



# 華潤啤酒(控股)有限公司

**China Resources Beer (Holdings) Company Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 291)**

## **Terms of Reference for Compensation Committee**

### **Constitution**

1. The board of directors (the “**Board**”) has established a Committee known as the Compensation Committee (“**Committee**”).

### **Membership**

2. The members shall be appointed by the Board from amongst the Executive and Non-Executive Directors of China Resources Beer (Holdings) Company Limited (“**Company**”) and shall consist of not less than three members, a majority of whom should be independent.
3. The Chair of the Committee shall be appointed by the Board and should be an independent Director and in his absence, members present may elect any member to chair a Committee meeting.

### **Attendance at meetings**

4. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate. The Company Secretary or his delegate or such other person appointed by the Chair shall be the secretary of the Committee (“**Secretary**”).

### **Frequency and procedure of meetings**

5. Meetings shall be held at least once a year and as requested by the Director responsible for human resources function or the Board or the Chair of the Committee to consider and review the remuneration policies of the Company and make recommendations to the Board. The members may adopt from time to time the procedure governing the convening of the Committee meetings, the means and procedure for the passing of resolutions at meetings of the Committee. Two members shall form a quorum.

### **Authority**

6. The Committee should consult the Chairman and/or the Chief Executive Officer about their remuneration proposals for other executive Directors.
7. The Committee is authorized by the Board to deal with any activity within its terms of reference. It is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

8. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary at the Company's expense.
9. The Committee may, from time to time, seek advice from the special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices.

## **Duties**

10. The duties of the Committee shall be:
  - (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy including establishing and maintaining a performance appraisal system, remuneration management mechanism and incentive deduction mechanism and formulating a remuneration distribution plan (together, the "**Performance and Remuneration Mechanism**");
  - (b) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management, including bonuses, share options, benefits in kind, provident/retirement benefits and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of the non-executive Directors and as for the remuneration of independent non-executive Directors, such recommendation shall not include any equity-based remuneration (e.g. share options or grants) with performance-related elements which may lead to bias in their decision-making and compromise their objectivity and independence;
  - (c) to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time and in accordance with any Performance and Remuneration Mechanism as adopted by the Board from time to time;
  - (d) to review and approve compensation payable to the executive Directors and Senior Management for any loss or termination of their office or appointment to ensure that it is consistent with contractual terms or is otherwise fair and not excessive;
  - (e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or are otherwise reasonable and appropriate;
  - (f) to ensure that no Director or any of their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) is involved in deciding that Director's own remuneration;

- (g) with respect to any service contracts of Directors that require the Shareholders' approval under Rule 13.68 of the Listing Rules, to advise the Shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its Shareholders as a whole, and as to how to vote; and
  - (h) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.
11. In determining any specific package, the Committee shall take into account salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

### **Other Procedures**

12. The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
13. The Chair, in consultation with the Secretary, should be primarily responsible for drawing up and approving the agenda for each Committee meeting. The Chair, with the assistance of the Secretary, shall ensure that all members shall have sufficient information in a timely manner to enable effective discussion at a Committee meeting and be briefed on the issues arising at each Committee meeting. The Secretary shall record minutes of all duly constituted meetings of the Committee. All minutes shall record in sufficient detail the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views of any member. The Secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Committee to all members for comments and records within a reasonable time after each meeting. The Chair shall report at the forthcoming Regular Board Meeting any key decisions made and shall table before the Board an index of meetings and issues discussed.
14. Unless otherwise defined, terms and expressions used herein shall have the same meanings as defined in the Corporate Governance Practice Manual of the Company.
15. This Terms of Reference has been prepared in English and Chinese, and both versions possess equal status and have the same effect.