



FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 1738)

Adopted: 6 December 2021

Terms of Reference for ESG Committee

Feishang Anthracite Resources Limited
飛尚無煙煤資源有限公司
(the “Company”, and together with its subsidiaries, the “Group”)

Terms of Reference for ESG Committee

1. CONSTITUTION

The board of directors of the Company (the “**Board**”) established a committee known as the Environmental, Social and Governance (“**ESG**”) Committee (the “**Committee**”) and adopted these terms of reference on 6 December 2021 (the “**Terms of Reference**”).

2. PURPOSE OF THE COMMITTEE AND DEFINITION OF ESG MATTERS

The main purpose of the Committee is to represent the Board in defining the Company’s strategy relating to ESG matters and in reviewing the practices and initiatives of the Company relating to ESG matters ensuring they remain effective and up to date.

In these Terms of Reference “ESG matters” or “ESG” refers to the following areas:

- *Environmental*: the Company’s impact on the natural environment and its response to the challenge of climate change including: greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Company’s supply chain.
- *Social*: the Company’s interaction with employees, other stakeholders and the communities in which it operates and the role of the Company in society including: workplace policies (e.g., workplace quality, employee relations and engagement, diversity, non-discrimination and equality of treatment, health safety and well-being), operating practices, ethical/responsible sourcing and social aspects and labour standards of the supply chain (including child labour and modern slavery), and engagement with and contribution to the broader community through social projects and charitable donations.
- *Corporate Governance and Behaviour*: the ethical conduct of the Company’s business including its corporate governance framework, business ethics, policies, and codes of conduct (e.g., related to donations and political lobbying, bribery and corruption), and the transparency of non-financial reporting.

3. MEMBERSHIP

- 3.1. Members of the Committee shall be appointed by the Board on the recommendation of the nomination committee in consultation with the chairman of the Committee (the “**Chairman**”) who shall be appointed by the Board. The Committee shall be made up of at least two (2) members.
- 3.2. The membership of the Committee will at all times be subject to periodic review by the nomination committee in conjunction with the Committee Chairman.
- 3.3. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the Board shall not be Chairman of the Committee.

4. SECRETARY

The company secretary or his/her nominee shall act as the secretary to the Committee (the “**Secretary**”), and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the matters under discussion.

5. QUORUM

The quorum necessary for the transaction of business shall be two (2). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. In the absence of the Chairman, the members attending will elect one of their number to chair the meeting.

6. MEETINGS

- 6.1. The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.
- 6.2. Prior to the commencement of each financial year, the Chairman of the Committee and the Secretary shall review the frequency of and the dates for the Committee’s meetings for the subsequent financial year and propose such dates for agreement by other members of the Committee.
- 6.3. Only members of the Committee have the right to attend Committee meetings. However, the Committee is authorised to require the attendance of other individuals such as the chief executive officer, the chief financial officer, or any other Company employee for all or part of any meetings as and when appropriate. The Committee may also invite external advisers to attend for all or part of any meetings.
- 6.4. Members may participate in a meeting of the Committee by means of a telephone or video conferencing facility.

7. NOTICE OF MEETINGS

- 7.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than three (3) days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.

8. MINUTES OF MEETINGS

- 8.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, and will maintain appropriate records.
- 8.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless, in the opinion of the Committee Chairman a conflict of interest exists.

9. ANNUAL GENERAL MEETING

The Chairman of the Committee, or in his/her absence an appointed Committee member, shall attend the Company's annual general meeting ("AGM") preparing to respond to any shareholder questions on the Committee's activities.

10. DECISIONS OF THE COMMITTEE

Any decisions of the Committee shall be taken on a simple majority basis. The Chairman shall have a casting vote in the event of there being no majority.

11. DUTIES

- 11.1. Oversee the development of and make recommendations to the Board regarding the Company's ESG strategy.
- 11.2. Oversee the establishment of ESG policies, standards and codes of practice and their effective implementation, and monitor and review their ongoing relevance, effectiveness, and further development.
- 11.3. Identify the relevant ESG matters that do or are likely to affect the operations of the Company and/or its strategy.

- 11.4. Ensure that the Company monitors and reviews current and emerging ESG trends, relevant international standards and legislative requirements; identify how those are likely to impact on the strategy, operations, and reputation of the Company; and determine whether and how these are incorporated into or reflected in the Company's ESG policies and objectives.
- 11.5. Set appropriate strategic goals, as well as shorter term KPIs and associated targets related to ESG matters, oversee the ongoing measurement and reporting of performance against those KPIs and targets, and make recommendations to the Board for improvement.
- 11.6. Work in conjunction with the audit committee to oversee the identification and mitigation of risks relating to ESG, as well as the identification of opportunities related to ESG matters.
- 11.7. Make recommendations to the Board in relation to the required resourcing and funding of ESG related activities, and on behalf of the Board, oversee the deployment and control of any resources and funds.
- 11.8. Oversee the Company's engagement with its broader stakeholder community, and work with the head of human resources in the case of the workforce.
- 11.9. Ensure that the Company provides appropriate information and is transparent regarding its ESG related policies with the investment community, particularly ethical/socially conscious investment funds, by whatever means that are deemed most effective.
- 11.10. Work and liaise as necessary with all other Board committees.

12. REPORTING RESPONSIBILITIES

- 12.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3. The Committee shall oversee the production of an annual report of the Company's ESG strategy, policies and practices, which will form part of the Company's annual report.

13. OTHERS

- 13.1. At least annually, the Committee shall review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 13.2. The Committee should have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required, and also should be provided with appropriate training as required.

14. AUTHORITY

- 14.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties, and all employees shall be directed to cooperate with any requests made by the Committee.
- 14.2. In connection with its duties the Committee is authorised by the Board, at the Company's expense, subject to any budgetary constraints imposed by the Board,
 - 14.2.1 To obtain outside legal or other independent professional advice from time to time as required.
 - 14.2.2 To commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.
 - 14.2.3 To negotiate terms and appoint ESG consultants subject to prior Board consultation and approval.