



中國廣核電力股份有限公司

**CGN Power Co., Ltd.\***

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

**(Stock Code: 1816)**

## **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE UNDER THE BOARD OF DIRECTORS**

(Approved by the Board of Directors on April 25, 2018, and Coming into Effect on August 26, 2019)

### **Chapter 1 General Provisions**

- Article 1 These terms of reference (these “**Terms**”) are formulated by CGN Power Co., Ltd. (the “**Company**”) for the remuneration committee (the “**Committee**”) under its board of directors (the “**Board**”) in accordance with and by reference to the Articles of Association of CGN Power Co., Ltd. (the “**Articles**”), the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Corporate Governance Standards for Listed Companies, the Guidelines on the Regulated Operation for Companies Listed on the SME Board of the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations in order to set down the composition, responsibilities and rules of procedure of the Committee.
- Article 2 The Committee is an internal committee specifically established by and is responsible to the Board.

### **Chapter 2 Composition**

- Article 3 The Committee shall comprise three directors, the majority of which shall be independent directors who are also the “independent non-executive directors” (the same as below) as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Committee shall include a chairman who shall be an independent director designated by the Board, and the chairman of the Committee shall be the convener of a meeting of the Committee.
- The Committee shall establish an administrative office in the human resource department of the Company which is responsible for undertaking the routine business of the Committee. The Committee may appoint one advisory member who shall be responsible for assisting in the daily work of the Committee.
- Article 4 Members of the Committee shall be nominated by the chairman of the Board, or by more than half of the independent directors, or by more than one third of all directors and appointed by the Board.

\* For identification purpose only.

- Article 5 The term of office of a member of the Committee shall be the same as the term of office of his/her directorship. If a member of the Committee ceases to be a director of the Company, such member shall automatically cease to be a member of the Committee. A member may resign prior to the expiry of his/her term of office by submitting a written resignation report to the Board of directors, which shall include a statement of the reason for such resignation and the matters that should be brought to the attention of the Board. If a member of the Committee is disqualified to act or his/her resignation has been accepted, the Company shall fill in the vacancy by appointing a successor member in accordance with articles 3 and 4 above.
- Article 6 A member of the Committee may concurrently serve as a member of other committees under the Board, provided that such member is able to concurrently perform such duties.

### **Chapter 3 Duties and Responsibilities**

- Article 7 The Committee shall perform the following duties and responsibilities:
- (1) consider and give advice to the Board on the policy and structure for remuneration (including benefits in kind, pension and compensation payments) of the directors, supervisors and senior management and the procedure for developing the remuneration policy. The procedure for developing the remuneration policy shall be formal and transparent;  
  
For the purpose of these Terms, senior management refers to the president, vice president, chief financial officer, Board secretary and other senior management personnel designated by the Board.
  - (2) consider and give advice on the Company's performance appraisal policy for the directors, supervisors and senior management;
  - (3) review and approve performance-based remuneration proposals of the management with reference to the Board's corporate goals and objectives;  
  
For the purpose of these Terms, management refers to directors, supervisors, senior management and other management personnel as designated by the Board.
  - (4) carry out performance appraisal on the management (other than supervisors) of the Company, and the assessment for the independent directors and supervisors shall be made by way of a combination of self-assessment and mutual-assessment;
  - (5) determine, with delegated responsibility from the Board, or give advice to the Board, on the remuneration of individual executive directors and senior management;
  - (6) give advice to the Board on the remuneration of non-executive directors;
  - (7) take into account salaries paid by comparable companies, time commitment and responsibilities, and other positions served in the Company when considering the remuneration of the directors, supervisors and senior management;
  - (8) supervise the implementation of the Company's remuneration policies for the directors, supervisors and senior management;
  - (9) review and approve the compensation arrangements for the directors, supervisors and senior management relating to any loss or termination of office and dismissal for misconduct; and
  - (10) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

The Committee's costs shall be covered by the budget of the Company. The Committee should consult with the chairman of the Board and/or the president about their remuneration proposals for other executive directors. When performing its duties, the Committee may engage professional advisors at a reasonable cost of the Company.

The senior management and relevant departments of the Company shall actively provide such necessary information and documents as required by the Committee in a cooperative and supportive manner, and actively cooperate with the work of the Committee.

Article 8 The chairman of the Committee shall perform the following duties and responsibilities:

- (1) convene and preside over the meetings of the Committee;
- (2) take charge of the routine business of the Committee;
- (3) review, finalize and sign the reports and other important documents of the Committee.
- (4) examine the implementation of the opinions and proposals of the Committee which have been approved by the Board;
- (5) report to the Board on behalf of the Committee; and
- (6) fulfill such other duties and responsibilities as assigned to the chairman of the Committee.

If the chairman of the Committee is unable to or fails to perform his/her duties, the chairman of the Committee shall appoint a member of the Committee to perform duties on his/her behalf; or if no such appointment is available, a member of the Committee who is an independent director as elected by more than half of all members of the Committee shall perform his/her duties.

#### **Chapter 4 Working Practices, Meetings and Rules of Procedure**

Article 9 Work Process

The administrative office of the Committee shall provide the Committee with information in relation to the following matters:

- (1) the progress towards the key financial targets and operational objectives of the Company;
- (2) the scope of work of each director and senior management of the Company, and the performance of his/her primary responsibilities;
- (3) the progress towards the targets involved in the performance review system for directors and senior management; and
- (4) the basis for estimation and calculation relating to the formulation of remuneration distribution plan and distribution methodology based on the performance of the Company.

The Committee shall consider the Company's policy and structure and the procedure for developing policy for remuneration, as well as perform such other duties as described in article 7 above based on the information provided by the administrative office of the Committee.

**Article 10 Meetings and Rules of Procedure**

- (1) The meetings of the Committee shall be convened when necessary upon the proposal by the chairman of the Committee or more than half of all members of the Committee;
- (2) The meetings of the Committee shall be convened, and the notice thereof shall be issued, by the chairman of the Committee. The notice of the meeting and meeting documents shall be delivered to all members of the Committee at least five business days before the date of the meeting. Subject to the consent of all members of the Committee, the foregoing requirement of notification period may be waived;
- (3) The quorum for a meeting of the Committee requires the presence of a majority of all members of the Committee (including those represented by another member with a written proxy). Any resolution or advice of the Committee is subject to the approval by more than half of the members present at the meeting. All resolutions and advice of the Committee shall be signed by all of its members present at the meeting. Each member of the Committee shall have one vote. In the case of a tie, the chairman of the Committee shall have the casting vote; and
- (4) Members of the Committee shall abstain from discussing and voting in respect of topics in which they are involved.

**Article 11** The resolution or advice adopted at meetings of the Committee shall be reported to the Board.

**Article 12** The Committee shall keep minutes of its meetings, which shall be signed by the members of the Committee present at the meetings.

**Article 13** The administrative office of the Committee shall be responsible for preparing and keeping all meeting documents and data.

**Article 14** Members present at a meeting of the Committee shall keep confidential all the matters discussed at such meeting, and may not disclose such information without prior authorization.

**Chapter 5 Supplementary Provisions**

**Article 15** These Terms shall be revised by the Board and interpreted by the Committee.

**Article 16** Any matters not covered herein shall be implemented in accordance with the relevant provisions of the national laws, administrative regulations, departmental rules, regulatory documents, listing rules in the jurisdiction where the Company is listed and the Articles. In the event of any inconsistency between these Terms and any relevant provisions of applicable laws, administrative regulations, departmental rules, regulatory documents, listing rules in the jurisdiction where the Company is listed and the Articles as promulgated from time to time, the latter shall prevail.

**Article 17** These Terms and any amendments hereto shall take effect from the date of listing and trading of the shares (A Shares) under the initial public offering of the Company on the Shenzhen Stock Exchange upon approval by the Board.