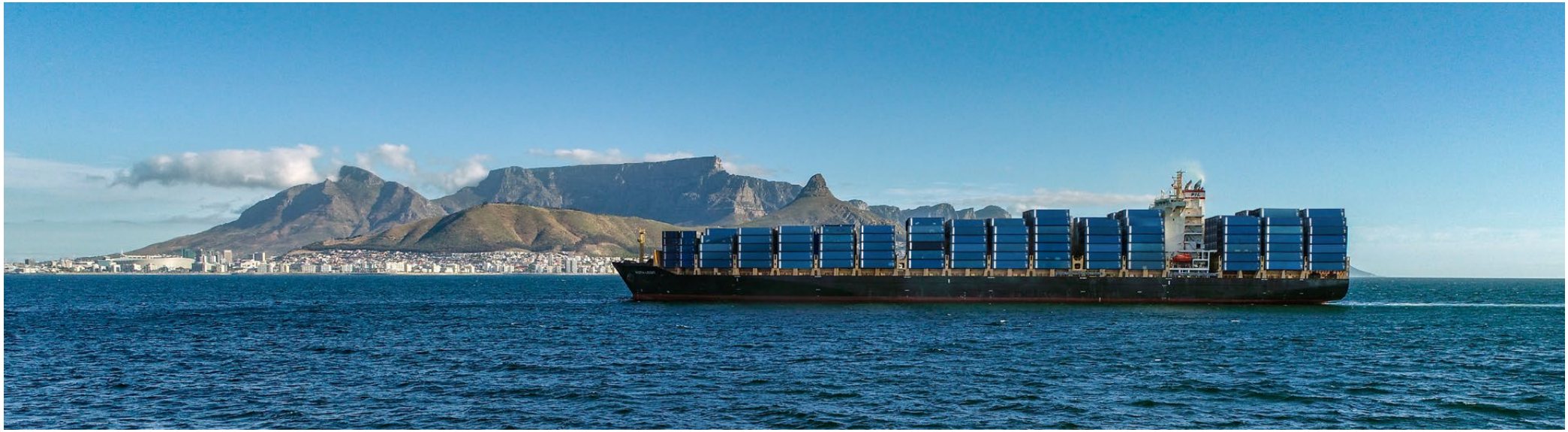
A YEAR OF TRANSFORMATION

Sustainability Report 2023

ABOUT THIS REPORT



We are pleased to present the 3rd Sustainability Report of Pacific International Lines (Pte) Ltd ("PIL").

This initiative reflects our efforts to transparently communicate to our stakeholders the actions and achievements related to the environmental, social and governance aspects of our business and the progress on our journey towards sustainability.

The report covers our business activities from 1 January 2023 to 31 December 2023 for our global fleet and land-based operations, unless otherwise stated in the report.

This report has been prepared with reference to the updated GRI Universal Standards 2021 and it takes into account the recommendations of the Task Force on the Climate-related Financial Disclosure (TCFD) as we prepare for adoption of the IFRS Sustainability Standards in the coming years. The GRI Content Index can be found on page 74 and the TCFD Content Index on page 79.

The third-party assurance statement of our emission-related data is available on page 81.

We value the opinion of our stakeholders and welcome any comments, questions or suggestions that can help us improve our sustainability performance. Please address all feedback via email to PIL_Sustainability@sgp.pilship.com.

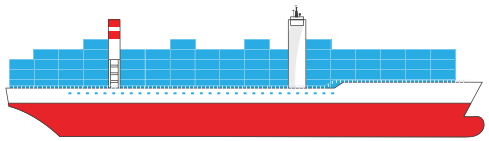
Our previous sustainability reports are available online and can be downloaded from PIL's website – https://www1.pilship.com/sustainability/our-esg-commitment/

KEY HIGHLIGHTS

ENVIRONMENT

Established Decarbonisation Plans aligned with **IMO 2023 GHG Strategy**

Began construction of **LNG dual-fuel vessels**; to be delivered progressively across 2024 and 2025



Conducted **climate risk assessment** per TCFD guidelines

Carried out **B24 biofuel trial** with PSA Singapore

Memorandum of Understanding with DP World for **Green Shipping Corridor trials**

Independent **3rd party assurance** for Scope 1 and Scope 2 emissions

SOCIAL

Revised **Pillars of People Excellence strategy** building on 6 pillars of people management

Conducted first **Employee Engagement Survey** in headquarters

CEO Lars was awarded **Medal of Commendation for contribution to seafarers' welfare**

Improved **LTIF from 0.89 to 0.71** for sea operations

Set up **PIL Academy** to support learning and development

Established fund for **global community uplifting** and social initiatives

Established **mental health support helpline** in headquarters

Zero major accidents

GOVERNANCE

Refreshed Purpose and Values as part of new **Culture Playbook** to guide on employee behaviour and norms

Launched inaugural **Supplier Code of Conduct** outlining minimum ESG requirements for suppliers

Establishment of an **integrated compliance programme** covering anti-bribery and corruption, sanctions compliance, competition compliance and data protection.

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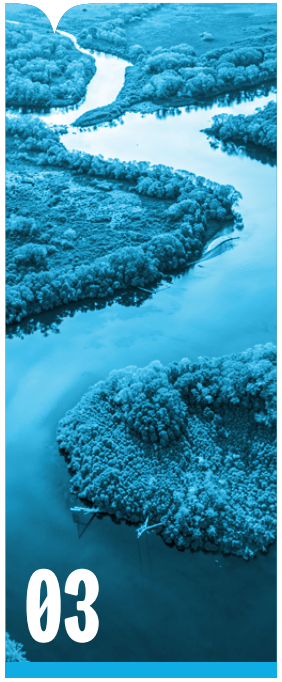

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INTRODUCTION

Message from Executive Chairman

Message from Chief Executive Officer

About Pacific International Lines

MESSAGE FROM EXECUTIVE CHAIRMAN

Dear Friends,

I am pleased to present to you PIL's third Sustainability Report. For us, the year 2023 was the start of a key milestone in PIL's journey, as we rolled out our new Purpose and refreshed Values, reinforcing the resilient spirit that defines us.

> *"At PIL, we embody tradition and transformation, and we are proud of our heritage. Guided by our new purpose, refreshed values, and strong corporate culture, we honour our maritime legacy while steering towards a promising future."*

Towards Sustainability

As part of being Future-focused, sustainability is at the forefront of our journey. We recognise the profound impacts of climate change and the risks and opportunities it poses not only for our company and industry, but on the entire planet. Throughout 2023, we have continued to actively pursue **decarbonisation** strategies, investing in greener technologies, fuels and operational efficiencies. We also worked to prepare for our 8 newbuild LNG dual-fuel vessels which will be delivered progressively across 2024 and 2025. We are committed to a future where our vessels leave a minimal footprint on the environment, contributing to a healthier and more sustainable global ecosystem.

Investing in Our People

Beyond environmental stewardship, we prioritise the well-being of our people, at sea and on shore as well as the communities we serve. We firmly believe that a sustainable future hinges on a sustainable workforce. Guided by the ten principles of the United Nations Global Compact (UNGC), we commit to uphold high standards in respect to labour and human rights and expect the same from our partners.

Furthermore, we laid the ground for the innovative **PIL Academy**, which launched in the spring of 2024. This initiative fosters talent development and empowers our staff on shore and at sea with the skills needed to excel in this rapidly evolving industry. The PIL Academy supports our aim to actively redesign jobs to encourage career growth and ensure a fulfilling and rewarding experience for our colleagues globally.

Uplifting Communities and Promoting Economic Equity

A significant proportion of PIL's service routes focuses on driving the connectivity of developing economies in the global south with the major industrial economies of East and Southeast Asia. The enhanced connectivity will ultimately lead to a better quality of life for communities in these countries – many of which are also homes to our seafarers.

Many communities in these economies are also among the most exposed and susceptible to the adverse climate effects of climate change. PIL has been supporting relief efforts to these countries as well as **humanitarian efforts** in other countries where our ships call at.

Such efforts ultimately benefit our fellow human beings and will continue as a key focus of our Fair Winds social initiative.

A Collective Effort

These accomplishments would not be possible without the unwavering dedication of our colleagues from around the world. I would like to take this opportunity to extend my gratitude to each and every PIL colleague and encourage all of you to actively participate in our ongoing efforts to uplift the communities serve as well as protect the environment. I would also like to thank our valued partners and stakeholders for your continued trust and collaboration.

I would like to encourage you to explore this report further and learn about PIL's efforts in 2023. We hope that it might inspire you on your sustainability path and create opportunities for new collaborations.

Yours sincerely,

S.S. Teo
Executive Chairman

CONVERSATION WITH CHIEF EXECUTIVE OFFICER

Lars Kastrup
CEO

In a world where sustainability is no longer a choice but a necessity, Pacific International Lines (PIL) stands at the nexus of a sustainability transformation. We sat down with PIL's Chief Executive Officer, Lars Kastrup, to discuss the company's journey towards a greener horizon.

With a vision that extends beyond the nautical miles, Lars shares his insights on PIL's commitment to sustainable practices and the strategic directions that will steer the company into a more sustainable future.

Overview of 2023 and vision of PIL

Thank you for joining us today, Lars. Could you start by summarising the highlights of 2023 for PIL?

2023 was indeed a challenging year marked by global economic slowdown, geopolitical uncertainties, and extreme weather events. Despite these obstacles, it was also a year of significant progress for PIL as we continued our transformation into a people-centric organisation committed to a sustainable future. Our efforts are captured in the publication of our 2023 Sustainability Report, which I'm very proud to share with our stakeholders.

Lars, could you share your vision for the future of the maritime industry?

Of course. I envision a maritime industry that is not only efficient and innovative but also sustainable and equitable. This means adopting new technologies to reduce our carbon footprint, promoting fair labour practices, and ensuring the safety and well-being of all maritime workers. By working collaboratively with global stakeholders, I believe we can create a resilient industry that thrives while protecting our planet and its people.

Decarbonisation and embracing technology and innovation

Could you elaborate on PIL's efforts towards decarbonisation?

Absolutely. Decarbonisation is at the forefront of our efforts. PIL has fully adopted the revised 2023 IMO Decarbonisation Strategy to achieve net-zero GHG emissions by 2050, including interim targets. For the first time, we measured our emissions footprint and obtained assurance for Scope 1 and 2, which establishes a strong foundation for our decarbonisation roadmap.

> *"Decarbonisation is at the forefront of our efforts. PIL has fully adopted the revised 2023 IMO Decarbonisation Strategy to achieve net-zero GHG emissions by 2050, including interim targets."*

How important are partnerships and collaborations in achieving PIL's decarbonisation goals?

They are, needless to say, quite crucial. We work closely with industry partners and regulators to develop and execute effective decarbonisation strategies. At the World Shipping Council, we supported the proposed Green Balance Mechanism, aimed at decarbonising the shipping industry by 2050. We also engaged in partnerships with PSA Singapore and DP World to demonstrate the concept of green shipping lanes. Innovation and collaboration will be key to creating a sustainable future for the maritime industry.

What role do you see innovation playing in PIL's future?

Innovation is essential to our growth and success. We are continuously exploring new technologies and business models to stay ahead of industry trends and meet the evolving needs of our customers. This includes investing in research and development and fostering a culture of creativity and willingness to push boundaries within our organisation.

How is PIL contributing to advancements in maritime technology?

PIL is actively embracing maritime technological innovations. We are investing in more advanced ships with lower-environmental impact features like LNG-powered engines and upgrading our current fleet with various energy-efficient technologies. Additionally, we are implementing advanced data analytics and AI tools to optimise our supply chain and logistics operations. Our digital platforms are being enhanced to provide better transparency, real-time tracking, and more efficient communication with our customers. These advancements will not only improve our operational abilities but also help us deliver more customised and effective services while staying committed to environmental sustainability.

A People-Centric PIL

What steps has PIL taken to build a people-centric organisation?

In 2023, we conducted a strategic review of our mission which led to the refresh of our purpose and values. These elements were captured in our new Culture Playbook, a living document that serves as a commitment to every member of the PIL family. Our Playbook guides us with clarity and conviction, ensuring that our shared purpose and values inform every decision we make.

Lastly, how does PIL support its employees, particularly in terms of inclusion and diversity?

PIL is committed to fostering a culture of inclusion, diversity, and respect for human rights across our global operations. As a board member of The Mission to Seafarers, I personally advocate for a safe and progressive workplace and fair compensation. We believe that our people are our greatest asset, and we strive to provide an environment where everyone can thrive.

PIL has been making strides in supporting its seafarers. Could you elaborate on the initiatives in place?

Indeed - we have ramped up our efforts to provide ship-to-shore transition opportunities for our seafarers by increasing the number of programs that deploy active seafarers in shore-based roles. Additionally, we press for growth in the proportion of lady seafarers in our fleet, recognising their significant contributions to building a sustainable and capable sea-faring workforce at PIL. Their diverse perspectives play a crucial role in enhancing the efficiency of our shipboard operations.

> *"...our new Culture Playbook, a living document that serves as a commitment to every member of the PIL family. Our Playbook guides us with clarity and conviction, ensuring that our shared purpose and values inform every decision we make."*

What measures does PIL take to ensure the safety and well-being of its employees?

The safety and well-being of our employees are paramount. We have safety protocols in place, and we continuously monitor and improve our safety measures to mitigate risks. Our wellness programs provide support for both physical and mental health, and we foster a culture where everyone feels valued and respected. By prioritising our employees' well-being, we ensure that they can perform at their best and contribute to our collective success.

How does PIL plan to engage with the communities it serves?

Community engagement is a cornerstone of our corporate social responsibility strategy. We are launching several initiatives aimed at supporting education, healthcare, and environmental conservation in the regions where we operate. By partnering with local organisations and leveraging our resources, we aim to make a meaningful impact and foster long-term, sustainable development.

Governance and Moving Forward

Can you discuss PIL's approach to corporate governance and ethical practices?

Corporate governance and ethical practices are integral to our operations at PIL. Essentially, it is about our people having the right behaviour and culture. We have implemented robust governance frameworks that ensure accountability, transparency, and integrity in all our dealings. Our Culture Playbook creates alignment in the organisation on our commitment to ethical behaviour, which begins from the top management. We also believe in engaging with stakeholders to ensure that our practices meet or exceed industry standards.

Moving forward, what are PIL's key priorities for the coming year?

Looking ahead, our primary focus remains to meet our customers' needs through digital transformation and enhancing our service offerings, as well as to further strengthen our sustainability initiatives. We are investing heavily in cutting-edge technology to improve operational efficiency and customer experience. Additionally, we will continue to explore innovative solutions to reduce our environmental impact and contribute positively to the communities we serve.

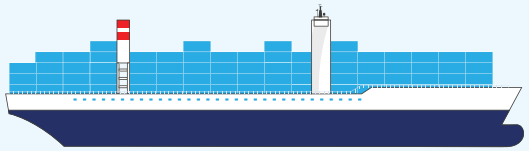
Any final thoughts or messages you would like to share with our audience?

I would like to express my gratitude to my colleagues globally, partners, and customers for their unwavering support and trust. As we embark on this new chapter, I am confident that, together, we will continue to achieve great things and build a brighter, more sustainable future for all.

COMPANY PROFILE

Incorporated in 1967, PIL is ranked 12th among the world's top container shipping lines and we are also the largest home-grown carrier in Southeast Asia. From a modest ship-owner in Singapore, PIL has developed into a global carrier with a focus on China, Asia, Africa, Middle East, Latin America and Oceania.

Today, together with its affiliated companies Mariana Express Lines (MELL) and Malaysia Shipping Corporation (MSCorp), PIL serves customers at over 500 locations in more than 90 countries worldwide with a fleet of over 100 container and multi-purpose vessels.



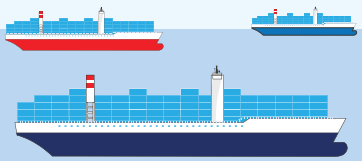
300,000
TEUs[1] of fleet capacity

3,881
Seafarers

67 Liner Services
(including MELL/MSCorp)

500,000
TEUs[1] of dry boxes, reefer and special equipment

101
Vessels



3,079
Shore staff[2]

Apart from the core liner shipping business, PIL also has several other business units such as container manufacturing (Singamas Container Holdings), depot and logistics services (PIL Logistics).

Looking ahead, at PIL we will continue to work to expand our reach and network for the benefit of our customers. Our goal is to grow as a leading container shipping line, with sustainability and digitalisation as our key strategic focus.

[1] TEU – twenty-foot Equivalent unit, used as a measure of container size and cargo capacity
[2] Data covers all PIL headcount except Australia, Latin America, PILL Sudan and Cambodia

COMPANY PROFILE

Pacific International Lines (PIL) is among the top 12 container shipping lines in the world. Established in Singapore in 1967, we are the largest home-grown carrier in Southeast Asia.

We serve customers in over 500 locations, with a focus on Asia, China, Africa, the Middle East, Latin America, Oceania and the Pacific Islands. Operating a fleet of around 100 container vessels, we provide shipping services and solutions to customers in more than 90 countries worldwide.

Whatever the product – dry, refrigerated, breakbulk or special cargo – we will find a way to ship it in a safe and efficient manner. With our global network of agencies and intermodal corridors, we aim to bring value to our customers through end-to-end transportation.

At PIL, we are driving connectivity for our customers and partners with markets and communities. Our people-centric approach puts customers first, by leveraging expertise and technology to provide efficient and sustainable solutions.

We supplement our core liner shipping business with container manufacturing and logistics services to provide solutions across the supply chain.

Guided by a future-focused vision, we are committed to sustainability and making a positive impact on communities. For more information, visit www.pilship.com

MARIANA EXPRESS LINES

Mariana Express Lines (MELL) is a container liner operator providing niche routes in the Asia-Pacific region. With Hong Kong and Kaohsiung, Taiwan, as hubs, MELL currently carries containers between China, Southeast Asia, Japan, Australia and islands in the Pacific such as Guam and Saipan.

MELL's capabilities complement PIL's liner business and global network, opening new opportunities for both their customers and stakeholders.

Malaysia Shipping Corporation (MSCorp) is an associate company of PIL and based in Klang, Malaysia. The container liner company specialises in serving trade lanes between Peninsular Malaysia, Borneo Malaysia and Brunei, offering services on fixed day schedules via its hub in Port Klang and covers locations in Malaysia and the region. MSCorp also serves destinations in India through its partners' vessels.

Additionally, MSCorp has 10 offices across Malaysia to provide value added land-based logistic services.

pillogistics

PIL Logistics is a wholly owned subsidiary of PIL, with operations spread over major cities in China and Southeast Asia. PIL Logistics provides supply chain management solutions, customs clearance, trucking, warehousing, rail transportation, international sea transportation and international air transportation.

SINGAMAS

Singamas Container Holdings Limited (Singamas) is a world leading container manufacturer, and major operator of container depots and provider of logistics services.

Listed on the Hong Kong Stock Exchange (Stock Code: 716), the company currently has five container manufacturing facilities, strategically established in the vicinity of key coastal ports of China. Moreover, to enhance its strategic competitiveness, Singamas offers a wide range of products including dry freight containers, collapsible flat rack containers, open top containers, bitutainers, tank containers, offshore containers and other specialised containers.

OUR SERVICE NETWORK

Our global service network covers:

- Far East
- The Indian sub-continent
- Red Sea / Gulf Africa
- Africa
- Australia
- New Zealand
- Latin America

We also have feeder services covering a wide range of ports in:

- Southeast Asia
- The Bay of Bengal
- The East Coast of India
- East and West African Coast
- Middle East / Red Sea
- The Pacific Islands

~70 SHIPPING ROUTES

PIL'S GLOBAL NETWORK ENABLES US TO FACILITATE INTERNATIONAL TRADE BETWEEN THE WORLD'S MAJOR ECONOMIES, AND AMONG EMERGING MARKETS ACROSS CONTINENTS

COMPANY PURPOSE AND CORE VALUES

In today's rapidly evolving global business environment, PIL stands firm as a key Asian container shipping line dedicated to supporting the shipping needs of our customers. As part of our transformation journey, we have introduced a new Purpose to set a direction for all in PIL to move forward. To realise this Purpose, we have developed a set of refreshed Values, which represent our true north and differentiate us from others.

OUR PURPOSE

OUR PURPOSE IS WHAT MOVES US EVERY DAY.

"Putting customers first, by leveraging expertise and technology to provide efficient and sustainable solutions."

At PIL, we are driven to create lasting and valuable connections. With a commitment to meeting our customers' needs, we go the extra (nautical) mile to connect them to markets and communities.

By leveraging our shipping expertise, technology, and innovative approaches, we aim to deliver efficient and sustainable solutions, today and for the future.

OUR VALUES

OUR VALUES DEFINE PIL – THEY REPRESENT OUR TRUE NORTH AND DIFFERENTIATE US FROM OTHERS.

PEOPLE-CENTRIC

People are at the heart of our "PIL family".

We care about our employees, customers, shareholders, suppliers, and stakeholders; and are committed to ensuring their growth and well-being. We respect and support one another, value diversity, and believe in fairness for all.

PUSHING BOUNDARIES

Challenge the status quo responsibly to provide better solutions.

We challenge the status quo, think out of the box, and encourage innovative new ideas, with purpose and integrity. This, which is in keeping with the spirit of our founder, is so that we constantly improve the way we do things here at PIL, to provide better and cleaner solutions for our customers.

FUTURE-FOCUSED

We take action to drive a sustainable future.

We are not just in this to make a profit. We conduct our business with the aim of making the world a better place for future generations. Sustainability is at the core of what we do. With a future-focused lens, we leverage data and technology to deliver shipping solutions while minimising our environmental footprint; and we uplift communities wherever we operate.

SUSTAINABILITY APPROACH

ESG Strategy

Our Board of Directors

Sustainability Governance

Materiality Assessment

Stakeholder Engagement

Endorsements, Certifications and Awards

ESG STRATEGY

TOPIC	COMMITMENT	TARGET	UN SDGS
ENVIRONMENT			
Climate Response	We are committed to the goals of the 2023 IMO GHG Strategy, including its checkpoint targets and aim to achieve net zero GHG emissions by 2050.	• 2030: 20% reduction in absolute GHG emissions against a 2010 baseline • 2040: 70% reduction in absolute GHG emissions against a 2010 baseline • 2050: Net zero GHG emissions	
Air Quality	We pledge to continually assess and improve our strategies to ensure that we not only meet but exceed regulatory air quality standards.	• Maintain 100% compliance with IMO requirements	
Waste Management and Circularity	As we look to minimise our environmental footprint, we strive to reduce the amount of waste we generate and maximise diversion from landfills.	• Zero containers lost at sea	
Biodiversity and Ecological Footprint	We are committed to minimise the environmental footprint of our activities and ensure compliance with all relevant laws and regulations. Additionally, our new internal Environmental policy includes and addresses biodiversity and ecological impact.	• Maintain 100% of vessels with ballast water treatment system • Zero significant oil spills	
SOCIAL			
Labour and Human Rights	We aim to uphold high standards for our seafarers, including employment conditions, accommodation, facilities, health, and welfare.	• Achieve at least 95% of managers and seafarer officers trained on labour and human rights by 2025	
Human Capital	We care about our employees and are committed to ensuring their growth and well-being. We are a people-centric company and aim to be an employer of choice.	• Provide at least 18 hours of training per employee per year by 2025 • Extend annual employee survey to at least 5 more countries by 2025 • Expand Employee Assistance Programme (EAP) to all locations by 2025	
Occupational Health and Safety	PIL is committed to protecting the well-being and safety of our crew, staff, and partners.	• Achieve Lost Time Injury Frequency (LTIF) of not more than 0.8 • Achieve zero major accident[3]	
Community Impact	We strive to provide the best support we can, not only to our partners, employees and their families, but also and the communities at large.	• Focus on humanitarian aid, underprivileged communities and marine or coastal conservation	
GOVERNANCE			
Ethics and Compliance	We believe in achieving our corporate goals with integrity and in accordance with all laws and regulations by embedding compliance tenets into our policies, systems, and processes.	• At least 95% of employees trained on the following annually: ◦ Anti-bribery and corruption ◦ Sanctions compliance ◦ Competition compliance	
Risk Management	We plan to create a risk-aware strategy and integrate the TCFD Recommendations into our IAF to support the transition to a low-carbon economy.	• Implement TCFD recommendations and align with IFRS S2 standard by 2025.	
Information Security and Data Protection	We are committed to securing our information, assets, and records by adopting a three-pronged approach of stakeholder engagement, investing in technology and upskilling, and risk management.	• Achieve at least 95% of employees trained on data protection	
Sustainable Procurement	We aim to cultivate a supply chain that mirrors our ESG considerations and commitment to environmental protection, social responsibility and ethical practices.	• Achieve at least 95% endorsement of Supplier Code of Conduct by new suppliers and renewals by 2025	

[3] As per IMO definition for "very serious marine casualty". https://www.imo.org/en/OurWork/IIIS/Pages/Casualty.aspx

"By leveraging our shipping expertise, technology, and innovative approaches, we aim to deliver efficient and sustainable solutions, today and for the future."

We applied the environmental, social and governance (ESG) framework to better understand the impact of our business activities. The three ESG categories were adopted as our key sustainability pillars. The topics addressed within the pillars drive our approach and make us mindful of our impact on the planet, how we treat people and how we do business.

Our ESG strategy was first defined in 2021 and included eight material topics and aimed to contribute to eight United Nations Sustainable Development Goals (SDGs) related to our business. In 2023, the strategy and material topics were reviewed and refined with inputs from our stakeholders. Compared to our 2021 strategy, our 2023 strategy now features more specific commitments and strategic targets.

Environment

Human activities significantly affect the climate and ecosystem, leading to issues like climate change, resource depletion, and ecosystem disruption. If not addressed, these issues could threaten human survival, our environment, and the economy. PIL is supportive of a just transition to a low-carbon economy, and we are committed to the 2023 IMO GHG Strategy, which targets net-zero emissions for international shipping by around 2050, with checkpoint targets for 2030 and 2040 as well. Accordingly, we have revised our decarbonisation strategy to match the enhanced ambitions.

In 2023, we completed our inaugural GHG inventory covering Scope 1, 2 and selected categories for Scope 3, with third-party assurance for Scope 1 and 2 GHG emissions. This enabled us to identify our GHG emission hotspots, scope out opportunities to lower our emissions and plan the necessary short-, medium- and long-term actions to decarbonise our business activities in the coming years.

Social

We are dedicated to the communities we serve and to our employees and seafarers who are the backbone of our organisation. This is reflected in our new Purpose and refreshed Values, which guide us in our engagement with our stakeholders as we work towards building a better common future.

With over 6,000 employees working across 35 countries, we remain as one PIL because people are at the heart of our PIL family. As a ***People-Centric*** organisation, our newly formed people strategy called Pillars of People Excellence, along with commitments and strategic targets on employment and people development, creates a positive workplace environment where our employees feel valued and engaged. These efforts also contribute to our aim of becoming an employer of choice.

Governance

Our governance approach is engraved in one of our values – ***Pushing Boundaries*** responsibly. As we think out of the box to offer better solutions for our customers, we aim to accomplish this with integrity. We shall conduct our business in compliance with all applicable laws and regulations, including data protection, anti-bribery and corruption, competition, sanctions and conflict of interest.

We develop our business strategy based on our best understanding of how the economy will evolve, and our success thus requires us to adopt an open and ***Future-Focused*** mindset. Such a mindset serves to help us build a strong and sustainable foundation on which we grow PIL. We believe this allows us to engage and collaborate effectively with other shipping companies, players within our value chain, and other stakeholders including regulators and NGOs.

OUR BOARD OF DIRECTORS

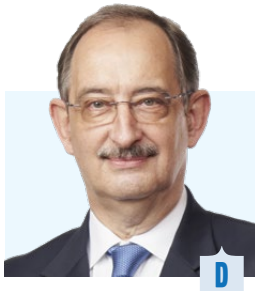
PIL is anchored by an effective governance structure, guiding how we conduct our operations and maintain compliance with the legal and regulatory landscape of the countries which we serve.

The Board of PIL comprises a mix of executive, non-executive, and independent directors. With their wealth of experience and deep corporate expertise, they provide strong leadership and direction in the strategic vision and corporate governance of PIL.

The Board members are nominated and endorsed by the Nomination and Remuneration Committee (NRC) and approved by the Board and the shareholders of the Company for a tenure of three years. A wide range of criteria is used for nominating and selecting the Board members, including but not limited to views of stakeholders, diversity, independence, competencies relevant to the impact of the organisation and sustainability-related skills and competencies.

EXECUTIVE

Mr. Teo Siong Seng
Executive Chairman



Mr. Lars Christian Kastrup
CEO

NON-EXECUTIVE

NON-INDEPENDENT

Mr. Teo Chew Seng @ Peter Chang

INDEPENDENT

Mr. Ng Kee Choe

Mr. Chandra Das s/o Rajagopal Sitaram

Mr. Yap Chee Keong

Mr. Lim Ming-Hui Andrew

A Audit and Risk Committee (ARC)
N Nomination and Remuneration Committee (NRC)
D Donations Committee (DC)
— Chairman

While the Chairman of the Board of Directors is an executive, he does not have a veto. His role and activities are regularly reviewed by the NRC, which is made up of independent directors. In total, four out of seven directors on the Board are independent and all directors submit an annual conflict of interest declaration. In addition, it is mandatory for our directors to declare any conflict of interest in transactions and recuse themselves when voting on decisions where applicable. Conflict of interests declared by a director are reviewed by the Board.

Each year, an internal assessment is conducted to evaluate the performance of the Board, its committees, and individual directors. Further to this, in accordance with best practices, it is intended that evaluations will be carried out by an independent external facilitator at least every three years. Following the evaluation, the Board will review the result and determine required action plan(s).

In terms of remuneration, executive directors are remunerated as employees of the company. Non-executive directors are paid fixed directors fees and attendance fees in line with market practices.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee is responsible for overseeing the organisation's nomination and remuneration matters, as well as the effective implementation of related policies. In fulfilling its nomination and remuneration duties, the NRC's key responsibilities include:

- Establishing and maintaining the overall compensation framework and policies for both the Board and the organisation; and
- Overseeing the appointment of key management personnel.

Additionally, the NRC ensures that remuneration incentives are aligned with the organisation's risk culture and appetite. It also reviews the effectiveness of measures related to corporate culture and compliance, including:

- The Code of Conduct;
- The escalation policy, including whistleblowing mechanisms;
- The communication of professional standards and corporate values; and
- The organisation's policies and practices on corporate governance and sustainability.

AUDIT AND RISK COMMITTEE (ARC)

The Audit and Risk Committee's mandate comprises oversight responsibilities in relation to the governance of financial reporting processes, internal control, management of risks, as well as the internal and external audit processes.

In respect of the risk functions, the responsibilities of the ARC include:

- Reviewing the adequacy and effectiveness of the risk framework, risk management policies and systems and the Group's compliance controls; and
- Monitoring risk profile of the Group and confirming it is consistent with the risk appetite of the Group.

DONATIONS COMMITTEE (DC)

The Donations Committee is responsible for providing direction on and overseeing the grant-giving initiatives of the Group, as part of its corporate social responsibility mission to benefit the local community stakeholders where the Group operates.

The responsibilities of DC include:

- Reviewing the strategic direction and policies of the Group's grant-giving;
- Reviewing the budget for grant-giving;
- Reviewing and approving the governance structure for grant-giving; and
- Reviewing and approving grants in alignment with the strategy, focus areas and budget.

SUSTAINABILITY GOVERNANCE

BOARD

BOARD OF DIRECTORS

Oversees company strategy including ESG

BOARD COMMITTEES

Oversee ESG matters relevant to their mandate

SENIOR LEADERSHIP TEAM

SENIOR MANAGEMENT COMMITTEE

Drives strategy implementation

ESG STEERING COMMITTEE

Defines and implements ESG strategy

BUSINESS FUNCTIONS AND UNITS

GLOBAL SUSTAINABILITY AND ESG

Coordinates ESG workstreams across PIL

ESG WORKSTREAMS

Business Units and Functional Departments

Implement sustainability initiatives in the operations through ESG Workstreams

WORKPLACE SAFETY AND HEALTH COMMITTEE	GROUP PROCUREMENT COMMITTEE	DECARBONISATION WORKING GROUP	CLIMATE RISK AND RESPONSE WORKING GROUP	CORPORATE GOVERNANCE WORK STREAM
Ensure compliance and continuous improvement of PIL's health and safety operation procedures and performance	Develop and implement sustainable procurement practices across PIL	Implement and evaluate PIL's strategy to meet long-term decarbonisation targets, while adapting to evolving technical and regulatory standards	Drive implementation of the TCFD recommendations by identifying and assessing PIL's climate-related risks and opportunities	Oversees corporate governance practices, ensuring regulatory compliance, ethical standards, and alignment with stakeholder interests while promoting effective decision-making

"PIL's sustainability governance structure is designed to ensure that sustainability is integrated into the core operations and strategic planning of the organisation."

Board of Directors

The Board is the highest governing body that provides oversight and strategic direction for sustainability efforts. They endorse the overall ESG strategy and ensure that sustainability is a core component of the company's mission and vision.

The Board receives regular updates on sustainability through Board and Board Committee meetings, which discuss specific sustainability aspects relevant to their mandate.

At the Board level, sustainability is considered in business policies and practices including:

- Approving the strategy, objectives and purpose for the Group and monitoring of the progress thereof;
- Overseeing matters relating to corporate social responsibility and corporate ethics; and
- Engendering an appropriate corporate culture.

Starting in 2024, the Group will closely monitor sustainability performance and targets as part of business metrics, influencing overall compensation. This inclusion highlights PIL's dedication to long-term corporate responsibility and stakeholder value.

Senior Management Committee

The committee meets weekly to co-ordinate, communicate and drive strategy implementation across the Group. The committee is chaired by our CEO, Lars Kastrup, and consists of senior management staff from various business functions. To enhance focus on our sustainability agenda, in 2024, the Board formed the ESG Steering Committee with delegated responsibilities for defining and implementing the ESG strategy.

ESG Steering Committee

The committee comprises CEO Lars Kastrup and selected members of the company's Senior Management Committee. Until 2023, the committee met on a half-yearly basis to review the overall strategies and progress of PIL's sustainability journey. From 2024, the committee began to meet on a quarterly basis in view of PIL's increasing focus on sustainability.

In 2023, PIL established a dedicated Global Sustainability and ESG Department (GSE) to increase our focus on sustainability and expedite action. Other than the role of Secretariat of the ESG Steering Committee, GSE also functions as the operational arm in, amongst other things, co-ordinating and implementing sustainability initiatives and programs across the various geographical locations and business functions of PIL.

Following the formation of the GSE department and the materiality re-assessment, the former eight Sustainability Working Groups were reorganised to better reflect the key focus areas under the three ESG pillars.

MATERIALITY ASSESSMENT

In 2023, we reviewed our material topics based on the latest industry updates and standards, as well as outputs from stakeholder engagement. In our assessment, we first considered the impact of our company on communities and the environment, and subsequently the risks and opportunities we face considering the changing social and environmental factors. From this exercise, we identified the twelve priority material topics and defined clear objectives to be addressed under the three ESG pillars.

MATERIAL TOPIC	WHY IT MATTERS
ENVIRONMENT	
Climate Response	Effective decarbonisation, adapting to a low carbon economy, and mitigating climate risks are imperative for reducing our environmental impact and ensuring business continuity
Air Quality	Reducing NOx and SOx emissions by adopting cleaner technologies is essential for mitigating air pollution and aligning with environmental regulations.
Waste Management and Circularity	Implementing effective waste management and circularity practices contribute to reducing our environmental impact and increase resource efficiency.
Biodiversity and Ecological Impact	It is imperative to minimise any negative ecological impact of our operations to protect ecosystem health and biodiversity.
SOCIAL	
Labour and Human Rights	Upholding fair working conditions, ensuring seafarer welfare, and respecting human rights are fundamental for shaping our collective future.
Human Capital	As a people-centric organisation, it is essential to foster a supportive and positive work environment where our employees feel valued and engaged.
Occupational Health and Safety (OHS)	It is our responsibility to ensure the safety and security of our employees, contractors and community as well as maintain employee wellbeing.
Community Impact	Providing support through engagement activities and grant-giving can create positive impact to the communities of our employees, partners, and the broader society across the 90 locations where PIL operates.
ENVIRONMENT	
Ethics and Compliance	Adhering to the highest standards of business ethics and corporate governance and complying with applicable regulations are critical for building trust and deliver value to our stakeholders.
Risk Management	Risk management is a critical enabler for PIL by ensuring that we manage relevant risks while conducting our business activities and ensuring the effectiveness of the risk and internal controls framework.
Information Security and Data Protection	Ensuring proper handling of sensitive and confidential data, and using innovative digital technology are central for providing reliable and sustainable container shipping services.
Sustainable Procurement	Procurement is a key part of PIL's sustainability journey, and our suppliers are critical stakeholders to share and align with PIL's objectives in building a resilient, responsible, and diversified supply chain

STAKEHOLDER ENGAGEMENT

At PIL, we drive the development of lasting and valuable connections with our stakeholders through multiple channels.

In 2023, we conducted extensive stakeholder interviews to gain a deeper understanding of PIL's external and internal perceptions, strengths, and future positioning. These insights helped us refresh the company purpose and corporate values and we learned that our stakeholders see sustainability as a beneficial long-term direction for the company to be able to serve our customers' needs.

KEY STAKEHOLDERS	ENGAGEMENT CHANNELS	TOPICS DISCUSSED
Employees	Daily interactions Discussions with labour unions Annual employee satisfaction survey Annual performance reviews Reporting system CEO Townhall	PIL brand refresh and corporate values Tasks and responsibilities Performance and work satisfaction Adequate remuneration and benefits Learning and growth opportunities
Customers	Customer relations Account management ESG criteria in tenders ESG questionnaires for suppliers Partnerships	Shipping solutions Solutions to lower GHG emissions Culture Playbook PIL brand refresh and strategic positioning
Governments and port authorities	Bilateral discussions Alliances Reporting channels	Compliance Reporting and disclosure Decarbonisation Adaptation/resilience
Investors	Shareholders' meetings Investor relations, calls, surveys Reports and disclosures	PIL brand refresh and strategic positioning Investor expectations Business model resilience Plans and commitments
Partners *(business partners and industry associations)*	Projects and partnerships Dialogue and networking Association meetings and events	Solutions to lower GHG emissions Future partnerships PIL brand refresh and strategic positioning
Suppliers	Procurement process Supplier engagement Supplier ESG questionnaires Alliances	Supply/demand expectations Ethical business practices Supplier Code of Conduct Solutions to lower GHG emissions Partnerships
Local communities	Engagement with local representatives Community/local events Partnerships with NGOs	Nature protection Health and safety Volunteering Donations/funds Nominations and awards

PARTNERSHIPS, CERTIFICATIONS AND AWARDS

As a global shipping line, we believe it is important to be a socially and environmentally responsible enterprise. In this regard, we participate actively in a wide range of industry associations through memberships and collaborations in the belief that acting in unity will allow us to achieve more. These engagements also allow us to keep abreast of relevant issues and concerns facing the industry and the communities we serve.

PARTNERSHIPS

World Shipping Council

Member of the World Shipping Council (WSC) represented by the CEO on the Board

Clean Cargo

Clean Cargo Participant in a collaborative partnership to reduce GHG emissions

SSA SINGAPORE SHIPPING ASSOCIATION

Member of SSA

CSSF

Member of CSSF aimed at improving safety performance in container shipping

WE SUPPORT UN GLOBAL COMPACT

UNGC Participant

GPML Global Partnership on Marine Litter

Partner in GPML to advance plastic solutions in oceans

united for wildlife

Signatory to the Buckingham Palace Declaration

Global Centre for MARITIME DECARBONISATION

Member of GCMD, a decarbonisation centre in Singapore

MACN

Member of the Maritime Anti-Corruption Network

CERTIFICATIONS

LRQA

Certificate of Approval

This is to certify that the Management System of

Pacific International Lines (Private) Limited

ISO 14001:2015

ISO 14001/2015

Environmental Management Systems certification for PIL's fleet and operations

ESI ENVIRONMENTAL SHIP INDEX

ESI Certification

PIL has attained ESI Certification for vessels that are plying ESI ports

AWARDS

MPA International Safety @ Sea Awards 2023

PIL, the master and crew of KOTA SURIA were recognised for rescuing the entire crew of a cargo ship that experienced water ingress and flooding of the engine room on 9 April 2022

Awards for Service Excellence

- PIL Logistics China recognised by HILTI as the "Best Warehousing Supplier".
- PIL Shenzhen awarded "Best Delivery Award" by ZTE Corporation in 2023
- PIL Xiamen received "Outstanding Contribution Award" from Xiamen Container Terminal Group
- Shanghai International Port Group awarded PIL China for Service Excellence in 2023

ShipTek International Maritime Awards 2023

PIL received "Container Ship Owner of the Year" award in Singapore, recognising its efforts towards becoming a more efficient and sustainable container shipping line

May Day Awards 2024

Medal of Commendation from Singapore's National Trade Union Congress (NTUC) to CEO, Mr Lars Kastrup for improving the welfare and well-being of all PIL shore and sea staff and transforming PIL into a People-centric organisation

ENVIRONMENT

- Integrated Environmental Management
- Climate Response
- Air Quality
- Waste Management and Circularity
- Biodiversity and Ecological Impact

INTEGRATED ENVIRONMENTAL MANAGEMENT

PIL adopts an Integrated Environmental Management approach (IEM) towards managing and improving our environmental impacts and performance.

The key elements of the IEM consist of **Environmental Management System** which translates the policy and assessment findings into our operational plans. Supporting this, our **Environmental Policy** outlines PIL's overarching approach, while **Environmental Risk Assessment** provides clarity on the potential impacts resulting from our fleet operations. Any knowledge and competency gap are addressed via **Awareness and Training** measures.

100%
of fleet operations are certified ISO 14001

ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM

PIL's fleet operations are certified to ISO 14001:2015 Environment Management Systems (EMS) standard. We actively monitor, assess, and address negative environmental impact, ensure alignment with industry best practices and compliance with all relevant laws, regulations, and conventions. Our efforts focus on conserving energy, reducing emissions and minimising waste generation across all aspects of shipping operations.

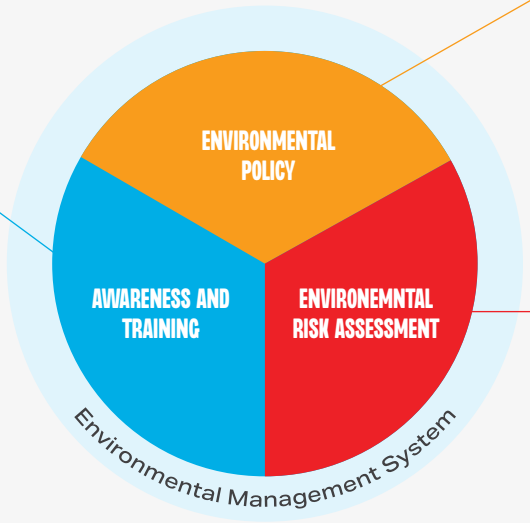
PIL'S ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental Awareness and Training

We offer various programs on climate change, waste management, and illegal wildlife trade to raise environmental awareness among our global workforce and equip employees with the knowledge and skills to support our IEM implementation.

Moreover, PIL provides specialised training for staff working on key issues, ensuring they are knowledgeable about current standards, policies, and practices. This equips them to handle and reduce environmental risks efficiently.

The introduction of our new PIL Academy will strengthen environment-focused training and awareness initiatives, integrating them into the implementation of function-specific skills frameworks.



PIL Environmental Policy

Our Environmental Policy guides on the scope and objective of the IEM, with the objective of minimising and managing the environmental impacts from our operations.

The policy applies to both fleet operations and shore-based entities, linking to the relevant aspects linked to our material environmental topics of **Climate Response, Air Quality, Waste Management and Circularity** as well as **Biodiversity and Ecological Impact**. The policy is regularly reviewed and updated to align with changes in our strategies and the regulatory landscapes.

Environmental Risk Assessment

To assess our environmental impact, our Quality, Safety, Security, and Environment (QSSE) department conducts annual risk assessments focusing on environmental impacts from all stages of our fleet operations. These assist us in understanding environmental risk exposure and in developing mitigation measures and regulatory compliance processes.

QSSE collects feedback and insights from both internal and external stakeholders. Assessment results are regularly shared within the organisation, and any knowledge or skill gaps are resolved through training.

CLIMATE RESPONSE

MANAGEMENT APPROACH

As the effects of climate change grow more unprecedented in scale, PIL recognises the urgency to transit to a low-carbon economy and reduce our greenhouse gas emissions promptly. Our long-term decarbonisation approach will focus on the three key levers of enhancing fleet operations efficiency, harnessing of energy efficiency technologies, and investing in green fuel and fleet transition.

COMMITMENT

We are committed to the goals of the 2023 IMO GHG Strategy, including its checkpoint targets and aim to achieve net zero GHG emissions by 2050.

TARGETS

2030

20% reduction in absolute GHG emissions against a 2010 baseline

2040

70% reduction in absolute GHG emissions against a 2010 baseline

2050

Net zero GHG emissions

Scope: Fleet GHG emissions, covering Scope 1, Scope 2 and Scope 3 category 3.

Alignment with GRI Standards

- GRI 302, GRI 305

DECARBONISATION STRATEGY

The shipping sector is responsible for 3% of annual global GHG emissions today and this is expected to increase by a further 50%[3] by 2050 (vs. 2018) due to continued growth in transport demand. We are committed to do our part and actively seek opportunities to decarbonise. In 2022, PIL set the target of achieving net-zero carbon emissions by 2050, in alignment with the decarbonisation goals of the International Maritime Organisation (IMO). The IMO strategy was reviewed and strengthened in 2023, which led us to review and revise our target accordingly.

We aligned our checkpoint targets with IMO's 2023 revised GHG reduction strategy for global shipping and aim to achieve 20% and 70% reduction in GHG emissions by 2030 and 2040 respectively, in comparison to 2010 baseline. PIL aims to achieve net zero GHG emission by 2050 on a well-to-wake basis.

PIL has embarked on a multi-fold journey towards decarbonisation which encompasses - People, Efficiency and Technology. The Group has dedicated the necessary resources to develop its decarbonisation strategy, including the formation of a cross-functional team that integrates the full spectrum of expertise required to chart the path forward. Our decarbonisation approach focuses on three key levers - enhancing fleet and operational efficiency, harnessing of energy efficiency technologies, and investing in green fuels and fleet transition.

The urgency to tackle climate change and decarbonise supply chains persists, driven by significant momentum within the industry and policymakers. PIL remains committed to achieving our long-term vision of decarbonisation whilst staying current with industry trends, in efforts to move towards a more sustainable future.

[3] Fourth IMO GHG Study 2020. https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Fourth%20IMO%20GHG%20Study%202020%20Executive-Summary.pdf

PIL'S DECARBONISATION STRATEGY

2021
Commitment

Net zero 2050 commitment in support of IMO's Initial Strategy

2022
Increase Efficiency of Vessels

Launch of the Centre for Maritime Efficiency (CME)

Pilots and adoption of specific Energy Efficiency Technologies

2023
GHG Emissions Inventory

Conducted the first GHG inventory calculation with assurance

Adopted the revised IMO GHG Strategy 2023

2024
Initiate Fleet Transition

Receive first LNG dual-fuel vessels

2030
Interim Target 2030

Reduce GHG emissions by 20% compared to 2010

2040
Interim Target 2040

Reduce GHG emissions by 70% compared to 2010

2050
Net zero 2050

Achieve net zero GHG emissions on well-to-wake basis for fleet

3 KEY LEVERS OF THE DECARBONISATION STRATEGY

Enhancing fleet operations efficiency

Optimising vessel operations is a critical step in PIL's pursuit to reduce our greenhouse gas (GHG) emissions and is the lever that generates the most immediate impact.

Our Centre for Maritime Efficiency (CME) capitalises on digital innovation to ensure our ships are managed with optimal energy efficiency. By introducing the ability to overlay planned fleet voyages with real-time weather conditions and prevailing port congestion situations, the CME enables the optimisation of vessel voyages to ensure on-time port arrivals without excess fuel consumption, therefore reducing GHG emissions.

Harnessing of energy efficiency technologies

The improvement of energy efficiency technologies allows PIL to operate more efficiently as less fuel is consumed with the same carriage of cargo over specified distances. This reduces our carbon footprint, promoting a more sustainable shipping industry.

In a constantly evolving landscape of technologies in this industry, it is essential for us to evaluate the effectiveness of such technologies and determine if retrofits or new installations are required on our existing and new vessels. PIL is continuously scanning the market for suitable technology, evaluating and piloting these before we invest in the adoption of suitable innovative EETs, allowing us to reduce fuel consumption, emissions and operating expenses.

Investing in green fuel and fleet transition

A critical lever to decarbonise is the adoption and successful transition to greener fuels. PIL has taken the first step by investing in LNG dual-fuel container vessels as part of our Next Generation Fleet programme. In the absence of the reasonable availability of other alternative fuels, such as green methanol and green or blue ammonia, these vessels enable the consumption of fossil LNG, which remains the most pragmatic transition fuel, reducing GHG and air pollutants over conventional fuel oil. More crucially, such LNG dual-fuel assets will provide a pathway to the utilisation of low-emission renewable natural gas or synthetic natural gas.

We will continue exploring other fuel types and new-builds configurations to stay at the forefront of sustainable shipping whilst remaining mindful of the consequences of stranded assets arising from choosing unsuitable fuel types.

PIL'S GHG EMISSIONS FOOTPRINT

In 2023, we collected activity data from our Group's fleet and land operations across the globe and developed our inaugural GHG inventory. In accordance with the GHG Protocol, we defined our organisational boundaries of the GHG inventory based on the financial control approach. We engaged a third-party auditor to independently assure our Scope 1 and 2 emissions (see page 81).

PIL'S GHG EMISSIONS INVENTORY 2023 (IN TONNES CO_2e)

Total GHG emissions Sum of Scope 1, Scope 2 (location-based), and Scope 3 (calculated categories)	**3,560,249**
Scope 1 Direct GHG emissions, including fuel combustion onboard vessels (which account for >99% of Scope 1 emissions)	**2,880,549**
Scope 2	
Location-based GHG emissions from generation of purchased electricity	**23,449**
Market-based GHG emissions from generation of purchased electricity adjusted for purchased Renewable Energy Certificates (RECs)	22,284
Scope 3 Indirect GHG emissions created in PIL's value chain, including emissions calculated across:	**656,251**
• Category 3 – Fuel- and energy-related activities	656,228
• Category 5 – Waste generated in operations	22

The main source of PIL's emissions arise from fuel combustion onboard vessels, which account for more than 99% of the Group's Scope 1 emissions. Other sources of Scope 1 emissions include the consumption of fuel by land vehicles and the use of refrigerants onboard vessels and land facilities.

The majority of our Scope 2 emissions come from electricity used for reefer storage at ports and at our global offices. Additional sources include shore power and warehouse electricity use.

In 2023, we assessed PIL's Scope 3 emissions for categories 3 and 5. By incorporating category 3 (fuel- and energy-related activities), we have effectively accounted for the full life cycle emissions of fuel used on vessels, following the IMO's well-to-wake (WtW) approach to GHG accounting.

Our decarbonisation initiatives are primarily concentrated on fleet operations, which represent the largest scope of emissions. Moving forward, we will expand the reporting to other Scope 3 categories.

ENHANCING FLEET AND OPERATIONAL EFFICIENCY

Optimising vessel operations is a critical step in PIL's pursuit to reduce our GHG emissions. PIL's focus on improving our operational finesse includes the management of our fleet's operations and the utilisation of software solutions and process optimisation to ensure the efficient use of resources.

Our Centre of Maritime Efficiency (CME), launched in 2022, leverages digitalisation to achieve more energy-efficient management of our vessels, leading to lower GHG emissions. For example, 24/7 real-time vessel tracking is undertaken to ensure "just-in-time" arrivals, including the performance of route analysis to support traffic and speed optimisation is to extract maximum efficiencies from vessel movements and reduce emissions concurrently. Monitoring weather conditions also plays a crucial role in route planning and helps avoid excessive re-routing and better scheduling of activities, as well as overall fleet management. By integrating weather data into route planning, our ships are able to navigate more effectively, balancing safety, efficiency, costs, as well as environmental considerations.

HARNESSING OF ENERGY EFFICIENCY TECHNOLOGIES (EETS)

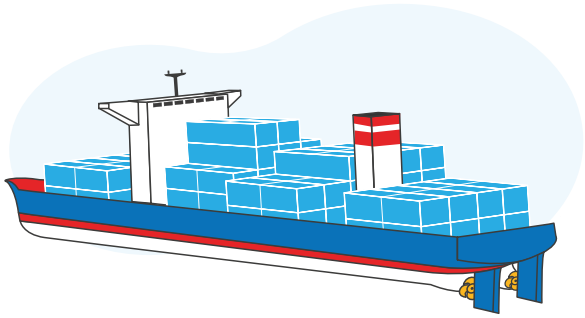
Improving the energy efficiency of our fleet enables us to maintain the same level of service while reducing fuel consumption, and therefore GHG emissions. To maintain an efficient fleet, PIL engages in regular cross-functional discussions on efficiency improvement plans, including evaluation by our technical team to determine the suitability and efficacy of these EETs before implementation.

Some EETs that have been implemented in PIL's existing fleet include exhaust waste heat recovery systems and shaft generators. Exhaust waste heat recovery systems capture and repurpose otherwise wasted thermal energy generated from the engine. The recovered heat is used to generate steam, which can then be used for the generation and heating of fresh water. On the other hand, shaft generators efficiently convert mechanical energy from the rotating propulsion shaft into electricity, powering onboard systems and reducing reliance on auxiliary engines. These technologies allow for substantial fuel savings, resulting in lower operational costs and emissions footprint.

Adoption of PBCFs and Pre-swirl Vanes

PIL has invested in retrofitting EETs such as propeller boss cap fins (PBCF) and pre-swirl vanes across twelve of our vessels, with the aim to reduce fuel consumption. From 2024, we will begin the retrofitting of PBCFs and pre-swirl vanes for twelve of our vessels as they enter their 5-year dry docking cycle.

PBCF improves propulsion efficiency by recovering energy from the hub vortex generated behind a propeller while pre-swirl vanes help to concentrate and accelerate hull wake into the propeller. Such retrofits increase propeller thrust, allowing for increased transportation work with the same amount of fuel used. As a result, this reduces fuel consumption and corresponding emission reduction by up to 4%.



In efforts to reduce our energy consumption, PIL has incorporated optimisation measures onto our existing vessels as well as new builds. We have made numerous technical advancements throughout the years and some key initiatives that we have implemented include:

- Upgrading hull coatings to premium, low friction coatings to reduce water resistance and improve fuel consumption
- State of the art engines for new builds on order that are more fuel-efficient
- Upcoming generation of vessels equipped with main engines incorporating the latest exhaust gas recirculation systems, substantially reducing methane slip during LNG combustion
- Use of steam boilers which capture and harness waste heat from the exhausts of the ship's main and auxiliary engines, efficiently utilising energy that would otherwise be lost
- Installation of Alternative Marine Power ('AMP') systems to enable the use of shore power at port berths that support cold ironing
- Full LED lighting on our ships, including the numerous high powered flood lights deployed for safe cargo operations
- Expanded application of electricity-saving Variable Frequency Drive motors for large pumps and ventilation fans
- Propeller size optimisation retrofits for older vessels
- Bulbous bow optimisation to reduce hydrodynamic drag and improve fuel efficiency
- Predictive maintenance for turbochargers, in partnership with ARTC, A*Star and TruMarine
- Regenerative deck cargo crane and winches

Tackling Methane Slip

PIL is aware that the leakage of fugitive and unburnt methane is a significant problem for LNG-powered vessels. As such, PIL has collaborated with engine makers and invested in an intelligent exhaust gas recirculation system – ICER, on our new builds. This allows for exhaust gas recycling due to an increase in geometric compression ratio, leading to higher thermal efficiency of the engines, reducing gas consumption and methane emissions.

Reducing Emissions at Port

Through cold ironing, ships that are berthed can tap on shore power to run the vessel, allowing them to turn off their auxiliary engines. This practice helps to reduce GHG emissions as compared to bunker fuel. Shore power from the grid typically results in lower emissions, especially when shore power is generated via renewable energy.

All newbuild ships in PIL are equipped with shore power connection systems, so they will be ready for connection to shore for power. Within our existing fleet, some vessels are already equipped for cold ironing and since 2023, these vessels have been connecting to shore power in the ports of Shanghai, Ningbo and Shekou, as part of our efforts in minimising our environmental footprint.

INVESTING IN GREEN FUELS AND FLEET TRANSITION

As part of PIL's commitment to achieving net zero by 2050, we continuously upgrade our fleet by investing in more efficient and environmentally friendly vessels. In 2022, PIL became the first Asian container shipping line to invest in LNG new builds, with eight LNG dual-fuel container vessels to be delivered progressively across 2024 and 2025.

PIL's First LNG Dual-Fuel Vessels

In 2023, PIL started the construction of our first two LNG dual-fuel container vessels, both of which are 14,000 TEU vessels commissioned to Jiangnan Shipyard and scheduled to be delivered by 2024. The two vessels are part of PIL's investments in green fuel and fleet transition as we progress towards an integrated long-term approach in achieving our decarbonisation goals.

Currently, the industry considers several alternative fuels options which could enable shipping to meet the IMO targets leading up to 2050, including but not limited to LNG, methanol and ammonia, as well as their respective biogenic and synthetic variants. The decision-making landscape is complex given that there is no one clear option now, due to a mix of various challenges including limited supply availability, nascency of supply infrastructure as well as safety and security issues, among others.

Meanwhile, PIL stays flexible and proactive, working with stakeholders and industry experts to grasp the evolving landscape. We actively engage in forums such as the World Shipping Council (WSC) and Clean Cargo Working Group to advance actions on alternative fuels and shape our decarbonisation strategy accordingly.

We acknowledge the urgency of addressing climate change and are committed to playing our part by transiting to lower-emission alternative fuels as required.

PIL Ranked the Lowest Emission Carrier on Far East-South American East Coast Trade Route

Launched jointly by Xeneta and Marine Benchmark in 2022, the Carbon Emissions Index (CEI) ranks leading global carriers by emissions per ton transported across key trade lanes, using data from actual sailings.

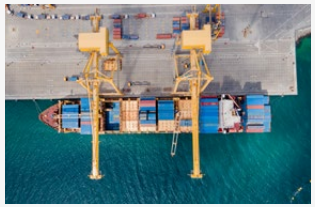
In 2023, PIL was recognised as the top performer on the Far East to South American East Coast trade route based on Xeneta's Carbon Emissions Index (CEI) for two consecutive quarters. This success was attributed to several factors: a slightly reduced speed as compared to the trade lane average, a comparatively younger fleet age, and an increasing filling factor over the past three quarters. Since Q3 2020, PIL has maintained a filling factor above 85%, reaching 90% in Q2 2023.

PARTNERSHIPS TO DECARBONISE

PIL'S KEY DECARBONISATION INITIATIVES

2022

PIL's trial use of marine biofuel on Kota Megah



PIL joined "The Silk Alliance" to develop a green corridor cluster beginning with intra-Asia container trade

PIL joined the World Shipping Council to support the progress of decarbonisation and other sustainability agenda

2023

PSA Singapore and PIL signed a Memorandum of Understanding (MOU) to jointly develop sustainable solutions

PIL and DP World have signed a Memorandum of Understanding (MOU) to jointly develop green solutions to decarbonise global supply chains

2024

As part of the MOU signed in 2023, PSA Singapore and PIL completed their first B24 biofuel trial on Kota Ratna

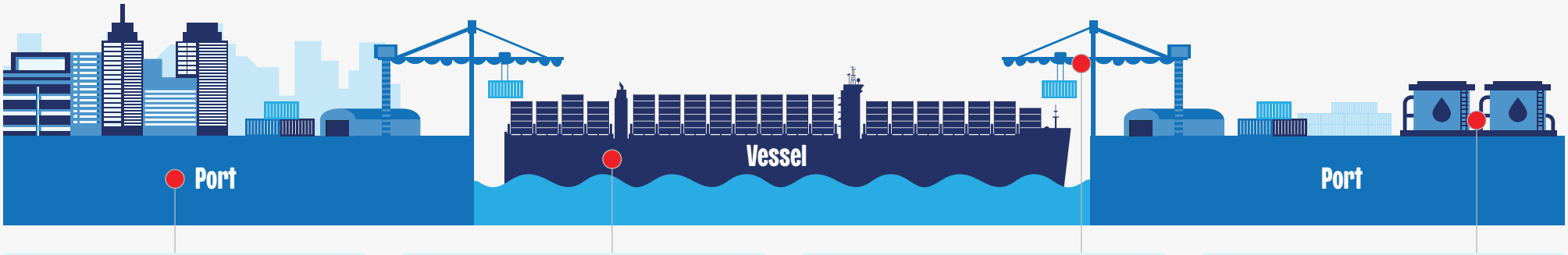
PIL recognises that meeting IMO's ambitious target of net zero emissions by 2050 requires a collective effort and thus requires forming strategic partnerships with like-minded industry and ecosystem partners including terminal operators, shippers, fuel suppliers and regulatory bodies. This collaborative approach was demonstrated by PIL at COP28 in the UAE, where we stressed the importance of integrating efforts across various stakeholders to amplify the impact of sustainability initiatives and achieve end-to-end low carbon cargo connections.

As an extension of this, we have cultivated deeper collaborations with our industry partners across different spectrums of our value chain and ecosystem to advance various decarbonisation aspects. In 2023, we progressed the signing of two notable memorandum of understanding (MOU) with PSA Singapore and DP World respectively, to form partnerships crucial for sharing knowledge, resources, and innovations, thereby accelerating the shift towards sustainable shipping, port and logistics practices.

Furthermore, we are also a participant in the Silk Alliance, which entails regional and global partnerships with the overarching aim of establishing green corridors to seed and accelerate the maritime sector's transition towards low-carbon operations. The shipping industry's role in mitigating global warming is multifaceted, requiring a concerted effort from all players.

GREEN SHIPPING CORRIDOR TRIALS WITH PSA SINGAPORE AND DP WORLD

In 2023, PIL committed to two separate Memorandums of Understanding (MOUs) with PSA Singapore and DP World respectively, for the purpose of conducting trials on green shipping corridors using lower carbon transportation and port handling alternative options as compared to current modes.



Port Operators

Container handling equipment powered by electricity and lower emission fuels

Land connection via barging, a cleaner mode of transport, rather than trucking

Shipping Line - PIL

Use of biofuel on vessels, which results in less emissions than conventional fuel

Cargo Owners

Shippers that want to reduce emissions across their value chain

Fuel Suppliers

Suppliers that reduce their own emissions by producing lower-emission fuels and securing demand for them

The MOU with PSA Singapore reflects both parties' efforts to work towards a more sustainable supply chain. The trial green shipping corridor entailed an end-to-end connection of shipments on a warehouse-to-warehouse basis involving cargo originating from Singapore to Chongqing via the International Land-Sea Trade Corridor. The trial involved the pilot use of B24 biofuel using cooking oil blended with very low sulphur fuel oil on PIL's Kota Ratna. At PSA's end, container handling equipment was powered by electricity and lower-carbon fuels, including LNG. The green shipping corridor trail also entailed a modal change, as the Singapore land connection was performed by opting for the lower emission option of container barging instead of via conventional trucking options.

Likewise, the MOU with DP World was signed at COP28 in Dubai to develop green solutions for decarbonising global supply chains. Both parties will work together on trial shipments between Jebel Ali Port and locations within PIL's network, with PIL adopting biofuels to power our vessels and DP World deploying container handling equipment powered by renewable energy.

To commemorate this event, PIL also published a series of videos publicly available on YouTube to educate the public on the transition to greener fuels by shipping companies, which emphasises the need for immediate action and the key role shipping plays as an enabler and a solution.

PIL will continue to collaborate with players in the maritime industry to build an ecosystem allowing progress towards our long-term decarbonisation goal of achieving net zero GHG emissions by 2050.

CLIMATE RISKS AND OPPORTUNITIES

In addition to measuring our carbon footprint in 2023, we also strengthened our capabilities to formalise our assessment of climate-related risks and opportunities in alignment with the TCFD framework, which will be integrated into the PIL Integrated Assurance Framework (IAF).

GOVERNANCE

The Board provides oversight on significant climate risks via the Audit and Risk Committee (ARC), which supervises all risk types and receives regular reports from the Risk Management department on key risks, including those related to sustainability.

The implementation of TCFD began with the formation of a cross-functional team at the Group level. Led by the Group Sustainability and ESG (GSE) department, the PIL Climate Risk and Response Working Group includes members from fleet, finance, occupational health and safety, operations, procurement, risk management and strategy/transformation departments. This diverse expertise enabled us to identify risks and opportunities holistically, integrating perspectives from various business functions. The outcomes of this process were endorsed by the ESG Steering Committee, chaired by CEO Lars Kastrup.

STRATEGY

In identifying climate risks, we evaluated physical and transition-related risks and opportunities that might have a material influence on PIL's strategy and business model. During the initial qualitative assessment, we identified impact areas where the risks and opportunities could materialise. Going forward, we will assess the risks using the Group's internal risk matrix to enable comparison and prioritisation between various risk types across the business.

RISK MANAGEMENT

The initial list of climate risks and opportunities was identified and qualitatively assessed by the cross-functional team. The scope of the exercise included all four entities that are subject to this report, our geographic network and all stakeholder groups. Physical and transition risk categories were included in our Risk Taxonomy based on the TCFD climate-related risk types applied to PIL business. We identified the most pertinent hazards, discussed the risks and opportunities they could pose and the impact they could incur in the short, medium and long term. At PIL, we define the time horizons as follows:

TIME HORIZON	DURATION	DESCRIPTION
Short-term	0-3 years	Determined by the typical duration of maritime commercial affairs and construction lead time for new ships from the moment of purchase to delivery.
Medium-term	3-10 years	Refers to the longer planning cycles in maritime industry, time needed to implement new regulations, and to secure and establish new fuel purchase channels.
Long-term	10-30 years	Defined by the investments into long-lived assets, such as vessels with a life span of around 30 years and by the long-term goals of the transition to net zero.

To raise awareness about climate risks and opportunities in the organisation, the GSE department organised a series of trainings and workshops for senior management and representatives of relevant functions from across the organisation in 2024. This awareness helped create a common language and understanding of the potential impacts of climate change as well as the transition to a low-carbon economy. We intend to further cascade this knowledge across our global operations to enable better-informed decision making within our organisation, in line with being a Future-Focused company.

Top 5 Climate Risks For PIL

RISK CATEGORY		RISK DESCRIPTION	AREAS OF IMPACT	TIME HORIZON[4] ST	MT	LT
Transition	Technology	**Investment in wrong or unsuitable technology in transition to a low-carbon economy** Risks attributable to the nascency and uncertainty of suitable technology, combined with the green premium entailed for deployment of low-carbon vessel technologies required to meet increasing IMO climate ambitions.	• Increased capital and operational expenditures • Potential stranding of assets • Failure to achieve net zero target	✓	✓	✓
	Policy & Legal	**Compliance with increasing regulations relating to the shipping industry** The need to meet requirements from both existing regulations (e.g. MARPOL, CII, EEXI, EEDI), as well as future proliferation of regulations imposing technical and operational requirements.	• Increased capital and operational expenditures • Potential stranding of assets in the case of non-compliance • Sanction or fines in the case of non-compliance	✓	✓	✓
	Market	**Lack of availability or increased cost of raw and sustainable materials** General increase in fuel costs, port charges and operational costs due to market uncertainty, price volatility and limited supply of alternative fuels and other sustainable materials.	• Increased operational expenditures • Potential underperformance against decarbonisation targets • Potential change in consumer preferences could lead to high sunk costs	✓	✓	✓
	Reputation	**Failure to deliver on the net zero target** Unforeseen challenges beyond our direct control could hinder progress towards our net zero targets. Falling behind on decarbonisation could create negative press.	• Loss of customer and investor trust • Loss of revenue • Sunk cost of decarbonisation		✓	✓
Physical	Acute	**Extreme weather events such as heavy rains, typhoons, storms and floods** Risks attributable to the increasing frequency and severity of such weather events due to climate change.	• Seafarer safety • Damage to equipment and infrastructure • Increase in operational and capital expenditure • Insurance, tax and compensation expenditures • Disrupted supply chain and customer volumes • Loss of productivity and ability to adhere to schedules	✓	✓	✓

[4] Short-term (ST): <3 years, Medium-term (MT): 3 - 10 years, Long-term (LT): >10 years

Identified Climate Opportunities For PIL

OPPORTUNITY CATEGORY	OPPORTUNITY DESCRIPTION	AREAS OF IMPACT	TIME HORIZON[5] ST	MT	LT
Resource Efficiency	**Increased operational efficiency** Achieved by meeting or exceeding requirements such as CII[6], EEDI[7], EEXI[8].	• Increased cost efficiency • Reduced risk of stranded assets	✓	✓	✓
Energy source	**Shift to low-carbon fuels** PIL's alignment in emission trajectory with IMO's strategy translates into gradual substitution of fossil fuels with low- or zero-carbon fuels.	• Customer retention and acquisition • Reduced risk of stranded assets		✓	✓
Products & Services	**Green service offerings** Offering low-GHG transportation services as a premium service offering.	• Customer retention and acquisition • Increased revenue		✓	✓
Markets	**Green financing** Tap on available green financing that require meeting of specific sustainability objectives.	• Improved financing terms • Boost in / Protect reputation	✓	✓	✓

Moving forward, the Working Group shall focus on the further integration of climate-related risks and opportunities into our corporate strategy, risk management, and reporting processes. As part of resilience-building, the Working Group shall also conduct scenario analysis to assess the impact of various climate scenarios and the extent of PIL's strategic adaptability capabilities.

METRICS AND TARGETS

In our qualitative risk assessment, we considered financial and non-financial metrics, such as financial losses, increased expenditure, efficiency losses and reputational damage. We calculated our Scope 1, Scope 2, and Scope 3 (categories 3 and 5) emissions, obtained assurance and we have set GHG reduction targets as described in our decarbonisation strategy. To help us in this process, we are adopting specialised emissions Measurement, Reporting and Verification (MRV) applications which will improve how we track and report our performance against targets.

[5] Short-term (ST): <3 years, Medium-term (MT): 3 - 10 years, Long-term (LT): >10 years
[6] Carbon Intensity Indicator: It is an index for a ship's energy efficiency calculated based on emissions per cargo-carrying capacity and distance
[7] Energy Efficiency Design Index: It is an index formulated for new ships that estimates CO2 emissions per transport work, considering only the ship's design parameters
[8] Energy Efficiency Existing Index: It is an index formulated for existing ships that estimates CO2 emissions per transport work, considering only the ship's design parameters

AIR QUALITY

MANAGEMENT APPROACH

PIL is dedicated to preserving air quality to ensure the health and safety of both our crew members and the communities where we operate, while adhering to international regulations. As part of our Integrated Environmental Management approach (IEM) and vessel SEEMPs (Ship Energy Efficiency Management Plan), we regularly review our practices, engage with stakeholders, and adopt further measures to enhance our air emission management.

COMMITMENT

We pledge to continually assess and improve our strategies to ensure that we not only meet but exceed regulatory air quality standards.

TARGETS

Maintain 100% compliance with IMO requirements

Alignment with GRI Standards

- GRI 305

PIL recognises that air pollution directly affects both our operational efficiency as well as the health and safety of our crew, port personnel and local communities. As such, we are committed to adopting various strategies to meet and exceed regulatory requirements on managing air pollution.

AIR POLLUTANTS	UNIT	2023
Sulphur oxides (SOx)	tonnes	44,936
Nitrogen oxides (NOx)	tonnes	68,470
Particulate matter (PM)	tonnes	6,692
Particulate matter (PM2.5)	tonnes	6,151

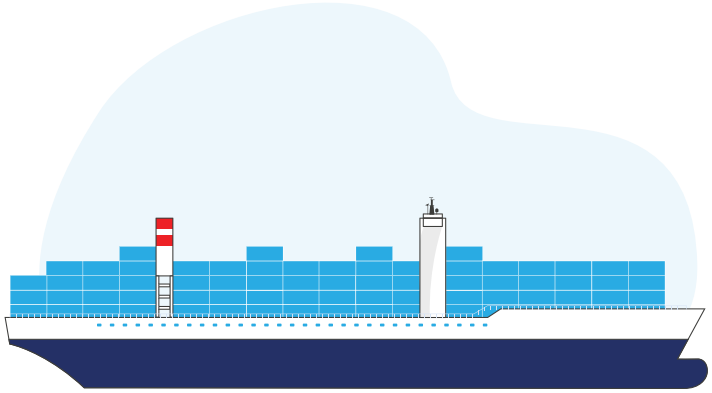
CLEANER FUELS AND EMISSIONS MANAGEMENT TECHNOLOGIES

To address air pollution effectively, PIL implements various measures to improve our energy efficiency and reduce tailpipe emissions. These include the use of alternative fuels such as liquefied natural gas (LNG), which produces 90% lower pollutants compared to conventional marine fuels[9] and trials on biofuels with the objective of incorporating this on a sustained basis. PIL also adheres to regular maintenance schedules for engines to ensure high levels of engine efficiency and applies energy efficiency technologies to enhance energy use efficiency and reduce fuel consumption levels. Where conventional fuels are used, the use of scrubbers and selective catalytic reduction (SCR) systems allow us to mitigate the sulphur oxides (SOx) and nitrogen oxides (NOx) pollutant emissions respectively.

SOx emissions are a significant concern in maritime transport due to their harmful effects on human health and the environment and their emissions are regulated under the premises of the IMO International Convention for the Prevention of Pollution from Ships (MARPOL), with stricter limits imposed for designated Emission Control Areas (ECA) which are close to populated locations. To meet compliance requirements under IMO 2020, we have installed scrubbers to reduce the resultant SOx) emissions from our vessels. Currently, 40 out of the 101 vessels in our fleet are scrubber-fitted, with plans to install scrubbers on more vessels.

VOYAGE PLANNING

Efficient voyage planning can lead to reduced fuel consumption and, consequently, lower emissions. Our CME utilises artificial intelligence tools for route optimisation management to ensure timely arrival on an optimised fuel consumption. This proactive strategy enhances operational efficiency and reduces air pollution.



[9] Source: Wartsila. Compared to diesel fuel oil, LNG produces about 90% less NOx, 99% less SOx and almost no particulate matter. https://www.wartsila.com/insights/article/lng-fuel-for-thought-in-our-deep-dive-q-a

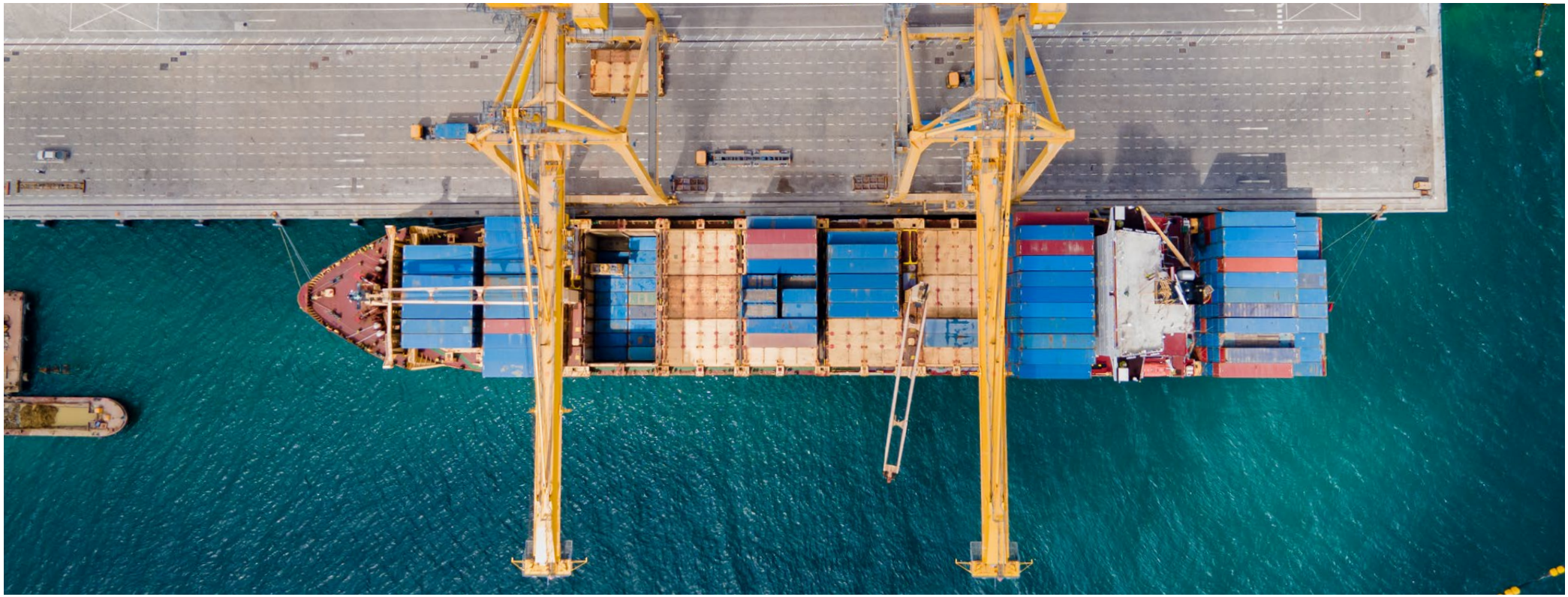
SHORE POWER

The adoption of shore power is emerging as a lever in mitigating ship operation's impacts to air quality, particularly when vessels berth at ports located near population centres. By connecting to shore power at major container ports, vessels can turn off their auxiliary engines, thereby significantly reducing emissions of NOx, SOx and particulate matter.

PIL's C-class and P-class vessels are equipped with shore power infrastructure which enable them to tap on shore power where available. In 2023, approximately 350 MWh of electricity were supplied to our vessels over 17 port calls at the city ports of Shanghai (SHA), Ningbo (NGB), and Shekou (SHK), contributing to the reduction of pollutants. As an additional benefit, the reduction in noise pollution due to the cessation of ships' auxiliary engines when alongside at these ports improves working conditions for port workers and nearby residents.

TRAINING

Our seafarers play a pivotal role at the core of managing air pollution. To ensure that our crew adheres to best practices and regulations, we provide essential training in critical areas such as fuel-efficient navigation techniques and comprehensive engine maintenance protocols. These initiatives are designed to equip the crew with the necessary knowledge and foster a culture of responsibility towards managing the various pollution sources arising from our operations and ensuring adherence to MARPOL regulations.



WASTE MANAGEMENT AND CIRCULARITY

MANAGEMENT APPROACH

We prioritise effective waste management and the adoption of circular economy practices to reduce pollution and conserve resources. Through our Integrated Environmental Mangement system, we actively monitor, evaluate, and address negative environmental impacts, ensuring alignment with industry best practices and relevant laws, regulations, and conventions.

COMMITMENT

As we look to minimise our environmental footprint, we strive to reduce the amount of waste we generate and maximise diversion from landfills.

TARGETS

Zero containers lost at sea

Alignment with GRI Standards

- GRI 303, GRI 306

At PIL, we believe that effective waste management and the adoption of circularity principles are crucial to sustainable operations in the container shipping industry. Our waste management practices adhere to the International Convention for Prevention of Marine Pollution for Ships (MARPOL) and to all applicable regulations in the countries where we operate.

In 2023, we accounted 4,239 m^3 of solid waste generated onboard our vessels, which mainly includes plastics, domestic and operational waste.

Moving forward, we will work on expanding the reporting to other waste streams such as oil sludge and office waste. We are committed to improve our waste management processes and reduce waste generation across our land and sea operations.

SHIP RECYCLING

Responsible ship recycling is becoming increasingly crucial as the maritime industry seeks to minimise its environmental impact and conserve valuable resources. Not only does this prevent hazardous materials from contaminating ecosystems, but it also recovers valuable resources that help support a circular economy.

The Hong Kong Convention tackles the environmental and safety challenges associated with recycling ships at the end of their service, including the handling of hazardous materials. PIL adheres closely to the Hong Kong Convention by keeping an inventory of hazardous materials (IHM) on its vessels, thereby promoting safer disposal practices for both safety and environmental reasons.

HAZARDOUS MATERIAL MANAGEMENT

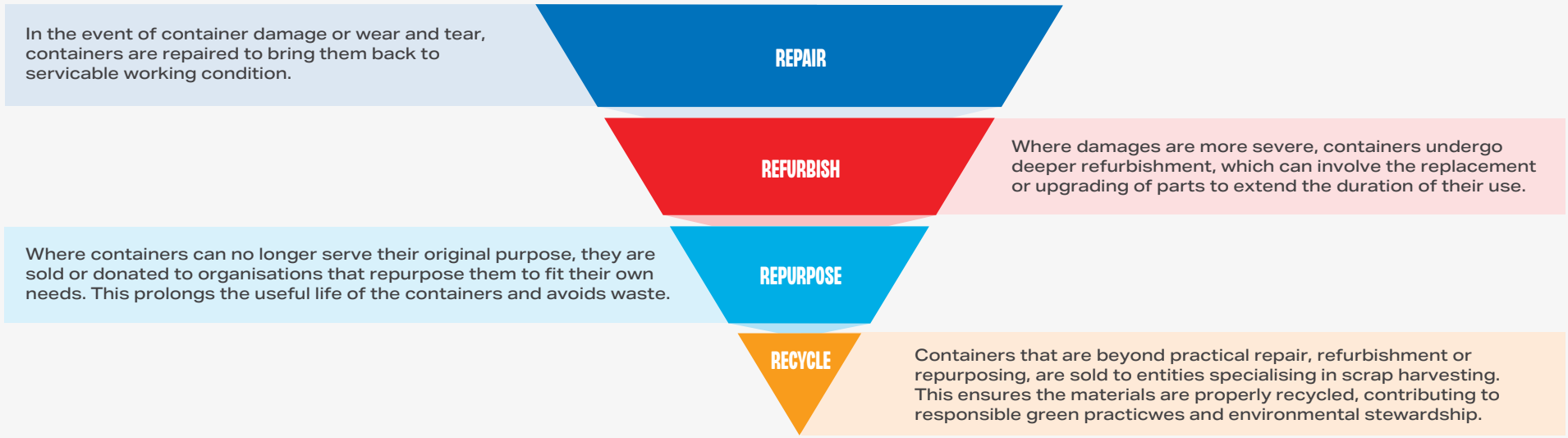
The management of hazardous materials directly affects the health, safety and wellbeing of our people. On top of adhering to all relevant regulations and standards such as MARPOL, we also require each vessel to follow a standard procedure for the treatment of hazardous waste to ensure that hazardous materials are stored, transported, and disposed of responsibly. We conduct regular training sessions to keep our crew updated on best practices and emergency response measures to ensure that our team can handle hazardous materials responsibly, minimising risks to both the environment and human health.

We conduct frequent audits and risk assessments to proactively identify potential hazards and implement corrective measures to mitigate risks.

LIFE CYCLE OF CONTAINERS

PIL is committed to extending the useful life of our shipping containers, following the principles of: Repair, Refurbish, Re-purpose and Recycle. We prioritise robust design, implementation of a regular maintenance regime and innovative refurbishment to keep our containers in service longer, thereby minimising the production of new ones.

EXTENDING THE LIFE CYCLE OF CONTAINERS



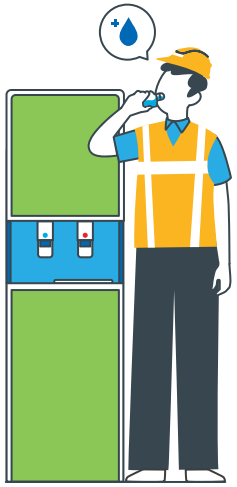
We implement rigorous inspection protocols to identify and address wear and tear early, allowing us to determine ways to extend the usability of each container. Additionally, we continually experiment with different materials with the aim of improving the resilience and strength of our containers. As a result of this approach, we have since switched from floorboards made of 100% plywood to adopting a mix with bamboo to increase elasticity, as well as replaced mild steel with Corten steel that is stronger and more resistant to corrosion. Such measures help us to extend the life cycle of our containers, reducing the need to build new containers and raw material consumption.

PLASTIC WASTE

At PIL, we are committed to reducing plastic waste generated from our operations by minimising single-use plastics and promoting the use of sustainable alternatives.

Water Filtration Systems Onboard Vessels to Reduce Plastic Bottle Waste

All PIL vessels are now outfitted with water filtration systems, and every crew member is provided with two stainless steel water bottles to promote the consumption of filtered and mineralised water available onboard. Supplying our team with easy access to high-quality filtered drinking water substantially lessens the dependence on single-use plastic bottles, thereby cutting down on plastic waste. Within a year after the installation of water filtration systems, the initiative yielded a reduction of around 14,000 single-use plastic bottles, shaving off about 3.5% of waste generated from plastic bottles.



Coastal Clean-Up

PIL Cape Town staff and their families conducted a clean-up along the coast of Milnerton Lagoon in South Africa after floods in the region brought huge amounts of effluent into the lagoon, severely impacting the marine ecosystem in the area. Our volunteers removed trash such as plastic bottle caps, straws, and food packaging, among many other debris.

WATER

Water is an essential resource that sustains life, supports ecosystems, and powers industrial processes. The IMO provides a framework as part of the MARPOL regulations and extension annexes for the development of national and international regulations to assist shipowners, operators, and crews in complying with these environmental standards. Compliance with the MARPOL and its extension Annexes is critical, as it prohibits the discharge of all types of garbage, including water discharges into the sea, except under strictly regulated conditions. At PIL, water resource management is primarily addressed on two fronts – careful planning and operation to minimise water usage and withdrawal from fresh water sources as well as, the management of any water discharge at the end of their respective life cycles and onboard use.

It is essential to minimise the discharge of harmful substances into the sea and prevent the introduction of invasive marine species into the local ecosystem. As such, three key measures are deployed - minimising onboard leakages through rigorous preventive maintenance practices, using air seals and environmentally friendly hydraulic oils for underwater machinery parts, as well as ensuring that seafarers are trained and adhere to operational efficiency best practices.

PIL also adheres to a robust ballast water management system, which includes the deep-sea exchange of ballast water and the adoption of highly reliable ballast water treatment systems (BWTS). These measures significantly reduce the likelihood of introducing invasive non-native marine species into specific coastal ecosystems, thereby protecting local biodiversity and maintaining ecological balance

BIODIVERSITY AND ECOLOGICAL IMPACT

MANAGEMENT APPROACH

We actively cultivate a culture of environmental consciousness among our employees. Together with our partners we look to minimise the impact of our activities on biodiversity and ecosystems. PIL's Integrated Environmental Management (IEM) system enables continuous monitoring of our ecological impact and timely response to any negative effects, ensuring alignment with all relevant laws, regulations and standards.

COMMITMENT

We are committed to minimise the environmental footprint of our activities and ensure compliance with all relevant laws and regulations. Additionally, our new internal Environmental policy includes and addresses biodiversity and ecological impact.

TARGETS

- Maintain 100% of vessels with ballast water treatment system
- Zero significant oil spills

Alignment with GRI Standards

GRI 101, GRI 303

BIODIVERSITY AND MARINE LIFE

PIL is committed to minimising our impact on biodiversity as part of our broader environmental sustainability goals. Recognising the crucial role that healthy marine ecosystems play in global biodiversity, we implement various rigorous measures that reduce our operations' ecological footprint, including ensuring that our fleet of vessels complies with all established protocols to protect marine life put in place by local and regional maritime authorities.

100% of our vessels have a biofouling management plan that includes the necessary staff training to ensure that measures are carried out correctly. Our rigorous management of biofouling incorporates regular hull condition inspection and cleaning which helps us prevent the spread of invasive species, protecting marine ecosystems from damage and imbalance.

To minimise our impact on marine organisms in waters where our ships trade to, we have started reducing our use of traditional biocidal copper oxide coatings on our ships' hulls and replacing this with alternatives including premium silicon coatings from 2023. This transition will help in protecting marine ecosystems whilst improving fuel efficiency and reducing maintenance costs for ships.

As part of an ongoing pilot programme, we applied the latest version of soft silicon coating to selected vessels during dry docking due to its unique biocide diffusion control system that reduces the amount of biocides released into seawater by up to 91%. The smooth surface of the coating prevents sea life such as algae and molluscs from attaching themselves to the vessel hulls, and improving fuel efficiency by reducing friction between the hull and water. The initial trial yielded promising results, increasing efficiency by ~7%, prompting us to increase its adoption across our fleet.

As part of our efforts to keep up with the latest developments in technology and consider different options, we initiated another trial for hard silicon coatings in the same year. Hard silicon coatings are touted to have a smoother surface than soft silicon coatings, on top of being more impact resistant. This trial is still underway and PIL will continue to be proactive in our exploration of innovative and novel solutions.

Biodiversity protection also involves preserving native marine ecosystems from invasive marine species from other regions. All our vessels are equipped with a ballast water management system as part of our systemic approach to mitigating these. Together with ballast water exchange procedures, these enable us to curb the introduction of invasive species into an existing ecosystem thereby safeguarding the delicate balance of local biodiversity in areas we trade to.

OIL SPILLS

PIL is committed to preventing any spills to safeguard marine ecosystems. To avoid accidental discharges at sea from PIL's vessels or terminals, we use strict fleet maintenance and conduct regular simulations and exercises. In addition, we ensure that all our staff are trained on how to handle the situation according to our emergency plan.

In 2023, there were zero cases of significant oil spills, and we aim to maintain this moving forward.

LOST CONTAINERS

Containers loss is an area of key concern for PIL especially those involving boxes being lost overboard from ships into the sea during a sea passage. This is more so considering the increase in adverse climatic events attributable to global warming which has also led to a noticeable increase in industry incidents of containers being lost at sea. In 2023, we had 2 containers lost at sea.

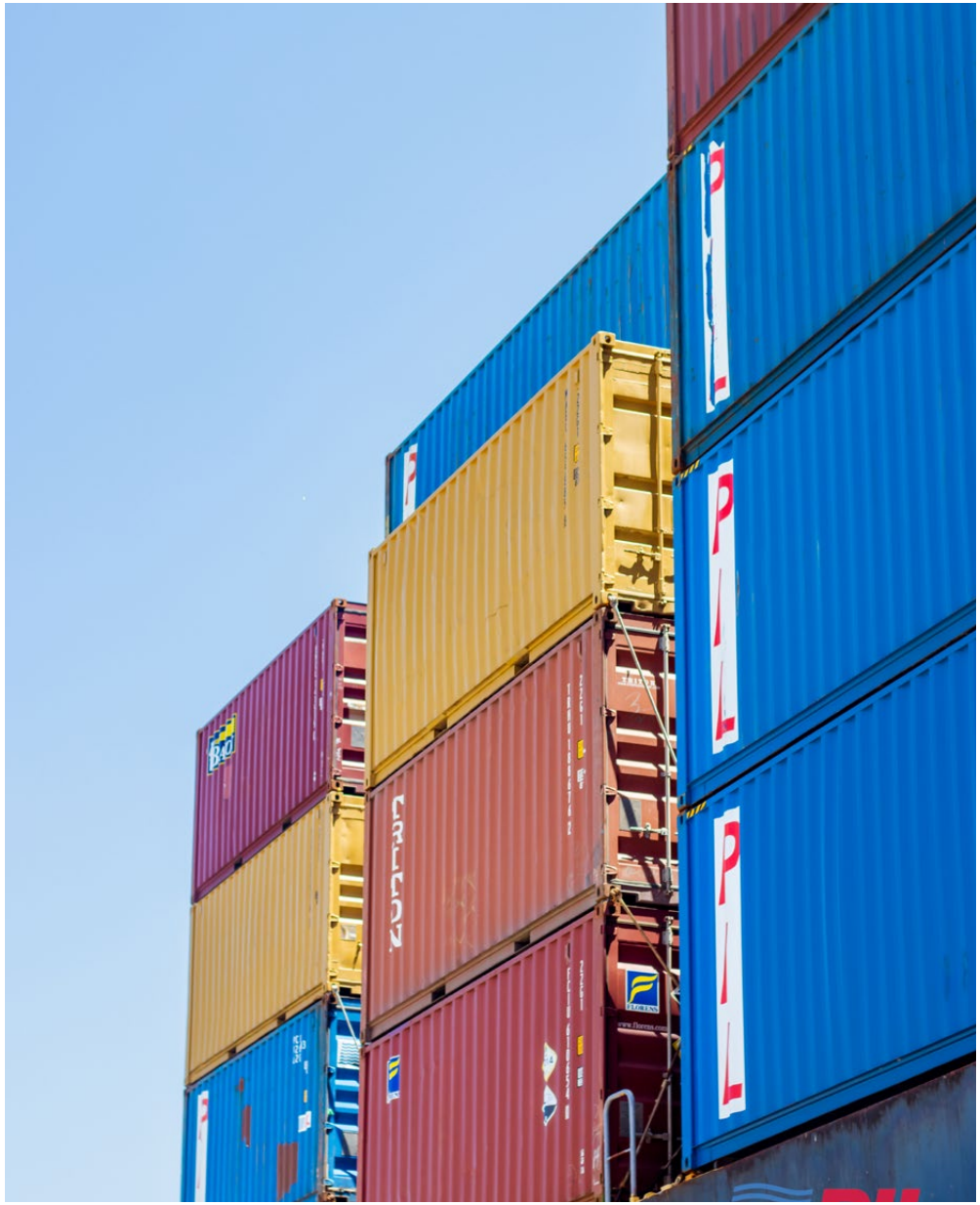
We regularly train and remind employees on proper container securing methods as well as explore the latest technology in lashing equipment and systems so as to minimise the loss of containers overboard.

All our employees adhere to stringent handling and security measures which includes management of containers in storage or transit, reducing the risk of loss. To maintain our commitment to zero container loss, our team is constantly refining our operational procedures to ensure alignment with best practices.

ILLEGAL WILDLIFE AND TIMBER TRADE

The illegal trade in wildlife and sanctioned timber exports is another area which threatens global biodiversity and conservation efforts. As early as 2015, PIL put in place a policy to decline bookings of shipments containing shark's fin as part of the company's contribution towards protecting the marine ecosystem. In 2021, PIL became a signatory to the Buckingham Palace Declaration of the United for Wildlife Transport Taskforce, underscoring our support to the tackling of illegal wildlife and timber trafficking.

To further underscore our commitment, PIL has strengthened our controls by reiterating the importance of accurate cargo declarations by our customers. We have also been improving our internal customer screening measures where we check against our databases of parties with records of past participation in illicit wildlife and timber trade. Being a member of the World Shipping Council (WSC) and an active participant of its Safety and Security committee, PIL keeps abreast of and actively contributes to efforts by the WSC relating to the prevention of wildlife trafficking on ocean-going ships. We are also working to ensure employees are educated and aware of the issues surrounding such illegal trades.



SOCIAL

- Labour and Human Rights
- Human Capital
- Occupational Health and Safety
- Community Impact

LABOUR AND HUMAN RIGHTS

MANAGEMENT APPROACH

Respecting human rights is the first step to treating our employees fairly. We work to ensure that staff in PIL's global operations adhere to high standards of labour and human rights and expect the same from our business and ecosystem partners.

COMMITMENT

We aim to uphold high standards for our seafarers, including employment conditions, accommodation, facilities, health, and welfare.

TARGETS

Achieve at least 95% of managers and seafarer officers trained on labour and human rights by 2025.

Alignment with GRI Standards

- GRI 407, GRI 408, GRI 409

We hold a firm zero-tolerance stance towards any violations of labour and human rights. We recognise the Singapore government's policy and national legislation in protecting human rights and also reference international human rights principles, including the United Nations Guiding Principles on Business and Human Rights and Maritime Labour Convention of 2006 by the International Labour Organisation (ILO).

As a participant of the United Nations Global Compact (UNGC) since 2022, we are guided by the ten principles in the areas of human rights, labour, environment, and anti-corruption. We strive to ensure the protection of human rights and fundamental freedoms in all our operations, including those of our subcontractors and suppliers.

Respect for human rights is explicitly stated in our Culture Playbook and we continuously assess business practices to identify any causes or contributions that may directly lead to adverse human rights impacts and monitor the effectiveness of our processes in addressing these impacts. Moving forward, we plan to reinforce this by conducting a human rights risk assessment and implement labour and human rights training for our employees, starting with managers onshore and officers offshore. In 2024, we will focus on developing our Labour and Human Rights Policy.

Our Whistleblowing Policy enables employees and external stakeholders to report concerns or complaints without fear of retaliation. The reporting channels safeguard anonymity, and guarantee that the identity of the reporter and content of the report is kept strictly confidential.

HUMAN CAPITAL

MANAGEMENT APPROACH

Championing our people is the right thing to do and also ensures our organisation's success and sustainability. In PIL, we are guided by our new Culture Playbook that focuses on ensuring a positive workplace environment where our people feel valued and engaged. In addition, we have put in place human resource processes that govern aspects such as recruitment, remuneration, performance and appraisal, training and development, and career management.

COMMITMENT

We care about our employees and are committed to ensuring their growth and well-being. We are a people-centric company and aim to be an employer of choice.

TARGETS

- Provide at least 18 hours of training per employee per year by 2025
- Extend annual employee survey to at least 5 more countries by 2025
- Expand Employee Assistance Programme (EAP) to all locations by 2025

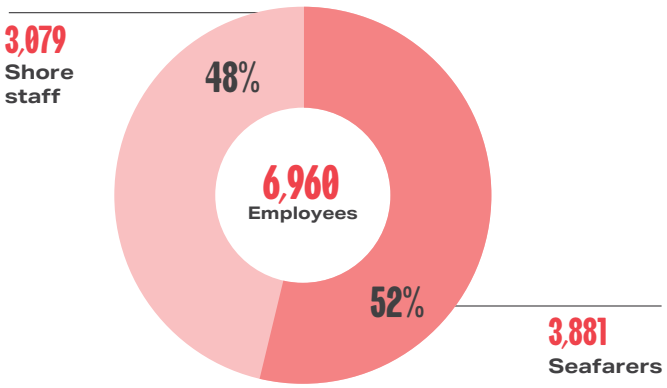
Alignment with GRI Standards

GRI 401, GRI 402, GRI 404, GRI 405

OUR PEOPLE

Our employees, including and especially our seafarers, are the backbone of our organisation and hold the key to our success. By focusing on fair hiring practices, employee well-being, and building pathways for staff development, we aim to foster an environment where PIL employees feel valued and empowered in the work they do.

At the end of 2023, PIL employed 6,960 employees[10], including 3,881 seafarers and 3,079 shore staff. Our employees work in different regions across the globe and come from diverse backgrounds and nationalities. Our ships are crewed by a complement of multi-national men and women, and we have been making a concerted effort to increase this diversity.



With increasing demand for sea freight, PIL is dedicated to attracting and keeping top talent to maintain our competitive advantage. Through targeted recruitment strategies and strong core values, PIL aims to attract high-calibre professionals seeking rewarding careers in shipping.

Keeping our experienced team at PIL is essential for smooth operations and mentoring new employees. PIL is committed to providing a positive work environment that supports talent growth and career progression to encourage employee retention. In 2023, we hired 1,125 new employees with a turnover rate of 9.9%.

EMPLOYEES BY REGION[11]

China	637
Asia, excluding China	1,824
Africa	512
Middle East	66
Latin America	8
Oceania	32

SEAFARERS BY NATIONALITY

China	491
Asia, excluding China	3,240
Africa	99
Others	51

[10] Headcount numbers as of 31 December 2023, excluding shore staff numbers in PIL Latin America and Australia, and PIL Logistics Sudan and Cambodia.
[11] Covers shore staff only

PEOPLE STRATEGY

2023 was a transformational year in terms of human capital. PIL was focused on refreshing our Culture with a new Culture Playbook being introduced as part of this process. This Playbook forms our internal guidance on business and specifies employee conduct that applies to all our employees in our controlled entities. The Playbook refers to all relevant policies that employees should be aware of in their daily work.

Guided by the Playbook, we have also defined a people strategy called **Pillars of People Excellence**. It builds on six pillars of people management and within each pillar, we implement initiatives and improvements with the aim of PIL becoming an employer of choice.

Compensation Management

Compensation management involves designing and administering PIL's pay structure to attract and retain employees. This includes setting competitive salaries, managing bonuses and benefits, and ensuring fair and equitable compensation practices. To maintain salary competitiveness, we conduct annual reviews of pay equity and market comparisons.

Learning and Development

Learning and development encompasses organisational efforts aimed at enhancing employees' knowledge, skills, and abilities. Learning focuses on improving specific job-related skills, whereas development adopts a broader, long-term approach to support overall employee growth and potential. These initiatives may include workshops, courses, on-the-job learning, and other methods. By investing in these initiatives, we foster a skilled and engaged workforce, ensuring employees are ready to meet future challenges and drive organisational success.

Leadership Development

Within the broader scope of development, our emphasis is on fostering leadership. We have developed a framework to identify the key skills and competencies necessary for these roles. Development opportunities may include international assignments and job rotations, all aimed at enhancing learning and growth.

Culture Management

Workplace culture has a direct bearing on staff morale and workplace dynamics. PIL is committed to cultivating a positive workplace culture which aligns with our beliefs, purpose and values on all people-related matters, processes, systems and ways of working. This involves prioritising employee well-being and addressing diversity, equity, and inclusion (DEI) considerations. Culture management and the continuous improvement of this is core to PIL's goal of becoming a great place to work.

Succession and Talent Management

This pillar is essential for maintaining organisational stability and achieving long-term success. It involves a systematic approach to identifying and developing individuals for key roles within PIL. By recognising high-performing employees and preparing them for seamless transitions into critical positions, we ensure that skilled and motivated staff are ready to step into leadership and specialised roles when needed.

Individual Performance Management

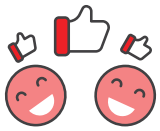
Individual Performance management is one of the key areas for assessing employee performance. To implement a systematic approach, a policy has been put in place to define processes, roles, and responsibilities clearly. Before the final appraisal, briefing sessions are conducted to ensure that all employees fully understand the appraisal system. This is a continuous process involving goals setting, providing feedback and mid-year reviews, and performance evaluation over an agreed period to ensure alignment with PIL's business goals.

Talent Attraction And Retention

One way through which we measure the success of our people strategy is the employee engagement survey. In early 2024, for the first time, we conducted the survey for employees in Singapore, achieving a participation rate of 87%. The survey was conducted using the **Great Place to Work®** model, which is a widely recognised global standard for measuring workplace culture, leadership impact and employee experience[12].

67% of employees

in Singapore believe PIL is a great place to work



Currently, 67% of employees in Singapore believe PIL is a Great Place to Work. Moving forward, we will capitalise on our strengths highlighted in the survey—justice, camaraderie, and a sense of pride—while striving to enhance communication, impartiality, and community.

Target: Extend the employee engagement survey to at least 5 more countries by 2025.

To reinforce our new values and promote a culture of open dialogue, we plan to conduct fireside chats. These informal, yet structured dialogue sessions serve as a platform for senior leaders to engage with employees at all levels, fostering the exchange of ideas and perspectives. This is part of PIL's efforts to cultivate a speak-up culture and enhance collaboration among colleagues from the various teams. We believe that embracing diverse insights is essential for PIL to truly become a Great Place to Work.

DIVERSITY, EQUITY AND INCLUSION

With operations in over 35 countries worldwide, it is crucial for the various PIL entities to align their practices and function cohesively on a global scale. Our Culture Playbook serve as a vital guide, outlining what PIL believes in, such as mutual respect and support, inclusivity, and a commitment to fairness for everyone.

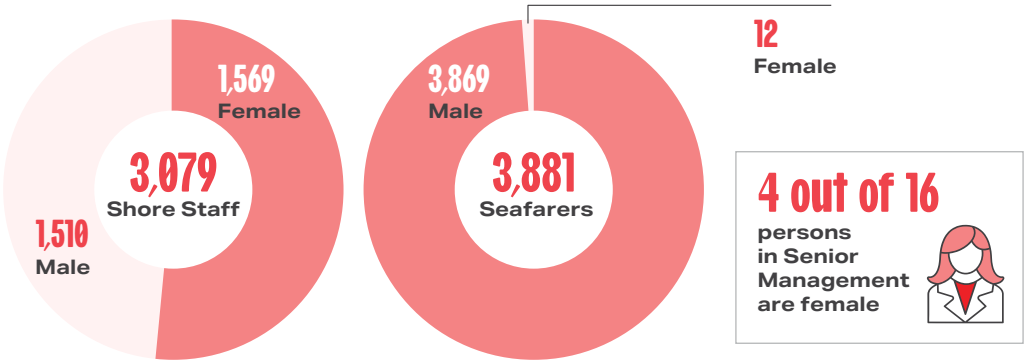
With reference to the recommendation from Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), we embrace fair, responsible and progressive practices with Singapore's meritocracy framework. We ensure that all employees are treated with respect and hired and promoted based on merits, and recognise the value of a diverse and inclusive working environment. Moreover, we do not tolerate discrimination, bullying, harassment, or any behaviour that contradicts our values.

Our employees are encouraged to speak up and report any cases of discrimination or other issues through various channels, including their manager, colleagues in HR, Legal or Compliance, or the Whistleblower[13] channels, available via email, online form and phone. We do not tolerate retaliation against colleagues for voicing concerns or reporting issues.

[12] Source: A Great Place To Work. At the core of the methodology is the "Trust Index" survey, which is often used by organisations to benchmark their workplace practices and employee satisfaction levels. See Our Methodology - Great Place To Work Singapore

[13] PIL's whistleblowing channel is accessible from our website. WhistleBlower | PIL - Pacific International Lines (pilship.com)

In terms of age diversity, most of our seafarers and onshore employees are 30 to 50 years old. We are working on data collection from our overseas operations to improve oversight of our global workforce.



4 out of 16 persons in Senior Management are female

While the maritime industry has traditionally been male dominated, we promote gender diversity and consider ways to support women in their careers at PIL. We offer equal opportunities and recognise achievements regardless of gender. In 2023, women made up approximately 49% of our onshore workforce, and four women, accounting for 25%, were part of our Senior Management team. At sea, we have a dozen female seafarers.

Women in PIL Can Make Impact in Maritime

PIL celebrated International Day for Women in Maritime on May 18, 2023. To convey PIL's appreciation to women and their contribution to the growth and development of the industry, we created a short video featuring nine ladies at the Singapore Head Office, whose professionalism and dedication to their jobs are making an impact on PIL and the maritime industry.

EMPLOYEE WELL-BEING

At PIL, we recognise that promoting employee well-being is fundamental in PIL's journey towards becoming an employer of choice and will contribute to workforce efficiency.

Ensuring that Seafarers Stay Connected with their Families and Loved Ones

PIL recognises the importance of our seafarers' mental well-being and we invest in improving this. In 2023, we began introducing Starlink connectivity technology onboard our vessels, providing high-speed, low-latency internet access for our seafarers even when out in the open seas. As seafarers are often sailing for months on end, such technology allows our seafarers to keep in touch with their families and loved ones while out at sea.

Our Employment Assistance Programme (EAP) that was launched in November 2023 in Singapore features a mental health support helpline. It includes 24/7 free access to confidential counselling sessions, videos and insights on wellness topics, meditations at work and digital training pop-ups. Our goal is to extend the programme to all global entities by 2025.

For our seafarers, PIL is a participant in the International Seafarers' Welfare and Assistance Network (ISWAN), offering round-the-clock access to free, confidential helplines for mental well-being support. **This is available to all seafarers aboard PIL vessels, and we are committed to continue to make this available.**

Target: Expand the Employee Assistance Programme (EAP) to all locations by 2025.

We constantly monitor the victualling needs of our offshore crew and ensure that the victualling allowance we provide to our crew are on par with our industry peers and market expectations. Additionally, PIL provides a dedicated shipboard recreation fund for our seafarers, supplementing our current programs that include family engagement activities. We remain committed to regularly reviewing and improving these efforts to enhance our seafarers' welfare, which in turn helps to improve retention rates.

Globally, our offices conduct various activities to engage onshore employees. In Singapore, we have launched Club Pacific, a recreational club that organises a diverse range of activities including sports, entertainment, culture and learning events for staff. Its success has inspired China to establish its own Club Pacific, and other offices may also consider implementing this.

TALENT MANAGEMENT

PIL fosters continuous learning and development by offering internal job rotation opportunities, allowing employees to broaden their skillsets and career paths within the company. For seafarers, we provide a ship-to-shore job rotation programme, where selected seafarers are rotated to work as shore employees at the Head Office in between their sea stints. This programme aims to upskill our sea staff, develop an appreciation of operational considerations in the office whilst providing exposure to broader perspectives and strategic considerations.

We also have a programme to encourage global mobility of our employees by facilitating employee transfers between our regional offices. PIL will also open our headquarter to qualified employees from other countries. The goal is to breakdown silos by building relationships and facilitate knowledge sharing and cross learning opportunities between employees from different geographies. Our next step focuses on formalising the policy to guide the programme.

PIL's internship programme provides a 3- to 6-month experience to prepare aspiring maritime professionals with the exposure, skills, and knowledge required for success in the industry. Interns gain hands-on experience by working on real-world projects, contributing to ongoing operations while developing their skillsets.

Our initiatives in Singapore include:

Shipping Familiarisation Programme (SFP)

The Ship Familiarisation Programme is our flagship initiative for new hires. Conducted quarterly, this intensive two-day program grants crucial insight into the maritime industry and the role played by liner shipping companies such as PIL, providing new hires with foundational knowledge supportive towards their future success at their respective roles. The first day of the programme involves participants engaging in interactive sessions with representatives from various PIL functions and business units. On the second day, they engage in hands-on learning through visits to the port, a PIL vessel, and a container depot.

Shipboard Attachment Programme

As part of experiential learning opportunities offered to office-based staff, this quarterly programme sees our office staff spend time sailing onboard PIL vessels for a few days. This shipboard experience allows shore staff to step into the shoes of our seafarers and experience first-hand the challenges of living and working away from home and living on a ship. It also allows significant insights into actual ship operations, thereby reinforcing their understanding of PIL's core business activities, which is supportive to success in their respective roles.

REMUNERATION

Our reward philosophy is based on merit of performance and ensuring alignment with market standards.

We conduct salary reviews annually to ensure competitive pay for retaining and attracting seafarers by consulting industry benchmarks and collecting feedback from our staffing agents and current seafarers. Our latest review in February 2023, saw us increase the wages of our seafarers by around 4%. We have also structured additional incentives to recognise and reward high-performance seafarers.

We also provide insurance coverage for our shore-based staff which is aligned to the domestic market median. For our seafaring workforce, we expanded insurance coverage for our sea staff and their families to include periods when they were not sailing onboard ship.

Talent Development

We build our organisational strength on operational finesse and the continuous development of our people. Central to this is the identification of a staff member's talent and nurturing their potential so that they better contribute to the organisation. We also have initiatives to develop leaders who will guide and support PIL amidst our transformation and training the next generation of maritime personnel for our industry.

Cultivating Home-Grown Talent in the Maritime Industry

PIL participates in the Tripartite Maritime Scholarship Scheme (TMSS), a collaboration between the Maritime & Port Authority of Singapore (MPA), Singapore Maritime Academy (SMA), and the industry. Under the scheme, PIL provides full scholarships to promising candidates to embark on a seafaring career. This contributes to building a pipeline of future PIL Captains and Chief Engineers.

We are committed to provide equal opportunities for all employees to grow and develop in their careers. I**n 2023, we achieved an average of 7.5 hours of training per shore-based staff and 62 hours per seafarer.** Our target is more-than-double shore-based staff training hours to at least 18 hours of training in a year by 2025.

Target: Provide at least 18 hours of training per employee per year by 2025.

TRAINING HOURS	2023
Total training hours	**263,547**
Shore staff	22,925
Seafarers	240,622
Average training hours per staff	**37.9**
Shore staff	7.45
Seafarers	62

ESTABLISHMENT OF PIL ACADEMY

PIL Academy was established as a Centre of Excellence (CoE) to spearhead the training and development of PIL's workforce in the maritime transport and logistics sectors. The mission of the Academy is to future-proof our business by ensuring that employees gain the essential skills and knowledge required to thrive in their positions. PIL Academy's learning and development roadmap provides a comprehensive strategy for employee development, ensuring that all training aligns with the organisation's needs and supports career progression. We believe this is integral to building a culture of continuous self-improvement that translates into employees who are equipped with the knowledge and skills to drive the company's success.

The official launch of PIL Academy, slated for June 2024, reflects PIL's long-term commitment to investing in employees' and building up a dynamic workforce capable of taking-on future challenges in the maritime industry.

PIL ACADEMY'S STRATEGIC ROADMAP

Competency Framework

Using a competency-based approach to training helps employees gain the skills needed to achieve PIL's strategic objectives. This framework ensures ongoing assessment, development, and alignment of employee skills with their roles.

Tailored Training Programs

The Academy offers a structured curriculum that caters to the diverse training needs of PIL's global workforce, including technical training, soft skills development, and inter-departmental cross-training.

Smart Learning Environments

Leveraging on technology, the Academy creates environments that promote active, individual learning experiences, supported by innovative pedagogical approaches.

5-Year Rollout Plan:

2024

Planning and Development

This initial stage focuses on setting up the infrastructure, developing a detailed curriculum aligned with industry standards, and establishing partnerships with educational and industry bodies.

2025

Full Implementation and Expansion

In this phase, the Academy will launch its foundational courses and progressively introduce intermediate and advanced modules.

2026

Enhancing Offerings

The focus will shift to offering advanced courses, achieving accreditation from relevant maritime and educational bodies, and enhancing the Academy's course offerings.

2027

International Standards

This phase aims at establishing PIL Academy as a leader in maritime training through international collaborations and the exchange of best practices.

2028

Consolidation and Continuous Improvement

The final phase emphasises the continuous refinement of courses, exploring diversification, and ensuring the Academy remains at the forefront of maritime education.

On top of this, PIL Academy is also designed to cultivate strong, capable leaders across all levels of the organisation. It focuses on equipping employees with the skills necessary to lead effectively within the unique context of the maritime industry. This aims to build a talent pool within PIL that is aligned with the company's future strategies, fostering a culture of leadership excellence across the organisation.

Key components of the leadership training include:

01 **Structured Curriculum:**

Leadership training is integrated across different stages of an employee's career, from new joiners to experienced managers. The curriculum covers essential soft skills, leadership principles, and PIL-specific knowledge.

02 **Management Associates:**

A dedicated program for management associates includes a boot camp focused on the PIL way of doing things, leadership training, and soft skills development. The program offers three rotations of eight months in different teams, such as trade and operations, including an overseas stint.

03 **Executive Programs:**

Targeted at senior management, these programs include masterclasses and executive-level training designed to enhance strategic leadership capabilities.

OCCUPATIONAL HEALTH AND SAFETY

MANAGEMENT APPROACH

We drive a "safety first" culture, with health, safety and security being amongst our top priorities. We maintain a comprehensive Workplace Safety and Health Policy, ensuring all employees worldwide adhere to legal and industry standards. This commitment extends to both maritime and onshore activities, complying with ISM, International Ship and Port Facility Security, and local safety regulations globally.

COMMITMENT

PIL is committed to protecting the well-being and safety of our crew, staff, and partners.

TARGETS

- Achieve Lost Time Injury Frequency (LTIF) of not more than 0.8
- Achieve zero major accident[14]

Alignment with GRI Standards

GRI 403

HEALTH AND SAFETY MANAGEMENT SYSTEM

Our health and safety management system follows our Workplace Safety and Health Policy, applicable to both shore-based and vessel-based employees. As part of the policy, every offshore work activity undergoes a risk assessment.

PIL maintains an unwavering commitment to safety, mandating adherence to established standard operating procedures and the execution of thorough risk assessments. This approach is upheld irrespective of any perceived impact on project timelines. In instances where standard operating procedures are deemed infeasible, employees are encouraged to communicate their concerns to the Workplace Safety and Health Committee. The Workplace Safety and Health Committee is a joint management-worker health and safety committee that represents all employees which plays a pivotal role in fostering an environment of continuous improvement in workplace safety and health standards.

From 2024, all employees are required to undergo compulsory training on health and safety to enhance the organisation's safety culture and ensure compliance with the latest workplace safety and health regulations.

In 2022, PIL's headquarters in Singapore was awarded the voluntary BizSAFE Level 4 by the Workplace Safety and Health (WSH) Council, a statutory body under the Singapore Ministry of Manpower. BizSAFE Level 4 recognises that PIL had conducted risk assessments for every work activity and process in the workplace, in compliance with the requirements in the WSH Risk Management Regulations.

In addition to the BizSAFE Level 4 certification, we are preparing for ISO 45001 certification which will be gradually implemented in our onshore operations, starting with our headquarters in Singapore. We will also **maintain 100% compliance** with the ISM and ISPS codes for our fleet. This includes ensuring completion of the health and safety risk assessments onboard ships.

In 2023, we recorded zero fatalities and high-consequence cases of work-related injuries or ill-health. Our offshore Lost Time Injury Frequency (LTIF) was reduced to 0.71 from 0.89 in 2022.

Fleet LTIF improved from
0.89 to 0.71
from 2022 to 2023

OCCUPATIONAL HEALTH AND SAFETY	2023
Lost Time Injury Frequency (LTIF)	**0.39**
Shore	0.00
Fleet	0.71

[14] As per IMO definition for "very serious marine casualty" https://www.imo.org/en/OurWork/IIIS/Pages/Casualty.aspx

EMERGENCY PREPAREDNESS AND RESPONSE

Maritime shipping is exposed to numerous hazards, especially at sea. Therefore, we must always be prepared. In the event of a critical incident, we are guided by our Safety and Emergency Manual (SEM) 2020. It outlines a fundamental principle that must be followed: give precedence to safety of life over other priorities. The SEM defines 13 types of shipboard emergencies from fire to flooding, spills, collisions, serious injuries and death to rescue operations.

On board of a ship, a designated officer will follow the Ship Specific Contingency Plan. In the guidance on shipboard response to emergency, the SEM clearly describes responsibilities of individuals and the Emergency Response Team, and the reporting channels. Shipboard emergencies shall be reported as soon as practicable to the Head Office via Shore Emergency Contact Number. Shipboard emergencies, whether in port or at sea shall be dealt with promptly to ensure safety of life, vessel and the marine environment.

To ensure preparedness of staff, PIL conducts shipboard training and emergency response drills in compliance with relevant requirements, such as the Convention for the Safety of Life at Sea (SOLAS Convention). In addition, we conduct annual emergency ship shore exercise that may involve external parties if the scenario so warrants. Emergency drills and ship shore exercises are evaluated, and lessons learnt promptly disseminated to the Shore Emergency Response Team and the fleet vessels.

In 2023, we had zero major accidents at sea and on shore[15].

SEARCH AND RESCUE OPERATIONS

PIL's focus on safety and security extends beyond that of the company. We recognise the importance of safety across the maritime industry and are committed to proactively extend our assistance when called upon.

PIL's Search and Rescue Efforts

On 17 January 2023, PIL's Kota Lestari responded to a distress signal sent by a small sailing vessel stranded off Panama after running out of fuel. The Master of Kota Lestari provided 375 litres of diesel oil to the stranded vessel and upon confirming that no further assistance was required, resumed its voyage.

In October 2023, we received the International Safety@Sea Award in recognition for significant contributions to search and rescue operations in 2022. This accolade was presented during the 10th IS@S Week, an event by the Maritime and Port Authority of Singapore focusing on maritime safety. The award honours Captain Sehic Edin and the crew of Kota Suria for their courageous rescue of a cargo ship's crew in the perilous Gulf of Guinea, showcasing their commitment to maritime safety and humanitarian efforts.

[15] Major accidents refer to health & safety incidents resulting in (1) life threatening or long-term injuries to ≥ 1 crew or third-party contractor; or (2) death of ≥ 1 crew or third-party contractor, as well as security incidents resulting in (1) loss of property, injury of crew or guard, or damage to assets with expected delays; or (2) hijacking; kidnapping; serious damage to vessel; arrest of crew with potential penalty/loss amounting >USD1 million

COMMUNITY IMPACT

MANAGEMENT APPROACH

PIL has a presence in over 500 locations in more than 90 countries around the world, PIL's business has an impact on many local communities. Our Grant-Giving Policy, Culture Playbook and social commitments guide our efforts in creating a lasting positive impact on these communities.

COMMITMENT

We strive to provide the best support we can, not only to our partners, employees and their families, but also and the communities at large.

TARGETS

Focus on humanitarian aid, underprivileged communities and marine or coastal conservation

Alignment with GRI Standards

- GRI 413

With a presence in over 500 locations in more than 90 countries, we understand that our actions have a significant impact on the livelihoods and well-being of the communities where we operate. We are committed to improving the lives of these communities, striving to make a positive impact in our communities by actively supporting local initiatives, fostering economic growth, and promoting social well-being through sustainable practices and meaningful partnerships. Our key focus areas include:

Total value of donations in 2023:

~USD330k

Total number of volunteer hours in 2023:

~283 hours

01

Empowering communities

- Providing communities in need with necessities with the aim to enhance food security and public health
- Investing in education and capacity-building

02

Humanitarian aid

- Providing relief to victims of natural disasters and geopolitical conflicts through logistical support and partnerships with non-governmental organisations (NGOs)

03

Conservation of the natural environment

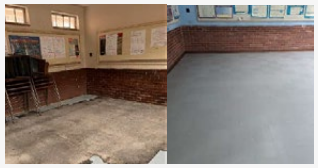
- Contributing to projects that protect and improve the environment, with a particular focus on marine ecosystems

In 2023, PIL engaged in several community engagement initiatives across the globe, be it in terms of staff volunteers or donations, including in-kind contributions. We are committed to contributing to and supporting the communities we operate in and will continuously review our focus areas to sharpen PIL's community efforts.

MEXICO

Reforestation

Our colleagues from PIL Mexico worked with local biodiversity experts from Fundación Naturalia on a reforestation campaign and planted 500 native trees in the Magdalena Contreras Forest. Besides planting seedlings, the participants also contributed to the rehabilitation of the soil ecosystem in a bid to protect the last living river in Mexico City.



SOUTH AFRICA

School Refurbishment

PIL South Africa contributed to the refurbishment of 13 classrooms in Risecliff High School with the aim to provide students with a more conducive environment for learning.

AFRICA & MIDDLE EAST

One Gift, One Smile

Following the success in 2022, various PIL teams from 11 countries across Africa and Middle East once again conducted the "One Gift, One Smile" campaign in 2023. In December 2023, staff volunteers sought to spread festive cheer to their local communities by donating toys, educational materials and daily essentials to underprivileged children.

KENYA

Supporting Youth Education

Tana River Life Foundation brings used school furniture from Singapore to schools around the Tana Delta in Kenya. In 2023, PIL supported the foundation by shipping used furniture and other necessities from Singapore to Mombasa in four 40 high cube containers, aiding in the furnishing of primary and secondary schools in Kenya.

THAILAND

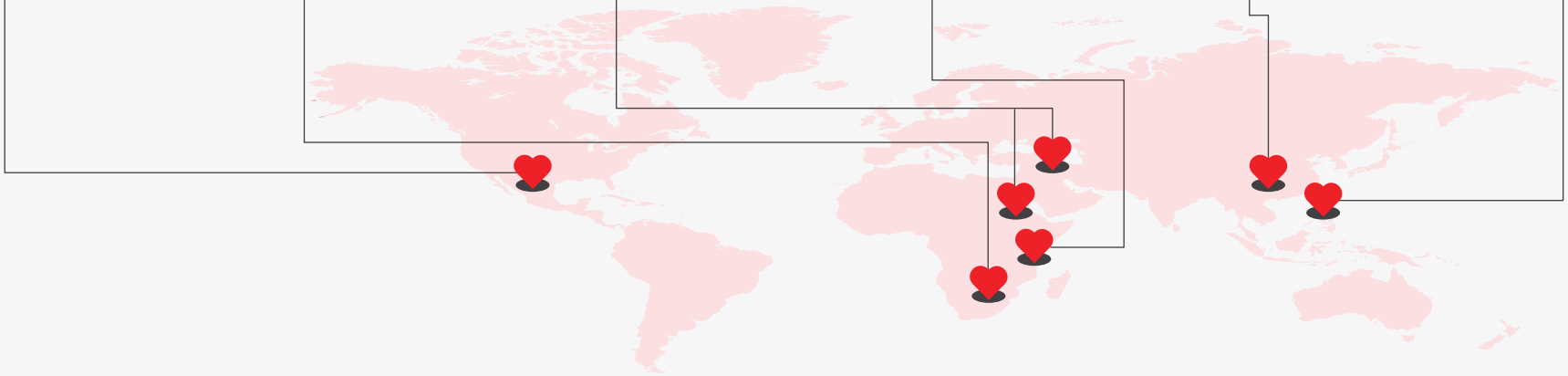
Supporting Youth Education

PIL donated to various foundations supporting underprivileged children in Thailand, including the provision of necessities such as food items and school supplies.

THE PHILIPPINES

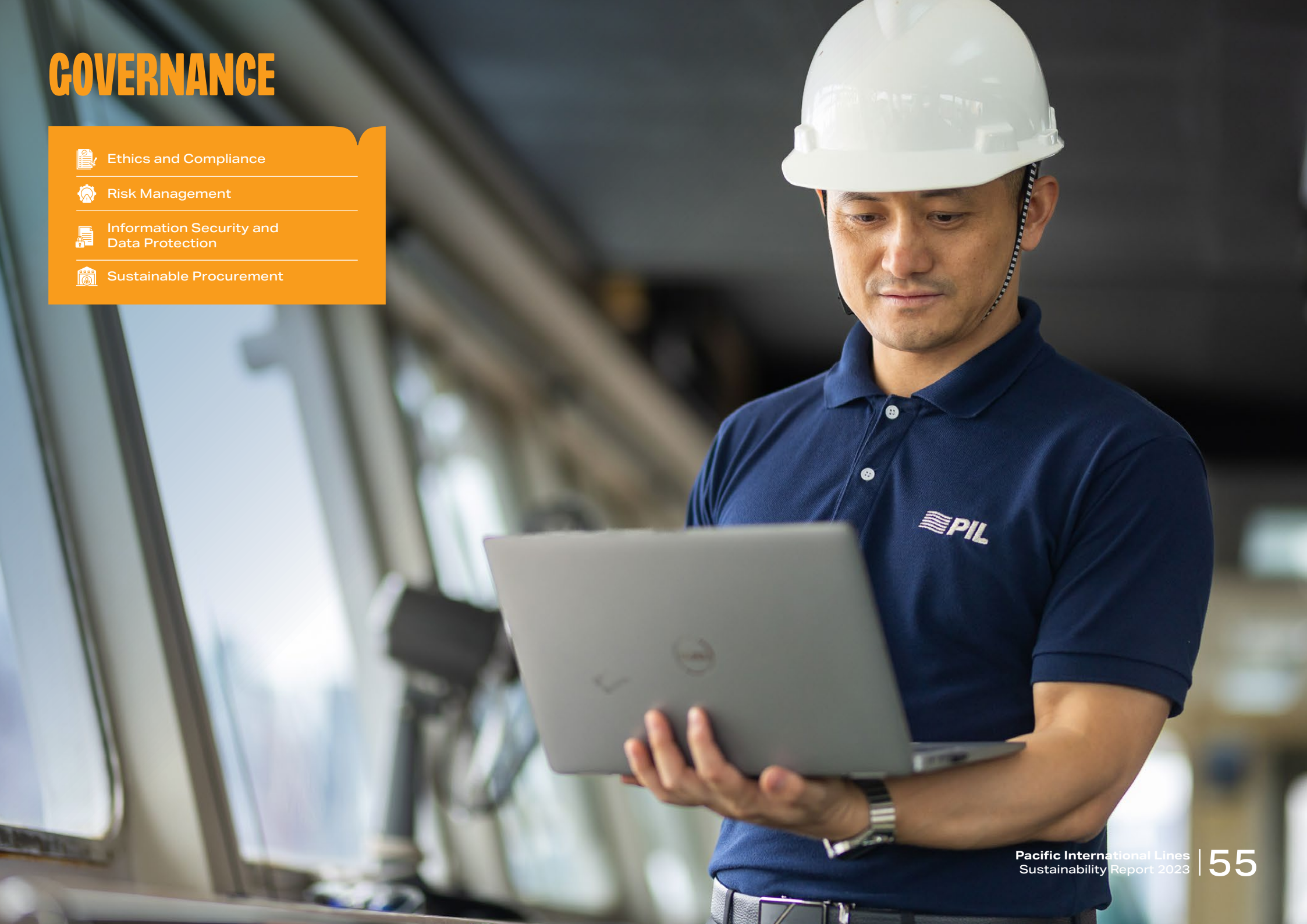
Improved Housing

PIL Philippines contributed to Christ's Commission Foundation's (CCF) Semidome Stone Housing Project to build two stone houses in Catanduanes. This region is frequently impacted by tropical cyclones, and in 2020, Typhoon Rolly devastated the province, leaving many residents without homes and livelihoods. The initiative aims to offer dependable housing for the community, helping them to prosper despite challenging weather conditions.



GOVERNANCE

- Ethics and Compliance
- Risk Management
- Information Security and Data Protection
- Sustainable Procurement



ETHICS AND COMPLIANCE

MANAGEMENT APPROACH

An effective governance structure anchors our operations, ensuring compliance with laws and regulations in the countries we serve. We aim to safeguard our global operations against potential compliance risks, supported by rigorous assessments, diligent record retention, and best-in-class management practices, benchmarked against the industry best standards.

COMMITMENT

We believe in achieving our corporate goals with integrity and in accordance with all laws and regulations by embedding compliance tenets into our policies, systems, and processes.

TARGETS

- Achieve at least 95% of employees trained on anti-bribery and corruption
- Achieve at least 95% of employees trained on sanctions compliance
- Achieve at least 95% of employees trained on competition compliance

Alignment with GRI Standards

GRI 205, GRI 206, GRI 307

At PIL, we firmly believe that good governance is essential for long-term success by ensuring accountability, fairness, and transparency in all our business engagements. While we are committed to pushing boundaries and challenging the status quo to fulfil our corporate purpose, we do so with integrity and in strict compliance with all applicable laws and regulations.

PIL's governance framework is designed to foster a culture of ethical conduct and sound decision-making. Our proactive approach to governance reflects a deep understanding that responsible practices are not just good for the planet and people but are also aligned with business viability. Placing strong governance at the heart of our decision-making, PIL is committed to fostering sustainable growth. Each choice we make today carefully accounts for the welfare of future generations.

COMPLIANCE WITH LAWS AND REGULATIONS

As a global corporation, we understand that doing business with integrity and abiding by all applicable laws and regulations is expected of us. Beyond mere compliance, we aim to embody high standards of governance and ethical business conduct. By adopting good corporate governance in every aspect of our business, we aim to earn the trust and respect of all our stakeholders and communities. Every business engagement and commercial relationship we maintain is underscored by dedication to legality, integrity, and fairness.

ANTI-BRIBERY AND CORRUPTION

Bribery and corruption negatively impact the economy, business, environment and people. PIL adopts a zero-tolerance approach to such conduct and commits to act professionally, fairly and with integrity in all our business dealings and relationships. It is with this vision that PIL joined the Maritime Anti-Corruption Network (MACN) as a member.

PIL complies with relevant bribery and corruption laws, including the Singapore Prevention of Corruption Act 1960 (the "PCA"), UK Bribery Act 2010 and U.S. Foreign Corrupt Practices Act 1988, as well as any applicable local bribery and corruption laws in the countries where PIL conducts operates. Consistent with that commitment, we have refreshed our Anti-Bribery and Corruption Policy which extends to all our business dealings and transactions across all countries in which we, our agents, subsidiaries, and associates operate. In 2023, employees across our global operations were reminded of anti-bribery and corruption issues through case studies in the Compliance Matters Newsletter. This aimed to reinforce the training conducted in 2022 that was completed by 97% of Singapore shore staff. In 2024, a new Compliance Workplan was designed to train employees on key topics of anti-bribery and corruption, competition, data privacy and protection. This set of training is made mandatory for all in-scope PIL employees[16].

Furthermore, we conduct risk assessments, implement protective measures such as contractual protection, perform due diligence screening, and monitor any breaches of our anti-bribery and corruption policies. There were zero public legal cases regarding corruption brought against PIL in 2023.

[16] In-scope PIL Employees does not include certain positions

COMPETITION LAW COMPLIANCE

Competition law is designed to protect businesses and consumers from anti-competitive behaviour and safeguard effective competition. This is especially relevant to the liner shipping sector which in recent years has been closely scrutinised by competition authorities.

All employees are guided by our Competition Compliance Policy which sets out our responsibilities, and the responsibilities of those working for us, in observing and upholding our position on competition law compliance, and to provide information and guidance to those working for and with us with regard to general competition compliance principles that are most likely to affect the Group's business. In 2022, 98.9% of our Singapore shore-based staff were trained on competition compliance, with a new cycle of training sessions scheduled in 2024 as part of our Compliance Workplan.

WHISTLEBLOWING PROGRAMME

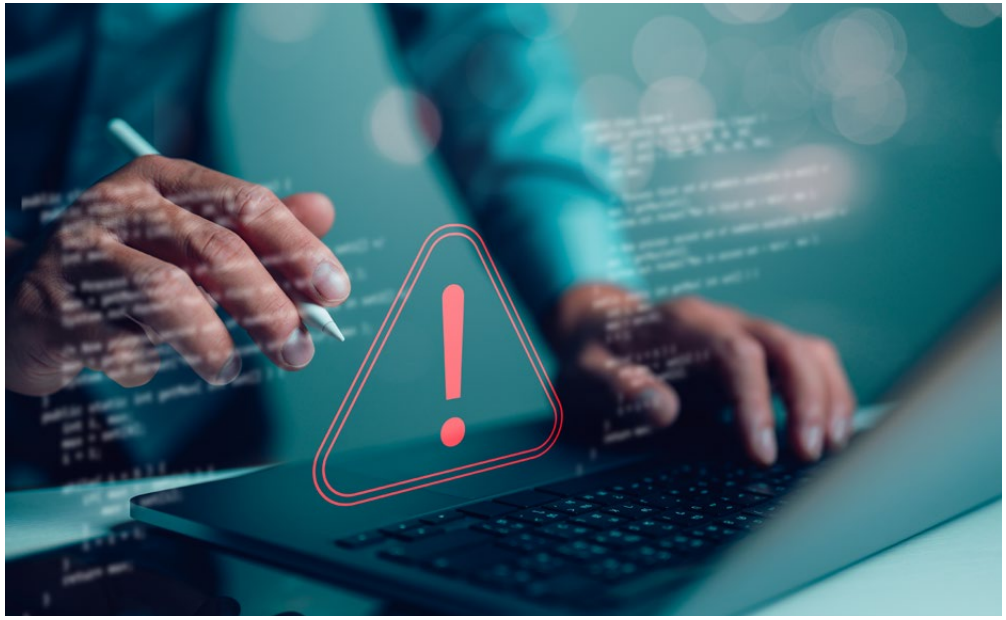
We encourage employees to speak up, not only to protect the interests of our organisation but also to demonstrate compassion and support for our colleagues. Everyone's voice matters, and together, we can make our workplace more inclusive, empathetic, and collectively accountable. We uphold a firm non-tolerance policy towards malpractice, impropriety, statutory non-compliance, or any form of wrongdoing.

Our Whistleblowing Policy and reporting channels have been facilitating responsible and secure whistleblowing, enabling employees and external stakeholders to report concerns or complaints without fear of retaliation. The reporting channels also permits whistleblowers to remain anonymous. In 2023, we have received 24 whistleblower reports, 7 from internal and 17 from external stakeholders with no reported cases of corruption.

The whistleblowing programme is overseen by the PIL Whistleblower Committee comprising Mr S.S. Teo, Executive Chairman and Mr Lars Kastrup, Chief Executive Officer, and supported by the Internal Audit Department. All investigated cases are reported to the Audit & Risk Committee, which comprises Independent Directors.

SANCTIONS COMPLIANCE

As a global corporation, PIL remains conscientiously compliant with all applicable sanction laws. To mitigate any potential sanctions risks in the changing global environment, PIL strengthened its sanctions compliance program. This includes policy, application of controls, and screening of external parties and training of employees. In 2023, we introduced Sanctions Compliance training on a group level and successfully achieved a completion rate of 95%[17]. This high level of participation underscores our commitment to ethical practices and regulatory compliance, ensuring that our team is well-equipped to navigate complex legal landscapes. By fostering a culture of compliance, it mitigates risks but also enhances our reputation as a responsible and trustworthy organisation.



[17] Excluding employees without computer access and overseas assignees

RISK MANAGEMENT

MANAGEMENT APPROACH

Risk management is a critical enabler for PIL by ensuring that we manage the relevant risks while conducting our business activities. PIL adopts the Integrated Assurance Framework (IAF) to robustly identify and manage risks across the organisation. During the continuous assessment of risks, emerging risks like climate risks are identified and subsequently added to the IAF as appropriate.

COMMITMENT

We plan to create a risk-aware strategy and integrate the TCFD Recommendations into our IAF to support the transition to a low-carbon economy.

TARGETS

Implement TCFD recommendations and align with IFRS S2 standard by 2025.

APPROACH TO ENTERPRISE RISK MANAGEMENT

As a company providing maritime transportation of goods, we want to ensure safety of our people, reliable service to our customers and create value for all stakeholders through the way we operate. As such, proper management and mitigation of risks remains core to our operations to ensure minimal disruptions.

As shipping is dynamic and complex, proper management and mitigation of risks is essential to ensure that we are prepared for adversity. PIL adopts the Integrated Assurance Framework (IAF) to robustly identify and manage risks across the organisation. Risks are identified through a holistic approach that includes both top-down and bottom-up assessments.

The IAF covers the following aspects:

01 **Governance structure and framework**

02 **Roles and responsibilities**

03 **Processes that support the Group's risk management system and workflow**

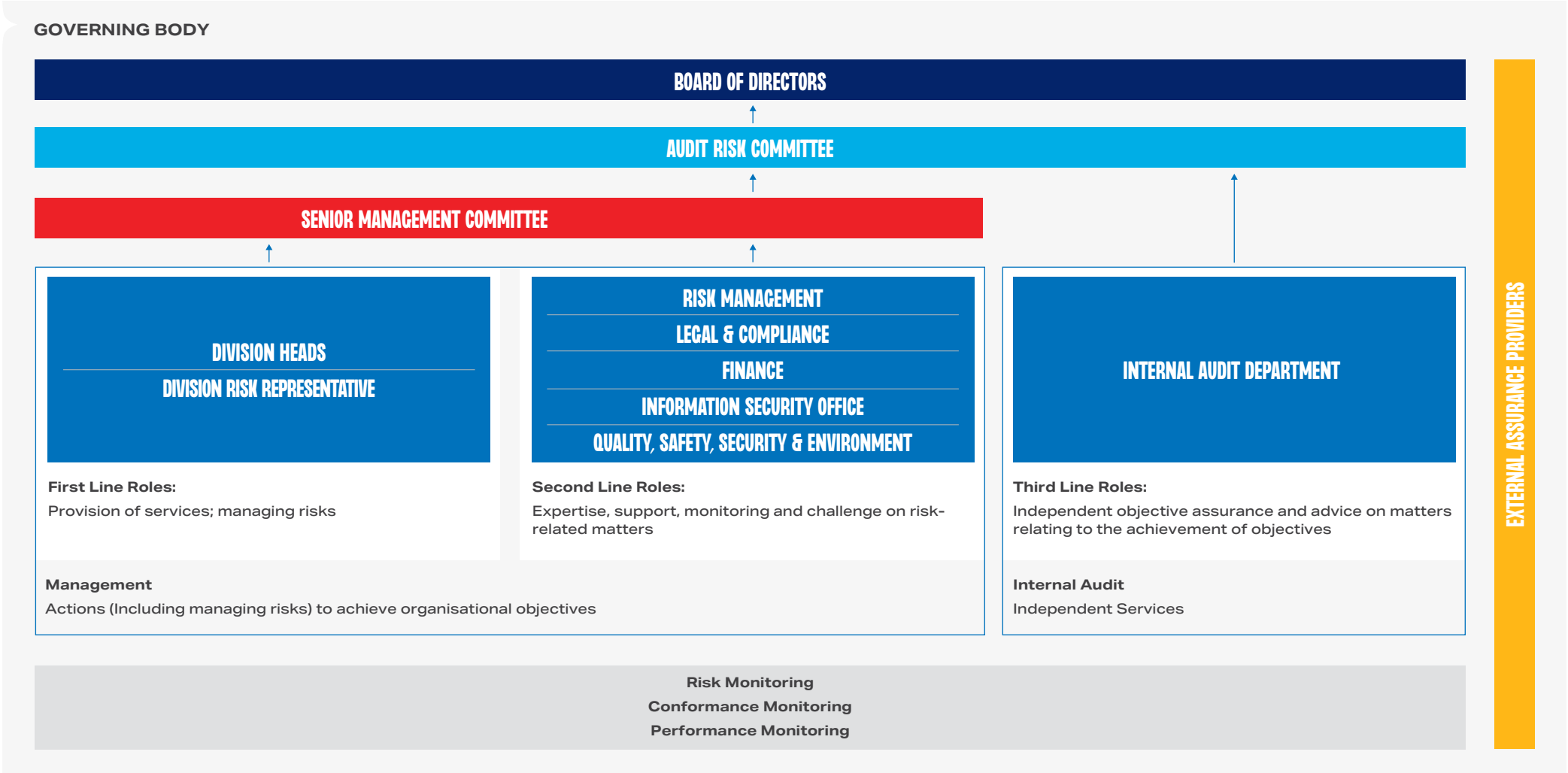
04 **Harnessing of a risk culture within PIL**

Our risk framework also adheres to the guidelines outlined in the COSO Enterprise Risk Management Framework and ISO 31000. Following the guidance of both frameworks helps to ensure that PIL's risk management covers the governance structure, roles and responsibilities, processes that support the Group's risk management system and workflow, as well as risk culture.

PIL places significant emphasis on effective risk management. In 2024, the Management Risk Committee (MRC) was established to identify potential risks on a proactive basis to ensure that the key risks remain relevant to PIL's evolving business environment. Led by the PIL Risk Office which entails both Risk Management and Business Continuity functions, risks are being managed, kept updated and discussed extensively at the Management Risk Committee (MRC) and board level Audit and Risk Committee (ARC). The IAF is embedded in business-as-usual process and is effectively implemented and adopted as a management tool by the business entities.

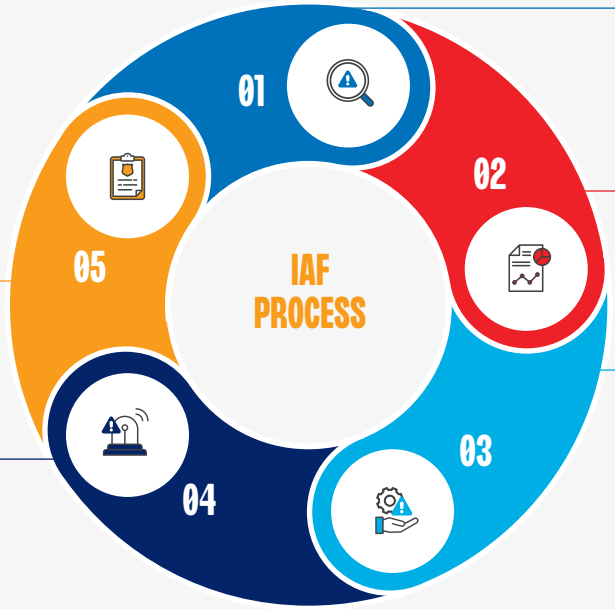
RISK GOVERNANCE

Our Risk Management team structure encompasses various governing bodies which meet on a regular basis to facilitate effective monitoring and ensure proper risk management. Our organisation has adopted the Insitute of Internal Auditors' Three Lines Model and established a structured roles and responsibilities matrix for risk governance.



We have an extensive risk management process, which adopts an iterative cycle to manage and contain risks.

THE 5 STEP IAF APPROACH



Identify the Risks

Identifying key risks that are material to the business, taking into consideration internal and external context

Analyse the Risks

Analysing risk drivers, consequences, current controls, inherent, residual and target risk ratings

Managing the Risks

Determine appropriate risk treatment based on PIL's risk appetite and strategy

IAF Dashboard

Reporting and escalation of risks to governing bodies within PIL

Key Risk Indicators

Early warnings signals to indicate potential increase in likelihood or impact of a risk event before it materialises

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

In today's rapidly changing environment, PIL faces myriad challenges that can potentially disrupt and threaten business operations. Effective business continuity and crisis management are essential components of a resilient organisation. As such, PIL remains proactive in our approach to updating our policies and procedures for business continuity and crisis management. PIL's business continuity management initiatives are also aligned to ISO22301 requirements.

For PIL's operations in the Middle East, we remain vigilant and are taking all necessary enhanced security measures, while keeping in constant contact with our vessels as they transit in the region. We also continue to monitor the situation closely and regularly, and our priority is on the safety of our crew.

INFORMATION SECURITY AND DATA PROTECTION

MANAGEMENT APPROACH

PIL is focused on delivering data-driven, innovative, and efficient digital solutions with robust data security. Our Cybersecurity Policy guides our stringent security practices, including regular risk assessments and mandatory adherence to our standards by third-party partners. Our Data Protection Policy sets out our responsibilities and provides guidance to ensure protection of personal data. Additionally, all employees must complete cybersecurity and data protection training.

COMMITMENT

We are committed to securing our information, assets, and records by adopting a three-pronged approach of stakeholder engagement, investing in technology and upskilling, and risk management.

TARGETS

Achieve at least 95% of employees trained on data protection

Alignment with GRI Standards

- GRI 418

PROTECTING OUR DATA AGAINST THREATS

At PIL, we recognise the importance of securing our information, assets and records. We prioritise the security and protection of information as a fundamental aspect of our sustainability strategy. As such, PIL implemented a comprehensive set of policies and procedures designed to safeguard data integrity, confidentiality, and availability.

THREE ESSENTIAL ASPECTS OF POLICY MANAGEMENT IN CYBERSECURITY OPERATIONS

01 Developing Security Standards
Creating robust guidelines and protocols to safeguard digital assets and information

02 Ensuring Compliance with Regulations
Adhering to legal requirements and industry standards to mitigate risks and penalties

03 Regularly Reviewing Policies
Consistently assessing the effectiveness and relevance of existing security measures

RISK MANAGEMENT IN CYBERSECURITY OPERATIONS

As a prominent global shipping and logistics company, PIL places high priority on risk management in cybersecurity operations. This is essential for the Group to mitigate potential risks whilst maintaining a secure and resilient digital environment. As such, a robust risk management plan for cybersecurity operations has been developed to ensure adherence to security protocols whilst enhancing the Group's resilience against cyber threats.

Risk Assessment

Identifying and evaluating potential risks to information assets, such as breaches or system vulnerabilities

Risk Prioritisation

Ranking identified risks based on their potential impact and likelihood to occur, aiding in effective resource allocation

Developing and executing plans to reduce, transfer, or eliminate risks to enhance overall cybersecurity posture

Ensuring adherence to relevant laws, regulations, and industry standards to maintain legal and operational compliance

Identifying, classifying, and mitigating vulnerabilities in systems or applications to prevent potential exploitation

Preparing and implementing procedures to address and manage security incidents effectively when they occur

IMPLEMENTING RISK MITIGATION STRATEGIES

The Group assesses and priorities potential risks, such as system vulnerabilities and ranks them based on their potential impact and likelihood to occur. Risk mitigation strategies are then developed to manage these identified risks that could impact our operations to ensure long-term stability by preventing disruptions to our operations.

COMPLIANCE CHECKING

To ensure adherence to regulations and adopt best practices, our data protection and cybersecurity policies are developed in alignment with various standards and frameworks:

- PDPA (Personal Data Protection Act) – Singapore's personal data privacy law
- NIST (National Institute of Standards and Technology) – Framework for handling cybersecurity risks across different functions
- Any other relevant Personal Data Protection regulations

Aligning with industry best practices, PIL adopts a proactive approach to managing cybersecurity risks. All applicable information security policies, frameworks, and best practices are communicated and implemented globally, to ensure harmonisation of practices across our global operations. To ensure PIL's cybersecurity management remains up to date, an annual IT audit is carried out to verify that our operations align with policies and that the policies remain fit for purpose.

VULNERABILITY MANAGEMENT

Effective vulnerability management is crucial for maintaining the security and resilience of our organisation. By having regular vulnerability scans and patch management, we can better identify weaknesses in systems and implement updates to close security gaps and ensure that critical threats are prioritised and addressed first.

Furthermore, PIL employs four key strategies for effective cybersecurity operations. This enhances the organisation's resilience against evolving cyber threats, allowing PIL to effectively respond to unexpected situations.

Leveraging Threat Intelligence Feeds

Integrate real-time threat data to stay ahead of emerging vulnerabilities

Employing Strong Authentication Measures

Implement multi-factor authentication to bolster security access

Regularly Updating and Patching Systems

Frequent security updates to close security gaps and prevent exploits

Using AI for Anomaly Detection

Using AI to enhance identification of unusual patterns in data, enhancing threat detection capabilities

Our cybersecurity policies are implemented both within the organisation and externally, taking an ecosystem-centric approach to cover all touch points. To effectively manage external threats, PIL evaluates and mitigates risks posed by vendors by ensuring they comply with contract security requirements, performing regular risk assessments, and creating incident response plans for handling third-party incidents.

INCIDENT RESPONSE

Having a structured incident response plan is crucial for effective cybersecurity operations. Our approach towards this allows for rapid detection and response to potential security breaches, ensuring that PIL can quickly and efficiently address security incidents, minimising damage and recovery time. This also allow us to conduct post-incident reviews to analyse points of improvement to ensure continuous improvement, further enhancing our security posture over time.

01 Preparation	02 Detection	03 Analysis	04 Recovery
Develop incident response policies and training	Identifying and examine security incidents, determine appropriate response actions	Conduct a thorough post-motem analysis, document lessons learned and implement improvements	Action plans to contain the incident, eliminate threat and restore systems to minimise damage

DIGITALISATION

A key area of being sustainable is our ability to utilise resources more efficiently. In a fast-evolving environment, software solutions, data and process optimisations are becoming increasingly important. As such, PIL is consistently striving to streamline and optimise our business processes. Below are some of the initiatives that we have implemented:

Customer Solutions

With an electronic bill of lading (eBL), customers can enjoy a seamless experience in documentation, shorter delivery times, and increased operational efficiency. PIL is also working with the teams at Infosys and Infosys Consumer, Retail & Logistics on our digital transformation which aims to further improve our online experience for our customers. Infosys will help revamp PIL's existing customer portal and deploy a scalable and modern technology platform for PIL.

Digitalisation Onboard

To enable digitalisation onboard, ship to shore connectivity must first be strengthened. As such, PIL is deploying iO3's data acceleration technology that reduces latency in satellite communications and enables the transmission of high-resolution videos to shore on 60 vessels. Additionally, iO3's surveillance system is being installed within vessels to remotely monitor sensitive areas. Through this technology, the crew and team onshore can monitor areas such as blind spots to stay ahead of incoming danger, as well as the gangway to monitor movements on and off the vessel. This combined with the improved connectivity across sea and land significantly enhances the safety and security of our crew onboard.

In 2023, PIL commenced the use of an Electronic Record Book (ERB) by Mariapps, a digital solution designed to replace traditional paper logbooks used in maritime operations. It aims to streamline and automate record-keeping processes on ships, enhancing efficiency and accuracy. Key features include real-time data entry, easy access to historical records, automated reporting, and compliance with maritime regulations. By digitising logs and records, the ERB helps to reduce paperwork, minimise errors, and facilitate better decision-making for ship operators.

The ERB is highly scalable and is designed to comply with IMO, MARPOL, and other relevant requirements. Moreover, the usage of the ERB onboard PIL vessels has been approved by flag administration. This approval verifies that the system complies with the above-mentioned regulations, whilst verifying that requirements for accuracy, security, and data integrity are met.

Triangulation for Container Movements

Triangulation has enabled the tracking and visibility of container movements, allowing us to analyse movement routes and eliminate redundant movements where possible. This digital initiative facilitates performance analysis between the various business functions, allowing for better planning and efficient use of container usage, and reducing emissions.

Collaboration on Digital Bunkering

In February 2024, as part of our commitment in driving efficiency improvements, PIL together with Singapore Trade Data Exchange (SGTraDex) signed MOUs with bunker suppliers TFG Marine, KPI OceanConnect and bp. The aim of this partnership is to explore opportunities in bunkering supply chain digitalisation, furthering the adoption of eBDN solutions and enhancing the bunkering ecosystem. Yujin Chia, PIL's Head of Sustainability, Decarbonisation and Marine Fuels, said, "As an early adopter of the technology, PIL believes that SGTraDex can improve efficiency and reliability of transactions in the marine fuels market."

PIL is the first shipping line to complete full integration with the SGTraDex platform. We estimate that this integration could potentially result in an overall time saving of 30% once other suppliers adopt SGTraDex, significantly improving efficiency for all stakeholders involved.

Streamlining Customer Onboarding Process

PIL is partnering with Youredi, a leading provider of data integration services and solutions for the global supply chain, to enhance our operational efficiencies. This solution has enabled us to fully automate our entire booking cycle and simplify our customer onboarding process. With this partnership, PIL is now one of the few shipping lines that offer the entire booking cycle using modern APIs as well as legacy interfaces if the customer prefers.

SUSTAINABLE PROCUREMENT

MANAGEMENT APPROACH

We acknowledge our suppliers, vendors, and contractors as indispensable allies in our journey towards sustainable operations. Our Sustainable Procurement Policy serves guides our sustainability considerations in procurement processes, while our Supplier Code of Conduct outlines our environmental, social and governance (ESG) related expectations from our suppliers.

COMMITMENT

We aim to cultivate a supply chain that mirrors our ESG considerations and commitment to environmental protection, social responsibility and ethical practices.

TARGETS

Achieve at least 95% endorsement of Supplier Code of Conduct by new suppliers and renewals by 2025

PIL aims to improve its position as a sustainable company and shall continually assess its impact on ESG aspects across our value chains.

In 2023, PIL introduced a Group Procurement Committee (GPC) to harmonise procurement practices across the Group and guide the implementation, review and enhancement of procurement policies. The GPC is responsible for steering strategy, ensuring compliance, and advancing digitalisation relating to procurement within PIL.

As part of this, a 'four eyes principle' was incorporated - whereby individual business units at the Group headquarter have their own separate procurement teams to ensure that the 'buyer' is independent of the 'user'. This allows for enhanced transparency, with dual approvals, and ensures that procurement decisions are well-documented. It further increases accountability and strengthens ethical standards by preventing any single individual from having unchecked control over procurement decisions.

Recognising that procurement is a key aspect of sustainability, our Sustainable Procurement Policy provides guidelines for all procurement processes within PIL and sets out our responsibilities to incorporate sustainability considerations in the procurement of our goods and services.

Our supplier qualification process includes due diligence screening of potential suppliers for compliance, setting minimum standards in contracts and service level agreements, and acknowledgement of the PIL Supplier Code of Conduct. Where applicable according to the policy, suppliers may also be subjected to pre-qualification screenings or a technical assessment on information security and data protection considerations.

To support the integration of these ESG principles into PIL's procurement processes, PIL's Supplier Code of Conduct is mapped to include various ESG principles as follows:

01 **Labour and Human Rights**

02 **Business Integrity**

03 **Health and Safety**

04 **Environmental Management**

Our Supplier Code of Conduct sets out the minimum requirements for our suppliers to operate responsibly in respect of the four categories above. It also informs suppliers about our whistleblower channels that can be used for raising concerns.

PIL has structured a 6-step approach to ensure that our suppliers are compliant and aligned with our broader sustainability objectives. Qualification of suppliers is necessary to ascertain that they can provide the required goods and service to PIL whilst complying to relevant legal and regulatory obligations before the commencement of the sourcing and selection process. Periodic performance monitoring and assessment of our suppliers to verify that they consistently meet our specifications are encouraged. Business units are also required to keep records of such procurement activities, so that progress can be tracked, and areas of improvements can be identified.

SUPPLIER SELECTION AND REVIEW

PIL will continue to periodically monitor and review our internal procurement processes to identify opportunities for further enhancements to our sustainability efforts. We believe that this approach not only helps us maintain rigorous standards in our procurement of suppliers but also fosters a collaborative relationship with them, encouraging continuous improvement and sustainability throughout our supply chain.

SUPPLIER RISK ASSSESSMENT

We performed a high-risk supplier category assessment and pinpointed the risks they encounter in five key areas: **1. Health and Safety, 2. Labour and Human Rights, 3. Environmental impacts, 4. Business Ethics and Corruption, and 5. Sanctions and Compliance.** Being aware of the potential risks our partners face helps us prepare and take mitigating measures to reduce the risks where possible.

We have identified the following **top 7 high-risk supplier categories**:

1. Fuels and chemicals

This category includes suppliers of marine fuels, chemicals, and gases, with primary risks involving environmental impacts like oil spills, collisions, safety incidents, siphoning, and purchases from sanctioned countries

2. Operational and logistical facilities

Facilities like depots, warehouses, and terminals may face risks related to employee health and safety, human and labour rights practices, environmental impacts such as spills and hazardous materials, waste, air pollution, high energy use, and ethical issues like bribery, conflicts of interest, fraud, money laundering, and trade embargoes.

3. Marine services

Marine service providers like ship chandlers and pilotage face risks such as non-compliance with environmental and safety protocols, excessive overtime, child labour in some areas, and working with companies from sanctioned countries.

4. Shipyard services

Suppliers offering shipyard services and vessel spare parts might encounter risks related to bribery, corruption, or anti-competitive practices. Additional concerns encompass compliance with working hours, workplace safety, along with significant energy consumption and emissions.

5. Chartering

The key risks in this category include ensuring adherence to regulatory requirement, sanctions and preventing corruption and bribery. Additionally, it is crucial to follow health and safety protocols and manage the environmental impact of chartered vessels.

6. Trucking/Intermodal

Trucking and intermodal service partners face ESG risks such as failing to adhere to occupational health and safety standards, unfair wages and poor working conditions, incidents of bribery and anti-competitive behaviour, money laundering and fraud, violations of trade regulations and sanctions, and growing pressure to reduce GHG emissions from transportation.

7. Ship recycling services

Ship demolition and recycling companies might face risks including non-compliance with environmental and safety protocols, long working hours, child labour in some regions, as well as issues like corruption, bribery, and anti-competitive practices.

Following the high-risk supplier category assessment, we have initiated the annual review of our Group Procurement Guidelines. The aim is to strengthen our processes for the evaluation of new and existing suppliers, review our existing measures to mitigate risks, and improve our communication of ESG matters to our suppliers.

Target: At least 95% endorsement of our Supplier Code of Conduct by new and renewed suppliers by 2025.

APPENDICES

ESG Data

Methodology

GRI Content Index

TCFD Content Index

Sustainability Assurance

ESG DATA

ENVIRONMENT INDICATORS

	UNIT	2023
ENVIRONMENTAL MANAGEMENT AND COMPLIANCE		
% of fleet operations covered by ISO 14001	%	100
% of owned vessels for which an environmental risk assessment was conducted	%	100
% of owned vessels compliant with EEDI and EEXI	%	100
ENERGY CONSUMPTION		
Total Energy Consumption	**MJ**	**36,873,121,091**
Total Fuel Consumption	**MJ**	**36,703,358,178**
- Vessel	MJ	36,690,418,067
- Heavy fuel oil	MJ	31,187,029,926
- Light fuel oil	MJ	4,431,565,309
- Diesel/Gas oil	MJ	1,071,822,833
- Land	MJ	12,940,111
- Petrol	MJ	10,533,121
- Diesel	MJ	2,406,989
Total Electricity Consumption (MJ)	**MJ**	**169,762,912**
- Vessel	MJ	1,280,413
- Land	MJ	168,482,499
Total Electricity Consumption (MWh)	**MWh**	**47,156**
Electricity Consumption matched with Renewable Energy Certificates (RECs)	MWh	2,445
CARBON MANAGEMENT		
Total GHG Emissions[18]	**tCO_2e**	**3,560,249**
Scope 1 emissions	**tCO_2e**	**2,880,549**
Scope 2 emissions (location-based)	**tCO_2e**	**23,449**
Scope 2 emissions (market-based)	tCO_2e	22,284
Scope 3 emissions	**tCO_2e**	**656,251**
- Category 3: Fuel- and energy-related emissions	tCO_2e	656,228
- Category 5: Waste generated	tCO_2e	22
AIR QUALITY		
Sulphur oxides (SOx)	**tonnes**	**44,936**
Nitrogen oxides (NOx)	**tonnes**	**68,470**
Particulate matter (PM)	**tonnes**	**6,692**
Particulate matter (PM2.5)	**tonnes**	**6,151**
WASTE MANAGEMENT AND CIRCULARITY		
Total fleet waste	**m^3**	**4,239**
Total hazardous waste	**m^3**	**2,491**
- Plastics	m^3	1,354
- Incinerator ashes	m^3	41
- Operational waste	m^3	1,061
- E-waste	m^3	35
Total non-hazardous waste	**m^3**	**1,748**
- Food waste	m^3	536
- Domestic waste	m^3	1,187
- Cooking oil	m^3	25
% of vessels with water filtration systems	**%**	**100%**
Number of containers lost at sea	**Number**	**2**

[18] Total GHG Emissions is the sum of Scope 1, Scope 2 location-based emissions and Scope 3

	UNIT	2023
BIODIVERSITY AND ECOLOGICAL IMPACT		
% of vessels with sewage treatment system	%	100
% of vessels with ballast water treatment system	%	100
Number of uncontained hydrocarbon spills >10 m^3	Number	0
Total volume of hydrocarbon spills	m^3	0

SOCIAL INDICATORS

	UNIT	2023
LABOUR AND HUMAN RIGHTS		
% of seafarers covered by collective bargaining agreement	%	100
HUMAN CAPITAL – HEADCOUNT[19]		
Total number of employees	**Headcount**	**6,960**
Employees by Gender		
- Male	Headcount	5,438
- Female	Headcount	1,522
Employees by Segment		
Seafarers	**Headcount**	**3,881**
- Male	Headcount	3,869
- Female	Headcount	12
Shore staff	**Headcount**	**3,079**
- Male	Headcount	1,569
- Female	Headcount	1,510
Employees by Region[20]		
China	Headcount	637
Asia, excluding China	Headcount	1,824
Africa	Headcount	512
Middle East	Headcount	66
Latin America	Headcount	8
Oceania	Headcount	32
Others	Headcount	0

	UNIT	2023
Seafarers by Nationality		
China	Headcount	491
Asia, excluding China	Headcount	3,240
Africa	Headcount	99
Others	Headcount	51
New hires	**Headcount**	**1,125**
- Male	Headcount	826
- Female	Headcount	299
Turnover	**Headcount**	**1,686**
- Male	Headcount	1,397
- Female	Headcount	289
HUMAN CAPITAL – TRAINING AND DEVELOPMENT		
Training and Development	**Hours**	**263,547**
Training for Seafarers	Hours	**240,622**
Training for Shore Staff	Hours	**22,925**
- Male	Hours	11,503
- Female	Hours	11,422
Average training hours per employee	**Hours / Employee**	**37.96**
Seafarers	**Hours / Employee**	**62**
Shore staff	**Hours / Employee**	**7.5**
- Male	Hours / Employee	7.3
- Female	Hours / Employee	7.6

[19] Data covers all PIL headcount except PIL Australia and Latin America, and PIL Logistics Sudan and Cambodia
[20] Covers shore staff only

	UNIT	2023
Employee Engagement[21]		
Employee engagement survey participation rate	%	87
Performance and career development reviews		
% of staff who undergo regular performance and career development reviews	%	100

OCCUPATIONAL HEALTH AND SAFETY

Fatalities	**Number**	**0**
Major Accidents	**Number**	**0**
Recordable Injuries	**Number**	**44**
- High-consequence Injuries	Number	0
Lost Time Injury Frequency (LTIF)	**Rate**	**0.39**
- Lost Time Injury Frequency (LTIF) at sea	Rate	0.71
- Lost Time Injury Frequency (LTIF) on shore	Rate	0.00

	UNIT	2023
Health and Safety Preventive Measures		
% of seafarers who completed health and safety training	%	100
% of seafarers represented in joint management-worker health and safety committees	%	100

COMMUNITY IMPACT

Donations		
Total amount contributed to CSR initiatives	USD	329,847
Volunteering		
Total volunteering hours	Hours	283

GOVERNANCE INDICATORS

CORPORATE GOVERNANCE

Board Composition	**Headcount**	**7**
Executive Directors	Headcount	2
Non-executive Directors	Headcount	5
- Of which are independent	Headcount	4
Board Composition by Gender		
- Male	Headcount	7
- Female	Headcount	0
Senior Management[22] Composition by Gender		
- Male	Headcount	12
- Female	Headcount	4

	UNIT	2023
Senior Management Composition by Nationality		
Australian	Headcount	1
Chinese	Headcount	1
Danish	Headcount	1
French	Headcount	1
Singaporean	Headcount	12

BUSINESS ETHICS

Whistleblowing		
- Number of whistleblower reports	Number	24
- Number of public legal cases of corruption	Number	0
Total number of confirmed information security incidents	**Number**	**0**

[21] Data relates to employee engagement survey in HQ Singapore
[22] Senior Managementrefers to employees that are part of PIL's Senior Management Committee

METHODOLOGY

BASIS OF REPORTING

Reporting period

This report covers PIL activities from January to December 2023 and outlines the environmental, social and governance (ESG) strategy, initiatives, and performance material to PIL and its stakeholders. It was published in October 2024.

Reporting boundaries and use of reporting frameworks

This report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. The GRI Content Index can be found on page 74. This report also makes reference to global reporting standards and frameworks such as the UN Sustainable Development Goals (SDGs) and the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

This report is recommended to be read together with the sustainability section on our corporate website, as well as additional annexes including the ESG Data, the GRI Content Index, the TCFD Content Index and the Independent Assurance Statement.

Scope and consolidation

Unless stated otherwise, the scope and consolidation methods of this report correspond with financial reporting principles of PIL. The report covers any assets or operations that PIL treats as wholly owned or controlled, and that are operated by PIL, including offices and vessels.

The entities referred to as "PIL" include:

- Pacific International Lines
- Mariana Express Lines
- Malaysia Shipping Corporation
- PIL Logistics

Singamas is excluded from this report, as they fulfil the requirements of HKS since 2017.

The scope of GHG inventory entails all transportation-related business and operational activities of PIL based on the financial control approach as described in the GHG Protocol's guidance. Vessels chartered in for at least one year are included in PIL's GHG scope, while vessels outchartered for more than one year are excluded.

The scope of headcount-related data covers all PIL shore staff and seafarers, excluding shore staff numbers in PIL Latin America and Australia, and PIL Logistics Sudan and Cambodia. Initiatives to connect and unify the systems and records from these locations have commenced.

Occupational Health and Safety data is consolidated based on operational control method that covers offices, logistics facilities as well as vessels owned and operated by PIL including out-chartered vessels.

ENVIRONMENT

Energy Consumption

Fuel Consumption

Total Fuel Consumption encompasses the use of fossil fuels such as heavy fuel oil, light fuel oil, gas oil, diesel and petrol in the vessel engines, boilers, land vehicles, incinerators and electricity generators of PIL. The amount of biofuels used for pilot projects in 2023 was insignificant and therefore omitted.

Electricity Consumption

Electricity consumption refers to the use of electricity on land and vessels' use of shore power. The source of electricity is the national grid. The use of renewable energy is separately reported as the electricity consumption matched with Renewable Energy Certificates (RECs).

Carbon Management

Scope 1: Direct Greenhouse Gas (GHG) Emissions

Direct GHG emissions for scope 1 comprise CO_2 equivalent emissions from mobile combustion of sea and land vehicles, incineration of waste onboard vessels, on-site electricity generators and fugitive emissions from air-conditioning on vessels, offices and reefers. Emission factors for different types of fuel were sourced from IMO 2018, DEFRA 2023 and 2014 IPCC Fifth Assessment Report.

Scope 2: Indirect GHG Emissions (Location-based)

Indirect GHG emissions in Scope 2 are the CO_2 equivalents based on purchased electricity in the offices and other facilities, PIL-owned reefers during port storage and vessels, using the location-based approach from the GHG Protocol. Emission factors were sourced from IEA 2021, IRENA 2021 and JICA 2024.

Scope 2: Indirect GHG Emissions (Market-based)

Market-based Scope 2 emissions equal location-based Scope 2 emissions reduced by the amount of purchased Renewable Energy Certificates (RECs) based on a credible registry system with reference made to the Singapore Standard (SS) 673.

Scope 3: Indirect GHG Emissions in the Value Chain

Indirect GHG emissions of Scope 3 include CO_2 equivalent emissions from PIL's value chain. In 2023, the following categories were calculated:

- Category 3: Fuel and energy-related activities refer to fuel and energy consumption reported in Scope 1 and Scope 2 and the emissions related to production of those fuels, and generation and T&D losses of electricity before their consumption by PIL, also referred to as the well-to-tank emissions. Emission factors were sourced from DEFRA 2023.

- Category 5: Waste generated in operations, which is reported based on amounts, types and treatment of waste on vessels Emission factors were sourced from DEFRA 2023.

Air Quality

Total Weight of Air Pollutants

The weight of sulphur oxides (SOx), nitrous oxides (NOx), particulate matter (PM and PM2.5) was calculated based on the methodology outlined in the IMO Fourth GHG Study 2020.

Waste Management and Circularity

Total Fleet Waste

The total volume of waste from vessels was reported in cubic metres, split into hazardous and non-hazardous waste and categorized as per MARPOL Annex V.

Vessels with Water Filtration Systems

Percentage of vessels that have a water filtration system installed onboard as part of a voluntary initiative to reduce the use of plastic bottles on vessels.

Number of Containers Lost at Sea

Total number of containers lost at sea during the reporting year.

Biodiversity and Ecological Impact

Vessels with Sewage Treatment System

The percentage of vessels with sewage treatment systems in place to treat black water in compliance with MARPOL Annex IV.

Vessels with Ballast Water Treatment System

The percentage of vessels with ballast water treatment systems in place, in compliance with the Ballast Water Management Convention.

Hydrocarbon Spills

Hydrocarbon spills refer to the total number of uncontained hydrocarbon spills over 10 m^3, and the total volume of those spills in cubic metres.

SOCIAL

Human Capital - Headcount

Number of Employees

Consolidated numbers of PIL employees include shore staff and seafarers as of 31 December 2023. This includes all employees who had an employment contract with PIL and were registered in PIL HR system at year end.

Human Capital - Training and Development

Training and Development

The total number of hours of training provided during the year, including in-house, external and e-learning.

The average training hours per employee is the total number of training hours divided by the headcount.

Performance and career development reviews

Percentage of staff who undergo regular performance and career development reviews.

Occupational Health and Safety

Fatalities

Fatalities are calculated as the headcount number of work-related accidents leading to employee death whether at sea or on shore.

Major Incidents

Major incidents refer to health and safety, and security incidents resulting in life threatening or long-term injuries to crew or third-party contractor, loss of property, damage to assets, or with potential significant financial impact.

Recordable Injuries

Number of recordable injuries includes work-related injury with or without lost time. This excludes suicide, commute to and from work.

High-consequence injuries are those work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

Lost Time Injury Frequency (LTIF)

Lost-time injury frequency is the number of lost-time injuries occurring in workplace per 1 million hours worked. Lost-time injuries (LTI) include all injuries that occur on the job and that require a person to stay away from work more than 24 hours or which result in death or permanent disability.

GOVERNANCE

Business Ethics

Whistleblowing

Number of all whistleblowing cases recorded in the whistleblowing system regardless of whether they were reported by internal or external stakeholders and how they were received through any of the whistleblowing channels.

Public Legal Cases of Corruption

Number of public legal cases regarding corruption brought against the organization or its employees, including but not limited to the cases raised through the Singapore Corrupt Practices Investigation Bureau (CPIB).

Confirmed information security incidents

Total number of confirmed information security incidents including leaks, thefts and losses of customer data.

GRI CONTENT INDEX

Statement of use	Pacific International Lines (Pte) Ltd has reported the information with reference to the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD	DISCLOSURE	PAGE
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**	
	2-1 Organisational details	02 – About this report, 09-12 – Company Profile
	2-2 Entities included in the organisation's sustainability reporting	72 – Methodology
	2-3 Reporting period, frequency, and contact point	02 – About this report
	2-5 External assurance	81 – Sustainability Assurance
	Activities and Workers	
	2-6 Activities, value chain and business relationships	09-12 – Company Profile
	2-7 Employees	44 – Human Capital
	Governance	
	2-9 Governance structure and composition	16-17 – Our Board of Directors, 18-19 – Sustainability Governance
	2-10 Nomination and selection of the highest governance body	16-17 – Our Board of Directors
	2-11 Chair of the highest governance body	16-17 – Our Board of Directors
	2-12 Role of the highest governance body in overseeing the management of impacts	18-19 – Sustainability Governance
	2-13 Delegation of responsibility for managing impacts	18-19 – Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	02 – About this report, 18-19 – Sustainability Governance
	2-15 Conflict of interest	16-17 – Our Board of Directors
	2-16 Communication of critical concerns	57 – Whistleblowing Programme
	2-18 Evaluation of the performance of the highest governance body	16-17 – Our Board of Directors
	2-19 Remuneration policies	16-17 – Our Board of Directors
	2-20 Process to determine remuneration	16-17 – Our Board of Directors

GRI STANDARD	DISCLOSURE	PAGE
GENERAL DISCLOSURES		
	Strategy, policies and practices	
	2-22 Statement on sustainable development strategy	06 – Message from Executive Chairman, 07 – Conversation with CEO, 14-15 – ESG Strategy
	2-23 Policy commitments	14-15 – ESG Strategy
	2-24 Embedding policy commitments	18-19 – Sustainability Governance
	2-25 Processes to remediate negative impacts	20 – Materiality Assessment, 21 – Stakeholder Engagement, 57 – Whistleblowing Programme
	2-26 Mechanisms for seeking advice and raising concerns	57 – Whistleblowing Programme
	2-27 Compliance with laws and regulations	56 – Ethics and Compliance
	2-28 Membership associations	22 – Partnerships, Certifications and Awards
	Stakeholder engagement	
	2-29 Approach to stakeholder engagement	21 – Stakeholder Engagement
	2-30 Collective bargaining agreements	70 - ESG Data - Social Indicators
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	20 – Materiality Assessment
	3-2 List of material topics	20 – Materiality Assessment
ENVIRONMENTAL		
CLIMATE RESPONSE		
GRI 3: Material Topics 2021	3-3 Management of material topics	25 – Climate Response
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	69 - ESG Data - Environment Indicators
	302-4 Reduction of energy consumption	25-31 – Climate Response 69 - ESG Data - Environment Indicators

GRI STANDARD	DISCLOSURE	PAGE
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	27 – Climate Response, 69 - ESG Data - Environment Indicators
	305-2 Energy indirect (Scope 2) GHG emissions	27 – Climate Response, 69 - ESG Data - Environment Indicators
	305-3 Other indirect (Scope 3) GHG emissions	27 – Climate Response, 69 - ESG Data - Environment Indicators
	305-5 Reduction of GHG emissions	25-31 - Climate Response
AIR QUALITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	35 – Air Quality
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	35 – Air Quality, 69 - ESG Data - Environment Indicators
WASTE MANAGEMENT AND CIRCULARITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	37 – Waste Management and Circularity
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	39 – Waste Management and Circularity, 40-41 - Biodiversity and Ecological Impact
	303-2 Management of water discharge-related impacts	40-41 - Biodiversity and Ecological Impact
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	37-39 – Waste Management and Circularity
	306-2 Management of significant waste-related impacts	37-39 – Waste Management and Circularity
	306-3 Waste generated	69 - ESG Data - Environment Indicators
BIODIVERSITY AND ECOLOGICAL IMPACT		
GRI 3: Material Topics 2021	3-3 Management of material topics	40 – Biodiversity and Ecological Impact
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	40 – Biodiversity and Ecological Impact
	101-2 Management of biodiversity impacts	40 – Biodiversity and Ecological Impact
	101-6 Direct drivers of biodiversity loss	40 – Biodiversity and Ecological Impact

GRI STANDARD	DISCLOSURE	PAGE
SOCIAL		
LABOUR AND HUMAN RIGHTS		
GRI 3: Material Topics 2021	3-3 Management of material topics	43 – Labour and Human Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	43 – Labour and Human Rights
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	43 – Labour and Human Rights, 65 – Sustainable Procurement
GRI 409: Forced and Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	43 – Labour and Human Rights, 65 – Sustainable Procurement
HUMAN CAPITAL		
GRI 3: Material Topics 2021	3-3 Management of material topics	44 – Human Capital
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	44 – Human Capital
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	47 – Human Capital (Employee Well-being)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	49 – Human Capital (Talent Development), 70 – ESG Data - Social Indicators
	404-2 Programs for upgrading employee skills and transition assistance programs	49 – Human Capital (Talent Development), 49-50 – Human Capital (PIL Academy), 70 - ESG Data - Social Indicators
	404-3 Percentage of employees receiving regular performance and career development reviews	49 – Human Capital (Talent Development), 70 - ESG Data - Social Indicators
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	46 – Human Capital (Diversity, Equity and Inclusion), 70 – ESG Data - Social Indicators
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: Material Topics 2021	3-3 Management of material topics	51 – Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	51 – Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	51 – Occupational Health and Safety
	403-3 Occupational health services	51 – Occupational Health and Safety, 47 – Human Capital (Employee Well-being)
	403-4 Worker participation, consultation, and communication on occupational health and safety	51 – Occupational Health and Safety, 47 – Human Capital (Employee Well-being)
	403-5 Worker training on occupational health and safety	51 – Occupational Health and Safety, 47 – Human Capital (Employee Well-being)

GRI STANDARD	DISCLOSURE	PAGE
	403-6 Promotion of worker health	51 – Occupational Health and Safety, 47 – Human Capital (Employee Well-being)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	51 – Occupational Health and Safety, 47 – Human Capital (Employee Well-being)
	403-8 Workers covered by an occupational health and safety management system	51 – Occupational Health and Safety
	403-9 Work-related injuries	51 – Occupational Health and Safety, 71 – ESG Data - Social Indicators
COMMUNITY IMPACT		
GRI 3: Material Topics 2021	3-3 Management of material topics	53 – Community Impact
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	53 – Community Impact
GOVERNANCE		
ETHICS AND COMPLIANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	56 – Ethics and Compliance
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	56 – Ethics and Compliance (Anti-bribery and Corruption)
	205-2 Communication and training about anti-corruption policies and procedures	56 – Ethics and Compliance (Anti-bribery and Corruption)
	205-3 Confirmed incidents of corruption and actions taken	71 - ESG Data - Governance Indicators
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	56 – Ethics and Compliance
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	56 – Ethics and Compliance
RISK MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	58 – Risk Management
INFORMATION SECURITY AND DATA PROTECTION		
GRI 3: Material Topics 2021	3-3 Management of material topics	61 – Information Security and Data Protection
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	71 - ESG Data - Governance Indicators 0 substantiated complaints received concerning breaches of customer privacy, and 0 customer data security breaches for operations in Singapore
SUSTAINABLE PROCUREMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	65 – Sustainable Procurement

TCFD CONTENT INDEX

CATEGORY	TCFD RECOMMENDATION	PIL'S APPROACH
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Refer to page 32.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to page 32.
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Refer to page 32-34.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Refer to page 32-34.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In the next stage of TCFD implementation, the Climate Risk and Response Working Group shall conduct scenario analysis to assess the impact of various climate scenarios and the extent of PIL's strategic adaptability capabilities.
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Refer to page 32.
	b) Describe the organisation's processes for managing climate-related risks.	Refer to page 32.
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	During the TCFD implementation stages, the processes of identification and assessment of climate-related risks and opportunities are handled by the cross-functional Climate Risk and Response Working Group. Their findings inform the organisation's overall risk management processes through reporting and updates to the Senior Management Team including the Head of Risk Management and the ESG Steering Committee. Moving forward, the Working Group shall focus on the further integration of climate-related risks and opportunities into our corporate strategy, risk management, and reporting processes.

CATEGORY	TCFD RECOMMENDATION	PIL'S APPROACH
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.	Refer to page 34. As part of a toolkit to assess climate related risks and opportunities, PIL currently tracks various metrics including greenhouse gas emissions, fuel efficiency, energy consumption and cargo load factor. At the fleet level, compliance-linked metrics such as EEDI, EEXI and CII are also closely monitored and planned vis-à-vis evolving regulatory requirements to minimise risk of stranded assets. Sustainability risks, including climate risks are also in the process of formal inclusion as part of PIL's overarching enterprise risk framework.
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Refer to page 27. As part of overall decarbonisation strategy, PIL has aligned with the objectives as highlighted in the 2023 IMO strategy to ensure that PIL's operations are not only compliant with current regulations but also positioned to adapt to future environmental and regulatory changes, including upcoming technical and economic elements which are slated to be effective from 2027 onwards. PIL currently discloses Scope 1 and 2 GHG emissions, as well as selected categories of Scope 3 GHG emissions (categories 3 and 5), with plans for additional disclosure categories in subsequent reporting.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Refer to page 25. PIL currently manages and tracks GHG emissions performance against the 3 targets of: 1. 20% reduction in GHG emissions by 2030 against a 2010 baseline. 2. 70% reduction in GHG emissions by 2040 against a 2010 baseline. 3. Achieve net zero GHG emissions by 2050.

INDEPENDENT ASSURANCE STATEMENT

Relating to the GHG Emission Inventory of Pacific International Lines (Private) Limited for the Financial Year from 1 January to 31 December 2023

This Assurance Statement has been prepared for Pacific International Lines (Private) Limited in accordance with our contract.

Terms of Engagement

LRQA Limited (LRQA) was commissioned by Pacific International Lines (Private) Limited (PIL) to provide independent assurance of its greenhouse gas (GHG) emissions inventory ("the Inventory") for the Financial Year (1 January to 31 December 2023) against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure for greenhouse gas emissions. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered PIL's operations and activities in management of a fleet of container ships and bulk carriers on international voyages managed by its Singapore head office and its global subsidiaries[23] and specifically the following requirements:

- Verifying conformance with:
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data[24].
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Direct (Scope 1) GHG emissions, and
  - Energy Indirect (Scope 2) GHG emissions.

Our assurance engagement excluded the Other Indirect (Scope 3) GHG emissions.

LRQA's responsibility is only to PIL. LRQA disclaims any liability or responsibility to others as explained in the end footnote. PIL's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Inventory and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of PIL.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that PIL has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance[25] and at the materiality of the professional judgement of the verifier.

SCOPE OF GHG EMISSIONS	TONNES CO_2e
Scope 1 GHG emissions	2,880,549
Scope 2 GHG emissions (Location-based)	23,449
Scope 2 GHG emissions (Market-based)	22,284

Note 1: Scope 2, Location-based and Scope 2, Market-based are defined in the WRI/WBCSD GHG Protocol Scope 2 Guidance, 2015

Note 2: Market based emissions through retirement of 2,445 RECs registered with TIGR for Singapore and Vietnam resulting in a reduction of 1165 tCO_2e.

[23] PIL refers to the Holding Entity (Pacific International Lines (Private) Limited) and its transportation-related subsidiaries:
- Mariana Express Lines
- Malaysia Shipping Corporation
- PIL Logistics

[24] http://www.ghgprotocol.org/

[25] The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- conducting site visit to the head office in Singapore and reviewing processes related to the control of GHG emissions data and records;
- interviewing relevant employees of the organization responsible for managing GHG emissions data and records;
- assessing PIL's data management systems to confirm they are designed to prevent significant errors, omissions or misstatements in the Inventory. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control;
- verifying historical GHG emissions data and records at an aggregated level for the financial year 2023 and base year 2023 from 1 January to 31 December 2023; and
- Verifying the emission factor used for scope 1 and scope 2 GHG emissions with the source reference and confirmed their appropriateness.
- Verifying that 2445 REC credits from solar photovoltaics have been retired through the TIGR[26] Registry Certificate of Retirement in the reporting period.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation and ISO/IEC 17021 Conformity audit – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification audits is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is PIL's certification body for ISO 14001 and verification body for Clean Cargo Performance Submission. The certification and verification audit are the only work undertaken by LRQA for PIL and as such does not compromise our independence or impartiality.

Signed Dated: 29 August 2024

Cindy Zhang
LRQA Lead Verifier
On behalf of LRQA Limited (Singapore Branch)
460 Alexandra Road, #15-01 mTower, Singapore 119963

LRQA reference: SNG00000373

This Assurance Statement is subject to the provisions of this legal section:

LRQA Group Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as LRQA. LRQA assumes no responsibility and shall not be liable to any person has signed a contract with the relevant LRQA entity for the provision of this information or advice and in this case any responsibility or liability is exclusivey on the terms and conditions set out in that contract.

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[26] Tradeable Instrument for Global Renewables.