

Pacific Basin Shipping Limited

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

SUSTAINABILITY COMMITTEE

TERMS OF REFERENCE

Approved and adopted on 2 January 2024

1. Overall Purpose / Objectives

The Sustainability Committee (“SC”) is appointed by the Board of Directors (the “Board”) of Pacific Basin Shipping Limited (the “Company”) to assist the Board in overseeing the management team and advising the Board on matters that are material to the long-term sustainability of the Company, including ensuring effective management of the Company's sustainability risks and opportunities, overseeing the Company's sustainability approach, priorities and implementation, monitoring progress towards sustainability targets, and overseeing sustainability reporting.

2. Authority

The Board authorises the SC, within the scope of its responsibilities, to:

- 2.1 Review and perform activities within its terms of reference.
- 2.2 Engage independent counsel, independent assurance providers or other advisers as it deems necessary to carry out its duties.
- 2.3 Ensure the attendance of company officers at meetings as appropriate.
- 2.4 Have unrestricted access to members of management, employees and relevant information.
- 2.5 Develop and implement policy on the engagement of external independent parties to provide independent assurance services for the strengthening of the credibility of the Company's sustainability disclosures.

3. Roles and Responsibilities

- 3.1 Monitor and review emerging Environmental, Social and Governance (ESG) responsibility trends and issues, with a focus on those most relevant to the dry bulk shipping industry.
- 3.2 Oversee the Company's ESG management approach, strategy and the process used to identify, evaluate and manage material ESG-related issues including the risks and opportunities they represent for the Company and to recommend any improvements.
- 3.3 Oversee the development and execution of the Company's ESG policies and practices, provide direction to Management on the Company's ESG vision and objectives/priorities, ensure alignment with the Company strategy and make recommendations to the Board.

- 3.4 Review the internal procedures and system for the generation and maintenance of appropriate and accurate sustainability data.
- 3.5 Review Management's ESG performance reports, including progress made against material ESG-related goals and targets, steps taken to achieve these targets, and covering any other relevant ESG issues; such ESG reports to be submitted to the Board at least two times a year.
- 3.6 Consider ESG investments proposed by Management and make appropriate recommendations to the Board.
- 3.7 Review the annual "Sustainability Report" to ensure the balance, transparency and integrity of published information as well as proper disclosure and compliance with the reporting principles of the HKEX's Environmental, Social and Governance Reporting Guide (soon to be upgraded to ESG Reporting Code), and make appropriate recommendations to the Board.
- 3.8 Review the ESG-related performance of and work done by Management and the "Sustainability Management Committee" ("SMC").
- 3.9 Ensure that a sustainability culture is promoted across the Company, with sufficient resources and training provided to manage the Company's material ESG issues and the risks and opportunities they represent.
- 3.10 Conduct an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget to manage the Company's ESG performance and reporting.
- 3.11 Review these terms of reference periodically, not less than every three years, and refer amended terms to the Board for approval.

Reporting Responsibilities

- 3.12 Periodically update the Board about SC activities, decisions and recommendations, and to report to the Board on any of the following irregularities which come to its attention and make appropriate recommendations as to the steps to be taken:
 - (a) Significant weaknesses in sustainability and ESG reporting and management;
 - (b) non-compliance with sustainability and ESG policies and procedures of the Company;
 - or
 - (c) infringements of sustainability or ESG-related applicable laws, rules and regulations.
- 3.13 Review any reports or disclosures required by law or listing rules or requested by the Board, such as reports on the SC's activities and duties, the sustainability policy to be included in the annual "Sustainability Report", etc.

4. Scope

The SC will concern itself mainly with the Company's several material sustainability issues that fall under the Company's "Four pillars of Sustainability" which are:

- a. Environmental Responsibility
- b. Responsibility to our People
- c. Responsible Value Creation for our Stakeholders
- d. Responsible Business Fundamentals

“Environmental, Social and Governance” (ESG) is globally the most common framework for presenting and assessing a company’s sustainability performance and, like ESG, Pacific Basin’s four pillars cover “good management and corporate governance”.

While the Company’s Sustainability team and Sustainability Committee will concern itself with issues around sustainability governance, the wider subject of governance is considered, managed and supervised mainly by the Risk & Governance team and the Audit Committee.

5. Organisation

Membership

- 5.1 The Board will nominate the SC members and its chairman.
- 5.2 The SC will comprise at least 3 members, the majority of whom shall be independent non-executive directors of the Company.
- 5.3 The chairman of the SC must be an independent non-executive director of the Company.
- 5.4 A quorum of any SC meeting will be 2 members.
- 5.5 The secretary of the SC will be the company secretary or such other person nominated by the Board.

Meetings

- 5.6 The SC may invite the Company’s Chairman, Chief Executive Officer, any Director, any member of senior management or any other individuals to attend SC meetings as it considers necessary.
- 5.7 Meetings shall be held at least 2 times a year.
 - a. Agendas and accompanying papers regarding SC meetings should be sent in full to all directors in a timely manner (at least three days) in advance of each meeting,
 - b. Draft meeting minutes should be circulated to all SC members for their comments within a reasonable time after the meeting is held and, once approved, the final minutes should be circulated to the Board and kept by the company secretary.