



**CNBM**

**China National Building Material Company Limited\***

**中國建 材 股 份 有 限 公 司**

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

(Stock Code: 3323)

**CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED\***  
**TERMS OF REFERENCE OF THE ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE COMMITTEE**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1**

In order to meet the development needs of China National Building Material Company Limited\* (the “Company”), to comprehensively and actively fulfill its corporate citizenship responsibilities, and to participate in the construction of a harmonious society to realise the coordinated development of enterprises and society, the Company hereby establishes the environmental, social and governance committee (the “ESG Committee”) and formulates these terms of reference (the “Terms of Reference”) in accordance with the opinions and guidelines of the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) issued by China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (the “Listing Rules”) on disclosures of environmental, social and governance-related information by listed companies, and the requirements of the Task Force on Climate-related Financial Disclosures (the “TCFD”) recommended disclosure framework and other relevant requirements.

**Article 2** “Environmental, social and governance” (“ESG”) in the Terms of Reference refers to three levels of environmental, social and governance responsibilities of the Company to the stakeholders, including but not limited to corporate sustainable development, environmental protection and climate change, charity and community investment, in accordance with the ESG-related requirements under Environmental, Social and Governance Reporting Guide (《環境、社會及管治報告指引》) under Appendix 27 to the Listing Rules and the climate change-related requirements of the TCFD, and taking into account the relevant principles of corporate governance.

The stakeholders are organisations or individuals whose business activities, products and services are strongly influenced by and/or whose actions are expected to affect the successful implementation of enterprises’ decisions and achievement of enterprises’ goals, including but not limited to the board of directors, company management, company employees, shareholders and investors, suppliers, customers, government, and partners, according to the characteristics of the building materials industry.

**Article 3** The ESG Committee is a special working body established by the board of the directors of the Company (the “Board”) and is accountable to the Board. It is mainly responsible for assessing the status of the Company’s corporate governance, environmental and social responsibility management as well as the risks and opportunities faced by the Company, formulating and reviewing the Company’s corporate governance, environmental and social responsibility management vision, objectives and strategies, and reporting regularly to the Board on significant matters relating to ESG work.

## **CHAPTER II ORGANISATION**

**Article 4** The ESG Committee shall consist of four directors.

**Article 5** The members of the ESG Committee shall be nominated by the chairman of the Board taking account of the recommendation of the nomination committee of the Company (the “Nomination Committee”) and shall be appointed by the Board. The removal of members of the ESG Committee shall be proposed by the Nomination Committee and determined by the Board.

**Article 6**

The ESG Committee shall have one chairman who shall be in charge of the committee's work and shall be nominated by the chairman of the Board taking account of the recommendation of the Nomination Committee and shall be appointed by the Board.

The principal duties and authorities of the chairman of the ESG Committee shall be:

- (i) to preside over meetings of the ESG Committee;
- (ii) to propose the convening of extraordinary meetings;
- (iii) to head the ESG Committee and to ensure its effective operation and performance of duties;
- (iv) to ensure that a clear and explicit conclusion is drawn for each topic discussed by the ESG Committee, which may be pass, rejection or deferral (to be considered with supplementary materials);
- (v) to determine the agenda of each meeting of the ESG Committee;
- (vi) to ensure that all members present at the meeting of the ESG Committee are informed of the matters to be discussed at such meeting and that every member is provided with complete and reliable information;
- (vii) other duties and authorities as set out in the Terms of Reference.

**Article 7**

The term of office of the members of the ESG Committee shall be the same as that with of the Board. During the term of office, any member who no longer maintains his/her position as a director of the Company shall cease to be a member of the committee, and his/her replacement shall be appointed by the Board in accordance with Articles 3 to 5 above. Such replacement member shall hold office until the tenure of office of other members of the committee expires.

**Article 8**

The principal duties and authorities of the members shall be:

- (i) to attend meetings of the ESG Committee on time, to express their views on the subject matters discussed at the meetings, and to exercise their voting rights;
- (ii) to propose topics for discussion at meetings of the ESG Committee;
- (iii) to attend as observers or sit in on the relevant meetings of the Company and to conduct investigations and research and obtain relevant information such as reports, documents and materials for the purpose of discharging their duties;
- (iv) to fully understand the duties of the committee and his/her duties as a member of the committee, and to familiarise himself/herself with the business management status, business activities and development of the Company with respect to his/her duties, so as to ensure performance of his/her duties;
- (v) to fully ensure that he/she has enough time and energy to discharge his/her duties;
- (vi) other duties and authorities as set out in the Terms of Reference.

**Article 9**

The ESG Committee shall have one secretary, who shall be the secretary of the Board. The complete minutes of meetings of the ESG Committee shall be kept by the secretary of the ESG Committee, who shall send the first draft of the meeting minutes to all members of the committee within three working days after the meeting for them to express their opinions, and send the minutes to all members of the ESG Committee for confirmation within fourteen days after the meeting.

**Article 10**

The Environmental, Social and Governance Working Group (the “ESG Working Group”) is the daily working body of the ESG Committee and is responsible for providing relevant information and services in a timely, complete and truthful manner.

**Article 11**

The responsibilities of the daily working body include but are not limited to:

- (i) responsible for the daily operation of the ESG Committee;
- (ii) arrange meetings of the ESG Committee and record meeting minutes (a sufficiently detailed record of the matters considered and decisions reached at the meeting shall be made, which shall include any concerns raised or objections expressed by the directors) and give them to the secretary of the ESG Committee for circulation and record;
- (iii) undertake preliminary preparation work in relation to the decision-making by the ESG Committee, examine materials to be submitted for the committee's consideration and ensure that the management submits reports and meeting documents to the ESG Committee in a proper manner;
- (iv) report to the Board in respect of the work of the ESG Committee under authorisation by the chairman of the ESG Committee;
- (v) coordinate and arrange for members to attend as observers or sit in on the relevant meetings of the Company and to conduct investigations and research;
- (vi) assist members to obtain the relevant information and request the relevant documents and materials from the management;
- (vii) provide coordination between the ESG Committee and other committees of the Company;
- (viii) other duties as designated by the ESG Committee.

### CHAPTER III RESPONSIBILITIES

#### Article 12

The principal responsibilities of the ESG Committee are as follows:

- (i) To study and formulate the Company's overall ESG management objectives, management strategy and management approach, including the process of assessing, prioritising and managing significant ESG-related matters, including the risks to the Company's business;
- (ii) To monitor and review the Company's ESG policies and practices to ensure that they are up-to-date and suitable for the Company's needs and comply with applicable laws, regulatory requirements and international standards;
- (iii) To assess and determine the risks and opportunities of the Company and all its subsidiaries in relation to ESG (including climate change) and to ensure that the Company has in place an appropriate and effective ESG (including climate change) risk management and internal control system (including ensuring that the relevant resources, staff qualifications and experience as well as the training classes received by the staff and the relevant budgets are adequate in relation to ESG);
- (iv) to consider significant ESG management issues, including but not limited to reviewing the Company's compliance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules, to consider and approve the annual ESG report and to review the progress of the overall ESG objectives each year, changes in the nature and severity of the ESG risks since the previous year's review, the scope and quality of the ongoing monitoring of the ESG risks by the management of the Company and to explain how relevant objectives relate to the Company's business;
- (v) To review and express opinion on the Company's ESG management approach, objectives and strategies;
- (vi) To regularly assess the adequacy and effectiveness of the ESG framework of the Company and to make recommendations to the Board (if needed);

- (vii) To assess the manner in which the Company communicates with its stakeholders on ESG matters, and to ensure that appropriate communication policies and channels are in place to effectively promote the relationship between the Company and its stakeholders;
- (viii) Other matters as authorised by the Board.

**Article 13** The ESG Committee may submit proposals to the Board for consideration and decision.

The ESG Committee shall make available to the Board all relevant materials and information relating to the study and discussion in the form of reports, suggestions and summaries for the Board's study and decision-making.

**Article 14** The ESG Committee shall have the right to request the Company's senior management to give full support to the work of the ESG Committee and to provide comprehensive answers to the questions it raises as soon as possible.

The chairman of the Board shall provide the ESG Committee with information necessary for the performance of its duties in relation to the Company's operations, business conditions, environmental protection, safety, human resources and social responsibilities in a timely manner. The information provided to the ESG Committee shall be accurate and complete, and in a form and quality sufficient to enable the committee to make informed decisions. Meanwhile, relevant departments of the Company shall actively assist the ESG Committee in its work.

**Article 15** The ESG Committee shall have the right to investigate the implementation of the environmental, social and governance plan of the Company, including but not limited to attending or observing the relevant meetings of the Company and conducting investigation and research within the Company's system; and requesting the senior management or the relevant responsible personnel of the Company to make oral or written reports on their work to the ESG Committee within the a stipulated period of time.

The ESG Committee shall study the circumstances of the investigation and the responses of the senior management or the relevant responsible personnel, and report the results of the investigation and make recommendations to the Board.

**Article 16** The ESG Committee may engage external experts or intermediary agencies to provide professional consultation services if necessary, and the reasonable expenses incurred therein shall be paid by the Company.

#### **CHAPTER IV DECISION-MAKING PROCEDURES**

**Article 17** The ESG Working Group of the Company is responsible for the preparatory work for the decision-making of the ESG Committee, providing meeting materials to the ESG Committee and submitting them to the ESG Committee for its review.

**Article 18** The ESG Committee shall convene meetings based on the relevant materials submitted by the ESG Working Group of the Company, hold discussions and submit the results of the discussions to the Board.

#### **CHAPTER V RULES OF PROCEDURES**

**Article 19** The meetings of the ESG Committee are classified into regular meetings and extraordinary meetings.

**Article 20** The ESG Committee shall hold at least one regular meeting each year. The secretary of the Board shall notify all members seven days prior to the meeting, but such notice period may be waived with the unanimous consent of all members. The chairman shall preside over the meetings, or in his/her absence, he/she may delegate one other member to preside over the meeting.

**Article 21** The chairman of the ESG Committee shall issue a notice to convene an extraordinary meeting within seven days upon the occurrence of any of the circumstances:

- (i) the Board so proposes;
- (ii) the chairman of the ESG Committee so proposes;
- (iii) two members of the ESG Committee or more so propose;
- (iv) the chairman of the Board so proposes.

Notice should be given by the secretary of the Board to all members of the committee 3 days prior to the holding of the extraordinary meeting, but such notice period may be waived with the unanimous consent of all members.



- Article 22** Notice of a meeting shall include:
- (i) the venue and time of the meeting;
  - (ii) the duration of the meeting;
  - (iii) the meeting agenda and matters to be discussed, together with relevant details;
  - (iv) the date on which the notice is issued.
- Article 23** Meeting notice may be sent by hand, facsimile, electronic mail (with additional telephone notice) or registered mail.
- Article 24** A meeting of the ESG Committee may be held by way of a on-site meeting or by means of communications which include teleconferencing, video conference and written resolutions, etc.
- Article 25** Regular meetings should be held by way of on-site meeting. Extraordinary meetings should be held by way of on-site meeting in principle but may be held by means of communications on the condition that members are able to sufficiently express their views.
- Article 26** A meeting of the ESG Committee may be convened only with the attendance of over half of the members; each member shall be entitled to one vote; and the resolutions made at the meeting can only be passed by the approval of over half of all the members.
- Article 27** Voting at meetings of the ESG Committee shall be taken by way of raising hands or open ballot.
- Article 28** The ESG Working Group of the Company may attend the meetings of the ESG Committee and, if necessary, may invite the director(s), supervisor(s), other member(s) of the senior management and relevant personnel to attend the meetings.
- Article 29** The convening procedure and voting method of the ESG Committee and the resolutions passed at such meetings shall comply with the relevant laws, regulations, the articles of association of the Company and the Terms of Reference.

- Article 30** The meetings of the ESG Committee shall have minutes. Attending members should sign their names on the meeting minutes which, as important documents of the Company, should be kept by the secretary of the Board according to the file management system of the Company.
- Article 31** Resolutions passed by and voting results of meetings of the ESG Committee shall be reported to the Board in writing.
- Article 32** Where the resolutions passed at the meetings of the ESG Committee need to be implemented by the senior management or other relevant responsible officers of the Company, the secretary of the Board shall, as soon as possible after authorisation or approval by the Board, notify in writing such senior management or responsible officers of such resolutions. The ESG Committee shall be entitled to require the abovementioned officers to report the progress of implementation within stipulated period or at next meeting of the ESG committee.
- Article 33** Persons present at the meeting shall be obliged to keep all matters discussed confidential, and shall not disclose the relevant information without authorisation. Anyone who fails to fulfil the confidentiality obligations shall bear legal liabilities in accordance with laws and regulations, regulatory documents, the articles of association of the Company and the provisions of the relevant confidentiality agreement.

## **CHAPTER VI COORDINATION AND COMMUNICATION**

- Article 34** When the Board is not in session, the ESG Committee may submit a written report to the Board through the secretary of the Board if there are significant or special matters that need to be brought to the attention of the Board for study, and may propose to the chairman of the Board to convene a meeting of the Board for discussion.
- Article 35** The chairman of the ESG Committee or the member of the senior management authorised by the chairman who is responsible for the relevant work shall report at each regular Board meeting on the work progress of the ESG Committee since the last regular Board meeting, or make a special report on a particular issue.
- Article 36** Written reports of the ESG Committee to the Board shall be submitted to the Board through the secretary of the Board.

**Article 37** When the ESG Committee is not in session, the senior management of the Company may submit a written report to the ESG Committee through the secretary of the Board if there are significant or special matters and may propose to the chairman of the ESG Committee to convene a meeting for discussion.

**Article 38** Any written reports submitted by the senior management to the ESG Committee shall be submitted to the ESG Committee through the secretary of the Board.

## **CHAPTER VII SUPPLEMENTARY PROVISIONS**

**Article 39** In the event of any matters not addressed in the Terms of Reference, such matters shall be handled in accordance with relevant laws, administrative regulations and rules of the PRC, the listing rules of the stock exchanges where shares of the Company are listed and the articles of association of the Company. In case of any conflicts between the Terms of Reference and the laws, administrative regulations and rules promulgated in the future by relevant departments or institutions of the PRC, the listing rules of the stock exchanges where shares of the Company are listed or the lawfully amended articles of association of the Company, the laws, administrative regulations and rules promulgated in the future by relevant departments or institutions of the PRC, the listing rules of the stock exchanges where shares of the Company are listed and the articles of association of the Company shall prevail. Corresponding amendments to the Terms of Reference shall be made and submitted to the Board for consideration and approval.

**Article 40** The Terms of Reference are subject to the interpretation by the Board of the Company.

**Article 41** The Terms of Reference shall take effect upon being considered and approved by the Board of the Company.