



恒安國際集團有限公司

HENGAN INTERNATIONAL GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01044)

TERMS OF REFERENCE OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

(Adopted by the Board of Directors on 29 June 2023)

1 ESTABLISHMENT

The board of directors (the “**Board**”) of Hengan International Group Company Limited (the “**Company**”) hereby constitutes and establishes the Environmental, Social and Governance (“**ESG**”) Committee (the “**Committee**”). The objective and aspiration of setting up the Committee are to manage all matters relating to ESG and the sustainable development of the Group. The authority, responsibilities and specific duties of the Committee are set forth below.

2 MEMBERSHIP

- 2.1 The Committee shall consist of at least three members (“**Members**”), including at least one independent non-executive director of the Company. The Members, including the chairman of the Committee (“**Chairman**”), shall be appointed by the Board.
- 2.2 Meetings of the Committee must be chaired by the Chairman or, in his/her absence, by a person elected by the other Members present at the meeting.
- 2.3 The Committee may establish one or more ESG working group(s) (the “**Working Group(s)**”) as executive agent(s) of the Committee. The Committee shall delegate specific tasks to the Working Group(s), including but not limited to preparing annual ESG reports, monitoring ESG performance, identifying ESG risks and comprehensively implementing ESG activities of the Group. The Working Group(s) shall comprise members from such departments of the Company as the Committee considers appropriate and should be coordinated by such responsible person within the Working Group(s) delegated by the Committee as appropriate.

3 SECRETARY

The secretary of the Committee shall be the company secretary of the Company or a person designated by the Committee.

4 QUORUM

4.1 The quorum required for Committee meetings shall be two Members.

4.2 All or any part of the authority, powers and discretion vested in or exercisable by the Committee may be exercised by a resolution of a majority of the Members present at a meeting where there is a quorum.

4.3 In case of an equality of votes, the Chairman shall have a casting vote.

5 NUMBER OF MEETINGS

The Committee may hold meetings as needed, but must hold at least one meeting per year.

6 AUTHORITY

6.1 The Committee may exercise the following powers:

6.1.1 to seek any information it requires from any employee of the Company and its subsidiaries (together, the “**Group**”) and any professional advisers in order to perform its duties, to commission any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;

6.1.2 to request and collect information from external parties of the Group that is necessary for preparing ESG reports or for the meetings of the Committee;

6.1.3 if necessary, to engage intermediaries and agents, at the Company’s expense, to provide independent professional advice to assist any matters within these terms of reference; and

6.1.4 to exercise such powers as the Committee deems necessary and expedient to properly carry out its duties.

6.2 The Committee should receive sufficient resources to carry out its duties.

7 DUTIES

7.1 The duties of the Committee shall include:

7.1.1 to co-ordinate and manage the ESG matters (including climate-related matters) of the Group and report to the Board on any significant issues, including but not limited to:

- (a) Environmental: manage the impact on the environment throughout the Group's operation, including tackling climate change, energy and water efficiency, waste gas and wastewater discharge management, waste management, etc.;
- (b) Social: manage the impact on stakeholders (i.e. clients and consumers, employees, suppliers and community) throughout the Group's operation, including product quality and safety, responsibility for purchasing, information security, work safety and occupational safety, remuneration and benefits, human right protection, charity and welfare, etc.; and
- (c) Governance: promote robust corporate governance within the Group, including integrity and honesty, anti-corruption and anti-fraud, etc.;

7.1.2 subject to approval by the Board, to provide guidance on and formulate the Company's ESG and climate-related vision, goals, strategies and structure, and review and monitor the Company's ESG and climate-related strategies, policies and practices in order to ensure that they align with the Company's needs, any ESG related national policies and comply with the applicable laws, regulations and regulatory requirements and meet the international standards;

7.1.3 to identify and determine the priorities of the key topics on the Company's ESG risks (including climate-related risks), and make recommendations to the Board;

7.1.4 to establish and review ESG and climate-related risk management and internal control systems, such as ESG policies and programs, to manage and mitigate ESG risks;

7.1.5 to formulate the Company's ESG and climate-related management performance targets and review the progress of implementation goals, and provide suggestions for improving performance;

- 7.1.6 to monitor internal and external feedback on the implementation of the ESG work, and make recommendations to improve the effectiveness of the relevant initiatives;
- 7.1.7 to review and approve the annual ESG report of the Company;
- 7.1.8 to perform other ESG-related (including climate-related) tasks at the request of the Board, including but not limited to providing recommendations on integrating ESG and climate-related considerations into the review and monitoring of the Company's strategies, key action plans, annual budget and performance targets;
- 7.1.9 to coordinate any other ESG related work (including climate change-related matters) as may be assigned by the Board;
- 7.1.10 to handle such other ESG and climate related matters that the Board may delegate; and
- 7.1.11 to review from time to time as appropriate these Terms of Reference and the effectiveness of the ESG Committee and recommend to the Board any necessary changes.

8 MEETING ATTENDANCE

- 8.1 If necessary or appropriate, the Chairman may require the Company's management team and the Working Group to attend the Committee meetings.
- 8.2 The Committee may, from time to time, invite advisors (including but not limited to external advisors) to attend meetings to provide advice to the Members.
- 8.3 Members can attend a meeting in person or by electronic means, including telephone or video conferencing. Members can participate in the meeting through a conference phone or similar communication device (all participants in the meeting can hear each other through the device).

9 MINUTES AND RECORDS

- 9.1 Minutes of Committee meetings should be transmitted to all Members within a reasonable period of time after a meeting.
- 9.2 The secretary of the Committee shall prepare and circulate the minutes of the Committee to all members of the Board.

10 REPORTING

The Chairman of the Committee shall report to the Board on the general conclusions at all of its meetings.

11 ANNUAL GENERAL MEETING

The Chairman or, in his/her absence, another Member shall attend the annual general meetings of the Company and shall be available to answer questions on the Committee's activities and responsibilities.

12 SUPPLEMENTAL PROVISIONS

In case of any discrepancy between the Chinese and English version of these Terms of Reference, the English version shall prevail.

13 PUBLICATION OF TERMS OF REFERENCE

These Terms of Reference will be posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited.