



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

1. Objectives

The objectives of the Environmental, Social and Governance Committee (the “**Committee**”) of Value Convergence Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) is to oversee management and advise the board of directors (the “**Board**”) on the development and implementation of the Environmental, Social and Governance (“**ESG**”) initiatives of the Group, including reviewing the related policies and practices, and assessing and making recommendations on matters concerning the Group’s ESG development and risks.

2. Membership

The Committee shall be appointed by the Board.

The Committee shall comprise the following members:

- (1) at least one Executive Director; and
- (2) various department heads

The Chairman of the Committee shall be appointed by the Board.

The Committee may delegate certain of its responsibilities to working teams with such powers as are necessary to discharge the responsibilities of the Committee, comprising the Chief Financial Officer, Head of HR & Administration, Head of Legal and Compliance and selected members of the Company’s management, as appointed by the Chairman of the Committee from time to time.

3. Chairman

The Chairman of the Committee shall be appointed by the Board. If at any meeting the Chairman is not present within 10 minutes after the time appointed for holding the same, the Committee members shall choose one of the other members to act as Chairman of such meeting.

4. Attendance at Meetings

At the invitation of the Committee, directors, executives or external consultants may be invited to attend all or part of any meetings. Participants may attend meetings of the Committee either in person or through other electronic means of communication.

The quorum of the Committee shall be any two members. Only members of the Committee are entitled to vote at the meetings.

5. Proceedings of Meetings

Notice of at least 14 calendar days should be given of a regular committee meeting. An agenda and accompanying meeting papers should be sent in full to all committee members at least 3 working days before the intended date of committee meeting. Any member may request for meetings by giving notice in writing to the Chairman of the Committee of not less than 7 calendar days' notice. Questions arising at the meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have a second or casting vote.

A written resolution signed by all the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held.

6. Frequency of meetings

Meetings shall be held at least once a year.

7. Outside professional services

The Committee is authorised by the Board, at the expense of the Company, to obtain outside legal or other independent professional advice and to secure the attendance, at meetings, of outsiders with relevant experience and expertise if it considers this necessary.

8. Duties and responsibilities

The terms of reference of the Committee include: -

ESG and sustainability goals and strategies oversight

1. To develop and review a Board Statement in relation to ESG issues for Board's consideration and approval, including (i) the Board's oversight role of ESG issues; (ii) the process used to identify, evaluate and manage material ESG-related issues; and (iii) how the Board reviews progress made against ESG-related goals and targets;
2. To provide vision, long term guidance and report to the Board on the Group-level ESG and sustainability goals, strategies and priorities;
3. To report to the Board key international trends in legislation, regulation, litigation and public debate as regards social, environmental and ethical standards of corporate behavior, and recommend anticipatory measures and plans for the Company;
4. To assess ESG risks, advise on those of strategic significance to the company and provide anticipatory and mitigation plans;
5. To review material interests of the Company's key stakeholders and report their point-of-views on material issues to the Company in order to secure correct long term strategic direction;

ESG and sustainability initiatives and performance oversight

1. To review and report to the Board's ESG and sustainability performance against declared KPI and achieved goals, relative to comparable peers or other benchmarked companies on a regional and global basis;
2. To review and report to the Board on the relevance of ESG indices, and the performance of the Company relative to the requirements of those indices and the desirability of the Company's inclusion in those indices;
3. To review/approve related group-level ESG policies and make recommendations to the Board on any changes to these strategies and policies;
4. To evaluate the impact of ESG risks on the Company's operation and formulate relevant policy in dealing with the risks;

5. To ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation;
6. To review and report to the Board on other related recommendations and submissions by other departments.

ESG Reporting

To review and advise the Board on the Company's public reporting regarding its performance on ESG and sustainability, approving the Group's "ESG report" before submitting to the Board for final endorsement.

9. Minutes and Reports

Minutes shall be maintained of all the meetings of the Committee and be signed by the Chairman and kept by a duly appointed secretary of the Committee meeting. The meeting minutes or a summary report on the proceedings shall be present to the Board at any subsequent Board meeting.

(Adopted on 25 February 2022)