

# BII Railway Transportation Technology Holdings Company Limited

## 京投軌道交通科技控股有限公司

(“The Company”)  
(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1522)

### The Environmental, Social and Governance Committee Terms of Reference

#### 1. ESG Committee

1.1. The Company’s board of directors (the “**Board**”) passed a resolution on 29 November 2021 to establish the Environmental, Social and Governance Committee (the “**ESG Committee**”).

#### 2. Purpose

2.1 The ESG Committee shall assist and advise the Board in fulfilling its oversight responsibilities in the aspects of environmental, social and governance (“**ESG**”) matters, with a view to enhancing the Company’s sustainability, and achieving the following objectives:

2.1.1 stay in line with the Company’s notion of sustainable development, take due considerations in its strategic and management decisions on social and public welfare as well as its impact on the environment, in order to continuously decrease natural resources consumption;

2.1.2 equip the Board with the capacity to anticipate potential misalignment of interests of internal and external stakeholders and manage the risks that may arise; and

2.1.3 effectively identify and manage ESG-related risks and opportunities.

#### 3. Roles and responsibilities

3.1 The scope of ESG and sustainable development usually covers the following aspects:

- Society, including the members of the public and community
- Natural and public environment
- Health and safety
- Employee relations and relationships with other stakeholders, including suppliers, business partners, customers, regulatory bodies, media and non-profit organizations, etc.
- Business ethics and conduct

- 3.2 To achieve the aforesaid purpose, the responsibilities of the ESG Committee encompass the following:

**ESG targets, priorities, policies and implementation framework**

3.2.1 Review, approve and report the Company's ESG principles, targets, standards and priorities to the Board, and supervise the Board's effective representation and implementation in the formulation of strategies and policies as well as business practices.

3.2.2 Analyze and report to the Board relevant affairs as below:

- (a) dynamics on ESG subjects among international and local governments, industry and regulatory bodies as well as public opinions on corporate ethics, etc;
- (b) identification and evaluation of the Company's sustainability-related risks and opportunities; and
- (c) ESG rating agencies' enquires for Company information, if applicable.

**ESG implementation**

3.2.3 Oversee, review and evaluate as well as report and advise the Board in a timely manner:

- (a) the sufficiency of the integration of ESG concepts into the Company's mission, vision and corporate culture;
- (b) the setting of ESG targets and/or performance indicators and related progresses on a yearly basis;
- (c) the establishment of ESG principles and standards and their appropriateness;
- (d) the representation of ESG subjects in internal policies and processes; and
- (e) the validation and confirmation of ESG material issues.

3.2.4 Oversee, revise and evaluate ESG-related risk management, as well as the effective connectivity of such management with the existing risk management system;

3.2.5 Oversee and evaluate the effective integration of ESG into the internal control planning process under internal audit;

3.2.6 Measure and evaluate ESG-related initiatives and their effectiveness regularly, and provide recommendations for improvement; and

3.2.7 Ensure that the management and staff are provided with adequate ESG and business ethics trainings.

## **ESG report**

3.2.8 Review the ESG report and to make recommendations to the Board, including but not limited to:

- (a) the adoption of disclosure standards, or standards to be adopted;
- (b) the overall production planning, including scope, themes and outcomes; and
- (c) submit the ESG report to the Board for approval, and provide advice on specific chapters or topics of the ESG report.

## **Charitable donations or social welfare**

3.2.9 Supervise the Company's charitable donations and social welfare projects as well as the relevant approaches and processes, and advise the Board on the improvement of such policies, systems, strategies or partnership.

## **4. Authority**

4.1 The ESG Committee is authorised by the Board to coordinate internal resources and form cross-departmental capabilities to ensure the execution of ESG-related initiatives and the accomplishment of related targets. The ESG Committee has the authority to:

4.1.1 establish a cross-departmental ESG task force and delegate as appropriate its responsibilities to such task force; approve its budget and/or expenses as required;

4.1.2 request and collect any information as deemed appropriate from any department or personnel of the Company and its subsidiaries. The requested department is obliged to cooperate and provide the requested information in its possession, including any additional information, within requested time frame; and

4.1.3 advise on the establishment, supplement or modification of the existing internal policies or processes. The requested department is obliged to cooperate, including offering relevant suggestions, feedbacks and implementation schedule, and submit the revised documents to the ESG task force or the ESG Committee for review.

4.2 The ESG Committee has the authority to seek independent opinions from external professional consultants and invite third-party professionals with relevant experience to attend the meetings convened by the ESG Committee at the expense of the Company.

- 4.3 The ESG Committee has the authority to investigate into any case not in line with the Company's ESG strategy. If extra budget for such unscheduled investigation is deemed necessary, the ESG Committee should allocate the required resources.
- 4.4 The ESG Committee shall consider participating in relevant international or regional ESG or sustainability forums, seminars or trainings at appropriate times with a view to performing its duties or maintaining its high level of ESG awareness and understanding of the practical experience of the industry.
- 4.5 Other rights and responsibilities as granted by the Board at times.

## **5. Composition of the ESG Committee**

- 5.1 The ESG Committee shall be composed of three directors of the Company, including one executive director and two non-executive directors. The Committee shall have a chairperson.
- 5.2 Members and the chairperson of the ESG Committee shall be appointed by the Board.
- 5.3 The Board has the authority to appoint or dismiss any member in the ESG Committee from time to time.
- 5.4 The chairperson of the ESG Committee shall, as far as practicable, attend the annual general meeting of the Company and assist in responding to the questions raised by shareholders on the activities and responsibilities of the ESG Committee.

## **6. Meetings and reporting procedures**

- 6.1 The ESG Committee shall convene a meeting at any time if necessary, but shall meet at least once a year.
- 6.2 The ESG Committee meetings shall be presided over by the chairperson of the ESG Committee, and two members of the ESG Committee constitute a quorum for such meetings.
- 6.3 Resolutions of the ESG Committee adopted at the meetings shall be passed by more than half of the members of the ESG Committee present at such meetings.
- 6.4 Members of the ESG Committee may request an interim or additional meeting in the event of special matters, which shall be convened upon the approval of the chairperson of the ESG Committee.
- 6.5 The ESG Committee may invite any relevant internal and/or external personnel, who are not members of the ESG Committee, to attend the meetings.

- 6.6 ESG Committee meetings' notice, agenda and related documents shall be provided to each member of the ESG Committee not less than five working days prior to the date of the meeting.
- 6.7 Minutes of the ESG Committee meetings shall be prepared by the meeting secretary. The first draft of the meeting minutes shall be distributed to all members of the ESG Committee for feedback and approval within three days of the date of the meeting, and the final version of the said minutes shall be signed by the chairperson of the ESG Committee. The final meeting minutes shall be filed as a document of the Board and be circulated to the Board as and when required.
- 6.8 Without prejudice to the generality of the duties of the ESG Committee set out above, the ESG Committee shall report to the Board and keep the Board fully informed of its decisions and recommendations unless there are legal or regulatory restrictions on its ability to do so.

Revised and adopted by a resolution of the Board on 29 November 2021 and effective from 29 November 2021.