

LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 494)

REMUNERATION COMMITTEE – TERMS OF REFERENCE

Constitution

1. The Compensation Committee was established by the Board on 1 September 1993 and re-named as Remuneration Committee on 22 March 2012.

Membership

2. Under the Constitution, the Committee members should consist of not less than three members with a majority of independent non-executive directors. Quorum of meeting should not be less than two members.
3. The Company Secretary or such person appointed by the Committee shall act as the secretary of the Committee.

Frequency of Meetings

4. The Committee shall meet at least once per annum.

Duties

5. The duties of the Committee shall include the following:
 - (a) to consult the Chairman of the Board and/or chief executive about their remuneration proposals for other executive directors and senior management. The Committee should have access to independent professional advice if necessary;
 - (b) to make recommendation to the Board on the Company's policy and structure for all directors' and senior management remuneration, including grant of share options to employees under the Company's Share Option Scheme and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (c) to review and approve the senior management's remuneration proposals with reference to the board's corporate goals and objectives;



- (d) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (e) to make recommendations to the Board on the remuneration of non-executive directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (g) to review and approve compensation payable to executive directors and senior 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;
- (h) to 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; and
- (i) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Authority

- 6. The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary.
- 7. The Committee shall have rights to obtain legal and other independent professional advice as it considers this necessary.

Reporting Procedures

- 8. The secretary shall circulate the minutes of all meetings of the Committee to all members of the Board.
- 9. Committee Chairman, failing him, a member of the Committee shall be available to attend the annual general meeting of the Company to answer questions relating to executive director and senior management remuneration and benefits.

- End -