

# MONGOLIAN MINING CORPORATION

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

**(“Company”)**

## **TERMS OF REFERENCE OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE ADOPTED BY THE BOARD ON 22 AUGUST 2019 AND EFFECTIVE FROM 23 AUGUST 2019**

### **1 Membership**

- a. The Environmental, Social and Governance Committee (hereinafter referred to as the **“Committee”**) shall be appointed by the board of directors of the Company (**“Board”**). The Committee shall consist of not less than 5 members, a majority of whom should be independent non-executive directors of the Company (**“INEDs”**). The constitution of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (**“Listing Rules”**) from time to time.
- b. The chairman of the Committee shall be the chairman of the Board or an INED.

### **2 Attendance at Meetings**

- a. Unless otherwise stated herein, the meetings of the Committee are governed by the provisions contained in the Company’s articles of association for regulating the meetings and proceedings of directors.
- b. The quorum for a meeting of the Committee shall be 3 members of the Committee, 2 of whom must be INEDs.
- c. The chairman of the Board (**“Chairman”**) may attend meetings of the Committee.
- d. The Committee may, where appropriate, invite external advisers and/or members of the management of the Company to attend the meeting to advise its members.
- e. The company secretary shall be the secretary of the Committee. In the absence of the secretary of the Committee, the members of the Committee present at the meeting shall elect another person as the secretary.
- f. Members of the Committee may participate in a meeting of the Committee by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **3 Frequency of Meetings**

Meetings shall be held not less than once a year. Any member of the Committee may convene a meeting if he/they consider(s) that one is necessary, or at the request of any member of the Committee, the secretary of the Committee shall convene a meeting as soon as reasonably practicable and having regard to the convenience of all members with priority given to the INEDs.

#### **4 Committee's Resolutions**

A resolution in writing signed by all 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 like 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. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

#### **5 Authorities**

- a. The Committee is authorised by the Board to review, assess and make recommendations upon any issue within its terms of reference. It is authorised to seek any information it requires from any employee or executive director and such persons are directed to co-operate with any request made by the Committee.
- b. The Committee is authorised by the Board, and at the expense of the Company, to obtain outside legal or other independent professional advice and to secure the attendance of independent professional advisers with the relevant experience and expertise if it considers this necessary.
- c. The Committee is to be provided with sufficient resources to perform its duties.

#### **6 Purpose**

The purpose of the establishment of the Committee is to review and report to the Board on matters of environmental, social and corporate governance.

#### **7 General Responsibilities**

- a. The Committee is to promote the continuous integration of international best practices into the corporate governance of the Company and of environmental, social and governance (“ESG”) matters into the Company’s strategies so as to create value for shareholders in general and for stakeholders in the medium to long-term, in accordance with the principles of sustainable development.
- b. The Committee shall fulfill other responsibilities as required by the Listing Rules from time to time.

#### **8 Duties**

The Committee shall have the following duties with regards to environmental, social and corporate governance matters:

- a. Oversee the development of the ESG vision, strategy and policies:
  - (i) To identify the relevant matters that significantly affect the operation of the Group and/or the interest of other important stakeholders in the environmental, social and governance aspects;

- (ii) To provide direction on and review the Company's ESG vision, objectives and strategy, and make recommendations to the Board for the approval of relevant ESG initiatives;
  - (iii) To monitor and review emerging ESG trends and issues, provide guidance on the development of the Company's ESG vision in light of the same, and act as a sounding board on the management of current and emerging ESG matters affecting the Company;
  - (iv) To adopt and update as necessary the Company's policies on production safety, environmental protection, social responsibility management and corporate governance;
  - (v) To examine the Company's policies on human rights, business ethics and integrity, diversity and inclusion; the policies to integrate ESG issues into the business model, including through the analysis of the relative KPIs; the initiatives undertaken by the Company to address issues raised by climate change and the relative reporting; the approaches, objectives and consequent processes regarding sustainability and the sustainability reporting submitted annually to the Board;
  - (vi) To review and monitor the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements.
- b. Oversee the implementation of the ESG vision, strategy and policies:
- (i) To oversee the execution of the Company's ESG initiatives and set targets to measure the attainment of the initiatives;
  - (ii) To monitor performance of the Company against set ESG targets and recommend actions as needed to improve performance;
  - (iii) To develop and review the Company's ESG vision, strategy, framework, principles and policies and make relevant recommendations to the Board, and implement the ESG policies laid down by the Board;
  - (iv) To review and adopt the risk assessments in respect of the Company's impact on health, safety, environment and society;
  - (v) To ensure that the Company includes an environmental, social and governance report ("**Environmental, Social and Governance Report**") prepared by the Board in its summary financial reports (if any) and annual reports in accordance with the disclosure requirements under the Listing Rules and the Corporate Governance Code (as included under Appendix 14 to the Listing Rules);
  - (vi) To monitor the positioning of the Company with respect to the financial markets on sustainability issues, with particular reference to the Company's placement in the ethical sustainability indices and international initiatives on environmental, social and governance matters and the Company's participation in them, in order to consolidate the Company's international reputation;

- c. Oversee the development and the implementation of the corporate governance:
- (i) To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
  - (ii) To review and monitor the training and continuous professional development of directors and senior management of the Company including making recommendations on methods to improve directors' knowledge of the Company's environmental, social, business and corporate governance policies and their responsibilities as directors of the Company;
  - (iii) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
  - (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company;
  - (v) To review the Company's compliance with the code and disclosure in the Corporate Governance Report;
  - (vi) To ensure development of and review on an annual basis the terms of reference for each of the committees of the Board and make recommendations to the Board, as appropriate;
  - (vii) To review with the Board, on a regular basis, the methods and processes by which the Board fulfills its duties and responsibilities, including without limitation, discussion of:
    - the structure of the committees;
    - the number and content of Board meetings;
    - the annual schedule of issues which should be considered by the Board at its meetings or those of its committees;
    - resources available to the directors of the Company; and
    - the communication process between the Board and management;
  - (viii) To, in consultation with the Chairman, direct and supervise the investigation into any matter brought to the Committee's attention within the scope of its duties.
- d. Other responsibilities:
- (i) To make recommendations to the Board on the funding of the ESG initiatives as needed to carry out actions within these terms of reference;
  - (ii) To review and approve the disclosure relating to the Company's sustainability framework, objectives and related performance as set out in the suite of annual reporting documents;

- (iii) To discuss, question and provide advice to management on past, current and emerging environmental, social and governance risks as a fair responsible and sustainable business;
- (iv) To review and evaluate the performance of the Committee and the terms of reference to ensure that it is operating at maximum effectiveness, and recommend any changes it considers appropriate for the Board's approval;
- (v) Other matters authorized by the Board in relation to health, safety, environment, social responsibility and corporate governance.

## **9 Reporting Procedures**

- a. The Committee shall update the Board by reporting on the topics discussed at the Board meeting and the comments, recommendations and opinions formulated therein and shall report to the Board at least once every year and no later than the date on which the annual report is to be approved.
- b. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board.

## **10 Availability and Update of the Terms of Reference**

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on the respective websites of The Stock Exchange of Hong Kong Limited and the Company.

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