

*Please note that these Rules of Procedures for Meetings of the Board of Supervisors are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.*

# **Rules of Procedures for Meetings of the Board of Supervisors of China Merchants Bank Co., Ltd.**

(2022 Revision)

## **CHAPTER 1 GENERAL PROVISIONS**

- Rule 1** In order to improve the governance structure of China Merchants Bank Co., Ltd. (the “Bank”) and ensure its board of supervisors (the “Board of Supervisors”) exercising the right of supervision independently under the laws, the Bank has formulated the Rules of Procedures for meetings of the Board of Supervisors in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), the “Rules of Shareholders’ General Meetings of Listed Companies”, the “Mandatory Provisions of the Articles of Association of Companies Listed Overseas”, the “Corporate Governance Standards for Banking and Insurance Institutions”, the “Work Guidelines of the Board of Supervisors of Commercial Banks” and the “Articles of Association of China Merchants Bank Co., Ltd.” (the “Articles”) and provisions of other relevant law and regulations and regulatory documents.
- Rule 2** The Board of Supervisors is the supervisory organ of the Bank which is accountable to the shareholders’ general meeting. The purpose of which is to protect the legal rights of the Bank, shareholders, employees, creditors and other interested parties.

## **CHAPTER 2 COMPOSITION AND FUNCTIONS OF THE BOARD OF SUPERVISORS**

- Rule 3** The Bank shall have a Board of Supervisors. The Board of Supervisors shall consist of five to nine supervisors. The Board of Supervisors shall have a chairman whose election or removal shall be approved by more than two-thirds of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. If the chairman of the Board of Supervisors cannot discharge his/her duties or fails to discharge his/her duties, a supervisor selected by more than one-half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

The process of nomination and election of shareholder supervisors and external supervisors of the Bank shall make reference to the process of nomination and election of directors and independent directors set out in the Articles of the Bank. Shareholder supervisors and external supervisors of the Bank shall be elected, removed and replaced by the shareholders’ general meeting of the Bank, the term of office of shareholder supervisors and external supervisors shall be calculated from the date on which such election is approved at the shareholders’ general meeting; employee supervisors shall be nominated by the Board of Supervisors and the Labour Union of the Bank, and elected, removed and replaced by the staff representative meeting, the staff meeting or other democratic processes, the term of office of the employee supervisors shall be counted from the date on which the election at the employee representative meeting, the employee meeting or other democratic procedures is passed.

The number of supervisors nominated by the identical shareholder and his/her/its related parties in principle shall not exceed one-third of the total number of supervisors, and the identical shareholder in principle shall nominate only one candidate for the external supervisor and shall not nominate a candidate for an independent director and another candidate for an external supervisor simultaneously. If a waiver of the above requirements is required due to a special shareholding structure, an application setting out the reasons shall be made to the relevant regulatory authority.

The term of office of supervisors shall be three years, and may be renewable upon reelection and reappointment. The term of office of external supervisors shall not be more than the aggregate of six years.

The Board of Supervisors comprises of shareholder representative supervisors, employee representative supervisors and external supervisors, and the number of both the employee representative supervisors and external supervisors shall not be less than one-third of the total number of supervisors. External supervisors shall not take other positions other than supervisor in the Bank and shall not have any relationship with the Bank and its shareholders, and de facto controllers which may otherwise potentially affect their independent judgments.

**Rule 4** The Board of Supervisors is the supervisory organ of the Bank which is accountable to the shareholders' general meeting. It shall exercise the following functions and powers to protect the legal rights of the Bank, shareholders, employees, creditors and other interested parties:

- (1) to supervise and examine the Bank's financial activities, with main focus on supervising its development strategies, operation decisions, internal control and risk management of the Bank;
- (2) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Bank, evaluate the scientificity, reasonableness and robustness of the Bank's development strategy and prepare an evaluation report;
- (3) to supervise the process of election and appointment of directors and the actual performance of duties by directors, president and other senior management members of the Bank, conduct overall assessment on the performance of duties by directors, supervisors and other senior management members of the Bank, and report the final assessment results to the banking regulatory authority under the State Council and report the same to the shareholders' general meeting of the Bank, and require the directors, president and other senior management members to proceed with rectifications within a designated period and take accountability when they violate the relevant laws, administrative regulations, departmental rules and the Articles;
- (4) to supervise the scientificity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration packages for its senior management members;
- (5) to guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information;
- (6) to make written or verbal proposals to directors, president and other senior management members of the Bank, give directions, conduct discussions, raise questions and require formal replies when necessary; when the directors, president and other senior management members are found to have problems in making and implementing important financial decisions, to require them to make rectifications and to report to the regulatory authority when necessary;

- (7) to examine the Bank's regular reports prepared by the Board of Directors and submit written examination opinions on the truthfulness, accuracy and completeness of such reports; to review financial information including the financial statements and business reports to be submitted by the Board of Directors to the shareholders' general meeting, to appoint, in the name of the Bank, registered accountants and practicing accountants to assist in reviewing such information should any doubt arises; and to review the profit distribution plans of the Bank and submit opinions on the compliance and reasonableness of the profit distribution plans of the Bank;
- (8) to propose to convene extraordinary general meetings; to convene and preside over shareholders' general meetings if the Board of Directors fails to perform the duty of convening and presiding over shareholders' general meetings according to the provisions of the Articles;
- (9) to put forward proposals at the shareholders' general meeting;
- (10) to represent the Bank in negotiating with its directors, president and other senior management members and to initiate legal proceedings against them according to the provisions of the Company Law;
- (11) the Bank's important decisions shall be reported to the Board of Supervisors in advance, and the information on operation conditions, financial conditions, important contracts, important events and cases, audit issues and significant changes in personnel shall be provided according to the requirements of the Board of Supervisors; The Board of Supervisors shall conduct investigation when becoming aware of any unusual operating situation;
- (12) to conduct examination on the resignations of directors, president and other senior management members when necessary;
- (13) to communicate with the banking regulatory authority under the State Council or its branches on the status of the Bank on a regular basis; and
- (14) other functions and powers stipulated by the relevant laws, administrative regulations, departmental rules and those conferred by the Articles and the shareholders' general meeting.

**Rule 5** The Board of Supervisors may perform its duties by taking various methods such as off-site monitoring, examination, attending meetings, visits and symposia, reviewing reports, investigations, questionnaires, conducting audit on resignations, and appointing a third party professional entity to assist its work, and shall have the right to require the Board of Directors and senior management members to provide necessary information. The Board of Supervisors has an independent financial budget, and has the right to arrange budget expenditures independently based on its work conditions. All expenses incurred by the Board of Supervisors in performing its duties shall be borne by the Bank.

**Rule 6** The audit results of the internal audit department of the Bank on each of its departments, branches, sub-branches and wholly-owned subsidiaries shall be fully reported to the Board of Supervisors in a timely manner. If the Board of Supervisors has any doubts on the audit results reported by the internal audit department, it shall have the right to require the Board of Directors or the internal audit department to make explanations.

**Rule 7** The Board of Supervisors shall report to the shareholders' general meeting at least once a year. The report shall contain the following contents:

- (1) the performance of duties by the Directors and the senior management members, and the status of supervision on the financial activities, internal control and risk management of the Bank;
- (2) the work performance of the Board of Supervisors;
- (3) the provision of independent opinions on relevant issues;
- (4) other matters which, in the opinion of the Board of Supervisors, shall be reported to the shareholders' general meeting.

### CHAPTER 3 SPECIALISED COMMITTEES UNDER THE BOARD OF SUPERVISORS

**Rule 8** A Supervisory Committee and a Nomination Committee are established under the Board of Supervisors. The head of the Supervisory Committee and the Nomination Committee shall be external supervisors.

**Rule 9** The major duties of the Supervisory Committee under the Board of Supervisors include:

- (1) to formulate detailed plans on the performance of supervisory duties by the Board of Supervisors;
- (2) to formulate supervisory plans for financial activities of the Bank and conduct relevant examinations;
- (3) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate development strategies in line with the actual situations of the Bank;
- (4) to conduct supervision and assessment on important financial decisions of the Board of Directors and senior management members and subsequent implementations, the establishment and improvement of internal control governance structure and overall risk management governance structure and the division of duties of relevant parties and the performance of their duties;
- (5) to formulate the specific plans for reviewing the operation decisions, internal control and risk management of the Bank under the authorisation of the Board of Supervisors when necessary;
- (6) to formulate the plans for reviewing the resignations of directors, president and other senior management members when necessary;
- (7) any other matters authorised by the Board of Supervisors.

**Rule 10** The main responsibilities of the Nomination Committee of the Board of Supervisors are as follows:

- (1) to put forward proposals to the Board of Supervisors in relation to the scale and composition of the Board of Supervisors;
- (2) to study the selection standards and procedures of supervisors and put forward proposals to the Board of Supervisors;
- (3) to search extensively for qualified candidates for supervisors;
- (4) to conduct preliminary examination and put forward proposals in relation to the qualifications and conditions of candidates for supervisors proposed by the shareholders; and
- (5) to supervise the process of election and appointment of directors;
- (6) to conduct assessment on the performance of duties of the Directors, Supervisors and the senior management members and submit reports to the Board of Supervisors;
- (7) to supervise the scientificity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration package for its senior management members; and
- (8) any other matters authorised by the Board of Supervisors.

**Rule 11** The specialised committees may appoint intermediary institutions to provide professional advice and the relevant costs shall be borne by the Bank.

#### **CHAPTER 4 CONVENING OF MEETINGS OF THE BOARD OF SUPERVISORS**

**Rule 12** The method of discussion of the Board of Supervisors: meeting of the Board of Supervisors. Meetings of the Board of Supervisors may be held either on-site (including on-site, video, telephone, etc. to ensure that participants can communicate and discuss in real time) and by way of signature in written form.

**Rule 13** The meetings of the Board of Supervisors consist of regular meetings and extraordinary meetings. The Board of Supervisors shall hold at least one regular meeting of the Board of Supervisors on a quarterly basis, which shall be convened by the chairman of the Board of Supervisors. Supervisors may propose to convene an extraordinary meeting of the Board of Supervisors. When all the external supervisors make such proposal in writing, the Board of Supervisors shall convene a meeting. When all the external supervisors consider that the information on the resolutions presented at the meeting of the Board of Supervisors is not adequate or accurate, they may jointly make a written proposal to postpone the convening of such meeting or the consideration and approval of relevant resolutions, and the Board of Supervisors shall adopt such proposal.

**Rule 14** A notice on a regular meeting of the Board of Supervisors shall be sent to all the supervisors 10 days before convening the meeting of the Board of Supervisors, the notice calling an extraordinary meeting of the Board of Supervisors shall be delivered within a reasonable time before convening the meeting.

**Rule 15** Notices of a meeting of the Board of Supervisors shall contain:

- (1) date, place of the meeting;
- (2) duration of the meeting;
- (3) reasons and topics for discussion submitted to the meeting;
- (4) date of the notice.

**Rule 16** A meeting of the Board of Supervisors shall only be held if it is attended by more than half of the supervisors.

**Rule 17** Supervisors shall attend meetings convened by the Board of Supervisors in person after receiving the notice of such meeting. If a supervisor cannot attend the meeting due to certain reasons, he/she may appoint another supervisor in writing to attend on his/her behalf. However, a supervisor shall not accept such appointments by more than two supervisors to attend a meeting of the Board of Supervisors on their behalf. External supervisors may appoint other external supervisors to attend on their behalf.

The proxy form shall state the name of the proxy, the relevant matters, personal opinion, voting intention and validity period and shall be signed by the appointor or a chop shall be affixed.

The supervisor attending the meeting on other's behalf shall exercise the supervisor's rights within the scope of authorisation. If a supervisor fails to attend the meeting convened by the Board of Supervisors or appoint other supervisors to attend the meeting, the same shall be deemed as waiver of the voting right at such meeting.

## CHAPTER 5 RESOLUTIONS OF THE BOARD OF SUPERVISORS

**Rule 18** Matters for discussion at meetings convened by the Board of Supervisors shall be voted item by item, that is, voting commences after a proposal has been examined; the next proposal may not be voted if the previous proposal is still being voted. Each and every supervisor shall have one vote.

**Rule 19** Voting of resolutions at meetings convened by the Board of Supervisors shall adopt the following methods: voting by a show of hands and the voting by poll. Whether the resolutions and reports were passed, they shall be announced according to the voting results and the voting results shall be recorded in the minutes. Meetings of the Board of Supervisors may be conducted by way of signature in written form provided that the supervisors should have fully expressed their views and have sufficient conditions to have a detailed understanding of the subject matter and information related to the matters of the meeting, and the supervisors attending the meeting shall sign the resolutions accordingly.

**Rule 20** Resolutions and reports proposed by the Board of Supervisors shall be approved by more than half of the members of the Board of Supervisors.

If a supervisor has different opinions in principle on the resolutions or reports, the same shall be stated in the resolutions or reports.

**Rule 21** Supervisors shall sign on the resolutions and shall be accountable to the resolutions passed by the Board of Supervisors. If it is verified that a supervisor has stated his objection when voting and the same has been recorded in the minutes, such supervisor may be exonerated from liability.

**Rule 22** Minutes shall be taken for the meeting convened by the Board of Supervisors and the supervisors attending the meeting and the person taking the minutes shall sign on the minutes. Supervisors shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the meeting convened by the Board of Supervisors shall be kept as the Bank's files permanently.

**Rule 23** The minutes of the meeting of the Board of Supervisors shall include the following:

- (1) date and place of the meeting and the name of the convenor;
- (2) names of the supervisors attending the meeting and names of the supervisors (proxies) appointed by others to attend the meeting convened by the Board of Supervisors;
- (3) agenda of the meeting;
- (4) main points of the speeches of the supervisors;
- (5) methods and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention).

#### CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Rule 24** These Rules shall be implemented on the day the Articles become effective after approval at the general meeting.

**Rule 25** The interpretation power of the Rules of Procedures belongs to the Board of Supervisors.