

CIG SHANGHAI CO., LTD.

TERMS OF REFERENCE OF THE STRATEGY AND ESG COMMITTEE OF THE BOARD

CHAPTER I GENERAL PROVISIONS

Article 1 In order to accommodate to the strategic development needs of CIG SHANGHAI CO., LTD. (the “Company”), strengthen its core competitiveness, determine its development plans, improve its investment decision-making procedures, strengthen its scientific decision-making, enhance the effectiveness and quality of its decision-making on major investment, optimize its governance structure, and enhance the Company’s environmental, social, and governance (ESG) capabilities and sustainability performance, the Company has established the Strategy and ESG Committee (the “Committee”) of the Board with these terms of reference (the “Terms of Reference”) in compliance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange Listing Rules”), the Articles of Association, the Rules of Procedure for the Board of Directors, and other relevant provisions.

Article 2 The Strategy and ESG Committee of the Board, being a special working body established by the Board, is mainly responsible for researching and providing recommendations on the Company’s medium – to long-term development strategies, major investment decisions, and sustainable development initiatives. The Committee ensures that environmental, social, and governance (“ESG”) matters are fully integrated into the Company’s strategic planning and decision-making processes, thereby promoting sustainable growth of the Company.

For the purposes of these Terms of Reference, the sustainable development strategy refers to the Company’s ESG-related development approach, covering areas such as environmental protection, information security, social responsibility, employee rights, and other relevant aspects. The Company shall incorporate the principles of sustainable development across all areas of its business and management, including but not limited to strategy formulation, investment evaluation, daily operations, and risk management. It shall continuously enhance environmental protection efforts, fulfill social responsibilities, strengthen corporate governance, and support the sustainable development of both the Company and the broader economy and society.

Article 3 The Strategy and ESG Committee shall actively support the implementation of the Company’s overall ESG governance framework, collaborate with relevant governance bodies, and jointly promote the effective execution of ESG-related initiatives. In performing its duties, the Committee shall seek and incorporate opinions and suggestions from other organizational levels to ensure alignment and coherence in the Company’s ESG strategy.

CHAPTER II COMPOSITION

- Article 4** The Strategy and ESG Committee shall be composed of five Directors, including at least one Independent Director.
- Article 5** The members of the Strategy and ESG Committee shall be nominated by the chairman of the Board or more than one-half of the independent Directors or one-third of all Directors, and shall be elected by the Board.
- Article 6** The Strategy and ESG Committee shall have one chairperson, who shall be the Chairman of the Board, responsible for convening committee meetings and leading the work of the Committee. In the event that the chairperson is unable or unwilling to perform their duties, a Committee member nominated by more than half of the members shall convene and preside over the meetings.
- Article 7** The members of Strategy and ESG Committee shall serve for the same term as the Board. The members are eligible for re-election upon expiry of the term. During the period, if any member ceases to serve as a Director of the Company, he/she will automatically lose his/her membership, and the Committee will replenish the number of members in accordance with the provisions of Articles 5 to 7 above.
- Article 8** The Strategy and ESG Committee may establish a Strategy and ESG Steering Group as needed to support daily coordination and the organization of meetings. Members of the Steering Group shall be appointed by the Strategy and ESG Committee. The Steering Group shall establish a system for regular data collection and information sharing with all relevant departments of the Company. Each department shall promptly provide ESG-related data and information as requested by the Steering Group and shall be responsible for ensuring its authenticity and reliability.

CHAPTER III DUTIES AND AUTHORITIES

- Article 9** Primary responsibilities and authority of the Strategy and ESG Committee:
- (1) Research and propose recommendations on the Company's medium – to long-term development strategy, ensuring that strategic planning fully integrates ESG considerations and promotes the alignment of the Company's sustainable development strategy with its overall business strategy;
 - (2) Research and propose recommendations on major investment and financing plans requiring Board approval as stipulated in the Articles of Association, evaluating the feasibility and potential ESG impacts of such plans;
 - (3) Examine and propose recommendations on major capital operations, asset management initiatives, and asset optimization projects requiring Board approval as stipulated in the Articles of Association, assessing their implications for the Company's ESG performance;
 - (4) Review and oversee the Company's sustainable development goals, the quality of planning, and the progress of implementation. Periodically evaluate the effectiveness of ESG initiatives and provide recommendations for improvement, ensuring alignment with the Company's overall strategic development;

- (5) Organize the identification and assessment of ESG-related risks and opportunities. Regularly monitor and provide early warnings on major risks. Research and identify a list of the Company's material ESG issues, adjusting it in response to internal and external developments;
- (6) Review the alignment between strategic ESG objectives and their actual implementation as presented in the Company's annual ESG report. Assess whether the report accurately reflects the Company's ESG priorities and outcomes, and evaluate the reliability of the data and the validity of performance metrics to ensure the completeness and accuracy of ESG report and related information disclosure;
- (7) Guide and oversee the development of mechanisms for communication and engagement with stakeholders, including but not limited to shareholders, employees, customers, suppliers, and communities. Formulate strategies and plans for stakeholder engagement in ESG matters of the Company, regularly assess stakeholder feedback and expectations on ESG implementation of the Company, and incorporate them into the Company's ESG strategy and decision-making;
- (8) Research and propose recommendations on other significant matters affecting the Company's development that involve ESG considerations;
- (9) Monitor the implementation of the above matters;
- (10) Perform other duties and responsibilities as authorized by the Board.

Article 10 The Strategy and ESG Committee shall be accountable to the Board, and its proposals shall be submitted to the Board for consideration and decision.

CHAPTER IV DECISION-MAKING PROCEDURE

Article 11 The Strategy and ESG Steering Group, under the Strategy and ESG Committee, shall be responsible for preparatory work to support the Committee's decision-making.

Responsible personnel from relevant Company departments or holding enterprises (or subsidiaries) shall submit materials such as major investment and financing proposals, capital operation plans, asset management projects, asset optimization intentions, preliminary feasibility studies, and basic information on prospective partners. The Strategy and ESG Committee shall review and evaluate these materials prior to submitting them to the Board of Directors for consideration.

The Strategy and ESG Steering Group is responsible for reporting to the Strategy and ESG Committee on the strategic planning, key initiatives, major progress, and compliance status of the Company's annual sustainability efforts. It shall also prepare and submit the annual ESG report in accordance with the relevant regulations and requirements, including the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial), the Hong Kong Stock Exchange Listing Rules, and other applicable securities regulatory rules in the jurisdictions where the Company is listed. In the process of preparing ESG reports, the Strategy and ESG Committee shall coordinate the involvement of all relevant departments. Each department shall be responsible for providing ESG-related data and information within its respective scope of responsibility. The Steering Group shall compile, organize, and conduct preliminary reviews of the information to ensure that the ESG report comprehensively reflects the Company's ESG activities across all business segments and operations.

Article 12 Following deliberation on the matters specified in the preceding article, the Strategy and ESG Committee shall formulate a resolution and submit it, along with relevant proposals, to the Board of the Company for review. Prior to making decisions on major matters, the Strategy and ESG Committee shall brief the ESG Steering Group on relevant developments and seek its opinions and suggestions. After a decision is made, the Committee shall promptly communicate the outcomes and corresponding implementation plans to the Steering Group.

CHAPTER V RULES OF PROCEDURE

Article 13 Meetings of the Strategy and ESG Committee shall be convened as necessary upon the proposal of the Chairperson or two or more Committee members. Notice of the meeting, including the time, location, and agenda items, shall be provided to all members at least three days in advance. Such notice may be delivered in writing by hand, express delivery, or email. In cases of special urgency requiring an immediate meeting, the notice period specified above may be waived. However, the convener shall provide an explanation of the urgency at the meeting. The chairperson of the Committee shall preside over the meetings, and if the chairperson is unable to attend a meeting, he/she may authorize another member of the Committee to preside over such meeting.

Article 14 A meeting of the Strategy and ESG Committee shall be held only when more than two-thirds of its members are present; each member of the Committee shall have one vote; and resolutions of the meeting must be passed by more than half of all of its members.

Article 15 Strategy and ESG Committee meetings shall be held in person as a principle. However, provided that all members have a full and fair opportunity to express their views, meetings and resolutions may also be conducted through alternative means, including but not limited to personal delivery, video conferencing, telephone conferencing, email, or any other communication method accessible to all members. Resolutions adopted through such means shall be signed by the participating members.

Article 16 Voting at Strategy and ESG Committee meetings shall be conducted by written ballot. A member may delegate their voting rights to another member by submitting a written proxy authorization to the meeting convener. The proxy must be submitted no later than the time of the vote and shall include at least the following:

- (1) Name of the delegating member;
- (2) Name of the proxy holder;
- (3) Specific matters for which the proxy is granted;
- (4) Voting instructions for each meeting agenda item (e.g., in favor, against, or abstain), and an indication of whether the proxy holder is authorized to vote at their own discretion in the absence of explicit instructions;
- (5) Signature of the delegating member and the date of execution.

Article 17 When necessary, the Strategy and ESG Committee may invite directors, senior management personnel, and other non-Committee staff to attend meetings as non-voting participants. For agenda items involving significant stakeholder interests, the Committee shall invite relevant stakeholder representatives to attend the meeting or provide written opinions. Following the meeting, the Committee shall promptly communicate adopted resolutions and their rationale to stakeholders, seek feedback as appropriate, and maintain proper records for future reference.

Article 18 When necessary, the Strategy and ESG Committee may engage intermediaries to provide professional advice on its decision-making at the expense of the Company. The Committee shall establish clear selection criteria and procedures to ensure that the engaged institutions possess the necessary qualifications and professional expertise. Confidentiality agreements shall be signed with such intermediaries to define the rights and obligations of both parties during the engagement. The professional advice provided by the intermediaries shall serve as an important reference in the Committee's deliberations, and the Committee shall conduct a prudent evaluation and analysis of such advice.

Article 19 The procedures for convening Strategy and ESG Committee meetings, the methods of voting, and the resolutions passed at the meetings shall comply with applicable laws and regulations, the Articles of Association, and these Rules of Procedure.

Article 20 Meetings of the Strategy and ESG Committee shall be properly recorded. Minutes of each meeting shall be signed by the attending members and retained by the Board Secretary for a period of no less than ten years.

Article 21 Unless otherwise required by law or compelled by an order of a competent authority, members attending Committee meetings and all relevant personnel shall maintain confidentiality regarding the matters discussed. No information may be disclosed to any third party without proper authorization prior to its review and approval by the shareholders' meeting or the Board and its official public disclosure.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 22 The Terms of Reference, upon the approval by resolution of the Board, shall be effective and implemented from the date when the H Shares issued by the Company are quoted and listed on The Stock Exchange of Hong Kong Limited. After the implementation of the Terms of Reference, the original Terms of Reference of the Strategy and ESG Committee of the Company shall automatically become invalid.

Article 23 The terms “above” and “at least” as used in these Rules of Procedure shall be understood to include the number referenced.

Article 24 Matters not covered by the Terms of Reference shall be implemented in accordance with the provisions of relevant national laws, regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association. In the event of any conflict between the Terms of Reference and the national laws, regulations and normative documents to be promulgated in the future, the securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association as amended through legal procedures, the provisions of relevant national laws, regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association shall prevail, and the Terms of Reference shall be revised in a timely manner and submitted to the Board for consideration and approval.

Article 25 The right to interpret the Terms of Reference shall be vested in the Board of the Company. The meaning of “independent Director” in the Terms of Reference shall have the same meaning as the “independent non-executive Director” under the Hong Kong Stock Exchange Listing Rules.