

# MTR Corporation Limited

## Board Committee/Advisory Panel – Common Terms of Reference

*Note: Specific Terms of Reference are set out in the Appendix(ces) of respective Board Committees and Advisory Panel.*

### 1. Constitution

- 1.1 Each committee of the Board (the “Board Committee”) and advisory panel (the “Advisory Panel”) has been established by the Board of MTR Corporation Limited (the “Company”).

### 2. Membership

- 2.1 The members of each Board Committee and Advisory Panel shall be appointed by the Board and, unless otherwise specified, the majority of members shall be independent non-executive directors, in accordance with the respective Appendix(ces) at **para 2.1**.
- 2.2 The Chairman of each Board Committee and Advisory Panel shall be appointed by the Board in accordance with the respective Appendix(ces) at **para 2.2**.

### 3. Attendance at Meetings

- 3.1 The attendees (or their designated delegates/representatives) required at meetings of each Board Committee and Advisory Panel (if specified) shall be designated in accordance with the respective Appendix(ces) at **para 3.1**.
- 3.2 The Secretary of each Board Committee and Advisory Panel shall be designated in accordance with the respective Appendix(ces) at **para 3.2**.

### 4. Quorum

- 4.1 The quorum for the transaction of business of each Board Committee and Advisory Panel shall be determined in accordance with the respective Appendix(ces) at **para 4.1** (which shall include alternate member(s) that may be appointed pursuant to Clause 4.2 below). A duly convened meeting of a Board Committee and/or Advisory Panel at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the relevant Board Committee and/or Advisory Panel.

4.2 Subject to Clause 2.1 above, if a regular member is unable to act due to absence, illness or any other cause, the Chairman of the relevant Board Committee and/or Advisory Panel may appoint another non-executive director of the Company (i.e. other than those already a member of the Board Committee and/or Advisory Panel) to serve as an alternate member.

## **5. Decision Making**

5.1 All decisions of each Board Committee and Advisory Panel at a meeting shall be made by majority vote.

5.2 A resolution in writing signed by all members of a Board Committee and/or Advisory Panel or approval obtained from all members of a Board Committee and/or Advisory Panel by electronic means shall be as valid and effective as if the resolution had been passed at a meeting of a Board Committee and/or Advisory Panel duly convened and held.

## **6. Frequency of Meetings**

6.1 Meetings shall be held as frequently as each Board Committee and Advisory Panel considers appropriate, provided that it shall not be less than the number specified in the respective Appendix(ces) at **para 6.1**. Meetings can either be in person or through electronic means of communication.

## **7. Notice of Meetings**

7.1 Meetings shall be summoned by the Secretary of each Board Committee and Advisory Panel at the request of the Chairman of the relevant Board Committee and/or Advisory Panel with reasonable notice given. In addition, where specified, meetings may also be requested in accordance with the respective Appendix(ces) at **para 7.1**.

7.2 An agenda and accompanying papers shall be circulated to all members (including alternate member(s) that may be appointed pursuant to Clause 4.2 above) in a timely manner and at least 3 working days before the intended date of the meeting insofar as it is practicable. Such papers and related materials shall be in a form and quality as will enable the relevant Board Committee and/or Advisory Panel to make an informed decision on the matters placed before it.

## 8. **Authority**

- 8.1 Each Board Committee and Advisory Panel should first seek the approval of the Chairman of the Company before obtaining outside independent professional advice, unless the circumstances are such that it would be inappropriate for them to seek such approval.
- 8.2 Members of each Board Committee and Advisory Panel will be entitled to request from the Company, any member of the Executive Directorate and any employee and/or adviser of the Company all such information as they may reasonably require in order to be able to perform their duties as a member of the relevant Board Committee and/or Advisory Panel and, upon receipt of a request for such information, the Company, members of the Executive Directorate, employees and advisers of the Company will use their reasonable endeavours to ensure that such information is provided to them promptly.
- 8.3 Each Board Committee and Advisory Panel will not be responsible for supervising the performance of any member of the Executive Directorate of the Company (nor mandated to do so) and will not be required to become involved in the day-to-day operations, management functions or decision-making of the Company.

## 9. **Duties**

- 9.1 Each Board Committee and Advisory Panel will take full account of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- 9.2 The duties of each Board Committee and Advisory Panel shall be specified in relevant Appendix(ces) at **para 9.2** and to conduct periodic critical reviews on selected key areas which are within the authority and duties of the relevant Board Committee and/or Advisory Panel, as the relevant Board Committee and/or Advisory Panel deems appropriate.
- 9.3 The Chairman of each Board Committee and Advisory Panel should attend the annual general meeting of the Company to answer any shareholder's questions relating to the work of the relevant Board Committee or Advisory Panel. In the absence of the Chairman of the Board Committee / Advisory Panel, his/her duly appointed delegate or failing this another member of the Board Committee / Advisory Panel should attend in his/her place.

## 10. Reporting Procedures

- 10.1 The Secretary of the relevant Board Committee and/or Advisory Panel (or his/her designate) shall cause minutes to be made of all resolutions and proceedings of the relevant Board Committee and/or Advisory Panel including the names of all those present and in attendance at the meetings. Minutes of the meetings shall record in sufficient detail the matters considered by the members and decisions reached, including any concerns raised by the members and dissenting views expressed. Such minutes shall also be made available, if requested, to other members of the Board.
- 10.2 Draft and final versions of minutes of meetings shall be circulated by the Secretary of the relevant Board Committee and/or Advisory Panel to all members of the relevant Board Committee and/or Advisory Panel (including alternate member(s) that may be appointed pursuant to Clause 4.2) for their comments and record respectively, in both cases within a reasonable time after the meetings are held. Such minutes shall also be made available, if requested, to other members of the Board.
- 10.3 A summary of the work performed by the Board Committee / Advisory Panel (if applicable) during the year will be prepared and form part of, or be annexed to, the Company's annual report and accounts, which will be approved by the Board. The summary will contain such information as is required to comply with the Listing Rules, all applicable laws and the Board Committee's / Advisory Panel's view of good practice at the relevant time.
- 10.4 Except where this would violate legal or regulatory requirements, each Board Committee and Advisory Panel shall report back to the Board on its deliberations.

\*\*\* END \*\*\*

*This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.*

## MTR Corporation Limited

### Remuneration Committee – Terms of Reference

*Note: Please refer to the corresponding paragraphs in the Common Terms of Reference while referencing this Appendix.*

#### 1. **Constitution**

##### 1.1 Name:

- Remuneration Committee

#### 2. **Membership**

##### 2.1 Membership requirements:

- Non-executive directors only
- At least 3 members

##### 2.2 Chairman:

- An independent non-executive director

#### 3. **Attendance at Meetings**

##### 3.1 Attendees required at meetings:

- The Chief Executive Officer of the Company shall attend meetings to discuss the performance of members of the Executive Directorate and make remuneration proposals as necessary.
- The Human Resources Director of the Company shall attend meetings for the purpose of submitting to the Board Committee such relevant information as may be necessary to enable the Board Committee to perform its duties.
- As deemed necessary by the Board Committee, other members of the Board or the Executive Directorate of the Company may also attend meetings of the Board Committee. However, none of them shall be involved in any decision making or present at any discussions on his or her own remuneration, save for the Human Resources Director of the Company who shall be present and be able to speak at any discussions where he/she is providing such necessary information as referred to above.

##### 3.2 Secretary:

- Human Resources Director (or his/her designate)

**4. Quorum**

4.1 Quorum:

- 3 non-executive directors
- Majority are independent non-executive directors

**6. Frequency of Meetings**

6.1 Specified Number:

- At least once every year

**7. Notice of Meetings**

7.1 Request of meetings:

*Not specified*

**9. Duties**

9.2 Duties:

- make recommendations to the Board on the Company's policy and structure for all remuneration of members of the Board and members of the Executive Directorate and on the establishment of a formal and transparent procedure for developing policies on such remuneration;
- make recommendations to the Board on the remuneration of members of the Board who are non-executive directors. The Board Committee should consider the fees paid by comparable companies, the time commitment and responsibilities of the non-executive directors, employment conditions elsewhere in the Company or any of its subsidiaries and the desirability of performance-based remuneration if and to the extent that they are relevant;
- consult with the Chairman and/or the Chief Executive Officer of the Company and, where deemed appropriate, members of the Executive Directorate about the Board Committee's proposals relating to, and have the delegated responsibility to determine, the specific remuneration packages for the employment of all members of the Board who are executive directors and all members of the Executive Directorate, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Board Committee should consider salaries paid by comparable companies, the time commitment and responsibilities of the members of the Board who are executive directors and the members of the Executive Directorate, employment conditions elsewhere in the Company or any of its subsidiaries and the desirability of performance-based remuneration;

- iv. review and approve performance-based remuneration payable to members of the Board who are executive directors and members of the Executive Directorate by reference to corporate goals, the objectives resolved by the Board from time to time and other measures of performance;
- v. review and approve any compensation additional to that provided for in the remuneration packages determined according to Paragraph 9.2(iii) above which is payable to members of the Board who are executive directors and members of the Executive Directorate in connection with any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- vi. review and approve compensation arrangements relating to the dismissal or removal of members of the Board who are executive directors and members of the Executive Directorate for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- vii. ensure that no member of the Board or the Executive Directorate or any of his/her associates is involved in deciding his/her own remuneration;
- viii. determine the participation of members of the Board who are executive directors, members of the Executive Directorate, and other employees of the Company and its subsidiaries in any discretionary employee share or other share-based incentive schemes operated by the Company;
- ix. determine targets for any Company-wide performance-related payments for members of the Board who are executive directors and members of the Executive Directorate and individual incentives for members of the Board who are executive directors and members of the Executive Directorate including, without limitation: (a) the setting and monitoring of any performance conditions subject to which any shares or other long-term incentives may be granted under any remuneration schemes adopted by the Company; and (b) the setting and monitoring of any bonus scheme performance conditions. The performance-related elements of remuneration should form a significant proportion of the total remuneration package of members of the Board who are executive directors and members of the Executive Directorate;
- x. determine the provision of benefits and settlement of other provisions under the terms of the service agreements or otherwise of members of the Board who are executive directors and members of the Executive Directorate where these are stated as being at the discretion of the Board;

- xi. consider and endorse the annual pay review proposal for all staff taking into account of the pay review mechanism and make recommendations to the Board;
- xii. compile a draft annual report on remuneration to the shareholders to be submitted to the Board;
- xiii. at any time when the Financial Secretary Incorporated holds 50% or more of the voting power of the Company and the Chairman of the Company concurrently holds the office of Chief Executive Officer or any other executive function, recommend to the Financial Secretary Incorporated any revision of salary or terms of employment deemed appropriate for the Chairman of the Company in the light of prevailing market conditions for jobs of similar responsibility and authority;
- xiv. advise shareholders on how to vote with respect to any service contracts of directors requiring shareholder approval; and
- xv. without limiting the authority of the Board Committee in the exercise of its powers and discretions, the Board Committee shall have the following responsibilities:
  - a. to ensure that the Board and the Executive Directorate remuneration policies and practice facilitate the employment and motivation of top quality personnel;
  - b. to receive evidence on internal and external trends in remuneration, cash and benefits;
  - c. to commission necessary surveys aimed at establishing the market position or exploring particular aspects of remuneration;
  - d. to maintain surveillance over benefits, including pensions, and to consider any significant developments and make recommendations as appropriate; and
  - e. generally to ensure that the Board and the Executive Directorate remuneration administration operates on a "best practice" basis and is consistent with the requirements of the Listing Rules and other relevant laws and regulations.

\*\*\* END \*\*\*

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