中国神华
CHINA SHENHUA

中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01088)

CHINA SHENHUA ENERGY COMPANY LIMITED
Rules of Procedures of the Audit and Risk Management Committee of the Board of Directors

These rules were passed on 26 August 2005 at the 5th meeting of the first session of the board of directors of the Company, were revised on 17 August 2007 at the 16th meeting of the first session of the board of directors of the Company, were revised 28 March 2014 at the 43rd meeting of the second session of the board of directors of the Company, were revised on 28 August 2020 at the 3rd meeting of the fifth session of the board of directors of the Company, were revised 25 March 2022 at the 12th meeting of the fifth session of the board of directors of the Company, were revised on 27 October 2023 at the 24th meeting of the fifth session of the board of directors of the Company and were revised on 29 August 2025 at the 13th meeting of the sixth session of the board of directors of the Company.

CHAPTER 1 GENERAL PROVISIONS

Article 1 These rules are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Code of Corporate Governance for Listed Companies, the Guide to Articles of Association of Listed Companies, the Terms of Reference of the Audit Committee of Listed Companies and other relevant laws, regulations and the regulatory rules of the place where the Company's shares are listed and the Articles of Association of China Shenhua Energy Company Limited (the "Company") (the "Articles of Association"), the Rules of Procedure of the Board of Directors of China Shenhua Energy Company Limited and other relevant provisions with reference to the Company's actual situation, in order to enhance the audit and risk management of the Company, regulate the rules of procedures of meetings of the Audit and Risk Management Committee of the Board of Directors (the "Committee") and fully protect the legitimate interests of the Company and its shareholders.

Article 2 The Committee is a specialised body of the board of directors (the "Board") which provides advisory opinions and advice for the Board on decisions, reports to the Board, and exercises the powers of the board of supervisors as prescribed by the Company Law. The Committee shall not make any resolution in the name of the Board without the authorisation of the Board.

CHAPTER 2 COMPOSITION OF THE COMMITTEE

Article 3 Members of the Committee shall be appointed by the Board amongst the directors of the Board. The Committee shall consist of three members who are directors not serving as senior management of the Company, and a majority of whom shall be independent directors with one of them serving as the convener. The convener of the Committee shall be an accounting professional. Employee directors may become members of the Committee.

All members of the Committee must be competent of performing the duties by possessing professional knowledge, work experience and high standard of professional ethics, and ensure they devote sufficient time and effort to perform their duties for the Committee.

The Board may make adjustment to the composition of the Committee as needed.

Article 4 The Committee shall have one chairman as the convener of the Committee, who shall be an independent director and is responsible for presiding over meetings of the Committee. The chairman of the Committee shall not concurrently serve as the chairman of the Remuneration and Assessment Committee. The chairman shall be nominated by the Chairman of the Board and considered and approved by the Board. Duties and powers of the chairman of the Committee include:

(1) to convene and preside over meetings of the Committee;

(2) to supervise and inspect the implementation of resolutions of meetings of the Committee;

(3) to sign on relevant documents of the Committee;

(4) to report to the Board on a regular basis;

(5) other duties and powers as authorised by the Board.

Article 5 The term of office of members of the Committee shall be the same as that of directors. Upon the expiry of the term, the chairman shall be nominated by the Chairman of the Board, and the members shall be nominated by the Nomination Committee. Upon consideration and approval by the Board, the chairman and members may be re-elected. However, their consecutive term of office shall not exceed six years. During the term, if any member ceases to be a director of the Company, he/she shall also cease to hold the position of Committee member.

A member of the Committee may submit his/her resignation to the Board before the expiry of his/her term. The written resignation report shall provide necessary explanation on the reasons for resignation and matters that need to be brought to the attention of the Board. Where the resignation of a member of the Committee results in the number of members of the Committee falling below the statutory quorum, or in the absence of accounting professionals, such member shall continue to perform his/her duties until a new member assumes office.

Article 6 Members of the Committee shall continuously strengthen their learning and training in areas including law, accounting and regulatory policies of listed companies to enhance their ability to perform their duties.

Article 7 The Board of the Company shall conduct regular evaluation on the independence and performance of duties of the Committee members, and may replace those unfit to continue to serve as members when necessary.

Article 8 A former partner of the external audit institution which is the Company's existing auditor shall not act as a member of the Committee within 2 years commencing from the later of the following dates:

(1) when he/she ceases to be a partner of the external audit institution;

(2) or when he/she ceases to have any financial interests in the external audit institution.

Article 9 The secretary to the Board is responsible for daily liaison and meeting arrangement for the Committee.

When the Committee performs its duties, the management and relevant departments of the Company shall cooperate. Directors and senior management members shall truthfully provide relevant circumstances and information to the Committee, without obstructing the Committee in exercising its powers, and shall ensure that the Committee performs its duties without interference.

All expenses necessary for the Committee to exercise its powers shall be borne by the Company.

CHAPTER 3 DUTIES AND FUNCTIONS

Article 10 The Committee is responsible for reviewing and supervising the preparation procedures of financial reports and the internal control procedures of the Company, reviewing on financial reporting, financial control, internal control and risk management systems of the Company, supervising the external audit of the Company in a practical and effective manner, guiding the internal audit of the Company, and enhancing the establishment of effective internal control to provide financial reports that are true, accurate and complete.

Article 11 The duties of the Committee include:

(1) to supervise and evaluate the external audit work and propose engagement or replacement of the external audit institutions;

(2) to supervise and evaluate the internal audit work and take charge of coordination of the internal and external audits;

(3) to review the financial information of the Company and its disclosure;

(4) to supervise and evaluate the internal control of the Company;

(5) to exercise the powers of the board of supervisors as prescribed by the Company Law;

(6) other matters under laws, regulations, self-regulatory rules of stock exchanges, the Articles of Association and the authorisation of the Board.

Article 12 The Committee supervises and evaluates the work of the external audit, and proposes engagement or replacement of the external audit institutions.

(1) to review, monitor and evaluate if the external audit institutions are independent and objective and if the audit procedures are effective under applicable standards; supervise and evaluate if the external audit institutions are diligent and responsible;

(2) to evaluate the influence of non-audit services provided by the external audit institutions on their independence; to develop and implement policies on the engagement of an external audit institutions to provide non-audit services;

(3) to review the remuneration for audit service and appointment terms applicable to the external audit institutions;

(4) to discuss with the external audit institutions the nature and scope of the audit and reporting obligations before the audit commences; to discuss and communicate on the audit scope, audit plan, audit method, and material matters identified in the audit process, and consider and approve the external audit (review) plan;

(5) to advise the Board on engagement or replacement of the external audit institutions, be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external audit institutions, and handle any questions of resignation or dismissal of that audit institutions;

(6) to act as the major representative between the Company and the external audit institutions, supervise their relationship, and coordinate the communication between the management and the external audit institution on major audit issues;

(7) to review the external audit institutions' management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external audit institutions' management letter;

(8) to supervise the external audit institutions to be honest, trustworthy and diligent, strictly comply with business rules and industry self-discipline, strictly implement the internal control system, verify the financial reports of the Company, perform obligations which need special attention, and prudently give professional opinion;

(9) to consider matters related to the Company's objection to the audit opinions of external audit institutions on the financial statements, without making any adjustments to the financial statements;

(10) to regularly (at least annually) submit to the Board an evaluation report on the performance of the external audit institution and a report on the Committee's performance of its supervision duties.

Article 13 The Committee supervises and evaluates the internal audit work and takes charge of the coordination of internal and external audits.

(1) to supervise the appointment and dismissal of the head of internal audit department and make relevant recommendations;

(2) to guide and supervise the establishment and implementation of the internal audit system;

(3) to review the annual internal audit plan of the Company;

(4) to supervise the implementation of internal audit plan of the Company;

(5) to review the internal audit reports, evaluate the results of internal audit and supervise the rectification of material matters;

(6) to guide the internal audit department on effective operation, and to review and monitor the effectiveness of the internal audit function;

(7) to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

(8) to review various audit reports, rectification plans and rectification progress related to audit matters submitted by the internal audit department of the Company to the management;

(9) to supervise the internal audit department to review, at least semi-annually, the implementation of major events such as the use of raised proceeds, provision of guarantees, related transactions, securities investment and derivatives transactions, provision of financial assistance, purchase or sale of assets, external investments, etc.; to review and issue a review report on large-value transactions of the Company and the transactions with directors, supervisors, the management, controlling shareholder and de facto controller and their respective associates. Any violation of laws and regulations or operating irregularities of the listed company identified during the review shall be reported to the regulatory authorities in a timely manner;

(10) to report to the Board on the progress and quality of internal audit and major problems identified;

(11) to coordinate communications between the internal audit department and the external audit institution and accommodation provided by the internal audit department for the external audit;

(12) to review the following arrangements set by the Company: employees may raise concerns about possible improper behaviours in financial reporting, internal control or other aspects in a secret manner. The Committee shall ensure that appropriate arrangements are in place for the Company to conduct an impartial and independent investigation and take appropriate action on such matters;

(13) to participate in the performance evaluation of the head of internal audit.

Article 14 The Committee reviews the financial information of the Company and its disclosure.

(1) to review the disclosure of financial information, review the financial statements and reports of the Company, review the financial statements, quarterly, interim and annual financial reports before submitting to the Board, and provide opinions on the truthfulness, completeness and accuracy of the Company's financial reports;

(2) to focus on significant accounting and audit matters of the Company's financial reports, including adjustments to material accounting errors, changes in significant accounting policies and estimates, issues involving significant accounting judgments, and items resulting in modified audit reports;

(3) to pay special attention to the possibilities of fraud, corrupt practice and material misstatements relating to financial reporting;

(4) to supervise relevant responsible departments of the Company to formulate rectification measures and rectification time on problems of financial reports, conduct follow-up review, and supervise the implementation of rectification measures;

(5) in case of issues such as financial fraud or significant accounting errors, the Committee shall require the Company to correct relevant financial data before making a resolution, and the Committee shall not approve the matter until the corrections are completed. If members of the Committee are unable to guarantee the truthfulness, completeness and accuracy of the financial information in a periodic report or have objections, they shall vote against or abstain from voting when the Committee reviews the periodic report;

(6) members of the Committee shall communicate with the directors and management, and hold meetings with the external audit institutions at least twice a year. The Committee shall consider any significant or unusual items that are, or may need to be, reflected in reports and accounts and shall give due consideration to any matters that have been raised by the Company's accountants, head of compliance department or external audit institutions;

(7) to review the Company's financial and accounting policies and practice.

Article 15 The Committee supervises and evaluates internal control of the Company.

(1) to evaluate the adequacy of the Company's internal control system;

(2) to review the self-evaluation reports of internal control;

(3) to review the internal control audit reports issued by the external audit institutions, as well as the matters and improvement measures formulated after communication with the external audit institutions;

(4) to evaluate the results of internal control evaluations and audits, issue written assessments of the effectiveness of the Company's internal controls, and supervise the rectification of deficiencies in internal control;

(5) to review the Company's financial monitoring, risk management and internal monitoring system and to discuss with the management the risk management and internal control system and ensure that the management has discharged its duty to establish an effective system;

(6) to consider any findings of major investigations of risk management and internal control matters on its own initiative or as delegated by the Board and the management's responses;

(7) to supervise the Company's climate risks and opportunities, review the climate change risk list, urge the Company's management to implement climate risk control responsibilities, and listen to the management report of the Company on climate risks and opportunities every six months;

(8) to review the business qualifications of the entities proposed to engage in financial derivative business, and provide specific consideration opinions, which shall serve as a mandatory requirement for submission to the Board for making decisions;

(9) if the Company has significant internal control deficiencies or is found to have issues such as financial fraud, misappropriation of funds or illegal guarantees, the Committee shall oversee the Company's follow-up rectification and internal accountability measures, ensuring that the Company formulates rectification plans and measures, completes rectification within a specified timeframe, and establishes and strictly enforces an internal accountability system.

Article 16 To ensure the effective performance of its duties, the Committee may exercise the powers of the board of supervisors in accordance with laws, regulations, self-regulatory rules of stock exchanges, and the Articles of Association.

(1) to review the Company's financial position;

(2) to examine the implementation of Board resolutions and the exercise of authorisations from the Board, conduct post-investment project evaluation as required, and provide opinions to the Board;

(3) to supervise the performance of duties by directors and senior management members;

(4) to demand redress from directors or senior management members should their acts be deemed against the Company's interests;

(5) to propose the convening of extraordinary Board meetings;

(6) to propose the convening of extraordinary general meetings, and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with laws and regulations, to convene and preside over the general meetings;

(7) to propose motions to general meetings;

(8) to accept shareholders' requests to file lawsuits against directors or senior management members (other than the Committee's members) who violate laws, administrative regulations, or the Articles of Association in the performance of their duties, causing losses to the Company;

(9) other duties and powers as prescribed by laws, regulations, self-regulatory rules of stock exchanges, and the Articles of Association.

Article 17 The Committee shall oversee the Board's implementation of cash dividend policies and shareholder return plans, as well as compliance with relevant decision-making procedures and information disclosure requirements. If the Committee identifies any failure by the Board to strictly adhere to cash dividend policies and shareholder return plans, failure to rigorously follow the corresponding decision-making procedures, or failure to provide truthful, accurate and complete information disclosure, it shall urge the Board to rectify such issues in a timely manner.

Article 18 The Committee shall perform its duties through various methods, including receiving work reports from members of the management, attending relevant meetings of the Company as non-voting attendees, reviewing financial and accounting records along with other materials related to business operations and management activities, conducting interviews with members of the management and employees, making special inquiries into material matters, as well as organising and carrying out targeted supervision and inspection initiatives.

Article 19 The Committee shall make available its terms of reference, explaining its role and powers delegated by the Board.

Article 20 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Board shall include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reasons why the Board has taken a different view.

Article 21 The Committee shall report and make recommendation to the Board on measures that must be carried out and matters to be improved.

Article 22 The Committee may, as required by its work, organise relevant personnel of the Company to conduct in-depth research on the content of proposals. If the Committee deems it necessary or discovers clues of financial fraud, abnormal business operations, significant negative public opinion, major media inquiries, or receives substantiated complaints or reports during the course of its routine duties, it may require the Company to conduct self-inspections or instruct the internal audit department to initiate investigations. The Committee may engage social intermediaries or experts to provide professional advice if so required according to its work, and the Company shall bear the costs. The Company must provide financial resources and funding as the Committee thinks fit for payment of:

(1) the remuneration for audit service and the services related to audit, review and verification as provided by the external audit institutions or experts;

(2) the remunerations for intermediaries or experts engaged by the Committee.

Article 23 Restrictions on powers and duties of the Committee.

In performing its powers and duties hereunder, the Committee has no obligation for planning and implementing audit activities or for ensuring the Company's financial reports are complete and accurate or for preparation of the financial reports. The management of the Company shall be responsible for preparation of the financial reports, and the external audit institutions are responsible for the audit issues.

Article 24 When disclosing the annual report, the Company shall also disclose the performance of duties of the Committee for the year, primarily including its performance of duties and exercise of powers, as well as the convening of meetings of the Committee and other relevant matters.

CHAPTER 4 CONVENING OF THE MEETING

Article 25 Meetings of the Committee are divided into regular meetings and extraordinary meetings. The regular meeting plan of the Committee throughout the year is determined by the Chairman in combination with the regular meeting plan of the Board, which is consolidated into the regular meeting plan of the Board.

Article 26 The Committee shall hold at least four regular meetings every year and at least one meeting every quarter. The Committee may hold extraordinary meetings as necessary. The chairman shall hold extraordinary meetings within 10 days in any of the following circumstances:

(1) when two or more members of the Committee propose;

(2) when the chairman considers necessary;

(3) when the Board or the Chairman of the Board considers necessary.

Article 27 The topics of the meetings of the Committee shall be determined by the chairman of the Committee based on the request of the Board, the proposal of two or more members, or the proposal of the Chairman of the Board or the chief executive officer, etc.

Article 28 The audit department, under the leadership of the secretary to the Board, is specifically responsible for the daily operations of the Committee, including work liaison, arrangement of the meetings, material preparation and files management etc.

Notice of regular meetings of the Committee shall be issued 5 days before the meeting, and notice of extraordinary meetings shall be issued 3 days before the meeting. Notice of the meeting can be sent in writing, e-mail, fax and other forms, and the object of the notice includes all members and other attending staff.

The notice of the meeting shall include the manner, time, place, session, topic, agenda, and participants of the meeting.

Article 29 The meetings of Committee are generally held in the form of on-site meetings, and may also be held by video, telephone, correspondence and other means of communication with the consent of the chairman, provided that all participating members can fully communicate and express their opinions. If a meeting is convened by correspondence, members' opinions and suggestions shall be faxed in writing to the audit department for the record, and the original document shall be sent to the audit department at the same time.

Article 30 The quorum of the meetings of the Committee shall be two-thirds or more of all its members. The secretary to the Board, the audit department and the head of relevant resolution preparation department may attend the meeting as non-voting participants.

Article 31 Members of the Committee shall attend the meeting of the Committee in person and express explicit opinions on the matters discussed. If a member is unable to attend a meeting for any reason in person, he/she shall review the meeting materials in advance, formulate an explicit opinion, and record such opinion in an instrument of proxy, and may appoint other members in writing to attend the meeting on his/her behalf. The instrument of proxy shall contain the name of the principal, name of the proxy, scope and validity period of authorization and the advice and suggestions.

Each member shall not be authorised by more than one member. If an independent director is unable to attend a meeting for any reason in person, he/she may appoint other independent directors in the Committee to attend the meeting on his/her behalf.

If a member fails to attend two consecutive meetings in person or to appoint another member to attend on his/her behalf without proper reason, he/she shall be deemed unable to perform the duties of the Committee, and the Board shall adjust the membership of the Committee in accordance with these rules.

Article 32 The Committee shall hold at least one separate meeting every year with the external audit institution in the absence of the management of the Company. The secretary to the Board can attend the meeting as non-voting participant upon the approval of the Committee.

CHAPTER 5 RULES OF PROCEDURES

Article 33 The Committee shall be convened and chaired by the chairman. In the event that the chairman fails or refuses to perform the duties due to special reasons, an independent Board member shall be elected by more than one half of the members of the Committee to chair the meeting.

Article 34 Relevant issues shall be discussed at the meetings of the Committee, and the results shall be reported to the person-in-charge of the proposal preparation department.

Article 35 For matters within the Committee's remit, the members shall provide definite and independent opinions based on their judgment.

The Committee shall be voting by a show of hands or by poll, and each member shall have one vote. The resolutions made by the members of the Committee to the Board must be approved by over half of all members. Any member of the Committee who has an interest in any agenda item shall abstain from voting. In the event that consideration opinions made at the meeting cannot be effectively considered and approved due to abstain from voting by the members of the Committee, the Board of Directors shall consider and approve such proposals.

Article 36 The following matters should be submitted to the Board for consideration upon being approved by a simple majority of all members of the Committee:

(1) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(2) appointment or dismissal of the accounting firm that undertakes the Company's auditing services;

(3) appointment or dismissal of the Company's financial manager;

(4) making changes in accounting policies, accounting estimates, or correcting significant accounting errors for reasons other than changes in accounting standards;

(5) other matters as stipulated by laws, administrative regulations, the rules of the China Securities Regulatory Commission, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 37 Where a meeting of the Committee is held by way of telephone conference, video conference or other means of communications, it shall be ensured that the participating members can hear each other clearly and communicate with each other. Meetings convened in such ways shall be recorded. Where the participating members unable to sign the resolutions of the meetings immediately at such meetings, oral voting shall be adopted, the results of which shall be valid with the resolutions and minutes of the meeting signed after the meeting as soon as practicable. The oral voting of the members has the same effect as written signatures. However, the resolutions and minutes of the meetings signed afterwards shall be consistent with the oral voting.

Article 38 The Committee may, if required, invite other Directors, members of the management, relevant business departments, social experts, representatives of intermediaries, etc. to be in-attendance at the meeting to explain the proposal, provide consultation or express opinions.

CHAPTER 6 MEETING MATERIALS

Article 39 Minutes of the meetings of the Committee shall be complete, and shall truthfully, accurately and completely reflect the opinions expressed by attendees on the matters discussed. Members present at the meetings shall sign on the minutes.

Any objection to the resolutions by a member present at the meetings shall be recorded in the meeting minutes.

Article 40 The minutes of the meetings of the Committee shall include the following contents:

(1) The method, time, place and name of the chairperson of the meeting;

(2) Attendance, absence and delegated attendance at meetings;

(3) Names of attendees;

(4) Meeting topics and agenda;

(5) Key points and opinions of the members and relevant non-voting attendees;

(6) Other relevant contents of the meeting;

(7) Signature page.

Article 41 The first draft of the minutes of the meeting of the Committee shall be provided to all members of the Committee for review as soon as possible. Members who wish to revise and supplement the first draft of the minutes shall submit written amendments within one week after receiving the first draft. The final draft of the minutes of the meeting shall be completed within a reasonable period after the meeting and sent to all members for record purposes.

Article 42 The secretary to the Committee (or the secretary to the Board in the absence of the ad hoc committee secretary) shall circulate the minutes of meetings and reports of the Committee to all members of the Board.

Article 43 Any consideration opinions shall be reviewed and approved by the Chairman in accordance with the meeting and reported to the Board. (unless such reporting is not possible due to legal or regulatory constraints). The Committee shall submit its consideration opinions on matters within its scope of responsibilities to the Board. If the Board does not adopt these opinions, the Company shall disclose the matter and provide a detailed explanation of the reasons thereof.

Article 44 Members who attend the Meeting and persons who are present at the Meeting shall have the obligation for maintaining confidentiality and shall not disclose any information in relation thereto.

Article 45 The meeting minutes, resolutions, instruments of proxy, and other relevant meeting materials shall be properly retained by the Company for a minimum period of ten years.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 46 Unless otherwise specified, the term "above" herein shall include the underlying number.

Article 47 The laws, administrative regulations, other relevant regulatory documents and the Articles of Association, as issued and amended from time to time, shall prevail over these rules for any matters not covered herein or any inconsistency therewith.

Article 48 These rules shall be interpreted by the Board.

Article 49 These rules shall come into effect upon the approval by the Board.