



# CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

## 中國高精密自動化集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 591)**

**(the “Company”)**

### ESG COMMITTEE — TERMS OF REFERENCE

#### 1. OBJECTIVE

- 1.1. The Environmental, Social and Governance Committee (“**ESG Committee**”) is to advise and assist the board (the “**Board**”) of directors of the Company (the “**Director(s)**”) in managing matters relating to the Environmental, Social and Governance (including the climate-related matters) (“**ESG**”) of the Company and its subsidiaries (the “**Group**”), such as governance, policies, initiatives, performances and reporting.
- 1.2. In these terms of reference, “ESG” refers to the aspects as stipulated in the Appendix C2 Environmental, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by the Hong Kong Exchange and Clearing Limited, including climate-related topics and disclosures.

#### 2. MEMBERS

- 1.3. The ESG Committee should be established by the Board. The ESG Committee shall comprise at least three members, all of whom shall be appointed by the Board, and at least two-thirds of the members are independent non-executive directors.
- 1.4. The ESG Committee shall have one chairman, who shall be appointed by the Board. The chairman is responsible for presiding over the ESG Committee’s work, ensuring its effective operation and the fulfillment of its duties.
- 1.5. Members of the ESG Committee shall be nominated by the chairman of the Board, more than one-half of the independent Directors or one-third of all Directors and be elected by the Board.
- 1.6. The term of office of the Member shall be the same as that of the Board.

### 3. AUTHORITY

3.1. The ESG Committee shall have the following authorities:

- (a) to investigate ESG-related matters within its scope;
- (b) to access relevant information and personnel;
- (c) to seek external professional advice, subject to Board's approval for significant costs;
- (d) to establish an ESG management group which shall comprise senior management of the Company (the "**ESG Task Force**");
- (e) to delegate tasks to the ESG Task Force, retaining oversight;
- (f) to exercise powers necessary to fulfill its duties, with adequate resources (including trainings) provided; and
- (g) to request for the assistance of the company secretary of the Company.

3.2. The ESG Committee should be provided with sufficient resources to discharge its duties.

### 4. DUTIES

#### **ESG vision and strategy**

- 4.1. To research, monitor and review current and rising ESG trends and issues in understanding emerging ESG matters that affect the Group's operations.
- 4.2. To determine and review the Group's ESG vision, objectives and strategy, and make recommendations to the Board for the approval of the relevant initiatives.
- 4.3. To identify and assess ESG factors and issues, which could have an impact on business decision making, and make recommendation to the Board or related parties accordingly.

#### **ESG governance**

- 4.4. To identify, determine and evaluate ESG risks and opportunities of the Group, which shall be reported to the Board.
- 4.5. To keep abreast of climate-related disclosure development; continuously assess, identify and disclose climate-related risks and opportunities.
- 4.6. To ensure effective risk management and internal control systems are in place for continuous monitoring and managing ESG risks.

- 4.7. To identify, assess and determine ESG issues that are material to the operations of the Group and/or stakeholders' interests, including the current financial effect and anticipated financial effect of climate-related risks and opportunities.
- 4.8. To advise the Board on the allocation of resources on ESG initiatives.
- 4.9. To develop and establish ESG policies and procedures in guiding the implementation of relevant ESG initiatives.
- 4.10. To review the Group's ESG policies and procedures to ensure that they remain valid and fit for purposes.
- 4.11. To monitor and review the Group's operations to ensure that they comply with relevant ESG policies and procedures, as well as applicable laws and regulations and international standards.
- 4.12. To oversee the implementation of the Group's ESG strategy and initiatives.
- 4.13. To set targets to measure the attainment of the initiatives and develop continuous improvement programmes for ESG performance.
- 4.14. To measure and evaluate the performance of the Group against ESG targets set, which shall be reported to the Board, and advise on actions needed to improve performance.
- 4.15. To ensure sufficient and adequate training on ESG issues is provided to relevant management and employees to equip them with appropriate skills and competencies to discharge their duties.
- 4.16. To oversee stakeholder engagement and materiality assessment processes to ensure effective communication and relationships are maintained with stakeholders, while safeguarding the Group's reputation.

### **ESG reporting**

- 4.17. To determine the reporting standard to be adopted for the ESG report.
- 4.18. To determine the reporting boundary of the ESG report.
- 4.19. To oversee the ESG report preparation by the ESG Task Force.
- 4.20. To review the annual ESG report which shall be prepared by the ESG Task Force, and make recommendations to the Board for approval.

### **Community initiatives**

- 4.21. To review the budget and work plan of community initiatives, and make recommendations to the Board for approval.

4.22. To review operations, results and performance of community initiatives, including the volunteering teams and other charity activities, as well as internal and external feedback on these initiatives, and provide updates to the Board as appropriate.

### **Other responsibilities**

4.23. To review and evaluate the performance of the ESG Committee and these terms of reference to ensure its operating effectiveness, and recommend any changes it considers appropriate for the Board's approval. The Board shall evaluate the performance of the ESG Committee.

4.24. To identify and monitor actions that are necessary to enable the ESG Committee to discharge its responsibilities.

4.25. In discharging its responsibilities, the ESG Committee shall conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

## **5. MEETING**

5.1. The ESG Committee shall meet at least once a year or more frequently if circumstances require. Upon request by the chairman of the ESG Committee, additional meetings shall be held. All meetings of ESG Committee shall be summoned by the secretary of the ESG Committee.

5.2. Notice of at least 14 days should be given for any meeting, unless such notification is waived by all members of the ESG Committee. Notwithstanding the notification period, the attendance of the member of the ESG Committee at the meeting would be deemed to be treated as the waiver of the required notification requirement. If the follow-up meeting takes place within 14 days after the meeting, then no notification is required for such follow-up meeting.

5.3. The quorum necessary for the transaction of business of the ESG Committee shall be any two members of the ESG Committee.

5.4. Meeting can be attended in person or via electronic means including telephone or videoconferencing. The members of the ESG Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).

5.5. Upon the invitation from the ESG Committee, the general manager or the chief executive officer, other staff members responsible for the human resources function, external advisor and other persons can be invited to attend all or part of any meeting.

- 5.6. Only the members of the ESG Committee can vote in a meeting of the ESG Committee.
- 5.7. Decisions shall be determined by a simple majority and, in the event of a tie, the chairman of the ESG Committee shall have the casting vote.

## **6. SECRETARY OF ESG COMMITTEE**

- 6.1. The company secretary of the Company shall act as the secretary of the ESG Committee.
- 6.2. The ESG Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the ESG Committee.

## **7. REPORTING PROCEDURES**

- 7.1. The ESG Committee shall report to the Board. At the next meeting of the Board following a meeting of the ESG Committee, the chairman of the ESG Committee shall report their decisions and recommendations of the ESG Committee to the Board.
- 7.2. Full minutes of meetings of the ESG Committee shall be kept by the secretary of the ESG Committee and shall be made available for inspection by all members of the Board at any time.
- 7.3. The chairman of the ESG Committee or (if absent) the other member of the ESG Committee should attend the Company's annual general meeting to respond to shareholders' enquiry on the activities and responsibilities in relation to the ESG Committee.

## **8. REVISION OF THE TERMS OF REFERENCE**

- 8.1. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules).

*If there is any inconsistency between the English version and the Chinese version, the English version shall prevail.*

Adopted by the Board on 27 February 2026