

# **Working Regulations for the Compensation Committee of the Board of Directors of Industrial and Commercial Bank of China Limited**

## **Chapter I General Provisions**

**Article 1** In order to regulate the decision-making mechanism of the Board of Directors and improve the corporate governance structure of Industrial and Commercial Bank of China Limited (hereinafter referred to as the “Bank”), the Working Regulations are formulated in accordance with the *Company Law of the People’s Republic of China*, the *Commercial Bank Law of the People’s Republic of China*, the *Articles of Association of Industrial and Commercial Bank of China Limited* (hereinafter referred to as the “Articles of Association of the Bank”) and other applicable laws, administrative regulations, rules and normative documents.

**Article 2** The Bank establishes the Compensation Committee of the Board of Directors (hereinafter referred to as the “Compensation Committee” or the “Committee”) to assist with the relevant work of the Board of Directors. The Committee is mainly responsible for putting forward recommendations to the Board of Directors concerning the compensation plans of directors and senior management members, conducting performance evaluation for directors, and assessing the performance and behaviors of senior management members.

## **Chapter II Composition**

**Article 3** The Compensation Committee shall be composed of at least three (3) directors, of which more than half (1/2) shall be independent directors.

**Article 4** The Compensation Committee shall have one (1) Chairman who is an independent director and presides over the work of the Committee.

The major responsibilities of the Chairman shall include, among others:

- i. presiding over the Committee meetings and ensuring effective operation and performance of duties of the Committee;
- ii. determining the agenda of the Committee meetings;
- iii. ensuring that all Committee members have full knowledge of the issues discussed in the Committee meetings and receive complete and reliable information;
- iv. ensuring that the Committee reaches a clear conclusion on each proposal, and such conclusion includes a decision to approve, reject or re-consider the proposal on supplementary materials;
- v. proposing the convening of extraordinary meetings;
- vi. signing resolutions of meetings; and
- vii. other functions and responsibilities stipulated by the Working Regulations.

**The English version is for reference only. Should there be any inconsistency  
between the English and Chinese versions, the latter shall prevail.**

**Article 5** The Chairman and other members of the Compensation Committee shall be nominated by the Nomination Committee of the Board of Directors and appointed by the Board of Directors. The removal of Chairman or other Committee members shall be proposed by the Nomination Committee and determined by the Board of Directors.

**Article 6** The term of office of the Committee members shall be in conformity with that of their directorship. Upon the expiration of their term of office, Committee members could be re-elected and re-appointed. Should any member cease to act as a director or independent director of the Bank during the term of his/her office, the Board of Directors shall fill the vacancy in accordance with Article 5 to meet the requirement of the Working Regulations on composition of the Committee, and the term of office of any supplementary member shall be in conformity with that of his/her directorship or independent directorship.

**Article 7** The main functions of the Committee members shall include, among others:

- i. attending the Committee meetings, opining on the discussed issues, and exercising the right to vote;
- ii. proposing agenda items for the Committee meetings;
- iii. for the purpose of performing their duties, attending relevant meetings of the Bank as observers or visitors, conducting investigations and researches, and acquiring necessary reports, documents, materials and other relevant information;
- iv. fully understanding the functions of the Committee as well as the responsibilities as Committee members, familiarising oneself with the operation and management status, business activities and development situation of the Bank relevant to their responsibilities, and ensuring that they have the capacity to perform the relevant duties;
- v. committing to dedicate sufficient amount of working time and energy for the fulfilment of their duties; and
- vi. other functions and responsibilities stipulated by the Working Regulations.

### **Chapter III Functions and Powers**

**Article 8** Major functions and powers of the Committee shall include, among others:

- i. drafting the rules to be followed by the Board of Directors when they evaluate the performance of the directors, and seeking the Board of Directors' approval thereof, drafting the compensation plans for directors, which shall, upon approval by the Board of Directors, be presented to the Shareholders' General Meeting for approval;
- ii. organising the performance evaluation of directors by the Board of Directors, and providing recommendations on directors compensation, which shall, upon being approved by the Board of Directors, be presented to the Shareholders' General Meeting for decision;
- iii. drafting and reviewing the assessment measures and compensation plan in respect of senior management members, and assessing the performance and behavior of the senior management members, where the resultant proposals and assessments shall be approved by the Board of Directors and, in the case of matters relating to the functions and powers of the Shareholders' General Meeting, such shall be approved by the Shareholders' General Meeting; and
- iv. other matters required by laws, administrative regulations, rules, and the securities regulatory authority of the locality where shares of the Bank are listed, and as may be authorised by the Board of Directors.

**Article 9** The Compensation Committee shall have the right to require senior management members of the Bank to provide sufficient support to the work of the Committee. The senior management members shall provide the Committee with accurate and complete information relating to performance evaluation and compensation management in a timely manner to assist the Committee in performing its duties rightly.

**Article 10** The Compensation Committee shall have the right to conduct investigations on relevant compensation policies, which may be conducted by means of, including but not limited to, attending relevant meetings of the Bank as observers or visitors, conducting investigations and studies within the Bank, and requiring the senior management members of the Bank or relevant persons in charge to make oral or written working reports to the Committee within a designated time frame and answer questions from the Committee in a timely manner.

The Committee shall study the investigation results and the responses from the senior management members or relevant persons in charge; and report its investigation results and recommendations to the Board of Directors.

**Article 11** The Compensation Committee may submit proposals to the Board of Directors for deliberation and approval. The Committee shall provide information concerning its discussion on relevant proposals in the form of reports, suggestions or summaries to the Board of Directors for study and decision-making.

**Article 12** If necessary, the Compensation Committee may engage intermediary agencies to provide professional opinions, and the reasonable expenses thereof shall be paid by the Bank.

#### **Chapter IV Meeting Rules**

**Article 13** The Compensation Committee shall hold at least two (2) meetings each year. The Board of Directors, the Chairman of the Committee and over half (1/2) of the Committee members shall have the right to propose a meeting.

The meeting notice shall be delivered seven (7) days before convening of the meeting, but with unanimous approval of all the Committee members, the above-mentioned notice period could be exempted.

**Article 14** The meeting notice shall include:

- i. venue and time of the meeting;
- ii. period of the meeting;
- iii. agenda, discussion items and relevant materials of the meeting; and
- iv. date of notice.

**Article 15** The meeting notice shall be sent by personal delivery, through fax, registered mail or e-mail.

**Article 16** The Committee meeting may be held in the form of on-site meeting, telephone conference, video conference and circulation of written proposals.

**Article 17** The Committee meeting shall be held with the attendance of over half

(1/2) of all the Committee members.

When needed, persons other than the Committee members, may be invited to attend the Committee meeting as observers.

**Article 18** The Committee meeting shall be presided over by the Chairman, or, when the Chairman is unable to perform his/her duties due to special reasons, by a Committee member who is an independent director and is designated by the Chairman.

**Article 19** The Committee meeting shall adopt vote by show of hands or open ballot voting.

Each member of the Committee has one (1) vote; and the resolutions of the meeting shall be approved through vote by over half (1/2) of all Committee members.

**Article 20** When the Compensation Committee evaluates or discusses the remuneration of a director who is also a member of the Committee, such relevant member shall abstain.

**Article 21** The specific vote abstention procedures adopted by the Compensation Committee shall be as follows:

i. The interested member shall apply for abstention, or other members shall have the right to request him/her to abstain.

ii. Any dispute over the existence of interest shall be settled by resolution adopted by over half (1/2) of all attending members except the potentially interested member in question.

iii. The interested member shall not participate in the discussion over or voting on issues that he/she is required to abstain from discussing or voting on, and shall leave the meeting place or use other proper methods to abstain.

iv. If the Committee is unable to pass a proposed resolution due to the abstention of interested member(s), it shall resolve for such proposal to be submitted to the Board of Directors for review, and it shall present the proposal to the Board of Directors for review in a timely manner. In the proposal to the Board of Directors, the Committee shall inform the Board of Directors on the facts and circumstances of the Committee's review of the proposal and opinions of the non-interested members.

**Article 22** The Compensation Committee shall establish a meeting minutes system, and the minutes shall be taken by special personnel designated by the Board of Directors' office. As needed, the meeting may adopt on-site audio recording, which shall be supplemented with written minutes based on the audio recording.

The written meeting minutes based on the audio recordings shall be sent to all participating members for review within ten (10) working days after the conclusion of the meeting. Members who request to revise or supplement the minutes shall provide their written comments within five (5) working days after receiving the minutes. All participating members and the person who prepared the meeting minutes shall sign the final version of meeting minutes.

The meeting minutes shall be regarded as important documents of the Bank and preserved by the Secretary of the Board of Directors in accordance with the archive management system of the Bank.

**Article 23** The proposals and voting results which are passed at the Committee meeting and are to be submitted to the Board of Directors for review, shall be signed by the Chairman or other Committee member authorised by the Chairman and then be submitted to the Board of Directors in writing for study and decision-making.

**Article 24** Upon authorisation or approval of the Board of Directors, if the resolutions passed at the Committee meeting require further action or follow-up by senior management members or other relevant persons in charge, the Board of Directors' office shall inform such persons of the relevant resolutions in writing as soon as possible after the Chairman or other Committee member(s) authorised by the Chairman has signed the resolutions. The Committee shall have the right to require the above-mentioned personnel to report on the progress of implementation within a stipulated period or at the next meeting.

**Article 25** The members and other personnel that attend the Committee meeting shall keep confidential the issues discussed and/or resolved at the meeting, and shall not disclose relevant information without permission. If any person violates such obligations, the Bank shall have the right to pursue liabilities against such person.

#### **Chapter V Working Group of the Compensation Committee**

**Article 26** A working group shall be set up under the Compensation Committee, responsible for information collection, research support, daily liaison and organisation of meetings. The work of the working group of the Compensation Committee shall be led by the Board of Directors' office with the assistance of the Human Resources Department and other relevant departments.

**Article 27** The functions and powers of the working group shall include but not limited to:

- i. being responsible for the daily operation of the Committee;
- ii. arranging the Committee meetings and taking meeting minutes;
- iii. preparing for the consideration and research of the Committee, examining materials submitted to the Committee for deliberation, and ensuring that the management presents reports and meeting documents to the Committee by proper means;
- iv. upon authorisation of the Chairman of the Committee, reporting the work of the Committee to the Board of Directors;
- v. assisting the Committee members to attend other relevant meetings of the Bank as observers or visitors, and conducting investigations and researches;
- vi. assisting the Committee members to understand relevant information;
- vii. coordinating the work of the Committee and other committees of the Bank; and
- viii. other functions and powers assigned by the Committee.

#### **Chapter VI Coordination and Communication**

**Article 28** If the Committee has significant or special issues that should be presented to the Board of Directors, it shall submit written reports to the Board of Directors, and may

suggest the Chairman of the Board of Directors to convene the Board meeting.

**Article 29** The written reports presented by the Committee to the Board of Directors shall be signed by the Chairman of the Committee or a member authorised by the Chairman.

**Article 30** If any senior management member has significant or special issues, he/she shall submit written reports to the Compensation Committee, and may suggest the Chairman of the Committee to convene a meeting for discussion.

**Article 31** The written reports presented by the senior management members to the Committee shall be signed by the President or senior management members responsible for relevant issues.

**Article 32** The Committee shall report to the Board of Directors on its work, and, where required, on any specific issue.

### **Chapter VII Supplementary Provisions**

**Article 33** Unless otherwise stated, the terms used in the Working Regulations have the same meanings as those in the Articles of Association of the Bank.

**Article 34** The Working Regulations shall be implemented after the formulation and revisions are approved by more than half (1/2) of all directors.

**Article 35** In respect of issues that are not covered by the Working Regulations, and provisions herein that are in conflict with applicable laws, administrative regulations, rules, normative documents or the Articles of Association of the Bank, the applicable laws, administrative regulations, rules, normative documents or the Articles of Association of the Bank shall prevail.

**Article 36** The Board of Directors shall have the right to revise and interpret the Working Regulations.