



**ENN 新奥**

ENN Energy Holdings Limited  
(Stock code: 2688)

# Environmental, Social and Governance Report

---

## 2023



# CONTENTS

About This Report	02
Message from the Chairman	03
Board Statement	04
About Us	05
ESG Performance and Awards	06
Sustainable Development Strategy	07
Stakeholder Engagement	
Materiality Assessment	
Practicing the UN Sustainable Development Goals 2030 (UN SDGs)	
ESG Objectives and Performance	14
Annual Performance	

## 01 Achieving Prosperity through Steady Improvement

Corporate Governance	19
Business Ethics	26
Sustainable Supply Chain	28
Information Security Management	34

## 02 Safeguarding Urban Safety with Intelligence Technology

Safety Management System Development	41
Upgrading the Intelligent Safety System	43
Operation Safety Guarantee	45
Safe and Stable Gas Supply	50
Occupational Health and Safety Management	52
Value Chain Safety Management	54

## 03 Building a Low-carbon and Green Home through Digital Intelligence

Climate Change Action	61
Fulfilling Green Operation Responsibility	70
Biodiversity Protection	75

## 04 Empowering Digital Intelligence Cities by Talent Motivation

Equality and Diversity	79
Staff Development and Motivation	83
Supporting and Caring for Employees	86

## 05 Shouldering Corporate Responsibility and Working Together in Solidarity

Customer Oriented Service	89
Intellectual Property Protection	92
Community Engagement and Development	92

Section on Climate-related Financial Disclosure	94
Governance	
Strategy	
Risk Management	
Metrics and Targets	
Outlook	100
Assurance Report	101
ESG Performance Indicators	105
HKEX ESG Indicators Index	109
GRI Indicator Index	113
List of the Company's ESG Policies	117
Reader's Feedback Form	119

## About This Report

This Environmental, Social and Governance ("ESG") Report reflects how ENN Energy Holdings Limited (hereinafter referred to as "ENN Energy", "the Company" or "We") fulfils our economic, social and environmental responsibilities to achieve sustainability and responds to issues of general interest by stakeholders, marking the 7<sup>th</sup> ESG report of ENN Energy. The board of directors of the Company (the "Board") has reviewed this report and is responsible for the authenticity and validity of the information contained.

### Reporting Period



This report covers ENN Energy's sustainability performance from 1 January to 31 December, 2023. The time period for some of the contents may be extended or retraced in order to maintain the continuity of information.

### Scope of This Report



The reporting entities in this report are in accordance with those in consolidated financial statements of ENN Energy. Details are based on materiality assessment, stakeholder communications and other relevant disclosure guidelines. For more information about the Company's business development and financial statements, please refer to the Company's *Annual Report 2023*.

### Data Source



All the information and data expressed herein come from the Company's official documents, statistical and financial reports and ESG information collected, compiled and reviewed by the Company. This report is published in Chinese and English. In case of discrepancies between the two versions, the English version shall prevail. In the event of any conflict or inconsistency between this report and the annual report, the annual report shall prevail. Unless otherwise specified, the currency unit used is RMB.

### Reporting Framework or Guidelines



We prepared this report in accordance with *Appendix C2 Environmental, Social and Governance Reporting Guide* in Listing Rules of the Stock Exchange of Hong Kong Limited (the HKEX), and in light of the GRI Standards promulgated by the Global Sustainability Standards Board ("GSSB"), as well as other relevant standards.

### Disclosure Principles



#### Materiality:

The Board and the ESG Committee have evaluated and reviewed significant ESG matters, including the ESG impacts generated by ENN Energy, current ESG trends, and the ESG requirements of the Company by various stakeholders, and have made adjustments to the disclosures in this report on these basis.

#### Quantitative:

This report has disclosed the quantitative ESG performance of ENN Energy for the year 2023 to facilitate report users to assess the Company's ESG performance in details. Meanwhile, ENN Energy has also set environmental, social and governance targets following materiality assessment, and has been following up on the implementation of these targets.

#### Balance:

This report provided the Company's 2023 Sustainability performance and outputs through fair presentation without any misstatement, inappropriate content and omissions.

#### Consistency:

Unless otherwise specified, the quantitative data in this report follows the same statistical calibre, measurement guidelines and calculation methodology as in previous years.

### Access to This Report



This Report is available for browsing and downloading on the website of the Exchange, and the Company's official website (<http://www.ennenergy.com/>) and (<http://ir.ennenergy.com/>).

## Message from the Chairman

In 2023, China promoted a steady transformation of the energy structure and the development of green and low-carbon energy. As explicitly stated in the *14th Five-Year Plan for A Modern Energy System*, the development of a modern energy system should prioritise enhancing energy safety, making substantial advancements in the transition to low-carbon energy, significantly improving energy system efficiency, augmenting capacities for innovative development, and continually elevating service quality. Firmly sticking to the belief of evolving as a forerunner in the modern energy industry, ENN Energy actively responds to and aligns itself with the national strategy. We remain steadfast in our mission of "Building a Modern Energy System, Co-building a Better Ecology". ENN Energy utilises intelligent and continuous innovation in natural gas products and service models, implement enterprise-level carbon-integrated solutions and continuously expand quality of life services for householders. In 2023, we forged ahead with unwavering determination, and leveraged digital intelligence as a powerful lever for operation and development. Safety is the paramount in ensuring the development of the Company and has become the common awareness of all employees. We have created a new "Lizheng" system that meets the humanistic requirements of the new era and established a sound modern energy system that is low-carbon, high-efficiency, intelligent, and innovative. We consistently incorporated the principle of sustainable development in our corporate governance and operations. We were dedicated to kerbing the energy costs of society and drawing a blueprint for a low-carbon future. In addition to our continued endeavours to the transition to a green and low-carbon operation mode, we actively worked together with all stakeholders including our customers, suppliers, and partners.

We are committed to promoting the digital intelligence in safety operations. We employ digital intelligence technologies to elevate safety by visibility, focus on key areas, and effective supervision. We proactively provide our safety-related intelligent products and solutions to broader customers, thus contributing to improving safety management in the industry. In 2023, based on the closed-loop management of "IoT (Internet of Things) + Intelligence", we established a safety management system that integrates safety governance, safety operation, occupational health and safety, and contractor safety management. This system enables us to address risks in various scenarios, ensuring the safe use of gas in cities. In addition, we made use of the digital intelligence platform to fulfill the needs in the five major scenarios (incl. pipeline networks, engineering, city-gate station, customer service, and integrated energy service), which facilitated the development of intelligent products. As a result, we have built a "Government + Enterprises + Users + Society" gas safety ecosystem that enables the supply of energy in a safe and smart way. We remain steadfast in fortifying our foundation, fuelling innovation, and fostering synergy collaborations, all in an effort to create a new safety supervision ecosystem for urban construction and development.

We are implementing the integrated management policy for energy and carbon reduction by promoting the transition towards low-carbon energy. In 2023, guided by the concept of "integrated energy" and built on our existing integrated energy services, we fully capitalised on local resources and realities, and integrated policies, mechanisms and digital intelligence technologies to improve energy efficiency. Supported by our digital intelligence platform, we provided our customers with ENN Energy's comprehensive solutions to integrated management of energy and carbon reduction, enabling them with enhanced carbon management capabilities. Furthermore, we persistently intensified our efforts in the research and development of green energy technologies and promoted the application of carbon-negative technologies. We have successfully achieved breakthroughs in many key technologies. With these concrete efforts, we made great contributions to creating a green and low-carbon world.

We are concerned about employee development and motivate them to create more value. In 2023, with the support of our capability platform, we refined our organisational model, developed intelligent products, and motivated our employees to maintain a digital-intelligent mindset when proposing and solving issues. In this way, a new production relation characterised by "intelligent platform empowerment, work more pay more, common prosperity" has been formed. We also care about the growth of our young employees. We promote their personal progress in digital intelligence through diversified internal training and exchange activities. This approach, in turn, contributes to industrial development. In this way, we strive to foster growth opportunities for both employees and the Company, thus fortifying our commitment to mutual growth.

We utilise digital intelligence technologies to reshape our relationships with customers, business partners, and other stakeholders. Moreover, we develop intelligent products based on our industrial experience. This not only empowers our business partners but allows all of us to work for a shared value. In 2023, we consistently leveraged the independent industrial internet development platform of "ENN Intelligence" to drive our growth. We focused on building an intelligent community and fostered innovative solutions tailored to customer needs, thus facilitating the transition to intelligence across various sectors. We also strived to achieve a win-win situation between ENN Energy and our stakeholders with the support of digital platforms. In this way, we dedicated ourselves to fulfilling our corporate social responsibility and enhancing our influence in society, thereby building a positive and mutually beneficial relationships with all stakeholders.

We stay motivated and keep making new progress. Moving forward, we will stand firm in the ESG concept as our foundation to gain insights. We will use digital intelligence as the oar to navigate our journey towards various opportunities. We will uphold a stable and visionary strategy to chart a fresh chapter in the evolution of ENN Energy.

## Board Statement

The Board of ENN Energy places a high priority on sustainable development and is committed to assessing, and identifying the Company's material environmental, social, and governance (ESG) risks, as well as considering and deciding on ESG issues with a significant impact on the Company. The Board has established an ESG Committee to aid in the formulation of the Company's ESG strategy and supervise the execution of ESG initiatives. The ESG Committee is required to regularly report to the Board on important ESG matters through regular meetings, special meetings, or other manners. During the implementation stage, the ESG Committee establishes a multi-functional ESG working group to implement specific ESG management initiatives, promotes the integration of ESG into daily operations based on ESG materiality assessment and regularly reviews the progress of ESG objectives.

In 2023, ENN Energy closely followed both domestic and international ESG regulatory standards and market requirements. The Board has been informed that the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (S1)* and *IFRS S2 Climate-related Disclosures (S2)* formulated by the International Sustainability Standards Board (ISSB) under the IFRS Foundation are effective since 1 January 2024. The standard mainly sets out requirements on disclosure of climate scenario analysis, Scope 3 GHG emissions, climate risk management, and so on. In addition, the Exchange published a consultation paper on the enhancement of climate disclosure under its ESG framework by referring to IFRS S2 Climate-related Disclosures, and the Hong Kong Government has announced that they will develop a roadmap and publish relevant guidelines to assist the listed companies to adopt and comply with ISSB's standard. Therefore, ENN Energy has joined the "Sustainability Disclosure Guidelines Pioneer Partner" initiated by the IFRS Foundation Beijing Office to practise the leading international sustainability disclosure standards. Besides, the Board has noticed the capital market's demand for climate disclosure, including MSCI, CDP, Sustainalytics, and other rating agencies. In the future, we anticipate the implementation of more comprehensive and stringent standards for the disclosure of climate-related information.

Given the potential significant impact of climate change on our business, we actively undertook climate initiatives during 2023. Specifically, we monitored the progress of the *Decarbonisation Action 2030 Plan<sup>1</sup>*, set up targets, managed emission information, and published the Company's first Climate-Related Financial Disclosures Report. All these initiatives demonstrate our concern for climate change and commitment to addressing climate risks and seizing opportunities in response to climate change. Our response includes:

-  Collaborating with universities to measure methane emission data from city-gas, and conducting joint research on defining the activity of methane emission factor in all city-gas scenarios;
-  Laying out and promoting the application of zero-carbon energy, including photovoltaic, biomass, and geothermal in the integrated energy business practices, and improving energy efficiency through digital intelligence;
-  Applying zero-carbon energy such as photovoltaic and geothermal in office buildings and consistently increasing the usage of new energy vehicles;
-  Collecting Scope 3 carbon emission data for all 15 categories according to the *GHG Protocol*, and building up the internal methodology for climate scenario analysis and quantitative analysis of financial impact induced by climate change;
-  Giving full play to the advantages of the Integrated Energy System to build an integrated supply and use system that promotes the complementary development of multiple energy resources.

As of the date the report published, the implementation of all targets stated in *Decarbonisation Action 2030 Plan* has been consistent with initial expectations, and the Board will continue to disclose the progress of relevant work on time.

This report details the progress and achievements of ENN Energy's ESG efforts in 2023. It was reviewed and approved by the ESG Committee and the Board on 20 March 2024 and 22 March 2024, respectively.

<sup>1</sup> Decarbonisation Action 2030 — ENN Energy's Journey to Zero Carbon

## About Us

ENN Energy Holdings Limited (Stock code: 02688.HK) is the flagship business of ENN Group and one of the largest clean energy distributors in China. We serve the quality of life in the household, as well as the integrated management of safety, energy efficiency and carbon. in the enterprise. we take customer demand as the orientation, set customer value creation as the fundamental, and strive to realise digital transformation and upgrade on the basis of consolidating essential safety.

The Company actively grasps the opportunities of "Dual-Carbon" policy and energy system reform, starting from the needs of users, takes the development of the full value chain of energy as the core, and creates an Integrated Energy (IE) System with local conditions, clean energy priority, multi-energy complementary, and integrated use and supply. The Company drives customers to reduce energy costs and achieve a low-carbon transition. At the same time, we take the family scene as the core, focus on the quality of life needs of customers, combine internal and external ecosystems, provide intelligent services, and help families enter a better life.

The Company pursues the vision of "Building a Modern Energy System, Co-building a Better Ecology", actively grasps the opportunities of national low-carbon development, realises the low-carbon transformation of our own business while providing customers with more low-carbon and clean products and services by optimising our energy use structure, utilising clean energy technology and continuously upgrading energy smart management capabilities to help the country achieve the "Dual Carbon" goal and create a low-carbon future.

As of December 31, 2023, the Company had 259 city-gas projects in China, including Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Heilongjiang, Jiangsu, Liaoning, Sichuan, Shandong, Zhejiang, Shanghai, Tianjin, Jiangxi, Yunnan, Shaanxi and other provinces and autonomous regions. We provide gas services to 29.77 million household users and 243,200 industrial and commercial users, covering a population of more than 137 million people, and the existing central and trunk pipelines are 81,604 kilometres. The company also develops IE projects in key regions of the country, with a total of 296 IE projects in operation and 60 projects under construction.

As of December 31, 2023



# ESG Performance and Awards

## ESG Ratings Performance



MSCI: AA

Sustainalytics: Medium Risk 22.7

CDP: B

Hang Seng Corporate Sustainability Index(HSSUS): A+

S&P Global CSA : 63

## ESG Recognitions

Wind

2023 ESG Best Practice Award for Listed Companies in China

China News Service

Low-Carbon Role Model of 2023

Chinese ESG Annual Publicity Conference

Top 100 ESG Listed Companies in China

China Fortune

Annual Sustainable Development Pioneer Enterprise

Institutional Investor 2023 All-Asia Executive Team Ranking

Best ESG Award

The Open Group APAC

ESG Architecture organisation Award for Open Architecture Standards



## Indexes

Hang Seng Index – Index Constituents

Hang Seng China Enterprises Index

Hang Seng Composite LargeCap Index

Hang Seng ESG 50 Index

Hang Seng Corporate Sustainability Benchmark Index

Hang Seng Stock Connect Hydrogen Energy Index

MSCI China Large Cap Index

## Sustainable Development Strategy

Guided by the mission of "Building a Modern Energy System, Co-building a Better Ecology", ENN Energy has been pioneering in exploring innovative approaches to "Dual Carbon" goals, propelling digital transformation, creating quality of life, enhancing safety management. To achieve win-win sustainable development, we have been internalising the sustainability concept, benchmarking leading practices of the peers, attaching great importance to the demand of stakeholders, and exploring opportunities in the green and low-carbon fields based on the United Nations' Sustainable Development Goals (UN SDGs).

In the future, ENN Energy will continue to integrate sustainable development into our business operations and promote the green and low-carbon transition, and development of the Company and the industry with concrete action plans. These will help us fulfill our prioritised UN SDGs and the China's Dual Carbon targets.

## Stakeholder Engagement

As a part of our commitment to the sustainable development of ENN Energy, we pay attention to the feedback received from our stakeholders and work hard to improve our channels of communication so that we can better understand and meet their needs. In 2023, we made extensive use of several channels (including social media, the Company's WeChat account, email, survey, and etc.) to communicate with our stakeholders on ESG-related topics.

## ENN Energy's 2023 Annual General Meeting



ENN Energy's annual general meeting ("AGM") was successfully held in an "Online + Onsite" meeting in May 2023. The Company has approved the important topics at the meeting, including but not limited to the Company's financial statements, proposed final dividend, re-election of directors, the reappointment of auditors, and the new Memorandum and Articles of Association. The Chairman of the Board and the chairmen of the Board committees attended the AGM and answered shareholder's questions.

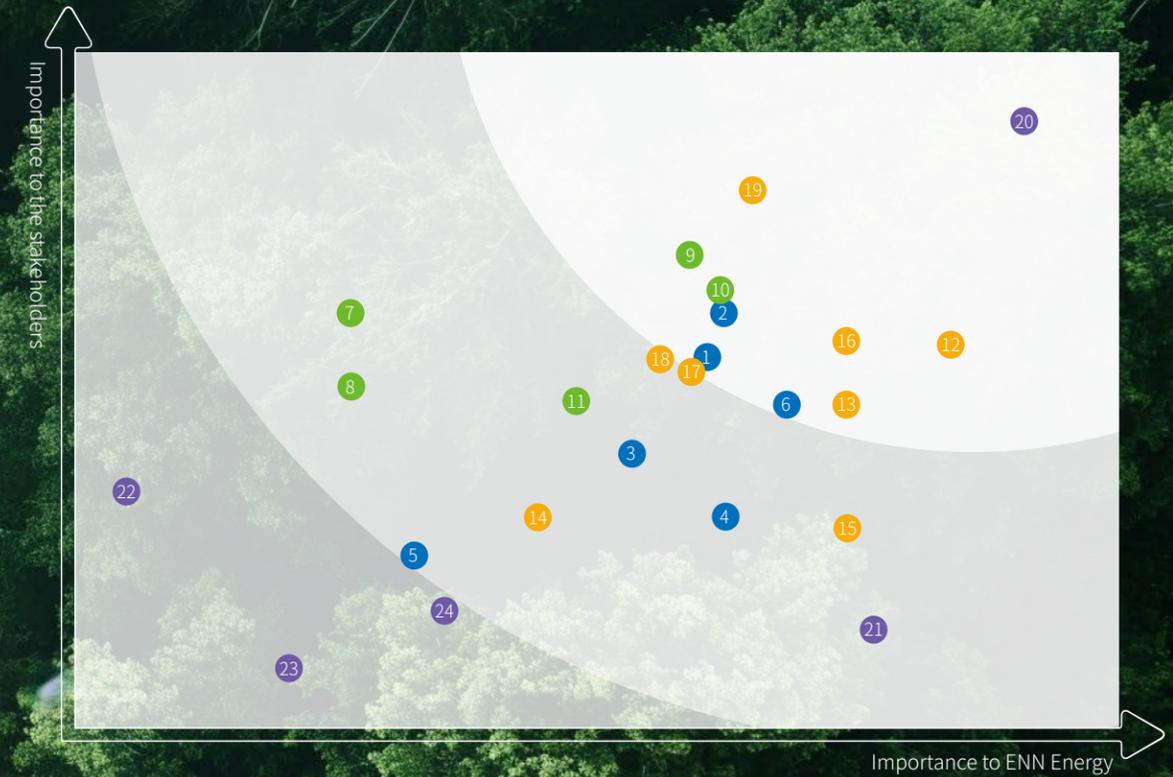
Stakeholder	Expectations and Requirements	Communication Method	Response
<b>Shareholders/ investors/ stockbrokers/ rating agencies</b> 	<ul style="list-style-type: none"> <li>Superior performance</li> <li>Consistent and stable growth</li> <li>Clear strategy</li> <li>Efficient corporate governance</li> <li>Timely and reasonable information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>General meetings of shareholders</li> <li>Day-to-day communications (incl. emails, telephone calls and meetings)</li> <li>Announcements, circulars</li> <li>Interim and annual reports</li> <li>Company's website</li> <li>Investor presentations</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Regularly disclose business information</li> <li>Maintain good profitability</li> <li>Continuously improve corporate governance</li> </ul>
<b>Government/ regulatory agencies</b> 	<ul style="list-style-type: none"> <li>Safe operation</li> <li>Legal operation</li> <li>Drive industry and regional economic development</li> <li>Serve people's livelihood protection</li> <li>Contribute to good air quality</li> <li>Efficient utilisation of energy</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication</li> <li>Information submission</li> <li>Routine inspections</li> <li>Special reports</li> <li>Government-enterprise cooperation programme</li> <li>Participation in relevant policy formulation</li> </ul>	<ul style="list-style-type: none"> <li>Enhance safety</li> <li>Improve risk management</li> <li>Comply with relevant laws and regulations</li> <li>Conduct business activities in line with the needs of the industry and regional economic development</li> <li>Actively promote clean, low-carbon, safe and efficient energy supply modes</li> <li>Actively promote the conversion of coal to gas and oil to gas</li> </ul>
<b>Employee</b> 	<ul style="list-style-type: none"> <li>Equal employment opportunities</li> <li>Smooth career development channels</li> <li>Safe and healthy working environment</li> <li>Perfect education and training system</li> </ul>	<ul style="list-style-type: none"> <li>iCome mobile App</li> <li>Employee conference</li> <li>Employee Home Platform</li> <li>ENN Intelligent Learning</li> <li>Various internal and external trainings</li> <li>Employee complaints and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Diversified recruitment</li> <li>Conduct employee activities</li> <li>Focus on employee health</li> <li>A "self-driven, sharing" organisation</li> <li>Provide online and offline learning platform</li> </ul>
<b>Client</b> 	<ul style="list-style-type: none"> <li>Safe and stable energy supply</li> <li>Efficient and effective service</li> </ul>	<ul style="list-style-type: none"> <li>National unified customer service hotline: 95158</li> <li>Service quality supervision hotline: (+86)400-86-95158</li> <li>Community service stations and business halls</li> <li>Online business hall</li> <li>Customer service mobile application</li> </ul>	<ul style="list-style-type: none"> <li>Conduct user safety checks</li> <li>Customer requests are resolved effectively and in a timely manner</li> <li>Commitment to quality customer service levels</li> <li>Customer satisfaction survey</li> </ul>

Stakeholder	Expectations and Requirements	Communication Method	Response
<b>Suppliers and contractors</b> 	<ul style="list-style-type: none"> <li>Transparent procurement</li> <li>Localised procurement</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conference</li> <li>Strategic cooperation</li> <li>Regular interviews</li> <li>Bidding</li> </ul>	<ul style="list-style-type: none"> <li>Public tendering</li> <li>Establishment of supplier management system</li> <li>Continuous improvement of supplier and contractor management policy</li> <li>Enhancement of management efficiency</li> </ul>
<b>Cooperative partner</b> 	<ul style="list-style-type: none"> <li>Industry regulatory policy and environment</li> <li>Patent and intellectual property protection</li> <li>Mutual benefits and long-term cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Industry organisations</li> <li>Industry forums and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Respect the intellectual property rights of others</li> <li>Protect our company's intellectual property</li> <li>Participate in industry networking conferences</li> <li>Join industry organisations</li> </ul>
<b>Environment</b> 	<ul style="list-style-type: none"> <li>Supply of clean energy</li> <li>Reduce greenhouse gas emissions</li> <li>Resource recycling</li> <li>Natural resources and ecological conservation</li> </ul>	<ul style="list-style-type: none"> <li>Participate in environmental initiatives and actions</li> <li>Disclose operational environmental data</li> <li>Publish regular ESG reports</li> <li>Cooperate with government air pollution control</li> </ul>	<ul style="list-style-type: none"> <li>Participation in international environmental initiatives</li> <li>Operational environmental planning</li> <li>Enhance energy efficiency management</li> <li>Improve energy efficiency</li> <li>Vigorously promote green and clean energy</li> <li>Continuously promote green office</li> <li>Continuous implementation of environmental monitoring</li> <li>Actively participate in green activities</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>Safe Operations</li> <li>Promote community development</li> <li>Charity</li> </ul>	<ul style="list-style-type: none"> <li>Science popularisation activities</li> <li>Community communication</li> <li>Volunteer activities</li> <li>Charity activities</li> </ul>	<ul style="list-style-type: none"> <li>Make charitable donations</li> <li>Commitment to public welfare</li> <li>Build a harmonious community</li> <li>Help the poor and needy</li> <li>Participate in community volunteer services</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>Transparent information</li> <li>Smooth Communication</li> <li>Maintain good media relations</li> </ul>	<ul style="list-style-type: none"> <li>Press conference</li> <li>Media programme tour</li> <li>Management interview</li> </ul>	<ul style="list-style-type: none"> <li>Regular press conferences</li> <li>Distribute press releases to the media</li> <li>Update business news on the company's website</li> <li>Respond to media inquiries</li> <li>Ongoing communication with the media</li> </ul>
<b>Public interest organisations/ non-governmental institutions</b> 	<ul style="list-style-type: none"> <li>Build a harmonious society</li> <li>Support public welfare</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare events</li> <li>Charity events</li> </ul>	<ul style="list-style-type: none"> <li>Participate in public services and environmental protection activities</li> <li>Participate in charitable causes</li> <li>Make charitable donations</li> </ul>

## Materiality Assessment

ENN Energy regularly invites internal and external stakeholders to assess material ESG issues. Our 2023 material ESG issues were determined through extensive study including surveys, internal and external interviews and communication, peer benchmarking, and analysis of rating indexes.

### Materiality Assessment Process



ENN Energy identified three major ESG material issues (2023)

**Safe and Stable Gas Supply**
**Customer Health and Safety**
**Resources and Energy Conservation**

Material Issues Identified and Location in the Report

Economic	Corresponding Page Number	Environmental	Corresponding Page Number	Employee/ Customer related	Corresponding Page Number	Social	Corresponding Page Number
1 Earnings and Performance	P5	7 Emissions of Pollutants	P70-71	12 Equal Employment Opportunities	P79-82	20 Safe and Stable Gas Supply	P50-51
2 Product R&D and Innovation	P64-67, P92	8 Waste Recycling	P70-71	13 Protection of Employee Rights	P81	21 Intellectual Property Protection	P92
3 Anti-Corruption	P26-27	9 Resources and Energy Conservation	P62-68, P72-74	14 Training and Development	P83-85	22 Protection of the Rights and Interests of Indigenous Residents around Operation Sites	P75-77
4 Supply Chain Management	P28-33	10 Climate Change	P61-69	15 Avoidance of Forced and Child Labour	P81	23 Charity Activities for Communities	P92-93
5 Anti-Unfair Competition Practices	P26	11 Biodiversity Protection	P75-77	16 Occupational Health and Safety	P52-53	24 Community Relations	P92-93
6 Corporate Governance and Compliance	P19-25			17 Customer Service	P89-91		
				18 Customer Privacy Protection	P34-39, P90		
				19 Customer Health and Safety	P54-57		

## Practicing the UN Sustainable Development Goals 2030 (UN SDGs)

The United Nations Sustainable Development Goals 2030 (UN SDGs) are an important principal for ENN Energy. To this end, we are committed to optimising our energy consumption structure, innovating clean energy technologies and management capabilities in accordance with the 11 relevant UN SDGs, and providing safer and healthier products and services, to contribute to the sustainable development of the environment and society.



**01** | Achieving Prosperity through Steady Improvement



**02** | Safeguarding Urban Safety with Intelligence Technology



**03** | Building a Low-carbon and Green Home through Digital Intelligence



**04** | Empowering Digital Intelligence Cities by Talent Motivation



**05** | Shouldering Corporate Responsibility and Working Together in Solidarity



# ESG Objectives and Performance

## Sustainable Development Goals

### Environmental

#### Goals/Commitments

##### 2025

- Strive to work with the partners of the Methane Control and Emission Alliance of Chinese Oil and Gas Enterprises to achieve "reducing the average methane emission intensity of natural gas production process to less than **0.25%** by 2025"
- The energy consumption per unit area of the office area should be decreased by **10%**, and the photovoltaic power generation of the self-sustaining office building accounts for **5%** of the total electricity consumption
- **50%** of staff shuttles, park shuttles and patrol vehicles should be replaced with new energy vehicles

##### 2030

- Greenhouse gas emissions intensity of the city-gas business reduce by **20%** compared to 2019
- Greenhouse gas emissions intensity of the IE business reduce by **48%** compared to 2019
- The proportion of photovoltaic, biomass, geothermal, hydrogen and other renewable energy and zero-carbon energy supply increase by **36%**

#### Progress

- Reduced the energy consumption per unit area of ENN Energy's office buildings by **11%**
- The photovoltaic power generation of the self-sustaining office building accounted for **4.4%** of the total electricity consumption
- The ratio of renewable vehicles in ENN Energy's office vehicles was **60%**
- City-gas business greenhouse gas emissions intensity reduced by **28.5%**<sup>2</sup>
- Integrated energy business greenhouse gas emissions intensity reduced by **36.5%**
- Photovoltaic, biomass, geothermal, hydrogen and other renewable energy and zero-carbon energy supply proportion increased to **21%**

### Society

#### Goals/Commitments

- By 2030, reduce the Work-related Accident Rate Per Million Working Hours delete to **0.75**
- Increase the annual assessment ratio on supplier

#### Progress

- Work-related Accident Rate Per Million Working Hours was **0.40**
- Supplier assessment ratio was **100%**

### Governance

#### Goals/Commitments

- By 2025, the proportion of women on Board increased to **30%**
- Corruption, environmental violations and other irregularities eradicated

#### Progress

- The proportion of female directors was **18%**
- No irregularities such as corruption and environmental violations

## Mid-term and Long-term Carbon reduction targets in Decarbonisation Action 2030<sup>3</sup> Plan



<sup>2</sup> ENN Energy sets the above environmental targets in 2021 and plans to review the achievement of the targets every three years. In addition, water consumption is not a significant item to ENN Energy, and no water efficiency target has been set.

<sup>3</sup> Please check the net zero emissions map of ENN Energy in Decarbonisation Action 2030—ENN Energy's Journey to Zero Carbon for more details.

## Annual performance

2023 ESG Key Performance Indicator



### Health and Safety



**0.40** case/million hours

Work-related Accident Rate



**14**

New enterprises certified to ISO 45001



**1.43** billion RMB

Safety investment



### Employment

**26.4** %

Proportion of female employees

**4.52/5**

Employee satisfaction



### Products and Customer Service

Customer satisfaction<sup>4</sup> **90.8/100**

**60** %

The penetration rate of IoT metres for residual customers

**55** %

The penetration rate of IoT metres for industrial and commercial customers



### Environment

**14**

New enterprises certified to ISO 14001



### Supply Chain Management

**100** %

Key tier 1 supplier review coverage rate

**>90** %

Proportion of approved suppliers have passed environmental management system qualification

**>80** %

Proportion of approved suppliers have passed occupational health certification qualification



### Governance

**6,099** Persons

Anti-Corruption Training

Acquired

**ISO 37301**

Compliance Management System

Acquired

**ISO 37001**

Anti-Bribery Management System



### Social Benefit

**23.06** million RMB

Donation for charity and public welfare events

**21,571** times of

participation for voluntary activities

**277,455** hours

Volunteer time

<sup>4</sup> Compared with previous years, the customer satisfaction survey this year has more effectively balanced the breadth and depth of the survey, and further enhanced the objectivity of the data by increasing the proportion of CATI (Computer-Assisted Telephone Interviewing System) samples.

# 01

## Achieving Prosperity through Steady Improvement

ENN Energy is committed to improving corporate governance and ensuring the steady operation of the Company with a high level of corporate management. We attach great importance to ESG matters and have integrated ESG governance into our daily business management processes.

### Material ESG issues responded in this chapter

- Earnings and Performance
- Supply Chain Management
- Anti-Corruption
- Customer Privacy Protection
- Anti-Unfair Competition Practices
- Corporate Governance and Compliance

### HKEX ESG indexes involved in this chapter

- Governance Structure
- B5 Supply Chain Management
- B6 Product Responsibility
- B7 Anti-corruption

### UN SDGs responded in this chapter



## Corporate Governance

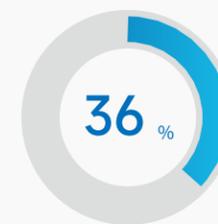
To better practise sustainable development, ENN Energy is committed to optimising its corporate governance, standardising its corporate governance structure, enhancing its internal systems, and promoting standardised and compliant management.

### Corporate Governance

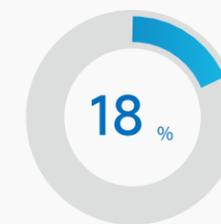
The Board of ENN Energy has set up four Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Risk Management Committee, and other four responsibility committees, namely the ESG Committee, the Management Committee, the Share Award Committee, and the Independent Board Committee.

The Company re-elects directors on a rotating basis every year in accordance with the Listing Rules and Articles of Association. The current Board is consisted of 11 members, including 6 executive directors, 1 non-executive director, and 4 independent non-executive directors. In 2023, the average attendance rate of all the directors in the meetings was 98% and the average service years of the members of the Board of delete was 7 years.

Percentage of independent directors



Percentage of female directors



The average attendance rate of all the directors in the meetings was

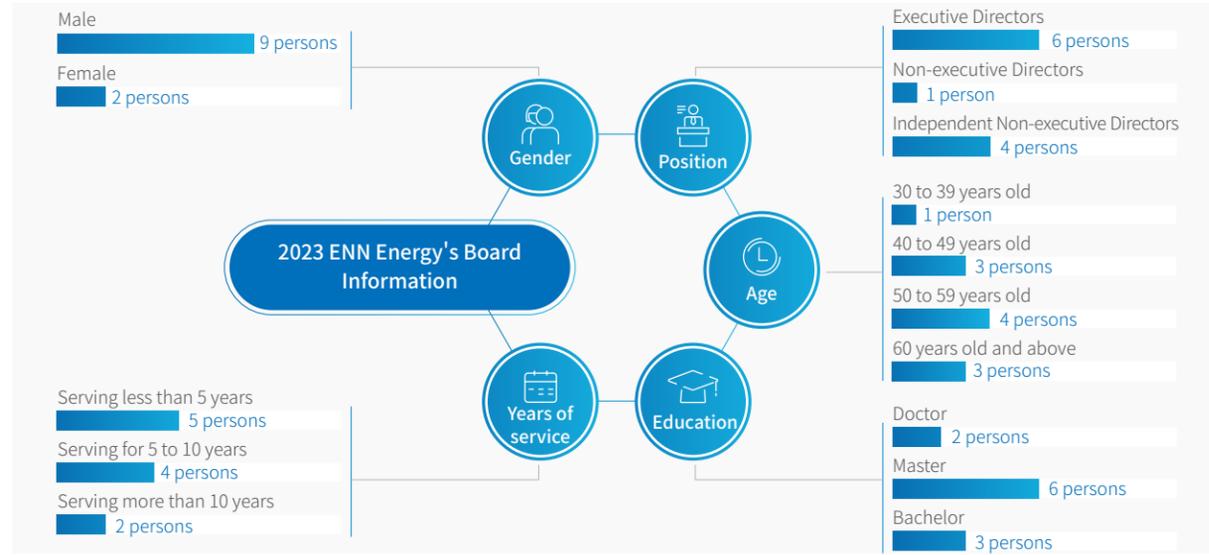


The average service years of the members of the Board was

7 years

<b>Wang Yusuo</b>	Chairman	Executive Director
<b>Zhang Yuying</b>	Chief Executive Officer	Executive Director
<b>Liu Jianfeng</b>	President	Executive Director
<b>Wang Dongzhi</b>	Chief Financial Officer	Executive Director
<b>Zhang Jin</b>		Executive Director
<b>Jiang Chenghong</b>		Executive Director
<b>Wang Zizheng</b>		Non-executive Director
<b>Ma Zhixiang</b>		Independent Non-executive Director
<b>Yuen Po Kwong</b>		Independent Non-executive Director
<b>Law Yee Kwan, Quinn</b>		Independent Non-executive Director
<b>Wong Lai, Sarah</b>		Independent Non-executive Director

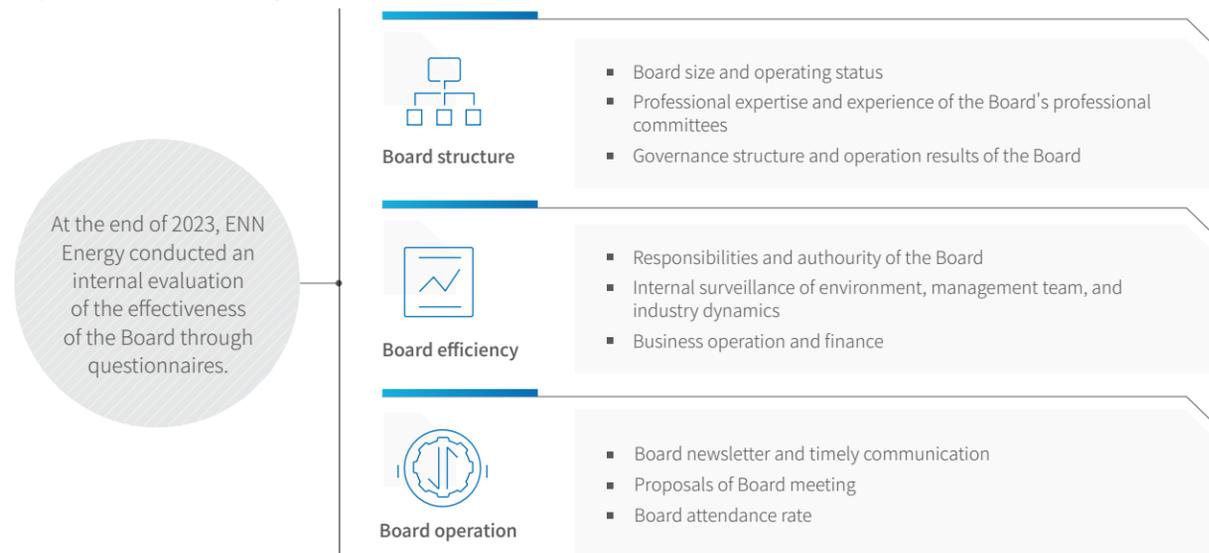
ENN Energy's Board is composed of a diverse group of individuals with a wide range of backgrounds and professional expertise to increase the effectiveness of the Company's decision-making from a broader perspective. As of the report date, the diversity of the Board is as follows:



According to the *Statement of Independence of the Board* released by ENN Energy, the Company has in place a reliable framework to ensure the Board's independence and provides adequate resources to allow the Board to carry out its responsibilities:

- Ensure to comply with the requirements about the independence and number of independent non-executive directors.
- Invite independent non-executive directors to serve as Chairman or members of the professional committees of the Board.
- Permit directors to ask other independent professionals to offer independent and professional advice where appropriate, and attend meetings.
- Send monthly reports to the Board on a regular basis and set out clear provisions on directors' access to company information and independent non-executive directors' remuneration.

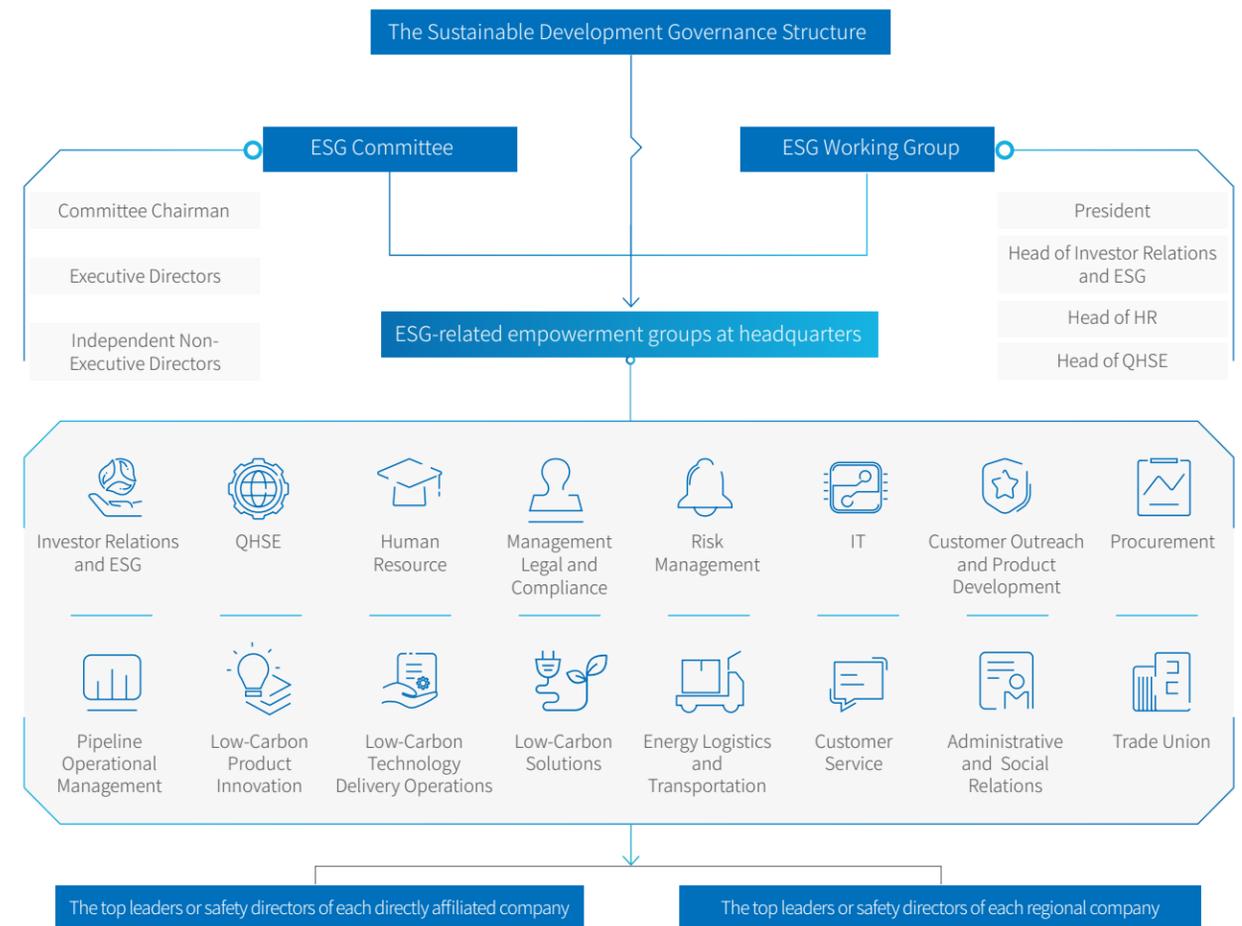
The Company has set up a remuneration and bonus clawback structure, as well as a long-term equity incentive mechanism. In addition, the Board and senior management are subject to annual performance reviews and evaluations, or whenever there is a material change, and a maximum vesting period of four years is established for variable remuneration, which motivates management to carry out their responsibilities more efficiently.



## ESG Governance

To better carry out sustainability-related work, ENN Energy has established an ESG Working Group led by the ESG Committee, which is directly responsible for the supervision, management, and guidance of ESG-related matters of the Company.

- The ESG Committee supports the Board in developing the Company's ESG strategy and oversees the implementation of ESG initiatives, and reports to the Board regularly.
- The ESG Committee also sets up ESG Working Group, which is responsible for the implementation and execution of the Company's ESG strategy, and reports regularly to the ESG Committee on the progress of the Company's ESG governance.
- In view of the growing importance of climate issues, we have established a climate-related governance system. See more details in *ENN Energy's Climate-related Financial Disclosure Report 2022*<sup>5</sup>



<sup>5</sup> See more details in *ENN Energy's Climate-related Financial Disclosure Report 2022*

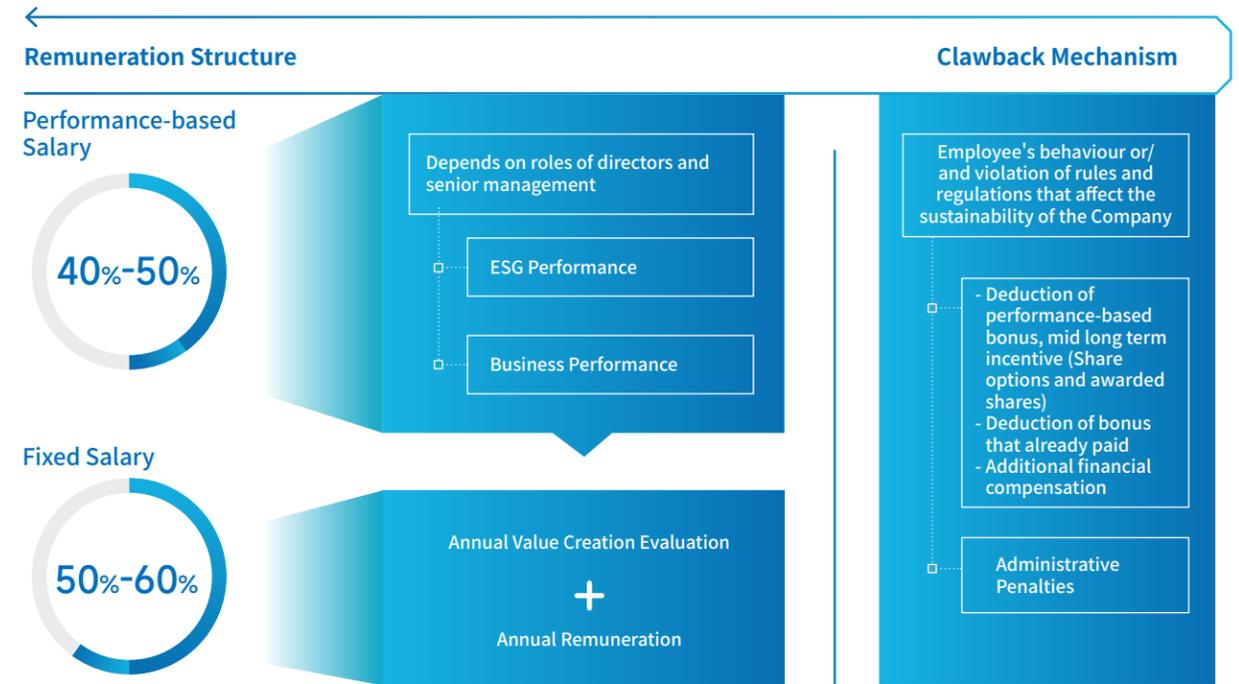
### ESG Committee Meetings

In March 2023, the ESG Committee reviewed the Company's 2022 ESG Report, received a report on the Company's ESG priorities for the year, and updated the ESG Committee's Terms of Reference.

In November 2023, the ESG Committee received a report on the results of ESG-related work in 2023 and prepared for the key ESG work and enhancement plans for the next year.



Title	Sustainability Performance Indicators
CEO	<ul style="list-style-type: none"> <li>- Increase the share of renewable energy in the energy business</li> <li>- ESG risks identification and opportunities detection</li> </ul>
President	<ul style="list-style-type: none"> <li>- Increase the share of profits from clean energy projects in the IE business</li> <li>- Enhancement and Development of Core Team's ESG-related professional competencies</li> </ul>
CFO	<ul style="list-style-type: none"> <li>- Maintain ESG ratings</li> <li>- Disclose ESG issues to regulators and investors on a regular basis</li> </ul>
Board Member on HR	<ul style="list-style-type: none"> <li>- Enhance the digital intelligence on human resources issues and improve talents' ESG capacity</li> </ul>



ESG-linked Remuneration and Clawback Mechanism

In order to ensure the compliance disclosure of ESG information and improve the level of ESG management, in 2023, ENN Energy launched the ESG smart ecological platform, which strengthens the calculation and analysis of greenhouse gas emissions and comprehensive energy consumption indicators, and improves the efficiency and quality of ESG data collection. In terms of ESG performance management, strategic support, strategic guidance and action plans for industrial chain, ecosystem and other goals are formed to comprehensively promote the Company's sustainable development strategy.



ESG Smart Ecological Platform

## Risk Management and Control

ENN Energy is dedicated to enhancing its corporate risk management and refining governance system to guarantee the operation and sustainable development via efficient and comprehensive internal control.

Based on the COSO integrated risk management framework, as well as the risk appetite (covering risk tolerance and risk limits), we have developed risk assessment criteria. We prioritise and rank the risks based on its occurrence likelihood and potential impact. In addition, we rely on a risk map to visualise risks and alerts automatically.

### Risk governance framework



The Risk Management Committee, affiliated with the Board, is tasked with overseeing the Company's risk management and internal monitoring systems. This includes formulating appropriate policies and strategies to evaluate the effectiveness of these systems, to ensure that the nature and extent of risks are aligned with the Company's strategic goals and risk preferences, and to mitigate the risk of material misstatement or loss.

### Risk management strategy



ENN Energy integrates the risk appetite of various businesses into operation and management, and generally adopts a prudent risk management strategy. Specifically, the Company has a "zero tolerance" attitude towards risks related to safety, fraud, and compliance. For risks in new businesses, such as IE business, value added business, and digital intelligence, the Company has moderate tolerance to strike a balance between market expansion and potential risks.

### Risk monitoring and improvement



Adhering to the risk-oriented principle in conducting internal audits, we identify and assess business risks and perform rounds of audits. While covering all our operations, our audit work focuses on businesses which are prone to higher risks. The management attaches great importance to the audit findings and proposes rectification requirements, with the audit department assisting in implementing such requirements.

### Risk identification and assessment



Based on our industry experience and risk events identified by audits, ENN Energy has established a risk management framework for identifying risks relating to macro policies, information security, safe operations, compliance, public opinions, investment, finance, and other aspects. Any identified risk is evaluated based on both the likelihood of occurrence and impact, and is assigned a ranking from the three different levels: Significant Risk, Important Risk, and Normal Risk.

In 2023, the Company identified and evaluated risks across eight categories, including macroeconomic risk, industry policy risk, compliance risk, safety risk, social media risk, cybersecurity risk, investment risk and ESG risk. We assessed and responded to these risks accordingly, and mitigated significant risks and brought them to an acceptable level.

### Risk response and control



We regularly carry out risk assessment around the Company's strategic, reporting, operational and compliance objectives. Based on the results of the assessment, we analyse and respond to risks, optimise risk control and management measures, and safeguard the Company's sustainable and healthy development.

### Risk management culture cultivation



The Company regularly organises training courses related to risk prevention and management, and the iCome platform pushes risk maps to employees, providing descriptions and analyses of business-related risk scenarios, increasing employee participation and sensitivity in risk identification and response, and enhancing the Company's overall awareness of and attention to risk management and control.

## Risk Awareness Training at ENN Energy



In 2023, we conducted 13 training sessions on risk topics with attracting more than 6,000 participants.

- » A special training was conducted for the Company's directors and senior management on the topics of director responsibilities, compliance, and ESG to enhance their ability to fulfill their duties.
- » Another specialised compliance risk awareness training was conducted for newly appointed top managers to build their awareness of rules and compliance.
- » An integrity training was provided for top managers, empowerment group conveners and core employees from the Company's headquarters, regional teams, and subsidiaries, enhancing their risk and legal awareness.
- » An on-site risk training was provided for supply managers, cost estimators, and purchasers from all member companies, as well as core regional teams, and top managers and core employees of key member companies.



Compliance Training for Directors and Senior Executives

In 2023, we conducted 13 training sessions on risk topics with attracting more than

**6,000** participants



# Business Ethics

The Company strictly adheres to the laws and regulations related to anti-corruption and integrity, and we have issued a series of policy documents to provide ethical guidance for all employees and strictly regulate their conduct.

## Laws and Regulations

- ▶ Oversight Law of the People's Republic of China
- ▶ Company Law of the People's Republic of China
- ▶ Anti-Monopoly Law of the People's Republic of China
- ▶ Anti-Unfair Competition Law of the People's Republic of China
- ▶ Interim Provisions on Banning Commercial Bribery

## Internal Policies and Systems

- ▶ ENN Energy Holdings Limited Compliance Management System
- ▶ ENN Energy Compliance Management Manual and Procedure Guidelines
- ▶ ENN Energy Anti-Corruption Management Manual and Procedure Guidelines
- ▶ ENN Energy Business Integrity and Compliance Code of Conduct
- ▶ ENN Energy Whistleblowing and Whistleblower Protection Policy
- ▶ ENN Energy Anti-Fraud, Corruption and Bribery Policy

ENN Energy has built a top-down management framework to govern and ensure the ethics compliance. At top level, the Board has overall responsibility for overseeing, managing, and directing our business ethics; and the Audit Committee manages our internal system to build up integrity culture system and oversees and reviews the handling of violations of business ethics and policies. At the executive level, our internal control and risk management departments regularly assess the fraud, corruption and bribery prevention procedures and continually improve the internal control process and work environment. The internal audit department regularly conducts the independence assessment to evaluate if any potential issues related with fraud, corruption and bribery happened in daily business operations. The executive level reports the investigation and assessment results together with relevant issue-solving recommendations to the Audit Committee at regular intervals. Once any serious violations occur, the Audit Committee will directly report to the Board.

Employees of ENN Energy are not allowed to receive or give any form of commission, donation, or sponsorship at daily business operation. ENN Energy didn't support any lobbying activities. All employees of ENN Energy have received training in integrity and compliance and are required to read and confirm the Company's *Business Integrity and Compliance Code of Conduct*.

During the reporting period, there were no corruption proceedings initiated or concluded against ENN Energy or our employees.

ENN Energy conducts internal audits of all business entities (covering the headquarter, regional member companies or subsidiaries, and affiliated companies) every three years. Adopting the risk-based management principle, our internal audit is designed to identify and assess our business risk by testing business operations on a per cycle basis, including sales and payment collection, procurement

and payment, inventory management, income and costs, etc. While covering all business areas, our audit focuses on those areas with higher risks, including off-office audits, internal control audits, and special audits. Business ethics issues, including anti-corruption, anti-bribery and anti-fraud issues, are highlighted during the audit process. After the audit is completed, the results are promptly reported to the management, and strict measures are required to be taken by specific person, accountable for these issues, within a specified timeframe.

100%

Problem rectification ratio



To maintain its commitment to ethical business practices, ENN Energy places a premium on anti-monopoly measures and pricing compliance. The Company has issued several price and charge guidelines for city-gas business, requiring extensive self-correction and rectification on the part of all business entities. During this year, ENN Energy organised 117 member companies or subsidiaries to perform the self-correction and rectification, and 31 subsidiaries in Shandong, Guangdong, Zhejiang, Henan and other provinces to cooperate with statutory inspections and actively take solution to cope with the identified problems.

0%

Incidents of significant administrative penalties due to operational compliance risks



ENN Energy has published its whistleblowing email, hotline, and mailbox to collect complaints and reports, which are handled by the risk management department. The Company has also formulated the *Measures for the Penalty of Employees' Violation of Rules and Discipline, Whistleblowing and Whistle-blower Protection Policy*, and other policies. These comprehensive and detailed policies set profound requirements to offer various whistleblowing channels, standardise whistleblowing procedures and protect the rights and interests of whistle-blowers.

In terms of reporting channels, internal and external complaints can be reported via the whistleblowing email risks@enn.cn and mailbox posted on ENN Energy's official website (for details, see the *Whistleblowing and Whistle-blower Protection Policy*). We also accept after-sales service requests, business-related questions, complaints and reports from business partners and users via our national hotline (+86)400-86-95158. In addition, we have published the employee complaining and report hotline and email on our internal website, to receive complaints and reports about violations of rules and disciplines by employees, business partners, and other relevant issues.



Ceremony for Issuing the Certifications to Compliance/Anti-bribery Management System

In terms of the reporting process, according to our whistleblowing procedures, the risk management department takes the lead to handle whistleblowing and complaints. For real-name whistleblowing and complaints, the department will send personnel for on-site investigation. After verifying the case, the department will submit an investigation report to the management and handle the case according to the *Whistleblowing and Whistleblower Protection Policy*. For anonymous whistleblowing and complaints, the department will carry out investigation based on the matters and seriousness.

In terms of whistleblower protection, whistle-blowers' names, contact details, family addresses and other important information, as well as whistleblowing documents will be firmly kept confidential. Retaliation against whistle-blowers and complainants will be dealt with severely, and those found guilty of committing a crime will be transferred to the judicial authorities for prosecution in accordance with the law.

ENN Energy has obtained the ISO 37301 Compliance Management System and ISO 37001 Anti-Bribery Management System certificates.



Certifications to Compliance/Anti-bribery Management System

Throughout the year, ENN Energy has held a number of training and education programmes that emphasise the integrity and compliance to promote anti-corruption practices to the member of the Board, management, and professionals.



<sup>6</sup> ENN Energy's Whistleblowing and Whistleblower Protection Policy

# Sustainable Supply Chain

ENN Energy is committed to building a sustained and robust supply chain. The Company firmly adheres to green and responsible procurement, and attach great importance to the integrity of suppliers. ENN Energy actively promotes ESG management activities and requires supplier compliance.

### Laws and regulations

- ▶ The Bidding Law of the People's Republic of China
- ▶ Regulation on the Implementation of the Bidding Law of the People's Republic of China

### Internal policies and systems

- ▶ ENN Energy Holdings Limited Supplier Corporate Social Responsibility Code of Conduct
- ▶ ENN Energy Measures on Supplier Management
- ▶ Health, Safety and Environment (HSE) Agreement
- ▶ Standards for Suppliers' Rating
- ▶ Measures for Suppliers' Access and Management
- ▶ Methodology for Suppliers' Performance Appraisal
- ▶ Integrity Agreement



## Digital Intelligence Building

ENN Energy introduced its digital intelligence procurement platform. ENN Energy released special merchant certification and inspection rules to standardise the certified entrance procedure for merchants and attain standardised procurement and operation.



Digital Intelligence Procurement Platform



### Joint bidding and procurement

We collaborate with other gas companies to establish category standards, select high-quality suppliers, achieve agreement on bidding solutions, and make collective procurement decisions. The Company also engage in "Volume-Based Bidding and Individual Procurement".



### Intelligent verification and classification

We carry out merchant intelligence (quality) certification based on digital credit and has built a high-quality supplier pool.



### Intelligent merchant and material selection

We have developed merchant selection methods such as bidding, negotiation, price comparison, competitive negotiation, comparison, and bargaining by using digital intelligence technology to analysis the transaction data, category characteristics, and supplier numbers.



### Intelligent performance and delivery

We recommend delivery plans based on customer procurement demands and dynamic supply data. It also monitors the delivery process in real-time, intelligently identifies performance risks, and issues early warnings. If any abnormal delivery situations arise, timely resolutions will be performed.



### Quality control across the entire supply chain

By applying intelligent IoT technology, the platform enables automatic collection of material quality data, real-time monitoring, early warning of exceptions, intelligent analysis, and online rights linkage control across all quality assurance scenarios in the entire supply chain, incl. production, installation, construction, and operation.



### Supplier evaluation

We evaluate suppliers based on their product quality, performance, delivery and other factors, and apply the evaluation results to supplier selection for the next year. High-quality suppliers are publicised and entitled to certain rights.

## Management Capacity Building

ENN Energy implemented several initiatives to enhance our internal material procurement and management of key businesses at the Company level in 2023. These initiatives include the following:

Issue the *Notice on Further Strengthening the Material Procurement Management*, to ensure our fulfilment of responsibilities meet with the basic demands of compliance and enhance the management of materials.

Publish monthly reports on procurement, quarterly reports on technical quality, and warehouse to summarise the problems encountered and suggested solutions.

Issue the *Notice on Further Clarifying the Material and Equipment Procurement Rules of ENN Energy Value Added Business*, to further improve the response efficiency of value added business on the supply side, promote the ecological integration of products, and form a market-based response mechanism, and increase the value creation scale and efficiency, thereby supporting our compliant and efficient material procurement of the value added business.

## Supplier Classification Management

ENN Energy classifies suppliers based on material features and annual procurement amount. The suppliers are divided into class A, class B and class C.

### Material Supplier Classification and Data



The Company's suppliers in 2023 are all from the Chinese mainland.



## Supplier ESG Risk Assessment

Prior to contracting suppliers, ENN Energy conducts an assessment and identifies potential risks related to material procurement, supplier appraisal, supplier communication, and material storage. ENN Energy provides studies of potential impacts and control actions effectiveness at each risk point, including:

- The suppliers with ESG risk behaviour and centralised procurement programmes are included in the list, we regularly report to the Board.
- Improving the ESG performance of these high-risk suppliers through multiple assessments and corrective inspections.
- Blacklisting and removing the suppliers who still pose high risks after rectification from the supplier base to reduce the incidence of major violations in the supply chain.

## Supplier Access Management

ENN Energy requires all suppliers to comply with laws and regulations during production, prioritise environmental protection, and safeguard the legal rights and well-being of their employees.

The *Health, Safety and Environment (HSE) Agreement* with Suppliers is included as part of the material procurement contract. All suppliers are required to comply with the *ENN Energy Code of Conduct on Corporate Social Responsibility* for Suppliers and sign the *Commitment to Integrity and Self-discipline*.

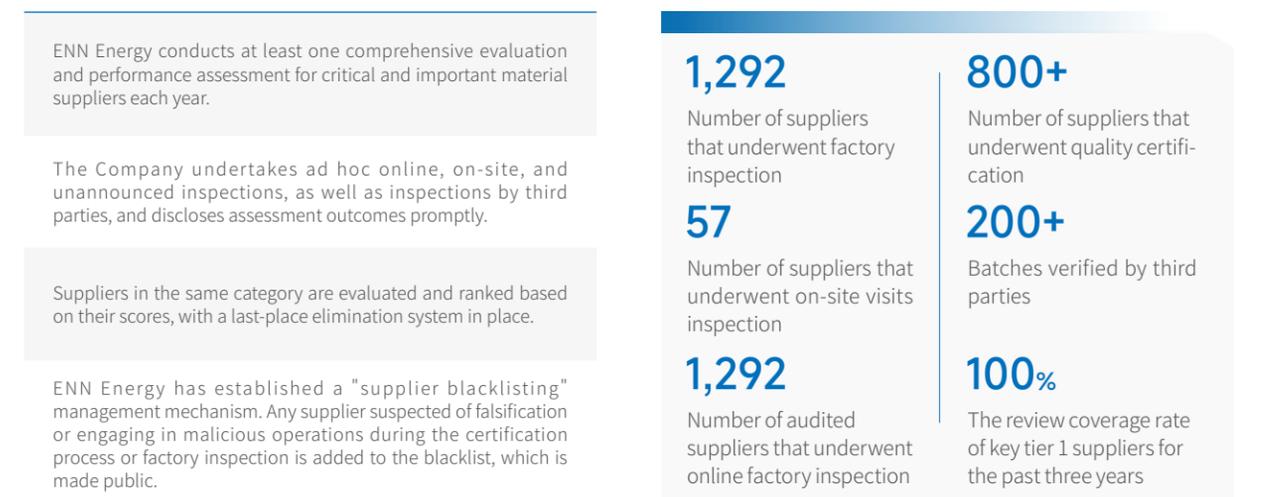
Supplier qualification system certifications (such as ISO 14001, ISO 45001 and ISO 9001) are incorporated into the assessment criteria.

Within the Company, the risk management department supervises the procurement process, and provides a special complaint channel to ensure compliance.



## Supplier Assessment and Evaluation

By using the digital intelligence procurement platform, ENN Energy has implemented several measures to effectively manage the entire supplier access, management, assessment, and withdrawal process:



This year, we developed 3 key dimensions of the annual quality inspection which cover the first batch inspection, in-process test and special inspection. We also conducted sample inspections for 27 different kinds of products supplied by 107 suppliers. Inspection items cover the chemical composition of products to avoid hazardous substances and also focus on evaluation of key performance indicators such as stability and air tightness, aiming to prevent safety risks and negative environmental impact.

## Supplier Violation Rectification and Withdrawal Mechanism

ENN Energy adopts a "zero tolerance" attitude towards supplier violations and has standardised the supplier violation management process, which covers the subsequent solution stage.

We publish documents outlining rules for managing supplier violations and rules for managing complaints. This year, we issued the *Notice on Issuing the ENN Group Supplier Blacklisting Management Measures*.

Once any supplier is found to have committed serious violations during the audit, the supplier is required to rectify the issue. Otherwise, the account of the supplier will be blocked. The supplier will be also fined and required to provide financial compensation or blacklisted.

For suppliers that failed the assessment and evaluation, if the rectification still does not meet expectations, the suppliers will be removed.

Suppliers with violations will be labelled and reported, and they will not be entitled to relevant rights automatically.

## Communication with Suppliers

We communicate with suppliers to inform them of the updates in technical standards and educate them the digital intelligence applications, process improvement, product traceability and other aspects. We provide various training courses to suppliers covering digital intelligence management, business ethics and transaction management.

In 2023, ENN Energy conducted the training on the *Quality-based and Smart Procurement Technical Standards and Rules* for all suppliers. The training introduced the latest amendment to handling rules of quality issues. This training also included the amendment to joint bidding and updates in technical standards, enabling suppliers to understand and adapt promptly to improve product quality management. This year, we also conducted the training on the enterprise supply chain ESG risk management for all suppliers, deepening their understanding of the ESG concept and ENN Energy sustainable supply chain management principles.

We fully evaluate suppliers based on their product quality, performance, delivery and other factors, and publicise high-quality suppliers by category on the platform. We also set up an information sharing mechanism for suppliers, allowing other suppliers to learn from the advanced experience of the outstanding peers. All the above efforts are made to motivate our suppliers to constantly improve their capacity and promote the higher-quality development to the whole supply chain.



## Assisting Suppliers in Enhancing Their Quality Management Standards



We take strict measures to urge suppliers make correction and improvement. In July 2023, one supplier in Zhejiang Province was found that their produced gas shut-off valve failed to meet the production standard. We acted quickly by improving the testing process, strengthening factory workspace management and refining sampling plans, asked the supplier to adjust and made progress, improved suppliers' quality management and therefore consolidate our collaboration.



On-site coordination with suppliers

We provided technical support and capacity-building plans to suppliers in terms of quality and safety, so as to improve their long-term ESG performance.

For technical support in terms of supplier product quality, this year, the Company took quality control measures across the supply chain for 37 suppliers of 15 products including alarms, PE pipes, etc. Production and detection data was transmitted in real time via the IoT equipment directly installed in plant production lines and test equipment, the management efficiency and level were greatly enhanced, product quality is steadily enhanced.

For supplier technical capacity-building in terms of safety, this year, the Company held the technology exchange meeting of alarms used for high-rise buildings, with 5 suppliers with advanced technologies and rich industry experience attended. In the meeting, we had in-depth technical discussions and explored options with suppliers on intrinsic safety challenges and emergency cut-off valves for high-rise buildings. We hoped to find a practical solution to enhance the safety performance of high-rise buildings.

## Green Procurement

ENN Energy issued the *Notice on ENN Energy Sustainability Strategy* which specifies that suppliers shall adopt the green development concept in processes such as product design, selection of raw materials, production and processing as well as product packaging, so as to reduce environmental pollution and impact.

## Reduced Use of Installation Accessories by New Wireless Gas Alarms



Wireless Gas Alarm

After adopting the new wireless alarm, only the signal range configuration detector and controller are required. Taking the single-channel commercial alarm as an example, each unit can save approximately 50 metres of wiring materials and auxiliary materials, achieving resource conservation.

# Information Security Management

## Laws and regulations

- ▶ Law of the People's Republic of China on the Protection of Consumer Rights and Interests
- ▶ E-commerce Law of the People's Republic of China
- ▶ Cybersecurity Law of the People's Republic of China
- ▶ Data Security Law of the People's Republic of China
- ▶ Personal Information Protection Law of the People's Republic of China
- ▶ Regulation on Protecting the Security of Critical Information Infrastructure

## Internal policies and systems

- ▶ ENN Energy Management Regulations for Information Security
- ▶ ENN Energy Information Security Risk Management Measures
- ▶ ENN Energy Privacy Protection Policy
- ▶ ENN Energy Regulations on Document Preparation, Distribution, Utilisation, and Storage
- ▶ ENN Energy Regulations on External Provision of Information and Information Interface
- ▶ ENN Energy Holdings Limited Data Privacy Policy

In accordance with Chinese laws and regulations pertaining to information security, ENN Energy is committed to enhancing our digital security capabilities, deepening digital intelligence transformation, and strengthening data security governance and information security management to prevent information security risks.

0

Complaints or incidents related to digital security and privacy protection

0

Major cybersecurity complaints or incidents

## Management Structure

In 2023, ENN Energy expanded the Work Safety Committee's responsibilities to encompass digital security, with the CEO serving as Committee Chairman. The President is the Executive Chairman of the committee, and a secretary-general is appointed to be responsible for digital security. Besides, the committee establishes an office, which reports on relevant progress to the secretary-general in charge of digital security every two weeks, reports to the Committee Chairman at monthly meetings and executes relevant instructions. Audits, exercises, and major investments regarding information security are reported to, decided and approved by the committee case by case, and implemented.

To build an intelligent safety work pattern, ENN Energy requires its member companies to establish a digital security organisation, with the top leader as the person in charge of the organisation as a whole, and the divisional leader of digital security. In addition, the Company mandates that member companies establish roles for digital security specialists and project safety specialists, who are accountable for executing safety and security policies, management systems, and specific tasks. In 2023, a total of 129 enterprises established organisation and built up their digital security team.

## Management System

ENN Energy took extensive steps to safeguard the security of its information by distributing and editing 23 documents on information security management. These documents standardise the collection, storage, transfer, utilisation, and destruction of sensitive personal information for all employees, customers, and suppliers. The Company deploys a variety of preventive measures, including classification, desensitisation, encryption, backup, and recovery that were adapted to specific business scenarios. These measures decrease the risk of unauthorised disclosure and loss of vital data.

We ensure that all apps involved in the processing of personal information are equipped with appropriate privacy policies, and timely adjust the privacy policies to reflect the update of platform functions, as well as third-party suggestions. Users can check the policies at any time and directly correct or delete their personal data in some applications. Customers can also call the customer service hotline for further corrections or deletions that are not available in the business interface.

We review the process of information and permission collection on the new business function to minimise data access and restrict it to business use only. Our privacy policies also specify the length of time data is retained, after which the data will be deleted or anonymised (Unless laws and regulations have other provisions on the data storage period, we will comply with them) to further protect the privacy rights of users.

## Third-Party Audit and Certification

ENN Energy has obtained ISO 27001 Information Security Management System Certificate and ISO 27701 Privacy Information Management System Certificate. An external audit of the management systems is conducted annually, and an independent third-party risk assessment is conducted every two years. According to Baseline for classified protection of cybersecurity, 13 important systems of ENN Energy have passed the assessment and filing of the cybersecurity protection, of which the level 3 system is assessed every year, and the level 2 system is assessed every two years. During the reporting period, the third-party audits and related certifications of information security were as follows:

<p>ENN Energy passed the annual supervision and audit of ISO 27001 Information Security Management System Certificate and ISO 27701 Privacy Information Management System Certificate, and 3 new certification subjects were added.</p>	<p>The special audit and information security risk assessment were conducted by KPMG.</p>	<p>13 important systems and industrial control systems of 21 member companies passed the cybersecurity classification protection assessment and obtained Certificate of Information System Security Classification Protection issued by the Ministry of Public Security of the People's Republic of China.</p>	<p>7 Apps and WeChat mini-programmes were filed.</p>
---	---	--	--



ISO 27001 Information Security Management System Certificate



ISO 27701 Privacy Information Management System Certificate

## Risk Assessment

In 2023, ENN Energy implemented the following multi-dimensional measures, including safe operation, compliance governance, product safety, infrastructure construction, organisation and training, and data security, in network and data security risk assessment and response management:



### Safe Operation

**Disaster Recovery Construction** | Completion of Off-site Disaster Recovery Construction for 7 Core Systems

**Risk Map** | Risk Map Phase I delivered online with 20+ metrics

**Cybersecurity During the Asian Games** | Intercepted 400,000+ cyberattacks during Hangzhou Asian Games, blocked 1,413 malicious IPs, zero major security incidents



### Compliance Governance

**Compliance Audit** | Passed the annual audit of ISO system, annual audit of listed companies, annual audit of ICP licence, etc.

**Information Security Classification Protection Evaluation** | 13 core systems including ECEJ have passed the information security level protection evaluation, with a coverage rate of 100%; 21 city-gas member companies have passed the information security level protection evaluation

**Government Inspections** | Completed 32 government safety inspections and field drills



### Product Safety

**Security Reinforcement** | ECEJ platform special reinforcement, reduce the security risk of the payment business; 40+ system security test, vulnerability repair rate 100%

**Security Testing** | Public domain/website exposure sorting completed, 232 vulnerabilities 100% fixed

**Risk Assessment** | Completion of third-party risk assessments (business risk, 8-system IT audit, Digital Intelligence security risk)



### Infrastructure Security

**Terminal Security** | Completed the construction of a unified security management platform for terminals

**Host Security** | New host security protection, 100% coverage for 3,600 units

**Industrial Control Security** | 95 city-gas member companies have completed 100% of their industrial control security protection construction; industrial control security unified operation and maintenance services have been landed, and 100% of member companies are covered



### Organisation and Training

**Organisations Construction** | Work Safety Committee Upgrade, 129 member companies have 100% completed the construction of digital security organisations and personnel

**Personnel Training** | Carry out production and intellectual security training covering all employees, 9,348 times of participation on security & privacy awareness training and 466 times of participation on network security level protection training

**Certified on Duty** | Completion of 5 digital security courses and 100% of the member company's digital security personnel are certified staffs



### Data Security

**Data Security Control** | The security of externally available data was assessed in 13 cities, and 7 city-gas member companies located in Hebei were connected to the Hebei Provincial Credit Platform

**Data Classification and grading** | Updated data classification and grading system standards

**Privacy Impact Analysis** | 35 systems were evaluated for their personal privacy impact

## Emergency Response

ENN Energy updated the response mechanism and security emergency plan for major security incidents and collaborated extensively with regulatory bodies to undertake security drills, focusing on improving the response for cybersecurity emergencies. In addition, the Company established remote disaster backup for 7 core systems to ensure business continuity. Our hosts and servers are supplied with security protection products such as WAF (Web Application Firewall), host protection, bastion host, audit log, database audit and SOC (Security Operations Centre), to achieve multi-level, comprehensive and effective system protection.

The Company has successfully completed emergency drills in sectors including cybersecurity guarantee and core application disaster backup during the Hangzhou Asian Games in order to better test and improve our cyber defence, and actively rectified security risks found in the drills. We have taken initiative to carry out anti-phishing drills 10,650 person-times, which enhanced employees' response to actual cyber threats.



Emergency Drills of Core System Disaster Backup and Major Information Security Incidents

### Cybersecurity Guarantee of the 19<sup>th</sup> Hangzhou Asian Games and Asian Para Games

During the 19<sup>th</sup> Hangzhou Asian Games and Asian Para Games, as a core natural gas service provider, ENN Energy undertook important cybersecurity guarantee tasks. We established a dedicated cybersecurity guarantee working group to carefully investigate network systems in Zhejiang Province and reinforced our security products. We also provided extensive training on awareness of security and emergency drills, strictly implemented multi-team on-site duty and zero reporting system.

We successfully intercepted cyberattacks for more than 400,000 times and banned over 1,400 malicious IPs, which demonstrated that we had achieved our objective of zero major security incident and provided strong support for the success of the Hangzhou Asian Games.



## Culture Cultivation

ENN Energy actively carries out digital intelligence security training to effectively enhance employees' awareness of security and their skills and thus build a security culture. This year, we provided the digital intelligence security training to all employees. And meanwhile, we offered refined and targeted training to the company management, covering 9,438 person-times. Through the above training courses, all digital intelligence security personnel have obtained certificates and we have effectively enhanced the security management capacity at all levels.



Information Security Management System Internal Auditor Training at ENN Energy

In particular fields of security training:

the training of cybersecurity classification protection involved

**446** Person-times

**100** %

coverage of enterprise security management personnel

Our special training of R&D security covered

**398** Person-times

**100** %

training involved all shareholding R&D personnel and relevant third-party personnel

The significant progress achieved by us in the digital intelligence security sector through all-round training activities provided a strong support for our sustainable and sound development.

### Industrial Control System Security Building at ENN Energy



This year, ENN Energy comprehensively promoted the construction of industrial control system (ICS) of city-gas companies. Through the deployment of Industrial Network Information Isolation and Exchange System, the setting of industrial security firewall, the deployment of industrial safety monitoring equipment and other measures, we have established a relatively comprehensive (ICS) security protection system in 95 city-gas companies, enhancing the ICS security protection capabilities on the enterprise side.

# 02

## Safeguarding Urban Safety with Intelligence Technology

Safety is the prerequisite and foundation for development. Under the guidance of elevating safety by visibility, focus, and effective management, ENN Energy has established its safety operation management structure covering the entire value chain, applied digital intelligence means to ensure production and operation safety, and continuously promoted safety culture. Efforts are also made to normalise hidden hazards investigation and emergency drills, laying a solid and reliable foundation for safe and stable gas supply.



### Material ESG issues responded in this chapter

- Product R&D and Innovation
- Occupational Health and Safety
- Customer Health and Safety
- Safe and Stable Gas Supply

### HKEX ESG indexes involved in this chapter

- B2 Health and Safety
- B6 Product Responsibility

### UN SDGs responded in this chapter



## Safety Management System Development

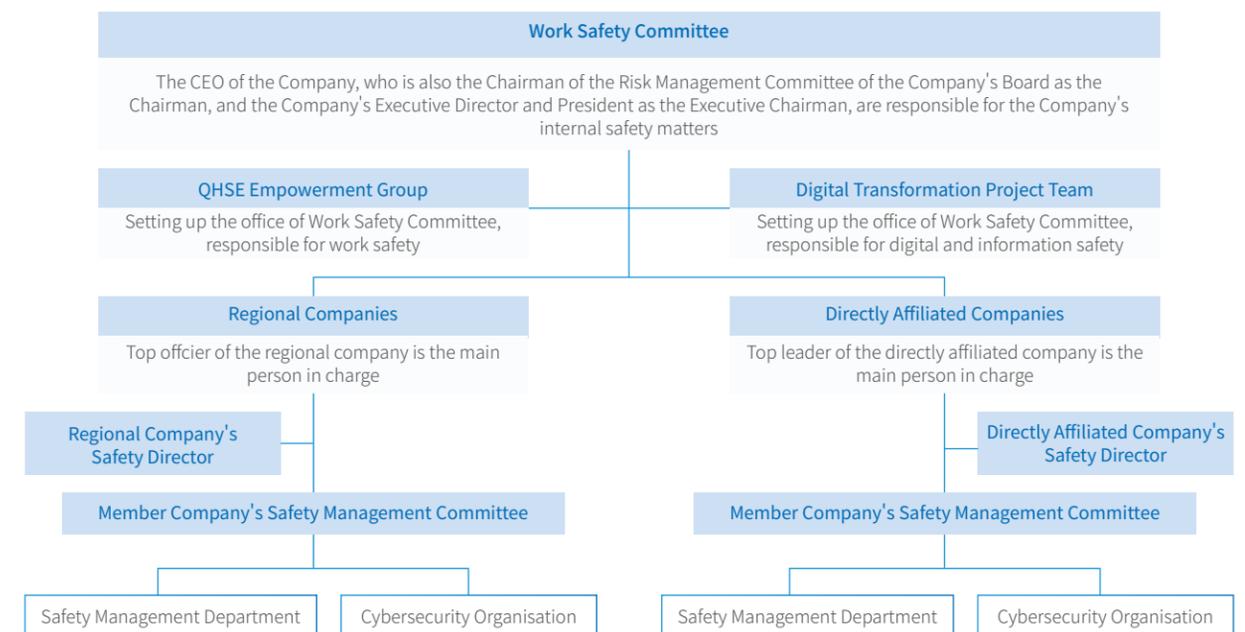
ENN Energy has established the Work Safety Committee as the Company's top safety management body to make decisions on all internal and external matters pertaining to safety, with an overall planning and consideration of these safety issues. The Work Safety Committee collaborates with the Quality, Health, Safety and Environment (QHSE) department and the Digital Transformation Committee to supervise the implementation of the Company's production safety and cybersecurity matters, and further empowers the construction of the safety management system through digital intelligence.

### Laws and regulations

- ▶ Work Safety Law of the People's Republic of China
- ▶ Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
- ▶ Provisions on the Supervision and Administration of Occupational Health at Work Sites
- ▶ Specification of the provision of personal protective equipment
- ▶ Provisions on the Administration of Safety Technology Training and Evaluation of Special Operation Workers
- ▶ Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects

### Internal policies and systems

- ▶ HSE Policy of ENN Energy Holdings Co., Ltd.
- ▶ Regulations on Safety Management of ENN Energy
- ▶ Regulations on Multi-Level Safety Risk Control and Potential Safety Hazard Investigation and Management
- ▶ Regulations on the Administration of Work Safety
- ▶ Management Regulations on Dangerous Operations
- ▶ Regulations for the Red and Yellow Lines of Safety Management
- ▶ Regulations on Accident Reporting, Investigation and Handling
- ▶ Management Measures for Emergency Plans of Work Safety Accidents
- ▶ Management Regulations on Safety Education and Training



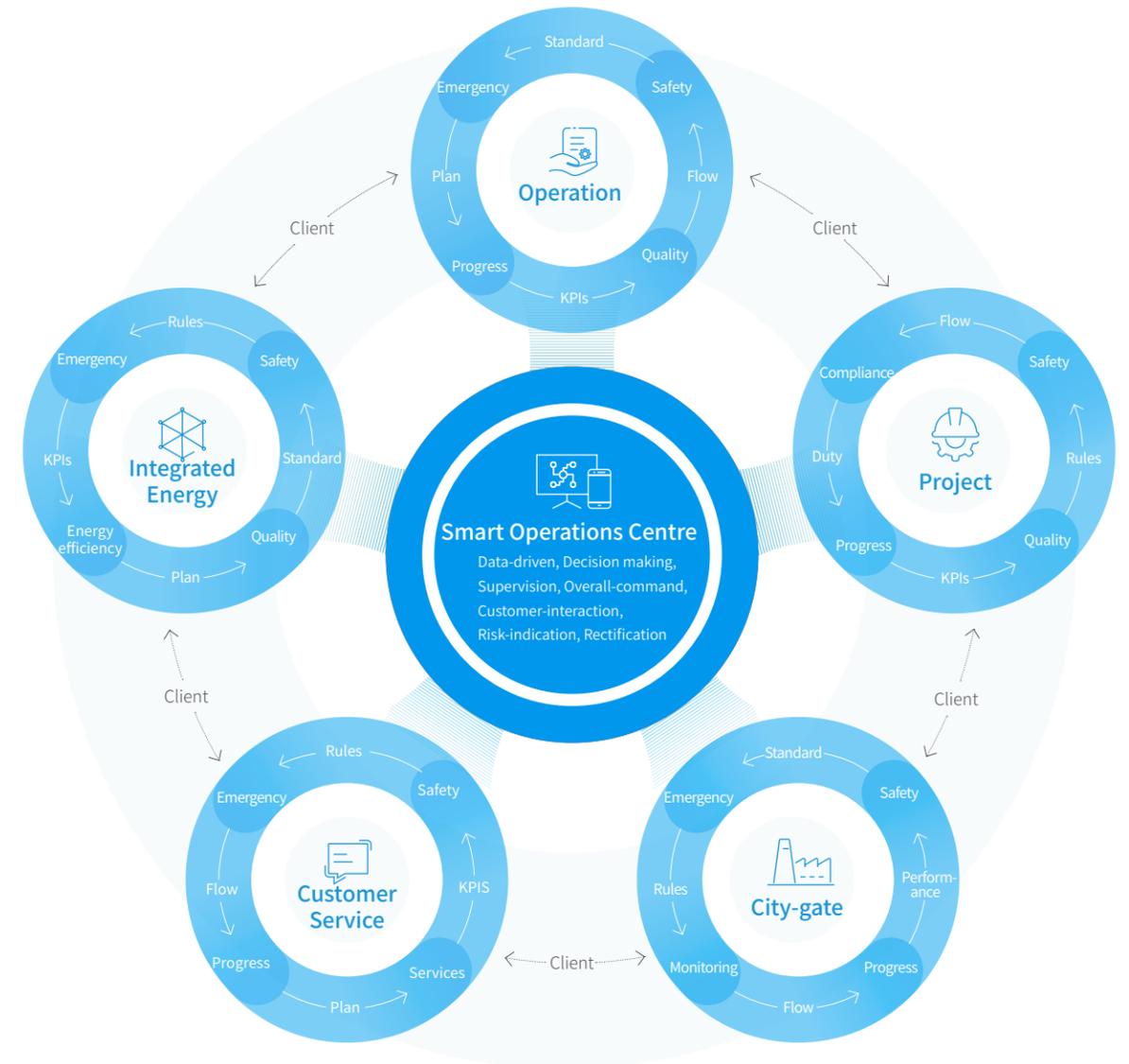
Organisational Structure of Safety Management

In terms of operation, we continue to improve and standardise the safety management measures, including the safety accountability system, the intelligent safety system, the pipeline integrity system, and the emergency management system.

 <p><b>Safety accountability system</b></p> <p>Issued safety accountability system documents, breaking down and implementing safety guarantee work to individuals in the form of safety responsibility statement.</p>	 <p><b>Intelligent safety system</b></p> <p>Built an intelligent safety management system based on five major operational scenarios, and carrying out safety monitoring, early warning, and control of all business procedures by combining IoT technology and digital intelligence technology.</p>	 <p><b>Emergency management system</b></p> <p>Implemented emergency management policy requirements and managing emergency plans for gas leakage, fire, explosion, natural disasters, and other potential incidents.</p>	 <p><b>Pipeline integrity system</b></p> <p>Issued asset integrity management documents, standardising safety management in asset planning, design, construction, and operation, and strengthening risk operation monitoring.</p>
--	--	--	--

## Upgrading the Intelligent Safety System

ENN Energy applies digital intelligence technology to enhance safety management. We have launched the Intelligent Safety Management System, established five major operational scenarios including pipeline network operations, city-gate stations, projects, customer sites and IE solutions, as well as 108 sub-scenarios, forming the "IoT sensing – Corresponding operational system - Smart Operation Centre – Risk indicating operators – Alarm - Handle - Complete the work order" closed-loop management process.



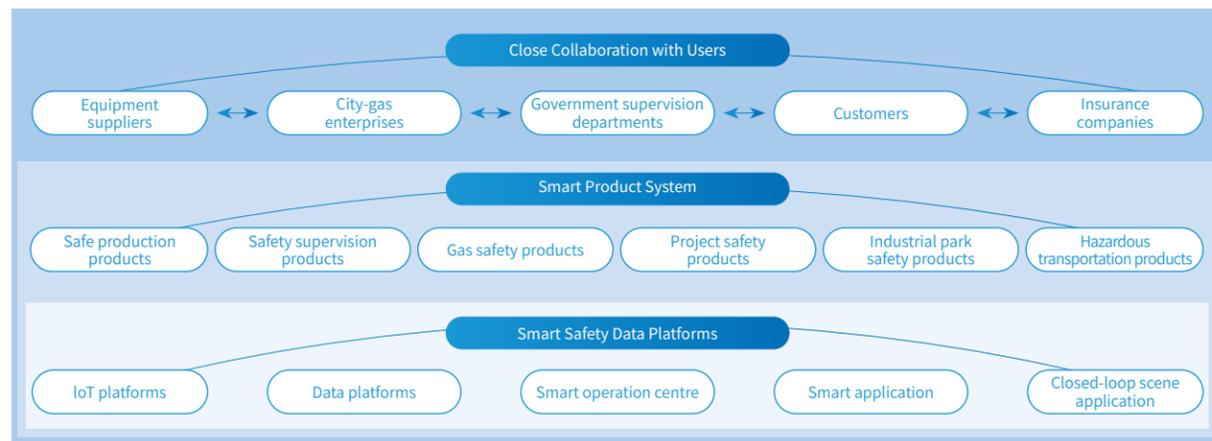
Intelligent safety management system with smart operation centre as the hub and multi-business scenarios as the service terminal

The Intelligent Safety Management System, with the aid of IoT sensing devices, can transmit real-time data on business operations and related user operational behaviours to the Smart Operation Centre. Through data collection and AI-powered smart analysis, it screens for key safety risks and hidden hazards within the enterprise, carries out pre-warning and safety correction, and continuously enhances the Company's safety risk management capabilities.



Smart Operation Centre

This year, we have promoted the exploration of digital intelligence applications and launched 28 special projects on digital intelligence products, including construction projects such as standard construction sites and digital supervision, pipeline dual detection and intelligent maintenance of regulators in pipeline network operations, as well as metring projects like zonal metring and analysis of gas stealing. We continuously upgrade the Intelligent Safety Management System.



Intelligent Safety Product System

### Promoting the Digital Pipeline Integrity System at ENN Energy

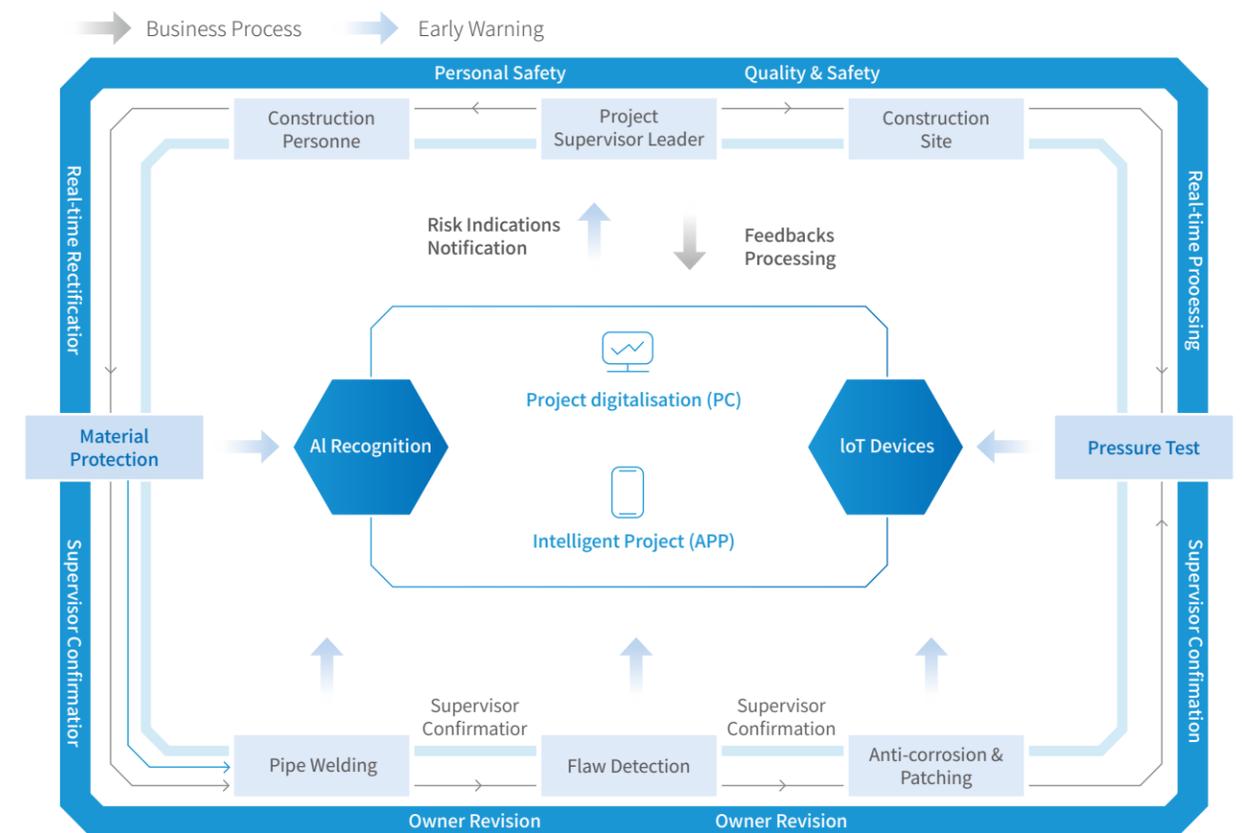
ENN Energy is building the Digital Pipeline Integrity System in accordance with the pipeline integrity standards. The system enables enterprise resource optimisation, operations management, risk management and control, emergency rescue, and information sharing. It can also assess and pre-emptively control all types of risks to city-gas pipelines, thereby better ensuring the safe operation of these pipelines. In 2023, we published the version 1.0 risk assessment function of the system and completed trial application in Dongguan and the Beibu Gulf. In the future, we will keep adjusting and refining the assessment indicators based on the condition of pilot enterprises, and develop solutions for specific scenarios.

## Operation Safety Guarantee

ENN Energy actively uses digital intelligence tools to identify potential safety hazards in production and operations, investigates potential safety hazards with countermeasures taken, and takes action to respond to work safety emergencies, thereby strengthening the bottom line of work safety.

### Construction Site Safety Management

Through the Engineering Digital Intelligence System, ENN Energy conducts real-time monitoring, active warning, and risk indication of the risk points in the construction process, achieving digital, refined and intelligent management of the engineering scenarios to ensure the quality of the project and construction safety. We have applied IoT devices such as engineering dome camera for live broadcast of engineering, all-round monitoring of key construction processes, and whole-process control of hazardous operations; and identified and reminded of safety or quality hazards through technologies such as AI identification, intelligent analysis and evaluation, to achieve more accurate and efficient engineering project management.

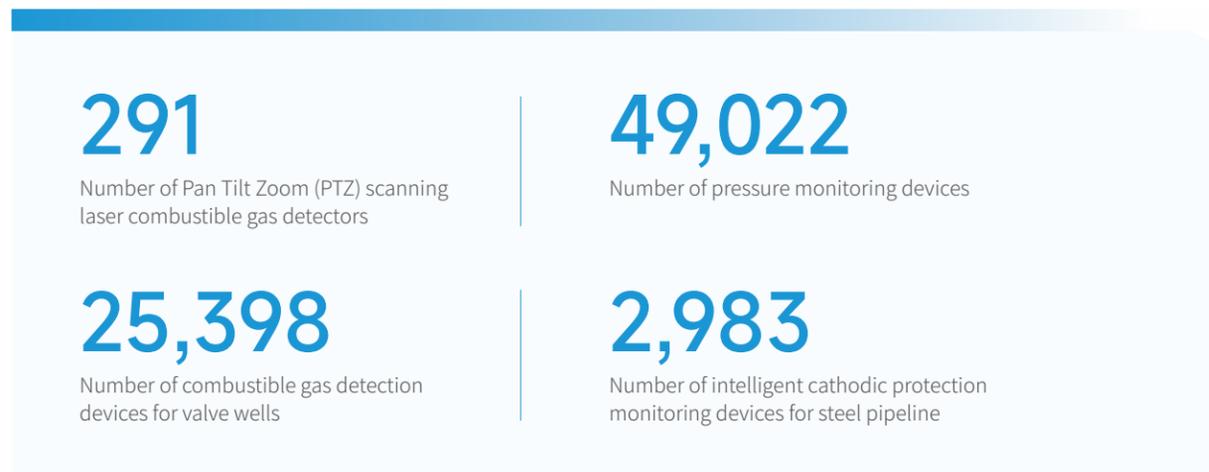


The Digital System for Project Scenario

In 2023, ENN Energy focuses on the key aspects of gas engineering and creates 69 standard construction site demonstration products for delivery. By recording key construction operations through video, these products ensure the quality, safety, environmental protection and construction efficiency of the projects. The standard construction site products address common issues in engineering by embedding standardised specifications, clarifying digital supervision, quantifying visual records, and standardising completion documents, achieving a deep integration of construction experience and professional technical specifications.

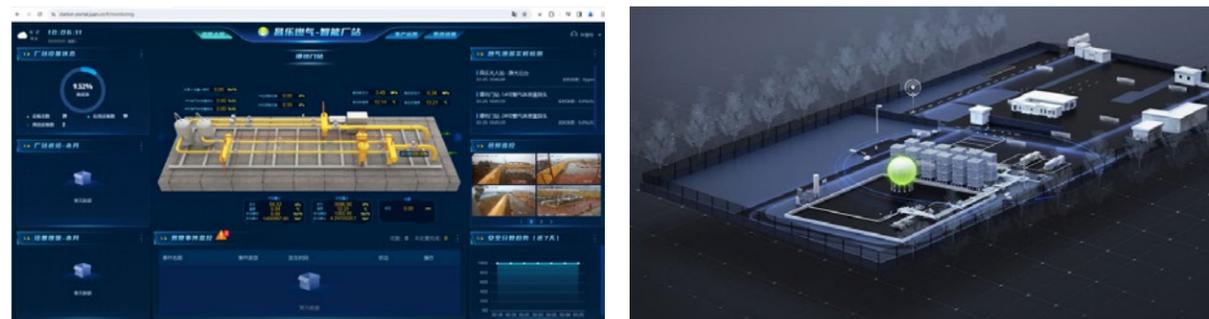
## City-gate Station and Pipeline Network Safety Management

ENN Energy places a premium on the safety and reliability of our gas infrastructure, to ensure the safe operation of city-gate stations, pipelines network, and other assets. We released the *ENN Energy Pipeline Network Integrity Standard System Document* and other policies. Meanwhile, around the application of IoT metres, we have comprehensively revised our rules and regulations, issued the *ENN Energy Metring Management System*, established standards for the whole life cycle of digital intelligence operation and maintenance of metres, and actively explored and promoted the innovation of operation standards to improve the efficiency of metre operation and maintenance.



### City-gate Stations Safety Management

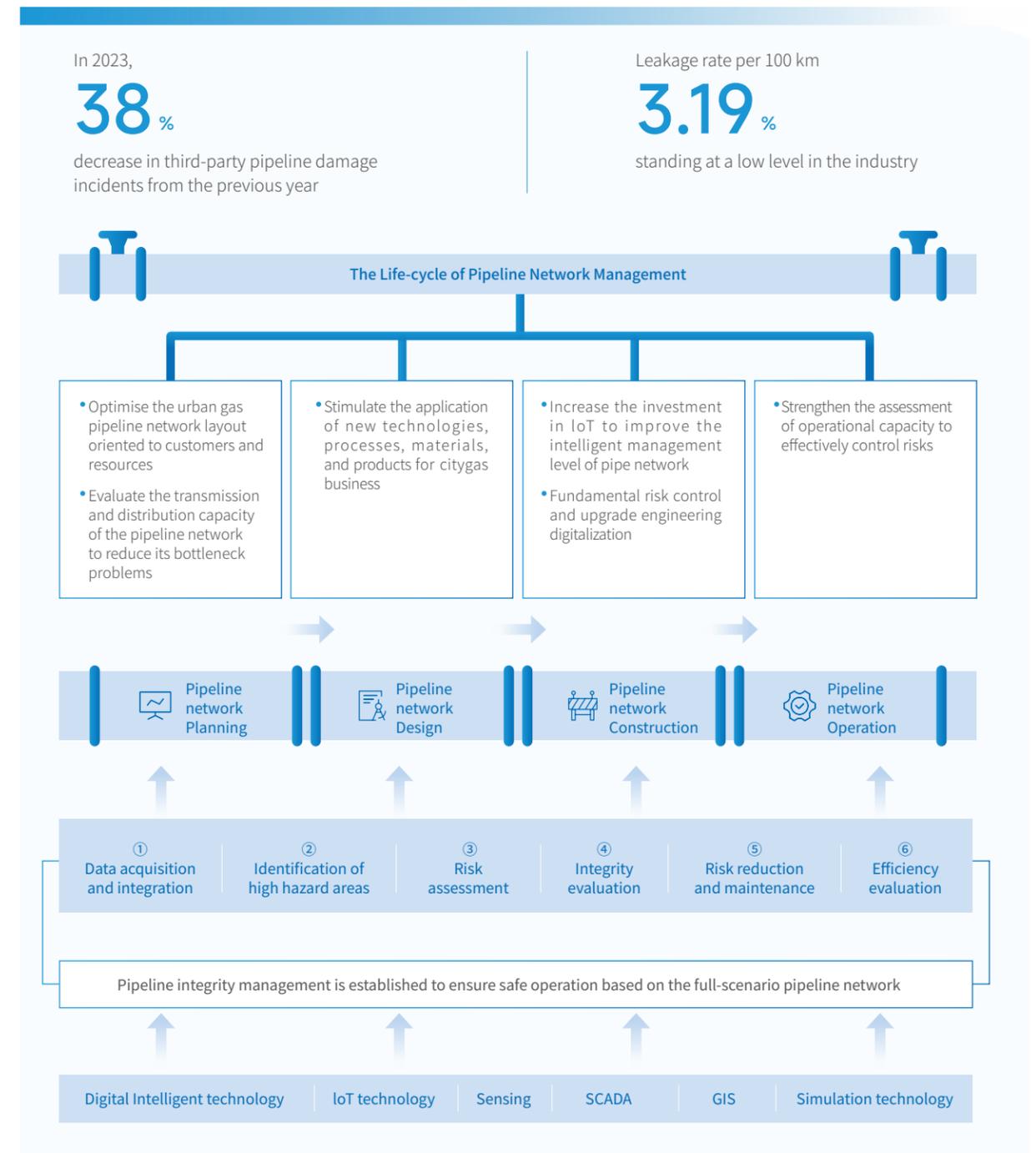
Taking into account the challenges and pain points involved in LNG transportation, storage, and transformation, ENN Energy implements the "Unmanned Station Safety Guard" system, which utilises intelligent products like PTZ laser, infrared thermal imaging PTZ, and electronic fence to achieve all-weather and 360-degree monitoring without dead zones, allowing for early detection and close the rectification loop on minor leaks, which improve the efficiency. In 2023, we revised and released the *Technical Standards for Unmanned City-gate Station Construction* and the *Standards for Unmanned City-gate Station Operation and Maintenance*, to further upgrade the intelligent city-gate stations. We piloted the unmanned station project in regional companies in Shandong and Hebei and upgraded more than 10 city-gate stations. We also launched unmanned stations in Anhui and Hebei to further reduce safety operation risks.



Unmanned Station Safety Guard System

## Pipeline Network Safety Management

In 2023, ENN Energy deepened the utilisation of IoT and digital intelligence in the management of pipeline network operation safety. Focusing on scenarios such as gas leakage and underground valve well in pipeline network operations, we improved pipeline network information and pipeline integrity construction, optimised intelligent products and strengthened monitoring, to prevent the occurrence of third-party pipeline losses, and enhance the operational safety.



The Full Life-cycle of Pipeline Network Management

### "Vehicle + Dog" Natural Gas Pipeline Inspection to Safeguard Asian Games



During the 2023 Asian Games and Paralympics in Hangzhou, ENN Energy Xiaoshan introduced the "Vehicle + Dog" model for natural gas pipeline inspection, i.e., using gas sniffer dogs and ppb-level natural gas leakage inspection vehicles to detect pipeline leakage. Compared with manual inspection, the "Vehicle + Dog" model expands the inspection and radiation coverage, increases inspection efficiency and accuracy, and enables early detection and timely elimination of natural gas leakage hazards, thus avoiding accidents, and effectively securing the gas safety of the games and surrounding people.



New "Vehicle + Dog" Model for Natural Gas Pipeline Inspection

### Integrated Energy Business Safety Management

ENN Energy focuses on using digital intelligence measures like IoT, AI identification, environmental detection, and remote risk indication to identify risks in key facilities, environmental safety, and personnel operation to realise the intrinsic safety of intelligent IE in the face of diversified energy supply scenarios and complex potential risks.

In 2023, we issued emergency drill templates for more than 10 IE projects on high-frequency accidents such as electrical fires, electric shocks, falls from heights, heat strokes and mechanical injuries. We also conducted safety training, supervised and urged all IE companies to improve and implement targeted and appropriate emergency drill plans.

### Hidden Hazard Investigation and Management

ENN Energy proactively conducts multi-level risk control and hidden hazard investigation and management to ensure full-scenario operation safety. In 2023, we continuously promoted various operational scenarios supervision centred around the Smart Operation Centre. We applied intelligent laser monitoring devices and other digital intelligence measures, to further improve the efficiency of hidden hazard investigation.

46

New ENN Energy's member companies with full coverage of smart operation centre applications

190,000 km

Precise execution of inspection plans of pipelines

52,000 km

Inspection of pipelines

70,000 km

Corrosion testing of high and medium pressure pipelines

33,908

Regular inspections conducted

2,451

Hidden hazard inspections was carried out by the top leaders

97.3 %

Special inspections rectification rate

### "Directors on the Front Line" Investigation Activity



In 2023, we conducted the "Director on the Front Line" to investigate the cultivation of safety technology talents, investment in safety resources, safety compliance, policy implementation and digital intelligence upgrades in all member companies. A total of 29 member companies were visited by the supervision team led by directors throughout the year, and all problems identified were rectified. This activity helped to solve the challenges and pain points in safety management of member companies and efficiently promoted the intrinsic safety operation level.

### Emergency Response

ENN Energy has established a comprehensive emergency management mechanism, strictly implementing emergency plans, record-keeping, emergency team building, and emergency equipment and supplies to prepare for emergencies. We are continuously advancing the standardisation and normalisation of emergency response and enhancing our capabilities to prevent and handle sudden incidents.

We strictly enforce the execution of on-site disposal plan drills by each member company semi-annually and conduct special training for drills irregularly. Based on the effectiveness of the drills, we continuously improve the emergency plans to increase their scientific and feasibility. In 2023, we developed smart emergency products in our pipeline operations and revised the emergency handling plans for incidents such as gas leaks, fires and explosions, and natural disasters. In addition, we regularly hold skills competitions to enhance the staff's emergency response capabilities and operational skills.

9,895

emergency drills were conducted

### The 9<sup>th</sup> Skills Competition



In September 2023, 12 regional teams competed for the honour of "ENN Energy Craftsman" in the 9<sup>th</sup> ENN Energy Skills Competition. The competition tested the participants' ability to respond to multiple scenarios and professional skills in different types of work through both theoretical written tests and practical exercises, covering 11 different types of work, including gas boiler operation and gas pipeline installation, which demonstrated the "Intelligence + Skills" of the composite talent team of ENN Energy.



### Intelligent Products Application in Joint Emergency Response

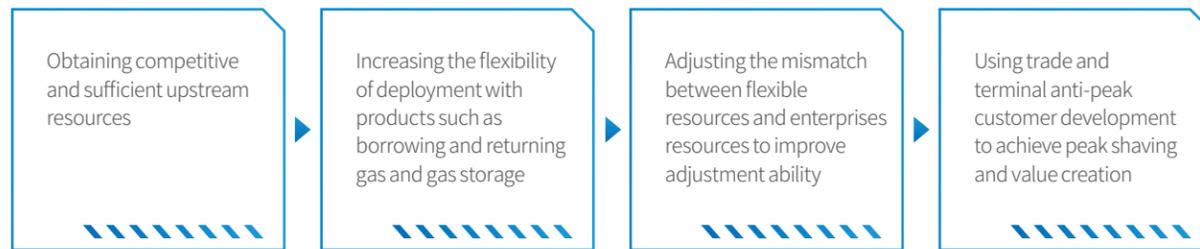


In 2023, digital intelligence technologies were deeply integrated into emergency management. Through smart emergency response, we have achieved automatic linkage with the customer insurance reporting system, automatic traceability of insurance report sources, and efficient linkage in plan activation and resource allocation. This includes 27 functions such as night shift duty, night emergency reception, surrounding valve well pressure regulation equipment, emergency vehicles, emergency supplies, and one-click notification, significantly enhancing the timeliness of emergency responses. This system has been applied in more than 20 member companies in Guangdong, Hunan, and Anhui regions.

## Safe and Stable Gas Supply

Safe and stable gas supply is a priority for ENN Energy to fulfil our social responsibility, and it is also a major concern to all stakeholders. We integrate digital intelligence measures, strengthen our ability to forecast customer demand, and coordinate the deployment of gas resources, to dynamically ensure the stable supply of natural gas in different circumstances, and satisfy the needs of different users.

ENN Energy has established a forecasting, matching, monitoring, and full-scenario delivery operation mechanism. Based on the construction of a natural gas resource pool, we optimise the flow of resources within the pool, dynamically track contracts, and implement supply and demand matching management.



Overall Management Measures of Gas Resources

ENN Energy also performs energy demand assessments for external industrial and commercial customers, in addition to the city-gas business.

Develop customer profiles based on the customer characteristics, industry attributes, and other features, comprehensively exploring customer demand for gas supply, and implementing multi-level customer management.

Improve the demand forecasting model, consistently upgrading the gas source management platform in combination with upstream policy changes, and reasonably matching the demand-supply relationship.

Heating forecast	Industrial prediction
Air temperature	Order plan
Weather	Trouble shooting
Festival and holiday	Unit consumption of equipment
Other major events	Stock
	Festival and holiday
	Restricted power supply for environmental protection
	Energy cost

Reference Factors in Demand Forecasting Model



Digital Intelligence Measures to Improve the Supply Ability

### Intelligent Application in Heat Demand-Supply Prediction

In 2023, we predicted heating demands based on the weather forecasts, building parameters and utilisation of devices to better guarantee the efficiency of energy heating in different weather conditions. We also introduced a terminal feedback correction mechanism to address the issues of oversupply and delayed adjustment, achieving fine management and energy conservation. In 2023, the mechanism was applied in 311 heating plants of 12 enterprises in Qingdao, Langfang and Luoyang, reducing the gas consumption in heating season per unit area by 1.09 Nm<sup>3</sup>/m<sup>2</sup> compared to the same period in 2022.

Faced with the pressure and challenges of winter gas supply, ENN Energy continues to improve the regular winter gas supply system and organisational management, further optimises and adjusts the organisation of winter operation safety work by extending the gas supply guarantee tasks from the ENN Energy Headquarter to regional companies, laying a solid organisational foundation. In 2023, ENN Energy established the *Snowfall and Cold Wave Control Work List for Companies in North China*, the *Winter Vehicle Technical Condition Checklist* and emergency plans, and conducted emergency drills to ensure the heating supply in winter.



### Mechanism and System to Ensure Safe and Stable LNG Supply during Winter

The safe transport and timely allocation of LNG is one of the greatest challenges during the peak LNG consumption in winter. We have established a detailed and sound regular work programme and emergency plan. In terms of daily work management, we clarified our daily work and management measures in advance, formulated a clear and specific division of labour, clarified an effective communication and collaboration mechanism, and regularly inspected our vehicles and equipment. In terms of emergency response management, we immediately sent out vehicles for delivery in advance to the downstream customers who might be at the risk of supply cut-off as soon as we were informed of the impending cold wave and chilly weather. During the cold wave periods, each functional department communicated in real time about the weather, road conditions, and demands forecast to safeguard the vehicle travelling safety and meet customers' energy needs. When heavy snowfall temporarily closed the highway, we promptly initiate pre-planned alternate routes to secure LNG supply.

# Occupational Health and Safety Management

ENN Energy is committed to ensure the occupational health and safety of all employees by adhering to the "People-Oriented, Safety First" approach. We set goals for safety management improvement and continuously monitor the occupational health and safety of our employees. At the same time, we continuously promote a safety culture among all employees, conduct safety education and training for staff, and establish a multi-level safety talent team from the headquarters to regional and member enterprise levels. We have formed a direct management mechanism for safety personnel, effectively enhancing our safety supervision capabilities and promoting the implementation of health and safety initiatives.



OHS management system



Multi-level Echelon of Safety Talents in Headquarters, Regional, and Member Companies

## The Statistics of Work-related Safety Accident

From 2021 to 2023, there were zero employee fatalities due to work-related safety accidents, and the fatality rate was also **zero**.

## OHS Measures

ENN Energy values each employee's occupational health and safety, closely analyses occupational health and safety hazards, and performs specific protection work for post safety in order to successfully protect employees' health and lives:

- Revise the *Regulations on the Administration of Work Safety*, and require all member companies to monitor occupational safety hazards in accordance with relevant laws and standards.
- Conduct routine physical examination for all employees and provide employees with special protective articles and appliances that meet national and industrial standards based on the types and intensity of occupational hazards they face.
- Carry out education and supervision to ensure that employees correctly wear and use personal special protective equipment and supervise the provision of protective equipment for different positions and individuals in accordance with the *Operation Guidance Manual* and the *Configuration Standards for Operation and Repair Equipment* every quarter.

**100%**  
Employee regular physical examination rate

**0**  
Number of occupational diseases

**837**  
Full-time safety managers

**76**  
member companies acquired the occupational health and safety (ISO 45001) certification, with 14 of new member companies received the certification in 2023

## Safety Capacity Building

ENN Energy is dedicated to advancing the company's safety team building and enhancing safety management standards through a comprehensive safety training programme. We have introduced the "Safety and Intelligence" training initiative for employees who are interested in joining the future mid-to-senior safety management ranks, as well as training for hazard identification engineers. Additionally, we offer online safety training for all employees, such as "Understanding intelligent Safety in Seconds" and "Essential Safety Knowledge and Skills," to foster a safety culture that involves the participation of every team member.

## Safety Training Performance

- 427,697** Person-times Total safety training
- 8,230** Person-times Safety training for general manager level
- 10,968** Person-times Safety training for safety management personnel
- 408,499** Person-times Safety training for employees
- 100%** Proportion of people receiving safety training to the total number of employees



## The Statistics of Work-related Safety Accident

- 0** Number of work-related fatalities
- 0%** Percentage of employees killed in work-related accidents
- 27** Number of work-related injuries
- 0.08%** Work-related injury rate (excluding deaths)
- 11,444** Lost hours due to work-related injuries
- 1,431** Lost days due to work-related injuries
- 0.40** Work-related Accident Rate Per Million Working Hours<sup>7</sup>
- 0.79** Total recordable incident rate (per thousand employees)<sup>8</sup>

<sup>7</sup> Work-related Accident Rate Per Million Working Hours = number of work-related incidents / actual total working hours \* 1000000

<sup>8</sup> Total recordable incident rate (per thousand employees) = 1000 \* number of work-related incidents / total number of employees

# Value Chain Safety Management

While pursuing our own digital intelligence transformation in safety, ENN Energy collaborates with customers, contractors, and other partners to actively promote upstream and downstream safety management of the value chain, as well as the construction of smart and safe cities.



## Customer Safety Management

ENN Energy is committed to addressing customers' needs for a safe and healthy lifestyle. To that end, we perform customer-specific hidden hazard management measures, encourage the use of digital intelligence safety products, and cultivate the safety culture in order to protect the livelihood of city-gas customers.

### Customer Hidden Hazard Measures

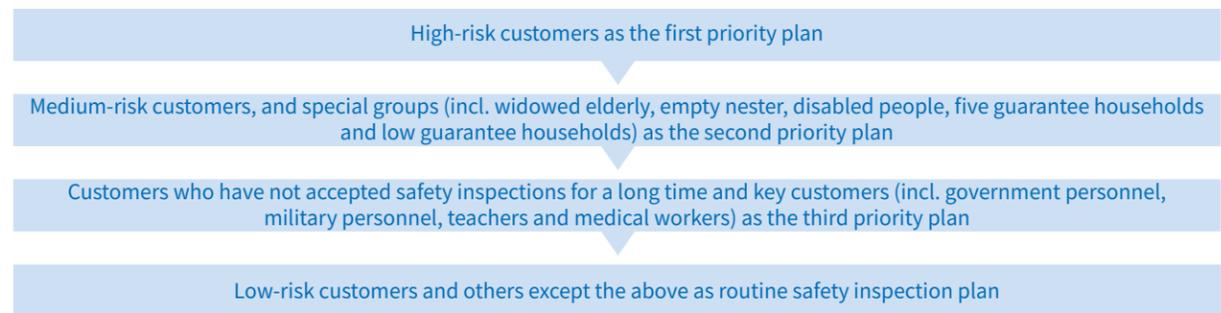
In terms of hidden hazard management measures for residential customers, we investigated and corrected major hidden hazards and indoor risks in compliance with safety management regulations. In 2023, targeting hazards that are widely involved and pose a higher risk to residential households, we carried out "All Clear" management, under which, we established a hidden hazard management and supervision mechanism, sorted out key areas and enterprises, coordinated organisational system data with on-site hidden hazard treatment, and regularly reported the risk indications. Meanwhile, we clarified the baseline for safety assessment, and regularly investigated on long-term unoccupied households, with an actual indoor safety inspection rate of 96.6%, and a rectification rate for level 1 hidden hazard of gas leakage of 100%.

In terms of industrial and commercial customers, we thoroughly implemented the 100-day Campaign for city-gas safety rectification and addressed hidden hazards for industrial and commercial customers to ensure their safety. In addition, we have designed a quantitative risk model for gas industrial and commercial customers and IE customers, which could provide intelligent warning of customer metre anomalies and measurement distortions, to safeguard the gas safety for commercial customers from the source.

### Digital Intelligence Products for Indoor Safety Management

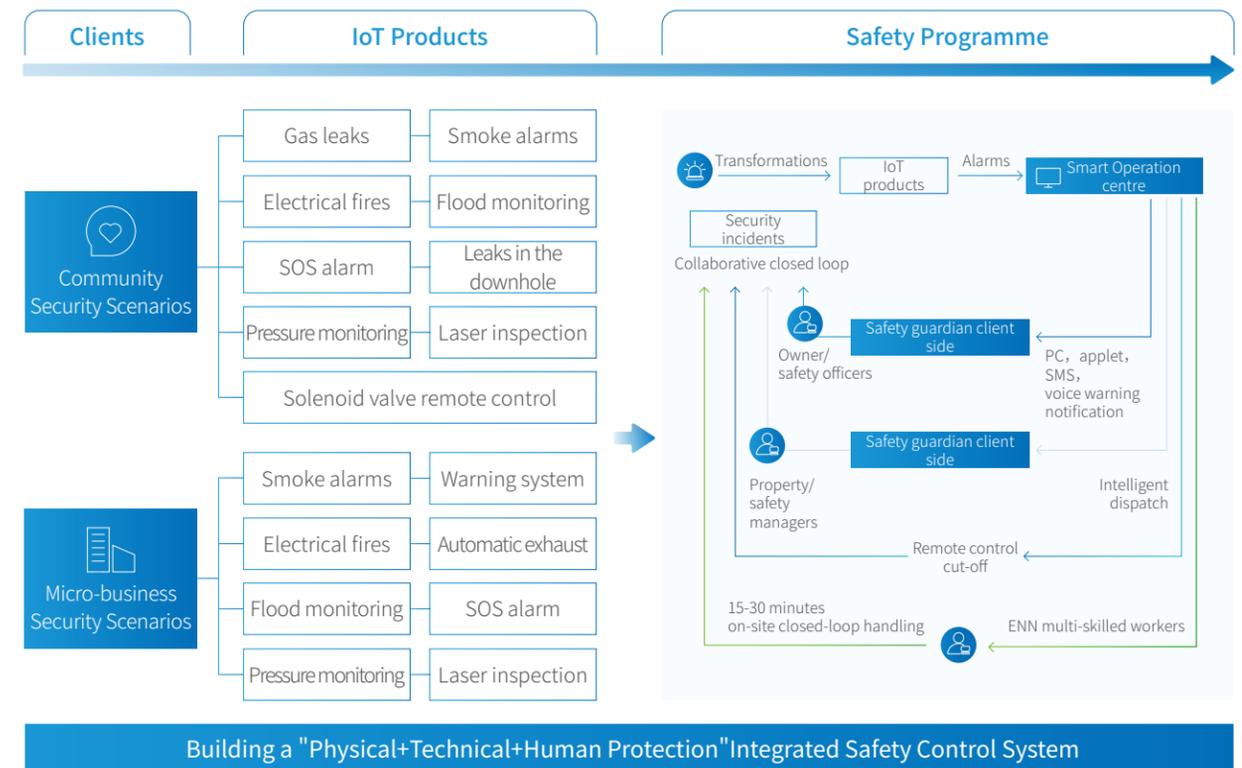
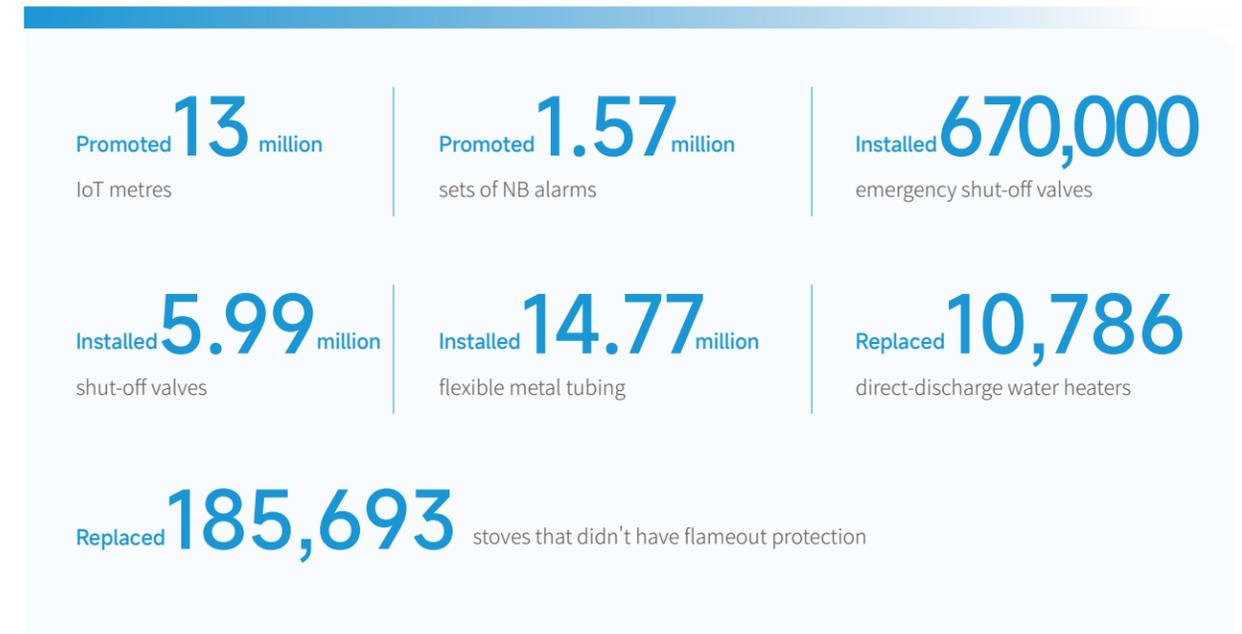
ENN Energy has developed and upgraded digital intelligence safety products, and established the risk level algorithm model. We have developed the indoor risk management map, which can accurately realise the functions of indoor risk prediction, early warning, pre-control, prevention, and intelligent emergency response. We utilise digital intelligence tools to evaluate customer risks, define the priority strategy of indoor safety inspection, and carry out four levels of risk identification for government, enterprises, districts, and communities using the indoor safety risk management map tools.

In 2023, we completed the demand confirmation, technology evaluation, function development and trial for safety products such as high-level "indoor gas alarm + shut-off valve + linkage box" and residential AI safety valves, to continuously diversify the types of indoor intelligent safety products.



Priority Strategy of Indoor Safety Inspection

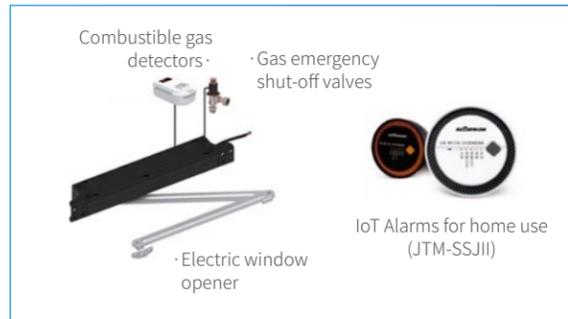
ENN Energy actively promotes IoT products such as shut-off valves, flexible metal tubing, gas-burning appliances with flameout protection, and digital intelligence safety application technologies. It has implemented a variety of emergency connectivity functions, including leakage alarm, intelligent window alarm linkage. Once an accident occurs, it is notified on the intelligent IoT platform, which then provides alert services to customers via SMS, voice message, external calls, WeChat mini-programme notification, etc., and instantly dispatches emergency personnel in various forms, to timely rush to the accident site for emergency response.



### Indoor IoT Alarm Facilities for Indoor Gas Safety



In 2023, the indoor IoT alarm device promoted by ENN Energy can monitor the gas concentration in the user's homes. If the gas concentration reaches the minimum threshold, the device will send an alert to the IoT platform and simultaneously notify the customer's mobile phone. The intelligent dispatch system will immediately notify the nearest patrol inspectors to provide on-site service. This system reduces the need for manual order creation and dispatching, enabling the timely detection of gas leaks and rapid, and professional response and handling.



Indoor IoT Alarm Device

### Publicise Safety Culture

ENN Energy consistently engages in safety culture publicity efforts to raise users' awareness of safe gas usage. Member companies go deep into the front line and use various methods such as training, on-site demonstration, drills, display boards, as well as WeChat public accounts and video channels to publicise knowledge about the use of gas to users. We also publish gas safety promotional videos, introduce tips for saving gas, and comprehensively improve users' awareness of safe gas usage.

### ENN Energy "Seven Scenario" Safety Publicity Activities



In 2023, we continued to carry out the "Seven Scenario" advocacy activities of gas safety (into enterprises, into campuses, into government agencies, into communities, into rural areas, into households, and into public places) across the country, aiming to increase the awareness of local residents regarding gas safety.



Seven Scenario Activities

Held **3,986**

Seven Scenario Safety Publicity Activities

Conducted **125**

drills

Finished **170**

training sessions

Produced **87**

safety awareness boards

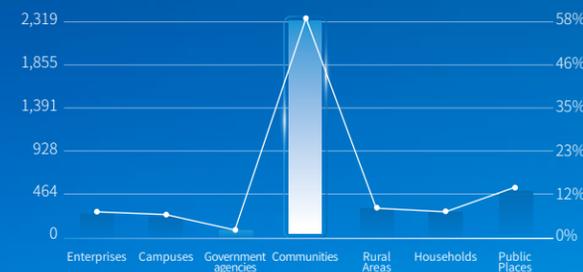
Conducted **3,553**

on-site publicity activities

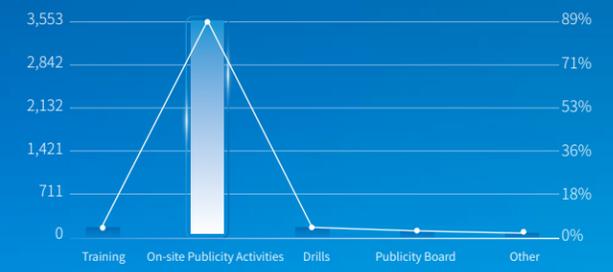
Carried out **51**

other forms of publicity activities

#### Scenario



#### Publicity Methods



Seven Scenario Safety Publicity Activities

## Contractor Safety Management

Contractor safety management is essential to supporting the safety and reliability of the Company's value chain. ENN Energy attaches great importance to health and safety of its contractors and has established a robust contractor safety management system:

- Incorporate occupational and health safety standards into the procurement contract during the bidding process, and require contractors to sign the *Health, Safety and Environment (HSE) Agreements*.
- Regularly evaluate contractors' safety performance and safety risks, and implement dynamic management.
- Conduct safety training for contractors to continuously improve their safety management.

0

Case of work-related fatalities

0

Contractor's major work-related accident rate

### Safety Training and Education Conference for Contractors



We actively organised a safety training and education conference for contractors, which involved supervisors, construction units, pipeline crack detection units. The conference promoted the concept of "the first lesson of safety", requiring contractors to implement the responsibility of safety and protection, ensure the safety and reliability of construction equipment and protective gear, and realise the closed-loop management of dangerous operations in the visualisation system.



Safety Training and Education Conference for Contractors



#### Release regulations

Issue management measures to standardise the management of contractors' construction project suspension and resumption, to ensure construction safety



#### Bidding access

Prevent contractors that have safety and quality accidents during the year from bidding



#### Before-duty certification

Organise supervisors to participate in competency certification, and conduct before-duty certification for key types of work of the construction unit



#### Personnel records

Use the digital danger indication system for personnel information records and certificate validity management, to improve the management of personnel information for key types of work



#### System improvement

Consistently improve the contractor management system to enhance the efficiency of safety management



#### Contracted transporters safety assessment

- Conduct safety assessment of contracted transporters from qualification compliance, safety system, safety of drivers and supercargoes, vehicle safety, and trip safety
- Conduct dynamic hierarchical management of contracted transporters and safety re-evaluations during different periods



#### Management of man-made hidden hazards

- Formulate the *Measures for the Supervision and Management of the High-risk "Three Violations" by Contracted Transporters in the National Transportation Coordination Department*, and include "smoking, using electronic equipment, speeding, and blocking the camera" into the monthly safety KPI for contracted transporters
- Collaboratively develop the National Intelligent Vehicle Monitoring Platform, an intelligent safety product, which triggers alarms in case of speeding and high-risk driving behaviour of contracted transporters quickly and efficiently, so as to promptly manage and penalise such contracted transporters



#### Vehicle safety hazard

- Organise joint inspection of regional vehicles of contracted transporters, and conduct spot checks on vehicle safety hazards



#### Contracted transporters safety training

- Conduct special safety technical training
- Conduct special safety training for key positions in collaboration with external partners
- Host workshop to improve the safety capability of contracted transporters

# 03 Building a Low-carbon and Green Home through Digital Intelligence

Remaining steadfast to our mission of "Building a Modern Energy System, Co-building a Better Ecology", ENN Energy actively fulfils our corporate responsibilities, and integrates green development into our operations and businesses scenarios. ENN Energy seizes the opportunity of national low-carbon strategy, providing customers with lower-carbon and cleaner products and services while transforming into a low-carbon business. We strengthen environmental management, value biodiversity conservation, and work hand in hand with our ecological partners to build a green home.



### Material ESG issues responded in this chapter

- Emissions of Pollutants
- Resources and Energy Conservation
- Biodiversity Protection
- Product R&D and Innovation
- Waste Recycling
- Climate Change
- Customer Service
- Protection of the Rights and Interests of Indigenous Residents at Operation Sites

### HKEX ESG indicators involved in this chapter

- A1 Emissions
- A2 Use of Resources
- A3 The Environment and Natural Resources
- A4 Climate Change
- B6 Product Responsibility

### UN SDGs responded in this chapter



## Climate Change Action

To effectively address climate change, ENN Energy actively responds to national strategies and sets our own strategic objectives. With reference to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD)<sup>9</sup>, we analyse and assess the climate-related risks and opportunities and formulate a series of targeted measures to strengthen the Company's ability to tackle with climate change and strengthen climate resilience.

**As for governance**, the Company has built and continuously refines the climate governance structure, and integrates the relevant indicators into the remuneration system of the management and all business teams, to effectively address the risks and opportunities of climate change.

**As for strategy**, we have issued Decarbonisation Action 2030 Plan, which outlines our plans to implement six major emission reduction actions in the areas of city-gas methane management, low-carbon trade and transport, energy structure transformation of IE service business, system energy efficiency improvement, green technology application, and green office, as part of our efforts to achieve the Company's short- and medium-term carbon reduction targets for 2030 and the long-term target for 2050.

**As for risk management**, we engaged a professional third-party team to assist us to identify and sort out 40 climate-related risks and opportunities, including 10 physical risks, 14 transition risks and 16 climate-related opportunities, conducting in-depth climate scenarios and quantitative analysis on seven of them.

**As for metric and targets**, we have set tracking indicators and goals for physical risks, transition risks to monitor and manage climate-related risks, also for climate-related opportunities and capital utilisation. We aim to reduce the adverse climate-risk related impacts on business operations in a timely manner, while actively seizing the market opportunities under the low-carbon transition.

In order to effectively respond to the risks and opportunities of climate change, we have set up specific monitoring indicators in conjunction with our business, and we are constantly exploring the combination of low-carbon green initiatives with specific business scenarios of various types, focusing on energy and carbon management, and taking multiple measures.

Indicators	Corresponding risks/opportunities	Monitoring indicators	Unit	2023	Completion Status in 2023
Physical risks	Average temperatures rise: Rising average temperatures lead to lower demand for natural gas in winter, reducing revenues from natural gas operations.	Revenue from retail natural gas business	billion RMB	60.61	
		Proportion of revenue from retail natural gas business out of total revenue	%	53.2	/
Transition risks	Political and legal risks (energy structure transition): The "Dual-Carbon" policy promotes the transition of the energy structure, and the proportion of non-fossil energy sources such as wind, solar, hydro, nuclear energy and biomass is increasing. In the long run, the proportion of natural gas in the energy structure will decrease, which may affect the revenue and sustainable operation of the natural gas-related business of ENN Energy.	Total revenue from natural gas-related businesses	billion RMB	90.31	
		Revenue of low-carbon business/ Revenue of gas-related business	%	16.1	/
Climate Related Opportunities	Product/Service opportunity (IE business): IE business provides renewable energy services to meet the emission reduction needs of downstream industrial customers (factories, industrial parks) and to increase revenue.	Proportion of renewable energy in energy supply of IE business	%	21	21% achieved, additional 15% increase in energy supply is required to reach 2030 target
Capital Utilisation	/	Investment in low-carbon projects	billion RMB	7.44	
		Investment in technology R&D	billion RMB	1.07	/
		Investment in intelligent IE	billion RMB	1.97	
		Investment in safety operations	billion RMB	1.43	

<sup>9</sup> Task Force on Climate-Related Financial Disclosure (TCFD), Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

As of the end of reporting period, ENN Energy has drawn up corresponding response measures for city-gas, IE, and office scenarios in response to the impact of climate change:

- Use digital intelligence systems to improve operational efficiency management and reduce the operational carbon emission per unit.
- Apply renewable energy and carbon reduction technologies in IE business and provide customers with diverse low-carbon energy solutions.
- Conduct methane emission control in city-gas business scenarios, including the actual measurement of methane emission data, emission testing carried out around the replacement of civil user ventilation and municipal pipeline ventilation, and the exchange of emission control means with peers.
- Encourage member companies to conduct green and energy saving reconstruction of office buildings, and use renewable energies to reduce average office energy consumption.

For more details, see the TCFD section of this report and ENN Energy's TCFD Report 2022.

### Digital Intelligence Low-carbon Services

ENN Energy upgraded the intelligent operation and management, assisting customers in energy saving and carbon reduction through energy consumption tracking and smart forecasting, as well as digital transformation of equipment and processes, which empowered all parties in the industrial ecosystem to achieve energy efficiency improvement and low-carbon transformation. ENN Energy pioneered the concept of IE, fully leveraging the advantages of the integration of "load-source-grid-storage", assisting customers in upgrading their energy systems in a low-carbon and intelligent way. In 2023, we witnessed a significant increase in the environmental and energy benefits of IE business compared to 2022, which is mainly reflected in the following:

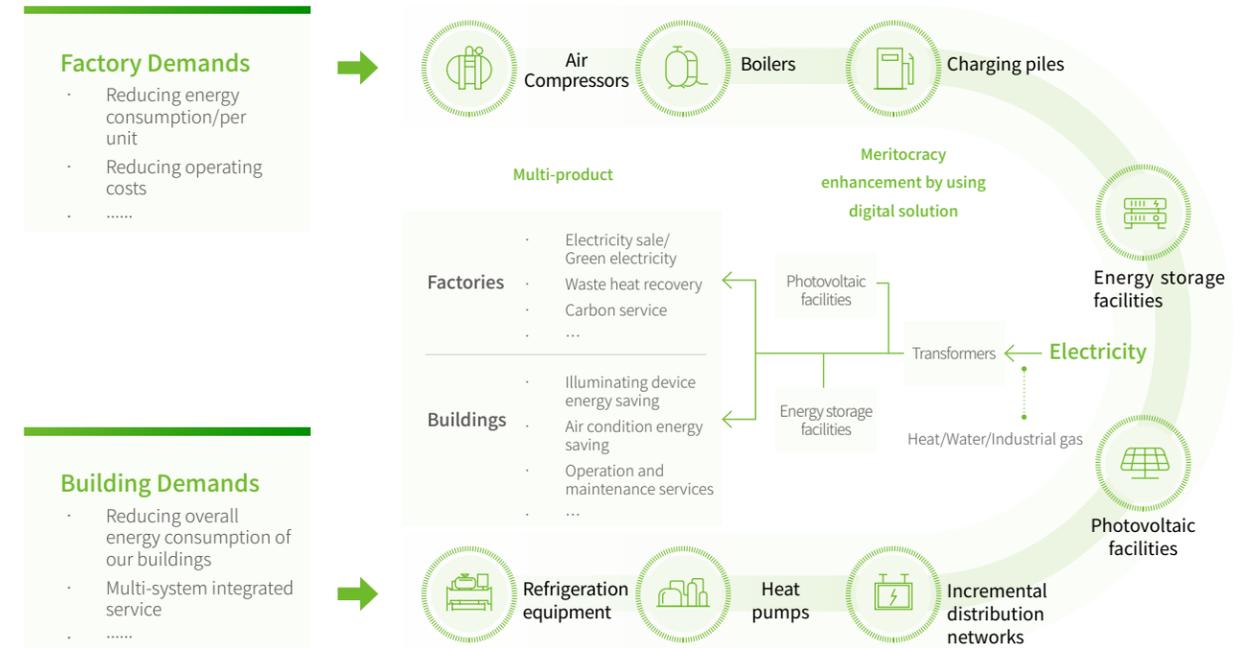
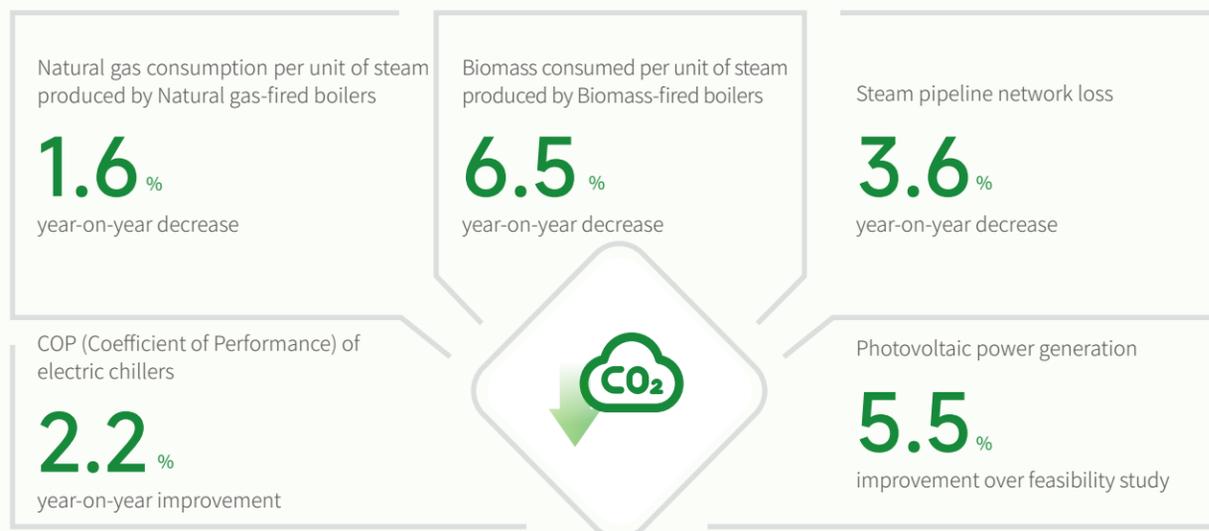
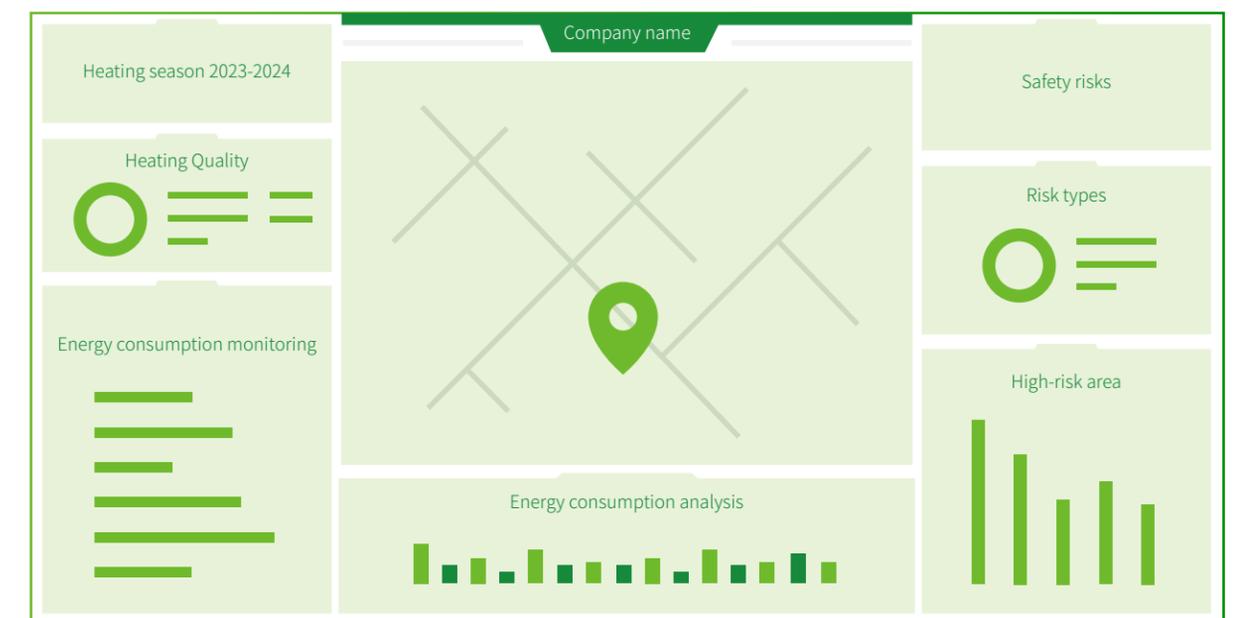


Illustration of "Load, Source, Grid and Storage"

### Digital Intelligence Cloud-Edge Group Control Platform

Through Digital Intelligence Cloud-Edge Group Control Platform, ENN Energy supports customers to achieve the digitalization and intelligence of energy consumption operation and management and helps customers achieve energy conservation and higher efficiency.

This project can save more than 500 tonnes of standard coal annually, reduce carbon emissions by 489 tonnes annually, and save more than RMB1.95 million annually.



Digital Intelligence Cloud-Edge Group Control Platform

## Methane Emission Control

ENN Energy attaches great importance to methane management and takes methane emissions control as an important task to realise the Company's 2050 net-zero emissions target. ENN Energy participated in the 2024 Annual Work Seminar of the Chinese Oil and Gas Enterprise Methane Emission Control Alliance, where we exchanged information with Alliance members about the proceedings of the 28<sup>th</sup> United Nations Climate Change Conference, discussed the work plan for 2024, and shared the leading technologies of methane emission control in the industry.

In 2023, ENN Energy, in collaboration with China University of Petroleum (East China), carried out methane emission testing for typical city-gate stations (city-gate stations, storage and distribution stations, co-construction stations of city-gate stations and storage and distribution stations, etc.) and providing guidance for the Company's subsequent emission reduction work.

### BOG<sup>10</sup> Recover Volume

**22.48** million cubic metres



## Low-carbon Energy Applications

Based on customers' actual situation, ENN Energy develops smart energy services, and utilises solar energy, wind energy, biomass energy, geothermal energy and other low-carbon energy to meet customers' demand. We develop an IE System with multi-energy sources complementarity, and assist customers in upgradation of their energy systems towards greener and smarter.

### Integrated Solutions of Microgrid in IE practices

ENN Energy actively promotes the energy-carbon intelligent transformation and cluster development in small and micro enterprise aggregation areas, launching the IE microgrid business for small and micro enterprises according to local conditions.

#### Industrial Park IE Project in Huai'an



Based on the industrial development situation and demands, ENN Energy has cooperated in depth with the industrial park, made overall planning and long-term deployment, and invested in the distribution facilities of Huangma Port and Smart Logistics Port to meet the electricity demands of port power, warehouse and transportation, and information service. The project, with the construction of distributed photovoltaic 5 MW, energy storage facilities 0.5 /1MWh, supports the safe and stable operation capacity distribution, forming an IE microgrid that integrates the "Load-Source-Grid-Storage".



Conceptual view of the Industrial Park

<sup>10</sup> BOG (Boil Off Gas) It is the LNG volatile gas inevitably produced in LNG production, storage, transportation and use.

## PV Application

To help our customers make the most of their energy economic benefits while increasing their use of renewable energy, energy conservation, and emission reduction, ENN Energy offers solar PV solutions backed by digital intelligence.

**2,000+** MW

Annual cumulative contractual amount

**1,238** MW

Evaluated investment capacity

**688** MW

In construction & grid-connected capacity

**255,740** MWh

Current self-generation and consumption of household PV

**2** %

Current coverage of self-built distributed PV

**25** million

Total investment in self-built distributed PV

#### 12MW Distributed PV Project in Automobile Industrial Park



To support the energy consumption and carbon reduction needs of the automobile plant, ENN Energy has developed a distributed PV project, the installed capacity of the project is 12MW, which adopts the "self-generate and self-use, then the rest sale on-grid" mode. The project reached an estimated annual power generation of 14.4 million kWh and an annual reduction of carbon emissions of 10,100 tonnes.



12MW Distributed PV Project

## Energy Storage Application

To supplement power distribution networks and flexible energy storage, ENN Energy expanded investment in energy storage facilities in 2023 and stepped-up infrastructure building for our energy storage projects. The Company has increased the ability to absorb renewable energy and has pushed for the spread of low-carbon energy transformation by adopting new regional power systems based on the "Clean Energy + Energy Storage" pattern.

**160** MWh

Annual cumulative contractual amount

**140** MWh

Evaluated investment capacity

**45** MWh

In construction & interconnected capacity

### Bengbu Tongling Incremental Distribution Network Energy Storage Project



Bengbu Tongling Energy Storage Project integrates the energy storage station, the distributed PV power station and the 35kV intelligent transmission and transformation station. When the PV power generation is substantial, the excess energy is stored and achieve the integration of consumption and supply. With an installed capacity of 2.6MW/5.2MWh, the plant is expected to discharge 3.2 million kWh in the first year and is expected to reduce carbon emissions by 2,251.2 tonnes per year.



Energy Storage Project

### Biomass Application

ENN Energy makes full use of the biomass resources in the project site, adapting to the local conditions, providing customers with innovative low-carbon energy solutions and achieving the reuse of biomass.

18

Number of biomass projects

583 MW

Installed capacity

1.3 million

tonnes of steam energy supply/year

### Guangxi Yizhou Economic Development Zone Biomass Heating Project



ENN Energy uses local agricultural and forestry waste as the fuel to build a biomass energy station. The project not only provides low-carbon steam for enterprises in the park, but also avoids environmental pollution caused by open burning of biomass. In 2023, the project has supplied steam to 15 enterprises in the park, with an annual steam supply of 165,000 tonnes. Compared with natural gas boiler heating, it can reduce the energy costs of each customer by more than 40%. Compared with coal-fired boiler heating, it can reduce the carbon emissions per tonne of steam produced by 349kg, and the annual carbon reduction can reach 56,600 tonnes.

### Energy and Carbon Integrated Solutions

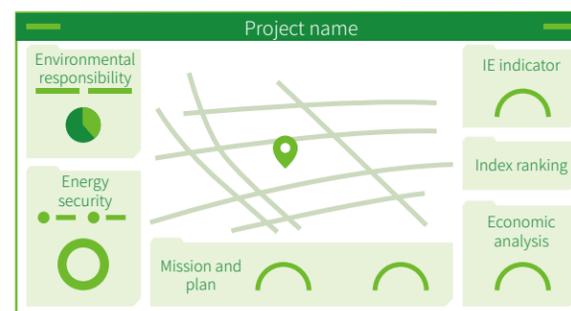
ENN Energy focuses on energy carbon emission scenarios , deeply integrates digital and energy technologies rely on the application of a digital intelligent platform. By leveraging data intelligence, we significantly enhance energy efficiency and help users achieve their energy-saving and carbon reduction goals.

### IE Network Project in Yuhang, Hangzhou



ENN Energy has developed an energy system based on "Gas Turbine + Waste Heat Boiler" and complemented by various low-carbon energy sources such as solar energy in Hangzhou. Moreover, ENN Energy has set up an IE network platform to provide data support for energy operation scheduling and trading, enhance the transparency of users' energy consumption data, and improve users' experience of energy use and willingness to participate in energy saving.

The project can save 234.3 tonnes of standard coal and reduce 176.7 tonnes of carbon emissions, 714.4 tonnes of SO<sub>2</sub> emissions and 215.7 tonnes of NO<sub>x</sub> emissions every year. The energy efficiency of equipment can exceed 95%.



Yuhang Economic Development Zone Carbon Platform

### Innovative Technology

#### Recycled Biogas Utilisation Project in Luoyang



1,500 tonnes of domestic waste are disposed daily with an annual disposal capacity of over 550,000 tonnes and an annual electricity generation of over 200 million kWh.

ENN Energy worked with business partners to invest in the construction of desulphurisation, purification and pressurisation devices and pipeline networks. We purified the biogas (about 2 million m<sup>3</sup>/year), which was produced during the waste storage, into product gas. We supplied biogas for downstream users by incorporating biogas into our gas pipeline network, to achieve an efficient and clean utilisation of energy. The Company can increase annual revenue by about RMB3 million through selling biogas and reduce carbon dioxide emissions by about 72,574 tonnes compared with direct biogas emissions.

Biogas attributed carbon negative property after purification and refinement, which can alleviate environmental pressures in project areas, improve environmental conditions.



Conceptual view of the Industrial Park

### Administrative Office Low-Carbon Revolution

To achieve the Company's energy-saving and carbon reduction goals in daily administrative office scenarios, ENN Energy continues to promote the low-carbon transformation of office buildings and operational vehicles. In 2023, we have carried out PV power generation projects on our self-owned buildings in various regions including Henan, Shandong, Jiangsu, Fujian, Shanghai, Zhejiang, and Hebei, and have been continuously increasing the proportion of new energy vehicles among our own vehicles.

► By 2025  
Increase the percentage of PV power generation to 5% of the total power consumption of ENN Energy's office buildings

► Progress in 2023  
4.4 %

◀ By 2025  
Reduce the energy consumption per unit area of ENN Energy's office buildings by 10%

◀ Progress in 2023  
11.2%



► Progress in 2023  
60%

► By 2025  
Replace 50% of ENN Energy's office vehicles<sup>11</sup> with renewable vehicles

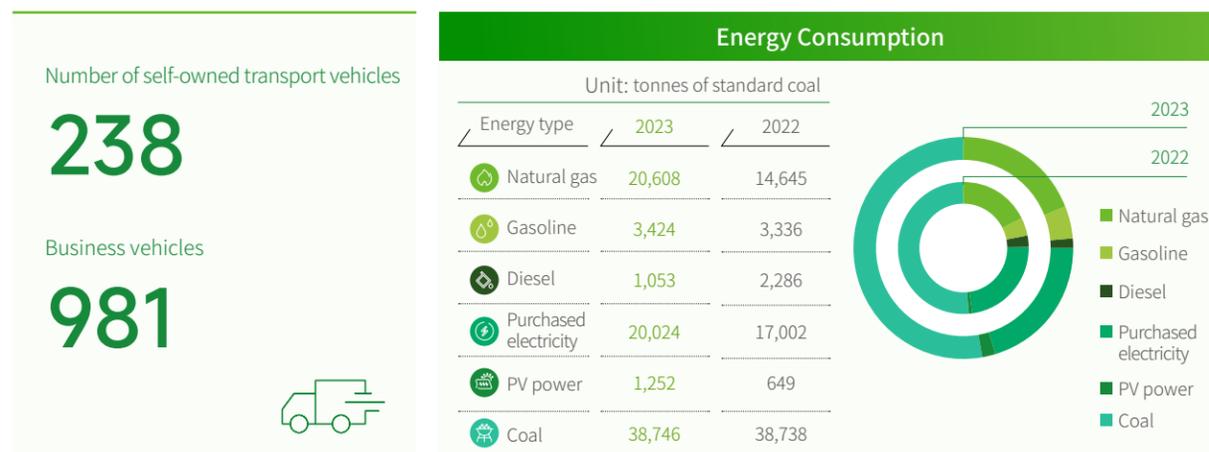
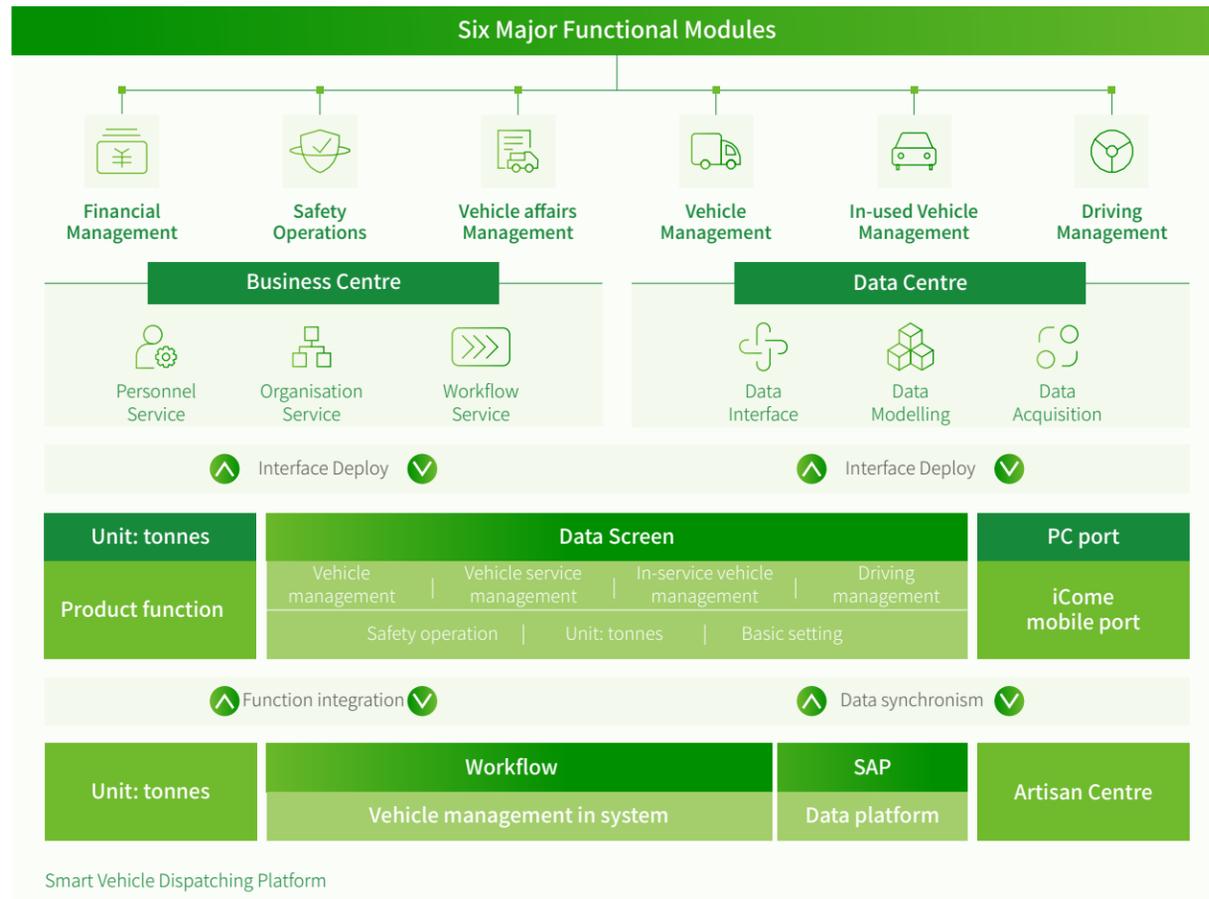
◀ Progress in 2023  
100%

◀ By 2025  
Achieve 100% use of gas-powered vehicles for transport vehicles

<sup>11</sup> Office vehicles include employee shuttles, park shuttles and patrol vehicles.

### Application of New Energy Vehicles

ENN Energy is committed to the replacement of traditional fuel vehicles with new energy vehicles. This year, ENN Energy has disposed of 66 old fuel-powered vehicles and added 22 new energy vehicles, reducing the energy consumption and carbon emissions of the fleet. We have leveraged digital intelligence technologies to develop the Smart Vehicle Dispatching Platform, which enables comprehensive management of vehicle procurement, usage, and maintenance, significantly improving vehicle management and operational efficiency.



Greenhouse Gas Emission					
Total GHG emissions (Scopes 1 and 2) <sup>12</sup>					
	Emission amount Unit: tonnes of CO <sub>2</sub> e	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales		
2023	234,300.94	2,057.83	6,968.89		
2022	230,040.37	2,090.31	7,035.52		
GHG emission (Scope 1) <sup>13</sup>					
	Emission amount Unit: Tonnes of CO <sub>2</sub> e	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales		
2023	141,381.27	1,241.73	4,205.15		
2022	136,247.47	1,238.04	4,166.97		
Indirect GHG emission (Scope 2)					
	Emission amount Unit: Tonnes of CO <sub>2</sub> e	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	Emission intensity Unit: Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales		
2023	92,919.67	816.10	2,763.74		
2022	93,792.90	852.27	2,868.55		
Indirect GHG emission (Scope 3)					
	1a. Purchased goods and services Unit: Tonnes of CO <sub>2</sub> e	3. Fuel- and energy-related activities (upstream) Unit: Tonnes of CO <sub>2</sub> e	4. Upstream transportation and distribution Unit: Tonnes of CO <sub>2</sub> e		
2023	9,305,512.03	200,994.58	1,434,127.10		
2022	8,267,096.91	179,265.00	1,363,675.67		
	11. Use of sold products Unit: Tonnes of CO <sub>2</sub> e	Others Unit: Tonnes of CO <sub>2</sub> e			
2023	49,112,373.40	219,203.02			
2022	50,760,819.22	236,375.35			

<sup>12</sup> Scope 1 and 2 refer to NDRC's "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises" and ISO 14064-1 "Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals". Scope 3 calculation mainly refers to the GHG Protocol, the Ministry of Ecology and Environment "Enterprise Greenhouse Gas Emission Reporting Verification Guide".

<sup>13</sup> The main source of the coefficient used in the calculation of greenhouse gas emissions is the default value of common fossil fuel characteristic parameters in Appendix II of "Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for China's Oil and Gas Production Enterprises (Trial)" issued by the NDRC.

# Fulfilling Green Operation Responsibility

ENN Energy has always adhered to the concepts of "Environmental Protection" and "Green" principles, strengthening management efforts in the areas of environmental conservation and the efficient use of resources. ENN Energy has established a comprehensive environmental management system, systematically carrying out environmental protection work throughout the entire process, in order to comply with national and local environmental policies.

14

Number of new ISO 14001-certified member companies during the year

76

Cumulative number of ISO 14001-certified member companies

## Projects Environmental Management

As part of our efforts to comply with the *Environmental Protection Law of the People's Republic of China* and other environmental management laws and regulations, ENN Energy has developed Measures for Civilised Construction Management and other internal management rules, and refined its efforts to establish a comprehensive environmental management system.

ENN Energy conducts comprehensive environmental risk control throughout the entire process of design, construction, and operation, fully considering the scope and extent of the impact on the environment. ENN Energy takes appropriate preventive and response measures against various potential environmental risks. At the same time, relying on the Company's digital technology, we carry out comprehensive environmental monitoring for projects to enhance the timeliness of environmental supervision.

### Project Preparation Stage

### Project Construction Stage

### Project Operation Stage

In this stage, ENN Energy proactively conducts research on environmental protection plans for projects, analyses the current environmental quality of the project areas, identifies ecological and environmental factors, and conducts a comprehensive environmental assessment of the atmospheric, aquatic, acoustic, and edaphic environments, and formulates the environmental protection plans to cope with possible environment impacts.

ENN Energy uses digital technology to conduct comprehensive environmental monitoring, accurately identify air pollutants, noise, wastewater, waste, ecological impact, and other environmental risks, and implement effective management measures, adhering to the principle of maximising resource savings and minimising negative environmental impact under the premise of quality and safety assurance.



- Close-door or isolated construction areas.
- Harden main roads and adopt dust-proof measures such as covering, curing, greening, watering, and vehicle washing.
- Use construction machinery and vehicles in accordance with the air pollutant emission standards.



- Set up noise monitoring points to dynamically monitor the acoustic environment.
- Select and use low-noise mechanical equipment, and add soundproof devices to high-noise equipment.
- Rationally schedule the working hours of construction machinery, and ensure high-noise operation activities are conducted during time slots that do not affect the society.



- Establish a drainage ditch and sewage test mechanism to ensure that the domestic sewage discharge and the production wastewater discharge meet the national standards.
- Only discharge production sewage after treatment up to standard.
- Recycle and use part of the wastewater for watering and dust reduction at construction sites.



- Comply with the principles of "reduction," "recycling," and "harmless treatment".
- Hazardous waste: Designate special storage areas, implement anti-seepage measures, and commission authorised third-party agencies to conduct centralised harmless treatment.
- Non-hazardous waste: Recycle or reuse recyclable construction and domestic waste; sort and clear unusable waste and then store them at the designated site, and dispose regularly.



- Avoid damaging vegetation and trees, relocate vegetation and conduct compensatory planting.
- Prevent damage to bird habitats.

ENN Energy has formulated comprehensive environmental protection measures at this stage to mitigate environmental impacts.

#### Non-hazardous waste

Food waste: Dedicated personnel collect the waste, arrange them according to the applicable criteria, and then transfer them to an authorised third-party organisation for disposal.

Domestic and office waste: Everyday, at predetermined times, dedicated personnel bring them to the waste transfer station in the office area, where they are sent to the local public utilities management department for disposal.

#### Hazardous waste

Sort and centrally collect hazardous waste and transfer it to a qualified agency for unified recovery and disposal.



## Jiangsu Reclaimed Water Project



Jiangsu Shuangmin Gas relies on the IE station to innovate the reclaimed and soften aquatic products business and build a water-saving supply chain. We used the existing steam pipe network routing, constructed soften water pipe network transportation system. When the reclaimed water is generated by sewage treatment plant and processed by RO reverse osmosis water treatment, the water will be deployed to the downstream printing and dyeing enterprises. This year, the total water treatment capacity of the project is 80,000 tonnes.



Reclaimed Water Pump

## Office Environment Management

ENN Energy actively implements energy conservation and carbon reduction measures and takes "Green office" actions such as paperless office and water conservation. The Company also enhances employees' environmental awareness by putting up low-carbon signs to establish a low-carbon office atmosphere for all staff.

### Paperless Office

ENN Energy digitised and stored its archives online by scanning physical archives, providing the foundation for a paperless office.



## Water Resources Management

The water of ENN Energy mainly comes from municipal tap water, and there is no problem in obtaining suitable water sources. ENN Energy has taken many proactive steps to establish water conservation practices, to improve the water efficiency, by conducting a variety of water-saving measures.



Regular maintenance of water-use and water-supply equipments, etc. to reduce water waste due to leakage problems.

Application of rainwater reuse systems and reclaimed water equipment to reuse the water resources.

**200,000** tonnes

Annual processed reclaimed water

## Environmental Awareness Enhancement

To raise employees' attention to low-carbon and environmental protection, we redesigned and promoted low-carbon and environmental protection labels across all units of the Company.

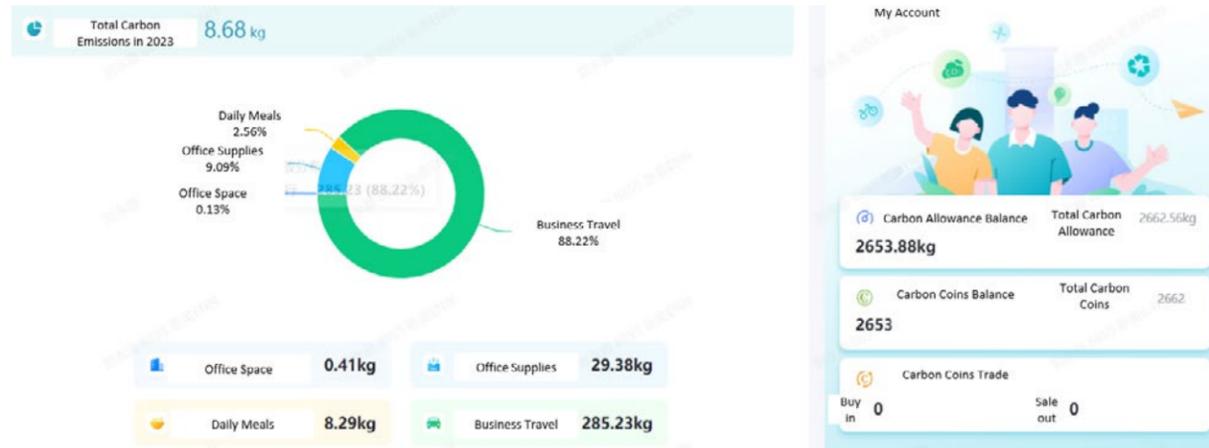
**100** %

Coverage of environmental labels distributed in office venues



Low-carbon and environmental protection labels

This year, ENN Energy have promoted the low-carbon office system internally, which covers four major daily office scenarios: office space, business travel, office supplies and daily meals. Using E-Carbon Pass System and personal account, we accurately calculate the carbon footprint of employees and issue employee's carbon coins which will encourage and promote internal carbon trading to stimulate employees' self-motivation to reduce carbon emissions.



Employee's Carbon Account

**Focus on major office scenarios**

Daily meals
Office space
Business travel
Office supplies

★ The baseline values of the various emission scenarios were accumulated to form the **individual carbon account** for the year 2023.

★ **2023 Total annual emissions** Individual carbon accounts\* Total number of employees of the Company

**Open Carbon Account**

After the campaign starts, employees will be noticed to open a carbon account within the iCome and will be assigned carbon emission allowances.

**Establish Carbon Market**

Employees who have opened a carbon account can log in to the carbon market through iCome to check the current carbon price and trading situation.

**Conduct Carbon Trading**

Employees can purchase carbon allowances by themselves in the carbon market or through market-mediated transactions.

**Supervision and Audit**

We track employees' participation in low-carbon offices and transactions, and conduct real-time early warning and correction.



E-Carbon Pass Platform and individual carbon account

## Biodiversity Protection

### Laws and regulations

- ▶ Environmental Protection Law of the People's Republic of China
- ▶ Atmospheric Pollution Prevention and Control Law of the People's Republic of China
- ▶ Water Pollution Prevention and Control Law of the People's Republic of China
- ▶ Soil Pollution Prevention and Control Law of the People's Republic of China
- ▶ Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes
- ▶ Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise

### Internal policies and systems

- ▶ Civilised Construction Management Measures
- ▶ HSE Policy of ENN Energy Holdings Co., Ltd
- ▶ ENN Energy Holdings Limited Sustainable Development Policy
- ▶ ENN Energy Holdings Limited Biodiversity Protection Policy

ENN Energy aims to achieve the goal of "No Net Loss (NNL)" of biodiversity and "Net Positive Impact (NPI)" on the environment, ENN Energy has minimised the impact of its project operations, supply chain, and partner activities on the ecological ecosystem through the development of management strategies, impact evaluations, and a variety of forest protection and biodiversity protection initiatives.

### Biodiversity Management Strategy

The ESG Committee at the Board level is responsible for making the decisions on biodiversity protection matters, continuously promoting and supervising biodiversity protection work and progress. We have established relevant taskforces. In addition, we actively listen to the opinions or suggestions from our stakeholders and make continuous improvements.

In 2023, we revised the Biodiversity Protection Policy. With explicit reference to the Task Force on Nature-Related Financial Disclosure (TNFD)<sup>14</sup> framework, we assessed the biodiversity and integrated the biodiversity assessment into the Company's overall risk management process.



<sup>14</sup> TNFD is short for Task Force on Nature-Related Financial Disclosure

## Biodiversity Impact Evaluations

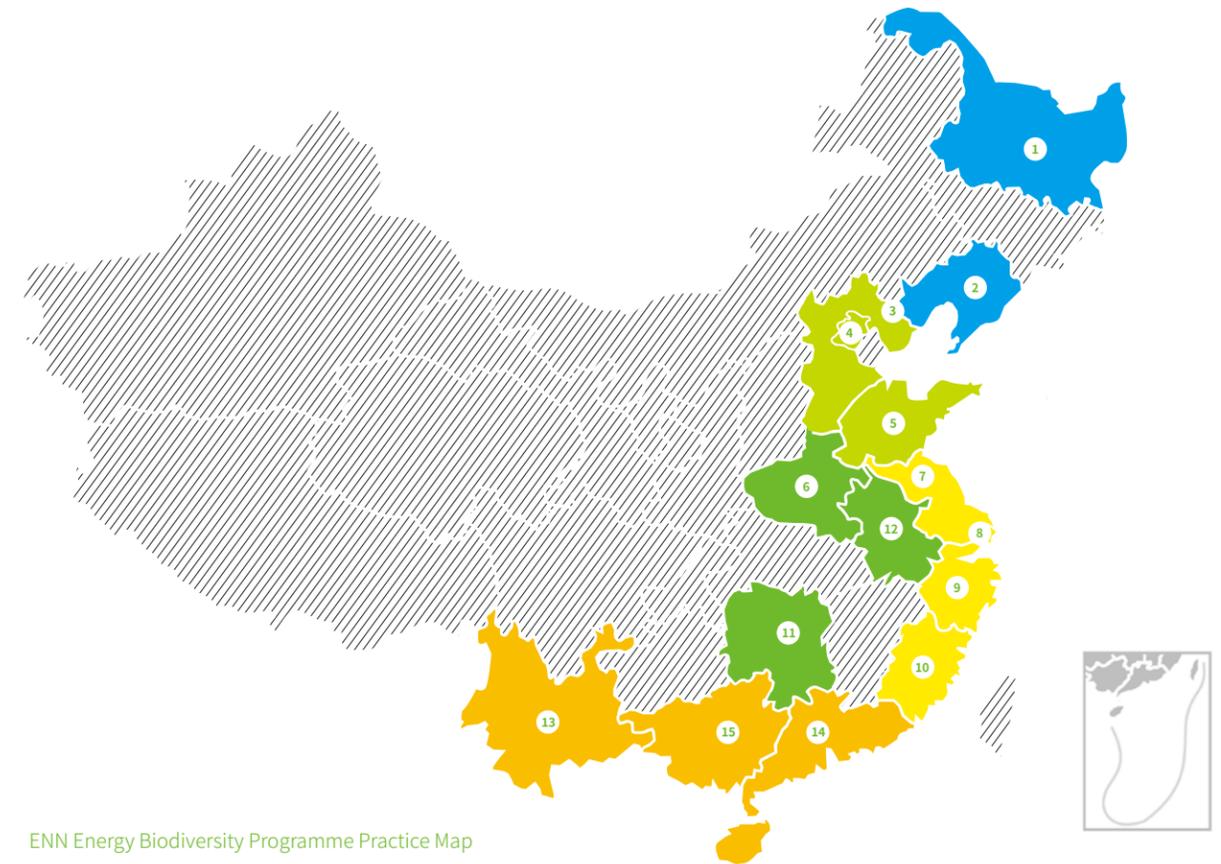
We completely adhere to national policies and regulations to conduct environmental impact evaluations, biodiversity due diligence investigations, and other related work. Furthermore, we invited a third-party professional organisation to undertake biodiversity and environmental impact assessments and to compile a biodiversity risk analysis. We established biodiversity protection preservation methods based on the results of the assessment and the "Avoidance, Reduction, Restoration, Offsetting, and Compensation" principles. These methods ensure that none of the construction sites managed by ENN Energy are at risk of deforestation, and that the construction and operation of facilities would not violate national ecological red lines or have a serious impact on local biodiversity.

>90 %

New project due diligence coverage

For more information on biodiversity conservation, please refer to our Biodiversity Conservation Report.

Potential impact	Description	Level of impact		
		Upstream development	Operation	Downstream transportation
<b>Wildlife disturbed</b>	Human activities such as removal of local vegetation, air pollution, noise pollution, and construction worker activities that affect wildlife	Low	Low	Low
<b>Higher wildlife mortality</b>	Ecological changes caused by construction and project development affecting biological survival	Low	Low	Low
<b>Species diversity reduced</b>	Construction and operation of infrastructure, such as city-gate stations destructing bird and aquatic habitats, reducing species or populations	Medium	No Impact	No Impact
<b>Invasive species</b>	Accidental introduction of non-native species (incl. plants, pests, and pathogens) during construction and operation	No Impact	No Impact	No Impact
<b>Habitat fragmentation</b>	Changes in land use and the permanent presence of facilities in natural areas causing damage to natural connectivity of biological habitats	Medium	Low	Low
<b>Lower habitat quality</b>	Human activities leading to habitat degradation or loss	Low	Low	No Impact



ENN Energy Biodiversity Programme Practice Map

Number	Area	Biodiversity conservation projects
1	Heilongjiang	Green and tree planting
2	Liaoning	Green and tree planting, Habitat restoration
3	Hebei	Green and tree planting
4	Beijing	Site greening and remediation
5	Shandong	Green and tree planting, River cleaning, Wetland protection, Site greening and remediation, Habitat restoration, Animal rescue
6	Henan	Green and tree planting, River cleaning, Site greening and remediation, Animal rescue
7	Jiangsu	Green and tree planting, Site greening and remediation
8	Shanghai	Green and tree planting, Site greening and remediation
9	Zhejiang	Green and tree planting, River cleaning, Site greening and remediation
10	Fujian	Green and tree planting, River cleaning, Wetland protection, Site greening and remediation, Habitat restoration, Animal rescue
11	Hunan	Green and tree planting, River cleaning, Wetland protection, Site greening and remediation, Habitat restoration, Animal rescue
12	Anhui	Green and tree planting, Wetland protection, Site greening and remediation, Habitat restoration, Animal rescue
13	Yunnan	Green and tree planting, Site greening and remediation
14	Guangdong	Green and tree planting, Site greening and remediation
15	Guangxi Zhuang Autonomous Region	Green and tree planting

# 04

## Empowering Digital Intelligence Cities by Talent Motivation

ENN Energy implements the core value of being "people-oriented" and establishes three talent motivation systems, namely "the value creation identification – assessment - sharing", "the role and capability", and "the talent label". We stimulate employees' independent value-creation and identification abilities, strive to create an equal, open and inclusive working environment, fully protect the legitimate rights and interests of employees and their remuneration and benefits, attach importance to employee training and development, listen to the voices of employees, and create a diversified and inclusive working atmosphere for employees to help them realise their personal development.



### Major ESG issues responded in this chapter

- Employee Equality
- Employee Rights Protection
- Training and Development
- Preventing Forced Labour and Child Labour

### HKEX ESG indexes involved in this chapter

- B1 Employment
- B2 Health and Safety
- B3 Development and Training
- B4 Labour Standards

### UN SDGs responded in this chapter



## Equality and Diversity

ENN Energy complies with relevant laws and regulations as well as internal management policies and regulations to carry out daily personnel and employee management. We have developed diversified recruitment channels to ensure that the legitimate rights and interests of employees are not infringed upon during the entire process of recruitment, onboarding, training and termination.

### External laws and regulations

- ▶ Labour Law of the People's Republic of China
- ▶ Labour Contract Law of the People's Republic of China
- ▶ Social Insurance Law of the People's Republic of China
- ▶ Employment Promotion Law of the People's Republic of China
- ▶ Decision of the State Council on Amending "The Regulations of the State Council on the Hours of Work of Employees"

### Internal policies and systems

- ▶ ENN Energy Employee Code of Conduct
- ▶ Recruitment Management System for ENN Energy Holdings Limited
- ▶ Talent Development and Employment Policy
- ▶ Employee Appointment Rules for ENN Energy Holdings Limited
- ▶ Leave Management Regulations for ENN Energy Holdings Limited

## Recruitment and Promotion

ENN Energy regularly conducts corporate presentations and talent recruitment activities to continuously enhance the influence and exposure of the employer brand. For campus recruitment, we actively collaborated with universities to introduce the corporate business, culture and job responsibilities to college students and provide them with practice opportunities. For talents recruited from society, we implement a talent introduction programmes and establish a reserve talent pool.

**4,618**

Total number of new employees

**580**

employees recruited through social recruitment

**4,038**

employees recruited through campus recruitment



### Diversified Campus Recruitment Activities

In 2023, ENN Energy continued to conduct diversified campus recruitments. We targeted six job categories, including IT, technology, finance, marketing, general and other six positions, to attract outstanding talents from campus. We also provided a number of campus recruitment training programmes, such as Emerging Talents and New Leaders, to train the new employees based on the capacity requirements of different positions and help them to quickly transfer their mindset from campus to workspace.



Campus Recruitment Publicity

### Summer Camp for Campus Applicants

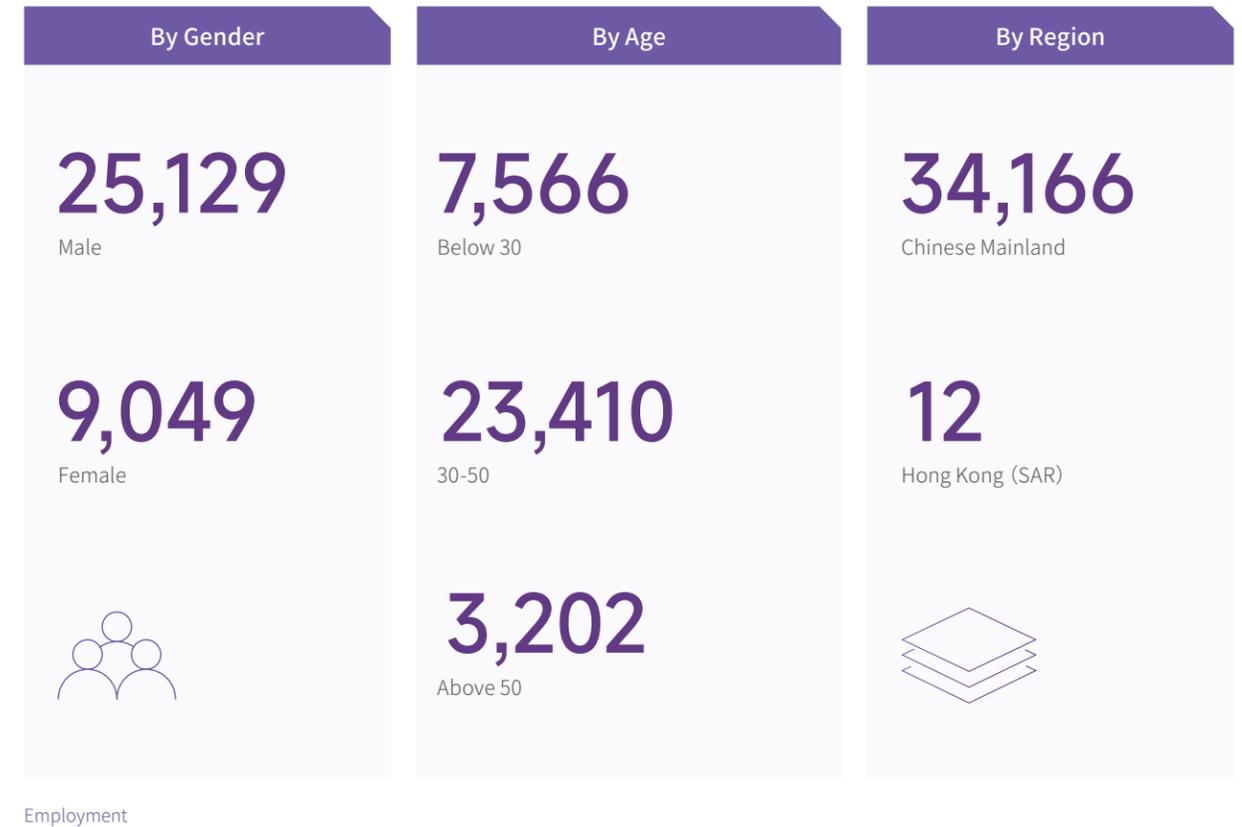
To help campus applicants gain a deeper understanding of ENN Energy and enhance the brand influence of the Company, we organised the 5-day Summer Camp in August 2023. We invited students to visit, exchange ideas, and engage in topic discussions. Through in-depth exploration of the prospects of the energy industry and relevant technical topics, the event effectively showcased the platform advantages of ENN Energy.



Summer Camp

### Promotion Channels

ENN Energy has established open and diversified promotion channels within the Company to ensure that employees have equal opportunities for promotion. We generate talent business labels based on the capabilities, experience, value creation, etc., providing customised promotion routes and incentives for our employees. This ensures a good match between employees and positions, promoting healthy talent mobility within the Company.



### Employee Rights and Benefits

ENN Energy strictly monitors potential child labour and forced labour and is determined to eliminate such phenomena. We strictly comply with national laws and regulations, supplemented by a number of supporting systems and policies. We have set up a comprehensive internal due diligence process for labour complaints, and we investigate, collect evidence, and follow up on any violations of laws and regulations in accordance with our internal management system, so as to ensure that the rights and interests of our employees are effectively assured.

We have zero tolerance for any form of harassment, abuse and coercion in the workplace and in any external work-related environment. We have specific measures to prevent sexual harassment in our internal policies and implement them in our daily management of our employees to protect them from unfair treatment and retaliation. In 2023, ENN Energy did not have any incidents of employment discrimination, harassment, child labour and forced labour, and the employment of labour dispatch complied with national regulations.

## Remuneration System

ENN Energy fully implements a fair and equal-pay remuneration system that combines monetary and non-monetary incentives, continues to build a scientific and reasonable compensation and benefit system, which consists of fixed pay, a two-month salary bonus, project bonuses, and an end-of-year incentive. In 2023, we did a market salary survey for key positions and altered our remuneration strategy, accordingly to offer competitive remuneration to employees.

		Male: Female
	Average base salary gap	1.2:1
	Median base salary gap	1.23:1
	Average annual pay gap	1.19:1
	Median annual pay gap	1.23:1
	Average bonus gap	1.15:1
	Median bonus gap	1.11:1
	Executive level	0.95:1
	Management level	1.06:1
	Non-management level	1.16:1

Wage Variance by Gender<sup>15</sup> and Position<sup>16</sup>

<sup>15</sup>The statistical calibre covers all employees of ENN Energy, and the results are integrated from the data of different business segments, positions and regions. Therefore, the statistical indicators will reflect the differences arising from variations in business segments, positions, and locations.. For positions of the same employee level and characteristics under the same business segment, ENN Energy strictly adheres to the principle of equal pay for equal work, without any form of gender discrimination.

<sup>16</sup>The Company strictly follows the principle of equal pay for equal work. Considering that the data integrates the overall data of management and non-management level of different business segments of ENN Energy, it will reflect the comprehensive differences.

## Diversity and Inclusion

ENN Energy is committed to maintaining an equal, diverse and inclusive work environment, and supports international labour rights initiatives. Adhering to the principle of equal employment, anti-discrimination based on gender, region, race, religion, age, pregnancy or marital status, physical disability, and political stance are compiled in the process of hiring, promotion and termination of employees. We respect employees' freedom of association, build a diverse internal ecology, and effectively protect the rights and interests of ethnic minorities.

We value the role and contribution of female employees, and ensure that female employees are treated equally and supported in their growth and development in a variety of areas, including training and development programmes, compensation and benefits, and career development opportunities. In order to further practice and maintain a diverse work environment for our employees, the Company conducts regular audits on employee diversity issues, including the percentage of female executives and the number of female and ethnically diverse employees.

**1,114**  
Ethnic minorities employees

**4.52/5**  
Employee satisfaction

**100 %**  
Proportion of employees covered by collective bargaining agreements

## Staff Development and Motivation

ENN Energy has always regarded talent cultivation as a source of motivation to realise the construction of digitised and intelligent cities. Combined with the digitally-enabled transformation strategy, we have built a perfect talent planning, incentive and training system to comprehensively improve the practicality and effectiveness of talents, and to promote the common development of people and enterprises while helping employees realise their personal values.

### Talent Development

ENN Energy focuses on talent-specific assessment and potential analysis to provide customised talent development plans. Among them, the Value Creation Identification-Assessment-Sharing System is an important initiative in talent planning. We encourage employees to set up their own development plans and periodically review their achievements, invite the management to conduct effective evaluations of the employees, and guide employees towards self-driven growth. We establish a reserve talent pool, implement systematic professional theoretical knowledge learning for all employees, and solidify the foundation of professional skills. By adopting regional and ENN Energy talent interaction methods, we ensure that talents are well-matched to their positions.

### Talent Motivation

ENN Energy has proposed the concept of "Lizheng" as the core of the Company's talent motivation, in order to fully mobilise the initiative of employees. The concept of "Lizheng" aims to create value, takes the demand side as the traction, takes talent stimulation as the core, stimulates the initiative of employees in all aspects, realises customer sovereignty, and is committed to realizing the situation where the enterprise and the employees can create value together and make achievements for each other.

We have created a "Five-self" workplace atmosphere within the company. Leveraging big data, we generate talent labels to drive outstanding talent resources to focus on value products, enabling employees to "Set their own goals." Based on value creation targets, actual value output, and capability assessments, we form and disperse teams according to needs, establish sharing mechanisms, and achieve "Self-organising resources" and "Independent value creation." We have introduced confidentiality mechanisms to ensure the fairness of assessment and incentive systems, promoting the growth of employees' abilities and professional skills, and realising "Self-motivation" and "Self-growth" for employees.



## Talent Cultivation

ENN Energy continues to optimise and improve its organisational capability structure and training resources, and constantly updates the content and learning direction of employee training in line with its own development needs. In 2023, we developed a multifaceted training platform for employees' leadership, professionalism, and execution capabilities respectively. Based on digitised and intelligent analysis, the capability map can help to carry out targeted cultivation.



Types of division	Outcomes		
Number of trainees by gender	Male <b>25,129</b>	Female <b>9,049</b>	
Training hours by gender	Male <b>36.79</b> hours/person	Female <b>30.26</b> hours/person	
Number of trainees by employee type	Senior-level <b>1,086</b>	Mid-level <b>3,193</b>	Primary <b>29,899</b>
Training hours by employee type	Senior-level <b>28.95</b> hours/person	Mid-level <b>26.83</b> hours/person	Primary <b>36.16</b> hours/person

<b>Leadership</b>	<ul style="list-style-type: none"> <li>· ENN I COME</li> <li>· New Professional Growth Camp</li> <li>· Sailing Plan</li> </ul>	<ul style="list-style-type: none"> <li>· Voyage Plan</li> <li>· ENN Youth Successor Training Camp (FLE)</li> </ul>
<b>Professionalism</b>	<ul style="list-style-type: none"> <li>· "New Financial Talent" Program</li> <li>· Anxin Boot Camp</li> <li>· "New Security Talent" Program</li> </ul>	<ul style="list-style-type: none"> <li>· Carbon Neutrality and LNG Business Training</li> <li>· Carbon-Neutral Natural Gas Online Training Course</li> </ul>
<b>Operational capabilities</b>	<ul style="list-style-type: none"> <li>· All front-line employees to meet pre-work certification and personal development</li> <li>· The growth system were developed in line with the skill level certification for front-line employees</li> </ul>	

Employee Training

## Pilot Programme for Directors

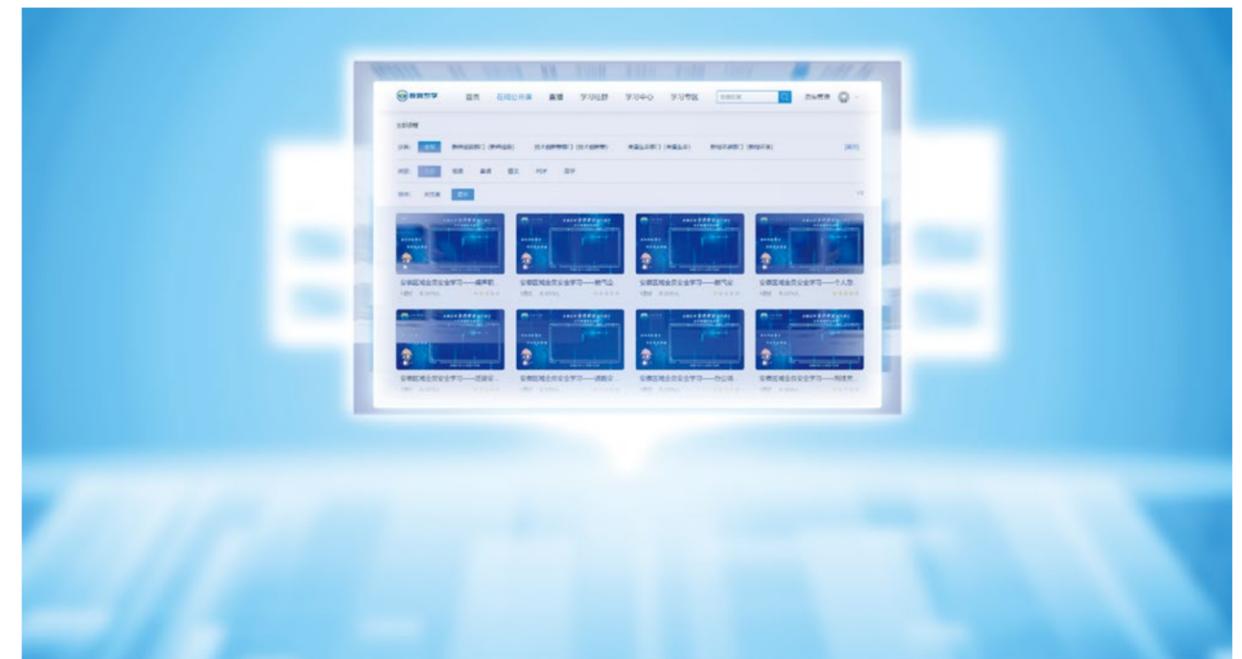
In 2023, ENN Energy Zhejiang launched the pilot training programme named "Smart Enterprise Natural Gas". During the training programme, mentors and trainees worked together to identify and analyses existing problems in the city-gas business in different areas of Zhejiang province. The mentors assessed the performance of trainees and provided feedbacks. The 48-hour programme covered 55 management staff from 22 member companies in Zhejiang.



Mentor Review Session

## Safety Capability Building for All Employees

In 2023, ENN Energy Anhui developed a course series with the focus on safety management. The course series covered 27 iCome training videos and provided to all employees via the training modes of "Region + Enterprise" or "Safety + Business + Talent Development". It turned out that the course series achieved a total of 32,628 person-times learning record and effectively built safety capability for all employees.



Safety Training Online Courses

## Supporting and Caring for Employees

ENN Energy attaches importance to listening to employees' opinions, expanding employee communication channels, improving employee benefits, caring for employees' health, and carrying out a wealth of employee-specific activities to create a warm atmosphere in the workplace.

### Communication with Employees

We start from both online and offline aspects to broaden the communication channels for employees. Online, employees can give feedback directly through the iCome online platform. Offline, we understand employees' opinions through manpower regular visits and symposiums.

During this year, a total of 14,211 valid questionnaires were received for the Employee Satisfaction Survey, with overall employee satisfaction increasing by 6.4 % compared to last year. Among them, employee satisfaction reached over 90% in terms of customer value creation, safe behaviour, team atmosphere, digital intelligence, loyalty, and advocacy. Based on the results of the survey, we have analysed the needs of our employees and continued to improve their satisfaction and sense of belonging.

To enhance the sense of participation and recognition of employees, we carried out the first "Five kinds of useful sparks" innovation competition, widely collected useful sparks of "Resolution, Suggestion, Design, Invention and Innovation" of front-line employees, and awarded the excellent ideas, effectively mobilising the front-line employees' enthusiasm. The excellent ideas are awarded to effectively mobilise the frontline staff.



### Caring for Employees

#### Benefits

ENN Energy strictly abides by relevant laws and regulations, protects the basic rights and interests of employees such as the social insurance package, the housing fund, and paid parental leave (maternity, paternity, or both), and carries out holiday condolences, cares for employees' family members, helps employees in difficulty, organises club activities such as sports, fitness, reading, etc., provides employees with venues and facilities, and carries out the five mandatory visits (marriage visit, illness visit, maternity visit, employee bereavement visit, and bereavement visit of employees' family members).

#### Diversifying Employee Activities

ENN Energy's trade unions from various member companies have organised a number of employee care initiatives as well as a variety of cultural and sports activities, which include but are not limited to:

<b>Micro-training Bases</b>	21 micro-training bases have been established to provide employees with a small classroom for hands-on and brainstorming and sharing of work experience in the team.
<b>Mini Book Bar</b>	9 miniature book cafés have been established to provide employees with a good learning environment and atmosphere, enrich their spiritual and cultural life.
<b>Holiday Activities</b>	Carrying out riddle-guessing activities on the Lantern Festival, "The Most Beautiful She" exhibition, "The Most Beautiful Craftsman", "Outstanding Young Talents" exhibition, and other activities.

### Women's Care

ENN Energy pays attention to the protection of the legitimate rights and interests of female employees, pays close attention to women's physical and mental health, and actively carries out several special activities such as the ENN Energy Women's School and women's themed health knowledge lectures. For female employees with minor children, we have set up "Mothers' Huts" and carried out parent-child reunions to provide support for them.

#### Special Care for Working Mothers

Taking into full consideration of the special characteristics of call centre employees who need to provide telephone services for customers 7\*24 hours a day, ENN Energy built the Mothers' Hut in the call centre and put it into use in March 2023. It helped working mothers in the call centre to solve the difficulty of lactation and was awarded the Loving Mothers' Hut in Hebei Province.



Working Mothers' Hut

#### Healthcare Support

ENN Energy has always taken the protection of employees' health as one of our top priorities. We provide health check-ups for all employees, hire experts to Q&A, carry out "Love and Mutual Aid" activities, and set up stress-relieving facilities and fitness area, care about employee mental health, conduct book-sharing sessions, and psychological courses. To cope with sudden emergencies, we have purchased cardiac defibrillators (AEDs) and provided employees with special training.

#### "Caring for Each Other" Programme

Since 2015, ENN Energy has been continuously carrying out the "Loving Mutual Aid" activity, effectively alleviating the financial difficulties of employees and their families due to illnesses. In 2023, we increased the proportion of the subsidy for the employee from 50% to 100%, and the proportion of the subsidy for the family members from 10% to 30% and lowered the threshold for application. The majority of employee partners widely recognised this move. Up to now, a total of 527 employees and their family members received a cumulative total of RMB2.88 million.

527

Total number of employees and their families received help

2.88 million

Total RMB of subsidy provided

# 05

## Shouldering Corporate Responsibility and Working Together in Solidarity

ENN Energy fully understand and will continues to strict with our responsibility, mission and commitment to customer service, intellectual property protection and community investment, striving for commercial success while being socially responsible. We stay committed to achieving common prosperity and contribute to social development by providing quality services, protecting intellectual property, and actively participating in industry cooperation and community development.

### Material ESG issues responded in this chapter

- Customer Service | Intellectual Property Protection
- Charity Activities for Communities | Community Relations

### HKEX ESG indexes involved in this chapter

- B6 Product Responsibility | B8 Community Investment

### UN SDGs responded in this chapter



## Customer Oriented Service

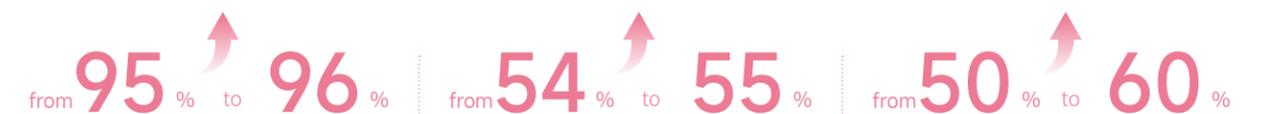
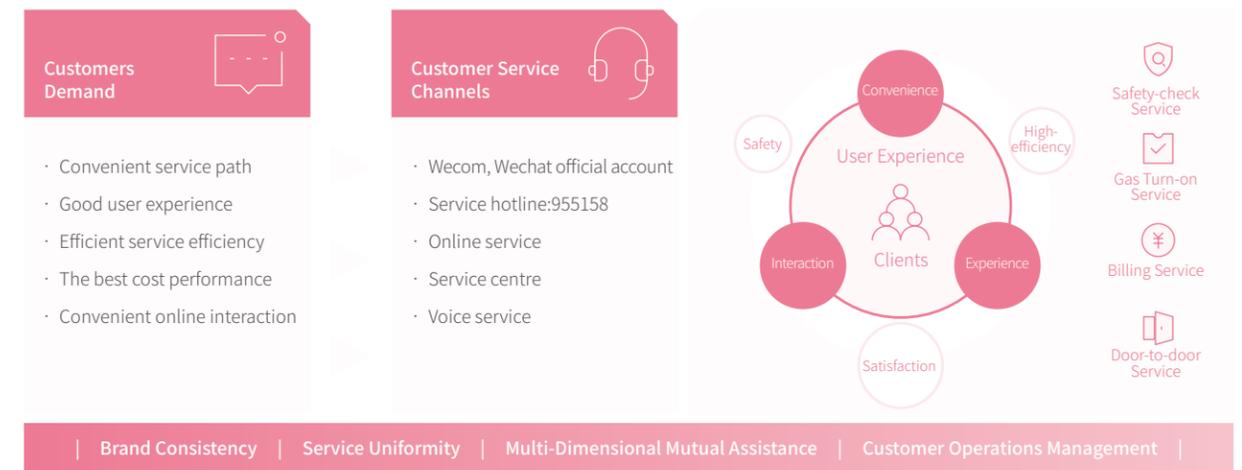
### Laws and regulations

- ▶ Law of the People's Republic of China on the Protection of Consumer Rights and Interests
- ▶ Advertising Law of the People's Republic of China

### Internal policies and systems

- ▶ ENN Energy Service System Manual
- ▶ ENN Energy Management Measures for Client Complaints
- ▶ ENN Energy Holdings Limited Data Privacy Policy

In accordance with the customer-oriented principle, the Company launched the new versions of our intelligent customer service Chatbot and a Privacy Number Platform, as well as independently developed an Intelligent Scheduling System in 2023, optimising customer service experience. We also conducted comprehensive safety training and assessment for all indoor management personnel, enhancing their service capabilities and safety awareness. At the same time, we strengthened customer communication to improve customer satisfaction.



In 2023, the response efficiency of the customer service mini-programme demand increased

In 2023, the penetration rate of IoT metres for commercial and industrial users rose

In 2023, the penetration rate of IoT metres for residential users increased

### Skill Improvement of Customer Service Staff

During this year, we revised 16 indoor service operation standards to align with the requirements of the new *GB 55009 Project Code for Gas Engineering*. We also organised nationwide skills certification to help customer service staff better serve our customers. A total of 51,000 person-times have been certified for successfully completing professional skill training, theoretical examination and practical examination, with a certification rate of 100%. The Company carried out skill training for the primary-level elites to recertify about 1,900 person-times in total. We also organised the specialised training programmes while attracted a total of around 9,000 trainees.

## Customer Service Experience Upgrade

ENN Energy is always striving to upgrade customer service and provide a better service experience.

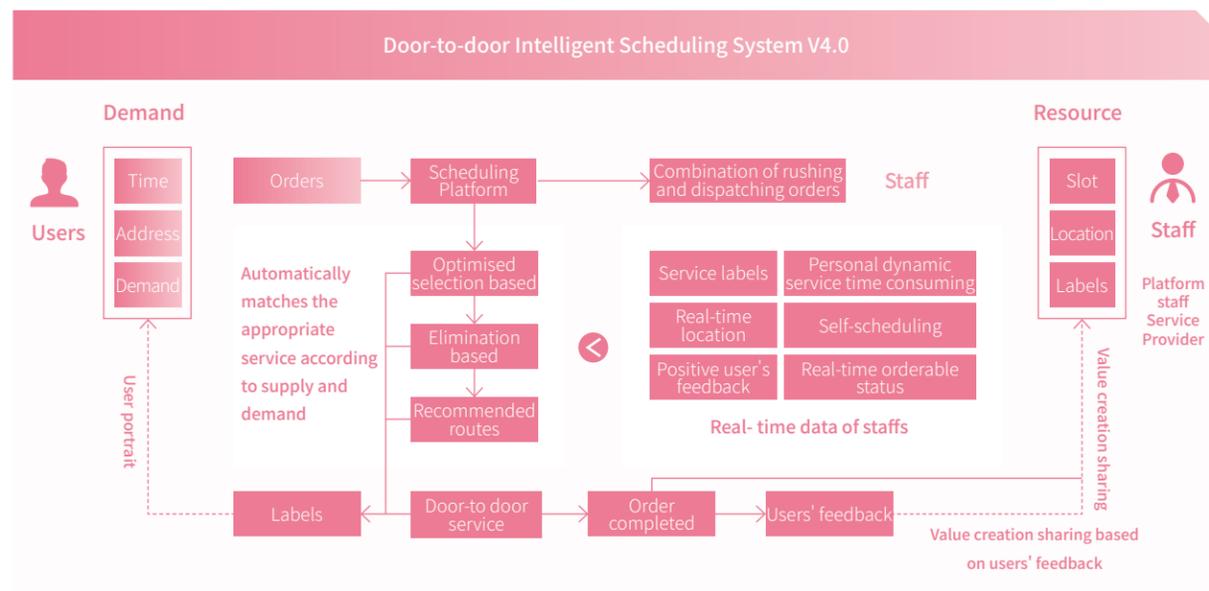
**85%**  
Proportion of gas purchased online

### Building Smart Service Channels to Achieve Rapid Response and Smart Service for Customer Needs

ENN Energy successfully launched a new generation of Intelligent Customer Service Chatbot system based on AI large language models. The semantic understanding accuracy rate of this Chatbot increased from 35.7% to 81.8% compared with the previous generation, achieving 24/7 customer service, identifying customer demands and providing service suggestions, reducing the waiting time and improving the efficiency.

### Automated Scheduling System to Improve the Resource Allocation and Processing Efficiency of Customer Service Team

ENN Energy has independently developed an Intelligent Scheduling System, which automatically matches the appropriate door-to-door service, realising automatic scheduling of service orders, and effectively improves the timeliness of service order response. In 2023, 3.72 million orders were automatically scheduled, accounting for 47.9% of total orders.



Intelligent Scheduling for Door-to-door Service

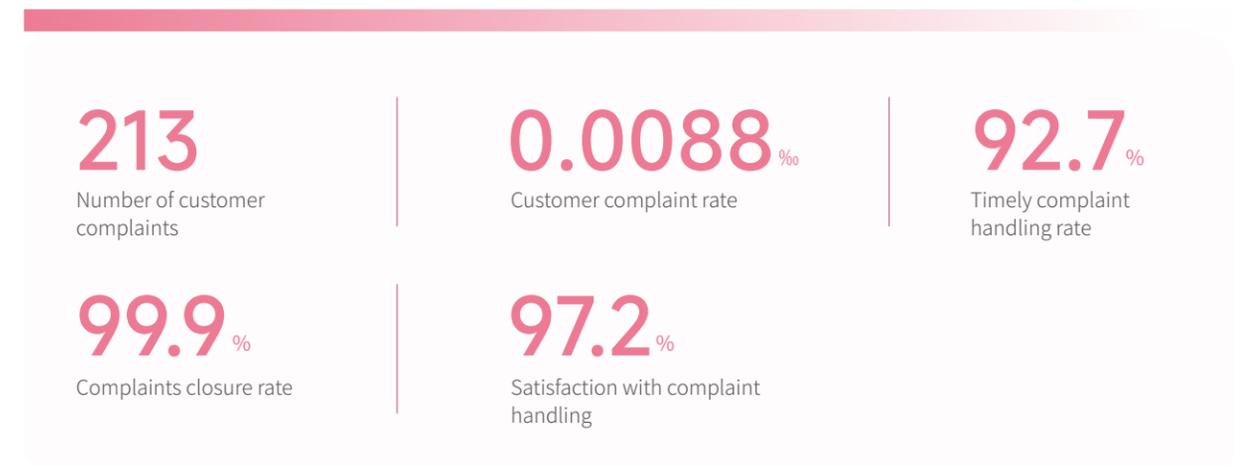
### Building a Privacy Number Platform

To better protect customer privacy, ENN Energy launched and piloted a new Privacy Number Platform in this year. Users and service staff communicated via their Privacy numbers to avoid inappropriate access to users' personal information. At the same time, the standardised use of Privacy Number enables the Company to monitor and evaluate the entire service process, effectively improving service quality.

## Customer Complaints and Problem Resolution

Guided by our "Customer First" principles, ENN Energy is always working to improve the system for dealing with customer complaints and to strengthen compliance management and service quality management of outsourcing service providers. In 2023, the Company modified ENN Energy Management Measures for Client Complaints. The revisions include optimising the criteria for determining the management complaint, non-responsibility complaint, and major complaint for outsourcing service providers, streamlining the complaint process, and adjusting the acceptance standards and processing time, which ensured that customer complaints were resolved in a timely and effective manner. The customer complaint handling system was also optimised, making it smarter and more convenient to handle complaints. We analysed customer pain points and challenges to suggest improvements to avoid repeat complaints.

By the end of the reporting period, the Company had accepted a total of 213 valid complaints from customers, with a satisfaction rate of 97.2% and a timely resolution rate of 92.7%.



## Customer Satisfaction Survey

After evaluation, we engaged an independent professional agency to conduct a customer satisfaction survey for both residential and industrial/commercial customers in 2023. Results were summarised and analysed to optimise the subsequent service process and product quality for key service areas. A total of 19,956 customers covering 71 ENN Energy's business units involved in the survey over phone and online questionnaire. The customer satisfaction survey score for this year is 90.8 points.

## Responsible Marketing

In strict compliance with the *Advertising Law of the People's Republic of China*, we resolutely resist any exaggeration, misleading information and false advertising in product and service marketing and promotion. We also openly and transparently disclose the core elements of the Company's products and services, including but not limited to product features, pricing, and quality assurance to effectively protect the user's right to know and to provide users with responsible marketing content.

Product promotional materials, advertising specifications and other information are timely updated to avoid violations in the promotion. During this year, there were no allegations or legal disputes regarding misleading or fraudulent information about our products and services, nor were there any marketing violations at ENN Energy.

## Intellectual Property Protection

### Laws and regulations

- ▶ Trademark Law of the People's Republic of China
- ▶ Patent Law of the People's Republic of China
- ▶ Copyright Law of the People's Republic of China

### Internal policies and systems

- ▶ ENN Energy Regulations on Intellectual Property Management
- ▶ Guidelines for ENN Eco-Brand Trademark Specifications
- ▶ ENN Energy Measures for Awarding Intellectual Property and Research Papers
- ▶ Regulation on Data Classification and Graded Management

By strictly following the management specification of intellectual property assets, ENN Energy continues to make efforts to control intellectual property and raise the authorisation standards of intellectual property rights. By doing so, we strictly control the quality of each process. External experts have been engaged to provide intellectual property protection services and formulate pre-planning measures to deal with patent infringement, while internal experts are invited to provide regular R&D and innovation guidance.

2023

143

Number of new patent applications

1,089

Number of valid patents

8

Total number of valid trademarks

372

Number of valid copyrights

1,066 million RMB

R&D investment

0.9 %

R&D investment as a percentage of revenue

## Community Engagement and Development

### Laws and regulations

- ▶ Law of the People's Republic of China on Donations for Public Welfare Undertakings
- ▶ Charity Law of the People's Republic of China

### Internal policies and systems

- ▶ Charity Activity Management Policy of ENN Energy Holdings Limited

ENN Energy is always passionate about public welfare and pays great attention to community and livelihood issues. We implement the Lei Feng's spirit with practical actions, satisfy demands of local community with care service, and actively promote rural revitalisation, contributing our efforts to social harmony and development.

2023

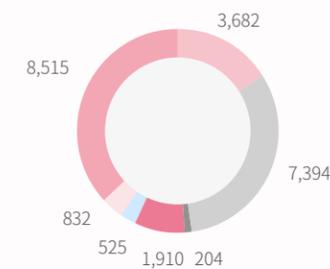
23.06 million RMB  
Investment in public welfare

13,471  
Number of employees participating in volunteer activities

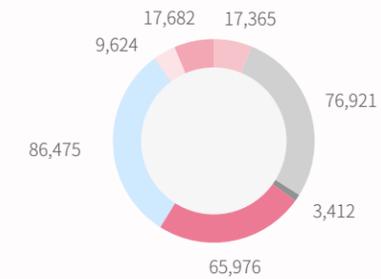
277,455 hours  
Total contribution

21 hours  
Average time each employee spent on charitable activities

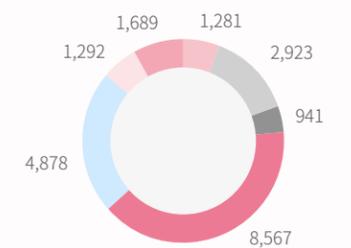
Total Money Donated (in thousand RMB)



Total Time Invested (in hours)



Total Persons Involved (in person-times)



Legend: Educational Project, Environmental Project, Cultural Project, Hygiene-related Project, Aid & Recovery Project, Others, Project for Common Prosperity

### ENN Energy Zhaoqing Setting up a Station for Public Service

The outdoor worker station set up by ENN Energy Zhaoqing is providing heart-warming services to allow those who work outside to drink water, cool off or keep warm, heat up their meals and charge their phones. The station assisted the General Union in Zhaoqing to conduct "Care for Workers in New Forms of Employment" activity and was awarded the title of the "Best National Union Service Station for Outdoor Workers" by the All-China Federation of Trade Unions.



Care Station

# Section on Climate-related Financial Disclosure

With reference to the management recommendations and disclosure framework of TCFD (Task Force on Climate-Related Financial Disclosure)<sup>17</sup>, ENN Energy has improved climate-related metrics and target management, conducted assessment of climate-related risks and opportunities, identified key risks and opportunities and developed countermeasures, thus strengthening our capacity and resilience dealing with climate change. This section aims to demonstrate ENN Energy's development concepts, management

measures, and work results related to climate risks and opportunities. For more details, please view in ENN Energy's Climate-related Financial Disclosure Report 2022.



## Governance

For more details on ESG governance, see [P21-23](#)

In response to the global climate challenges, ENN Energy has established, and continues to improve, our climate governance structure, which is led by the Board. We are committed to effectively promoting the implementation of our climate strategy through organisational safeguards, reducing the impact of climate risks on the Company's development and operations, and seizing opportunities in the context of global energy transition and decarbonisation. In addition, ENN Energy has incorporated climate-related metrics into the remuneration for the management as well as for business teams.

The natural gas industry is closely related to climate change, and the Board of ENN Energy is fully responsible for overseeing climate-related issues and other ESG issues, the members of which are experienced in identifying climate change opportunities and addressing related risks. In 2023, ENN Energy continued to conduct a workshop on climate risks and opportunities to continuously improve the ability of the Board and various business units to identify, analyse and cope with climate-related risks and opportunities. Under the supervision of the Board, the Company formulated the ENN Energy Climate Policy<sup>18</sup>, which clearly defines our climate goals and corresponding measures.

ENN Energy ESG Committee and Risk Management Committee are jointly responsible for climate-related risk management. The ESG Committee is responsible for overseeing climate change issues, discussing climate-related matters, and monitoring series of climate risks on a regular basis. ENN Energy has also established the Task Force on Climate Change Response, the Task Force on Emission Reduction Indicator Identification and Formulation, and the Task Force on Biodiversity, which are responsible for conducting climate scenario analysis and quantifying climate-related risks and opportunities, as well as coordinating related departments/business units to develop green action initiatives and related climate goals.

## Strategy

For more details on ESG/sustainability strategy, see [P7](#)

ENN Energy actively practices low-carbon green development and is committed to achieving net-zero emission by 2050, as well as identifying the short- and medium-term carbon reduction goals by 2030 and long-term goal by 2050. We revised Decarbonisation Action 2030 Plan in 2021 to set six major emission reduction actions: city-gas methane management, low-carbon trade and transportation, energy mix optimisation of IE business, system energy efficiency improvement, application of green technology and green office. We review and adjust our targets every three years to ensure that they are scientific, reasonable, and timely, and the six major actions are making progress. In 2022, ENN Energy already conducted a comprehensive identification, analysis and assessment of climate-related risks and opportunities, and in 2023, we further optimised and updated the climate risk database applicable to the Company by closely tracking the national "Dual-Carbon" and climate-related policies, types of extreme weather events, and taking into account our own business development plans. Based on the list of the confirmed climate risks/opportunities, we selected the international mainstream climate scenarios (IPCC, NGFS, IEA) and analysed the potential impacts of specific relevant climate risks or opportunities under different time scales of the short, medium and long term in conjunction with the actual business operations, so as to adjust our risk management actions and the Company's action plans in different phase.

During the reporting period, we further optimised our model<sup>19</sup> for analysing and evaluating the climate-related risks and opportunities and identified and assessed the potential impact of 5 significant climate-related risk events and 2 opportunities on ENN Energy's daily production and operations. In particular, during the reporting period, the impact of domestic and international carbon markets on ENN Energy's production and operations on different time scales was evaluated and analysed, including the potential costs arising from the compliance of China's national and local regulated carbon markets.

## Risk Management

For more details on ESG risk management, see [P24-25](#)

ENN Energy considers proactive and effective risk management and internal control to be critical to the Company's development and has continued to improve our enterprise risk management system. Given that climate-related risks are likely to have a significant impact on the natural gas industry, the Company adapts a PDCA (Plan-Do-Check-Act) cycle, and fully integrate climate-related risks into the overall risk management process. As a result, a sound closed-loop management of climate-related risk identification, assessment, control and supervision is established.



### Climate-related Risk Identification and Assessment

#### Risk Identification

On the climate risk identification process, the Risk Management Committee established by the Board is responsible for the management and review of risk and internal control, and oversees the management's design, implementation and monitoring functions of the risk management and internal control system, and the Audit Committee reviews the work report and recommendations of the independent internal audit department on the effectiveness of the main control system.

Risk types identified by ENN Energy include eight categories: macroeconomic risk, industry policy risk, compliance risk, safety risk, social media risk, cybersecurity risk, investment risk and ESG risk. According to the TCFD framework, climate risk is divided into two categories: physical risk and transition risk, and the consensus is divided into three types of physical risk and two types of transition risk. Among them, the transition risks mainly focus on the impact of low-carbon green transition of global energy structure and domestically carbon pricing on ENN Energy over different time scales. The details are listed in the following table:

Physical risk	Transition risk
<ul style="list-style-type: none"> <li>▶ Acute physical risks - floods</li> <li>▶ Acute physical risks - typhoon<sup>20</sup></li> <li>▶ Chronic physical risks - average temperature rise</li> </ul>	<ul style="list-style-type: none"> <li>▶ Policy and law - energy structure transition</li> <li>▶ Policy and law - domestic carbon market</li> </ul>

List of major climate-related risks

<sup>17</sup> Task Force on Climate-Related Financial Disclosure (TCFD), Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017  
<sup>18</sup> Climate Change Policy

<sup>19</sup> In the process of analysis, we selected three different climate scenarios. For the parameter setting of occurrence probability, occurrence rate and financial impact, please refer to the ENN Energy's Climate-related Financial Disclosure Report 2022 for details.

<sup>20</sup> In our analysis of the acute physical risk of typhoons, we focused on two key projects in vulnerable areas.

### Quantitative Analysis

ENN Energy continues to strengthen our quantitative analysis of climate-related analysis and opportunities. Previously, ENN Energy has established and formed a climate-related risk database, including 40 climate-related risks and opportunities that will or may affect ENN Energy's business and operations, including 10 physical risks, 14 transition risks and 16 opportunities space. In 2023, ENN Energy

further refined and improved our Climate Risks Portfolio, and an in-depth financial quantitative assessment (Value-at-Stake analysis, VaS) was conducted for the newly identified risks. The financial implications analysis of this year is listed below<sup>21</sup>:

Risk Type	Risk Element	Risk Description	Impact on Value Chain	Time horizon	Financial Impact	Measures	
Physical Risk	Acute Risk	Typhoon	▶ Likely to impose influence on the coastal operation sites, resulting in the shutdown of facilities at the coastal business sites of city-gas and IE and a reduction in the Company's revenues.	Operation	Short term	Revenue	▶ Use Natural Gas Industry Intelligent Operation Platform for risk warning, and push to relevant operation personnel. ▶ Within vulnerable areas, take flood control measures at operation points and facilities department, and actively train and improve the flood control ability of employees.
	Acute Risk	Flood	▶ Potential damage to natural gas transport pipelines and facilities, resulting in potential loss of assets and increased repair costs.	Operation	Short term	Cost & Asset	▶ Utilisation of robust facilities and pipeline materials, along with the establishment of a circular pipeline network design, effectively mitigating comprehensive damage to the natural gas pipeline network caused by localised impairments. ▶ Continuous real-time monitoring of third-party projects along the pipeline network using an online monitoring system, facilitating the timely identification of potential safety risks. ▶ Buy insurance with more coverage or a higher premium.
	Chronic Risk	Average temperature rise	▶ Reduced demand for natural gas during winter and result in reduced revenues from natural gas operations.	Downstream	Long term	Revenue	▶ Employing the Digital Intelligence Monitoring System for the real-time tracking of crucial parameters such as temperature and pressure, enabling demand forecasting. ▶ Restructuring and enhancing the business framework to increase the proportion of renewable energy sources. ▶ Proactive exploration and expansion of the hydrogen energy sector.

Major physical risks and impact on ENN Energy

#### Multiple Measures to Guarantee Gas Supply in the Peak Season of Winter

Affected by the cold weather in winter, the demand for natural gas in Jiaodong Peninsula continued to rise. In order to effectively ensure the safe and stable use of gas, our operation station has planned in advance. For the facility maintenance, we set up a rotating duty schedule for each station to prevent extreme weather such as low temperature, rain, snow and ice, strengthen safety inspection and management, and deploy emergency response plans. For the extreme weather forecast and management, through the digital safety operation map, we conducted real-time monitoring of gas demand and supply with the help of our digital safety operation map. Besides, we conduct supply and demand analysis, which will assure efficient arrangement of our gas supply and transportation strategy.

Risk Type	Risk Element	Risk Description	Impact on Value Chain	Time horizon	Financial Impact	Measures	
Transition Risk	Policy and regulatory risk	Energy structure transition	▶ China's national Dual-Carbon goal drives energy structure transition, with higher proportion of the consumption of non-fossil energy sources. ▶ The share of natural gas in the energy mix will decrease in the long run, which may affect the revenue of ENN Energy city gas business.	Downstream (client demand)	Long term	Revenue	▶ Develop IE business, promote the use of non-fossil energy, and provide more diversified green and low-carbon products for downstream customers. ▶ Deploy cutting-edge low-carbon technologies such as energystorage, biogas and geothermal. ▶ Carry out hydrogen energy technology applications, such as pipeline hydrogen blending technology.
	Policy and regulatory risk	Domestic Carbon Market	▶ The gradual tightening of emission quota within Chinese regulated carbon markets (both National and local) might raise the energy consumption costs. ▶ The inclusion of the steel and other industries in Chinese regulated carbon market may also increase the cost of construction of natural gas pipelines, storage, distribution terminals, receiving terminals and other infrastructure projects.	Operation Upstream	Medium term	Cost	▶ Tracking the progress of carbon market laws and regulations; Tracking and evaluating indirect costs such as production and operation raw material costs due to the implementation of the national carbon market, and actively adjust and optimise raw material procurement strategies. ▶ Continue to promote and build self-generated clean energy projects, including rooftop photovoltaic, and explore the use of small-scale wind power projects in plants with suitable conditions.

Major transition risks and impact on ENN Energy

<sup>21</sup> For more financial implications, please refer to ENN Energy's Climate-related Financial Disclosure Report 2022 for details.

Opportunity type	Opportunity description	Impact on value chain	Time horizon	Financial impact
Climate-related opportunity	<p>Resource efficiency opportunity - Digital transformation</p> <ul style="list-style-type: none"> <li>Digital transformation enables ENN Energy to improve resource deployment efficiency (e.g.: design and optimise transportation scheduling routes) contributing to cost-saving and improving energy management efficiency.</li> </ul>	Operation	Short to medium term	Cost
	<p>Product and service opportunity - IE</p> <ul style="list-style-type: none"> <li>The IE business provides clean energy services to meet the emission reduction needs of downstream industrial and commercial customers.</li> <li>New business growth opportunities for ENN Energy, such as green factory and low-carbon park solutions.</li> </ul>	Downstream	Medium term	Revenue

Climate-related opportunities and impact on ENN Energy

### Climate-related Risks Management

ENN Energy places climate change at the centre of the Company's ESG efforts and has integrated climate change measures into our long-term strategy, and formulate the ENN Energy Climate Policy, integrating climate risk-related factors into the Company's daily operations in terms of mitigation, adaptive capacity and financial impact. Key initiatives include strengthening the recovery of boil-off gas (BOG) generated during gas transmission, distribution, storage and transportation to minimise methane leakage and fugitive emissions; evaluating the impact of low-carbon policies on city-gas projects and IE projects; and analysing the changes in the market's demand for low-carbon energy sources and in the development of low-carbon technologies, so as to comprehensively assess the adaptive capacity of an investment project to climate transition risks, and to enrich the analysis dimensions in making investment decision.

To enhance resilience to physical risks, ENN Energy conducts risk forecasts of extreme weather events (such as typhoons, extreme precipitation, hot weather, and cold weather) using databases such as CatNet, Swiss Re's online Catastrophe Risk Atlas System, HadEX2, and the National Meteorological Information Centre, and develops specific impact assessment and control measures to continuously monitor and manage the climate risks. For example, the Company relies on the databases to forecast risks induced by typhoon for each province and city, obtains three indicators of current wind speed, the highest wind speed within 50 years and storm intensity values for each location, and based on the probability scoring methodology, determines the risk level of typhoon and takes a series of relevant preventative measures.

To manage transition risks, ENN Energy continuously monitors influencing factors such as policies, technologies, markets and stakeholders' demands in the process of the low-carbon transition. The Company pays close attention to and monitors the supporting policies under the China's Dual-Carbon targets and the industrial regulations and requirements. ENN Energy also actively implements its own energy-saving and renovation projects in its own operations, and implements methane emissions control solutions. ENN Energy also considers downstream customers' demand for energy and carbon management as well as clean energy, and adjusts its business model in a timely manner to provide renewable energy and low-carbon services to downstream customers. In addition, ENN Energy has been increasing its R&D investment in low-carbon technologies, exploring the application of biomass, geothermal energy, energy storage, hydrogen, CCUS and other technologies, in order to adapt to evolving market demand.

### Metrics and Targets

For detailed ESG goals and practical processes, see [P14-15, P61-62 and P68-69 of this report](#)

### GHG Emissions-related Indicators

ENN Energy conducts annual carbon inventories for Scope 1 and 2 emissions and has undertaken a Scope 3 measurement and disclosure from 2022 to achieve full and valid accounting of value chain emissions to monitor and manage GHG emissions.

### Climate Risks and Opportunities-related Metrics and Targets

For the identified key climate risks and opportunities, ENN Energy has set up corresponding tracking metrics and targets (Metrics and targets as detailed in the subsection *Climate Change Action* and *the ESG Performance Indicators* of this report) for physical risks, transition risks, climate-related opportunities, and capital deployment, to monitor and manage climate-related risks in order to minimise negative impacts on business operations in a timely manner, while actively seizing market opportunities arising from the low-carbon transition.

## Outlook



High-quality development will remain as the top priority in the New Era. Emerging types of growth which cover the domestic consumption, digital consumption and green consumption are booming. The technology innovation and carbon reduction will continuously attract attention together with China's transformation towards a low carbon society. ENN Energy will take the initiatives to shoulder the social responsibility by leveraging our advantages in digital and green technologies, helping to cultivate new momentums for industry development, supporting the low-carbon transition of traditional industries, and creating a green supply chain.

As an industrial pioneer striving for low carbon development, ENN Energy practises the important mission of "Building a Modern Energy System, Co-building a Better Ecology", strengthens our own resource conservation, recycling and efficient use, and provides customers with safe and clean energy resources. In the process, we have created innovative energy consumption model, accumulated holistic experience in digital intelligence technology, as well as innovated safe digital intelligence products and solutions. We will keep contributing ENN Energy's expertise and experience to support the government and industry peers towards high-quality development.

Looking ahead, ENN Energy will explore and innovate demand-side carbon reduction mechanisms to promote the formation of a "carbon economy" with the participation of the whole society. We will deepen our efforts to build an energy and carbon industrial platform to achieve optimal energy supply, improve system energy efficiency, accelerate the deep integration of digital and smart technologies with social life and production, and meet the people's expectations for a better life with quality, low carbon and digital intelligence. Meanwhile, we will raise our own awareness, help enhance the resilience of national energy safety, move towards the goal of building a modern energy system, and promote high-quality development.

## Assurance Report



德勤华永会计师事务所(特殊普通合伙)  
中国上海市延安东路222号  
外滩中心30楼  
邮政编码: 200002

### Independent Limited Assurance Report

DTT(24)BAR00006

To the Board of ENN Energy Holdings Limited:

We have been engaged to perform a limited assurance engagement on selected 2023 Key ESG Indicators (the "Selected Indicators") in the 2023 Environmental, Social and Government Report ("ESG Report") prepared by ENN Energy Holdings Limited ("ENN Energy").

#### Subject Matters for Limited Assurance

The subject matters of this assurance engagement include the following Selected Indicators in the 2023 ESG Report:

- Scope 1 Greenhouse Gas Emission
- Scope 2 Greenhouse Gas Emission
- Coal Consumption
- Gasoline Consumption
- Diesel Consumption
- Natural Gas Consumption
- Percentage of Female Senior Manager
- Number of Employee by Gender
- Key Tier 1 Supplier Review Coverage Rate
- Work-related Accident Rate Per Million Working Hours
- Number of companies certified in occupational health and safety (ISO 45001)
- Safety Training for Employees in Person-times
- Employee Satisfaction

Our limited assurance engagement does not extend to information in respect of any earlier period or to any other information included in the 2023 ESG Report of ENN Energy for the year ended 31 December 2023.

#### Applicable Criteria

The applicable criteria used by ENN Energy in the preparation of the Selected Indicators are set out in the Appendix to this report.

#### Responsibility of Management and Those Charged with Governance

The management of ENN Energy is responsible for the preparation of the Selected Indicators in accordance with the applicable criteria. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation of the Selected Indicators that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the reporting process.



**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibilities**

Our responsibility is to perform limited assurance in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*. We express assurance conclusions with limited assurance on whether the Selected Indicators in the 2023 ESG Report have been prepared in all material respects in accordance with the applicable criteria.

**Assurance Approach**

The procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Therefore, the level of assurance obtained by limited assurance was less than reasonable assurance. We do not provide reasonable assurance that the Selected Indicators in the 2023 ESG Report were disclosed in all material respects in accordance with the applicable criteria. Our assurance included identifying areas where Selected Indicators for 2023 may be materially misstated in the ESG Report, designing, and implementing assurance procedures to address these identified areas, and obtaining evidence accordingly. The assurance procedures we carried out depend on our professional judgment and risk assessments of assurance.

We carried out the following assurance procedures:

- Interviewed ENN Energy's management and staff responsible for information collection, consolidation and disclosure to understand the process of reporting in relation to these Selected Indicators;
- Tested relevant supporting documents on a sample basis;
- Performed analytical procedures on Selected Indicators;
- Recalculated Selected Indicators on a sample basis.

**Inherent Limitations of Applicable Criteria**

We draw attention of the users of this report to the fact that there is no generally accepted evaluation and measurement basis for the preparation of non-financial information, which may affect the comparability of sustainability information between entities and over time.

**Limited Assurance Conclusions**

Based on the above work performed and the evidence we have obtained, nothing has come to our attention that would lead us to believe that there is any material misstatement related to the Selected Indicators in ENN Energy's 2023 ESG Report prepared in accordance with the applicable criteria.

**Use of Independent Limited Assurance Report**

This independent limited assurance report is solely for the purpose of preparing ENN Energy's 2023 ESG Report, and is not suitable and cannot be used for other purposes. We do not assume responsibility or accept liability to any other person or third party other than ENN Energy's Board of Directors for this report.

This is the English translation of the Independent Limited Assurance Report in Chinese version. If there is any conflict between the translated and Chinese version, the Chinese version shall prevail.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

19 April 2024



**Appendix**

- Scope 1 Greenhouse Gas Emission:** Greenhouse gas emissions from direct combustion of fossil energy (coal, diesel, gasoline, natural gas) by ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business during the production and operation from January 1 to December 31, 2023. Coefficients used in greenhouse gas emission accounting are the default values of common fossil fuel parameters stated in Appendix II of the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Chinese Oil and Gas Producers (Trial) issued by the National Development and Reform Commission.
- Scope 2 Greenhouse Gas Emission:** Greenhouse gas emissions from purchased electricity consumed by ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business during the production and operation from January 1 to December 31, 2023. Coefficients used in greenhouse gas emission accounting is the national grid average emission factor of 0.5703t CO<sub>2</sub>/MWh, as mentioned in the "Notice on the Work Related to the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Sector in 2023-2025" issued by the Ministry of Ecology and Environment.
- Coal Consumption:** Amount of coal that ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business consumed during their production and operation, in tonnes, from January 1 to December 31, 2023.
- Gasoline Consumption:** Amount of gasoline that ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business consumed during their production and operation, in litres, from January 1 to December 31, 2023.
- Diesel Consumption:** Amount of diesel that ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business consumed during their production and operation, in litres, from January 1 to December 31, 2023.
- Natural Gas Consumption:** Amount of natural gas that ENN Energy Holdings Limited and its subsidiaries' retail and wholesale gas business consumed during their production and operation, in cubic metres, from January 1 to December 31, 2023.
- Percentage of Female Senior Manager:** Accounted proportion of female senior management among ENN Energy Holdings Limited and its subsidiaries' senior management as of December 31, 2023. Senior management includes the leaders of subsidiaries, as well as heads of functional departments at headquarters and above.
- Number of Employee by Gender:** The number of male and female employees who signed employment contracts with ENN Energy Holdings Limited and its subsidiaries as of December 31, 2023.
- Key Tier-1 Supplier Review Coverage Rate:** The proportion of evaluated and reviewed key tier-1 suppliers in 2023, among such key suppliers who directly provide products or services to ENN Energy Holdings Limited and its subsidiaries.
- Work-related Accident Rate Per Million Working Hours:** Rate of injuries over million hours of employees of ENN Energy Holdings Limited and its subsidiaries. The injuries were occurred in different work scenarios from January 1 to December 31, 2023. Namely, Work-related Accident Rate Per Million Working Hours = Number of incidents of employees injured at work in 2023 × 1,000,000/ Total working hours in 2023.
- Number of companies certified in occupational health and safety (ISO 45001):** As of December 31, 2023, the number of ISO 45001 certified member companies within ENN Energy Holdings Limited.
- Safety Training for Employees in Person-time:** The total number of employees who participated in the training on safety production organized by ENN Energy Holdings Limited and its subsidiaries, from January 1 to December 31, 2023.
- Employee Satisfaction:** The average employee satisfaction rate calculated through the employee satisfaction questionnaire engagement held by ENN Energy Holdings Limited and its subsidiaries, from January 1 to December 31, 2023.

## ESG Performance Indicators

Environmental Aspect				
Indicator	Unit	2023	2022	2021
Wastewater	Tonnes	1,578,248.77	1,588,776.50	1,691,056.46
Sulphur Dioxide Emissions	Tonnes	21.06	11.02	13.57
Nitrogen Oxide Emissions	Tonnes	78.53	50.07	54.20
Soot Emissions	Tonnes	3.08	4.30	1.42
Hazardous Waste <sup>22</sup>	Tonnes	46.19	21.09	26.57
Intensity of Hazardous Waste Generation	Tonnes /billion RMB of revenue	0.41	0.19	0.29
Non-hazardous Waste <sup>23</sup>	Tonnes	2,510.50	2,517.42	2,825.10
Intensity of Non-Hazardous Waste Generation	Tonnes /billion RMB of revenue	22.05	22.88	30.34
Coal Consumption	Tonnes	43,050.71	43,042.00	56,519.52
Diesel Consumption	Litres	860,080.20	1,867,358.15	3,484,897.37
Gasoline Consumption	Litres	3,187,412.86	3,105,344.12	4,398,359.54
Natural Gas Consumption	Cubic metres	15,495,045.29	12,053,725.19	13,080,493.39
Electricity Purchased	MWh	162,931.22	138,343.28	134,686.65
Comprehensive Energy Consumption	Tonnes of standard coal	85,106.43	76,655.56	92,466.90
Intensity of Comprehensive Energy Consumption	Tonnes of standard coal/billion RMB of revenue	747.48	690.65	993.06
Water Consumption	Tonnes	1,856,763.22	1,869,148.83	1,989,478.19
Intensity of Water Consumption	Tonnes /billion RMB of revenue	16,307.71	16,984.39	21,366.28
Scope 1: Direct GHG Emissions <sup>24</sup>	Tonnes of CO <sub>2</sub> e	141,381.27	136,247.47	176,481.93
Intensity of Direct GHG Emissions (by revenue)	Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	1,241.73	1,238.04	1,895.35
Intensity of Direct GHG Emissions (by gas sales)	Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales	4,205.15	4,166.97	5,332.26
Scope 2: Indirect GHG Emissions <sup>25</sup>	Tonnes of CO <sub>2</sub> e	92,919.67	93,792.90	90,271.17

<sup>22</sup> The total amount of hazardous waste generation in 2023 includes waste mechanical oil, odorant waste drums, waste chemical packaging, end-of-life circuit boards and other hazardous waste generated by the headquarters of ENN Energy and affiliated gas companies in the process of engaging in natural gas retailing and wholesaling business.

<sup>23</sup> The total amount of non-hazardous waste generation in 2023 includes the domestic waste generated in the course of engaging in the retail and wholesale business of natural gas and the non-hazardous waste generated in the course of manufacturing and repairing gas metres at the headquarters of ENN Energy and affiliated gas companies.

<sup>24</sup> Direct Greenhouse Gas Emissions (Scope 1) covers the emissions generated directly from the energy (coal, diesel, gasoline, natural gas) consumed by the retail gas business and the wholesale gas business operations of the headquarters and subsidiary gas companies of ENN Energy.

<sup>25</sup> Indirect Greenhouse Gas Emissions (Scope 2) covers emissions indirectly generated from purchased electricity consumed for the operation of the retail natural gas business and wholesale gas business of the headquarter and subsidiary gas companies of ENN Energy.

Environmental Aspect				
Intensity of Indirect GHG Emissions (by revenue)	Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	816.10	852.27	969.48
Intensity of Indirect GHG Emissions (by gas sales)	Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales	2,763.74	2,868.55	2,727.47
Total GHG Emissions(Scope1+Scope2)	Tonnes of CO <sub>2</sub> e	234,300.94	230,040.37	266,753.10
GHG Emissions Intensity (by revenue)	Tonnes of CO <sub>2</sub> e/ billion RMB of revenue	2,057.83	2,090.31	2,864.83
GHG Emissions Intensity(by gas sales)	Tonnes of CO <sub>2</sub> e/ billion cubic metres of natural gas sales	6,968.89	7,035.52	8,059.74

Social Aspect				
Indicator	Unit	2023	2022	2021
Number of employees	Persons	34,178	34,907	35,676
Male employees	Persons	25,129	25,730	26,982
Female employees	Persons	9,049	9,177	8,694
Full-time employees	Persons	31,641	32,757	35,562
Part-time employees	Persons	72	95	114
Other types of employees <sup>27</sup>	Persons	2,465	2,055	/ <sup>26</sup>
< 30 years old	Persons	7,566	7,904	7,936
30-50 years old	Persons	23,410	23,346	23,648
> 50 years old	Persons	3,202	3,657	4,092
Senior manager	Persons	1,086	1,104	1,147
General employees	Persons	29,899	30,502	30,980
Middle manager	Persons	3,193	3,301	3,549
Overseas employees	Persons	0	0	0
Hong Kong (SAR) employees	Persons	12	11	11
Chinese Mainland employees	Persons	34,166	34,896	35,665
Employees with bachelor degree	Persons	11,063	10,846	9,598
Employees with college degree	Persons	11,821	11,924	11,285
Employees with high school degree or lower	Persons	10,539	11,362	14,104
Employees with Master degree or above	Persons	755	775	689
Percentage of male senior manager	%	84.35	84.15	82.82
Number of male senior manager	Persons	916	929	950
Percentage of female senior manager	%	15.65	15.85	17.18
Number of female senior manager	Persons	170	175	197

<sup>26</sup>We collected disaggregated employees' numbers by various types since 2022.

<sup>27</sup>The other types cover not only internship, contractor, outsourced worker and other types.

Social Aspect				
Percentage of male middle manager	%	71.81	72.28	73.37
Number of male middle manager	Persons	2,293	2,386	2,604
Percentage of female middle manager	%	28.19	27.72	26.63
Number of female middle manager	Persons	900	915	945
Minority employees	Persons	1,114	1,215	1,044
Newcomers	Persons	4,618	4,053	4,264
Newcomers from experienced hire	Persons	580	3,650	3,857
Newcomers from school	Persons	4,038	403	407
Overseas newcomers	Persons	4	2	0
Turnover rate <sup>28</sup>	%	10.57	12.00	9.68
Number of departed employees	Persons	3,614	4,188	3,454
Male employee turnover rate	%	11.17	12.40	9.40
Male employee departed	Persons	2,808	3,190	2,537
Female employee turnover rate	%	8.91	10.88	10.55
Female employee departed	Persons	806	998	917
Turnover rate of employees under 30 years old	%	18.70	18.18	16.51
Departed employees under age 30 years old	Persons	1,415	1,437	1,310
Turnover rate of employees age 30-50 years old	%	8.18	9.38	7.19
Departed employees age 30-50 years old	Persons	1,914	2,191	1,700
Turnover rate of employees over 50 years old	%	8.90	15.31	10.85
Departed employees over 50 years old	Persons	285	560	444
Total number of training sessions	Sessions	449,390	68,624	84,009
Total employees trained	Persons	34,178	34,907	35,676
Male employees trained	Persons	25,129	25,730	26,982
Female employees trained	Persons	9,049	9,177	8,694
Senior manager employees trained	Persons	1,086	1,104	1,147
Middle manager employees trained	Persons	3,193	3,301	3,549
General staff trained	Persons	29,899	30,502	30,980
Percentage of certified personnel by positions	%	2.95	2.93	3.35
Certified personnel by positions	Persons	1,008	1,022	1,195
Total training time	Hours	1,198,320	810,322	991,991
Average training hours of male employees	Hours/person	36.79	24.41	28.14
Average training hours of female employees	Hours/person	30.26	19.87	26.77

<sup>28</sup>Due to the large size of our employees and the complex correspondence between the regions covered by the main business and the reporting entity, we strictly managed and evaluated the current data and plan to disclose the employee turnover rate by region in the subsequent reporting period.

Social Aspect				
Average training hours of senior manager	Hours/person	28.95	27.36	29.35
Average training hours of middle manager	Hours/person	26.83	21.16	23.04
Average training hours of general employee	Hours/person	36.16	23.29	28.29
Fatalities due to safety incidents	Persons	0	0	0
Fatalities rate due to safety incidents	%	0	0	0
Total recordable incidents <sup>29</sup>	Incident(s)	27	29	78
Total recordable incident rate (excluding fatalities)	%	0.08	0.08	0.22
Lost time(in hours)	Hours	11,444	21,063	25,570
Lost time(in days)	Days	1,431	2,633	3,197
Work-related Accident Rate Per Million Working Hours	/	0.40	0.41	1.09
Total recordable incident rate (per thousand employees)	/	0.79	0.83	2.19
Total safety training	Person-times	427,697	431,964	393,762
Safety training for general manager level	Person-times	8,230	680	2,559
Safety training for safety management personnel	Person-times	10,968	17,400	10,998
Safety training for employees	Person-times	408,499	413,884	380,205
Full-time security management staff	Persons	837	771	723
Full-time security management staff	Times	9,895	4,365	10,096
Patents under application	Pieces	143	50	48
Effective patents	Pieces	1,089	946	896
Effective copyrights	Pieces	372	346	331
Effective trademarks	Pieces	8	8	8
R&D investment	RMB ten thousand	106,553.00	98,040.60	65,365.08
Effective and significant complaints investigated	Cases	0	0	0
Concluded legal cases regarding corruption practices	Cases	0	0	0
Senior management received anti-corruption training	Persons	967	718	565
Employees in key positions received anti-corruption training	Persons	1,556	1,407	1,130
Employees in key positions received anti-corruption training	Persons	3,576	3,370	2,610
Type A suppliers (key)	Suppliers	179	129	82
Type B suppliers (important)	Suppliers	949	872	1,224
Type C suppliers (general)	Suppliers	3,972	2,950	2,992
The review coverage rate of tier 1 key suppliers for the past three years	%	100	100	100

<sup>29</sup> Include incidents caused employees injuries in different work situations

## HKEX ESG Indicators Index

Requirements, Subject Area, Aspects, General Disclosures and KPIs		Page Number
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.	P4
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report:  Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.  Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.  Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	P2
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	P2
Environmental	A1 Emissions General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. A1.1 The types of emissions and respective emissions data. A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). A1.5 Description of emissions target(s) set and steps taken to achieve them. A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P75 P101-P102 P105-P106 P105 P105 P14-P15, P61-P74 P70-P72

Requirements, Subject Area, Aspects, General Disclosures and KPIs			Page Number
"Comply or Explain" Provisions			
Mandatory Disclosure Requirements			
Environmental	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P75
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (KWh in '000s) and intensity (e.g. per unit of production volume, per facility)	P105
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P105
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P61-P74
		A2.4 Description of whether there is any issue in sourcing water <sup>28</sup> that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P73 Water consumption is an insignificant topic for the Company. The Company has not set a water efficiency target for the time being.
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company's main business barely involves in the use of packaging materials. This issue is not material to the Company.	
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	P75
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P70-P74
	A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P75
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P61-P62

<sup>28</sup> Water consumption is not a material issue to ENN Energy, thus no water efficiency target has been set at this time being.

Requirements, Subject Area, Aspects, General Disclosures and KPIs			Page Number
Social	B1 Employment	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P79
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P106-P107
		B1.2 Employee turnover rate by gender, age group and geographical region.	P106-P107
		General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P52-P53
	B2 Health and Safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P52, P108
		B2.2 Lost days due to work injury.	P52, P108
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P52-P53
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P79, P83-P85
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P84, P107-P108
		B3.2 The average training hours completed per employee by gender and employee category.	P84, P107-P108
B4 Labour Standards	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P79	
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P81	
	B4.2 Description of steps taken to eliminate such practices when discovered.	P81	
	General Disclosure: Policies on managing environmental and social risks of the supply chain.	P28	
B5 Supply Chain Management	B5.1 Number of suppliers by geographical region.	P30	
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	P30-P32	
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P30-P32	
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P33	

Requirements, Subject Area, Aspects, General Disclosures and KPIs		Page Number
Social	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P34, P45-P51, P54-P57, P89
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's main business barely involves product recycling. This issue is not material to the Company.
	B6.2 Number of products and service related complaints received and how they are dealt with.	P91
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P92
	B6.4 Description of quality assurance process and recall procedures.	The Company's main business barely involves product recycling. This issue is not material to the Company.
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P34-P39
	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P26
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P26
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P27
	B7.3 Description of anti-corruption training provided to directors and staff.	P27
	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P92-P93
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P92-P93
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P92-P93

## GRI Indicator Index

Statement of use	ENN Energy has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Relevant Section(s)	Page Number
GRI 2: General disclosures 2021		About This Report	P2
Organisations and its reporting practices			
2-1	Organisational details	About Us	P5-P6
2-2	Entities included in the organisation's sustainability reporting	About This Report	P2
2-3	Reporting period, reporting frequency and contactor	About This Report	P2
2-4	Restatements of information	About This Report	P2
2-5	External assurance	About This Report	P2
Activities and Workers			
2-6	Activities, value chain and other business relationships	Sustainable Development Strategy	P7-P13
2-7	Employees	Empowering Digital Intelligence Cities by Talent Motivation	P78-P87
2-8	Workers who are not employees	Sustainable Supply Chain, Contractor Safety Management	P31-P33, P58-P59
Governance			
2-9	Governance structure and composition	Corporate Governance	P19-P25
2-10	Nomination and selection of the highest governance body	Corporate Governance	P19-P25
2-11	Chair of the highest governance body	Corporate Governance	P19-P25
2-12	Overseeing role of the highest governance body in the management of impacts	Corporate Governance	P19-P25
2-13	Delegation of responsibility for managing impacts	Corporate Governance	P19-P25
2-14	Highest governance body's role in sustainability reporting	Corporate Governance	P19-P25
2-15	Conflicts of interest	Corporate Governance	P19-P25
2-16	Communicating critical concerns	Corporate Governance	P19-P25
2-17	Collective knowledge of highest governance body	Corporate Governance	P19-P25
2-18	Evaluation of the performance of the highest governance body	Corporate Governance	P19-P25
2-19	Remuneration policies	Equality and Diversity	P82
2-20	Process to determine	Equality and Diversity	P82
2-21	Annual total compensation ratio	Equality and Diversity	P82
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Sustainable Development Strategy	P7
2-23	Policy commitments	List of the Company's ESG Policies	P117-P118

GRI Standard	Disclosure	Relevant Section(s)	Page Number
2-24	Embedding policy commitments	Achieving Prosperity through Steady Improvement	P20, P26, P28, P34, P41, P71, P75, P79, P89
		Safeguarding Urban Safety with Intelligence Technology	
		Building a Low-carbon and Green Home through Digital Intelligence	
		Empowering Digital Intelligence Cities by Talent Motivation	
2-25	Processes to remediate negative impacts	Shouldering Corporate Responsibility and Working Together in Solidarity	P48-P49 P81-P82
		Achieving Prosperity through Steady Improvement	
		Safeguarding Urban Safety with Intelligence Technology	
		Building a Low-carbon and Green Home through Digital Intelligence	
2-26	Mechanisms for seeking advice and raising concerns	Empowering Digital Intelligence Cities by Talent Motivation	P7-P9
		Shouldering Corporate Responsibility and Working Together in Solidarity	
2-27	Compliance with laws and regulations	Stakeholder Engagement	P26, P28, P34, P41, P71, P75, P79, P89
		Achieving Prosperity through Steady Improvement	
		Safeguarding Urban Safety with Intelligence Technology	
		Building a Low-carbon and Green Home through Digital Intelligence	
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	P7-P9
2-30	Collective Bargaining Agreement	Equality and Diversity	P82
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainable Development Strategy	P10
3-2	List of material topics	Sustainable Development Strategy	P11
3-3	Management of material topics	Sustainable Development Strategy	P7-P9
Economics			
GRI 201: Economic Performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Action	P94-P99
201-3	Defined benefit plan obligations and other retirement plans	Equality and Diversity	P86-P87
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Business Ethics	P26-P27
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	P26-P27
205-3	Confirmed incidents of corruption and actions taken	Business Ethics	P26-P27

GRI Standard	Disclosure	Relevant Section(s)	Page Number
GRI 206: Unfair Competition 2016			
206-1	Legal litigation against unfair competition, antitrust, and anti-monopoly practices	Business Ethics	P26-P27
Environmental			
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Climate Change Action	P61-P69
302-3	Energy intensity	Climate Change Action	P61-P69
302-4	Reduction of energy consumption	Climate Change Action	P61-P69
302-5	Reduction in energy requirements of products and services	Climate Change Action	P61-P69
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	Fulfilling Green Operation Responsibility	P70-P74
303-4	Water discharge	Fulfilling Green Operation Responsibility	P70-P74
303-5	Water consumption	ESG Performance Indicators	P105
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Protection	P75-P77
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity Protection	P75-P77
304-3	Habitats protected or restored	Biodiversity Protection	P75-P77
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Climate Change Action	P61-P69
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Action	P61-P69
305-3	Other indirect (Scope 3) GHG emissions	Climate Change Action	P61-P69
305-4	GHG emissions intensity	Climate Change Action	P61-P69
305-5	Reduction of GHG emissions	Climate Change Action	P61-P69
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Climate Change Action	P61-P69
GRI 306: Effluents and waste 2020			
306-1	Waste generation and significant waste-related impacts	Fulfilling Green Operation Responsibility	P70-P74
306-2	Waste by type and disposal method	Fulfilling Green Operation Responsibility	P70-P74
306-3	Significant spills	Fulfilling Green Operation Responsibility	P70-P74
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain	P28-P33
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain	P28-P33
Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Equality and Diversity	P79-P82
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Equality and Diversity, Supporting and Caring for Employees	P86-P87
401-3	Parental leave	Supporting and Caring for Employees	P86
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Occupational Health and Safety Management	P52-P53
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety Management	P52-P53
403-3	Occupational health services	Occupational Health and Safety Management	P52-P53
403-4	Occupational health and safety affairs: worker participation, consultation, and communication on	Occupational Health and Safety Management	P52-P53

GRI Standard	Disclosure	Relevant Section(s)	Page Number
403-5	Worker training on occupational health and safety Disclosure	Occupational Health and Safety Management	P52-P53
403-6	Promotion of worker health	Occupational Health and Safety Management	P52-P53
403-7	Prevention and mitigation of occupational health and safety related to business relationships	Operation Safety Guarantee	P45-P49
403-8	Workers covered by an occupational health and safety system	Occupational Health and Safety Management	P52-P53
403-9	Work-related injuries	Occupational Health and Safety Management, ESG Performance Indicators	P52-P53, P108
403-10	Work-related ill health	Occupational Health and Safety Management	P52-P53
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Staff development and motivation	P83-P85, P107-P108
404-2	Programmes for upgrading employee skills and transition assistance programmes	Staff development and motivation	P83-P85
404-3	Percentage of employees receiving regular performance and career development reviews	Staff development and motivation	P83-P85, P107-P108
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Equality and Diversity	P79-P82
405-2	Ratio of basic salary and remuneration of women to men	Equality and Diversity	P79-P82
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Equality and Diversity	P79-P82
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Equality and Diversity	P79-P82
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Equality and Diversity	P79-P82
GRI 413: Local Communities 2016			
413-1	413-1 Operations with local community engagement, impact assessments, and development programmes	Community Engagement and Development	P92-P93
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria.	Sustainable Supply Chain	P28-P33
414-2	Negative social impacts in the supply chain and actions taken.	Sustainable Supply Chain	P28-P33
GRI 415: Public Policy 2016			
415-1	Political contributions	Business Ethics	P26-P27
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Value Chain Safety Management	P54-P59
416-2	Non-compliant events involving the health and safety impact of products and services	Value Chain Safety Management	P54-P59
GRI 417: Marketing and labelling 2016			
417-1	Requirements for product and service information and labelling	Customer Oriented Service	P89-P91
417-2	Incidents of non-compliance concerning product and service information and labelling	Customer Oriented Service	P89-P91
417-3	Incidents of non-compliance concerning marketing communications	Customer Oriented Service	P89-P91
GRI 418: Customer privacy 2016			
418-1	Confirmed complaint related to the violation of customer privacy and loss of customer data	Value Chain Safety Management	P34-P39

## List of the Company's ESG Policies

Policies	Corresponding HKEX Index
Civilised Construction Management Measures	A1 Emissions
ENN Energy Holdings Limited Health, Safety and Environment (HSE) Policy	A1 Emissions, A2 Use of Resources, B2 Health and Safety
Specification of ENN Energy Holdings Limited for the Economic Operations of CNG Stations	A2 Use of Resources
ENN Energy Manual for Reception Resources	A2 Use of Resources
ENN Energy Management Rules for Administrative Office Assets	A2 Use of Resources
ENN Energy Rules for Vehicle Management	A2 Use of Resources
ENN Energy Holdings Limited Sustainable Development Policy	A2 Use of Resources
Notice on ENN Sustainable Development Strategy	A2 Use of Resources
ENN Energy Holdings Limited Biodiversity Protection Policy	A3 The Environment and Natural Resources
Climate Change Policy of ENN Energy Holdings Limited	A4 Climate Change
Regulations for Recruitment Management	B1 Employment, B4 Labour Standards
Rules for Employee Appointment	B1 Employment, B4 Labour Standards
ENN Energy Holdings Limited Talent Development and Employment Policy	B1 Employment, B4 Labour Standards
Code of Conduct of ENN Group	B4 Labour Standards
Recruitment Management System for ENN Energy Holdings Limited	B1 Employment, B4 Labour Standards
Measures for Attendance and Vacation Management	B4 Labour Standards
HSE Policy of ENN Energy Holdings Co., Ltd.	B2 Health and Safety
Regulations on Safety Management of ENN Energy	B2 Health and Safety
Regulations on Multi-Level Safety Risk Control and Potential Safety Hazard Investigation and Management	B2 Health and Safety
Regulations on the Administration of Work Safety	B2 Health and Safety
Management Regulations on Dangerous Operations	B2 Health and Safety
Regulations for the Red and Yellow Lines of Safety Management	B2 Health and Safety
Regulations on Accident Reporting, Investigation and Handling	B2 Health and Safety
Management Measures for Emergency Plans of Work Safety Accidents	B2 Health and Safety
Management Regulations on Safety Education and Training	B2 Health and Safety
Safety Management Document No. 1	B2 Health and Safety
Measures for the On-site Supervision and Management of the "Three Violations" of Production Safety	B2 Health and Safety
ENN Energy Pipeline Network Integrity Standard System	B2 Health and Safety
Technical Standards for Unmanned City-gate Station Construction and Standards for Unmanned City-gate Station Operation and Maintenance	B2 Health and Safety
Important Notice on Employees' Return to Work after the Spring Festival Holiday	B2 Health and Safety
Management Regulations for Suppliers' Construction Safety	B2 Health and Safety, B5 Supply Chain Management
ENN Energy Holdings Limited Supplier Health, Safety and Environment (HSE) Policy	B2 Health and Safety, B5 Supply Chain Management
Standards for Suppliers' Rating	B5 Supply Chain Management
Supplier Code of Conduct	B5 Supply Chain Management
Measures for Suppliers' Access and Management	B5 Supply Chain Management
Supplier Management Measures of ENN Energy Holdings Limited	B5 Supply Chain Management
Measures for Suppliers' Performance Evaluation	B5 Supply Chain Management
Notice on Regulating the Bidding Work of Gas Construction Units	B5 Supply Chain Management
Implementation Measures for the Access, Evaluation and Exit of Eco-Partners (Product and Service Suppliers) for Integrated Energy	B5 Supply Chain Management

Policies	Corresponding HKEX Index
ENN Energy Holdings Limited Supplier Corporate Social Responsibility Code of Conduct	B5 Supply Chain Management
Measures on the Access, Evaluation, and Withdrawal of Partners in Integrated Energy Business (Product and Service Providers)	B5 Supply Chain Management
ENN General Supplier and Procurement Management Rules (ENN Group)	B5 Supply Chain Management
ENN Energy Regulations on Material Procurement Management	B5 Supply Chain Management
ENN Energy Regulations on Quality Management of Supplies and Procurement	B5 Supply Chain Management
ENN Energy Regulations on Warehouse Management	B5 Supply Chain Management
Health, Safety and Environment (HSE) Agreement	B5 Supply Chain Management
Rules for Contract Fulfilment on Supplier Platform	B5 Supply Chain Management
Rules for Merchant Certification and Factory Inspection on Quality and Smart Procurement Platform	B5 Supply Chain Management
Rules for the Management of Violations of Merchants on Quality and Smart Procurement Platform (Supplier Version)	B5 Supply Chain Management
Complaints Management for Suppliers of Smart Procurement Platform	B5 Supply Chain Management
ENN Group Supplier Blacklisting Management Measures (The Group)	B5 Supply Chain Management
Integrity Agreement	B5 Supply Chain Management
ENN Energy Management Measures for Client Complaints	B6 Product Responsibility
ENN Energy Service System Manual	B6 Product Responsibility
ENN Energy Measures for Awarding Intellectual Property and Research Papers	B6.3 Description of practices relating to observing and protecting intellectual property rights.
Regulation on Data Classification	B6.3 Description of practices relating to observing and protecting intellectual property rights.
ENN Group Intellectual Property Management Provisions	B6.3 Description of practices relating to observing and protecting intellectual property rights.
Guidelines for ENN Eco-Brand Trademark Specifications	B6.3 Description of practices relating to observing and protecting intellectual property rights.
ENN Energy Information Security Risk Management Measures	B6.5 Consumer data protection and privacy
ENN Energy Management Regulations for Information Security	B6.5 Consumer data protection and privacy
ENN Energy Holdings Limited Data Privacy Policy	B6.5 Consumer data protection and privacy
ENN Energy Privacy Protection Policy	B6.5 Consumer data protection and privacy
ENN Energy Regulations on Document Preparation, Distribution, Utilisation, and Storage	B6.5 Consumer data protection and privacy
ENN Energy Regulations on External Provision of Information and Information Interface	B6.5 Consumer data protection and privacy
Guidelines of Anti-Corruption and Anti-Commercial Bribery	B7 Anti-corruption
Integrity and Compliance Code of Conduct	B7 Anti-corruption
Whistleblowing and Whistleblower Protection Policy	B7 Anti-corruption
Code of Conduct for Employees	B7 Anti-corruption
ENN Energy Measures for Penalty Regarding Violation of Regulations and Disciplines	B7 Anti-corruption
ENN Energy Management Regulations for Cadres' Accountability	B7 Anti-corruption
ENN Energy Holdings Limited Anti-Fraud, Corruption and Bribery Policy	B7 Anti-corruption
ENN Energy Holdings Limited Compliance Management System	B7 Anti-corruption
Energy Compliance Management Manual and Procedure Guidelines	B7 Anti-corruption
Energy Anti-Corruption Management Manual and Procedure Guidelines	B7 Anti-corruption
ENN Energy Holdings Limited Charity Activity Management Policy	B8 Community Investment

## Reader's Feedback Form

Dear readers:

Thank you for reading our 2020 Environmental, Social and Governance Report. In order to enhance communication with you and other stakeholders and to continuously improve the environment, social and governance performance of our company and the preparation of future reports, we sincerely hope to listen to your valuable comments and suggestions, and we sincerely look forward to your feedback in the following ways:

Please provide us with specific feedback:

1. What is your overall comment on this report?

Good  Relatively good  Average  Below average

2. What do you think about the clarity, accuracy and completeness of the information disclosed in this report?

Good  Relatively good  Average  Below average

3. What do you think of the comprehensiveness of the economic responsibilities undertaken by the Group that were disclosed in this report?

Good  Relatively good  Average  Below average

4. What do you think of the comprehensiveness of the environmental responsibilities undertaken by the Group that were disclosed in this report?

Good  Relatively good  Average  Below average

5. What do you think of the comprehensiveness of the social responsibilities undertaken by the Group that were disclosed in this report?

Good  Relatively good  Average  Below average

6. What do you think of the design and layout of this report?

Good  Relatively good  Average  Below average

7. Which part of this report do you think need improvement?

Governance  Safety  Service  Supply Chain  Employee  Environment  Society

8. Information that you wish to know about but is not disclosed in this report:

9. Your opinions and suggestions in respect of our environmental, social and governance performance and reporting: