

# CHOW TAI FOOK JEWELLERY GROUP LIMITED

## 周大福珠寶集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1929

### Sustainability Committee – Terms of Reference

#### Status

1. The Sustainability Committee (the “**Sustainability Committee**”) is a sub-committee of the board of directors (the “**Directors**”) and each a “**Director**”) (the “**Board**”) of Chow Tai Fook Jewellery Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to which the Board has delegated duties and powers to the Sustainability Committee set out in these terms of reference (the “**Terms**”) consideration of matters set out below.

- (a) Oversight on sustainability strategy and performance;
- (b) Oversight on sustainability risks and opportunities; and
- (c) Oversight on sustainability reporting.

#### Constitution

2. The Sustainability Committee was established by resolution of the Board on 1 December 2021.

#### Membership

3. The members of the Sustainability Committee shall be appointed by the Board from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors of the Company. A quorum shall be two members of whom at least one shall be an independent non-executive Director.

4. The chairman of the Sustainability Committee shall be appointed by the Board and shall be an independent non-executive Director.

#### Frequency and procedure of meetings

5. Meetings of the Sustainability Committee shall be held as and when appropriate, but not less than once a year. The chairman or any member of the Sustainability Committee may request a meeting if he/she considers that one is necessary.

6. Other members of the Board, members of the senior management, officers and staff of the Company may be invited to attend all or part of any meeting to deal with relevant matters on the agenda as the Sustainability Committee considers appropriate.

7. The Company Secretary shall be the secretary of the Sustainability Committee.

8. An agenda and other relevant documents should be sent in full to all members in a timely manner and at least three days before the intended date of a meeting of the Sustainability Committee (or such other period as may be agreed by its members).

9. Meetings of the Sustainability Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the Company's articles of association, as amended from time to time.

10. The management of the Company (the "**Management**") is obliged to supply the Sustainability Committee with adequate information in a timely manner in order to enable it to make informed decisions. The information supplied must be complete and reliable.

### **Annual general meetings**

11. The chairman of the Sustainability Committee (or in his/her absence, his/her duly appointed delegate) shall attend the Company's annual general meetings and be prepared to respond to any shareholders' questions on the Sustainability Committee's activities.

### **Authority**

12. The Sustainability Committee is authorised by the Board to perform any activity within these Terms. It is authorised to seek any information it requires from the Management or employees of the Company (or the Group) and all employees shall be directed to co-operate with any request made by the Sustainability Committee.

13. The Sustainability Committee is authorised by the Board, at the Company's expense, to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Sustainability Committee shall be provided with sufficient resources to perform its duties.

### **Duties**

14. The duties of the Sustainability Committee shall include:

#### **14.1. Oversight on sustainability strategy and performance**

- (a) reviewing, endorsing and advising on the formulation of sustainability priorities, strategies, implementation of roadmap, targets/ KPIs and incentive measures for the Group;
- (b) overseeing and evaluating the impact of actions taken by the Group in furtherance of corporate social responsibility, and assessing the sustainability metrics and the progress toward achieving the Group's sustainability goals and strategies;
- (c) reviewing and approving key changes in the Group's sustainability policies and guidelines; and monitoring on the enforcement of these policies and compliance with related legislations;
- (d) overseeing the stakeholder dialogue process and evaluating its outcomes regarding strategic sustainability goals – in particular, matters that may affect the Group's reputation, such as key concerns raised by stakeholders, evolving public sentiments and government policies;
- (e) reviewing emerging sustainability trends, standards or legislations, considering their implications for the Group and recommending to the Board positioning on the relevant emerging sustainability issues or public debate over the ethical standards of corporate behaviour in the context of the Group's situation;
- (f) evaluating the standards set, the performance and the efforts of the Group to address the sustainability issues, relative to comparable jewellery or other benchmarked companies, including on a regional and global basis;

- (g) evaluating the relevance of sustainability stock indexes or rating agencies, the performance of the Group relative to the requirements of those indexes or ratings and the desirability of the Group's inclusion in those indexes or ratings;
- (h) evaluating the maturity of sustainability culture development in the Group and making recommendations to the Management; assessing the adequacy of resources and incentives, staff qualifications and experience, training programmes and budget in support of the Group's sustainability performance and reporting; and
- (i) reviewing the effectiveness of governance structure and management approach to sustainability, including the coordination across business divisions of the Group to ensure that their operations and practices adhere to the relevant sustainability priorities and goals.

#### **14.2. Oversight on sustainability risks and opportunities**

- (a) reviewing potential risks of the Group in sustainability topics, assessing the impact of such risks on the Group to ensure that major sustainability-related risks are covered within the Group's risk management framework;
- (b) reviewing opportunities of the Group in sustainability topics, assessing the business potential benefits to the Group that such opportunities may bring so to ensure that major sustainability-related opportunities are covered within the Group's governance structure;
- (c) in particular, for climate-related risks and opportunities, overseeing the establishment of governance process for the management of climate risks and opportunities, the impact assessment of material climate-related risks and opportunities on the Group's business strategy and operations as well as the Group's response, and the metrics and targets that the Group uses to measure and monitor climate-related risks and opportunities, as well as how the Group assesses its performance;
- (d) reviewing sustainability issues revealed by internal and external parties, such as statistics of non-compliance/ breaches of sustainability related regulations and complaints lodged to the Group related to sustainability issues, findings arising from sustainability audit and assurance, matters highlighted by sustainability consultants, issues/ concerns raised by sustainability rating agencies, institutional investors and other key stakeholders to make sure material sustainability issues are brought to the attention and/or decision of the Management and the Board, as appropriate;
- (e) where consultants or internal group resources are engaged by Management to review particular aspects of the Group's sustainability issues, the Sustainability Committee should have access to all such reports and presentations made by the consultants or internal teams as mentioned, if considered appropriate request that such consultant(s) present to the Sustainability Committee;
- (f) reviewing and ensuring that the Group has established effective sustainability risk management and internal control systems, and making recommendations to the Board on the sustainability-related risks and countermeasures; and
- (g) reviewing the covenants/ commitments related to sustainability-linked loans, and assessing the implications on the Group's sustainability performance arising from major investment projects or business mergers.

### **14.3. Oversight on sustainability reporting**

- (a) monitoring the integrity of the annual sustainability report (the “**Sustainability Report**”), and advising particularly on:
  - (i) the application of appropriate reporting standards and authoritative frameworks that are necessary to address the regulatory requirements and the investors’ needs for common industry metrics to compare sustainability performance on a transparent and consistent basis;
  - (ii) the establishment of an effective reporting system, controls and procedures to support the reliability of information disclosures in the Sustainability Report; and
  - (iii) the engagement of report assurance/ verification services provided by external bodies or internal function, the scope of assurance, the methodology used and the standard of assurance/ verification report.
- (b) evaluating the quality of sustainability disclosures in the Sustainability Report, such as the extent to which:
  - (i) the scope of data analysis and disclosure of facts enable a meaningful and fair interpretation of the Group’s sustainability performance in the respective aspects;
  - (ii) the parameters selected for performance measurement or impact assessment represent a meaningful indication towards the achievement of sustainability goals and strategies;
  - (iii) the pattern of sustainability performance can be read in conjunction with the trend of business and financial performance.
- (c) reviewing and recommending to the Board for approval of the Sustainability Report, providing the Board with assurance of the quality and technical content, and making recommendations on specific actions or decisions the Board should consider related to communications of sustainability information to the public.

### **14.4. General**

- (a) considering any other topics, as defined by the Board.

### **Reporting procedures**

15. Full minutes of the Sustainability Committee’s meetings shall be kept by the Company Secretary (or a duly appointed representative). The minutes shall be made available for inspection on reasonable notice by any Director. Minutes of meetings of the Sustainability Committee shall record in sufficient detail the matters considered by the Sustainability Committee and decisions reached, including any concerns raised by members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Sustainability Committee for their comment and records within a reasonable time after such meetings.

16. Without prejudice to the generality of the duties of the Sustainability Committee set out in these Terms, the Sustainability Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

17. The Sustainability Report shall include matters mentioned in the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules. The Sustainability Report may be combined into the corporate governance report of the Company or published separately, provided that the Sustainability Report shall be published on the same date as the Company’s annual report.

#### **Annual review**

18. The Sustainability Committee shall evaluate its own performance, terms of reference and membership annually to ensure that it is performing its duties effectively and shall recommend to the Board any changes it considers necessary.

#### **Terms available**

19. The Sustainability Committee shall make these Terms available on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited, in order to explain its role and the authority delegated to it by the Board.

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