



CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00506)

Terms of Reference of the
Environmental, Social and Governance Committee

Adopted on 1 June 2021

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Constitution

1. The board of directors (the “**Board**”) of China Foods Limited (the “**Company**”) resolved to establish the Environmental, Social and Governance Committee (the “**ESG Committee**”) on 1 June 2021.

Objective

2. The objective of the ESG Committee is to assist the Board in directing and supervising the development and implementation of environmental, social and governance work in the Company and its subsidiaries (the “**Group**”) to ensure compliance with the relevant legal and regulatory requirements.

Composition

3. Members of the ESG Committee shall be appointed by the Board and shall consist of not less than three members and among them with at least one executive director, one non-executive director and one independent non-executive director.
4. The ESG Committee shall have one chairman, who shall be appointed to preside over the work of the ESG Committee, and attend the annual general meeting of shareholders to answer questions from shareholders about the affairs of the ESG Committee. The chairman of the ESG Committee shall be appointed and dismissed by the Board.
5. The members shall have the same term of office as the directors. The term of office of members is renewable upon re-election. During which, if members no longer act as directors of the Company, they shall automatically lose their office as members from the date of resignation. The Board shall fill the vacancies in accordance with the Terms of Reference.
6. The ESG Committee shall establish a working group (the “**ESG Working Group**”) as an implementation agent to fully implement the ESG related work of the Group. The ESG Working Group is composed of heads of all functional departments and business departments, which are responsible for the implementation of related policies.
7. The company secretary of the Company or its authorized representative shall act as the secretary to the ESG Committee (the “**ESG Secretary**”)

Frequency of meetings

8. Regular meetings of the ESG Committee shall be held at least twice during a financial year, in case of importance matters requiring resolution, the chairman of the ESG Committee shall convene an ad hoc meeting.

Proceedings of meetings

9. The ESG Committee meeting shall be presided over by the chairman of the Committee, and the chairman, if unable to attend, may appoint another member to preside.
10. Meetings of the ESG Committee shall be held by at least two members attending the meeting. Each member has one voting right. The resolution adopted at the meeting shall be passed by more than one half of the members (or their duly appointed delegates).
11. The ESG Committee members shall participate in meetings of the ESG Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
12. The members of the ESG Working Group may participate in meetings of the ESG Committee. If necessary, the ESG Committee may invite other directors who are not members or relevant senior management of the Company to participate in the meetings and express opinions as attendees without voting rights. External consultants may also be invited to attend the ESG Committee meeting.
13. Members and attendees who participating in a meeting shall keep confidential all matters discussed at the meeting. Disclosure of relevant information without the authorization of the Board shall be prohibited.

Arrangement for and notices of meetings

14. Meetings of the ESG Committee shall be called by the ESG Secretary as instructed by the chairman of the ESG Committee, or requested by the Board.
15. Notices for regular meetings of the ESG Committee shall be given to all ESG Committee members and other attendees (as the case may be) of at least 14 days. For all other meetings, notices of meetings shall be given to the ESG Committee members within a reasonable time before the meetings.

16. If any member of the ESG Committee wishes to include matters in the agenda for a particular regular meeting, the member may notify the ESG Secretary such matters in writing within seven days after a notice of the meeting is given.

Minutes of meetings

17. The ESG Secretary shall minute in sufficient detail the matters considered and decisions reached of all ESG Committee meetings, including any concerns raised by members of the ESG Committee or dissenting views expressed as well as the names of those present and in attendance.
18. Draft and final versions of minutes of meetings of the ESG Committee shall be sent to all ESG Committee members for their comment and records respectively within a reasonable period of time after the meetings are held. Minutes of meetings of the ESG Committee are open for inspection by any director at any reasonable time on reasonable notice to the ESG Secretary.

Authorities and Duties of the ESG Committee

19. To comprehensively develop and review the Group's ESG management policies, strategies and structures; review ESG-related policies, regulations and trends, and to provide decision-making advice to the Board regarding the Group's ESG strategies and operation, to ensure the Company to comply with the requirements of applicable laws and regulations.
20. Supervise the setting and implementation of the Group's ESG objectives, establish ESG management objectives and report to the Board for approval, regularly review the progress of the ESG objectives, and provide suggestions and resources on the actions need to achieve these objectives.
21. Provide guidance to ESG Working Group in identifying ESG risks and opportunities, report to the Board on important trends affecting the Group's ESG strategies, assess the impact of ESG risks and opportunities on the Group and make recommendation to the Board accordingly.
22. Raise questions on major issues of the internal production and operation that affect the Group's performance in social responsibilities, and to inspect and supervise the handing of such issues.
23. Monitor the communication with the Group's stakeholders and collect their feedbacks on ESG work.

24. Guide and review the Group's ESG materiality analysis.
25. Ensure that the disclosure of ESG report within the annual report or independent ESG report is in accordance with the Listing Rules and other related guidelines, review the ESG report and report to the Board, while recommending specific actions or suggestions to the Board in order to maintain the integrity of the ESG report.
26. Other duties assigned by the Board.

Authorities and Duties of ESG Working Group

27. The ESG Working Group shall carry out the ESG management work comprehensively under the guidance of the ESG Committee, and the ESG Committee shall appoint a leader of the ESG Working Group.
28. The ESG Working Group is composed of heads of all functional departments and business departments. Its responsibilities include:
 - (1) *Set and implement ESG work plans according to the Group's ESG management policies, strategies and overall objectives;*
 - (2) *Identify ESG material issues and analyze how the identified ESG material issues relate to the Group's strategies, vision, values, and business;*
 - (3) *Analyze the relationship between ESG risks and the Group's overall risk management system, and provide advice on risk control;*
 - (4) *Regularly measure and analyze ESG-related KPI data and submit it to the ESG Committee for review, to facilitate the Committee's understanding on the progress of the Group's ESG management performance objectives;*
 - (5) *Regularly review the important information or policies of ESG and report them to the ESG Committee for consideration so that Committee can understand the ESG risk of the Group;*
 - (6) *Assist in the preparation of the Group's annual ESG report, and submit it to the ESG Committee and the Board for review and approval for disclosures;*
 - (7) *Provide the ESG Committee and the Board with additional information which is necessary in ESG decision-making, and provide them with directional gap analyses and recommendations on the pros and cons of implementing relevant measures, so that the Board can take ESG factors fully into account when making decisions;*

(8) Proactively deliver feedbacks from key investors and stakeholders to the ESG Committee; and

(9) Other duties assigned by the ESG Committee.

Access to independent professional advice

29. The ESG Committee is authorized by the Board to obtain, in connection with its duties and at the Company's expense, any outside legal or other independent professional advice and to secure the attendance of external advisors with relevant experience and expertise at meetings if considers this necessary. The ESG Committee shall have full authority to commission any reports or surveys which it deems necessary to help it to perform its duties.

Reporting procedures and contents

30. Unless restricted by law or regulation, 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 the findings, decisions and recommendations (if any) to the Board.

Others

31. The Terms of Reference shall come into force upon approved by the Board.
32. For the matters which are not covered by the Terms of Reference or are conflicting with the provisions of the newly issued or revised laws, regulations and regulatory documents, the Listing Rules and the Bye-laws of the Company after the Terms of Reference become effective, the relevant laws, regulations and regulatory documents, the Listing Rules and the Bye-laws of the Company shall prevail.
33. The right to interpret and amend the Terms of Reference shall reside with the Board.