中国银河证券股份有限公司
CHINA GALAXY SECURITIES CO., LTD.

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 06881)**

# TERMS OF REFERENCE OF THE STRATEGY AND ESG DEVELOPMENT COMMITTEE UNDER THE BOARD OF DIRECTORS

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These terms of reference of China Galaxy Securities Co., Ltd. (the "Company") are formulated in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Securities Companies, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws and regulations, as well as the Articles of Association and the Rules of Procedure of the Board of Directors, and based on the actual situation of the Company to regulate the decision-making mechanism of the board of directors and improve the corporate governance of the Company.

**Article 2** The Strategy and ESG Development Committee (the "Committee") of the board of directors is a specialized organization established by the board of directors pursuant to the Articles of Association. It shall assist the board of directors in performing duties within the authorities specified in these terms of reference and shall be accountable and report to the board of directors.

## CHAPTER 2 COMPOSITION

**Article 3** The Committee shall comprise at least three directors, and shall have a chairman.

**Article 4** Members of the Committee shall be nominated by the nomination and remuneration committee of the board of directors. The chairman shall be served by the chairman of the board of directors.

The appointment of the chairman and members of the Committee shall be subject to the approval of the board of directors.

**Article 5** The term of office of the members of the Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. If any member ceases to be a director of the Company during his/her term of office, he/she shall automatically lose the qualification as a member of the Committee. In the event that the number of members of the Committee falls below the quorum provided herein, the board of directors shall fill the vacancy in accordance with these terms of reference.

**Article 6** The chairman of the Committee shall be in charge of the work of the Committee, whose principal duties are as follows:

(1) to organize and ensure the efficient operation and performance of duties of the Committee;

(2) to convene and chair meetings of the Committee;

(3) to ensure that all members of the Committee know clearly about the matters to be deliberated at the meeting and have access to complete and reliable information;

(4) to ensure each proposal deliberated by the Committee be resolved with clear and concise conclusion;

(5) to arrange other affairs conferred by the board of directors;

(6) to perform other functions and duties as stipulated herein.

In the event that the chairman of the Committee is absent or fails to discharge his/her duties, a member of the Committee may be jointly elected by other members to perform the duties of the chairman.

**Article 7** Members of the Committee shall have professional knowledge, experience and skills commensurate with their duties in the Committee. Their principal duties are as follows:

(1) to propose topics for discussion at meetings of the Committee;

(2) to attend the meetings of the Committee on time and to express opinions on the matters deliberated or discussed at the meetings and exercise their voting rights;

(3) to attend relevant meetings of the Company, and to understand and obtain relevant information of the Company;

(4) to perform other functions and duties as stipulated herein.

**Article 8** Any member of the Committee may be replaced or removed upon approval of the board of directors if any one of the following situations occurs:

(1) the member tenders his/her resignation in writing;

(2) the member is involved in gross misconduct or in violation of laws and regulations, the Articles of Association or these terms of reference during the his/her term of office;

(3) other circumstances which the board of directors considers that the member is not fit to take up the position as a member of the Committee.

## CHAPTER 3 DUTIES

**Article 9** The Committee is mainly responsible for studying and making recommendations on the Company's long-term development strategy, major investment decisions, and ESG management, with the specific duties as follows:

(1) to understand and keep abreast of the overall situation of the Company's business operations;

(2) to understand, analyze, and keep abreast of the current status of the industry both domestically and internationally;

(3) to understand and keep abreast of relevant national policies;

(4) to study the Company's short-term, medium-term, and long-term development strategies or related issues;

(5) to provide consulting advice on major decisions such as the Company's long-term development strategy, major investments, asset disposals, and financing plans;

(6) to conduct preliminary review of the Company's annual business plan and financial budget, and make recommendations to the board of directors;

(7) to review the Company's strategic capital allocation plan, and make recommendations to the board of directors;

(8) to evaluate the coordinated development of various businesses, and make recommendations to the board of directors;

(9) to review major organizational adjustments and institutional layout plans, and make recommendations to the board of directors;

(10) to conduct preliminary review of the Company's major investments, asset disposals, and financing plans, and make recommendations to the board of directors;

(11) to study the Company's ESG (Environmental, Social, and Governance) management and provide consulting advice for decision-making purpose; to supervise the implementation of the Company's ESG strategy and progress towards achieving ESG goals, and solicit feedback from internal and external stakeholders on ESG work;

(12) to urge the Company to strengthen communication with stakeholders on important ESG matters; to pay attention to major ESG-related risks, including monitoring and managing climate-related impacts, risks, and opportunities; to conduct preliminary review of the Company's ESG reports and make recommendations to the board of directors;

(13) to study other major matters affecting the Company's development, and make recommendations to the board of directors;

(14) to handle other matters authorized by the board of directors.

The Committee may make proposals to the board of directors in respect of any matters falling within the scope of the above duties.

**Article 10** The business management and departments of the Company shall assist and coordinate with the Committee, promptly and accurately provide the information necessary for the Committee to perform its responsibilities, and respond to the inquiries raised by the Committee on relevant matters.

**Article 11** The Committee may conduct investigations on the implementation of the Company's strategic development plan.

The Committee shall study the relevant investigation and feedbacks from the senior management or relevant responsible personnel, and report to the board of directors the investigation results and make suggestions.

**Article 12** The Committee shall follow up and oversee the implementation of resolutions approved by the shareholders' meeting and the board meeting that fall within the scope of its duties.

**Article 13** The Committee shall, in accordance with its duties, submit relevant materials and information in form of reports, proposals and summaries to the board of directors for consideration and decision-making.

**Article 14** The Committee shall submit the annual work report to the board of directors.

**Article 15** The Committee may engage intermediaries to provide professional advices for it or organize and assign the departments or employees of the Company to conduct a specific research at the expense of the Company.

## CHAPTER 4 RULES OF PROCEDURE

**Article 16** The Committee shall convene at least two meetings each year by way of physical meeting or through communication tools.

**Article 17** The meeting notice shall be issued 5 days before the date of meeting, unless waived with the consent of at least two-thirds of the members of the Committee.

**Article 18** The meeting notice shall contain the following details:

(1) date and venue of the meeting;

(2) duration of the meeting;

(3) agenda and relevant materials of the meeting;

(4) date of the notice.

**Article 19** The meeting notice may be despatched by hand, fax, registered mail or e-mail.

**Article 20** Upon approval by the chairman of the Committee, interim proposals may be added to the agenda of the meeting after the issue of the meeting notice, and relevant materials shall be served as soon as possible.

**Article 21** A meeting of the Committee shall be convened only if more than half of all its members are present. The Committee may invite other parties who are not the Committee members to attend the meeting as and when necessary.

**Article 22** Members of the Committee shall attend meetings in person and shall not appoint others to attend on their behalf.

**Article 23** The Committee may request briefings or comments from relevant departments and personnel associated with the subject matters of the meeting. The relevant departments and personnel shall attend such meeting.

**Article 24** The Committee shall adopt the abstention system.

When a member of the Committee is involved in the matter being discussed at the meeting of the Committee, he/she shall be abstained from attending such meeting. If the meeting is convened to discuss a number of matters, such member shall only be abstained from the discussion of the matter he/she is involved.

If a resolution cannot be made due to the abstention of members, the Committee shall submit such matter to the board of directors for consideration.

**Article 25** Any voting at the meetings of the Committee shall be taken by poll. Each member shall have one vote. A resolution of the meeting of the Committee shall be passed by more than half of all its members.

**Article 26** A resolution of the meeting of the Committee shall be formed upon voting. The resolution shall contain the following details:

(1) the date, venue and name of the convener of the meeting;

(2) the number of members who shall attend and actual number of attendees of the meeting;

(3) the legal validity of the proceedings and resolutions of the meeting;

(4) the contents of the proposals considered and voted at the meeting and the voting results;

(5) other matters that shall be explained and recorded in the resolution.

The resolution shall be signed by all members present at such meeting. The resolution and the relevant proposals in written form shall be submitted to the board of directors and, where necessary, delivered to the relevant departments of the Company.

**Article 27** The Committee shall keep minutes of the meetings, which shall record the details of the matters considered and resolutions formed at the meetings of the Committee, including any concerns or dissenting opinions raised by members of the Committee. Subsequent to the conclusion of a meeting, the draft of the meeting minutes and the final version shall be delivered to the members within a reasonable period of time, with the draft for their comments and the final version for record purpose. The meeting minutes shall be signed by the members of the Committee present at the meeting and the recorder of the meeting.

**Article 28** The resolutions and minutes of the meetings of the Committee shall be important documents, information and files of the Committee and shall be kept by the secretary to the board of directors. During the subsistence of the Company, these documents, information and files shall be kept for not less than 20 years. The meeting minutes of the Committee shall be available for inspection by any director upon request.

**Article 29** Members of the Committee, persons attending the meeting and other participants of the meeting shall undertake confidentiality obligations for all items discussed at the meeting. Relevant information shall not be disclosed without permission. In case of any breach of confidentiality, the concerned person shall bear legal liabilities in accordance with regulations.

## CHAPTER 5 COORDINATION AND COMMUNICATION

**Article 30** The office of the board of directors is the working unit of the Committee, and its major duties shall include the followings:

(1) to manage daily operation and liaison of the Committee;

(2) to arrange the Committee meetings and prepare meeting minutes;

(3) to collect and prepare relevant materials for the Committee meetings;

(4) according to the requirements of the members of the Committee, to coordinate relevant departments of the Company to arrange investigation and research required by the members to perform their duties;

(5) to assist members in acquiring relevant information and coordinate relevant departments of the Company to provide related materials; and

(6) to coordinate the works between the Committee and other committees of the board of directors.

**Article 31** The departments of the Company, such as the strategic research department, information technology department and financial management department, are the supporting departments for the decision-making of the Committee. They shall provide related materials, draft relevant documents and make recommendations according to the requirements of the Committee.

## CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Article 32** Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association.

**Article 33** In the event that any matters are not covered by these terms of reference or any of these terms of reference are inconsistent with the relevant national laws and regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association, such laws and regulations, listing rules and the Articles of Association shall prevail.

**Article 34** Amendments to these terms of reference shall be proposed by the Committee and submitted to the board of directors for approval.

**Article 35** These terms of reference shall be interpreted by the board of directors.

**Article 36** These terms of reference shall become effective from the date of consideration and approval by the board of directors.

The original terms of reference of the Strategy and Development Committee under the board of directors of the Company shall lapse automatically on the date when these terms of reference become effective.