



**YSB Inc.**

**藥師幫股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9885)**

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

The environmental, social and corporate governance committee (the “**Committee**”) of YSB Inc. (the “**Company**”) was established pursuant to a resolution passed by the board of directors of the Company (the “**Board**”) on 14 November 2023. Set out below are the terms of reference (the “**Terms of Reference**”) of the Committee. These Terms of Reference are available for viewing in English and Chinese. If there is any inconsistency between the English and the Chinese versions of these Terms of Reference, the English version shall prevail.

### **1. PURPOSE**

- 1.1 The purpose of the Committee is to review and monitor the Company’s environmental, social responsibility and corporate governance (“**ESG**”) policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the Company’s and its subsidiaries’ (collectively the “**Group**”) ESG performance.

### **2. COMPOSITION**

- 2.1 Members of the Committee shall be appointed by the Board from time to time and shall consist of a minimum of one independent non-executive director who shall meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 2.2 The Committee shall have one chairman (convener) (“**Chairperson**”). The Chairperson shall be elected from the members, subject to approval from the Board.

### **3. MEETINGS**

- 3.1 Unless otherwise specified in these Terms of Reference, 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 in person or through other electronic means of communication or in such other manner as the members may agree.
- 3.3 The Committee shall meet at least once annually.
- 3.4 Members of the Committee may be represented at a meeting of the Committee by an alternate appointed by them.
- 3.5 The Chairperson shall be responsible for leading the Committee, including 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 Notice of a Committee meeting shall be given to all members of the Committee.
- 3.9 Each member shall have one vote. 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. Voting may be by signature, show of hands, or such other manner as determined by the Committee in meeting.
- 3.10 Full minutes of meetings of the Committee shall be kept by the Committee. They shall be open for inspection at any reasonable time on reasonable notice by any director of the Company.
- 3.11 A resolution in writing signed by the majority 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 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 shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference on an annual basis (or from time to time) and recommend any proposed changes to the Board.

- 5.2 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).
- 5.3 The environment, social and governance report (“**ESG Report**”) shall include matters mentioned in Appendix 27 to the Rules the Listing Rules and applicable ESG matters detailed in Appendix 14 to the Listing Rules. The ESG Report may be combined into the corporate governance report of the Company or published separately, provided that the ESG Report shall be published on the same date as the Company’s annual report.

## **6. RESPONSIBILITIES AND DUTIES**

Without prejudice to any requirements under the CG Code and the ESG Guide, the duties of the Committee shall include the following:

- 6.1 to develop, review and assess the adequacy of the Company’s policies and practices on ESG matters;
- 6.2 to review the Company’s compliance with the Listing Rules with respect to ESG matters, and in particular, compliance with Appendix 27 to the Listing Rules in relation to the contexts of the ESG Report and publication thereof on an annual basis;
- 6.3 to develop and review the Company’s ESG vision, strategy, framework, principles and policies, and make relevant recommendations to the Board, and implement the ESG policies laid down by the Board;
- 6.4 to pursue initiatives to promote the Company’s ESG, and set corporate objectives, targets, key performance indicators and measures to ascertain performance against prioritised ESG areas as appropriate;
- 6.5 to review the ESG Report or special reports (if any) on environmental protection, social responsibility and corporate governance;
- 6.6 to monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to further the Company’s ESG performance;
- 6.7 to support local and overseas external ESG-related initiatives where appropriate to help promote ESG;
- 6.8 to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board in relation to health, safety, environment, social responsibility and corporate governance; and
- 6.9 to consider such other matters in respect of ESG as the Board may from time to time determine.