



中证指数有限公司
CHINA SECURITIES INDEX CO., LTD.

V2.0

March 2020

1. The Oversight Committee is comprised of eight members, including five voting members and three non-voting members, among whom a Chairperson is elected. The members' information shall be published on the official website of the Company.
2. The members shall meet the following criteria:
 - a) The members shall possess an appropriate level of expertise and competence, and shall commit enough time to the work of the Oversight Committee;
 - b) Neither the management nor any employees directly involved in the daily operation of the indexes or from outsourcing service providers may serve as voting members. The management may attend the meeting of the Oversight Committee as non-members;
 - c) The Oversight Committee shall have an external voting member who is appointed by the Company's legal representative established under Article 32 of Benchmark Regulation;
 - d) The non-voting members shall be from different business departments;
 - e) The Oversight Committee shall include at least two employees who are not directly involved in the daily operation of the indexes;
 - f) The number of the members with conflicts of interest in the Oversight Committee shall not exceed simple majority.
3. Members of the Oversight Committee shall be nominated by the General Manager, subject to appointment and dismissal by the Executive Management Group. The Chairperson shall be elected by the members.
4. The term of office is 3 years and may be renewed upon expiry. Where a member ceases to hold his/her position in the Company or no longer meets the criteria, the membership shall be automatically ceased. The Executive Management Group shall replace such member and fill up the vacancy in a timely manner to ensure the composition of the Oversight Committee is in compliance with applicable laws and this Terms of Reference.
5. The members shall comply with this Terms of Reference. In case of any violation, the Executive Management Group shall give a warning to the violating member and request him/her to make rectifications. If a member receives warnings twice (or more), the Executive Management Group shall dismiss such member and fill up the vacancy in a timely manner.
6. The Oversight Committee shall oversee all aspects of the index determination and governance with the following responsibilities:

- a) reviewing the governance structure and control framework of the index business at least annually;
- b) Reviewing relevant records and ensure that the Company's index related policies are reviewed at least annually;
- c) Reviewing relevant reports and ensure that index definitions and methodologies are reviewed at least annually;
- d) Reviewing relevant reports to oversee any changes in methodologies, and to ensure that any material changes are in compliance with relevant policies and procedures of the Company (including that consultation with stakeholders has been undertaken, etc.);
- e) Reviewing relevant reports to ensuring that any index termination procedures are in compliance with relevant policies and procedures of the Company (including that consultation with stakeholders has been undertaken, etc.), and approving any index termination plan;
- f) Reviewing periodic risk incident reports from the relevant Risk Management Teams in relation to index business, and evaluating any potential or existing conflict of interest and the effectiveness of the risk control measures;
- g) Reviewing internal and external audit reports and monitoring the implementation of identified remedial actions.
- h) Reviewing reports on internal whistle-blowing and external complaints, and making assessment on the settlement.
- i) Reviewing periodic assessment records of third party suppliers, outsourcing service providers and the Bond Valuation Group involved in the provision of the indexes from relevant department.
- j) Reviewing the summary reports on the exercise of "Expert Judgment"(if any), and ensuring its compliance with relevant policies of the Company.
- k) Making decisions on countermeasures in case data suppliers violate the supplier code of conduct and supervising the implementation.
- l) Staying up-to-date of any regulatory changes and any other changes inside and outside of the Company. The Oversight Committee may require relevant departments or staff to research, evaluate and make plans with regard to any matters that may affect the Company's business or in relation to compliance issues, and to submit the results to Oversight Committee for further review.
- m) Other responsibilities as prescribed by applicable laws and relevant policies of the Company.

7. The members are entitled to access all documents and records of the Company as they deem necessary to perform their duties, and relevant departments shall act in cooperation.
8. The Oversight Committee may engage external experts or consultants to provide independent professional advice as it deems necessary, the expenses thereof shall be borne by the Company.
9. The Oversight Committee shall prepare annual reports on matters within its responsibilities to submit to the Board of Directors of the Company.
10. Regular meetings of the Oversight Committee shall be held on a quarterly basis. An interim meeting may be held as proposed by the Executive Management Group or by at least two members. Meetings may be held by telephone or other electronic means.
11. Any meetings shall be attended by more than two-thirds of the members (including at least two voting members), and shall be presided over by the Chairperson. If the Chairperson is unable to attend the meeting, he/she may appoint another member to act on his/her behalf. The Oversight Committee may invite certain employees to attend the meeting to make explanation or report on relevant matters.
12. The voting procedure of the Oversight Committee shall be triggered when a proposal cannot be agreed upon in consensus. Each voting member shall have one vote. Any resolution shall be approved by more than two voting members, subject to the requirements regarding the voting rights as prescribed hereunder.
13. The members shall disclose any potential conflicts of interest prior to each meeting. A member who believes he/she has a conflict of interest shall withdraw from the meeting. The relevant information shall be recorded in the minutes.
14. If the entity, by which an external voting member is employed, is commercially related with a certain subject to be voted by the Oversight Committee, the Executive Management Group shall exclude the vote of such member.
15. The members shall report to the Board of Directors and any competent regulatory authority in a timely manner in case it finds any misconduct of any employees or data providers and of any anomalous suspicious input data of the Company.
16. The General Administration Department is responsible for the daily liaison with the Oversight Committee, collecting reports to be submitted to the Oversight Committee, organizing meetings, and preparing meeting minutes. The meeting minutes shall be kept for at least 5 years.
17. This Terms of Reference is subject to the interpretation of the Oversight

Committee.

- | 18. This Terms of Reference or any revised version thereof shall come into effect upon the examination and approval of the Executive Management Group.

Disclaimer

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