

**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(the “Company”)

**Terms of reference of the Environmental, Social and Governance (“ESG”)
Committee (the “Committee”) of Board (the “Board”) of
Directors of the Company (the “Directors”)**

1. Constitution

1.1 This Committee is a special working organization established pursuant to a resolution passed by the Board at its meeting held on 20 February 2023, and is responsible to the Board.

2. Membership

2.1 Members of the Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members and a majority of whom shall be independent non-executive Directors.

2.2 The Chairman of the Committee shall be appointed by the Board and is responsible for presiding over the work of the Committee, and ensuring the effective operation of the Committee and the performance of its responsibilities.

2.3 The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Committee. If the Company has more than one Company Secretary at the material time, any of the Company Secretaries may act as the secretary of the Committee. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.

2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

3. Proceedings of the Committee

3.1 *Notice:*

- (a) Unless otherwise agreed by all the Committee members, a notice of any meeting shall be given at least seven days before the date of the meeting. Such notice shall be sent to each member of the Committee, and to any other person invited to attend. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

(Note: Regular board meetings should be called by giving at least 14 days' notice. For all other board meetings, reasonable notice shall be given: cf: Part 2 C.5.3 of Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"))

- (b) A Committee member may and, on the request of a Committee member the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
- (c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
- (d) Notice of meeting shall state the purpose, time and place of the meeting. An agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting should generally be delivered to all Committee members seven days (and in any event not less than 3 days) before the intended date of the Committee meeting (or such other period as all the Committee members may agree).

3.2 **Quorum:** The quorum of the Committee meeting shall be two members of the Committee.

3.3 **Frequency:** Meetings shall be held at least once a year or more frequently if circumstances require.

3.4 Meetings may be held in person, or by means of such telephone, electronic or other communication facilities as may be permitted for all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

4. Written resolutions

4.1 A resolution in writing signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the Committee members.

5. Alternate Committee members

5.1 A Committee member may not appoint any alternate.

6. Authority of the Committee

6.1 The Committee may exercise the following powers:

- (a) 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 require 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;
- (b) to obtain, at the Company’s expenses, outside legal or other independent professional advice on or assistance to any matters within these terms of reference, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its duties and should be provided with sufficient resources to discharge its duties at the expenses of the Company;
- (c) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary;
- (d) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged; and
- (e) to delegate its authority to subcommittees or the Chairman of the Committee when it deems appropriate and in the best interests of the Group.

6.2 The Company should provide the Committee sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company’s expense, to perform its responsibilities.

7. Duties

- 7.1 The Committee shall keep the effectiveness of the ESG management practices of the Group. The Committee shall introduce and propose relevant principles concerning ESG and to review and determine the ESG related policy, so as to enhance and to ensure a high standard of ESG management practices in the Group.
- 7.2 Regarding 7.1 above, the duties of the Committee shall include the following aspects:
- (a) to develop and review the Group’s ESG-related objectives, strategies, risks, opportunities, measures, policies, management approaches and practices as well as policies and practices on corporate governance and to make recommendations to the Board;
 - (b) to oversee the Group’s achievement of ESG-related objectives and monitor the performance of the Group, make recommendations to the Board on actions needed to improve relevant performance, and be responsible for approving/reviewing or recommending for the approval of the Board on the relevant policies of corporate culture of the Group and encouraging the management to develop effective mechanisms, in order to nurture and maintain a good corporate culture;
 - (c) to review the Group’s compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, and review, assess and verify the disclosure in the corporate governance report and the ESG report for the Board’s consideration and approval;
 - (d) to review and monitor the Group’s disclosure process, including assessment and verification of the ESG and corporate governance related disclosures in the annual and interim reports, the accuracy and materiality of price-sensitive information, determine the form and content of any required disclosure and ensure compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the “**Applicable Laws**”);
 - (e) to make sure that the Group has appropriate and effective ESG risk management and internal control systems, monitor and review ESG trends and related matters, and make recommendations to the Board on how to deal with risks affecting the Group to ensure the effectiveness and adequacy of internal controls;

- (f) to monitor each of the remuneration committee, nomination committee and audit and risk management committee of the Board and ensure each of them has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any Applicable Laws;
- (g) to develop and formalise the functions reserved to the Board and those to be delegated by the Board to the management of the Group, and to review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group;
- (h) to review and monitor the Group's communication policy with its shareholders to ensure a high degree of transparency and that the shareholders are informed of relevant information on a regular basis thus allowing them to evaluate the Group's performance and prospects;
- (i) to monitor and review the Group's policies and practices on compliance with Applicable Laws;
- (j) to review and monitor the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the Listing Rules, the Applicable Laws and other applicable ESG and corporate governance standards;
- (k) to review and monitor the training and continuous professional development (including those related to ESG and corporate governance) of Directors and senior management of the Group;
- (l) to develop, review and monitor the code of conduct and compliance manual (in respect of ESG and corporate governance action) (if any) applicable to employees and Directors of the Group;
- (m) to review from time to time as appropriate these terms of reference and the effectiveness of the Committee and recommend to the Board any necessary changes;
- (n) to do any such things to enable the Committee to discharge its duties conferred on it by the Board from time to time;
- (o) to address and deal with such other matters as may be delegated by the Board to the Committee; and
- (p) to report to the Board on the matters set out above.

8. Minutes and records

- 8.1 The secretary of the Committee shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Committee in which he or any of his associates has a material interest, unless, the exceptions set out in Rule 13.44 of the Listing Rules and article 100 of the articles of association of the Company (the “Articles”) apply.
- 8.2 Full minutes of the Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary). Draft and final versions of minutes of the Committee meeting should be sent to all Committee members for their comment and records within a reasonable time after the meeting (generally, meaning within 14 days after the meeting). Once the minutes are signed, the secretary shall circulate the minutes and reports of the Committee to all members of the Board.
- 8.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

9. Reporting responsibilities

The Committee shall report to the Board after each meeting.

10. Committee Members Responsibilities

- 10.1 If a Committee member fails to attend the Committee meeting in person for two consecutive times, except where such absences are approved by the Board, the Board will have the right to appoint another Director to replace his role as a member of the Committee.
- 10.2 Committee members present at the meeting and non-voting attendees (if any) are obliged to keep the matters discussed at the meeting confidential and shall not disclose relevant information without authorization.

11. Continuing application of the Articles

- 11.1 The Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

12. Powers of the Board

- 12.1 The Board may, subject to compliance with the Articles and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.
- 12.2 In the event of any conflict between these terms of reference and any Applicable Laws and/or the Articles (as amended from time to time), the Applicable Laws and/or the Articles shall prevail. In such situation, these terms of reference should be amended within a reasonable time and such suggested amendments should be reported to the Board for consideration and approval.

13. Publication of the terms of reference of the Committee

The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the Stock Exchange.

Adopted on 20 February 2023