



SAN MIGUEL BREWERY HONG KONG LTD.

香港生力啤酒廠有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 236)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (amended as of 24 October 2022)

1. GENERAL SCOPE AND AUTHORITY

1.1 San Miguel Brewery Hong Kong Limited (the “Company”) Remuneration Committee (the “Committee”) is a committee of the board of directors (the “Board”) of the Company established under Article 131 of the Articles of Association of the Company (the “Articles”).

1.2 Proceedings and meetings of the Committee will be governed by the provisions of the Articles on the regulation of the meetings and proceedings of the Board of the Company in so far as they are applicable and not inconsistent with these terms of reference.

1.3 The Board is responsible to the shareholders for ensuring, among others, that the Company:

- has coherent, formal and transparent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders and support the Company; and
- fairly and responsibly rewards executives taking into consideration the performance of the Company, the performance of such executives and the general pay environment

1.4 The primary purpose of the Committee is to support and advise the Board in fulfilling the foregoing responsibilities to the shareholders by:

- determining executive and director remuneration policy;
- determining the remuneration of executive directors upon consultation with the chairman or chief executive officer (or the managing director, in the case of the Company) regarding their proposals for such remuneration;
- reviewing and approving the remuneration of the executives who directly report to the managing director, and as appropriate, other senior management; and
- reviewing and approving all equity-based plans.

- 1.5 The Committee shall have the right to seek any information it considers necessary to fulfill its duties, which includes the right to obtain appropriate external or professional advice at the Company's expense.
- 1.6 The Committee shall be provided with sufficient resources by the Company to discharge its duties under these terms of reference.

2. COMPOSITION

- 2.1 The Committee shall be comprised of at least three members. A majority of the members should be independent non-executive directors, one of whom will be appointed the Committee chairman by the Board.
- 2.2 A quorum will comprise any two independent non-executive director Committee members. The chairman of the Committee shall preside in the meetings of the Committee. In the absence of the Committee chairman or his appointed delegate, the Committee members present shall elect one of their members as chairman for the meeting who will preside thereat.
- 2.3 The chairman of the Committee shall have a second or casting vote in case of equality of votes.
- 2.4 The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- 2.5 The senior manager of the human resources department of the Company shall be the secretary of the Committee and the principal liaison between executive management and the Committee on remuneration matters and will be invited to attend meetings.

3. MEETINGS

- 3.1 The Committee shall meet as frequently as required but not less than two times a year. Any Committee member or the secretary may call a meeting of the Committee.
- 3.2 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board members) at least seven working days prior to the date of the meeting. The relevant supporting papers are sent in full to all Committee members at least three days before each meeting.
- 3.3 The Committee shall have access to professional advice from employees within the Company and from appropriate external advisers. The Committee may meet with these external advisers without management being present.
- 3.4 The Committee, through the chairman of the Committee, or the Company secretary, or the chief finance officer, shall report to the Board on the decisions and recommendations made by the Committee following each meeting, except where there are legal or regulatory restrictions on such reporting by the Committee to the Board. For this purpose, the senior manager of the human resources department of the Company shall provide the Company secretary or the chief finance officer with the necessary information on the decisions and recommendations of the Committee that shall be reported to the Board.

3.5 Minutes of the proceedings of, and resolutions made during, Committee meetings shall be kept by the senior manager of the human resources department and the Company secretary, with the original signed copies with the Company secretary. Draft minutes shall be sent to all Committee members for their comment within a reasonable time after the meeting, and the final version of the minutes shall be distributed to all Committee members for final approval of the Committee. Minutes, agenda and supporting papers will be made available to any director upon request to the Company secretary, provided that no conflict of interest exists.

4. DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

- make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- have the delegated responsibility of determining the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- review and approve performance-based remuneration proposals by management with reference to the corporate goals and objectives approved by the Board;
- review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- ensure that no director or any of his associates is involved in deciding his own remuneration; and
- perform other duties and activities that the Committee or the Board considers appropriate in the context of these terms of reference. These may include, but are not limited to, the following:
 - reviewing the Company's retirement plans; and
 - reviewing the operations of other executive benefit programs.

5. APPROVALS

The Committee must approve the following prior to implementation:

- changes to the remuneration or contract terms of executive directors and direct reports to the managing director/chief executive officer;
- the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
- total level of award proposed from equity plans or executive cash-based incentive plans; and
- termination payments to executive directors or direct reports to the managing director/chief executive officer. Termination payments to other departing executives should be reported to the Committee at its meetings.

6. REVIEW AND AMENDMENT

These terms of reference shall be subject to the review by the Board and Committee at any time, or as may be necessary in accordance with the needs of the Company, or as may be required by applicable laws, rules and regulations, and shall be made available on request to any shareholder of the Company. These terms of reference are posted on the Company's website, <http://info.sanmiguel.com.hk> and the website of The Hong Kong Stock Exchange Limited.