

# Shanghai Dazhong Public Utilities (Group) Co., Ltd.

## Terms of Reference for Remuneration and Appraisal Committee Board Decision (Revised)

(As approved by the 5th meeting of the 12th session of the Board of Directors held on April 29, 2024)

### Article 1 General

**Article 1** In order to further establish and improve the appraisal and remuneration management system for directors and senior executives of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”), and improve the corporate governance structure of the Company, the Company has specifically set up the Remuneration and Appraisal Committee of the board of directors and formulated these work rules according to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Articles of Association of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Articles of Association”), and the Rules of Procedure of the board of directors of Shanghai Dazhong Public Utilities (Group) Co., Ltd.

**Article 2** The Remuneration and Appraisal Committee is a dedicated working body established by the board of directors according to the Articles of Association, mainly responsible for formulating the remuneration system, policy and architecture, remuneration standard and appraisal objectives, performance appraisal system and indicators for directors and senior executives, performing relevant remuneration management, appraisal and supervision, fulfilling duties according to laws, regulations, listing rules in the place where the Company is listed and the Articles of Association and under the authorization of the general meeting or the board of directors, and remaining accountable and responsible to the board of directors.

**Article 3** Senior executives as referred to herein shall mean the president, vice president, board secretary and chief financial officer appointed by the board of directors, etc.

**Article 4** Non-executive directors who don’t receive remuneration from the Company and independent non-executive directors who receive fixed independent director allowance from the Company are not included in the scope of appraisal set forth herein.

### Article 2 Composition

**Article 5** The Remuneration and Appraisal Committee shall comprise 3 directors, of whom 2 shall be independent non-executive directors.

**A c e 6** The members of the Remuneration and Appraisal Committee shall be nominated by the board chairman or 1/3 or more of all directors, and elected by the board of directors.

**A c e 7** The Remuneration and Appraisal Committee shall have one chairman, who shall be an independent non-executive director member, directly elected by the board of directors among members of the Committee and be responsible for directing the work of the Committee.

**A c e 8** The members of the Remuneration and Appraisal Committee shall have the same tenure as directors of the same session of the board of directors, subject to re-election upon expiration of tenure. If any member ceases to be a director of the Company or any member who should have the status as independent non-executive director ceases to be independent as prescribed in the Articles of Association and the Listing Rules, such member will automatically be disqualified as member, and the vacancy shall be filled up by the board of directors according to the aforesaid Article 4 to Article 6.

**A c e 9** The Remuneration and Appraisal Committee shall have a working group set up under it, responsible for providing information about the Company's operations and relevant data on appraised individuals, organizing meetings of the Remuneration and Appraisal Committee and executing relevant resolutions adopted by the Remuneration and Appraisal Committee. The members of the working group are not required to be members of the Remuneration and Appraisal Committee.

### **C a e 3 D a d A**

**A c e 10** The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (I) Review the performance appraisal system and indicators for directors and senior executives, and review and approve remuneration suggestions of the management;
- (II) Review the remuneration system, policy and architecture, remuneration standard and appraisal objectives for directors and senior executives;
- (III) Appraise and evaluate duty fulfillment and annual performance of directors and senior executives;
- (IV) Review the remuneration package and long-term incentive plans for directors including executive directors and senior executives, and make recommendation to the board of directors;
- (V) Review the qualification, conditions of award and conditions of exercise for individuals who are proposed to be granted long-term incentive plans, and examine the qualification, conditions of award and conditions of exercise for individuals who have been granted long-term incentive plans;

- (VI) Formulate or change long-term incentive plans and implementation programs such as equity incentive plan and employment stock ownership plan, and submit such plans to the board of directors for consideration and confirmation;
- (VII) Supervise the compliance with the Company's remuneration system, approve, adjust or suspend the remuneration of directors and senior executives entirely or individually when necessary;
- (VIII) Ensure any director or his or her connected persons will not participate in determination of their own remuneration, while the remuneration of any director who is also a member of the Remuneration and Appraisal Committee shall be determined by other members of the Remuneration and Appraisal Committee;
- (IX) Review and approve compensations to be paid to executive directors and senior executives for their loss or termination of position or appointment so as to ensure such compensations are consistent with the contractual terms; if not consistent with the contractual terms, compensations shall also be fair and reasonable and not excessive;
- (X) Review and approve compensation arrangement involved in termination or dismissal of relevant directors due to director misconduct, so as to ensure such arrangements are consistent with the contractual terms; if not consistent with the contractual terms, relevant compensations shall also be reasonable and appropriate.
- (XI) Examine and/or approve matters related to share scheme as set forth in Chapter 17 of the Listing Rules;
- (XII) Other matters prescribed by laws, regulations, listing rules in the place where the Company is listed, the Articles of Association and the Remuneration Management Policy for Directors, Supervisors and Senior Executives and authorized by the General Meeting or Board of Directors.

**A c e 11** The Remuneration and Appraisal Committee shall provide any and all studies and discussions, materials and information to the board of directors in the form of report, suggestion or summary for study and decision.

**A c e 12** The remuneration schemes for the Company's directors and senior executives shall be submitted to the board of directors and general meeting for consideration and approval. The board of directors has the right to veto any remuneration plan or scheme detrimental to the interests of shareholders.

## C a e 4 W P ced e

**A c e 13** The working group under the Remuneration and Appraisal Committee shall be responsible for making preparations for decision making of the Remuneration and Appraisal Committee. The secretary of the Remuneration and Appraisal Committee shall provide the following data and information about relevant aspects of the Company:

- (I) Completion of key financial indicators and business objectives of the Company;
- (II) Scope of work and main duties assigned to directors and senior executives;
- (III) Completion of job performance indicators and business performance of directors and senior executives;
- (IV) Relevant calculation basis for drawing up the remuneration distribution plan and distribution mode as per the Company's business performance.

**A c e 14** Appraisal and evaluation procedur

## C a e 5 R e f P c e d e

**A c e 16** The Remuneration and Appraisal Committee shall hold at least one meeting each year and notify all of its members 3 days prior to the meeting, although the aforesaid notice period may be waived subject to unanimous consent of all members. Meetings shall be convened and chaired by the chairman of the Remuneration and Appraisal Committee or another member (independent non-executive director) if the chairman becomes unable to attend. Extraordinary meetings may be held when necessary upon proposal of the chairman of the Remuneration and Appraisal Committee or 1/2 or more of its members.

**A c e 17** The Remuneration and Appraisal Committee's meetings shall be held only when at least two members (including members who engage other members in writing to attend) are present; each member shall have one vote; resolutions made by a meeting must be passed by more than half of all members in order to take effect.

**A c e 18** Meetings of the Remuneration and Appraisal Committee shall vote by means of open ballot.

**A c e 19** The members of the working group may attend Remuneration and Appraisal Committee meetings as attendees, while directors, supervisors and senior executives of the Company may be invited to attend the meetings as attendees when necessary.

**A c e 20** When a Remuneration and Appraisal Committee meeting discusses a topic related to the Committee members, the interested members shall abstain from the discussion. Where valid deliberation opinions cannot be formed due to recusal of members of the Remuneration and Appraisal Committee, relevant matters shall be deliberated directly by the Board of Directors.

**A c e 21** The Remuneration and Appraisal Committee's meetings shall be held onsite in principle. Meetings may be held via videoconference, teleconference or online conference or in other manners, provided that it is ensured that all participating directors can sufficiently communicate and express their opinions.

**A c e 22** The convening procedure and voting mode of the Remuneration and Appraisal Committee meetings and remuneration policies and distribution schemes passed thereat must comply with relevant laws, regulations, the Articles of Association, the Listing Rules and these terms of reference.

**A c e 23** Meetings of the Remuneration and Appraisal Committee shall have meeting minutes in place, which shall indicate the opinions of members and shall be signed by participating members; meeting minutes shall be kept by the secretary of the Remuneration and Appraisal Committee.

**A c e 24** Resolutions passed by Remuneration and Appraisal Committee meetings shall be submitted in writing to the board of directors of the Company for confirmation.

**A c e 25** Members present at a meeting and attendees thereat shall all have the obligation to keep matters discussed by the meeting confidential and may not disclose relevant information without prior authorization.

**C a e 7 S e e a C a e**

**A c e 26** Unless as otherwise specifically indicated, terms used therein shall have the same meanings as set forth in the Articles of Association.

**A c e 27** The terms “or more” and “below” as referred to herein shall include the figure per se; the terms “lower than” and “more than” shall exclude the figure per se.

**A c e 28** Any matters not set forth herein shall be dealt with according to relevant national laws, regulations, other normative documents and the Articles of Association. When these work rules conflict with the aforesaid provisions, the aforesaid provisions shall prevail and these terms of reference shall be amended promptly and submitted to the board of directors for deliberation.

**A c e 29** These terms of reference shall be interpreted by the board of directors of the Company.

**A c e 30** These terms of reference shall take effect upon being deliberated and adopted by the board of directors of the Company.