

**TERMS OF REFERENCE OF THE REMUNERATION AND  
APPRaisal COMMITTEE UNDER THE BOARD OF  
DIRECTORS  
OF  
CHINA PETROLEUM & CHEMICAL CORPORATION**

## **Chapter 1    General Provisions**

- Article 1**    These Terms of Reference (these "**Terms**") are established by China Petroleum & Chemical Corporation (the "**Company**") for the Remuneration and Appraisal Committee under its board of directors (the "**Committee**") in accordance with the Articles of Association of China Petroleum & Chemical Corporation (the "**Articles**") , the *Code of Governance for Listed Companies* published by China Security Regulatory Commission, *Rules Governing the Listing of Security on The Stock Exchange of Hong Kong Limited* and other relevant regulations in order to set down the composition, responsibilities and rules of procedure of the Committee.
- Article 2**    The Committee is an internal committee specifically set up by and responsible to the board of directors.

## **Chapter 2    Composition**

- Article 3**    The Committee shall comprise of a minimum of three directors, the majority of which shall be independent directors and have one (1) chairman in charge of its work, who shall be the Committee members designated by the board of directors from the Company's non-executive independent directors.

The Committee's administrative office is established in the Human Resource Department of the Company, responsible for undertaking the Committee's substantive business.

- Article 4**    Members of the Committee shall either be nominated by the chairman of the board of directors, more than half of the independent directors, or one third of all the directors. The appointment shall be made by the board of directors.
- Article 5**    Members of the Committee shall serve for the same term as the directors of the Company. Any member of the Committee who ceases to be a director of the Company shall become automatically disqualified from the Committee and the Company shall, if necessary, appoint a replacement to fill in the vacancy caused by such disqualification pursuant to Articles 3 and 4 above.
- Article 6**    The Committee may, if needed, engage advisory members who provide professional advices in accordance with the requirements of the Committee.

## **Chapter 3    Duties and Responsibilities**

- Article 7**    The Committee shall perform the following obligations and responsibilities:

- (1) To study and give advice on remuneration (including non-currency income, pension rights and compensation payments) policies, structure and the procedure for setting remuneration policies of directors, supervisors and senior management. The procedure for setting remuneration shall be formal and transparent;

For the purpose of the Terms, senior management herein refer to the president, senior vice president, chief financial officer, vice president and board secretary.

- (2) To study and give advice on the Company's performance appraisal policy of directors, supervisors and senior management;
- (3) To review and approve performance based remuneration proposals with reference to the corporate goals and objectives resolved by the board;
- (4) To have the delegated responsibility to determine the specific remuneration packages of directors, supervisors and senior management based on considering factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group. etc.;
- (5) policies of  
directors, supervisors and senior management;
- (6) To review and give advice on the compensation arrangements with directors, supervisors and senior management relating to dismissal, removal or termination of their appointment for misconduct;
- (7) To ensure that no director or any of his associates is involved in deciding his own remuneration.

The Committee's fund shall be covered by the budget of the company. The Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the reasonable cost of the Company.

The senior management and relevant departments of the Company shall actively provide such necessary information and documents as required by the Committee in a cooperative and supportive manner.

**Article 8** The chairman of the Committee shall perform the following obligations and responsibilities:

- (1) To convene and preside over the meetings of the Committee;
- (2) To take charge of the daily business of the Committee;
- (3) To review, finalize and sign the reports and other important documents of the Committee.
- (4) To examine the implementation of the resolutions and proposals of the Committee;
- (5) To report its work to the board of directors on behalf of the Committee;
- (6) To fulfil such other duties and responsibilities as assigned to the chairman of the Committee.

If the chairman of the Committee is unable or fails to perform his duties, an independent directors of the Committee who recommended by more than half of the Committee members shall act in his duties.

#### **Chapter 4 Rules of Procedure**

**Article 9** The meetings of the Committee shall be convened by the chairman, or two (2) or more of the members of the Committee on a regular or necessary basis.

**Article 10** The chairman shall preside over the meeting and issue notice of the meeting. Notice of the meeting and documents shall be sent to all the Committee members at least five days before the date of the meeting. Subject to the consent of all the Committee members, the foregoing requirement of the notification period may be waived.

**Article 11** More than half of the members of the Committee (including a proxy duly authorised in writing) shall be a quorum for a Committee meeting. Any of the resolutions or advice made by the Committee shall be subject to the approval of more than half of all the members present at the meeting. All the resolutions or advice shall be signed by the members present at the meeting. Each member of the Committee shall have one vote. In the event of an equality of votes for and against a resolution, the chairman of the Committee shall have the casting vote.

**Article 12** Voting at the meetings of the Committee may be by show of hands or poll or by telecommunication.

**Article 13** Members of the Committee shall abstain from discussions pertaining to topics in which they are involved at the meetings of the Committee.

**Article 14** Resolution or advice approved at the meetings of the Committee shall be reported to the board of directors.

**Article 15** The Committee shall keep minutes of its meetings, which shall be signed by the Committee members present at the meeting

**Article 16** The meeting minutes and other documents of the Committee shall be prepared and kept by the administrative office

### **Chapter 5    Supplementary Provisions**

**Article 17** The Terms shall be interpreted by the Committee.

**Article 18** In the case of any conflict between these Terms and applicable laws and regulations, relevant regulatory documents or listing rules adopted from time to time, the latter shall prevail.

**Article 19** The establishment and amendments of these Terms shall come into effect upon the approval of board of directors.