



新奥天然气股份有限公司

ENN Natural Gas Co., Ltd.

(Stock Code: 600803)

Biodiversity Protection Policy

1. Our Biodiversity Management Strategy:

ENN Natural Gas Co., Ltd. (hereinafter referred to as “ENN Natural Gas”, together with its subsidiaries, collectively referred to as “We”) refers to the Task Force on Nature-related Financial Disclosures (TNFD) framework to conduct biodiversity assessments related to the business operations of companies in which the Company has controlling interest. We also require them to implement relevant measures to foster ecosystem restoration, and integrate the biodiversity assessment management process into the company's overall risk management process. Meanwhile, we strive to protect endangered species by minimizing the adverse impact on their habitats and promoting the use of sustainable and biodiversity-friendly natural resources. Additionally, we encourage collaboration with external partners to fulfill our commitment to biodiversity conservation.

2. Our Commitment

ENN Natural Gas has established biodiversity conservation targets, adhering to the principle of net-zero deforestation. We are committed to achieving net-zero deforestation by the year 2040, striving to reach net-zero loss of biodiversity by the year 2040, and aiming to have a net positive impact on biodiversity by the year 2050.

3. Our Policy:

3.1. Sustainable management of natural resources and raw material use

- (1) Promote the use of renewable energy by developing biomass energy technology and biomass cogeneration businesses;

- (2) Realize energy-saving and environmentally friendly concepts throughout the value chain by implementing measures of reducing carbon emission, protecting natural resources and minimizing harmful chemical
- (3) Prioritize the use of environmentally friendly raw materials and processes and restrict and phase out those outdated;
- (4) Classify and manage all wastes and reuse recyclable, non-toxic and non-hazardous waste;
- (5) Require to conduct biodiversity-related assessment in the due diligence process, covering at least 90% of new projects;
- (6) Carry out supplier assessments to encourage effective maintenance of ecosystem integrity and stability; and
- (7) Encourage suppliers to fulfill ecological protection obligations and comply with the “Three Lines and One List” (i.e. red line of ecological protection, bottom line of environmental quality, upper limit of resource utilization, and environmental negativelist of market access) requirement.

3.2. Restoration of disturbed land and habitat

- (1) Strictly control the selection of project site which is required to be outside the red line of ecological protection zone;
- (2) Clearly define the target and scope of clearance and excavation before construction work. No vegetation outside the area should be destroyed;
- (3) Designate an area for cautious handling of surface clearance material, no disposal at will;
- (4) Preserve and reuse the stripped topsoil for land improvement on other grounds and restoration of damaged land along the pipeline. Before reusing the topsoil, we require to designate an area with rainproof and drainage facilities for stacking and preservation;
- (5) Commit to protect the forests and prohibit illegal exploitation in forested areas or high conservation value areas. At the same time, we encourage our suppliers to meet our no- deforestation requirement and implement greening measures such as planting trees and turf immediately to reduce the exposure time of bare land where applicable;

- (6) Follow the principle of net-zero deforestation and ensure that the amount of forest land is not reduced during the construction of the project, we pay forest restoration fees in strict accordance with relevant national laws and regulations or hire a third party to arrange afforestation and restoration of forest. It is required that the planting area shall not be less than the vegetation area removed by the project;
- (7) Commit to require our own operations and supply chain partners to avoid operational activities in close proximity to World Heritage areas and IUCN Category I-IV protected areas; When the company or supply chain partners operate near key biodiversity areas, they must disclose measures to mitigate or eliminate the impact on biodiversity;
- (8) Restore the surface and soil in timely manner after the completion of construction work to reduce soil erosion; and
- (9) Encourage member companies to proactively conduct and invest in environmental protection programs such as biodiversity protection, afforestation, habitat and wetland restoration. Also, we encourage our supply chain partners to involve in the above programs.

3.3. Respect indigenous people and reduce community impacts

- (1) Respect the rights of indigenous people and local communities on informed consent. We conduct business operations on the land where we have legal rights, public rights or customary rights;
- (2) Establish an open and transparent consultation process to fully negotiate and resolve complaints and conflicts in case of emergencies and incidents;
- (3) Implement a strict noise pollution prevention plan during construction, including the reasonable arrangement and appropriate operation time of machinery;
- (4) Avoid any nighttime construction work. If necessary, the night working permit must be displayed at a prominent position on the construction site 2 days before the work;
- (5) Adopt dust-proof measures including covering, sprinkling water, spraying dust covering agent or other dustproof measures for the material piles generated during the construction process, to reduce the impact caused by fugitive dust; and

(6) Set up dense mesh barrier when constructing near the fence or residential area, to block the light from illuminating the residential area.

ENN Natural Gas and its member companies, as well as suppliers and other value chain collaborators, should work closely together to ensure the implementation of this policy. The ESG Committee and ESG Group should regularly review this policy or review and update it as needed.