

Sichuan Energy Investment Development Co., Ltd. Terms of Reference of Remuneration and Evaluation Committee of the Board of Directors

Chapter 1 General

Article 1 In order to further improve the appraisal and remuneration systems for the directors (excluding independent non-executive directors) and senior management as well as the corporate governance structure of Sichuan Energy Investment Development Co., Ltd. (the “Company”), the remuneration and evaluation committee under the board of directors of the Company (the “Remuneration and Evaluation Committee”) is established with these terms of reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the articles of association of the Company (the “Articles”) and other relevant laws, regulations and regulatory documents.

Article 2 The Remuneration and Evaluation Committee is a special committee under the board of directors in accordance with the Articles and is mainly responsible for formulating the appraisal standards and conducting appraisal for the directors and senior management of the Company and setting up and reviewing the remuneration policy and packages for the directors and senior management of the Company. It makes recommendation to the board of directors and supervise the implementation of plans and shall be accountable to the board of directors. The proposal on the amount of remuneration and method of reward for the directors shall be submitted by the board of directors to the shareholders’ general meeting for approval.

Article 3 Senior management members referred to in these terms of reference include the general manager, deputy general managers, financial controller (chief accountant), chief engineer, chief economist, secretary of the board of directors and other senior management members on the operational level proposed by the general manager to the board of directors for approval.

Chapter 2 Composition

Article 4 Members of the Remuneration and Evaluation Committee shall consist of not less than three members, a majority of whom shall be independent non-executive directors. Members of the Remuneration and Evaluation Committee shall be nominated by the chairman of the board of directors, more than half of the independent non-executive directors or more than one-third of all directors and shall be appointed through election with a majority vote by the board of directors.

Article 5 The Remuneration and Evaluation Committee shall have one chairman (convener) who shall be an independent non-executive director who is nominated by the board of directors and elected with a majority vote of the members of the board of directors, responsible for presiding over the work of the committee.

Article 6 The term of the office of the Remuneration and Evaluation Committee shall be the same as the term of the Board of Directors. A committee member may serve consecutive terms if re-elected upon the expiration of his term. During his term of office, if any committee member ceases to be a director, or any committee member as an independent non-executive director ceases to have the independence as required under the Articles of Association, the Listing Rules or the relevant laws and regulations, his membership in the committee shall lapse automatically. The committee shall make up the number of committee members in accordance with provisions set out in Articles 4 to 6 above. The term of office of the replacing member shall expire upon the expiry of such member’s term of office as a director.

Article 7 The Remuneration and Evaluation Committee shall set up a working group, which is specifically responsible for providing information on the operation of the Company and the relevant information of the appraised personnel and preparing meetings of the Remuneration and Evaluation Committee and implementing relevant resolutions of the Remuneration and Evaluation Committee.

Chapter 3 Duties and authority

Article 8 The primary duties and authorities of the Remuneration and Evaluation Committee include:

- (I) It shall consult the chairman of the board of directors or the general manager about the recommendations on the remuneration of other executive directors. If necessary, the committee shall seek independent professional advice;
- (II) It shall formulate overall remuneration policies and structure for the directors and senior management of the Company based on the main function scope, duties and importance of the management positions taken by directors and senior management and the remuneration level of the corresponding positions in other comparable enterprises, and to make recommendations to the board of directors on the establishment of a formal and transparent formulation procedure of the remuneration policy. It shall determine such remuneration plans or proposals that mainly include, but without limitation to, standards and procedures for performance assessment and the principal assessment system, as well as the principal plan and system of rewards and punishments;
- (III) It shall review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the board of directors;
- (IV) It shall make recommendations to the board of directors on the remuneration packages of individual executive directors and senior management which include benefits in kind, pension and compensation payments (including any compensation payable for loss or termination of office or appointment)
- (V) It shall make recommendations to the board of directors on the remuneration of non-executive directors;
- (VI) It shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions for other positions of the Group;
- (VII) It shall study the compensation payable to executive directors and senior management for any loss or termination of office or appointment or the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive. Such compensation plan shall be implemented upon the consideration and review of the board of directors;
- (VIII) It shall study the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate. Such compensation plan shall be implemented upon the consideration and review of the board of directors;

- (IX) It shall draft the share incentive schemes and make recommendation to the board of directors;
- (X) It shall review the performance of duties by the directors (non-independent directors) and senior management of the Company and assess their annual performance.
- (XI) It shall form a view in respect of service contracts of senior management that require shareholders' approval and advise shareholders (other than shareholders who are directors with a material interests in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders how to vote.
- (XII) It shall ensure that no director or any of his associates is involved in deciding his/her own remuneration and shall be responsible for the supervision on the implementation of compensation systems of the Company;
- (XIII) It shall deal with other matters as authorized by the relevant laws, administrative regulations, departmental regulations and regulatory documents, the Listing Rules and the Articles and the board of directors.

Article 9 The board of directors shall have the right to reject compensation plans or programs that prejudice the interests of shareholders.

Article 10 The remuneration plan for directors of the Company proposed by the committee shall only be implemented upon agreement of the board of directors and consideration and approval at the general meeting. The remuneration distribution plan for senior management of the Company must be submitted to the board of directors for approval.

Chapter 4 Decision-making Process

Article 11 The working group under the Remuneration and Evaluation Committee shall be responsible for the preparation work at an early stage in relation to the decision-making of the Remuneration and Evaluation Committee and provide information of relevant aspects of the Company:

- (I) Information on the fulfillment of key financial indicators and business objectives of the Company;
- (II) Information on the scope of work and the major responsibilities of senior management of the Company;
- (III) Information on the fulfillment of indicators in the performance appraisal system for Directors and senior management;
- (IV) Information on the operational performance of directors and senior management in terms of the capability in business innovation and profit generation;
- (V) Basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

Article 12 The appraisal procedures of the Remuneration and Evaluation Committee for directors and senior management are as follows:

- (I) Directors and senior management of the Company report the job duties to the Remuneration and Evaluation Committee of the board of directors and conduct self-assessment;
- (II) The Remuneration and Evaluation Committee conducts performance appraisal on Directors and senior management in accordance with the performance appraisal standards and procedures;
- (III) The annual performance bonus of the general manager and the secretary of the board of directors, which is proposed by the chairman of the board of directors based on their performance evaluation results and taking into account of the salary distribution policy, reward amount and method, shall be passed with a majority votes of the Remuneration and Evaluation Committee and then reported to the board of directors of the Company for consideration and determination. The annual performance bonus of other senior management, which is proposed by the general manager based on their performance evaluation results and taking into account of the salary distribution policy, reward amount and method, shall be passed with a majority votes of the Remuneration and Evaluation Committee and then reported to the board of directors of the Company for consideration and determination.

Chapter 5 Rules of meetings

Article 13 The Remuneration and Evaluation Committee shall meet at least once a year. The notice of a meeting shall be delivered to all members of the Remuneration and Evaluation Committee at least three days before the date of the meeting. However, upon unanimous consent of all committee members, the foregoing requirement of notification period may be waived. A meeting of the Remuneration and Evaluation Committee shall be presided over by the chairman of the Remuneration and Evaluation Committee, in whose absence another member may be delegated by the chairmen of the committee to preside over the meeting in his/her stead. If such appointment was not made, more than half of the committee members shall select a member (independent non-executive director) to preside. Meetings may be convened on a physical site or by way of voting by correspondence, which shall be proposed by the committee member and presided by the chairman of the committee.

Article 14 Meetings of the Remuneration and Evaluation Committee should only be held when more than two-thirds of the members are present. Each member has one vote. The resolutions made at the meetings must be approved by the majority of all members.

Article 15 The voting at meetings of the Remuneration and Evaluation Committee shall be undertaken by polls. Extraordinary meetings may be held by way of communication voting.

Article 16 If necessary, directors, supervisors and other management may also be invited to attend meetings of the Remuneration and Evaluation Committee.

Article 17 The Remuneration and Evaluation Committee shall be provided with sufficient resource to perform their jobs and duties. If necessary, the Remuneration and Evaluation Committee may engage intermediary institutions to provide professional advice for its decisions, and the costs shall be borne by the Company.

Article 18 When an issue concerning a member of the committee is discussed in a meeting of the Remuneration and Evaluation Committee, the relevant member should refrain from involvement.

Article 19 The procedures for convening meetings of the Remuneration and Evaluation Committee, way of voting and remuneration policy and distribution plans approved at the meeting must comply with the provisions of relevant laws, regulations, the Listing Rules, the Articles and these terms of reference.

Article 20 Meetings of the Remuneration and Evaluation Committee should have minutes recorded. Members attending a meeting shall sign the minutes of meeting. The minutes of meetings shall be kept by the secretary to the board of directors of the Company.

Article 21 The resolutions and voting results approved at the meeting of the Remuneration and Evaluation Committee shall be reported to the board of directors of the Company in writing.

Article 22 Members present at the meeting shall all be responsible for keeping confidential the matters discussed at the meeting and must not disclose the relevant information without authorization.

Chapter 6 Supplementary provisions

Article 23 For the purpose of these terms of reference, the expression “at least” includes the numbers following such expression.

Article 24 These terms of reference have been approved by the board of directors upon consideration and shall become effective from the date on which the overseas listed foreign shares (H Shares) issued by the Company are listed and traded on the Stock Exchange of Hong Kong Limited.

Article 25 Any matters not covered by these terms of reference shall be implemented in accordance with the provisions of the relevant laws, regulations, regulatory documents, the Articles and the Listing Rules. If these terms of reference contravene any provisions of the relevant laws, regulations, regulatory documents, the Articles and the Listing Rules, such terms of reference shall be implemented in accordance with the provisions of the relevant provisions of the relevant laws, regulations, regulatory documents, the Articles and the Listing Rules, and shall be promptly amended and reported to the board of directors for consideration and adoption.

Article 26 The rights of interpretation of these terms of reference shall be vested in the board of directors of the Company.