



PANGAEA LOGISTICS SOLUTIONS LTD

ESG REPORT 2023

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ABOUT PANGAEA

Pangaea Logistics Solutions Ltd (Pangaea or the Company) is a dry bulk shipping company with expertise in the operation of bulk carriers and bulk logistics services. Pangaea is publicly listed on the New York NASDAQ exchange (NASDAQ: PANL).

Pangaea typically operates approximately 50 bulk carriers daily of which 26 are owned by the Company. We are headquartered in Newport, Rhode Island, with offices in Athens, Copenhagen, Singapore and New Orleans.

Pangaea transports a wide variety of commodities, including bauxite, cement, cement clinker, construction aggregates, fertilizers, grains, iron ore, limestone, metallics, direct reduced iron (A) , (B) and (C), and steel scrap. The Company also operates port terminals and provides stevedoring and other logistics services.

Our network of Terminal Port operations spans throughout the US Gulf, US East Coast and Canada, handling dry bulk, break bulk, and containers. With our goal of offering fully integrated logistics services for our customers, we continue to focus on expanding our presence in these regions, and others, to further support our customers’ supply chains.

TRANSPARENT REPORTING

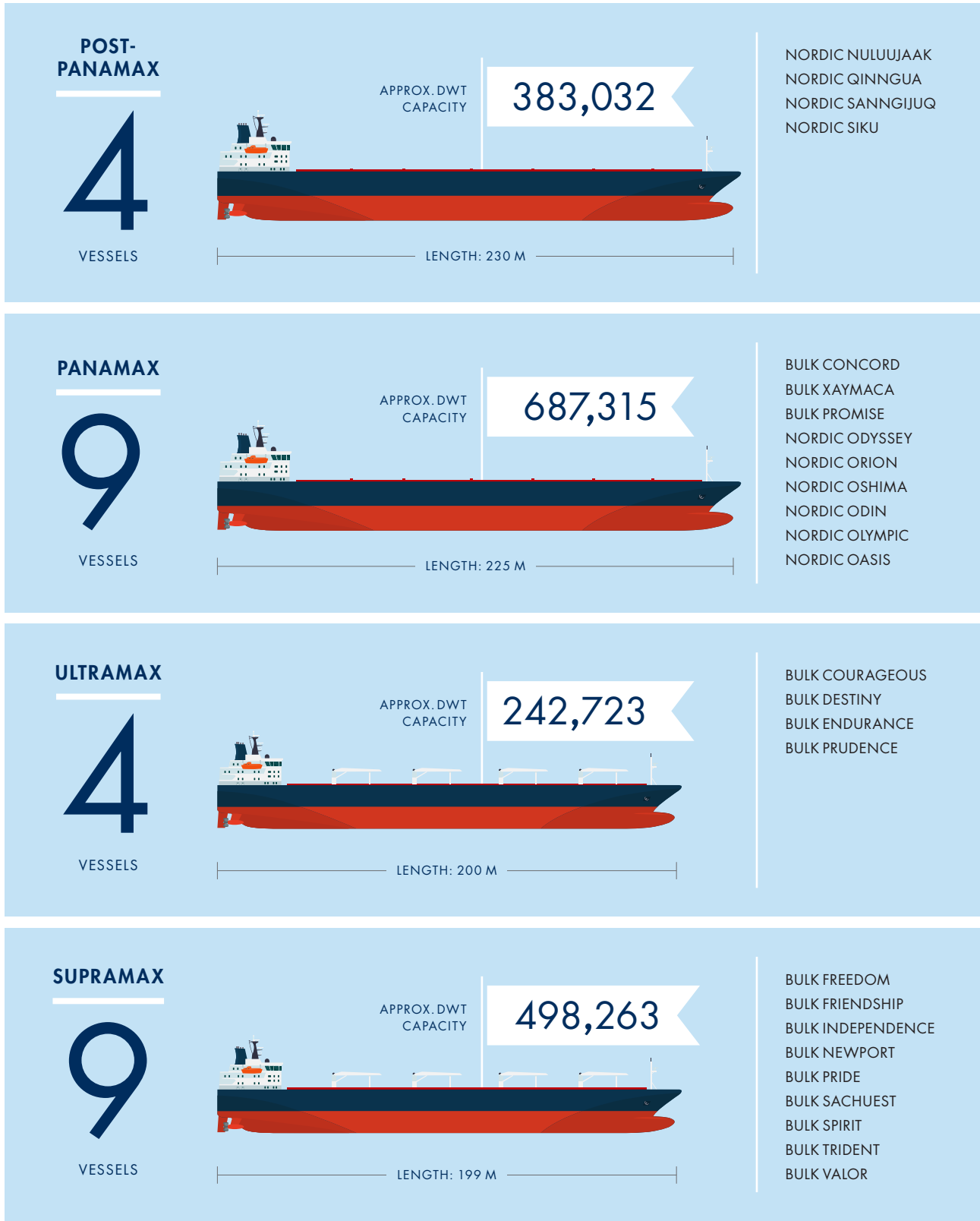
This is Pangaea Logistics Solutions Ltd.’s 2023 ESG standalone report. It meets the requirements of the Sustainability Accounting Standards Board (SASB), Marine Transportation Standard (2018). The report presents our performance in environmental, social and governance spectrums for the financial year from 1 January 2023 until 31 December 2023. Throughout this report Pangaea, the Company, we, us and our refers to Pangaea Logistics Solutions Ltd and its subsidiaries.

OWNED FLEET

Bulk carriers | VESSELS OPERATED IN 2023

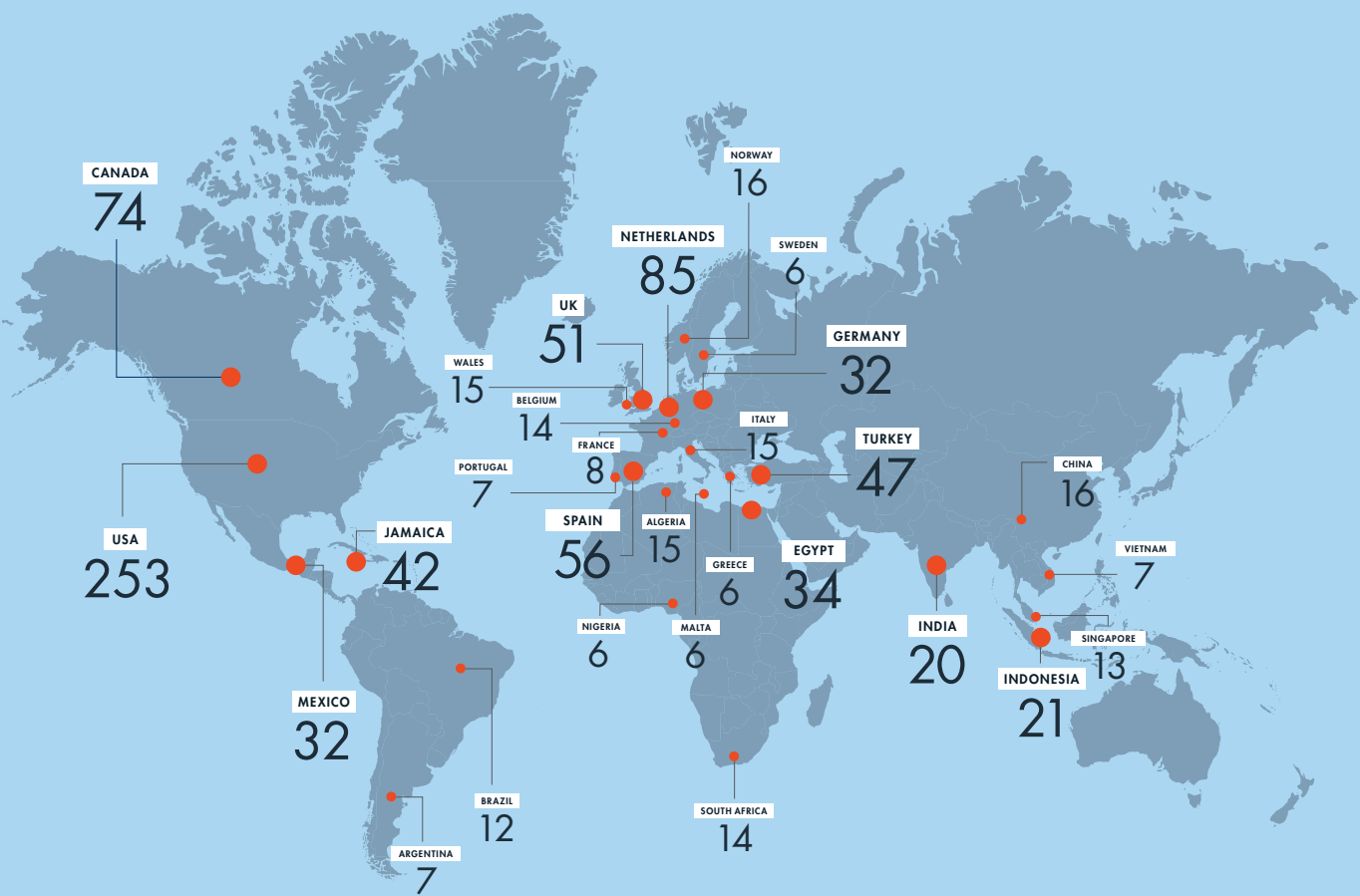
TOTAL FLEET DWT CAPACITY

1,811,333



PANGAEA'S GLOBAL PRESENCE

Number of port calls in our most visited countries in 2023



CEO STATEMENT

We all share the responsibility for clean operations and a sustainable future. I am delighted to present Pangaea’s 2023 ESG report, which highlights our achievements in helping preserve our natural and business environments.

Pangaea works in large and small teams to address corporate initiatives, and those surrounding environmental, social, and governance are approached no differently. Every part of every one of our teams knows that Pangaea is committed to the highest standards of health, safety, and environment (HSE) management and compliance, both onshore and onboard our vessels. We work together, across continents and without company silos, to best address the many issues we face. Implementation of the European Union Emissions Trading Scheme in late 2023 was one of many things we worked through. Our people are the cornerstone of our success and we will continue to prioritize their safety, training, and well-being as an integral part of our sustainability efforts.

We made measurable progress in individual projects, and as a fleet overall, in the last twelve months. Our groups worked together to identify graphene coatings applied on ship propellers, advanced coatings were applied on vessel hulls, installed fuel optimization tools on several of our ships and trained our shore personnel in using new performance optimizing tools in our office. We are committed to introducing real-time feedback on vessel operations to our crews and superintendents, with the aim of bettering efficiency from our ships and operations. We continued to study the fleet implementation of biofuels, and we thoroughly studied the potential impacts of wind assisted propulsion retrofits on our newest vessels. We will stay informed and explore innovative solutions as we support the transition to a low carbon economy.

Sustainability encompasses more than just atmospheric climate concerns. The ocean is the home to a plethora of species that demand our utmost attention and care.

It is crucial to recognize the broader environmental impact shipping may have on marine life. Our ice-class 1A Nordic Nuluujaak achieved a significant milestone as the first bulk carrier to be awarded DNV’s ‘SILENT-E’ designation, helping ensure the preservation and protection of underwater ecosystems for generations to come.

During 2023, we improved our wAER by 3% and our teams worked very hard to maintain the highest safety standards. Efficient and safe operations are positive for both the environment and for our bottom line. There is a tangible incentive for doing the right thing.

Pangaea’s Core Values come to my mind when we discuss the sustainability culture in our office. I cannot think of a better way to summarize our report than to recite them here:

- 1. **Safety** - Safe operations are always our No. 1 priority at sea, at port, and on shore.
- 2. **Trust** - Our employees trust the company and the company trusts our employees.
- 3. **Integrity** - We will always work openly and honestly with our stakeholders.
- 4. **Curiosity** - We encourage all employee to be curious about our customer’s business and how we can serve them better.
- 5. **Teamwork** - Employees are expected to be good colleagues and help others succeed.



Thank you for reading our report.

Mark Filanowski
Chief Executive Officer
Pangaea Logistics Solutions Ltd.

HIGHLIGHTS OF 2023

VESSELS OPERATED IN 2023



DEADWEIGHT TONNAGE



Environment

GRAMS OF CO₂ PER TON-NAUTICAL MILE

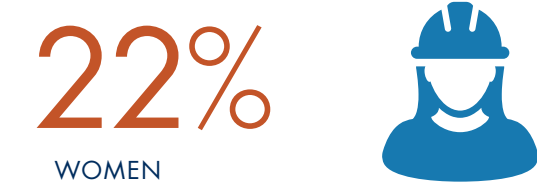


Social

LTIR (LOST TIME INCIDENTS RATE)



DIVERSITY AMONG ONSHORE EMPLOYEES



Governance

PORT STATE CONTROL DETENTIONS (PSC)

zero









TOTAL AMOUNT OF MONETARY LOSSES AS A RESULT OF LEGAL PROCEEDINGS ASSOCIATED WITH BRIBERY OR CORRUPTION

zero



EXTERNAL COMMITMENTS

Global sustainability challenges cannot be solved without joint efforts and collaboration. Pangaea is committed to partake in this collective project and work to embed sustainability throughout its operations.

 <p>GREEN MARINE ALLIANCE VERTE</p> <p>The Marine Mammal Observation Network organized by Green Marine, and applicable when operating in the Canadian Arctic (the company is a reporting member)</p>	 <p>Clean Ocean Access</p> <p>Clean Ocean Access supports sustainable activities in and around Narragansett Bay.</p>	 <p>Danish Shipping</p> <p>Charter for More Women in Shipping in Shipping initiated by Danish Shipping. By signing this charter, Pangaea commits to actively focus on gender equality within its organization.</p>
 <p>AMVER</p> <p>The vessels under the management of Seamar Management SA are active participants in the Assistance Vessel Rescue System.</p>	 <p>The Neptune Declaration on Seafarer Wellbeing and Crew Change</p> <p>The Neptune Declaration supports and promotes the welfare of the seafarers.</p>	 <p>The Gulf of Guinea Declaration on Suppression of Piracy</p> <p>The Gulf of Guinea Declaration counters the rising instances of piracy and assures the safety, well-being and human rights of seafarers.</p>
 <p>WOODS HOLE OCEANOGRAPHIC INSTITUTION</p> <p>Woods Hole Oceanographic Institute Collaboration with WHOI focused on monitoring the vast and open ocean to enable a long-standing need for more scientific observations.</p>	 <p>SAVE THE BAY® NARRAGANSETT BAY</p> <p>Save the Bay has a mission to protect, restore, and improve Narragansett Bay.</p>	<p>Pangaea is also a member of The Baltic and International Maritime Council (BIMCO) and the Danish Shipowners' Association through our Danish subsidiary, which is part of the Innovation Committee. Senior leaders at Pangaea are also members of the American Bureau of Shipping (ABS).</p>

PANGAEA'S SUSTAINABILITY COMMITMENTS

Pangaea's ESG strategy is built on a set of commitments within the environmental, social and governance spectrum. In the first quarter of 2023, we started updating our corporate strategy. We are committed to seizing opportunities within the maritime industry while addressing sustainability challenges. On the next page, you can see how we integrate the UN SDGs in our operations.



Environment

- 1 Investment into renewal & modernization of the fleet
- 2 Transition to a low carbon economy through digitization of our operations and research of innovative energy-efficiency technologies to reduce our carbon footprint
- 3 Minimizing environmental impacts
- 4 Supporting IMO's GHG Strategy of carbon intensity reductions
- 5 Trial of biofuels as a transition fuel towards decarbonization



Social

- 6 Fostering safety culture onboard and ashore
- 7 Creating an equal, diverse, and inclusive work environment
- 8 Training, education, and retention of our technical, operations and crew personnel



Governance

- 9 Compliance with laws and regulations, ensuring ethical conduct in the company
- 10 Ensuring responsible recycling
- 11 Close management of human rights risks in our value chain
- 12 Good and transparent governance



Ensure healthy lives and promote well-being for all at all ages

- Pangaea strictly observes and implements maritime regulatory frameworks, striving to ensure health and well-being of its employees and crew.
- The Company provides their employees with health benefits.
- The Company always promotes a motivating and re-warding workplace for all the people working here. The company strives to create an inspiring atmosphere where people can collaborate and be creative and where initiatives and high performance are being compensated with various other benefits and advancement opportunities.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Pangaea strives to create resilient business by focusing on building a modern shipping fleet. Innovation is key to combating climate change and decarbonization of the marine shipping industry. Hence, the company adopts innovative, environmentally oriented technologies, enabling increased operational efficiency and enhancing its positive impact on the planet and people.
- In 2023, Pangaea made strategic investments aimed at enhancing performance and reducing carbon emissions. The Company acquired several energy saving devices including a fuel optimization tool and a Propeller Boss Cap Fin (PBCF). These solutions will be implemented in 2024. Additionally, Pangaea allocated resources to incorporate an eco-friendly graphene coating for a fleet vessel, furthering its commitment to operational efficiency and environmental responsibility.
- The ice-class vessel from Pangaea Logistics, Nordic Nuluujaak, has achieved a significant milestone as the first bulk carrier to be awarded DNV's 'silent' designation. This notable recognition by the classification society comes in the form of its Class Silent (E) Notation. With a capacity of 95,800 deadweight tons and built in 2021, the Nordic Nuluujaak predominantly operates within Pangaea's vital Arctic trade routes. More information on these improvements is included below in the environment chapter, in the section focused on innovation to combat climate change.
- Pangaea continued its close collaboration with the Woods Hole Oceanographic Institution (WHOI) to assist in projects to advance marine research. (WHOI) to advance marine research.



Take urgent action to combat climate change and its impacts

- Pangaea focuses on energy efficiency to reduce greenhouse gas (GHG) emissions by endorsing IMO's GHG strategy, modernizing and renewing its fleet - in 2023 we acquired one modern vessel: Bulk Prudence.
- The Company invested in modern hull coatings, enhancing fuel efficiency and reducing the environmental footprint.
- The Company continued its rigorous hull cleaning and propeller polishing policy and also investigated carefully available autonomous robotic solutions for preventive hull cleaning and completed a trial with one of these solutions.
- To optimize the speed of its vessels and hence reduce fuel consumption, the Company utilizes advance monitoring software and weather routing services that are based on forecasting algorithms and machine learning.
- Pangaea established Ship Energy Efficiency Management Plans (SEEMP) to improve the efficiency of our vessels.
- The Company strictly observes relevant laws and regulations for maritime transport sustainable operations.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- Pangaea actively addresses sea and marine resources by ensuring compliance with relevant international laws and regulations.
- Pangaea is committed to conservation and protection of marine resources by closely monitoring its vessels with regards to protection of marine resources, especially when operating in marine protected areas. We report on shipping duration in marine protected areas.
- By having appropriate environmental safety processes in place, the Company prevents potential spills.
- To reduce the risks for potential pollution, the Company is working with ports authorities to maximize the management efforts.
- To combat the problem of pollution with invasive species from one area to another, Pangaea invested in modern ballast water treatment in 100% of its owned fleet.
- The Company is collaborating with various organizations (WHOI, Green Marine, Save the Bay, Clean Ocean) to support and promote clean oceans and protect marine resources.

ENVIRONMENT

The marine shipping industry inherently affects air and water quality, which in turn impacts marine and terrestrial ecosystems, marine biodiversity and societies. Pangaea recognizes its responsibility to manage and minimize its adverse environmental impacts and works continuously to comply with all relevant environmental laws and regulations.

EMISSIONS

GHG EMISSIONS

Climate change is scientifically proven to be caused by human activity. The maritime shipping industry is responsible for a significant amount of GHG emissions due to the freight volumes and distances involved. In June 2023, the International Maritime Organization (IMO) completed the first revision of its GHG Strategy and strengthened its ambition for reducing GHG emissions from international shipping. Pangaea aligns with this position and seeks to contribute to the transition from reliance on fossil-based fuels. The Company has therefore made a commitment to reduce its carbon footprint by endorsing the new IMO strategy, which carries an ambition for the sector to reduce the carbon intensity of its emissions by 40% by 2030 from a 2008 baseline. To realize this ambition, Pangaea is actively investing in fleet modernization and efficiency improvements, as well as embracing innovative technologies.

As an example of this commitment, the Company has implemented fuel optimization tools that help reduce the amount of fuel consumed by its vessels on both its owned and chartered fleet, especially when the ships encounter adverse weather and/or currents.

In 2023, we:

- Decreased wAER by 3%
- Decreased total energy consumption by 7.9%

Pangaea is aiming to track fuel and power consumption of its owned fleet in real-time, which will provide access to immediate and actionable data allowing us to operate and maintain our fleet in the most efficient manner. Part of the Pangaea fleet is ice classed, designed for operations in harsh weather and ice. These ships have more engine power than conventional ships, and ensuring optimal power management is important to ensure efficient fuel consumption.

With increasing regulations to curb CO₂ and expectations from both capital markets and stakeholders, there is undoubtedly a lot of pressure on

the marine shipping industry. Unfortunately, at present, there is no commercially viable solution for carbon-free marine transportation. Until such a viable solution is available, Pangaea will focus its current GHG reduction efforts on energy efficiency measures and operational optimization. Despite an increase in CO₂ emissions in absolute terms, Pangaea improved its Annual Efficiency Ratio by 3%, from 4.29% in 2022 to 4.15% in 2023. Alongside this we have also observed progress made on our total energy consumption having reduced from 5,098,965 Gigajoules last year to 4,697,414 this year. We regard this as a significant improvement, and it proves that our tonnage is becoming more efficient.

AIR QUALITY

Air pollutants, such as sulfur oxides (SOX), nitrogen oxides (NOX) and particulate matter (PM), are closely connected to fuel usage in the marine shipping industry. They impact air quality and human health, especially affecting port cities and local populations. Hence, there is a strong, growing trend of increasing environmental regulations, pushing toward more fuel-efficient engines and the use of cleaner fuels in vessels.

The costs of the environmental regulations may have a significant financial impact on companies in the marine shipping industry that do not reduce their emissions. Therefore, Pangaea takes an active risk approach to tackling its emissions by maximizing fuel efficiency. In this way, the Company reduces its adverse environmental impacts, while also improving the return on the invested capital. This approach provides Pangaea with a tangible competitive advantage, by offering its customers an attractive fleet in terms of emissions and cost efficiency. Moreover, it allows Pangaea to demonstrate that it meets the increased expectations of a broad spectrum of stakeholders.

Pangaea's investment in fleet renewal is part of the Company's long-term strategy of building a sustainable and commercially viable business. While allocating capital in upgrading Pangaea's fleet in the short-term constitutes a tangible expense, it will be offset by significant savings in fuel costs over both the medium and long-term.



Autonomous robotic solution trial for hull cleaning onboard a Pangaea fleet vessel.

NEW INNOVATIVE SOLUTIONS

In 2023, highlighting our commitment to improve the efficiency of our vessels, we invested further resources to carry out additional improvements to our fleet. A fleet vessel also received formal recognition for its technological advancements. An overview of these achievements is included below:

Nordic Nuluujaak received the ice class bulker silent designation certification from DNV making the 1st bulker to receive a key silent designation

Pangaea proceeded with the investment on a Fuel Optimization equipment for installation on a fleet vessel. With an intuitive and easy-to-use panel installed on the bridge, this system is aiming at increasing operational efficiency and targeting real-time fuel savings and emissions reductions.

Another energy saving device that Pangaea invested in was the propeller boss cap fin,

which is designed to minimise the losses in the rotating flow leaving the propeller, by transforming rotational energy into effective thrust.

Pangaea also invested in an innovative graphene-based coating for the propellers. This coating is an eco-friendly product that reduces marine growth and aims at improving propulsion efficiency without any harmful toxins or biocides are released into the ocean.

While Pangaea utilizes advanced monitoring tool for performance monitoring, it is also in the process of installing telemetry onboard connecting electronic sensors and digital equipment.

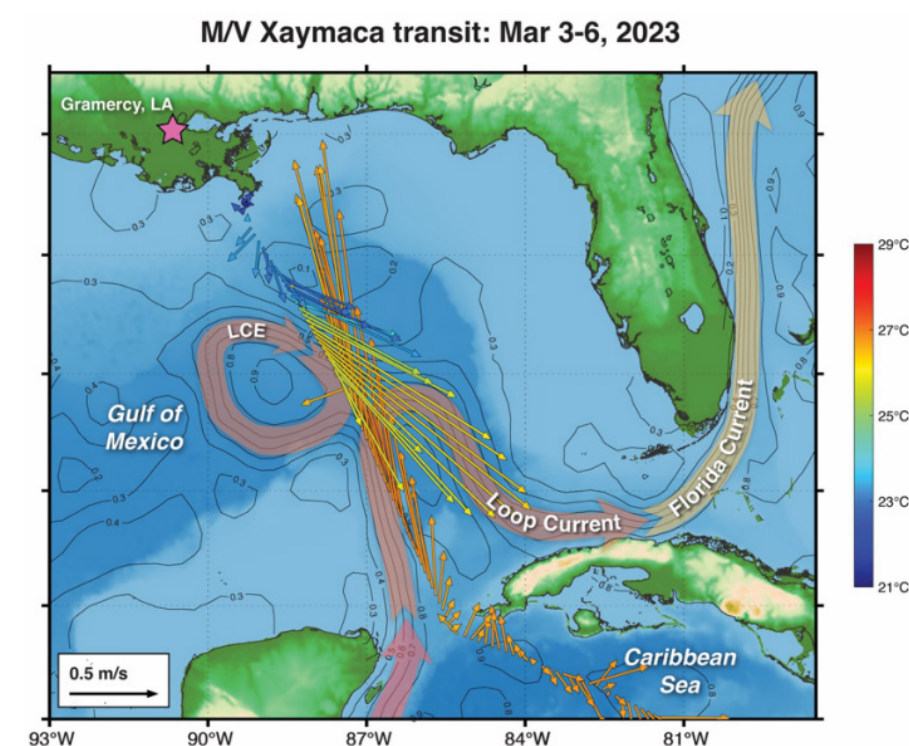
COLLABORATIVE SCIENCE PROJECT ABOARD THE MV BULK XAYMACA

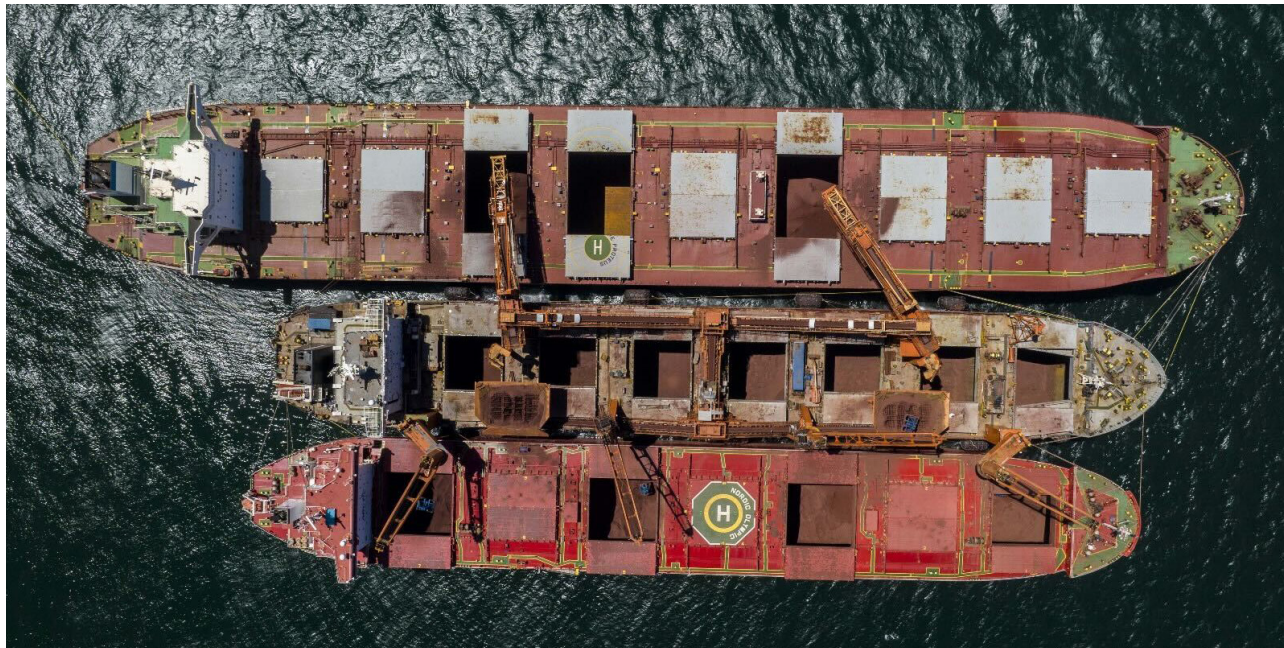
Pangaea collaborates with the Woods Hole Oceanographic Institution's (WHOI) on the Science Research on Commercial Ships (Science RoCS), an initiative connecting scientists with commercial vessels to regularly monitor the vast and open ocean, particularly along repeat routes

in hard-to-reach areas. Pangaea's vessel Bulk Xaymaca began participating in the project in the first quarter of 2022.

MV Bulk Xaymaca regularly crosses the western Caribbean and Gulf of Mexico where measurements of the ocean and atmosphere from traditional oceanographic research vessels are scarce. Ongoing cooperation between Pangaea Logistics Solutions, and scientists from institutions comprising WHOI, University of Hawaii, University of Rhode Island, Stony Brook University, and Florida State University has culminated in a year of valuable data acquisition.

The vessel collected data, such as the speed of ocean currents, seawater temperature and salinity, which helps scientists forecast weather, understand climate change, and predict flows that spread flora, fauna, and contaminants. The initiative is focused on making ships' science data streams broadly available onshore and to help inform changes that can make human activity, including shipping, more sustainable as it relates to the health of the ocean.





ECOLOGICAL IMPACTS

POLLUTION

Ballast water is used to provide stability, optimize trim and reduce stress on the vessel's hull. However, ballast water contains various organisms and when taken from one region and released in another, the species can potentially become invasive to ecosystems and pose a serious ecological or economic risk, potentially endangering local communities.

The Company has invested in installation of modern ballast water systems in its owned fleet. Per year-end 2023, 100% of Pangaea's owned fleet was equipped with modern ballast water treatment systems.

In addition, we have chosen not to install scrubbers on our fleet, eliminating any need for additional fluid discharge into the marine environment that is caused by open loop scrubbing. In the case of closed-loop scrubbing, it reduces the need for the necessary periodic removal of toxic waste to shore, which again introduces the need for disposal. Our technical management policies and strict system processes reflect our commitment to avoidance of any potential spills.

We foster a company culture that ensures environmental protection, and our target of zero spills reflects our ambitions in this area. In 2023, Pangaea reached the target with no spill incidents.

RECYCLING

We are committed to responsible recycling, performed with respect for the environment, human health and safety. The Company retires its oldest vessels through industry recycling methods, including scrapping in ship-breaking yards on the Indian subcontinent. These recycling methods are being closely reviewed by various official and unofficial entities who are attempting to designate new international standards for work safety and environmental concerns in the recycling processes.

Pangaea is closely monitoring the developments in the regulatory landscape so that when appropriate standards come into force, the Company will implement them. In the meantime, Pangaea focuses on strict compliance with the standards developed under the International Maritime Organization's Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

In the Company's ongoing strategy development, Pangaea aims to establish a tangible target for the recycling of waste in the next year.

SOCIAL

At Pangaea, we recognize that the success of our company is built upon the hard work and dedication of our talented team members, who form the backbone of our Pangaea family. We are committed to fostering an environment of equality, diversity, and inclusion, where every individual is valued, respected, and given opportunities to grow professionally. Our employees are our most valuable asset, and as such, their health and safety are paramount priorities for Pangaea.

SAFETY, LABOR CONDITIONS, AND HUMAN RIGHTS



EMPLOYEE HEALTH AND SAFETY, AND SECURITY

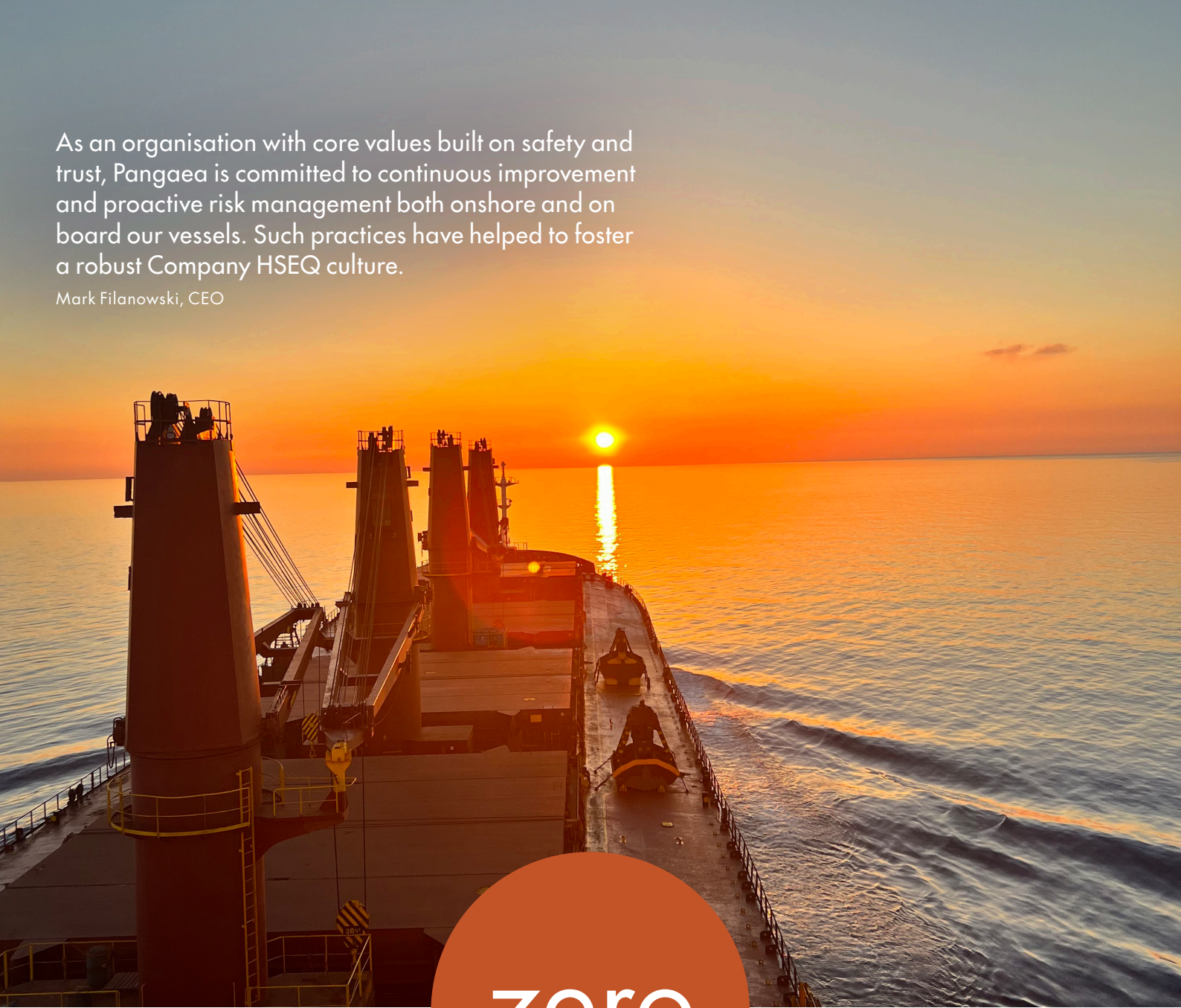
Ensuring the safety and well-being of its employees stands as Pangaea's foremost priority. Our dedication to this commitment is evident through the implementation of various safety standards and procedures globally across the Company. We continually strive to mitigate safety risks inherent in our industry, particularly those associated with exposure to hazardous weather conditions and cargo handling at ports, which pose significant risks to our crew.

Recognizing that the health and safety of our crew are vital to the Company's safe and efficient operations, Pangaea is unwavering in its efforts to uphold stringent safety management processes. This commitment extends to safeguarding our workers, fleet, and the environment through the implementation of appropriate and effective safety measures. Pangaea's Health, Safety, and Environment (HSE) performance undergo regular presentation and review by the Board, underscoring our commitment to maintaining high safety standards.

We strive to foster a Company's culture that ensures safety both at sea and onshore. We continue our efforts to always be ready for external inspections, and we are implementing several measures to promote staff continuity. Pangaea's targets reflect its ambitions and guide the performance within HSE.

As an organisation with core values built on safety and trust, Pangaea is committed to continuous improvement and proactive risk management both onshore and on board our vessels. Such practices have helped to foster a robust Company HSEQ culture.

Mark Filanowski, CEO



1 Employees to identify and eliminate their unsafe behaviors and those of their co-workers proactively and routinely. Behaviors, unsafe conditions, and other precursors that can lead to incidents to be recorded, analyzed, and addressed.

2 Complaints related to MLC 2006: Promote health awareness of seagoing personnel. Improvement of applicable health, safety, and quality standards. Continuous reduction of occupational health hazards.

3 An intervention action by the port state, taken when the condition of a ship or its crew does not correspond substantially with the applicable conventions.

During 2023 we added a full-time senior safety management position. In 2023, we recorded one serious injury on board our ships when a member of the crew suffered a fall in a cargo hold, sustaining personal injuries. The crew member was evacuated from the vessel to receive medical care. The treatment was successful and the crew member is once again fit for duty. Our lost time incident rate (LTIR) was 1.04 in 2023, a decrease from the previous year (1.9 in 2022). We are constantly working on improving safety awareness and preventing any job-related injuries.

Going forward, we will prioritize our HSE strategy by focusing on managing risks in our operations, developing HSE leadership and creating a proactive HSE company culture, underpinned by relevant training policies and procedures.

DIVERSITY, EQUALITY AND INCLUSION
Pangaea recognizes the importance of inclusion, diversity, non-discrimination and equality regardless of ethnicity, national origin, gender, age, disability, sexual orientation or religion. We strive to provide an inclusive work environment for our employees.

As diversity is a priority for Pangaea, the Company has signed the Charter for More Women in Shipping initiated by Danish Shipping, by which Pangaea commits to actively focus on gender equality within the organization.

By the end of 2023, there were 22% women in our total onshore workforce, representing an 11% decrease from last year. This variation can be explained by our decision to include terminal workers into our workforce reporting figures. There were three women in leadership positions. There was one female Board member in 2023 and the process to enhance the gender balance will continue, also in terms of exploring ways to attract female crew members.

CREW AND EMPLOYEES
In 2023, each of our vessels was crewed with 19-23 officers and crew members and, on certain vessels, directly contracted officers.

Our technical managers were responsible for locating, contracting and retaining qualified officers for its

vessels. To ensure that all the crew members on Pangaea’s vessels have the qualifications and licenses required to comply with international regulations and shipping conventions, Pangaea has established detailed training policies. In 2023, Pangaea implemented a learning management system (LMS) at its terminals. The LMS is designed for all terminal employees, to further enhance our safety training and documentation. We also implemented our new official “Life Saving Rules”. The rules contain a series of safety measures ranging from how to work at heights to instructions on crane operated load lifting. All terminal employees have been trained on these rules in an effort to reduce incidents and accidents. In terms of diversity, Pangaea recognizes that the gender balance of seafarers needs to be addressed. However, we already have a small number of female seafarers onboard and we plan to increase that number.

By 31 December 2023, the Company had 164 shore-based personnel and approximately 548 seagoing personnel on its owned vessels. The shore-based personnel are employed in the United States, Athens, Copenhagen and Singapore.

HUMAN RIGHTS
Pangaea is committed to respecting and protecting human rights as stipulated in the International Bill of Rights, the International Labor Organization’s Fundamental Conventions and the Maritime Labor Convention.

Being an international company, with global operations and supply chain, we recognize and assume our responsibilities to protect and promote human rights across our value chain. Pangaea has implemented a Human Rights Responsibility Policy that outlines the Company’s support and respect for internationally recognized human rights, addressing also human trafficking and child labor. Pangaea strictly prohibits the use of human trafficking, bonded/forced work, and child labor, and expects these same standards from the vendors, agents and suppliers of products we purchase and whose services we employ.

Going forward, Pangaea will strive to continuously work towards strengthening human rights management in its operations as well as in the value chain and focus on building awareness in the Company.

GOVERNANCE

Good corporate governance is a foundation for ensuring that a company conducts business properly. It regulates risks, ensures compliance and helps to cultivate company culture, based on integrity, transparency and ethical business performance.

Pangaea’s governing documents and procedures guide its performance, inform the Company’s risk management and ensure compliance with relevant

international and national laws and regulations. Pangaea is committed to responsible and ethical business conduct throughout its operations.

Good corporate governance is also a main priority for Pangaea’s Board. The Board, consisting currently of seven members, approves the Company’s policies, oversees its operations, and reviews updates on compliance and the Company’s ESG performance. In addition, the Board has established three committees to ensure that Pangaea fulfills its responsibilities to various stakeholders.

1 Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities to shareholders and oversees the Company’s financial reporting processes. It also assesses risk monitoring and management processes. The Audit Committee also shares responsibility with the Board to oversee sustainability initiatives and climate-related risks.

2 Compensation Committee

The Compensation Committee assists the Board in ensuring retention and succession plans for key executives, as well as the periodic review of the Company’s compensation strategy and its alignment with the long-term goals of the Company.

3 Nominating and ESG Committee

The Nominating Committee assists the Board in ensuring the appropriate size, functioning, and needs of the Board including, but not limited to, recruitment of high-quality Board members and committee composition and structure. In addition, this committee oversees the company’s ESG performance ensuring that the company operates in line with international regulation as well as company-specific targets.

Pangaea’s governing documents

- Code of Ethics
- Human Rights Responsibility
- Anti-Corruption Compliance Policy
- Insider Trading Policy and IT Acceptable Use Policy
- Related Person Transactions Policy
- Whistleblowing Policy
- IT Acceptable Use Policy

WHISTLEBLOWING

Pangaea encourages reporting of any wrongdoing and relies on the good faith of its employees and external parties to report justified complaints of wrongdoing and/or inappropriate behavior at any level. The Whistleblower Policy outlines the complaint and investigation procedures for 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. Complaints and concerns are treated in strict confidence and as anonymously as possible in the required investigations. In 2023, no whistle-blowing cases were reported.

BUSINESS ETHICS AND ANTI-CORRUPTION

As a company with global operations, we are often exposed to a vast array of challenges. Some are due to legislative frameworks, some to different cultures, while others place us in ethically challenging situations. Facilitation payment demands in ports, or other forms of corruption, are not an uncommon phenomenon for companies in the shipping industry. Therefore, shipping companies are under increasing international scrutiny to ensure strict compliance with anti-corruption and anti-bribery laws. Corruption impedes access to global markets, increases operational costs and poses legal and reputational risks to a company’s social license to operate.

Therefore, good and transparent governance is a crucial part of how we conduct business, both on shore and on our vessels. Pangaea’s Code of Ethics stipulates high standards, and guides our behavior with regards to business integrity, transparency, compliance and ethical business conduct. Pangaea’s Anti-Corruption Compliance Policy ensures the Company’s compliance with applicable anti-corruption laws and strictly prohibits all improper payments, transfers, bribes, all types of corrupt activity and payments to public officials. The policies apply to all employees.

Suspected activities breaching our Anti-Corruption Compliance Policy should be communicated to our managers, the Board, Company’s Legal Department or the whistleblowing channel.

In 2023, no monetary loss as a result of legal proceedings associated with bribery or corruption was recorded.

INSIDER TRADING

Pangaea enforces strict policies on insider trading and related person transactions, which are supplemented by securities laws applicable to Pangaea and its employees. Individuals who fail to comply with the requirements of Pangaea’s Insider Trading Policy are subject to disciplinary action, at the sole discretion of the Company, including dismissal for cause.



SASB DISCLOSURES

Accounting metric ▾	Unit of measure ▾	Data 2023 ▾	Data 2022 ▾	Data 2021 ▾	Code ▾
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GREENHOUSE GAS EMISSIONS

CO ₂ emissions ^A					
Gross global Scope 1 emissions: Financial control approach	Metric tons CO ₂ -e	346,491	359,109	296,274	TR-MT-110a.1
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative description	See pages 11-13			TR-MT-110a.2
Scope 2 emissions	Metric tons (t) CO ₂ -e	75	55	Not reported	Additional

Energy consumed ^B					
Total energy consumed	Gigajoules (GJ)	4,697,414	5,098,965	4,009,986	TR-MT-110a.3
	Percentage (%)	100	100	100	
Percentage of energy from heavy fuel (%)	Gigajoules (GJ)	3,742,555	4,037,792	3,080,427	
	Percentage (%)	80	79	79	

wEEDI					
Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO ₂ per ton-nautical mile	3.86	3.55	3.55	TR-MT-110a.4

wAER ^C					
Average Efficiency Ratio (wAER): weighted average	Grams of CO ₂ per ton-nautical mile	4.15	4.29	4.73	Additional
Energy Efficiency Operating Indicator (wEEOI): weighted fleet average	Grams of CO ₂ per ton-nautical mile	7.7	8.39	Not reported	Additional

Accounting metric ▾	Unit of measure ▾	Data 2023 ▾	Data 2022 ▾	Data 2021 ▾	Code ▾
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AIR QUALITY

Other emissions to air ^D					
NO _x (excluding N ₂ O)	Metric tons	8,227	6,196	6,636	TR-MT-120a.1
SO _x	Metric tons	654	575	785	
Particulate matter	Metric tons	210	116	519	

ECOLOGICAL IMPACTS

Marine protected areas ^E					
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	Not reported	Not reported	306	TR-MT-160a.1
Shipping duration in Emission Control Area Zones	Number of travel days	3,333	Not reported	Not reported	Additional

Implemented ballast water					
Exchange	Percentage (%)	0	4	21	TR-MT-160a.2
Treatment	Percentage (%)	100	96	88	

Spills and releases to the environment					
Number	Number	0	0	0	TR-MT-160a.3
Aggregate volume	Cubic metres (m ³)	0	0	0	

BUSINESS ETHICS

Corruption index					
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	145	69	60	TR-MT-510a.1

Corruption					
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	0	TR-MT-510a.2

EMPLOYEE HEALTH & SAFETY

Lost time incident rate ^F					
Lost time incident rate (LTIR)	Rate	1.04	1.9	1.1	TR-MT-320a.1

ACCIDENT & SAFETY MANAGEMENT

Marine casualties ^G					
Incidents	Number	2	0	2	TR-MT-540a.1
Very serious marine casualties	Percentage (%)	0	0	0	

Conditions of class ^H					
Number of Conditions of Class or Recommendations	Number	49	15	28	TR-MT-540a.2

Port state control ^I					
(1) Deficiencies	Rate	0.73	0.51	0.88	TR-MT-540a.3
(2) Detentions	Number	0	0	0	

DISCLAIMER AND ASSUMPTIONS

Figures provided as per the end of the financial year (December 31). Figures provided in this report are based on the estimates outlined below:

- A **CO₂ emissions:** Calculations are based on IMO emission factors and fuel consumed. The financial control approach has been applied for Scope 1. Scope 2 emissions for operations in Newport, Athens, and Copenhagen (market based, AIB and EIA conversion factors (2020)).
- B **Energy consumption:** Calculations are based on tonnes of oil equivalents (toe) using DEFRA conversion factors to calculate energy consumed in gigajoules (GJ). Note that Percentage heavy fuel oil includes HSHFO and LSHFO in 2021 while in the calculation for 2020 included only HSHFO.
- C **Average efficiency ratio (AER):** Carbon intensity metric estimated based on fuel consumed, distance traveled (nm), and deadweight tonnage (DWT).
- D **Other emissions to air (NO_x, excluding N₂O, SO_x and particulate matter):** The method of calculation was updated in 2023. In previous years, estimated based on distance traveled (nm) and a tool developed by Danish Shipping for calculating emissions from bulk carrier vessels.
- E **Marine protected areas:**
Due to lack of data availability, resulting from sanction-related issues, the figure for 2021 covers only 10 out of 24 vessels.

- F **Lost time incident rate (LTIR):** The rate is calculated based on (lost time incidents) / (1,000,000 hours worked), and includes incidents resulting in absence from work beyond the date or shift when they occurred. From 2023, crew exposure hours will be based on 24 hours as per OCIMF, a methodology also widely used in the Shipping industry. Prior to 2023, this rate was calculated using 8 hours as a basis. Due to lack of data availability, resulting from sanction-related issues, the LTIR figure for 2021 covers only 14 out of 24 vessels.
- G **Marine casualties:** The definition of a marine casualty is based on the United Nations International Maritime Organization’s (IMO) Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84), paragraph 2.9, chapter 2 of the general provisions.
- H **Conditions of class:** The data provided represents the number of Conditions of Class or Recommendations Nordic Bulk Carriers has received from a Flag Administration or a Recognized Organization (RO) that has been delegated to the authority to issue such findings. The scope of disclosure includes all Conditions of Class regardless of whether they resulted in withdrawal, suspension, or invalidation of a vessel’s Class certificate.
- I **Port state control:** Deficiency rate is calculated using the number of deficiencies vessels received from regional port state control (PSC) divided by the total number of port state control inspections.

Pangaea prepared this report with assistance from Position Green.



Pangaea Logistics Solutions
Headquarters
109 Long Wharf
Newport, Rhode Island 02840
United States

Phone: +1 401-846-7790
info@pangaeals.com
pangaeals.com

