

BOC HONG KONG (HOLDINGS) LIMITED

Mandate of the Remuneration Committee

1. Purpose

1.1 The Remuneration Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”). The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility for BOC Hong Kong (Holdings) Limited (the “Company”), Bank of China (Hong Kong) Limited (the “Bank”) and its subsidiaries (together, the “Group”) relating to:

- the remuneration strategy and incentive framework of the Group.
- setting the remuneration of directors, Board committee (“Board Committee”) members, certain senior management under the Board’s direct management as defined by the Board from time to time (defined as “Senior Management”) and Key Personnel.

The role of the Committee is one of oversight. Subject to the provisions of this Mandate and subject to the strategies and policies as approved by the Board or the Committee (as the case may be), the Chief Executive has the overall accountability in the remuneration and appraisal of the Bank’s staff as part of his management responsibility.

2. Roles and Responsibilities

2.1 Overall Remuneration Strategy

2.1.1 The Committee is responsible for reviewing and recommending for the approval of the Board on the overall remuneration strategies for the Group, across the following areas:

- performance appraisal approaches and processes to ensure that appropriate performance is encouraged and rewarded, and inadequate performance is rectified and improved.
- remuneration and incentive strategies and policies, including long term incentive programmes and other benefits, to encourage good performance and to help align the interests of staff with those of shareholders.

2.1.2 The Committee is responsible for monitoring at a high-level the implementation of the Group’s strategies on remuneration and ensuring that the policies based on these strategies and their implementation are legal, fair, reasonable and are in accordance with the strategies formulated pursuant to 2.1.1.

2.1.3 The Committee shall encourage the Management to establish a remuneration culture which is in compliance with the overall strategy of the Group and which supports fulfilment of the Group’s vision, mission and value.

monitoring and rectification of compliance aspect in remuneration management. The Committee shall report any material issues in relation to the Company's remuneration system to the Board on a regular basis.

2.2.5 The Committee shall consult risk management, financial control and compliance personnel to obtain input, independent of the relevant business lines, on how compensation relates to risk at various levels within the Company.

2.3 Remuneration of Directors, Senior Management and Key Personnel

The Committee shall:

2.3.1 Have the delegated responsibility to determine the remuneration packages of individual executive directors and Senior Management, including long-term incentive, share option, benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment, early payout of deferred remuneration) and performance-based remuneration. Moreover, it will recommend to the Board on their remuneration package upon joiniera[(4)-166(on)r11(7-1ETBT1 0 0 1 261.02 49.9m(pa) TETBT1 0 0 1 488257.

remuneration policy and incentive framework approved by the Board, to the Management Committee.

- 2.3.5 Review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- 2.3.6 Ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

2.4 Reporting Responsibilities

- 2.4.1 The Committee shall report to the Board on the matters set out in this Mandate, regularly update the Board about the Committee's activities and consider other topics as defined by the Board.
- 2.4.2 The Committee shall regularly communicate with other Board committees as appropriate.
- 2.4.3 The Committee shall review any other reports submitted by the Group relating to the Committee's responsibilities.

3. Composition

3.1 Membership

- 3.1.1 All of the Committee members are non-executive directors. The Committee is chaired by an independent non-executive director and a majority of its members should be independent non-executive directors. If the Board seeks advice from the Committee, adviser(s) of the Board (if any) could act as the adviser(s) to the Committee.
- 3.1.2 Members of the Committee shall possess appropriate authority and necessary skills and experience and be prepared to determine and advise on forming an independent judgement on the suitability of the remuneration policy and its implications for risks and risk management.
- 3.1.3 A quorum shall be three members.
- 3.1.4 Members of the Committee shall:
- regularly attend the meetings of the Committee and actively express their opinions on the matters discussed during the meeting; and
 - keep abreast of the roles and responsibilities of the Committee as well as their responsibilities as members of the Committee and of the conduct, business activities and development of the Group.

3.2 Other attendees

- 3.2.1 Representative(s) of the Human Resources Department is(are) normally expected to attend meetings of the Committee to render assistance. If required, other members of the Management and representatives of external consultants are also expected to attend some or all or parts of the Committee meetings. All these “other attendees” are expected to provide open, candid and comprehensive input to the Committee as requested.
- 3.2.2 If the Committee seeks professional advice from external advisors, the advice should be commissioned by, and provided directly to, the Chairman of the Committee independently of management.
- 3.2.3 The secretary/secretaries of the Committee (the “Committee secretary”) shall be appointed by the Board.

3.3 Roles

- 3.3.1 The Chairman of the Committee shall be appointed by the Board. The duties and responsibilities of the Chairman of the Committee include but are not limited to:
- providing leadership for the Committee and ensuring that the Committee works effectively and discharges its responsibilities;
 - ensuring that all key and appropriate issues are discussed by the Committee in a timely manner, and that clear and explicit conclusions are achieved for every agenda item discussed in the meetings;
 - being primarily responsible for drawing up and approving the agenda for each Committee meeting taking into account, where appropriate, any matters proposed by the other Committee members and the Management for inclusion in the agenda so as to ensure that, other than exceptional circumstances, all Committee members and the Management are given an opportunity to include matters in the agenda for a Committee meeting. The Chairman may delegate such responsibility to a designated member or the Committee secretary;
 - ensuring that all Committee members are properly briefed on issues arising at Committee meetings, and that Committee members receive adequate information, which must be timely, complete and reliable;
 - encouraging all Committee members to make a full and active contribution to the Committee’s affairs and take the lead to ensure that the Committee acts in the best interests of the Group; and
 - attending in person or nominating another Committee member to attend the annual general meeting and answering questions at the meeting.
- 3.3.2 The duties and responsibilities of the Committee secretary include but are not limited to:
- providing technical advice and expertise to support the work of the Committee, the Chairman of the Committee and other Committee members;
 - organizing, administering and coordinating the operation of the Committee;
 - arranging Committee meetings as coordinated by the Board Secretary;

- reviewing the material to be presented to the Committee, ensuring the Management submits reports and documents to the Committee appropriately;
- reporting on the work of the Committee to the Board under the authorization of the Chairman of the Committee;
- requesting the Management to provide relevant data and material to assist the Committee members to understand the relevant information;
- facilitating induction for new Committee members and assisting with professional development as required;
- coordinating the work of the Committee with similar functions in Bank of China group; and
- other duties and responsibilities entrusted by the Committee.

3.4 Independence Standards

- 3.4.1 The Committee members who are independent non-executive directors shall observe the independence standards approved by the Board.

3.5 Nomination, Terms, Remuneration and Training

- 3.5.1 The Nomination Committee is responsible for nominating Committee members from amongst the non-executive directors for approval by the Board.

- 3.5.2 The Committee shall communicate adequately with the Nomination Committee before the latter makes recommendations to the Board on the selection criteria, nominated candidates and terms of appointment of the Committee members to ensure that they serve the purpose of the Committee.

- 3.5.3 The remuneration of the Committee members shall be approved by the Board if no authorization is needed from or such authorization has been granted by the shareholders.

- 3.5.4 Every new Committee member shall receive a comprehensive, formal and tailored induction on appointment; and all Committee members shall participate in a program of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Committee remains informed and relevant. The Group shall fund such induction/training programmes.

3.6 Frequency of meetings

- 3.6.1 The Committee shall meet at least twice a year, with meetings timed to align with the Group's performance appraisal cycle of the Senior Management. In addition, there shall be open dialogue between the Management and the Committee between meetings on an as-needed basis. The Committee may request for additional meetings with the Management or other advisors between scheduled meetings if they consider it necessary.

4. Authority

4.1 The Committee is authorized to seek adequate administrative support from the Management and have separate and independent access to the Group's senior management.

10

4.2 The Management is expected to support the work of the Committee with the utmost good faith and to ensure that the Committee is provided with all the information relating to the performance evaluation, remuneration and other matters.

6.2 The Committee shall also monitor and review the continuing adequacy of its Mandate from time to time, and report to the Board the main findings.

7. Effective date and amendments

7.1 This Mandate shall come into effect on the date when it is approved by the Board.

7.2 Any amendments to this Mandate shall be recommended by the Committee and come into effect on the date when they are approved by the Board.