

# **Working Regulations for the Risk Management Committee of the Board of Directors of Industrial and Commercial Bank of China Limited**

## **Chapter I General Provisions**

**Article 1** In order to regulate the decision-making mechanism of the Board of Directors, improve the corporate governance structure of Industrial and Commercial Bank of China Limited (hereinafter referred to as the “Bank”) and ensure effective and comprehensive risk management, the Working Regulations are formulated in accordance with the *Company Law of the People's Republic of China*, *The Commercial Bank Law of PRC*, the *Articles of Association of Industrial and Commercial Bank of China Limited* (hereinafter referred to as the “Articles of Association of the Bank”) and other applicable laws, administrative regulations, rules and normative documents.

**Article 2** The Bank establishes the Risk Management Committee of the Board of Directors (hereinafter referred to as the “Risk Management Committee” or “the Committee”). The Committee shall assist relevant work of the Board of Directors to validate the strategies, policies, procedures and internal control process of risk management of the Bank, and supervise and appraise the risk management department and relevant senior management on risk management.

## **Chapter II Composition**

**Article 3** The Risk Management Committee shall be composed of at least 3 directors.

**Article 4** The Risk Management Committee shall have one chairman who shall be in charge of the work of the Committee.

The major responsibilities of the Chairman shall include, among others:

- i. presiding over the Committee meetings and ensuring effective operation and due performance of duties of the Committee;

- ii. deciding on the agenda of the Committee meetings;
- iii. ensuring that all members in the Committee have full knowledge of issues discussed in the meeting and obtain complete and reliable information;
- iv. ensuring that the Committee reaches a clear conclusion to each proposal which includes passed, rejected and supplementary materials needed;
- v. proposing the convening of special meetings;
- vi. signing resolutions of meetings; and
- vii. other functions and responsibilities stipulated in the Working Regulations.

**Article 5** The Chairman and other members of the Risk Management Committee shall be nominated by the Nomination Committee of the Board of Directors and appointed by the Board of Directors. The removal of Chairman or other members of the Committee shall be proposed by the Nomination Committee and decided by the Board of Directors.

**Article 6** The term of office of the Committee members shall be in conformity with that of the directors. At the expiration of the term of office, they could be re-elected and re-appointed. During the term of office, if any member no longer acts as a director or independent director of the Bank, the Board of Directors shall appoint a new member to fill the vacancy in accordance with the provisions of Article 5 to meet the requirement of the Working Regulations on composition of the Committee, and the term of office of the new members shall be in conformity with that of the directorship or independent directorship.

**Article 7** The major responsibilities of the Committee members shall include, among others:

- i. attending the Committee meetings, actively airing views on the discussed issues, and exercising the right to vote;
- ii. proposing the items of the Committee meetings;
- iii. attending relevant meetings of the Bank as observers or visitors, making investigations and researches, and acquiring necessary reports, documents, materials and other relevant information, for the purpose of performing the duties;

- iv. fully understanding the powers and duties of the Committee as well as the responsibilities as Committee members, be familiar with the operation and management status, business activities and development situation of the Bank relevant to their responsibilities, and ensuring the performance of their duties;
- v. fully guaranteeing the working time and capacity for performing their duties; and
- vi. other duties and powers stipulated in the Working Regulations.

### **Chapter III Duties and Powers**

**Article 8** The major duties and powers of the Risk Management Committee include, among others:

- i. examining and amending risk strategies, risk management policies, risk preference, overall risk management system and internal control procedures of the Bank, supervising and assessing the implementation and effectiveness thereof according to the overall strategy of the Bank, making suggestions in that respect to the Board of Directors;
- ii. supervising and assessing the establishment, organizational structure, working procedures and effects of the risk management departments, and making suggestions for improvement;
- iii. supervising and assessing the risk control by the senior management in respect of credit, market and operation, and making suggestions for improving the Bank's risk management and internal control;
- iv. conducting regular assessments on the risk management policies, risk preference and overall risk management status of the Bank, and making suggestions in that respect to the Board of Directors;
- v. examining and approving significant risk management affairs or transactions that are beyond the authority of the President or submitted by the President to the Committee for consideration, according to the authorization by the Board of Directors; and
- vi. other duties and powers required by laws, administrative regulations, rules, relevant provisions of the securities regulatory authority of the locality where the share of the Bank are listed, and as may be authorized by the Board of Directors.

**Article 9** The Chief Risk Officer shall be responsible to the President, assist the President on risk management and report to the Committee. The Chief Risk Officer shall designate functional department of risk management to report to the Committee based on the situation.

**Article 10** The Committee shall have the right to require senior management members of the Bank to provide sufficient support to the work of the Committee. The senior management members shall timely provide the Committee with accurate and complete information relating to risk management and operation of the Bank to assist the Committee in performing its duties rightly.

**Article 11** The Committee shall have the right to carry out investigations on relevant risk management issues and examine the Bank's business operation, compliance status, risk management policies including the risk management strategy and the implementation of such policies. The means of investigation or examination shall include, but not limited to, attending relevant meetings of the Bank as observers or visitors; investigating and studying within the Bank; requiring the senior management members or relevant persons in charge to make oral or written working reports to the Committee within the required period and timely answer questions of the Committee.

The Committee shall study the issues and the responses from the senior management members or relevant persons in charge; and report its investigation results and recommendations to the Board of Directors.

**Article 12** The Committee may submit proposals to the Board of Directors for consideration and approval. The Committee shall provide information concerning its discussion on relevant proposals in the form of reports, recommendations or summaries to the Board of Directors for perusal and decision making.

**Article 13** If necessary, the Committee may engage intermediary agency to provide professional consulting services, and the reasonable expenses thereof shall be paid by the Bank.

## **Chapter IV Meeting Procedures**

**Article 14** The Risk Committee shall hold at least two meetings each year. The Board of Directors, the Chairman of the Committee and over half of the Committee members have the right to propose a meeting.

The meeting notice shall be delivered seven days before convening of the meeting, but with unanimous approval of all the attending members, the above-mentioned notice period could be exempted.

**Article 15** The meeting notice shall include:

- i. Venue and time of the meeting;
- ii. Period of the meeting;
- iii. Agenda, discussion items and relevant materials of the meeting; and
- iv. Date of notice.

**Article 16** The meeting notice shall be sent by hand, fax, registered mail or E-mail or through other methods.

**Article 17** The Committee meetings may be held in the form of on-the-spot meeting, teleconference, video conference or circulation of written proposals or through other means.

**Article 18** The Committee meeting shall be held with the attendance of over half of all the members.

When needed, persons other than the Committee members, may be invited to attend the Committee meeting.

**Article 19** The Committee meeting shall be presided over by the Chairman or by another member designated by the Chairman when he/she is unable to perform duties due to special reasons.

**Article 20** The Committee meeting shall adopt vote by showing hands or open ballot voting.

Each member of the Committee shall have one vote; and the resolutions of the meeting shall be approved through vote by over half of all Committee members.

**Article 21** The Risk Management Committee shall establish a meeting minutes system, and the minutes shall be taken by a specific personnel designated by the Board of Directors' Office. As needed, the meeting may adopt on-the-spot audio record, which shall be supplemented with written minutes based on the audio record.

The written meeting minutes based on the audio records shall be sent to all the participating members for review within 10 working days after the conclusion of the meeting. Members who request to revise or supplement the minutes shall provide their written comments within 5 working days after receiving the minutes. All participating members and the personnel who prepared the meeting minutes shall sign the final version of meeting minutes.

The meeting minutes shall be regarded as the important documents of the Bank and retained by the Secretary of the Board of Directors in accordance with the archive management system of the Bank.

**Article 22** The proposals and the voting results which are adopted by the Risk Management Committee meeting for submission to the Board of Directors for review shall be signed by the Chairman or other Committee member authorized by the Chairman and submitted to the Board of Directors in writing for perusal and decision-making.

**Article 23** Upon authorization or approval of the Board of Directors, if the resolutions passed at the Committee meeting need to be further carried out by senior management members or other relevant persons in charge, the Board of Directors' Office shall inform the above-mentioned personnel of the resolutions in writing as soon as possible after the resolutions being signed by the Chairman or other Committee member authorized by the Chairman. The Committee shall have the right to require the above-mentioned personnel to report on the progress of implementation by the stipulated deadline or at the next meeting.

**Article 24** The members and other personnel that attend the Committee meeting shall keep confidential the issues discussed and/or resolved at the meeting, and shall not

disclose relevant information without permission. If there is any action violating such obligations, the person in breach of the confidentiality obligation shall be legally liable.

## **Chapter V Working Group of the Risk Management Committee**

**Article 25** A working group shall be established under the Risk Management Committee, responsible for information collection, research support, daily liaison and organization of meetings. The work of the working group of the Risk Management Committee shall be led by the Board of Directors' Office, and assisted by the Risk Management Department, the Asset & Liability Management Department, the Financial Market Department, the Credit Management Department, the Internal Control & Compliance Department and other relevant departments.

**Article 26** The duties and powers of the working group include but not limited to:

- i. being responsible for daily operation of the Committee;
- ii. arranging the Committee meetings and take charge of the meeting minutes;
- iii. Carrying out preparation work in relation to matters to be considered and approved by the Committee, reviewing materials to be submitted to the Committee for consideration, and ensuring the management present reports and meeting documents to the Committee by proper means;
- iv. upon authorization of Chairman of the Committee, reporting the work of the Committee to the Board of Directors;
- v. assisting the Committee members to attend other relevant meetings of the Bank as observers or visitors, and conducting investigations and researches;
- vi. assisting the Committee members to understand relevant information;
- vii. coordinate the work of the Committee and other committees of the Bank;  
and
- viii. other duties and powers assigned by the Committee.

## Chapter VI Coordination and Communication

**Article 27** If the Committee has significant or special issues that should be presented to the Board of Directors, it shall submit written reports to the Board of Directors, and may suggest the Chairman of the Board of Directors to convene the Board meeting.

**Article 28** The written reports presented by the Committee to the Board of Directors shall be signed by the chairman of the Committee or other members as authorized by the Chairman;

**Article 29** If any senior management member has significant or special issues, he/she shall submit written reports to the Risk Management Committee and may suggest the chairman of the Committee to convene a meeting for discussion.

**Article 30** The written reports presented by the senior management members to the Committee shall be signed by the President or senior management members who are responsible for relevant issues.

**Article 31** The Committee shall report to the Board of Director on its generally or on a specific issue if required.

## Chapter VII Supplementary Provisions

**Article 32** Unless otherwise stated, the terms used in the Working Regulations have the same meanings as those in the Articles of Association of the Bank.

**Article 33** The Working Regulations shall be implemented as of the issue date after the formulation and revisions being approved by exceeding half of all directors. At the same time, the *Working Regulations for the Risk Management Committee of the Board of Directors of the Industrial and Commercial Bank of China Limited* (G.Y.F [2005]229) shall become null and void.

**Article 34** The issues not covered by the Working Regulations or there occurs conflict

with applicable laws, administrative regulations, rules, normative documents or the Articles of Association of the Bank, the latter shall prevail.

**Article 35** The Board of Directors shall have the right to revise and interpret the Working Regulations.