

东曜药业

TOT BIOPHARM International Company Limited

東曜藥業股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1875)

Terms of Reference for the Strategy and ESG Committee

Chapter 1 General

1. In order to cater for the strategic development need of TOT BIOPHARM International Company Limited (the “**Company**”) and strengthen its environmental, social and governance (“**ESG**”) work, so as to further improve the Company’s corporate governance structure, determine the Company’s development plan, improve the Company’s scientific decision-making standard, continuously strengthen the Company’s core competitiveness and ensure the Company’s sustainable development, the Company established the Strategy and ESG Committee (the “**Committee**”) under the Board of Directors.
2. The Strategy Committee under the Board of Directors has been renamed as the Strategy and ESG Committee and has formulated these Terms of Reference in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and other regulatory requirements, with ESG management responsibilities added and the responsibilities of the original Strategy Committee remaining unchanged. The above name change was approved by the Board of Directors with effect from 23 December 2021.

Chapter 2 Constitution

3. The Strategy and ESG Committee is a specialized work organization established under the Board of Directors, which focuses on studying and providing advice on the Company’s long-term development strategies, major investment decisions, as well as the work related to the Company’s ESG matters.
4. Members of the Committee consist of 5-7 directors. They shall be nominated jointly by the Chairman of the Board of Directors and more than 1/3 of all directors, of which at least one of them shall be an independent non-executive director. The election and removal of members shall be passed by a majority vote of the Board of Directors.
5. The term of office of the members of the Committee shall be the same as that of the Board of Directors in the same session. Members may be re-elected upon expiration of the term. During the term, if a member no longer serves as a director of the Company, he/she will automatically lose the qualification for being a Committee member and the Board of Directors shall replenish the number of Committee members in accordance with the provisions of these Terms of Reference.
6. Members of the Committee may tender to the Board of Directors their resignation before the expiration of the term of office. The resignation report shall include necessary explanations on the reasons of resignation and matters requiring the attention of the Board of Directors.

7. When the number of Committee members is lower than the number specified in these Terms of Reference, the Board of Directors shall replenish the number of Committee members in accordance with the provisions of these Terms of Reference.
8. The Committee may establish an ESG executive working group consisting of the Chief Executive Officer, executive directors and managers of the Company to fully implement the ESG strategy and related work. The executive directors shall act as the leaders of the executive working group, and may appoint a secretary to push forward and supervise the relevant work.
9. The Company Secretary is responsible for the daily work liaison and organization work for meetings of the Committee, assisting the chairman of the Committee to supervise the relevant work, and performing relevant duties assigned by the Committee.

Chapter 3 Responsibilities and Powers

10. The responsibilities of the Committee related to strategic development include:
 - 10.1 To study and give advice on the long-term planning of development strategy of the Company;
 - 10.2 To study and give advice on significant investment and financing plan that requires approval by the Board of Directors according to the Amended and Restated Articles of Association and “Measures for the Administration of Overseas Investment of Enterprises”;
 - 10.3 To study and give advice on significant capital movement that requires approval by the Board of Directors in accordance with the Amended and Restated Articles of Association (including but not limited to increase or decrease of the registered capital, bonds issue or other securities issue by the Company, merger, separation, dissolution or change of corporate form by the Company or any wholly-owned or controlled subsidiaries, as well as profit distribution plan and loss compensation plan of the Company), asset management project, annual financial budget and final accounts of the Company;
 - 10.4 To study and give advice on matters concerning the establishment or change of investment projects involving the issuance of securities to raise funds by the Company or any wholly-owned or controlled subsidiaries;
 - 10.5 To study and give advice on other significant matters that may influence the development of the Company;
 - 10.6 To conduct follow-up investigation on the implementation of the above matters, conduct research and evaluation, and give advice on any significant investigations involved, and report to the Board of Directors for its determination; and
 - 10.7 Other duties assigned by the Board of Directors.

11. The responsibilities of the Committee related to environmental, social and governance include:
 - 11.1 To develop and approve the Company's ESG objectives, strategies and structure, review the progress in achieving the Company's ESG objectives, and make recommendations to the Board of Directors on relevant ESG work in line with the Company's strategic development;
 - 11.2 To identify and review ESG-related issues that have a significant impact on the Company's operations and/or the interests of other key stakeholders;
 - 11.3 To consider the Company's assessment of its environmental and social impact, and review international and China's ESG trends, in order to ensure the effective assessment of potential impact, opportunities and risks to the Company's business;
 - 11.4 To monitor the implementation of the Company's ESG policies and strengthen process control to ensure that the sustainability and effectiveness of the relevant actions in compliance with applicable laws and regulatory requirements;
 - 11.5 The Committee may refer to key ESG reporting guidance for the relevant industry or sector, and to widely consider suggestions from stakeholders or to seek independent assurance verification by third parties in order to strengthen the scientific management of ESG and the credibility of ESG information disclosure; and
 - 11.6 To make timely, accurately and complete information disclosure under the requirements of the Listing Rules, the Corporate Governance Code (set out in Appendix 14 to the Listing Rules) and the Environmental, Social and Governance Reporting Guide (set out in Appendix 27 to the Listing Rules).

Chapter 4 Rules of Proceedings

12. The Committee shall convene meetings as needed and shall notify all members three days before the meeting. If the situation is urgent or any special circumstances exist, upon receiving the consent of the chairman to waive the aforesaid notice requirements a notice of meeting can be issued at any time. The meeting shall be presided by the chairman. If the chairman is unable to attend, he/she may delegate the responsibility to another member (an independent non-executive director) to act on his/her behalf. If the chairman neither perform his/her duties nor designate other members to perform his/her duties, any member may report this situation to the Board of Directors and the Board of Directors shall appoint a member to perform the duties of the chairman.
13. The quorum required for a meeting of the Committee is two-thirds or more of all members. Each member shall have one vote. Resolutions passed at the meeting must be passed by more than half of the members present. Votes in a Committee meeting may be cast by a show of hands, open ballot, vote by correspondence and any other means permitted by laws and regulations.

14. Members of the Committee may attend the meeting in person, or they may authorize other members to attend the meeting and exercise the voting rights on their behalf. The Committee may, if necessary, also invite directors and other senior management personnel to attend the meeting. If necessary, the Committee may, with the approval of the Board of Directors, hire an intermediary agency to provide professional advice for its decision-making, and the expenses shall be borne by the Company.
15. All discussions in a meeting of the Committee shall be recorded in the minutes. The minutes shall record the following items in details:
 - 15.1 Date and place of meeting and name of the convener;
 - 15.2 Name of the participants. Persons who attended the meeting on behalf of others shall be specially remarked in the minutes;
 - 15.3 Meeting agenda;
 - 15.4 Key remarks made by members;
 - 15.5 Voting methods adopted and results of each motion or resolution; and
 - 15.6 Other matters that shall be explained and recorded in the minutes.
16. Resolutions passed by the Committee together with the voting results shall be reported to the Board of Directors in writing.
17. Both members present at the meeting and those in attendance owe a duty of confidentiality regarding matters discussed in the meeting and shall not disclose such information without authorization.
18. Procedures for convening the meeting, voting methods and all resolutions passed at the meeting are subject to relevant laws, regulations, the Amended and Restated Articles of Association and the provisions of these Terms of Reference.

Chapter 5 Others

19. These Terms of Reference come into force and are implemented as of the date of approval by the Board of Directors.
20. For any matter not covered in these Terms of Reference, the relevant laws, regulations and the Amended and Restated Articles of Association shall be followed. If these Terms of Reference conflict with any laws, regulations or the Amended and Restated Articles of Association, such laws, regulations or the Amended and Restated Articles of Association shall prevail, and these Terms of Reference shall be amended accordingly and the amendment shall be reported to the Board of Directors for review and approval.
21. The Board of Directors reserves all right of interpretation regarding these Terms of Reference.