

DryLog Ltd

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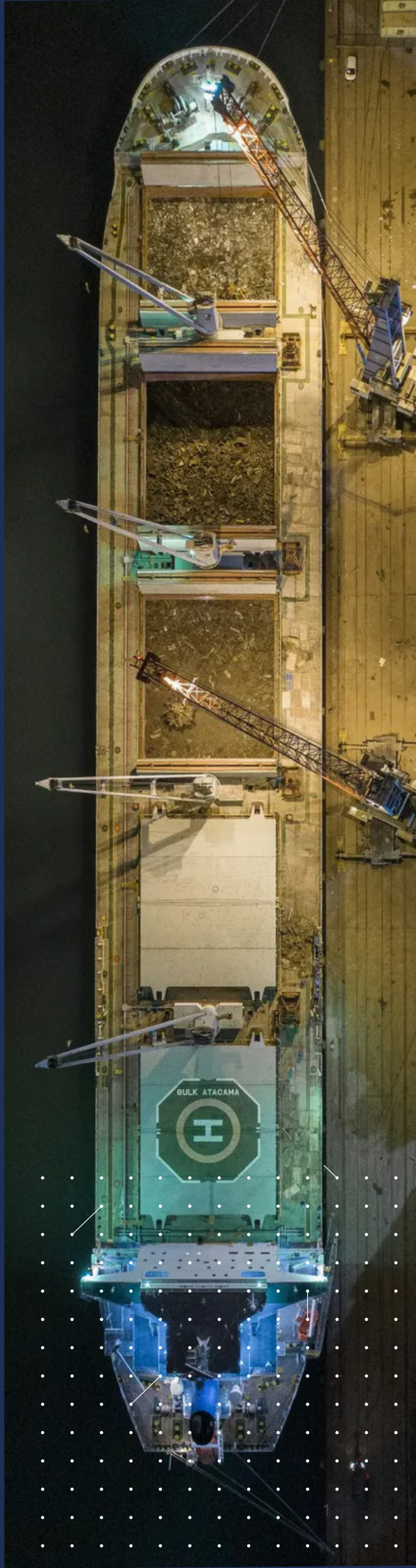
# ESG Report

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2022





# Letter From The CEO

I am excited to share our second ESG Report, which presents our 2022 non-financial Environmental, Social, and Governance (ESG) performance, strategy, risks, opportunities, and targets throughout our value chain. This report marks a significant step in our non-financial reporting journey. While it meets the standard expectations for an ESG report, including alignment with SASB standards, we see this as a chance to foster trust with all our stakeholders. We aim to achieve this by discussing both the positive and negative elements of our ESG performance, adopting a transparent approach, and highlighting our commitment to sustainability through a well-defined strategy and roadmap.

The future financial health of our company is closely connected to our capacity to generate long term value for our stakeholders while also

considering environmental and social impacts. Since our inception, this has remained a core focus. To reach this goal, we must comprehend our operating environment, formulate, and implement an extensive ESG strategy. Doing so will enable us to enhance our societal impact, strengthen relationships with our stakeholders, and effectively navigate the dynamic global environment.

Our **Value2Society/Value@Stake** capabilities play a vital role in this journey, allowing us to evaluate and quantify the value generated by our business activities for our stakeholders. We believe that gaining a deeper understanding of value will help fortify our business's resilience.

**Athanasios Thanopoulos**

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# About This Report

## Structure & Scope

The report starts with an overview of Drylog, highlighting its history and key operating assets. Following that, you will find the ESG Cockpit, which provides a comprehensive look at our ESG performance for 2022, aligned with all metrics from the Sustainability Accounting Standards Board (SASB) Marine Transportation standard. We then dive into our ESG strategy development and review process.

Next, we present our key stakeholder groups, and our approach to materiality. The report also illustrates our **Value2Society/Value@Stake** execution capabilities, which guide us in identifying material issues and reaching our ESG strategic objectives and targets. Subsequently,

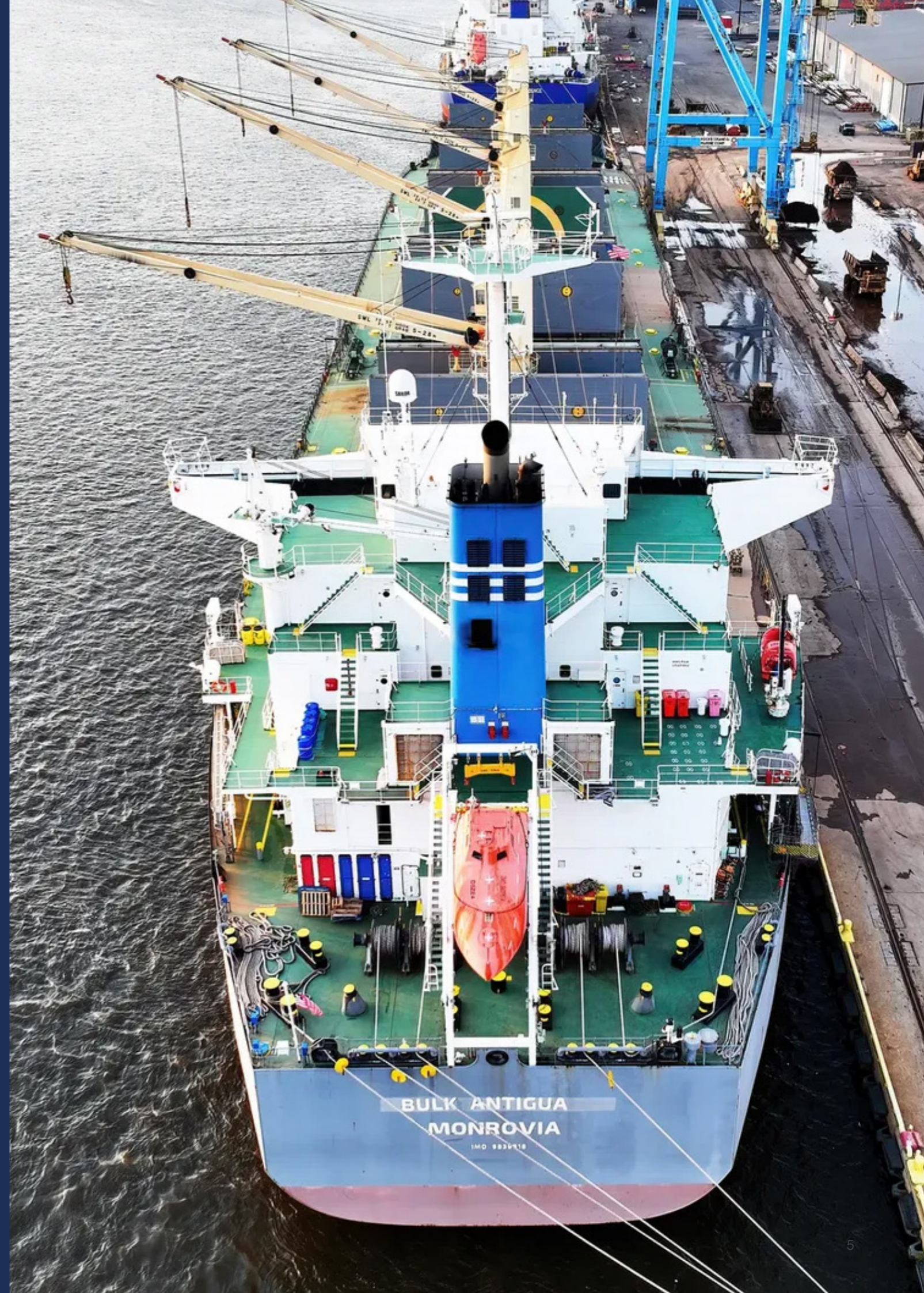
we explore each dimension of ESG in detail, reflecting on our performance, the landscape of risks and opportunities, and our strategic goals.

Finally, the report concludes with an appendix that summarises our value to society, ESG strategic objectives and targets, and outlines key KPIs, incl. vessel-by-vessel. The appendix and report conclude with a content index for the SASB Marine Transportation Standard and the UN Global Compact, as well as a list of abbreviations.

The scope of this report focuses on our owned and time-chartered fleet, reflecting the insights derived from the available data.

## Reporting Guidelines

This report adheres to the IFRS-ISSB SASB Maritime Transportation framework as well as the Integrated Reporting framework. An overview of how the report aligns with the SASB Maritime Transportation and IFRS S1 and S2 frameworks is detailed in the appendix.



# About Drylog Ltd

Our mission is to efficiently carry dry bulk commodities and serve the demands & needs of our worldwide customers.



## Overview

DryLog Ltd. is a dry bulk shipping company established in 2001 as a fully owned subsidiary of Ceres Shipping Ltd. The company controls a fleet of owned and time-chartered bulk carriers and today comprises operational, chartering and trading subsidiaries. Ensuring employee well-

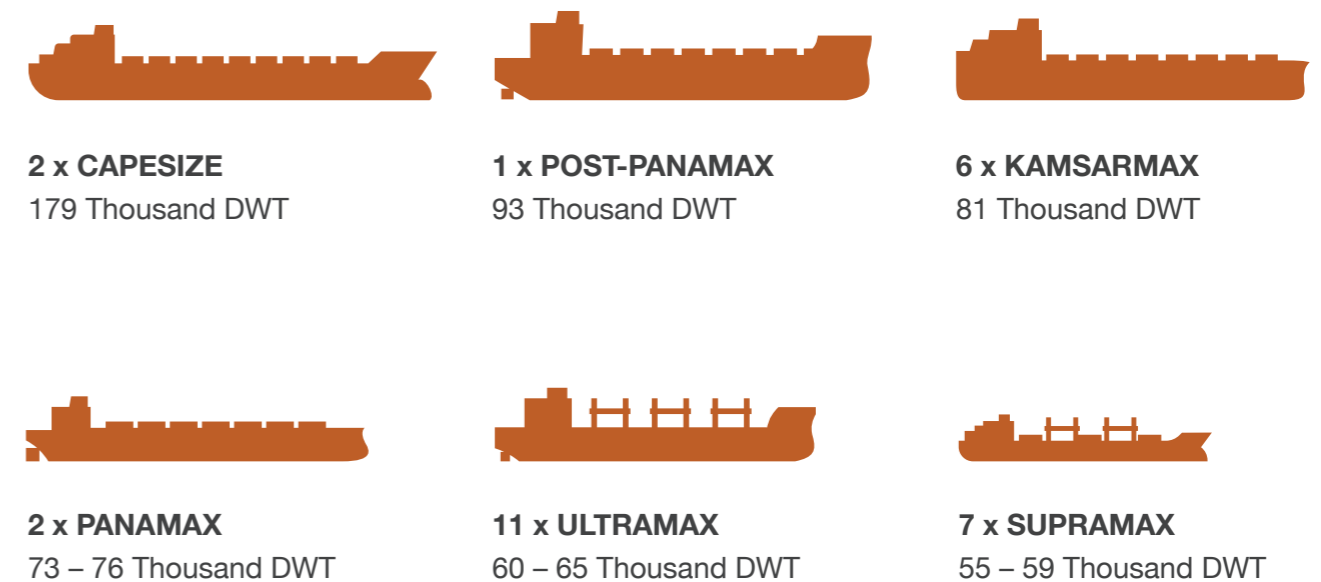
being (ship side and shore side), vessel safety, environmental protection, high quality proactive service and a professional and courteous attitude are the core operational attributes that make us effective.

## Fleet [as of December 2022]

The company operates a combination of modern, owned and chartered vessels. The fleet varies between Capesize, Post-Panamax, Kamsarmax, Panamax, Ultramax and Supramax vessels, predominately built in Japan. With a mixed strategy of spot and period charters, vessels are fixed out to major companies, commodity traders and other industry operators, globally. The

company is considered a leader in the maritime transportation of dry bulk commodities, which include iron ore, coal, grains and fertilisers.

The following overview details our owned and time-chartered fleet.

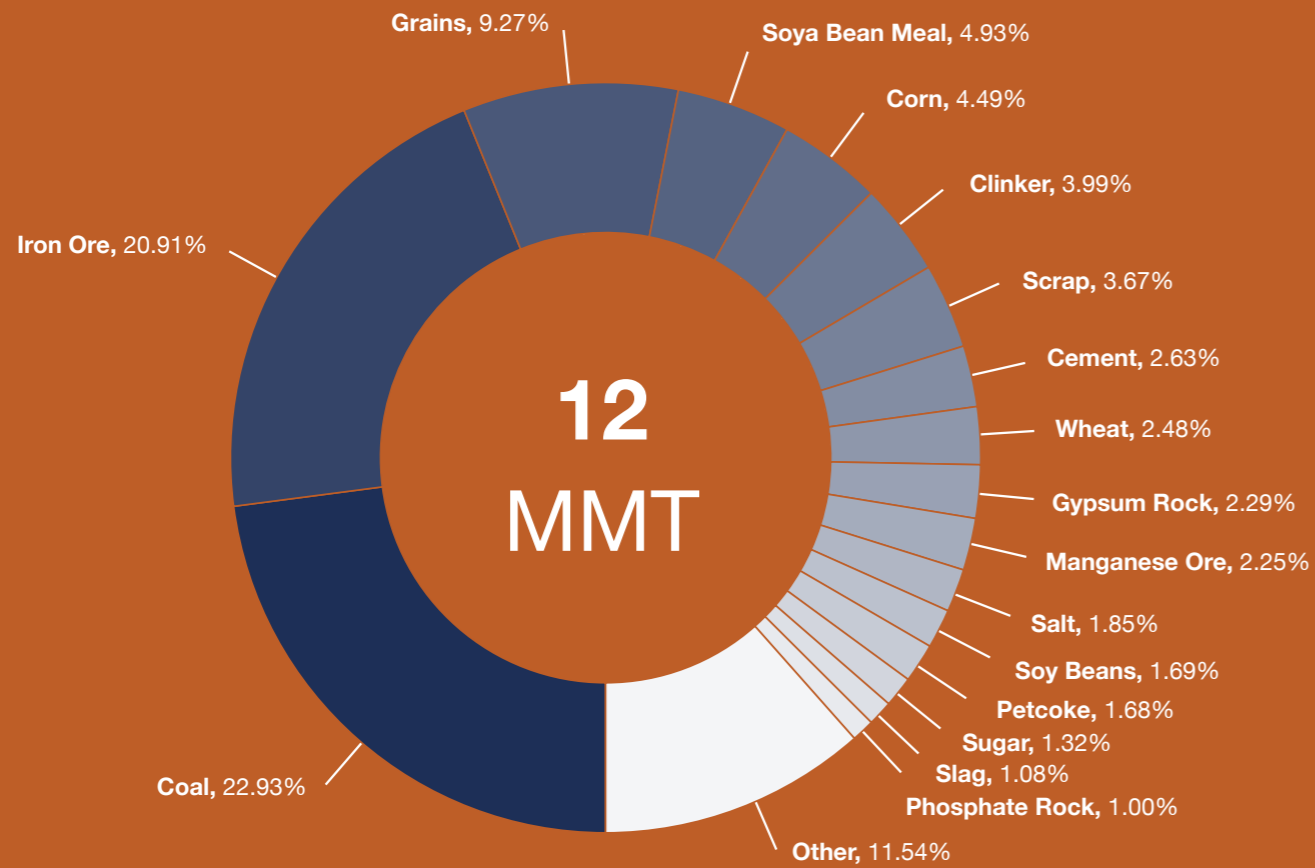


# Activity Metrics & Cargo

(total shipping fleet, incl. time-chartered vessels)

**9,780** Operating days      **1,418,181** Nautical miles travelled      **29** Vessels      **2,192,409** Deadweight tonnage

**12 Million Metric Tonnes** of Bulk Commodities Transported over 1,418 Thousand Nautical Miles.



## Other, 11.54%

Limestone	0.90%	Canola	0.54%	Sea Sand	0.41%
Fertilisers	0.85%	Copper Concentrates	0.48%	PTA	0.33%
Petroleum Coke	0.84%	Nickel Ore	0.47%	Steel Billets	0.33%
Gypsum	0.76%	Sulphur	0.46%	Steel Products	0.29%
Bauxite	0.74%	Salt Rock	0.45%	PET	0.29%
Rice	0.65%	Alumina	0.43%	Coke	0.23%
Steel slabs	0.55%	Mineral Sands	0.42%	Steel	0.11%
HSS	0.55%	Maize	0.42%	PVC	0.04%

# Activity Metrics

(Drylog-owned fleet)

**273** Shipboard employees      **544,203** Nautical miles travelled      **3,764** Operating days

**854,433** Deadweight tonnage      **14** Vessels



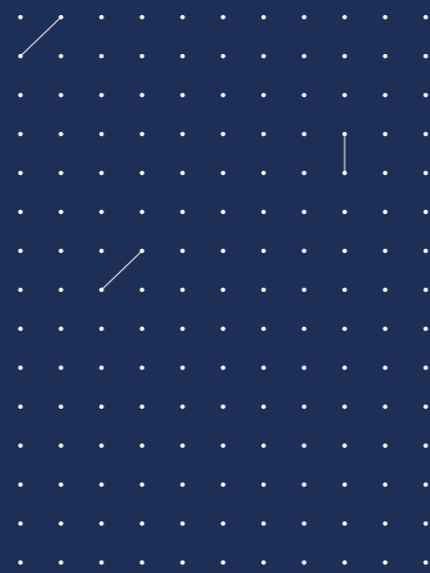
# ESG Cockpit

We strive for an open and transparent approach to ESG performance. Introduced in last year's report, the ESG Cockpit provides a comprehensive overview of our 2022 ESG metrics in accordance with the SASB Maritime Transportation Standard. We plan to continue to use the ESG Cockpit in the next iterations of our annual ESG report, ensuring thorough and comparable ESG reporting.

With that comparability in mind, we report environmental metrics, including our greenhouse gas emissions, on a normalized basis. We have chosen thousand deadweight tonne (k DWT) as the most representative normalization unit for our sub-industry, as it effectively reflects our fleet's capacity and operational efficiency. Considering both data availability and the significant evolution of our fleet throughout 2021 and 2022, we calculated a thousand deadweight tonne average weighted by operating days as normalization basis. This weighted average corresponds to 586.6 k DWT in 2021 and 617.3 k DWT in 2022<sup>1</sup>.

Reporting on a normalized basis will enable us and our stakeholders to compare our performance from one year to the next and, therefore, to track progress in our ESG roadmap.

For each KPI, you can also find a benchmark that shows the average performance of a selection of relevant dry bulk companies for further comparison. Drylog's performance is shown in orange and the benchmark is shown in light blue. We focus on the performance metrics of Drylog-owned vessels, as data for time-chartered vessels is currently limited.



## Environment

### Efficiency & Emissions

CO<sub>2</sub>

**272** 220

GHG Scope 1 emissions

In 2022, our scope 1 Greenhouse Gas Emissions were 272 tonnes of CO<sub>2</sub>-equivalent per thousand DWT, higher than the peer benchmark of 220 t CO<sub>2</sub>-e per thousand DWT. This marks a decrease of 8.3% from 2021, mainly due to the improved fuel efficiency of our vessels.



**3,560** 2,529

Fuel consumption

Our energy consumption reduced significantly in 2022 compared to 2021 (3,560 GJ vs 3,882 GJ on average per thousand DWT, 8.3% reduction). Our peers performed better on a thousand DWT basis, at 2,529 GJ on average.



**16%** 74%

Heavy fuel oil in total fuel consumption

16% of our total energy consumption was heavy fuel oil, significantly lower than the peer benchmark of 74%. This is, however, higher than in 2021 (12%), attributed to the more intensive use of scrubbers. None of our energy consumption came from renewable sources, like our peer benchmark.

1. Due to data limitations associated with three of our vessels, their deadweight tonnage was excluded from the normalization basis for NOx and PM10 reporting. Therefore, for NOx and PM10, the weighted average used is 412.7 k DWT in 2021 and 443.5 kDWT in 2022

## Air Quality



In 2022, we reduced our NOx emissions by 6.1%, down to 4.78 tonnes per thousand DWT, mostly due to the improved fuel efficiency. We performed better than the peer benchmark, at 5.62 tonnes per thousand DWT.

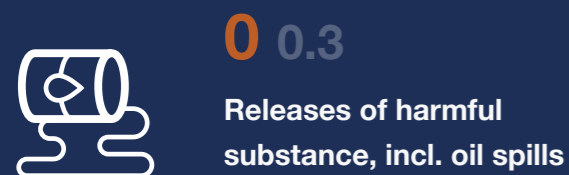


Our SOx emissions reduced by 9.4%, down to 0.74 tonnes per thousand DWT in 2022 compared to 0.82 tonnes in 2021. However, this is higher than the peer average of 0.58 tonnes per vessel.

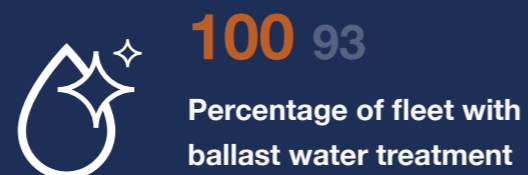


PM10 emissions decreased by 6.9%, falling to 0.28 tonnes per thousand DWT in 2022 from 0.30 tonnes in 2021. This decrease is due to a higher efficiency of our vessels. Notably, our emissions are three times lower than the peer average of 1.01 tonnes per thousand DWT, a figure primarily driven by very high PM10 emissions from one of our peers.

## Ecological Impacts

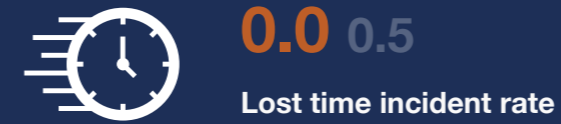


Our own fleet transported 4.3 MMT of commodities with no cases of oil spill across our fleet, compared to an average of 0.3 spills among peers in 2022.



We completed the switch to ballast water management systems across our entire fleet already in 2021. In 2022, 93% of vessels of our peers were equipped with ballast water management systems.

## Social



Our LTIR was 0 per million hours worked in 2022, for the second year. In comparison, the LTIR reported by the peers averaged 0.5 per million hours worked.



We had no cases of severe injury or fatality. The average number of cases of casualties among our peers was 1.5 in 2022.

## Governance



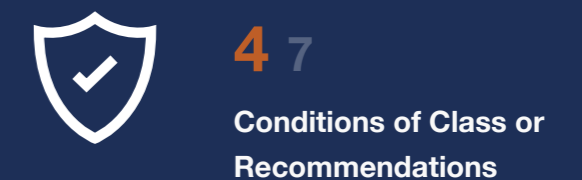
Our vessels had no cases of Port State Control detention in 2022. 5 deficiencies were identified, up from 4 in 2021. Among our peers, the average number of detentions was 2.3.



In 2022, we had no monetary loss as a result of legal proceedings associated with bribery or corruption. Similarly, none of our peers reported monetary losses from such legal proceedings.



No port calls were made in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index. In contrast, our peers averaged 10 port calls in these countries in 2022.



In 2022, we had 4 conditions of class or recommendations across the fleet, a 43% improvement from 2021. Our peers performed worse, with 7 on average.

# ESG Strategy and Execution

We take a different approach to ESG strategy and Execution, grounded on sustainability accounting and impact quantification.

## Why?

Global society is operating dangerously close to the limits that allow for a safe and resilient planet<sup>1</sup>. The consequences of this overshoot are becoming more evident than ever. As a significant part of society, businesses contribute substantially to negative social and environmental impacts. The World Resources Institute estimates that approximately 71% of global greenhouse gas (GHG) emissions can be attributed to just 100 companies, highlighting the considerable impact businesses have on climate change and sustainability issues.

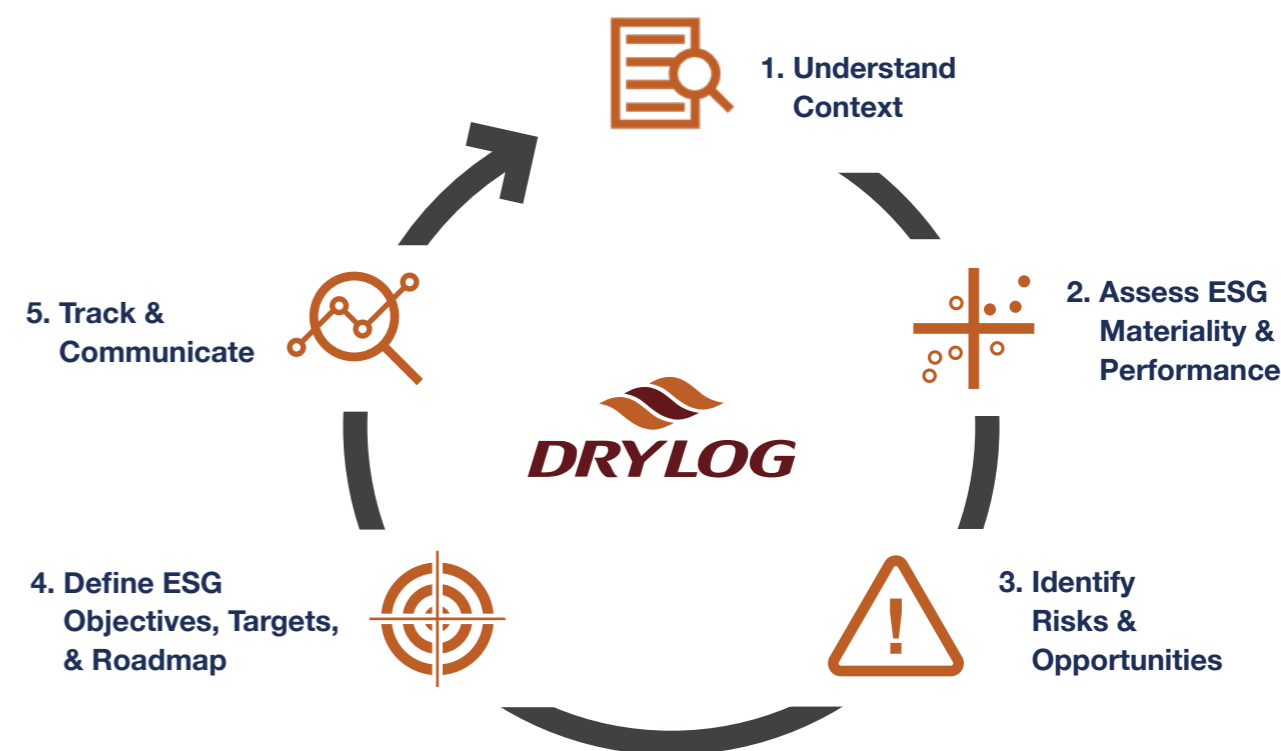
Despite growing attention toward Environmental, Social, and Governance (ESG) factors, progress has been perceived as slow. A prime example of this is the United Nations Sustainable Development Goals (SDGs), which are largely seen as off track for completion by 2030. We believe one reason for this stagnation is the lack

of comprehensive and comparable metrics in the ESG industry. This lack of standardization makes it challenging to compare performance, measure progress, and achieve ambitions. We believe that a new, more objective approach, that puts metrics at the center of ESG management is needed. This approach will enable businesses to prioritise and effectively execute their ESG goals.

“What gets measured gets managed, and what gets managed gets done.” By adopting the Value2Society™ sustainability accounting and metrics system, we can accurately measure and incorporate our ESG performance into our overall business performance. This offers a complementary and more comprehensive framework for evaluating our business operations, allowing us to make better decisions for our stakeholders, society, and Drylog as a company.

## Our ESG Strategic Approach

We develop our ESG strategy with a structured 5-steps approach, supported by the Value2Society™ accounting and metrics system as follows:



### 1. Understand Context

Every year, we analyze the global context and our stakeholders’ perspectives. It informs our strategy by providing a strong understanding of our macro and micro environment, and of the needs and expectations of our key stakeholders.

### 2. Assess ESG Materiality & Performance

In a second step, we perform a Value2Society™ assessment, which quantifies and values the direct and indirect (upstream & downstream) external impact of our business activities and combines it with our financial performance. This gives us an accurate and comparable picture of our business performance.

### 3. Identify Risks & Opportunities

In this third step, Value@Stake estimates the probability, over time, of these external impacts translating to real financial costs and revenue opportunities. This translation typically occurs through

transitional risks (e.g., consumer changes, tightening environmental regulations) and physical (e.g., extreme weather) events and trends.

### 4. Define ESG Objectives, Targets, & Roadmap

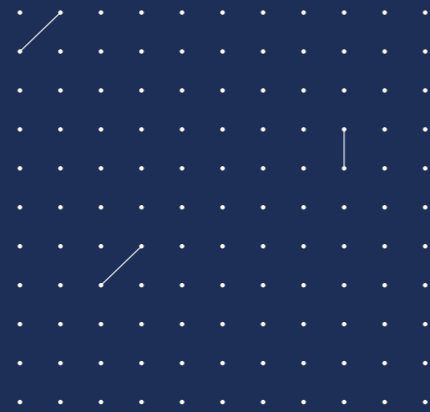
We outline our short term, mid term, and long term ambitions, along with the necessary setup, capabilities, and skills required to achieve them. We establish key performance indicators (KPIs) and milestones to break our ambitions into smaller, achievable steps, providing focus and direction for the company.

### 5. Track & Communicate

As we progress on our ESG roadmap, the Value2Society™ framework enables us to track progress, identify deviations early, and take effective corrective actions if necessary. It also allows to communicate our progress clearly and transparently, thereby increasing trust with our stakeholders.

# Our Stakeholders

We analyze and group our stakeholders based on their shared needs and expectations. This approach helps us gain a clearer perspective on who is affected by our impacts, risks, and opportunities. With this insight, we can tailor our responses to enhance value for our stakeholders.



## Overview Of Our Stakeholders

Stakeholder Group	Stakeholder	High-level Needs and Expectations
Customers	Cargo Owners	Delivering top-tier services, closely monitoring vessel performance, and adhering to contractual obligations
	Charterers	
Employees	Personnel ashore and onboard	Ensuring stringent safety, quality, and environmental protocols, fostering an equitable workplace, and supporting professional advancement
Suppliers	External providers (e.g., manufacturers, shipyards, brokers)	Maintaining exceptional quality and environmental standards, prioritising personnel safety, adhering to contractual obligations, and providing prompt notification for required products and services
	Manning agents	Demonstrating advanced skills and expertise among seafarers, encompassing safety, quality, and environmental standards, while ensuring adherence to MLC regulations
Sector	Peers	Encouraging equitable competition, fostering collaboration, and promoting the exchange of knowledge
Authorities	Governments	Adherence to legal regulations, taxation requirements, and other governmental obligations
	Flag and coastal administrations	Ensuring adherence to the regulatory framework concerning safety, health, quality, security, environment, energy, and various other facets of the shipping industry
	Regulatory bodies (local/international)	
Wider Society	General Public	Adhering to all relevant requirements from governments, regulators, and authorities, acting ethically, investing in and supporting communities, and incorporating ESG principles into decision-making.
	Local Communities	Ensuring the company's operations align with legal requirements, ensuring avoidance of any general disturbances or inconveniences.
	NGOs	Adhering to all relevant mandates from governmental bodies, regulators, and authorities, practicing ethical conduct, investing in and supporting communities, promoting sustainability education and awareness, integrating ESG considerations into decision-making, and fostering collaboration and knowledge exchange.
	Associations	

## Overview of our Membership Associations

Association	Association Type	Mission
BIMCO	Industry Association	Be at the forefront of global developments in shipping, providing expert knowledge and practical advice to safeguard and add value to our members' businesses
Eyesea	NGO	Map global pollution and maritime hazards
HELMPEA	NGO	Promote marine environmental protection and sustainable practices within the maritime industry through education, advocacy, and collaboration
Intercargo	Industry Association	Promote safe, efficient, high-quality, and environmentally friendly dry cargo shipping through advocacy, collaboration, and the sharing of best practices among its members

# Materiality

Our quantitative approach to determining materiality enables us to narrow down material topics based on impacts, opportunities, and risks, and prioritise what really matters to our stakeholders, wider society, and our company.

## Determining Materiality with Value2Society™

The Value2Society™ sustainability accounting and metrics system facilitates our materiality assessments through quantification grounded in thorough research. It determines and prioritises relevant ESG topics objectively across our entire value chain based on their impact on society and effect on our future financial performance. With these insights, we can make better decisions for our stakeholders, wider society, and our company. The report shows the value created or

lost to society in the respective sections, along with the affected stakeholder(s).

We illustrate our valuation approach to the right, using one of our material topics: greenhouse gas emissions, specifically from our suppliers.

You can also find an overview of our value to society, across our entire value chain, in the appendix.

### Input / Output

Inputs and outputs from activities in our direct operations, 'upstream' supply chain, and 'downstream'

51,795 t CO2-e

The Greenhouse Gas Emissions from the activities of our suppliers, estimated based on spend.

### Outcome

Positive and negative effects, based on severity, i.e. scale, scope, and irremediability.

+2.7° by 2100

Increase of temperature on Earth leading to Climate Change to which Drylog's supply chain contributes by releasing Greenhouse Gas Emissions in the Earth's atmosphere.

### Impact

Benefits and costs to society, broken down by key stakeholder groups, incl. short term and long term considerations.

\$10 M 

Loss for Wider Society through decreased well-being

The consequences of Climate Change on wider society based on the "Social Cost of Carbon", calculated with 2% discount rate and growing by 3% annually.



### Risks / Opportunities

Proportion of the benefits and costs to society expected to translate into real financial costs and revenue opportunities for Drylog.

Effect on financial performance

The financial cost associated with the introduction of carbon prices on imported goods, such as the European Union's Carbon Border Adjustment Mechanism.

### Materiality

Topics determined material, i.e., they either;

- 1) represent > 2.5% of the value created or lost for society,
- 2) represent a risk > \$0.1 M in expected loss,
- 3) are mandatory to report on,
- 4) are important to our stakeholders

21 Material Topics

Greenhouse gas emissions from our suppliers' operations are deemed material as they represent 10% of the total value lost in our supply chain.

### Prioritization

Established ESG priorities to bring focus on what matters and enhance value to our stakeholders, wider society, and Drylog.

8 ESG Priorities

Greenhouse gas emissions as an ESG priority, with reduction objectives and targets.

- |                                   |                            |                       |                          |
|-----------------------------------|----------------------------|-----------------------|--------------------------|
| <b>1</b> Greenhouse Gas Emissions | <b>2</b> Air Pollution     | <b>3</b> Biodiversity | <b>4</b> Health & Safety |
| <b>5</b> Training & Development   | <b>6</b> Employee Turnover | <b>7</b> Human Rights | <b>8</b> Corruption      |

# Our Material Topics

To get an overview of our materiality, we represent all material ESG topics on a “double materiality matrix”.

The double materiality matrix enables us to visualize, understand, and effectively communicate our double materiality based on the significance of material topics to both our stakeholders and our company.

Take as an example training and development of our own workforce and upstream greenhouse gas emissions from our suppliers’ activities:

- Training and development increase the skills and productivity of our workforce, positively affecting our stakeholders and our future financial performance. Impact quantification and valuation of that topic result in a low positive value to society and a high positive

value at stake (expected effect on our financial performance). We therefore position this topic in the top right quadrant of the matrix. We see an improving trend for that topic with the growing adoption of digitization and other tech trends.

- Greenhouse gas emissions from our suppliers affect society negatively, and we can reasonably expect this also to affect our business performance in the long term. This could, for example, occur through transition risks. Impact quantification and valuation of that topic result in a medium negative value to society and a medium negative value at stake (expected effect on our financial performance). We expect a worsening trend for that topic. We therefore position this topic in the bottom left quadrant of the matrix.



## We consider key criteria to determine materiality of ESG topics and metrics

Represents more than 2 .5% of the total value\* created or eroded for stakeholders within that stage of the value chain

Is important to our stakeholders

Is mandatory to report on (e.g., CSRD, IFRS S1 and S2, IMO)

Represents a material risk (i.e., impact of > \$0.1M) on net income



\*excluding GVA (Gross Value Added) metrics, measuring economic performance

Note: impacts are presented on a logarithmic scale to maintain clarity and overview

# Environment

As a maritime shipping company, we are on the front lines of the environmental crisis. We fully recognise how our operations affect the environment and the crucial responsibility we have to tackle climate change and biodiversity loss. We are committed to reducing our greenhouse gas emissions and safeguarding biodiversity, setting targets that are in line with the International Maritime Organization’s goals.

## Performance

### EEOI (Energy Efficiency Operational Indicator)

	2021	2022	Change
<b>EEOI</b>	8.77	8.33	-5.0%
<small>CO<sub>2</sub> per tonne-mile of work (gCO<sub>2</sub>/dwt-nm)</small>			

To track our vessels’ efficiency, we rely on the IMO’s Energy Efficiency Operational Indicator (EEOI). This indicator evaluates the annual CO<sub>2</sub> emissions per unit of transport work. We are pleased to report that our fleet’s EEOI has improved by 5%, dropping from 8.77 in 2021 to 8.33 in 2022. We are dedicated to maintaining this momentum and continuing our progress.



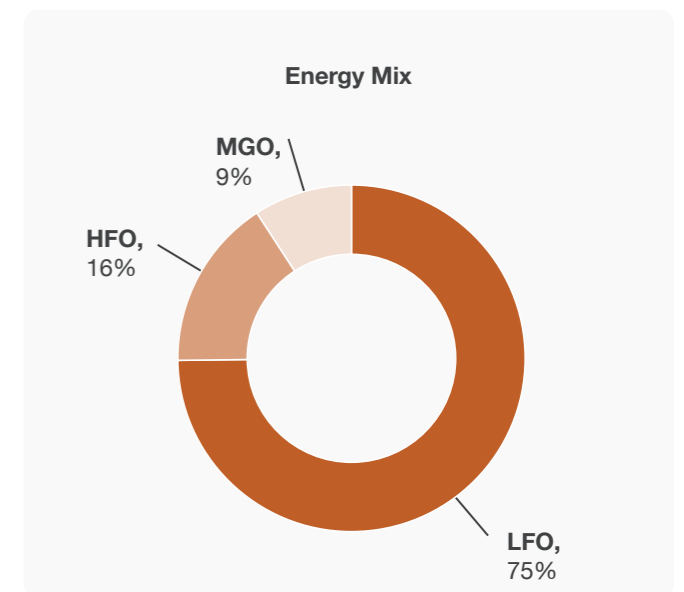
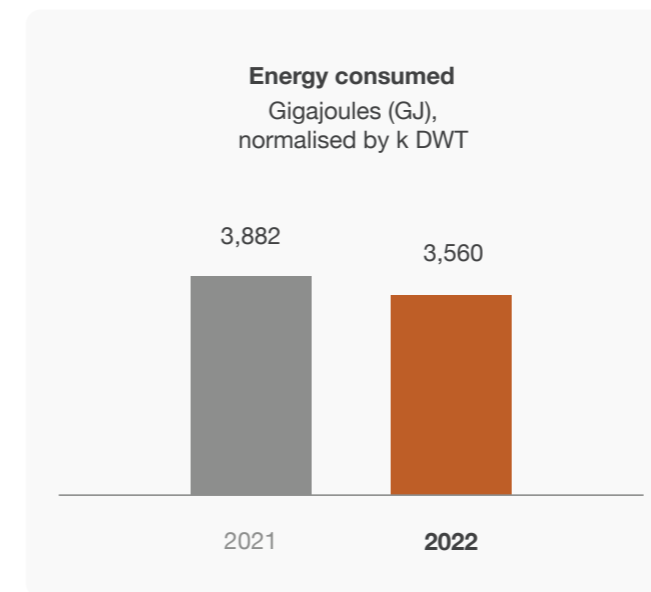
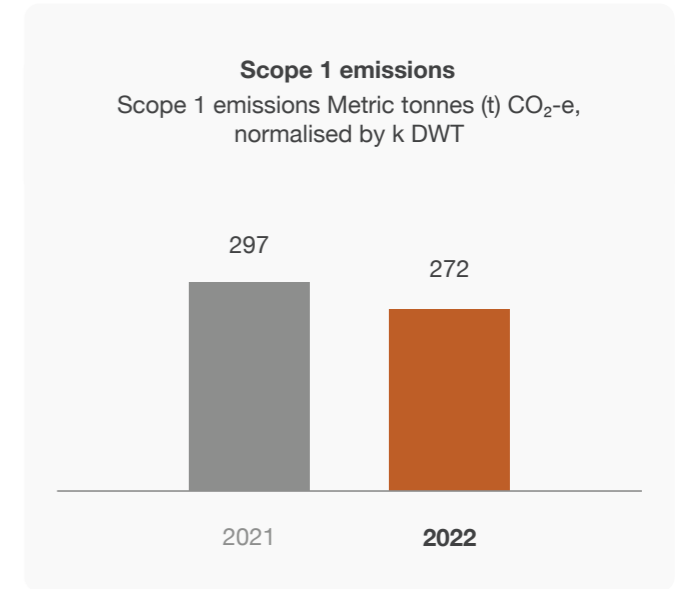
## Greenhouse Gas Emissions (Scope 1)

Value to Wider Society: -\$74 M

### Reduction of GHG Scope 1 Emissions

The reduction of the greenhouse gas emissions from our own fleet is one of our priorities and strategic objectives. We are pleased to report an 8.3% reduction per thousand deadweight tons in 2022.

To ensure continued improvement in the reduction of our greenhouse gas scope 1 emissions, we have established year-on-year targets. You can find the targets in the appendix of this report.



### Efficiency Measures

We implement various onboard efficiency measures and techniques aimed at cutting fuel consumption and lowering emissions. Additionally, our managed vessels are fitted with retrofits such as energy-efficient propellers, engine upgrades, low-friction hull coatings, and optimised hull designs.

In 2022, our fleet-wide Energy Efficiency Design Index (EEDI) for newly acquired ships stood at 3.7, consistent with the previous year. We remain dedicated to reducing our fleet-wide EEDI, and future acquisitions will take EEDI into account as a key purchasing criterion.

## Decarbonization



### Research and Development

Together with two other Greek shipping companies, GasLog, and Olympic Shipping, we formed CLEOS, a collaboration with the purpose to perform research and development and offer advisory services regarding decarbonization. These include energy efficiency technologies, alternative fuels, power generation and propulsion systems, emissions control and after treatment, carbon capture, and other solutions pertaining to marine vessels. Our objective is to assist the owned and managed fleet of the group to navigate the emerging energy transition landscape, comply with future regulations, and become an industry leader in adopting state-of-the-art technology.

### Mission



Research and propose safe, commercially viable and customised technologies, and/or practices towards a Net-Zero Carbon Maritime Industry.



Increase competitiveness, sustainability and resilience of the client companies through innovation.



Promote collaboration and partnerships with key regulators, policymakers, investors, and customers towards defining appropriate best practices, policies and regulations.



Enhance knowledge-base of the client companies through training and skills.

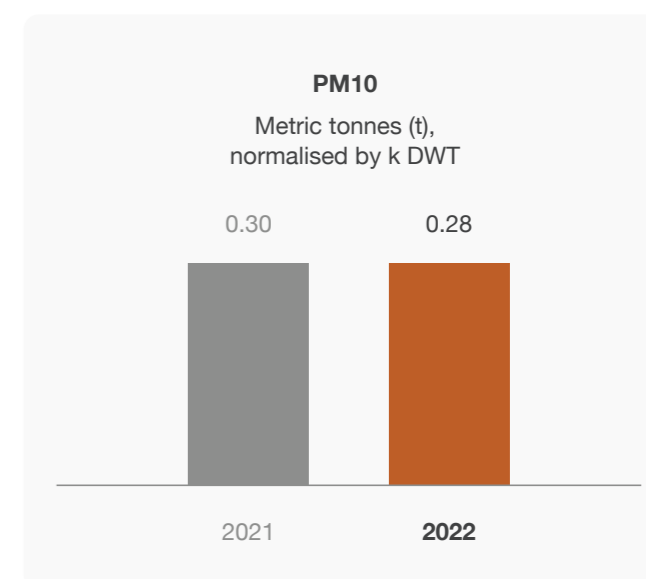
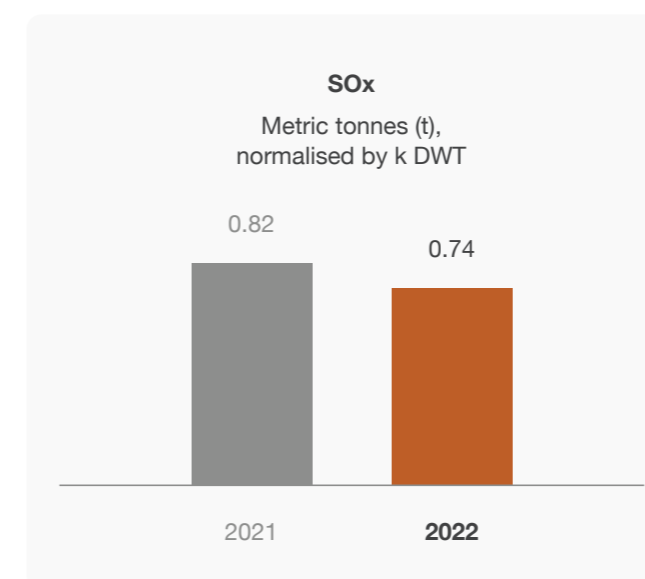
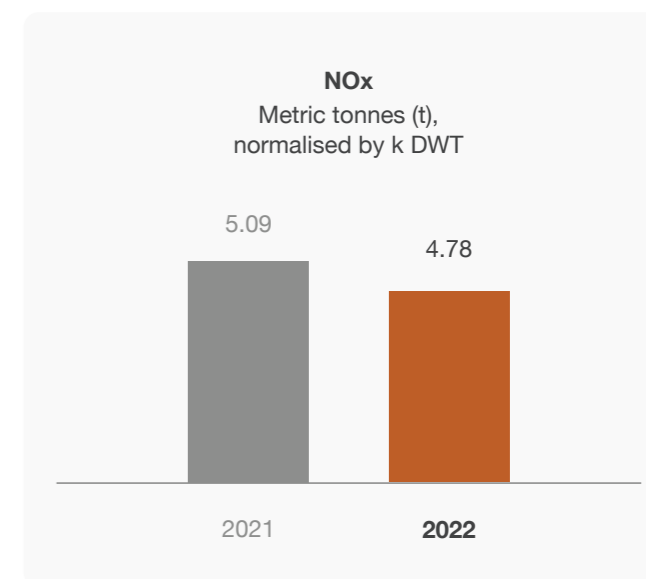
## Air Quality

Value to Wider Society: **-\$4.55 M**

	2021	2022	Change
<b>NOx</b> Metric tonnes (t) per k DWT	5.09	4.78	-6.1%
<b>SOx</b> Metric tonnes (t) per k DWT	0.82	0.74	-9.4%
<b>PM10</b> Metric tonnes (t) per k DWT	0.30	0.28	-6.9%

NOx, SOx, and PM10 are the primary pollutants associated with our fleet. NOx, SOx and PM10 emissions decreased on an thousand DWT basis in 2022, by 6.1%, 9.4%, and 6.9%, respectively. The decreases in the air pollutants emissions are mainly due to an increased fuel efficiency, and, therefore, a reduced consumption of fuel across our entire owned fleet.

We continue to take steps to reduce fuel consumption and air pollutants emissions in the short, mid, and long term, as demonstrated by our dedicated objectives and targets set for up to 2028.



## Biodiversity

Our fleet has been entirely fitted with Ballast Water Treatment Systems since 2021.



We are deeply committed to protecting the marine environment, and are proud to report that in 2022, we recorded zero spills or environmental releases.

## Risks and opportunities


Our strategy is guided by long-term thinking. We proactively anticipate challenges while managing risks and opportunities that influence financial performance and stakeholder value. Below, we present our environmental risks and opportunities, organized by theme, across our value chain.

Each risk and opportunity has been evaluated based on value to society (considering the scope, scale, and irremediable character of the actual impact) and value at stake (considering effect and likelihood on our financial performance)


### Greenhouse Gas Emissions and Air Pollution

<p><b>Risks</b> </p> <p>Extreme weather events resulting from climate change lead to operational disruptions.</p> <p>Relevance: 5                      Trend: Up</p> <hr/> <p>Highly carbonised portfolio bears high financial risks</p> <p>Relevance: 7                      Trend: Up</p>	<p><b>Opportunities</b> </p> <p>Alternative Fuels reduce greenhouse gas emissions</p> <p>Relevance: 7                      Trend: Stable</p> <hr/> <p>Onboard efficiency measures and new technologies decrease fuel consumption and lower emissions</p> <p>Relevance: 7                      Trend: Stable</p>
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### Circular Economy and Business Models

<p><b>Opportunities</b> </p> <p>Circular economy practices reduce use of natural resources and greenhouse gas emissions across the value chain</p> <p>Relevance: 4                      Trend: Up</p> <hr/> <p>New low carbon business models attract environmental-conscious investors, customers, and employees</p> <p>Relevance: 9                      Trend: Stable</p>
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## Biodiversity

<b>Risks</b> 	
Environmental incidents result in biodiversity loss, significant fines, and reputational damage	
Relevance: 5	Trend: Up
<hr/>	
Ship operations impacts, from ballast water to route selection, lead to biodiversity loss	
Relevance: 4	Trend: Up

## Objectives and targets

We have four main environmental objectives with respective targets. Detailed target achievement and plan for the upcoming years can be found in the appendix.

<p><b>Avoid biodiversity loss</b></p> <p>Maintain zero environmental incidents to avoid harm to the marine environment and safeguard biodiversity.</p>	<p><b>Increase energy efficiency</b></p> <p>Increase the energy efficiency of our vessels year-on-year, measured with EEOI.</p>
<p><b>Reduce air pollution</b></p> <p>Reduce air pollution from our vessels, specifically NOx, SOx, and PM10, in line with the standards established in MARPOL Annex VI.</p>	<p><b>Reduce our greenhouse gas emissions</b></p> <p>Reducing our greenhouse gas Emissions from our vessels and operations in line with the ambitions of the IMO, i.e., striving for 40% reduction by 2030 compared to 2008.</p>

# Social

At Drylog, we place a strong emphasis on the safety, well-being, and individuality of our team members. We truly value their contributions and are committed to fostering their continuous growth. Our workforce is at the heart of our success, and by investing in their welfare, we enhance our business resilience and stability.



## Performance

### Workforce well-being

We prioritise the well-being of our employees, both at sea and on land, as a core value. Our understanding of well-being includes not only career growth but also social connections, financial stability, physical health, and community involvement. In 2022, we provided wellbeing programs to 273 of our employees, both onboard and ashore, with a value to society close to \$40,000.

By increasing the well-being of our employees, we build workforce resilience, resulting in high retention rates for both maritime and onshore positions.

#### Onboard and Ashore Employee Retention

 **Value to Society: -\$0.7 M**

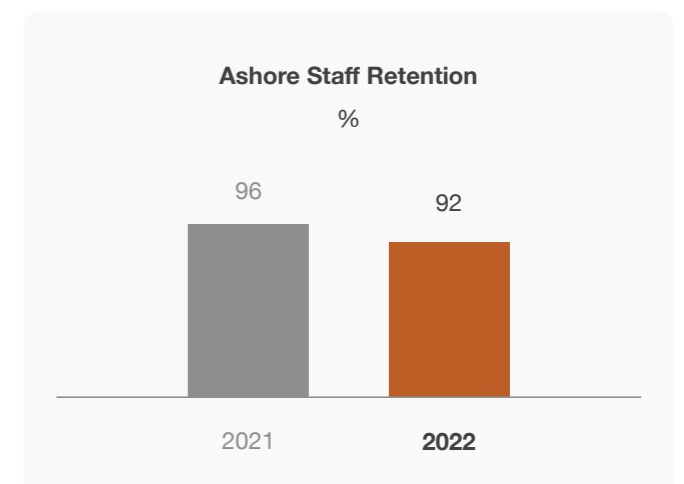
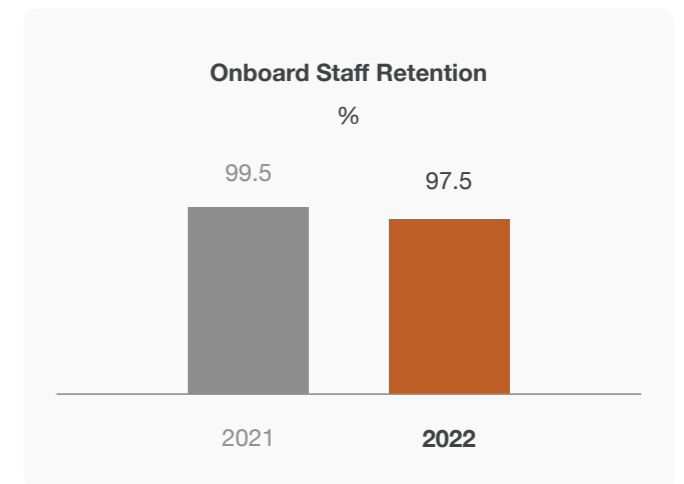
Despite a slight decrease in 2022, the retention rate for onboard personnel remained very high at 97.5%. Additionally, our retention rate for ashore personnel remained strong at 92%, reflecting a 4% decrease from 2021, which we consider an exceptional year.

We believe that our very good retention results stem from our ongoing commitment to supporting the well-being of our workforce, improving their working and living conditions, and promoting diversity.

### Health and safety

 **Value to Employees: \$0.2 M**

We are dedicated to upholding the highest safety standards, again reflected in our LTIR performance in 2022. With zero incidents reported on board, our LTIR stands at 0 for the second consecutive year. We attribute this success to our ongoing efforts to promote self-responsibility, comprehensive training, and heightened employee awareness. We are committed to maintaining this exceptional standard.

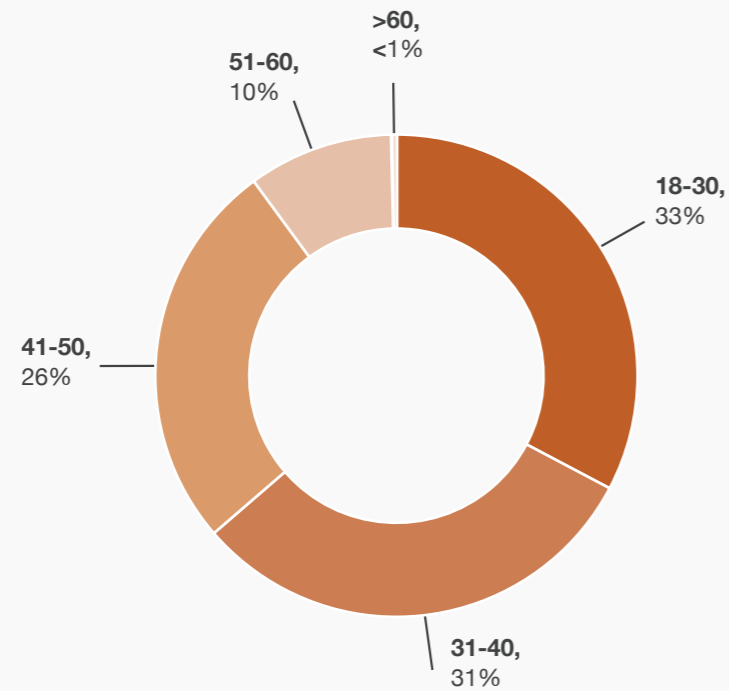


## Diversity

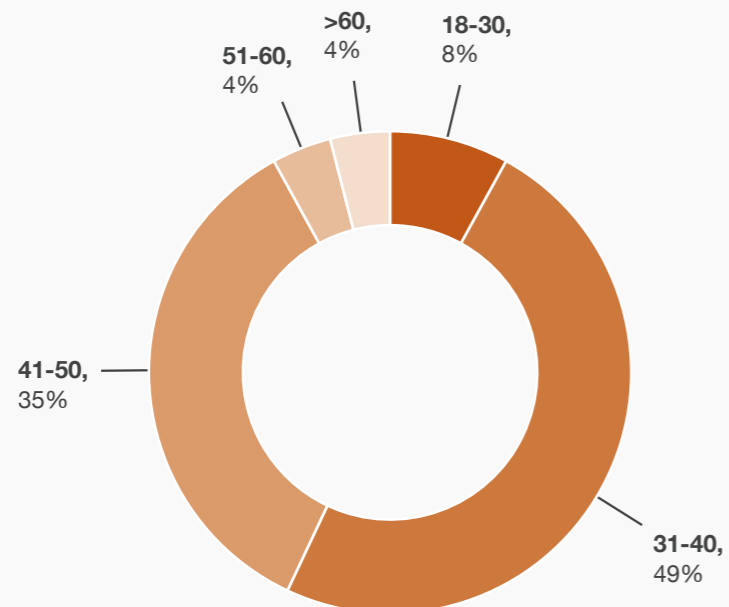
At Drylog, we understand the essential role that diversity plays in strengthening our business resilience and improving our decision-making.

We are committed to building a diverse workforce, inviting individuals from all backgrounds and age groups to join us in our journey toward collective success.

**Onboard Age Diversity**  
(Percentage)



**Ashore Age Diversity**  
(Percentage)



## Human Rights, Corruption, & Supplier Management

We focus on building trust and nurturing long-lasting partnerships with our suppliers. As we work on establishing a comprehensive supplier code of conduct, our dedication to ethical practices remains strong. Acknowledging that most human rights issues arise within our supply

**Value to Wider Society: -\$28.4 M**

chain, we carefully choose our suppliers. To ensure they align with our values, we make use of an effective procurement tool that offers deep insights into the sustainability practices of potential vendors.

## Indirect Economic Impacts & Community Engagement

We take a global perspective while focusing on local actions and support. This commitment is evident in our indirect economic contributions. In 2022, our supply chain spending helped support more than 2,800 jobs, illustrating our impact on the community.

**Value to Wider Society: \$58.4 M**

We also invested more than \$500,000 in social welfare and education projects, which resulted in an estimated \$5.2 million of value to society, calculated using the methodology outlined in the “Materiality” section of the report.




# Risks and opportunities

Below are our social risks and opportunities, categorized by theme, that span our entire value chain. Each risk and opportunity has been evaluated based on value to society


(considering the scope, scale, and irremediable character of the actual impact) and value at stake (considering effect and likelihood on our financial performance).

## Business Ethics / Corruption / Human Rights

**Risk** 

Business ethics issues and human rights violations from suppliers lead to ethics and human rights issues and reputational damage


Relevance: 7      Trend: Up

**Opportunity** 

Business ethics foster employee loyalty, morale, and team-bonding, and positively influence suppliers and contractors

Relevance: 6      Trend: Up


## Employee Wellbeing

**Opportunity** 

Well-being programs increase employees' engagement, sense of purpose, and meaning

Relevance: 6      Trend: Stable

## Health & Safety

**Risk** 

Health and well-being issues of employees increase risk of environment and safety related accidents, and absenteeism


Relevance: 8      Trend: Stable

**Opportunity** 

Employees' mental health increases productivity and maximises employees' retention

Relevance: 7      Trend: Stable

## Community Investment

**Opportunity** 

Partnering and engaging with local communities, suppliers, and NGOs enable reputational spillover effects

Relevance: 6      Trend: Stable


## Voluntary Employee Turnover

**Risk**

High turnover rates negatively impact productivity, engagement, and innovation


Relevance: 8      Trend: Stable

## Training & Development

**Risk** 

Lack of skills and qualified workforce leads to bottlenecks for equipment operation and ESG roadmap implementation

Relevance: 7      Trend: Stable

**Opportunities** 


Diversity of experiences and identities in senior leadership and workforce leads to better decision-making and company resilience

Relevance: 9      Trend: Up

Upskilled and regularly trained workforce contribute to resilience of the business and increases workforce engagement

Relevance: 6      Trend: Stable

## Customer and Consumer Preferences

**Risk** 

Customer and consumer preferences and expectations for more sustainable and eco friendly alternatives result in lost business

Relevance: 5      Trend: Up

**Opportunity** 

Customer satisfaction fosters the company's economic growth and sustainable customer retention during economic crises

Relevance: 5      Trend: Up

# Objectives and Targets

We have three main social objectives with respective targets. Detailed target achievement and plan for the upcoming years can be found in the appendix.

**Zero safety and health related incidents**

Maintain a Lost Time Injury Frequency of zero

**Promote and continuously improve staff continuity**

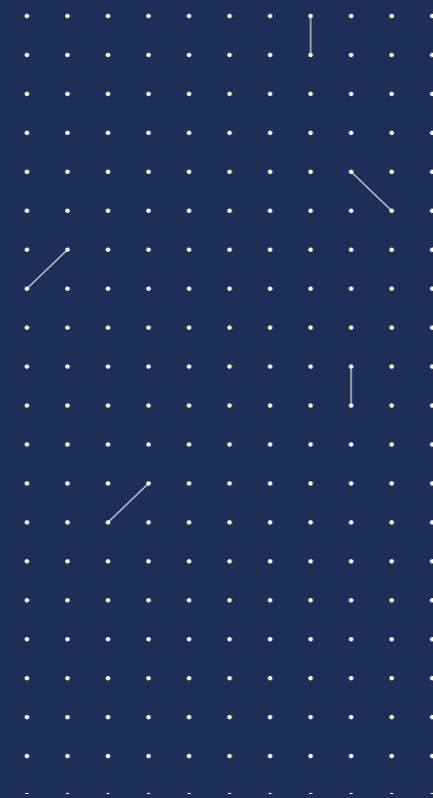
Maintain high retention rates, both onboard and ashore

**Improve working conditions and reduce corruption risk in our supply chain**

Ensuring fair working conditions for employees of our key suppliers and low supply chain corruption risk

# Governance

Corporate governance plays a vital role in our company's operations. We see ourselves as a corporate citizen, with rights and responsibilities towards society. Upholding an ethical framework that aligns with societal values and legal standards is essential to us. We are committed to owning our actions and aim to create a positive impact for our stakeholders and the broader community.



## Performance

### Conditions of Class and Recommendations

We adhere to all relevant administrative requirements and regulations. In 2022, we recorded an average of 0.29 condition and recommendation per vessel, totalling 4 across

our fleet, same as in 2021. As a comparison, we had a fleet-wide average of 1 condition and recommendation per vessel in 2021.

### Port State Controls

At Drylog, we place a strong emphasis on adhering to the regulations set by the International Maritime Organization (IMO). In 2022, we recorded 5 deficiencies and maintained

a clean slate with 0 detentions. This performance is quite comparable to that of 2021, where we noted 4 deficiencies and also had no detentions.

## Corporate Governance Approach

We operate within an ethical framework that prioritises the best interests of society while ensuring compliance with international laws and regulations. We take responsibility for our actions and strive to create a positive impact on our stakeholders and our community. By actively

embracing diversity and inclusion, we foster a productive and equal opportunities environment, where everyone feels valued, talents are fully harnessed, and organizational goals are achieved.

### Corporate Governance Process



#### Board of Directors

Our board consists of a well-rounded mix of expertise, skills, and diverse perspectives.

We understand the importance of continuous improvement, so we invest in resources to develop and refresh our directors' knowledge and skills, and we conduct regular evaluations of board performance.

Moreover, we foster ongoing communication with our stakeholders through both annual and extraordinary general meetings, ensuring a dynamic exchange of information.

#### Internal Controls

Internal controls encompass all company processes and are integrated into information systems, with regular reviews to assess their effectiveness.

We follow strong budgetary control procedures that promote transparency and accountability concerning our annual operating budgets and capital expenditure plans, which are closely monitored through quarterly variance analysis.

Our disclosures go beyond just the annual financial statements, as we also produce quarterly management accounts and annual non-financial statements.

#### Risk Management

Risk awareness, identification, and management are deeply ingrained in our organization's culture and values.

Our risk management strategy is effectively communicated throughout the organization and seamlessly integrated with our various activities.

Additionally, our target setting and review processes ensure that we maintain a clear focus, execute effectively, and continually improve.



# Roles and Responsibilities

To effectively execute our ESG roadmap and strategic approach, we are introducing more structure with an setup to support the ESG initiatives at Drylog.

## Responsibilities

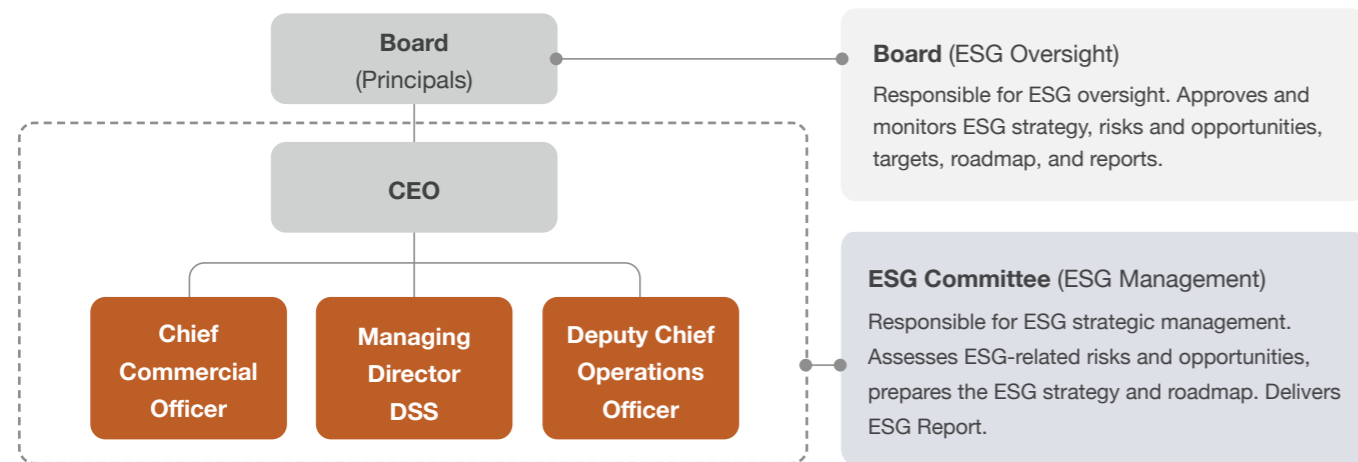
A dedicated body, the **ESG Committee**, manages the ESG topic, while the Board approves. In the next years, we plan to assess, acquire, and develop the skills necessary for our sustainability transition and roadmap

## Skills

We currently do not have ESG dedicated personnel. ESG organization and skills build-up, as well as financial requirements, will be considered in the next iterations of the report.

## Incentives

While we do not currently link executive remuneration with the achievement of climate or ESG-related targets, we plan to do so in the future.



# Risks and opportunities

Below are our governance-related risks and opportunities, categorized by theme, that span our entire value chain.

scale, and irremediable character of the actual impact) and value at stake (considering effect and likelihood on our financial performance).

Each risk and opportunity has been evaluated based on value to society (considering the scope,

# Compliance

**Risks**

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Conflicting regulatory frameworks make it difficult to comply, resulting in penalties and reputational damage  
 Relevance: 5      Trend: Up

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Geopolitical tensions and instability lead to sudden changes in regulatory frameworks and tariffs  
 Relevance: 5      Trend: Up

# ESG Performance

**Risks**

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Slow progress of the maritime shipping industry on ESG agenda lead to public backlash and reputational damage  
 Relevance: 6      Trend: Up

---

Poor ESG performance and transparency lead to higher cost of capital and mistrust with key stakeholders, and undermine the company's future  
 Relevance: 8      Trend: Stable

---

Misalignment between executive incentives, such as bonuses, and ESG performance leads to short termism and missed opportunities for progressing ESG roadmap  
 Relevance: 9      Trend: Up

**Opportunity**

---

ESG leadership attracts talents, enables differentiation, and access to lower cost of capital, thereby future-proofing the company  
 Relevance: 9      Trend: Stable

# Objectives and Targets

We have one main governance objective with a respective target. Detailed target achievement and plan for the upcoming years can be found in the appendix.

- Ensure high compliance with external controls**
- Maintain zero Port State Controls detentions

# Appendix



## Our Value To Society

Drylog performed a **Value2Society** assessment over their full value chain in 2022. This enabled them to understand the materiality of ESG topics and the value they create, erode, and maintain for

all their stakeholders over the 6 human, natural, manufactured, intellectual, social and financial capitals. Below is the overview of Drylog's **Value2Society** in 2022.

### Human Capital \$79M

Drylog created \$79M of human capital value, predominantly thanks to wages distributed to Drylog's employees and workers in the supply chain.

### Natural Capital -\$227M

Drylog eroded \$227M in natural capital value. This is mainly because of the impact of greenhouse gases emitted by Drylog's vessels.

### Manufactured Capital \$234K

Drylog created \$234K of manufactured capital value in 2022. This is thanks to health and safety investments made in 2022.



### Intellectual Capital \$3.74M

Drylog created \$3.74M in intellectual capital value mostly due to training and development in Drylog's supply chain.

### Social Capital \$36.7M

Drylog created \$36.7M of social capital value for the wider society. This is largely due to the energy provided by the downstream use of transported coal.

### Financial Capital \$161M

Drylog created \$161M of financial capital value, largely driven by Drylog's financial profits.

# Our Objectives and Targets

ESG	Topic	Objective	KPI	2024	2025	2026	2028
E	Biodiversity	Avoid biodiversity loss	Zero (0) environmental incidents (incl. oil spills, release of harmful substances according to MARPOL Annex II-VI, and violations of ballast water management, sewage, and grey waters)	0	0	0	0
E	Greenhouse Gas Emissions	Reduce EEOI	Year-on-year reduction of Energy Efficiency Operational Indicator	≥2.5%	≥2.5%	≥3%	≥5%
E	Greenhouse Gas Emissions	Reduce GHG emissions	Year-on-year reduction of Greenhouse Gas Emissions per k DWT	≥2%	≥2%	≥3%	≥5%
E	Air Pollution	Reduce air pollution	Year-on-year reduction of NOx Emissions per k DWT	≥2%	≥2%	≥3%	≥5%
E	Air Pollution	Reduce air pollution	Year-on-year reduction of SOx Emissions per k DWT	≥2%	≥2%	≥3%	≥5%
E	Air Pollution	Reduce air pollution	Year-on-year reduction of PM Emissions per k DWT	≥2%	≥2%	≥3%	≥5%
S	Health & Safety	Zero safety and health related incidents	Lost Time Injury Frequency (LTIR)	0	0	0	0
S	Employee Turnover	Promote and continuously improve staff continuity	Officer staff retention rate	≥95%	≥95%	≥95%	≥95%
S	Employee Turnover	Promote and continuously improve staff continuity	Ashore staff retention rate	≥90%	≥90%	≥90%	≥90%
S	Human Rights and Corruption	Improve working conditions and reduce corruption risk in our supply chain	Screening of suppliers: percentage of new suppliers screened	50%	50%	100%	100%
S	Human Rights and Corruption	Improve working conditions and reduce corruption risk in our supply chain	Number of major suppliers visited	20	20	25	30
G	External Controls	Ensure high compliance with external controls	Number of detentions	0	0	0	0

# Key Performance Indicators

## SASB Sustainability Disclosure Topics & Metrics (Total)

### Owned fleet

Framework	Topic	Metric	Unit of Measure	Code	Value	Value per k DWT	Page
SASB / IFRS S2	Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tonnes (t) CO2-e	TR-MT-110a.1	168,117	272.3	11, 23
	Greenhouse Gas Emissions	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions targets, and an analysis of performance against those targets	N/A	TR-MT-110a.2	N/A		27, 39
	Greenhouse Gas Emissions	1) Total energy consumed, (2) percentage Quantitative Gigajoules (GJ), TR-MT-110a.3 heavy fuel oil and (3) percentage renewable	Gigajoules (GJ), TR-MT-110a.3 heavy fuel oil and (3) percentage renewable Percentage (%)	TR-MT-110a.3	(1) 2,197,329 (2) 16% (3) 0%	(1) 3,559.6	11, 23
	Greenhouse Gas Emissions	Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO2 per ton-nautical mile		3.7		23
SASB	Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Metric tonnes (t)	TR-MT-120a.1	(1) 2,119 (2) 459.8 (3) 122	(1) 4.78 (2) 0.74 (3) 0.28	12, 25
	Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	TR-MT-160a.1	-1		
	Ecological Impacts	Percentage of fleet implementing ballast water (1) exchange and (2) treatment	Percentage	TR-MT-160a.2	(1) 0% (2) 100%		12, 26
	Ecological Impacts	(1) Number and (2) aggregate volume of spills and releases to the environment	Number, Cubic metres (m3)	TR-MT-160a.3	(1) 0 (2) 0		12, 26
	Employee Health & Safety	Lost Time Incident Rate (LTIR)	Rate	TR-MT-320a.1	0		13, 29
	Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	TR-MT-510a.1	0		13
	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption <sup>1</sup>	Presentation currency	TR-MT-510a.2	0		13
	Accident & Safety Management	Number of marine casualties, percentage classified as very serious	Number & percentage	TR-MT-540a.1	0, 0%		13
	Accident & Safety Management	Number of Conditions of Class or Recommendations	Number	TR-MT-540a.2	4		13
Accident & Safety Management	Number of port state control (1) deficiencies and (2) detentions	Number	TR-MT-540a.3	(1) 5 (2) 0		13, 35	

## SASB Activity Metrics

### Owned fleet

Framework	Activity Metric	Unit of Measure	Code	Value	Referenced in Page
SASB / IFRS S2	Number of shipboard employees	Number	TR-MT-000.A	273	9
	Total distance travelled by vessels	Nautical miles (nm)	TR-MT-000.B	544,203	9
	Operating days	Days	TR-MT-000.C	3,764	9
	Deadweight tonnage	Thousand deadweight tonnes	TR-MT-000.D	854	9
	Number of vessels in total shipping fleet	Number	TR-MT-000.E	14	9
	Twenty-foot equivalent unit (TEU) capacity	TEU	TR-MT-000.G	N/A	N/A




### Total shipping fleet, incl. time-chartered vessels






Framework	Activity Metric	Unit of Measure	Code	Value	Referenced in Page
SASB / IFRS S2	Number of shipboard employees	Number	TR-MT-000.A	N/A	N/A
	Operating days	Days	TR-MT-000.C	9,780	8
	Deadweight tonnage	Thousand deadweight tonnes	TR-MT-000.D	2,192	8
	Number of vessels in total shipping fleet	Number	TR-MT-000.E	29	8
	Twenty-foot equivalent unit (TEU) capacity	TEU	TR-MT-000.G	N/A	N/A

## Vessel-by-vessel, owned fleet (per k DWT)

Vessel	Vessel Type	Deadweight Tonnage (Thousand Tonnes)	Operational Days (Days)	Gross Global Scope 1 emissions (t CO2-e per k DWT)	AER (Ship Efficiency per k DWT)	CII (Carbon Intensity Index per k DWT)
Bulk Antigua	Ultramax	60.680	125	6.78	4.772	0.9882
Bulk Bahamas	Supramax	56.141	365	20.65	4.977	0.9729
Bulk Bequia	Ultramax	61.309	365	27.26	4.226	0.8724
Bulk Colombia	Supramax	57.937	365	24.47	5.521	1.1005
Bulk Ecuador	Supramax	57.937	365	24.69	5.851	1.1662
Bulk Finland	Panamax	77.126	123	7.30	3.955	0.9527
Bulk Geneva	Ultramax	63.340	365	26.28	4.647	0.9791
Bulk Honduras	Supramax	57.959	365	26.79	5.924	1.1811
Bulk Jamaica	Ultramax	63.747	34	1.70	4.853	0.8862
Bulk Mustique	Ultramax	64.047	365	23.79	4.440	0.9420
Bulk Patagonia	Supramax	58.723	365	22.62	6.771	1.3609
Jasmine	Supramax	56.124	365	24.00	5.815	1.1363
Orchid	Supramax	55.598	149	12.18	6.815	1.3240
Sakura	Ultramax	63.742	48	23.82	4.292	0.9079

## UN Global Compact Index

SDG	Goal	Report segment	Referenced in pages
 1 NO POVERTY	End poverty in all its forms everywhere	Indirect Economic Impacts and Community Engagement	31
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Indirect Economic Impacts and Community Engagement Health & Safety Workforce Well-being	31 29 29
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Greenhouse Gas Emissions Efficiency Measures	23 23

SDG	Goal	Report segment	Referenced in pages
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Human Rights, Corruption, and Supplier Management	31
		Indirect Economic Impacts and Community Engagement	31
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	Greenhouse Gas Emissions	23
		Efficiency Measures	23
 14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Biodiversity	26
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Human Rights, Corruption, and Supplier Management	31
 17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the global partnership for sustainable development	Membership Associations	17
		Human Rights, Corruption, and Supplier Management	31



## List of Abbreviations

Abbreviation	Definition
ESG	Environmental, Social and Governance
CSRD	EU Corporate Sustainability Reporting Directive
GHG	Greenhouse Gas
IFRS	International Financial Reporting Standards
IMO	International Maritime Organization
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
SASB	Sustainability Accounting Standards Board
V2S	<b>Value2Society</b>
V@S	<b>Value@Stake</b>