



## **China Power International Development Limited**

**中國電力國際發展有限公司**

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 2380)**

### **Terms of Reference of Remuneration and Nomination Committee**

#### **Foreword**

China Power International Development Limited (the “**Company**”) has established a Remuneration and Nomination Committee (the “**Committee**”) in August 2004 with written terms of reference. On 23 March 2012, the board of directors of the Company (the “**Board**”) adopted the following revised terms of reference of the Committee in order to comply with the latest amendments made to the Corporate Governance Code and Corporate Governance Report (the “**Code**”) (Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The Committee is to assist the Board for developing the procedure and setting policy on the remuneration of directors and senior management of the Company, and to make recommendations in respect of independence and quality of nominees to the Board in order to ensure that all nominations are fair and transparent.

“Senior management” shall refer to the same category of persons as referred to in the Company’s annual report and such other persons as may be determined by the Board.

#### **Authority**

The Committee shall consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors.

The Committee is authorized by the Board to seek any relevant information and all requisite resources (including without limitation, independent professional advice) from the Company or from external resources at the cost of the Company to enable the Committee to discharge its duties and responsibilities.

No director should be involved in deciding his own remuneration.

#### **Responsibilities**

##### **1. Remuneration**

- (a) To make recommendations to the Board on the remuneration policy and structure for all

directors and senior management of the Company, and to make recommendations on the establishment of a formal and transparent procedure for developing remuneration policy.

- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- (c) To make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- (d) To make recommendations to the Board on the remuneration of non-executive directors.
- (e) To consider salaries paid by comparable companies, time commitment and responsibilities, employment conditions and performance evaluation standard of the group.
- (f) To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- (g) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.
- (h) To ensure that no director or any of his associates is involved in deciding his own remuneration.

## **2. Nomination**

- (a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- (b) To identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- (c) To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.
- (d) To assess the independence of independent non-executive directors.

### **3. Others**

- (a) After the end of each Committee meeting, the Committee should report to the Board.
- (b) The Committee may report to the Board at any time if it is deemed to be necessary to make recommendations to the Board.
- (c) The Committee should conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board, the Code, Listing Rules or imposed by legislation.

### **Membership**

The Committee shall comprise at least three members of non-executive directors from the Board with independent non-executive directors in majority.

The Committee members shall be nominated by at least one-third of the all directors and elected by the consent of simple majority of the Board.

The Committee has a chairman who must be an independent non-executive director and is responsible for convening and presiding over the meetings of the Committee. The chairman shall be elected by simple majority vote of the Board.

### **Meetings**

The Committee shall convene at least two meetings each year. Additional meetings shall be held as the work of the Committee demands.

The quorum of the Committee shall be two independent non-executive directors. The meetings are presided over by the chairman of the Committee, if the chairman is unable to attend, may appoint another member (an independent non-executive Director) to preside over the meeting. The Committee meeting should be held only when no less than two-thirds of the Committee members are present, each member has one vote. The resolution adopted in the meeting must be passed by a simple majority of all Committee members.

The Committee should communicate adequately with the chairman of the Board, chief executive and the relevant departments under human resources management of the Company.

The company secretary, or in her absence, her delegate, shall act as the secretary to the Committee and must ensure that full minutes are kept of the meetings.