



BW LPG Limited

# Guidelines on Executive Remuneration

1 December 2022

## **BW LPG's remuneration policy**

Remuneration policy at BW LPG is driven by the Company's strategic mission, values, and in particular by the Company's objective to attract, retain and develop market-leading talent.

Remuneration in broad terms – considering not only salary, benefits and performance incentives, but also working environment, recognition of achievements, and learning and development – is designed to attract and retain the people best suited to support achievement of the organization's goals in the long run.

As such, executive remuneration is structured to:

- Support achievement of BW LPG's corporate strategy;
- Comply with applicable regulations and reflect standards of corporate governance in the markets in which we operate;
- Take into account the global and local market conditions generically and specific to the industry in which we operate;
- Reflect and strengthen the common interests of BW LPG's employees and shareholders;
- Be, and be seen to be, fair, transparent and non-discriminatory;
- Reward both delivery of results and the way in which those results are achieved;
- Differentiate appropriately varying roles, responsibilities and competencies;
- Reward both short and long-term contributions and results;
- Address market and peer levels in decision-making; and
- Make compensation sufficiently attractive to retain talent.

## **Determining and implementing remuneration strategy**

The Company's decision-making process for implementing and amending the remuneration strategy, policy and implementation including the determination of salaries and other remuneration for the executive management, includes an annual review and approval by the Remuneration Committee of the Company's Compensation Strategy, and a review of annual adjustments to compensation for the business in aggregate, and for the executive management team individually.

## **Remuneration of the executive team**

BW LPG's Board defines the senior executive team as including the most senior management in each functional area – presently the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO'), Executive Vice President, Technical and Operations, and the Executive Vice President, Commercial.

The remuneration structure for the senior executive team incorporates any of the following elements:

- Fixed remuneration;
- Variable remuneration (short-term and long-term incentives);
- Pension and insurance schemes;
- Other employment-related benefits; and
- Termination

### Fixed remuneration

Fixed remuneration comprises base salaries and allowances paid to executives.

Base salaries are designed to compensate employees for the roles, responsibilities undertaken in their roles, and the required competencies. Therefore, base salary is set with the intention to be competitive in the markets in which the company operates (geographical and industrial) in relation to each individual’s role and capabilities. Base salaries are normally reviewed once a year.

Fixed allowances designed to cover housing and transportation costs are paid to eligible members of the executive management team.

### Variable pay

Variable pay includes a short-term component, the Annual Performance Bonus; and a long-term component, the Long-Term Incentive Plan.

Annual Performance Bonuses are awarded each calendar year in relation to the performance of each employee against performance targets established at the beginning of the preceding year. The aggregate bonus pool available for payment is determined with close reference to the Company’s profitability and shareholder value creation. The allocation of bonuses from that pool is closely related to annual performance against pre-determined performance targets.

Targets	Weightage	KPIs	Rationale
Financial Performance	60%	TCE (USD/day) G&A ROCE	Part of our strategy to secure long-term value for our stakeholder involves making significant upfront investments to maximise returns on our current assets and enabling greater savings. Achieving this requires strong cashflow supported by our commercial strategy and financing structures.
Fleet Performance	30%	Vessel OPEX Speed and Consumption LTIF and TRCF	We continuously strive for operational excellence and an energy efficient fleet as we transition and prepare for our next-generation VLGCs. Compliance with long-term trends in emissions regulations must also make business sense as we optimise our vessel performance in a safe manner.
Sustainability	10%	ESG Performance	Delivering our business strategy requires us to react nimbly to market opportunities and support initiatives that uplifted communities. As we integrate ESG into our business strategy, we continue to support local grassroots initiatives that improved quality of life and protected the environment.

\*This is only a guideline and KPIs may be slightly different at the individual level and subject to changes.

Performance targets for the executive management team are reviewed with the Remuneration Committee prior to establishment. The CEO’s performance against

performance targets is determined by the Remuneration Committee in consultation with the full Board of Directors.

The Long-Term Incentive Plan (LTIP) allows for additional earnings via a share options programme.

The purpose of LTIP is to attract and retain a strong executive team, and to align the interests of that team with the shareholders. Under the LTIP, the executive management team and key individuals will on an annual basis be awarded share options. This will typically be a multi-year programme as determined by the board.

Options will be awarded each year in connection with the publication of the quarterly report for Q4 of the preceding year. The strike price for the options shall be equal to the sum of (i) the volume weighted average share price quoted on the Oslo Stock Exchange in the first five trading days following the announcement of such quarterly report (VWAP), and (ii) 16% of the VWAP.

The options will have a vesting period of three years from being awarded, and may then be exercised in a period of three additional years.

The options are non-tradable and conditional upon the option holder being employed by the Company or its subsidiaries and not having resigned or having been terminated for cause prior to the vesting date.

#### Recoupment policy

Grants made under the LTIP are subject to BW LPG's Recoupment Policy. BW LPG may request recoupment of the full amount awarded or paid if, within two years from the grant or payment date of such incentive, the option holder is found to have engaged in fraudulent, intentional or gross negligent misconduct.

#### **Pension and insurance schemes**

Pensions paid to employees are commensurate with local practice in the location of employment.

BW LPG makes the mandatory and standard contribution required to the Central Provident Fund (CPF) for members of the executive management team located in Singapore. Members of the executive management team located in Norway are part of a pension scheme in accordance with Norwegian law.

Insurances are instituted for employees in line with local practice in the location of employment.

All members of the executive management team benefit from medical insurance in line with Company practice, and are protected by Directors' and Officers' insurance in relation to their service on subsidiary Boards of the Group.



**Other employment-related benefits**

BW LPG's employees are provided with employment-related benefits commensurate with normal local practice in the location of employment. These benefits extend to members of the executive management team. Employment-related benefits beyond the compensation explicitly set out in these guidelines are not significant in relation to base salary for any member of the executive management.

**Termination**

Members of the Executive Management are employed on individual contracts, which are generally entered into on an indefinite term with a mutual right of termination. There are no enhanced termination payment provisions except for any payments required to be paid in accordance with local laws and regulations. The severance payments will deviate by position on a case-by-case basis.

**Information on Executive Management Remuneration**

Remuneration of the executive management team is presented in Section 12 of the Report on Corporate Governance.