

# SUSTAINABILITY REPORT

## MESSAGE FROM THE BOARD OF DIRECTORS ON SUSTAINABILITY REPORT

### To the Shareholders,

We are pleased to present the Company's Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards and the United Nations' Sustainable Development Goals (SDGs). This report covers the Company's performance on material issues that matter most to stakeholders in the year 2020 and communicates our material analysis on economic, environmental, social, sustainability governance and ethical issues that are relevant to stakeholders and may potentially impact the Company.

The Board of Directors reviews the Vision & Mission Statement and Core Values on an annual basis to ensure alignment with any change in circumstances. In 2020, the Board of Directors conducted a review and resolved to amend the Vision and Mission Statement as well as the Core Values. The Company's Vision and Mission Statement is "to be the most distinguished Shipping Company in the world, providing an exemplary level of services and solutions to facilitate global trade". We believe this can be achieved with an unwavering focus on the Company's Core Values, viz. Integrity, Sustainability, Tradition, and Innovation. These Core Values are integrated in all that we do and are always followed on a day-to-day basis by all in the Company.

The Sustainability Report summarises the Company's interactions with its stakeholders and reflects the Company's continuous search for ways to improve at all levels. We welcome comments, suggestions, and views on this Report, and we assure you that each response is and will be taken very seriously and considered for appropriate action.

On behalf of the Board of Directors of Precious Shipping Public Company Limited, we would like to express our gratitude to all those who have contributed to the success of the Company.

**For and on behalf of the Board of Directors of  
Precious Shipping Public Company Limited**



**Mr. Chaipatr Srivisarvacha**

Chairman of the Board of Directors



**Mr. Khalid Moinuddin Hashim**

Managing Director

19<sup>th</sup> February 2021

## **Overview of Sustainability Report**

The Company places the highest priority on delivery of long-term value and sustainable returns to its shareholders. The Report also includes information relating to the performance of the Company and its subsidiaries based in Thailand and elsewhere. The focus of the Report is on the main businesses which have a material impact on the achievement of long-term sustainability. The Company acknowledges that its unique character, with its ships trading all over the world, majority of which are flying the Royal Thai flag, obliges it to act as the country's ambassador to the world, and the Company takes this responsibility very seriously.

The Company presents its performance in terms of its economic, environmental, social, and sustainable impact. Through this approach, the Company strives to create value for stakeholders by complying with all applicable regulations and carrying out its business activities according to its vision and core values. In executing its business strategies and achieving its performance targets, the Company gives the highest regard to transparency, accountability, responsibility, independence, and fairness.

Further information on the Company's Corporate Governance, risk management and mitigation strategies, all of which are part of the Company's sustainability measures, can be found in the relevant chapters under the **Board of Directors' Report, Organization Structure, Corporate Governance Report, Internal Controls and Risk Management** sections of this Annual Report.

This Report has been prepared in accordance with the GRI Standards: Core option. In addition, the Sustainability Report also provides information on the Company's alignment with the UN's Sustainable Development Goals (SDGs).

This Report addresses activities and data that fall within the Company's financial year for the period from 1 January to 31 December 2020.

## **The scope of the Report**

The data and information contained in this Report relates to Precious Shipping Public Company Limited and all its wholly owned subsidiaries.

## **The boundary and limitations of the Report**

Data in this Report has been collected from the Company's operations as listed above and there are no changes with respect to the boundary as compared to our 2019 Report.

## **The process for defining the content of the Report**

We have defined the content of the Report through research with key stakeholder groups to gain their feedback on requirements and preferences. Data is provided and reviewed by Senior Management prior to submission to the Managing Director for approval. The Final Report is approved by the Company's Board of Directors.

## **Stakeholder Engagements**

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, investors, communities, government agencies and other related organizations whom the Company has an ongoing relationship and impact because of its business operations. The Company engages its stakeholder groups in a variety of ways, with the frequency and communication mechanisms based on the most effective means of facilitating dialogue. The Company has also provided channels on its website for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to do so directly, without going through the Management. The Board has and will continue to treat such information seriously and with utmost confidentiality.

Currently, the Company categorises and prioritises stakeholders into eight groups, which are presented below. All business units are responsible for creating and maintaining good relationships with these groups, communicating, taking their suggestions, and assessing their expectations.

<b>Stakeholders</b>	<b>Stakeholders Expectations</b>	<b>Key Action and Engagements</b>
Shareholders	<ul style="list-style-type: none"> <li>• Share in profits by way of dividends</li> <li>• Business growth and sustainability</li> <li>• Fair and transparent operations</li> <li>• Risk Management</li> <li>• Equitable treatment</li> <li>• Appropriate channels for monitoring the Company's performance and for giving feedback to the Company</li> <li>• Easy accessibility to Management of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Creation, preservation, and enhancement of long-term value for our shareholders</li> <li>• Disclosing timely, concise, and relevant information</li> <li>• Responsive to all inquiries</li> <li>• Frequent communications through company visit, road shows and meetings</li> <li>• Direct channel of communication to Board/ Management open for every Shareholder</li> <li>• Shareholder Meetings at least once a year, plus quarterly SET Opportunity Day Meetings (Videos of these Meetings available on the Company's website)</li> <li>• Regular newsletters from CEO</li> <li>• Annual Report and other reports, such as press releases, etc.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Professional service with fair charter rate</li> <li>• On time trouble-free delivery</li> <li>• Commitment to agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Develop services to respond to diverse needs</li> <li>• Provide efficient, reliable, and professional services and solutions to all our customers</li> <li>• Provide substantive reply to any query promptly</li> <li>• Conduct customer satisfaction survey</li> <li>• Follow terms of agreements</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Appropriate compensation and welfare</li> <li>• Career advancement and succession</li> <li>• Competency enhancement</li> <li>• Positive and good work environment</li> <li>• Security and safety at work</li> </ul>	<ul style="list-style-type: none"> <li>• Respecting human rights and diversity</li> <li>• Ensuring equal opportunity</li> <li>• Ensuring a safe and healthy work environment</li> <li>• Providing skill enhancement via sophisticated training</li> <li>• Annual review of compensation, welfare and benefits structure to remain competitive with industry standards</li> <li>• Open channels for accepting opinions and suggestions</li> <li>• Conduct employee satisfaction survey</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• Ability to repay debts and punctual payment</li> <li>• Fair returns on loans and service fees</li> <li>• Commitment to agreements</li> <li>• Transparent information sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Full compliance with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed</li> <li>• Regular meetings for information exchange and to maintain good relationship</li> <li>• Financial and annual operating reports</li> <li>• Promptly respond to any queries</li> </ul>
Community & Society	<ul style="list-style-type: none"> <li>• Improvement of quality of life</li> <li>• Support of community activities</li> <li>• Environment protection</li> </ul>	<ul style="list-style-type: none"> <li>• Support and get involved with community and society-based activities on a regular basis</li> <li>• Arrange meetings with Merchant Marine Training Center for planning and progress of community development projects</li> <li>• Put in place and implement appropriate measures to reduce the environmental impact from the Company's operations</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Compliance with relevant laws, rules and regulations</li> <li>• Good Corporate Governance and transparency</li> <li>• Sufficient and timely information disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Follow guidelines in doing transactions with the State, code of conduct and participate in academic collaboration</li> <li>• Periodic internal assessment of regulatory compliance</li> <li>• Regular disclosures through SET</li> <li>• Regular participation in meetings and activities of related agencies</li> <li>• Annual Report and other reports, such as press releases, etc.</li> <li>• Complaint handling channels and remedial measures</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Fairness and equal opportunity in procurement process</li> <li>• Fair prices</li> <li>• Reputation and credibility</li> <li>• Honour payment terms</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that terms and conditions for suppliers are based on industry norms and practices</li> <li>• Follow agreed terms and conditions</li> <li>• On time payment</li> <li>• Complaint handling channels on website</li> </ul>

Stakeholders	Stakeholders Expectations	Key Action and Engagements
Prospective Investors	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Business growth and sustainability</li> <li>Fair and transparent operations</li> <li>Risk Management</li> <li>Appropriate channels for monitoring the Company's performance</li> <li>Easy accessibility to Management of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Direct &amp; Open channel of communication to Management</li> <li>Frequent meetings and conference calls/ Q&amp;A sessions</li> <li>Regular disclosures through SET</li> <li>Presentation/Roadshows 10 times in 2020</li> <li>Annual Report and other reports, such as press releases, etc.</li> </ul>

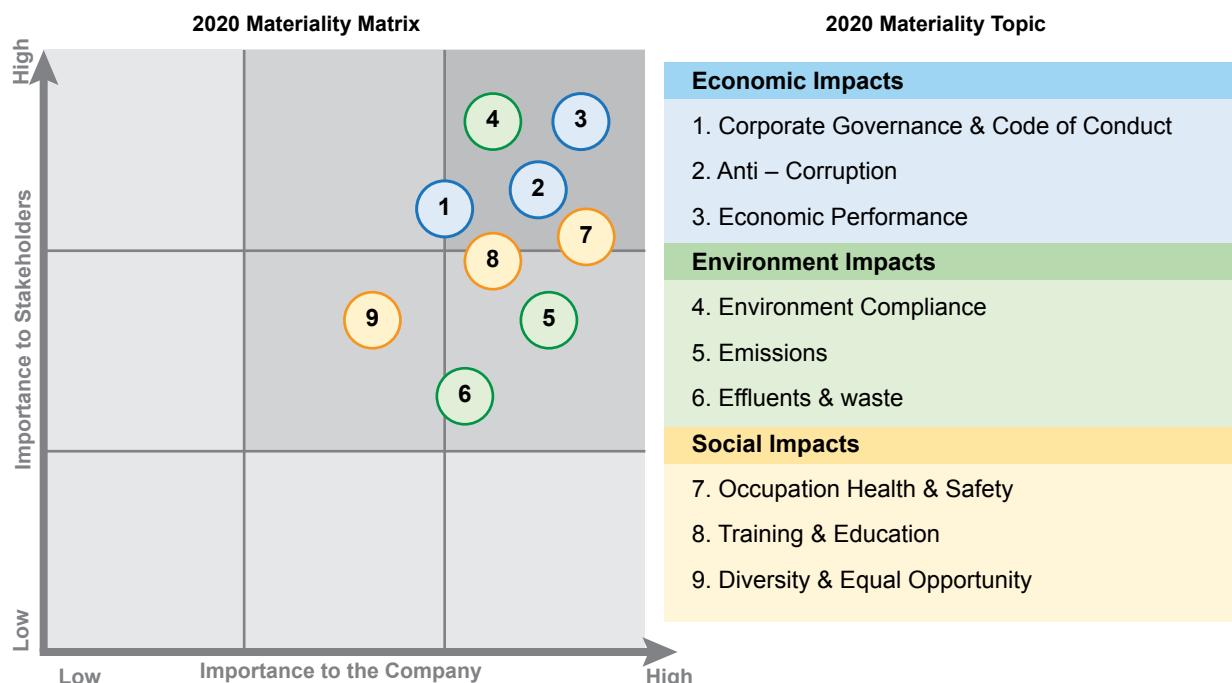
## The Materiality Assessment

The content of this Sustainability Report is geared to highlight the Company's policies, achievements, and challenges towards sustainability within the reporting period. The Company has ascertained this content by carrying out a Materiality assessment.

In alignment with the principles of the GRI Standards and the SDGs, the Company has used a four-step process in determining its Materiality Assessment:

- 1) Identification of relevant topics: by evaluation of the boundaries (where the impact of each issue occurred), impact of each issue was determined both inside and outside the Company, and by business unit utilizing GRI indicators.
- 2) Prioritization of topics against stakeholder and Company influence and impact: by considering each topic, issues deemed significant to the organization and deemed significant to the stakeholders, and those issues and topics which reflected significant economic, environmental, and social impact.
- 3) Validation of prioritization and identification through review and evaluation: this Materiality Assessment has been validated through internal representatives of the business units with assistance from Senior Management.
- 4) Review of context on annual basis: by incorporating to this Report, stakeholder feedback from outside stakeholders received through multiple channels, such as Opportunity Day/Investor meetings, the Company website, Regulatory Authorities, and press coverage of the Company.

This materiality matrix below presents 9 topics for each sustainability-related category, which the Company focuses on. These 9 topics are the most material for this Sustainability Report. The Company recognizes the value of broadening its engagement with its stakeholders to improve its Materiality Assessment and increasing the relevance of information within its Report based on stakeholder priorities.



## Contribution to Sustainable Development Goals (SDGs)

The Company aims to support the United Nations' Sustainable Development Goals (SDGs). The Company integrates these goals into its business operations to ensure that all executives and staff are ready to achieve the international sustainable development along with the Company's business growth and stakeholder benefits.



The Company is committed to meeting the UN's Sustainable Development Goals particularly in relation to the promotion of good health and well-being; quality education; gender equality; decent work and economic growth; climate action; peace, justice and strong institutions; and partnerships to achieve the goal. These goals are integral to the long-term sustainability of the Company.

The Company's Operations	Material Topics (as per GRI)	Key Stakeholders and Impact Boundary							Relevant SDGs
		Employees	Shareholders	Clients	Creditors	Community & Society	Regulators	Suppliers	
• Compliance with Regulations & Conventions	Environment Compliance			✓		✓	✓		
• Green House Gases Emissions	Emissions			✓		✓	✓		
• Protection and conservation of the environment • Ballast Water Treatment	Effluents & waste Biodiversity			✓		✓	✓		
<b>Social Impacts</b>									
• Employees Benefits • Safety & Occupational Health	Occupation Health & Safety	✓				✓	✓		  
• Training & Development • Maritime Training Center & Bridge Navigation Simulator • Social & Community Development	Training & Education	✓				✓			
• Employees Benefits	Diversity & Equal Opportunity	✓							

## **Corporate Governance, Ethics, and Integrity**

The Company is committed to conducting business under Good Corporate Governance principles; doing business ethically; striving for the betterment of society and the environment. The Board of Directors has promoted corporate governance practices to help fulfill its responsibility to the shareholders. It is the duty of the Board of Directors to serve in a prudent fiduciary relationship with shareholders and to oversee the management of the Company's business. The Company has provided the governance structure of the Company, including committees under the subject of "**Organization Structure**" of this Annual Report.

The Company has set up a Business Ethics and Code of Conduct Manual and the Corporate Governance Policy to commit to the key principles of integrity, ethical business conduct and accountability for Directors, Executives, and staff as a guideline in carrying out their respective work for the Company in a transparent, honest, faithful, and justifiable manner. These guidelines can be accessed through the Company's website.

## **Anti-Corruption**

The Company has developed a reputation in the industry of having zero tolerance towards any form of corruption or unethical behavior. The senior management has always enforced this policy throughout the history of the Company, and recently, the Board of Directors has approved a new Self-Evaluation Tool for Countering Bribery and Anti-Corruption Policy.

These newly adopted policies, which are the embodiment of the age-old stance of the Company, against any form of corruption or unethical behavior, have been communicated to every member of the Board of Directors and each of the Company's employees, each of whom are apprised of every facet of the same.

In December 2018, the Company implemented a "No Gift Policy" in accordance with guidelines from the Private Sector Collective Action Coalition against Corruption (CAC), whereby the Company requested all business partners not to give any gifts for any occasion to any of its personnel, including its directors, executives, employees at all levels. The Company continued with this practice in 2020. This No Gift Policy reinforces the Company's compliance with the Anti-Corruption Policy and good corporate governance principles.

The Company provided anti-corruption seminars and training for all directors, executives, and staff members at the office to bolster the Company's anti-corruption culture.

The Company extends the application of these policies beyond itself and applies the same to each individual/corporation/organization that the Company deals with. The Company has set up a channel to contact the Board of Directors directly for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, illegal acts, etc. As such, the Company ensures that none of its affairs are conducted with/through any unethical individual/corporation/organization.

In 2020, there were zero whistleblowing incidents and zero violations of our ethical principles.

Precious Shipping was certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC)



Mr. Gautam Khurana (left), Director (Finance) of the Company, received the CAC certificate of membership from Mr. Kulvech Janvatanavit (right), Chief Executive Officer of the Thai Institute of Directors Association (IOD), at an awards ceremony held on 18<sup>th</sup> October 2019. The CAC aims to tackle corruption, build a critical mass of clean and transparent businesses and uplift compliance standards of private companies.

## Sustainable Management Performance Economic Performance

The Company's Senior Management had set up goals for 2020 with targets that were both realistic and aggressive as follows:

- Daily earnings per vessel to be higher than the corresponding industry benchmark - Please refer to "**Market Segmentation/Benchmarking**" in the Board of Directors' Report, for the Company's performance in 2020 as against this target; and
- Daily Operating costs per vessel to be at least 15% lower than the industry average as published by BDO LLP - Please refer to "**PSL OPEX comparison with Industry**" in the Management Discussion and Analysis, for the Company's performance in 2020 as against this target.

For 2021, the Company's Senior Management has set the same goals as for 2020.

The Company's operations contribute to national economies by generating economic benefits for different stakeholder groups. The related direct monetary flows indicate the extent of added value.

## Direct Economic Value Generated and Distributed (Million USD)

Description	2016	2017	2018	2019	2020
<b>Direct Economic Value Generated:</b>					
Vessel Operating Income	104.42	128.21	152.32	134.05	119.08
Revenue from financial investments	1.32	0.70	1.15	0.96	0.27
Revenues from sale of assets	0.00	0.94	0.00	0.01	0.00
Other income	1.77	0.30	0.11	0.27	0.51
<b>Direct Economic Value Generated</b>	<b>107.51</b>	<b>130.15</b>	<b>153.58</b>	<b>135.29</b>	<b>119.86</b>
<b>Economic Value Distributed:</b>					
Operating Costs (excluding crew costs)	30.23	24.04	28.79	29.18	29.58
Employee wages and benefits (including crew costs)	47.78	42.98	44.08	44.84	40.99
Finance costs (paid to lenders)	27.63	25.01	25.48	22.64	18.88
Dividend distribution	0.00	0.00	0.00	0.00	0.00
Tax payments to governments	0.09	0.08	0.09	0.12	0.12
Community Investments	0.06	0.04	0.04	0.05	0.06
Other payments	21.93	3.96	5.04	8.07	32.02
<b>Economic Value Distributed</b>	<b>127.72</b>	<b>96.11</b>	<b>103.52</b>	<b>104.90</b>	<b>121.65</b>
<b>Economic Value Retained as under:</b>	<b>(20.21)</b>	<b>34.04</b>	<b>50.06</b>	<b>30.39</b>	<b>(1.79)</b>
Depreciation, amortization, and Impairment loss	54.88	34.63	36.64	38.23	38.71
Provisions	0.70	(0.22)	(0.11)	0.02	0.28
Transfer to (from) Reserves	(75.79)	(0.37)	13.53	(7.86)	(40.78)

The above table is to provide transparency on the economic impact of the Company's activities. These figures are calculated after factoring in financial flows and tax payments. The Company does not implement any tax arrangements for the purpose of tax evasion. The payment, collection and accounting of taxes complies with the country legislation that the Company operates in.

For Financial Performance: see the **Financial Highlights** and **Management Discussions and Analysis** sections in this Annual Report.

## Environment Performance

The Company recognizes that irresponsible shipping operations will inevitably lead to catastrophic environmental impact, particularly in terms of air and/or water pollution. Therefore, the Company is firmly committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors.

However, over years of operations, the Company has realized that simply complying with regulations is not enough. What is needed is to go above and beyond the mandatory regulations by developing internal emergency response plans and quality control systems, constantly searching for new technologies to employ, to help reduce our environmental impact, and a firm commitment to reducing CO2 emissions and waste generation.

This Report outlines the most significant environment-related maritime regulations and the Company's compliance therewith; the Report also outlines the Company's internal emergency and quality control systems and CO2 reduction efforts. This Report concludes with a statement of goals and objectives set by the Company for the coming year.

## Environment Performance Highlights

1. Annual review meetings conducted every year are utilized as a platform to discuss and address issues related to review of the maritime regulations.

2. The Environment Protection Policy Statement, as below, has been made public in line with ISO 14001 requirement: It is the Company's policy to conduct its operations in an environmentally sustainable manner to protect the environment and Planet Earth for a better life for the present and future generations (please see details below in "**ISO 14001 Certification**").
3. For use of new technology and innovations, the Company signed contracts for and took delivery of new-build vessels with specifications exceeding those mandated by the regulations and which enhance the vessels' ability to protect and conserve the environment.
4. Environmental objectives and targets are set and assigned to all levels of employees in the Company, both ashore and afloat, with stipulated time frames and action plans. The Company recognizes that training and improving awareness at all levels is the key to achieving the environmental policy and seeks to accomplish these through in-house training described here under.
5. The Company has carried out an environmental impact analysis for all key shipboard and company activities and it has been found that the Company's existing procedures can effectively reduce the environmental impact of any incident.
6. In-house training programs are conducted for all staff (serving at shore office as well as on vessels) on the Environment Management System ("EMS") policy, objectives that have been set, and for general awareness. These training programs are conducted at the Company's training center and through internal audit visits to vessels.
7. The Company uses best endeavors to influence and encourage all vendors associated with the Company to comply with environmental standards/good practices.

## **Compliance with Regulations & Conventions**

To have the Company's ships sailing in international waters, the Company is legally required to be fully compliant with the regulations imposed by the International Maritime Organization (IMO) and other regulatory bodies.

Safety of Life at Sea (SOLAS), Maritime Regulations for Prevention of Pollution (MARPOL), Standards for Training Certification and Watchkeeping (STCW) & the Maritime Labour Convention (MLC) are the four pillars of the international maritime industries regulatory framework.

Some of the other regulatory instruments are:

- International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004. This Convention entered into force on 8 September 2017.
- International Maritime Dangerous Goods code (IMDG)
- International Maritime Solid Bulk Cargoes code (IMSBC)
- International Convention on the Control of Harmful Anti-Fouling Systems 2001
- International Code for Ships Operating in Polar Waters (Polar Code)
- International Convention on Civil Liability for Bunker Oil Pollution Damage 2001
- Nairobi International Convention on the removal of Wrecks 2007 (the Wrecks Convention)
- National, Regional and Local regulations more stringent than the international requirements like US environment protection acts, European Union air pollution directives etcetera.

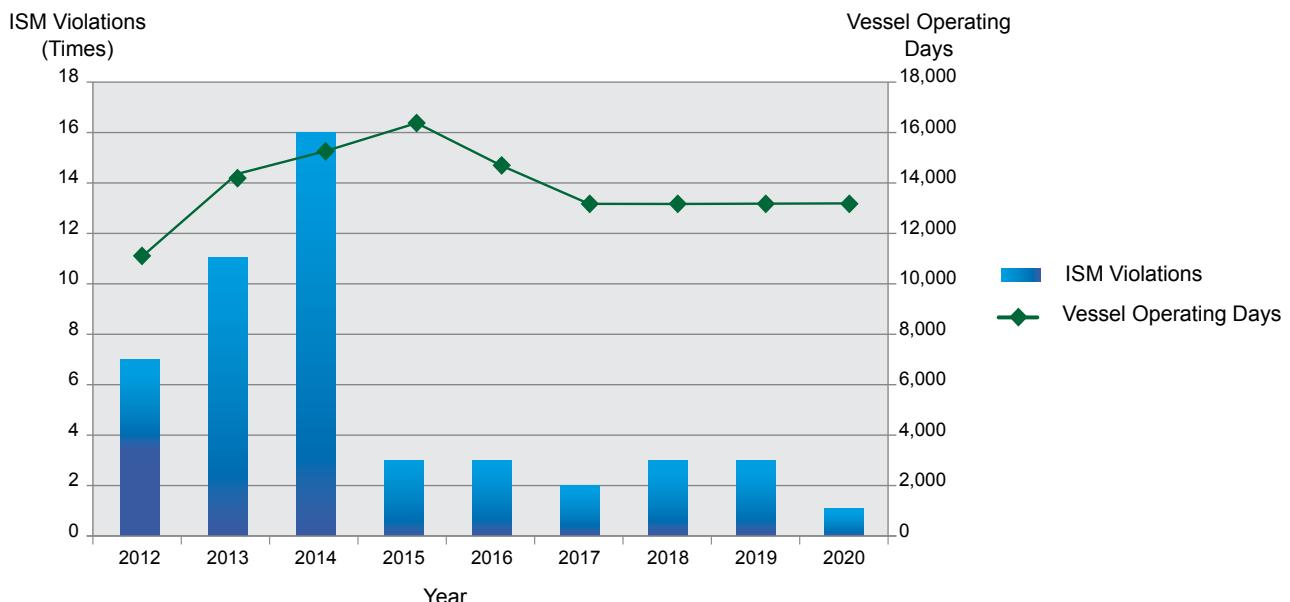
In addition to the above, the most significant regulations are outlined below, and the Company's efforts to remain compliant.

**International Safety Management Code (ISM Code):** Learning from various marine casualties over the years, ISM Code was introduced by the IMO, to enhance the safe operation of ships and pollution prevention. The ISM Code became mandatory on 1 July 1998 for passenger ships including passenger high-speed crafts, oil tankers, chemical tankers, gas carriers, bulk carriers, and cargo high-speed crafts of 500 gt and upwards, but the Company implemented the ISM code, three years earlier, in 1995 itself after obtaining due certification.

The Code is implemented on board the vessels and offices ashore to provide an international standard for the following objectives:

1. Ensure safety at sea
2. Prevent human injury or loss of life
3. Avoid damage to the environment

Below is a graphical account of the Company's ISM Code violations viewed against Vessel Operating days from 2012-2020. For this analysis, violations are considered as any incident that results in a fire, explosion, serious injury or death to crew members, collisions, groundings, etc., The Company has analysed each violation in detail to identify the root-cause and initiate appropriate corrective and preventive actions. The results are then conveyed to all senior employees as case-studies to avoid recurrence. In 2020, we had one incident which can be described as an ISM violation from over 13,176 vessel operating days for the fleet. Even though the Company did not meet its target of zero ISM violation in 2020, in terms of the number of violations per vessel operating day basis, 2020 has a low violation rate at 0.008%, as compared to the highest violation rate at 0.11% in 2014 which when compared to many of our peers, would still be considered a low level. The ISM violation in the current year includes the unfortunate death of a crew member due to natural causes and not due to accident or injury - so not exactly a failure of our operations and maintenance procedures, but we have highlighted it in order to review our pre-employment medical test regimes to prevent a recurrence.



As per the ISM code requirements, annual internal audits are conducted on board by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliances, accidents and near misses are thoroughly investigated and analyzed, after which procedures are reviewed immediately. Furthermore, all lessons learned from various accidents and near miss incidents are shared with organizations like Marine Accident Reporting Scheme (MARS) for the mutual benefit of the industry and to enhance maritime safety in general. The Nautical Institute, London, which publishes the MARS reports every month, has appreciated the Company's participation in MARS and for promotion and sharing "lessons to learn" incidents and case studies from its own fleet for the benefit of the industry. This follows the Company's highest ideals of quality management and social responsibility.

In addition to the above, the Company is undertaking following initiatives to limit ISM Code violations through preventative action:

- **Enhanced staff training:** An increasing trend in the industry is that Port State Control inspectors are getting more stringent in their enforcement of the ISM Code. As such the Company's ship staff are given regular checks on their ISM knowledge, sharing of experiences from across the fleet.

- **Enhanced maintenance of vessels:** The head office has stressed that all machinery checks, and inspections be carried out with greater frequency, and any difference observed by ship staff are immediately reported. Also, the Company's management has stressed that internal auditors enforce the Code more stringently than external inspectors, to achieve a higher level of compliance and safety for the Company's ships, cargoes, and crew.
- **Timely warnings and reminders to vessels:** Vessels entering North American and Australian waters often require additional certificates for compliance with local regulations. As a preventative measure, the head office gives instructions to the crew well in advance of the vessel's arrival in such waters to ensure that all documents are in order and the vessel is always in full compliance with regulations.
- In 2012, the Company became a member of INTERCARGO, the International Association of Dry Cargo Shipowners. Intercargo, quoting their own words, 'exists to link industry stakeholders in a commitment to a safe, efficient, and environmentally friendly dry cargo maritime industry, and our vision is for a safe, efficient and environmentally friendly dry cargo maritime industry where its member's ships serve world trade - operating competitively, safely and profitably'. This perfectly fits in with the Company's philosophy and the Intercargo membership reflects Company's resolve towards sustainability.
- In 2012, the Company also became a member of RightShip, an independent ship-vetting organization formed by BHP Billiton, Rio Tinto, and Cargill, three of the world's largest trans-national corporations and major users of sea transport services. RightShip's ship vetting model is known for its exacting and stringent standards and focuses on ship safety (including crew and cargo) and marine environmental protection; and the Company's membership is yet another affirmation towards sustainability.

The Company has set an internal target of zero ISM Code violations resulting in injury or death, fire, collisions or groundings or any vessel detention resulting from an ISM Code violation.

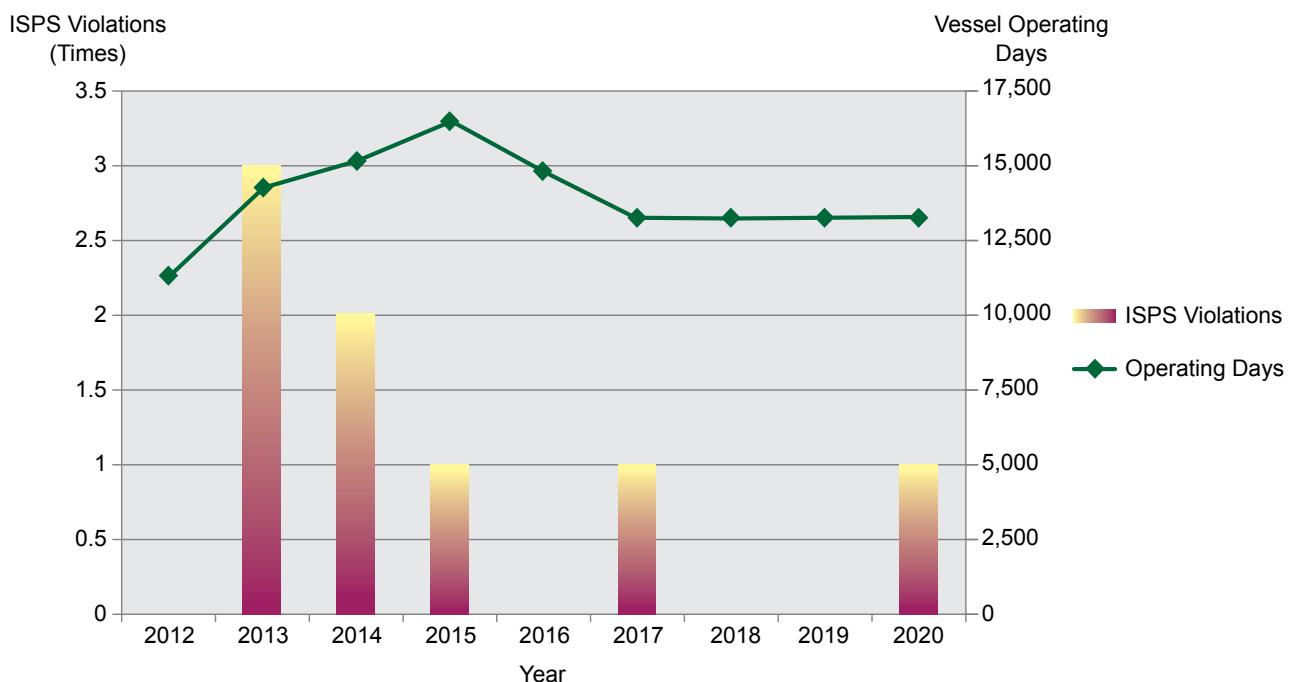
**International Ship and Port Safety (ISPS) Code:** Considering changing security circumstances across the globe, the International Ship and Port Safety Code was adopted in 2004. The code is an amendment to the SOLAS Convention that encompasses a greater level of security arrangements for ships and ports. The code assigns responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade" (ISPS Code Part A 1.2.1).

In implementing the ISPS Code the Company has developed standard operating procedures for vessels entering ports prone to drug smuggling and stowaways. This includes employing sniffer dogs and armed guards where appropriate. Furthermore, standard policies are employed whenever vessels call European, British, American, Australian, or Canadian ports, and to date, the Company has had only 1 detention from an ISPS violation.

Annual internal reviews are conducted on preventative measures including the performance of the companies providing the sniffer dogs and guards. Like the ISM audits mentioned above, these are carried out by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliance, accidents and near misses are thoroughly investigated and analyzed. In the event of any failures of the standard operating procedures, reviews are immediately conducted.

Below is a graph displaying the number of ISPS Code Violations (left-hand axis) against the number of Vessel Operating days (right-hand axis) from 2012-2020. As in the case of ISM, the Company sets a target of zero violations in respect of ISPS Code. There were no ISPS violations in 2011, 2012, 2016, 2018 and 2019 but the fleet witnessed one violation in 2017, when a stowaway was found to have secretly come onboard. Stowaways are typically very poor and desperate to escape to a foreign country for a better life. Even though the stowaways are usually detected by ship-staff and taken off at the same port where they came onboard or at a nearby port, the Company counts them as ISPS violations for reporting purposes, in line with the Company's

zero tolerance for such lapses. There was one ISPS violation in 2020. A stowaway was found to have secretly come aboard one of our vessels at a port in West Africa. We will continue to take precautions and suitable risk management efforts to prevent such incidents and ensure zero ISPS violations in 2021.

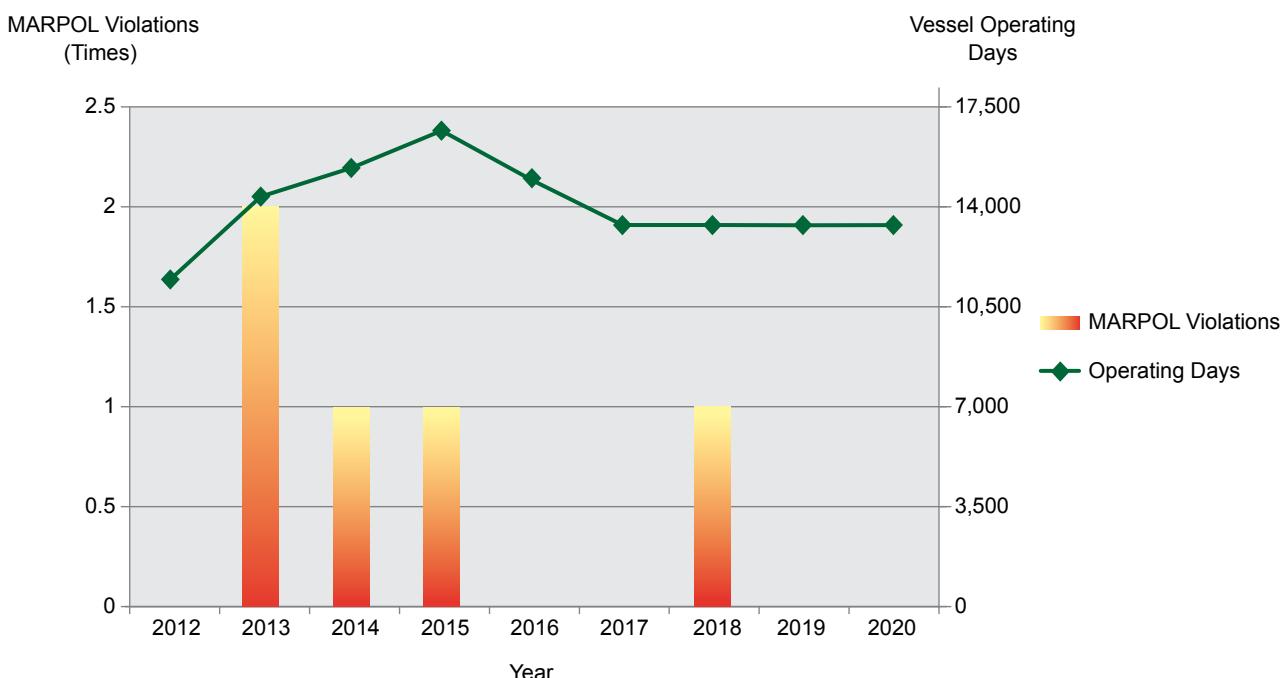


**MARPOL:** is one of the most important environmental regulations in the maritime industry and aims “to preserve the marine environment through the complete elimination of pollution by oil and other harmful substances and the minimization of accidental discharge of such substances.” This convention is divided into 6 distinct sub-areas (IMO, 2011):

1. Regulations for the Prevention of Pollution by Oil
2. Regulations for the Control of Pollution by Noxious liquid substances in bulk
3. Regulations for the Prevention of Pollution by harmful substances carried by sea in packed forms, or in freight containers, portable tanks or road and rail tank wagons
4. Regulations for the Prevention of Pollution by Sewage from ships
5. Regulations for the Prevention of Pollution by Garbage from ships
6. Regulations for the Prevention of Pollution by Air from ships

There is a company-wide acknowledgment that the risk posed to the marine environment from a marine incident is severe. The Company has adopted a great deal of preventative measures to limit this risk factor. The first is to limit human error, and the second is to maintain the vessel's machinery to the highest possible standard.

To limit human error, the Company has developed an internal training program for all seagoing staff. This includes simulator exercises designed to improve navigational skills and awareness by putting officers through various weather, sea, and port conditions. Furthermore, the Company also ensures that all engineers employed on ships with new modern engines have undergone engine model specific rigorous training program aimed at enhancing their ability to maintain engines and avoid any fuel or sludge discharge or any breakdowns.



The above graph demonstrates the number of MARPOL violations (left-hand axis) resulting in an insurance claim and Vessel Operating days (right-hand axis) from 2012-2020. For this analysis, any incident counts as a violation if it results in an insurance claim. We are happy to report that there was no MARPOL violation in 2020. As always, the Company aims to have zero MARPOL violations in 2021.

**Upcoming/Recently effective regulations:** Following are some of the regulations coming into force within the immediate future or regulations which have become recently effective:

- IMDG Code and IMSBC Code require more stringent requirements to be met for carriage of certain dangerous cargo.
- International Code for Ships Operating in Polar Waters (Polar Code) requires vessels to have enhanced safety and pollution prevention measures while trading in the harsh and sensitive polar region.
- STCW 2010 (Manila amendments) - effective from 1 January 2017 - requires documentation for seafarers having undergone more stringent revised training requirements for competency and proficiency.
- MLC 2006 Amendment 2014 effective from 18 January 2017 - requires Certificate for financial security in respect of Seamen repatriation costs and other liabilities.
- Vide IMO resolution MEPC.280 (70), since 1<sup>st</sup> January 2020 all ships have been required to mandatorily use fuel oil with sulphur content no more than 0.50% m/m (however, in SOx Emission Control Areas – ECA zones – a lower limit of 0.1% m/m Sulphur applies). IMO resolution MEPC.73 prohibited the carriage of non-compliant fuel oil on board ships after 1<sup>st</sup> March 2020 - unless the ship uses an alternative compliance method (such as an exhaust gas cleaning system or "scrubber") accepted by the flag State as an alternative means to meet the sulphur limit requirement. Together, these are commonly referred to as the 'IMO 2020' regulations. The IMO 2020 regulations aim to significantly reduce the amount of sulphur oxides emanating from ships and should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts.

The Company fully complies with the IMO 2020 regulations, and all vessels in the Company's fleet have completed the required transition to the use of compliant low sulphur fuel oil for the engines and boilers.

- Regulations applicable at European Union (EU) ports:

All vessels calling EU ports should have an approved vessel specific CO2 Monitoring, Reporting & Verification Plan (MRV). A Document of Compliance is to be available on board by 30 June 2019.

All PSL ships meet this requirement.

- 1) Amendments to MARPOL Annex VI that make the data collection system (DCS) for fuel oil consumption of ships mandatory were adopted at the 70<sup>th</sup> session of the MEPC 70 held in October 2016, and came into force from 1 March 2018 {IMO Resolution MEPC.278 (70)}. According to this regulation, for ships of 5,000 gross tonnage and above engaged in international voyage, the data collection is required from calendar year 2019, with first reporting to be made by early 2020. Upon verification of the submitted data, the Flag Administration or the Recognised Organisation (RO) will issue to the ship a Statement of Compliance related to fuel oil consumption. Finally, the Flag Administration will submit aggregate data to the IMO, which will maintain an anonymized IMO Ship Fuel Oil Consumption Database.  
This new requirement is in line with the EU CO2 MRV system above and will form a part of the existing Shipboard Energy Efficiency Management Plan (SEEMP – Part 2).
- 2) With effect from 31 December 2020, EU Regulation on Ship Recycling will be applicable to foreign ships in EU waters. Ships are to comply with Inventory of Hazardous material code (IHM). The Company has obtained the IHM certification well in time for all the vessels in the fleet.
- 3) **Sanctions** impose partial or blanket prohibition on trading with certain countries, restrictions on the export or import of various goods, restrictions on the transfer of certain technologies and asset-freezes. The four principal sanctions regimes to consider are those of the UN, USA, EU, and UK.

Sanctions significantly impact shipping and shipowners are particularly exposed to the risk of sanctions' violation. Ships trade worldwide, often with varying trading patterns. The contractual chain, from lenders or lessors through charterers and sub-charterers to cargo interests may be long and there is often no direct contractual nexus between all parties in the chain. So, sanctionable activities may be difficult to detect and may be disguised by illicit practices.

Compliance with sanctions regime is not easy since sanction regulations are vague and complex. On the other hand, potential consequences of non-compliance even if inadvertent can be draconian, including criminal liability (and imprisonment), significant fines, exclusion from the US/UK/EU banking system and reputational damage. Insurers are also barred from offering any support in the event a vessel is trading in breach of sanctions and all insurance covers would be withdrawn.

PSL has a clear policy to comply with all applicable sanctions regimes, set out as under:

- All our ships are employed on lawful trades only.
- PSL ships never switch off their Automatic Identification System ('AIS'), even while transiting piracy high-risk-areas, so our ships' trading areas can be verified at all times.
- All the contracts with Charterers pursuant to which our ships are employed include the BIMCO sanctions clause or equivalent, whereby the Charterers warrant, at the date of this Charter Party and throughout its duration, they and any sub-charterers, shippers, receivers, and cargo interests are not a Sanctioned Party; and that Charterers shall not give any orders for the employment of the Vessel which involves a Sanctioned Party or a Sanctioned Activity.
- In addition, the contracts also include a Trading Exclusion clause which lists out all areas/countries known to fall under sanctions.

#### 4) Maritime Cyber Security Management

In the 'Interim Guidelines for implementation of Maritime Cyber Risk' published by IMO, it has been agreed that, no later than the first annual verification of the company's Document of Compliance after 1 January 2021, the cyber risk management system should be incorporated into the Safety Management System. We have already completed this process and a 'Cyber Security Manual' has been included in the Company's Shipboard Operating Procedure (SOP).

Having successfully outlined and explained the significant maritime regulations that safeguard the environment and those that will soon play a significant role, the next section details the Company's internal environmental control system.

## **Protection and conservation of the environment:**

**ISO 14001 Certification:** With an increasing demand for environmental conservation the Company has established an “Environment Protection Policy.” In addition to minimum requirements based on international conventions and regulations, the Company implements an Environment Management System (EMS) complying with the ISO 14001 standards. ISO 14001 provides a framework for a holistic, strategic approach to the Company’s environmental policy, plans and actions, and demonstrates that the Company is an environmentally responsible organization. The Company first obtained the Certificate of Environment Management Systems Registration, issued by Class NK, in the year 2009 as per the standards of ISO 14001:2004. The standards are being upgraded periodically and accordingly the Company’s present certificate is as per ISO 14000:2015 standards. The EMS supplements the Quality Management System, meeting ISO 9001 standard, and the ISM code. This integrated Management System is known as Safety Quality and Environment Management System (SQEMS). According to the SQEMS, the Technical Manager, who also heads the Management Company, is appointed as the “Management Representative” and is also the “Designated Person” for the purpose of the ISM code. Most dry bulk shipping companies do not obtain this certification which is the exclusive preserve of tanker companies where protection of the environment is the paramount issue. We however choose to hold ourselves to a much higher non-mandatory standard.

### **Objectives of the EMS:**

- Minimize pollution caused to the environment
- Comply with all national, international legislations and other regulations pertaining to pollution of the environment
- Establish procedures for the efficient use of natural resources
- Improve environmental awareness of all employees
- Ensure effective monitoring of the environmental performance of the Company is carried out
- Ensure continual improvement of environmental performance and pollution prevention

Through periodic review and continual improvement of our SQEMS, the Company hopes to elevate environmental performance over the coming years and make significant contribution to conservation of the environment and reducing the Company’s carbon footprint. Another tangible effort being made by the Company to reduce the environmental impact of the business is the adoption of new environment friendly technology on new ships acquired.

The Company is the proud recipient of Port of Long Beach Green Environment Achievement Flag from the Port of Long Beach ('the green port'), California, USA, for our commitment to reducing air pollution in Southern California. Besides the citation, our fleet also gained an additional 25% off on dockage dues payable to the Port of Long Beach!

**Use of New Technology and Innovations:** The Company’s commitment to protection and conservation of the environment and prevention of pollution is reflected in the newbuilding vessels that the Company ordered and took delivery from various shipyards in China as explained in this Annual Report. These vessels were built to comply with all regulations presently in force and those which are known to become applicable in the foreseeable future. In addition, wherever practical, the vessel’s specifications exceed those mandated by regulations, both for ease of operations as well as to enhance the vessels’ ability to protect and conserve the environment.

### **“Green” features of the newbuilding ships that we took delivery of in the recent past are:**

1. Double Hull construction is utilized (for 38,500 DWT bulkers) to minimize environmental pollution in case of accidental hull damage.
2. The vessels’ hull form was perfected after several rounds of careful design analysis using the latest technology, with a view to arrive at the most optimal combination of ship-size & shape to achieve the desired speed at minimum fuel consumption. The fuel consumption of these vessels is far less than comparable sized older ships. Such low fuel consumption is achieved by combining a highly fuel-efficient main engine with a new design of slow-speed, large diameter, and high-efficiency propeller on an optimized hull form.

3. To reduce carbon footprint and increase thermal efficiency of these ships, the exhaust of auxiliary engines is routed through the composite boiler. This will improve waste-heat recovery and reduce the consumption of oil for the burner.
4. These new ships were fitted with onboard treatment plants for water ballast which will fully comply with IMO regulations enforced from 8 September 2017. These treatment plants are designed to remove, render harmless and thereby prevent transfer of harmful bacteria and invasive species of micro-life through ballasting and de-ballasting operations between ports.
5. Engines fitted follow the required Nitrogen oxide (NOx) emission standards.
6. The 38,500 DWT ships have flush, box-type ship-sides for cargo holds. This reduces accumulation of cargo residues in the holds, thereby reducing the need for harmful cleaning chemicals for removal of the same, since the holds can be cleaned using water only.
7. Deep-well sump pumps for Main Engine oil circulating system - this reduces the overall quantity of lubricating oil required for the Main Engines, which in due course reduces the quantities of waste oil.
8. The vessels were fitted with large incinerators, well above the requirements of MEPC 76 (40) Standards, to burn waste and sludge. This ably supplements the Company's garbage and waste management system which is already in operation on all the Company's vessels.
9. Larger capacity Bilge water/sludge storage tanks - these enable environmentally friendly waste disposal ashore by allowing more flexibility in selecting the best waste disposal facilities ashore separately for oily water and sludge.
10. Improved bio-based Sewage Treatment Plants are installed on the ships.
11. Ships follow the IMO's "Ship Recycling Convention": The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, was adopted in May 2009. It is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment. Presently the Convention is open for accession by States. It will enter into force 24 months after the date on which 15 States, representing 40% of world merchant shipping by gross tonnage, have either signed it without reservation as to ratification, acceptance or approval or have deposited instruments of ratification, acceptance, approval, or accession with the Secretary General. Furthermore, the combined maximum annual ship recycling volume of those States must, during the preceding 10 years, constitute not less than 3 percent of their combined merchant shipping tonnage. Though the convention has not come into force, our new building contracts ensure compliance with this requirement. Vessels will be maintaining an IHM in compliance with the convention recommendation, specifically by prohibiting/restricting the use of hazardous materials at the ship construction stage. If any hazardous materials are used in the construction, a continuous inventory of the same will be maintained, so that all the vessels are eligible to apply for an International Certificate of Inventory of Hazardous Material.

A few significant developments in respect of new ship-design and construction are outlined below. As far as practically possible, the Company will take these into consideration while acquiring new ships in the future.

**Eco-friendly ships:** Shipping is one of the cleanest and greenest industries among all international transport industries. It is also an environmentally friendly and fuel-efficient industry. It is estimated that shipping carries roughly 90% of world trade, and yet, according to the latest figures from IMO, it is responsible for just 2.7% of global CO2 emissions. Nevertheless, the shipping industry continues to look for ways to reduce that figure further.

Shipping industry has not yet solved all its green issues. Present endeavors of the industry and the IMO are two-fold:

- For existing vessels: Adoption of several established "good management practices" to conserve and economise fuel oil consumption.
- For new vessels: Use of improved hull designs and more fuel-efficient engines and technology.

**Ballast Water Treatment:** Ballast water, if discharged without treatment, could cause severe damage to the local ecosystem at the point of discharge. Presently, the Company's policy is to carry out mid ocean ballast water exchange, to prevent the transfer of harmful aquatic organisms at the point of discharge. This already serves to mitigate, if not totally cut out, the damage to the indigenous biodiversity of the ports the Company's vessels visits. The Ballast Water Management Convention came into force on 8 September 2017. All new vessels keel laid from this date are required to be fitted with IMO approved ballast treatment plants. All existing vessels are required to retrofit such plants in a phased manner along with surveys associated with first renewal of IOPP (International Oil Pollution Prevention) certificate after 8 September 2019. The Company has already fitted Ballast Water Treatment plants on 28 vessels in our fleet by December 2020 and the remaining 8 vessels also will be fitted with the same within the next couple of years.

### Green House Gases Emissions

Awareness of the detrimental effects of global warming, Green House gases and Sulphur dioxide pollution have reached hitherto unseen heights and focus on the environment has become even more important. Organizations world-over have become more environment-conscious, and shipping is no exception. The IMO has taken positive steps in this matter by effecting several legally binding regulations to be adopted by the shipping industry.

Apart from the existing Emission Control Areas that require ships to burn fuels which contain no more than 0.1% Sulphur, another new regulation has entered into force from 1<sup>st</sup> January 2020 with a global cap of 0.5% on the Sulphur content of marine fuel which is burnt in engines and boilers. The availability and quality of the low Sulphur fuel oil, referred to as compliant fuel, is one of the challenges that was expected to be faced by the industry in the year 2020. The other option, being fitment of scrubber units on vessels, besides being both technically and financially challenging, is further in doubt as a suitable solution, as these are designed to remove Sulphur pollution from the atmosphere and transfer the same as a pollutant to the seas.

The Company is committed to sustainable long-term measures to improve the environment and has therefore opted for operating the vessels with more expensive compliant fuels. The vessels had prepared to operate with this compliant fuel by cleaning all fuel tanks, sub dividing large fuel tanks into smaller tanks capable of handling smaller parcels of fuel without mixing, using suitable additives and lubricants, and conducting pre-joining and on-board on the job training for the crew to meet these challenges.

In April 2018, the IMO adopted a resolution on the strategy of a 50% reduction of total GHG emissions by 2050, as compared to the levels of the year 2008. To achieve this, like the EU MRV which has been implemented from January 2018 for all vessels operating in the EU region, the IMO has made it mandatory from 1<sup>st</sup> January 2019, for all vessels to implement the IMO DCS. This requires vessels to report annual fuel oil consumption worldwide to IMO through the flag administration. The regulation also requires the existing SEEMP to be updated and certified by the flag authority or a recognized organization. This system is expected to generate reliable data to monitor and assess the progress of efforts to reduce the emission of GHGs.

The Company's vessels have implemented the SEEMP required by MARPOL Annex VI regulations, from January 2013. All vessels have implemented both the EU MRV and IMO DCS, and the Company has planned for all vessels to report such fuel consumption data collection to a RO approved by the flag.

To formalize the Company's commitment towards preserving and conserving environment and to reduce carbon footprint, the Company completed the transition audit for ISO 14001 on 30 August 2017 and received the new ISO 14001: 2015 certification from Class NK of Japan. Prior to this transition, the Company was holding the ISO 14001:2004 certification which was issued on 18 December 2009. The ISO 14001:2015 provides a framework for a holistic and strategic approach to the Company's environmental policy, plans and actions, and will demonstrate that the Company is an environmentally responsible organization, and that all operations are conducted in an environmentally sustainable manner.

From 2014, as part of the Company's commitment to the reduction of GHGs, all vessels have been maintaining records of Carbon Dioxide emissions, from burning fossil fuel in the engines and boilers. The average carbon intensity per transport, measured in Grams CO<sub>2</sub> emitted per Tonne-Nautical Mile was 12.884 gm CO<sub>2</sub> in 2014. Over the years this has improved and the figure for 2020 is 9.941 gm of CO<sub>2</sub> per tonne-mile.

It is to be noted that this is the average for the entire fleet of 36 vessels. The Company also operates 8 highly fuel efficient 'Eco' vessels where in 2020 we have achieved 7.338 Grams of CO<sub>2</sub> Emission per Tonne –Nautical Mile.

#### Emissions Data from PSL Vessels

Categories	Description	Unit of Measure	Y2020	Y2019
CO2 Emissions	Gross global Scope 1 emissions	Metric tons (t) CO <sub>2</sub> -e	477,061 (total CO <sub>2</sub> emitted by all the vessels in the fleet)	526,083 (total CO <sub>2</sub> emitted by all the vessels in the fleet)
Energy Consumed	(1) Total energy consumed	Gigajoules (GJ)	6,482,761 GJ (total energy consumed by the fleet)	7,157,177 GJ (total energy consumed by the fleet)
	(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	5,839,644 GJ from Heavy oil (VLSFO); 90.08 % of the total energy consumed was from VLSFO- i.e. Heavy Fuel oil with S content lower than 0.5%	6,498,717 GJ from HSFO; 90.80 % of the total energy consumed was from HSFO
Energy Efficiency Design Index (EEDI)	Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO <sub>2</sub> per ton-nautical mile	4.062 (average for 10 vessels)	4.062 (average for 10 vessels)
Other Emissions to Air	(1) NOx (excluding N2O)	Metric tonnes (t)	7,700 approx. (based on accepted empirical values for emission factors)	8,520 approx. (based on accepted empirical values for emission factors)
	(2) SOx	Metric tonnes (t)	1,421 (Assumption of 0.5% S in VLSFO consumed and 0.1% in LSMGO consumed)	7,770 approx. (Assumption of 0.5% S in VLSFO consumed and 0.1% in LSMGO consumed)
	(3) particulate matter	Metric tonnes (t)	700 approx. (empirical)	850 approx. (empirical)
Implemented Ballast Water	(1) exchange	Percentage (%)	35% approx.	40% approx.
	(2) treatment	Percentage (%)	65% approx.	60% approx.
Spills and Releases to the Environment	(1) Number	Number	Nil	Nil
	(2) aggregate volume	Cubic meters (m <sup>3</sup> )	Nil	Nil

This reduction of CO<sub>2</sub> emissions is the result of several measures which have been adopted by the company. Of these, a few important ones are as follows:

- Improved Voyage Planning with reduced ballast passages and port stays
- Maintaining optimized speed so that the vessels are just in time for the required schedules
- Weather routing to take advantage of ocean currents and optimized routes avoiding rough weather
- Optimizing of speed and operating the vessels on eco-speeds wherever possible
- Maintaining optimized trim to improve performance
- Maintaining the external underwater hull and propeller in clean condition so that frictional losses through the water are kept to a minimum
- Employing efficient hull coatings (anti-fouling paints) which ensure that the hull is maintained in clean condition
- Avoiding wastage of electric power on board
- Maintaining the diesel engines and other fuel burning equipment in efficient condition
- Disposing waste sludge generated by Fuel purification to shore facilities, despite the costs, rather than using incinerators on board

As part of management strategy, the performance of some vessels has been improved by retrofitting fuel saving devices like the Mewis Duct, Pre-Shrouded Vanes and Hub Vortex Absorbed Fins.

Further, several older and less fuel-efficient vessels of the fleet were replaced between the years 2013 to 2017, with 'Eco' vessels. 'Eco' operation is made possible by larger cargo hauls, reduced fuel consumption on account of better hull lines, lower lightship and very efficient electronically controlled engines and optimized use of waste heat from the engines (even the exhaust gases from the auxiliary engines is diverted through the

boiler to use the available heat). Our new Eco vessels emit approximately 35% less CO<sub>2</sub> per unit transport work as compared to the older vessels in the fleet. At the same time, the Company seriously evaluates all new developments carefully, as several builders' claims are often exaggerated to get fresh business and when technical parameters such as calorific value of fuel, design and scantling draft and 'sea margins' are taken into consideration, the so-called benefits simply do not exist, or they are not cost-effective. In any event, the Company looks very closely at the machinery on all new acquisitions, whether new buildings or secondhand vessels, and monitors their performance very carefully to arrive at optimum speed and consumption variables, while ensuring that emissions are kept to a minimum.

We have made a huge reduction in our carbon footprint, and this is expected to improve further through optimization measures like shorter ballast passages and port stays, larger cargo hauls and slower steaming. In the year 2014, the average carbon intensity per transport work was estimated at 12.884 Grams CO<sub>2</sub> per Tonne – Nautical Mile, and in the year 2020, it was estimated at 9.941 Grams CO<sub>2</sub> per Tonne – Nautical Mile. Using the year 2014 as a baseline, we have seen a 22.84 % decline in the average carbon intensity over the entire fleet, a reduction of 2.943 grams CO<sub>2</sub> per Tonne – Nautical Mile for the year 2020.

The Company is also a member of the Getting to Zero Coalition, which aims to place zero-emission vessels in operations by 2030. As a member of the coalition, the Company is carefully monitoring developments in technology in the Marine field, which offer vessels which operate with zero emissions. The range of sources of power with zero emissions, is extensive, but largely in the research stage. The feverish pace of Green Technology aims to decarbonize Marine Transport by offering alternative low-carbon and zero-carbon fuels like Biofuels, Methanol, Ammonia, Hydrogen and innovative renewable energy options like Wind power, solar power, and Electric propulsion.

In the coming decade, LNG appears to have the potential to be considered as a viable option as a fuel. It has virtually no SO<sub>x</sub> and very low NO<sub>x</sub> emissions, and as compared to fuel oil has almost a 30% reduction in carbon dioxide emissions. However, LNG is mostly made up of Methane, which is a highly potent GHG, far more harmful to the environment than CO<sub>2</sub>. The use of LNG from "well to wake" involves a leakage of Methane to the atmosphere, referred to as 'Methane slip'. It is estimated that for the same amount of emission, Methane warms the planet 30 times more in a short span of 12 years, as would CO<sub>2</sub> in a hundred years. Hence, until a solution is found to address or substantially reduce 'Methane slip', LNG cannot be considered as a successful option to reduce GHGs.

As the Company's commitment to the environment led to the early induction of 'ECO' vessels, it is expected that as soon as viable options of these next generation zero emission 'green' vessels are available, they will also form part of our fleet.

Another source of harmful substances generated by our ship's consumption of fuel and diesel oil is sludge. Sludge is a product of 'on board' fuel oil purification and as an alternative to incinerating sludge and releasing even more harmful gasses into the environment, the Company has made a substantial effort to dispose of such material to shore based reception facilities. This is a much more expensive way for dealing with this issue, but the Company is committed to reducing its carbon footprint and reflects the Company's efforts towards environmental conservation. Waste oil or sludge generated on each ship is about 1% of all fuel burnt. Empirical research suggests that every ton of oil burnt generates approximately 3 tons of CO<sub>2</sub>. By delivering sludge to a suitable reception facility, this waste can be recycled to make products like grease which is a lubricant widely used in multiple industries.

### **Using Resource Efficiency**

The Company encourages optimal use of resources at the office by:

- use of by-products and eco-friendly materials i.e., recycled paper;
- reuse of paper that has only been printed on one side;
- encouraging the use of reusable bags and containers to avoid the use of single use plastic;

- supporting our staff to learn and understand how to optimize resource consumption to promote environmental preservation and proper consumption behavior.

We are happy to report that the Company presents this Annual Report in a digital form, and if at all, a printed version is required, it is printed on recycled paper, our token contribution to the conservation of the natural environment and in line with our stated desire to reduce our carbon footprint.

## **Conclusion and Environmental Objectives and Goals**

Having explained all facets of the Company's efforts to protect the environment this section concludes with a summary of all objectives put forward and how each will be monitored. Compliance with the ISM, ISPS and MARPOL codes will be monitored by the Company's internal audit team, and all initiatives subsequently employed to minimize violations will be subject to half-yearly reviews by the Company's senior management and technical team. As previously stated, the target set by the Company's management is to have zero violations in 2021. Additionally, the Company will maintain our SQEMS ISO certification. The Company will constantly look for ways to improve the SQEMS and look to incorporate all new regulations into the initiative even before they become effective. Likewise, the Company will also constantly be on the lookout for newer technology that can be employed on its ships to reduce its environmental impact.

The Company additionally uses environmental compliance as one of the major criteria in the screening process of each of its numerous suppliers of spares etc.

## **Social Performance**

The Company treats Corporate Social Responsibility (CSR) as one of its highest priorities and has built it into the Company's Vision and Mission Statement and Core Values. The Company allocates an amount of 0.50% of net profit every year to CSR Reserve which is subject to a minimum of Baht 1.75 million and a maximum of Baht 25 million per year. Such allocation is decided annually by the Company's shareholders. The actual utilisation out of this Reserve is decided by the Company's Senior Management and/or the Board of Directors, and is periodically, or at least once a year, reviewed by the Board of Directors.

## **Customer**

### **Customer Relationship Management**

The Company recognises that it is in the sea transportation industry and its success depends on adding value to customers by way of transporting goods from place of production to the place of consumption. As part of its commitment to add value to its Customers, the Company is committed to providing substantive reply to any query from a Customer promptly, but in any event within 24 hours including weekends and national/international holidays. Further, whilst operating within the scope of the agreed contract, the Company tries to provide solutions to any situation/problem the Customer may face, even if any of its vessels are not involved at that moment. The Company is happy to report that its service is well appreciated, and many first-class charterers prefer to do business with the Company over others in the market. In an effort to improve the level of service it provides to customers even further, the Company actively solicits the feedback of its customers through a customer satisfaction survey that is sent after the completion of each contract.

**New computer-based Management Information System:** As reported in the previous years, the new Computer Program implemented by the Company covers all the operations in the Head Office and links all the vessels in the fleet. This software gives real-time information on vessel operations, costs, etc. and keeps the Head Office in close contact with the Master of each vessel; and assists in effective decision making on all issues. This System has enhanced the Company's ability to serve its Customers, and to provide support to its employees serving onboard the ships. This system is now being upgraded to include additional data collection for new reporting requirements and monitoring of vessels' performance through increased digitalization.

### **Customer Privacy**

For customer privacy, the Company insists on protecting customer's confidential information from loss, theft, misuse, unauthorized disclosure, modification, and unauthorized destruction. The Company handles complaints through phone lines, emails, and letters to/from customers. The Company always prioritizes the

principles of transparency and responsibility in providing services to its customers to meet the commitment to provide the best service, provide a rapid response to various requests and complaints as part of a service commitment and maintain the confidentiality of its customers. During the reporting period, there have been no complaints whatsoever regarding the mentioned issues and no financial penalties or other sanctions associated with the violation of the confidentiality of customers' data.

## **Employee**

### **Human Rights and Labor Practices**

The Company recognizes that employees are one more key success factor for the Company's operations. The Company has committed to be a fair and caring employer offering its staff equitable opportunities to develop and grow. The Company provides equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment. The Company supports good relationship between all employees including the Management. The Company also gives importance to anti-discrimination throughout its operations and promotes diversity in its workforce at both the management and staff levels. The Company ensures its employee management complies with national labor laws and related regulations. In addition, the Company ensures that the process of employee termination is fair and is proceeded in accordance with the company working regulations and the relevant laws.

In line with its commitment to high ethical standards and good corporate governance practices, the Company has in place a group-wide whistle-blowing policy and encourages all employees to report any possible improprieties on a confidential basis without fear of recrimination. The employees may also provide feedback via email or mail. No cases of discrimination were reported in 2020.

The COVID-19 pandemic has caused a huge number of seafarers on merchant ships to be unable to disembark once their contracts have ended, facing excessive times at sea away from family and their homes. This has been due to tight restrictions on international travel and movement of personnel through ports, which make crew changes impossible in many places. At PSL, we have put our best efforts to ensure that our crew members are disembarked and sent to their respective homes safely even though this would mean that we divert our ships to either Thai and/or Indian ports to disembark/embark our Thai/Indian seafarers, despite no financial or economic benefits to the Company.

During the COVID-19 pandemic, the Company has initiated work-from-home arrangements for office employees to minimize their health risks. The Company continues to monitor the situation closely, particularly in Thailand, to ensure that appropriate measures can be taken in a timely manner. Additional measures such as social distancing, temperature screening, mandatory mask requirement, virtual meetings etc. have also been implemented. Strict protocols have been implemented on board our ships to minimize the number of visitors going on board at all ports, screen all visitors such as port officials, surveyors etc. who need to go on board and ensure that all visitors follow norms such as wearing PPE, maintaining minimum distances from crew members etc.

### **Knowledge and Development**

The Company ensures that employees are adequately knowledgeable and skilled to perform their jobs for the Company's business and understand the relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends.

The Company has an 18-month young leadership program which provides recent graduates an opportunity to acquire on-the-job training in the commercial, technical and finance departments before embarking on a long-term career with the Company. This serves to ensure that the experience and skills of the current generation of managers are transferred to the next generation.

### **Employee Development**

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the vessels. The employees are encouraged to express their training needs and/or interests, so that the Company can provide suitable training to them as one of the tools for their career development. The

costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses.

### **Directors and Management Training**

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

### **Directors' Orientation**

The Company Secretary provides any newly appointed director with the background of the Company's business, profile, and industry along with all the relevant documents for new Directors, such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations, and practices which are related to the trading of Company's shares.

### **Employee satisfaction survey**

The Company recognises that employee satisfaction is core to the long-term success of the Company. For the year 2020, the Company conducted an employee survey, to gauge employee satisfaction, identify areas of strength and find opportunities for improvement. The employee survey results will be communicated to Senior Management and used to improve and enhance human resource management.

### **Employees Benefits**

The Company provides remuneration to office employees as salary, bonus, and other benefits like Provident Fund on a voluntary basis, although the same is not required by law. The Company ensures that it meets all labour protection law requirements in terms of leaves, holidays, working hours, severance pay etc.

The Company encourages its employees to save for their retirement, and therefore, commencing from 2017, the maximum allowable contribution to the Provident Fund from the employees has been increased from 5% to 15%. The Company also arranges an annual internal training on investment planning, saving and financial management held by an asset management company to promote long-term savings and to assist the employees in their investment planning.

Remuneration is based on their performance, roles and duties and incentives/increments/ bonuses are also based on financial status/performance and future of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Senior Management feels that to a large extent, the share price of the Company depends on several factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit-sharing scheme, which ensures that the employees are paid bonus annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

### **Employee information**

Below table shows information about the employees of the Company including its subsidiary, i.e., Great Circle Shipping Agency Limited ("GCSA") (as of 31 December 2020).

Performance Data	2016	2017	2018	2019	2020
<b>Social Performance</b>					
Number of Employees* (persons)	132	135	132	134	129
<b>Number of Employees by Gender (persons)</b>					
• Male	55	61	59	58	56
• Female	77	74	73	76	73

Performance Data			2016	2017	2018	2019	2020
<b>Proportion of Employees by Level (%)</b>							
• Senior Management			9.1	9.6	10.6	9.7	9.3
• Middle Management			27.3	29.6	29.5	37.3	38.7
• Operations			63.6	60.8	59.9	53	52
<b>Proportion of Employees by Gender (%)</b>							
• Male			41.7	45.1	44.7	43.2	43.4
• Female			58.3	54.9	55.3	56.8	56.6
<b>Proportion of Employees by types of employment (%)</b>							
• Full time			100	100	100	100	99.3
• Part time			-	-	-	-	0.7
<b>Proportion of Employees by Age groups (%)</b>							
• Under 30 years old			9.1	7.4	5.3	8.2	7.7
• 30-50 years old			65.9	65.9	69.7	67.1	62.8
• Over 50 years old			25	26.7	25	24.7	29.5
<b>Proportion of Absence by Type (%)</b>							
• Sickness			1.0	1.1	1.4	1.2	1.4
• Lost Time Injury Frequency Rate			0	0	0	0	0
• Others			-	-	-	-	-
<b>Return to Work after Parental Leave of Female Employees**</b>							
• Number of Employees that were Entitled to Parental Leave			77	74	73	76	73
• Number of Employees that Took Parental Leave			2	-	1	-	2
• Number of Employees who Returned to Work after Parental Leave Ended			2	-	1	-	2
• Number of Employees who Returned to Work after Parental Leave Ended who were still Employed Twelve Months after Their Return to Work			1	-	1	-	2
<b>Number of Employees resigned in the year</b>			5	4	2	4	5
<b>Number of Employees retired in the year</b>			1	3	3	2	5
<b>Proportion of Management by Age Group (%)</b>							
• Under 30 years old			-	-	-	-	-
• 30-50 years old			52.1	58.5	62.3	62.8	61.3
• Over 50 years old			47.9	41.5	37.7	37.2	38.7

Note: \* Includes employees in a subsidiary company at the office.

\*\* Only female employees are entitled to parental leave by Thai law.

#### Number and proportion of the employees of the Company including GCSA at the ashore offices, by gender and nationality\* (as of 31 December 2020)

Occupational levels	Male			Female			Total
	Thai	Indian	Singaporean	Thai	Indian	Singaporean	
<b>Senior Management</b>							
• Under 30 years old	-	-	-	-	-	-	-
• 30-50 years old	-	1	-	4	-	-	5
• Over 50 years old	-	6	1	-	-	-	7
<b>Middle Management</b>							
• Under 30 years old	-	-	-	-	-	-	-
• 30-50 years old	18	6	-	8	-	-	32
• Over 50 years old	6	8	-	4	-	-	18

Occupational levels	Male			Female			Total
	Thai	Indian	Singaporean	Thai	Indian	Singaporean	
<b>Other Staff</b>							
• Under 30 years old	2	1	-	6	-	-	<b>9</b>
• 30-50 years old	5	-	-	40	-	-	<b>45</b>
• Over 50 years old	2	-	-	10	-	-	<b>12</b>
<b>Total permanent</b>	<b>33</b>	<b>22</b>	<b>1</b>	<b>72</b>	-	-	<b>128</b>
• Temporary/contract	-	-	-	1	-	-	1
<b>2020 Grand total</b>	<b>33</b>	<b>22</b>	<b>1</b>	<b>73</b>	-	-	<b>129</b>
<b>Percentage (%)</b>	<b>25.59</b>	<b>17.05</b>	<b>0.77</b>	<b>56.59</b>	-	-	<b>100</b>

Note: \* Includes Employees in a subsidiary company based at the Company's office

**Safety & Occupational Health:** The Company recognizes that respect for human rights is the foundation of Human Resources' improvement, which adds value to the business. Moreover, Human Resource is a key success factor for business and adds value to the Company in all aspects. It is the Company's policy to conduct its activities in a manner that promotes the health and safety of its employees so that the actions of the Company, and its employees, promote the health and safety of others too. The Company accords the same weightage to Health and Safety factors as it does to Commercial and Operational factors. To this end, the health and safety responsibilities of all personnel have been defined and allocated. The Company's Safety Management System (SMS) is intended to affirm that the Company achieves its purpose in this area and is based on the philosophy that accidents can be prevented by the identification and management of risk.

The Company also has a Drug and Alcohol Abuse Policy. It is based on the recommendations contained in OCIMF's "Guidelines for the Control of Drugs and Alcohol On board Ship". They are detailed in the Safety Management System available on all vessels and displayed for all crew members.

Ensuring that each crew member gets enough rest is a necessity. To avoid fatigue and stress related accidents on board, minimum rest periods have been recommended by STCW 95 convention and ILO Convention 180. Both these conventions have undergone considerable amendments. As a result, the requirements have become more stringent. STCW 2010 Manila amendments are effective from January 2012 whereas ILO 2006, which is known as MLC (Maritime Labor Convention) 2006, has been ratified in August 2012 and has become effective in August 2013. Thailand has ratified the Maritime Labour Convention recently on 7 June 2016. It entered into force from 7 June 2017. Singapore had already ratified the MLC earlier. All the Company's vessels are fully compliant with the MLC requirements.

The Company's medical fitness requirements are higher than the standards set by International Labour Organization (ILO) and other regulatory bodies. As a result, the Company finds very few cases of fitness or sickness related problems amongst its seafarers.

**Piracy:** As outlined in the **Board of Directors' Report**, the Company's ships are exposed to the threat of piracy when sailing through high-risk areas, and the officers/crew sailing onboard are under tremendous pressure when sailing through such areas where armed pirates are known to attack. This is especially true of the Indian Ocean / Arabian Sea area, extending from the mouth of the Persian Gulf in the north to Madagascar in the south. The Company takes this threat very seriously and ensures all ships are routed outside these areas and closer to the Indian coast. Where this is not possible for any reason, the Company engages security guards to sail with the vessel for the passage through these high-risk areas. In any case, all ships transiting through the high-risk areas are 'hardened', amongst other things, by rigging barbed razor wire around the ship thereby making it harder for the pirates to climb onboard the Company's ships. The Company is committed to doing everything possible to ensure safety of the ship and officers/crew.

**Teamwork:** Unlike a conventional ship owning Company, which outsources the technical management of its ships, the Company's Ship-Management Company, viz. Great Circle Shipping Agency Limited (GCSHIP) is a wholly owned subsidiary of the Company. The staff of the Ship-Management Company work as one team under the same roof. Regular weekly meetings are also conducted between the ship-management and commercial

teams to sort out all operational issues and discuss the status of future plans. Good co-ordination is achieved in all areas of ship operation by this arrangement. Besides ISM code certification, GCSHIP is also certified for Quality Management System "ISO 9001: 2015" and has obtained certification for their Environment Management System "ISO 14001:2015".

**Training & Development:** Over the years, the Company has not only acquired expertise in the field of ship management, but in the process, has developed a pool of highly qualified and competent staff, both, on-board and ashore. It is through this dedicated and loyal work force of floating staff, technical superintendents, and internal auditors that the Company has been able to achieve high standards of Safety and Quality in all aspects of ship operations. It is the Company's policy to encourage and support competent and efficient seafarers and give them the opportunity to grow within the Organization.

All ship officers are required to visit the head office for briefing before being assigned to vessels. Here, they are briefed and updated about new developments and practices in the industry. Regular updates are also sent to the vessels. Officers are often sent to attend value addition courses to enhance their skills. The costs for these courses are borne by the Company.

The Company has introduced a mechanism whereby the officers and crew serving onboard our ships can send in their suggestions to the office. This will encourage the ship-staff to make effective contribution to the shipboard operations and help further improve the Company's performance.

The Company has provided, on board the vessels, selected video training programs from the best available in the market.

To motivate the junior officers and to keep up with the process of learning while on board, senior officers are asked to actively interact with them. To measure their levels of competency, computer-based competency test facility is provided on board. Based on the results of these tests, officers can determine their weaknesses and work to improve upon on weak areas.

**Maritime Training Center & Bridge Navigation Simulator:** The Company has set up a full-fledged Maritime Training Center at its Head Office in Bangkok which includes a state-of-the-art Bridge Navigation Simulator. The PSL Training Center, which commenced operations in March 2008, has given a solid foundation to the Company's training activities and has enabled its Officers and Crew to keep abreast of the latest developments in ship operations. The Bridge Navigation Simulator recreates the actual bridge on a ship as it enters a major port and provides ideal conditions in which to train officers and crew in ship-handling and navigation. In the last quarter of 2019, work was commenced to completely upgrade and revamp the Bridge Navigation Simulator including a total renewal of all projectors, panels, consoles, hardware, and the software updated as per the requirements for our fleet. The upgraded Bridge Navigation Simulator was available in the first quarter of 2020 for resumption of training courses.

The Training Center has developed and continuously improves all training courses, including English courses for marine engineers, navigating officers and crew at all levels. New courses are also being introduced to equip the navigation and engineer officers with the necessary knowledge to deal with new regulations like the global Sulphur cap from January 2020 and new data collection and reporting requirements. To equip the officers with knowledge of new developments, the Company has taken the step of organizing specialized courses conducted by experienced and proficient guest teachers. In this regard, a specialized 'Hydraulics Machinery' course, customized for our fleet was conducted at the Training Centre in January 2020.

The PSL Maritime Training Center is a significant step taken by the Company to train and equip its Officers and Crew to take better care of themselves and their ships, all with a view to ensure Safety of the Crew and preventing accidents, thus preserving the environment.

In 2020, the effects of the pandemic were wide-ranging. Insofar as it was feasible, the Company moved training courses online.

## List of Major Training Programs conducted by The Company's Maritime Training Center for the year 2020

Training Courses	Course Overview	Duration	Participants in Y2020			Average hours (per person)			Total Man-hours
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	
Maritime Resource Management Course (MRM)	The course, supported by the Swedish Club under a license agreement, is aimed at training masters, officers & senior engineers as well as key shore-based personnel. The course aims to create good teamwork & resource management attitudes and skills that are required to avoid management error-caused accidents.	3 days	16	48	22	52	18	18	18
Bridge Team Competency Simulator Course I (BTC - I)	This training course aims to improve various competency skills & knowledge of navigating officers for safe conduct of voyages.	3 days	n/a	5	n/a	n/a	18	n/a	2,484
Bridge Team Competency Simulator Course II (BTC - II)	Hands-on practices to gain competence, knowledge & experiences on Ship Handling, Maneuvering, Turning and Anchoring in various conditions and under various effects of controllable forces.	3 days	6	n/a	n/a	n/a	18	n/a	90
Bridge Team and Resource Management Course (BTM) and Vessel Traffic Service (VTS)	This training course aims to train the ship's masters and officers in effective bridge teamwork and resource management in various situations as well as bridge operations in emergencies. The course also develops our officers' communication skills in communicating with a vessel traffic service (VTS) using various SMCP's through the VHF and GMDSS communication equipment in our Bridge Simulator.	4 days	8	16	n/a	n/a	24	24	n/a
Maritime Professional Briefing Course (MPB)	This training course aims to keep senior officers and engineers updated on new regulations and information. Senior staff from several departments co-conduct this course which covers 1. Marine Insurance & Loss Prevention 2. Ship Commercial & Cargo Operations 3. Port State Control-Ship Inspection & Pollution Prevention 4. ISPS and ISM Implementation & Documentation, Paint Maintenance 5. EMS Awareness & Shipboard Safety.	5 days	78	1	94	n/a	30	30	5,190
Officer Of the Watch (OW) and Shipboard Safety Course	To enhance the standards of watchkeeping at sea as well as in port. It is designed to help junior watchkeeping officers to understand his duties on board and realize their significance. It also enables them to make a positive contribution to success of the entire commercial venture.	3 days	n/a	48	n/a	n/a	18	n/a	864
Chief Mate Course (CMC)	To strengthen the professionalism and competence of chief officers and prepare experienced second officers for the chief mate rank.	3 days	16	19	n/a	n/a	18	18	n/a

Training Courses	Course Overview	Duration	Participants in Y2020			Average hours (per person)			Total Man-hours
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	
Command Course (Command)	The purpose of this course is to further train Masters in all necessary skills and topics and prepare chief officers for the command. It includes modules for Leadership, Business & Law, International Sale of Goods and related rules/codes/conventions, Time Charter & Voyage Charter, Cargo matters and Ship's Certificates, Documentation, Ship Handling/ Anchoring techniques, etc.	3 days	26	n/a	n/a	n/a	18	n/a	n/a
Electronic Chart Display and Information Systems (ECDIS)	To ensure that users of ECDIS are properly trained in the operation and use of electronic charts and are familiar with the shipboard equipment. This course aims to enhance navigational safety with the safe operation of ECDIS equipment, proper use of ECDIS related information and knowledge of the limitations of ECDIS equipment. (new IMO requirement)	2 days	9	7	n/a	n/a	12	12	n/a
E/R Management & Competency Enhancement course and Engineer Of the Watch Course (EMC & EOW)	This course aims to train senior engineers (C/E & 2/E) in various management & competency knowledge and skills that are required for safe and efficient running of the ship. The junior engineers taking this course are trained in watch-keeping duties, engine parameters monitoring, operation & maintenance, safety & pollution prevention, record keeping.	1 day	n/a	n/a	n/a	75	n/a	n/a	450
Wartsila RT-Flex Engine Familiarization	To familiarise the engineers with the company's new type of engine "Wartsila RT-Flex Electronic Engine" before they join a ship equipped with this type of engine. This course focuses mainly on the practice part.	3 days	n/a	n/a	n/a	48	n/a	n/a	864
Engine RT-Flex Operation & Practical Advanced	This course aims to train all engineers for the operation & practical of the RT-Flex Engine at the higher level to familiarize the engineers with the utmost operational function of the Engine RT-Flex.	3 days	n/a	n/a	31	25	n/a	n/a	1,008

Training Courses	Course Overview	Duration	Participants in Y2020			Average hours (per person)			Total Man-hours
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	
(MC/ME)	To familiarise the engineers with the company's new "MAN Diesel Engine" (ME) before they join a ship equipped with this type of engine. This course focuses mainly on the practice part.	3 days	n/a	n/a	n/a	42	n/a	n/a	756
ME Engine Advanced Troubleshooting course	The purpose of this course is to familiarize the engineers with all possible problems which may arise from the operation of ME Engine with the most effectiveness troubleshooting.	3 days	n/a	n/a	42	30	n/a	n/a	18
Basic English Course (Basic)	This course is designed to help the students to be able to understand and use the English language correctly and provide them with all the basic language skills such as the pronunciation of the Standard English sound system, practical and useful listening, speaking, reading and writing practices with suitable grammar and vocabulary in various functional contexts.	10 days	2	19	16	35	30	30	2,160
Elementary Maritime English Course (EMT)	This course is designed to improve and raise the students' competence in English to intermediate level and give the students' wide-ranging opportunities to practice communicating in English for both maritime and general purposes at elementary level.	10 days	8	29	22	24	30	30	2,490
Intermediate English Course level-I	This course aims to improve the students' pronunciation and develop the four English skills- speaking, listening, reading and writing. After the course, the students will be able to speak English with better pronunciation, accent and intonation, communicate more effectively in daily situations, using appropriate vocabulary, expressions and idioms, and make sentences with fewer grammatical mistakes.	10 days	9	10	11	4	30	30	1,020

Training Courses	Course Overview	Duration	Participants in Y2020			Average hours (per person)			Total Man-hours		
			Ship's staff			Ship's staff					
			Sr./Off	Jr./Off	Sr./Eng	Sr./Off	Jr./Off	Sr./Eng			
Intermediate English Course level-II	This advanced course aims to further develop the students' English skills with an emphasis on advanced grammar structures, business-related vocabulary and letter & email writing (main focus). The students will learn typical words and phrases used in English correspondence and learn how to write letters and emails with proper word choices, styles, and level of formality for different occasions.	10 days	2	n/a	5	n/a	30	n/a	30	n/a	210
Maritime English Computer and Video-Based Training Programs (Maritime English CBT)	To increase the learners' knowledge of Maritime English, IMO Standard Marine Communication Phrases (SMCP), vocabulary and phrases frequently used in navigation, engineering, cargo handling, ship operation, etc	10 days (Join with English Course)	21	58	54	63	-	-	-	-	-
<b>Total Participants Average Hours training per year per employee =20,856/(180+202+243+335)=21.72</b>		-	180	202	243	335	<b>1 employee can attend more than 1 course/year</b>		<b>20,856</b>		

S/Off = Senior Officer (Masters & Chief Officers)

J/Off = Junior Officer (Second, Third, Fourth Officers & Cadets)

S/Eng = Senior Engineer (Chief Engineers & Second Engineers)

J/Eng = Junior Engineer (Third, Fourth, Fifth Engineers & Cadets)

### Summary Training hours by Rank

*Unit: hours*

Course	Master	Chief Officer	2 <sup>nd</sup> Officer	3 <sup>rd</sup> , 4 <sup>th</sup> , Junior Officers	Chief Engineers and 2 <sup>nd</sup> Engineers	3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , Junior Engineers
MRM	7	9	15	33	22	52
BTM	3	5	10	6	-	-
BTC - I	-	-	-	5	-	-
BTC - II	4	2	-	-	-	-
CMC	-	16	15	4	-	-
MPB	35	43	1	-	94	-
OOW & SS	-	-	-	48	-	-
Command	17	9	-	-	-	-
English Course	7	14	16	42	54	63
Maritime English CBT	7	14	16	42	54	63
ECDIS	2	7	-	7	-	-
EMC & EOW	-	-	-	-	-	75
Wartsila RT-Flex Engine	-	-	-	-	-	48
Engine RT-Flex Advance	-	-	-	-	31	25
MC/ME Course (new course)	-	-	-	-	-	42
ME Engine Advance	-	-	-	-	42	30
<b>Total Training hours to be completed per rank per person within two years</b>	<b>75</b>	<b>105</b>	<b>57</b>	<b>145</b>	<b>243</b>	<b>335</b>

**“Automated Mutual assistance Vessel Rescue System” (AMVER):** Sponsored by the United States Coast Guard (USCG), AMVER is a unique, computer-based, and voluntary global ship reporting system used worldwide by search and rescue authorities to arrange for assistance to persons in distress at sea. The Company continues to be involved in the AMVER program and its good performance is recognized by the USCG in the form of AMVER awards given to the Company every year through their representative at the United States Embassy in Bangkok. A quote from the USCG citation letter would perhaps reflect what this award is all about: “...you can take pride in the voluntary commitment of your officers and crew to the safety of life at sea”.

### Social and Community Development

The Company recognizes that a solid community and society are significant factors which support the Company's business. Therefore, the Company supports and gets involved in many community and society-based activities on a regular basis. The Company fully recognizes its responsibility to the community and is attentive to the consequences of the Company's conduct that affect the people around more than what the laws require, including making efforts to gradually absorb social accountability. The creation and expansion of the Company's CSR Fund will provide a permanent and formal framework to enhance the Company's CSR activities.

The unprecedented floods in Thailand in 2011 affected millions of people and wrought damage and destruction not witnessed before. The Company's employees were also affected, and many had their homes under 2 meters of water! Keeping aside the misery of living in such appalling conditions and despite their precious valuables being completely damaged, the Company's employees continued to perform their duties normally and the Company records its appreciation of the employees' commitment. The Company, for its part, issued a policy directive that all possible assistance be extended to those affected by the floods, and the Human Resources Development ('HRD') Department was designated as the nodal point for this purpose. Those who were unable to travel to the office were granted special leave and excused from attending office; where the houses were inundated, the employees and their families were provided accommodation in the city center, and for others who made their own arrangements, their expenses were reimbursed by the Company.

### **Investment planning course for staff members**

On August 7<sup>th</sup>, 2019, the Company and Kasikorn Asset Management Company Limited held an in-house seminar to present the performance of Provident Fund Management and to strengthen knowledge on financial and investment planning on the topics “**How to be Rich Before Getting Old**” and “**How to Select LTF/RMF Wisely**” for staff members.



### **Some of the Social and Community activities undertaken by the Company are as follows:**

- The Company contributed to a fund to assist in securing freedom of Thai fishermen (not Company employees) held hostage for over 4 years in Somalia for their eventual return to Thailand.
- The Company takes an active interest in the Merchant Marine Training Center, Thailand (MMTC) and has awarded Gold medals for graduates finishing at the top of the class since 1998. Besides, the Company also donates textbooks to MMTC on a regular basis.
- The Company has instituted a scholarship scheme for students of MMTC. In the years 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, an aggregate of Baht 1,671,000, Baht 1,005,000, Baht 1,119,000, Baht 1,194,080, Baht 1,633,900, Baht 1,264,960, Baht 1,100,000, Baht 1,345,400, Baht 2,131,900, Baht 2,339,800, and Baht 2,355,120, respectively, has been disbursed to outstanding students in need of funding.
- The Company organizes blood donation camps on a regular basis in collaboration with the Thai Red Cross. These blood donation camps have been organized since the past several years. In 2019, 2 donation camps were organized in March and September with a total collection of 40,500 cc.
- In 2019 the Company donated Baht 246,000 to the 21st Hom Bah Hai Nong project by cadets of MMTC to create a multi-purpose yard, renovate all restrooms, first aid room, a kitchen, a canteen, landscape improvements, repaint the playground, fence and sports area, main entrance and bus stop roof for the students and community at Bann Thung Pong School, Nong Prue District in Kanchanaburi Province. This is further to the donation made by the Company in the previous years of: 1) In 2018 the Company donated Baht 211,790 to the 20th Hom Bah Hai Nong project by cadets of MMTC to create a multi-purpose field, renovate restrooms, kitchen, canteen, a playground, and surrounding areas, repaint the kindergarten building at Soi 19 Sai 2 Khwa School in Lopburi Province. 2) In 2017 the Company donated Baht 232,000 to the 19th Hom Bah Hai Nong project by cadets of MMTC to renovate activities room, school infirmary, a playground, and surrounding areas at Ban Thammarat School in Chachoengsao Province. 3) In 2016 the Company donated Baht 346,600 to

the 18th Hom Bah Hai Nong project by cadets of MMTC to renovate the canteen, school infirmary, a playground, and surrounding areas, improve the road, provide books to the library for development of children and first aid kits for the school infirmary at Ban Sab Din Dam School in Saraburi Province. 4) In 2015 the Company donated Baht 223,000 to the 17th Hom Bah Hai Nong project by cadets of MMTC to improve roads, renovate a playground and surrounding areas, provide books to the library for development of young children and first aid kits for the school infirmary at Ban Klong Rakam School in Prachinburi Province. 5) In 2013, the Company donated Baht 137,000 to the 15th Hom Bah Hai Nong project by cadets of MMTC to build toilet facilities, repair the building, renovate school infirmary and surrounding areas at Ban Nong Kaie School in Sakaew Province. 6) In 2011, the Company donated Baht 113,160 to the 14th Hom Bha Hai Nong project by cadets of MMTC to build a canteen for Wat Ta Phang Klee school, Chachoengsao province. 7) In 2010, Baht 139,000 to the 13th Hom Bha Hai Nong project by cadets of MMTC to build toilet facilities at Bann Non Pha Suk School, Sa Kaew province. 8) In 2009, Baht 80,466 to the 12th Hom Bha Hai Nong project by cadets of MMTC to buy a projector and build an activities stage for Wat Bang Kra Jao School in Samut Sakorn province; and 9) In 2008, Baht 100,000 to the 11th Hom Bha Hai Nong project by cadets of MMTC to repair classrooms and renovate the library for Ban Bhai See Thong School in Suphanburi province.

- The Company employs most of the cadets passing out from the MMTC, Thailand and thus contributes to the development of qualified Thai officers. This pool of officers is available to any/all Thai ship-owners and not just restricted to our Company.
- As reported in the past, the Company had signed a MOU with the Vocational Education Commission to implement knowledge and promote teaching and learning for Nakhon Si Thammarat Industrial and Shipbuilding College (NASIC). Pursuant to this MOU, the Company built and handed over a 96-bed student dormitory at NASIC, at a total cost of about Baht 25.40 million. The Company continues to provide financial assistance to the students by purchasing books & other materials for their library. For their part, NASIC has introduced new courses and curriculum under consultation with the Company to develop/train Engineering Officer graduates for a career in shipping, thus developing a new career option for Thai youth. The Ministry of Education, Vocational Education Department, awarded an Honor Shield to the Company in recognition of its participation with NASIC.
- The Company awarded Baht 165,000 Scholarship to a student of The International Maritime College, Kasetsart University, Si Racha Campus to support his entire Maritime Science degree course in the University. The final installment under this scholarship award was paid in April 2010.
- On 8 June 2015, the Company donated Baht 500,000 to Thai Medical Device Development Foundation (TMDD) to promote and support the research and development of medical devices.
- In January 2013, The Company donated Baht 5,000 to Department of Labour Protection and Welfare for gifts to children on Children's Day at Suapa Field, Dusit Palace.
- During the year 2010, the Company donated 28 perfectly usable computers to Mathayom Warichpoom School, Sukhothai School, Bann Koh School, Sathya Sai School and to Pak-Kret Community Administration Office. This is in continuation of the Company's tradition to assist in the education of needy children, when the Company has reported the donation of 15 computers for teaching program to Bann Koh School in Surin province which was followed up by further three computers of modern vintage (Dell Celeron 2 GHZ, Hard Disk 40 GB) to upgrade the teaching facilities.
- The Company donated Baht 40,000 for Muslim youth center Bann Pak Lad at Prapadaeng, Samutprakarn to support educational equipment and scholarship for Children's Day activity held on 19 January 2008.
- The Company makes regular donations to the needy and poor and for various causes. For instance, the Company, in collaboration with employees, donated over Baht 1 million to the Thai Red Cross for those affected by the Tsunami in Thailand, and in early 2004, donated computers to four primary/secondary schools in Rayong province for use by 877 students studying in these schools.

- The Company helped build a school for children affected by the earthquake which hit western India in 2001. The “Indo-Thai Friendship School” is now fully operational and can accommodate 700 students in Elementary, Middle and High School levels. This has been greatly appreciated by all concerned and projects a very favorable impression of Thailand.
- The Company readily responded to the needs of the people living in South Thailand affected by the deadly Tsunami of December 2004. As an immediate measure, the Company and its employees contributed Baht 590,000 to the villagers of Talay Nok in Ranong province, to renew/repair their fishing boats and resume their livelihood. The Company has adopted the Talay Nok village and undertakes regular visits there to ascertain their requirements. The Company has extended an open invitation to needy children to apply for study scholarships (one such girl child is presently studying in a Bangkok college). Moreover, with a view to provide a source of livelihood to the youth, the Company is also encouraging able-bodied youngsters from this village to come forward for basic seamanship training, to be provided at the Company's cost, following which they can become sailors on the Company's ocean-going ships for a fruitful and fulfilling career in international shipping.
- The Company along with the staff and crew donated Baht 1,325,867 in year 2008 to construct a new building for housing the Physics, Chemistry and Computer laboratories in a school in Semmangudi, Tamil Nadu, India. This school is in a very poor village and was seriously affected by the Tsunami of December 2004.
- Every year, the Company organizes a 5-KM run “PSL Annual Maritime Day Run” at the Lumpini Park to encourage all its employees to inculcate a habit of doing regular exercise to maintain good health.
- The Company is one of the sponsors of the annual sports day function at the MMTC. The co-operation with MMTC thus extends to Sports, besides academics (as outlined above), and helps in all-round development of Officer Cadets.
- The Company is setting up aid schemes by way of annual scholarships or otherwise, to our own staff members who are not able to afford school admission and/or tuition fees for their children.
- The Company donated money and equipment to make a scientific laboratory that supported study activities at Ban Koh School in Surin province in September 2006. The Company donated Baht 100,000 and books to cadets of Merchant Marine Training Centre to repair classrooms and build up the library for Bannwangsuan School in Nakornratchasrima province in September 2007.
- The Company contributed Baht 100,000 to The Council for Social Welfare of Thailand under The Patronage of His Majesty the King to develop knowledge and foster career skills of disabled people, supporting them to seek their own income, on the 43rd Cripple Day in November 2007.
- The Company donated Baht 68,000 to Ban Koh School in Surin province in year 2008 to support the “Student Field Trip” to Skaerat Environmental Research Station in Nakhon Ratchasrima province.

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<b>GRI 408: CHILD LABOR</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor		It is our policy to respect and comply with local laws, regulations and traditions of every place we conduct our business. We intend to treat employees with respect for dignity of human beings.
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