



## **E-COMMODITIES HOLDINGS LIMITED**

### **易大宗控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 1733)**

## **E-COMMODITIES HOLDINGS LIMITED**

**(the “Company”)**

### **TERMS OF REFERENCE OF**

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE**

**(the “Committee”)**

#### **MEMBERSHIP**

1. The Committee shall consist of not less than three directors of the Company (“**Director(s)**”) appointed by the board of Directors (the “**Board**”), at least one of which shall be an independent non-executive Director.
2. The Chairman of the Committee shall be appointed by the Board.
3. The term of membership shall be determined by the Board at the date of appointment in accordance with the provisions of the amended and restated articles of association of the Company (the “**Articles**”).
4. The appointment of the members of the Committee may be revoked and new members can be appointed in their stead, by resolution passed by the Board.
5. No alternate member of any member of the Committee may be appointed.
6. The Company Secretary of the Company shall be the secretary of the Committee.

#### **FREQUENCY AND PROCEEDINGS OF MEETINGS**

7. The Committee shall meet at least once a year. Additional meetings should be held as and when the work of the Committee demands.
8. The Chairman of the Committee may convene additional meetings at his discretion.
9. The quorum of a meeting shall be a majority of the members of the Committee.

10. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles regarding the proceedings of the meeting of the Board, unless otherwise agreed by the Committee.
11. The Committee, if considered appropriate, will invite any senior executive officers or other individuals (including advisers and other specialists) to attend Committee meetings.

## **DUTIES, POWERS AND FUNCTIONS**

12. The purpose of the Committee is to monitor, review and make appropriate recommendations to the Board on the best industry practices, the most recent requirements of the Hong Kong market and the state of environmental, social and governance issues (the “**ESG**”) in the Company (together with its subsidiaries, the “**Group**”), making use of an independent consultancy and management reports where appropriate, to enable sustainable growth by enhancing the sustainability of the Group’s economic, environmental, human, technological and social capital in the long term, and to enable the effective management of the Group’s sustainability risks. The Committee shall replace the previous health, safety and environmental committee.
13. The Committee reports to the Board and is accountable to the Board for its performance. The Board (i) has overall responsibility for monitoring the Group’s ESG strategy and reporting (including disclosing whether the Company has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks); (ii) is responsible for evaluating and determining the Group’s ESG-related risks, and verifying that appropriate and effective risk management and internal control systems are in place; (iii) provides strategic direction on material ESG issues, and overseeing their implementation at the operational level; (iv) supervises ESG issues and review the process of relevant ESG targets.
14. Without prejudice to the generality of the foregoing, the Committee shall have the following duties to:
  - (a) evaluate the effectiveness of the Group’s policies and systems for identifying and managing ESG risks, and the impact in associate therewith, within the Group’s operations;
  - (b) set relevant targets, key performance indicators and measures that align with the Group’s business model and effectively monitor the progress on relevant ESG matter, including but not limited to:
    - (i) Environmental: effective and environmentally friendly logistics; emission and management of air pollutant; emission and management of solid waste; reasonable use of resources; emission and management of sewage; environment and natural resources protection and development of clean raw materials; and

- (ii) Social: safe production; occupational health and safety; employment and employees' rights; employee benefits and welfare; staff training and development compliance with laws and regulations.
- (c) assess the policies and systems within the Group for ensuring compliance with ESG regulatory requirements;
- (d) assess the performance of the Group with regard to the impact of ESG decisions and actions upon employees, communities and other third parties and to assess the impact of such decisions and actions on the reputation of the Group;
- (e) receive reports from management concerning all fatalities and serious accidents within the Group and actions taken by management as a result of such fatalities or serious accidents and submit such reports to the Board for its review;
- (f) evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning ESG issues;
- (g) review the results of independent audits of the Group's performance in regard to ESG matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate make recommendations to the Board concerning the same;
- (h) ensure that the Board is aware of all recent regulations in respect of ESG applicable to the Group and to provide relevant recommendations with the assistance of an outside consultant where appropriate;
- (i) review the Group's overall ESG strategic approach ESG management system and management objectives, key substantive issues, ESG risks and opportunities; ensure that the Company publishes an environmental, social and governance report ("**ESG Report**") prepared by the Board within 5 months after the financial year-end, containing the relevant ESG-related disclosure and information, in accordance with the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Corporate Governance Code (as set out in Appendix 27 to the Listing Rules);
- (j) to monitor the positioning of the Company with respect to the financial markets on sustainability issues, with particular reference to the Company's placement in the ethical sustainability indices and international initiatives on ESG matters and the Company's participation in them, in order to consolidate the Company's international reputation;
- (k) to review and evaluate the performance of the Committee and the terms of reference to ensure that it is operating at maximum effectiveness, and recommend any changes it considers appropriate for the Board's approval;

- (l) any other matter authorised by the Board in relation to ESG, and do any such things as necessary and desirable to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (m) to review and advise the Board on the disclosure and report in relation to ESG, including but not limited to: determining the appropriate international or national standard (if any) on ESG matters which shall be monitored and reported on an annual basis; and making recommendations on specific actions or decisions the Board should consider in order to maintain integrity of the ESG Report.

15. The Committee is authorised to:–

- (a) be provided with sufficient resources to discharge its duties;
- (b) make available these terms of reference, explaining its role and the authority delegated to it by the Board;
- (c) call any member of staff to be present at a meeting of the Committee as and when required;
- (d) engage such external legal, financial or other professional advisers or other persons to enable it to discharge its duties as it considers necessary;
- (e) appoint a consultant to review the ESG issues of the Group; and
- (f) delegate any of its powers to a sub-committee, a Director or senior officer of the Company as and when deemed appropriate.

## **REPORTING PROCEDURES**

- 16. Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall prepare and send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comments and records respectively, in both cases within a reasonable time after the meeting.
- 17. The Committee should report to the Board on a regular basis on its decisions or recommendations.
- 18. At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report to the Board on the findings and recommendations of the Committee. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.

## **PUBLICATION AND UPDATE OF THE TERMS OF REFERENCE**

19. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements in Hong Kong including, among others, the Listing Rules. These terms of reference shall be made available to the public by including the information on the respective websites of The Stock Exchange of Hong Kong Limited and the Company.

## **VISION AND MANAGEMENT STRATEGY**

20. Vision: strives for integrating ESG governance thought into corporate development strategic planning, leading the Group to become a commodity supply chain integrated service provider with the advantage of people-focused, safe and efficient, green and low-carbon, scientific development.
21. Management strategy: integrates ESG governance thought into the corporate development strategic implementation plan, achieve an effective integration of “ESG philosophy-corporate strategy-governance implementation-evaluation and review” through the overall promotion of “decision making-management-execution”, and make effort to fulfill the people-focused, safe and efficient, green and low-carbon, scientific development.