

CHINA LESSO GROUP HOLDINGS LIMITED
(THE “COMPANY”)
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

**TERMS OF REFERENCE OF THE SUSTAINABLE DEVELOPMENT
COMMITTEE**
(THE “COMMITTEE”)

1. Purpose

- 1.1. The Committee, as a specialised committee established under the board of directors (the “Board”) of the Company, is responsible for enhancing and assisting the Board in supervising, implementing and advancing matters relating to environmental, social and governance (the “ESG”) to ensure that the Company’s operations align with national policies, regulatory requirements and stakeholder expectations, with the aim of achieving long-term value creation.

2. Membership

- 2.1. The Committee shall be chaired by the Chief Executive Officer.
- 2.2. The Committee shall be comprised of at least three members, including executive directors, independent non-executive directors and other members (which may include senior management as selected by the Group).
- 2.3. The members of the Committee shall possess ESG-related backgrounds and experience, while attracting professionals with ESG-specific expertise to ensure the professionalism and decision-making effectiveness of the Committee.
- 2.4. The secretary of the Committee shall be appointed by the Board.
- 2.5. The appointment of Committee members or the secretary may be revoked by the Board and the Committee by way of resolution. The Committee may also appoint additional members by resolutions passed by the Board and the Committee.

3. Rules of Procedures

- 3.1. The Committee shall meet at least twice per year. Meetings shall be convened and chaired by the Chairperson of the Committee, and wherever deemed necessary, extraordinary meetings may be convened by the Chairperson.
- 3.2. Notice of meetings, along with the agenda and any documents to be reviewed by the members at the meeting, shall be circulated among such members of the Committee at least three days before the meeting. In cases of emergency or special matters, such notice requirement may be waived with the consent by the Chairperson of the Committee, and the meeting may be convened at any time, provided that the Chairperson shall explain the circumstances at the meeting. In case the Chairperson is unable to attend and chair the meeting, another member may be designated to do so.
- 3.3. The Committee members may invite any persons within or outside the Company they deem appropriate to attend the meetings.
- 3.4. The Committee Secretary shall be responsible for distributing the agenda and any related documents or reports, and for maintaining minutes of the Committee meetings.

4. **Quorum: The quorum for the Committee meetings shall be two members.**
5. **Any written resolution may be passed by all members of the Committee in writing.**
6. **Duties**
 - 6.1. The primary duties of the Committee include:
 - (a) to review the Group's sustainable development strategies, planning and annual work plans, material issues, key ESG risks, and others, so as to identify sustainability goals and priorities;
 - (b) to ensure that ESG factors are fully considered when the Group makes decisions in the strategy and major transactions; and formulate ESG performance appraisal mechanisms to be incorporated into the remuneration policy;
 - (c) to regularly submit approved ESG reports to the Board, and provide recommendations as to the approval of publication of disclosures in respect of the Group's sustainability or as to matters for disclosure;
 - (d) to address material issues arising from the sustainability work;
 - (e) to conduct annual reviews of the work progress, experiences and achievements and future work plans of the 7 working groups of the Group as below.

The 7 working groups are responsible for their respective ESG-specific practices:

- Environmental Management Committee: responsible for environmental management of the headquarters and piping system segment, efficient use of energy and resources, emissions and waste management, climate change, biodiversity, and circular economy matters.
- Human Resources Management Committee: responsible for diversity and compliant employment, employee remuneration and benefits, as well as training and development of the headquarters and piping system segment.
- Safety Management Committee: responsible for occupational health and safety of the headquarters and piping system segment.
- Customer Service and Quality Management Committee: responsible for product quality, responsible marketing, quality service, privacy protection and data security of the headquarters and piping system segment.
- Compliance Management Committee: responsible for business ethics, risk control and intellectual property matters of the headquarters and piping system segment.
- Procurement Management Committee: responsible for sustainable procurement and supplier management of the headquarters and piping system segment, as well as supply chain or value chain responses related to occupational health and safety, climate change and other issues.

- Diversified Industry Development Committee: responsible for ESG-related issues of the new energy segment, building materials and home improvement segment, environmental protection segment, and supply chain service platform segment.

7. Review of the Terms of Reference

- 7.1. The Company shall update and revise these Terms of Reference as necessary in accordance with actual circumstances and regulatory requirements.

Adopted by the Board on 28 March 2025.