DryLog Ltd

ESG Report

2023

Letter From The CEO

I am pleased to present DryLog's ESG Report for 2023, which highlights our performance in Environmental, Social, and Governance (ESG).

The strength of the company is linked to our ability to create long-term value for our stakeholders while being mindful of societal and environmental impacts. This focus has been central to our mission since we started DryLog, and a key part of our investors' philosophy since the foundation of HELMEPA in 1982.

We view ESG as a core element of our business. Our goal in presenting these reports is to discuss both the positive *and negative* aspects of our ESG performance, emphasizing our dedication to sustainability through a clearly defined strategy and roadmap.

We have seen the evolution from self-auditing to CSR requirements and now to ESG. Our investors view this report as a chance to engage with our stakeholders. To achieve this, we must understand our context and develop a comprehensive ESG strategy. This approach not only enhances our contributions but also strengthens our relationships with stakeholders and enables us to effectively navigate the uncertain and volatile geopolitical and macroeconomic landscape.

While we adhere to SASB metrics, our **Value2**Society/**Value@**Stake calculations are crucial in this endeavor, as they allow us to assess *and quantify* the value generated by our business activities for our stakeholders. We believe that gaining insight into our environmental accountability - via this methodology - will bolster our business's resilience.

Athanasios Thanopoulos

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About This Report

Structure & Scope

The report begins with a presentation of Drylog, its history and key operating assets. Following this introduction, the ESG Cockpit offers a detailed examination of our ESG performance for 2023, fully aligned with the metrics outlined in the Sustainability Accounting Standards Board (SASB) Marine Transportation standard. We then delve into the processes behind our ESG strategy development and review.

Subsequently, we provide insights into the current global landscape, identify our key stakeholder groups, and outline our approach to materiality. The report further illustrates our **Value2**Society/**Value@**Stake execution capabilities, which aid us in determining significant issues and achieving our ESG strategic objectives and targets.

In the following sections, we take a closer look at each dimension of ESG, reflecting on our performance, the associated risks and opportunities, and defining our strategic goals. To wrap things up, the report includes an appendix summarizing our value to society, along with a clear outline of our ESG strategic objectives and targets, and key performance indicators (KPIs), including on a vessel-by-vessel basis. The appendix also features a content index for the SASB Marine Transportation Standard and the UN Global Compact, as well as a list of abbreviations.

The report centers on our owned and time-chartered fleet, leveraging the available data.

Reporting Guidelines

This report is structured in accordance with the IFRS-ISSB SASB Maritime Transportation framework, as well as the Integrated Reporting framework. A comprehensive overview of how this report aligns with the SASB Maritime Transportation and IFRS S1 and S2 frameworks can be found 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 2023]

The company operates a diverse fleet of modern vessels, both owned and chartered. This includes Capesize, Post-Panamax, Kamsarmax, Panamax, Ultramax, and Supramax ships, primarily built in Japan. Utilizing a blended strategy of spot and period charters, the vessels are leased to major corporations, commodity traders, and various industry players around the globe. Recognized as a leader in the maritime transport of dry bulk commodities, the company specializes in shipping essential goods such as iron ore, coal, grains, and fertilizers.

Below is an overview of our fleet, including both owned and time-chartered vessels.

2 x CAPESIZE
179 Thousand DWT

1 x POST-PANAMAX
93 Thousand DWT

5 x KAMSARMAX
81 Thousand DWT

2 x PANAMAX
73 – 76 Thousand DWT

10 x ULTRAMAX
60 – 65 Thousand DWT

6 x SUPRAMAX
55 – 59 Thousand DWT

Activity Metrics & Cargo

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

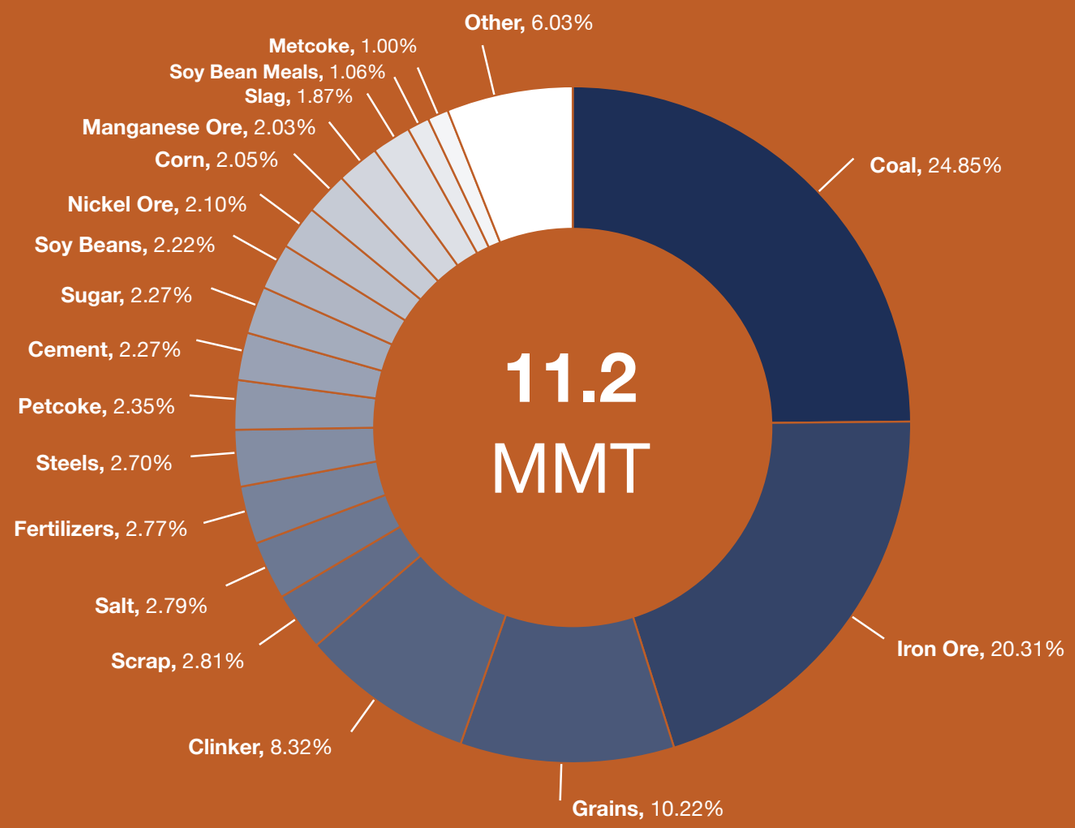
9,417
Operating days

1,399,733
Nautical miles travelled

26
Vessels

1,996,538
Deadweight tonnage

11.2 Million Metric Tonnes of Bulk Commodities Transported over 1,400 Thousand Nautical Miles.



Other, 6.03%

PTA	0.85%	Bauxite	0.55%	Sulphur	0.37%
Coke	0.84%	Rice	0.50%	Gypsum	0.37%
Magnetite	0.63%	Pig Iron	0.40%	Concs	0.30%
Maze	0.63%	Phosphate Rock	0.39%	Gypsum Rock	0.18%

Activity Metrics

(Drylog-owned fleet)

387
Shipboard employees

680,028
Nautical miles travelled

4,902
Operating days

860,219
Deadweight tonnage

14
Vessels

ESG Cockpit

We strive for an open and transparent approach to ESG performance. As in the previous two editions of this report, we are excited to present our ESG Cockpit. This overview features our 2023 ESG KPIs, aligned with the SASB Maritime Transportation Standard, and includes a benchmark for thorough and comparable ESG reporting.

We present our environmental metrics, including greenhouse gas emissions, on a normalized basis. We use thousand deadweight tonne (k DWT) as the most suitable normalization unit, as it accurately reflects our fleet's capacity and operational efficiency, which are key success factors in the dry bulk industry. Considering both data availability and the significant evolution of our fleet throughout 2022 and 2023, we calculated a thousand deadweight tonne average weighted by operating days as normalization basis. This weighted average corresponds to 617.3 k DWT in 2022 and 825.8 in 2023[1].

Reporting on a normalized basis allows us and our stakeholders to effectively compare our performance year over year and enables progress tracking on our ESG roadmap.

For each KPI, we also provide a benchmark that highlights the average performance of a selection of comparable dry bulk companies. In our visuals, Drylog's performance is depicted in orange, while the benchmark is shown in light blue. We concentrate on the performance metrics of Drylog-owned vessels, as we currently have limited data available for time-chartered vessels.

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

Environment

Efficiency & Emissions

CO_2

221 199

GHG Scope 1 emissions

In 2023, our scope 1 Greenhouse Gas Emissions amounted to 221 tonnes of CO2-equivalent per thousand DWT, higher than the peer benchmark of 199 t CO2-e per thousand DWT. This represents an 18.9% reduction from 2022, primarily driven by enhanced fuel efficiency in our vessels.

2,867 2,379

Fuel consumption

In 2023, we saw a significant reduction in our energy consumption compared to the previous year, with an average of 2,867 GJ per thousand DWT, down from 3,560 GJ—a decrease of 19.5%. Our peers performed even better, averaging 2,379 GJ per thousand DWT.

14% 71%

Heavy fuel oil in total fuel consumption

In 2023, heavy fuel oil accounted for 14% of our total energy consumption, which is notably lower than the peer benchmark of 71%. This represents a 2% decrease from 2022, when it was 16%, but a 2% increase from 2021, when it stood at 12%. The fluctuations are due to the more intensive use of scrubbers in the past two reporting years. Like our peers, we did not source any of our energy from renewable sources.

Air Quality

NOx

4.52 6.17

NOx Emissions

In 2023, we reduced our NOx emissions by 5.3%, bringing them down to 4.52 tonnes per thousand DWT, largely thanks to improved fuel efficiency. This performance exceeds the peer benchmark, at 6.17 tonnes per thousand DWT.

SOx

0.59 0.55

SOx Emissions

In 2023, our SOx emissions decreased by 20.3%, dropping to 0.59 tonnes per thousand DWT, compared to 0.74 tonnes in 2022. While this is an improvement, it is slightly higher than the peer average of 0.55 tonnes per vessel.

PM10

0.26 0.81

PM10 Emissions

In 2023, PM10 emissions decreased by 5.4%, falling to 0.26 tonnes per thousand DWT, down from 0.28 tonnes in 2022. This reduction is attributed to the enhanced efficiency of our vessels. Notably, our emissions are three times lower than the peer average of 0.81 tonnes per thousand DWT.

Ecological Impacts

0 0.3

Releases of harmful substance, incl. oil spills

In 2023, our owned fleet transported 5.6 million metric tonnes (MMT) of commodities without experiencing any oil spills across our fleet. Our peers reported an average of 0.3 oil spills during the same year.

100 98

Percentage of fleet with ballast water treatment

We successfully completed the transition to ballast water management systems across our entire fleet back in 2021. By 2023, 98% of the vessels in our peer group were equipped with such systems.

Social

0.0 0.7

Lost time incident rate

In 2023, our Lost Time Injury Rate (LTIR) stood at 0 per million hours worked, marking the third consecutive year at this level. In contrast, our peers reported an average LTIR of 0.7 per million hours worked.

0 1.3

Casualties

In 2023, we had no cases of severe injury or fatality across our operations. This is notable compared to the average of 1.3 casualty cases reported among our peers during the same year.

Governance

0 1.3

Detentions

In 2023, our vessels had no cases of Port State Control detention. However, there were 52 deficiencies identified, a significant increase from just 5 in 2022. In contrast, the average number of detentions among our peers was 1.3.

$0 $1,835

Monetary losses due to corruption issues

In 2023, we had no monetary loss as a result of legal proceedings associated with bribery or corruption. Our peers reported an average of $1,835 monetary losses from such legal proceedings.

0 10

Calls at ports in countries with 20 lowest corruption ranking

In 2023, we made no port calls in countries ranked among the 20 lowest on Transparency International's Corruption Perception Index, while our peers averaged 10 calls in these countries.

12 8

Conditions of Class or Recommendations

In 2023, we reported 12 conditions of class or recommendations throughout our fleet, an increase from the 4 from 2022. Our peers outperformed us with 8.

ESG Strategy and Execution

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

Why?

Global society finds itself dangerously close to the limits that ensure a safe and resilient planet[1]. The effects of this overshoot are becoming increasingly clear. Businesses, as a significant part of society, play a major role in contributing to negative social and environmental impacts. According to the World Resources Institute, around 71% of global greenhouse gas (GHG) emissions originate from just 100 companies, underscoring the substantial influence businesses have on climate change and sustainability challenges.

ESG progress has been perceived as too slow and too little. Prime illustrations of this challenge are the United Nations Sustainable Development Goals (SDGs) falling behind, and the numerous rollbacks from ESG commitments. One significant factor contributing to this stagnation is the absence of comprehensive and comparable metrics - the lack of standardization makes it difficult to assess performance, track progress, and meet commitments. To address this, we advocate for a fresh, more objective approach that centers around metrics in ESG management. An approach that empowers businesses to prioritize their ESG goals and execute them effectively.

“What gets measured gets managed, and what gets managed gets done.” By adopting the Value2Society™ sustainability accounting and metrics system, we can evaluate and integrate our ESG performance into our overall business strategy. This approach provides a complementary and more holistic framework for assessing our operations, enabling us to make informed decisions that benefit our stakeholders, society, and Drylog as a whole.

1. Planetary boundaries - Stockholm Resilience Centre – www.stockholmresilience.org/research/planetary-boundaries.html

Our ESG Strategic Approach

We formulate our ESG strategy through a 5-step process, which is backed by the **Value2**Society™ accounting and metrics system as detailed below:

1. Understand Context

Each year, we examine the global landscape along with the view of our stakeholders. This analysis gives us a comprehensive understanding of both the macro and micro environments, as well as the needs and expectations of our key stakeholders.

2 . Assess ESG Materiality & Performance

Then, we conduct a **Value2**Society™ assessment, which measures the direct and indirect (upstream and downstream) external impacts of our business activities. This assessment is then integrated with our financial performance, providing us with a precise and comparable view of how our business is performing.

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 events and trends (e.g., extreme weather).

4. Define ESG Objectives, Targets, & Roadmap

We clearly define our short-term, mid-term, and long-term ambitions, along with the necessary structures, capabilities, and skills needed to reach these goals. By establishing KPIs and milestones, we can break down our ambitions into smaller, achievable steps, ensuring a focused approach for the company.

5. Track & Communicate

As we advance along our ESG roadmap, the **Value2**Society™ framework allows us to monitor our progress, promptly identify any deviations, and implement effective corrective actions when needed. Additionally, it facilitates clear and transparent communication of our progress, which helps build trust with our stakeholders.

Global Context

In an ever-evolving world, we face challenges and trends to which we must adapt. We have identified four key trends that crystallize those changes and guide our strategic responses.

Geopolitical Tensions and Shipping Disruptions

The Russia-Ukraine and the Middle-East conflicts continue to fracture the world and create millions of refugees. The impact and consequences on global trade are heavy, as shipping routes are disrupted, ports are closed, and access to critical regions is restricted. In addition, the safety of crews is at higher risk.

What it means for Drylog

These supply chain disruptions and heightened geopolitical risks have led to logistical challenges and volatility in prices, putting a significant pressure on costs in our industry. This is expected to increase if conflicts further escalate. To adapt, we are enhancing our resilience and agility.

Natural and Environmental Risks

The impacts of climate change are increasingly evident across the globe, with effects that intensify year after year. We are witnessing more frequent and severe extreme weather events, including heatwaves, droughts, wildfires, and floods. These challenges disrupt ecosystems, damage infrastructure, and pose significant risks to human health and safety, affecting economies and societies worldwide.

In terms of natural capital, the destruction of habitats, overexploitation of species, pollution, and climate change are driving many species to extinction at an unprecedented rate. This loss of biodiversity undermines the resilience of ecosystems, which are vital for services such as pollination of crops, purification of air and water, and regulation of climate. The collapse of ecosystems can lead to the loss of these essential services, threatening food security, health, and livelihoods.

In addition, the shortage of essential resources such as water, minerals, and arable land contributes to environmental and natural risks. It also fuels socio-economic risks by increasing the prices of raw materials and the cost of living.

What it means for Drylog

Shipping companies face a significant challenge in safeguarding our oceans.

Given the extensive scale of maritime operations, constant vigilance is essential to protect biodiversity, especially in areas such as invasive species, waste accumulation, and navigation in protected zones.

As the preservation of biodiversity becomes increasingly critical, immediate action is essential to address these pressing issues. The International Maritime Organization has established guidelines, yet more stringent measures are also needed on the horizon.

Drylog acknowledges its responsibility as an environmental custodian. We strive to gain a comprehensive understanding of our impacts to effectively protect our marine environments.

Decarbonization

Despite being one of the most efficient modes of transport, the shipping industry accounts for approximately 2.89% of global GHG emissions. The International Maritime Organization (IMO) remains dedicated to reducing these emissions in line with the Paris Agreement's objectives. In 2023, the IMO adopted the revised strategy, which aims for the shipping industry to achieve net-zero emissions by or around 2050.

Yet, despite improvements in carbon intensity, GHG emissions from the maritime sector are still on an upward trend. The industry is currently not on track to meet the IMO's targets and must intensify its efforts to recover lost ground. The integration of shipping in the European Union's Emissions Trading Scheme (ETS) on January 1, 2024 provides a further incentive for shipping companies to boost environmental efforts.

In terms of solutions, technological innovations and the increased availability of alternative fuels, such as biofuels and other clean fuels, are expanding fuel choices, although not yet at the scale needed. The rising cost of carbon emissions will further pressure high-emitting shipowners to adopt sustainable practices and invest in carbon-neutral technologies.

What it means for Drylog

We recognize the immense challenge of meeting greenhouse gas targets in our industry. However, we view it as an opportunity. Our vision is clear: transform our business model to thrive in a low-carbon future. This requires bold leadership and careful execution, but we are committed to driving positive change throughout our operations and the wider sector.

Transforming Technologies

Technology is changing industries worldwide, with a profound impact on the global economy. This is especially evident in the integration of Artificial Intelligence (AI) in day-to-day business, enhancing decision-making and operational efficiency.

The shipping industry is largely leveraging these advancements in predictive maintenance, autonomous operations, route optimization, and environmental management today.

As they continue to evolve, these technologies hold the potential to revolutionize the shipping industry, unlocking exciting possibilities for enhanced resilience, efficiency, and environmental sustainability. They promise to not only reshape how we navigate the seas but also contribute to a brighter, greener future for all.

What it means for Drylog

Drylog is committed to advancing in the shipping industry, also technology-wise. We explore investments options in AI, among others, to augment our capabilities. We anticipate improvements not only in efficiency but also in substantial cost savings through route optimisation, reduced fuel consumption, and faster operations.

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	Adhering 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
HELMEPA	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 assessing materiality allows us to identify key topics by examining impacts, opportunities, and risks. This helps us prioritize what truly matters to our stakeholders, wider society, and our company.

Determining Materiality with Value2Society™

The **Value2**Society™ accounting and metrics system plays a crucial role in our materiality assessments by providing a solid quantified foundation, backed by comprehensive research. This system identifies and prioritizes relevant ESG topics objectively throughout our entire value chain, based on their societal impact and influence on our future financial performance. With these insights, we are empowered to make informed decisions that benefit our stakeholders, contribute positively to society, and support our business objectives.

In the previous edition of our ESG report, we illustrated our approach with one of our ESG priorities, greenhouse gas emissions from our suppliers. In this year's edition, we further exemplify the methodology by focusing on another priority: the training and development of our employees. This can be found hereafter.

Throughout the report, we highlight the value generated or lost to society within the corresponding topic, detailing the specific stakeholders affected.

Additionally, an overview of our overall value to society along our entire value chain can be found in the appendix.

Input / Output

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

$199K
57,180 Hours

The financial investment and the time spent by our employees on training.

Outcome

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

Reduced likelihood of unemployment and increased productivity

The increased skills and reduced likelihood of unemployement for employees, and the increased productivity of employees for Drylog, through the acquisition of skill and knowledge.

Impact

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

Employees · Sector · Government · Customers · Wider Society · DRYLOG

$725K DRYLOG

Created for employees and Drylog through increased well-being and productivity

The valued increase in well-being for our employees from a reduced likelihood of unemployment, and the financial benefits of increased productivity from an upskilled workforce for Drylog.

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 opportunity for Drylog from future training and learning, leading to further improved productivity, increased employee retention, and talent attraction.

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

22
Material Topics

Training and development of our workforce is deemed material as it the represents 13% of the total value created in our direct operations.

Prioritization

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

8
ESG Priorities

Training and Development is one of our 8 ESG priorities.

1. **Greenhouse Gas Emissions**
2. **Air Pollution**
3. **Biodiversity**
4. **Health & Safety**
5. **Training & Development**
6. **Employee Turnover**
7. **Human Rights**
8. **Corruption**

Our Material Topics

To provide a clear understanding of our materiality, we utilize a “double materiality matrix” to represent all significant ESG topics.

This matrix allows us to visualize and communicate our double materiality effectively, highlighting the importance of various topics to both our stakeholders and our company.

For instance, consider training and development within our workforce versus upstream greenhouse gas emissions from our suppliers’ activities:

- Training and development enhance the skills and productivity of our workforce, which positively impacts our stakeholders and future financial performance. When we quantify and value this impact, we find a low positive value to society, contrasted with a high positive value at stake regarding our expected financial outcomes. Therefore, we position this topic in the top right quadrant of our matrix. We observe an improving trend in this area, driven by the increasing adoption of digitization and other technological advancements.
- Greenhouse gas emissions from our suppliers have a negative impact on society, and we anticipate that this will also affect our business performance in the long term. This could happen, for instance, through transition risks. The quantification and valuation of that topic gives a medium negative value to society and a medium negative impact on our financial performance. We expect this situation to worsen over time. As a result, we classify this issue in the bottom left quadrant of the matrix.

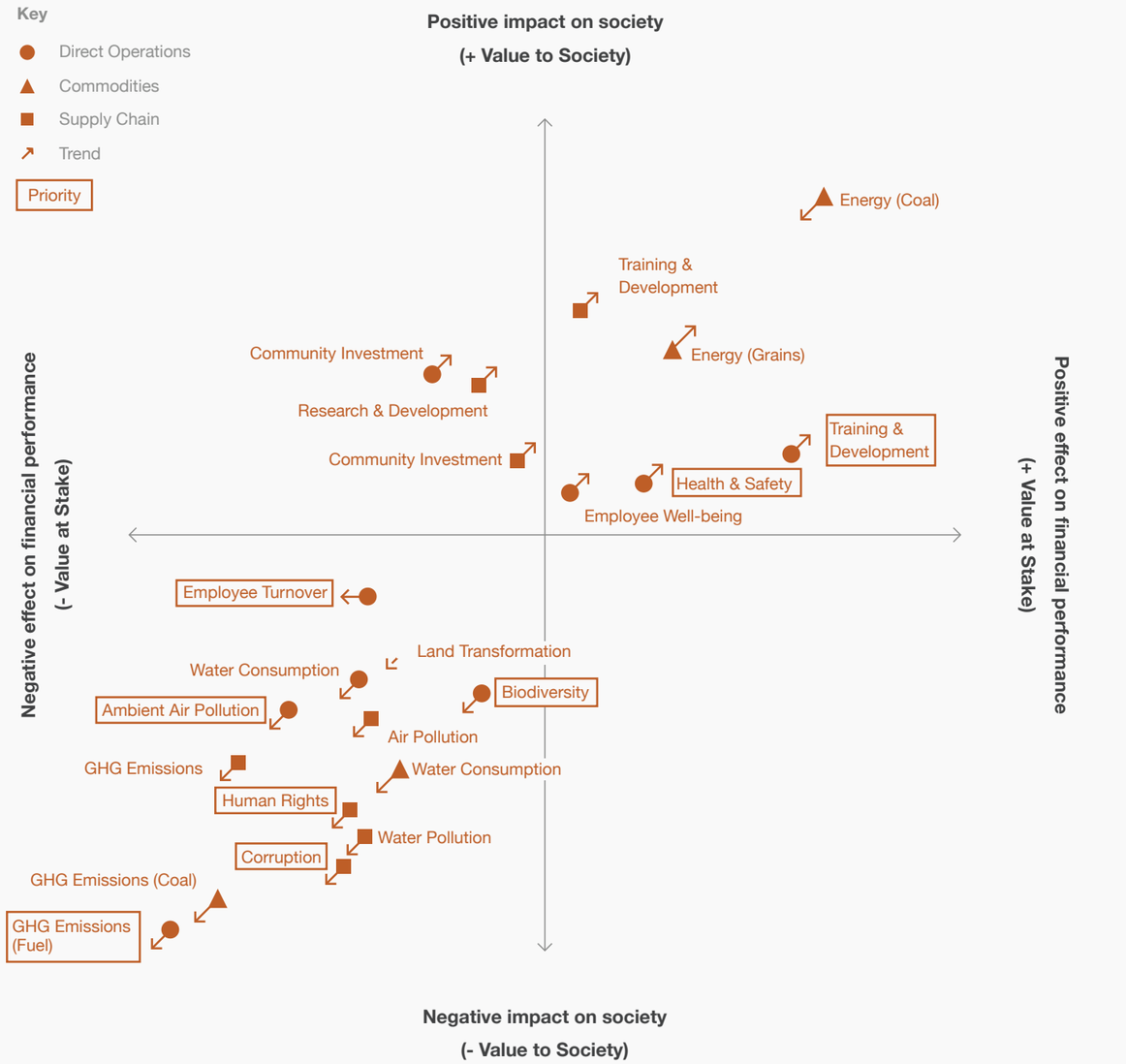
We consider key criteria to determine materiality of ESG topics and metrics

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

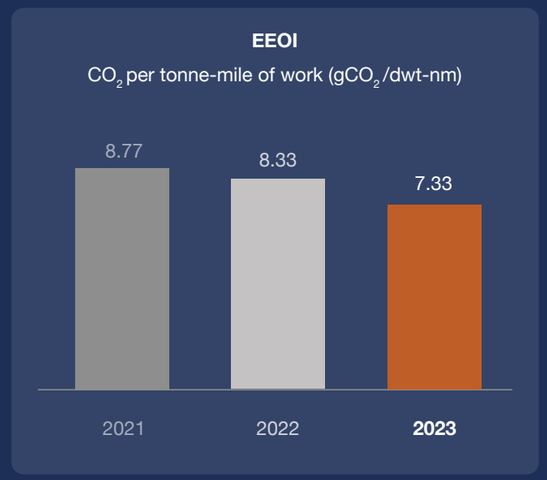
As a maritime shipping company, we are on the front lines of the environmental crisis. We fully recognise how our operations affect the environment and the crucial responsibility we have to tackle climate change and biodiversity loss. We are committed to reducing our greenhouse gas emissions and safeguarding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

Performance

EEOI
(Energy Efficiency Operational Indicator)

	2021	2022	2023	Change
EEOI CO_2 per tonne-mile of work (gCO2/dwt-nm)	8.77	8.33	7.33	-12.0%

To track our vessels' efficiency, we rely on the IMO's Energy Efficiency Operational Indicator (EEOI). This indicator evaluates the annual CO_2 emissions per unit of transport work. We are pleased to report that our fleet's EEOI has improved by 12%, dropping from 8.33 in 2022 to 7.33 in 2023. We are dedicated to maintaining this momentum and continuing our progress.



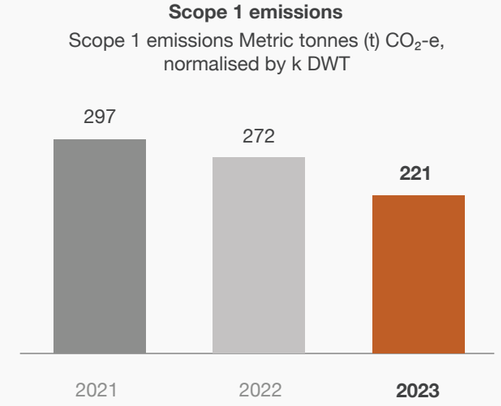
Greenhouse Gas Emissions (Scope 1)

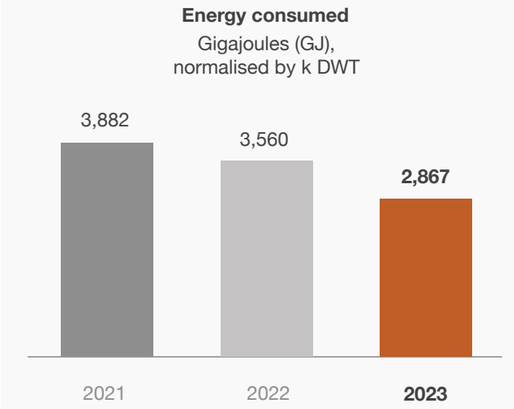
Value to Wider Society: -$83.7 M

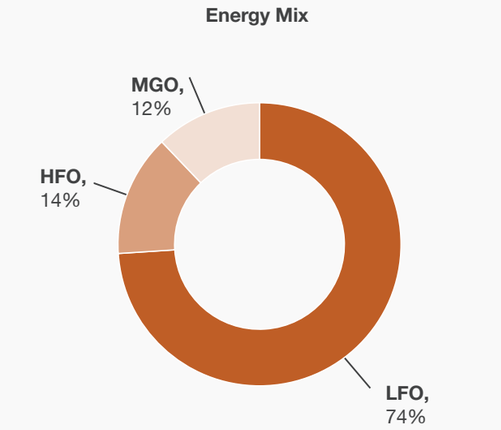
Reduction of GHG Scope 1 Emissions

The reduction of the greenhouse gas emissions from our own fleet is one of our key priorities and strategic objectives. We are pleased to share an 18.9% reduction in scope 1 emissions in 2023.

To ensure continued improvement, we have established year-on-year targets that will take effect in 2024, aiming for a yearly reduction of at least 2% in the short term, 3% in the mid term, and 5% in the long term. An overview of our targets can be found in the appendix.







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 2023, 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.

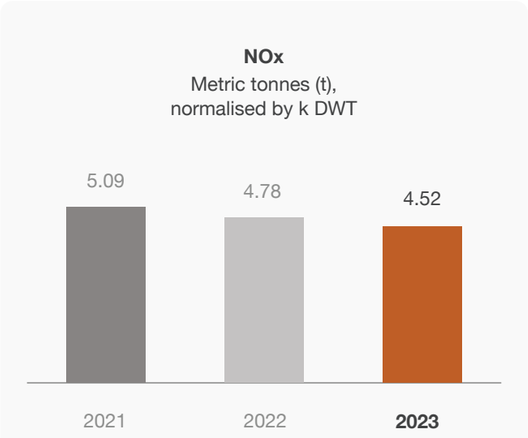
Air Quality

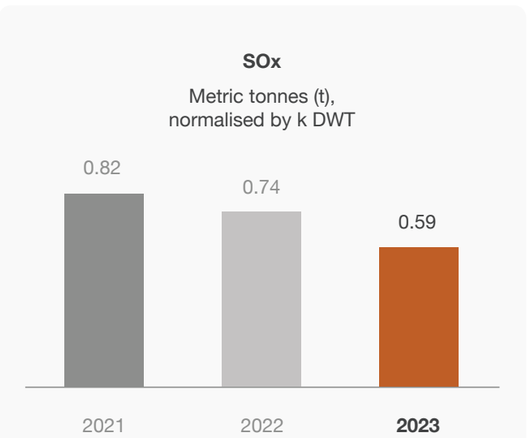
Value to Wider Society: -$5.10 M

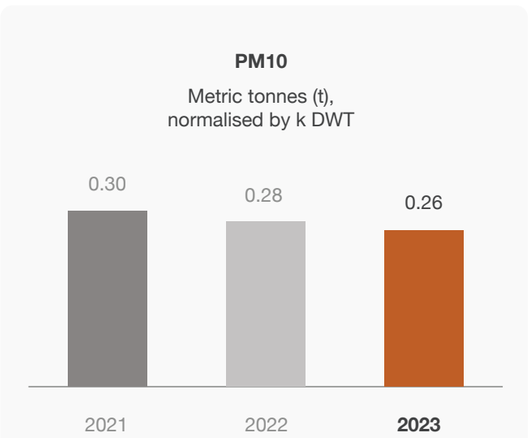
	2021	2022	2023	Change
NOx Metric tonnes (t) per k DWT	5.09	4.78	4.52	-5.3%
SOx Metric tonnes (t) per k DWT	0.82	0.74	0.59	-20.3%
PM10 Metric tonnes (t) per k DWT	0.30	0.28	0.26	-5.4%

NOx, SOx, and PM10 are the primary pollutants associated with our fleet. NOx, SOx, and PM10 emissions decreased on an thousand DWT basis in 2023, by 5.3%, 20.3%, and 5.4%, 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 we are proud to report that in 2023, we recorded zero spills or environmental releases.

Risks and opportunities

Our strategy is driven by a long-term perspective. We take a proactive approach to anticipating challenges while effectively managing the risks and opportunities that impact our financial performance and stakeholder value. Below, we outline our environmental risks and opportunities, categorized by theme across our value chain.

Each risk and opportunity has been analyzed based on value to society — taking into account the scope, scale, and irremediability of the actual impact — and value at stake — considering the potential effects and likelihood on our financial performance.

Greenhouse Gas Emissions and Air Pollution

Risks

Extreme weather events resulting from climate change lead to operational disruptions.

Relevance: 5 Trend: Up

Highly carbonised portfolio bears high financial risks

Relevance: 7 Trend: Up

Opportunities

Alternative Fuels reduce greenhouse gas emissions

Relevance: 7 Trend: Stable

Onboard efficiency measures and new technologies decrease fuel consumption and lower emissions

Relevance: 7 Trend: Stable

Circular Economy and Business Models

Opportunities

Circular economy practices reduce use of natural resources and greenhouse gas emissions across the value chain

Relevance: 4 Trend: Up

New low carbon business models attract environmental-conscious investors, customers, and employees

Relevance: 9 Trend: Stable

Biodiversity

Risks

Environmental incidents result in biodiversity loss, significant fines, and reputational damage

Relevance: 5 Trend: Up

Ship operations impacts, from ballast water to route selection, lead to biodiversity loss

Relevance: 4 Trend: Up

Objectives and targets

We have set four key environmental objectives, each with specific targets. For a comprehensive overview of our target plan for the coming years, please refer to the appendix.

Avoid biodiversity loss

Maintain zero environmental incidents to avoid harm to the marine environment and safeguard biodiversity.

Increase energy efficiency

Increase the energy efficiency of our vessels year-on-year, measured with EEOI.

Reduce air pollution

Reduce air pollution from our vessels, specifically NOx, SOx, and PM10, in line with the standards established in MARPOL Annex VI.

Reduce our greenhouse gas emissions

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.

Social

At Drylog, we prioritize the safety, well-being, and individuality of our team members. We genuinely appreciate their contributions and are dedicated to supporting their ongoing growth. Our employees are the foundation of our success, and by investing in their welfare, we strengthen our business resilience and stability.

Performance

Workforce well-being

We place a strong emphasis on the well-being of our employees, whether they are working at sea or on land. We believe that well-being encompasses various aspects, including career development, social connections, financial security, physical health, and engagement with the community. In 2023, we offered well-being programs to 387 of our employees, both onboard and ashore, providing a value to society of nearly $60,000. By enhancing our employees' well-being, we foster a resilient workforce, which in turn leads to high retention rates for both maritime and onshore roles.

Health and safety

Value to Employees: $0.36 M

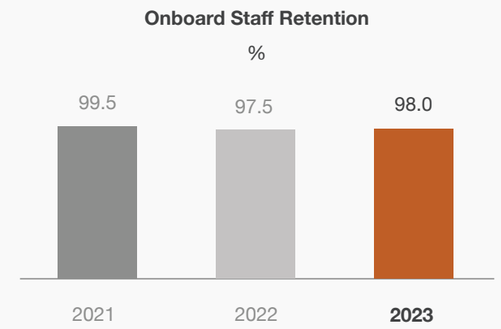
We are committed to upholding the highest safety standards, as evidenced by our LTIR performance in 2023. With no incidents reported on board, our LTIR remains at 0 for the third consecutive year. This achievement is a direct result of our continuous efforts to foster self-responsibility, provide thorough training, and enhance employee awareness. We are dedicated to sustaining this exceptional standard moving forward.

Onboard and Ashore Employee Retention

Value to Society: -$0.38 M

Our retention rate for onboard personnel saw a slight increase, rising from 97.5% in 2022 to a commendable 98% in 2023. Meanwhile, the retention rate for personnel onshore held steady at a robust 92%, mirroring the figure from the previous year.

We attribute these positive retention results to our unwavering commitment to supporting the well-being of our workforce, enhancing their working and living conditions, and fostering diversity within our teams.

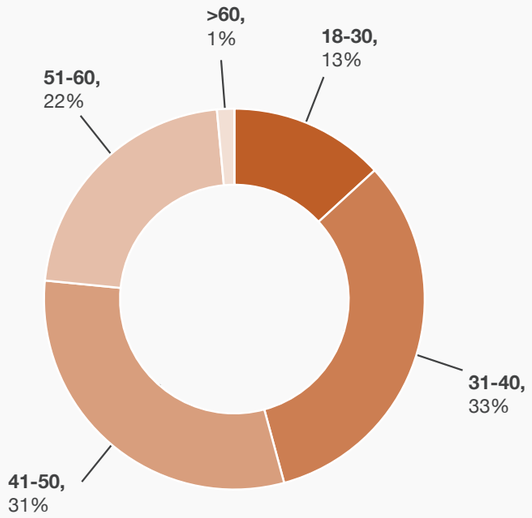


Diversity

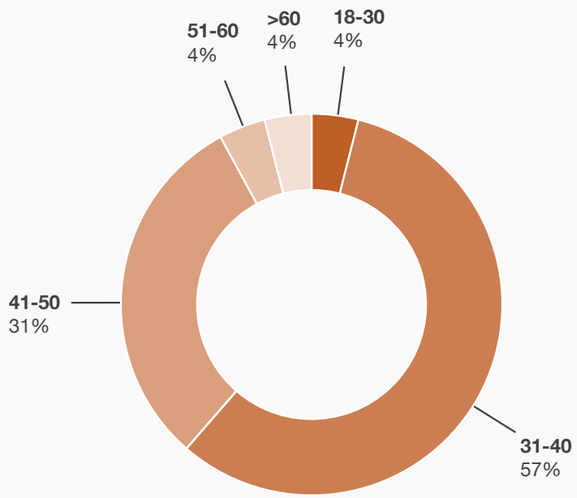
At Drylog, we recognize the vital role that diversity plays in bolstering our business resilience and enhancing our decision-making.

We strive for a diverse workforce, welcoming individuals from all cultures and age groups to join us on our path to collective success.

Onboard Age Diversity
(Percentage)



Ashore Age Diversity
(Percentage)



Human Rights, Corruption, & Supplier Management

Value to Wider Society: -$37.1 M

Our focus is on building trust and fostering long-lasting partnerships with our suppliers. As we develop a comprehensive supplier code of conduct, we remain committed to upholding ethical practices. Recognizing that most human rights issues stem from our supply chain, we take great care in selecting our suppliers. To ensure they align with our values, we utilize a robust procurement tool that provides valuable insights into the sustainability practices of potential vendors.

Indirect Economic Impacts & Community Engagement

Value to Wider Society: $71 M

We embrace a global perspective while prioritizing local actions and support. This commitment is reflected in our indirect economic contributions. In 2023, our spending throughout the supply chain helped sustain over 3,600 jobs, highlighting our positive influence on the community.

Additionally, we invested more than $400,000 in social welfare and education initiatives, generating an estimated $3.9 million in societal value, as determined by the methodology detailed in the “Materiality” section of this report.

Risks and opportunities

The following outlines our social risks and opportunities, organized by theme, that encompass our entire value chain. Each risk and opportunity has been analyzed based on value to society — taking into account the scope, scale, and irremediability of the actual impact — and value at stake — considering the potential effects 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 set three key social objectives, each with specific targets. For a comprehensive overview of our target plan for the coming years, please refer to 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 is crucial to the way we operate as a company. We view ourselves as responsible corporate citizens, with both rights and obligations to the society around us. It is essential for us to uphold an ethical framework that reflects societal values and complies with legal standards. We are dedicated to taking responsibility for our actions and strive to make a positive difference for our stakeholders and wider society.

Performance

Conditions of Class and Recommendations

We comply with all applicable administrative requirements and regulations. In 2023, our fleet averaged 0.85 conditions and recommendations per vessel, totaling 12 overall, a rise from the 7 recorded in 2022. For context, our fleet-wide average in 2022 was just 0.29 conditions and recommendations per vessel.

Port State Controls

At Drylog, we prioritize compliance with the regulations established by the International Maritime Organization (IMO). In 2023, we identified 52 deficiencies while successfully avoiding any detentions.

Corporate Governance Approach

We operate within an ethical framework that puts the best interests of society first, all while ensuring we comply with international laws and regulations. Taking responsibility for our actions is at the core of what we do, and we aim to make a positive impact on our stakeholders and the wider society. By actively promoting diversity and inclusion, we create a workplace where everyone feels valued, talents are fully utilized, and we can achieve our organizational goals together.

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

In order to successfully implement our ESG roadmap and strategic approach, we have established a more structured setup at Drylog.

Responsibilities

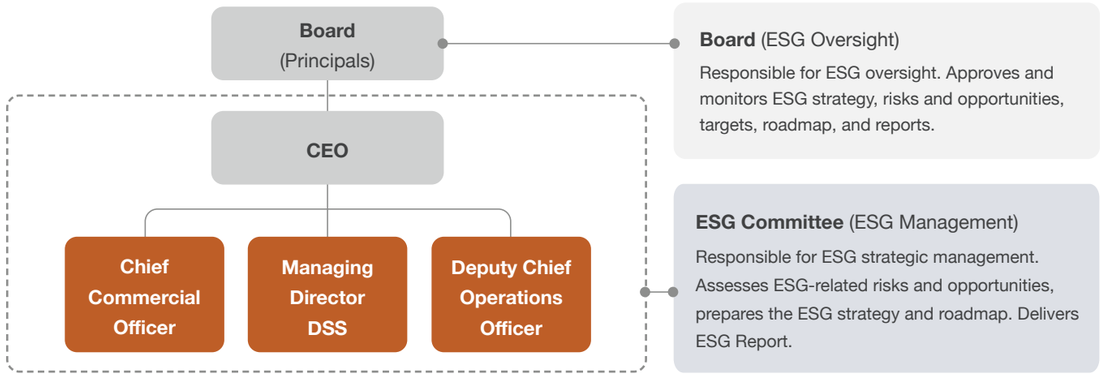
The ESG Committee, a dedicated body, oversees all matters related to ESG, while the Board is responsible for final approvals. In the coming years, we aim to evaluate, acquire, and cultivate the skills needed for our transition toward sustainability and to develop a comprehensive roadmap.

Skills

At present, we do not have personnel specifically focused on ESG. In future updates of the report, we will take into account the development of our ESG organization and skills, as well as the necessary financial considerations.

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, organized by theme, that encompass our entire value chain.

Each risk and opportunity has been analyzed based on value to society — taking into account the scope, scale, and irremediability of the actual impact — and value at stake — considering the potential effects and likelihood on our financial performance.

Compliance

Risks

Conflicting regulatory frameworks make it difficult to comply, resulting in penalties and reputational damage

Relevance: 5 Trend: Up

Geopolitical tensions and instability lead to sudden changes in regulatory frameworks and tariffs

Relevance: 5 Trend: Up

ESG Performance

Risks

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 set one key governance-related objective, with specific targets. For a comprehensive overview of our target plan for the coming years, please refer to the appendix.

Ensure high compliance with external controls

Maintain zero Port State Controls detentions

Appendix

Our Value To Society

Drylog performed a **Value2**Society assessment over their full value chain in 2023. 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 **Value2**Society in 2023.

Human Capital

$102M

Drylog created $102M in human capital value, predominantly thanks to wages distributed throughout its value chain.

Natural Capital

-$206M

Drylog eroded $206M in natural capital value. This is mainly because of greenhouse gases emitted throughout the value chain, particularly from Drylog's vessels.

Manufactured Capital

$363K

Drylog created $363K in manufactured capital value in 2023. This is thanks to health and safety investments made in 2023.

Intellectual Capital

$5.45M

Drylog created $5.45M in intellectual capital value mostly due to training and development in Drylog's supply chain.

Social Capital

$9.95M

Drylog created $9.95M in social capital value for the wider society.
This is largely due to the energy provided by the downstream use of transported coal.

Financial Capital

$65.5M

Drylog created $65.5M in financial capital value, largely driven by its suppliers' 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 tonens (t) CO2-e	TR-MT-110a.1	182,309	220.8	11, 27
	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, 44
	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) 2,367,654 (2) 14% (3) 0%	(1) 2,867.2	11, 27
	Greenhouse Gas Emissions	Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO2 per ton-nautical mile		3.7		27
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) 3,735 (2) 490 (3) 215	(1) 4.52 (2) 0.59 (3) 0.26	12, 29
	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, 30
	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, 30
	Employee Health & Safety	Lost Time Incident Rate (LTIR)	Rate	TR-MT-320a.1	0		13, 33
	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	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	12		13
	Accident & Safety Management	Number of port state control (1) deficiencies and (2) detentions	Number	TR-MT-540a.3	(1) 52 (2) 0		13, 39

1. Data point missing

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	387	9
	Total distance travelled by vessels	Nautical miles (nm)	TR-MT-000.B	680,028	9
	Operating days	Days	TR-MT-000.C	4,902	9
	Deadweight tonnage	Thousand deadweight tonnes	TR-MT-000.D	860	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	Total distance travelled by vessels	Nautical miles (nm)	TR-MT-000.B	1,399,733	8
	Operating days	Days	TR-MT-000.C	9,417	8
	Deadweight tonnage	Thousand deadweight tonnes	TR-MT-000.D	1,997	8
	Number of vessels in total shipping fleet	Number	TR-MT-000.E	26	8

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	17.83	4.77	0.99
Bulk Bahamas	Supramax	56.141	365	19.34	4.98	0.97
Bulk Bequia	Ultramax	61.309	365	18.76	4.23	0.87
Bulk Colombia	Supramax	57.937	365	21.15	5.52	1.10
Bulk Ecuador	Supramax	57.937	365	20.85	5.85	1.17
Bulk Finland	Panamax	77.126	123	24.69	3.96	0.95
Bulk Geneva	Ultramax	63.340	365	24.07	4.65	0.98
Bulk Honduras	Supramax	57.959	365	22.88	5.92	1.18
Bulk Jamaica	Ultramax	63.747	34	24.15	4.85	0.89
Bulk Mustique	Ultramax	64.047	365	22.06	4.44	0.94
Bulk Patagonia	Supramax	58.723	365	18.13	6.77	1.36
Jasmine	Supramax	56.124	365	25.22	5.82	1.14
Sakura	Ultramax	63.742	48	23.29	4.29	0.91

UN Global Compact Index

SDG	Goal	Report segment	Referenced in pages
1 NO POVERTY	End poverty in all its forms everywhere	Indirect Economic Impacts & Community Engagement	35
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Indirect Economic Impacts & Community Engagement Health & Safety Workforce Well-being	35 33 33
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Greenhouse Gas Emissions Efficiency Measures	27 27

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, & Supplier Management Indirect Economic Impacts & Community Engagement	35 35
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	Greenhouse Gas Emissions Efficiency Measures	27 27
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Biodiversity	34
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, & Supplier Management	35
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the global partnership for sustainable development	Membership Associations Human Rights, Corruption, & Supplier Management	21 35

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	**Value2**Society
V@S	**Value@**Stake

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