

# **Implementing Rules for the Special Committees of the Board of Supervisors**

**(Passed at the 15th meeting of the ninth session  
of the Board of Supervisors on 24 October 2014)**

*Please note that these Implementing Rules for the Special Committees of the Board of Supervisors are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.*

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## **Implementing Rules for the Nomination Committee under the Board of Supervisors**

### **Chapter 1 General Provisions**

- Rule 1 In order to regulate the procedures of appointment of the members of the Board of Supervisors of the Bank, rationalize the composition of the Board of Supervisors, and enhance its corporate governance structure, and in accordance with the “Company Law of the People’s Republic of China”, the “Guidelines on Corporate Governance of Joint-stock Commercial Banks”, the “Code of Corporate Governance for Listed Companies”, the “Guidelines on the Work of the Board of Supervisors of Commercial Banks”, the “Articles of Association” and other relevant provisions, the Bank has set up a Nomination Committee (hereinafter referred to as the “**Nomination Committee**”) under the Board of Supervisors and formulated these Rules.
- Rule 2 The Nomination Committee is a specific working body set up by the Board of Supervisors according to a resolution of the shareholders’ general meeting. Its main responsibilities are to formulate the procedures and standards for nominating supervisors to be elected at the shareholders’ general meeting of the Bank, and to conduct preliminary examination and put forward proposals in relation to the qualifications and conditions of candidates for supervisors to be elected at the shareholders’ general meeting. The employee representative supervisors of the Bank shall be nominated by the Board of Supervisors or the Labour Union of the Bank, and shall be elected, removed and replaced by the employee representative meeting, the employee meeting or other democratic procedures of the Bank.

### **Chapter 2 Composition**

- Rule 3 The Nomination Committee shall comprise three supervisors, namely, one shareholder’s representative supervisor, one external supervisor and one employee’s representative supervisor.
- Rule 4 The members of the Nomination Committee shall be nominated by the Chairman of the Board of Supervisors, or more than half of the number of external supervisors, or one third of all supervisors, and shall be elected by the Board of Supervisors.
- Rule 5 The Nomination Committee shall have a chairman who shall be an external supervisor. The chairman of the committee shall be responsible for leading the work of the Nomination Committee. The chairman of the committee shall be elected from the members and be reported to the Board of Supervisors for approval.
- Rule 6 The term of office of the Nomination Committee shall be the same as that of the Board of Supervisors. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of supervisor of the Bank during his/her term of office or any member who shall be an external supervisor no longer possesses the independence as specified in the Articles of Association of the Bank, he/she shall automatically lose his/her position as a committee member, and the vacancy shall be filled by the Board of Supervisors in accordance with the provisions of Rules 3 to 5 above.

### **Chapter 3 Duties and Authorities**

- Rule 7 The major duties and authorities of the Nomination Committee include:
- (1) to put forward proposals to the Board of Supervisors in relation to the scale and composition of the Board of Supervisors;
  - (2) to study the selection standards and procedures of supervisors and put forward proposals to the Board of Supervisors;
  - (3) to search extensively for qualified candidates for supervisors;

- (4) to conduct preliminary examination and put forward proposals in relation to the qualifications and conditions of candidates for supervisors nominated by the shareholders;
- (5) to supervise the election of directors;
- (6) to conduct assessment on the performance of duties by the Board of Directors, the Board of Supervisors, the senior management and its members and report the assessment results to the Board of Supervisors;
- (7) to supervise the scientificity and reasonableness of the remuneration management system and policies of the whole Bank and the remuneration plans for its senior management members; and
- (8) any other matters authorized by the Board of Supervisors.

Rule 8 The Nomination Committee shall be accountable to the Board of Supervisors. The Nomination Committee shall submit its proposals to the Board of Supervisors for consideration and decision.

#### **Chapter 4 Working Procedures**

Rule 9 In accordance with the provision of relevant laws and regulations and the Articles of Association of the Bank, the Nomination Committee shall study and decide on the selection criteria and procedures and the terms of office for supervisors with reference to the Bank's actual situation. Any resolution made in this regard shall be filed and submitted to the Board of Supervisors for approval and shall be implemented accordingly.

Rule 10 The procedures for selecting supervisors are as follows:

- (1) the Nomination Committee shall study the requirements of the Bank for new supervisors and compile written reports;
- (2) the Nomination Committee may search extensively in the Bank's holding (affiliated) enterprises and the human resources market for qualified candidates for the positions of supervisors;
- (3) the Nomination Committee shall collect all information about the occupation, academic qualification, title, detailed working experience and all part-time jobs of the shortlisted candidates and compile written reports;
- (4) the Nomination Committee shall obtain consent from each nominee regarding the nomination, otherwise she/he shall not be considered as candidate for supervisor;
- (5) the Nomination Committee shall convene a meeting to conduct a qualification review on the shortlisted candidate(s) according to the employment requirements of supervisor(s);
- (6) the Nomination Committee shall submit to the Board of Supervisors its proposal(s) and relevant information on the candidates 15 days prior to the election of new supervisor(s); and
- (7) the Nomination Committee shall carry out other follow-up work according to the decisions and feedback of the Board of Supervisors.

Article 11 The Nomination Committee adopts the following work procedures for evaluating the performance of duties by the Board of Directors, the Board of Supervisors and senior management and its members:

- (1) the Nomination Committee formulates and revises the “Policies on Evaluation of Performance of Directors by the Board of Supervisors of China Merchants Bank Co., Ltd.”, the “Policies on Evaluation of Performance of Supervisors by the Board of Supervisors of China Merchants Bank Co., Ltd.” and the “Policies on Evaluation of Performance of senior management members by the Board of Supervisors of China Merchants Bank Co., Ltd.” in accordance with the actual needs of the Bank, and submit the same to the Board of Supervisors for consideration and approval.
- (2) the Nomination Committee conducts the evaluation on the performance of duties by the Board of Directors, the Board of Supervisors, senior management and its members in accordance with the relevant requirements of the “Policies on Evaluation of Performance of Directors by the Board of Supervisors of China Merchants Bank Co., Ltd.”, the “Policies on Evaluation of Performance of Supervisors by the Board of Supervisors of China Merchants Bank Co., Ltd.” and the “Policies on Evaluation of Performance of senior management members by the Board of Supervisors of China Merchants Bank Co., Ltd.”. Upon submission of the evaluation results to the Board of Supervisors for consideration and approval, it shall inform the directors, supervisors and senior management members and report to the relevant regulatory authority.

## **Chapter 5 Rules of Procedures for Meetings**

- Rule 12 A notice of meeting of the Nomination Committee shall be given to all members at least two days prior to that meeting. The meetings shall be chaired by the chairman of the committee. If the chairman of the committee cannot attend the meeting, he/she may appoint another member to chair the meeting.
- Rule 13 The meetings of the Nomination Committee shall be convened only with the presence of more than two thirds of the members. Each member shall be entitled to one vote. Resolutions put at a meeting shall be approved by affirmative votes of more than half of all members.
- Rule 14 The Nomination Committee shall vote by a show of hands or by a poll. Meetings may also be convened in the form of vote by correspondence.
- Rule 15 The Nomination Committee may invite directors, supervisors and other senior management members of the Bank to attend such meetings if necessary.
- Rule 16 If necessary, the Nomination Committee may engage an intermediary institution to provide professional advice on its decision. The cost shall be borne by the Bank.
- Rule 17 The procedures for convening a meeting, the method of voting and the resolutions passed at a meeting of the Nomination Committee shall comply with the provisions of the relevant laws, regulations, the Articles of Association and these Rules.

- Rule 18 The Nomination Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of the meeting which shall be kept in the office of the Board of Supervisors of the Bank.
- Rule 19 Any resolution passed and the result of any poll taken at a meeting of the Nomination Committee shall be reported in writing to the Board of Supervisors of the Bank.
- Rule 20 Members present at a meeting shall be obliged to keep confidential all matters discussed in such meeting, and shall not disclose any relevant information without authorization.

### **Chapter 6 Supplementary Provisions**

- Rule 21 These Rules shall be implemented with effect from the date on which the relevant resolution is passed by the Board of Supervisors.
- Rule 22 Any matters not covered by these Rules shall be implemented in accordance with the provisions of the relevant laws and regulations of the People's Republic of China and the Articles of Association of the Bank. If these Rules contravene any future laws and regulations to be promulgated by the State or the legally amended Articles of Association of the Bank, they shall be implemented, promptly amended and reported to the Board of Supervisors for consideration and approval in accordance with the then provisions of the relevant laws and regulations of the People's Republic of China and the Articles of Association of the Bank.
- Rule 23 The power of interpretation of these Rules shall be vested in the Board of Supervisors of the Bank.

## **Implementing Rules for the Supervision Committee under the Board of Supervisors**

### **Chapter 1 General Provisions**

- Rule 1 In order to strengthen the supervisory functions of the Board of Supervisors so as to ensure its effective supervision over the Board and senior management members and to enhance its corporate governance structure, and in accordance with the “Company Law of the People’s Republic of China”, the “Guidelines on Corporate Governance of Joint-stock Commercial Banks”, the “Code of Corporate Governance for Listed Companies”, the “Guidelines on the Work of the Board of Supervisors of Commercial Banks”, the “Articles of Association” and other relevant provisions, the Bank has set up a Supervision Committee (hereinafter referred to as the “**Supervision Committee**”) under the Board of Supervisors and formulated these Rules.
- Rule 2 The Supervision Committee is a specific working body set up by the Board of Supervisors according to a resolution of the shareholders’ general meeting. Its main responsibilities are to formulate detailed plans concerning the exercise of supervisory functions by the Board of Supervisors over the Board of Directors and senior management of the Bank.

### **Chapter 2 Composition**

- Rule 3 The Supervision Committee shall comprise three supervisors, namely, one shareholder’s representative supervisor, one external supervisor and one employee’s representative supervisor, and the external supervisor acting as a committee member shall be an accounting professional.
- Rule 4 The members of the Supervision Committee shall be nominated by the Chairman of the Board of Supervisors, or more than half of the number of external supervisors, or one third of all supervisors, and shall be elected by the Board of Supervisors.
- Rule 5 The Supervision Committee shall have a chairman who shall be an external supervisor. The chairman of the Supervision Committee shall be responsible for leading the work of the Supervision Committee. The chairman of the committee shall be elected from the members and be reported to the Board of Supervisors for approval.
- Rule 6 The term of office of the Supervision Committee shall be the same as that of the Board of Supervisors. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of supervisor of the Bank during his/her term of office or any member who shall be an external supervisor no longer possesses the independence as specified in the Articles of Association of the Bank, he/she shall automatically lose his/her position as a committee member, and the vacancy shall be filled by the Board of Supervisors in accordance with the provisions of Rules 3 to 5 above.
- Rule 7 The Supervision Committee shall have a working unit which is responsible for the liaison of routine work and organization of meetings.

### **Chapter 3 Duties and Authorities**

- Rule 8 The major duties and authorities of the Supervision Committee include:
- (1) to formulate detailed plans concerning the exercise of supervisory functions by the Board of Supervisors;
  - (2) to formulate a plan to supervise the financial activities of the Bank and conduct relevant examinations;
  - (3) to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Bank;

- (4) to conduct supervision and assessment on the important financial decisions of the Board of Directors and the senior management members and their implementations, the establishment and improvement of the internal control governance structure and the overall risk management governance structure and the division of duties of relevant parties and the performance of their duties;
- (5) to formulate the specific plans for reviewing the operation decisions, internal control and risk management of the Bank under the authorization of the Board of Supervisors when necessary;
- (6) to formulate the plans for reviewing the resignations of directors, president and other senior management members when necessary; and
- (7) any other matters authorized by the Board of Supervisors.

Rule 9 The Supervision Committee shall be accountable to the Board of Supervisors. The Supervision Committee shall submit its proposals to the Board of Supervisors for consideration and decision, and shall arrange implementation of such proposals after approval by the Board of Supervisors.

#### **Chapter 4 Working Procedures**

Rule 10 The Supervision Committee shall study and determine detailed working plans concerning the exercise of supervisory functions by the Board of Supervisors, including but not limited to:

- (1) the working plan for supervising and inspecting the important financial decisions of the Bank and its implementation;
- (2) the working plan for supervising the establishment and implementation of internal control by the Board of Directors and senior management members;
- (3) the working plan for supervising the establishment and improvement of the overall risk management structure by the Board of directors and the Senior Management and the overall risk management status of the Bank;
- (4) the working plan for conducting examination on the resignation of directors and senior management members of the Bank; and
- (5) other working plans formulated by the Supervision Committee at the Board of Supervisors' request.

Rule 11 The working unit under the Supervision Committee shall be responsible for making preliminary preparations for the decision making process of the Supervision Committee, and providing relevant information of the Bank, including but not limited to:

- (1) financial reports of the Bank;
- (2) report on the internal control system of the Bank and its implementation thereof;
- (3) report on the overall risk management of the Bank;



- (4) work report on conducting examination on the resignation of directors and senior management members of the Bank;
- (5) other relevant written reports.

Rule 12 The Supervision Committee shall convene meetings to discuss reports submitted by the working unit, and shall submit its relevant written resolutions to the Board of Supervisors for consideration:

- (1) the completeness and accuracy of financial reports of the Bank;
- (2) appraisal report on the establishment and implementation of internal control by the Board of Directors and senior management members;
- (3) appraisal report on the establishment of the overall risk management structure by the Board of Directors and the senior management members and the overall risk management status of the Bank during the year;
- (4) report on conducting examination on the resignation of directors and senior management members of the Bank; and
- (5) other relevant matters.

## **Chapter 5 Rules of Procedures for Meetings**

Rule 13 A notice of meeting of the Supervision Committee shall be given to all members at least two days prior to that meeting. The meetings shall be chaired by the chairman of the committee. If the chairman of the committee cannot attend the meeting, he/she may appoint another member to chair the meeting.

Rule 14 The meetings of the Supervision Committee shall be convened only with the presence of more than two thirds of the members. Each member shall be entitled to one vote. Resolutions put at a meeting shall be approved by the affirmative votes of more than half of all members.

Rule 15 The Supervision Committee shall vote by a show of hands or by a poll. Meetings may also be convened in the form of vote by correspondence.

Rule 16 Members of the working unit may attend the meetings of the Supervision Committee, and may invite directors, supervisors and other senior management members of the Bank to attend such meetings if necessary.

Rule 17 If necessary, the Supervision Committee may engage an intermediary institution to provide professional advice on its decision. The cost shall be borne by the Bank.

Rule 18 The procedures for convening a meeting, the method of voting and the resolutions passed at a meeting of the Supervision Committee shall comply with the provisions of the relevant laws, regulations, the Articles of Association and these Rules.

- Rule 19 The Supervision Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of the meeting which shall be kept in the office of the Board of Supervisors of the Bank.
- Rule 20 Any proposals passed and the result of any poll taken at a meeting of the Supervision Committee shall be reported in writing to the Board of Supervisors of the Bank.
- Rule 21 Members present at a meeting shall be obliged to keep all matters discussed in such meeting confidential, and shall not disclose any relevant information without authorization.

### **Chapter 6 Supplementary Provisions**

- Rule 22 These Rules shall be implemented with effect from the date on which the relevant resolution is passed by the Board of Supervisors.
- Rule 23 Any matters not covered by these Rules shall be implemented in accordance with the provisions of the relevant laws and regulations of the People's Republic of China and the Articles of Association of the Bank. If these Rules contravene any future laws and regulations to be promulgated by the State or the legally amended Articles of Association of the Bank, they shall be implemented, promptly amended and reported to the Board of Supervisors for consideration and approval in accordance with the then provisions of the relevant laws and regulations of the People's Republic of China and the Articles of Association of the Bank.
- Rule 24 The power of interpretation of these Rules shall be vested in the Board of Supervisors of the Bank.