

JY GAS LIMITED
交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1407)

(the “Company”)

**TERMS OF REFERENCE OF THE ENVIRONMENTAL, SOCIAL AND
GOVERNANCE COMMITTEE**

The environmental, social and governance committee (the “Committee”) of the Company was established pursuant to a resolution passed by the board of directors of the Company (the “Board”) on 22 October 2022. Set out below are the terms of reference (the “Terms of Reference”) of the Committee.

1. PURPOSE

1.1. The purpose of the Committee is to support the Board in overseeing environmental, social and governance (“ESG”) and climate-related matters.

2. COMPOSITION

2.1. The Committee shall be appointed by the Board from time to time and shall comprise a minimum of three members.

2.2. The Board shall appoint one member of the Committee as the chairperson (the “Chairperson”).

3. MEETINGS

3.1. Unless otherwise specified hereunder, the provisions contained in the Company’s articles of association (the “Articles”) (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

3.2. Members of the Committee may attend meetings of the Committee either on site or through other electronic means of communication (including but not limited to video conference and teleconference) or in such other manner as the members may agree.

- 3.3. The Committee shall meet at least once annually or more frequently if circumstances require.
- 3.4. Members of the Committee may be represented at a meeting of the Committee by an alternative appointed by him or her or his or her alternate.
- 3.5. The Chairperson shall be responsible for leading the Committee, including giving notice of holding meetings, scheduling meetings, preparing agendas and making regular reports to the Board.
- 3.6. A meeting of the Committee may be convened by any of its members.
- 3.7. A quorum shall be two members of the Committee.
- 3.8. Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairperson shall determine whether or not a meeting of the Committee is a regular meeting.
- 3.9. The agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 3.10. Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 3.11. The members of the Committee shall appoint a secretary of the Committee (the "Secretary") to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members of the Committee present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairperson or the Secretary of the meeting or succeeding meeting.
- 3.12. Full minutes of meeting of the Committee shall be kept by the Secretary or any one of the joint company secretaries of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any director.

3.13. Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Board within a reasonable time after the conclusion of any meeting of the Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee himself or herself. The minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.

3.14. Without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, a resolution in writing signed by all of the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. ACCESS

4.1. The Committee shall have full access to management and may invite members of management, employees or others to attend its meetings.

4.2. The Company should provide the Committee with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

5. REPORTING PROCEDURES

5.1. The Committee will consult the chairperson of the Board and/or the chief executive officer of the Company about their proposals relating to the selection and appointment of directors.

5.2. The Committee shall evaluate and assess its effectiveness and the adequacy of its Terms of Reference on an annual basis and recommend any proposed changes to the Board.

5.3. The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. RESPONSIBILITIES AND DUTIES

6.1. Without prejudice to any requirement under the CG Code, the Committee shall perform the following duties:

Sustainability goals and strategies oversight

- (a) to develop and review a Board Statement in relation to ESG issues for the Board's consideration and approval, including (i) the Board's oversight role of ESG issues; (ii) the process used to identify, evaluate, monitor and manage material ESG-related issues; and (iii) how the Board reviews and evaluates the sustainability performance progress made against ESG-related goals and targets;
- (b) to provide vision, long term guidance, recommendations and support to the Board in formulating and updating ESG policies and strategies in accordance with sustainability goals and priorities, and setting metrics and targets;
- (c) to assess the effectiveness of ESG policies and strategies;
- (d) to report to the Board key trends in legislation, regulation, litigation and public debate as regards social, environmental and ethical standards of corporate behavior, and recommend anticipatory measures and plans for the Company;
- (e) to assess ESG risks, advise on those of strategic significance to the Company and provide anticipatory and mitigation plans;
- (f) to review material interests of the key stakeholders of the Company and report their point-of-views on material issues to the Company in order to secure correct long term strategic direction;
- (g) to examine and manage ESG-related issues by way of collecting opinions from various stakeholders;

- (h) to assist all departments and offices of the Company to explore and develop key performance indicators (“KPI”) and measures in accordance with the Company’s goals and targets;
- (i) to review the reports submitted by each department and office of the Company with respect to the implementation of ESG within its unit and to assess and evaluate the effectiveness of the Company’s ESG strategy and policy;

Sustainability initiatives and performance oversight

- (j) to review, evaluate and report to the Board the Company’s sustainability performance vs. declared KPI and goals, relative to comparable peers or other benchmarked companies on a regional and global basis;
- (k) to review and report to the Board the relevance of sustainability stock/ESG indices, and the performance of the Company relative to the requirements of those indices and the desirability of the Company inclusion in those indices;
- (l) to review and approve Company policies and make recommendations to the Board on any changes to those partnerships, strategies and policies;
- (m) to review and report to the Board on other related recommendations and submissions for ESG;
- (n) to keep track of and report to the Board on the latest market and industry trends in relation to ESG and climate-related matters;
- (o) to quantitatively monitor on the Company’s adherence to environmental commitments, including but not limited to assessing and monitoring the electricity consumption of the Company on a regular basis;

ESG Reporting

- (p) to review and advise the Board on the Company' public reporting regarding its performance on sustainability, and prepare for the ESG report before submitting to the Board for final endorsement; and
- (q) to closely monitor the latest requirements regarding ESG and climate-related disclosures from the Stock Exchange of Hong Kong Limited (“Stock Exchange”), and any applicable recommendations from the Stock Exchange.

7. ANNUAL GENERAL MEETING

- 7.1. The Chairperson or in his absence, another member of the Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Committee's work and responsibilities.

Note: if there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.