

China Gas Holdings Limited
(the “Company”)
Biodiversity Protection Policy

1. Introduction

Biodiversity refers to the variety of life: the diversity of all living organisms from the various ecosystems¹. The Company and its entities that adopt the management and control system of the Company (the “China Gas Group” or the “Group”) is aware of the significance of preventing biodiversity from potential disappearance and natural environment from degradation, and how they closely relate to climate change. China Gas Group ensures that the Group members will take into account the biodiversity factors related to their business operation, and implement relevant measures to facilitate the recovery of ecosystems. This policy applies to the Group’s own businesses as well as all suppliers, contractors, joint ventures and other partners providing products and/or services to the Group.

2. Endorsement of the Policy

This policy is formulated based on the approval of the Group’s Board of Directors. Authorized by the Board to prepare and engage in the policy and supervise its implementation, the Sustainable Development Committee reports to the Board regularly.

3. Implementation of the Policy

According to applicable laws and regulations, biodiversity protection policy is implemented in the following ways:

(1) in the early stage of the engineering construction project, environmental impact assessment (“EIA”), safety pre-assessment and social stability risk assessment will be carried out. During the project implementation, according to the requirements of the environmental management plan, safety pre-assessment and social stability risk assessment in the EIA will be carried out. After the construction project, checking and inspection according to the requirements of EIA, safety pre-assessment and social stability risk assessment will be carried out.

(2) project site selection shall avoid districts within the ecological protection red line, insist on reasonable planning, minimize land requisition area under the circumstance of compliance to the standard safety distance.

(3) during the process, strictly follow through the construction noise pollution prevention initiative, arrange operation time scientifically and plan and use construction machinery in a reasonable manner.

¹ Quoted from The International Union for Conservation of Nature.

(4) materials piling during construction shall be covered, sprinkled with water or coating agent, or take other dust proof measures to reduce the influence of fugitive dust.

(5) all the waste shall be classified and managed. Non-toxic, harmless and recyclable waste shall be recycled and reused.

(6) in respect of construction work near the building red line or residential areas, sunshade net shall be set to block light from illuminating to the residential areas.

(7) confirm the construction range before the construction begins, grasslands, trees, and other plants outside the construction area shall not be damaged for the convenience of construction.

(8) restore the earth surface and soil upon the completion of project, reducing the impact of soil erosion.

4. The Group's Undertakings

For biodiversity preservation, the Group's undertakings are as follows:

(1) minimize disturbance, degeneration and indirect impact on habitats during its operations.

(2) ensure no reduction in total forested area during engineering construction, in line with the principle of net zero deforestation. During such processes, we restore forestland affected, ensuring that vegetation coverage of forestation outnumbers that reduced due to the construction. Avoiding the deforestation of any natural forest or transformation of any natural ecosystem, we preserve natural forests and ecosystems affected by the Group's operations. Along with our ban on illegal development in forested regions or protected areas with significant value of ecosystem conservation, our pledge against deforestation applies to the entire Group, as well as suppliers, contractors, joint ventures and other partners providing products and/or services to the Group, on top of our prompt forestation actions on land with greening conditions including turfing and tree-planting to cut duration of land exposure. Our objective is to move to net zero deforestation by 2035.

(3) enhance the publicity of biodiversity protection among the staff of China Gas Group, promote the recognition of biodiversity, encourage staff to play an active role in tree planting activities organized by the government and social groups.

(4) based on the informed consent right of indigenous people and communities, build negotiation procedures open and transparent and conduct thorough negotiations to resolve complaints and conflicts upon emergencies and incidents.

(5) ensure that there are no pending matters regarding compensation and resettlement and support between the land that the local government provides and the previous owners. As determined by the Group, if the projects to be invested require involuntary resettlement of people, the Group will solve and

deal with the problems arising from such involuntary resettlement according to the provisions of the “Resettlement Planning Policy”.

(6) move fast to exchange with member companies, suppliers, contractors and other stakeholders of the Group and encourage member companies of the Group to carry out or take part in public welfare projects such as biodiversity protection, river course cleaning, afforestation, protection of rare species, etc., to meet obligations with concrete actions; in the meantime, encourage contractors and suppliers to take initiative to carry out and take part in the aforementioned projects.

(7) reduce and offset disturbance to and impacts on biodiversity and restore the disturbed and impacted through slowing down hierarchical management, moving toward no net lost (NNL) in biodiversity, aiming at biodiversity contributing NNL for all new projects by 2035.

(8) avoid operations in areas boasting biodiversity or near world heritages and (IUCN) I-IV protected areas.

5. Date of Adoption

This policy, issued for implementation on 10 May, 2013, is updated in due course.