

# **Terms of Reference of the Remuneration Committee under the Board of Directors of China Everbright Bank Company Limited (2020 Revised Draft)**

## **Chapter 1 General Provisions**

- Rule 1** In order to establish a sound administration system of remuneration, appraisal and assessment for China Everbright Bank Company Limited (hereinafter referred to as the “Bank”) and its senior management, and pursuant to the “Company Law of the People’s Republic of China”, “Guidelines on Corporate Governance of Commercial Banks”, “Code of Corporate Governance for Listed Companies”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as the “Listing Rules”), and the “Articles of Association of China Everbright Bank Company Limited” (hereinafter referred to as the “Articles of Association of the Bank”) and other relevant regulations, the Bank has set up the Remuneration Committee of the Board and formulated these Terms.
- Rule 2** The Remuneration Committee is a specific working body set up by the Board in accordance with the Articles of Association of the Bank. Its main responsibilities are to consider the remuneration administration system and policies of the Bank; to formulate remuneration plans for directors and senior management, make recommendations regarding remuneration plans to the Board of Directors and supervise the implementation of the remuneration plans.
- Rule 3** The Remuneration Committee shall be responsible to the Board of Directors and provide professional opinions to the Board of Directors or make decisions in respect of professional issues in accordance with the authorization of the Board of Directors.

## **Chapter 2 Composition**

- Rule 4** The Remuneration Committee shall comprise no less than three directors, the majority of whom shall be independent directors. Members of the Committee shall have professional knowledge and work experience corresponding to the duties and responsibilities of the Remuneration Committee.
- Rule 5** The chairman and members of the Remuneration Committee shall be nominated by the Chairman of the Board or by more than half of independent directors or more than one third of directors and shall be reported to the Board of Directors for approval.

**Rule 6**

The Remuneration Committee shall have a chairman who shall be an independent director. The chairman of the Committee shall be responsible for leading the work of the committee. Where the chairman cannot perform his/her duties, another committee member shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, a member shall be elected by more than half of the members of the committee to act as chairman.

Major duties and responsibilities of the chairman are:

- (1) To preside over the Committee meetings and ensure effective operation and performance of duties and responsibilities of the Committee;
- (2) To determine the agenda of the Committee meetings;
- (3) To ensure that proposals considered by the Committee reach a clear and definitive conclusion, including whether the proposal is passed, vetoed or to be further discussed after supplemental materials are provided;
- (4) To report its work to the Board of Directors on behalf of the Committee;
- (5) Other duties and responsibilities as specified by the laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Bank, the Articles of Association of the Bank and these Terms.

**Rule 7**

The term of office of the Remuneration Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member no longer holds the position as director of the Bank, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Board in accordance with the provisions of Rules 4 to 6 above.

**Rule 8**

Major duties and responsibilities of the members are:

- (1) To attend the Committee meetings, express their opinions on matters deliberated at the meetings, and exercise their voting rights;
- (2) To propose topics for discussion at the Committee meetings;
- (3) To attend relevant meetings of the Bank as observers, to conduct surveys and researches and to collect relevant information such as reports, documents and materials for the purpose of discharging their duties and responsibilities;
- (4) To fully understand the duties and responsibilities of the Committee and of himself/herself as a member of the Committee, to familiarize themselves with information relevant to their duties and responsibilities on the operation and management, business activities and development of the Bank to ensure their capacity for discharging duties and responsibilities;
- (5) To fully ensure that they have sufficient working hours and energy to fulfil their duties and responsibilities;
- (6) Other duties and responsibilities as specified by the laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Bank, the Articles of Association of the Bank and these Terms.

**Rule 9**

The Remuneration Committee shall have a secretary to assist with the work of the committee. The human resource department of the Bank and its main responsible persons shall undertake the relevant work of the secretary of the committee.

The secretary of the Remuneration Committee shall be responsible for collecting and providing relevant information in relation to matters within the terms of reference of the Remuneration Committee, assisting the office of the Board of Directors to prepare for the meetings of the Remuneration Committee, and shall also be responsible for the preparation of relevant meeting documents, to ensure that all members present at the Committee meetings are fully informed of the matters to be discussed by the Committee and have access to complete and reliable information.

### **Chapter 3 Duties and Authorities**

#### **Rule 10**

The main duties and authorities of the Remuneration Committee include:

- (1) To formulate the remuneration plan of directors and senior management of the Bank, and make recommendations to the Board and supervise its implementation;
- (2) To review the performance of duties of the directors and senior management, and to make recommendations on appraisal and assessment to the Board;
- (3) To review the bank-wide remuneration systems and policies, make recommendations to the Board and supervise its implementation;
- (4) All other matters required by laws, rules, regulations, regulatory documents, the governing rules of the jurisdiction where the shares of the Bank are listed provisions of the Articles of Association of the Bank or as otherwise authorized by the Board.

#### **Rule 11**

The Committee may submit proposals to the Board of Directors for review and approval. The Committee shall provide information concerning its discussion on relevant proposals in the form of reports or recommendations to the Board of Directors for study and decision-making.

#### **Rule 12**

The remuneration packages plan for directors of the Bank proposed by the Remuneration Committee shall first be approved by the Board and then be submitted to the shareholders' general meeting for consideration and approval before they can be implemented, while remuneration packages plan for senior management are required to be reported to the Board for consideration and approval. The remuneration packages proposed by the Committee shall not impair shareholders' interests.

## Chapter 4 Working Procedures

- Rule 13** The procedures for the Remuneration Committee to assess and appraise directors shall be in accordance with the “Measures on Due Diligence Appraisal of Directors of China Everbright Bank”.
- Rule 14** The procedures for the Remuneration Committee to appraise the performance of duties of senior management personnel include:
- (1) Senior management of the Bank shall report the performance of their duties to the Committee;
  - (2) The Committee shall provide feedbacks upon the assessment and appraisal to senior management in accordance with the relevant appraisal measures formulated by the Board;
  - (3) The Committee shall make proposals in respect of the amount of remuneration and the method of reward for the above personnel and report the same to the Board for consideration and approval in accordance with the overall appraisal results and remuneration policies.
- Rule 15** When the Remuneration Committee conducts an appraisal on senior management, the secretary to the Committee and related working departments shall provide the following information, including but not limited to:
- (1) Status of achievement of major financial indicators and operating goals of the Bank;
  - (2) Scope of work and performance of main duties of senior management;
  - (3) Status of target achievement in relation to the work performance appraisal system of senior management;
  - (4) Remuneration packages for senior management and the basis for such packages.

## Chapter 5 Rules of Procedures for Meetings

**Rule 16** Regular meetings of the Remuneration Committee shall be held at least once a year and in principle be held during the regular meetings convened by the Board. A notice of meeting shall be given to all members at least seven days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

**Rule 17** The chairman of the Committee or more than half of the members of the Committee may propose to convene an extraordinary meeting. A notice of extraordinary meeting shall be given to all members at least five days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

**Rule 18** The meeting notice shall include:

- (1) Venue and time of the meeting;
- (2) Manner of convening the meeting;
- (3) Agenda, discussion items and relevant detailed materials of the meeting;
- (4) The requirements that the members shall personally attend the meeting or appoint other members to attend the meeting on their behalf;
- (5) The contact person and the contact information;
- (6) Date of notice.

**Rule 19** The meeting notice may be served by hand or sent through fax, registered mails or electronic mails, etc..

**Rule 20** The members shall attend the meeting in a serious and responsible manner and clearly express their views on the business considered. In case a member is unable to attend the meeting of the Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf and the member giving the proxy shall bear legal responsibility independently.

The power of attorney shall state the name of such proxy, the relevant matters, scope of authorization and validity period, and shall be signed by the appointer or a chop shall be affixed. The member attending a meeting on behalf of other members shall produce such power of attorney and exercise the rights within the scope of authorization.

**Rule 21** If a member of the Remuneration Committee fails to attend meetings in person consecutively for two times where such member also fails to appoint other members to attend on his/her behalf, such member shall be deemed as failure to perform his/her duties. The Committee shall propose to the Board to remove such member.

**Rule 22** The regular meetings of the Remuneration Committee shall be held by way of physical meetings and can only be held when at least half of its members with voting rights are present. The extraordinary meetings may be held by way of telecommunication or by way of written resolution provided that the members with voting rights are able to freely express their views.

By way of telecommunication means more than half of the members with voting rights attend the meeting via telephone, video or other means of communications; by way of written resolution means the members with voting rights decide on resolutions with separately served considerations or circulated served considerations.

**Rule 23** All meetings shall be chaired by the chairman of the Committee. The chairman of the Committee may appoint another member to chair the meeting if he is not able to attend the meeting.

**Rule 24** The Remuneration Committee shall vote by a show of hands or by a poll, and each member is entitled to one vote. Where a member is interested in the matter being decided at the meeting, he/she shall abstain from voting on such matter.

Approval of any resolution at a Committee meeting shall require one-half or more of the votes by members with voting rights.

**Rule 25** Directors and other senior management of the Bank who are not members of the Remuneration Committee may be invited to attend such meetings if necessary.

**Rule 26** When the Remuneration Committee is reviewing the performance or evaluating the remuneration of an individual, a member is deemed to be interested in the matter under any of the following circumstances:

- (1) Assessment or compensation with respect to the member;
- (2) Assessment or compensation with respect to the close relative of the member;
- (3) Other circumstances that may affect members in making objective and fair judgments.

The close relative referred to herein shall include parents, spouse, siblings and their spouses, adult children and their spouses, parents of spouse, siblings of spouse and their spouses, siblings of parents and their spouses, adult children of parents' siblings and their spouses.

**Rule 27** Minutes of Committee meetings shall be kept by the office of the Board to record in detail the matters considered and decisions made by the Committee over the meeting. Attending members shall have rights to request the minutes to add explanatory notes to their speeches, including any concerns raised or dissenting views expressed by members. Draft version of minutes of Committee meetings shall be sent by the office of the Board to all members of the Committee for their comment within a reasonable time after the meeting. Draft versions of minutes are for members to review and final versions of minutes will be sent to all directors. Minutes shall be signed by members of the Committee attending the meeting. Minutes of the meeting shall be kept in the office of the Board as an archive of the Bank. Such minutes shall be available for inspection at any reasonable time upon reasonable notice by any director.



- Rule 28** Resolution and the voting result passed at the meeting of the Remuneration Committee shall be reported in writing to the Board.
- Rule 29** Members of the Remuneration Committee and other persons present at a meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.
- Rule 30** The Committee shall consult Chairman of the Board and President of the Company in making recommendation on remuneration proposals for other executive directors. The Committee may consult external experts and intermediaries for professional advices on its decisions if necessary, and the Bank shall bear costs reasonably incurred.
- Rule 31** The office of the Board shall be responsible for submitting proposals, organizing meetings, overseeing the implementation and feedback of the resolutions, liaising and coordinating with the Committee and the secretary, and the relevant departments of the Bank shall cooperate accordingly.

#### **Chapter 6 Coordination and Communication**

- Rule 32** The written reports presented by the Committee to the Board of Directors shall be signed by the chairman or a member authorized by the chairman.
- Rule 33** If any senior management member of the Bank has significant or special issues regarding duties and responsibilities of the Committee, he/she shall submit written reports to the Committee, and may suggest chairman of the Committee to convene a meeting for discussion.
- Rule 34** The written reports presented by the senior management members of the Bank to the Committee shall be signed by the President or senior management members responsible for the relevant issues.

## Chapter 7 Supplementary Provisions

- Rule 35** In these Terms, the scope “above” a number shall include the number itself while the scope “more than” a number shall exclude the number itself.
- Rule 36** These Terms shall be effective and put in use from the date on which they are passed by the Board of Directors of the Bank.
- Rule 37** Any matters not covered by these Terms or in any event that these Terms contravene any laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Bank or the Articles of Association of the Bank, the laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Bank and the Articles of Association of the Bank shall prevail.
- Rule 38** The power of interpretation of these Terms shall be vested in the Board of the Bank.

*These Terms of Reference are written in Chinese. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.*