



Pacific Basin

Pacific Basin Workplace & Operating Practices Policies Summary

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DIVERSITY AND EQUAL OPPORTUNITY

Our position on diversity, equal opportunity and inclusiveness is based on treating all stakeholders, including our employees, with dignity, respect and fostering an environment where we encourage diversity of opinions and cultures. Our staff handbook includes a policy that entitles every staff member to employment that is free of sexual or racial harassment.

LABOUR STANDARDS, LABOUR RELATIONS & HUMAN RIGHTS

Our labour policies and minimum standards are determined with reference to the conventions of the International Labour Organization (ILO) – the United Nations agency that shapes policies to promote decent working conditions for seafarers and other workers.

Most of these ILO conventions relating to seafarers have been ratified by China and Hong Kong and have been incorporated in Hong Kong flag state legislation under Hong Kong CAP478 Merchant Shipping (Seafarers) and other ordinances. As such, they are mandatory for us to follow in respect of our Hong Kong-flagged dry bulk ships.

Where ILO conventions have not been ratified by our flag state, we voluntarily comply with or exceed the requirements of such conventions by way of a Collective Bargaining Agreement ("CBA") with the International Transport Federation ("ITF")-affiliated seafarer unions. Pacific Basin was actively involved in drafting the current Hong Kong flag state CBA which applies to all Hong Kong employers of seafarers under the ITF.

The many ILO conventions and recommendations relating to the employment of seafarers have been consolidated into a single, coherent instrument – the Maritime Labour Convention 2006. While this is expected to come into force in China and Hong Kong in 2013, we have already amended our policies to comply.

Some of the main labour issues covered by the Maritime Labour Convention 2006 are:

- preventing forced labour
- minimum age & preventing child labour
- hours of work
- wages & equal remuneration
- the right to organise & collective bargaining
- seafarers' welfare
- accommodation, food and catering
- discrimination
- social security
- prevention of accidents
- health protection and medical Care

RESPONSIBLE PROCUREMENT

Our Pacific Basin Management System manual requires that, in all but some exceptional circumstances, stores and spares for our fleet are purchased from approved suppliers who are vetted before approval and reviewed at regular intervals thereafter.

Our selection and continued support of suppliers is heavily influenced by the outcome of our reviews of their and their products' performance affecting occupational health, safety, quality and the environment.

Examples of vetting criteria we require of our suppliers and sub-contractors include:

- certification to a recognised international standard;
- approval by regulatory authorities;
- authorised agents or original equipment manufacturers; and/or
- membership of a reputable organisation, such as International Ship Suppliers Association (ISSA) or the International Marine Purchasing Association (IMPA)

TRADING PRACTICES

Our ships operate globally and we engage in trades that comply with international laws and do not contravene international trade sanctions or relevant local or national laws.

Our customers are required not to ship illegal goods on our vessels, and our global chartering organisation follows the key rule of “knowing your customer and their business” which enhances our understanding of their cargo.

Our customers are mainly reputable, blue-chip organisations who we know well. For newer potential customers, we may seek advice on their background, verbal and written references, formal counterparty risk appraisals, and we check if they appear on US, UK, EU and UN sanction lists.

We also consider where voyages are from and to, and monitor the layers of sanctions prevailing around the world so as not to risk exposure to criminal penalties.

There are also safety nets that give us additional comfort that trades we engage in do not violate relevant laws. Importantly, banks do not provide letters of credit or finance to customers if the cargo or trade breach sanctions, thus preventing the customer from executing a freight contract with us. A second check arises when the cargo and/or freight invoice is payable, at which point banking systems automatically vet the countries and counterparts involved in the transaction against sanction lists.

ANTI-CORRUPTION

Our staff handbooks include a Code of Conduct that prohibits our staff from: offering bribes or other inducements to obtain business for the Company; accepting personal benefits in prescribed circumstances; or involvement in fraud, forgery or other forms of corruption.

We require our staff to abide fully by local anti- corruption laws such as Section 9 of the Prevention of Bribery Ordinance under Hong Kong law (“Corrupt transactions with agents”) for staff in our Hong Kong headquarters. Similar anti-corruption laws (such as the UK Bribery Act 2010) and expectations apply to all our staff around the world.

ANTI-COLLUSIVE BEHAVIOUR

We operate in highly competitive markets and we do not collude with competitors or otherwise cooperate in a covert manner to gain unfair pricing advantage. The size and market share of our dry bulk, towage and RoRo fleets, and the nature of our RoRo activity in Europe, are deemed not to breach competition regulations in any markets in which we are engaged

The above workplace policy summaries are in addition to separate policies we have published covering the environment, health & safety, and development & training.