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**CHINA LESSO GROUP HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 2128)  
**(the "Company")**

**Carbon Management Policy (this "Policy")**

**1. Purpose**

This Policy is formulated to regulate carbon management activities of the Company and its subsidiaries (the "Group"), comply with national requirements and regulatory requirements on the capital market, create a robust organizational structure for carbon management, set out the responsibilities and authority of all units, strengthen the promotion of carbon emission targets and implementation pathways, and support the Group's carbon footprint verification and carbon information disclosure.

**2. Scope of Application**

This Policy applies to the management of the carbon emissions-related activities of the subsidiaries of the Group in the piping sector.

**3. Principles**

***Legality and Rationality***

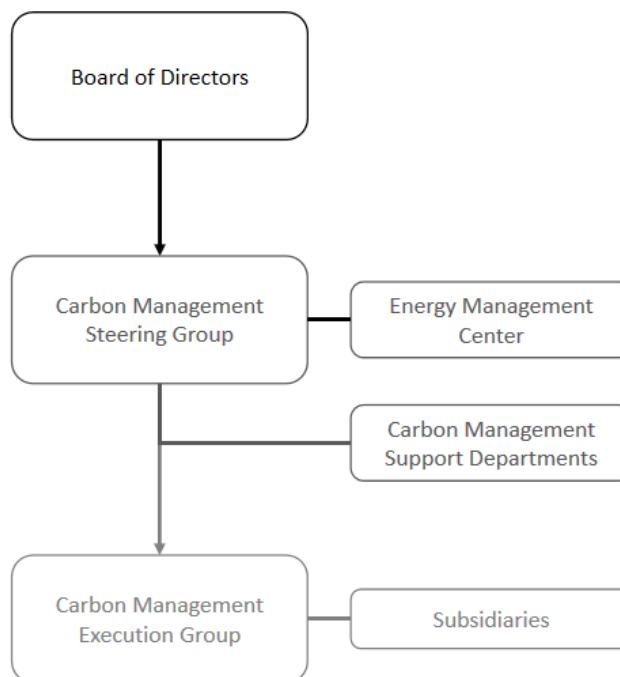
The Group shall comply with relevant policies and regulations, understand all stakeholders' expectations regarding its carbon emission management, fully consider its development needs and management capabilities, determine the scope and boundaries of its carbon management system, and put in place a carbon management system.

***Continuous Improvement***

The Group shall review and analyze its carbon management performance and the functioning of its carbon management system, take actions to address any nonconformities, improve its carbon management policy on an ongoing basis according to the actual circumstances, refine its carbon management goals, and continuously improve its carbon management system.

#### 4. Organizational Structure and Responsibilities

The Group's carbon management is governed by the Board of Directors of the Company as the highest decision making body, while the Carbon Management Steering Group and the Carbon Management Execution Group are responsible for the management and execution of carbon management respectively. The carbon management activities are carried out according to the three-tier structure of "decision making, management and execution".

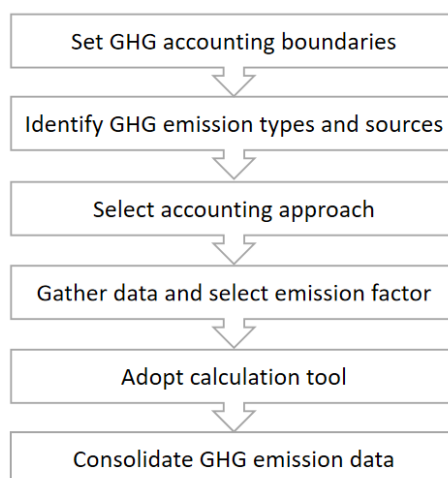


#### 5. Carbon Target Management

Carbon target management covers carbon emission targets and carbon emission management plans for achieving such targets. The Board of Directors of the Company shall lead the setting of carbon emission targets. The Carbon Management Steering Group shall communicate with carbon management support departments and subsidiaries to understand the carbon management updates, set carbon emission targets, and report the same to the Board of Directors of the Company for it to develop carbon emission management plans upon verification of the carbon emission targets, for the purpose of the Group's carbon target management. Carbon emission targets and carbon emission management plans shall be adjusted in due course according to the Group's developments.

## 6. Data Gathering and Accounting

The process of greenhouse gas (“GHG”) accounting includes six steps as follows:



The Group implements an annual GHG accounting mechanism in accordance with the *Carbon Accounting System of Rules*. The Board of Directors of the Company shall lead and coordinate carbon accounting. The Carbon Management Steering Group shall, in the first half of each year, review the monthly GHG activity data submitted in the previous year by the members of the Carbon Management Execution Group, and verify and consolidate the GHG emission data for the previous year before the preparation of the annual sustainability report.

## 7. Disclosure of Carbon Information

To meet the regulatory requirements of the Stock Exchange of Hong Kong Limited, the expectations of the capital market and the requirements of stakeholders, the Group shall disclose its carbon information according to the *Carbon Information Disclosure Policy*.

## 8. Capacity Building

To increase its employees' carbon management awareness, enhance their carbon management capabilities, and develop carbon management talents, the Group will make an annual group-wide carbon management training plan, organize monthly or semi-annual training sessions for carbon emission management staff based on the training plan, and ramp up publicity of energy conservation and emission reduction to enhance employees' carbon management awareness.

## 9. Internal Audit

The internal audit of the carbon management system shall be included in the Group's comprehensive risk management and internal control process to enhance the reasonable functioning of the carbon management system and improve the utilization of related resources. The *Internal Audit Charter* shall apply to the internal audit of the carbon management system.

**10. Review and Supervision**

The Board of Directors of the Company will review and supervise the implementation of this Policy from time to time, and review, analyze and evaluate the functioning of the carbon management system on an ongoing basis according to the *Carbon Management Supervision and Performance Appraisal Policy* to ensure the effectiveness of this Policy and carbon management activities.

**11. Relevant Documents of the Group**

*Carbon Accounting System of Rules*

*Carbon Information Disclosure Policy*

*Carbon Management Supervision and Performance Appraisal Policy*

*Internal Audit Charter*

**12. Notes**

- **This Policy will be published on the Company's website.**
- **This Policy shall take effect as of the date of its issuance after being signed by the Chief Executive of the Group.**
- **This Policy may be required to update according to the changes of the business development and management of the Group. New Policy shall be authorized by the Chief Executive of the Group before being effective.**
- **The power of interpretation of this Policy shall be vested by the Group.**