CNGR中伟

Biodiversity and Land Use Policy of CNGR

Stand 2024

Corporate Document of CNGR	**Title:** Biodiversity and Land Use Policy of CNGR	
	Prepared by: Sustainability Office	
	Pages: 11	
	Reviewed and Approved: 2024	**Previous Version:**

Content

1 Preface

Biodiversity is the cornerstone of Earth's life systems and a critical safeguard for ecosystem health, climate stability, and human well-being. However, due to global population growth, land use changes, pollution, climate change, and the overexploitation of resources, biodiversity is being lost at an unprecedented rate, posing a severe threat to human survival and sustainable development.

To address this global challenge, the Kunming-Montreal Global Biodiversity Framework was adopted in 2022, providing direction for the global conservation and sustainable use of biodiversity. It sets a series of goals to be achieved by 2030, including the protection of 30% of terrestrial and marine ecosystems worldwide, restoration of degraded ecosystems, reduction of pollution, and ensuring the sustainable use of natural resources. The framework envisions a world where people live in harmony with nature and calls on countries, organizations, and businesses to take concrete actions to jointly tackle the biodiversity crisis. CNGR recognizes the importance of biodiversity and land use for corporate sustainable development and acknowledges its responsibility in addressing global ecological challenges.

CNGR is committed to integrating the principles of the Kunming-Montreal Global Biodiversity Framework into its strategic planning and operational management. The company actively addresses biodiversity loss and land degradation, contributing to the achievement of global sustainable development goals.

In addition, CNGR will adhere to the relevant principles of the United Nations Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD), protecting ecosystem health and functions. Following the mitigation hierarchy of "avoid, minimize, restore, and offset," CNGR aims to minimize the negative impacts of its operations on nature, while actively promoting the ecological restoration of degraded lands to enhance their ecological functions and productivity. CNGR will also comply with the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) by adopting the LEAP framework to comprehensively assess nature-related risks, incorporating the value of natural capital into business decision-making to ensure that our business model aligns with nature conservation goals.

This policy is aligned with the action targets of the Kunming-Montreal Framework. Under this framework, the concept of nature includes biodiversity, ecosystems, Mother Earth, and systems of life. Therefore, in this policy, references to biodiversity and nature are consistent with this definition.

2 Policy Objectives

In accordance with the Kunming-Montreal Global Biodiversity Framework, which calls for halting the net loss of natural habitats by 2030 and integrating the target of no net loss into global policy goals, CNGR makes the following commitments:

CNGR commits to achieving no net loss of biodiversity throughout the entire lifecycle of

development projects and corporate activities. This will be accomplished through conservation, restoration, or ecological compensation measures, with a particular focus on high-priority sites and regions identified through the company's impact and dependency analysis.

CNGR also commits that its business activities will not involve illegal deforestation and will progressively reduce legal but unsustainable forest use practices. The company aims to achieve zero gross deforestation across its operations by 2030.

Furthermore, referencing environmental protection goals outlined in frameworks such as the International Finance Corporation (IFC) Performance Standard 6, the International Union for Conservation of Nature (IUCN), and the Science Based Targets Network (SBTN).

CNGR commits to going beyond minimizing negative impacts on biodiversity. The company will continuously reduce resource consumption and pollution, optimize a sustainable supply chain, invest in projects for the restoration of degraded lands and habitats, and actively collaborate with governments, environmental organizations, local communities, and other stakeholders to implement conservation initiatives. CNGR's ultimate goal is to achieve a net positive impact (NPI) on biodiversity by 2050.

3 Scope of Application

This policy applies to all CNGR global operations and subsidiaries, as well as industrial facilities directly or indirectly controlled or operated by CNGR worldwide, including all employees, board members, and management personnel.

CNGR commits to exerting influence on non-controlled joint ventures, suppliers, and partners, requiring and urging them to comply with the relevant provisions of this policy.

4 Policy Principles

4.1 Adherence to the Mitigation Hierarchy

CNGR is committed to managing biodiversity impacts through the mitigation hierarchy, thereby minimizing disturbance to biodiversity:

Avoid: Prioritize avoiding development in areas of high conservation value (e.g., critical habitats, areas inhabited by endangered species) during project planning and design. Avoid unnecessary disturbance through optimized site selection and technical design.

Minimize: For essential development activities, apply industry-leading measures (e.g., limiting construction periods, reducing pollutant emissions) to minimize ecological impacts.

Restore: After project completion or when impacts occur, develop and implement comprehensive ecological restoration plans to rehabilitate affected lands and habitats.

Offset: For impacts that cannot be fully avoided or restored, CNGR commits to achieving No Net Loss through certified biodiversity offset projects, and strives toward a Net Positive Impact.

4.2 Ecosystem Protection

We regard the protection of ecosystems and habitats for endangered species as a key objective of our operational management:
Protecting Critical Habitats: Identify and safeguard areas of high biodiversity value across global operations (e.g., IUCN Category I–IV protected areas, Important Bird and Biodiversity Areas), and avoid construction or operations near nationally or globally recognized biodiversity priority areas.

Establishment of Conservation Areas and Ecological Corridors: Create nature reserves and ecological corridors within project sites to enhance ecological connectivity and reduce habitat fragmentation.

Long-Term Conservation Mechanisms: Collaborate with local governments and NGOs to support enduring conservation mechanisms such as natural resource management funds or community-led conservation projects.

4.3 Land Restoration and Sustainable Use

CNGR is committed to implementing comprehensive land restoration programs and sustainable land management practices:
Ecological Restoration: Prioritize soil, vegetation, and water resource restoration during mine closure and the later stages of operations, aiming to rebuild natural ecosystem functions.

Application of Innovative Technologies: Improve restoration quality using ecological restoration techniques such as ecological engineering and species reintroduction.

Regular Assessment: Monitor and assess restoration outcomes to ensure that the ecological functions of restored areas meet or exceed baseline conditions.

Sustainable Land Use: Ensure land use planning aligns with regional development goals, supporting economic growth while maintaining ecological functions.

4.4 Biodiversity Impact Assessment

All operational sites and projects must adhere to strict biodiversity impact assessment requirements before development and during operation:
Comprehensive Assessment: Conduct high-standard Environmental and Social Impact Assessments (ESIA) during project planning to identify key biodiversity impacts and integrate findings into project decisions.

Adaptive Management: Adjust management strategies dynamically during operations through regular monitoring and assessment (e.g., remote sensing data, biodiversity indicators).

Third-Party Audits: Engage independent institutions to regularly audit biodiversity performance and publicly disclose evaluation results.

4.5 Performance Monitoring and Public Reporting

We are committed to demonstrating the effectiveness of biodiversity conservation efforts through scientific, transparent, and regular monitoring and reporting:
Key Performance Indicators (KPIs): Regularly monitor key indicators (e.g., biodiversity net gain/loss, restored land area, habitat recovery rate) to refine management practices.

Public Disclosure: Annually publish biodiversity and sustainability reports disclosing policy implementation progress, outcomes, and challenges to ensure stakeholder awareness.

Continuous Improvement: Continuously enhance conservation measures and policies through performance data analysis and the adoption of industry best practices.

4.6 Stakeholder Engagement

We firmly believe that biodiversity conservation requires multi-stakeholder collaboration and will work closely with the following stakeholders:
Community Collaboration: Co-design and implement conservation programs with local communities, supporting their development while enhancing natural resource management capacity.

Global Partnerships: Partner with governments, NGOs, and academic institutions to support regional and global ecosystem protection projects.

International Standards: Actively participate in the formulation of international and regional conservation standards, promoting higher biodiversity protection standards across the industry.

4.7 Supply Chain Sustainability

We are committed to extending biodiversity protection throughout our supply chain:
Supplier Standards: CNGR plans to require supply chain partners to comply with international certification standards such as the Forest Stewardship Council (FSC), in order to reduce inappropriate use of natural resources within the supply chain.

Impact Assessments: Conduct regular biodiversity risk assessments of supply chain activities, and require partners to implement mitigation measures.

Transparency Management: Establish a transparent supply chain auditing system to continuously improve the sustainability performance of the supply chain.

4.8 Training for Employees and Partners

To strengthen internal and external awareness and capacity for biodiversity conservation, we will:
Professional Training: Provide regular biodiversity-related courses and workshops for employees and supply chain partners to enhance technical competencies.

Promotion of Conservation Achievements: Regularly communicate CNGR’s biodiversity

conservation goals and implementation cases through internal and external channels.

5 Policy Implementation

To effectively protect biodiversity and restore land, CNGR integrates policy implementation with concrete actions under the TNFD LEAP (Locate, Evaluate, Assess, Prepare) framework, ensuring full alignment between strategy and practice.

5.1 Locate

Objective: Identify potential areas of interaction between CNGR's operations and supply chain activities and biodiversity/natural systems.

5.1.1 Define Operational and Supply Chain Scope

Identify the precise geographical locations of CNGR's mining, smelting, and production facilities, including the primary sourcing regions for raw materials such as nickel, cobalt, and manganese.

Confirm transportation routes, especially those crossing ecologically sensitive areas.

5.1.2 Identify Ecologically Sensitive Areas

Use tools such as IBAT to assess whether CNGR's operations and supply chains intersect with protected areas, habitats of endangered species, or biodiversity hotspots (e.g., forests and wetlands).

Pay particular attention to whether associated mines are located in high-IUCN-category protected areas.

5.1.3 Collect Ecological Data

Apply satellite remote sensing and GIS tools to map the ecological impact areas of operations and supply chains.

Integrate data from local ecological protection agencies, such as the scope of ecological restoration programs.

5.2 Evaluate

Objective: Evaluate CNGR's dependence and impact on natural capital throughout its production and supply chain activities.

5.2.1 Dependency Assessment

Resource Dependency: CNGR's extraction of nickel, cobalt, and manganese depends heavily on subsurface mineral resources and land access.

Ecosystem Services Dependency: Includes water use (for smelting and production), soil stability (to prevent landslides and degradation), and climate regulation.

5.2.2 Impact Analysis

Land Development: Mining may lead to deforestation and desertification.

Pollution: Emissions and wastewater from smelting can pollute rivers, groundwater, and air.

Ecosystem Disruption: Mining and transport infrastructure may disrupt habitats of endangered species, e.g., near mines in Indonesia.

5.2.3 Data Sources

Use the ENCORE tool to analyze how CNGR's activities affect ecosystem services.

Reference the IUCN Red List to verify impacts on endangered species' habitats.

Validate findings using local ecological protection plans and reports.

5.3 Assess

Objective: Conduct in-depth analysis of the risks and opportunities arising from CNGR's interactions with natural systems.

5.3.1 Nature-Related Risk Analysis

Physical Risks: Resource depletion in mining areas may jeopardize supply chain stability, and land degradation may raise extraction costs.

Transition Risks: Stricter environmental regulations (e.g., emission caps or restoration mandates) and rising stakeholder expectations could increase operational costs and impact competitiveness.

5.3.2 Opportunity Identification

Strengthening ecological restoration and sustainable operations can help attract green investment and ESG-focused capital.

Developing low-emission, recyclable technologies within the value chain can boost market share and brand positioning.

5.3.3 Quantifying Risks and Opportunities

Use TNFD-recommended indicators to evaluate financial impacts (e.g., increased costs or changes in market share).

Benchmark against industry best practices to estimate long-term returns from restoration and sustainability investments.

5.4 Prepare

Objective: Develop priority action plans and integrate natural capital management into CNGR's business strategy based on assessment outcomes.

5.4.1 Priority Action Areas

Prioritize the protection of biodiversity hotspots and avoid new development in ecologically sensitive areas.

Optimize smelting and production processes to reduce water usage and pollutant emissions.

5.4.2 Ecological Restoration and Offsets

Launch restoration initiatives in developed mining areas, such as forest replanting and wetland rehabilitation.

Invest in biodiversity conservation programs and work with local communities to protect endangered species habitats.

5.4.3 Integration with Natural Capital Management

Incorporate biodiversity protection into CNGR's ESG strategy and regularly disclose nature-related risks and management outcomes.

5.4.4 Dynamic Monitoring and Adjustment

Establish an ecological monitoring system to track changes in mining and production areas in real time, and periodically update action plans.

5.4.5 Stakeholder Engagement

Collaborate with local governments and environmental organizations to participate in global and local natural capital conservation projects.

5.4.6 Disclosure and Communication

Report CNGR's nature-related risks, action outcomes, and future plans in line with TNFD disclosure guidelines.

Highlight CNGR's biodiversity protection efforts and leverage sustainability stories to enhance corporate brand value.

6 Grievance Mechanism

Grievances or suggestions regarding CNGR can be submitted confidentially through the following channels:

Internal Grievances: Via suggestion boxes, departmental supervisors, the Human Resources Department, the General Administration Office, the President's Office, or directly to senior company leadership.

External Grievances: Through the CNGR sustainability Office email: cngrcsr@cngrgf.com.cn. For detailed procedures, please refer to the Social Responsibility Grievance Management.

7 Policy Review and Revision

This policy was formulated under the authorization of the Board of Directors, reviewed by the Board Strategy and ESG Committee on November 2024, and approved for implementation on December 2024. Should revisions become necessary due to company needs or ESG development trends, the proposed changes will be submitted to the Board Strategy and ESG Committee for review. This policy shall also be submitted to the committee for approval at least once every three years.

Referenced International Standards and Tools:

1. Kunming-Montreal Global Biodiversity Framework
2. United Nations Convention on Biological Diversity (CBD)
3. United Nations Convention to Combat Desertification (UNCCD)
4. Mitigation Hierarchy for Biodiversity and Ecosystem Services
5. International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability
6. Sustainable Development Goals (SDGs) – Goals 14 and 15
7. Taskforce on Nature-related Financial Disclosures (TNFD) Framework


CNGR中伟