

JL MAG RARE-EARTH CO., LTD.

TERMS OF REFERENCE OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

Chapter 1 General Provisions

Article 1 In order to further improve the governance structure of JL MAG RARE-EARTH CO., LTD. (the “**Company**”), enhance the environmental, social and corporate governance (ESG) standard, and promote the sustainable and high-quality development of the Company, the Board of Directors of the Company hereby established the Environmental, Social and Governance (ESG) Committee (the “**ESG Committee**”) and formulated the Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the other relevant laws, regulations, rules, and the provisions of the Articles of Association of JL MAG RARE-EARTH CO., LTD. (the “**Articles of Association**”).

Article 2 The ESG Committee is a specific committee established under and shall be accountable to the Board of Directors. Its main responsibilities are to supervise and guide the efficient implementation of the Company’s environmental protection and climate-related matters, social responsibilities, standardized governance and other matters, and to promote the environmental, social and corporate governance development of the Company.

Chapter 2 Composition

Article 3 The ESG Committee shall comprise at least three directors and/or senior management. The members shall be elected by the Board of Directors.

Article 4 The ESG Committee shall have one chairman (convener) who is responsible for chairing the ESG Committee. The chairman shall be elected from the members, subject to the approval of the Board of Directors.

Article 5 The term of office of the ESG Committee shall be identical to that of the Board of Directors. A member may be re-elected upon the expiration of his/her term of office. Where a member ceases to be a director or senior management of the Company during the term, his/her membership shall be terminated automatically, and the vacancy shall be filled up by the Committee in accordance with the Terms of Reference.

Article 6 The ESG Committee shall have a work team, the members of which can be determined based on actual working needs and are not required to be members of the ESG Committee. The members of the work team are responsible for the daily matters of the Committee and implementation of the resolutions passed by the Committee, including but not limited to, the preliminary preparation for decision-making by the Committee, liaison on daily operations, organization of meetings, and implementation of the resolutions from the meetings.

Chapter 3 Duties and Authorities

Article 7 The main duties and authorities of the ESG Committee are as follows:

- (i) To pay active attention to the research of the laws, regulations and policies related to the ESG and climate areas of the Company, and to conduct research and make recommendations on the work direction regarding environmental protection, social responsibility and standardized governance of the Company;
- (ii) To study and formulate the strategic planning, structure of management, system and details of implementation of the Company's management of ESG and climate-related matters;
- (iii) To identify and supervise risks and opportunities related to ESG and the climate that may significantly affect the business of the Company, and guide the management to take appropriate countermeasures against such risks and opportunities;
- (iv) To guide, supervise and review the implementation of environmental and climate-related matters, social responsibility and corporate governance efforts of the Company, and to make recommendations accordingly following assessing the Company's overall performance in the ESG and climate-related matters;
- (v) To review the environmental, social and governance (ESG) related reports of the Company and other significant matters related to the ESG and climate;
- (vi) Other duties and authorities as delegated by the Board of Directors.

Article 8 The main duties of the chairman are as follows:

- (i) To convene and chair the meetings of the Committee;
- (ii) To supervise and inspect the operations of the Committee;
- (iii) To sign the related documents of the Committee;
- (iv) To report to the Board of Directors on the operations of the Committee;
- (v) Other duties required or delegated by laws, administrative regulations, regulatory rules of the stock exchange where the shares of the Company are listed, the Terms of Reference and the Board of Directors.

Article 9 The rights and obligations of members of the Committee shall be as follows:

- (i) To attend meetings of the Committee on time, express their opinions on matters deliberated at the meetings, and exercise their voting right;
- (ii) To propose topics for discussion at meetings of the Committee;
- (iii) To attend relevant meetings of the Company as non-voting delegates or visitors, to conduct surveys and researches and to collect relevant information such as reports, documents and materials for the purpose of discharging their duties and responsibilities;
- (iv) To fully understand the duties and responsibilities of the Committee and those of himself/herself as a member of the Committee, to acquaint themselves with relevant information on the operation and management, business activities and development of the Company to ensure his/her capacity for discharging duties and responsibilities;
- (v) To fully ensure that himself/herself has sufficient working hours and energy to fulfill his/her duties and responsibilities;
- (vi) Other duties required or delegated by laws, administrative regulations, regulatory rules of the stock exchange where the shares of the Company are listed, the Terms of Reference and the Board of Directors.

Chapter 4 Decision-making Procedures

Article 10 The ESG work team is responsible for making preliminary preparation for decision-making by the ESG Committee, providing related information and submitting formal proposals to the ESG Committee.

Article 11 The ESG Committee holds meetings to review proposals by the ESG work team, and submits the results of review to the Board of Directors, while giving feedback to the ESG work team.

Chapter 5 Procedural Rules

Article 12 The meeting of ESG Committee shall be convened at least once a year on a regular basis. The ESG Committee may hold ad hoc meetings as needed. Extraordinary meetings may be convened when proposed by the chairman or over half of the members of the Committee. A notice shall be given to all members before a meeting is convened. The meeting shall be presided over by the chairman of the Committee, and in case the chairman is unable to attend, he or she may appoint another member of the Committee to preside over the meeting on his or her behalf.

Article 13 The quorum of a meeting of the ESG Committee shall be not less than half of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Committee.

Article 14 Voting shall be made by a show of hands or by casting of votes as well as by way of communication.

Article 15 The Company's directors, supervisors and senior management may be invited to be present at the meetings of the ESG Committee when necessary.

Article 16 The ESG Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making process and the costs shall be borne by the Company.

Article 17 The ESG Committee should keep minutes for their meetings. The members of the Committee who attended the meeting should sign on the minutes. The minutes, information and other written documents, and electronic files should be kept by the secretary to the Board of Directors of the Company as record of the Company.

Article 18 The advice considered at the meetings of the ESG Committee shall be reported to the Board of Directors in written form.

Article 19 Members of the Committee and all the participants present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization from the chairman of the Board of the Directors or the Board of the Directors of the Company. Otherwise, they shall take all the corresponding legal liabilities arising from that.

Chapter 6 Addendum

Article 20 The Terms of Reference is formulated and amended by the Board of the Directors and come into force on the date of promulgation.

Article 21 Matters not covered by the Terms of Reference shall be handled pursuant to the provisions of the relevant laws, regulations, and regulatory security rules of the stock exchange where the shares of the Company are listed and the Articles of Association. In case of any conflict between the Terms of Reference and the relevant laws, regulations, and regulatory security rules of the stock exchange where the shares of the Company are listed to be promulgated by China in future or the Articles of Association as amended under lawful procedures, such matters shall be handled pursuant to the provisions of relevant laws, regulations, regulatory documents and listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association, and the Terms of Reference shall be revised promptly and submitted to the Board of Directors for consideration and approval.

Article 22 The right to interpret the Terms of Reference belongs to the Board of Directors of the Company.

JL MAG RARE-EARTH CO., LTD.

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