



天虹紡織集團有限公司
TEXHONG TEXTILE GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

**TERMS OF REFERENCE OF THE ENVIRONMENTAL,
SOCIAL AND GOVERNANCE COMMITTEE**

CHAPTER I ORGANIZATIONAL STRUCTURE

1. The board of directors (the “**Board**”) of Texhong Textile Group Limited (the “**Company**”) established an Environmental, Social and Governance Committee (the “**Committee**”), at a meeting held on 23 August 2021.

CHAPTER II PURPOSE

2. The Committee shall assist the Board to guide and monitor the development of the Company and its subsidiaries (the “**Group**”) and implement environmental, social and governance work, including:
 - (i) Corporate governance and corporate behavior;
 - (ii) Environmental protection and response to climate change;
 - (iii) Labour management and health and safety;
 - (iv) Product quality and safety;
 - (v) Network security;
 - (vi) Intellectual property and privacy protection; and
 - (vii) Charity and community investment.

CHAPTER III MEMBERS

3. All the Committee members (including the chairman of the Committee) shall be appointed and removed by the Board.
4. The Committee shall consist of at least three members, most of whom shall be independent non-executive directors. The chairman and vice chairman shall be selected among the members of the Committee.
5. The quorum for Committee meetings shall be two members.
6. The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.
7. The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

CHAPTER IV NUMBER OF MEETINGS AND PROCEDURES

8. The Committee shall meet at least once a year. The chairman may request additional meetings. The meeting shall be called by the chairman of the Committee. Committee members may attend Committee meetings in person, or participate in meetings through other electronic communication methods or other methods that members may agree to.
9. Notice:
 - (i) Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.
 - (ii) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a board meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address last notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
 - (iii) Any notice given orally shall be confirmed in writing as soon as practicable (and before the meeting).

- (iv) Notice of meeting shall state the purpose, time and place of the meeting. An agenda together with other documents should generally be delivered to all Committee members seven days (and in any event not less than three days) before the intended date of the Committee meeting (or such other period as all the Committee members may agree).
- 10. A resolution in writing signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the Committee members.
- 11. Full minutes of Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the Committee meetings should be sent to all Committee members for their comment and records respectively, within a reasonable time after the meeting (generally, meaning within 14 days after the meeting). Once the minutes are signed, the secretary shall circulate the minutes and reports of the Committee to all members of the Board.
- 12. The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

CHAPTER V DUTIES

- 13. The duties of the Committee include the following:
 - (i) Formulate and review the Company's concepts, strategies, frameworks, principles and policies in respect of environmental protection ("**environmental protection**"), corporate governance ("**corporate governance**") and corporate social responsibility ("**corporate social responsibility**"), make relevant recommendations to the Board and implement the environmental protection, corporate governance and corporate social responsibility policies formulated by the Board;
 - (ii) Review and monitor the Company's environmental protection, corporate governance and corporate social responsibility policies and practices to ensure compliance with legal and regulatory requirements;
 - (iii) Take measures to promote the Company's environmental protection, corporate governance and corporate social responsibility, and formulate corporate objectives, goals, key performance indicators and measures to ensure performance in response to the areas of environmental protection, corporate governance and corporate social responsibility (as appropriate);

- (iv) Monitor expenditures arising from Company's environmental protection, corporate governance and corporate social responsibility work; and
 - (v) Review the annual "Environmental, Social and Governance Report" and make recommendations to the Board for approval.
14. In the process of performing its duties, the Committee must cooperate and coordinate with other committees under the Board, and carefully consider all relevant laws, rules, regulations as well as regulatory requirements and guidelines applicable to the Group. The Committee should be provided with sufficient resources (including resources for seeking independent legal and other professional advisers and consulting with corporate governance and corporate social responsibility experts) to perform its duties.

CHAPTER VI AUTHORITY AND POWER

15. The Committee may:
- (i) Authorize part of its duties to a subcommittee composed of one or more members, and grant the subcommittee the powers required to perform related duties;
 - (ii) Authorize the chairman of the Committee to make decisions on matters that need to be dealt with between committee meetings, and report or ratify relevant decisions when the Committee meets next time; and
 - (iii) At the request of the Board, review or consider matters outside the scope of the terms of reference contained herein.
16. The Committee has the right to:
- (i) Receive appropriate trainings and resources (including employees) that it considers necessary to perform its duties;
 - (ii) Seek any advice or assistance provided by external consultants or experts (including environmental, social and governance consultants and legal advisers) at the cost of the Company; and
 - (iii) Obtain any information, records or reports from any employee of the Group to perform its duties, and request any employee to attend Committee meetings and answer questions when necessary.
17. The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

CHAPTER VII ANNEX

18. These terms of reference shall be formulated, revised and explained by the Board. The Board may, subject to compliance with the articles of association of the Company and the Listing Rules of the Stock Exchange (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee.
19. These terms of reference are effective from 23 August 2021.