

China Everbright Environment Group Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 257)

Terms of Reference of the Remuneration Committee (Updated on 30 March 2023)

China Everbright Environment Group Limited

Terms of Reference of the Remuneration Committee

Formation

1. The Remuneration Committee (the “Committee”) was formed pursuant to the resolutions of the board (the “Board”) of directors (the “Director(s)”) of China Everbright Environment Group Limited (formerly known as China Everbright International Limited, the “Company”) passed on 25 September 2003.

Composition and quorum

2. The chairman and members of the Committee shall be appointed by the Board and the Committee shall consist of not less than four members, a majority of whom should be independent non-executive Directors. A quorum of the meeting shall be three members (at least two shall be independent non-executive Directors).
3. The chairman of the Committee should be an independent non-executive Director.

Authority

4. The Committee is authorised by the Board to investigate any activity within its 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 Committee.
5. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

6. The duties of the Committee shall be :
 - (a) 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;
 - (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;

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- (c) to determine, with delegated responsibilities by the Board, the remuneration packages of individual executive Directors and senior management. These should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to consider salaries paid by comparable companies, time commitment and responsibilities of the Directors and employment conditions elsewhere in the Company and its subsidiaries;
- (e) 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 contractual terms and is otherwise fair and not excessive;
- (f) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct so as to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (g) to make recommendations to the Board on the remuneration of non-executive Directors;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) to consult the Chairman of the Board and/or the Chief Executive Officer of the Company about the remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary;
- (j) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and
- (k) to consider other topics as defined by the Board.

Secretary of the Committee

7. The relevant person in charge of the human resources department of the Company shall act as the secretary of the Committee, and shall be responsible for the preparation of the meetings of the Committee.

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Frequency and proceedings of meetings

8. The Committee shall hold at least one meeting each year. The meeting shall be chaired by the chairman of the Committee. In the absence of the chairman of the Committee, the other members present shall elect one of them to chair the meeting.
9. The meetings and proceedings of the Committee are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of the Board.

Reporting procedures

10. The secretary of the Committee shall circulate the minutes of Committee meetings to all members of the Committee.