

TOWNGAS SMART ENERGY COMPANY LIMITED
(the “Company”)

TERMS OF REFERENCE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE
(the “Committee”)

Purpose

1. The Committee shall assist the Board of Directors of the Company (the “Board”) in overseeing management of the Company and its subsidiaries (the “Group”) in environmental, social and governance (“ESG”) matters, including but not limited to Health and Safety; Environmental Protection; Operating Practices; Relationships with Employees, Customers and Suppliers; and Community Engagement, as well as pursue innovative practices to promote the Group’s sustainable growth.
2. Sustainable development is a concrete social responsibility effort of companies that becomes an important factor for investors in making investment decisions. As such, summary of the work of the Committee will be published in the Company’s ESG Report.

Membership

3. The members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members.
4. The Chairman of the Committee shall be the Chief Executive Officer of the Company.
5. The Committee may invite any senior management to attend any meeting(s) of the Committee as it may from time to time consider necessary. External advisers may also be invited to attend the Committee meetings.
6. The Committee Chairman shall nominate a secretary to the Committee.

Meetings

7. The Committee shall meet at least once a year. Additional meetings should be held as and when the work of the Committee demands or when the Board demands.
8. The Chairman of the Committee may convene additional meetings at his discretion.
9. The quorum of a meeting of the Committee shall be any two members of the Committee.
10. Proceedings of meetings of the Committee shall be governed by the relevant provisions of the articles of association of the Company (as amended from time to time).

Authority

11. The Committee is granted the authority to engage in any activity falling within these terms of reference; to conduct internal and external materiality assessments, and to direct all employees to cooperate as requested by members of the Committee.
12. The Committee is authorized by the Board to obtain external legal or other professional advice, at the Company's expenses, if required by the Committee and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.

Duties

13. The Committee is to :-
 - (a) oversee the Group's strategies, policies and practices on ESG matters, including but not limited to Health and Safety; Environmental Protection; Operating Practices; Relationships with Employees, Customers and Suppliers; and Community Engagement;
 - (b) identify and review ESG issues, and related risks and opportunities;
 - (c) review ESG performance and make recommendation to the Board for improvement ;
 - (d) review and evaluate the Company's ESG Report and recommend endorsement by the Board; and
 - (e) provide updates to the Board on the latest ESG matters falling within the Committee's remit.
14. The Committee should be provided with sufficient resources to perform its duties.

Reporting Procedures

15. The Committee should report to the Board on a regular basis on its decisions or recommendations and on the matters set out in these terms of reference.
16. Minutes of the meetings of the Committee shall be prepared by the secretary of the Committee, who shall prepare and distribute minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comment and records, within a reasonable time after the meeting.

March 2022

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