



Techtronic Industries

**TECHTRONIC INDUSTRIES CO. LTD.**

**TERMS OF REFERENCE**

**REMUNERATION COMMITTEE**

*(Update on 22 May 2015)*

**TECHTRONIC INDUSTRIES CO. LTD.**

**The Stock Exchange of Hong Kong Limited  
Ordinary Shares (code:669)**

**ADR Level 1 Programme (code: TTNDY)**

**Techtronic Industries Co. Ltd.**  
**(the “Company”)**  
**Terms of Reference for Remuneration Committee**

**Constitution**

The board of directors (the “Board”) of the Company has established a standing committee of the Board known as the Remuneration Committee.

**Members**

Mr. Vincent Ting Kau Cheung (Chairman of the Remuneration Committee)

Mr. Christopher Patrick Langley

Mr. Manfred Kuhlmann

Mr. Peter David Sullivan

**Objectives**

The Remuneration Committee has been established to assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company and for determining their remuneration packages and to review and oversee the Company’s overall human resources strategy.

**Membership**

The Remuneration Committee shall be appointed by the Board and can be removed by the Board at its sole discretion. The chairman of the Remuneration Committee must be an independent non-executive director and the majority of its members (the “Members” and a “Member” refers to any one of them) shall be independent non-executive directors.

The Board shall from time to time vary the composition of the Remuneration Committee as may be required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) (as modified from time to time) or the rules of any other stock exchange in respect of which the shares of the Company are listed or quoted, or other codes, rules and regulations as may be prescribed by the Hong Kong Securities and Futures Commission or any other applicable regulatory authority from time to time.

The term of office of a Member will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Board as a whole and that of other committees from time to time.

The company secretary of the Company (the “Company Secretary”) shall be the secretary of the Remuneration Committee. The Company Secretary may delegate his duties, or parts thereof, under these Terms of Reference, to a deputy appointed by him in consultation with the Chairman of the Remuneration Committee.

### **Authority**

The Remuneration Committee shall report directly 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). The Remuneration Committee shall consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors.

The Remuneration Committee shall be provided with sufficient resources to discharge its duties and shall have access to independent professional advice if necessary.

The Remuneration Committee may delegate its authority to subcommittees or the chairman of the Remuneration Committee when it deems appropriate and in the best interests of the Company.

## **Reporting Procedures**

The Remuneration Committee shall report to the Board concerning its activities, decisions or recommendations, either orally or in writing on a regular basis, in particular at the first meeting of the Board following the meeting of the Remuneration Committee.

## **Remuneration Committee Meetings**

*Frequency* Meetings of the Remuneration Committee are in principle called by the Chairman of the Committee. The Remuneration Committee shall meet as often as required for the proper functioning of the Remuneration Committee. However, the Remuneration Committee shall endeavour to meet at least twice a year.

The Remuneration Committee shall decide if and when the chairman of the Board should attend its meetings. The chairman of the Board shall not attend meetings of the Remuneration Committee where his own remuneration is discussed.

*Notice* Notice of any meetings of the Remuneration Committee has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if the adjournment is less than 14 days.

*Quorum* The quorum for meetings of the Remuneration Committee should be any two Members, of whom at least one has to be an independent non-executive director.

***Attendance*** Only Members are entitled to attend the meetings of the Remuneration Committee. However, the Remuneration Committee may invite the following persons to attend the meetings of the Remuneration Committee, without the authority to vote, if it considers appropriate:

- Company Secretary;
- Legal Counsel; and
- Any other officer or director of the Company.

### **Resolutions**

Resolutions of the Remuneration Committee shall be passed by a majority of votes, which can also be passed by way of unanimous written resolutions. Meetings can be held in person, by telephone or by video conference.

### **Minutes**

The secretary of the Remuneration Committee should keep full minutes of all Remuneration Committee meetings. Draft and final versions of minutes of meetings of the Remuneration Committee should be sent to all Members for their comments and records respectively, in both cases within a reasonable time after the meeting.

Minutes of all Remuneration Committee meetings will also be sent to other members of the Board at the same time when they are sent to Members.

## **Duties**

The duties of the Remuneration Committee shall include the following aspects:

- 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;
- to review the Company's overall human resources strategy and to make recommendations to the Board for changes and improvement in this regard;
- to make recommendations to the Board on, the remuneration packages of individual executive directors and senior management, including, without limitation, base salaries, bonuses, deferred compensation, stock options, share awards, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board of the remuneration of non-executive directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;

- 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;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no director or any of his associates is involved in deciding his own remuneration;
- when the occasion arises, to advise shareholders with respect to any service contracts of directors that require shareholders' approval under the Listing Rules;
- to review from time to time as appropriate these Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes; and
- to address and deal with such other matters as may be delegated by the Board to the Remuneration Committee.

#### **Publication of these Terms of Reference**

These Terms of Reference shall be posted on the website of both The Stock Exchange of Hong Kong Limited and the Company.