



CM Energy Tech Co., Ltd.
华商能源科技股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 206)

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

1. ESTABLISHMENT

1.1. The Environmental, Social and Governance Committee (the “**Committee**”) is established by the board of directors (the “**Board**”) of CM Energy Tech Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

2. MEMBER

2.1. The member(s) of the Committee (“**Member(s)**”) shall be appointed by the Board from among the directors of the Company, consist of at least three (3) Members, a majority of whom shall be independent non-executive directors.

2.2. Members shall not appoint any alternate Members.

2.3. The Board may by resolution remove any of the Members or appoint additional Members for the Committee.

3. CHAIRMAN

3.1. The chairman of the Committee shall be appointed by the Board. In the absence of the chairman of the Committee, other Members present may elect one of the Members to act as the chairman of the meeting.

4. SECRETARY

4.1. The company secretary shall be the secretary of the Committee. In the absence of the company secretary, his/her delegate(s) or person elected by the Committee at the meeting shall attend the meeting of the Committee and take minutes.

5. PROCEEDINGS OF THE COMMITTEE

Unless otherwise specified hereunder, the provisions contained in the Company's articles of association (as amended from time to time) for regulating meetings of the Board shall also apply to the meetings and proceedings of the Committee.

5.1. Quorum

5.1.1. The quorum for meetings of the Committee shall be any two (2) Members, with at least one (1) of them being an independent non-executive director. All or any part of the authority, powers and discretion vested in or exercisable by the Committee may be exercised by the Committee at a duly convened meeting where there is a quorum.

5.2. Attendance at meetings

5.2.1. Members may attend meetings either in person or through other electronic means of communication or in such other manner as the Members may agree, provided that Members can communicate directly with each other during the meeting.

5.2.2. The other directors, company secretary (or his/her delegate(s)) and relevant senior management and person(s) invited by the Committee shall normally attend meetings of the Committee.

5.2.3. Only Members are entitled to vote at the meeting.

5.3. Notice of meetings

5.3.1. A meeting of the Committee may be convened by any Member or by the secretary on request of a Member.

5.3.2. Unless otherwise agreed by all the Members, notice of at least seven (7) days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.

5.3.3. The agenda and relevant documents of the meeting shall be sent to all Members and to other attendees as appropriate at least three (3) days before the date of the meeting (or such other period as the Members may agree).

5.4. Minutes of meetings

- 5.4.1. The secretary at the meeting shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 5.4.2. Draft and final versions of minutes of Committee meetings shall be sent to all Members for their comment and records within a reasonable time after the meeting.
- 5.4.3. Any minutes signed by the chairman of the meeting shall be sufficient evidence without any further proof of the facts stated therein.
- 5.4.4. Minutes of the Committee shall be kept by the company secretary and shall be available for inspection by any Member or the Board at any reasonable time on reasonable notice.

5.5. Written resolutions

- 5.5.1. Without prejudice to any requirement under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), written resolution may be passed and adopted by all Members.
- 5.5.2. A resolution signed in writing or approved by electronic means (including but not limited to letter, telex or facsimile) by a majority of the Members (of whom at least one (1) must be an independent non-executive director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more Members.
- 5.5.3. The Committee may conduct its meeting by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a Member being in the physical presence of another Member or Members, and participation in a meeting in such manner shall be deemed to constitute presence in person at such meeting. Minutes of such a meeting signed by all participants of the meeting shall be conclusive evidence of any resolution passed at any meeting conducted in such manner.

5.6. Frequency of meetings

- 5.6.1. The Committee shall meet not less than once a year. The Committee may request to convene additional meetings if deemed necessary.

6. AUTHORITIES OF THE COMMITTEE

- 6.1. The authorities of the Committee are vested in by the Board. Accordingly, unless restricted by legal or regulatory requirements, the Committee is required to report its decisions or recommendations to the Board;
- 6.2. The Company shall ensure that the Committee has sufficient resources. The Board also authorizes the Committee to consult external legal or other independent professional advice or employ relevant professional institutions for assistance if necessary, and the expenses will be borne by the Company;
- 6.3. An environmental, social and governance working group is established under the Committee, and the working group reports to the Committee. Work requirements and other relevant matters are determined by the Committee;
- 6.4. The Committee is authorized to seek any information it requires from any employee of 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;
- 6.5. Review annually the effectiveness of these terms of reference and make recommendations to the Board on any changes the Committee considers necessary; and
- 6.6. Exercise such powers as the Committee deems necessary and expedient to properly carry out its duties.

7. DUTIES OF THE COMMITTEE

- 7.1. Coordinate and manage the environmental, social and governance matters of the Group and report to the Board on any significant matters;
- 7.2. Provide guidance on and formulate the Company's environmental, social and governance vision, goals, strategies and structure, and review and monitor the Company's environmental, social and governance strategies, policies and practices in order to ensure that they align with the Company's needs and comply with the applicable laws, regulations and regulatory requirements and meet the international standards;
- 7.3. Identify, determine and assess the Group's environmental, social and governance risks (including climate-related risks) and opportunities, and report to the Board;

- 7.4. Identify, determine and assess key issues and priorities of environmental, social and governance risks that are material to the Company and/or affect the interests of the shareholders and other major stakeholders, and make recommendations to the Board;
- 7.5. Promote a top-down culture to ensure that environmental, social and governance principles are integrated into business decision-making processes;
- 7.6. Establish risk management and internal control systems, such as environmental, social and governance policies and programs, to manage and mitigate environmental, social and governance risks;
- 7.7. Incorporate corporate responsibility and sustainability related risks into the Group's current risk management and internal control framework, and report relevant risks and matters to the Board;
- 7.8. Formulate environmental, social and governance key performance targets of the Company and review the progress of key performance target implementation, and make recommendations to the Board on improving performance;
- 7.9. Research, monitor and review current and/or potential issues, trends and investments related to environmental, social and governance aspects of the Group to understand new environmental, social and governance matters that affect the Group's operations;
- 7.10. Monitor the communication channels and methods between the Group and its stakeholders, and review the impact of the Group's environmental, social and governance matters on stakeholders to ensure effective communication and relationships with stakeholders while maintaining the Group's reputation. Stakeholders include employees, shareholders, local communities and the environment;
- 7.11. Perform other environmental, social and governance related tasks at the request of the Board, including but not limited to providing recommendations on integrating environmental, social and governance considerations into the review and monitoring of the Company's strategies, key action plans, annual budget and performance targets;
- 7.12. Determine the reporting standards and coverage adopted in the environmental, social and governance report, supervise the preparation of the environmental, social and governance report by the working group; review the environmental, social and governance report and make recommendations to the Board for approval; ensure that the Group complies with the relevant requirements as set out in the Listing Rules from time to time;

7.13. Work closely with other relevant committees under the Board, including but not limited to the nomination committee, audit committee, etc.; and

7.14. Coordinate any other environmental, social and governance related task as may be assigned by the Board.

8. REPORTING RESPONSIBILITIES

8.1. At the meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and proposed recommendations of the Committee to the Board.

8.2. The Committee shall report to the Board in a timely manner and submit any recommendations for approval by all members of the Board.

8.3. Disclose the annual environmental, social and governance report of the Group, which should include the relevant requirements as set out in the Listing Rules from time to time.

9. ANNUAL GENERAL MEETING

9.1. The chairman of the Committee (or in the absence of the chairman, another Member of the Committee or failing this, his/her duly appointed delegate) shall attend each Annual General Meeting of the Company and respond to questions on the Committee's matters.

10. PUBLICATION OF THE TERMS OF REFERENCE OF THE COMMITTEE

10.1. 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.

11. SUPPLEMENTARY PROVISIONS

11.1. These terms of reference shall come into force upon the passing of the Board.

11.2. For the matters which are not covered by the terms of reference or are not in congruence with the provisions of the newly issued or revised laws, regulations and regulatory documents, the Listing Rules or articles of association upon these terms of reference become effective, the relevant laws, regulations and regulatory documents, the Listing Rules or articles of association shall prevail.

11.3. The right to interpret and amend the terms of reference shall reside with the Board.