

IMPRO PRECISION INDUSTRIES LIMITED

鷹普精密工業有限公司

(incorporated in Cayman Islands with limited liability)

(the “**Company**”, together with its subsidiaries, the “**Group**”)

TERMS OF REFERENCE OF THE SUSTAINABILITY COMMITTEE ADOPTED BY THE BOARD ON 3 JULY 2020

1. Membership

1.1 Members of the Sustainability Committee of the Company (hereinafter referred to as the “**Committee**”) shall be appointed by the board of directors of the Company (the “**Board**”) and shall be made up of a minimum of three members with at least two executive directors and one non-executive director of the Company.

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

2. Secretary

2.1 The secretary of the Committee shall be appointed by the Committee from time to time.

3. Meetings and Quorum

3.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members.

3.2 In the absence of the Chairman of the Committee, the Committee members present shall elect one of the members to chair that meeting.

3.3 Only members of the Committee have the right to attend the Committee meetings. However, other individuals such as other directors of the Company who are not members of the Committee, directors of the Group’s subsidiaries, representatives from relevant departments of the Company or its subsidiaries, and external advisers may be invited to attend for all or part of any Committee meeting, as and when appropriate.

4. Frequency of Meetings

4.1 The Committee may convene a meeting as and when necessary, but in any case, at least once a year.

5. Notice of Meetings

5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee.

5.2 Agenda and accompanying meeting papers should be sent in full to all members of the Committee in a timely manner and at least three days before the intended date of a Committee meeting unless otherwise agreed by all members of the Committee.

6. Minutes of Meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee within a reasonable time after the Committee meeting is held and, once agreed, to all other members of the Board.
- 6.3 A resolution in writing signed by all the members of the Committee 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 the same form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications.

7. Authority

- 7.1 The Committee is authorized by the Board to review, assess, investigate any sustainability related activity within its terms of reference and make recommendations thereon.
- 7.2 The Committee is authorized by the Board to invite relevant personnel within the Company to attend the Committee meetings, and to obtain any information that it requires from any department of the Company, if it considers necessary, in order to perform its duties.
- 7.3 The Committee is authorized by the Board to seek external legal or other independent professional advice and, if considers necessary, to invite outside parties with relevant experience and expertise to attend Committee meetings, at the Company's expense. Such expenditure shall be within limits agreed by the Board from time to time.

8. Duties

- 8.1 The Committee shall be responsible:

Sustainability goals, priorities, policies and frameworks

- (a) to review, formulate and endorse sustainability standards, priorities and goals of the Group;
- (b) to oversee the development and implementation of the Group's sustainability strategies, policies and practices to attain those standards and goals that may potentially affect the Group's business or operation, brand or reputation, including the policies on any matters of legitimate public concern;
- (c) to advise the Board on the adoption of sustainability targets and measures;
- (d) to review and evaluate the adequacy and effectiveness of Group-level frameworks of sustainability (including assessing if the Group has an appropriate and effective ESG risk management and internal control systems in place);

- (e) to review and if required, report to the Board on:
 - (i) key international trends in legislation, regulation, litigation and public debate as regards social, environmental and ethical standards of corporate behavior; and
 - (ii) sustainability risks and opportunities.

Sustainability performance

- (f) to oversee, review and evaluate:
 - (i) actions taken by the Company to reach its sustainability goals, priorities, policies and frameworks; and
 - (ii) the Company's performance against the appropriate international or national standard (if any) on sustainability.
- (g) to recommend strategies for improvements in the sustainability performance of the Company.

Environmental, Social and Governance ("ESG") reports

- (h) to review and advise the Board on public reporting of the Company as regards its performance on sustainability matters, including, without limitation:
 - (i) determining the appropriate international or national standard (if any) on sustainability that the Company will monitor and report to on an annual basis;
 - (ii) preparing an annual report on its activities for inclusion in the annual report of the Company or as a separate report for publication on the websites of The Stock Exchange of Hong Kong Limited and the Company; and
 - (iii) reviewing and recommending to the Board for approval the annual ESG Report, and making recommendations on specific actions or decisions the Board should consider in order to maintain integrity of the ESG Report.

9. Reporting Responsibilities

- 9.1 The Committee shall report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 9.2 The Committee shall, at least once a year, review its own performance and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.3 The Chairman of the Committee, or failing him, any other member(s) of the Committee, shall attend the annual general meeting of the Company and answer questions on the Committee's activities and responsibilities raised by the shareholders of the Company.

10. Availability and update of the term of reference

10.1 These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (including, but not limited to, amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) in the relevant jurisdictions; and

10.2 These terms of reference or its updated and revised versions should be published on the website of the Company and the website of The Stock Exchange of Hong Kong Limited.

Note: If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.