



KUNLUN ENERGY COMPANY LIMITED  
(incorporated in Bermuda with limited liability)  
昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

## TERMS OF REFERENCE OF THE SUSTAINABILITY COMMITTEE

### *1 Establishment*

The Sustainability Committee (the "Committee") of Kunlun Energy Company Limited (the "Company") and its subsidiaries (collectively, the "Group") was established pursuant to the resolution passed by the board of directors of the Company (the "Board") on 26 May 2021. The terms of reference (the "Terms of Reference") of the Committee were approved by the Board on the same date.

#### *1.1 Statement of Purpose*

To further enhance the management of environmental, social, and governance ("ESG"), the Company established the Committee in accordance with Appendix 27 "Environmental, Social, and Governance Reporting Guide" of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company's Memorandum of Association and Bye-Laws, and other relevant regulations and guidelines. The Committee is primarily responsible for assessing the Group's sustainability and ESG performance, risks, and opportunities and guiding the Group in formulating, implementing, and achieving its sustainability and ESG vision, goals, strategies, and actions.

### *2 Membership*

- 2.1 The Committee shall consist of members of the Board and other individuals deemed appropriate by the Board. The majority of the members must be directors. The Committee shall have a minimum of three members ("Members"), all of whom are appointed and removed by the Board.
- 2.2 The Board shall appoint one Member who is also a Board member to act as the Chairperson of the Committee.
- 2.3 The quorum for Committee meetings shall be two Members, with the majority being directors. Otherwise, any decisions made during the meeting shall be invalid.
- 2.4 The term of appointment for Members aligns with their term as directors. Members may be reappointed upon re-election. Should a Member cease to serve as a director, their membership in the Committee will terminate automatically, and the Board will

appoint a replacement in accordance with these Terms of Reference.

- 2.5 The Company Secretary of the Company shall serve as the secretary of the Committee.
- 2.6 The Committee may establish working groups as executive bodies to implement the Group's sustainability and ESG initiatives comprehensively.

### **3 Meeting Attendance**

- 3.1 Except as otherwise specified in these Terms of Reference, Committee meetings shall be governed by the provisions for Board meetings and procedures outlined in the Company's Memorandum of Association and Bye-Laws.
- 3.2 Meeting notices shall be sent to Members at least three days before the meeting.
- 3.3 Members may attend meetings in person, via telephone conference, video conference, or other means that allow all participants to hear and communicate with each other.
- 3.4 The Chairperson shall preside over Committee meetings. If the Chairperson is unable to attend, another Member may be delegated to preside. If no such delegation occurs and the Chairperson does not attend within five minutes of the scheduled meeting time, the attending Members shall elect one among them to chair the meeting.
- 3.5 Only Members are entitled to vote at Committee meetings.
- 3.6 Resolutions of the Committee shall be passed by a majority vote of the attending Members.
- 3.7 A written resolution signed by all Members shall have the same legal effect as one passed at a duly convened Committee meeting.
- 3.8 Meeting agendas and related materials shall be prepared in advance and provided to Members. The Committee Secretary shall draft and maintain meeting minutes, which will be circulated to Members for review and finalized within a reasonable time after the meeting. Upon reasonable notice, the minutes shall be made available to all directors for review.
- 3.9 The Committee may invite other Board members, senior management, or external consultants to attend meetings to provide input. Invitees shall not have voting rights.
- 3.10 The Committee may request any employee of the Group to provide information, records, or reports as needed. Employees may also be required to attend meetings to answer questions.
- 3.11 The convening, voting procedures, and resolutions of the Committee must comply with applicable laws, regulations, the Company's Memorandum of Association and Bye-Laws, the Listing Rules, and these Terms of Reference.

### **4 Frequency of Meetings**

Meetings shall be held at least once a year and such other times as the Chairman of the Committee shall require or at the request of any two members of the Committee.

## **5 Authority**

- 5.1 The Committee is authorized by the Board to perform its activities within the scope of these Terms of Reference and may access any information from management or employees of the Company, its subsidiaries, and affiliates.
- 5.2 Members may seek independent professional advice under appropriate circumstances to fulfil their duties as members, with the costs borne by the Company. The arrangements for seeking independent professional advice may be made by the company secretary of the Company or the committee secretary.
- 5.3 The Committee may seek assistance from the Company Secretary to ensure compliance with procedures and applicable rules.
- 5.4 The Committee shall have sufficient resources to perform its functions, with support from relevant departments of the Company and expenses borne by the Company.

## **6 *Responsibilities, Powers and Functions***

- 6.1 Developing and reviewing the Group's sustainability and ESG policies, strategies, and frameworks;
- 6.2 Setting and monitoring ESG goals and progress, recommending actions, and providing resources to meet these goals;
- 6.3 Identifying ESG risks and opportunities, reporting significant trends to the Board, and offering recommendations.
- 6.4 Inquiring into major matters affecting the Group's fulfilment of its ESG responsibilities and ensuring appropriate handling.
- 6.5 Reviewing the Group's ESG framework, performance, and internal controls, reporting findings to the Board.
- 6.6 Overseeing communication with stakeholders and gathering feedback on ESG matters.
- 6.7 Guiding research and analysis of significant ESG issues and providing recommendations.
- 6.8 Monitoring ESG-related employee training.
- 6.9 Performing other responsibilities delegated by the Board.

## **7 *Disclosure***

The Committee shall ensure the timely publication of ESG reports in the annual report or as standalone reports in compliance with the Listing Rules and relevant guidelines.

## **8 *Annual General Meeting***

The Chairperson or other Members shall attend the Company's annual general meeting to address shareholders' questions regarding the Committee's activities and responsibilities.

## **9 *Reporting Responsibilities***

The Committee shall regularly report to the Board on matters within its Terms of Reference.

## ***10 Amendments to Comply with Listing Rule Changes***

- 10.1 If new or amended laws, regulations, or Listing Rules impose requirements not covered by these Terms of Reference, the Company shall make necessary amendments promptly. These amendments shall be deemed incorporated upon their effective date.
- 10.2 Non-mandatory amendments to the "Environmental, Social, and Governance Reporting Guide" or the Listing Rules shall only be incorporated after formal adoption by the Board.
- 10.3 The right to interpret and amend these Terms of Reference resides with the Board.