

# **Working Regulations for the Compensation Committee of the Board of Directors of Industrial and Commercial Bank of China Limited**

## **Chapter I General Provisions**

**Article 1** In order to regulate the decision-making mechanism of the Board of Directors and improve the corporate governance structure of Industrial and Commercial Bank of China Limited (hereinafter referred to as the “Bank”), the Working Regulations are formulated in accordance with the *Company Law of the People's Republic of China*, the *Commercial Bank Law of the People's Republic of China*, the *Articles of Association of Industrial and Commercial Bank of China Limited* (hereinafter referred to as the “Articles of Association of the Bank”) and other applicable laws, administrative regulations, rules and normative documents.

**Article 2** The Bank establishes the Compensation Committee of the Board of Directors (hereinafter referred to as the “Compensation Committee” or the “Committee”) to assist relevant work of the Board of Directors. The Committee is responsible for putting forward recommendations to the Board of Directors concerning the proposals for the compensation plans for directors, supervisors and senior management members, conducting performance evaluation on directors, and evaluating the performances and acts of senior management members.

## **Chapter II Composition**

**Article 3** The Compensation Committee shall be composed of at least three directors, a majority of whom shall be independent directors.

**Article 4** The Compensation Committee shall have one chairman who shall be an independent director who shall be in charge of the work of the Committee.

The major responsibilities of the chairman shall include, among others:

- i. presiding over the Committee meeting and ensuring effective operation and due performance of duties of the Committee;
- ii. deciding on agenda of the Committee meetings;
- iii. ensuring that all members of the Committee have full knowledge of the issues discussed in the meeting and obtain complete and reliable information;
- iv. ensuring that the Committee reaches a clear conclusion to each proposal which includes passed, rejected and supplementary materials needed;
- v. proposing the convening of special meetings;
- vi. signing resolutions of meetings; and
- vii. other powers and duties stipulated in the Working Regulations.

**Article 5** The Chairman and other members of the Compensation Committee shall be nominated by the Nomination Committee of the Board of Directors and appointed by the Board of Directors. The removal of Chairman or other members of the Committee shall be proposed by the Nomination Committee and decided by the Board of Directors.

**Article 6** The term of office of the Committee members shall be in conformity with that of their directorship. At the expiration of the term of office, they could be re-elected and re-appointed. During the term of office, if any member no longer acts as a director or independent director of the Bank, the Board of Directors shall appoint a new member to fill the vacancy in accordance with the provisions of Article 5 to meet the requirement of the Working Regulations on composition of the Committee, and the term of office of the new member shall be in conformity with that of the directorship or independent directorship.

**Article 7** The major responsibilities of the Committee members shall include, among others:

- i. attending the Committee meetings, actively airing views on the discussed issues, and exercising the right to vote;

- ii. proposing the items of the Committee meetings;
- iii. attending relevant meetings of the Bank as observers or visitors, making investigations and researches, and acquiring necessary reports, documents, materials and other relevant information, for the purpose of performing the duties;
- iv. fully understanding the duties and powers of the Committee as well as the responsibilities as Committee members, being familiar with the operation and management status, business activities and development situation of the Bank relevant to their responsibilities, and ensuring the performance of their duties;
- v. fully guaranteeing the working time and capacity for performing their duties; and
- vi. other duties and powers stipulated in the Working Regulations.

### **Chapter III Duties and Powers of the Committee**

**Article 8** The major duties and powers of the Committee shall include, among others:

- i. formulating performance evaluation measures of directors and compensation plans for directors and supervisors (the compensation plans for supervisors shall be sent to the Board of Supervisors for comment), and submitting them to the board of directors for approval and then to the Shareholders' General Meeting;
- ii. organizing performance evaluation on directors, proposing the distribution of compensation of directors, and submitting it to the Shareholders' General Meeting for resolution upon the approval of the Board of Directors;
- iii. according to the performance evaluation on supervisors conducted by the Board of Supervisors, proposing the distribution of compensation of supervisors, and submitting it to the Shareholders' General Meeting for resolution upon the approval of the Board of Directors;
- iv. formulating and examining evaluation measures and compensation plans for senior management members, evaluating the performances and acts of senior management members, and submitting them to the Board of Directors for approval, and then to the Shareholders' General Meeting if the matter falls within the authority of the Shareholders' General Meeting; and

- v. other matters required by laws, administrative regulations, rules, relevant regulations of securities regulatory authorities of the locality where the shares of the Bank are listed and as may be authorized by the Board of Directors

**Article 9** The Compensation Committee shall have the right to require senior management members of the Bank to provide sufficient support to the work of the Committee. The senior management members shall timely provide the Committee with accurate and complete information related to performance evaluation and compensation management to assist the Committee in performing its duties.

**Article 10** The Compensation Committee shall have the right to investigate in relevant compensation policies and their implementation by means of, including but not limited to, attending relevant meetings of the Bank as observers or visitors, making investigations and studies within the Bank, and requiring the senior management members of the Bank or relevant persons in charge to make oral or written working reports to the Committee within the required period and timely answer the questions of the Committee.

The Committee shall study the investigation results and the responses from the senior management members or relevant person in charge; and report its investigation results and recommendations to the Board of Directors.

**Article 11** The Compensation Committee may submit proposals to the Board of Directors for consideration and approval. The Committee shall provide information concerning its discussion on relevant proposals in the form of reports, recommendations or summaries to the Board of Directors for perusal and decision-making.

**Article 12** If necessary, the Compensation Committee may engage intermediary agency to provide professional opinions, and the reasonable expenses thereof shall be paid by the Bank.

#### **Chapter IV Meeting Procedures**

**Article 13** The Compensation Committee shall hold at least two meetings each

year. The Board of Directors, the Chairman of the Committee or over half of the Committee members shall have the right to propose a meeting.

The meeting notice shall be delivered seven days before convening of the meeting, but with unanimous approval of all Committee members, the above-mentioned notice period could be exempted.

**Article 14** The meeting notice shall include:

- i. Venue and time of the meeting;
- ii. Period of the meeting;
- iii. Agenda, discussion items and relevant materials of the meeting;
- iv. Date of notice.

**Article 15** The meeting notice shall be sent by hand, fax, registered mail or E-mail or through other methods.

**Article 16** The Committee meetings may be held in the form of on-the-spot meeting, teleconference, video conference or circulation of written proposals or through other means.

**Article 17** The Committee meeting shall be held with the attendance of over half of all the members.

When needed, persons other than the Committee members, may be invited to attend the Committee meeting.

**Article 18** The Committee meeting shall be presided over by the Chairman, or by an independent director designated by the Chairman when he/she is unable to perform duties due to special reasons.

**Article 19** The Committee meeting shall adopt vote by showing hands or open ballot voting.

Each member of the Committee shall have one vote; and the resolutions of the meeting shall be approved through vote by over half of all Committee members.

**Article 20** When the Compensation Committee evaluates or discusses the remuneration of a director who is also a member of the Committee, this member shall abstain from voting.

**Article 21** The specific vote abstention procedures adopted by the Compensation Committee shall be as follows:

- i. the interested member shall abstain from voting, or other members shall have the right to request him/her to abstain.
- ii. disputes over the existence of interest shall be resolved by passing a resolution by over half of all attending members (excluding the interested member).
- iii. the interested member shall not participate in the discussion or vote for or against the proposal which he/she should abstain, and shall leave the meeting place or use other proper methods to abstain.
- iv. if the Committee could not pass a resolution for a proposal due to the abstention of the interested member, it shall resolve that such proposal be submitted to the Board of Directors for review, and it shall present the proposal to the Board of Directors for review in a timely manner. The Committee shall also specify its progress on the review of the proposal and opinions of members (other than the interested member) on such proposal in the resolution to be submitted to the Board of Directors.

**Article 22** The Compensation Committee shall establish meeting minutes system, and the minutes shall be taken by a specific personnel designated by the Board of Directors' Office. As needed, the meeting may adopt on-the-spot audio record, which shall be supplemented with written minutes based on the audio record.

The written meeting minutes based on the audio records shall be sent to all participating members for review within 10 working days after the conclusion of the meeting. Members who request to revise or supplement the minutes shall provide their written comments within 5 working days after receiving the minutes. All participating members and the personnel who prepared the meeting minutes shall sign the final version of meeting minutes.

The meeting minutes shall be regarded as important documents of the Bank and retained by the Secretary of the Board of Directors in accordance with the archive management system of the Bank.

**Article 23** The proposals and voting results which are adopted by the Committee meeting for submission to the Board of Directors for review, shall be signed by the Chairman or other Committee member authorized by the Chairman and then submitted to the Board of Directors in writing for perusal and decision-making.

**Article 24** Upon authorization or approval of the Board of Directors, if the resolutions passed at the Committee meeting need to be further carried out by the senior management members or other relevant persons in charge, the Board of Directors' Office shall inform the above-mentioned personnel of the resolutions in writing as soon as possible after the resolutions being signed by the Chairman or other Committee member authorized by the Chairman. The Committee shall have the right to require the above-mentioned personnel to report on the progress of implementation by the stipulated deadline or at the next meeting.

**Article 25** The members and other personnel that attend the Committee meeting shall keep confidential the issues discussed and/or resolved at the meeting, and shall not disclose relevant information without permission. If there is any action violating such obligations, the person in breach of the confidentiality obligation shall be legally liable.

## **Chapter V Working Group of the Compensation Committee**

**Article 26** A working group shall be established under the Compensation Committee, responsible for information collection, research support, daily liaison and organization of meetings. The work of the working group of the Compensation Committee shall be led by the Board of Directors' Office with assistance of the Human Resources Department and other relevant departments.

**Article 27** The functions and powers of the working group shall include but not limited to:

- i. being responsible for daily operation of the Committee;
- ii. arranging the Committee meetings and taking meeting minutes;
- iii. carrying out preparation work in relation to matters to be considered and approved by the Committee, reviewing materials to be submitted to the Committee for consideration, and ensuring the management present reports and meeting documents to the Committee by proper means;
- iv. upon authorization of the Chairman of the Committee, reporting the work of the Committee to the Board of Directors;
- v. assisting the Committee members to attend other relevant meetings of the Bank as observers or visitors, and conducting investigations and researches;
- vi. assisting the Committee members to understand relevant information;
- vii. coordinating the work of the Committee and other committees of the Bank; and
- viii. other duties and powers assigned by the Committee.

## **Chapter VI      Coordination and Communication**

**Article 28**            If the Committee has significant or special issues that should be presented to the Board of Directors, it shall submit written reports to the Board of Directors, and may suggest the Chairman of the Board of Directors to convene the Board meeting.

**Article 29**            The written reports presented by the Committee to the Board of Directors shall be signed by the Chairman of the Committee or other Committee member as authorized by the Chairman.

**Article 30**            If any senior management member has significant or special issues, he/she shall submit written reports to the Compensation Committee, and may suggest the Chairman of the Committee to convene a meeting for discussion.

**Article 31**            The written reports presented by the senior management members to the Committee shall be signed by the President or senior management members who are responsible for relevant issues.



**Article 32** The Committee shall report to the Board of Directors on its work generally or on a specific issue, if required.

## **Chapter VII Supplementary Provisions**

**Article 33** Unless otherwise stated, the terms used in the Working Regulations have the same meanings as those in the Articles of Association of the Bank.

**Article 34** The Working Regulations shall be implemented as of the issue date after the formulation and revisions being approved by exceeding half of all directors. At the same time, the *Working Rules for the Compensation Committee of the Board of Directors of Industrial and Commercial Bank of China Limited* (G.Y.F. [2005] No. 229) will become null and void.

**Article 35** The issues not covered by the Working Regulations or there occurs conflict with applicable laws, administrative regulations, rules, normative documents or the Articles of Association of the Bank, the latter shall prevail.

**Article 36** The Board of Directors shall have the right to revise and interpret the Working Regulations.