

**Sunshine Insurance Group Company Limited**  
**Terms of Reference of the Nomination and Remuneration Committee**  
**of the Board of Directors**

**Chapter 1 General Provision**

**Article 1** In order to further establish a sound administration system for the election, assessment and remuneration of Directors, Supervisors and the senior management of the Company, in accordance with the Company Law of the People’s Republic of China, Corporate Governance Guidelines for Banking and Insurance Institutions, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), the Articles of Association and the relevant regulations, the Company has established the Nomination and Remuneration Committee and formulated these Terms of Reference.

**Article 2** The Nomination and Remuneration Committee is an auxiliary decision-making body established by and accountable to the Board of Directors, mainly responsible for reviewing the election mechanism, assessment standards and remuneration incentives for Directors and the senior management, proposing Director candidates, and reviewing and making recommendations to the Board of Directors and the Board of Supervisors on candidates of Directors, Supervisors and the senior management; and conducting performance appraisals of the senior management and submitting the results to the Board.

**Article 3** The reference of “Director” in these Terms of Reference include non-executive Directors, independent Directors and executive Directors. “Senior management” refer to the chief executive officer, chief operation officer, general manager (i.e., president), deputy general manager (i.e., vice president), assistant to general manager (i.e., assistant to president), secretary to the Board, chief compliance officer, chief actuary, chief financial officer and chief auditing officer.

**Chapter 2 Composition**

**Article 4** The Nomination and Remuneration Committee shall consist of three Directors who are not concurrently members of the senior management, among which at least two of them shall be independent Directors. At least one of the independent Directors acting as a member of the Nomination and Remuneration Committee shall be strongly competent in identifying talents and managing staff personnel and remuneration, and shall have work experiences from holding positions of leader or other managerial positions in enterprises.

**Article 5** The members of the Nomination and Remuneration Committee shall be nominated by the chairman of the Board or a half of the independent Directors or one-third of all Directors, and shall be elected by the Board.

**Article 6** The Nomination and Remuneration Committee shall have one chairman (convenor), who shall be an independent director and shall be in charge of the work of the committee. The chairman shall be elected among the members of the Nomination and Remuneration Committee.

**Article 7** The term of office of the members of the Nomination and Remuneration Committee shall be the same as that of the Directors, and when the term of office of a member expires, he may serve consecutive terms subject to re-election. During the term of office, any member who no longer serves as Director of the Company shall automatically lose his/her eligibility for membership of the committee, and the Board shall fill the vacancy to the number required in accordance with the provisions of these Terms of Reference.

**Article 8** The Nomination and Remuneration Committee may set up a working team and dedicated posts to be responsible for providing relative information of operation of the Company and the personnel who will be appraised, preparing for the meetings and implementing the relative resolutions approved by the Nomination and Remuneration Committee.

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

**Article 9** The major duties and authorities of the Nomination and Remuneration Committee are as follows:

- (1) to review the criteria and procedures for selecting Directors and the senior management;
- (2) to review the qualification of the Directors, Supervisors and the senior management and make recommendations;
- (3) to at least annually review the structure, size and constitution of the Board (including skills, knowledge and experience) and to make recommendations about the proposed changes to the Board in order to complement the Company's strategies;
- (4) to identify individuals suitably qualified to serve as a member of the Board, select and nominate such individuals or make recommendations to the Board on the selection of individuals nominated for directorships;
- (5) to assess the independence of independent Directors;
- (6) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and chief executive officer;
- (7) to review the appraisal standards and remuneration incentives for Directors and the senior management, and to make recommendation to the Board on the Company's policy and structure for all Directors and the senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (8) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (9) to assess the performance of the Directors and the senior management's duties, conduct annual performance appraisals of the senior management and make recommendations to the Board;

- (10) to supervise the implementation of the remuneration policies of the Company;
- (11) to make recommendations to the Board on the remuneration package of an executive Director or a member of the senior management, including benefits in kind, pension rights and compensation payments, including the compensation payable for loss or termination of their office or appointment;
- (12) to make recommendations to the Board on the remuneration of non-executive Directors;
- (13) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (14) to review and approve compensation payable to executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms or on terms that are otherwise fair and reasonable and not excessive;
- (15) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or on terms that are otherwise reasonable and appropriate;
- (16) to ensure that no Director or any of his/her associates (as defined under the Listing Rules) is involved in deciding his/her own remuneration; and
- (17) to review and determine other matters in accordance with the laws, regulations, regulatory provisions and securities regulatory rules of the place where the Company's shares are listed, or under the authorization of the Board.

#### **Chapter 4 Decision-making Procedures**

**Article 10** The Nomination and Remuneration Committee may set up a working team or dedicated posts, whose specific roles can be assumed by the human resources department of the Company, and shall be responsible for the preliminary preparations for decision making of the committee and providing relevant information of the Company as follows:

- (1) information on the Company's fulfilment of its main financial indicators and business objectives;
- (2) information on the division of work of the Company's senior management and their main duties;
- (3) information on fulfilment of targets involved in the performance appraisal system of Directors and the senior management; and
- (4) the basis of measurement and calculation in relation to formulating the Company's remuneration distribution plan and method of distribution with reference to the performance results of the Company.

**Article 11** The Nomination and Remuneration Committee of the Board may solicit opinions from parties such as the ESG Committee and the labor union when conducting a preliminary review of the qualifications and conditions of the candidates for Directors and Supervisors. For Candidates for independent Directors, the Nomination and Remuneration Committee may solicit opinions from relevant independent Directors, and for candidates for executive director, shall solicit opinions from the executive committee. Where a shareholder with the necessary qualification specified in the Articles of Association proposes a non-executive director candidate to the Nomination and Remuneration Committee of the Board, the Nomination and Remuneration Committee of the Board shall select and recommend candidates to the Board in accordance with the requirements of the nomination rules, after comprehensive consideration of the number of shares held by the nominating shareholder, and sequence of nomination, and the qualifications and corporate cultural recognition of the nominated candidates.

Any proposal with respect to the candidates of Directors and Supervisors by the Nomination and Remuneration Committee shall be submitted to the Board and Board of Supervisors to determine whether the same should be submitted to the annual general meeting for voting. The successor chairman shall be nominated by the Nomination and Remuneration Committee after soliciting the opinions of shareholders and insurance regulatory authorities, and shall be elected by more than half of all Directors.

The Nomination and Remuneration Committee shall conduct preliminary review of the qualification and capabilities of senior management personnel before submitting to the Board for decision on their appointment.

**Article 12** The procedures for appraising Directors and senior management personnel adopted by the Nomination and Remuneration Committee are as follows:

- (1) the Nomination and Remuneration Committee shall review the results of the assessment and appraisal according to the appraisal standards and procedures. The Directors and members of senior management shall report their work and submit self-appraisals to the Nomination and Remuneration Committee when necessary;
- (2) to provide opinions on the appraisal of the Directors and members of senior management of the Company;
- (3) to examine the results of the assessment and appraisal and the remuneration distribution policy, review the amount of remuneration and award method for the Directors and the senior management and report to the Board of the Company after approval by voting.

**Article 13** In removing a Director, the Nomination and Remuneration Committee shall give independent and prudent opinions on the reasons for removal and submit to the shareholders' meetings after the Board's approval.

## Chapter 5 Procedures of Meetings

**Article 14** The Nomination and Remuneration Committee shall meet at least twice a year and notify all the members three days prior to the convening of the meeting. The meeting shall be presided over by the chairman. Where the chairman is unable to attend, he/she may delegate another member to preside over the meeting.

The above-mentioned notice period may be exempted for the convening of an ad hoc meeting of the Board due to special or emergency situations such as a crisis of the Company and the unanimous consent of all Directors, if it is necessary to hold a meeting of the Nomination and Remuneration Committee.

**Article 15** The Nomination and Remuneration Committee's meeting should only be convened with the attendance of two-thirds or more of the members. Each member shall be entitled to one vote and the resolutions adopted in the meeting must be approved by the more than half of all the members.

**Article 16** Voting at the Nomination and Remuneration Committee's meetings shall be conducted by the show of hands or verbal voting. When a meeting is held by electronic means, voting may be conducted by circulation of written proposals.

**Article 17** The Nomination and Remuneration Committee may invite Directors, Supervisors and other members of senior management of the Company to attend its meetings if necessary.

**Article 18** The Company shall provide the Nomination and Remuneration Committee with sufficient resources to perform its duties. If necessary, the Nomination and Remuneration Committee may engage intermediary institutions to provide professional opinions on its decision, and the Company shall pay for the reasonable expenses incurred therefrom.

**Article 19** A member of the Nomination and Remuneration Committee shall abstain from discussing resolutions related to him/her at the meetings of the Nomination and Remuneration Committee.

**Article 20** The convening procedures, voting methods, and the resolutions passed in the Nomination and Remuneration Committee's meetings must comply with the requirements of the relevant laws, regulations, regulatory requirements, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and these Terms of References.

**Article 21** Where the meetings of Nomination and Remuneration Committee are convened on-site, there shall be minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings which shall be kept permanently by the Company.

**Article 22** The resolutions adopted and the poll results in the Nomination and Remuneration Committee's meetings shall be reported in writing to the Board of the Company.

**Article 23** Members of the Nomination and Remuneration Committee shall be obliged to keep all matters discussed in the meetings confidential, regardless of whether they are present at the meeting or not, and shall not disclose relevant information without authorization.

## **Chapter 6 Supplementary Provisions**

**Article 24** These Terms of Reference shall come into effect as of the date when the Board has considered and approved these Terms of Reference and the Company's overseas-listed foreign shares (H shares) are listed and traded on The Stock Exchange of Hong Kong Limited.

**Article 25** Any matters not covered herein shall be conducted in accordance with the requirements of the relevant laws, regulations and regulatory provisions of the state, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. Where there is a conflict between these Terms of Reference and the laws, regulations or regulatory provisions to be promulgated by the state in the future, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as legally modified, the requirements of the relevant laws, regulations and regulatory provisions of the state, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail. In such case, corresponding amendments shall be made to these Terms of Reference and submitted to the Board for consideration and approval in a timely manner.

**Article 26** These Terms of Reference shall be construed and interpreted by the Board of the Company.