

# CHINA SHANSHUI CEMENT GROUP LIMITED

中国山水水泥集团有限公司

(the **Company**)

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 691)**

## **Remuneration Committee Terms of Reference**

(Adopted by the Board on 15 March 2023)

### **1 Establishment**

The board of directors of the Company (the **Board**) hereby constitutes and establishes a remuneration committee (the **Remuneration Committee**) with authority, responsibility, and specific duties as described below.

App. 14  
B.1.1

### **2 Membership**

2.1 The Remuneration Committee shall be appointed by the Board and a majority of the members of the Remuneration Committee shall be independent non-executive directors. The members of the Remuneration Committee shall be identified in the Board's remuneration report to the shareholders of the Company. The members of the Remuneration Committee shall appoint its Chairman who shall be an independent non-executive director. The Remuneration Committee shall consist of at least three members. A quorum shall be two members.

R3.25

2.2 Each member of the Remuneration Committee shall disclose to the Remuneration Committee:

2.2.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee;

2.2.2 any potential conflict of interest arising from a cross-directorship; or

2.2.3 any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

### **3 Secretary**

Any one of the joint company secretaries of the Company (**Joint Company Secretaries**) or their nominee shall act as the secretary of the Remuneration Committee. The Joint Company Secretaries shall also act as a co-ordinating intermediary between the Board and the Remuneration Committee.

## 4 Authority

The Remuneration Committee is authorised by the Board to investigate any activity within these terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Remuneration Committee.

The Remuneration Committee is authorised by the Board to consult the chairman or the chief executive of the Company about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary. The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

App. 14  
B.1.1

## 5 Duties

App.  
14B.1.5

5.1 Duties of the Remuneration Committee shall be:

5.1.1 to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

App. 14  
B.1.2

5.1.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

5.1.3 either:

(i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or

(ii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

5.1.4 to make recommendations to the Board on the remuneration of non-executive directors;

5.1.5 to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;

5.1.6 to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

5.1.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- 5.1.8 ensure that no director or any of its associates is involved in deciding his own remuneration;
- 5.1.9 to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- 5.1.10 to prepare a remuneration report to shareholders or advise the Board in relation to the preparation of the Board's remuneration report to shareholders. If paragraph 4.1.3(ii) is adopted, where the Board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the Board should disclose the reasons for its resolution in its next Corporate Governance Report; and
- 5.1.11 to keep the Board of directors fully informed of its actions.
- 5.2 In carrying out its duties under these terms of reference, the Remuneration Committee should:
- 5.2.1 provide the packages needed to attract, retain and motivate executive directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose;
- 5.2.2 sensitive to the wider scene, including pay and employment conditions elsewhere, especially when determining annual salary increases;
- 5.2.3 ensure that a significant proportion of executive directors' remuneration link rewards to corporate and individual performance; and
- 5.2.4 ensure that executive share options (if any) are offered in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**).

App. 14  
B.1.6  
and  
B1.8

App. 14  
B.1.7

## **6 Frequency of meetings**

Meetings shall be held as and when appropriate, but at least annually.

## **7 Attendance**

- 7.1 As necessary or desirable, the Chairman may request that members of management be present at the meeting of the Remuneration Committee.
- 7.2 Meetings may be held by way of telephone conference.

## **8 Minutes**

- 8.1 Minutes of the Remuneration Committee shall be sent to all members of the Remuneration Committee within 14 days of the meeting.
- 8.2 The Joint Company Secretaries shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board.

## 9 Other

The Remuneration Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and Company's website.

App. 14  
B.1.3