

# OmniVision Integrated Circuits Group, Inc.

豪威集成電路(集團)股份有限公司

## TERMS OF REFERENCE FOR THE REMUNERATION AND EVALUATION COMMITTEE OF THE BOARD OF DIRECTORS

### Chapter 1 General Provisions

**Article 1** To further improve the corporate governance structure of the Company, strengthen the restraint and supervision mechanisms over the corporate governance bodies and management, protect the interests of minority shareholders and stakeholders, and promote the standardized operation of the Company, these terms of reference are formulated in accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other applicable laws and regulations, as well as the Articles of Association of OmniVision Integrated Circuits Group, Inc. (hereinafter referred to as the “**Articles of Association**”).

**Article 2** The Remuneration and Evaluation Committee of the Board of Directors is a specialized working organization established by the Board of Directors in accordance with the resolutions of the shareholders' meeting, which is mainly responsible for formulating the appraisal standards and conducting appraisals for the Company's directors and senior management members, and responsible for formulating and reviewing the remuneration policies and plans relating to the Company's directors and senior management members.

**Article 3** For the purposes of these terms of reference, the term “director” refers to any director who receives remuneration from the Company, and the term “senior management members” refers to the general manager, deputy general manager, chief financial officer, Secretary to the Board, and other senior management members as stipulated in the Articles of Association, all of whom are appointed by the Board of Directors.

### Chapter 2 Composition

**Article 4** The members of the Remuneration and Evaluation Committee shall consist of three directors, among whom independent directors shall constitute the majority. They must meet the independence requirements stipulated from time to time in the Hong Kong Listing Rules (as amended from time to time).

**Article 5** The members of the Remuneration and Evaluation Committee shall be nominated by the chairman of the Board, by more than half of the independent directors, or by one-third of all directors, and shall be elected by the Board of Directors.

**Article 6** The Remuneration and Evaluation Committee shall have one chairperson. The chairperson shall be elected from among the independent directors within the Committee, with the candidate receiving the highest number of votes assuming the position. The election result shall take effect after being reported to and approved by the Board of Directors. The chairperson shall be responsible for presiding over the work of the Committee.

**Article 7** The term of the Remuneration and Evaluation Committee shall align with the term of the Board of Directors. Upon expiration of their term, committee members may be re-elected for consecutive terms. Any member of the Remuneration and Evaluation Committee who no longer serves as a director during the term of office or who is an independent director no longer meets relevant independence requirements as specified in the securities regulatory rules of the place where the Company's shares are listed shall automatically be disqualified as a member of the Remuneration and Evaluation Committee, and the Committee shall request the Board of Directors to fill the vacancy in accordance with Articles 4–6 above.

**Article 8** The Remuneration and Evaluation Committee shall have a working group set up under it, which shall be specifically responsible for providing information on the Company's operations and the relevant information about the appraised personnel, organizing the meetings of the Remuneration and Evaluation Committee and implementing the relevant resolutions of the Remuneration and Evaluation Committee.

## **Chapter 3 Duties and Powers**

**Article 9** The powers and duties of the Remuneration and Evaluation Committee include the duties and powers stipulated in the relevant code provisions of the Corporate Governance Code as set forth in Appendix C1 of the Hong Kong Listing Rules (as amended from time to time).

Without prejudice to any provisions of the Corporate Governance Code, the primary duties and powers of the Remuneration and Evaluation Committee are as follows:

- (I) formulate remuneration plans or schemes for directors and senior management members based on the main scope, responsibilities, and significance of their management positions, as well as the remuneration levels of other relevant positions within relevant enterprises; and formulate remuneration policies with formal and transparent procedures, providing recommendations to the Board of Directors;
- (II) the remuneration plans or schemes shall primarily include, but are not limited to, performance evaluation standards, procedures, and key assessment systems, as well as main schemes and systems for rewards and penalties;
- (III) review the performance of the Company's directors and senior management members in fulfilling their duties and conduct annual performance assessments;
- (IV) supervise the implementation of the Company's remuneration system;

- (V) review and approve management's remuneration in accordance with corporate policies and objectives established by the Board of Directors;
- (VI) either: (i) be delegated by the Board to determine the remuneration of individual executive directors and senior management members; or (ii) make recommendations to the Board regarding the remuneration of individual executive directors and senior management members. This shall include non-monetary benefits, pension entitlements, and compensation amounts (including compensation for loss or termination of office or appointment);
- (VII) make recommendations to the Board regarding the remuneration of directors; ensure that no director (or any of their associates) participates in determining his/her own remuneration. For the avoidance of doubt, members of the Remuneration and Evaluation Committee shall not participate in determining their own remuneration;
- (VIII) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (IX) consider the level of remuneration necessary to attract and retain directors to successfully manage the Company;
- (X) provide opinions to the Company's shareholders on how to vote on any director service contracts requiring shareholder approval under the Hong Kong Listing Rules; review and approve compensation payable to executive directors and senior management members 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;
- (XI) 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;
- (XII) ensure that no director or any of their associates participates in determining his/her own remuneration; for the avoidance of doubt, members of the Remuneration and Evaluation Committee shall not participate in determining their own remuneration;
- (XIII) study and make recommendations on the Company's equity incentive schemes;
- (XIV) review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (XV) ensure that any share options or awards granted by the Company to its directors or senior management members (if any) comply with Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time), including but not limited to:
  - (a) where share options or awards are granted to directors and/or senior management members with a vesting period of less than 12 months, provide opinions on why the shorter vesting period is appropriate and its consistency with the objectives of the relevant share incentive scheme;

- (b) where share options or awards are granted to directors and/or senior management members without performance targets and/or clawback mechanisms, provide opinions on why it is not necessary to set performance targets and/or clawback mechanisms and the consistency of such grants with the objectives of the relevant share incentive scheme;
- (XVI) provide opinions to the Company's shareholders on how to vote on any director service contracts requiring shareholder approval under the Hong Kong Listing Rules;
- (XVII) other matters stipulated by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, the Articles of Association, etc.

**Article 10** The Remuneration and Evaluation Committee shall make recommendations to the Board on the following matters:

- (I) remuneration of directors and senior management members;
- (II) formulation or amendment of equity incentive schemes or employee stock ownership plans, including the entitlements of participants and the conditions for exercising such rights;
- (III) arrangements for directors and senior management members to participate in shareholding plans of subsidiaries proposed for spin-off;
- (IV) other matters required by laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If the Board of Directors does not adopt or only partially adopts the recommendations of the Remuneration and Evaluation Committee, the Board resolution shall record the views of the Remuneration and Evaluation Committee and the specific reasons for not adopting the recommendations, which shall also be disclosed accordingly.

**Article 11** The Board of Directors shall have the right to overrule any remuneration plans or schemes that may prejudice the interests of shareholders.

**Article 12** The remuneration plan for the Company's directors proposed by the Remuneration and Evaluation Committee must be reported to and approved by the Board of Directors, and submitted to the shareholders' meeting for review and approval before implementation; the remuneration plan for the Company's senior management members must be reported to the Board of Directors for approval.

## Chapter 4 Decision-Making Procedures

**Article 13** The working group under the Remuneration and Evaluation Committee is responsible for making preliminary preparation work for decision-making by the Remuneration and Evaluation Committee and providing information on the following relevant aspects of the Company:

- (I) information on the major financial indicators of the Company and the achievement of operation goals of the Company;

- (II) information on the assigned scope of work and main duties of the Company's senior management members;
- (III) information on the achievement of the targets involved in the job performance appraisal system for directors and senior management members;
- (IV) information on the operating performance pertaining to business innovation capabilities and profit-making capabilities of directors and senior management members;
- (V) information on the estimating basis in relation to the drafting of the Company's remuneration distribution plan and the way of distribution based on the performance of the Company.

**Article 14** The Remuneration and Evaluation Committee shall evaluate the performance of directors and senior management members in accordance with the following procedures:

- (I) The directors and senior management members of the Company shall report work and make self-evaluation to the Remuneration and Evaluation Committee under the Board of Directors;
- (II) The Remuneration and Evaluation Committee shall evaluate the performance of directors and senior management members in accordance with the performance evaluation standards and procedures;
- (III) The Remuneration and Evaluation Committee shall make proposals on the amount of remuneration and the method of rewards for the directors and senior management members according to the performance assessment results of their positions and the remuneration distribution policy for voting and approval before submission to the Board of Directors of the Company.

## Chapter 5 Rules of Procedures

**Article 15** The Remuneration and Evaluation Committee shall hold meetings on an irregular basis. Notice of the meeting, along with relevant information and materials, shall be provided to all members at least three days prior to the meeting. When using expedited notification methods such as telephone or email, if no written objection is received within two days from the date of notice, it shall be deemed that the members have received the meeting notice. Meetings shall be presided over by the chairperson; if the chairperson is unable to attend, another member (independent director) may be appointed to preside. Independent director members shall attend meetings in person. If unable to do so for any reason, they must review the meeting materials in advance, form a clear opinion, and delegate another independent director member to attend on their behalf in writing.

**Article 16** Meetings of the Remuneration and Evaluation Committee may be held only when two-thirds or more of the committee members are present. Each committee member shall have one vote. Resolutions adopted at such meeting must be approved by a majority of all committee members.

**Article 17** Meetings of the Remuneration and Evaluation Committee may be conducted in person, via electronic communication, or through a combination of both. Voting shall be conducted by registered ballot.

**Article 18** If necessary, the directors and senior management members of the Company may also be invited to attend meetings of the Remuneration and Evaluation Committee as observers.

**Article 19** If necessary, the Remuneration and Evaluation Committee may engage intermediary institutions to provide professional advice for its decision-making, with expenses borne by the Company.

**Article 20** A member of the Remuneration and Evaluation Committee shall abstain from discussing resolutions related to him/her at the meetings of the Remuneration and Evaluation Committee.

**Article 21** The procedures for convening meetings of the Remuneration and Evaluation Committee, voting methods, and the resolutions adopted at such meetings must comply with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and these terms of reference.

**Article 22** Minutes shall be kept for meetings of the Remuneration and Evaluation Committee. The attending committee members shall sign the meeting minutes. The independent director committee members shall sign to confirm the meeting minutes, and shall have their opinions recorded in the meeting minutes. The meeting minutes shall be kept by the Company's Secretary to the Board, and the retention period shall not be less than 10 years.

**Article 23** Proposals and voting results adopted by the Remuneration and Evaluation Committee shall be reported to the Board of Directors of the Company in writing.

**Article 24** All attending committee members shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization.

## **Chapter 6 Supplementary Provisions**

**Article 25** The chairperson of the Remuneration and Evaluation Committee or (if the chairperson is absent) another member of the Remuneration and Evaluation Committee or (if both of the aforementioned are absent) a duly authorized representative shall attend the annual shareholders' meetings of the Company and be prepared to respond to questions regarding the work and duties of the Remuneration and Evaluation Committee at the annual shareholders' meetings.

**Article 26** These terms of reference shall come into effect upon consideration and approval by the Board of Directors, and shall be implemented from the date when the Company's H shares are listed and traded on the Stock Exchange of Hong Kong Limited.

The Board of Directors shall be responsible for the interpretation of these terms of reference.

**Article 27** For matters not covered herein, or in the event of any inconsistency between these terms of reference and the relevant national laws, regulations, rules, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association, the relevant national laws, regulations, rules, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association shall prevail.