

PROPELLING FORWARD

2023

INTEGRATED REPORT

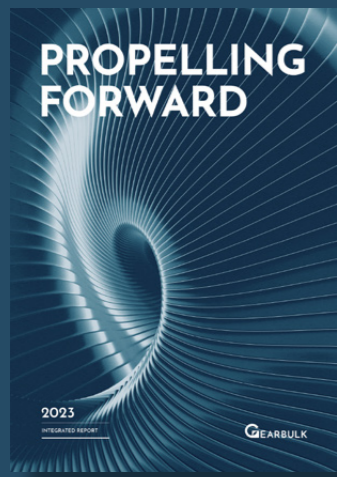
 GEARBULK

PROPELLING FORWARD CREATING LONG-TERM VALUE

2023 INTEGRATED REPORT

The Integrated Report has been drafted to provide our stakeholders with insights into our strategic progress and demonstrate how we believe we create value in the industry in which we operate.

OUR SUITE OF REPORTS



INTEGRATED REPORT

Our strategic progress and how we create value in the societies in which we operate



ESG REPORT

Our efforts to improve on environmental, social and governance performance



FINANCIAL STATEMENTS

Our financial and governmental statements

REPORTING FRAMEWORKS

IR - International Integrated Reporting Council's "IR" Standards
ESG - In accordance with the Global Reporting Initiative (GRI)
FS - Generally Accepted Accounting Principles (US GAAP)

FEEDBACK

Feedback is integral to improvement. If you have comments which could help us improve our report, please send us an email to stakeholderrelations@gearbulk.com.

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ABOUT OUR REPORT

Building upon the foundation laid in our inaugural Integrated Report of 2022, Gearbulk continues its commitment to transparently communicate the value generated through our global operations. Recognising the paramount importance of stakeholder engagement in our business, we have diligently adhered to the Integrated Reporting Framework, elucidating how value has been created and sustained. This sequential report not only delves into the corrective measures undertaken to address areas of value erosion but also reinforces our dedication to meeting the information needs of a diverse range of stakeholders beyond financial capital providers. Your trust and feedback remain instrumental as we strive for continuous improvement and heightened accountability.

Boundary and scope

This report provides strategic information for our stakeholders about how Gearbulk plans to create and sustain value in the short, medium and long term. Additionally, it addresses risks and opportunities identified by management and further outcomes arising from how we conduct business across material segments of our organisation. The period covered by this report is 1st January 2023 – 31st December 2023 (the Group financial year-end). This report contains both financial and non-financial information about our material, wholly owned subsidiaries across eight locations; it excludes information from our terminal business. The report further includes information from our joint ventures where we have significant operational control and follows our approach on how we report our financial and non-financial information. This report excludes information reported by our joint operations and where revenue is not accounted for. The report includes a high-level summary of our material topics derived from financial information in the Group financial statements and furthermore non-financial information from our Environmental Social Governance (ESG) report.

Preparation of the report

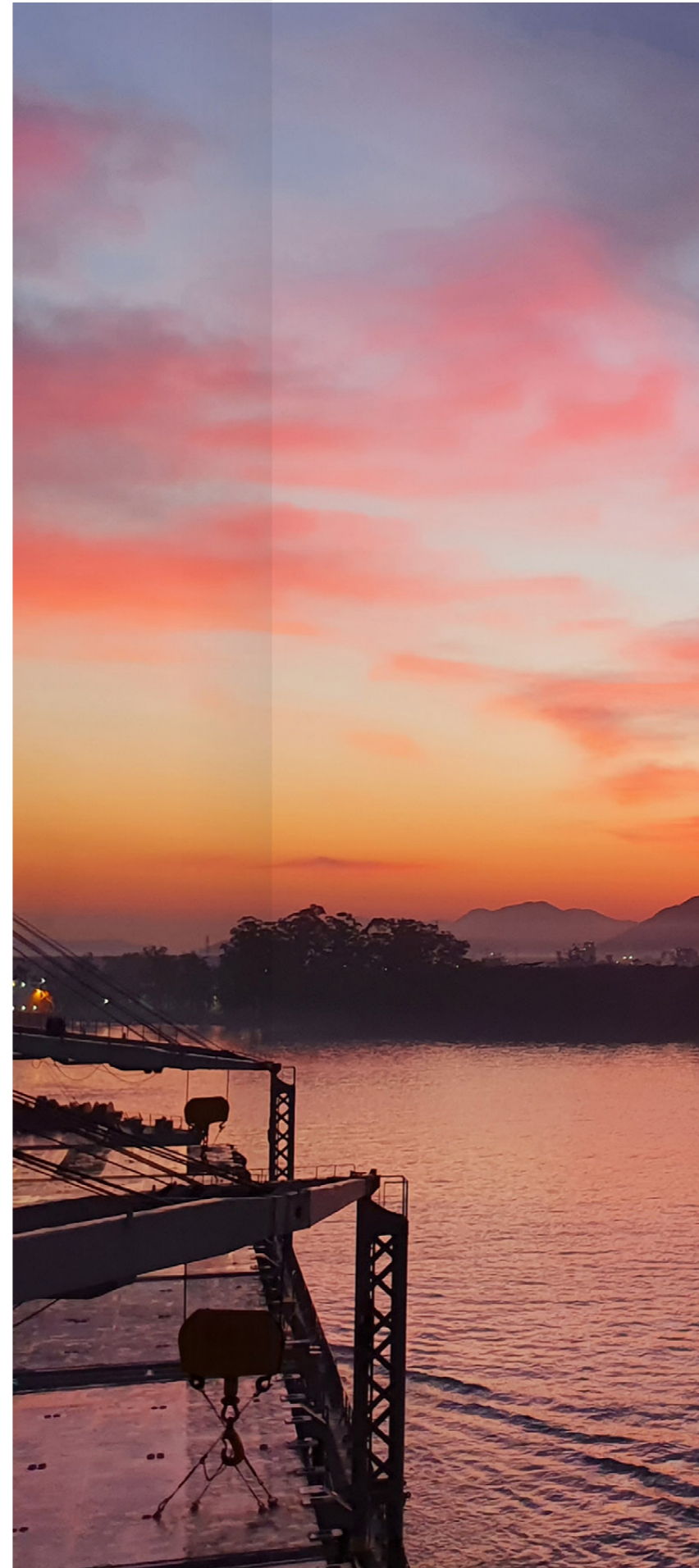
This report is prepared by management of the Company, and the process is overseen by the Chief Executive Officer (CEO) and Chairman of the board.

Materiality

This report includes information that we consider to be material to our stakeholders and to our business. The process used to identify the material topics is defined on page six of this report.

Outlook

We use this report to inform our stakeholders of what challenges the business can face, in addition to uncertainties which could be encountered against our strategy and the potential impacts these might have on our business model. The assumptions and estimates contained in this report are subject to changing circumstances.



Definitions

Throughout this report “Gearbulk”, “Company”, “Group”, “we”, “us” and “our” refer to Gearbulk Holding AG and its subsidiaries. Subsidiaries comprise entities consolidated under either the voting interest method or the variable interest method.

Forward looking statements

This reports contains information relating to future prospects and the Company's future performance. The statements contained in this report are management's best estimates, and judgement is involved in various aspects of the report at the time the report was drafted.

Board responsibility statement

The Board acknowledges its responsibility to ensure the integrity of this report, that it addresses all material matters and offers a balanced view of Gearbulk's strategy and how it relates to the organisation's ability to create value in the short, medium and long term.

The Board believes that the report adequately addresses Gearbulk's use of and effects on the capitals and how the availability of these capitals affects Gearbulk's strategy and business model.

The Board confirms this report was prepared in accordance with the “IR” Framework.

The Board is ultimately responsible for this report, which is prepared under the supervision of senior management and subject to a rigorous internal review process.

The report is submitted to the Audit Committee which reviews its content and the collation process, relying on the assurance provided on the various reporting elements. The committee recommended the report for Board approval.

We sustain and create value through our capitals, which include:

| | | |
|--|--|---|
|  Financial Capital |  Manufactured Capital |  Intellectual Capital |
|  Human Capital |  Social and Relationship Capital |  Natural Capital |

OUR MATERIALITY ASSESSMENT PROCESS

During 2023, Gearbulk performed a double materiality assessment which was then incorporated into the Company’s strategy process. The double materiality analysis investigates both how an organisation impacts the economy, environment and people i.e., impact materiality (inside-out perspective) and how sustainability issues can have a financial impact on the organisation i.e., financial materiality (outside-in perspective).

This comprehensive process began with identification of an extensive list of potential topics based on our industry, services, geographical presence as well as stakeholder expectations, peer analysis, sustainability standards and regulatory requirements. Impacts on human rights were also addressed by the due diligence process which Gearbulk performed under the Norwegian Transparency Act, as well as the Gearbulk enterprise risk management process.

The list was subject to internal evaluation by a group representing different functions of Gearbulk. Subsequently, this list was prioritised based on the significance in a short-, medium- and long-term perspective, leading to the creation of a condensed short list. Further prioritisation was done by considering severity (scale, scope and irremediability) from insignificant to severe and likelihood on a scale from rare to almost certain.

Rigorous testing of this short list occurred through interviews with select key stakeholders, including employees, customers, financial advisors, banks and suppliers.

The different stakeholder input was weighted based on their interest and influence in Gearbulk. Stakeholders provided valuable input to the analysis through prioritisation of the topics. The topics were then reassessed based on the scoring by both Gearbulk and the stakeholders. Final determinations on material topics were made within the broader context of our strategy formulation. The outcome of the materiality analysis was presented and approved by the Gearbulk Leadership Team as well as the Board of Directors and embedded in the corporate strategy.

Gearbulk is reporting according to the GRI for the most material topics as indicated in white on the matrix on page 56. The threshold for reporting was set at topics scored as High (with a score of more than 12).

The following standards are deemed relevant for our material topics:

| Material Topic | Standard |
|--|---|
| E1 Climate change | GRI 305 Emissions |
| E2 Pollution | GRI 306 Effluents and Waste / 306 Waste |
| S6 Occupational health and safety | GRI 403 Occupational Health and Safety |
| G12 Corruption and Bribery | GRI 205 Anti-corruption |
| G15 Cyber Security | GRI 418 Customer privacy |

IDENTIFY & ASSESS ESG IMPACTS ON AN ONGOING BASIS

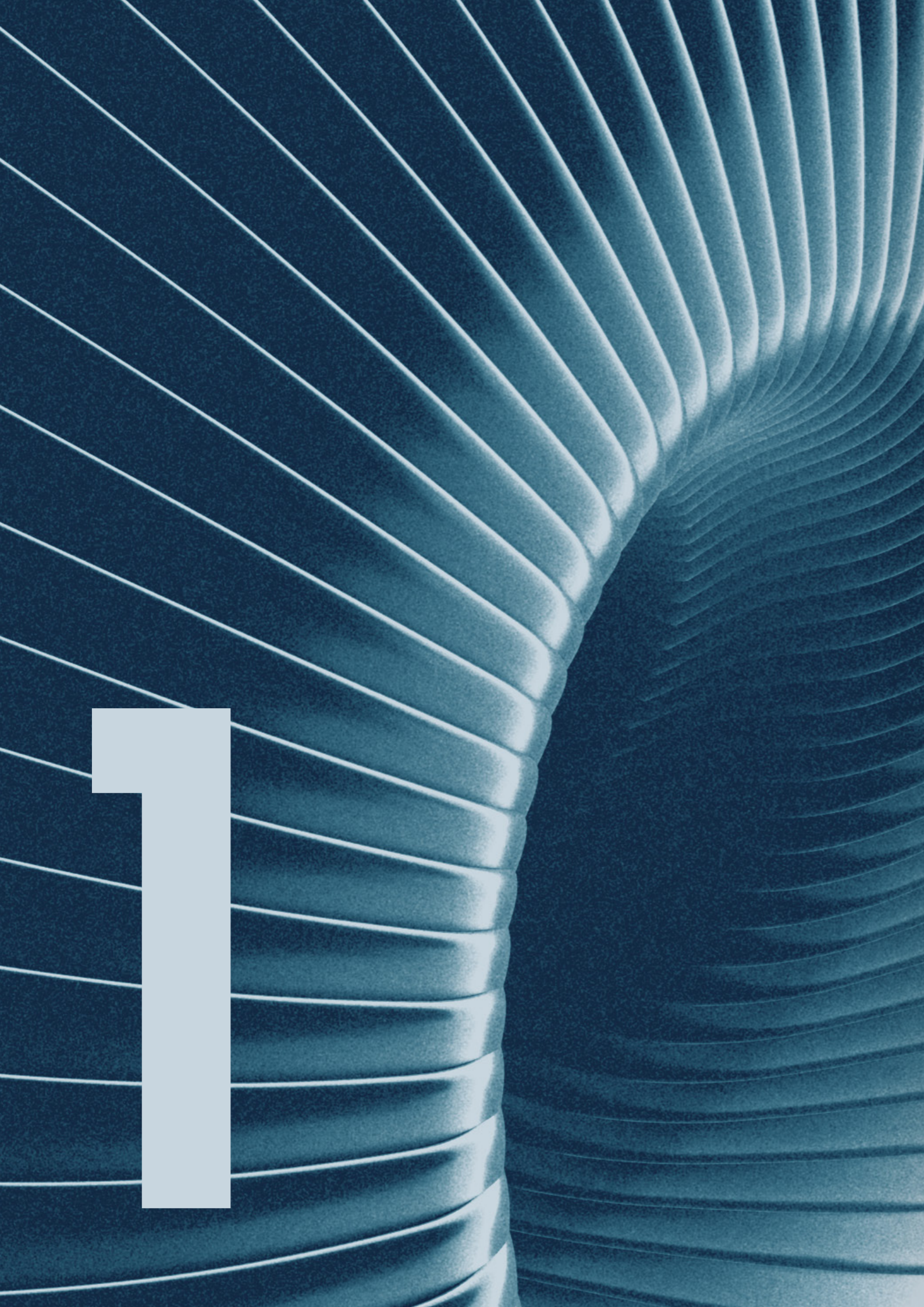


DETERMINE MATERIAL TOPICS FOR REPORTING



ASSESS RISKS AND OPPORTUNITIES FOR TOPICS IDENTIFIED





PART 1

WHO WE ARE

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OVERVIEW OF OUR BUSINESS

A PLATFORM FOR SUSTAINABLE OCEAN BUSINESS

Gearbulk is an international shipping company which provides an indispensable link in the worldwide industrial supply chain. Our business areas consist of shipowning, fleet management, specialised shipping activities and terminals. We are committed to providing high quality transportation services for a wide range of industries through our companies, joint ventures and other interests. Gearbulk, together with our Joint Venture, G2 Ocean, operates the world's largest fleet of Open Hatch gantry and jib crane vessels, purpose-built to carry forest products and other unitised breakbulk cargoes.

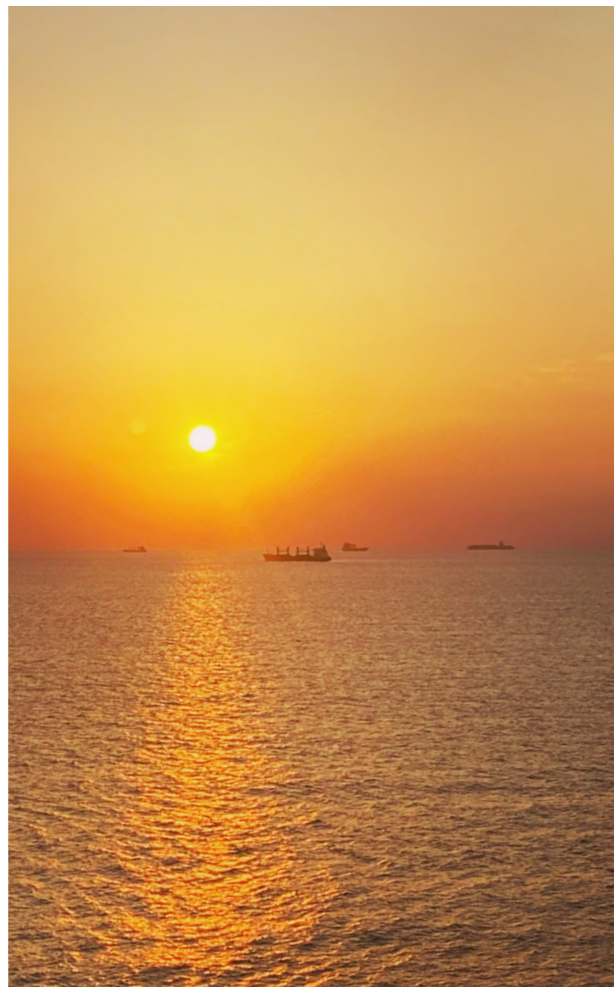
The Company operates in a capital-intensive industry requiring substantial investments in vessels to maintain and renew its revenue-generating assets. Historically, the Company has financed its vessels and general corporate finance requirements through a combination of operating cash flow, borrowings from commercial banks, long-term lease financing and unsecured finance.

The Company's current intention is to finance its future vessel acquisitions and general corporate finance requirements using balanced financing solutions.

Customers are primarily international companies in the forest product and other unitised products industries. Together with G2 Ocean, the Company directly or indirectly has long standing relationships with its customers, and as a result, a substantial percentage of its revenue is generated under Contracts of Affreightment ("COAs").

Shipowning activities

The Company owns and operates a fleet of 61 vessels, of which 16 are Open Hatch Gantry Craned vessels ("OHGC vessels")



Gearbulk fosters a tradition of excellence and innovation in its operations. The Company's vessels, systems and handling techniques are designed to provide a punctual and high-quality service, which optimises efficiencies and economies of scale within the total logistics chain.

between 36,000 dwt and 72,863 dwt, totaling approximately 1.0 million dwt. OHGC vessels are dry bulk vessels designed with traveling gantry cranes and box-shaped cargo holds that are totally accessible, with no obstructions or deck overhangs.

A further four vessels are Totally Enclosed Forestry Carrier ("TEFC vessels"), which are fully covered OHGC vessels designed for loading and discharging in all weather conditions.

These vessels are complemented by a further 37 vessels which have box-shaped holds with predominantly open hatches and are equipped with jib cranes ("Fleximax" or "Semi-open" vessels).

The Company also has three liquid pitch vessels which are specifically designed to transport high temperature liquid products, such as liquid pitch and one conventional vessel which has been converted to carry liquid caustic soda as well as dry bulk cargo, rather than containerised or unitised cargo.

Furthermore, one of the 16 OHGC vessels which the Company operates has been converted to operate as a floating storage facility for copper concentrate transshipment.

The uniformity of the majority of the Company's fleet enables the Company and its affiliates to use its vessels interchangeably, which provides scheduling flexibility, minimises ballast voyages ("ballast voyages" refers to voyages, or legs of voyages, during which vessels are not fully loaded, which are made to position vessels in geographic locations where they may load cargoes) and reduces costs.

The Company also time charters semi-open hatch vessels (which differ from an OHGC vessel primarily in that their hatch openings are slightly smaller than their cargo holds, thereby causing minor deck overhangs, and are equipped with jib cranes).

Fleet Management activities

Gearbulk manages a fleet of over 50 open-hatch, 3 tanker vessels and 1 floating terminal. Gearbulk's ship management activities include technical management, crewing, performance monitoring, vetting, and compliance with environmental, social, and governance standards. Gearbulk strives to deliver high-quality services to its stakeholders,

while minimising its environmental footprint and ensuring the safety and well-being of its seafarers and shore staff.

Specialised shipping activities

The majority of the Company's vessels are employed into G2 Ocean, in the open hatch pool. They are primarily designed and equipped to transport unitised cargoes, which generally consist of forest products (principally wood pulp, lumber, plywood, and different types of paper and paper board) and other unitised products (principally aluminium, steel and granite).

Project cargoes are generally individually packaged, high value, semi-finished or finished products, which are vulnerable to physical damage during transportation and must, therefore, be handled with greater care than most bulk cargoes.

G2 Ocean is a joint venture of Gearbulk and Grieg Star and set up as a pool company. As a pool participant, Gearbulk has its nominated vessels into the pool, whereby Gearbulk Fleet Management provides technical management as a Document of Compliance holder for vessels owned by -or on bareboat to Gearbulk. This includes core aspects of technical management such as manning, fleet performance and optimisation, maintenance and docking, as well as projects such as vessel conversion, fuel optimisation and decarbonisation. Gearbulk Fleet Management is headed out of Bergen. Our joint venture G2 Ocean provides the commercial management for the fleet.

The Company conducts its operations through a global network of offices in Brazil, Japan, Norway, Singapore, Switzerland, United Kingdom and United Arab Emirates.

Terminals

The Company owns, or has interests in, terminal operations in Brazil, which is used to handle, store, and distribute cargoes. The Company has a 100% interest in Gearbulk Terminais Brasil Ltda, which undertakes terminal management activity and owns a 50% indirect interest in NST-Terminal e Logística S.A ("NST"), a shore terminal located in Santos, Brazil.

In addition to shore based terminal operations, the Company operates one vessel as a floating storage facility in Papua New Guinea.

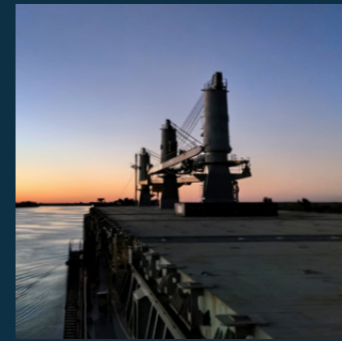
OVERVIEW OF OUR BUSINESS

OUR HISTORY

Gearbulk was founded by Mr. Kristian Gerhard Jebsen, and its operations commenced in 1968 with the establishment of Gearbulk Ltd, a company incorporated in Norway.



Gearbulk enters the liquid pitch business



Mitsui O.S.K. Lines increases its shareholding from 40% to 49%



Gearbulk Norway AS established to assume technical management of the Gearbulk owned fleet

Gearbulk receives its first certification to the ISO 14001 environmental standard

Established High Heat Tankers PTE Ltd. (HHT) with Puma Energy on the 15th of July 2015

Expanded our managed fleet to a total of 54 vessels through the acquisition of 15 second-hand Open Hatch Vessels

Gearbulk founded by Kristian Gerhard Jebsen

Incorporated in Bermuda as Gearbulk Holding Ltd. The Kristian Gerhard Jebsen family acquires its partners' vessels and shares. Mitsui O.S.K. Lines obtains 25% share of the restructured Gearbulk, and subsequently increases to 40%

Establishes GBSMT Limited with SMT Shipping

1968 1969 1991 1992 1994 1995 1999 2009 2010 2011 2017 2018 2022 2023

Diversifies into shore terminals - first of several terminals is established in joint venture in Sinor Terminal, Port of Tianjin

Gearbulk receives its first certification to the ISO 9002 quality standard

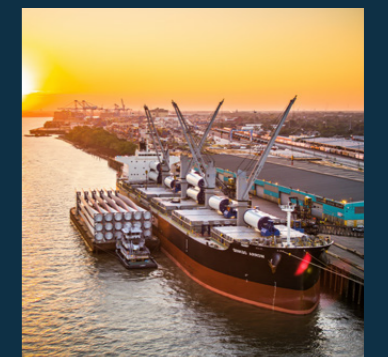
Kristian Jebsen takes control of the family shares in Gearbulk

The Gearbulk Group secures first sustainability-linked financing

Delivery of first two of Gearbulk's 1st Generation newbuildings

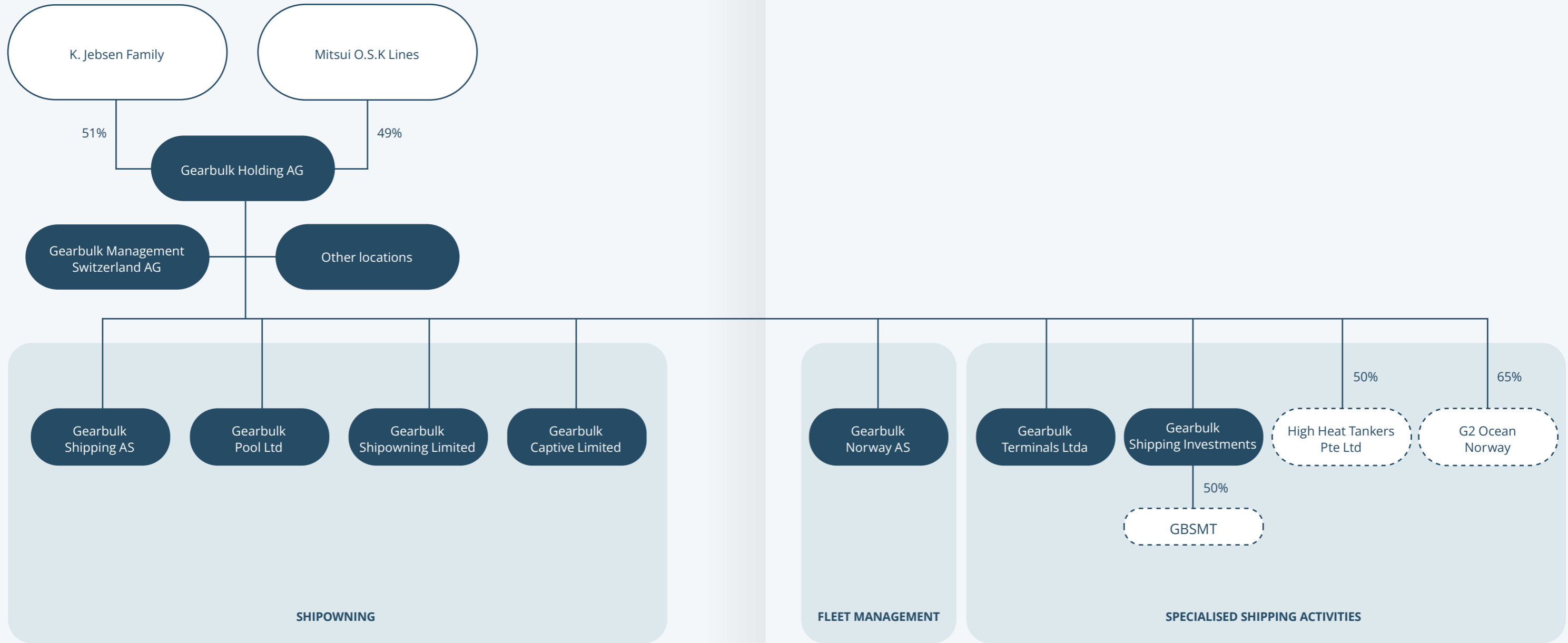


G2 Ocean joint venture between Gearbulk and Grieg Star goes live on the 1st of May 2017



OVERVIEW OF OUR BUSINESS

GROUP STRUCTURE




- Shareholders
- 100% owned and controlled
- JV under independent management
- Business activities


OVERVIEW OF OUR BUSINESS


WHERE WE OPERATE




Headquartered in Pfäffikon, Switzerland, our committed teams, both onshore and offshore, possess a wealth of experience, knowledge and expertise, allowing Gearbulk to effectively address the rigorous demands of our industry and meeting our stakeholders' expectations.

 Headquarters:
Zentrum Staldenbach 5,
8808, Pfäffikon, Switzerland

 16 different nationalities represented amongst our employees

 131 employees and workers across eight global offices

 42% female demographic in our office workforce

OUR VALUE PROPOSITION

VALUE CREATION ROADMAP

- Value created
- Value sustained
- Value eroded

- Financial Capital
- Manufactured Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

INPUTS

- \$ 491 million Equity
• \$ 883 million Interest bearing debt
- Functional and well maintained property, plant and equipment: 2023 book value of \$ 976 million
• 15 vessels with total acquisition cost of \$ 120.4 million in 2023
• \$ 17.5 million invested in periodic maintenance for vessels in 2023
- Diverse workforce consisting of 1818 sea and 131 shore
• 3 annual health and safety campaigns and initiatives
• 3811 training days across the workforce (sea and shore)
• Performance management process
- Annual employee engagement survey
• Multinational organisation serving our Joint Venture customers in more than 60 countries
• Continuous collaboration with our Joint Ventures and Joint Venture Partners
• Membership in the following associations NORMA, MACN, BIMCO, IMO and GRI.
- Extensive knowledge of vessel operations backed by highly experienced and skilled teams
• Skills and knowledge sharing through joint venture operations
• Enhanced digitalisation framework with spend of more than \$ 2million
• Enhanced compliance initiatives within the organisation
- Energy consumption: 14.55M GJ
• Fuel consumption: 352,802 MT
• Ballast water treatment systems on Gearbulk managed vessels
• Operational efforts to reduce carbon intensity of Gearbulk Managed vessels

BUSINESS ACTIVITIES

-
- SHIPOWNING
- FLEET MANAGEMENT
- SPECIALISED SHIPPING ACTIVITIES

OUTCOMES

- 61**
VESSELS OWNED AND OPERATED
- 500**
VOYAGES THROUGH OWNED AND CHARTERED VESSELS
- Approximately **15M**
MT CARGO
SHIPPED THROUGH OWNED AND CHARTERED VESSELS
- 15**
ADDITIONAL VESSELS ACQUIRED AND OPERATED
- 4**
VESSELS ON TIME CHARTER CONTRACT

VALUE OUTCOMES

- EBITDA: \$ 163.86 million
 - Operating cash flow: \$ 78.27 million
 - Debt: \$ 0.9 billion
 - Equity ratio: 34.6%
 - Dividend distributed to shareholders
- Enhancement of assets with Capex expenditure of \$ 158.31 million
 - Operational efficiency increased
 - Increase in off-hire day
- Zero fatalities
 - LTIF 0.70; target 0
 - 14 Promotions during 2023
- Employee turnover of 8.6%
 - Completion of double materiality assessment
 - Joint health and safety, cyber security and ABC seminar
- Increased digital solutions supporting efficiency and safety by completion of 14 projects
 - Compliance enhanced within the organisation
 - No significant Cyber attacks
- No material environmental incidents
 - Increase in CO2 emissions negatively impacting the environment
 - Waste levels remained unchanged
 - Compliance with laws relating to ballast
 - No material impacts on ocean eco systems

OUR VALUE PROPOSITION

CREATING ENDURING VALUE

AN INTEGRATED APPROACH TO VALUE CREATION

In order to realise our vision and mission, we acknowledge that our business model, together with our strategy, must create value. To achieve this, an integrated thinking approach has been implemented to enable and support Gearbulk's goal to think differently and outside the box. We believe that considering the wider picture when conducting business will effectively lead to value creation.

ESG AT THE HEART OF OUR BUSINESS

When conducting business, we believe that assessing our impacts, both positive and negative, and adjusting our strategy accordingly is imperative to ensuring a sustainable business.

At Gearbulk we have incorporated ESG into our business strategies, certifying that we not only sustain but also strive to create value in the Ecosystems in which we operate.

The Company's Board of Directors have set requirements for sustainability and impact reporting and performance insights are detailed in the Company's ESG Report (please refer to gearbulk.com for our report). Responsibility for managing and reporting on the Company's impact, herein oversight and approval of the reported information, has been delegated to the Company's management. A process for external review is under development.



OUR VALUE PROPOSITION

YOUR PREFERRED PARTNER FOR OCEAN TRANSPORTATION SOLUTIONS

Gearbulk's value proposition for our stakeholders is to provide safe, efficient and reliable global ocean transportation solutions for dry bulk cargo through our modern and environmentally friendly fleet. The Company also offers customised solutions, flexible scheduling and a highly experienced team to ensure customer satisfaction. We believe we achieve this with five areas:



DEMONSTRATED EXPERIENCE

With over five decades of experience and global physical presence, Gearbulk has a proven track record in an evolving industry.



SPECIALISED BUSINESS

Gearbulk operates in niche shipping segments, diversifying our business portfolio. We operate in the Open Hatch Segment, Specialised Bulk Segment and Pitch and Bitumen Segment.



DIVERSIFIED PORTFOLIO

Gearbulk has agreements with strong joint venture partners which include MOL, Grieg Star, Trafigura and SMT.



VERSATILE FLEET

Gearbulk owns and operates 54 vessels and owns 14 vessels through the joint venture GBSMT.



UNPARALLELED EXPERTISE

Our fleet management department is continuously evolving to provide world class services through our fleet to the niche segments in which we operate.

OUR VALUE PROPOSITION

THINK TOMORROW, TODAY

Our Vision, Mission and values guide our workforce, both ashore and at sea. Our ESG Commitment applies these same principles as we fulfil our commitment to plan for tomorrow, today.

VISION

To be the preferred partner in sustainable ocean transportation solutions.

MISSION

How can we create value for our stakeholders through reliable, efficient, and sustainable ocean transportation solutions?

OUR ESG COMMITMENT

Becoming an industry leader in creating enduring value by taking responsibility for the future through the choices we make today.

- Clear and consistent leadership whilst engaging our employees
- Transparency and improving our economic, environmental and social contribution
- Developing human potential and collaborating with those who share our vision locally and globally
- ESG at Gearbulk is all about “creating enduring value,” taking care of the planet, contributing to society, and conducting business in a responsible manner.

OUR STRATEGIC PILLARS



ENABLE
THE GREEN, BLUE
AND CIRCULAR
ECONOMIES



DEVELOP
OUR
ORGANISATION
AND HUMAN
CAPITAL



TRANSFORM
OUR BUSINESS
THROUGH
INNOVATION



SUSTAIN
OUR BUSINESS
FOR THE
FUTURE

OUR VALUES



BOARD OF DIRECTORS

Gearbulk is governed by its Board of Directors, which sets the overall strategy. The Board meets on a quarterly basis.

KRISTIAN JEBSEN (69) CHAIRMAN

Kristian Jebsen has been with the Company since 1980. He was appointed as a Director of the Company in 1991 and has held a variety of positions across its offices worldwide. He worked in the Company's Tokyo office from 1982 to 1985, holding the position of General Manager of the Company's Tokyo operations from 1984 to 1985. He was Vice President and General Manager for the Company in Canada from 1985 to 1989 and was Executive Vice President in Bergen from 1989 to 1993 before assuming the role of President of Gearbulk UK over the period 1993 to 2006. He received a business degree from the University of Lausanne, Switzerland in 1978 and a Master's Degree in International Management from the American Graduate School of International Management (Thunderbird) in Glendale, Arizona in 1980. Mr. Jebsen was appointed Chairman of the Company in May 2006, and he was appointed Chairman of the Board of G2 Ocean Holding AS in May 2017.

HANS PETTER AAS (78) NON-EXECUTIVE DIRECTOR

Hans Petter Aas was appointed as a Director of the Company in 2010 and is the Chairman of the Audit Committee. From 1989 to 2008 he was with the Shipping, Offshore and Logistics Division of DnB NOR Bank ASA and was Global Head and Executive Vice President from 1998 to 2008. He is now an independent consultant and Board Member of several quoted and privately held shipping companies. He was appointed as a director of the Board of G2 Ocean Holding AS in May 2017.

TOSHINOBU SHINODA (60) NON-EXECUTIVE DIRECTOR

Toshinobu Shinoda was appointed as a Director of the Company in 2021 and is a member of the Company's Audit Committee. He has been an employee of MOL since 1985 and has worked in various areas including Bulk Carrier Division in both the Tokyo and London Office. He has also taken the role as General Manager of Finance Division in Tokyo. He was appointed Senior Managing Executive Officer of MOL in charge of Europe and Africa regions in 2023.

KOICHIRO NINOMIYA (52) NON-EXECUTIVE DIRECTOR

Koichiro Ninomiya was appointed as a Director of the Company in 2023. He has been an employee of MOL since 1995 and has in excess of 20 years' experience in the Drybulk Business, mostly on the commercial side. He has held positions in Tokyo, Singapore, and most recently in the London office since 2018, originally as the Chief Commercial Officer of the Drybulk Division, and from 2023 as the Head of Sustainability and non-Energy business in the Europe and Africa Region, a position he holds today.

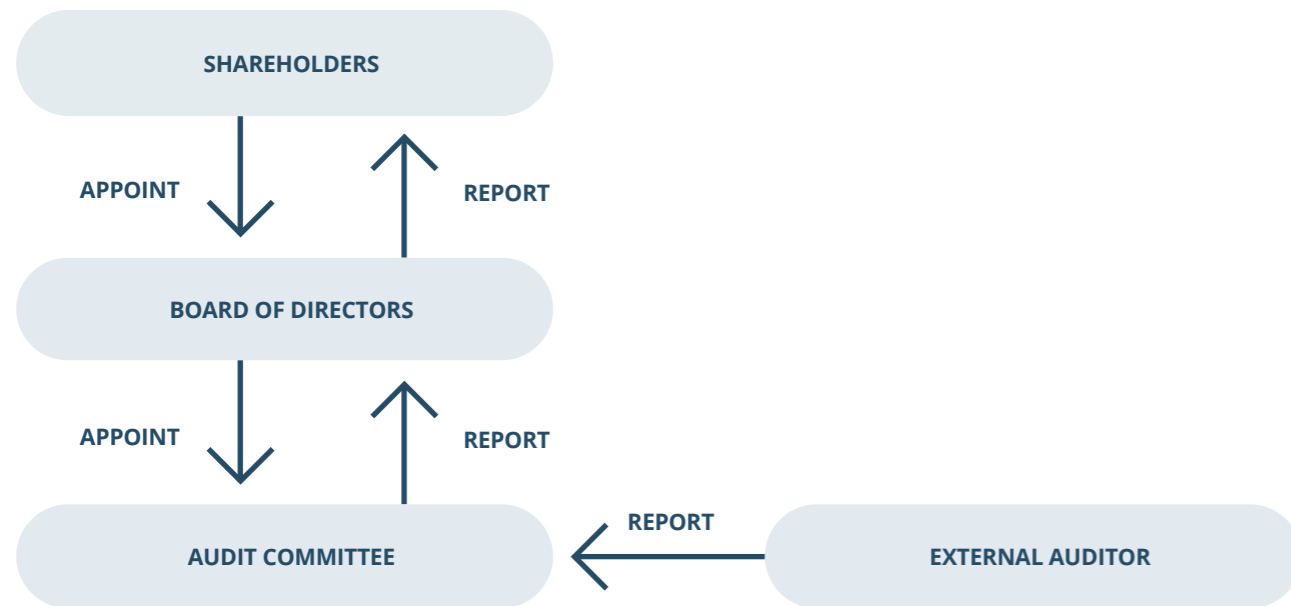
HANS OLAV LINDAL (62) NON-EXECUTIVE DIRECTOR

Hans Olav Lindal was appointed as a Director of the Company and a member of the Company's Audit Committee effective June 30, 2014. He has been a partner in the Norwegian-based law firm Thommessen since 1993 and serves as Non-Executive director on the board of several companies, predominantly in the maritime sector. He was the President of the Norwegian Shipowners' Association and was a Board Member of the International Chamber of Shipping (ICS) until 2018. He was appointed as a director of the Board of G2 Ocean Holding AS in May 2017.

SUMMARISED GOVERNANCE REPORT

OVERVIEW OF OUR GOVERNANCE

The Board of Directors is committed to maintaining high standards of good corporate governance practices. In doing so, a solid foundation is set to support the Group in managing business risks, enhancing transparency and maintaining accountability, ultimately protecting stakeholder interests. The Board, in consultation with the Shareholders, has considered the appropriateness of the governance structure scaled to the size and nature of the business.



Continuous Professional Development of the Board

Where applicable the Company Secretary issues notices on possible changes where a development is deemed significant.

Board members participated in various seminars, webinars, workshops and readings to support the need for continuous professional development.

Board Composition

The board members bring many years of experience to the organisation and possess skills sets from different backgrounds, including shipping, finance and legal experience. The board consist of nationals from Japan (2), Norway (2) and Switzerland (1).

Due to company size and structure, the board does not represent under-represented social groups.

COMPOSITION OF THE BOARD IN GEARBULK

| Name | Designation (Appointments elsewhere) | Audit Committee | Meetings Attended |
|---------------------|--------------------------------------|-----------------|-------------------|
| Hans Petter Aas | Non-Executive Director | X | 3 |
| Hans Olav Lindal | Non-Executive Director | X | 3 |
| Toshinobu Shinoda | Non-Executive Director | X | 4 |
| Toshiyuki Katagiri* | Non-Executive Director | | 1 |
| Koichiro Ninomiya* | Non-Executive Director | | 3 |
| Kristian Jebsen | Chairman and CEO | | 4 |
| Kjell Hovden | Company Secretary | | 4 |

* On 3 April 2023 T. Katagiri resigned as member of the board and was replaced by K. Ninomiya.

Remuneration of the Board

All non-executive directors are remunerated by the shareholders based on the policies and procedures of the shareholders. The executive director is remunerated based on policies and procedures of the group and with the support of the Human Resources Department verified for reasonability.

Board Meetings

Board meetings take place quarterly with dates of the meetings set at the beginning of each financial year. Formal notice of meeting, together with board documents for discussion, are circulated seven days in advance of meetings.

Following each meeting, minutes are prepared and circulated to the board in advance of the next meeting, for final approval.

SUMMARISED GOVERNANCE REPORT

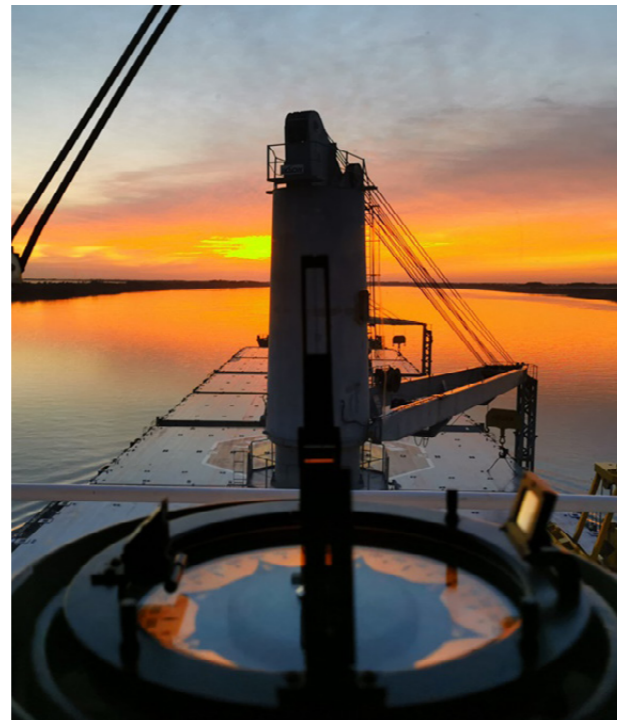
OVERVIEW OF OUR GOVERNANCE

MANAGING CONFLICTS OF INTEREST

Managing conflicts of interest within the Board of Directors (BOD) entails transparent disclosure of such matters, particularly concerning transactions between the Company and its shareholders, such as financing arrangements and vessel chartering. These potential conflicts are disclosed in the annual report as Related Party transactions. By ensuring open communication and disclosure, the BOD upholds integrity and accountability, mitigating the risks associated with conflicts of interest and safeguarding the interests of all stakeholders.

COMMUNICATION OF CRITICAL CONCERNS

Effective communication of critical concerns to the Board of Directors is essential for informed decision-making. This is achieved through special reporting via board memos for urgent matters, monthly updates providing a comprehensive overview of developments and key indicators, and discussions during board meetings facilitating in-depth deliberations on critical issues. Regular circulation and discussion of the company's Risk Report ensure the BOD remains informed about potential threats, enabling proactive risk management strategies. These communication channels equip the BOD to navigate the business landscape effectively.



EXTERNAL ASSURANCE ON REPORTS

Gearbulk currently receives external assurance on the financial statements of the group. The External Auditor, PwC Switzerland, has been the auditor for the group since 2014 and has provided external assurance on the 2023 financial year results.

Gearbulk is actively enhancing our reporting on non-financial information. Presently, it's important to note that we do not receive external assurance for this data. As part of our ongoing efforts, we are enhancing our control environment and data governance. Following these enhancements, our intention is to pursue limited external assurance for our non-financial information.

OUR MANAGEMENT COMMITTEES

The CEO and Chairman of the Board has implemented structures and committees to support the decision-making process. These structures and committees report directly to the CEO and Chairman and have the responsibility to inform the CEO of developments on an agreed frequency. The committees provides further support by drafting policies for review by the Gearbulk Leadership Team which are ultimately approved by the CEO and Chairman.

GEARBULK LEADERSHIP TEAM

Under Board mandate, the Gearbulk Leadership Team guides implementation of strategies developed and approved by the Board and coordinates group activities.

The Leadership team meets on a frequent basis and is comprised of the following members:

- Kristian Jebsen - CEO and Chairman
- Tadashi Imai - Executive Director
- Ketil Andreassen - Managing Director Gearbulk Norway AS
- Paal Minne - Financial Advisor
- Daniel De Chiaro - CFO

COMPLIANCE COMMITTEE

The Compliance Committee has been established with the purpose to advise, share knowledge and exchange information related to Gearbulk Group's compliance overall strategy, core principles and general policies.

The Compliance Committee is an independent body, with no authority to make decisions, but shall serve as an advisory body to Gearbulk's CEO with respect to Gearbulk Group's compliance program implementation and training, related to but not limited to the following matters: business ethics; anti-bribery, corruption and facilitation payments; and anti-trust.

ESG COMMITTEE

The ESG Committee has been established to assist relevant functions within the organisation with the actions required for achieving Gearbulk Group's strategic ESG objectives.

The ESG Committee does not have authority to make decisions and shall serve as an advisory body to Gearbulk's CEO with respect to Gearbulk Group's policies, strategies and programs related to matters of sustainability and corporate social responsibility by implementing and monitoring the progress of the implementation of recommended targets and goals of Gearbulk Group towards reducing the negative impacts and increasing the positive impacts of the business, effecting ESG main guidelines.



PART 2

OUR BUSINESS IN CONTEXT

| | |
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REFLECTIONS FROM OUR CHAIRMAN

DEMONSTRATED COMMITMENT

I am pleased to present our annual Integrated Report, summarising our achievements, challenges and commitment to responsible business practices. As we reflect on the past year, I would like to share the following highlights:

Financial resilience in volatile markets

We were able to maintain profitability and growth amidst volatile markets. This was enabled by good strategic planning, risk management, the dedication of our organisations as well as agility and ability to adapt to turbulent times.

Enhanced governance practices

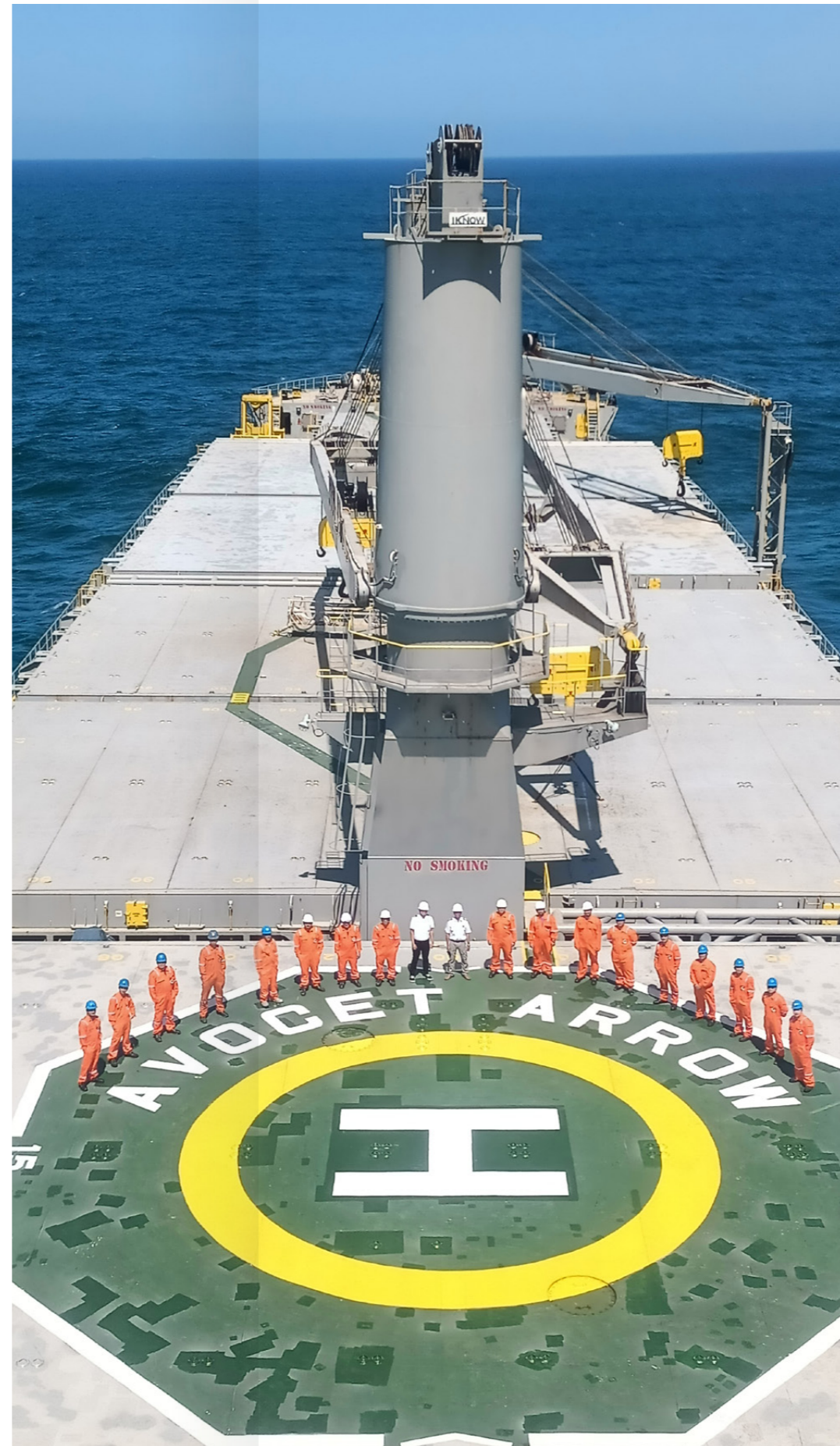
Transparency, accountability and ethical conduct are fundamental to our operations. In the past year, we intensified our efforts to improve governance at all levels. We enhanced our board oversight mechanisms and have actively engaged with stakeholders to demonstrate our view that governance extends beyond compliance - because we are committed to doing what is right.

ESG impact management

ESG factors are integral to our journey, as is our commitment to managing our impact on society and the planet as a whole. We remain proactive in addressing ESG challenges, from reducing emissions and conserving resources to promoting workplace safety and diversity. Our ESG objectives are fundamental in creating value for stakeholders and ensure that the company remains sustainable on all levels.

Acquisitions and fleet expansion

Beyond financial metrics, acquisitions have been integral to our growth; by expanding our fleet, we have enhanced our capacity, enabling us to serve our clients more effectively.



Appreciation for our team

Our achievements are a testament to the dedication of our employees. From our seafarers to shore-based teams - each individual plays an important role in our business; their dedication and resilience is what drives us forward and we will continue to invest in their development and well-being.

I extend my gratitude to all stakeholders for their continued support - it is very much appreciated.

Sincerely,

Kristian Jebsen

Chairman of Gearbulk Group

OUR OPERATING CONTEXT

EFFECTS OF EXTERNAL FACTORS

The environment in which we operate is affected by various factors impacting our business, such as global influences, economic conditions in the countries where we operate and trends in the shipping market segments in which we invest. While we may not have direct control over these factors and risks, we thoroughly analyse them to identify opportunities and make informed strategic decisions.

MACRO ECONOMIC INDICATORS IMPACTING OUR BUSINESS

Despite the continued and increased geopolitical tensions, the global economies have started to recover. However, the outlook could still have a severe impact on our business as elevated inflation and high interest rates continue to persist, impacting our value.

Elevated inflation is expected to ease further in 2024

Despite elevated levels in most countries, global headline inflation is anticipated to decline from an annual average of 6.8% in 2023 to 4.1% in 2024 as per latest market consensus. This anticipated decrease is primarily attributed to the stabilisation of energy prices, improved energy mix and much lower dependence on Russian gas and oil, stabilisation of global supply chains, alongside weaker-than-anticipated economic activity and energy demand from China, resulting in significant decreases in energy and food prices—although food prices remain volatile.

Interest rates remain at elevated levels

These high borrowing costs have a significant impact on funding our expenditure and capital. Whilst we maintain a prudent hedging level of at least 50% of group floating-rate debt, the unhedged portion of debt is affected by the higher interest rates. This elevated cost of debt also affects various ratios and has an impact on our covenant requirements with our lenders.

Outcomes

It is projected that key economic indicators will begin to show improvement in 2024. Despite having strong economic foundations in areas we operate, further tension could result in the indicators not improving, thus leading to higher costs stemming from inflation and interest rates.

Our Strategic Response

Gearbulk has a robust risk management process to deal with possibilities of impacts macro economic indicators might have on the business. This includes having a diversified capital structure with a large element of long-term financing. Commercially our revenue is secured through a portfolio of short-, medium- and long-term COA contracts, mainly executed via our Joint Ventures, creating a platform of predictable freight earnings. Certain risks are reduced using natural hedges where possible and otherwise financial hedges (covering interest rates, foreign exchange and fuel oil risks via our Joint Ventures). We are currently structuring our debt and looking for alternatives to support our strategic goals to build a sustainable business.

Capitals Impacted



THE RISK OF CYBER ATTACKS FROM THE INTEGRATION OF DIGITAL TECHNOLOGIES IS INCREASING

As a shipping company that relies on technology for its daily operations and global reach, Gearbulk faces serious challenges from the rising cyber threats and data mishandling in the digitalised world. This includes the use of Artificial Intelligence (AI) and other digital platforms that are not adequately regulated or secured. Gearbulk needs to protect its own data and that of its customers, partners and employees from potential cyber-attacks and data breaches that could harm its reputation, finances and safety.

Outcomes

The complexity of cybercrime is on the rise, with continual advancements in attack methods anticipated. Consequently, businesses must regularly revise their cyber policies to remain aligned with the latest sophisticated attack techniques.

Our Strategic Response

In collaboration with our joint venture partner Grieg and Joint Venture G2 Ocean, we have persistently implemented tools to prevent potential attacks and foster awareness through employee training. Our commitment remains unwavering as we strive to fortify our security measures, ensuring the organisation's data remains robustly secure.

Capitals Impacted





LAWS AND REGULATIONS GOVERNING ORGANISATIONS ARE IN A STATE OF CONSTANT CHANGE

Remaining informed about regulatory changes poses a significant challenge in our industry, especially considering the rapid evolution of the regulatory framework. This also entails upholding principles of ethical business conduct to demonstrate good corporate citizenship.

Outcomes

With the ongoing standardisation of sustainability issues and reporting, we anticipate a consistent stream of regulatory changes driven by the legislation surrounding non-financial reporting. This legislative focus on reporting topics is integral to global initiatives aimed at mitigating adverse business impacts. The emphasis on embedding good corporate governance persists as a primary objective, as reflected in diverse regulatory mandates.

Our Strategic Response

We remain steadfast in our commitment to compliance, recognising its substantial influence on our business.

Through our established ESG and Compliance committees, we strive to remain abreast of issues that may affect the organisation. Our dedication to compliance aligns with our overarching strategy to strengthen our policies and procedures in response to evolving regulatory landscapes.

Capitals Impacted



THE EFFECTS ON THE ENVIRONMENT AND RELIANCE ON NATURAL RESOURCES ARE GROWING

The global impact of climate change is increasingly evident as growth pressures the environment to support our expanding population and waste management. Extreme weather events, like droughts and floods, alongside concerns regarding waste management and biodiversity, are exerting significant pressure on food systems and diverse industries worldwide. This not only affects society but also poses financial risks to businesses.

Outcomes

These trends are projected to persist as businesses and regulators collaborate towards the overarching objective of mitigating diverse adverse effects. Consequently, businesses will be compelled to adopt alternative operational approaches to ensure the sustainability of the environments within which they operate.

Our Strategic Response

Gearbulk is constantly working together with stakeholders to reduce possible negative impacts our organisation might have on the environment. The initiatives include the following:

- Increasing Carbon Intensity awareness to reduce our carbon footprint
- Evaluating, testing and installing energy saving devices to reduce the Carbon emission
- Using the Carbon Intensity Calculator to operate the vessels more efficiently within the carbon trajectory
- Applying High quality Anti-fouling strategy to improve the vessel performance
- Testing of Carbon Neutral fuel as drop-in fuel
- Testing of Ultrasonic anti-fouling system for propeller
- Evaluating Carbon Capture technologies

Capitals Impacted



OUR OPERATING CONTEXT

INDUSTRY TRENDS IMPACTING OUR BUSINESS

Market trends, influenced by global trade dynamics and various factors including consumer behaviour, economics, technology, and environmental regulations, impact our strategies.

Dry Bulk

The bulk carrier market in 2024 has shown a strong start, with average Supramax earnings being around \$13,000/day in Q1 compared to \$10,000/day a year ago. This surge is attributed to robust demand trends, and vessel re-routing away from the Red Sea. The global dry bulk market appears to be strong. Transatlantic rates are holding steady due to scarce tonnage availability, leading to stable market levels. Ship owners are reluctant to reposition tonnage to EU and MED, resulting in additional premiums for transatlantic shipments. In the transpacific market, rates are driven up by increased exports of steel, coal and timber, amongst others. There appears to be no resolution in the Red Sea. Houthi rebels continue targeting ships and have threatened to attack ships moving towards Africa's Cape of Good Hope as well, potentially disrupting east-west traffic.

Looking ahead to the rest of 2024 and into 2025, the outlook for bulk carrier markets is positive. Tonne-mile demand is expected to grow by around 3% in 2024, absorbing the supply growth of about 3%. Factors contributing to this growth include steady cargo volumes across major commodities and minor bulk commodities, and impacts from Panama Canal transit restrictions. If the ongoing disruption in the Red Sea is prolonged, the tonne-mile demand could increase by an additional 0.6%.

In 2025, while the supply-demand balance may soften slightly, the market is still expected to remain stable. Dry bulk trade is forecasted to grow by 1.4% in tonne-miles, assuming the Red Sea disruption eases, while fleet growth is expected to be 2.3%.

Overall, the outlook for the dry bulk market in 2024 and 2025 remains positive, with expectations of firmer markets compared to 2023. The Supramax FFA market currently displays a rate of \$14,000 for the rest of 2024 before declining to around \$13,000 in 2025.

Containers

The container market has a potential effect on Gearbulk activities as its supply and demand imbalances can indirectly impact the segments we operate in.

Ahead of the Chinese New Year holiday, transportation demand in Europe and the Mediterranean dipped, encouraging carriers to slightly reduce freight rates in anticipation of post-holiday voyages. Before the Lunar New Year commence, companies worldwide rush to get their goods out of China before factories close, because, during the Chinese New Year celebration, many factories shut down completely significantly reducing the number of containers being filled and shipped.

In March, the container shipping market experienced a stabilisation of freight rates after an initial increase in January and February due to the redirection of vessels away from the Red Sea. Long-term rates have increased due to higher surcharges rather than changes to the base rate, reflecting a cautious approach from shippers in locking in contracts due to expectations of falling rates.

The conflict in the Red Sea has significantly impacted sailing distances and the number of containers being moved by sea, leading to shifts in volume and trade routes. While deep-sea trades have experienced higher growth in demand, intra-regional trades have seen comparatively lower growth rates. Currently, the re-routing of vessels is the dominant demand driver at the moment, as Suez Canal transits for containerships are down ~87% in March compared to December.

The container fleet has been able to meet the increased TEU-mile demand, partly due to record-high deliveries of new ships. However, this influx of new capacity, particularly in the 13,000 to 17,000 TEU range, is contributing to overcapacity concerns in the longer term. These concerns originate from the challenge of managing the supply-demand imbalances as more capacity enters the market. In total, a further 1.9 million TEU is expected to enter the market in 2024.

Baltic Exchange Average Time Charter Earnings

| | 13 February 2024 | | | | | Feb-24 | Mar-24 | Apr-24 | Q2 24 | Q3 24 | Q4 24 | Cal 25 |
|-----------|------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| | USD/d | d/d | w/w | m/m | y/y | | | | | | | |
| Capesize | 11 515 | -0.2% | 0.6% | -2.9% | 67.5% | 12 000 | 14 900 | 15 400 | 15 200 | 14 550 | 12 875 | 12 850 |
| Handysize | 10 202 | -0.3% | -1.7% | -6.4% | 30.2% | 10 800 | 13 350 | 14 000 | 13 700 | 13 450 | 12 025 | 12 175 |

For the rest of 2024, freight markets may ease further but remain elevated due to re-routing keeping capacity tight. However, once Red Sea disruption eases, underlying supply-demand trends are likely to reassert, leading to more challenging markets in the second half of 2024. Container ship speeds may increase initially due to re-routing but could trend towards slower speeds later to absorb capacity growth.

Looking into 2025, assuming the Red Sea disruption eases, the container shipping market is expected to face challenges due to continued fleet growth, as the fleet at the end of 2025 is expected to be over 20% greater than the fleet at the start of 2023. Efforts to manage capacity and potential reductions in vessel speeds could mitigate supply pressure, while container trade volume growth is projected to be solid.

Pitch and Bitumen Market

The market for transportation of high temperature cargoes of coal tar pitch and Bitumen is very limited and deemed to be a niche market and segment within Gearbulk's business activity portfolio. The market for transportation of coal tar

pitch has maintained relatively strong during 2023, while Asia's demand for Bitumen has been relatively weak. The prices for aluminium have remained at historical low levels during 2023, and price levels were maintained in the beginning of 2024, hence a bearish market. The smelters in the Persian Gulf has maintained demand for Pitch, and some clients also seek to expand the capacity in the years to come, which may result in increased volumes.

Pulp Market

The trend of a growing South American pulp market continued in 2023. The same trend is expected for 2024 onwards with new pulp mills coming into operation for major pulp clients in the region. Total South American market pulp production capacity expected to increase with more than 40% volume growth in the period from 2024 to 2028.

G2 Ocean's market position is strong, and the Company will pursue further market options with existing major and new pulp clients and continue to develop high quality transportation services.



INTEGRATED STAKEHOLDER ENGAGEMENT

UNDERSTANDING OUR STAKEHOLDERS

Stakeholder engagement is integral to business operations. As such, Gearbulk follows a stakeholder inclusive approach when conducting business and creating value. Through this integrated approach, we can properly identify and evaluate the potential impacts we may exert on our stakeholders, and conversely, the effects they may have on us. In doing so, we can ensure that we sustain value, identify opportunities to create value and secure our controls to prevent value erosion.

CATEGORISING OUR STAKEHOLDERS

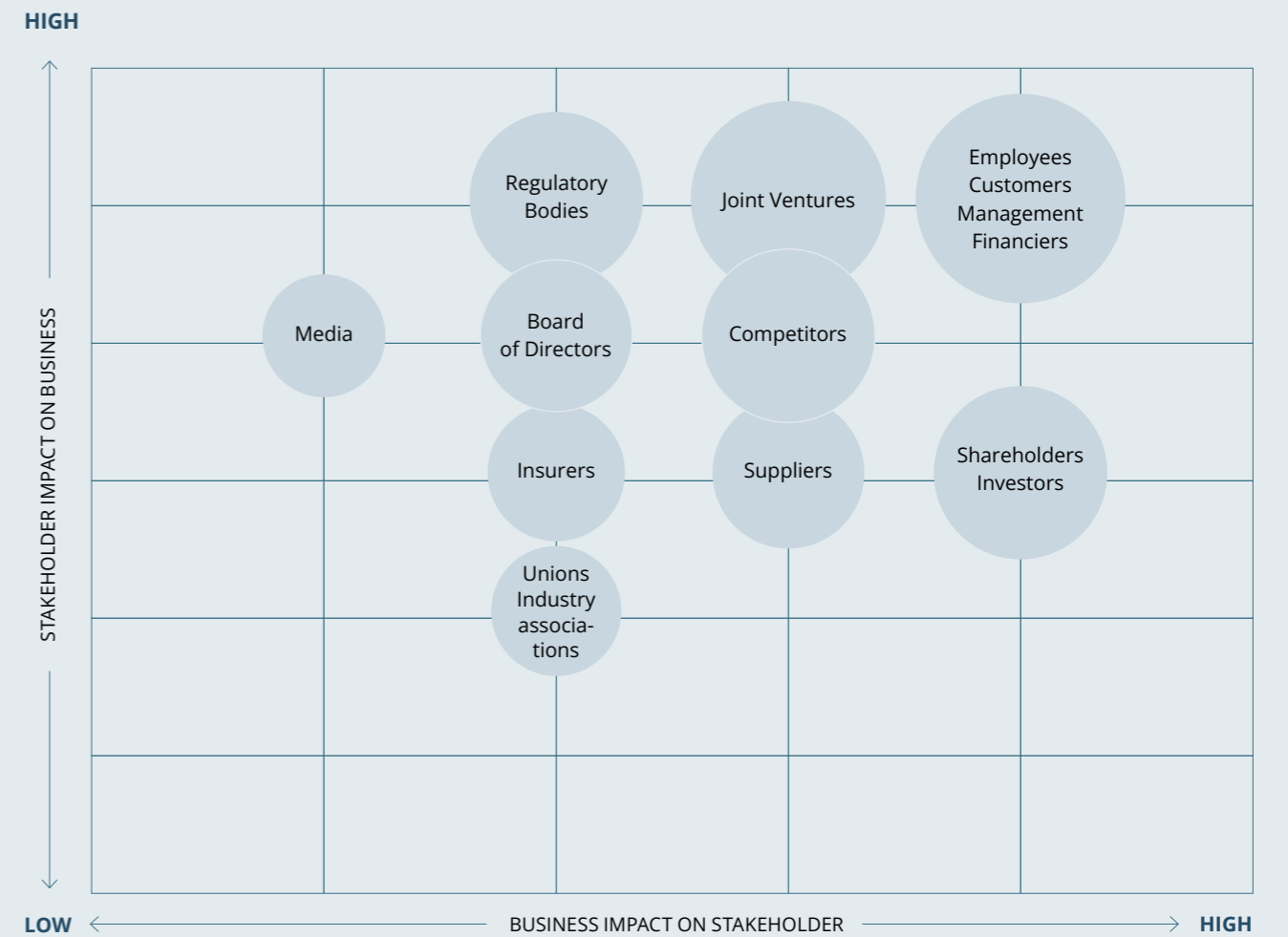
While all stakeholders hold significance for Gearbulk, it is necessary to categorise them in order to prioritise our engagement efforts effectively. We evaluate stakeholders based on their material influence on our operations and the impact our business may have on them.

Gearbulk has categorised our stakeholders into four categories :

- Low stakeholder interest and low stakeholder influence: Low engagement - inform
- Low stakeholder interest and high stakeholder influence: Align engagement - involve
- High stakeholder interest and low stakeholder influence: Medium engagement - include
- High stakeholder interest and high stakeholder influence: High engagement - collaborate

Gearbulk prioritises value creation, underscoring the importance of understanding our stakeholders' concerns. These concerns are carefully considered and addressed within our annual strategic review process.

STAKEHOLDER ANALYSIS



INTEGRATED STAKEHOLDER ENGAGEMENT

ENGAGEMENT EFFORTS

All stakeholders are important to us, and regular engagement is necessary to meet their expectations. To prioritise our efforts, we have ranked our stakeholders according to frequency of engagement.

| Stakeholder | Why We Engage | Frequency of Engagement |
|---------------------------|---|-------------------------|
| <i>Management</i> | Engaging with management enables Gearbulk to better understand the Company's vision and direction, and make informed decisions that align with the Company's goals. | Bi-weekly |
| <i>Employees</i> | Engaging with our employees helps Gearbulk reach defined goals and targets. | Monthly |
| <i>Shareholders</i> | Engaging with shareholders allows Gearbulk to better understand their concerns and expectations, thus guiding the Company in making decisions that align with shareholder interests. | Quarterly |
| <i>Board of Directors</i> | Engaging with the Board of Directors allows Gearbulk to have clear and transparent communication with the Company's leadership, enabling a better understanding of the Company's vision and direction and allowing management to align the company's objectives with the stakeholders' goals. | Quarterly |
| <i>Customers</i> | Engaging with customers allows Gearbulk to gain valuable feedback and insight into the perceptions and expectations of our customers, thus helping the Company to make informed strategic decisions and improve overall performance. | Annually |
| <i>Financiers</i> | Engaging with financiers allows Gearbulk to keep financiers informed about the company's financial performance, strategies and plans. | Annually |

| How We Engaged | Key Matters Raised | Our Strategic Response |
|--|--|--|
| <ul style="list-style-type: none"> • Regular meetings • Strategy workshop • Company information meetings • Seminars and gatherings | <ul style="list-style-type: none"> • Effective resource allocation • Close dialogue with shareholders | <ul style="list-style-type: none"> • Creating optimal organisational structure and prioritising our efforts • Enhancing governance and compliance • Improving decision making processes using data driven solutions |
| <ul style="list-style-type: none"> • Internal communications • Employee engagement surveys • Performance reviews twice per year • Seminars • Institutional events | <ul style="list-style-type: none"> • Health and well-being • Employment wealth generation • Fair remuneration • Training and development | <ul style="list-style-type: none"> • Developing our human capital and continuously cultivating skills for the future • Enhancing our health and safety culture • Creating optimal organisational structure and prioritising our efforts |
| <ul style="list-style-type: none"> • Shareholder meetings • Communication on website • Communication on administrative level | <ul style="list-style-type: none"> • Ensuring optimal capital allocation • Shareholder loans • Return on investment | <ul style="list-style-type: none"> • Optimising our cost structure to ensure sustainable growth |
| <ul style="list-style-type: none"> • Quarterly board meetings • Monthly and quarterly reporting | <ul style="list-style-type: none"> • Climate change • Capital allocation, sources of financing • Capacity to invest | <ul style="list-style-type: none"> • Allocating resources to Net Zero Emissions • Optimising cost structure to ensure sustainable growth |
| <ul style="list-style-type: none"> • Customer surveys • Communication via different platforms | <ul style="list-style-type: none"> • Climate change • Human Rights | <ul style="list-style-type: none"> • Allocating resources to Net Zero Emissions |
| <ul style="list-style-type: none"> • Annual Report • Perception surveys • Credit reviews • One-on-one meetings • Communication on websites | <ul style="list-style-type: none"> • Sources and cost of funding • Climate change • Diversity and Inclusion | <ul style="list-style-type: none"> • Optimising our cost structure to ensure sustainable growth • Allocating resources to Net Zero Emissions • Developing our human capital and continuously cultivating skills for the future |

RISK & OPPORTUNITIES

OVERSIGHT - RISK & OPPORTUNITY

As Gearbulk is a global organisation, it naturally faces a variety of risks in its operations. Risks are categorised and allocated to a risk owner, who is then accountable for assessing the risk and putting mitigation controls in place to reduce the risk to an acceptable level.

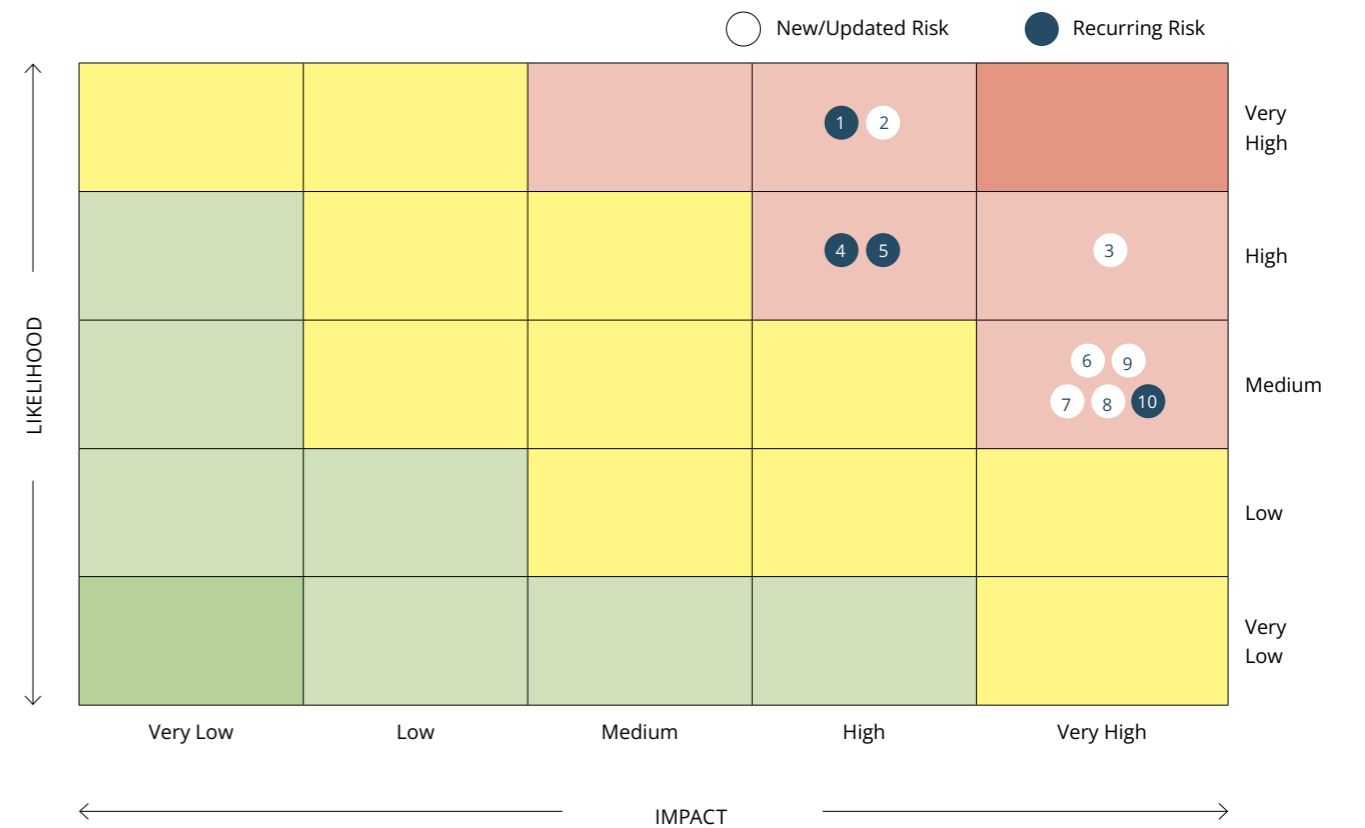
The risk management function is a centralised function, and a risk report is produced and provided to the Board of Directors on a quarterly basis. For new investment decisions, the risk owner is responsible for assessment, identifies potential risks and evaluates them as needed with the relevant division prior to the decision-making process. The top ten risks are discussed during each Board of Directors meeting, and all

mitigating controls are monitored to ensure that the risk does not increase. Risk management is deemed a core element in the organisation, and a risk register is maintained to ensure that all risks are appropriately documented. As part of our journey opportunities arising from risks are to be assessed and included into our strategy process.

RISK MANAGEMENT PROCESS



DANGER - RISK MATRIX





Top 10 Risks


- | | |
|-----------------------------------|--|
| 1 - Climate change | 6 - Sudden industry collapse - demand |
| 2 - Freight risk | 7 - Sudden industry collapse - cost |
| 3 - Trade route and piracy risk | 8 - Doing business with third parties |
| 4 - New build strategy | 9 - Market risk affecting liquidity & covenant |
| 5 - Limited process documentation | 10 - Loss and integrity of data |


TOP 10 RISKS

OUR STRATEGIC PILLARS


 **ENABLE** the green, blue and circular economies


 **DEVELOP** our organization and human capital


 **TRANSFORM** our business through innovation


 **SUSTAIN** our business for the future

OUR INPUTS


 Financial Capital

 Manufactured Capital

 Human Capital

 Social and Relationship Capital

 Intellectual Capital

 Natural Capital

1 CLIMATE CHANGE

2 FREIGHT RISK

3 TRADE ROUTE AND PIRACY RISK


4 NEW BUILD STRATEGY


5 LIMITED PROCESS DOCUMENTATION


| Risk Description | Regulatory requirements together with decarbonisation becoming a critical topic across all industries, Gearbulk's operations could be affected if action is not taken across the supply chain. | The freight market can be extremely volatile and can impact the Group's overall profitability and earnings to a large extent. | Increased geopolitical tension has led to destruction of trade routes due to attacks on vessels impacting various areas of the operations. | Current age profile of Gearbulk vessels together with vessels leaving the fleet in the next 2 - 5 years require replacement. With various new technologies and fuel to be considered increases the risk of a negative return on investment. Postponing the decision has impact on availability and possible price. | With a cross functional organisation spread across various countries, a lack of documented processes and effective tools can lead to control deficiencies and increased costs. |
|-----------------------|---|---|--|--|---|
| Impact on value | High emissions generated from our organisation has a direct impact on non-compliance, reputational damage due to pollution and additional costs such as taxes impacting our value. | Operational losses impact value as earning are not sufficient to cover operational costs incurred. | Continuing the trade route could lead to loss of lives and assets and loss of customer cargo should a vessel be attacked. | Tonnage requirements from our joint ventures are affected which has an impact on revenue should the ability to fill gaps not be able. | Lack of process documentation affects the organisation in all areas and has a negative impact on value due to lack of controls, inefficiencies and increased costs due to complex structures. |
| Capitals impacted |  |  |  |  |  |
| Mitigation strategies | A joint performance team has been set up with our Joint Ventures to drive decarbonisation on the vessels. Various fuel types have been considered and a decarbonisation roadmap with target setting is work in progress. | The business model of Gearbulk together with hedging and targets on operational costs supports the organisation to at least achieve break even rates. | Risk assessments are done on a case by case basis and regular contact with crew is in place. | A fleet renewal program is currently being finalised and various financing partners are being considered as part of the strategy to renew the fleet accordingly. | A process is currently underway to document current controls and mapping of processes to support with enhancing the control environment together with identification of potential areas where efficiencies can be created. |
| Strategic pillar |  |  |  |  |  |
| Opportunities | By actively addressing climate change risk, Gearbulk can unlock numerous opportunities for business growth, resilience, that in turns as a positive impact on the environment and society. These opportunities include but are not limited to cost savings, access to funding, reputational enhancement and innovation and collaboration. | Freight risk presents numerous opportunities to improve our operational efficiency, reduce costs, enhance partnership opportunities, and position ourselves for sustainable growth in the competitive industry we operate in. | Geographical risks in the Red Sea due to attacks presents opportunities for Gearbulk to enhance security, reduce costs, differentiate ourselves in the market, and ensure the safety and sustainability of our operations in the region. | New building strategies presents opportunities for Gearbulk to improve efficiency, environmental performance, competitiveness, and long-term sustainability including financial savings linked to new building market. | Limited process documentation presents opportunities for Gearbulk to improve operational efficiency, compliance, decision-making, and overall resilience, ultimately leading to enhanced competitiveness and long-term success in the industry. |


TOP 10 RISKS

OUR STRATEGIC PILLARS


 **ENABLE** the green, blue and circular economies


 **DEVELOP** our organization and human capital


 **TRANSFORM** our business through innovation


 **SUSTAIN** our business for the future


OUR INPUTS


 Financial Capital

 Manufactured Capital

 Human Capital

 Social and Relationship Capital

 Intellectual Capital

 Natural Capital

6 SUDDEN INDUSTRY COLLAPSE - DEMAND

7 SUDDEN INDUSTRY COLLAPSE - COST

8 DOING BUSINESS WITH THIRD PARTIES

9 MARKET RISK AFFECTING LIQUIDITY AND COVENANCE

10 LOSS AND INTEGRITY OF DATA

| Risk Description | Added capacity from planned new ship buildings and normalisation of the existing supply-demand imbalance due to expected easing of supply chain congestion could lead to a rapid collapse in Ocean freight rates. | Regulatory changes, customer demands and other industry demands hinder ability of services to be rendered which drive potential increase of costs due to demand and due to availability of such goods and services in the market. | Several sanctions have been put in place by several countries that includes the EU. Doing business with sanctioned listed countries could lead to reputational damage and increased risk of interruption of Gearbulk commercial relationships impacting value of Gearbulk. | The organisation's profitability is significantly influenced by market volatility and outlook, which also impacts its available cash due to existing debt and obligations. Moreover, the organisation faces the potential risk of breaching covenant requirements with financing institutions, which are directly affected by earnings, operational losses, and liquidity, especially given the current market conditions, thus increasing the likelihood of breach. | Cyberattacks are becoming more frequent and the risk of data loss is increased leading to both financial and non-financial losses. The company can be exposed to ransomware scenarios or system unavailability. |
|-----------------------|--|---|--|--|---|
| Impact on value | Sudden decrease in freight rates due to supply demand has a severe impact on our profitability and enterprise value having a direct impact on our liquidity and covenance requirements. | Sudden increase of cost due to demand can have a severe impact on profitability of the organisation and has a direct impact on the enterprise value. | Operational losses due to penalties and reputational damage would impact Gearbulks value. Further, liquidity risks would increase should earnings and access to finance be affected. | In a volatile market, the organisation's ability to repay debt becomes more precarious, elevating the risk of default on loan repayments and other operational expenses. Additionally, should a covenant breach occur, there is a heightened risk of immediate debt repayment and reputational damage, potentially limiting access to future financing opportunities. | The possibility of data loss and compromise of confidential information, resulting in financial losses and reputational damage. |
| Capitals impacted |  |  |  |  |  |
| Mitigation strategies | Building an optimal cost base that is not only competitive but also sustainable can support margins that are required to reduce the risk. Gearbulk together with our Joint Ventures are to ensure that long terms contracts secure source of income. | Building an optimal cost base that is not only competitive but also sustainable can support margins that are required to reduce the risk. | Gearbulk currently performs screening on third parties and has recently drafted policies and procedures that will support due diligence procedures on third parties. | The organisation aims to maintain optimal and sustainable cash break-even points while also concluding on alternative sources of funding to ensure long-term sustainability. Currently, efforts are underway to explore alternative funding options and additional investments to meet the organization's requirements and support its sustainability goals. | Robust business continuity plan is to be implemented together with mitigation of financial impact by insurance providers. |
| Strategic pillar |  |  |  |  |  |
| Opportunities | The lower market rates could lead to increased volumes the business can serve and therefore enter into new trades not served before. Furthermore, with lower rates the organisation can take advantage of lower prices on new buildings supporting replacement of the fleet. | The risk stimulates opportunities for our business to continuously innovate and differentiate ourselves by proactively responding to the risk gaining reputational advantages and adapting our strategies to incorporate initiatives to support innovation and differentiation. | Screening and working together with our third parties reduces reputational risks which also can lead to opportunities of identifying and strategically partnering with existing and prospective third parties in various areas of the business. | Proactive risk mitigation strategies described above provides opportunities for alternative sources of financing together with agreeing on potential favorable terms in the current market conditions. | Securing our data not only creates trust with our stakeholders but supports compliance with regulatory requirements providing a competitive edge in the digital landscape continuously evolving. |

3

PART 3

OUR STRATEGIC RESPONSE

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OUR MANAGING DIRECTOR (GEARBULK NORWAY) REVIEW

POSITIONED FOR THE FUTURE

Gearbulk achieved good results in the 2023 fiscal year, which has enabled the Company to further strengthen its financial position and sustain fleet growth, as well as to invest in the organisation and systems for the future.

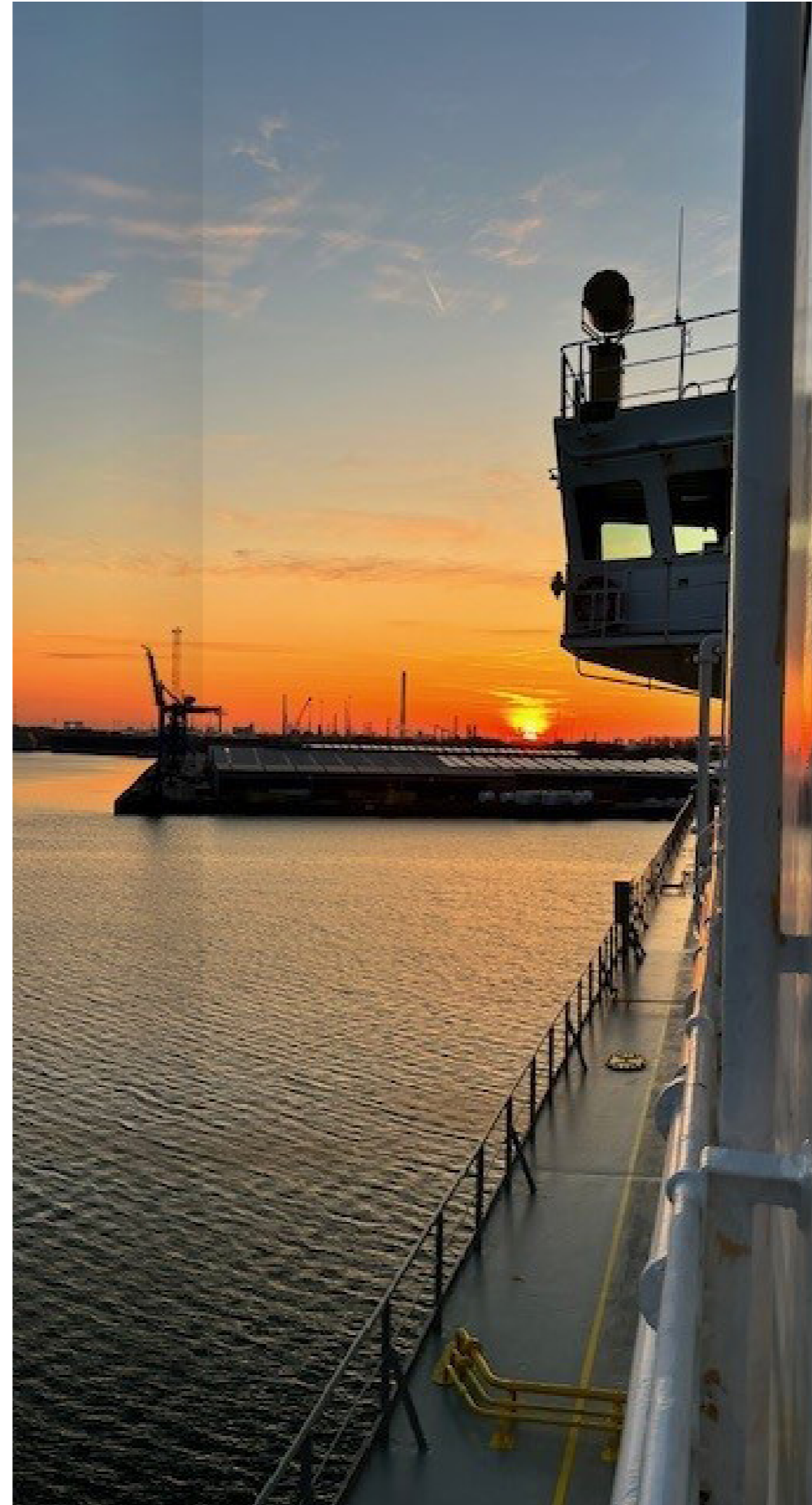
This year, the Company faced unprecedented challenges and uncertainties due to geopolitical tensions, environmental regulations, and market volatility. Despite these difficulties, Gearbulk remained resilient and agile, delivering reliable and efficient services to our joint ventures, while ensuring the safety and well-being of our employees and partners.

Fleet performance

One of Gearbulk's key strengths is our modern and versatile fleet of open-hatch gantry craned vessels, which can handle a wide range of cargoes, from forest products and metals, to project and heavy-lift cargoes. In 2023, we operated an average of 64 vessels, with a total capacity of 1.8 million deadweight tons.

Gearbulk also continued to invest in our fleet, ensuring high standards of safety and requirements to support the longevity of the vessels. A key milestone was the takeover of 15 second-hand vessels, which reduced the average age of the Gearbulk fleet to 18 years. These initiatives together will continue supporting the capacity needs of our Joint Venture G2 Ocean.

Another key driver of success is the operational excellence of the fleet, which is supported by the agile organisation on shore, our digital transformation, and our continuous improvement culture. In 2023, Gearbulk implemented several initiatives to optimise the operations, reduce the cost base and increase productivity.



Innovation

As a leader in our industry, we are always looking for new ways to create value for our customers, our employees and our stakeholders. In 2023, we launched several initiatives to drive digital transformation, including the creation of a Digital Hub to empower innovation and collaboration. Gearbulk also developed a Digital Framework that supports our strategic goal of creating value through innovation and digitalisation for both sea and shore operations. Some of the major initiatives included the rollout of a new fleet communication system (VSAT), the implementation of a new crew management system (CMS), and the creation of a several corporate dashboards to support our business and operational needs.

Developing a strategic roadmap

As we look ahead, we are excited about the future of our industry and our company. We believe that there is a growing demand for our services, as the world transitions to a more sustainable and circular economy, and as new markets and opportunities emerge for breakbulk and bulk cargoes.

To capture these opportunities, and to maintain our leadership position, we need to have a clear and ambitious strategic roadmap, that aligns with our vision, mission, and values, and that sets out our goals, priorities, and actions for the next five years and beyond.

We have continued developing our strategic roadmap and in 2023, where we embarked on expanding our strategic review process, involving our management and employees taking into consideration material matters raised from our stakeholders. We used a participatory and inclusive approach, to ensure that we have a shared understanding of our strengths, weaknesses, opportunities, and threats, and that we have a common vision of where we want to go, and how we want to get there.

With the work concluded in 2023, we aim to establish a robust and transparent framework to monitor and measure our progress and to adjust and adapt our strategy as the external environment and stakeholder needs evolve. We will report on our strategic roadmap, and on our performance against our strategic objectives, in our annual integrated report, and in our regular communications with our stakeholders.

STRATEGIC OVERVIEW

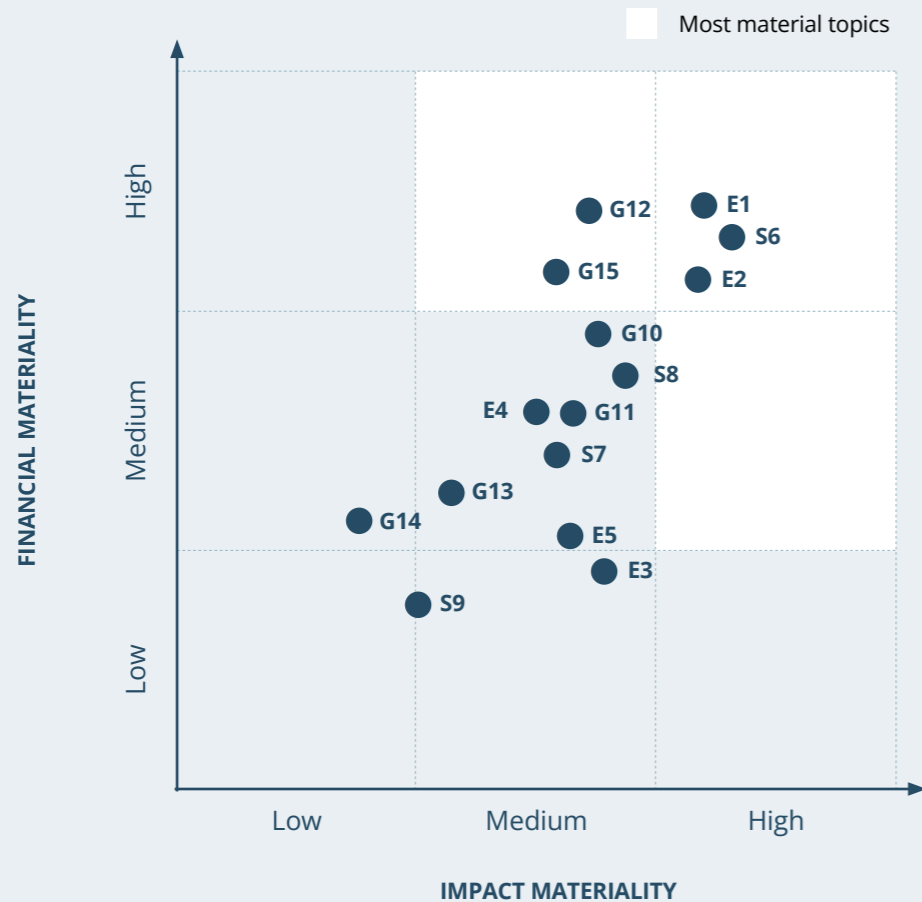
EMBEDDING MATERIALITY INTO OUR STRATEGY

In the dynamic business landscape, material topics serve as our compass, guiding our strategy process and illuminating the critical intersections where opportunity meets impact.

MATERIALITY MATRIX

Considering the double materiality framework, our materiality assessment has been instrumental in pinpointing strategic priorities for the Company and delineating sustainability topics essential for regulatory reporting.

The subsequent analysis yielded a prioritised list of material topics, encompassing both internal strategic significance and external reporting obligations, thereby shaping our sustainability agenda.



MATERIAL TOPICS

| | |
|----|-------------------------------------|
| E1 | Climate change |
| E2 | Pollution |
| E3 | Water and Marine Resources |
| E4 | Biodiversity and Ecosystems |
| E5 | Circular Economy |
| S6 | Occupation health and safety |
| S7 | Diversity, equity and inclusion |
| S8 | Working conditions and human rights |

| | |
|-----|--|
| S9 | Affected communities |
| G10 | Corporate culture |
| G11 | Management of Relationships with Suppliers |
| G12 | Corruption and Bribery |
| G13 | Geopolitical Tension |
| G14 | Market |
| G15 | Cyber Security |



STRATEGIC OVERVIEW

A ROADMAP FOR SUCCESS

Building on the previous year’s thorough strategy reassessment, a revised vision and mission was introduced in 2023, prompting the development of a strategic roadmap, encompassing Environmental, Social, and Governance (ESG) principles into our business strategy.

This continuous journey reflects our steadfast commitment to responsible business practices and our ongoing dedication to addressing environmental and societal impacts.

Our strategy, organised as a four-pillar strategy has been further developed, and a comprehensive roadmap has been crafted to underscore our strategic ambitions.

Rooted in Gearbulk’s core values, which serve as the guiding principles for all our endeavours, this roadmap focuses on key areas of strategic importance. Through ongoing refinement, we have identified critical aspects that align with our overarching goals outlined in our strategy.

2017 - 2023

OUR HISTORY

- Establishment of G20 Joint Venture with Grieg Star
- Conclusion of various key refinancing arrangements
- Record profit after years of losses
- Reset of our strategic roadmap
- Addition of new vessels into the fleet

2024

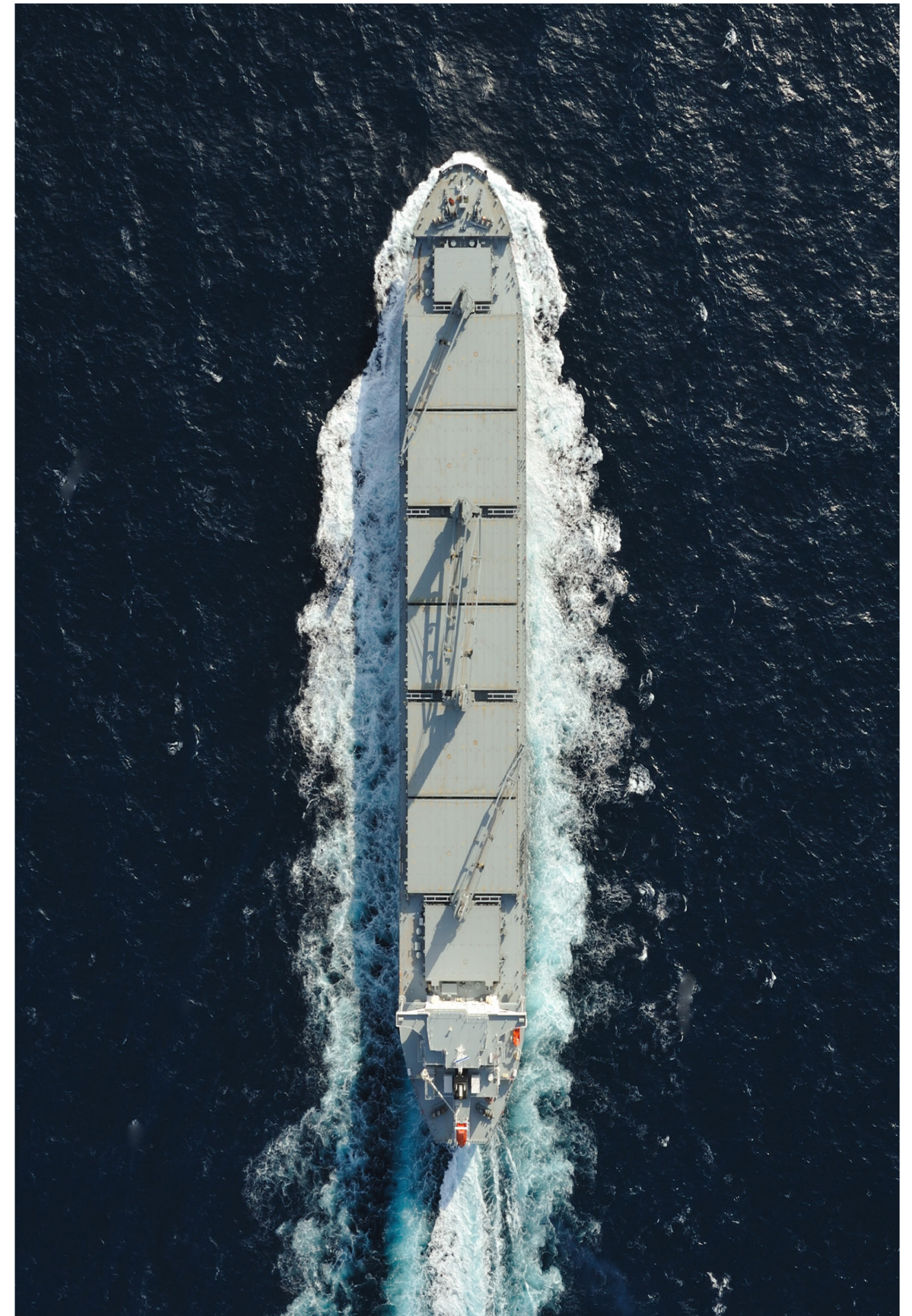
PREPARING FOR THE FUTURE

- Conclude on fleet renewal program
- Commit to emission reduction targets, initiatives and NGO partnerships
- Expand financing partnerships to support our fleet renewal
- Develop our digitalisation ambition
- Ensure competitive cost level and fleet performance with new technology

2025 - onwards

GROWING OUR CAPABILITIES

- Implementation of digital ambitions across the organisation and on fleet
- Introduction of carbon reduction initiatives and net Zero Fleet, reducing our carbon footprint
- Increase alternative financing efforts, considering various partnerships



STRATEGIC OVERVIEW

DELIVERING ON OUR STRATEGIC AMBITIONS

In our ongoing Integrated Reporting journey, we're committed to transparently demonstrating our performance against strategic goals to stakeholders. Gearbulk maintains its dedication to raising reporting standards as we continue advancing the strategy and reporting objectives initiated in 2022.



ALLOCATING RESOURCES TO NET ZERO EMISSIONS



DEVELOPING OUR HUMAN CAPITAL AND CULTIVATING SKILLS FOR THE FUTURE



ENHANCING OUR HEALTH AND SAFETY CULTURE



IMPROVING DECISION MAKING PROCESSES USING DATA DRIVEN SOLUTIONS



OPTIMISING OUR COST STRUCTURE TO ENSURE SUSTAINABLE GROWTH

| | ALLOCATING RESOURCES TO NET ZERO EMISSIONS | DEVELOPING OUR HUMAN CAPITAL AND CULTIVATING SKILLS FOR THE FUTURE | ENHANCING OUR HEALTH AND SAFETY CULTURE | IMPROVING DECISION MAKING PROCESSES USING DATA DRIVEN SOLUTIONS | OPTIMISING OUR COST STRUCTURE TO ENSURE SUSTAINABLE GROWTH |
|-----------------------|--|--|--|---|--|
| Input | <ul style="list-style-type: none"> Advanced Biofouling strategy Installation and testing Energy Saving Devices Speed reduction Improved vessel performance | <ul style="list-style-type: none"> Annual Performance Management engagement Multiple training opportunities Career development opportunities | <ul style="list-style-type: none"> Collaboration with JVs on Health and Safety awareness programs Vessels Safety Days and shore Safety Week Introduction of Safety Risk Management Principles | <ul style="list-style-type: none"> Innovate our business with digitalisation and a digitalisation roadmap | <ul style="list-style-type: none"> Maintain competitive OPEX cost base with benchmarking and strategic cost savings |
| Output | <ul style="list-style-type: none"> Increase of total CO2 emissions due to fleet size increased Lower CO2 intensity on fleet average | <ul style="list-style-type: none"> Promotions during the year External and internal training hours utilised Mid- and Year-end performance reviews | <ul style="list-style-type: none"> Increase of LTIF due to substantial increase in number of vessels and crew | <ul style="list-style-type: none"> 14 projects completed contribute to the value | <ul style="list-style-type: none"> Forecasted Net Profit USD 72mil OPEX/d Cash Break even Equity Ratio |
| Actual Outcome | <ul style="list-style-type: none"> Further increased focus on measures for reducing the CO2 intensity required Mapping of alternative fuel strategy for new vessels | <ul style="list-style-type: none"> We have successfully developed our workforce which is evident in key indicators | <ul style="list-style-type: none"> Increased Company dedication to reduce injuries and enhance Safety performance. | <ul style="list-style-type: none"> Improved technological tools supporting decision-making processes | <ul style="list-style-type: none"> Our cost structure has been maintained, contributing to profitability |
| Comments | <ul style="list-style-type: none"> Plans to expand the vessel performance team Required CAPEX to meet the Net Zero target to be ready in 2024 | <ul style="list-style-type: none"> Our efforts in training remain a focus area to ensure the required skill sets are met | <ul style="list-style-type: none"> Gearbulk's commitment to improved safety performance is firm and existing efforts will continue as we strive to meet our Zero LTIF target. | <ul style="list-style-type: none"> Digitalisation Roadmap has been established and projects are ongoing to further support the desired outcome | <ul style="list-style-type: none"> Macro-Economic Indicators have had an impact on major cost elements 2023 has yielded a profit, although lower than 2022 |

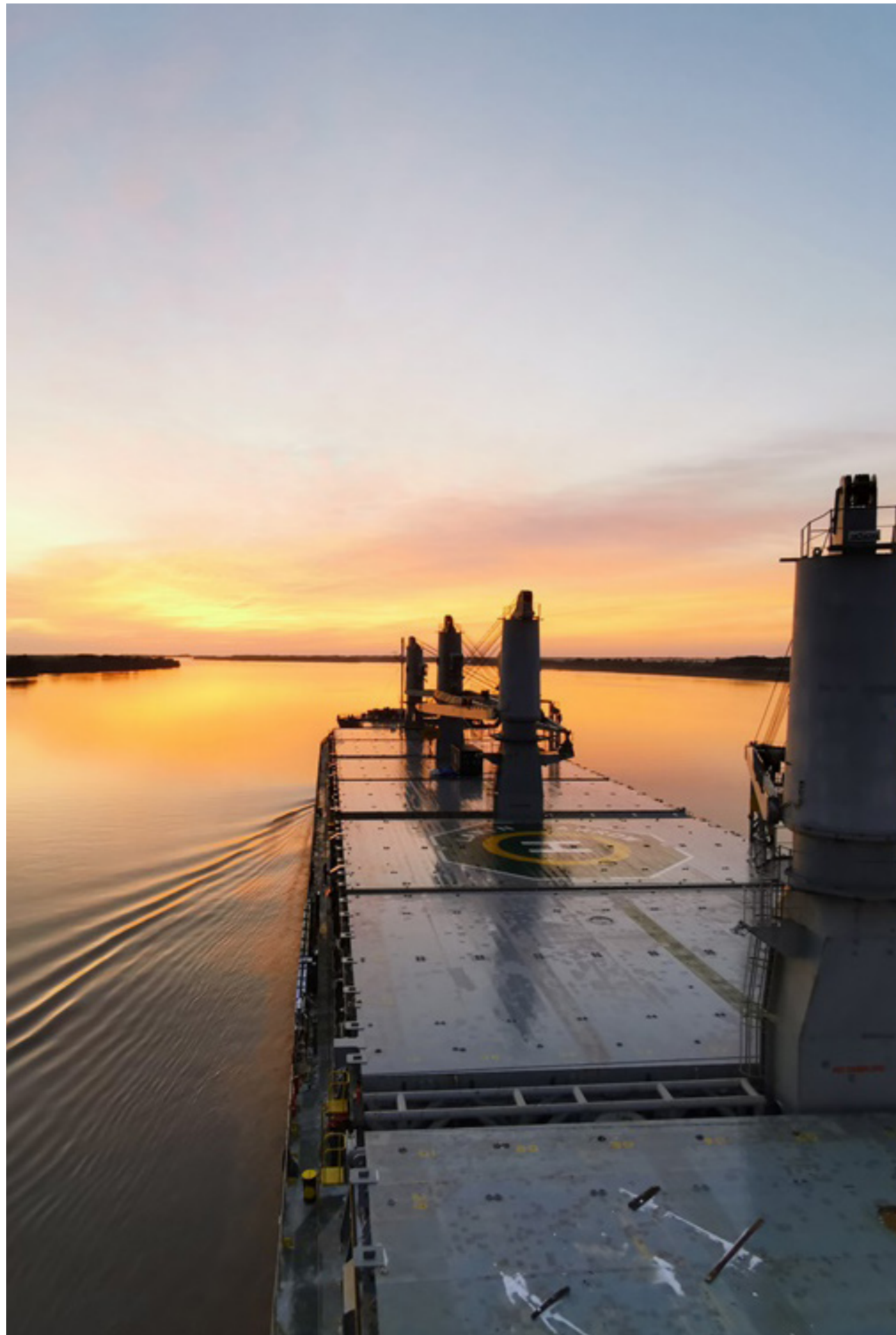
STRATEGIC OVERVIEW

JOINT EFFORTS FOR A SUSTAINABLE FUTURE

Our mission defines our purpose and role in a challenging industry.

How can we create value for our stakeholders through reliable, efficient, and sustainable ocean transportation solutions?

We believe in joining efforts to make this happen.



STRATEGIC OVERVIEW

G2 OCEAN

FRONT RUNNER IN OPEN HATCH SEGMENT



G2 OCEAN

- Operates a core fleet of 90 Open Hatch vessels
- Operates a chartered fleet of approximately 26 vessels
- Carries 24.9 million tons of cargo annually

G2 Ocean, established in 2017, is one of the world's largest shipping companies within the Open Hatch segment. G2 Ocean is jointly controlled by Gearbulk and Grieg Star, with a 65% / 35% ownership structure, respectively.

G2 Ocean does not independently own vessels, but operates vessels owned or chartered by Gearbulk and Grieg Star, as well as vessels from third parties on short term time charters. G2 Ocean draws upon the global resources and expertise of Gearbulk and Grieg Star to operate the joint fleet of open hatch and semi-open hatch.

G2 Ocean is a company registered in Norway, with Headquarters in Bergen, Norway, and Hub Offices in Atlanta, GA and Singapore.

At year-end 2023, G2 Ocean had 328 people at 15 locations around the world, of which 63 were employed in Norway.

Read more about G2 Ocean here: g2ocean.com

STRATEGIC OVERVIEW

HIGH HEAT TANKERS

ACCESS TO THE LARGEST POOL OF HIGH HEAT TANKERS



HIGH HEAT TANKERS

- Operates four - six high quality tankers ranging from 15,000 – 37,000 DWT
- Transports more than 400,000 MT of liquid pitch annually

High Heat Tankers was incorporated on 10th May 2018 and formed as a 50:50 joint venture between Gearbulk and Trafigura Group Pte. Ltd. to service the coal tar pitch, bitumen, and other specialised high heat cargo markets.

On 15th July 2018 the Company commenced operations and timechartered vessels from Gearbulk (Bluebird Arrow, Hawk Arrow (contract terminated in 2020), Kingbird Arrow and Sunbird Arrow) as well as from Trafigura (Palanca Miami, Palanca Singapore, Palanca Maputo, Palanca Muscat, The Blacksmith, Asphalt Spirit, The Chief, The Judge, the Diplomat and The Sheriff) servicing customers requiring the specialised transport services.

HHT's objective is to leverage the commercial, operational and technical capabilities within Gearbulk and Puma enabling us to offer our industrial customers best in class service levels. In addition, we provide risk management expertise and worldwide flexible, cost-effective sustainable shipping solutions.

Read more about HHT here: highheattankers.com





STRATEGIC OVERVIEW

GBSMT EXPERIENCED IN BULK CARGO



GBSMT LIMITED

- Operates 14 vessels
- Maintains 50% ownership of three additional vessels

GBSMT was formed in 1999 whereby Gearbulk owns 50% of the shares in the Joint Venture and SMT Shipping owns the remaining 50%. The Joint Venture is in the business of self-loading and self-unloading dry bulk carriers primarily in the Americas.

The GBSMT joint venture fleet has historically been comprised of older vessels, many of which are ex-Gearbulk tonnage. Since 1999 a total of 29 Gearbulk vessels have joined the GBSMT fleet, starting with the 'Dipper Arrow' in 1999 to the most recent vessel the 'Ibis Arrow' in February 2020. In addition to the ex-Gearbulk tonnage, GBSMT has undertaken a fleet renewal programme the during last 6 years, including vesselstaken from the market (both newer second-hand vessels) and three new buildings.

The GBSMT jib crane and gantry crane open vessel fleet carry cargoes such as iron ore, pet coke, direct-reduced iron (DRI), scrap, salt, aggregates, and other bulk, which is often self-discharged. The vessels are trading worldwide with historical focus on primary trading in the US – Caribbean market.

Commercial and technical management are performed by SMT. The GBSMT joint venture proves the benefit of two companies working together with one vision to partner and collaborate to build a robust and sustainable business.

Read more about SMT here: smtshipping.com

STRATEGIC OVERVIEW

UNITY

DIGITAL INFRASTRUCTURE FOR THE FUTURE

UnITy

UnITy was established on 17th January 2019 and serves as the unified IT partner for G2 Ocean, Gearbulk, and Grieg Maritime Group. The department was formed to enhance and future-proof the digital framework of the companies.

The department consists of 34 employees who are guided by the following mandates:

- Realising IT synergies across the companies.
- Aligning future systems to leverage economies of scale.
- Pursuing cost reduction through scale economies.
- Developing automation and data-driven solutions for informed decision-making.
- Strengthening support and infrastructure to boost daily operational efficiency.
- Allocating dedicated Information Security Specialists to all three entities.

The focus has been on three primary areas: modernisation, technological advancement, and pioneering new operational methodologies.

NEW WAYS OF WORKING

CLOUD INFRASTRUCTURE

Enables the business to store, manage, process, and analyse data through various cloud-based services. This infrastructure ensures seamless access to essential applications and solutions for all our personnel, whether at sea or ashore.

- Adopting a Cloud-First Strategy, UnITy has centralised its IT networks into a singular cloud infrastructure. This approach has enabled Gearbulk, Grieg Maritime Group, and G2 Ocean to transition to a shared digital space, enhancing inter-departmental and inter-organizational collaboration.
- UnITy has successfully deployed new automated solutions for software distribution, specifically designed to accommodate the growing trend of hybrid work environments.
- In 2023, Gearbulk and Grieg Maritime Group commenced the rollout of a joint VSAT communication system for the fleet. This development is part of our infrastructure evolution, playing an important role in bridging the gap between shore and sea operations.

ANALYTICS, BI & DEVELOPMENT

UnITy utilizes sophisticated technologies such as a data platform, machine learning, and analytics to transform organisational and external data into actionable business insights.

- UnITy's data platform is designed to facilitate the harvesting of necessary data, while our digital infrastructure ensures that the fleet has the security and control to effectively monitor and manage all information.
- UnITy is proactively evolving the data platform towards a user-centric model, aiming to deliver timely and relevant information to the appropriate stakeholders.
- The implementation of a robust data infrastructure enables UnITy to utilise data analysis and performance metrics effectively, fostering continuous improvement throughout our entire fleet.

CYBER SECURITY

Our priority is the safeguarding of company assets from cyber threats. Our approach focuses on minimising security risks to data and IT systems, while upholding the confidentiality, integrity, and availability of all information.

- **People:** We prioritise the training and education of our employees in cyber security best practices, emphasising their crucial role in sustaining a secure organisational environment.
- **Process:** Our strategy includes the implementation of robust governance and procedures, which are vital for the protection of the organisation's technology and data against security threats and risks.
- **Technology:** We deploy advanced technology-based security measures and monitoring systems, essential in defending the organisation's data and technology assets from cyber threats.

UnITy continues to provide technological and security services to support the development of the customer portal, MyG2, as part of G2 Ocean.

STRATEGIC OVERVIEW

JOINING FORCES TO ENHANCE BUSINESS PERFORMANCE

Gearbulk, Grieg Star and G2 Ocean have strengthened the focus on several Joint Business Forums to increase collaboration, encourage discussion and improve communication and engagement. This is expected to maximise the impact of our initiatives.

CEO Forum

The CEO forum is comprised of Ketil Andreassen in Gearbulk, Matt Duke in Grieg Maritime Group and Arthur English in G2 Ocean. It is an arena where the top managers discuss leadership, strategies and plans to reach common goals.

Fleet Management Coordination Group (FMCG)

The group meets every two months for Safety, Operational, Technical, Port and Commercial discussions. Through close collaboration, the aim is to ensure optimal vessel performance and safe shipping operations.

- Satisfy the shareholders' interests with regards to vessel quality, safety, performance, and ship operations.
- Set joint KPIs and report transparently on the technical performance of all vessels in the fleet.
- Discuss operational, commercial, and environmental challenges and actively seek solutions jointly to improve the overall performance of G2 Ocean.
- Experience transfers on safety matters, technical performance and operations
- Continual follow up on action plans towards regulatory changes whether through Class, Flag, IMO or other.
- Assess changes to worldwide security threats and update.
- The Company's High Risk Area Report bi-annually .



G3 Compliance Committee

Under mandate from the Boards of the three companies, a joint compliance committee was established to focus on Anti-Bribery & Corruption (ABC) matters, policies and new regulations coming into force that may affect our business. Several members are actively participating in the Maritime Anti-Corruption Network (MACN) bi-annual meetings and workshops, reporting back to the Committee.

G3 ESG Support Group

The G3 ESG Support Group was established in 2023 to share insight, experiences and knowledge related to ESG trends, strategies and regulations.

G3 HR Forum

The G3 HR Forum was established in 2021 with the intention to increase collaboration between the companies on HR related issues. The mandate is to share information and best practices, coordinate activities and drive improvement and discuss synergies and value adding initiatives. Head of HR in the three companies are members of the forum and others can be invited on a need to be basis.

G3 Safety Culture Project

The G3 Safety Culture Project was established in 2021 with the intention to align the safety culture performance in the three companies. The mandate is to share information and best practices, coordinate activities and drive improvement and discuss synergies and value adding initiatives. The working group contains members from HSEQ, HR and communication.

OUR TRADE-OFF'S

BALANCING OUR CHALLENGES

In the face of numerous challenges and uncertainties encountered in 2023, it was a necessity to make tough decisions, navigating through complexities to achieve our desired outcomes.

Balancing our investment in fleet with delay of new builds

Our most recent vessel addition before 2023 was in November 2015, and since then, no commitment has been made to a subsequent New Build program for vessels to replace old vessels that will exit the fleet in the coming years. The recent strategic choice to defer New Builds was driven by ongoing research into emerging technologies and the perceived risk of investing in vessels that might face limited returns amid potential shifts in demand and supply due to evolving technologies. However, this strategic delay has ramifications for shipyard availability, incurring potential costs. Seeking alternatives to meet the tonnage needs essential for the Joint Venture's operation could be a costly endeavour. Gearbulk however acquired 15 second-hand vessels during 2023 to limit risk of increased costs. This trade-off, whilst aligned with our long-term sustainability objectives, underscores the challenges inherent in balancing technological innovation and operational considerations within the maritime industry.

Capitals Impacted



Balancing our joint ventures growth ambitions with limitation on expansion

The growth aspirations of our Joint Ventures in their existing sectors, aimed at diversifying potential income streams, have prompted the choice to engage in short-term charters instead of Gearbulk as owner committing to further long-term time charter agreements. This decision is rooted in the strategic objective of mitigating additional financial exposure that could arise from both supply and market volatility. By balancing growth ambitions and investment Gearbulk will safeguard its earning potential, ability to cover associated costs and investment requirements.

Capitals Impacted



Balancing our allocation of capital with sustainable costs practise

Navigating the competitive landscape of providing Fleet Management Services for our vessels has compelled us to undertake diverse initiatives aimed at cost reduction in vessel operations. However, in the pursuit of minimising costs, there exists a potential trade-off, as certain crucial cost elements necessary for the proper maintenance of our vessels may be overlooked. Failing to incur these essential costs, despite concerted cost-cutting efforts, could have lasting implications on the overall condition and performance of our vessels in the long run. This underscores the delicate balance required when making strategic decisions, where considerations of financial performance must be weighed against the imperative of sustaining and enhancing the operational integrity of our fleet. Although we acknowledge the trade-off, Gearbulk ensures the highest standards of safety, and that a sustainable cost basis are not to compromise our operational safety.

Capitals Impacted



Balancing the adverse environmental impact of our business with the race to reduce emission in our sector

Strategically aligning with the objectives outlined in the Paris Agreement to curtail emissions from our manufactured capital, Gearbulk acknowledges the significance of this goal while grappling with the imperative to strike a balance among customer relationships, joint venture commitments, and substantial investment requirements. In navigating this complex terrain and in the absence of a definitive best practice, Gearbulk has opted for alternative solutions, one of which involves reducing the speed of our vessels.

It is essential to underscore that this decision to curtail vessel speed comes with inherent trade-offs, particularly in the form of a reduction in operating days for our fleet. This reduction directly influences the potential earnings that could have been realised had we not pursued this initiative.

Capitals Impacted



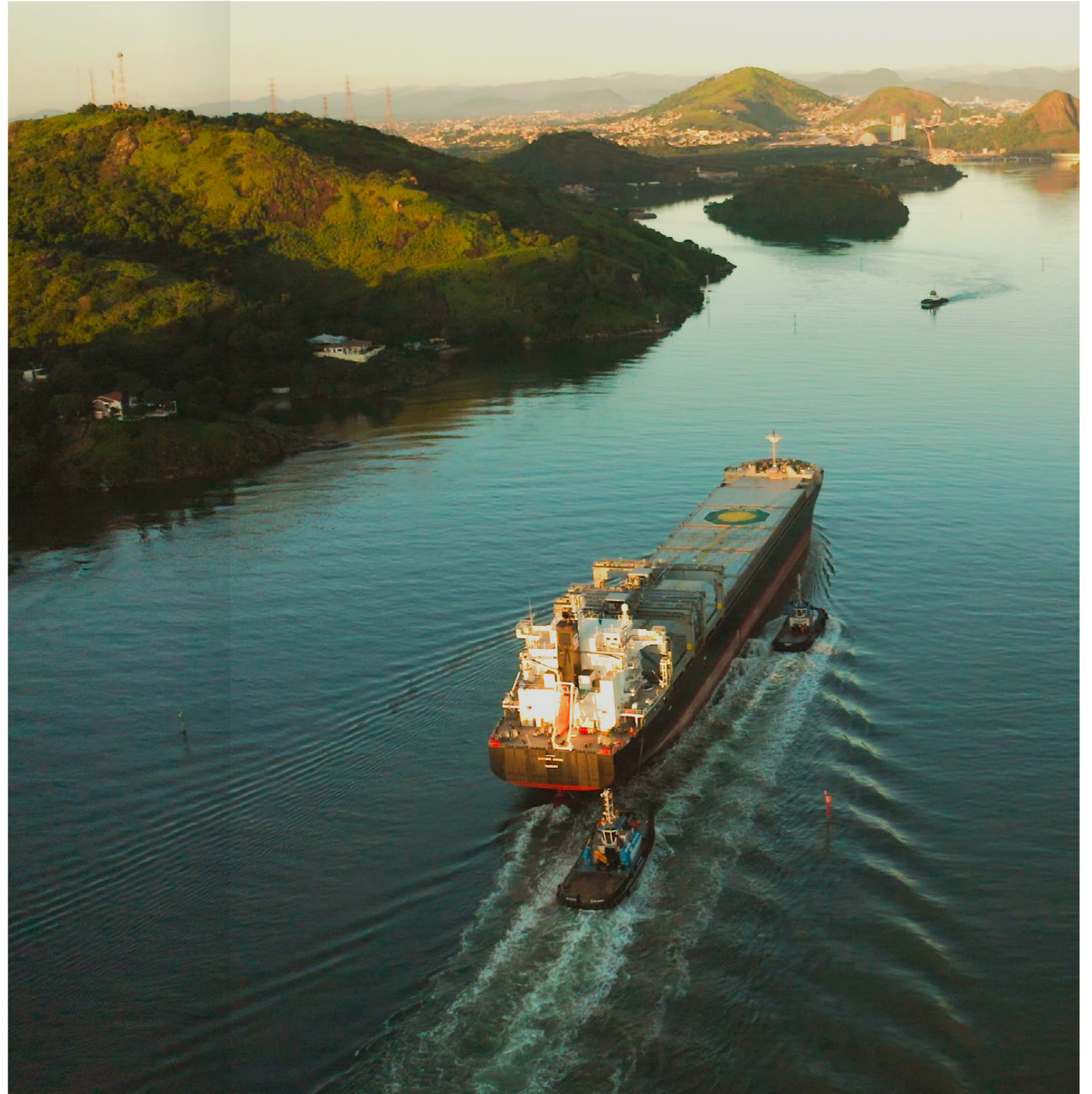
REMUNERATION REPORT

ENSURING FAIR & COMPETITIVE REMUNERATION

Gearbulk asserts its commitment to fair compensation for all employees, emphasising that fair remuneration plays a crucial role in fostering staff retention. The Company implements a range of controls aimed at upholding this principle, and continually endeavours to enhance its practices within the operational landscape.

At present, Gearbulk does not maintain a remuneration committee due to the organisation's size, which renders such a structure impractical. Executive salaries are determined based on contractual agreements, with benchmarks established against industry counterparts possessing similar profiles.

Gearbulk salaries undergo regular scrutiny as part of the annual salary review process, with any pertinent insights acted upon by the Human Resources department accordingly.



OUR CHIEF FINANCIAL OFFICER REVIEW

SATISFACTORY FINANCIAL PERFORMANCE

CFO Review 2023

The Group returned to more conventional levels of financial performance in 2023, after receding from the exuberant year of 2022. Freight markets in our segment held up well during the first half of 2023, while economic uncertainty and geo-political risks have had an adverse impact on the second half of the year. G2 Ocean still delivered their second-best ever trade result since commencing operations in 2017, and our project vessels also contributed positively. Other activities more exposed to market fluctuations adjusted down their performance earlier, while business that is largely contracted sustained better performances throughout the whole year.

The refinancing efforts initiated in 2022 came to fruition during 2023, with the delivery of 13 vessels acquired through purchase options, for a combined \$290m. Furthermore, the Group acquired six second-hand vessels totaling \$104m during 2023; and finalised its exit from the conventional bulk segment with the sale of the last remaining bulk vessel for \$27m. Kumul Arrow, a vessel that has been in the Group for 38 years, was recycled in 2023 for \$6m.

With the various refinancings concluding in 2023, approximately \$300m has been raised through a combination of bank finance and lease finance, the Company still managing to

de-leverage its position by reducing the total interest-bearing debt by \$232m. Whilst we continue to remain cautious about the outlook, our strategic focus remains on developing and expanding our fleet. In this context, Gearbulk initiated negotiations with the intention to purchase four newbuild vessels for delivery in 2027.

Regarding our corporate structure, 2023 marked the optimisation of our entity-level organisation to handle more efficiently the Open Hatch business and all the other activities under a dedicated structure, facilitating financial and administrative decisions. This process was largely implemented during 2023 by the introduction of a sub-holding encompassing our interests in all joint ventures outside the G2 Ocean environment.

Financial performance & position

The EBITDA of the Group reached \$164m in 2023, primarily reflecting the softening of the shipping markets, down from the exceptional level of \$384m obtained in 2022. The Group achieved a net profit of \$67m in 2023, down from \$292m in 2022. After completion of the refinancing exercise, the Company ended the year with \$114m in cash (2022: \$313m), while reporting a total equity of \$490m (2022: \$474m) and an equity ratio of 34.6% (2022: 28.9%).

| Summary Audited Income Statement | 2022 | 2023 |
|----------------------------------|--------|--------|
| <i>\$m</i> | | |
| Total revenues | \$ 618 | \$ 393 |
| Operating expenses | (278) | (272) |
| Income from operations | 340 | 121 |
| Non-operating expenses | (61) | (57) |
| Other | 13 | 3 |
| Net Income | 292 | 67 |
| EBITDA | 384 | 164 |

| Summary Audited Balance Sheet | 2022 | 2023 |
|-------------------------------|---------|--------|
| <i>\$m</i> | | |
| Current Assets | \$ 382 | \$ 155 |
| PPE & RoU assets | 1,067 | 1,065 |
| Affiliates & other assets | 189 | 198 |
| Total Assets | 1,638 | 1,418 |
| Current liabilities | (348) | (224) |
| Non-current liabilities | (816) | (705) |
| Total liabilities | (1,164) | (929) |
| Total Equity | 474 | 490 |
| Equity ratio | 28.9% | 34.6% |

Sustainability-linked financing

In 2022, the Group entered into a 5-year \$245m sustainability-linked revolving credit and term loan facility, with a syndicate led by DNB Bank ASA as agent and sustainability coordinator and with Nordea, SR1 Bank, Sparebanken Vest and Swedbank as mandated lead arrangers.

2023 was the first year the Company measured certain sustainability linked KPIs as defined in our sustainability linked loans. In addition to the whole fleet needing to be MARPOL compliant with regards to emissions, there are specific annual efficiency ratio ("AER") and total recordable injury cases frequency ("TRCF") targets to be met. AER measures CO2 emissions intensity in accordance with IMO definitions. TRCF is a measurement of all injuries except for first aid cases.

While the figures for 2023 have yet to be audited and therefore subject to change, the Company did not achieve its TRCF number for 2023. The Company has set a target to reduce its TRCF by 40% in 2024 to improve the situation. The specific AER target for five particularly low performing vessels was met in 2023.

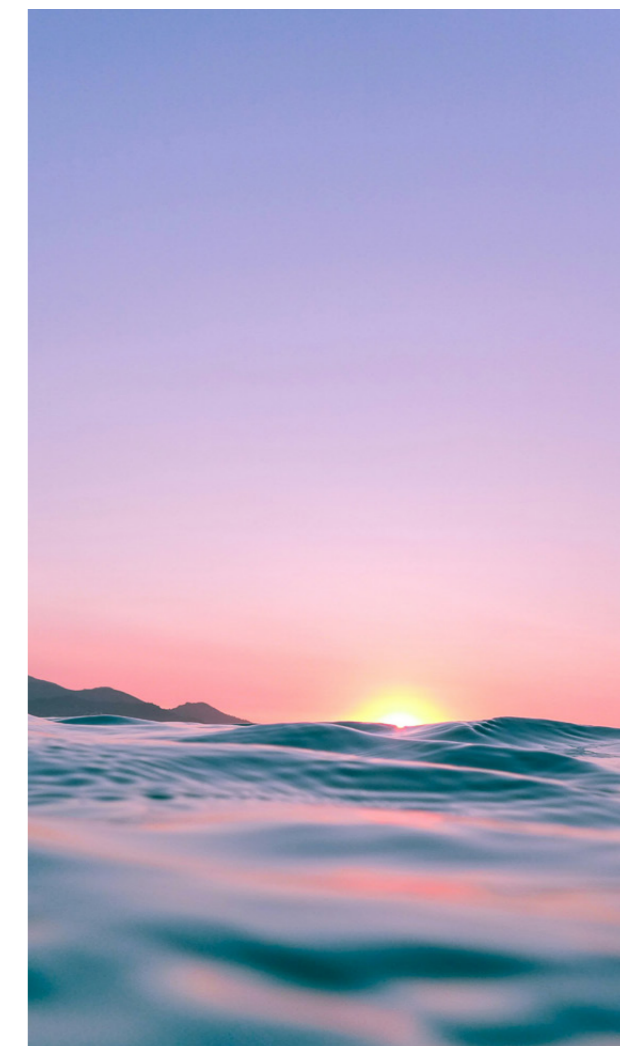
Newbuild vessels

In line with the strategic goals of the Company to have a cost efficient and zero emission capable fleet, a fleet replacement and modernisation programme is high on the agenda. In Q1 2024 the Company commenced its newbuilding programme by signing shipbuilding contracts for two Pulpmax vessels for delivery in 2027 and an option for a further two vessels.

EU Emissions Trading System (EU ETS)

The EU ETS is a fundamental aspect of the EU's climate change strategy, designed to reduce greenhouse gas emissions. Operating on a cap-and-trade principle, it limits the total emissions allowed from specific industries and sectors within the EU. Over time, this cap decreases to align with EU climate targets. Industries receive emissions allowances, each representing one tonne of CO₂, which can be traded. Surplus allowances can be sold to companies exceeding their limits, fostering a market for emissions. The EU ETS encompasses various sectors like power generation, steel, cement, and aviation. By pricing carbon emissions and offering economic incentives for emission reductions, it promotes the adoption of cleaner technologies and practices, supporting EU member states in achieving their climate objectives outlined in the Paris Agreement.

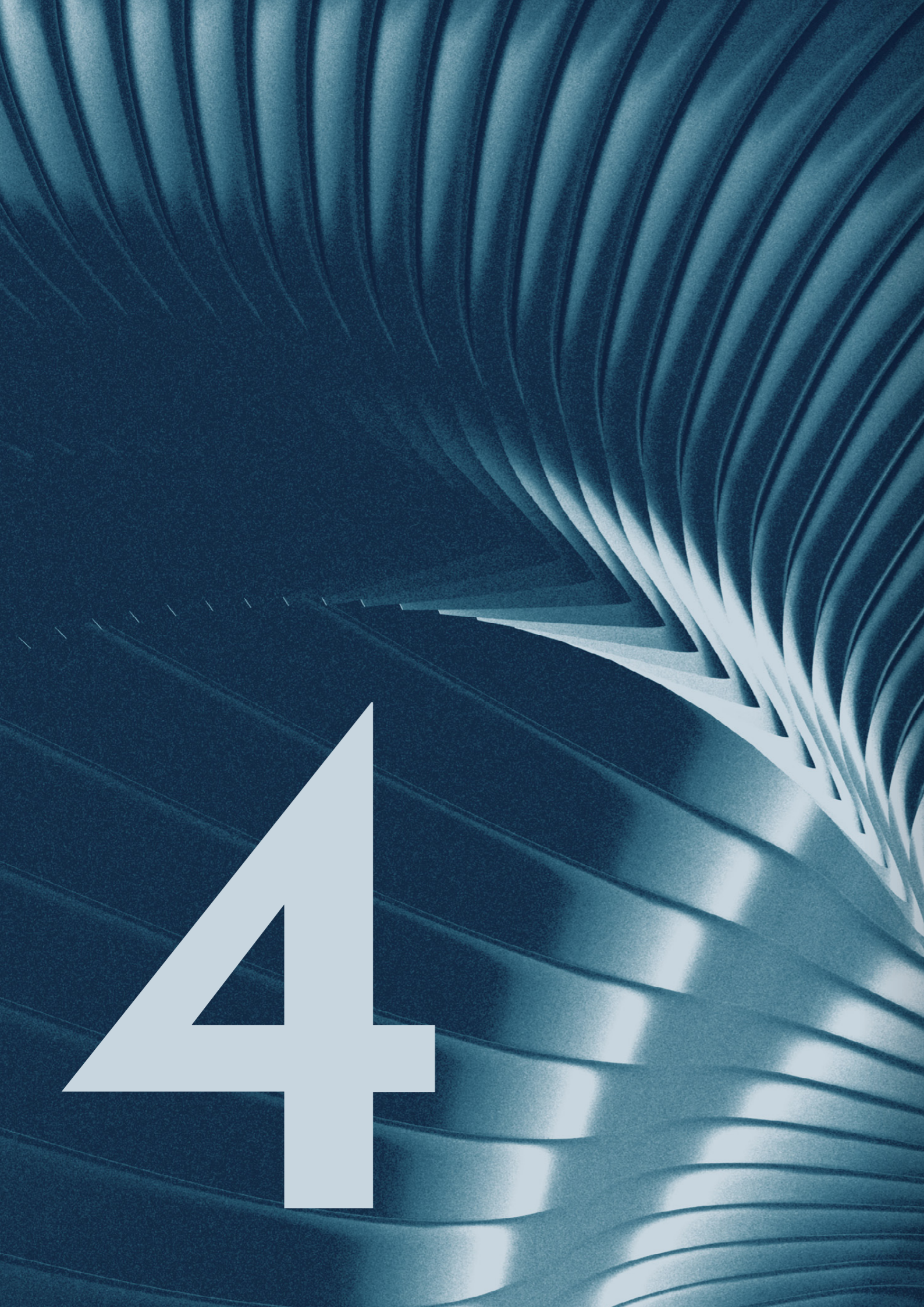
During 2023, G2 Ocean actively participated in the EU ETS through its EU-Carbon hedging program, acquiring a total of 32 thousand EU Carbon Allowances (EUAs). These allowances were strategically obtained to hedge against both ballast and committed COA exposure for the year 2024. However, the



EU-carbon market witnessed a notable downturn as prices experienced a significant decline throughout 2024, reaching their lowest point in 30 months. This decline can be attributed to lackluster auction results and bearish dynamics within the power market. Remarkably, thermal power emissions in 2023 decreased by 21% year-on-year, while renewable energy sources saw a 10% increase. Additionally, the mild winter experienced in Europe led to a decrease in natural gas prices, exerting immediate downward pressure on carbon prices.

New contract for Brazil terminal

In 2023, the Group's terminal operations in Brazil entered a new long-term contract with one of Brazil's largest traders. The contract runs until maturity of the present lease safeguarding the operation for the foreseeable future.



PART 4

HOW WE CREATE VALUE

| | |
|---------------------------------|-----|
| Financial Capital | 82 |
| Manufactured Capital | 88 |
| Human Capital | 98 |
| Social and Relationship Capital | 112 |
| Intellectual Capital | 120 |
| Natural Capital | 128 |

FINANCIAL CAPITAL

EVALUATING THE CAPITAL

What Financial Capital means to Gearbulk

Our Financial Capital is the sum of funds available to us to operate and develop our business. We aim to raise the funds from diversified external sources such as shareholders, stakeholders and financiers, as well as from profitable operations (retained earnings) and from divesting assets no longer deemed to fit our strategy.

How Financial Capital supports our value creation goals

In the cyclical industry we operate in it is of critical importance to have liquidity available to ensure operations can continue through the down cycle. A diversified source of capital helps ensure this. Cost effective and flexible sources of funding allows us to renew our fleet and remain competitive. Establishing a sound equity base and actively managing the cost of capital contributes to sustainable operations and return to our shareholders.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded

● **100%**
OF NEW LOANS
SUSTAINABILITY-LINKED
(2022: 79% sustainability-linked)

● **34.6%**
EQUITY RATIO
(EQUITY NOMINALLY
INCREASED FROM
\$474M TO \$490M)
(2022: 28.9%)

● **67% OF FX AND 61% OF VARIABLE INTEREST RATE DEBT WAS HEDGED**
as a result of financial risk management activities

● **163.86 MUSD**
EBITDA
(2022: 384.10 MUSD)

● **78.27 MUSD**
OPERATING CASH FLOW
(2022: 308.45 MUSD)

● **\$ 0.9 BILLION**
DEBT
(2022: \$1.1 billion)

● **2 OF 3**
LOAN FACILITIES HAVE A REVOLVING CREDIT ELEMENT
new type of flexible loan "Accordion facility" also established

● **63.5%**
LIQUIDITY REDUCTION DUE TO DELEVERAGING AND DISTRIBUTIONS

● **DISTRIBUTION TO SHAREHOLDERS**



KEY OUTCOMES

The key outcomes of our financial performance encompass several critical metrics that reflect our company's financial health and stability. Firstly, our Equity Ratio indicates the proportion of equity financing relative to total assets, providing insight into our solvency and risk profile. Secondly, the proportion of sustainability linked debt demonstrates our commitment to reducing our impact on the environment. Furthermore, revolving credit facilities, particularly the Accordion Facility, provide us with flexibility to capitalise on opportunities should they arise. Lastly, our financial risk management policies ensures we provide sufficient predictability on future earnings and reduces our exposure to market volatility. By closely monitoring and managing these key outcomes, we aim to ensure strong financial performance and position ourselves for sustainable growth in the maritime industry and provide our shareholders with a return.

MATERIALITY

Material Topic Addressed

G10
Corporate Culture

G11
Management of relationship with suppliers

Strategic Goal Addressed

- Optimising cost structure to ensure sustainable growth
- Optimising our financial position by maintaining healthy equity ratio with low cash break even

- Expanding value of partnerships in segments we operate in

Strategic Response

- Ensure long-term sustainability of the company

- Explore new and innovative sources of finance, while maintaining the core financiers

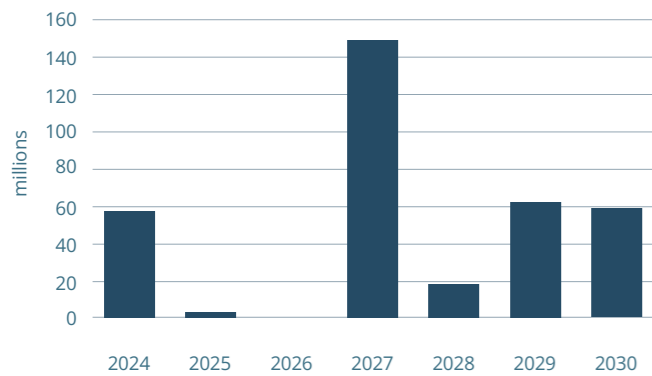
FINANCIAL CAPITAL

YEAR IN REVIEW

Continuing our refinancing efforts

Shipping represents a unique asset class, and our aim is to secure financing for its balance sheet from lenders well-versed in the industry's risk profile. As part of our refinancing endeavours in 2023, we engaged with numerous maritime lenders, both existing and prospective. We successfully broadened our lending consortium, adding five new institutions to bring the total to eight. A primary objective of this financing initiative was to extend the maturity of debt obligations, a goal that has largely been realised.

Maturing Balloons



Maintaining our liquidity ratio

The Group diligently maintains its liquidity ratio through proactive cash management strategies, which include managing cash reserves, short-term money market deposits, and accessible lines of credit. The working capital requirements of the Group are deemed reasonable and foreseeable. To manage liquidity risks effectively, the Group consistently forecasts its short, medium, and long-term liquidity needs and implements appropriate strategies and safeguards. While the volatility in vessel values can be substantial and less predictable, the Group believes that it can navigate any potential deterioration in loan-to-value ratios without encountering unforeseen consequences, thanks to the flexibility inherent in its available lines of credit.

Sustainability linked financing

In 2022, the Company saw its inaugural Sustainability Linked Loan facility. This arrangement links the loan's pricing, or margin, to the company's performance against specific Key Performance Indicators (KPIs). These KPIs primarily revolve around emissions (AER) and the frequency of total recordable injury cases excluding first aid incidents (TRCF). A second sustainability linked loan was entered into in 2023. By aligning our financing structure with sustainability objectives, we reinforce our commitment to driving improvements in these critical areas. At the time of writing only unaudited KPI figures for 2023 are available. Based on these Gearbulk will meet its AER targets but miss its TRCF target.

Delivering on our equity ratio

Ensuring the delivery of equity ratio for a bulk shipping company is paramount to maintaining financial stability and facilitating growth opportunities. By effectively managing equity ratios, the company can optimise its capital structure and balance sheet, thereby enhancing its ability to weather economic fluctuations and seize strategic opportunities. Through prudent financial management practices and strategic decision-making, the company aims to achieve and maintain optimal equity ratios that align with its long-term goals and objectives. By maintaining a healthy equity ratio, the company can instil confidence in investors, lenders, and stakeholders, demonstrating its commitment to sound financial stewardship and sustainable growth in the maritime industry.



LOOKING BEYOND

Ensure long-term sustainability of the Company

We aim to enhance existing processes to facilitate more streamlined record-keeping and reporting practices. Additionally, we seek to broaden our engagement with financiers, advocating for and educating them on the benefits of our eco-friendly newbuild program. By articulating the mutual advantages for both Gearbulk and the financiers, we endeavour to foster a collaborative partnership that extends beyond mere financial transactions. Furthermore, we explore opportunities to share the financial benefits derived from this approach, thereby strengthening our collective commitment to sustainability and financial prosperity.

Explore new and innovative sources of finance, while maintaining the core financiers

We aim to establish a dedicated project workgroup tasked with exploring Green finance opportunities within the shipping sector. This initiative may involve engaging consultants or advisors to enhance our understanding and strategise effectively. Furthermore, we delve into Gearbulk's potential involvement in various 'Green finance' initiatives such as EU green finance and Hydrogen Bank. Adjustments to our newbuild program will be made as necessary to align with Green incentives. Success in this endeavour will be gauged by metrics such as the amount of funds raised in millions of dollars or the number of successful applications secured.

MANUFACTURED CAPITAL

EVALUATING THE CAPITAL

What Manufactured Capital means to Gearbulk

Manufactured capital is defined as the vessels Gearbulk owns and operates, contributing to the company's business model.

How Manufactured Capital supports our value creation goals

Vessels are the income platform for GB's activity and have a longer useful economic lifetime than market average. Gearbulk is working with the most reputable shipyards to ensure good maintenance and upkeep of the fleet at a cost-efficient level. Gearbulk strives to optimise the maintenance program towards maximising operational capacity.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded

● **120 MUSD**
TOTAL ASSET INVESTMENT
(2022: ~43 MUSD)

● **~17 MUSD**
DRYDOCK INVESTMENTS
(2022: ~16 MUSD)

● **17,345**
TOTAL OPERATING DAYS
(2022: 15,330)

● **~16,840**
DAYS ON HIRE
(2022: ~14,1750)

● **14**
NET CHANGE IN VESSELS
(2022: NIL)

● **~43.3**
M TON MILES
(2022: ~41.3M TON MILES)



KEY OUTCOMES

Optimised earnings by maximising operational days, while maintaining access to attractive vessel financing and limiting value erosion through competitive cost levels throughout the company.

Secured sustainability through fleet renewal in line with commercial requirements and investment capacity over time.

MATERIALITY

Material Topic Addressed

E1
Climate Change

G14
Market

Strategic Goal Addressed

- Allocating resources to support net zero emissions
- Reducing negative impacts created by our organisation
- Optimising our financial position by maintaining desired equity ratio with low daily cash break even

- Optimising cost structure to ensure sustainable growth
- Optimising our financial position by maintaining desired equity ratio with low daily cash break even

Strategic Response

- Deliver on a fleet renewal plan

- Enhance our fleet performance

MANUFACTURED CAPITAL

EXPLORING OUR FLEET



CORE FLEET

17.3 YEARS

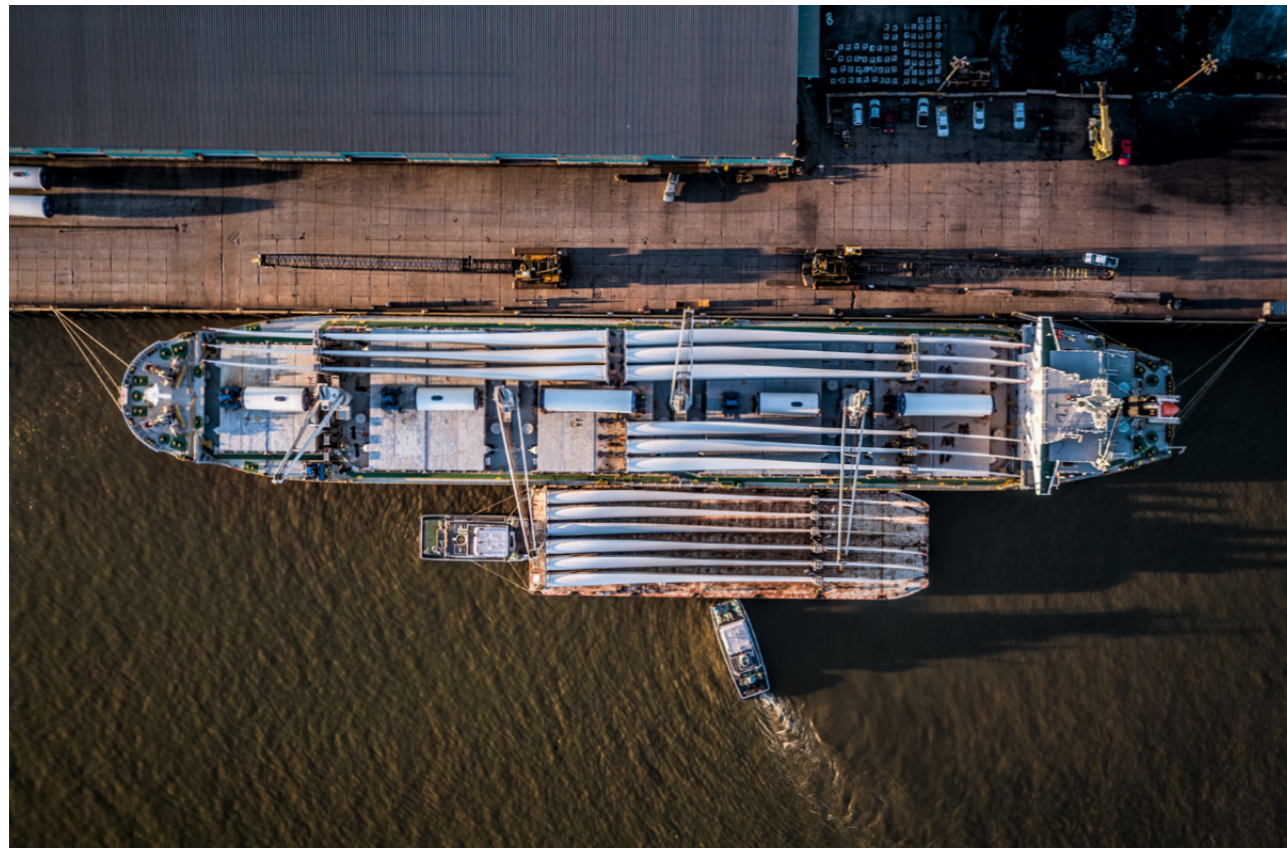
Average age

2006

Average year built

The following list provides specific vessel particulars with regards to the Company's vessels as of December 31, 2023.

The vessels in the list are controlled by the Company. Of the Company's owned fleet; 44 vessels are registered under the Bahamian flag; 7 under the Panamanian flag and 3 vessels are registered under the Norwegian flag.



CORE FLEET

| Name of Vessel | Type | YearBuilt | Dry Weight Ton | Flag |
|----------------|----------------------|-----------|----------------|---------|
| Jacamar Arrow | 4th Generation - ext | 1992 | 46 998 | Bahamas |
| Quetzal Arrow | 4th Generation - ext | 1992 | 46 908 | Bahamas |
| Aracari Arrow | 4th Generation - ext | 1992 | 46 956 | Bahamas |
| Mandarin Arrow | 5th Generation | 1996 | 55 770 | Bahamas |
| Grebe Arrow | 5th Generation | 1997 | 55 671 | Bahamas |
| Kite Arrow | 5th Generation | 1997 | 55 531 | Bahamas |
| Plover Arrow | 5th Generation | 1997 | 55 459 | Bahamas |
| Penguin Arrow | 5th Generation | 1997 | 55 506 | Bahamas |
| Weaver Arrow | 5th Generation | 1998 | 55 402 | Bahamas |
| Merlin Arrow | 5th Generation | 1999 | 55 497 | Norway |
| Corella Arrow | 6th Generation | 2009 | 72 863 | Bahamas |
| Tenca Arrow | 6th Generation | 2009 | 72 863 | Bahamas |
| Macuru Arrow | 6th Generation | 2010 | 71 460 | Bahamas |
| Tuju Arrow | 6th Generation | 2010 | 72 863 | Bahamas |
| Pine Arrow | Flex I | 1996 | 48 041 | Bahamas |
| Canelo Arrow | Flex I | 1997 | 48 077 | Bahamas |
| Cedar Arrow | Flex I | 2001 | 47 818 | Bahamas |
| Spruce Arrow | Flex I | 2002 | 47 792 | Bahamas |
| Poplar Arrow | Flex I | 2005 | 47 852 | Bahamas |
| Kiwi Arrow | Flex II | 2010 | 62 924 | Panama |
| Toki Arrow | Flex II | 2010 | 62 924 | Panama |
| Nandu Arrow | Flex II | 2011 | 61 750 | Panama |
| Pelican Arrow | Flex II | 2011 | 61 750 | Panama |
| Eagle Arrow | Flex II | 2011 | 61 750 | Panama |
| Puffin Arrow | Flex II | 2011 | 62 967 | Panama |
| Condor Arrow | Flex II | 2012 | 61 860 | Panama |
| Pipit Arrow | Flex II | 2012 | 61 860 | Panama |
| Lawin Arrow | Flex II ECO | 2014 | 62 841 | Bahamas |
| Avocet Arrow | Flex II ECO | 2015 | 62 823 | Bahamas |
| Osprey Arrow | Flex II ECO | 2015 | 62 841 | Bahamas |
| Misago Arrow | Flex II ECO | 2015 | 62 823 | Bahamas |
| Raven Arrow | Flex III | 2012 | 72 800 | Bahamas |
| Petrel Arrow | Flex III | 2013 | 72 800 | Bahamas |
| Japin Arrow | Flex III | 2013 | 72 400 | Bahamas |
| Maitaca Arrow | Flex III | 2013 | 73 296 | Bahamas |
| Finch Arrow | Flex III | 2013 | 72 800 | Panama |
| Tanchou Arrow | Flex III | 2014 | 72 400 | Bahamas |
| Macaw Arrow | Flex III | 2014 | 72 400 | Bahamas |
| Siskin Arrow | Flex III | 2014 | 73 000 | Bahamas |
| Jaeger Arrow | Other - JAE | 2001 | 23 529 | Bahamas |

CORE FLEET CONT.

| Name of Vessel | Type | YearBuilt | Dry Weight Ton | Flag |
|---------------------------------|----------------------|-----------|----------------|-----------|
| Teal Arrow | Other - TLA | 1999 | 36 466 | Bahamas |
| Acer Arrow | Semi-open-NACKS 60 | 2014 | 61 066 | Singapore |
| Betula Arrow | Semi-open-NACKS 60 | 2014 | 61 007 | Panama |
| Cypress Arrow | Semi-open-NACKS 60 | 2015 | 61 022 | Panama |
| Ginkgo Arrow | Semi-open-NACKS 60 | 2015 | 61 026 | Panama |
| Tawa Arrow | Semi-open-OSY | 2008 | 54 723 | Bahamas |
| Momi Arrow | Semi-open-OSY | 2009 | 54 724 | Bahamas |
| Grouse Arrow | TEFC - ext | 1991 | 42 276 | Bahamas |
| Swift Arrow | TEFC - ext | 1992 | 42 276 | Bahamas |
| Mozu Arrow | TEFC - ext | 1992 | 42 276 | Bahamas |
| Larch Arrow (ex. Great Woods) | Open-Hatch-COSCO53 | 2009 | 53 021 | Liberia |
| Birch Arrow (ex. Great Crystal) | Open-Hatch-COSCO53 | 2009 | 53 021 | Bahamas |
| Aspen Arrow (ex. Great Sea) | Open-Hatch-COSCO53 | 2010 | 53 021 | Bahamas |
| Maple Arrow (ex. Cove Pearl) | Semi-open-56,000 dwt | 2014 | 55 900 | Bahamas |
| Elm Arrow (ex. Great Forest) | Open-Hatch-COSCO53 | 2010 | 53 021 | Bahamas |
| Linden Arrow (ex. Stove Ocean) | Semi-open-53,000 dwt | 2013 | 55 861 | Bahamas |

LONG TERM TIME CHARTERED FLEET

| Name of Vessel | Type | YearBuilt | Dry Weight Ton | Flag |
|----------------|--------------------|-----------|----------------|--------|
| Holly Arrow | Semi-open-NACKS 60 | 2018 | 60 803 | Panama |
| Buna Arrow | Semi-open-OSY | 2014 | 55 967 | Panama |
| Biwa Arrow | Semi-open-OSY | 2014 | 55 978 | Panama |
| Matsu Arrow | Semi-open-OSY | 2014 | 55 700 | Panama |

CHARTERED VESSELS TO GBSMT

| Vessel leased out | Type | YearBuilt | Dwt | Flag |
|---|---------|-----------|--------|---------|
| Norway Pearl (included in net investment in finance lease) | TESS 45 | 2015 | 45 300 | Bahamas |
| Poland Pearl (included in net investment in finance lease) | TESS 45 | 2015 | 45 300 | Bahamas |



MANUFACTURED CAPITAL

YEAR IN REVIEW

Enhancing operational efficiency

Gearbulk has continued its commitment to enhancing operational efficiency across its fleet. Through meticulous planning, strategic investments and innovative initiatives, we have optimised vessel performance, minimised turnaround times, and reduced fuel consumption. Leveraging advanced technologies and data-driven analytics, we have implemented predictive maintenance programs to proactively address potential issues, ensuring seamless operations and minimising downtime.

Gearbulk, improved on its Ton miles (TM) for 2023. TM is a good indicator used to quantify the amount of cargo moved, as it measures ton of cargo transported over the distance moved. Gearbulk's TM increased by 5% compared to 2022. This was driven by a combination of factors, such as improved market conditions, increased cargo demand, optimised fleet utilisation, and enhanced operational excellence. Gearbulk's performance on TM demonstrates its ability to deliver value to its joint ventures, shareholders, and stakeholders in a challenging and competitive environment.

Performing on our Operating Expenditure

The costs of our operations are subject to external challenges, such as inflation rates, volatility in exchange rates, and regulatory changes, etc. Gearbulk remained committed to keeping its vessel operational expenditure (OPEX) competitive and efficient. As a result, Gearbulk achieved a modest increase of 2.5% in OPEX per day from 2022 to 2023, well below the inflation indexes in the regions where we operate.

Investing in our current fleet

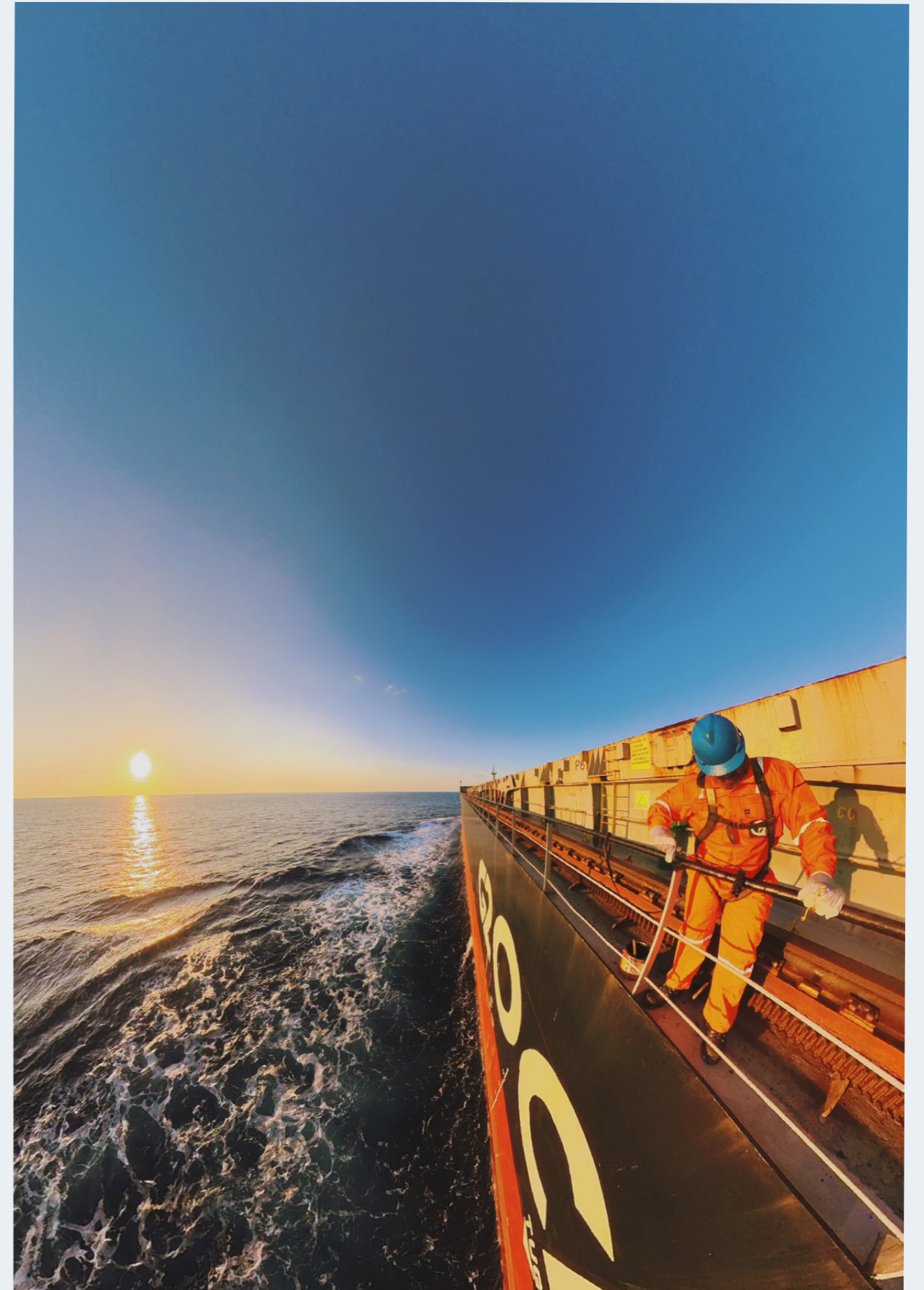
The total CAPEX investment for 2023 amounted to 120 MUSD (2022: 43 MUSD), in addition to Drydock investments of 17.4 MUSD (2022: 16.5 MUSD).

The investments are key to ensure our vessels operate and furthermore our commitment to ESG to reduce our impacts on the environment.

Expanding our fleet

We expanded our managed fleet with the addition of 15 vessels. This strategic investment underscores our commitment to growth and operational excellence in the maritime industry. With a total investment of 120 MUSD, these vessels boasts an average age of approximately 17 years, reflecting our dedication to maintaining a relatively young and efficient fleet. The operated fleet is tailored to support our Open Hatch business, as these vessels represent a valuable asset in our ongoing mission to deliver exceptional service and meet the evolving needs of our Joint ventures. During 2023 we have recycled one vessel however with the additions we have a net increase change of 14 vessels in our fleet.

We look forward to leveraging the newly acquired vessels to further enhance our capabilities and solidify our position as a leading break bulk shipping company in the global market.



LOOKING BEYOND

Deliver on a fleet renewal plan

Our fleet renewal strategy encompasses the acquisition of second-hand vessels as well as a newbuilding program tailored to meet the needs of our Joint Venture G2 Ocean. This comprehensive approach, coupled with the scrapping or sale of older vessels, aligns with our overarching goal of enhancing efficiency and improving the emission profile of our fleet. By strategically renewing our fleet composition, we aim to optimise operational performance while minimising environmental impact, thereby ensuring sustainable growth and long-term success in the industry we operate in.

Enhance our fleet performance

Gearbulk prioritises benchmarking fleet performance to uphold competitive cost levels for both our fleet and onshore organisation. We rigorously compare cost levels and performance metrics per vessel within each class and age interval to identify trends and areas for improvement. Through this process, we ensure that measures are continuously implemented to maintain optimal cost levels and operational performance across our fleet. Additionally, we proactively implement measures and campaigns to achieve targets for key performance indicators (KPIs), aligning our efforts with our strategic objectives and ensuring ongoing improvement in operational efficiency and effectiveness. By closely monitoring and benchmarking our performance, we remain committed to delivering value to our stakeholders and maintaining our position as a leader in the shipping industry.

HUMAN CAPITAL

EVALUATING THE CAPITAL

What Human Capital means to Gearbulk


Human Capital is the aggregate skill, knowledge, experience and potential of the workforce in Gearbulk. It includes the intellectual assets, capabilities and potential for innovation which drive performance excellence, growth and success for the company. Our investment in human capital involves recruitment, training, organisational development, employee engagement in a supportive and safe work environment.

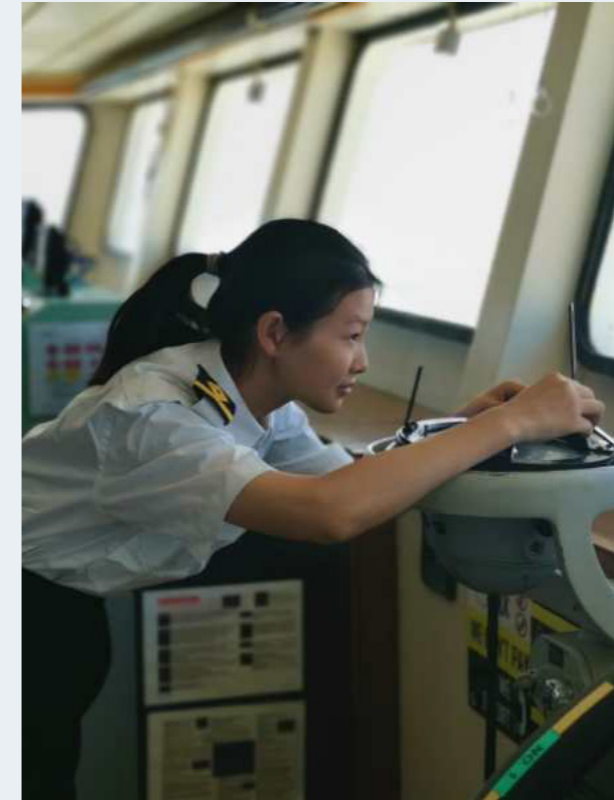
How Human Capital supports our value creation goals

Human capital provides specialised expertise and skills, driving innovation, problem-solving, and delivering high-quality results. Efficient utilisation of human capital enhances productivity and efficiency, enabling more achievements with fewer resources. It directly impacts customer satisfaction. A skilled workforce facilitates operational excellence by optimising processes and continuously improving performance. Finally, investing in human capital fosters employee engagement and retention, leading to organisational success and reduced turnover costs.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded

| | | |
|---|--|--|
| <p>● 96</p> <p>TRAINING DAYS (SHORE) (2022: 54)</p> | <p>● 14</p> <p>PROMOTIONS (SHORE) (2022: 6)</p> | <p>● 147</p> <p>SICK DAYS (SHORE) (2022: 269)</p> |
| <p>● 3,715</p> <p>TRAINING DAYS (SEA) (2022: 1,744)</p> | <p>● 53</p> <p>PROMOTIONS (SEA) (2022: 8)</p> | <p>● 0.81</p> <p>LOST TIME INJURY FREQUENCY (2022: 0.70)</p> |
| <p>● ZERO</p> <p>FATALITIES (2022: Zero)</p> | <p>● </p> <p>EMPLOYEE WELL-BEING</p> | <p>● </p> <p>DIVERSE AND INCLUSIVE WORKFORCE</p> |



KEY OUTCOMES

Our HR statistics offer a comprehensive snapshot of various key metrics including retention rates, sick leave occurrences, injury incidents, promotion trends, and diversity statistics. These statistics serve as vital indicators of our organisation's performance in areas such as employee wellbeing, talent management, and diversity and inclusion efforts. By closely monitoring and analysing these metrics, we can identify areas of strength and opportunities for growth, allowing us to implement targeted strategies to further enhance our workplace environment and foster a culture of inclusivity, safety, and professional development.

MATERIALITY

| Material Topic Addressed | Material Matters | Our Response |
|---|--|---|
| <p>S6 Health and well-being</p> <p>S8 Working conditions and human rights</p> | <ul style="list-style-type: none"> Enhancing our health and safety culture | <ul style="list-style-type: none"> Nurture a culture of health and well-being |
| <p>S7 Diversity and Inclusion</p> | <ul style="list-style-type: none"> Creating the optimal organisational structure and prioritising our efforts | <ul style="list-style-type: none"> Attract talent and skills for the future |
| <p>G10 Corporate Culture</p> | <ul style="list-style-type: none"> Developing our human capital and continuously cultivating skills for the future Increasing collaboration through cross functional teams | <ul style="list-style-type: none"> Develop our organisation and enhancing performance management |

HUMAN CAPITAL

UNPACKING OUR EMPLOYEE PROFILE

OUR SHORE PERSONNEL

81
EMPLOYEES

50
WORKERS

16
NATIONALITIES

Spanning across the globe, our offices host a diverse workforce, bringing together individuals of varied nationalities, ages, and demographics. Our shore personnel, inclusive of employees and workers directly affiliated with Gearbulk (excluding those from our terminals as per the defined boundary and scope) possess a wealth of experience and skills crucial for advancing our business objectives. With a diverse workforce contributing various perspectives, we benefit from a range of insights that enrich our vision.

Our workers

Our workforce comprises a diverse range of individuals including contractors, agency personnel, and consultants, all of whom make substantial contributions to our shipping operations. These workers, who do not have a Gearbulk employment contract and whose work is managed by Gearbulk, have their data compiled based on information supplied by the agency and service provider. As of the reporting period, there were no temporary employees in employment, as temporary arrangements are typically facilitated through supplier contracts.

Predominantly focused on crewing and technical support, these individuals play vital roles in ensuring the seamless operation and maintenance of our vessels. Contractors are tasked with a variety of responsibilities, including vessel maintenance, repair, and upgrades, crucial for maintaining the optimal condition of our fleet. Agency workers are instrumental in crew management, recruitment, and deployment, overseeing the staffing requirements of our vessels with skilled and proficient seafarers. Meanwhile, consultants bring specialised expertise to the table, offering guidance in areas such as maritime regulations, safety protocols, and environmental compliance, thereby enriching our operational efficiency and compliance standards.

The synergies and collaboration between these diverse roles help to fortify our shipping operations, reinforcing our dedication to excellence and sustainability in maritime transportation.

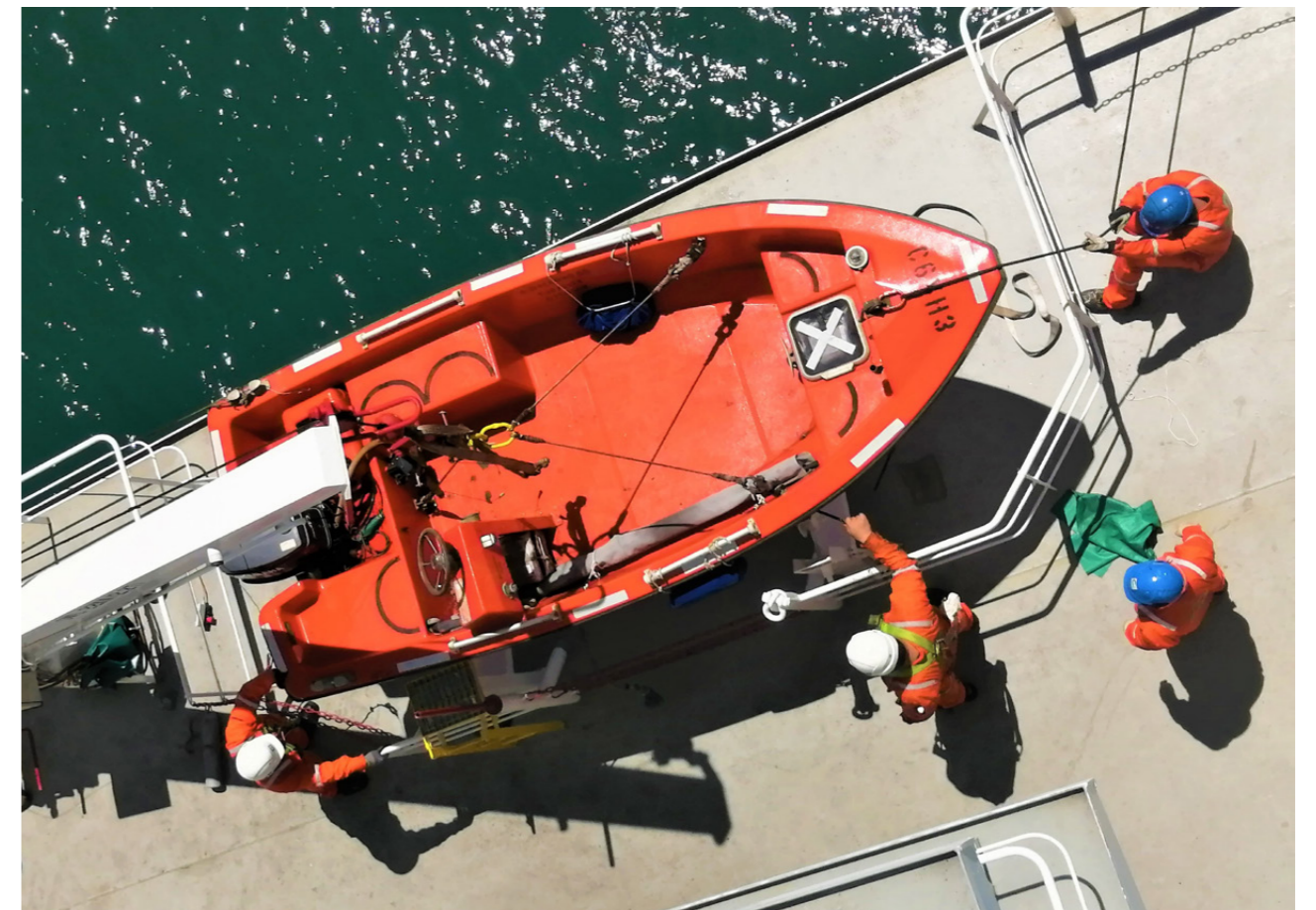
Our methodology for calculating the number of employees and workers relies on distinguishing between those holding employment contracts with Gearbulk (classified as employees) and those under contractual supplier arrangements (classified as workers). Gearbulk has only included direct employment and contractual supplier agreements in this calculation, excluding the entire supply chain. Notably, temporary and non guaranteed hours employees were not included in the employment count as they are typically engaged through worker arrangements with suppliers.

OUR SEA PERSONNEL

1,818
SEAFARERS

8
NATIONALITIES

Seafarers play a vital role at Gearbulk and are at the forefront of our operations. In response to the increase of vessels under management in 2023, our priority has been to strengthen the crew pool through recruitment efforts across all pools. Long-term strategic partnerships with manning agents are essential to our recruitment and crew management processes. Today, we have partnered with manning agents in the Philippines, India and China.



HUMAN CAPITAL

YEAR IN REVIEW

DEVELOPING OUR SHORE PERSONNEL

Our dedication to ESG principles propels us to sustain a dynamic, modern, and flexible work environment that nurtures the growth of our human potential. As part of this we prioritise the holistic development of our workforce.

At the core of our sustainable business practices is a steadfast dedication to providing meaningful opportunities for professional growth and personal development. We believe that investing in our people is integral to fostering a positive impact on society.

Through continuous learning opportunities, we empower our employees to thrive both personally and professionally. Furthermore, by cultivating a culture of inclusivity and skill enhancement, we aim to contribute to a resilient and socially responsible future while aligning with our ESG objectives.

In 2023, Gearbulk introduced a trainee program within fleet management, demonstrating the Company's commitment to developing future talent from within the organisation.

Through a range of further initiatives, we are committed to supporting our workforce. By undertaking these efforts, we actively cultivate an environment conducive to the professional and personal growth of our employees.

Our focus on developing our people not only strengthens our internal capabilities but also underscores our commitment to creating a positive societal influence through responsible business practices.

KEY STATISTICS

96

TRAINING DAYS

7.63%

TURNOVER RATE

14

PROMOTIONS

11

HIRED

10

LEAVERS



Health and wellbeing campaigns

The focus on mental health in the workplace continued, and two health and wellbeing campaigns were held; the first focused on emotional intelligence and the second on physical health. The feedback and positive response from our employees through the employee engagement survey support the focus on mental health and active promotion of this in the workplace.

Emotional intelligence campaigns

Emotional intelligence (EQ) is the key to both personal and professional success. Our EQ campaign aimed to help and develop our employees' abilities to build stronger relationships, succeed at work, and achieve their career and personal goals. We had four online workshops, where our employees were able to spar with their colleagues and engage in self-reflection. Topics for discussion included self awareness, self management, social awareness and relationship management.

HUMAN CAPITAL

YEAR IN REVIEW

DEVELOPING OUR SEA PERSONNEL

Continuous focus on training and development for seafarers is key to Gearbulk. By investing in education and skill enhancement for our seafarers, we can ensure the highest standards of excellence, safety and efficiency across our fleet. This commitment not only enhances individual capabilities but also fortifies our collective ability to adapt to evolving industry demands, foster innovation and uphold our unwavering commitment to excellence.

Due to the fleet expansion in 2023, a comprehensive onboarding scheme was established to onboard the new crew to the Gearbulk Safety Management System and Planned Maintenance System, together with a general introduction to the Company.

Audits of our designated training facilities were conducted in 2023, and the outcomes were positively affirming. This validation underscores our continuous efforts to provide comprehensive and top-tier training experiences for our seafarers, ensuring that they are equipped with the necessary skills and knowledge to navigate today's dynamic maritime landscape with confidence and proficiency.

KEY STATISTICS

| | | |
|--|---|---|
| <p>3,715</p> <p>MAN TRAINING DAYS (training days x total number of participants)</p> | <p>99.30%</p> <p>RETENTION RATE of Officers</p> | <p>98.29%</p> <p>RETENTION RATE of ratings</p> |
| <p>53</p> <p>INTERNAL PROMOTIONS to Senior Officer positions</p> | <p>315</p> <p>OFFICERS DEVELOPED Gearbulk Cadet program</p> | <p>73</p> <p>EXTERNAL RECRUITMENTS for Senior Officer positions</p> |



AVERAGE SENIORITY WITH GEARBULK



47 MASTERS
(19 years)

48 CHIEF OFFICERS
(12 years)

50 2ND OFFICERS
(10 years)

48 3RD OFFICERS
(6 years)

11 JUNIOR 3RD OFFICERS
(3 years)



53 CHIEF ENGINEERS
(17 years)

61 2ND ENGINEERS
(10 years)

53 3RD ENGINEERS
(8 years)

14 4TH ENGINEERS
(4 years)

12 JUNIOR 4TH ENGINEERS
(4 years)

47 ETOS
(8 years)

For many years, Gearbulk has offered our seafarers the chance to transition their careers to roles ashore within the Company. This practice has proven to be an asset to our technical, HSEQ, and project departments, as it brings in-depth knowledge of ship operation and equipment to colleagues without maritime backgrounds. This initiative cultivates a comprehensive understanding of our business and fosters collaboration between those at sea and those onshore, working together to ensure the Company's sustainable future.

HUMAN CAPITAL

YEAR IN REVIEW

At Gearbulk, training is indispensable for the development of our seafarers, as it enhances skills and fosters growth crucial for organisational success. This dedication to learning cultivates a culture of improvement, propelling innovation and excellence within the workforce.

Gearbulk continues to provide additional training beyond the Standards of Training, Certification and Watch-keeping (STCW) and Flag state requirements with a comprehensive computer-based training tool in the Ocean Learning platform, covering a wide range of topics.



Areas in which Gearbulk invests additional resources

- Ship Simulator Bridge and Engine team training combined with Maritime Resource Management
- Ship handling with high lift rudder training
- Electronic Chart Display and Information System (ECDIS) type specific training
- MARPOL training
- Cargo courses (webinar and physical courses)
- Deck and Engine skill enhancement course for ratings
- MAN e-engine course
- Electrical training
- International cuisine course
- In-house pre-joining briefing
- Gearbulk Safety Leadership course
- GB Officer seminars (online and physical)
- G3 Safety Culture project

SPECIAL TRAINING FOCUS AREAS IN 2023

Gearbulk Safety Leadership Online Training

The online Gearbulk Safety Leadership Training is now a standard program which is conducted with crew attending remotely from their homes around the world.

The course teaches participants hands-on leadership and how they should act and behave in different scenarios onboard. The leadership style learned is closely connected with the Gearbulk values and G3 Safety culture initiatives, such as the 5 Safety I's and Life-Saving Rules.

By the end of 2023, most senior officers at Gearbulk had completed this training, and we commenced training our junior officers. Considering the recent recruitment of many new officers to our fleet, we plan to extend this training program to ensure that all receive it. The feedback from participants has been highly positive, with many noting how they have applied the techniques learned during the course to their onboard tasks.

The course is conducted by Gearbulk employees who have expert knowledge in human factors, with most facilitators also having sea-side experience. In-house facilitators greatly enhance the course's relatability, as the connection brings the material closer to the participants through real and relevant examples from Gearbulk vessels.

ECDIS Training

ECDIS on board training is carried out on a weekly basis, including discussions between Deck Officers and Cadets related to the Company's ECDIS Quick Reference guide.

Reflective Learning

Reflective learning involves looking back at something, such as an experience or an idea, and then critically analysing the event. Gearbulk has adapted this process to create a tailor made, interactive Reflective Learning program for the fleet.

The activity is a face-to-face facilitated group discussion, supported by simple and engaging materials to make the emotional connection. In the group discussion, attendees reflect on "how can similar things happen on my vessel" and their own behaviors such as "what can I do differently to prevent a similar incident."

The Reflective Learning Programme was launched in 2019 and since then, a monthly onboard training regime has been followed, containing relevant and varied topics. The vessels are provided with supportive training material for each topic, such as videos, PowerPoint presentations and a facilitator guide. The aim of the videos provided is to create an interactive learning experience for the seafarers by examining root cause(s) of provoking incidents, as well as suggesting actions which may have prevented incidents from happening or to mitigate their consequences.

More training sessions will be added to the existing Reflective Learning Library with special focus on seafarers' mental health and learning from incidents happening onboard Gearbulk vessels, with the intent of making sure the incident will not happen again.

HUMAN CAPITAL

YEAR IN REVIEW

Gearbulk and our Joint Venture Partner Grieg Star and Joint Venture G2 Ocean share a commitment to improving the safety of our seafarers, our vessels and shore contractors. We do this by creating awareness, training our employees and regularly updating policies and procedures to be in line with industry standards.

SAFETY CULTURE PROJECT - GEARBULK, GRIEG STAR & G2 OCEAN (G3)

The G3 Safety Culture Project was established in December 2021 and commenced its activities in 2022 across the three organisations and its vessels. The project will run for several years and includes training, seminars, webinars, process mapping, internal/external newsletters and many more initiatives.

In 2023, a new initiative was added to the program with the distribution of the Safety Risk Management Principles booklet to both our Fleet and shore organisations. Additionally, we dedicated two full working days to safety exercises and drills onboard our vessels, while also hosting a safety week at G3 offices ashore. Moreover, the Lifesaving Rules video project was initiated and is slated for completion in Q1 of 2024.

At Gearbulk, we uphold a Zero Accident vision, firmly believing that all injuries are preventable through proactive measures and a steadfast commitment to safety. Any instances of injury are meticulously recorded and assessed according to OCIMF injury guidelines, enabling us to collect insights and take corrective actions where necessary. However, the injury rates observed in 2023 were disappointing, highlighting the need for intensified efforts in our safety protocols and practices. For more detailed information on our safety initiatives and progress, please refer to the Health and Safety Section in our ESG report.

G3 SAFETY BEHAVIOURS



LOOKING BEYOND

Attract talent and skills for the future

The strategy for talent attraction for both sea and shore positions emphasizes the importance of cultivating skills aligned with future needs and technological advancements. It focuses on enhancing the employer brand through effective communication of organizational culture and opportunities for career growth. Additionally, ensuring competitive compensation packages and fostering an inclusive workplace culture are highlighted, alongside investments in leadership development to nurture internal talent and drive business success.

Develop our organisation and enhance performance management

As we adapt to industry changes, developing our organisation and employees is crucial for maintaining competitiveness and fostering growth. We will review our structure, align roles, and promote agility. Succession planning and career development programs will identify and nurture future leaders. Enhanced training will keep pace with tech advancements, while offering opportunities for re-skilling and upskilling ensures adaptability to emerging technologies like AI and automation.

Nurture a culture of health and well-being

Prioritising health and wellbeing within our organisation is vital for sustained success and resilience in today's workplace. By focusing on both physical and mental health, we anticipate benefits such as increased productivity, decreased absenteeism, and improved talent retention. This commitment not only fulfils our legal and ethical obligations but also saves costs by preventing illnesses and reducing turnover. To achieve this, we will launch tailored health campaigns, embed mental health support into our processes, enhance insurance packages, bolster employee engagement, invest in community health initiatives, and maintain a focus on human rights through ongoing training.



SOCIAL AND RELATIONSHIP CAPITAL

EVALUATING THE CAPITAL

What Social and Relationship Capital means to Gearbulk

Social and Relationship Capital relates to Gearbulk’s relationships with institutions, communities, networks and other stakeholders and to its ability to create or sustain value associated with the welfare of both individuals and groups. From a governance standpoint, the way Gearbulk navigates the complex landscape of sanctions, regulations, interactions with public institutions and officials, relationships with suppliers, clients, competitors, and other stakeholders will play a pivotal role in shaping the preservation, development, or erosion of Gearbulk’s overall value.

How Social and Relationship Capital supports our value creation goals

Social and Relationship Capital supports our value creation by bolstering various aspects of governance and legal standards, both internally and on a global scale. This includes reinforcing international legal frameworks and institutions, prioritising safety measures for crew, vessels, and the public, safeguarding marine and environmental interests, mitigating legal risks and financial penalties, upholding a positive reputation, enhancing brand value, gaining a competitive advantage, and fostering customer loyalty.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded

| | | |
|---|--|---|
| <p>● ZERO</p> <p>BRIBERY AND CORRUPTION EVENTS (2022: Zero)</p> | <p>● ZERO</p> <p>SANCTIONS VIOLATIONS (2022: Zero)</p> | <p>● ZERO</p> <p>LEGAL VIOLATIONS (2022: Zero)</p> |
| <p>● 94%</p> <p>EMPLOYEE SATISFACTION (2022: 97%)</p> | <p>● TWO</p> <p>OFFICERS SEMINARS (2022: Two)</p> | <p>● ZERO</p> <p>MATERIAL WHISTLEBLOWING INCIDENTS (2022: Zero)</p> |
| <p>● INCREASED SUSTAINABLE PROCUREMENT PARTNERSHIPS</p> | <p>● FIRST DOUBLE MATERIALITY ASSESSMENT CONCLUDED</p> | <p>● LIMITED SPEND IN COMMUNITIES WHERE WE OPERATE</p> |



KEY OUTCOMES

By fostering a culture of corporate responsibility, we prioritise engaging with stakeholders to raise awareness about our initiatives. Our strategic commitment to leading in green, blue, and circular economies is bolstered by collaborative efforts with suppliers to prioritise sustainable sourcing practices. Recognising the significance of community involvement, we acknowledge that minimal contributions may cast doubt on our dedication to community welfare.

MATERIALITY

| Material Topic Addressed | Strategic Goal Addressed | Strategic Response |
|--|---|--|
| <p>G11 Management of relationship with suppliers</p> <p>S8 Working conditions and human rights</p> | <ul style="list-style-type: none"> Enhancing Governance and Compliance Dedicating resources to enhance our contributions to circular economies Reducing negative impacts created by our organisation | <ul style="list-style-type: none"> Introduce our Supply Chain Management Strategy |
| <p>G9 Affected communities</p> | <ul style="list-style-type: none"> Reducing negative impacts created by our organisation | <ul style="list-style-type: none"> Adopt a Corporate Social Responsibility Strategy |

SOCIAL AND RELATIONSHIP CAPITAL

YEAR IN REVIEW

Seminars serve as vital platforms for seafarers' development by promoting continuous learning, knowledge sharing, skill enhancement, networking, safety awareness, and professional growth within the maritime sector.

Officers Seminar

The Officers Seminar holds significant importance for Gearbulk, and in 2023, two seminars were conducted – one in China in June and the second in Cebu in November. The Company places a high priority on the opportunity to convene in person, reflecting our commitment to fostering meaningful interactions. Both seminars centered around experience transfer, safety protocols, and aligning expectations, fostering a sense of camaraderie and professional exchange amidst the return to face-to-face interactions.

During the seminars, Gearbulk recognised our seafarers' dedication and awarded loyalty plaques to 69 officers. The loyalty plaques are traditionally presented to crew who have served the Company for 10 and 20 years. Plaques were also given to Captains and Chief Engineers who started their career with Gearbulk as Cadets and have been promoted through the ranks.

Mini online seminars

The series of compact online seminars extended into 2023, with another 2 seminars being conducted virtually. Integrating frequent virtual mini seminars with in-person events enhances collaboration between onshore staff and the crew. This approach offers a dual advantage, as it facilitates a clearer understanding for the crew regarding shore organisation priorities, while also providing onshore employees with better insights into the needs and challenges faced by seafarers.

"It is truly inspiring to witness the commitment and enthusiasm displayed during the officers' seminars. The dynamic atmosphere of in-person meetings, where experiences are shared and discussions take place, undeniably adds significant value to Gearbulk as an organisation. The tradition of loyalty plaques is particularly noteworthy, and we take pride in the fact that numerous seafarers have chosen to dedicate their careers to Gearbulk," says Sjur Gjerde, Director of Fleet Management.



SOCIAL AND RELATIONSHIP CAPITAL

YEAR
IN REVIEW**Enhancing ethical awareness among Gearbulk's stakeholders**

Gearbulk maintains a steadfast commitment to ethical business practices, with a zero-tolerance policy towards unethical behaviour. Through a series of initiatives, we strive to raise awareness among stakeholders to align with our targets, ensuring no material findings impact our operations. Notably, Gearbulk has joined the Maritime Anti-Corruption Network (MACN), fostering awareness among our crew and providing a safe platform to report any potential incidents. Our supplier code of conduct further reinforces our efforts to mitigate risks associated with unethical conduct. All employees undergo mandatory training, underscoring our mission to minimise the potential impacts of unethical behaviour. In 2023, no material findings were observed, marking progress towards our ethical objectives.

Collaborating with our supply chain to minimise impacts

Our objective is to continue reducing both potential and actual adverse effects stemming from our operations. In pursuit of this goal, we have forged close partnerships within our supply chain to curtail environmental and societal drawbacks through innovative measures and strict adherence to legal frameworks. Rigorous risk assessments are conducted across our supply chain, with concerted efforts to implement mitigation strategies aimed at reducing potential risks. In 2023, our procurement efforts successfully secured sustainable goods and services, while ensuring compliance with laws and regulations governing our supply activities, thereby reflecting our commitment to minimising negative impacts.

Emphasising the importance of employee feedback

At Gearbulk, we prioritise the voices of our employees. Annually, we administer an employee survey to foster engagement and address areas in need of improvement. This platform allows our employees to voice their opinions, providing valuable insights into organisational priorities and opportunities to enhance working conditions. In 2023, our commitment to employee satisfaction was reaffirmed, with 94% of respondents expressing contentment with their employment at Gearbulk, underscoring our dedication to supporting our workforce.

Dealing with stakeholder grievances

Gearbulk is committed to providing a fair and transparent process for resolving grievances and disputes that may arise from its operations and activities. Gearbulk has established a grievance mechanism that allows any stakeholder, including employees, customers, suppliers, contractors, communities, and civil society organisations, to raise their concerns and complaints in a confidential and respectful manner. The mechanism follows principles of accessibility, timeliness, impartiality, transparency, effectiveness, and learning. The mechanism aims to address the root causes of grievances and provide appropriate remedies and actions.

Memberships and associations

As a responsible and reputable company, Gearbulk is a member of several industry associations and organizations that promote high standards of safety, quality, and sustainability in the maritime sector. Some of these memberships include:

- The Baltic and International Maritime Council (BIMCO), the world's largest international shipping association, representing around 60% of the world's merchant fleet.
- The International Chamber of Shipping (ICS), the principal international trade association for merchant ship operators, representing over 80% of the world's merchant tonnage.
- The Clean Shipping Alliance 2020 (CSA 2020), a group of leading companies from the commercial shipping and cruise industries that are committed to complying with the International Maritime Organization's (IMO) 2020 regulation for low-sulphur marine fuel.
- The Maritime Anti-Corruption Network (MACN), a global business network of over 140 companies working together to tackle corruption in the maritime industry.
- The Norwegian Maritime Cyber Resilience Centre (Norma-Cyber), a non-profit organization that aims to enhance the cyber security and resilience of the Norwegian maritime sector.

**Gearbulk Giving Back**

Gearbulk has a long history of Giving Back. To formalise these efforts, the Gearbulk Solidarity Fund (GBSF) was established in 2020 in response to the outbreak of the Covid-19 pandemic to provide additional financial support to Gearbulk's front-line workers, our seafarers. The success of the original set up paved the way for the fund to continue with an expanded scope of supporting other causes and initiatives.

In 2023, the GBSF continued its impactful contributions to various causes, embodying Gearbulk's commitment to Giving Back. In Norway, the fund allocated a sum to Sykehusklovnene (Hospital Clowns), an organisation renowned for bringing joy and normalcy to children in hospitals. Meanwhile, in the Gearbulk Singapore office, a different approach was taken with Donations-in-kind. A tailored list of essential items was procured for the Singapore Children Society, emphasising the tangible impact of direct donations. This hands-on approach not only provided essential resources but also fostered a sense of fulfillment among employees as they witnessed the immediate impact of their contributions. Such initiatives exemplify Gearbulk's enduring dedication to making a meaningful difference in communities worldwide.



LOOKING BEYOND

Introduce our Supply Chain Management strategy

Gearbulk recognises the imperative of a robust supply chain management strategy to not only ensure regulatory compliance but also proactively mitigate potential negative impacts on the Environment, Social, and Governance (ESG) fronts, including Human Rights. Looking ahead, this strategy will serve as a catalyst for identifying strategic opportunities that align with our organisational objectives.

We are in the process of analysing and categorising our supplier universe based on risk assessment, with tailored due diligence procedures established for high and medium-risk suppliers. Additionally, we are leveraging a contracted risk management system to streamline third-party risk assessments, while concurrently updating documentation to fortify our due diligence efforts.

In our pursuit of sustainability, we are intensifying our focus on sourcing sustainable products and services, with a commitment to exploring alternative providers. Furthermore, we are embarking on concluding assessments of Supplier Emission Contributions (Scope 3) and initiating carbon offsetting measures to curtail emissions.

Looking forward, we aim to optimise our supply contracts to ensure both cost efficiency and alignment with our sustainability goals. Through these forward-looking initiatives, Gearbulk endeavours to fortify its supply chain management practices, fostering resilience and sustainability across our operations.

Adopt a Corporate Social Responsibility strategy

As we look ahead, our corporate social responsibility (CSR) strategy must evolve to reflect our commitment to community-centric growth and progress. While our current initiatives, particularly through the GBSF component, have made modest contributions, our future CSR strategy will prioritise meaningful engagement with the communities where we operate.

A forward-looking approach demands that our CSR strategy be tailored to the specific needs of these communities. We will adopt a demand-driven model that facilitates continuous dialogue and collaboration to identify areas where our contributions can have the most significant impact. By actively listening to community feedback and assessing their evolving needs, we can uncover innovative solutions that drive positive change and advancement.

Our future contributions to these communities will extend beyond mere donations, encompassing both monetary and non-monetary support. Emphasising areas such as skills development, social advancement, and environmental awareness, our efforts will aim to create lasting benefits for the communities we serve. Through these forward-thinking initiatives, we will reinforce our commitment to corporate social responsibility and foster sustainable growth for both our business and the communities we engage with.

INTELLECTUAL CAPITAL

EVALUATING THE CAPITAL

What Intellectual Capital means to Gearbulk

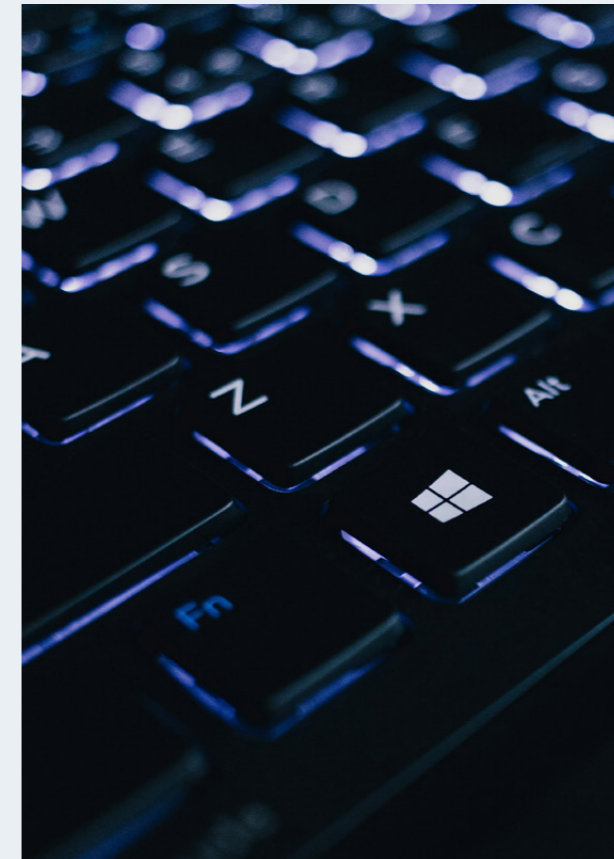
Intellectual Capital is the knowledge and capabilities that are embedded in our organisation. It is distinct from human capital because it can be reproduced and shared. It also includes our long-term plan to digitise our internal processes, collaborative architecture, and overall service offering.

How Intellectual Capital supports our value creation goals

We believe the source of our economic value does not depend solely on our ships and other assets. It also depends on how we manage and use these assets to ensure we extract the highest value and most efficient use of our resources while living our purpose and remaining relevant to stakeholder needs. The ability of our ships to become a service depends on whether we can harness and apply our intellectual capital to enhance our customers' experience and the ease of doing business with us.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded



KEY OUTCOMES

We are continuously enhancing our governance which is evident in the number of incidents that have been reported through various channels we use. Utilising data-driven management practices can enhance operational efficiency in shipping operations, resulting in reduced operational costs and mitigated environmental impact. By optimising routes, minimising fuel consumption, and improving delivery times, data-driven approaches contribute to a more sustainable and efficient shipping industry. Furthermore, effective cybersecurity management is crucial in safeguarding supply chains from potential disruptions caused by cyber-attacks. By proactively managing cybersecurity risks, businesses can help ensure the uninterrupted flow of goods worldwide, safeguarding against economic damages and maintaining the reliability of global supply chains.

MATERIALITY

| Material Topic Addressed | Strategic Goal Addressed | Strategic Response |
|--------------------------|---|---|
| G10 Corporate Culture | <ul style="list-style-type: none"> Improving decision making processes using data driven solutions. | <ul style="list-style-type: none"> Explore AI opportunities |
| G15 Cyber Security | <ul style="list-style-type: none"> Developing our human capital and continuously cultivating skills for the future. | <ul style="list-style-type: none"> Protect our organisation with sound corporate governance practises Secure our digital assets |
| G10 Corporate Culture | <ul style="list-style-type: none"> Creating value through innovation and digitalisation for both sea and shore operations. | <ul style="list-style-type: none"> Expand on our digitalisation efforts Invest in innovation |

INTELLECTUAL CAPITAL

YEAR IN REVIEW

Enhancing our governance

Establishing a compliance and governance consistent structure contributes to Gearbulk's long term success and sustainability strategy. Gearbulk's reputation, financial standing and employees' commitment can be significantly impacted by illegal, unfair and unethical practices. To maintain compliance awareness alive, practical processes and controls have been created and are regularly reassessed to make sure the highest standards of corporate governance are observed. In 2023, under the oversight of the Compliance Committee, our company conducted a comprehensive review of its Anti-Bribery and Corruption Policy. Concurrently, Gearbulk also sanctioned the Diversity and Inclusion Policy, the Risk Management Policy, and the Third-Party Risk Management Policy and Procedure.

Practising data driven management

Effective utilisation of intellectual capital through data-driven management practices enhances operational efficiency within our shipping operations. By harnessing data analytics, we optimise routes, minimise fuel consumption, and improve delivery times, thereby not only reducing operational costs but also mitigating the environmental footprint of our shipping activities. This strategic integration of intellectual capital enables us to make informed decisions that drive sustainable value creation while aligning with our commitment to environmental stewardship within the framework of the Integrated Reporting.

Delivering on cyber security measures

Efficient management of cybersecurity risks is imperative within the integrated reporting framework as it safeguards the uninterrupted flow of information globally and secures the integrity of supply chains. Cyber-attacks pose considerable threats, capable of causing severe economic damage. By proactively addressing cybersecurity risks, we fortify our intellectual capital, ensuring resilience against potential disruptions and reinforcing trust in our operations. This strategic approach not only protects our organisation's assets but also contributes to the sustainability and reliability of global information exchange networks.

Gearbulk is a member of NORMA (Norwegian Maritime Cyber Resilience Centre), an NGO with Joint Effort between Den Norske Krigsforsikring for Skib (DNK) and the Norwegian Shipowners' Association. This membership supports Gearbulk in its ambition with regular updates from the membership.



LOOKING BEYOND

Protect our organisation with sound corporate governance practices

Gearbulk can mitigate adverse impacts arising out of unlawful and questionable activities by sustaining its zero-tolerance culture against unethical, unfair and illicit conducts, and conducting thorough risk assessments periodically. Additionally, Gearbulk maintains a collaborative and a vigilant approach towards operational subsidiaries, promotes frequent training and, finally, requires a strict commitment of all stakeholders with such actions.

Expand on our digitalisation efforts

Gearbulk has implemented a digital framework to promote focus, alignment, and transparency in our digital transformation efforts. Our objective is to enhance connectivity between sea and shore operations, explore and integrate new technologies, and cultivate a culture of continuous learning among our team members. In line with our digital roadmap, Gearbulk prioritises establishing top-tier infrastructure across our fleet to support our technological objectives. Over the coming years, we have numerous initiatives planned to upgrade our IT platform, replace outdated systems, and augment digitalisation and collaboration amongst employees.

Explore AI opportunities

Artificial Intelligence (AI) holds promise for enhancing and supporting diverse sectors, including maritime operations. For instance, AI can optimise shipping routes,

enhance vessel performance, and bolster safety measures. By prioritising the establishment of a robust data infrastructure and leveraging algorithms to drive analytical solutions, we can optimize operations, streamline business processes, gain deeper insights, and unlock new revenue streams. This strategy will bolster our competitiveness and foster sustained growth in the years ahead.

Invest in innovation

Incorporating vessels into the digital strategy ensures ease of operation, enabling better control over technological environments and costs while reducing unnecessary administrative burdens onboard. Prioritising seamless connectivity facilitates data management through transparent and visible information channels. Additionally, maintaining safety in operations involves collaborative efforts in cyber defence, leveraging AI solutions, expanding partnerships with business entities, and integrating operational technology onboard vessels.

Secure our digital assets

Effective cybersecurity management involves developing and executing a cohesive data security strategy to safeguard data integrity amidst evolving infrastructure. It entails fostering a culture prioritising safety, with security embedded in all organisational operations. This encompasses integrating cybersecurity risk management into our safety management systems, adhering to ISM code compliance standards.

NATURAL CAPITAL

EVALUATING THE CAPITAL

What Natural Capital means to Gearbulk

All the value provided by nature, both renewable and non-renewable resources, utilised to create profitability.

Our key environmental focus areas

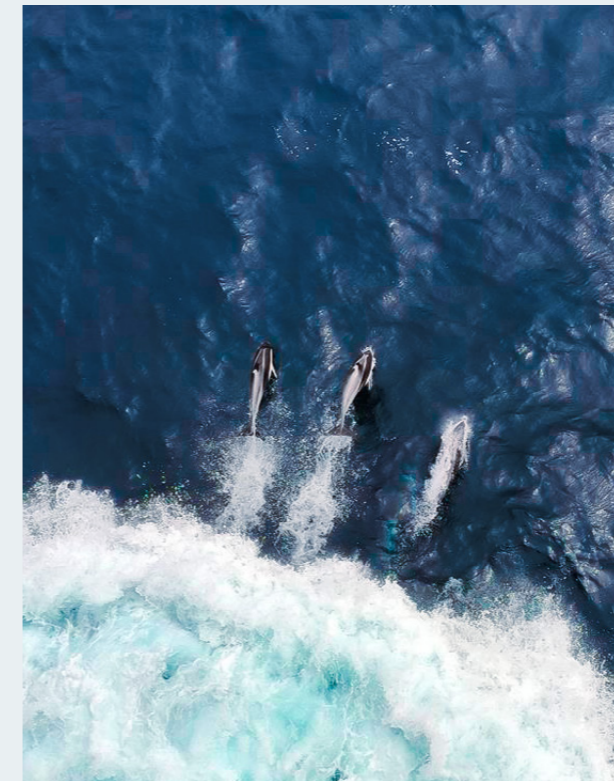
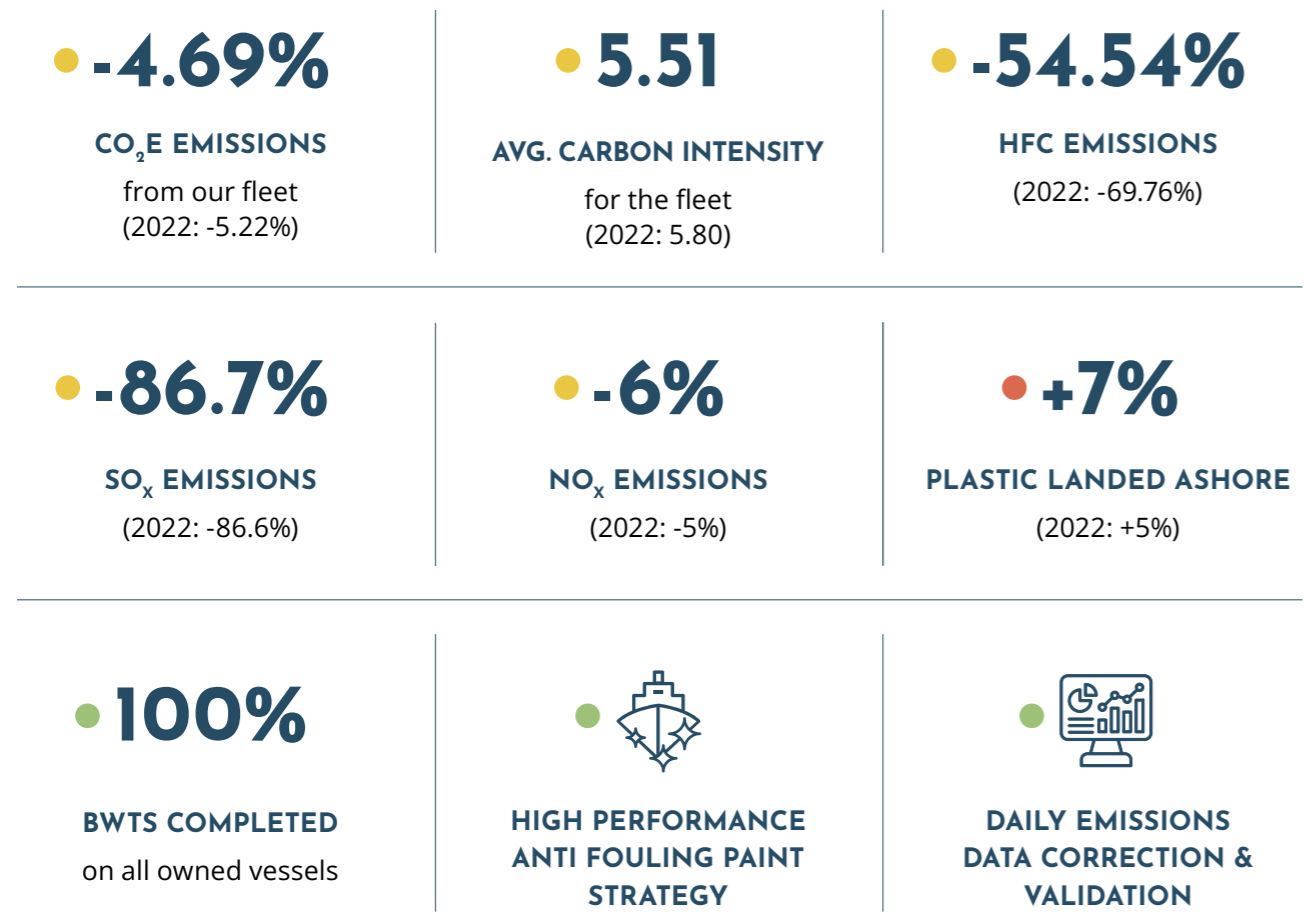
- Reducing GHG emissions
- Utilising clean energy
- Protecting biodiversity
- Ensuring proper waste management

How Natural Capital supports our value creation goals in a sustainable manner

Utilising natural capital is critical for Gearbulk's operational profile, both directly and indirectly. To obtain a sustainable business, it is imperative that Gearbulk understands our role and how our actions impact the ecosystem. By understanding the consequences, we can also try to reduce our footprint and any negative impacts we have. By creating awareness and defining our environmental focus area we are one step closer to a sustainable business model.

KEY OUTPUTS

● Value created ● Value sustained ● Value eroded



KEY OUTCOMES

As a responsible company, we are committed to reducing greenhouse gas (GHG) emissions and mitigating our environmental impact. Through the utilisation of renewable energy sources and innovative technologies, we strive to minimise our carbon footprint and transition towards a more sustainable future. Our dedication to protecting biodiversity is evident in our efforts to implement responsible environmental practices and adhere to regulations aimed at preserving marine ecosystems. Furthermore, we prioritise proper waste management and recycling of vessels through a circular economy approach, ensuring that materials are reused and repurposed to minimise waste generation. By promoting environmental awareness and equipping our team with the necessary skills and expertise, we empower them to make informed decisions and actively contribute to environmental conservation efforts. Through these integrated initiatives, we demonstrate our commitment to sustainability and environmental stewardship in the maritime industry.

MATERIALITY

| Material Topic Addressed | Strategic Goal Addressed | Strategic Response |
|--|---|--|
| <p>E1 Climate Change</p> | <ul style="list-style-type: none"> • Allocating resources to support net zero emissions • Creating value through innovation and digitalisation for sea and shore operations | <ul style="list-style-type: none"> • Enhance decarbonisation efforts |
| <p>E2 Pollution</p> <p>E5 Circular economy</p> | <ul style="list-style-type: none"> • Reducing negative impacts created by our organisation | <ul style="list-style-type: none"> • Contribute to the circular economy |
| <p>E4 Biodiversity</p> | <ul style="list-style-type: none"> • Reducing negative impacts created by our organisation | <ul style="list-style-type: none"> • Expand our biodiversity efforts |

NATURAL CAPITAL

YEAR IN REVIEW

Responding to climate change

Climate change remains a crucial agenda point across all industries, and as the shipping industry contributes 3% to total global emissions, Gearbulk is committed to doing our part in reducing shipping's impact on climate change.

During 2023 Gearbulk enhanced our efforts to decarbonise our fleet and allocated key resources to research various areas to support our decarbonisation path. The areas we have considered include the following:

We are taking steps to not only expand the use of environmental dashboards, enabling more accurate and efficient operational planning in the future, but also to establish measures for the continuous validation and rectification of emissions data. This validated data will provide a real-time overview of our fleet's emissions.

In partnership with the supplier responsible for our data collection system and collaborating with an independent third-party verifier, we are enhancing our daily verification and correction processes for emission data. The availability of real-time emission data will empower us to optimise the management and overview of our Carbon Intensity Indicator (CII) performance, aligning with our commitment to climate change ambitions.



ADVANCED BIOFOULING



PROPELLER & HULL CLEANING



SENSOR TECHNOLOGY



MAIN ENGINE UPGRADES



IMPROVED EMISSIONS

Data Validation For Future Climate Ambition



Protecting our oceans

The ocean is one of Earth's most valuable natural resources, and it is important to manage it in a sustainable way. Gearbulk understands the impact of our operations on the ocean, and we are committed to doing all we can to protect this resource and ensure its benefits are preserved for future generations.

As our vessels transport goods worldwide, we are dedicated to minimising the potential for transferring invasive species across ecosystems. Gearbulk adheres to International convention for the Control and Management of ships Ballast Water and Sediments (BWM), making significant strides in implementing ballast water treatment systems across our fleet. The Ballast Water Management Convention mandates the installation of treatment systems on all vessels, and we are on track to meet this requirement by 2024. Our commitment to these regulations underscores our proactive approach to environmental stewardship and sustainable shipping practice.

Responsible waste management

Ensuring proper waste management and recycling of vessels through a circular economy approach is imperative for our bulk shipping company. By embracing circular economy principles, we aim to maximise the value of materials and resources throughout the lifecycle of our vessels, from construction to decommissioning. Through careful planning and implementation of sustainable practices, we strive to minimise waste generation, optimise resource utilisation, and reduce environmental impact. This involves responsibly managing hazardous materials, recycling or repurposing materials wherever possible, and adhering to strict environmental regulations and industry standards. By prioritising circular economy practices, we not only mitigate environmental risks but also contribute to the long-term sustainability of our operations and the maritime industry as a whole.

LOOKING BEYOND

Enhance decarbonisation efforts

Pledging to meet emission targets in alignment with the IMO GHG strategy, Gearbulk aims to achieve Net Zero emissions by 2050. IMO's short and medium-term emission targets toward 2030 and 2040 have been established, and Gearbulk are in the process of creating a roadmap outlining strategies to attain these targets for our managed vessels.

Our strategy for achieving Net Zero emissions is built on transparency and accountability. We commit to making our defined targets public, showcasing our internal dedication to this goal. In defining our Newbuilding strategy, we prioritize fuel-efficient vessel types that actively reduce emissions and carbon footprints. Our Newbuilding vessels will incorporate options for alternative fuel types, ensuring a long-term perspective on sustainability. Concurrently, we remain steadfast in implementing measures to reduce emissions across our existing fleet, committing to propose at least two innovative measures annually. Furthermore, we pledge to utilise a defined and increasing volume of carbon-neutral fuels, specifically biofuels. To ensure progress, we allocate resources and establish key performance indicators (KPIs) to track our journey towards achieving strategic targets.

Contribute to the circular economy

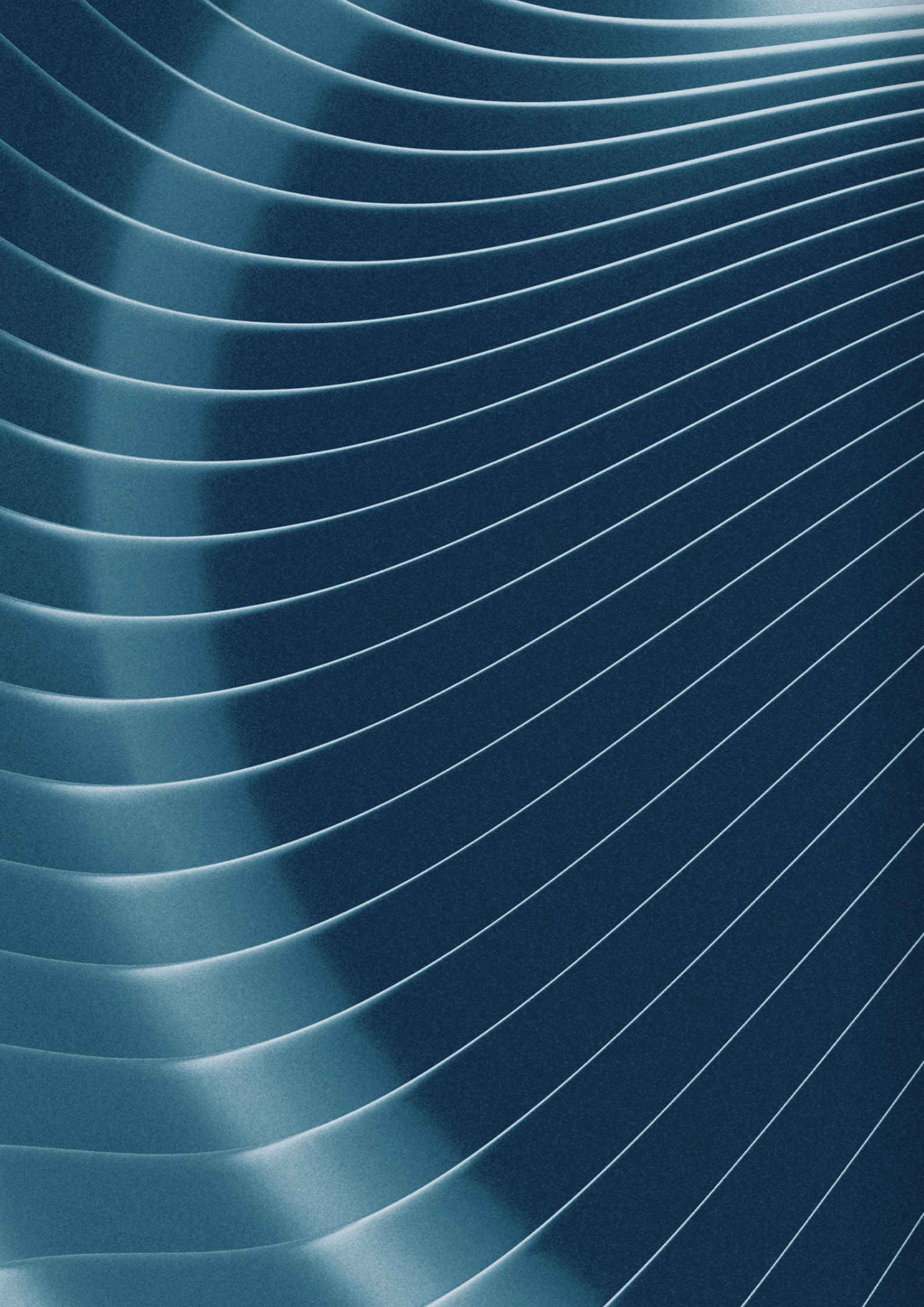
We understand that we can play a vital role in advancing the circular economy by adopting various sustainable practices. Investing in sustainable environmental technology enables the company to reduce its carbon footprint and minimize environmental impact throughout its operations. By partnering with producers and suppliers committed to sustainability, the company can ensure

that its supply chain is aligned with circular economy principles, sourcing goods and services in a responsible and eco-friendly manner. Furthermore, ensuring that the entire value chain is validated for recirculation promotes the reuse and recycling of materials, contributing to the efficient use of resources and minimising waste generation. Through these initiatives, Gearbulk not only reduces its environmental footprint but also actively contributes to the transition towards a more sustainable and circular economy.

Expand our biodiversity efforts

Enhancing our biodiversity strategy involves a multifaceted approach rooted in environmental stewardship and sustainability. We prioritise promoting environmental awareness and fostering accountability among our team members and stakeholders, recognising the crucial role they play in preserving marine ecosystems. By investing in proactive anti-fouling measures, we aim to minimise the impact of our operations on marine life and habitats, mitigating potential harm caused by biofouling organisms. Additionally, we acknowledge the efforts by NGOs dedicated to the restoration of marine biodiversity, contributing to conservation efforts worldwide. Adhering to regulations concerning protected areas and opting for longer routes when necessary underscores our commitment to safeguarding vulnerable marine habitats. Moreover, exploring the potential use of green biobased oil onboard our vessels represents a proactive step towards reducing our ecological footprint and promoting sustainable practices in maritime operations. Through these concerted efforts, we strive to enhance biodiversity preservation and promote the health and resilience of marine ecosystems.





APPENDICES

Glossary of Terms and Acronyms

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GLOSSARY OF TERMS AND ACRONYMS

- **ABC:** Anti Bribery and Corruption
- **AER:** Annual Efficiency Ratio
- **AF:** Anti Fouling
- **AI:** Artificial Intelligence
- **Biofouling:** The accumulation of plant and animal organisms on wetted surfaces.
- **BoD:** Board of Directors
- **BWM:** Ballast Water and Sediments
- **BWTS:** Ballast Water Treatment System
- **CBT:** Computer Based Training
- **CEO:** Chief Executive Officer
- **CFO:** Chief Financial Officer
- **CH4:** Methane
- **CII:** Carbon Intensity Indicator
- **CMS:** Crew Management System
- **COA:** Contract of Affreightment, a contract requiring the carriage of a determined quantity of a specified cargo over a given period of time.
- **CO₂:** Carbon Dioxide – major Greenhouse gas. An atmospheric increase of 35% since pre-industrial levels has been attributed to burning of fossil fuels and deforestation, causing global warming. This increased level is also responsible for increased acidification of the oceans.
- **CSR:** Corporate Social Responsibility
- **Dunnage:** Material used to support and secure cargo during transportation.
- **DWT:** Deadweight tonnage is a measure of the sum of the weights a vessel can carry including cargo, fuel, ballast, fresh water, and stores.
- **EBITDA:** Earnings before interest, tax, depreciation and amortisation
- **ECA:** Emission Control Area, areas with more stringent regulation of emissions such as SOX and NOX for environmental and/or human health issues.
- **ECDIS:** Electronic Chart Display and Information System
- **EEDI:** Energy Efficiency Design Index.
- **EEOI:** Energy Efficiency Operational index
- **ESG:** Environmental Social Governance
- **EU:** European Union
- **EUA:** European Carbon Allowances
- **ETS:** Emission Trading System
- **EQ:** Emotional Intelligence
- **FC:** Financial Capital
- **FE:** Facilities and Equipment
- **FFA:** Forward Freight Agreements
- **Fleximax:** Vessels with open hatch, box shaped holds but having fixed jib cranes rather than travelling gantry cranes. This gives rise to small overhangs on four hold bulkheads incorporating the crane support structure.
- **FS:** Financial Statements
- **GBSF:** Gearbulk Solidarity Fund
- **GHG:** Greenhouse Gases, generic name for a range of gases which absorb and reflect thermal radiation back to the earth's surface which would otherwise have escaped into space, thus leading to global warming.
- **GLT:** Gearbulk Leadership Team.
- **GRI:** Global Reporting Initiative
- **HAZID:** Hazard Identification
- **HAZOP:** Hazard and Operability Study
- **HC:** Human Capital
- **HFC:** Hydrofluorocarbon
- **HR:** Human Resources
- **HSEQ:** Health, Safety, Quality and Environment policy
- **IACS:** Integrated Administration and Control System
- **IC:** Intellectual Capital
- **ICS:** International Chamber of Shipping
- **IHM:** Inventory of Hazardous Materials
- **IMO:** International Maritime Organisation, United Nations agency responsible for the safety and security of shipping and the prevention of pollution from ships.
- **IR: Integrated Report**
- **ISM:** International Safety Management
- **ISO:** International Organisation for Standardisation
- **JV:** Joint Venture
- **KPIs:** Key Performance Indicators
- **LTIF:** Lost Time Injury Frequency, the number of Lost Time Injuries per million man-hours worked during the reporting period.
- **MACN:** Maritime Anti-Corruption Network, a global network promoting good practice in the maritime industry by tackling bribes, facilitation payments and other forms of corruption.
- **MARPOL:** Abbreviation for marine pollution and refers to IMO's International Convention for the Prevention of Pollution from Ships which covers pollution caused by oil, noxious liquids in bulk, pollutants carried in packaged form, sewage, garbage, and air pollution.
- **MC:** Manufactured Capital
- **MEPC:** Marine Environment Protection Committee
- **MLC:** Maritime Labour Convention
- **Mt:** Metric tonnes.
- **NC:** Natural Capital
- **NGOs:** Non-Government Organisation, an organisation which operates independently from any form of government and is not a conventional for-profit business.
- **NORMA:** Norwegian Maritime Cyber Resilience Centre
- **NOX:** Generic term for nitric oxides and nitrogen dioxide formed during the combustion process. Forms acid rain and destroys the earth's protective ozone layer. Inhalation can cause or worsen respiratory diseases such as bronchitis, emphysema and aggravate heart disease.
- **OCIMF:** Oil Companies International Marine Forum
- **OHGC:** Open Hatch Gantry Crane.
- **OHJC:** Open Hatch Jib Crane.
- **OPEX:** Operating expenses or operating costs
- **PC / HC:** Propeller and Hull Cleaning
- **PSC:** Port State Control, the inspection of foreign ships in national ports to verify the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules.
- **RAM:** Risk Assessment Matrix
- **SEEMP:** Ship Energy Efficiency Management Plan, a tool which incorporates best practices and continual improvement for the energy efficient operation of a vessel. Introduced by IMO.
- **Semi-open:** Vessels with hatch openings slightly smaller than the cargo hold, causing minor overhangs.
- **SOLAS:** International Convention for the Safety of Life at Sea
- **SOX:** Sulphur oxides, broad term referring to a range of sulphur and oxygen containing compounds which can be generated naturally (volcanoes) and from man-made sources such as burning of fossil fuels.
- **SRC:** Social and Relationship Capital
- **SRF:** Ship Recycling Facility
- **SRP:** Ship Recycling Plan
- **STCW:** Standards of Training, Certification and Watch-keeping. The IMO Convention for STCW prescribes minimum standards relating to training, certification and watchkeeping for seafarers.
- **Supramax:** Bulk carrier in 50,000 to 60,000 dwt range.
- **TEFC:** Totally Enclosed Forestry Carrier.
- **TPM:** Ton Per Mile
- **TRFC:** Total Recordable Injury Cases Frequency
- **Twendecker:** Vessel which has its holds divided by a 'tween' deck which creates upper and lower holds.
- **USG:** United States Gulf (of Mexico)
- **VSAT:** Very Small Aperture Terminals

