

## **Environmental Policy**

China actively promotes global climate governance, earnestly implements the objectives of the Paris Agreement, and has established a comprehensive legal and regulatory framework for ecological and environmental protection. As a leading comprehensive energy service enterprise in China, Zhongyu Energy Holdings Limited and its subsidiaries (hereinafter referred to as “the Group” ) uphold the philosophy of low-carbon and green development, proactively assume environmental responsibilities, follow the trend of energy transition, and fully support the national strategic goals of peaking carbon emissions and achieving carbon neutrality.

The Group fully identifies the potential impacts of its operational activities on the environment and resources, continuously advances energy transition, expands the supply of clean energy, effectively reduces air pollution, deepens cooperation with government authorities in the energy sector, and jointly builds a green development landscape.

The Group continuously improves its environmental management system, strengthens environmental protection control and efficient resource utilization. By aligning with the Group’s operational characteristics and national environmental policies, the Group optimizes environmental management systems and operational guidelines to balance economic development with ecological environmental protection. The Group is committed to fostering a culture of environmental responsibility across the entire supply chain, systematically assessing the environmental impacts of its operations, and formulating and implementing precise and effective environmental management measures.

As a public listed company, the Group strictly complies with applicable environmental laws, regulations and regulatory requirements. The Group committed to fulfill its environmental protection obligations, and continuously controls and mitigates the environmental impacts of daily operations.

The key environmental laws and regulations complied with include:

- (a) Environmental Protection Law of the People's Republic of China**
- (b) Law of the People's Republic of China on Appraising of Environment Impacts**
- (c) Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes**
- (d) Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution**
- (e) Water Pollution Prevention and Control Law of the People's Republic of China**
- (f) Law of the People's Republic of China on Prevention and Control of Soil Contamination**

## **(g)Renewable Energy Law of the People's Republic of China**

## **(h)Energy Conservation Law of the People's Republic of China**

The Group's environmental protection work focuses on six core areas:「Greenhouse Gas and Exhaust Emission Management」、 「Waste Management」、 「Office Waste Paper Management」、 「Energy Consumption Management」、 「Water Consumption Management」 and 「Project Environmental Impact Assessment and Management」 .

### **1. Greenhouse Gas and Exhaust Emission Management**

The Group places a high priority on managing its carbon footprint and controlling exhaust emissions. Leveraging the core urban gas business, the Group actively promotes and adopts clean energy, working with employees and customers to build a low-carbon future together.

The Group appoints professional institutions to conduct annual greenhouse gas accounting and analysis, and prepares ESG Report in accordance with ISO 14064-1 and domestic and international greenhouse gas accounting guidelines. It compares carbon emission data annually, optimizes operation models, improves energy efficiency, refines data collection and accounting methodologies, and sets scientific carbon emission reduction targets.

The Group promotes low-carbon vehicle replacement: no additional fuel-powered transport vehicles will be purchased; existing vehicles will be gradually replaced by LNG tankers; all newly purchased commercial vehicles and emergency repair vehicles adopt new energy vehicles to achieving a clean fleet for company-owned vehicles. Office and operational equipment priorities clean energy such as gas and solar power. Regular equipment maintenance is carried out to eliminate resource waste caused by ageing and malfunction. The Group encourage employees to use eco-friendly transportation and reduce unnecessary vehicle use.

### **2.Waste Management**

Hazardous waste (including waste batteries, chemical reagents, waste oil, etc.) is disposed of professionally by qualified institutions to ensure full legal compliance. A range of waste reduction measures are implemented to raise employees' environmental awareness and reduce waste generation at source:

- (a) Adopt the 4R waste management principle: Reduce, Reuse, Recycle and Recover
- (b) Eco-friendly procurement: understanding material consumption to avoid over-purchasing; select materials and products with recycled content
- (c) Install waste sorting and recycling facilities for separate collection of recyclables such as metal, plastic, toner cartridges and batteries

- (d) Establishing an environmental recycling corner to promote various environmental protection activities
- (e) Arrange dedicated personnel to regularly review waste disposal and recycling performance, and revise waste reduction targets and measures

### **3. Office Waste Paper Management**

To conserve resources and reduce pollution, the Group advocates double-sided printing and prioritizes the use of recycled paper, encourages electronic document transmission, and minimizes unnecessary printing, and set single-sided paper recycling bins and waste paper collection facilities are provided to promote paper reuse and recycling.

### **4. Energy Consumption Management**

The Group has established stringent energy conservation regulations, promotes energy-saving office practices, advances intelligent energy management, and continuously improves energy efficiency. Examples include setting office air-conditioning temperatures no lower than 26° C, ensuring power is turned off when personnel leave; adopting smart sensor lighting in non-main corridors; and fully replacing lighting with high-efficiency LED fixtures.

The Group actively promotes clean energy projects, helping customers improve comprehensive energy utilization efficiency, optimize their energy structure and accelerate energy transition.

### **5. Water Consumption Management**

The Group attaches great importance to water conservation and efficient utilization. Water-saving facilities such as water-saving taps and water-efficient sanitary ware are widely deployed to reduce office water consumption and wastewater generation.

Water-saving reminders are posted and conservation advocacy activities are organized. Employees are encouraged to propose optimization suggestions, and the water resource management system is continuously refined.

### **6. Project Environmental Impact Assessment and Management**

Prior to the commencement of all projects, the Group strictly follows statutory environmental impact assessment procedures, conducts environmental impact analysis, prediction, evaluation, and formulates mitigation measures for adverse environmental impacts. Throughout the entire project life cycle of design, construction and operation, pollution prevention and control as well as supervision and inspection are implemented in accordance with standards to reduce impacts on ecosystems and habitats to protect biodiversity.

The Group establishes a robust environmental management system and environmental protection accountability mechanism, clarifies management requirements for environmental incidents and risk assessment, also strengthening environmental risk management and control across all processes.

### **Policy Review**

The Group's ESG Committee processes proposals for new or revised policies in accordance with professional procedures, regularly reviews and updates this policy in response to regulatory requirements and operational changes. The policy is submitted to the Board of Directors for approval before implementation.

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