



China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Terms of Reference of Risk Management Committee

(Revised version effective from 12 April 2023)

Foreword

On 23 March 2023, the board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) resolved to establish the Strategic and Sustainable Development Committee (the “**SSDC**”) under the Board which shall take over the role of overseeing the sustainability-related matters of the Group which is presently performed by the Risk Management Committee (the “**RMC**”), and to reassign the Sustainability Working Committee, originally a sub-committee of the RMC, to the SSDC. Subsequent to the aforementioned changes, the terms of reference of the RMC was revised as follows with effect from 12 April 2023.

Authority

The RMC is authorized by the Board:

- (a) to investigate any activity within its terms of reference;
- (b) to seek any information it requires from any director or employee of the Group, and that directors and all employees are directed to cooperate with any request made by the RMC; and
- (c) to obtain independent third party professional advice and if necessary to invite the external advisors with relevant experience and expertise to attend meetings of the RMC, and to delegate any of its duties as is appropriate to such person or persons as it thinks fit.

The RMC shall be provided with sufficient resources to discharge its duties.

Responsibilities

Responsibilities of the RMC include:

- (a) to review and recommend for the Board’s approval the Group’s overall risk management strategies and risk appetite/tolerance which shall take into account of the business, financial, operational, compliance and all the relevant risks faced by the Group and the prevailing and prospective market and economic conditions;

- (b) to review the potential risks in strategic transactions and business plans and provide the Board with input on the risk/reward tradeoffs implicit within those plans;
- (c) to evaluate the risks of major investment and funding projects and issues concerning the operation of capital, and to advise the Board on such decision making;
- (d) to review and recommend for the Board's approval the Group's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions;
- (e) to review reports from the management and to make recommendations to the Board on the Group's risk management policies which govern the identification, assessment, monitoring and reporting of the major risks faced by the Group;
- (f) to review the regulatory updates on risk management related issues and consider their material implications to the Group's risk appetite/tolerance and risk profiles;
- (g) to oversee the implementation of risk management policies and compliance with respective statutory rules and regulations;
- (h) to ensure the adequacy of resources, staff qualifications and experience, training programs and budget for internal audit functions;
- (i) to report any significant risk management issues to the Board and suggest solutions;
- (j) to report to shareholders the work of the RMC during each financial year which shall be summarized and included in the annual report of the Company; and
- (k) to undertake other duties as required by the Board.

Membership

The RMC members shall be appointed by the Board. The RMC shall consist of not less than three members, a majority of whom shall be independent non-executive directors of the Company.

The chairman of the RMC shall be appointed by the Board, responsible for leading the RMC to ensure the RMC operates and discharges its duties effectively.

Meetings

The RMC meetings are divided into regular meetings and ad hoc meetings. There are at least two regular meetings each year. Ad hoc meetings are convened as and when necessary by the RMC members or the Board.

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

The RMC may invite any other director, executive, or other person to attend any meeting(s) of the RMC as it may from time to time consider desirable to assist the RMC in the fulfilment of its duties.

Meetings of the RMC may be held either in person or through electronic means of communication or in such other manner as the RMC members may agree.

The chairman of the RMC shall be responsible for reporting to the Board. The minutes of all meetings and resolutions of the RMC shall be circulated to all the members of the RMC and to the Board.

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