

# Corporate Governance

The Bank strictly follows the regulatory rules governing capital markets and industries, closely tracks changes and trends in overseas and domestic regulations and proactively explores innovative models and methods of corporate governance, so as to continuously enhance its corporate governance capabilities.

During the reporting period, the Bank further improved its corporate governance mechanisms. It conducted self-inspection on the implementation of the *Scheme on the Authorisation to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* and the *Measures of Authorisation to the President by the Board of Directors of Bank of China Limited*. The implementation was satisfactory with no approval in excess of authority identified.

The Board of Directors paid close attention to enhancing directors' continuing professional development, organised research activities and training for the directors and improved the communication mechanisms, thus continuously enhancing its decision-making efficiency and capability.

During the reporting period, the Bank continued to strengthen the protection of shareholders' rights, ensuring that shareholders are properly informed and entitled to participate and make decisions.

## Corporate Governance Compliance

During the reporting period, the actual performance of the Bank's corporate governance was fully in compliance with the Company Law and the requirements for the governance of listed companies set out in the normative documents of CSRC.

During the reporting period, the Bank strictly observed the *Corporate Governance Code* (the "Code") as set out in Appendix 14 to the Hong Kong Listing Rules. The Bank has complied with all provisions of the *Code* and most of the recommended best practices set out in the *Code*.

## Shareholders' Meeting

On 18 January 2021, the Bank held its 2021 First Extraordinary General Meeting on-site in Beijing. A-Share Holders could also cast votes online. The meeting considered and approved proposals, including the election of Ms. ZHANG Keqiu to be appointed as Shareholder Representative Supervisor of the Bank, the 2019 remuneration distribution plan for Chairman of the Board of Directors and Executive Directors, and the 2019 remuneration distribution plan for Chairman of the Board of Supervisors and Shareholder Representative Supervisors. All the proposals were ordinary resolutions.

On 20 May 2021, the Bank held its 2020 Annual General Meeting on-site in Beijing. A-Share Holders could also cast votes online. The meeting considered and approved the proposals including the 2020 work report of the Board of Directors, the 2020 work report of the Board of Supervisors, the 2020 annual financial report, the 2020 profit distribution plan, the 2021 annual budget for fixed assets investment, the appointment of the Bank's external auditor for 2021, the 2020 annual remuneration distribution plan for External Supervisors, the election of Mr. LIU Liange to be re-appointed as Executive Director of the Bank, the election of Mr. LIU Jin to be appointed as Executive Director of the Bank, the election of Mr. LIN

## Corporate Governance

Jingzhen to be re-appointed as Executive Director of the Bank, the election of Mr. JIANG Guohua to be re-appointed as Independent Non-executive Director of the Bank, the application for provisional authorisation of outbound donations, the bond issuance plan, the issuance of write-down undated capital bonds and the issuance of qualified write-down tier 2 capital instruments. The meeting also heard the report on the connected transactions for 2020, the duty report of Independent Directors for 2020, and the report on the implementation of the *Scheme on the Authorisation to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* for 2020. The proposals regarding the bond issuance plan, the issuance of write-down undated capital bonds and the issuance of qualified write-down tier 2 capital instruments were special resolutions, while the rest of the proposals were ordinary resolutions.

The above shareholders' meeting was convened and held in strict compliance with relevant laws and regulations as well as the listing rules of the Bank's listing exchanges. The Bank's directors, supervisors and senior management members attended the meeting and communicated with shareholders on issues of concern. The Bank published announcements on the resolutions and legal opinions of the aforementioned shareholders' meeting pursuant to the regulatory requirements in a timely manner. For details, please refer to the Bank's announcements published on the websites of SSE, HKEX and the Bank on 18 January and 20 May 2021.

### Directors and the Board of Directors

Currently, the Board of Directors comprises fifteen members. Besides the Chairman, there are three executive directors, five non-executive directors and six independent directors. The proportion of independent directors reaches one-third of the total number of

directors, which is in compliance with the Articles of Association of the Bank and the relevant regulatory provisions. The positions of Chairman of the Board of Directors and President of the Bank are assumed by two persons.

Save as disclosed in this report, to the best knowledge of the Bank, information regarding the Bank's directors including their appointments during the reporting period is the same as that disclosed in the 2020 Annual Report of the Bank.

During the reporting period, the Bank convened four on-site meetings of the Board of Directors respectively on 28 January, 16 March, 30 March and 29 April, and three meetings of the Board of Directors via written resolutions on 7 February, 11 March, and 14 May. At these meetings, the Board of Directors mainly considered and approved proposals regarding the 2020 work report of the Board of Directors, the 2020 profit distribution plan, the 2020 internal control self-assessment report, the 2020 corporate social responsibility report, the 2020 annual report, the 2020 capital adequacy ratio report, the 2021 first quarter report, the nomination of candidates for directorships and the bond issuance plan, among others.

The Board of Directors has set up the Strategic Development Committee, the Corporate Culture and Consumer Protection Committee, the Audit Committee, the Risk Policy Committee, the Personnel and Remuneration Committee, and the Connected Transactions Control Committee as well as the US Risk and Management Committee established under the Risk Policy Committee, to assist it in performing its functions under the authorisation of the Board of Directors. Independent directors individually serve as the chairman of the Corporate Culture and Consumer Protection Committee, the Audit Committee, the Risk Policy Committee, the Personnel and Remuneration

Committee and the Connected Transactions Control Committee. The work performance of each special committee during the reporting period was as follows:

Special Committees	Work Performance
Strategic Development Committee	The committee held three on-site meetings and one meeting via written resolutions, at which it mainly reviewed proposals on the Outline of 14th Five-Year Development Plan for Bank of China and Long-range Objectives through the Year 2035, the 14th Five-Year Green Financial Plan for Bank of China, the 14th Five-Year Plan for Data Strategy of Bank of China, the profit distribution plan for 2020, the business plan and financial budget of Bank of China for 2021, the bond issuance plan, the issuance of write-down undated capital bonds, the issuance of qualified write-down tier 2 capital instruments, among others.
Corporate Culture and Consumer Protection Committee	The committee held one on-site meeting, at which it reviewed the 2020 corporate social responsibility report of Bank of China and the 2020 work report and 2021 work plan on consumer protection, among others.
Audit Committee	The committee held four on-site meetings, at which it mainly reviewed and approved the 2021 work plan, priorities and financial budget for internal audit. It reviewed the 2020 financial report, the 2021 first quarter financial report, the 2020 internal control work report, the 2020 internal control assessment report, and the audit results on internal control and management proposal. In addition, it heard the work report on internal audit in 2020, the 2020 report on the overseas supervision information, the progress report on internal control audit and the updates on compliance with the principle of independence of Ernst & Young in 2020, the 2021 audit plan of PricewaterhouseCoopers, and the report on asset quality in the first quarter of 2021, among others.
Risk Policy Committee	The committee held four on-site meetings, at which it mainly reviewed proposals including the Comprehensive Risk Management Policy (2021 Edition), Risk Appetites Statement of the Group (2021 Edition), the Data Governance Policy (2021 Edition), the Product Management Measures (2021 Edition), the Trading Book Market Risk Limits (Level A) in 2021, the Capital Adequacy Ratio Report of 2020, the Internal Capital Adequacy Assessment Report for 2021, the Liquidity Risk Management Policies (2021 Edition) and the Policy for Interest Rate Risk in the Banking Book Management (2021 Edition), among others. The committee also regularly reviewed the Risk Reports of the Group.
Personnel and Remuneration Committee	The committee held three on-site meetings and one meeting via written resolutions. At these meetings, the committee mainly reviewed proposals on the appointment of Mr. LIU Jin as President of the Bank, the nomination of Mr. LIU Jin as candidate for Executive Director of the Bank, the election of Mr. LIU Jin as Vice Chairman of the Bank, the appointment of Mr. CHEN Huaiyu as Executive Vice President of the Bank, the appointment of Mr. ZHUO Chengwen as Chief Audit Officer of the Bank, the nomination of Mr. LIU Liange and Mr. LIN Jingzhen to be re-appointed as Executive Directors of the Bank, the nomination of Mr. JIANG Guohua to be re-appointed as Independent Non-executive Director of the Bank, and the performance evaluation results of the Chairman, President and other senior management members for 2020, among others.
Connected Transactions Control Committee	The committee held one on-site meeting, at which it mainly reviewed and approved the report on the connected party list and other proposals. It also reviewed the report on connected transactions in 2020, among others.

# Corporate Governance

## Supervisors and the Board of Supervisors

The Board of Supervisors currently comprises five members, with one shareholder supervisor (who serves as Chairman of the Board of Supervisors), two employee supervisors and two external supervisors.

Save as disclosed in this report, to the best knowledge of the Bank, information regarding the Bank's supervisors including their appointments during the reporting period is the same as that disclosed in the 2020 Annual Report of the Bank.

During the reporting period, the Board of Supervisors of the Bank performed its supervisory duties in accordance with the law, upheld the new development philosophy, proactively analysed and made judgements on trends and changes in the macro situation, focused on key issues, and took supervisory actions regarding the Bank's duty performance, strategies, finance, risk management and internal control. It performed day-to-day supervision over duty performance by conducting the 2020 duty performance assessment of the Board of Directors, the Senior Management and its members in an orderly manner. The Board of Supervisors enhanced and reinforced its strategic and financial supervision, focused on the Bank's progress towards the implementation of national strategies and carefully reviewed regular reports. At the same time, it intensified efforts to analyse risks in key areas, and issued prompt reminders to the Board of Directors, Senior Management and relevant departments, in order to further enhance its supervision over risk management and internal control. Taking an issue-oriented approach, the Board of Supervisors conscientiously carried out special supervisions and offered 14 supervision assessment opinions. In addition, the Board of Supervisors continuously tracked the progress of the Senior Management and relevant departments in addressing matters of concern raised at meetings of the Board of Supervisors and during inspections, thus strengthening the implementation of its regulatory opinions. Focusing on the Bank's priorities, it launched special surveys regarding various topics, including the effectiveness of comprehensive risk management and

internal control, thereby facilitating improvement and development through supervision.

During the reporting period, the Board of Supervisors held two on-site meetings on 30 March and 29 April and one meeting via written resolutions on 26 February, at which it reviewed and approved proposals regarding the evaluation opinions of the Board of Supervisors on the duty performance of the Board of Directors, the Senior Management and its members for 2020, the performance evaluation results and remuneration distribution plan for external supervisors, the Bank's 2020 annual report, 2020 profit distribution plan, the supervision and evaluation opinions of the Board of Supervisors on the Bank's performance in consolidated management and stress test management, and the 2020 work report of the Board of Supervisors, among others. The Duty Performance and Due Diligence Supervision Committee held two on-site meetings and one meeting via written resolutions, and the Finance and Internal Control Supervision Committee held two on-site meetings and one meeting via written resolutions, at which the two committees carried out preliminary review of their respective issues of relevance and submitted them to the Board of Supervisors for review and approval.

During the reporting period, External Supervisors Mr. JIA Xiangsen and Mr. ZHENG Zhiguang performed their supervisory duties in strict accordance with the provisions of the Articles of Association of the Bank. Among others, Mr. JIA Xiangsen attended the 2020 Annual General Meeting, and was present at meetings of the Board of Directors and relevant committees as a non-voting attendee. He also attended two on-site meetings of the Board of Supervisors and one meeting via written resolutions, presided over two meetings of the Finance and Internal Control Supervision Committee of the Board of Supervisors, and participated in special surveys regarding the effectiveness of comprehensive risk management and internal control. Mr. ZHENG Zhiguang attended the 2020 Annual General Meeting, and was present at meetings of the Board of Directors and relevant committees as a non-voting attendee. He also attended two on-site meetings of the Board of

Supervisors and one meeting via written resolutions, two meetings of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors, two meetings of the Finance and Internal Control Supervision Committee and participated in special surveys regarding the effectiveness of comprehensive risk management and internal control. During the reporting period, the two external supervisors expressed opinions independently and objectively, and put forward suggestions on strategy management, business development, risk management and internal control, thus playing an active role in promoting the improvement of the Bank's corporate governance and management quality.

## Senior Management

During the reporting period, the Senior Management of the Bank managed the Bank's operations in accordance with the powers bestowed upon it by the Articles of Association and the authorisations of the Board of Directors. Closely adhering to the strategic goal of "Building a First-class Global Banking Group" and to the annual performance objectives approved by the Board of Directors, the Senior Management emphasised on invigorating, adapting to change and driving for major breakthroughs. It accelerated the implementation of various tasks within the Bank's development strategy, thus realising steady improvement in the business performance of the Group.

During the reporting period, the Senior Management of the Bank held 11 regular meetings, at which it focused on key operational areas and discussed and decided upon a series of significant matters, including the Group's business development, performance management, risk management, audit supervision, IT development, product and service innovation, integrated operation, globalised development, inclusive finance and scenario development. It also held special meetings to study and make plans for the Group's

corporate banking, personal banking, financial markets, channel building, smart operations, compliance management and data governance.

During the reporting period, the Senior Management (Executive Committee) established an additional committee — namely the Financial Digitalisation Committee, which has assumed relevant responsibilities of the former IT Management Committee and the Internet Finance Committee, and has taken charge of overall management and decision-making regarding digitalisation, fintech, data governance, etc. As at 30 June 2021, the Senior Management presided over the Asset and Liability Management Committee, the Risk Management and Internal Control Committee (which governs the Anti-money Laundering Committee, the Asset Disposal Committee and the Credit Risk Management and Decision-making Committee), the Procurement Review Committee, the Securities Investment and Management Committee, the Innovation and Product Management Committee, the Integrated Operation Coordination Committee, the Asset Management Business Committee, the Consumer Protection Committee, the Domestic Branch Development and Coordination Committee, the Green Finance Management Committee, the Overseas Work Coordination Committee and the Financial Digitalisation Committee. During the reporting period, all of the committees diligently fulfilled their duties and responsibilities as per the powers specified in their committee charters and the rights delegated by the Executive Committee, and pushed forward the sound development of the Bank's various operations.

## Implementation of Stock Incentive Plan and Employee Stock Ownership Plan

The Bank approved a long-term incentive policy, including the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan, at the Board meeting and the Extraordinary General Meeting held in November 2005. To date, the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan have not been implemented.