

# China Telecom Corporation Limited Charter of Remuneration Committee

(As amended by the Board of Directors on 17 December 2018)

## **Section 1    General Provisions**

### **Article 1    Objective**

Pursuant to the applicable laws, regulations, listing rules of the places of listing of China Telecom Corporation Limited (the “Company”), and of the PRC, and the Company’s internal regulations, the Board of Directors of the Company (the “Board”) sets up a remuneration committee (the “Committee” unless otherwise indicated) and formulates this Charter accordingly.

### **Article 2    Status and Principle of the Committee**

The Committee members are appointed by over 50% affirmative votes of the Board. The Committee shall report to the Board periodically.

The principle of the Committee is to take full responsibility to reasonably safeguard the best interests of the Company and fairly protect the overall interests of shareholders pursuant to the applicable rules and regulations.

### **Article 3    Structure and Qualifications of the Committee**

The Committee consists of three or more members. The Board may change such number when it deems necessary, provided that the minimum requirement pursuant to the applicable regulatory rules is met.

All the Committee members shall be independent non-executive Directors and:

- (1) shall have no material affiliations with the Company;
- (2) shall be in compliance with the relevant requirement of “independence” of Committee members pursuant to the applicable regulatory rules.

A former partner of the Company's external independent auditing firm should be prohibited from acting as a Committee member for a period of two years commencing on the date of the person ceasing:

- (1) to be a partner of the external independent auditing firm; or
- (2) to have any financial interest in the external independent auditing firm, whichever is the later.

#### **Article 4 Term of the Committee**

The term of the Committee shall be the same as that of the Board. The appointment may be renewed upon expiry of the term.

The qualification as a Committee member will be automatically withdrawn in the event that the Committee member ceases to be the independent non-executive Director of the Company, and the Board shall fill the vacancy pursuant to the applicable rules.

In the event that any Committee member tenders his/her resignation, or his/her removal has been agreed by more than half of the Board's votes, or ceases to be an independent non-executive Director, the Board may decide to terminate his/her term of office before the expiry of the term.

Any change in the members of the Committee with simultaneous change in Directors shall follow the procedure to obtain the shareholders' approval in the general meetings pursuant to the relevant procedures of change of Directors as stipulated in the Articles of Association and an announcement in accordance with the applicable regulatory rules shall be published accordingly.

#### **Article 5 Resignation of the Committee Members**

Should any Committee member resign before the term expires, such member shall submit his/her written resignation to the Board through the Secretary of the Board, in which detailed explanations for the resignation shall be stated.

In the event that any resignation may end up a situation that the Company's Remuneration Committee does not meet the relevant requirement (the number of members being less than three), such resignation shall not take effect until the newly appointed member has taken up the position.

## **Section 2      Operation and Meeting Procedures of the Committee**

### **Article 6      Committee Meetings**

The Committee shall hold meetings when it deems necessary.

A Committee meeting may not be held unless more than half of the members attended the meeting. It may also be held via telephone conference or other telecommunications means.

### **Article 7      Written Proposals**

The Committee may replace convening physical meeting with written proposals, and to approve resolutions by written resolution in lieu of physical meeting. When the meeting materials are delivered to all members and the members signify their consent by signing the written resolution where a quorum to approve the resolutions has been met, the written resolution shall become effective.

### **Article 8      Calling and Presiding of Meeting**

The Secretary of the Board shall be responsible to convene the meetings and may authorise the Office of the Board to coordinate the relevant arrangements.

The notice for a Committee meeting should be delivered to each member at least fourteen days prior to the meeting. The related agenda and meeting materials for the meeting should be delivered to each member three days prior to such meeting.

The attending members shall elect a chairman in charge of the Committee meeting.

### **Article 9      Resolutions**

Any resolution of a Committee meeting shall require two-thirds or more of the affirmative votes, with each member having one vote.

The voting of the Committee meeting may be taken by show of hands or by poll.

Any resolution of a Committee meeting shall be in written form and signed by attending members.

#### **Article 10        Minutes**

Minutes for a Committee meeting shall be kept and shall be complete and true.

The Office of the Board shall be in charge of the minutes of the Committee meetings. The drafts of the minutes shall be available to all members within a reasonable period of time after the meetings so that the members can review the drafts and finalise the minutes. The Secretary of the Board shall retain the original copies of the minutes.

#### **Article 11        Non-voting Attendance**

When it deems necessary, the Committee may invite the Company's management and other Directors to attend the meetings where the attendees have no voting rights.

#### **Article 12        Ancillary Organ of the Committee**

The Office of the Board shall coordinate and support the routine operation of the Committee.

### **Section 3        Duties and Obligations of the Committee**

#### **Article 13        Duties of the Committee**

Major duties of the Committee include:

- (1) make recommendations to the Board on the Company's remuneration policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- (3) determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights 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 non-executive directors. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (4) consult the chairman and/or chief executive officer about the remuneration proposals for other executive directors. The Remuneration Committee should have access to independent professional advice if necessary;
- (5) review and approve compensation payable to executive directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (6) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and is otherwise reasonable and appropriate;
- (7) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (8) other overseeing duties authorised by the Board;
- (9) other overseeing duties authorised pursuant to the applicable regulatory rules.

The Committee shall publish its terms of reference, explaining its roles and the authority delegated to it by the Board.

To perform the duties, the Committee may request the Company's management to provide any necessary documents, materials or their explanations on any issues the Committee is concerned about.

## **Article 14            Duties of the Committee Members**

Each of the Committee members shall diligently and effectively perform his or her duties and exercise his or her rights, in accordance with the applicable regulatory provisions and this Charter, including but not limited to:

- (1) be conscientious, reasonably safeguard the best interests of the Company, fairly protect the overall interests of shareholders, particularly the interests of minority shareholders;
- (2) attend the Committee meeting in person, or delegate other members for attendance thereof by written power of attorney, which shall state the scope of authorisation;
- (3) carefully review relevant documents and topics submitted to the members;
- (4) keep adequate and effective communication with the Board and the management.

## **Section 4            Compensation and Budget of the Committee**

### **Article 15            Compensation of the Committee**

The compensation of the Committee, in the form of cash, shares or options, shall be determined and approved by the Board. The Committee members shall not directly or indirectly receive from the Company any consulting fees, advising fees or any other compensation, except for:

- (1) compensation received as a Director (including any compensation and other benefits paid to all Directors) or as an employee who is an employee representative;
- (2) compensation for a position in any committee under the Board;
- (3) pension or other deferred compensation to be payable for the service that a Director has provided (provided that such compensation is not contingent upon any service that a Director has to provide in the future).

**Article 16      Budget of the Committee**

The Company shall provide sufficient resources so that the Committee can fulfill its duties. The Committee shall have its necessary budget and other resources for the performance of its duties, including:

- (1) total expenses relating to the appointment of external advisors or seeking independent professional advice by the Committee, which shall be borne by the Company;
- (2) all necessary and appropriate administrative expenses for the Committee to perform its duties, which shall be borne by the Company.

**Section 5      Miscellaneous**

**Article 17      Validity and Interpretation**

This Charter shall take effect upon the approval by a Board resolution and the Board shall be responsible for any explanation thereof. Any issues not covered hereunder shall follow the applicable regulatory provisions and the Articles of Association.

**Article 18      Amendment and Termination**

Any amendment or termination of this Charter shall be subject to the Board's resolution.

This Charter is written in Chinese. If there is any discrepancy between the Chinese version and any other translated versions, the Chinese version shall prevail.