

# **TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE UNDER THE BOARD OF DIRECTORS OF CHINA BOHAI BANK CO., LTD.**

(Adopted at the Fourth Meeting of the First Session of the Board of Directors on September 14, 2006, amended at the Eighth Meeting of the Second Session of the Board of Directors on July 9, 2010, amended at the Third Meeting of the Fifth Session of the Board of Directors on February 4, 2020)

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## **Chapter I General Provisions**

- Article 1** In order to standardize the election of Directors and senior management members of CHINA BOHAI BANK CO., LTD. (hereinafter referred to as the “Bank”), further establish and improve reasonable remuneration for Directors and senior management members of the Bank, and perfect the corporate governance structure of the Bank, the Board of Directors of the Bank has established a Nomination and Remuneration Committee and formulated the Terms of Reference pursuant to laws, regulations, and statutory documents (hereinafter referred to as “laws and regulations”) including the Company Law of the PRC, the Guidelines on Corporate Governance of Commercial Banks, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), the Articles of Association of CHINA BOHAI BANK CO., LTD. (hereinafter referred to as the “Articles of Association of the Bank”), and the Rules of Procedure for the Board of Directors of CHINA BOHAI BANK CO., LTD. (hereinafter referred to as the “Rules of Procedure for the Board”).
- Article 2** The Nomination and Remuneration Committee is a specific working body under the Board of the Bank, and shall be accountable to the Board.

## **Chapter II Composition and Administrative Bodies**

- Article 3** The Nomination and Remuneration Committee shall consist of no less than five Directors. Members of the Nomination and Remuneration Committee shall meet the requirements stipulated by laws and regulations on the qualifications of members of nomination and remuneration committee, shall have appropriate professional knowledge and work experience, and shall be familiar with the risks, costs and evolution of each product line to review the relevant remuneration systems and policies effectively and responsibly. Most members of the Nomination and Remuneration Committee shall be independent Directors, and at least one third of the members shall be financial professionals.
- Article 4** The term of office of the members of the Nomination and Remuneration Committee shall be the same as that of the Directors. A member may serve consecutive terms if re-elected upon the expiration of his/her term, provided that the cumulative term of an independent Director in the Committee shall not exceed six years. If any member ceases to be a Director of the Bank, or a member who should be an independent Director no longer possess such independence as required by laws and regulations as well as the Articles of Association of the Bank, he/she shall automatically lose his/her qualification as a committee member, and the Board shall fill the vacancy in accordance with the Articles of Association of the Bank and other relevant regulations.
- Article 5** Members of the Nomination and Remuneration Committee shall be nominated by the Chairman of the Board in accordance with laws and regulations, regulatory requirements and the professional expertise of the Directors, and shall be reviewed and approved by the Board. The Nomination and Remuneration Committee shall have a chairperson, which shall be an independent Director and be responsible for in charge of the Committee.

- Article 6** The duties of the chairperson of the Nomination and Remuneration Committee include:
- (I) leading the Nomination and Remuneration Committee and ensuring that the Nomination and Remuneration Committee operates effectively and performs its duties;
  - (II) convening and presiding over the meetings of the Committee and determining the agenda for each meeting of the Committee in accordance with the provisions of these Terms of Reference;
  - (III) ensuring that all members attending the meetings of the Committee are aware of the matters discussed by the Committee and making sure that each of the members has access to complete and reliable information;
  - (IV) ensuring that the Committee discusses all key and appropriate matters in a timely manner, and that each issue discussed has clear and unambiguous conclusions;
  - (V) other duties and responsibilities as specified by laws, regulations and these Terms of Reference.

**Article 7** When the chairperson is unable to or fails to perform his/her duties, more than half of the members shall jointly recommend a member to perform duties on the chairperson's behalf.

**Article 8** The Nomination and Remuneration Committee shall have administrative bodies, which shall consist of the working body and the secretarial body.

**Article 9** The Human Resource Department of the Bank shall be the working body of the Nomination and Remuneration Committee, responsible for the organization of meeting proposals, the preparation of draft resolutions and the organization and implementation of meeting resolutions. The Board Office of the Bank shall be secretarial body of the Nomination and Remuneration Committee, responsible for meeting organization, meeting arrangements, meeting notices, meeting resolutions, filing of meeting minutes, keeping and submission of meeting materials, and standardization of meeting documents.

### **Chapter III Job Duties**

**Article 10** The Nomination and Remuneration Committee shall fulfill the following duties:

- (I) reviewing the procedures and criteria for the election and appointment of Directors and senior management members, making comments and recommendations and submitting to the Board for consideration;

- (II) identifying individuals suitably qualified to act as Directors, nominating Directors and senior management members pursuant to the requirements of the Articles of Association of the Bank and the procedures and standards relating to the appointment of Directors and senior management members of the Bank; conducting preliminary review on the qualifications and conditions of the Directors and senior management members, and selecting and nominating relevant individuals to take up relevant positions or making recommendations to the Board;
- (III) reviewing the structure, size and composition of the Board (including skills, knowledge and experience) at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy of the Bank;
- (IV) assessing the independence of independent Directors;
- (V) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and the President;
- (VI) reviewing the evaluation criteria for the Directors and senior management members, and submitting to the Board for consideration;
- (VII) reviewing the evaluation reports of Directors and senior management members and the mutual evaluation reports of independent Directors, making comments and recommendations and submitting to the Board for consideration;
- (VIII) making recommendations to the Board on the remuneration policies and structures for all Directors and senior management members of the Bank and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (IX) reviewing and approving the remuneration proposals of the senior management members of the Bank with reference to the corporate policy and objectives developed by the Board;
- (X) reviewing the remuneration proposals and remuneration package for Directors, senior management members and other key staff members (Basel Guidelines (巴塞爾指引)), including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment), making comments and recommendations and submitting to the Board for consideration;
- (XI) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Bank;
- (XII) reviewing and approving the compensation payable to executive Directors and senior management members for loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; and if not consistent with contractual terms, such compensation shall be fair and reasonable and not excessive;

- (XIII) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with contractual terms; and if not consistent with contractual terms, such compensation shall be reasonable and appropriate;
- (XIV) ensuring that no Director or any of their associates (see Hong Kong Listing Rule for the definition of “Associate(s)”) is involved in determining his or her own remuneration;
- (XV) reviewing the remuneration management policies (including basic remuneration, performance-based remuneration, subsidies, allowances and other welfare, medium-term and long-term incentives and special rewards) and retirement policies for employees of the Bank;
- (XVI) reviewing the operating performance evaluation indicators and performance evaluation policies of the Bank;
- (XVII) formulating and reviewing the Board diversity policy, including measurable goals formulated for implementing policies and progress achieved, and disclosing their policies or policy summaries in the corporate governance report;
- (XVIII) other duties stipulated by the laws and regulations, other regulatory rules of the place where the Bank’s securities are listed, the Articles of Association of the Bank and those authorized by the Board.

#### **Chapter IV Working Relationship**

- Article 11** The Nomination and Remuneration Committee shall be responsible to the Board and report to the Board; the Bank provides necessary work conditions and sufficient resources for the Nomination and Remuneration Committee to perform its duties. The Nomination and Remuneration Committee may, when necessary, engage external experts or intermediary institutions to provide professional opinions on decision-making, and the reasonable expenses incurred shall be borne by the Bank.
- Article 12** The opinions and suggestions from the Nomination and Remuneration Committee based on its investigation and study shall be provided for the Board’s reference only when the Board reviews relevant resolutions. Such opinions and suggestions shall not constitute proposal of resolutions and the Board shall not make resolutions on these opinions and suggestions. The Nomination and Remuneration Committee shall provide opinions and suggestions to the Board by written proposals and shall provide interpretation and explanation at the Board meeting based on its meeting agenda.
- Article 13** The Nomination and Remuneration Committee shall forward its review opinions or determination on related issues, which need to be informed to other special committees under the Board, to relevant special committees under the Board through secretarial body.

**Article 14** The Nomination and Remuneration Committee has the rights to request the senior management members of the Bank to provide adequate support to its work and give complete answers to the questions raised by it as soon as possible.

The senior management members and relevant departments shall support and assist the work of the Nomination and Remuneration Committee, provide the Nomination and Remuneration Committee with the information necessary for performing its duties in a timely manner. The information provided to the Nomination and Remuneration Committee shall be accurate and complete, and the form and substance of such information shall enable the Nomination and Remuneration Committee to make a decision based on such materials.

## **Chapter V Rules of Procedures**

**Article 15** The Nomination and Remuneration Committee shall hold regular meetings and extraordinary meetings.

**Article 16** Regular meetings shall be held at least twice a year. Regular meetings shall be convened and presided over by the chairperson. The Board Office shall give written notice to all members five business days before such meeting, and the meeting agenda and relevant meeting documents shall be served to all members at least three days before such meeting.

**Article 17** Extraordinary meetings shall be convened and presided over by the chairperson based on needs or the proposals from the Chairman of the Board or the President. Members may make proposals on the subject matters of the meetings jointly or severally in writing, and the chairperson shall arrange to include relevant matters in the agenda of relevant meetings. Two or more members can jointly propose to the chairperson to hold an extraordinary meeting and shall put up with the meeting subject matters in writing. The chairperson shall arrange to convene meetings of the Committee within five business days after receiving such proposals. The Board Office shall give written notice to all members three business days before such meeting.

**Article 18** With written approval by all members, time of sending out the meeting notice, meeting agenda and relevant meeting documents of the Nomination and Remuneration Committee may not be limited by the aforementioned period. The Board Office shall provide all members with information relating to the meeting when giving the meeting notice, including relevant background materials for the meeting agenda and information and data assisting the members in making judgments. The Human Resource Department shall ensure that the above information provided is timely, accurate, complete and standard.

**Article 19** Members of the Committee shall attend the Committee meetings in person. If he/she cannot attend the meeting for any reason, he/she shall authorize another member as proxy with written proxy to attend on his/her behalf. Members who do not attend such meeting and do not authorize other members to attend such meeting as their proxies, shall be deemed to abstain from voting on such meeting.

- Article 20** The quorum of a meeting of the Nomination and Remuneration Committee shall be more than half of members. Each member shall have one vote. A resolution shall be passed if approved by more than half of all members. Any member who has material interest in the matters deliberated in the meeting shall abstain from deliberating and voting. If the members who participate in the voting are less than three, the Nomination and Remuneration Committee shall submit the relevant matters to the Board for consideration.
- Article 21** Voting at meetings of the Nomination and Remuneration Committee shall be by hand or by poll; meetings may be held in the form of on-site and off-site meetings.
- Article 22** When deliberating and voting on relevant matter or proposals, members who attended such meeting shall take a serious and responsible attitude towards the Bank by expressing their opinions and suggestions independently and fully on matters discussed and shall be responsible for their voting.
- Article 23** Members of the Nomination and Remuneration Committee shall continuously trace the change and its impact relating to the matters of the Bank within its duties, and bring to the attention of the Nomination and Remuneration Committee in a timely manner.
- Article 24** The Board Office shall copy the meeting notice of the Nomination and Remuneration Committee to all Supervisors of the Bank at the same time, and invite the Supervisors to attend the meeting.
- Article 25** The Nomination and Remuneration Committee may, if it deems it necessary, invite the Chairman of the Board, other Directors, secretary to the Board and other senior management, other relevant personnel or professional parties to attend its meeting.
- Article 26** The Nomination and Remuneration Committee may, if it deems it necessary, request the head of relevant departments, such as the Human Resource Department and Financial Department of the Bank or their designated person to attend its meeting and make statements on matters under consideration and respond to inquiries.
- Article 27** The relevant staff of the Board Office shall attend the meeting of the Nomination and Remuneration Committee and be responsible for the production of the meeting minutes. All members present at the meeting shall sign on the meeting minutes.
- Article 28** After the meeting, the chairperson or the person presiding over the meeting shall inform the Chairman of the Board and the members who do not attend the meeting of the convening and holding of the meeting as soon as possible.
- Article 29** Meeting minutes of the Nomination and Remuneration Committee shall be submitted to the Board in writing.
- Article 30** The persons present and attending the meeting shall be obliged to keep confidential the matters discussed at the meeting, and shall not disclose the relevant information without authorization.

**Article 31** For resolutions of the Nomination and Remuneration Committee that violates laws, regulations, other regulatory rules of the place where the Bank's securities are listed, the Articles of Association of the Bank and these Terms of Reference and cause the Bank to suffer serious losses, the members participating in the decision-making shall make compensation to the Bank; however, members who are proven to have expressed different views and have a written record for such views may be exempted from relevant liabilities.

## **Chapter VI Supplementary Provisions**

**Article 32** Unless otherwise specified, the definitions and terms used herein shall have the same meanings as those in the Articles of Association of the Bank.

**Article 33** These Terms of Reference shall become effective upon approval by more than half of all the Directors of the Board and the amendments shall be the same. The former Terms of Reference of the Nomination and Remuneration Committee under the Board of Directors of the Bank shall automatically lapse from the effective date of these Terms of Reference. The provisions of the Hong Kong Listing Rules under these Terms of Reference and other regulatory rules of the place where the Bank's securities are listed shall come into effect and applicable from the date on which H Shares publicly issued by the Bank listed on the Stock Exchange of Hong Kong Limited.

**Article 34** Any matters that are not covered herein shall be handled in accordance with laws, regulations, other regulatory rules of the place where the Bank's securities are listed, the Articles of Association of the Bank and Rules of Procedures of the Board of Directors; if these Terms of Reference are in conflict with any laws, regulations promulgated in the future, other regulatory rules of the place where the Bank's securities are listed, or the Articles of Association of the Bank and Rules of Procedures of the Board of Directors as amended under legal procedures, the relevant laws, regulations, other regulatory rules of the place where the Bank's securities are listed, the Articles of Association of the Bank and Rules of Procedures of the Board of Directors shall prevail, and these Terms of Reference shall be amended promptly and be submitted to the Board for review.

**Article 35** The power of interpretation of these Terms of Reference shall be vested in the Board of the Bank.