新奥天然气股份有限公司

ENN Natural Gas Co., Ltd.

(Stock Code: 600803)

Climate Change Policy

1. Introduction

Nowadays, climate change is one of the most concerning environmental issues all over the world. China announced at the 2020 United Nations General Assembly that it will peak the carbon emission by 2030 and strive to achieve carbon neutrality by 2060. ENN Natural Gas Co., Ltd. (hereinafter referred to as "ENN Natural Gas", together with its subsidiaries, collectively referred to as "We") has always been committed to achieving environmental sustainability by identifying the risks and opportunities brought by climate change, and take appropriate measures to adapt or mitigate the impact on our business. We have also established ENN Natural Gas 2030 carbon reduction target to achieve peaking carbon dioxide emissions by 2030. And ENN Natural Gas are committed to making carbon neutral by 2050.

In adherence to the national and local environmental laws, regulations, and relevant policies and standards, we are committed to ensuring that all business activities are conducted within the legal framework. We continuously monitor updates and changes in environmental regulations and promptly adjust our company's policies and operational procedures accordingly.

2. Purpose

The purpose of this policy is to continuously improve the climate risk management ability of ENN Natural Gas and seize the opportunities arising from climate change, contributing to the mitigation of global climate issues.

3. Scope

We encourage all provincial companies and our member companies to follow this policy. We also encourage external stakeholder to refer to this policy.

4. Measures

We have set ambitious goals to achieve a net positive impact on key environmental objectives, with a commitment to reach peak carbon emissions by 2030 and to achieve net-zero carbon emissions by 2050, thereby realizing our carbon neutrality. We are dedicated to achieving zero deforestation and zero waste of resources, and we are committed to addressing climate change through the following measures:

5. Mitigation

5.1. Strengthen the recovery of BOG generated in the process of gas transmission and distribution, minimize the leakage and discharge of methane;

5.2. Help our value chain and downstream customers to improve energy efficiency and reduce greenhouse gas emissions through natural gas sales and integrated energy solutions;

5.3. Develop and introduce advanced energy-saving technologies from the country and abroad to enhance the energy efficiency of each business segments;

5.4. Eliminate the pollutants from our operation. Strengthen energy management by saving energy and enhancing energy efficiency, to reduce greenhouse gas emissions and achieve green management throughout the life cycle;

5.5. Actively explore the development and application of different renewable energy;

5.6. Consider climate-related risks in the project design, construction and operation stage;

5.7. Encourage all stakeholders, including but not limited to employees, customers, suppliers and construction contractors, to conserve energy and reduce emissions, and to enhance knowledge and capabilities related to climate change risks and environmental laws and regulations through training and education.

6. Adaptation

6.1. Identify potential risks and opportunities arising from climate change regularly and further incorporate them into our enterprises risk management system;

6.2. Pay attention to the changes in policies, laws and regulations and technologies in the places where we operate related to climate change, and take proactive measures to respond;

6.3. Promote climate-related knowledge to the communities where we operate to enhance their awareness.

7. Investment

7.1. Focus on potential greenhouse gas emissions and emission reduction of projects, and their availability of renewable energy in the M&A and Due Diligence process. Utilization of renewable energy sources such as solar energy, industrial waste heat, biomass energy, geothermal energy and other renewable energy sources are considered as important indicators during the decision-making process;

7.2. Evaluate the impact of regional low-carbon policies on city gas projects and integrated energy projects, analyze the trend of market demand for low-carbon energy and the changes brought about by the development of low-carbon technologies, so as to comprehensively judge the adaptability of different projects to climate transition risks and value the project investments with more dimensions.

8. Review

The ESG Committee and the ESG Working Group are required to review the Policy on a regular basis or update the Policy, if necessary, for the Board’s approval.