



PANGAEA LOGISTICS SOLUTIONS, LTD.

WHISTLEBLOWING POLICY

**COMPLAINT AND INVESTIGATION PROCEDURES FOR
ALLEGED MISCONDUCT, ACCOUNTING,
INTERNAL ACCOUNTING CONTROLS, FRAUD OR AUDITING MATTERS**

The following procedures have been adopted by the Audit Committee (the “*Audit Committee*”) of Pangaea Logistics Solutions, Ltd. (“*Pangaea*”) to govern the receipt, retention, and treatment of complaints regarding Pangaea’s accounting, internal accounting controls, or auditing matters, and to protect the confidential, anonymous reporting of employees’ concerns regarding any alleged misconduct, including in particular questionable accounting or auditing matters, violations of law, rules, regulations and/or direct threats to public interest, such as fraud, health or safety violations, and corruption. These policies and procedures apply to and are available to all employees of Pangaea and its subsidiaries (collectively, the “*Company*”).

I. POLICY

It is the policy of the Company to treat irregularities of a general, operational and financial nature, including alleged misconduct, accounting, internal accounting controls, auditing matters, or questionable financial practices, and any complaints in respect of such matters (“*Complaints*”), seriously and expeditiously.

Employees may submit for review by the Company confidential and anonymous Complaints, including without limitation, the following:

- fraud against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the U.S. Securities and Exchange Commission (the “*SEC*”) or members of the investing public;
- violations of SEC rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters;
- intentional error or fraud in the preparation, review or audit of any financial statement of the Company;
- intentional error or fraud in the recording and maintaining of financial records of the Company;
- significant deficiencies in or intentional noncompliance with the Company’s internal accounting controls; and
- deviations from full and fair reporting of the Company’s financial condition.

The Company will protect the confidentiality and anonymity of the employee to the fullest extent possible, consistent with the need to conduct an adequate review. Stockholders, vendors, customers, business partners and other parties external to the Company will also be given the opportunity to submit Complaints; *however*, the Company is not obligated to keep Complaints from non-employees confidential or to maintain the anonymity of non-employees.

The Company will abide by all laws that prohibit retaliation against employees who lawfully submit complaints under these procedures. The Company shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate against an employee in retaliation for the employee:

- providing information, causing information to be provided or otherwise assisting in an investigation conducted by a federal regulatory or law enforcement agency, a member of the U.S. Congress or any committee of U.S. Congress or person with supervisory or similar authority over the employee, regarding any conduct which the employee reasonably believes constitutes a violation of federal law regarding securities fraud, any rule or regulation of the SEC or any provision of federal law relating to fraud against the Company's stockholders; or
- filing, causing to be filed, testifying, participating in or otherwise assisting in a proceeding filed or about to be filed (with any knowledge of the employer) relating to an alleged violation of federal law regarding securities fraud, any rule or regulation of the SEC or any provision of federal law relating to fraud against the Company's stockholders.

This policy is intended to encourage reporting of wrongdoing by the Company's employees and presumes that employees will act in good faith and will not make false accusations. An employee who knowingly or recklessly makes statements or disclosures that are not in good faith may be subject to discipline, which may include termination. Employees who report acts of wrongdoing pursuant to this policy can and will continue to be held to the Company's general job performance standards. Therefore, an employee against whom legitimate adverse employment actions have been taken or are proposed to be taken for reasons other than prohibited retaliatory actions, such as poor job performance or misconduct by the employee, is prohibited from using this policy as a defense against the Company's lawful actions.

In the event that the Company contracts with a third party to handle complaints or any part of the complaint process, the third party will comply with these policies and procedures and protect the confidentiality and anonymity of employees to the fullest extent possible and required by law.

II. PROCEDURES

Receipt of Complaints

Complaints may be submitted in writing, by telephone or in person. Employees or other persons may submit a telephone complaint through the Company's Whistleblower Hotline at (844) 297-5945 or a written Complaint to www.reportlineweb.com/PLS. Employees and other persons submitting this information need not provide their name or other personal information. Employees and other persons may also submit complaints in person to any member of the Company's Audit Committee. The Company may also establish other procedures for employees to submit Complaints and will inform employees of such alternatives as they become available. Reasonable efforts will be used to conduct the investigation that follows from a Complaint from an employee in a manner that protects the confidentiality and anonymity of the employee submitting the Complaint; *however*, the

Company is not obligated to keep Complaints from non-employees confidential or to maintain the anonymity of non-employees.

Publication of Reporting Procedures

These policies and procedures will be disseminated to each employee and posted on the Company's internet website at <http://www.pangaeals.com>.

Treatment of Complaints

1. A Complaint made under these procedures shall be directed to the Audit Committee and, if not submitted to the Audit Committee directly as provided above, shall be submitted to the Audit Committee immediately upon receipt by the respective addressee.

2. For each Complaint, an initial inquiry or investigation will be initiated to determine if the report can be substantiated or has merit. That initial inquiry or investigation will be made by the Audit Committee or by such person or persons designated by the Audit Committee (the "**Investigating Person**"). The Investigating Person shall make a determination, in his or her reasonable judgment, whether a reasonable basis exists for the Audit Committee to commence an investigation into the Complaint. The Investigating Person may conduct an initial informal inquiry. The purpose of the initial review of the Investigating Person is to screen the Complaints so that the Audit Committee does not have to examine immaterial or spurious complaints. Nevertheless, the Audit Committee shall have oversight authority and may review, in its discretion, any Complaint received. If the Investigating Person determines that a reasonable basis exists for the Audit Committee to commence an investigation, he or she shall promptly forward the Complaint to the members of the Audit Committee along with his or her conclusions (even if preliminary or qualified) about the merits of the Complaint (the "**Investigator's Report**").

3. Following the receipt of an Investigator's Report (along with the Complaint), the Audit Committee will promptly investigate each matter reported and, pending such investigation, may recommend that the Company or the Company's Board of Directors (the "**Board**") take appropriate corrective or disciplinary action. The Audit Committee may enlist employees of the Company, including outside legal, accounting or other advisors, as appropriate, to conduct any further investigation of an Complaint.

4. Interim or final results of all investigations by the Audit Committee will be reviewed by the Chief Executive Officer.

5. At least once per calendar quarter, the Audit Committee shall review all Complaints made pursuant to this policy, including both those that were screened out and those that were the subject of an Investigator's Report. The review shall include: (a) the complainant (unless anonymous, in which case the report will so indicate), (b) a description of the substance of the Complaint, (c) the status of the investigation, (d) any conclusions reached by the Investigating Person, and (e) findings and recommendations.

Access to Reports and Records and Disclosure of Investigation Results

Except as required by any legal requirements or regulations or by any corporate policy in place at the time, all reports and records associated with Complaints are considered confidential information and access will be restricted to members of the Audit Committee,

the Company's legal department, employees of the Company and/or outside counsel involved in investigating a Complaint as contemplated by these procedures. Access to reports and records may be granted to other parties at the discretion of the Audit Committee provided that such persons maintain the confidentiality of such reports and records.

Retention of Records

All Complaints and documents relating to such Complaints made through the procedures outlined above shall be retained in accordance with the Company's document retention policy, if any, in effect from time to time.

Approved: October 10, 2014