

# **Implementing Rules for the Remuneration and Appraisal Committee under the Board of Directors**

## **Chapter 1 General Provisions**

Rule 1 In order to establish and perfect the remuneration and appraisal management mechanism of the Bank and to enhance the corporate governance structure of the Bank, the Board of the Bank has set up the Remuneration and Appraisal Committee and formulated these Implementing Rules (the “Rules”) pursuant to the “Company Law of the People’s Republic of China”, the “Corporate Governance Guidelines for Banking and Insurance Institutions”, the “Code of Corporate Governance for Listed Companies”, the “Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations”, the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Articles of Association of China Merchants Bank Co., Ltd.” (the “Articles of Association”) and other relevant regulations.

Rule 2 The Remuneration and Appraisal Committee shall be mainly responsible for reviewing the Bank-wide remuneration management system and policies, formulating remuneration packages for directors and senior management, making recommendations to the Board and supervising the implementation of the packages, and assisting the Board in carrying out related work within its scope of responsibility.

## **Chapter 2 Composition**

Rule 3 The Remuneration and Appraisal Committee shall comprise three to nine directors, the majority of whom shall be independent directors.

Rule 4 The members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board or more than half of the independent directors or more than one-third of all directors, and shall be elected by the Board.

Rule 5 The Remuneration and Appraisal Committee shall have a chairman who shall be an independent director and shall be responsible for leading the work of the Committee; the chairman of the Committee shall be appointed by the Board after consideration. The chairman of a specialised committee in principle shall not be the chairman of other specialised committees.

Rule 6 The term of office of a member of the Remuneration and Appraisal Committee shall be the same as that of his/her directorship. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of director of the Bank during his/her term of office, he/she shall automatically lose his/her eligibility as a Committee member, and the vacancy shall be filled by the Board in accordance with the provisions of these Rules.

### **Chapter 3 Duties and Authorities**

Rule 7 The major duties of the Remuneration and Appraisal Committee are:

- (1) study the standards for assessment of directors and senior management members and make assessment and put forward proposals depending on the actual conditions of the Bank;
- (2) study and review the remuneration policies and proposals in respect of directors and senior management members, put forward proposals to the Board and supervise the implementation of such proposals;
- (3) review the remuneration management system and policies of the Bank;
- (4) any other matters authorized by the Board.

Rule 8 The Board shall have the right to reject remuneration plans or packages that are detrimental to the interests of shareholders.

Rule 9 The Remuneration and Appraisal Committee shall be accountable to the Board. The Committee shall submit its proposals to the Board for consideration and decision.

Rule 10 The remuneration packages of the directors of the Bank proposed by the Remuneration and Appraisal Committee shall be reported to the Board and the general meeting for approval before implementation; the remuneration packages of the senior management of the Bank proposed by the Remuneration and Appraisal Committee shall be reported to the Board for consideration and approval before implementation.

### **Chapter 4 Rules of Procedures**

Rule 11 The Remuneration and Appraisal Committee shall meet at least one time every year and a notice of meeting shall be given to all members at a reasonable time prior to the meeting. The meetings shall be chaired by the chairman of the Committee. If the chairman of the Committee cannot attend the meeting, he/she may appoint another member to chair the meeting. If the chairman of the Remuneration and Appraisal Committee becomes vacant or is unable to perform his/her duties due to his/her resignation as a director of the Bank, and a meeting of the Remuneration and Appraisal Committee needs to be held, then a member may be appointed by more than half of the members of the Committee to chair the meeting.

Rule 12 The meetings of the Remuneration and Appraisal Committee shall be held only with the presence of more than two-thirds of the members. Each member shall be entitled to one vote. Related members shall abstain from voting. Resolutions adopted by a meeting shall be approved by more than half of the non-related members present at the meeting. If no valid opinions are formed after consideration due to abstention from voting of members, the relevant matter shall be considered by the Board directly.

Rule 13 The Remuneration and Appraisal Committee shall vote by a show of hands or vote by a poll in registered form. Meetings may be convened by members attending in person (including on-site, video or telephone conferences to ensure instant communication and discussion among participants) or by way of signature in written form.

Rule 14 The Remuneration and Appraisal Committee may invite other persons who are not Committee members to attend its meeting, if necessary.

Rule 15 The Bank shall provide the Remuneration and Appraisal Committee with sufficient resources to perform its duties. If necessary, the Remuneration and Appraisal Committee may engage an intermediary institution to provide professional advice on its decision. The cost shall be borne by the Bank.

Rule 16 The procedures for convening a meeting, the method of voting and the remuneration policy and distribution plan passed at a meeting of the Remuneration and Appraisal Committee shall comply with the provisions of the relevant laws, regulations, the Articles of Association of the Bank and these Rules.

Rule 17 The office of the Board shall be responsible for carrying out preliminary preparation work for study and decision by the Remuneration and Appraisal Committee, including but not limited to collecting meeting materials, liaising day-to-day work and organizing meetings. The relevant function departments of the Bank shall support with active cooperation.

Rule 18 The Remuneration and Appraisal Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of the meeting, which shall be kept by the Secretary of the Board of the Bank.

Rule 19 Any resolution passed and the result of any poll taken at a meeting of the Remuneration and Appraisal Committee shall be reported in writing to the Board of the Bank.

Rule 20 All persons present at a meeting shall be obliged to keep all matters discussed in such meeting confidential, and shall not disclose any relevant information without authorization.

## **Chapter 5 Supplementary Provisions**

Rule 21 These Rules shall be implemented with effect from the date on which the relevant resolution is passed by the Board.

Rule 22 These Rules shall not be in conflict with the provisions of the Articles of Association of the Bank. Any matters not covered by the Articles of Association of the Bank and these Rules shall be implemented in accordance with the relevant laws and regulations of the PRC, the listing rules of the stock exchanges where the shares of the Bank are listed and actual circumstances of the Bank.

Rule 23 Unless otherwise specified or unless the context otherwise requires, the abbreviations used herein shall have the same meanings as those defined in the Articles of Association of the Bank.

Rule 24 The power of interpretation of, and amendments to, these Rules shall be vested in the Board of the Bank.