
HUTCHMED (China) Limited

Remuneration Committee - Terms of Reference

Adopted by the board of directors on 21 April 2006
and amended by the board of directors on 20 November 2008, 13 March 2009,
10 December 2019, 30 June 2021 and 1 January 2023

1. Definitions

In these terms of reference:

“**Board**” means the board of directors of the Company;

“**Committee**” means the remuneration committee of the Board; and

“**Company**” means HUTCHMED (China) Limited (formerly known as “Hutchison China MediTech Limited”).

2. Membership

2.1 Members of the Committee shall be appointed by the Board, in consultation with the chairman of the Committee. The Committee shall be made up of at least three members, the majority of whom shall be independent non-executive directors.

2.2 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

2.3 The Board shall appoint the chairman of the Committee, who shall be an independent non-executive director. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

3. Secretary

The Company Secretary or his/her nominee shall act as the secretary of the Committee.

4. Quorum

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee 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 Committee.

5. Frequency of Meetings

The Committee shall meet at least once a year and at such other times as the chairman of the Committee shall require.

6. Notice of Meetings

6.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.

6.2 Unless otherwise agreed, notice of each meeting (confirming the venue, time and date, together with an agenda of items to be discussed) shall be forwarded to each member of the Committee and any other person required to attend no later than 14 days before the date of the meeting. 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. Notice of any adjourned meeting is not required if the adjournment is less than 14 days. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2 The secretary of the Committee shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Minutes of Committee meetings shall be circulated promptly within a reasonable time after the meetings to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.

8. Resolutions

Resolutions of the Committee shall be passed by a majority of votes which can also be passed by way of unanimous written resolutions. Meetings can be held in person, by telephone or by video conference.

9. Annual General Meeting (“AGM”)

The chairman of the Committee or another member shall attend the AGM to respond to shareholder questions on the activities of the Committee.

10. Duties

The Committee shall:

- 10.1 make recommendation to the Board the framework or broad policy for the remuneration of the chief executive, chairman, all directors, the Company secretary of the Company and such other members of the executive management as it is designated to consider. No director or manager shall be involved in any decisions as to his/her own remuneration;
- 10.2 review and approve the remuneration proposals of the management with reference to the corporate goals and objectives of the Board;
- 10.3 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 10.4 in determining the remuneration policy and practices of the executive directors, take into account the following:
 - 10.4.1 clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
 - 10.4.2 simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
 - 10.4.3 risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;

- 10.4.4 predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- 10.4.5 proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance; and
- 10.4.6 alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy;
- 10.5 review the design of the share schemes and other incentive plans of all employees for approval by the Board and shareholders. For any such schemes/plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and other members of the executive management and the performance targets to be used;
- 10.6 determine the policy for, and scope of, pension arrangements for each executive director and other members of the executive management;
- 10.7 within the terms of the agreed policy and in consultation with the chairman of the Board and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director and other members of the executive management (including bonuses, incentive payments, share options or other share awards and compensation payments, including any compensation payable for loss or termination of their office or appointment);
- 10.8 make recommendations to the Board on the remuneration of non-executive directors;
- 10.9 in determining such packages and arrangements, give due regard to any relevant legal requirements and the provisions and recommendations in the applicable corporate governance code or stock exchange rules;
- 10.10 review and note annually the remuneration trends across the Company and consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 10.11 oversee any major changes in employee benefits structures throughout the Company;
- 10.12 either (a) to determine, with delegated responsibility, the remuneration packages of individual executive directors and executive management; or (b) to make recommendations to the Board on the remuneration packages of individual executive directors and executive management. This should include but without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 10.13 agree the policy for authorising claims for expenses from the chief executive and the chairman of the Board;
- 10.14 review and approve compensation payable to executive directors and the executive management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- 10.15 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;
- 10.16 ensure that all legal and regulatory provisions regarding disclosure of remuneration (including pensions) are fulfilled;
- 10.17 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and to obtain reliable, up to date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- 10.18 review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, if any.

11. Reporting Responsibilities

- 11.1 The chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 Where requested to do so by the Board, the Committee shall produce an annual report of the Company's remuneration policy and practices, which will form part of the Company's annual report and accounts, and ensure that, at each AGM, such report is laid before, and voted on by, shareholders.

12. Self-appraisal

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval.

13. Authority

- 13.1 The Committee shall consult the Chairman of the Board about their remuneration proposals for other executive directors and executive management.
- 13.2 The Committee is authorised by the Board to seek any remuneration related information it requires from executive management of the Company in order to perform its duties.
- 13.3 The Committee is authorised by the Board where necessary to have access to independent professional advice.

Note: Arrangement to seek independent professional advice could be made through Company Secretary.

- 13.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

14. Publication of the Terms of Reference

The terms of reference are posted on the websites of the Company and other stock exchange websites as required. A copy of the terms of reference will be made available to any person without charge upon request.