carbon credits.



↔ p.22 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<sup>PLUS</sup>)
- our **Pacific Basin** Sustainability Report
- various **ESG ratings platforms** such as MSCI, ISS and Sustainalytics



Our Pacific Basin Management System ashore and at sea conforms to the mandatory International Safety Management (ISM) Code. It is also certified by DNV 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*

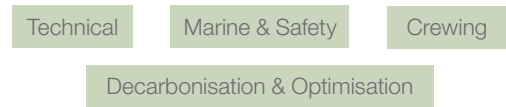


# In-house Fleet Management Drives Health, Safety, Quality and Environmental Focus

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.



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
- Training & Development

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 5,100 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              | ↔ p.36 | ■ Diversity, Equity & Inclusion  | ↔ p.50 |
| ■ Oil Pollution Prevention                | ↔ p.29 | ■ Seafarer Community Support     | ↔ p.59 |
| ■ Training & Development                  | ↔ p.44 | ■ Responsible Business Practices | ↔ p.67 |
| ■ Labour Standards & Workplace Conditions | ↔ p.48 |                                  |        |

## 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 safety, 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

*Our shore-based fleet management team – covering technical, marine & safety, crewing and decarbonisation – comprises experienced former ship captains and chief engineers who understand intimately the challenges and needs of our ships and crews and other stakeholders*



## 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 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 2023, we won several top awards/recognitions for ship management and related performance, including:



### IBJ Awards (International Bulk Journal)

- Bulk Ship Operator of the Year Award

### Hong Kong Marine Department Awards

- Outstanding Performance in Port State Control Inspections (15 times in the past 16 years)
- Award for Bravery in 2022

### HKICPA Best CG and ESG Awards

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

Some notable other awards in recent years include:

- Shipping Company of the Year at Seatrade Maritime Awards 2022
- 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



# 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



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
- Increased focus on behavioural safety
- Enhanced interactions with Junior Officers and Ratings
- Collaboration with industry peers to uplift safety and crew wellbeing

## Security of Our Ships and Crews

We prioritise the safety and security of our staff, our ships and our operations. We practice proactive vigilance and risk management especially in times of heightened security threats which are currently commonplace in an increasingly complex and volatile international trading community.

Significant threats to our industry in 2023 included:

- Drug smuggling
- Piracy
- Robbery
- Hijacking of ships
- Terrorist attacks on ships and port facilities

Other threats:

- Stowaway & human smuggling
- Sabotage
- Bomb threats
- Shipping of illicit weapons
- Tampering with documentation / cargo

These security threats are real and underscore the importance of maintaining high levels of security. We implement proactive security measures and continuous vigilance which are essential to mitigating these risks and ensuring the safety of our crews and ships and the integrity of our operations. Our comprehensive security measures, plans and standards to ensure the detection and assessment of security threats and the implementation of preventive measures on our vessels are audited at every organisational level for effectiveness in preventing security incidents and other unlawful actions onboard.

Our Security Policy includes:

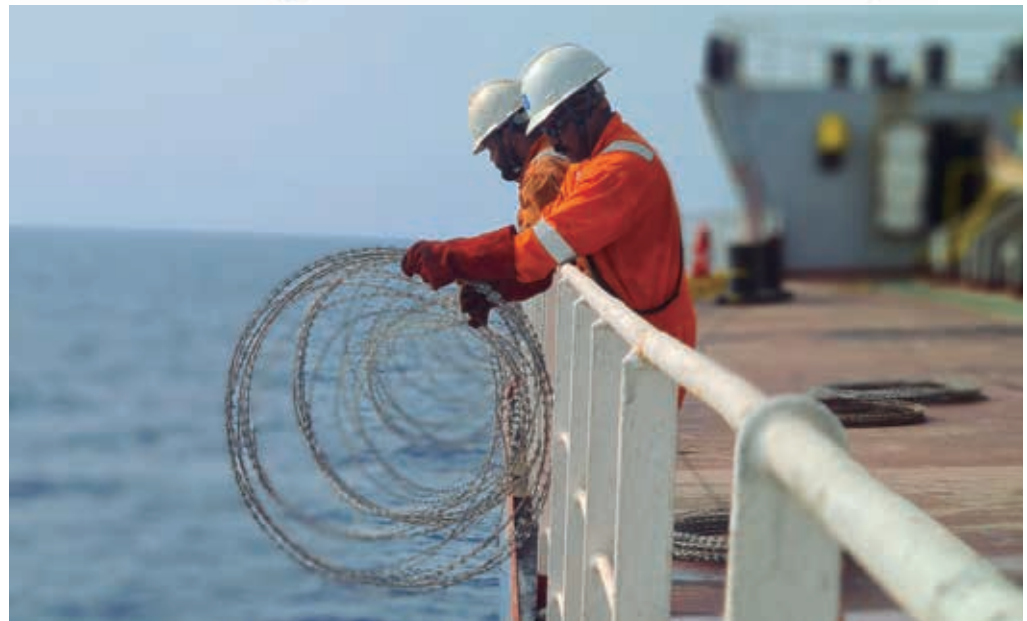
- Providing a safe and secure work environment on vessels
- Implementing measures to prevent unlawful actions on board
- Cooperating with international bodies and states to deter maritime terrorism
- Enhancing security awareness among our seafarers

Each ship has a designated Ship Security Officer who is responsible for implementing and maintaining the Ship Security Plan, coordinating drills and training, and liaising with the Company Security Officer and Port Facility Security Officers, in part to comply with the International Ship and Port Facility Security Code (ISPS Code) that provides a framework for ships and port facilities to detect and deter acts which pose a threat to maritime security.

When navigating through high-risk areas, we have implemented the following enhanced security measures.

- Voyage risk assessments
- Dog searches
- Security guards
- Patrol boats
- CCTV
- Underwater drone searches

## Security Hotspots Today



## 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.

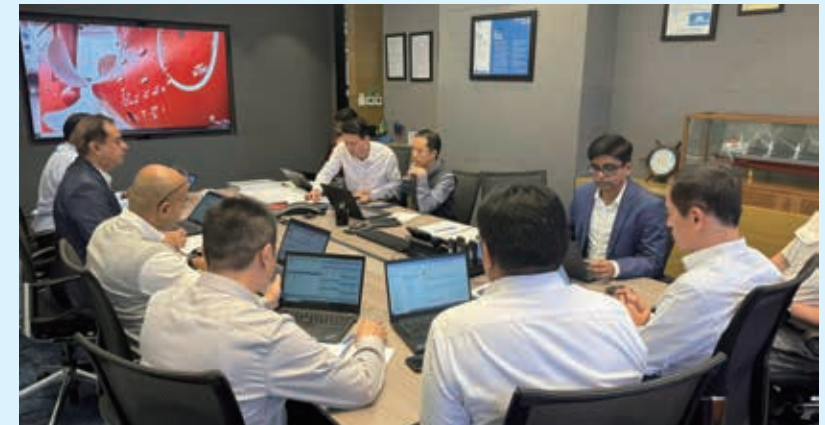
## Crisis Response

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 coordinated, prompt and effective manner.

According to our crisis management manual, ships are required to conduct monthly emergency drills to simulate various shipboard emergencies involving only the ship’s staff. Additionally, ship-shore emergency response drills are carried out at least once a year, involving different ships managed by Pacific Basin.

↔ p.6 & 39 See our remarks about a notable security incident involving our crew detained in Nigeria





## Increased Drug Smuggling in Ships by Cartels

Commercial shipping has become increasingly plagued by illicit drug smuggling operations, largely due to the continued expansion of the global narcotics market and compounded Covid-related disruption to air and land transport that had been key modes of narcotics trafficking internationally. In most of the cases, crew members are innocent.

We are committed to cooperating with authorities to prevent drug smuggling by implementing rigorous security measures. Our crew members are briefed on the increased risk of drug smuggling and they play a crucial role in maintaining security on our vessels. When calling ports in known drug export countries, seafarers must remain vigilant and comply with all security procedures. By following procedures and conducting risk assessments, seafarers can help prevent the smuggling of illegal drugs and protect themselves and others.

While substantially unconnected to the illicit drug trade, we also have a Drug and Alcohol Abuse Policy in place which applies to all personnel onboard to prevent drug use and possession by our crews. Crew members possessing or smuggling drugs will be subject to immediate dismissal and legal action.

## Concern over Criminalisation of Seafarers

In July 2023, drugs were found in the crane housing of one of our ships on arrival in Lagos, Nigeria after a voyage from Brazil, despite arranging extra security cameras and a search with sniffer dogs and underwater divers prior to departing Brazil. Following its detention, the ship was released and half of our crew were allowed to return home against payment of a sizeable bail bond. However, 10 crew members remain detained (albeit with some freedom to move around) subject to a legal process which we fear will take a long time despite there being no evidence to suggest our crew were involved. We are once again dismayed by the automatic detention and criminalisation of seafarers in such cases; we stand by our detained colleagues, but we respect the rule of law and are working with authorities to try to expedite the process.

On a happy note, Captain Yu Yihai was finally cleared of involvement in an earlier drugs case and released in August 2023 after two years in an Honduran prison to be reunited with his family in China.

These incidents serve as a reminder of security risks in the maritime field and the frequent automatic criminalisation of seafarers who serve a vital role in global trade and deserve that their rights be better respected and protected.



Captain Yu (right) following his release, with his passionate supporters Suresh Prabhakar (Director Operations) and our Honduran protection & indemnity club correspondent Maria Rodriguez

## Special Conference to Tackle Drug Smuggling in Ships

In January 2024, we were vocal participants in a special conference titled “Drug Smuggling in Ships: Fostering Law Enforcement/Trade Collaboration” involving the US Coast Guard, BIMCO, World Shipping Council, Interpol, InterPortPolice and other security agencies and maritime organisations to discuss and begin to address the recent surge in drug smuggling on merchant ships and its harmful consequences on ships’ crews.

The combined initiative successfully highlighted the pressing issues associated with the escalating incidence of drug smuggling in ships, impacting both sovereign states and the shipping industry. The key points of information and discussion from the conference will be developed into an information paper for the IMO’s Facilitation Committee for incorporation of this crucial topic into its agenda.



*Our long-time Director of Operations Suresh Prabhakar dedicates much of his time now to enhancing awareness about the rising scourge of narcotics smuggling on ships by drug cartels, raising concern over the unjust criminalisation and detention of seafarers caught up in such cases, and he passionately represents our seafarers and our Company when such incidents arise*



## 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 and crewing logistics are back to normal. Nevertheless, the wellbeing challenges of seafarers will always remain a priority for us.

Here are some of the crew wellbeing initiatives that we continue to pursue:

- We provide our seafarers with sports equipment, increased internet and communications access, and free access to mental health support
- In 2023, 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
- We engage 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 raise awareness across our fleet about wellbeing and the need to look out for each other's mental wellbeing, and our Wellness at Sea Manual 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

### ← p.44 Training & Development

#### Two non-work-related fatalities

Regretfully two crew members passed away at sea in 2023. Both were non-work-related deaths, but we still owe it to our seafarers to support their physical health and mental wellbeing as best we reasonably can, and we are doing this through the continuing development of our training strategies, enhancement of our safety and wellbeing programmes, engagement of remote physical and mental health service providers, and implementation of additional psychometric screening for all our seafarers before joining our ships. Following certain incidents and as part of our routine training, we circulate wellness bulletins with relevant wellbeing advice, including reminding staff of our two remote medical service providers available to support our crews' physical and mental wellbeing, and we engage professional seafarer wellbeing trainers to enhance the effectiveness of our wellbeing training programme.



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



*Rishi Mehra (left), Head of Crew Training, collaborates with Vikram Dhingra (middle), General Manager of Marine & Safety, on a cohesive training strategy to equip our seafarers for better work safety and wellbeing*

*We acknowledge our seafarers who demonstrate professionalism in maintaining safe operating practices, a good team spirit and wellbeing on board, and a seamless and reliable service to our customers*



**Zero Tolerance of Harassment**

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.

In 2023, we recorded 2 cases of harassment and bullying in our fleet. Following our investigations, the perpetrators were dismissed and we have stepped up our harassment and bullying prevention training across our fleet.

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



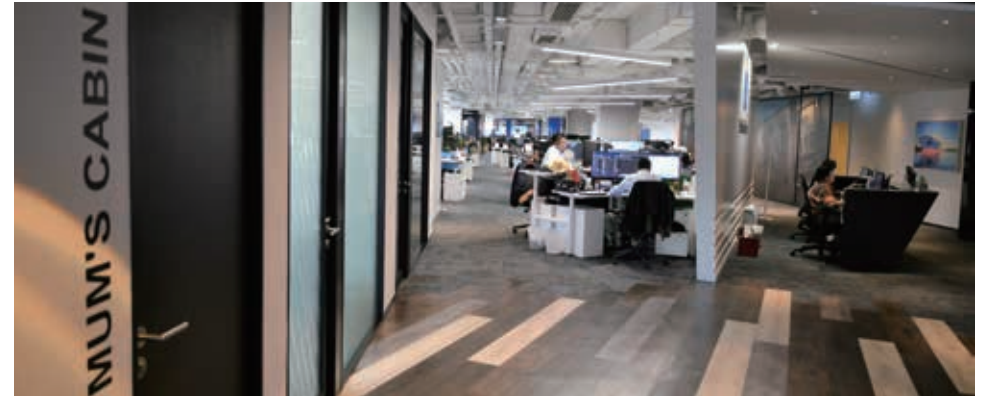
## Wellbeing Ashore

We also mindful of the needs and wellbeing of our colleagues ashore, so we pursue many initiatives to improve their lives and wellness in our offices.

We start with a comfortable, ergonomic workstation with adjustable desks, ergonomic chairs, large computer monitors, good lighting and clever cluster arrangements for easy social interaction and better collaboration (see also “workplace conditions ashore” on page 48 and “green efforts ashore” on page 30).

Our Hong Kong headquarters also offers social and break-out spaces, a private room for the use of our several young mothers, an exercise room and sports and gaming equipment.

We also look for other ways to promote good mental and physical health. For example, 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.



## Maternity Leave Enhancement

Maternity and paternity leave benefits affect the wellbeing of both parents and their baby. They give parents the undivided quality time to bond with their child, which promotes healthy early development and a strengthened family unit, while also offering parents the essential time to adapt to their new roles and responsibilities without the pressure of work obligations. It also facilitates a more harmonious and efficient workforce in the future and represents an investment in the future wellbeing of our staff and their families.

In 2023, we have extended the opportunity for new mothers to work from home for a fully paid three-month period following the conclusion of their statutory maternity leave. We also increased paternity leave to one month (the statutory paternity leave in Hong Kong is five days), aligning with our commitment to supporting stronger family units and a healthy early development of our staff's newborns.

## Back and Neck Care Programme

We organised a Back and Neck Care programme in our Hong Kong office, facilitated by a registered physiotherapist to address the common causes of back and neck problems from prolonged office work and poor posture. Hong Kong's fast-paced lifestyle often leads to muscle tension, which can contribute to pain and soreness in the back and neck. The programme helped enhance our Hong Kong colleagues' awareness of disease prevention and the impacts of poor posture and muscle strain on health. They also learned exercises that can prevent back and neck problems and support better health.

In 2023, we conducted three other wellness programmes for our Hong Kong colleagues, including “Chair Yoga”, “Positive Psychology – Open your Door of Happiness” and “Effective Parenting for Working Parents”.

## Health & Safety Performance in 2023

### REDUCING INJURIES TO OUR CREW

SASB TR-MT-320a.1

#### Short Term Goals:

We target to reduce our LTIF to less than 0.50 in 2024 and aim to substantially eliminate injury incidents in the longer term.

#### Steps to achieve target:

- enact effective policies and procedures
- comprehensive training and development

#### Key Motivators:

- Crew safety
- Corporate reputation and goodwill

←→ p.40 Two Non-Work-Related Fatalities

#### Current YOY Performance:

In 2023, our crews registered 14 lost-time injuries in over 20.9 million man hours, mostly arising from relatively minor slips, trips, falls and finger injuries, resulting in a return to pre-Covid lost time injury frequency (LTIF) levels. Nevertheless, our injury rates remain low by historical industry standards.

Much reduced injury rates in 2021-2022 were industry-wide due to less intensive ship maintenance activity during the Covid pandemic and substantially no doctors' visits to ships, resulting in fewer prescriptions for "time off" or repatriation.

### 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.60 Ports Where Our Ships Trade

#### Current YOY Performance:

In 2023, our average deficiencies per inspection was 0.79 (2022: 0.93) and 72% of our Port State Control inspections found zero regulatory deficiencies.

We recorded fewer PSC deficiencies, benefiting from normalised ship manager visits and maintenance intensity after Covid.

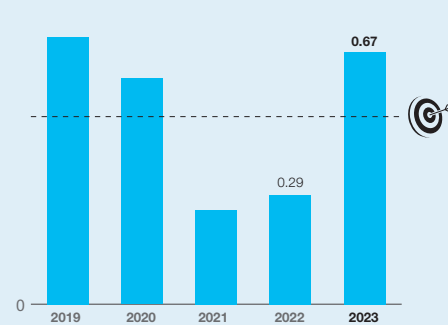
#### KPI

Lost Time Injury Frequency (LTIF)

0.67 ↑ 131%

injuries per million man hours

1



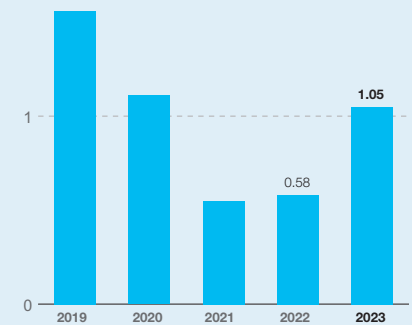
#### KPI

Total Recordable Case Frequency (TRCF)

1.05 ↑ 81%

injuries per million man hours

2



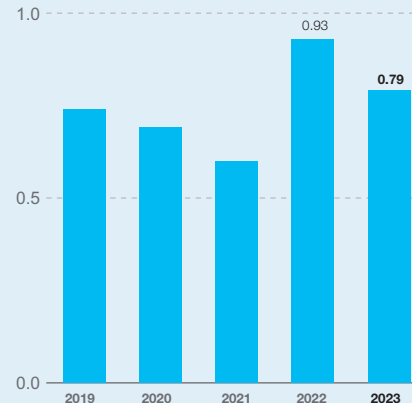
#### KPI

External Inspection Deficiency Rate

0.79 ↓ 15%

deficiencies per inspection

1.0



SEHK ESG

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 and ratings training seminars biannually at our crewing centres in Philippines, China and India. Additionally, we hold annual officer seminars in Ukraine. However, the conflict in Ukraine has changed the nature of our officer training programme.
- In 2023, we conducted

- 5** training seminars attended by 293 seafarers
- 6** mini-training seminars attended by 274 seafarers
- 34** training webinars attended by 2,320 seafarers
- 23** external trainings attended by 2,316 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.

## Examples of training topics in 2023

- Safe navigation
- Ballast water treatment system checks & troubleshooting
- Auxiliary engine overhaul
- Crew safety
- Social wellbeing
- Sexual harassment & anti-bullying
- Prevention of drug trafficking and smuggling
- Engine room watch-keeping
- Commercial operations
- Fuel & lube oil purifier overhaul
- Main engine piston ring & scavenge manifold inspection & procedures
- Inventory of Hazardous Materials (IHM) familiarisation
- Log carriage procedure
- Deck maintenance
- Port state control inspections
- 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
- Exhaust gas cleaning system operation & troubleshooting

*Our Head of Training and his dedicated training team seek 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*



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

➡ p.36 Safety, Health & Wellbeing



Aspect B3 (Development & Training)  
General Disclosure

- We organise monthly topical training for all deck and engineering departments staff conducted by Masters and 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, Philippines since 2010, Hong Kong since 2013, as well as in Ukraine since 2017 and India since 2022.
- We have officer cadets training on all of our ships and are growing our intake of female cadets.

## 2 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.

## 9 ships per safety/training manager

- In addition to our Marine & Safety Managers ashore, we deploy 8 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.
- We deploy an advanced Learning Management System (LMS) for online training.

*Our injury rates and safety performance are 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.



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 2023, 7 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.

## 7 graduate and other young recruits in 2023

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.

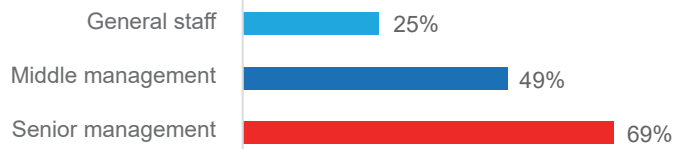




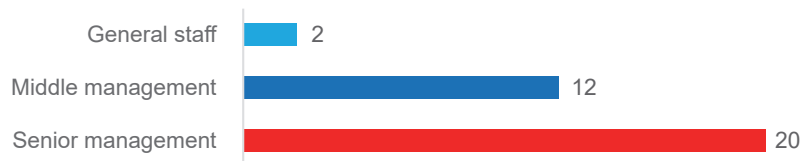


In October, our global chartering team members from around the world gathered in Hong Kong for three-day meetings and activities designed to share insights, discuss key changes expected in the next 12 to 24 months and foster stronger bonding, teamwork and strategy development.

## 40% staff receiving external training



## 9 Average training hours per onshore employee



## 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 2023, 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.51 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.

We have also adopted the Sustainable Shipping Initiative Code of Conduct which seeks to reinforce compliance with the MLC and other relevant maritime conventions and goes beyond by focusing on valuing seafarers and the full spectrum of their human rights.



## 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 (including crew family)
- 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. 2023 was our group headquarters' sixth 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.

➡ p.42 Wellbeing Ashore

## Future of Work

At Pacific Basin, we are committed to expanding opportunities for individuals from diverse backgrounds to work in the shipping industry through innovative and non-traditional approaches. Recognising the challenges faced by the industry, such as low interest in seafarer careers due to perceived work conditions and an aging workforce, we are dedicated to addressing these issues and ensuring a sustainable talent attraction and retention strategy.

Since 2021, our Remote Working Policy offers our shore-based employees greater flexibility in their work arrangements. We firmly believe that true flexibility benefits both the Company and our employees by aligning performance expectations with work-life needs.

To achieve this, we have implemented several measures. Firstly, we explore opportunities for shore staff to support seafarers and even take on certain tasks, fostering collaboration and synergy between different roles. Additionally, we analyse workflows to identify changes that can be implemented in new vessel designs or retrofits, enabling new work styles that align with modern needs. Furthermore, we are actively investigating ways to provide opportunities for seafarers during their off-duty periods and post-retirement, promoting long-term engagement and career development within the industry and benefiting us with the value that they still have to offer.

The future of work at Pacific Basin is expected to feature our current hybrid working model and a stronger emphasis on artificial intelligence (AI) education. Looking forward, it is evident that the work landscape is set for more significant change, driven by technological advancements, evolving societal expectations, and the growing integration of AI tools. While these changes bring challenges, they also present exciting opportunities for innovation, expansion and the establishment of a more adaptable and inclusive work environment.

As we navigate this transition, it will be crucial to keep the focus on people - ensuring that technological advancements serve to enhance, rather than replace, human capabilities and contributions.

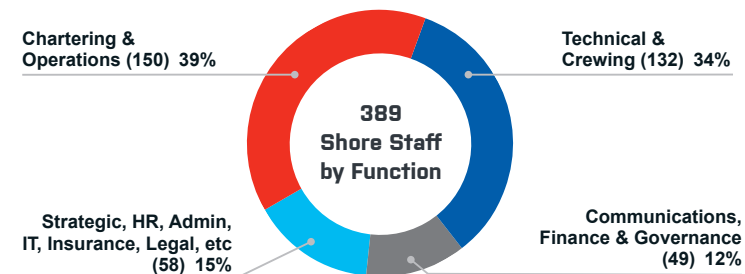
🔗 Careers at Pacific Basin

➡ p.81 Shore Staff by Region

SEHK ESG KPI B1.1  
Total workforce by employment type



*Our Director of Human Resources & Administration P.B. Subbiah (left, with HR Officer Jasmine Lai) looks out for the health, development, diversity, inclusion, culture and overall engagement of our colleagues ashore*





# Diversity, Equity & Inclusion

## Diversity generates value for all

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

We strive to create a 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.

Our shore-based team comprises executives of 33 nationalities, and the gender and age distribution of our shore-based workforce is relatively well-balanced overall. We recognise the lower representation of female colleagues in middle and senior management and on our Board of Directors. This has much to do with the significantly lower proportion of female applicants for shipping industry specific jobs, but we do try to leverage our strong employer brand to build diverse teams.

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.

We are also investing in the development of a growing number of female seafarers on our ships. We currently have 52 female seafarers on our owned ships, including 16 officers.

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.



Our continuous diversity, equity and inclusion ("DEI") efforts and other employee engagement initiatives have led to robust staff engagement which is evidenced by good retention and the high satisfaction score from an independent study conducted in 2022.

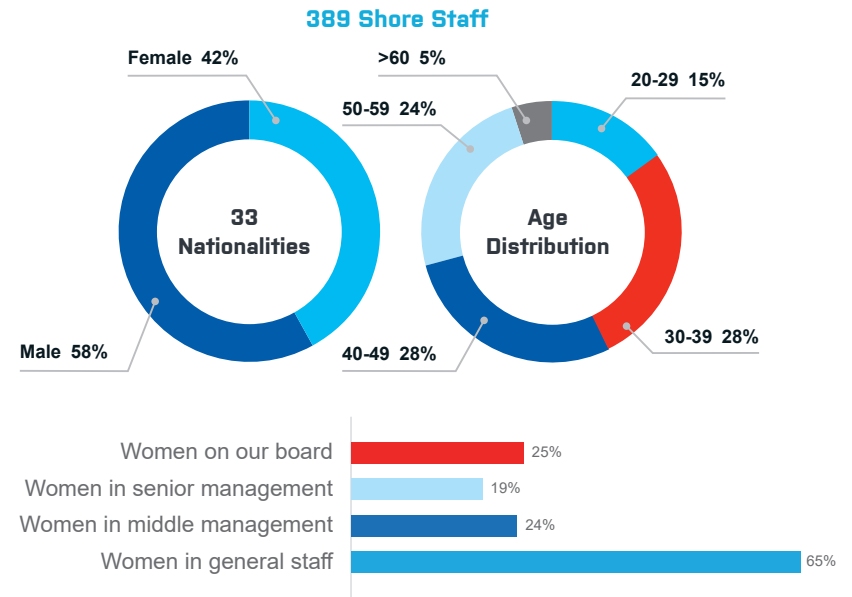
*Our long-service and retention figures are a testament to the employee engagement and job fulfilment at Pacific Basin over a period of significant growth*

**89%** shore staff retention

**88%** enjoy working at Pacific Basin (2022)

**37%** shore staff with Pacific Basin for over 10 years

**82%** overall engagement score (2022)



## Making Diversity at Sea Sustainable

We recognise the right every employee has to be treated fairly and respectfully and with dignity and inclusiveness. We also recognise that diversity can come with certain challenges which we seek to address. We are committed to making diversity sustainable. Some of our measures include:

- Buddy teams programme for larger female composition onboard our ships
- Enhanced training for all seafarers about the value of diversity and our zero tolerance to harassment, bullying and discrimination ↔ **p.44 Training Topics in 2023**
- Enhanced pre-joining briefing to cover gender diversity, harassment and bullying topics
- Separate toilets for female seafarers
- Supply of female-fit boiler suits and female toiletries kits ↔ **p.40 Crew Wellbeing**
- Shore-based female crewing assistants for female seafarers



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

## Board Diversity

Our Company recognises the value of a gender diverse board. In a recent 9-month exercise to fill two board vacancies, our Nomination Committee prioritised four criteria deemed most important at a time of significant change ahead for our industry, including gender diversity. The Nomination Committee ultimately selected the two candidates who they considered to have clearly met the four priority criteria the best. Our Board now comprises eight members, including five Independent Non-Executive Directors, two Non-Executive Directors and one Executive Director, with two women comprising 25% of the Board.

We target to have 3 women directors and a minimum of 30% female or gender-diverse representation on the board. The Chairman and Nomination committee will spend the next 24 months identifying and attracting world-class gender-diverse candidates who are not already "overboarded", too busy or conflicted, who have the expertise that our board seeks and who will enhance the quality and strength of our Board and meet the uncompromising standards that our stakeholders have come to expect of Pacific Basin directors.

**33%** Women on our Board at 31 December 2023

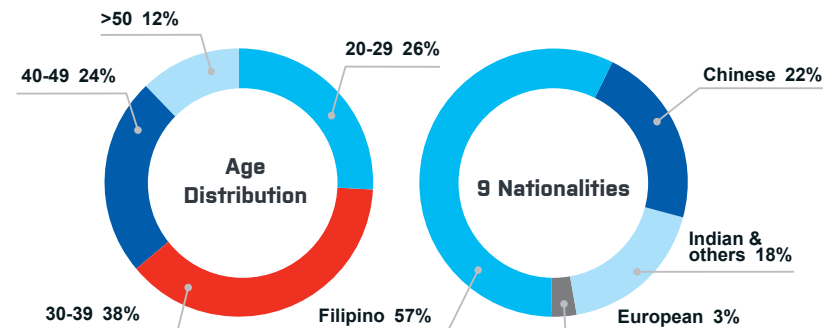
**25%** Women on our Board at 29 February 2024

**30%** Minimum target for women on our Board by 2026

**94%** officer retention (2022: 91%)

**95%** overall crew retention (2022: 86%)

5,100 Seafarers





## Meet Miss Ho Yan Tsam, our first female PB seafarer



I have had a deep affection for the sea and nature since I was young. “Smell the sea and feel the sky, let your soul and spirit fly” – the sea is always my best listener and comforter who embraces all my emotions when I am depressed or stressed.

On the Day of the Seafarer in 2019, I volunteered at the Open Day of Hong Kong Maritime Museum. Pacific Basin hosted an event and I had the opportunity to meet Mr. Mark Hardy, Head of Sustainability, and a few other PB staff members. I took a deep breath and approached them with a proposal to create more opportunities for female seafarers to work onboard ocean-going vessels. To my delight, they accepted my proposal and made me the first female seafarer in the company. It was the luckiest day of my life.

In 2019, I graduated from the Hong Kong Maritime Services Training Institute and began my career as a “Deck Cadet”. In 2021, I obtained my first Certificate of Competency from the Hong Kong Marine Department and was subsequently promoted to “Third Officer”. I have completed five contracts with Pacific Basin and have accumulated four years of experience at sea. I am excited to be commencing my next contract as “Second Officer”, marking a significant step in my career.

The greatest satisfaction for me to work as a seafarer is taking the responsibility of navigating the ship and communication with different kinds of people with different nationalities. In addition, the incredible views that I get to see every day including sunrise, sunset and the endless horizon which I

will never get tired of. This job also gives me opportunities to travel to new countries and I am always amazed by the nature. Snowy mountains in the Magellan Strait, boundless desert and ancient civilisation in Egypt and historical construction in the Panama Canal are all unforgettable moments and the greatest memories in my life.

Being a seafarer requires a dedication to continuous learning and improving one’s qualifications and competencies. While working on board is both fun and challenging, it also offers opportunities for personal and professional development. Every day presents a learning experience, and although it is not an easy job, passion and responsibility will yield great rewards.

Women represent only 1.2% of the global seafarer workforce as per the BIMCO/ICS 2021 Seafarer Workforce Report. In a traditionally male dominated industry, acceptance by shipping companies and coping with prejudice and stereotyping are the main challenges for female seafarers. I am proud that I am a Pacific Basin seafarer and the company emphasises safety and gender equality with full support for female seafarers. My journey has been an enriching experience that has made me a better person. I aspire to inspire and encourage other female seafarers to overcome any obstacles they may face by sharing my knowledge, experience and skills.



**Second Officer Ho Yan Tsam**  
currently serving on m/v Gullholmen Island





## Meet Ivan Guzman, seafarer-influencer with 2 million followers



Coming from a family where instability and struggles are evident, I gave up my passion to pursue a career that could improve my family's situation and allow us to enjoy life as best as we can. That's how I found my way into the maritime industry. Fuelled by a spirit of adventure and my love for exploring the world, immersing myself in different cultures, discovering new horizons and confronting unique challenges on the vast oceans have brought me to where I am today.

I have had the opportunity to work in a dynamic environment, learning and growing while sailing the vast oceans with Pacific Basin. In 2020, I was accepted into Pacific Basin's cadet program. I took the chance, gave it my all and it was a choice that I have never regretted.

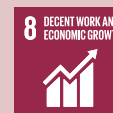
The main reason I chose to join Pacific Basin is its reputation for reliability and safety across its ships and crew, as well as its holistic approach. Focusing on quality management and compliance with international regulations, Pacific Basin reflects the values that I prioritise. Being a part of this company, I am not just a crew member but a valued individual contributing to Pacific Basin's growth and mission.

With Pacific Basin's strong industry reputation for excellence, I am confident that I am on the right path. Ensuring security, safety, health and wellbeing onboard is a top priority for enhancing overall efficiency and productivity. Through various initiatives addressing these aspects, a secure working environment is created to protect the crew, the ship and the environment. Furthermore, diversity and team-building initiatives play a vital role in fostering unity and friendship among the crew. These efforts at Pacific Basin contribute to a positive culture where every crew member feels valued, safe, respected and supported in their roles aboard.

I am thankful to Pacific Basin for supporting my hobby as an internet content creator which I enjoy pursuing when off duty. Through this opportunity, I share my knowledge and experiences with millions of people using technology. I still have a long way to go in my career journey and my determination and enthusiasm will persist until I achieve my goals.



**Cadet Deck Officer Ivan Guzman**  
currently serving on m/v Darling Rivera



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



# 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

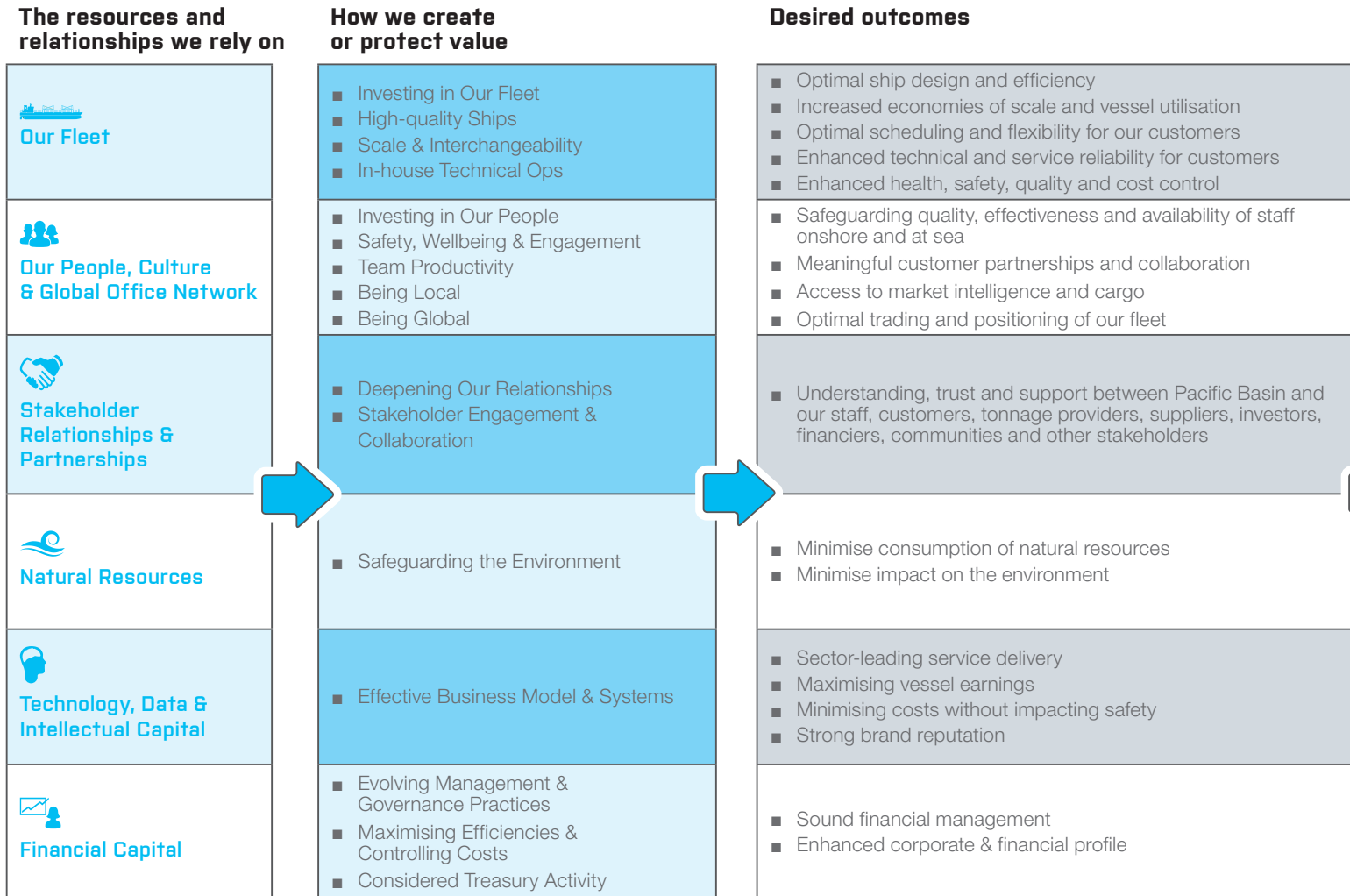
*As the world decarbonises, we will increasingly carry the non-fossil-fuel commodities that will be the mainstay of future global seaborne trade*





# 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](http://www.pacificbasin.com)  
 About Us > How We Create Value

## The value we create

### Serving our customers

We provide over 500 customers with a high-quality, personalised, flexible and reliable freight service under spot and long-term cargo contracts, making it easy to do business with us so that they can focus on growing their business

### Serving our people

Our 5,400+ staff feel safe, supported and engaged, benefiting from fulfilling, decent work and fair wages

### Serving society

We deliver efficiently and responsibly the food, animal feed, construction materials, energy and other raw materials that are essential to society and the global economy

### Serving the environment

We have significantly reduced the intensity of our emissions and other outputs over the past 15 years, and are on a path to decarbonising our operations and further minimising our overall environmental impacts

### Serving our shareholders








We continue to nurture the financial health of our Group, mitigate risks and leverage our business model to deliver attractive long-term returns over the shipping cycle

 **p.58-62** Serving our Customers, our Communities and Society

# 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 2023
<b>Customers</b> 	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"> <li>■ Day-to-day chartering enquiries and vessel/cargo fixing</li> <li>■ Customer meetings &amp; events</li> <li>■ Service feedback</li> <li>■ Customer survey calls</li> <li>■ ESG materiality survey</li> <li>■ Website publications &amp; circulars</li> </ul>	Our 2023 customer survey (engaging with customers accounting for over 20% of our cargo volumes) confirmed a high level of satisfaction. External consultants conducted focus group interviews with select customers in 2022 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.  Since March 2023, we have been collaborating with our cargo customer Rio Tinto as part of their Designated Owners & Operators Standard initiative to enhance safety and crew welfare.
<b>Suppliers</b> 	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"> <li>■ Supplier evaluations</li> <li>■ Code of conduct forms</li> <li>■ ESG materiality survey</li> <li>■ Purchasing activity</li> <li>■ Website &amp; publications</li> </ul>	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. We engaged with some suppliers to better understand our indirect Scope 3 emissions.
<b>Employees</b> 	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"> <li>■ Training programmes</li> <li>■ Town hall meetings &amp; intranet</li> <li>■ Open-door policy</li> <li>■ ESG materiality survey</li> <li>■ Performance feedback</li> <li>■ Social events</li> </ul>	In 2023, we enhanced our wellbeing programme and continued to look for ways to improve engagement. We conducted four wellness programmes for our Hong Kong colleagues. We organised our first sustainability townhall in July to activate greater sustainability awareness across our company. Our fleet's safety KPIs were still better than average by sector standards.
<b>Investors and financiers</b> 	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"> <li>■ Annual, Interim &amp; Quarterly reporting</li> <li>■ Annual General Meetings</li> <li>■ Investor perception studies</li> <li>■ ESG materiality survey</li> <li>■ Vessel and cargo terminal tours</li> <li>■ Investor meetings and conferences</li> <li>■ Investor, analyst, bankers days</li> <li>■ Regular meetings with banks</li> </ul>	We encourage active analyst coverage to help investors evaluate our Company. In 2023, we were covered by 8 analysts and 45 research reports.  In 2023, we successfully closed our first sustainability-linked unsecured revolving credit facility that aligns with our commitment to sustainability, with interest margin adjustments tied to carbon intensity (EEOI) and crew safety (LTIF) which we prioritise among our most important ESG issues.   <b>Investors</b>
<b>Communities</b> 	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"> <li>■ Seafarer philanthropy</li> <li>■ Being respectful visitors</li> <li>■ Maintaining good relations</li> </ul>	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.
<b>Shipping Industry &amp; Regulators/Authorities</b> 	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"> <li>■ Industry organisations</li> <li>■ Partnerships &amp; coalitions</li> <li>■ Formal &amp; casual meetings</li> <li>■ Our website &amp; publications</li> <li>■ Public forums</li> <li>■ Audits</li> </ul>	Active engagement with ship-building partners, industry associations, peers and other working groups 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 2023, we registered no cases of legal and regulatory 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 2023, we conducted our 12<sup>th</sup> annual customer survey comprising online questionnaires and/or 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 in 2022 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 on their trades of new decarbonisation rules, with ideas for short-term mitigation and long-term solutions for compliance and the health of the environment.

 [Our Service](#)  [p.57 Stakeholder Engagement](#)

## 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.

### Collaborating with Customers for a Safer Dry Bulk Supply Chain

Since March 2023, we have been collaborating with our cargo customer Rio Tinto as part of their Designated Owners & Operators Standard initiative to enhance safety and crew welfare in the dry bulk industry. This initiative is an example of the growing level of engagement and collaboration with like-minded stakeholders that we consider necessary to better tackle our industry's main challenges.



### What our customers said in 2023



- We really like to work with Pacific Basin, everyone is super kind, proactive and decisive
- PB has been one of our best performing owners in the Latin program for years, and continues to be one of the highest ranking/preferred owners we fix with
- Excellent, PB has been very flexible and supportive with our needs and requirements





# 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 and Mumbai. 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.
- 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.
- We were vocal participants in a special conference involving the US Coast Guard, BIMCO, Interpol and other security agencies and maritime organisations to discuss and begin to address the recent surge in drug smuggling on merchant ships and raise concern over the unjust criminalisation and detention of seafarers caught up in such cases. [↔ p.39 Concern over Criminalisation of Seafarers](#)
- We organised a Seafarers Family Day at Cebu Ocean Park with 144 family members of our 52 seafarers participating. We sponsored the entrance tickets, meals, and snack coupons. All participants enjoyed a delightful family time together.
- In 2023, we made charitable donations to various seafarer organisations amounting to US\$80,000.



## US\$204,000 Charitable Donations & Sponsorships

In 2023, our charitable donations and committed sponsorship amounted to US\$204,000.

35% of this we directed to aid to the seafarer community, including donations via the International Chamber of Shipping, the Sailors Home & Missions to Seafarers and the International Sailors' Society Canada.

Other shipping-related causes we supported include the Captain's Table maritime innovation competition, and the Hong Kong Maritime Museum (see pages 59 and 58).

The balance of our donations and sponsorship was directed towards various social causes, education and community sports.

[↔ p.40 Crew Wellbeing](#)

SEHK ESG Aspect B8 (Community Investment) General Disclosure

SEHK ESG KPI B8.1 Focus areas of contribution

SEHK ESG KPI B8.2 Resources contributed

## 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.

**857** ports & **108** countries  
visited by our ships in 2023

SASB TR-MT-000.F

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 2023

- *The crew of the Astoria Bay and their new Captain delivered yet another outstanding performance. It's always a pleasure to work with this team*
- *Our agents have given high praise, acknowledging the first-class cooperation and expertise. We value the Captain's strong leadership and the cooperation from his crew*
- *The crew performed admirably, conducting an overhaul of the crane blocks while the vessel was underway.*
- *We thank you again for your support and important participation in the International Ship and Port Facility Security practice. We thank the crew for their cooperation*





## 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 and Hong Kong Fleet Operations Advisory Committee. We also support various maritime and others 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.

Marking the International Day of the Seafarer in late June, Pacific Basin again sponsored free admission to HKMM for the general public, with Pacific Basin ship cadets and officers as well as shore-based managers and former ship captains volunteering to teach navigation skills and knot-tying, and to present museum objects, seafaring stories and career paths to museum visitors. A record 4,300 visitors attended.

- 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 General Manager serves as vice chairman of the Maritime Education and Training Subcommittee 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. Six recipients of our scholarship now work at Pacific Basin in Hong Kong, London and Vancouver, and in our fleet.

- Supporting local employment

We employ 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.

- Pacific Basin Soccer Sixes

We hosted in October 2023 the annual Pacific Basin Soccer Sixes intercompany football tournament in which Hong Kong's shipping and related services companies fielded 19 teams and 180 players in this popular Hong Kong shipping community event.





■ Hong Kong Maritime Week

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

■ 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.



■ Supporting ethnic minorities in Hong Kong

Non-shipping causes that we like to support include education, mental health and public welfare initiatives. In 2023, we collaborated with The Zubin Foundation to support their EMerging Talent Internship Programme, which provided internship opportunities to ethnic minorities in Hong Kong. We welcomed two interns from India and Bangladesh. Our engagement with the Zubin Foundation aligns with our support for the Equal Opportunities Commission's Racial Diversity & Inclusion Charter, emphasising our dedication to promoting a diverse and inclusive workplace.

## 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)
- Documentary Committee of 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
- Women's International Shipping & Trading Association ("WISTA") New Zealand General Committee



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



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

Pacific Basin is a three-time Gold Sponsor of The Captain's Table, a global maritime innovation 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 2023, The Captain's Table showcased several decarbonisation compliance, data and digitalisation and connectivity and other solutions. We have assessed these new projects and continue to explore innovative solutions for our own ESG, optimisation and decarbonisation programmes.

Our CEO Martin Fruergaard was again on the judging panel at the event's final round, and our HR Director P.B. Subbiah is a member of the Captain's Table Advisory Committee.



# 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 (the “Listing Rules”).

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 regularly reviews progress made against ESG-related goals and targets.

The Board delegates to the Sustainability Committee more regular oversight of the Group’s sustainability programme and the work of the Sustainability Management Committee (“SMC”).

 **Annual Report p.44**  
Board Responsibilities

## Elevated Board-level Oversight

In January 2024, we elevated board-level oversight of sustainability from our Audit Committee to a newly established Sustainability Committee, comprising two Independent Non-executive Directors (“INEDs”) and one Non-executive Director (“NED”). The Sustainability Committee is appointed by the Board to assist the Board in overseeing the management team and advising the Board on matters that are material to the long-term sustainability of the Company, including ensuring effective management of the Company’s sustainability risks and opportunities, overseeing the Company’s sustainability approach, priorities and implementation, monitoring progress towards sustainability targets, and overseeing sustainability reporting.

## Functions of SMC

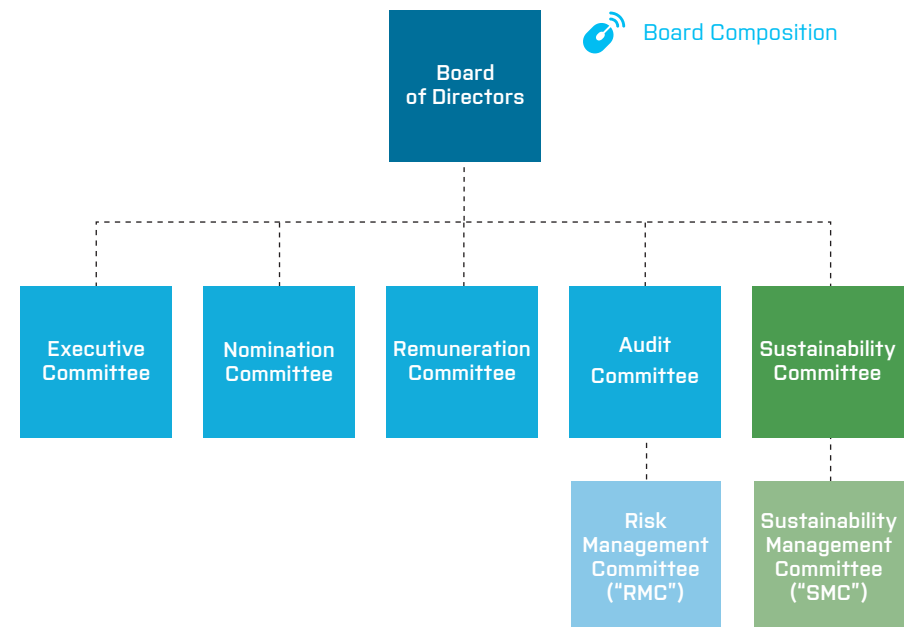
The Group’s SMC comprises the CEO, CFO, Head of Sustainability and five more senior executives from different functions. It reports to the Sustainability Committee at least twice a year, and is responsible for reviewing, assessing and enhancing the Group’s sustainability policies, strategies and performance, 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, marine & safety and decarbonisation & optimisation managers), the Commercial Operations Director and the Human Resources and Administration Director.

 [Meet our Leadership Team](#)

 [p.93 Meet our Sustainability team](#)



 Board Composition

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 .

 **Annual Report p.44**  
Governance

 [www.pacificbasin.com](http://www.pacificbasin.com)  
Sustainability > Corporate Governance

## The Sustainability Committee *(established in January 2024)*

### Membership

**Chairman:** Kirsi K. Tikka (INED)

**Members:** Stanley H. Ryan (INED), Mats H. Berglund (NED, appointed in January 2024)

### Main Responsibilities

1. Monitor and review emerging ESG responsibility trends and issues, with a focus on those most relevant to the dry bulk shipping industry.
2. Oversee the Company's ESG management approach, strategy and the process used to identify, evaluate and manage material ESG-related issues including the risks and opportunities they represent for the Company and to recommend any improvements.
3. Oversee the development and execution of the Company's ESG policies and practices, provide direction to Management on the Company's ESG vision and objectives/priorities, ensure alignment with the Company strategy and make recommendations to the Board.
4. Review the internal procedures and system for the generation and maintenance of appropriate and accurate sustainability data.
5. Review Management's ESG performance reports, including progress made against material ESG-related goals and targets, steps taken to achieve these targets, and covering any other relevant ESG issues; such ESG reports to be submitted to the Board at least two times a year.
6. Consider ESG investments proposed by Management and make appropriate recommendations to the Board.
7. Review the annual "Sustainability Report" to ensure the balance, transparency and integrity of published information as well as proper disclosure and compliance with the reporting principles of the HKEX's Environmental, Social and Governance Reporting Guide (expected to be upgraded to ESG Reporting Code), and make appropriate recommendations to the Board.
8. Review the ESG-related performance of and work done by Management and the SMC.
9. Ensure that a sustainability culture is promoted across the Company, with sufficient resources and training provided to manage the Company's material ESG issues and the risks and opportunities they represent.
10. Conduct an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget to manage the Company's ESG performance and reporting.

## 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 disclosures and compliance with the ESG Guide.
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 2023

In 2023, 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 of the existing sustainability governance structure with a recommendation to the Board to elevate its oversight of sustainability;
- review of the materiality of ESG topics and risks with reference to the Company's strategy and industry relevance;
- review of the progress of activating ESG awareness within the Company and the proposed level of ambition for various ESG issues;
- review of the proposed environmental and social KPI targets and steps to achieve them with a recommendation to the Board for approval;
- review of incoming energy-efficiency and decarbonisation regulations and measures in the shipping industry; and
- review of the terms of reference of the Sustainability Management Committee.

# 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

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 2023, 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.

### 0 Cases of corrupt practice

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	

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 ports and elsewhere 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



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

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 2023, we registered 7 incidents of facilitation payments under duress on our owned vessels involving total payments of about US\$7,340 in cash or in kind.





## 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 2023, we implemented automated sanctions screening to further enhance our sanctions checking programme that we previously upgraded in 2022. Our company conducts thorough due diligence and background checks of all chartering counterparties through a specialised team, utilising third-party due diligence reports and a comprehensive sanctions screening platform provided by a reputable risk intelligence provider.

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 define more comprehensively 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 our ship’s crews and 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](mailto:whistleblowing@pacificbasin.com)  
Tel: +852 2233 7296



KPI B7.2

Preventive measures & whistle-blowing procedures



*Kitty Mok is our Director of Risk and Group Company Secretary who, among other responsibilities, ensures that our standards of risk management and corporate governance are best in class*

## Financial Sustainability

We are dedicated to maintaining the financial well-being of our Group, managing risks, and utilising our business model to deliver favourable long-term returns throughout the shipping cycle.

Financial viability is a crucial priority for any business, as it underpins all other initiatives. Without it, the company's ability to endure, succeed and contribute to the economy and sustainable development would be compromised.

To achieve this, we prioritise maintaining a robust cash position and balance sheet, striving to lead the industry in daily earnings, exercising diligent cost control, and leveraging our business model and strategy to provide lasting value to our shareholders. Through prudent gearing and access to capital from operations, debt, convertible bonds, and equity, we aim to strengthen our position as a dependable and sustainable business for the long term.



## Transparency and Disclosure

We believe that transparency stimulated by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholder value. At Pacific Basin, we are committed to disclosing relevant risks practices and performance data to help stakeholders better understand our challenges and how we are performing.

Regarding ESG, we recognise the importance of clear messaging on our sustainability agenda and ambitions. We seek to improve our key messaging and narrative to ensure that stakeholders understand our commitment and approach to sustainability.

We aim to streamline our data collection systems through automation and training, enhancing our reporting efficiency. We will regularly review our alignment with reporting frameworks to ensure that we are providing the relevant information required.

To communicate our sustainability strategy and ambitions more clearly, we developed a new sustainability framework in 2022, and we aim to share a sustainability roadmap with long-term targets, milestones, and progress indicators to drive continuous improvement.



## ESG-linked and Sustainable Finance

There was a significant increase in the volume of green, social and sustainability-linked loans in 2023. Industry groups, such as the Loan Market Association and the Green Loan Principles, have updated and strengthened market loan principles, enhancing the credibility and momentum of sustainable finance instruments. This includes the requirement for banks and borrowers to disclose the sustainability aspects of loans for public scrutiny. As investment in the energy transition and the adoption of sustainable finance continue to rise, there is a growing focus on classification frameworks and taxonomies for sustainable finance activities.

ESG investment through direct financing is evaluated based on various factors, including the alignment of ethical standards between borrowers and lenders, the risk-return profile, the generation of environmental and socio-economic outcomes, and the measurement and reporting of these outcomes. Banks and financial institutions play a crucial role in scaling up finance and investment to address sustainability challenges, requiring a holistic approach to support corporates and investors in their transition.

## Public Image

We consider ourselves to be a reliable freight service provider and a proactive and responsible corporate citizen within the shipping industry and, as such, we seek to enhance the public perception and overall profile and reputation of Pacific Basin to attract talent, build support and goodwill, drive positive change and enhance our position as a preferred partner for all stakeholders.

To achieve this, we:

- regularly assess feedback and perceptions of Pacific Basin to identify areas for improvement
- publish press releases, social media posts and corporate reports to highlight initiatives and successes that we have achieved (while being transparent about bad news too)
- maintain regular communication with stakeholders beyond routine reporting and media releases
- provide information on our longer-term plans and progress, enhancing transparency about our strategy

## Successful Closing of our First Sustainability-Linked Credit Facility

In December 2023, we successfully concluded our first sustainability-linked unsecured revolving credit facility of US\$150 million, with interest margin adjustments linked to our carbon intensity (EEOI) and crew safety (LTIF) performance, which are among our top ESG priorities. To assure the relevance and robustness of our sustainability performance targets, Moody's Investors Service were engaged to provide a Second Party Opinion. Moody's assessment concluded with a "very good" Sustainability Quality Score (SQS2), reflecting "alignment with best practices" and a "significant contribution to sustainability".

Recognising the importance of collaboration in the value chain to tackle our industry's and society's greatest ESG challenges, we consider it appropriate to link finance with sustainable development, and so we will regularly review opportunities for sustainability-linked finance.



Our US\$150 million sustainability-linked loan won the Best Sustainability-Linked Loan (Shipping) award at The Asset Triple A Awards in February 2024. The Asset's annual Triple A Awards have defined excellence in banking, finance, treasury and the capital markets for over two decades.



## Tax Transparency

### Tax Approach

Our high standard of corporate governance demands a focus on tax compliance. We recognise that reliable tax systems are essential to finance investments in human capital, infrastructure and the provision of services for citizens and businesses that support sustainable development, society and local communities.

Our tax strategy is updated annually and published on our company website. The overall aim of our tax strategy is to ensure that the company's affairs are carried out in the most tax efficient manner whilst complying with the rules and regulations in all the jurisdictions in which the Group operates. Tax is a factor that is always considered in all investments and significant business transactions.

### Tax Governance, Control and Risk Management

Pacific Basin is committed to compliance with all applicable laws, rules, regulations, and reporting and disclosure requirements to relevant tax authorities. The Group meets its tax compliance obligations in relevant tax jurisdictions. This includes endeavouring to keep abreast of tax rules and regulations, delivering relevant tax returns and making tax payments on time.

The Group's tax affairs are managed centrally and in a manner which takes into account the Group's corporate reputation in line with its overall high standards of governance. The Risk Management Committee, chaired by the Chief Financial Officer (CFO) and reporting to the Audit Committee, monitors the integrity of the Group's internal controls and risk management systems including financial reporting and taxation planning and compliance and the supporting governance framework. Day to day management of the tax affairs of the Group is delegated to designated personnel with appropriate qualifications and experience (the "Tax Function") who report to the CFO. The

Tax Function is kept fully informed of commercial decisions and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

The Group utilises relevant tax incentives, reliefs, allowances and exemptions available in line with the intention of legislation. If deemed necessary, the Group will seek confirmation from professional advisers to confirm entitlement to such incentives, reliefs, allowances and exemptions.

An element of tax uncertainty is inevitable in the current global tax environment. Tax rules change from time and time. The Tax Function ensures the Group is kept up to date with relevant changes to tax rules and the related financial and legal implications to the Group. Where there is significant uncertainty or complexity in the matter, external advice may be sought.

### Relationships with Tax Authorities

Pacific Basin is committed to the principles of openness and transparency with tax authorities. We make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely manner.

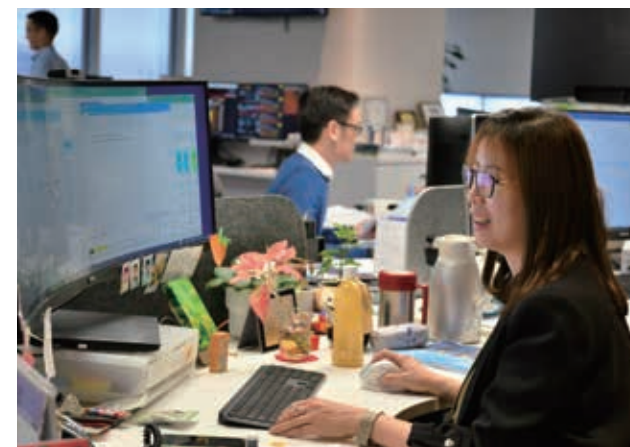
The Group engages with tax authorities with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. The Group does not take positions on tax matters that may create reputational risk or jeopardise its good standing with the tax authorities. We aim to resolve any disputed matters through honest, active and transparent discussion.

If deemed necessary, we will discuss with tax authorities significant tax issues or interpretation of the law in relation to relevant taxes to achieve certainty wherever possible either by ourselves or via our tax representatives.

In the event that inadvertent errors in submissions are made, such errors are fully disclosed to tax authorities as soon as reasonably practicable after they are discovered, and put right the tax position in an open and efficient manner.

## Preparing for Global Tax Reform and BEPS

Driven by global tax reform, OECD's Inclusive Framework on Base Erosion Profit Shifting ("BEPS") has continued to evolve, now taking a two-pillar approach, to help tackle tax avoidance, ensure coherence of international tax rules, and facilitate a more transparent tax environment. OECD BEPS Pillar Two is applicable to Pacific Basin as the revenue of the Group exceeded EUR750 million in two of the last four years. As Pacific Basin Shipping Limited, the ultimate parent entity, is located in Hong Kong, all the entities within the Group will be subject to Pillar Two starting in 2025. A top-up tax to achieve a minimum effective tax rate of 15% is required for those jurisdictions that the Group's entities operate in. Income from international shipping is excluded for the top-up tax requirement. For income from non-shipping activities, we have preliminarily assessed the liability of the top-up tax for the Group and considered the impact to be not significant.





## 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.

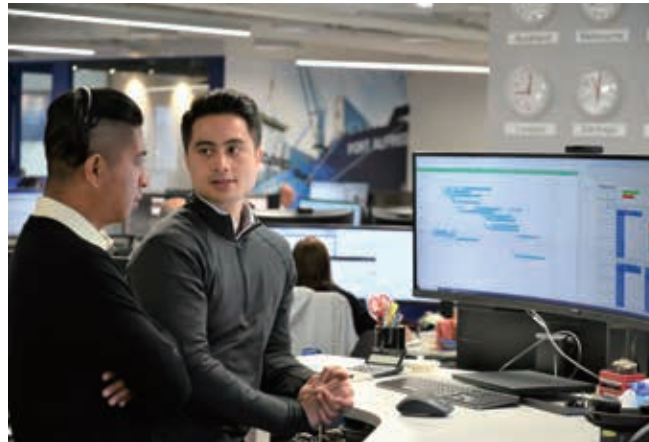
As a large player in our market segment with a comprehensive network of commercial offices around the world, we see more of what's going on in the market compared to most of our peers. This means we have historically had access to more data, thus giving us a competitive advantage. With certain data now 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.



## 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.

In response to the IMO's Maritime Cyber Risk Management Resolution, 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.

Our IT team has been actively identifying and remediating security risks and loopholes for internal and public internet access of our business critical applications and systems. We have successfully implemented identities, applications, and endpoints to our Extended Detection and Response platform, enhancing our visibility into activities and events.

In 2023, we engaged professional firm KPMG to conduct an independent security assessment (including sending phishing emails to staff at all levels of the company), resulting in commendable feedback on our resiliency and maturity in both external and internal security practices.

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



# 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)<sup>1</sup>. 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 90 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<sup>2</sup>.

➡ p.90 TCFD Index



➡ p.83 Independent Assurance Statement 



Aspect A4 (Climate Change)  
General Disclosure



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

<sup>1</sup> The climate scenarios used came from reputable sources, including the Intergovernmental Panel on Climate Change (“IPCC”), International Energy Agency (“IEA”), OECD, World Bank and other recently published journal papers.

<sup>2</sup> 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.

## Climate-related risks and opportunities drivers

In our 2021 climate risk assessment, ABS and we identified the following climate-related risk and opportunity drivers that may lead to negative and positive financial impacts on our business.



### 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

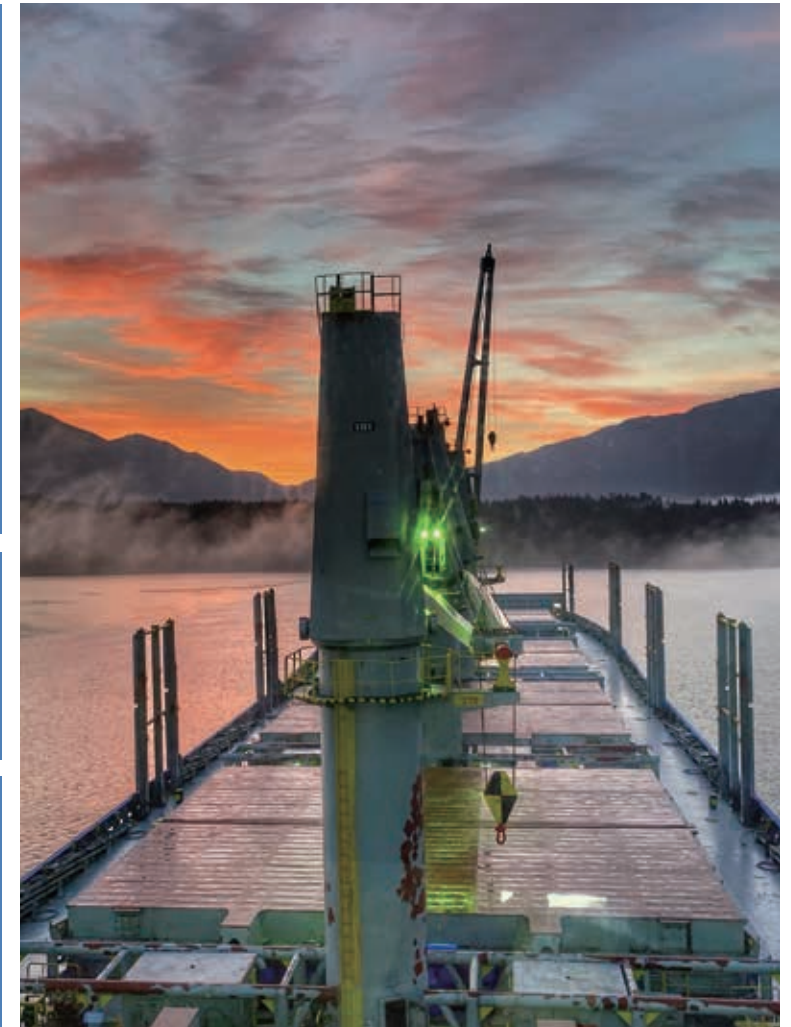


### Transition Risks

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

- decarbonisation rules, carbon pricing
- enhanced public emissions disclosure requirements
- new fuels and propulsion systems
- growing consumer preference for near-sourcing
- increasing customer demand for carbon-efficient or carbon-neutral shipping
- decreasing demand of fossil fuel products
- changing commodity trade patterns
- increasing exposure to reputation and litigation risks

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



### Mitigants

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 events



### Mitigants

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



### Opportunities

We focus on diverse minor bulks and grain with an agile tramping business model which allows us to change our ships' trading patterns at short notice if necessary to avoid physical risks. Our versatile, craned ships and their "handy" proportions allow them access to locations restricted by shallow water and inadequate cargo loading and discharging equipment



### Opportunities

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.17** Our Decarbonisation Strategy



**p.23 & 25** Preparation for Decarbonisation Regulations



# 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, human rights, labour standards, working conditions, health & safety, business ethics, sanctions & trading restrictions and environmental protection
- Our Counterparty Form requires our suppliers and other counterparties to declare that they agree to abide by the principles contained in our Counterparty Code of Conduct and 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.

## Responsible Procurement and Monitoring

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

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

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






### Our Vendors

In 2023, our list of approved vendors numbered 1,389, of which we vetted about 221 during the year, including all new suppliers and existing suppliers re-evaluated on a rotational basis.

In 2023, our number of suppliers slightly decreased as we deactivated suppliers with whom we had no business or transactions in the past two years. Our supplier pool has remained largely stable so as to continue supporting our global operations.

Key Suppliers by Region in 2023	Bunker Suppliers	Other Suppliers	Total*
Africa	2	67	69
Asia	6	706	712
Central America	2	34	36
Europe	4	251	255
Middle East	2	26	28
North America	4	125	129
Oceania	2	48	50
South America	4	126	130
The Caribbean	2	6	8
	28	1,389	1,417

\* excluding providers of ships we charter

-  Aspect B5 (Supply Chain Management) General Disclosure
-  KPI B5.1 Number of suppliers by geographical region
-  KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain

### 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 93% of our fuel from 15 major bunker suppliers in 2023. 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. We especially prioritise first-class modern vessels when chartering in ships for longer periods.

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.

-  KPI B5.2 Description of practices related to engaging suppliers
-  KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers

## Understanding our Major Scope 3 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. This is also known as Scope 3 emissions as per the Greenhouse Gas Protocol (“GHG Protocol”).

The GHG Protocol defines 15 categories of Scope 3 emissions to provide companies with a framework to measure, manage and reduce emissions across corporate value chains. We have conducted Scope 3 mapping to identify our material sources of Scope 3 emissions along our value chain which we summarise as follows together with estimates of our 2023 Scope 3 emissions, where we have been able to ascertain them.

Category	CO <sub>2</sub> e in 2023
1 – Purchased goods and services (currently only paints; later also lubricating oil and dry-dock activity)	5,965
2 – Capital goods (construction of newbuilding vessels)	0
3 – Fuel-and energy-related activities (well-to-tank emissions of purchased fuel)	645,100
6 – Business travel	8,164
7 – Employee commuting	158
8 – Upstream leased assets (third-party ships chartered in and out)	345,000
13 – Downstream leased assets (owned ships on outward period and trip time-charter)	473,000

For Category 1, we are now tracking our Scope 3 emissions from purchased paints only. In 2024, we expect to obtain scope 3 emissions data for our purchased lubricating oil and dry-docking work done on our ships.

Our Category 2 emissions were zero as we have not contracted any building new vessels in recent years.

Our Category 3 well-to-tank (“WTT”) emissions from purchased fuel is estimated based on our actual fuel consumption, to which we apply a WTT conversion factor from the 2023 UK Government GHG Conversion Factors for Company Reporting. These calculated WTT emissions amount to about 18% of our fuel’s total value chain emissions after our ships consume it. This aligns closely with specific WTT data provided to us by one of our fuel suppliers in respect of fuel they sold to Pacific Basin in 2022.

All our other reported Scope 3 value-chain emission data is based on data obtained directly from our suppliers and service providers, adjusted pro-rata where necessary.

GHG Protocol Scope 3 categories 4, 5, 9, 10, 11, 12, 14 and 15 are excluded from our summary as (1) they are not applicable to Pacific Basin’s business activities, (2) they are expected to be insignificant within our GHG emissions inventory, (3) we have limited potential to influence GHG reductions for these categories, or (4) we have limited ability to collect complete, accurate, and consistent data at this stage. Our value chain emissions inventory is subject to regular review and updates.

For our full GHG Scope 1, 2 & 3 emissions inventory, please refer to the Performance Data Summary section.





# 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	2019	2020	2021	2022	2023	
<b>GENERAL</b>							
<b>Owned ships operated (2023 average)<sup>1</sup></b>	# ships	113	116	116	118	<b>118</b>	SASB TR-MT-000.E
<b>Chartered ships operated (2023 average)<sup>1</sup></b>	# ships	116	112	143	130	<b>155</b>	
<b>Cargo volume carried</b>	million tonnes	67	70	79	68	<b>85</b>	
<b>Revenue</b>	US\$ million	1,586	1,471	2,972	3,282	<b>2,297</b>	
<b>ENVIRONMENT</b>							
<b>Fuel Consumed by Owned Fleet</b>	metric tonnes	448,500	462,500	505,800	487,000	<b>468,100</b>	SASB TR-MT-110a.3
Heavy fuel oil (in conjunction with scrubbers since 2020)	metric tonnes	382,600	125,200	140,100	135,200	<b>132,100</b>	
Low sulphur fuel oil	metric tonnes	13,800	281,000	305,900	293,500	<b>284,300</b>	
Low sulphur marine gas oil	metric tonnes	52,100	56,300	59,800	58,300	<b>51,700</b>	
Fuel Intensity	000' mt/ship	3.97	3.79	4.18	4.16	<b>3.96</b>	
Fuel Intensity	kg/dwt	97.2	98.1	104.6	97.3	<b>89.8</b>	
<b>Emissions from Owned Fleet</b>							
EEOI CO <sub>2</sub> index <sup>2</sup> 	grams CO <sub>2</sub> per tonne-mile	10.49	9.79	10.10	9.66	<b>8.49</b>	← p.24
AER CO <sub>2</sub> index	grams CO <sub>2</sub> per DWT-mile	–	5.78	6.28	6.07	<b>5.37</b>	
AER average rating	–	–	A	B	C	<b>B</b>	
Direct CO <sub>2</sub> emissions from our owned fleet	metric tonnes	1,405,000	1,430,000	1,592,000	1,530,000	<b>1,466,000</b>	SASB TR-MT-120a.1
Sulphur Oxides (SO <sub>x</sub> )	grams SO <sub>x</sub> per tonne-mile	–	0.026	0.026	0.026	<b>0.022</b>	
Nitrogen Oxides (NO <sub>x</sub> )	grams NO <sub>x</sub> per tonne-mile	–	0.23	0.24	0.23	<b>0.21</b>	
Particulate Matter (PM)	grams PM per tonne-mile	–	0.013	0.013	0.012	<b>0.011</b>	
<b>Fuel Consumed by Chartered Fleet</b>							
Heavy fuel oil	metric tonnes	407,100	450,200	719,100	629,600	<b>687,100</b>	
Low sulphur fuel oil	metric tonnes	252,900	23,300	67,500	52,300	<b>59,600</b>	
Low sulphur marine gas oil	metric tonnes	108,500	383,100	584,400	517,200	<b>570,400</b>	
	metric tonnes	45,700	43,800	67,200	60,100	<b>57,100</b>	
<b>Emissions from Chartered Fleet</b>							
EEOI CO <sub>2</sub> index	grams CO <sub>2</sub> per tonne-mile	–	–	–	8.88	<b>8.27</b>	
AER CO <sub>2</sub> index	grams CO <sub>2</sub> per DWT-mile	–	–	–	5.56	<b>5.28</b>	
AER average rating	–	–	–	–	C	<b>C</b>	
Direct CO <sub>2</sub> emissions from chartered fleet	metric tonnes	–	–	2,267,000	1,983,000	<b>2,169,000</b>	

	UNIT	2019	2020	2021	2022	2023	
<b>Greenhouse Gas Emissions (GHG)<sup>3</sup></b>							SASB TR-MT-110a.1
Scope 1 direct emissions from owned fleet	metric tonnes CO <sub>2</sub> e	1,427,000	1,477,000	1,615,000	1,026,000	1,020,000	
Scope 1 direct emissions from chartered fleet <sup>6</sup>	metric tonnes CO <sub>2</sub> e	–	–	1,791,000	1,566,000	1,850,000	
Scope 2 emissions from purchased electricity <sup>4</sup>	metric tonnes CO <sub>2</sub> e	378	382	371	343	346	
Scope 3 indirect emissions from owned fleet TC out	metric tonnes CO <sub>2</sub> e	–	–	–	528,000	473,000	
Scope 3 indirect emissions from chartered in/out fleet	metric tonnes CO <sub>2</sub> e	–	–	481,000	446,000	345,000	
Scope 3 indirect emissions from purchased fuel & paints <sup>5</sup>	metric tonnes CO <sub>2</sub> e	–	–	764,000	581,682	651,065	
Scope 3 indirect emissions from onshore activities <sup>4</sup>	metric tonnes CO <sub>2</sub> e	1,977	1,559	408	1,201	2,728	
Scope 3 indirect emissions from PB crew travel	metric tonnes CO <sub>2</sub> e	5,565	4,774	6,801	9,001	5,605	
Total GHG emissions	metric tonnes CO <sub>2</sub> e	1,434,920	1,483,715	4,658,580	4,158,227	4,347,744	
<b>Waste from our Owned Fleet</b>							
Sludge incinerated	m <sup>3</sup> /month/ship	1.66	1.71	1.33	1.27	1.34	
Garbage landed	m <sup>3</sup> /month/ship	2.34	1.78	1.91	2.02	1.86	SASB TR-MT-160a.3
<b>Oil Pollution Incidents KPI</b>	#	0	0	0	1	1 <sup>7</sup>	
<b>Resources Consumption from our Owned Fleet</b>							
Fresh water consumption	tonnes/month/ship	50.4	46.9	51.8	50.2	46.4	↔ p.29
Marine Lubricant Oil	litre	–	–	5,676,600	5,816,870	5,777,617	
Grease	kg	–	–	64,671	40,386	39,438	
Marine Paint	litre	–	–	–	1,014,021	1,038,592	
Refilled Refrigerant – R134a	kg	–	–	–	4	10	
Refilled Refrigerant – R404a	kg	–	–	–	1,597	1,632	
Refilled Refrigerant – R407c	kg	–	–	–	156	352	
<b>Recycling – Hong Kong office</b>							
Recycling – Paper	kg	–	–	–	742	1,348	
Recycling – Printer Cartridge/Toner	#	–	–	–	46	32	

<sup>1</sup> 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.

<sup>2</sup> 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 CO<sub>2</sub> emissions per actual transport work done.

<sup>3</sup> 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 CO<sub>2</sub>, 28 for CH<sub>4</sub>, and 265 for N<sub>2</sub>O respectively.

<sup>4</sup> 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.

<sup>5</sup> We are now tracking well-to-tank (WTT) Scope 3 indirect value chain emissions from our purchased fuel and paints.

<sup>6</sup> We started to track GHG emissions from our chartered fleet from 2021.

<sup>7</sup> We recorded one oil pollution incident in 2023, in which about 70 litres of fuel oil spilled into the sea during internal fuel oil transfer. Our crew responded well to contain the oil spill.



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 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.83 Independent Assurance Statement



KPI A1.1  
Type of emissions and data



KPI A1.2  
GHG emissions in total tonnes



KPI A2.1  
Direct/indirect energy consumption



	UNIT	2019	2020	2021	2022	2023
<b>SOCIAL</b>						
<b>Health &amp; Safety</b>						
Total recordable injury case frequency (TRCF) <b>KPI</b>	per mil man hrs	1.56	1.11	0.55	0.58	<b>1.05</b>
Lost time injury frequency (LTIF) <b>KPI</b>	per mil man hrs	0.71	0.60	0.25	0.29	<b>0.67</b>
Crew fatalities	#	2	2	0	2	<b>2<sup>o</sup></b>
Cases of harassment and bullying	#	–	–	–	2	<b>2</b>
Deficiencies per PSC inspection <b>KPI</b>	#	0.74	0.69	0.6	0.93	<b>0.79</b>
Zero deficiency rate in PSC inspections	%	73	81	77	74	<b>72</b>
Near-miss, unsafe acts and unsafe condition reports	#	587	422	1,264	1,700	<b>1,722</b>
Navigational accidents	#	5	2	2	3	<b>2<sup>o</sup></b>
<b>Development &amp; Training</b>						
Shore staff receiving external training	%	45	50	47	57	<b>40</b>
Shore staff trained by gender						
Men	%	67	58	60	55	<b>66</b>
Women	%	33	42	40	45	<b>34</b>
Shore staff trained by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	%	10	12	9	12	<b>15</b>
Chartering & Operations	%	45	45	34	37	<b>53</b>
Communications, Finance & Governance	%	11	20	12	11	<b>12</b>
Technical & Crewing	%	34	23	45	40	<b>20</b>
Shore staff trained by employee category						
Senior management	%	–	–	–	69	<b>69</b>
Middle management	%	–	–	–	55	<b>49</b>
General staff	%	–	–	–	59	<b>25</b>
Average training hours per onshore employee	hours	9	7	12	10	<b>9</b>
Shore staff average training hours by gender						
Men	hours	11	10	18	11	<b>25</b>
Women	hours	7	4	4	8	<b>14</b>
Shore staff average training hours by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	hours	7	6	9	9	<b>10</b>
Chartering & Operations	hours	14	12	8	11	<b>13</b>
Communications, Finance & Governance	hours	7	7	9	12	<b>9</b>
Technical & Crewing	hours	6	3	18	8	<b>3</b>
Shore staff average training hours by employee category						
Senior management	hours	–	–	–	15	<b>20</b>
Middle management	hours	–	–	–	12	<b>12</b>
General staff	hours	–	–	–	7	<b>2</b>
Seafarer/officer training webinars and seminars	#	5	7	11	49	
Ships per safety/training manager	#	8	11	11	11	<b>9</b>
Officer cadets per ship	#	1.5	1	1.3	1.9	<b>2</b>

← p.43

SASB TR-MT-320a.1

SASB TR-MT-540a.1

SASB TR-MT-540a.3

	UNIT	2019	2020	2021	2022	2023
<b>Seafarers Demographics</b>						
Seafarers headcount	#	3,900	4,100	4,600	3,900	5,100
Seafarers by age						
<20 years old	%	1	2	1	1	0
20-29 years old	%	40	38	37	34	26
30-39 years old	%	32	32	36	38	38
40-49 years old	%	21	21	20	21	24
>50 years old	%	6	7	6	6	12
Seafarers by nationality						
Chinese	%	52	48	39	25	22
Filipino	%	42	45	49	51	57
Indian & others	%	0	0	6	18	18
Europe	%	6	7	6	6	3
<b>Shore Staff Demographics</b>						
Shore-based staff headcount	# staff	345	343	365	373	389
Women on our board	%	20	20	18	22	33
Women in senior management	%	–	–	19	17	19
Women in middle management	%	–	–	25	24	24
Women in general staff	%	–	–	66	65	65
Women in workforce	%	43	43	45	43	42
Shore staff nationalities	#	28	28	30	31	33
Full-time	%	–	–	99	99	99
Non-full-time	%	–	–	1	1	1
Shore staff by age						
20-29 years old	%	12	13	14	13	15
30-39 years old	%	32	31	29	29	28
40-49 years old	%	32	30	29	30	28
50-59 years old	%	19	20	22	22	24
>60 years old	%	5	6	6	6	5
Shore staff by region						
Asia	%	72	74	76	76	74
Europe	%	11	10	10	10	11
N. America	%	8	7	6	6	6
Australasia	%	5	5	4	3	4
S. America	%	3	3	3	4	4
Africa	%	1	1	1	1	1
Shore staff by function						
Strategic, HR, Admin, IT, Insurance, Legal, etc	%	14	13	12	16	15
Chartering & Operations	%	40	39	42	39	39
Communications, Finance & Governance	%	13	14	10	9	12
Technical & Crewing	%	33	34	36	36	34
<b>Seafarer Turnover/Retention</b>						
Officer retention	%	95	96	91	91	94
Overall crew retention	%	87	88	87	86	95

SASB TR-MT-000.A

	UNIT	2019	2020	2021	2022	2023
<b>Shore Staff Turnover/Retention</b>						
Shore staff retention	%	90	94	88	88	89
Shore staff under share award scheme	%	28	28	26	26	24
Shore staff turnover by gender						
Men	%	–	6	12	13	8
Women	%	–	6	14	12	13
Shore staff turnover by age						
20-29 years old	%	–	12	23	34	13
30-39 years old	%	–	7	17	9	11
40-49 years old	%	–	3	8	10	6
50-59 years old	%	–	1	6	7	8
>60 years old	%	–	18	19	10	35
Shore staff turnover by region						
Asia	%	–	6	12	13	12
Europe	%	–	9	5	14	5
N. America	%	–	4	23	9	13
Australasia	%	–	7	33	13	13
S. America	%	–	9	30	0	0
Africa	%	–	0	0	0	0
<b>Supply Chain Management</b>						
Approved suppliers	#	620	985	1,249	1,411	1,389
Bunker suppliers	#	14	15	25	28	28
<b>Governance</b>						
Cases of corruption	#	0	0	0	0	0
Number of facilitation payments incidents	#	–	–	23	10	7
Total value of incidents of facilitation payments under duress	US\$	–	–	34,000	20,000	7,340
Breach of sanction cases	#	0	0	0	0	0
Whistleblowing cases received	#	0	0	0	0	0
Sustainability Management Committee meetings	#	–	3	3	2	2
Audit Committee meetings	#	4	4	4	4	4
<b>Community Investment</b>						
Sponsorship & donations	US\$'000	85	39	365	312	204

SASB TR-MT-510a.2

<sup>8</sup> Regretfully two crew members passed away at sea in 2023. Both were non-work-related deaths. Following the incidents, we circulated wellness bulletins with relevant wellbeing advice, including reminding staff of our two remote medical service providers available to support our crews' physical and mental wellbeing, and we engaged professional seafarer wellbeing trainers to enhance the effectiveness of our wellbeing training programme.

<sup>9</sup> We recorded two navigational accidents in 2023, in which there were no injuries, pollution or damage to the ships. The lessons learned have been shared and discussed with our ships' crews.



# 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 2023 (“the Report”) relating to the year ended 31 December 2023 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 2023 and in early 2024, 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 2023 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 of the Company’s owned fleet (excluding vessels chartered by the Company) 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.

### 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 key assumptions and 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 2023 have not been properly prepared, in any material respects, in accordance with the Methodology.

### American Bureau of Shipping

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29 February 2024

# 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
<b>Governance Structure</b>	A statement from the board containing the following elements:	
	(i) a disclosure of the board's oversight of ESG issues;	65
	(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	65
	(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	65
<b>Reporting Principles</b>	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report	91
<b>Reporting Boundary</b>	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	91

## A. Environmental

Index Ref.	Description	Page
<b>A1</b>	<b>Emissions</b>	
	<b>General disclosure statement</b>	15
1.1	Types of emissions and data	78-79
1.2	GHG emissions in tonnes	78
1.3	Total hazardous waste produced	78
1.4	Total non-hazardous waste produced	78
1.5	Description of emission targets set and steps taken to achieve them	24, 27
1.6	Description of handling of waste and reduction targets set and steps taken to achieve them	29
<b>A2</b>	<b>Use of Resources</b>	
	<b>General disclosure statement</b>	15
2.1	Direct/Indirect energy consumption	78
2.2	Water consumption	29, 79
2.3	Description of energy efficiency targets set and steps taken to achieve them	18
2.4	Issues in sourcing water and water efficiency targets set	29
2.5	Total packaging material used      Not applicable as our business does not produce finished products requiring packaging material	NA*
<b>A3</b>	<b>Environment and Natural Resources</b>	
	<b>General disclosure statement</b>	15
3.1	Description of significant impacts of activities	28
<b>A4</b>	<b>Climate Change</b>	
	<b>General disclosure statement</b>	72
4.1	Description of significant climate-related issues and actions taken to manage them	17, 72-73

## B. Social

Index Ref.	Description	Page
<b>B1</b>	<b>Employment</b>	
	<b>General disclosure statement</b>	33
1.1	Total workforce by employment type	80-82
1.2	Employee turnover rate	80-82
<b>B2</b>	<b>Health and Safety</b>	
	<b>General disclosure statement</b>	36
2.1	Number and rate of work-related fatalities	80-82
2.2	Lost days due to work injury	80-82
2.3	Description of occupational health and safety measures adopted	36-43
<b>B3</b>	<b>Development and Training</b>	
	<b>General disclosure statement</b>	44-47
3.1	Percentage of employees trained by category	80-82
3.2	Average training hours per employee	80-82
<b>B4</b>	<b>Labour Standards</b>	
	<b>General disclosure statement</b>	48-49
4.1	Description of measures to review employment practices to avoid child and forced labour	48-49
4.2	Description of steps taken to eliminate child and forced labour when discovered	48-49, 68
<b>B5</b>	<b>Supply Chain Management</b>	
	<b>General disclosure statement</b>	74-76
5.1	Number of suppliers by geographical region	75
5.2	Description of practices related to engaging suppliers	74-76
5.3	Description of practices used to identify environmental and social risks along the supply chain	74-76
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers	74-76
<b>B6</b>	<b>Product Responsibility</b>	NA*
	Not applicable as our business does not manufacture or trade in products	
<b>B7</b>	<b>Anti-Corruption</b>	
	<b>General disclosure statement</b>	67
7.1	Number of legal cases regarding corrupt practices	67
7.2	Description of preventive measures and whistle-blowing procedures	67-68
7.3	Description of anti-corruption training provided	67-68
<b>B8</b>	<b>Community Investment</b>	
	<b>General disclosure statement</b>	59
8.1	Focus areas of contribution	59-62
8.2	Resources contributed	59-62

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.



**C. Climate-related disclosures**

Index Ref.	Description	Page
<b>Governance</b>		
Governance	Disclose the issuer's governance process, controls and procedures used to monitor and manage climate-related risks and opportunities	65-66
<b>Strategy</b>		
Climate-related risks and opportunities	Disclose climate-related risks and, where applicable, opportunities faced by the issuer and their impact on the issuer's business operations, business model and strategy	72-73
Transition plans	Disclose issuer's response to the climate-related risks and, where applicable, opportunities identified above, including: (i) any changes to the issuer's business model and strategy, and any adaptation and mitigation efforts undertaken to address such risks and opportunities; and (ii) any climate-related targets the issuer has set for transition plans, and any GHG emission targets the issuer is required to meet by local legislation	17-26
Climate resilience	Disclose the resilience of the issuer's strategy (including its business model) and operations to climate-related changes, developments or uncertainties, which shall be assessed using a method of climate-related scenario analysis that is commensurate with the issuer's circumstances	17-26, 65-66
Financial effects of climate-related risks and opportunities	Disclose the current (quantitative where material) and anticipated (qualitative) financial effects of climate-related risks and, where applicable, opportunities on the issuer's financial position, financial performance and cash flows	In progress
<b>Risk Management</b>		
Risk management	Disclose the process the issuer used to identify, assess and manage climate-related risks and, where applicable, opportunities	refer to Risk Management section of our Annual Report 2023
<b>Metrics and Targets</b>		
Greenhouse gas (GHG) emissions	Disclose scope 1, scope 2 and scope 3 emissions	79
Other cross-industry metrics	Disclose cross-industry metrics such as the percentage of assets or business activities (i) vulnerable to transition/physical risks or (ii) aligned with climate-related opportunities, and the amount of capital expenditure deployed towards climate-related risks and opportunities	78-79
Internal carbon prices	For issuers who maintain an internal carbon price, disclose the internal carbon price and explain how it is applied in the issuer's decision-making	NA
Remuneration	Disclose how climate-related considerations are factored into remuneration policy	In progress
Industry-based metrics	Consider industry-based disclosure requirements prescribed under international ESG reporting frameworks and make disclosures as the issuer sees fit	87-90

# 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 2023.

GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>The organisation and its reporting practices</b>		
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
<b>Activities and workers</b>		
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
<b>Governance</b>		
2-9	Governance structure and composition	Sustainability Governance; refer to Governance section of our Annual Report 2023
2-10	Nomination and selection of the highest governance body	Refer to Governance section of our Annual Report 2023
2-11	Chair of the highest governance body	Refer to Governance section of our Annual Report 2023
2-12	Role of the highest governance body in overseeing the management of impacts	Refer to Governance section of our Annual Report 2023
2-13	Delegation of responsibility for managing impacts	Sustainability Governance; refer to Governance section of our Annual Report 2023
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance; refer to Governance section of our Annual Report 2023
2-15	Conflicts of interest	Refer to Governance section of our Annual Report 2023
2-16	Communication of critical concerns	Refer to Governance section of our Annual Report 2023
2-17	Collective knowledge of the highest governance body	Refer to Governance section of our Annual Report 2023
2-18	Evaluation of the performance of the highest governance body	Refer to Governance section of our Annual Report 2023
2-19	Remuneration policies	Refer to Governance section of our Annual Report 2023
2-20	Process to determine remuneration	Refer to Governance section of our Annual Report 2023
2-21	Annual total compensation ratio	Refer to Governance section of our Annual Report 2023
<b>Strategy, policies and practices</b>		
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
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Labour Standards & Workplace Conditions

GRI INDICATOR	DESCRIPTION	SECTION REFERENCES AND COMMENTS
<b>GRI 3: MATERIAL TOPICS 2021</b>		
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
<b>GRI 205: ANTI-CORRUPTION 2016</b>		
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
<b>GRI 207: TAX 2019</b>		
207-1	Approach to tax	Responsible Business Practices
207-2	Tax governance, control, and risk management	Responsible Business Practices
207-3	Stakeholder engagement and management of concerns related to tax	Responsible Business Practices
<b>GRI 302: ENERGY 2016</b>		
302-1	Energy consumption within the organisation	Performance Data Summary
302-3	Energy intensity	Performance Data Summary
<b>GRI 303: WATER AND EFFLUENTS 2018</b>		
303-5	Water consumption	Performance Data Summary
<b>GRI 304: BIODIVERSITY 2016</b>		
304-2	Significant impacts of activities, products and services on biodiversity	Conserving Marine Biodiversity
<b>GRI 305: EMISSION 2016</b>		
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
<b>GRI 306: WASTE 2020</b>		
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
<b>GRI 401: EMPLOYMENT 2016</b>		
401-1	New employee hires and employee turnover	Performance Data Summary
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
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
<b>GRI 404: TRAINING AND EDUCATION 2016</b>		
404-1	Average hours of training per year per employee	Performance Data Summary
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>		
405-1	Diversity of governance bodies and employees	Diversity, Equality & Inclusion; refer to Governance section of our Annual Report 2023
<b>GRI 406: NON-DISCRIMINATION 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Diversity, Equality & Inclusion
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>		
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 2023.

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

TOPIC	METRIC	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	Our Main Decarbonisation Measures
	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	Tracking a Course to Net Zero by 2050
Air Quality	Air emissions for the following pollutants: NOx, SOx, and particulate matter (PM)	TR-MT-120a.1	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 Performance Data Summary
Employee health and safety	Lost time injury rate (LTIR)	TR-MT-320a.1	Health & Safety Performance 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	Performance Data Summary
	Number of port state control deficiencies and detentions	TR-MT-540a.3	Health & Safety Performance Performance Data Summary

# Task Force on Climate-related Financial Disclosures Index

CORE ELEMENT	TCFD RECOMMENDATIONS	SECTION REFERENCE
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities Describe management's role in assessing and managing climate-related risks and opportunities	 Sustainability Governance  Governance
<b>Strategy</b> 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 Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	 Energy Efficiency & Decarbonisation  Climate-change Resilience  Our Decarbonisation Strategy
<b>Risk Management</b> Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks Describe the organisation's processes for managing climate-related risks Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	 Materiality  Climate-change Resilience  Risk Management
<b>Metrics and Targets</b> 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 Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	 Tracking a Course to Net Zero by 2050  Performance Data Summary

# About our Sustainability Report

This is our eighth 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 (ESG) and other sustainability 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 ESG strategic approach and performance data for 2023, including environmental and social KPI targets against which we measure our achievements and which will help us to comply with regulatory requirements and meet our strategic goals.

**KPI** denotes high-level KPIs (key performance indicators)

## 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 fulfilment at work and promote responsible engagement within the supply and value chains, networks and communities in which 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.

## Sustainability Reporting Frameworks

Our sustainability reporting follows the latest Environmental, Social and Governance Reporting Guide (“ESG Guide”) of as set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong (expected to be upgraded to “ESG Reporting Code”). 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 monitor developments and trends in areas of sustainability and sustainability reporting to better meet the expectations of our stakeholders in light of evolving societal expectations as well as business and regulatory requirements.

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 – consistent with IMO’s new target – which is already very ambitious for hard to decarbonise industry sectors like our Handysize/Supramax dry bulk tramp shipping sector.

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.84** SEHK ESG Reporting Guide Index

 **p.87-90** Other Reporting Framework Indices

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 especially prioritise first-class modern vessels when chartering in ships for longer periods.

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

## Reporting Principles

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

## Reporting Period

Our reporting period is 1 January to 31 December 2023.

## 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.83** 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 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
- Seafarer’s Rights Policy
- Drug & Alcohol Policy
- Policy on Harassment and Bullying
- 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 65 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.44



 Thank you to our several Pacific Basin colleagues from across our owned fleet and office network who produced almost all the photos in this report

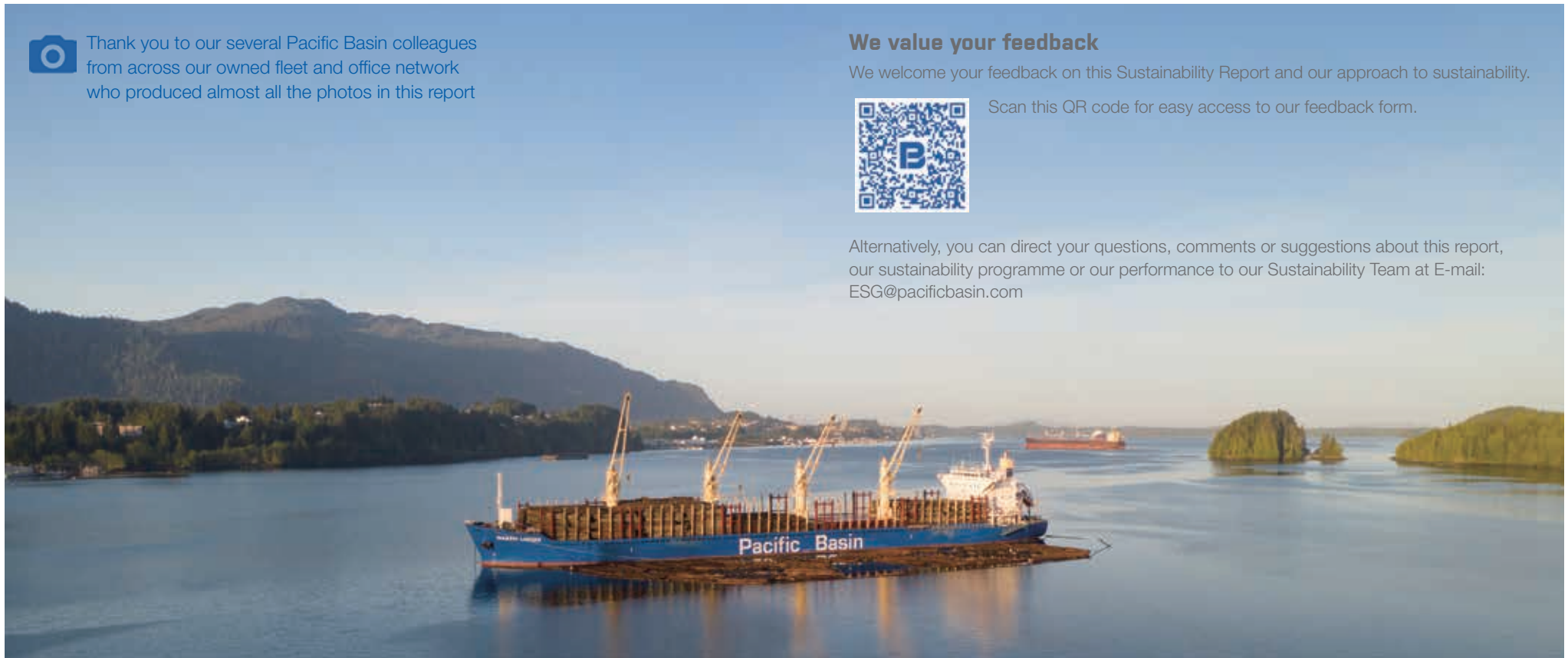
### We value your feedback

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](mailto:ESG@pacificbasin.com)



## Meet our Sustainability Team

In 2022, we established a dedicated sustainability team to facilitate more deliberate, creative, collaborative thinking about sustainability and what it means for Pacific Basin, and how best to manage the risks and opportunities they represent.

Led by Mark Hardy (Head of Sustainability) and supported by Sunny Wong (Manager, Sustainability), our sustainability team is lean and centralised, relying on our departments to own and manage our ESG issues.

Our sustainability team's key purpose is to:

- Help shape ESG strategy, ambitions, priorities and targets
- Oversee, drive and support Pacific Basin departments' ESG execution for continuous improvement
- Measure and report on ESG performance
- Serve as ESG ambassadors to educate and inspire, drive engagement about our ESG story, connect teams, foster alignment with main goals, integrate ESG initiatives across Pacific Basin, and help embed sustainability in our organisation and culture
- Help conversion from mere compliance to differentiator



# OUR PB CREW ARE OUR HEROES AT SEA

SUSTAINABILITY REPORT 2023

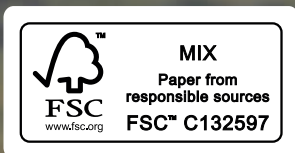


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