

Air China Limited
Working Rules of the Remuneration and Appraisal Committee of the
Board of Directors
(Formulated in 2023)

Chapter 1 General Principles

Article 1 In order to further develop and improve the remuneration and appraisal management system for the directors and senior management members of Air China Limited (the “Company”) and to optimize the corporate governance structure of the Company, the Remuneration and Appraisal Committee (the “Committee”) of the Board of Directors (the “Board”) is established and these working rules (the “Working Rules”) are made in accordance with the Company Law of the People’s Republic of China with reference to the Code of Corporate Governance for Listed Companies issued by China Securities Regulatory Commission, the listing regulatory rules of the jurisdictions in which the shares of the Company are listed such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Air China Limited (the “AOA”) and other relevant rules and regulations.

Article 2 As a dedicated committee established by the Board in accordance with the shareholders’ resolution in a general meeting of the Company, the Committee is accountable to the Board, and provides advice and recommendations for the decision-making of the Board. The Committee is mainly responsible for formulating the criteria for appraising the performance of directors and senior management members of the Company in accordance with the operation and management needs of the Company and carrying out the appraisals; formulating and examining the Company’s remuneration policies and plans for directors and senior management members, as well as other matters authorised by the laws and regulations, the AOA and the Board.

Chapter 2 Composition

Article 3 The Committee shall consist of three to five directors, the majority of whom shall be independent non-executive directors.

Article 4 The members of the Committee shall be appointed by the Board upon nomination by the chairman of the Board, more than half of the independent non-executive directors, or more than one-third of all the directors.

Article 5 The Committee shall have one chairman (the “Chairman”), who shall be an independent non-executive director elected by and among the Committee members. The Chairman shall preside over the work of the Committee.

Article 6 The members of the Committee shall have a term equal to the term of a director of the Company and may be re-elected upon expiration of such term. Any member of the Committee shall automatically lose his or her membership at the Committee if he or she ceases to be a director of the Company. The vacancy shall be filled by the Board in accordance with Articles 3 to 5 herein.

Chapter 3 Powers and Responsibilities

Article 7 The Committee shall have the powers and authorities to:

- (1) make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management members and on the establishment of a formal and transparent procedure for developing the remuneration policy of the Company, and supervise the implementation of the remuneration policy of the Company;
- (2) review and approve the proposals for the remuneration of the Company's management with reference to the corporate goals and objectives formulated by the Board;
- (3) make recommendations to the Board on the remuneration packages of the directors and senior management members of the Company (including benefits in kind, pension rights and compensation payable for loss or termination of their office or appointment (if any)) having regards to salaries paid by companies in the same industry, time commitment and responsibilities, as well as employment conditions of other positions in the Company and its subsidiaries;
- (4) review and approve compensation payable to executive directors and senior management of the Company for loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable;
- (5) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise fair and appropriate;
- (6) review the performance of duties of the directors and senior management members, organize and carry out the business performance appraisal of the members of the management, and make recommendations to the Board in respect of the appraisal results and remuneration payment proposals;
- (7) review matters relating to share schemes based on domestic and overseas regulatory requirements, including but not limited to reviewing the Company's share incentive scheme proposal, verifying the conditions of granting and exercising during the implementation of the Company's share incentive scheme, and reporting to the Board for its consideration;
- (8) address other matters authorised by the Board.

Article 8 Remuneration plans for directors proposed by the Committee, after being approved by the Board, shall be submitted to the general meeting of shareholders of the Company for approval before they can be implemented. The remuneration distribution proposal for senior management members of the Company shall be submitted to the Board for approval.

Article 9 The Committee shall be accountable to the Board and resolutions adopted by the Committee shall be submitted to the Board for its consideration. The Board has the right to veto any remuneration plan or proposal that prejudices the interests of the shareholders.

Article 10 If the Board has not adopted or fully adopted the recommendations of the Committee, it shall state the opinions of the Committee and the specific reasons for not adopting in the resolutions of the Board, and disclose such matter.

Chapter 4 Procedural Rules

Article 11 The Committee shall convene a meeting in accordance with the practical needs of the Company. The meeting shall be convened and chaired by the Chairman, or if the Chairman is unable to attend the meeting, by an independent non-executive director member delegated by the Chairman.

Article 12 The meeting notice shall be issued 5 days before the date of meeting, and the aforesaid advance notice period may be waived by the unanimous consent of all Committee members. Meeting papers shall be sent 3 days before the date of meeting.

Article 13 The quorum of a meeting of the Committee shall be two-thirds of all Committee members. Each member present shall have one vote. The resolution of the meeting must be passed by more than half of all the members before such resolution becomes effective.

Article 14 The Committee's meetings may be held in the form of, including but not limited to, physical meetings, teleconference such as video meetings and conference call meetings, combination of physical meeting and teleconference, or by way of written resolutions. The Committee members should attend the meetings in person and express whether they vote in favor of, against or abstain from voting for the matters to be decided in such meetings. Should any Committee member be unable to attend the meeting in person, he or she may deliver a proxy letter in writing duly signed by such Committee member, appointing another Committee member to attend the meeting and to express opinions on his or her behalf. The proxy letter should clearly state the extent of authorization and its time limit. An independent non-executive director member who cannot attend in person shall authorize another independent non-executive director member to attend on his or her behalf.

Article 15 The Committee may, if necessary, invite directors, supervisors and senior management members of the Company to attend its meetings.

Article 16 The Committee shall establish a joint working group, comprising the senior management of the Company and/or the person in charge of the relevant functional departments, to provide support to the Committee. The Committee may, if necessary, engage experts or intermediary institutions to provide professional opinions in its decision-making process and any reasonable cost arising therefrom shall be borne by the Company.

Article 17 A Committee member shall abstain from considering any matter in which he or she has a personal interest in a Committee meeting.

Article 18 The procedures for holding meetings, the methods of voting and any resolution adopted at the meetings by the Committee shall comply with the relevant laws and regulations, the AOA and the Working Rules.

Article 19 The Committee shall prepare minutes of its meetings, which shall be signed by the Committee members who have attended the meeting and shall be kept by the office of the Board.

Article 20 The resolutions passed by, and the results of voting conducted at, the Committee meetings shall be reported in writing to the Board.

Article 21 The members attending a Committee meeting shall keep any matter discussed at the meeting confidential and shall not disclose any related information unless authorised.

Chapter 5 Supplementary Provisions

Article 22 The Working Rules are formulated by the Board and shall come into effect upon approval of the Board.

Article 23 In case of any matters not provided herein or conflicts with the provisions of the laws, administrative regulations, other relevant regulatory documents or the AOA promulgated after the Working Rules come into effect, such provisions of the laws, administrative regulations, other relevant regulatory documents or the AOA shall prevail.

Article 24 The Board reserves the rights to amend and interpret the Working Rules.