



# Pacific Basin Shipping Limited

*(incorporated in Bermuda with limited liability)*  
(Stock Code: 2343)

## REMUNERATION COMMITTEE TERMS OF REFERENCE

**Approved and adopted on 1 March 2012**

### **1. Authority**

The Board of Directors (the “Board”) of Pacific Basin Shipping Limited (the “Company”) hereby delegates to the Remuneration Committee (the “RC”) such powers and authorities as it shall reasonably require to perform its duties and without prejudice to the following:

The RC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Company in order to perform its duties:

- 1.1 In connection with its duties, the RC should consult the Chairman and/or Chief Executive about their remuneration proposals for other executive Directors. The RC should have access to independent professional advice if necessary.
- 1.2 The RC may delegate its authority on the performance of specific work to sub-committees or the Chairman of the RC when it deems appropriate and in the best interests of the Company.

### **2. Reporting Procedures**

- 2.1 The RC shall report to the Board concerning its activities, either verbally or in writing, at regular meetings of the Board or more frequently if required.
- 2.2 The meetings and proceedings of the RC will be governed by the provisions of the Company’s bye-laws for regulating the meetings and proceedings of directors (as amended from time to time).

### **3. Roles and responsibilities**

The RC should perform the following duties:

- 3.1 make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and desirability of performance-based remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 3.2 determine, through authority delegated from the Board, the remuneration packages of:
  - (i) Executive directors;
  - (ii) Senior management; and
  - (iii) Employees earning the equivalent of US\$20,000 per month or above.

In reviewing the proposals from management, the RC should consider the Board's corporate goals and objectives, salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management and employment conditions elsewhere in the group;

Senior management are defined as heads of substantial business functions which include (a) Head of Asset Management; (b) Head of Towage; (c) Head of London (Atlantic) Headquarters of Dry Bulk; and (d) such other head of business functions as nominated or appointed by the management from time to time.

Remuneration includes:

- (i) benefits in kind;
  - (ii) pension rights; and
  - (iii) compensation payments.
- 3.3 make recommendations to the Board on the remuneration of non-executive Directors;
  - 3.4 review and make recommendations to the Board on terms of appointment for directors when considered necessary;
  - 3.5 make recommendations to the Board relating to directors and senior management to ensure fair (and not excessive) compensation payments and appropriate arrangements after considering contractual entitlements, in the case of:
    - (i) any loss or termination of office or appointment; and
    - (ii) dismissal or removal for misconduct.
  - 3.6 administer and oversee the Company's long term incentive scheme and other equity or cash based schemes of the Company in place from time to time and explicitly review and approve the granting of new share awards to any staff members in the group;
  - 3.7 produce and approve disclosure statements of the Company's policy and remuneration for directors and senior management; and

- 3.8 ensure that no director is involved in deciding his own remuneration and that, as regards the remuneration of a non-executive director who is a member of the RC, his remuneration should be determined by the other members of the RC.

*Notes:*

*(i) "Senior management" should refer to the same category of persons as is referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.*

*(ii) The RC shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.*

## **4. Organisation**

### **Membership**

- 4.1 The Board will nominate the RC members and its chairman.
- 4.2 The RC will comprise at least 3 members and the majority of the members shall be independent non-executive directors of the Company.
- 4.3 The chairman of the RC shall be an independent non-executive director.
- 4.4 A quorum of any RC meeting will be 2 members.
- 4.5 Members will be appointed for a 3 year term of office, subject to re-election as Board member by shareholders at the annual general meeting of the Company.
- 4.6 The secretary of the RC will be the company secretary or such other person nominated by the Board.

### **Meetings:**

- 4.7 The RC may invite the Chief Executive, any director, any member of senior management or any other individuals to attend meetings of the RC as it considers necessary.
- 4.8 Meeting shall be held not less than once a year.
- 4.9 Agendas and accompanying papers regarding RC meetings should be sent in full to all directors in a timely manner (at least three days) in advance of each meeting.
- 4.10 Draft meeting minutes should be circulated to all directors for their comments and records within a reasonable time after the meeting is held.