



## Johnson Electric Holdings Limited

*(Incorporated in Bermuda with limited liability)*

(Stock Code : 179)

**(the “Company”) and its subsidiaries  
(collectively the “Group”)**

### **Remuneration Committee**

#### **Terms of Reference**

(Revised on 1 March 2020)

#### **1. Members**

The members of the Remuneration Committee shall be appointed by the Board. A majority of the members of the Remuneration Committee should be Independent Non-executive Directors.

#### **2. Objectives and Responsibilities**

The Remuneration Committee’s Terms of Reference include but are not limited to the following:

- 2.1. To make recommendations to the Board on 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;
- 2.2. To review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- 2.3. To review and approve corporate goals and objectives relevant to Chief Executive’s compensation;
- 2.4. To determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management;
- 2.5. To include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment in respect of item 2.4 above;

- 2.6. To make recommendations to the Board on the remuneration of non-executive directors;
- 2.7. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 2.8. To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that contractual terms and is otherwise fair and not excessive;
- 2.9. 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;
- 2.10. To ensure that no director or any of his associates is involved in deciding his own remuneration;
- 2.11. To review and approve plan terms and participating individuals in any share-based incentive plans;
- 2.12. To supervise the administration of retirement plans and the investment management of their associated assets either directly or via delegation to competent persons; to receive regular reports on these matters and to assess the competence of any individuals or advisors to whom responsibility for retirement plans and their attendant investments are delegated;
- 2.13. To periodically review the adequacy and effectiveness of remuneration programs in the context of consistent and effective talent recruitment and retention;
- 2.14. To review and make appropriate recommendations to the Board on management development and succession plans for executive director and senior management levels; and
- 2.15. To review regularly the Remuneration Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.

### **3. Meetings**

- 3.1. The Remuneration Committee shall meet with such frequency as it may consider appropriate (but in any event no less than once per year) and shall report on its activities to the Board regularly.

- 3.2. The meetings and proceedings of the Remuneration Committee are governed by the provisions contained in the Company's Bye-laws 131 - 140 for regulating the meetings and proceedings of Directors. Two members present in person shall be a quorum for the Remuneration Committee meetings until the Board has otherwise determined. Meetings of the Committee may be held by telephone.
- 3.3. The Senior Vice President, Human Resources or his or her delegate shall act as the secretary to the Remuneration Committee and assisted by the Company Secretary who shall circulate the agenda and supporting documentation to members at a reasonable period in advance of each meeting and must ensure that full minutes are kept of all meetings. Minutes of the Remuneration Committee shall be circulated to all members of the Committee and made available upon request to other members of the Board.