BEA東亞銀行

The Bank of East Asia, Limited
東亞銀行有限公司
(Incorporated in Hong Kong with limited liability in 1918)
(Stock Code: 23)

TERMS OF REFERENCE

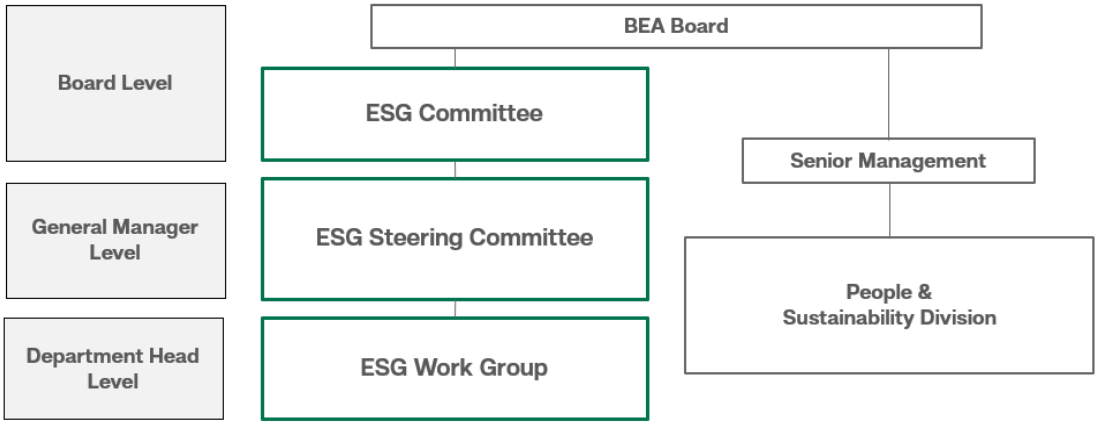
OF

THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") COMMITTEE

1. CONSTITUTION

The Board of Directors (the "Board") of The Bank of East Asia, Limited ("BEA" or the "Bank") has resolved to establish a committee known as the ESG Committee to strengthen the governance structure of the Bank, including all overseas branches and subsidiaries (collectively the "Bank Group"), to support greater ESG development.

ESG Governance Structure of the Bank Group:



The Senior Management includes the Co-Chief Executives and Deputy Chief Executives.

2. MEMBERSHIP

2.1 The ESG Committee members shall be appointed by the Board and shall consist of not less than four members. At least half of the members of the ESG Committee should be Independent Non-executive Directors.

2.2 The Chairman of the ESG Committee shall be an Independent Non-executive Director appointed by the Board. The Chairman and members of the Committee shall ensure that they have sufficient competencies and knowledge to understand ESG topics and sustainability matters relevant to the Bank Group.

2.3 The quorum of any ESG Committee meeting is two members, of which at least one should be an Independent Non-executive Director.

2.4 Once appointed, the office of the members of the ESG Committee shall last as long as he/she remains as a Director (Executive or Non-executive) of the Bank, and the tenure will expire upon the termination or resignation of the member of the ESG Committee as a Director.

Notwithstanding the foregoing, the Board may terminate the appointment of any member of the ESG Committee at any time.

2.5 The Company Secretary or his/her delegate shall act as the Secretary of the ESG Committee.

3. FREQUENCY OF MEETINGS

Meetings will be held not less than twice a year.

4. DUTIES

The specific duties[1] of the ESG Committee are as follows:

(a) to oversee the Bank Group's ESG performance, particularly in regard to strategy and reporting as well as the governance structure for ESG matters, as set forth by the Hong Kong Monetary Authority (HKMA), The Stock Exchange of Hong Kong Limited and/or other regulators;

(b) to oversee the development and implementation of BEA's transition planning including approval of progress reports/updates to the HKMA and transition planning documentation as well as ensuring that there are appropriate resources, mechanisms, systems and measures to support the implementation of the targets, policies, procedures, and controls set out in the documentation[2];

(c) to review and approve ESG strategies, goals, and targets as presented by the ESG Steering Committee and monitor progress and make recommendations to the Board for approval as appropriate;

(d) to oversee the assessment and management of the Bank Group's environmental and social impacts, and report any significant developments to the Board;

(e) to identify and evaluate ESG and climate-related risks and opportunities in the context of the Bank Group's strategic objectives including the level of risk the Board is willing to take to achieve those objectives, and ensure that appropriate and effective risk management and internal control systems relating to ESG are in place;

[1] For the sake of clarity, duties relating to ESG as set out under section 4 shall cover climate-related matters, wherever applicable.
[2] The duty is required under the HKMA's Supervisory Policy Manual GS-2 on Transition Planning.

(f) to review and resolve ESG issues escalated by the ESG Steering Committee;

(g) to report on ESG-related matters to the Board as required to enable BEA to conduct its business and operations responsibly and sustainably for the benefit of its stakeholders, both present and future;

(h) to review and approve the ESG topics that are material[3] to the Bank Group and report on the same to the Board;

(i) to review and approve the adequacy of sustainability training as well as the resources allocated to meeting ESG goals and other commitments;

(j) to review the Bank Group's annual ESG Report and recommend it to the Board for approval;

(k) to review and endorse ESG-related policies submitted by the ESG Steering Committee prior to submission to the Board for approval; and

(l) to work closely with other relevant committees of the Board, including but not limited to the Remuneration Committee, Risk Committee, and the Audit Committee.

5. REPORTING PROCEDURES

(a) The Secretary will circulate the minutes of the ESG Committee meetings to all members of the Board.

(b) Disclosure in the Bank Group's annual ESG Report should include information required by Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and a statement from the Board with the following information:

[3] Materiality refers to those ESG issues that are relatively important to investors (based on financial materiality) and other stakeholders (based on other materiality considerations). Please refer to HKEX Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework, 2024.

(i) the Board's oversight of ESG issues;

(ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the Bank Group's businesses); and

(iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the Bank Group's businesses.

(c) Disclosure in the Sustainability section of the Bank Group's published Annual Report should include the following information:

(i) a discussion on the Bank Group's environmental policies and performance; and

(ii) an account of the Bank Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Bank Group and on which the company's success depends[4].

6. FREQUENCY OF REVIEW

The Terms of Reference of the ESG Committee should be reviewed on a yearly basis or as required.

In the event of a conflict between the Chinese translation and the English text hereof, the English text will prevail.

[4] Companies Ordinance (Chapter 622), Schedule 5, Contents of Directors' Report: Business Review