



# FIRST PACIFIC COMPANY LIMITED

*(Incorporated with limited liability under the laws of Bermuda)*

Website: <http://www.firstpacific.com>

(Stock code: 00142)

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 1. OBJECTIVES

The Remuneration Committee (the “**Committee**”) of First Pacific Company Limited (the “**Company**”) is established to assist the board of directors of the Company (the “**Board**”) to develop and administer a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company and for determining and approving their remuneration packages.

#### 2. GUIDING PRINCIPLES

- i. The Company shall disclose to its shareholders the Company’s remuneration policy and all material remuneration-related matters relevant to directors and senior management.
- ii. The procedure for setting policy on remuneration and all specific remuneration packages applicable, in each case, to directors and senior management shall be formal and transparent.
- iii. Remuneration levels shall be sufficient to attract and retain directors and other senior executives to run the Company successfully without paying more than necessary.
- iv. A significant proportion of the executive directors’ remuneration shall link rewards to corporate and individual performance.
- v. No individual shall be involved in deciding his own remuneration.

### 3. MEMBERSHIP

- i. All members of the Committee (the “**Members**”) shall be appointed by the Board and can be removed by the Board at its sole discretion.
- ii. The Committee shall consist of at least three (3) Members, a majority of whom shall be independent non-executive directors.
- iii. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive director.
- iv. The Board may from time to time vary the composition of the Committee as may be required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as modified from time to time) (the “**Listing Rules**”) or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time.
- v. The Company Secretary or his or her nominee shall be the Secretary of the Committee.

### 4. MEETINGS

#### i. Frequency

The Committee shall meet at least annually and at such other times as the Committee may determine appropriate to perform its responsibilities.

#### ii. Notice

Notice of any meetings of the Committee will be given at least fourteen (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. The requisite notice period is not required if a Committee meeting is adjourned for less than fourteen (14) days.

#### iii. Quorum

The quorum of the Committee shall be any two (2) Members, either present in person or by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

iv. Attendance

- a. The Committee may invite the Chairman of the Board, other Directors, external advisers and/or any other persons who have specific responsibility for, or interest or expertise in, the subject under review to attend all or part of any meetings of the Committee.
- b. Only Members are entitled to vote at Committee meetings.
- c. In the absence of the Chairman and/or an appointed deputy, the remaining Members present shall elect one of the Members to chair the Committee meeting.
- d. The Chairman or in his absence, another Member shall attend the annual general meetings of the Company and be prepared to respond to the questions from shareholders on the activities of the Committee and their responsibilities.

v. Resolutions

- a. Resolutions of the Committee shall be passed by a majority of votes.
- b. A resolution in writing signed by all the Members shall be as valid and effectual as if it has been passed at a meeting of the Committee duly convened and held.

vi. Minutes

The secretary of the Committee shall keep full minutes of all Committee meetings. Draft minutes of meetings of the Committee shall be sent to all Members for their comments within a reasonable time after the meeting. Final version of the minutes, duly signed by the Chairman, shall be sent to all Members for their records.

**5. AUTHORITY**

- i. The Committee shall report directly to the Board and shall, where appropriate, consult the Chairman and/or chief executive of the Company for any clarification on proposals relating to the remuneration of other executive directors and senior management.
- ii. The Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee of the Company in order to perform its duties.

- iii. The Committee is authorized to obtain independent external professional advice and to secure assistance from external parties with relevant experience and expertise where it considers necessary. The Committee shall have the sole authority to approve all reasonable related fees and terms of engagement, with the fees borne by the Company.
- iv. The Committee shall be provided with sufficient resources to perform its duties.

## **6. DUTIES**

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

- i. To make recommendations to the board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ii. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- iii. To make recommendations to the board on the remuneration of non-executive directors;
- iv. To review and approve, with delegated responsibility, the remuneration packages of individual executive directors and senior management with reference to the Board's corporate goals and objectives. This shall include, without limitation, basic salaries, deferred compensation, stock options and any benefits in kind, pension rights, incentive payments and any other compensation payments;
- v. To review and approve compensation and/or related arrangements for executive directors and senior management for any loss or termination of office or appointment, including that resulting from dismissal or removal of directors for misconduct, in order to ensure that it is consistent with contractual terms and is otherwise fair, reasonable, appropriate and not excessive;
- vi. In determining the remuneration policy and packages, the Committee will consider factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the group and in the market;

- vii. To ensure that no director or any of that director's associates is involved in determining that director's own remuneration and that, as regards to the remuneration of a non-executive director (including independent non-executive directors) who is a Member of the Committee, that director's remuneration shall be determined by other Members of the Committee;
- viii. To disclose details of any remuneration payable to members of senior management by band and other remuneration related matters in the Company's annual reports;
- ix. When occasion arises, the Committee will advise shareholders on how to vote with respect to any service contracts of the directors that require shareholders' approval under the Listing Rules;
- x. To administer and oversee the Company's share option scheme (the "**Scheme**") in accordance with the terms and conditions of the Scheme, including the granting of options to the Company's directors and senior managements under the Scheme and the exercise of options by them thereunder (including, but not limited to, number of options, exercise price, option period, minimum period which must be held before the options can be exercised and performance targets which must be met before the options can be exercised), and/or to administer and oversee any other share incentive schemes or other equity based schemes of the Company in place from time to time;
- xi. To ensure that no director is involved in deciding any matters relating to granting of options to that director's or that director's associates under the Scheme and the exercise of options by them thereafter; and
- xii. To review from time to time as appropriate these Terms of Reference and to recommend to the Board any necessary changes required.

## **7. REPORTING PROCEDURES**

- i. The Committee shall consult the chairman and/or chief executive about their remuneration proposals for other executive directors and report back to the Board on its decisions or recommendations, either orally or in writing, at regular meetings of the Board or more frequently if required, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- ii. The meetings and proceedings of the Committee shall be governed by the provisions of the Company's Bye-laws for regulating the meetings and proceedings of directors.

**8. LANGUAGE**

If there is any discrepancy between the English and Chinese versions of these Terms of Reference, the English version shall prevail.

**9. PUBLICATION OF THESE TERMS OF REFERENCE**

A copy of these Terms of Reference will be uploaded to the respective websites of the Company and The Stock Exchange of Hong Kong Limited.

*Revised and approved by the Board on 14 October 2022*