



新奥天然气股份有限公司
ENN Natural Gas Co., Ltd.

2023 Environmental, Social and Governance Report



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About this Report

This Environmental, Social and Governance ("ESG") Report reflects how ENN-NG fulfills its economic, social and environmental responsibilities to achieve sustainability and responds to issues of general interest by stakeholders. The Company's Board of Directors has reviewed this Report and is responsible for the authenticity and validity of the information contained.

Scope of this Report

This Report focuses on ENN Natural Gas Co., Ltd. and its subsidiaries in line with the scope of consolidated financial statements. For details of the business development and consolidated financial statements of the Company, please refer to the 2023 Annual Report of the Company.

Based on the strategic positioning of "becoming the intelligent platform operator in the natural gas industry by leveraging the all-scenario strategic pivots, IoT data and building intelligent industrial large models", the Company transferred its 100% shares in Xinneng Mining Industry in October 2023 to further achieve strategic focus.

References

For ease of presentation and reading, ENN Natural Gas Co., Ltd. is hereinafter referred to as "ENN-NG", "the Company" or "we/us".

ENN Energy, Xinneng Energy, ENN Qinshui, Zhoushan Terminal, Xindi Engineering and ENN Energy Logistics mentioned in this Report are subsidiaries of ENN Natural Gas Co., Ltd.

Preparation Basis

This Report is formulated according to the requirements of the *Guidelines No. 14 for Self-regulation of Listed Companies on Shanghai Stock Exchange - Sustainability Report (Trial)* and the *Environmental, Social and Governance Reporting Guide* under the Appendix C2 of the *Listing Rules and Guidance* of the Hong Kong Exchanges and Clearing Limited ("HKEX"), and in light of the 2021 GRI Sustainability Reporting Standards ("GRI Standards").

Reporting Period

The content of this Report covers the period from 1 January 2023 to 31 December 2023. The time period for some of the contents may be extended or retraced to maintain the continuity of information.

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 Chinese one shall prevail. Unless otherwise specified, the currency unit used is RMB.

Response to the Four Principles of HKEX's ESG Reporting Guidelines

Materiality:

For the purpose of this Report, the Company has conducted a materiality assessment process to determine the content of disclosures and the level of detail for each issue herein.

Quantitative:

This Report discloses quantitative data on the environmental and social aspects to reflect the performance of various indicators.

Balance:

The Report's contents are derived from the Company's internal management documents, statistics and public disclosures, as well as public media reports, without improper modifications.

Consistency:

Unless otherwise specified, the data disclosed in this Report are compiled according to the uniform information collection process and working mechanism established by the Company to ensure the year-on-year comparability of the data.

Access to this Report

This Report is available for browsing and download on both website of the Shanghai Stock Exchange (www.sse.com.cn) and the Company's website (www.enn-ng.com).

This Report discloses in detail the progress and effectiveness of ENN-NG's work on ESG in 2023, considered and approved by the 2024 First Meeting of ESG Committee under the Tenth Session of the Board of Directors and the Fourteenth Meeting of the Tenth Session of the Board of Directors.



Message from the Chairman

ENN-NG remained steadfast in its original intention to the development of clean energy, leveraged ESG principles and planning execution as the cornerstone, consistently supported the realization of the "dual carbon" goals, and unified social and commercial values through innovation and application of digital intelligence technologies, endeavoring to make greater contribution to the construction of a more beautiful China and the global sustainable development.

In 2023, a global economic growth slowdown, accelerated geopolitical turbulence and increasingly prominent climate change crisis posed challenges to the progression towards clean energy. ENN-NG remained steadfast in its original intention to the development of clean energy, leveraged ESG principles and planning execution as the cornerstone, consistently supported the realization of the "dual carbon" goals, and unified social and commercial values through innovation and application of digital intelligence technologies, endeavoring to make greater contribution to the construction of a more beautiful China and the global sustainable development.

In 2023, ENN-NG officially became the first A-share company in the gas industry to become a member of the UN Global Compact, showcasing our active commitment to sustainable development. Moreover, for the second year in a row, we have been included in the Hang Seng A-share Sustainable Development Companies Index, ranking among the top 30 A-share companies with the best ESG performance. Our inclusion as the only A-share company from the utility and gas sectors in this index is a testament to the recognition of our ESG management work and achievements by both the capital market and society at large.

In terms of corporate governance, we firmly embedded ESG principles into corporate decision-making and business operation, and actively fulfilled our commitments in the environmental, social, and governance domains through practical actions. Driven by our sense of responsibility and vision, we constantly marched forward to diligently implement the sustainable development concept, establish our ESG vision of "with wisdom, we innovate sustainable energy", enhance our governance framework and internal control system, fortify the bottom line for compliance and ensure corporate governance by laws and regulations. Meanwhile, we bolstered the risk management system, employing multi-dimensional measures to prevent and control diverse dynamic risks identified in the process of development. The year 2023 witnessed our attainment of certifications for compliance management and anti-bribery management systems which signified the Company achieved the international leading level in governance capabilities of compliance and anti-corruption efforts.

In terms of safety management, ENN-NG leveraged digital intelligence technologies to facilitate rapid sensing, instant monitoring, early warning and evaluation of safe production and ensure "transparent, prioritized and supervised" safety work. In 2023, we made ongoing efforts to establish a sound safety management system to conduct effective control of safety risks associated with production and operation and safeguard the occupational health and safety of both employees and contractors. Moreover, we set up a Digital Intelligence Security Committee chaired by the Company's president to perform assessment of digital intelligence security risks, advance compliance of digital intelligence security and support the realization of the goal for "impregnable" digital intelligence security efforts.

In terms of environmental protection, ENN-NG implemented a low-carbon strategy to foster an intelligent low-carbon pattern. The Company steadfastly executed the "Green Action 2030 – ENN Journey to Net Zero", a low-carbon development plan, engaged in continued research and development of new energy technologies such as hydrogen energy and bio-natural gas, and deepened the transition and application of clean energy. The Company incorporated climate risk management into the overall risk management framework. Moreover, we further enhanced internal supervision and external due diligence of environmental management system and adhered to

resource-efficient operation. We developed an intelligent tool called "E-Carbon", conducted all-scenario carbon footprint verification for low-carbon office and established a novel carbon trading system to allow that low-carbon office management covered every business partner and propel autonomous carbon reduction.

ENN-NG upheld a people-centered approach to foster a diverse and inclusive society. We provided all employees with equitable, inclusive and diverse development opportunities and empowered our employees to create and share value by offering motivation, capabilities, resources, and opportunities necessary through innovative rectification mechanism and improved sharing system. We proactively promoted the healthy development of the natural gas industry ecology, continuously enhanced the code of conduct for suppliers, and collaborated with suppliers to implement carbon reduction actions. Concurrently, we maintained resonance between development and performance of duties and ensured the provision of quality services to meet basic livelihood needs of communities. We also actively participated in public charity and community communication to practically fulfill the corporate social responsibilities.

As we stand at the cusp of progress, let's facilitate innovation and embrace the opportunities that the future holds. **The year 2024 marks the 30th anniversary of ENN-NG's listing and the inaugural year for the application of generative artificial intelligence. Amidst the rapidly evolving era of digital intelligence, we will embark on a new journey and draw upon best industry practices to quickly develop and implement the application of intelligent technologies for the natural gas industry, perform continuous iteration of the intelligent ecological platform - GreatGas.cn, intelligently gather industrial demands, resources and facility ecology for intelligent matching of demand and supply, and constantly innovate business models to provide customers with diversified product portfolios and promote high-quality industrial development.** At present, ENN-NG has built a diversified, independent, flexible and controllable pool for foreign and domestic resources. By relying on the gas-liquid delivery network supported by Zhoushan Terminal and introduction of advanced international risk control system backed by Tianjin International Petroleum & Gas Exchange Center, the Company has established its presence in domestic and overseas markets, and developed intelligent products as well as such core capabilities as intelligent recognition of customers, intelligent market judgment, intelligent performance and delivery, and intelligent risk control. In the future, the Company will reconstruct the development model of the natural gas industry by virtue of intelligence, keep optimizing the great model of the industry, unswervingly enlarge the scale of natural gas transaction on the platform and raise the efficiency of the industry.

We are committed to partnering with all relevant stakeholders to jointly advance the construction of China's modern energy system, leverage the value as a clean energy enterprise in the realm of sustainable development and contribute significantly to the high-quality development in the economic, environmental, and social spheres!

Wang Yusuo

Chairman

ENN Natural Gas Co., Ltd.

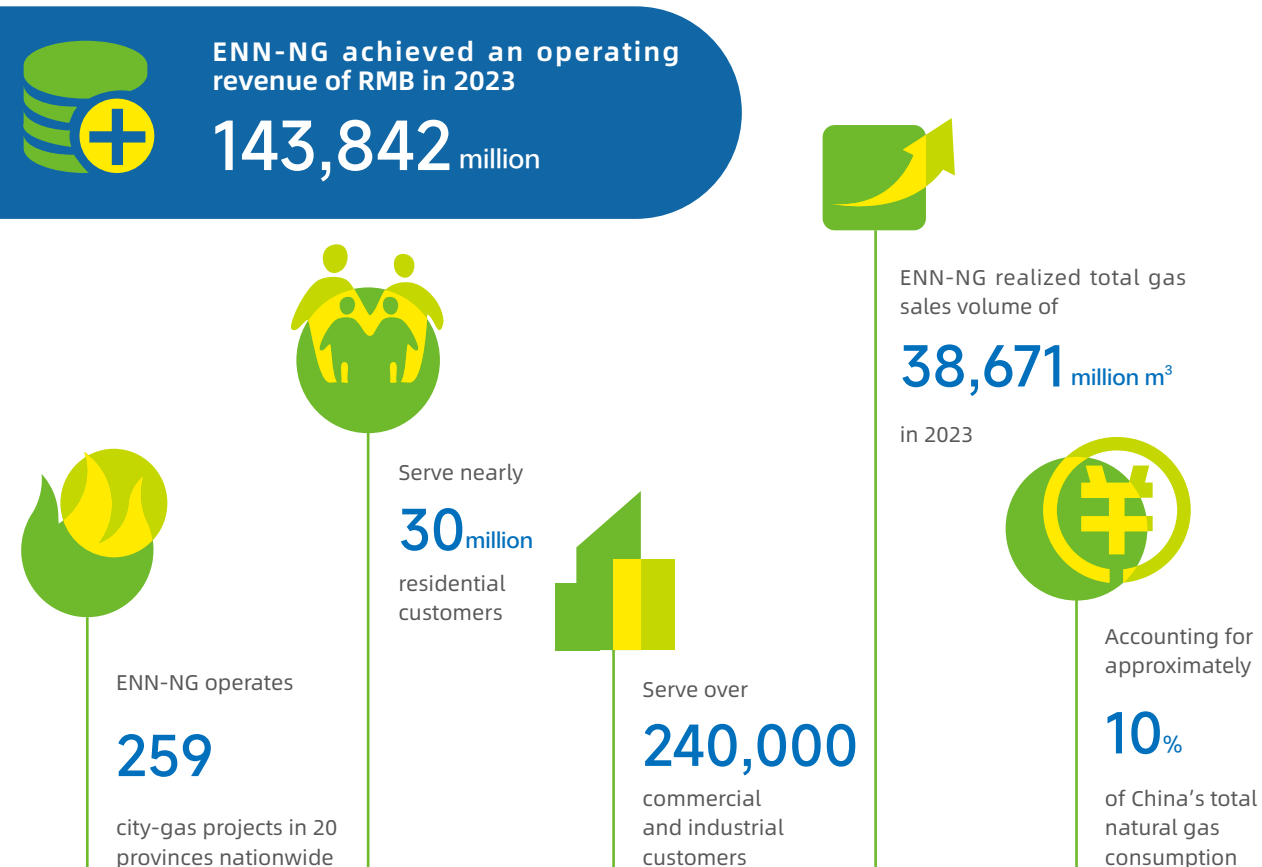
About ENN-NG

Company Profile

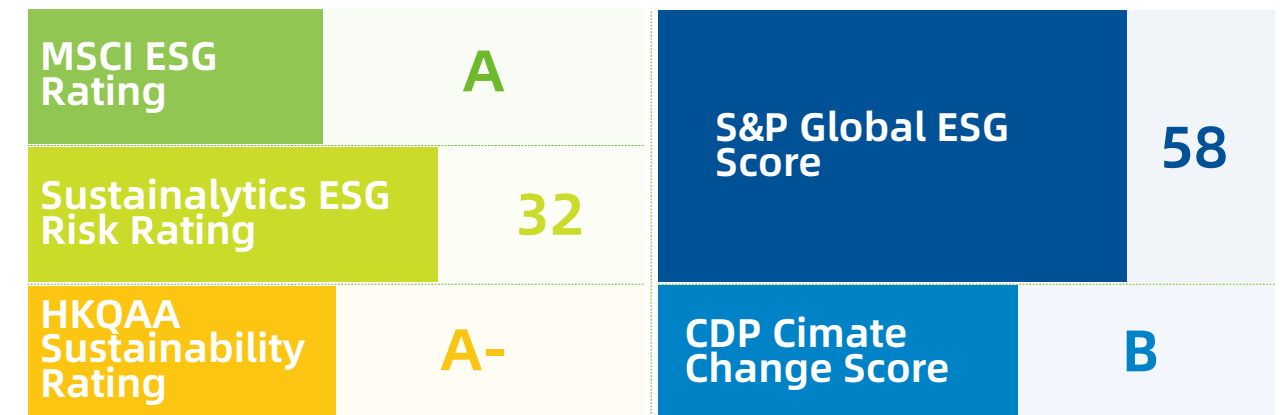
ENN Natural Gas Co., Ltd. ("ENN-NG", stock code: 600803.SH) is an A-Share listed company in the energy industry. It operates 259 city gas projects across 20 provinces nationwide, providing energy services to nearly 30 million households and over 240,000 industrial and commercial users. Its business layout covers the entire natural gas value chain, including natural gas sales, infrastructure operation, storage and distribution, construction and operation of industrial intelligent platform, and engineering, etc. Leveraging its capabilities across the entire natural gas value chain and the IoT data, ENN-NG strives to build an industrial Foundation Model, and is committed to become an intelligent platform operator of the natural gas industry. In 2023, ENN-NG achieved a revenue of 143.842 billion CNY, with a total gas sales volume of 38.671 billion cubic meters, accounting for approximately 10% of China's total natural gas consumption.

Through the years of business development and asset allocation, the company has established four key business pivots that span the entire natural gas value chain, including a customer base with an annual gas demand of nearly 40 billion cubic meters, a diversified, flexible and dispatchable resource pool both domestically and internationally, a powerful delivery network, as well as an international advanced intelligent risk control system. GreatGas, an intelligent platform for the natural gas industry independently built and operated by ENN-NG, utilizes digital intelligence technology to connect the supply and demand sides, thereby enhancing the efficiency of industry operations.

Looking forward, ENN-NG aims to further optimize the Foundation Model of the natural gas industry, leveraging intelligence to restructure the developmental paradigm of the sector, and strives to make meaningful contributions towards fostering the prosperity of the natural gas industry ecosystem and establishing a modern energy system.



Rating performance



Awards and Honors



ENN-NG's Reflections Amidst Energy Transition

In 2022, the global energy system underwent accelerated reformation, unveiling a resilient era for energy system construction. Concurrently, the surge in extreme climatic events worldwide sounded a clarion call for our times. During the first global stocktake by COP28 1 in 2023, the energy sector 2 which contributed to 75% of GHG emissions emerged as the central topic of debate. The crisis drove a transition, with all stakeholders committing to the establishment of a cleaner, more affordable and secure energy system.

Confronted with the grave and complex energy situation, China, in close collaboration with other nations in the world, has been proactive in its responses. The National Development and Reform Commission (NDRC) and the National Energy Administration have jointly rolled out the *14th Five-Year Plan for a Modern Energy System*, which emphasized the imperative to “expedite the establishment of a modern energy system and promote high-quality development of energy”. The International Energy Agency (IEA) has highlighted the critical role of increased investments in natural gas and power network infrastructures and the integration of regional markets in the construction of a new energy system.

As one of the largest private energy enterprises in China, ENN-NG has been actively engaged in significant national and international energy development agendas. It stands ready to work with all parties in the collective efforts to establish a cleaner, more affordable and secure energy system. The Company is dedicated to becoming a responsible operator for the intelligent platform of natural gas industry, leveraging the industrial intelligence to fortify the resilience of natural gas infrastructures and propelling the integrated development of ecology and market by a platform model so as to make greater contribution to the construction of a modern energy system and the advancement of high-quality energy development.

¹ The 28th session of the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change (UNFCCC)

² International Energy Agency (IEA). *Energy sector is central to efforts to combat climate change*.

³ International Energy Agency (IEA). “The global energy crisis”

With Wisdom, we Innovate Sustainable Energy. 智慧创新可持续能源

ENN-NG has steadfastly maintained its original aspiration for the development of clean energy. In 2021, ENN-NG unveiled its first Environmental, Social and Governance (ESG) Report, and established a Board-level ESG governance structure. Since then, the Company has constantly organized ESG-related activities to deepen ESG practices:

In 2021, the Green Action Plan was initiated to probe into a carbon-neutral path aligned with business development¹;

In 2022, the biodiversity conservation action was taken to put in place biodiversity preservation measures across all scenarios²;

In 2023, endeavors were made for financial impact quantification of climate risks and opportunities to explore the impacts of climate-related risks and opportunities on operation of the Company across all business scenarios³.

As the global energy pattern undergoes a profound reform and the risks associated with climate change intensify, we are continuously reflecting on how to more closely align ESG with our corporate strategy and business to address emerging opportunities and challenges. The sustainable development vision “With Wisdom, we Innovate Sustainable Energy” is the latest outcome of our reflections. Therefore, based on national energy deployments and corporate strategic arrangements, we have actively engaged in extensive communication and survey endeavors with all ecological stakeholders, and combined the United Nations’ 17 Sustainable Development Goals to formulate the “WISE” sustainable development philosophy which covered four directions for sustainable development actions, providing fundamental guidance and development goals for the management of diverse matters for the Company’s sustainable development.

We expect to leverage the vision of “With Wisdom, we Innovate Sustainable Energy” as the link to forge a strong tie across all business segments and give full play to the guiding role of ESG in innovation and value creation; with the “WISE” philosophy as our guide, we hope to drive each business segment to develop the ESG development directions and practical measures that reflect its own characteristics.



¹ Green Action 2030 - ENN Journey to Net Zero

² 2022 Biodiversity Conservation Report

³ 2023 Climate-Related Financial Disclosure Report



With Wisdom, we Innovate Sustainable Energy. 智慧创新可持续能源

W To be Self-motivated and Altruistic for a Diverse and Harmonious Ecology

ENN-NG deems employees as a cornerstone of its sustainable development. We fully protect the legitimate rights and interests of our employees, improve various remuneration and benefit protection plans, attach much importance to training and development for employees, and help each employee achieve their value.

- The Company is the first A-share enterprise in the gas industry to participate in the United Nations Global Compact (UNGC) and sign the United Nations Women's Empowerment Principles. It also actively engaged in the United Nations Target Gender Equality Accelerator Program in 2023, demonstrating its unwavering efforts to achieve gender equality.
- There was Zero employment discrimination, harassment, child labor or forced labor
- ENN-NG improved its training management system and resource building, with **450,698** training sessions in total and **100%** employee training coverage rate
- The average training duration per employee was **35.11 hours**, with year-on-year increase by **50.27%**
- The employee social insurance coverage rate reached **100%**
- The average score of employee satisfaction survey reached **4.34**

ENN-NG maintains gratitude for the source of benefit and contributes to social development with practical actions guided by a sense of social responsibility.

- ENN-NG and its subsidiaries invested **RMB 77.24 million** in public welfare and charity.
- Approximately **RMB 42.43 million** was invested in education, **RMB 13.96 million** in environmental protection, **RMB 10.1 million** in disaster relief, **RMB 7.48 million** in social assistance and construction of public infrastructure, and **RMB 3.27 million** in support of poverty alleviation and rural revitalization
- The total investment in innovation R&D was **RMB 1.35 billion**
- The number of new patent applications reached **258**, with year-on-year increase by **45%**



I Building a trustworthy brand reputation on moral and compliant basis

Comprehensive Corporate Governance for Multiple Paths to Succeed

ENN-NG places emphasis on the diversity, professionalism, and independence of the Board of Directors, and constantly raises the operation efficiency of the Board of Directors and strengthens the construction of risk management mechanisms by continuous improvement of corporate governance structure to ensure the sustainable development of the Company.

- 7 board meetings were held in total, with **100%** attendance of directors
- The independent directors accounted for 36% and female directors accounted for **18%** in the Board of Directors
- The Audit Committee and the Remuneration and Evaluation Committee consisted **100%** of independent directors



To increase diversity on the Board of Directors, the Company has set a goal of increasing the percentage of female directors to **30%** by 2030

Strengthened Risk Management for Long-term Stability

- 5 compliance training sessions were conducted with **34,524 participants**
- The Company has been certified for the Compliance Management System (ISO 37301) and Anti-bribery Management System (ISO 37301)

Firm Adherence to Corporate Integrity

- Percentage of employees that had signed the Employee Code of Conduct and the Code of Integrity and Compliance: **100%**
- Percentage of suppliers and contractors that had signed the Code of Conduct and Integrity Agreement: **100%**
- Total number of employees receiving the business ethics training such as anti-corruption training: **7,860**

Information Security and Privacy Protection

- Zero major network security complaint or incident
- Zero complaint or incident related to digital security and privacy protection
- **100%** coverage for the filing of important information system security levels
- **57** information security tests
- Total number of employees participating in various information security training reached **15,238**



S Ensure Stable Gas Supply to Construct Intelligent Safety Line of Defense

Leveraging digital intelligence technologies, ENN-NG has realized a safe and intelligent operation management system that can identify hidden risks, address major risks and effectively manage risks under all business scenarios to intelligently control operation safety risks and constantly improve the performance in health and safety.



Non-zero safety management objective: by 2030, the disabling incident frequency rate per million man-hour will be reduced to **0.75**

- Employee disabling incident frequency rate per million man-hour: **0.33**
- Contractor disabling incident frequency rate per million man-hour: **0.08***
- Employee and contractor disabling incident frequency rate per million man-hour: **0.06***
- The Company has achieved the target of "by 2030, the disabling incident frequency rate per million man-hour will be <0.75" for two consecutive years
- Total investment in occupational health and safety: **RMB 1.542 billion**
- Full-time safety managers: **1,152**
- Employee physical examination coverage rate: **100%**
- Number of occupational decease cases: **0**
- ENN-NG and its **83** subsidiaries passed the audit for ISO 45001 occupational health and safety management system
- **38,979** regular safety risk inspections were conducted, with **100%** rectification rate
- ENN-NG and its member companies conducted **11,429** emergency drills for fire prevention, chemical explosions, gas leaks, etc.
- **All employees** of the Company participated in the online learning of the Effortless Learning of Intelligent Safety course
- **488,941** persons completed safety training, with **100%** safety training coverage rate

* Data of ENN Energy is not included



E Maintain Green Development to Create an Intelligent and Low-carbon Pattern Together

ENN-NG upholds the philosophy of green development, continuously enhances its environmental management capabilities and resource utilization efficiency. Throughout its operations, it steadfastly protects biodiversity and local ecosystem while driving industrial green transformation. By promoting the utilization of green and clean energy, it plays a leading role in the energy sector's active efforts to address climate change.



Overall target of green action: Reach peak carbon emissions by 2030, and net zero carbon emissions and carbon neutrality by 2050

- Subject to the management recommendations and disclosure framework of the **Task Force on Climate-related Financial Disclosures (TCFD)**, the Company engaged in analysis and assessment of the climate-related risks and opportunities, identified key risks and opportunities and devised countermeasures, and released the first Climate-related Financial Disclosure Report in December 2023
- By reference to the management recommendations of **Task force on Nature-related Financial Disclosures (TNFD)**, we employed the LEAP approach to evaluate the marine ecological impacts arising from the Zhoushan LNG Terminal Phase III Project, and carried out compensation work
- Total power generated by renewable energy reached **18.3813 million kWh**
- The carbon emissions from the Company's operation decreased by **28,400** tons year-on-year
- Help society & clients reduce carbon dioxide emissions **56.14 million tons**
- The comprehensive energy consumption decreased by **9.16%** year-on-year
- The Scope II and II GHG emission intensity * decreased by **6.97%** year-on-year
- **100%** diesel vehicles were eliminated for the Company's LNG transportation fleet, with year-on-year decrease of diesel consumption by **64.67%**
- Major environmental pollution incidents and violations: Zero
- The Company has engaged in **calculation of Scope III carbon emissions for three consecutive years**, and disclosed the Scope III carbon footprint related to the Company's core energy product - natural gas based on the principle of materiality
- The Company has conducted 10 internal environmental management system audits, 7 external environmental management system audits, and **83** member companies were certified for ISO 14001 Environmental Management System.
- The Company has completed the coal asset stripping and made concentrated efforts in natural gas to improve its sustainable development capability.

* Natural gas sales as the denominator





Building a trustworthy brand reputation on moral and compliant basis

ENN-NG always upholds the concept of sustainable development, maintains strict adherence to the principle of compliance management, and constantly improves the corporate governance level to safeguard the robust development of the Company.

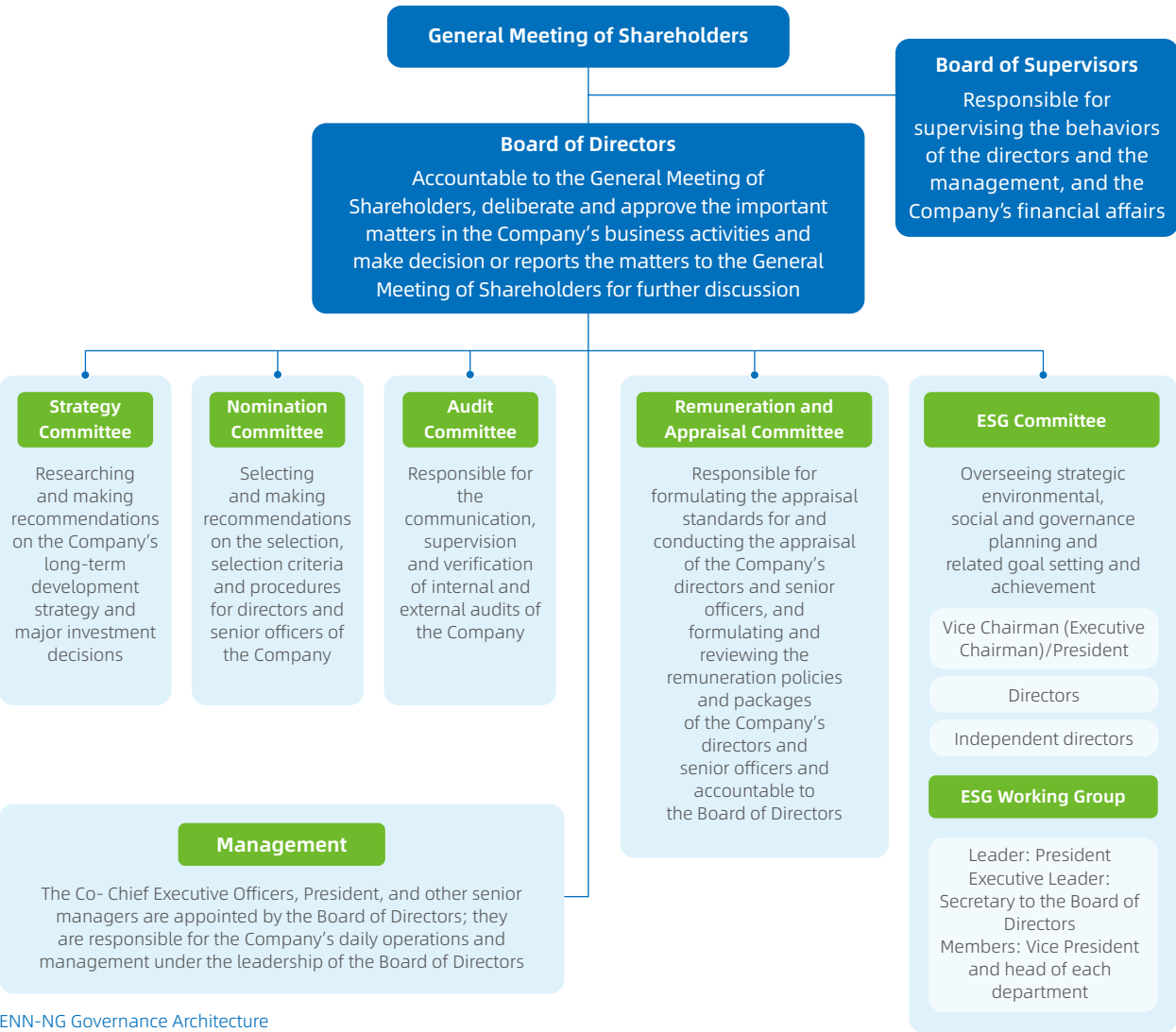


Corporate Management

ENN-NG persists in improving its corporate governance architecture and execution system, incessantly boosts the operational efficiency of the Board of Directors, continually reinforces the construction of risk management mechanism, proactively responds to core concerns of stakeholders, and comprehensively advances the Company's sustainable development.

Corporate Governance

The Board of Directors of ENN-NG is responsible for considering and deciding on major issues during the Company's operation activities. It comprises five specialized committees including Strategy Committee, Appointment Committee, Audit Committee, Remuneration and Evaluation Committee and ESG Committee. Among these, the ESG Committee is responsible for strategic planning, goal-setting, and overseeing the achievements concerning environmental, social and governance aspects. The Board of Directors consists of 11 directors, including 7 non-independent and 4 independent directors. The Company conducts general elections every three years in strict compliance with the requirements of the *Company Law of the People's Republic of China* regarding the term of office of directors, and the average term of office of board members is 4.2 years.



ENN-NG Governance Architecture

Strategy Committee	The Vice Chairman (Executive Chairman) serves as the Chairman of the Committee	/
Nomination Committee	The independent director serves as the Chairman of the Committee	60% of members are independent directors
Audit Committee	The independent director serves as the Chairman of the Committee	100% of members are independent directors
Remuneration and Appraisal Committee	The independent director serves as the Chairman of the Committee	100% of members are independent directors
ESG Committee	The Vice Chairman (Executive Chairman) serves as the Chairman of the Committee	57% of members are independent directors

ENN-NG's Board of Directors Meeting Rules expressly stipulate that the attendance rate of the board of directors shall not be less than 75%. In 2023, ENN-NG held 7 Board meetings (4 periodic meetings and 3 ad hoc meetings), with 100% attendance of directors. The Board of Directors of the Company requested the convening of four general meetings of shareholders with 94% attendance of independent directors, where such matters as purchase of liability insurance for directors, supervisors and senior managers, plan of distribution of dividends to shareholders, special dividend plan and estimated amount of guarantees have been passed by voting, which fully protected the rights and interests of shareholders, especially the minority shareholders, and there was no case of any damage to the interests of minority shareholders.



- **In March**, the ESG Committee reviewed the Company's 2022 ESG Report, heard a presentation on the Company's ESG-related work at the meeting, recognized the work results of three verification of carbon emission scope and approved the proposal for the Company to join the UN Global Compact;
- **In November**, the ESG Committee heard a report on the results of ESG-related work including TCFD climate-related risk and opportunity analysis, and made plans for ESG key work and improvement in the next year.

Enhancing the efficiency of the Board of Directors' operations:

Enhance the ability of directors, supervisors and senior managers to perform their duties

We organized 10 regulatory training sessions for directors, supervisors and senior managers; the Board of Directors attended one training for key business rules, and senior managers were guided to attend the "General Meeting of Shareholders, and meetings of the Board of Directors and Board of Supervisors" ("Three Meetings") and implement resolutions made thereat.

Raise the operational level of "Three Meetings"

We consistently conducted evaluation over the operation of the Board of Directors and the Board of Supervisors, with questionnaires covering aspects such as the diversity, effectiveness and operational mechanism of the Board of Directors; we incorporated feedback from various stakeholders and formulated improvement strategies such as enhanced training for performance of duties and increased involvement of independent directors.

Raise the operational efficiency of "Three Meetings"

We developed novel form of "Three Meetings" by firstly introducing live streaming for the annual general meeting to increase the attendance of senior managers at the general meetings of shareholders.

Optimize the functions and appointment of the Audit Committee

We incorporated the Related Party Transaction Committee and its duties into the Audit Committee.

Board Diversity

ENN-NG places emphasis on the diversity, professionalism, and independence of the Board of Directors in a bid to provide a range of perspectives for corporate governance, thus ensuring that the strategies and decisions of the Company can be made in a scientific and effective manner. The Company has established the Policy on the Diversity of Board Members, and the Board members are from various fields including corporate governance, financial management, risk management, human resources management and energy sector market development. These members have extensive industry experience and specialized expertise, contributing to the creation of long-term value for the Company and its stakeholders from a strategic decision-making perspective. The Company has modified the Independent Director System, clearly defining the qualification, selection and appointment procedures and terms of reference for independent directors to facilitate efficient functioning of the Board of Directors. Recognizing the pivotal role of women's innovation and leadership in enterprises, the Company has set a target to achieve 30% representation of female directors by 2030.

Information on the Diversity of ENN-NG Board Members

Name	Financial Expert	Industry Expert	Risk Management Expert	Sex	Age
Wang Yusuo (Chairman)	-	√	√	Male	59
Yu Jianchao (Vice Chairman & Executive Director)	√	√	√	Male	55
Han Jishen (Executive Director)	-	√	-	Male	59
Jiang Chenghong (Executive Director)	√	√	√	Male	48
Zhang Yuying (Executive Director)	-	√	√	Male	50
Zhang Jin (Non-executive Director)	-	-	√	Female	50
Wang Zizheng (Non-executive Director)	-	√	√	Male	35
Tang Jiasong (Independent Director)	√	-	√	Male	49
Zhang Yu (Independent Director)	-	√	√	Male	65
Chu Yuansheng (Independent Director)	-	-	√	Male	60
Wang Chunmei (Independent Director)	-	√	-	Female	59

Remuneration Structure of Senior Management

In an attempt to safeguard the long-term benefits of stakeholders, we annually review and decide at the shareholders' meetings whether remuneration plans and policies are implemented or not for all members of the Board of Directors, aiming to attract and retain the key talents necessary for the sustainable development of the Company and incentivize the management to drive the realization of the Company's strategic goals. Long-term equity incentives for Co-CEO and senior management of the Company are tied to the financial indexes of the Company, encompassing key performance indicators such as net profit and operating cash flow. Furthermore, the Company has established an equity policy for executive directors and CEO, which requires them to hold shares valued at no less than five times their salary. The variable remuneration linked to Co-CEO equity has a four-year vesting period. In 2023, the Co-CEO, Han Jishen, held shares of the Company valued at 5.9 times his base salary, and other executive directors (including Wang Yusuo and Yu Jianchao) held shares valued at 9.9 times their base salary.

Breakdown of Remuneration of ENN-NG Board Members (in RMB 10 thousand)

Name of Directors	Allowance of Directors	Salary and Allowance	Short-term incentives	Total Remuneration	Insurance and Housing Provident Fund
Wang Yusuo	-	290.0	-	290.0	-
Yu Jianchao	-	150.0	150.0	300.0	12.0
Han Jishen	-	150.0	150.0	300.0	12.0
Jiang Chenghong	-	29.1	-	29.1	1.3
Zhang Yuying	-	25.5	-	25.5	1.3
Zhang Jin	60.1	-	-	60.1	-
Wang Zizheng	50.0	-	-	50.0	-
Tang Jiasong	24.0	-	-	24.0	-
Zhang Yu	24.0	-	-	24.0	-
Chu Yuansheng	24.0	-	-	24.0	-
Wang Chunmei	24.0	-	-	24.0	-

As of the end of 2023



The percentage of Independent Directors is

36%

By 2030,



The percentage of Female Directors will be increased to

30%



The percentage of Female Directors is

18%



Governance System for Sustainable Development

ENN-NG has consistently positioned ESG as a core strategy and vital driver for business advancement. By closely aligning ESG metrics with remuneration performance of management, the Company effectively executes various sustainability initiatives, thereby contributing to the Company's robust growth and common prosperity of society.

Sustainable Development Goals and Remuneration Assessment

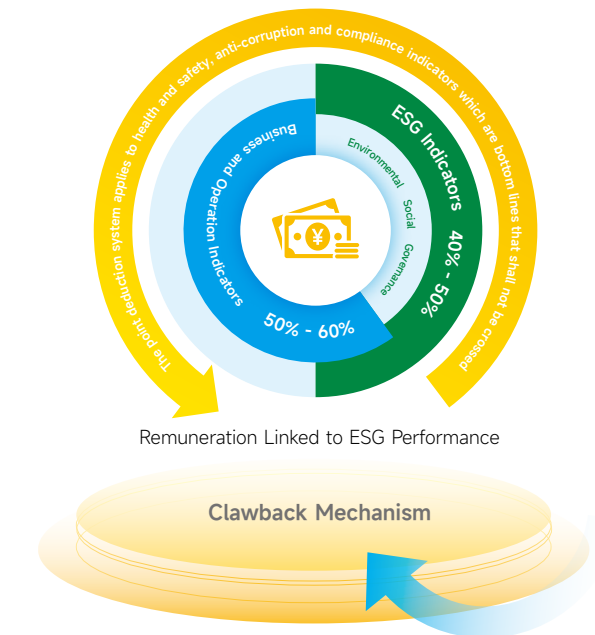
To effectively realize sustainable development, we have formulated medium-term and long-term sustainable development goals covering environmental, social, and governance aspects. The Company regularly assesses the progress of goal achievement to ensure timely attainment of various ESG management objectives.

ENN-NG Sustainable Development Goals

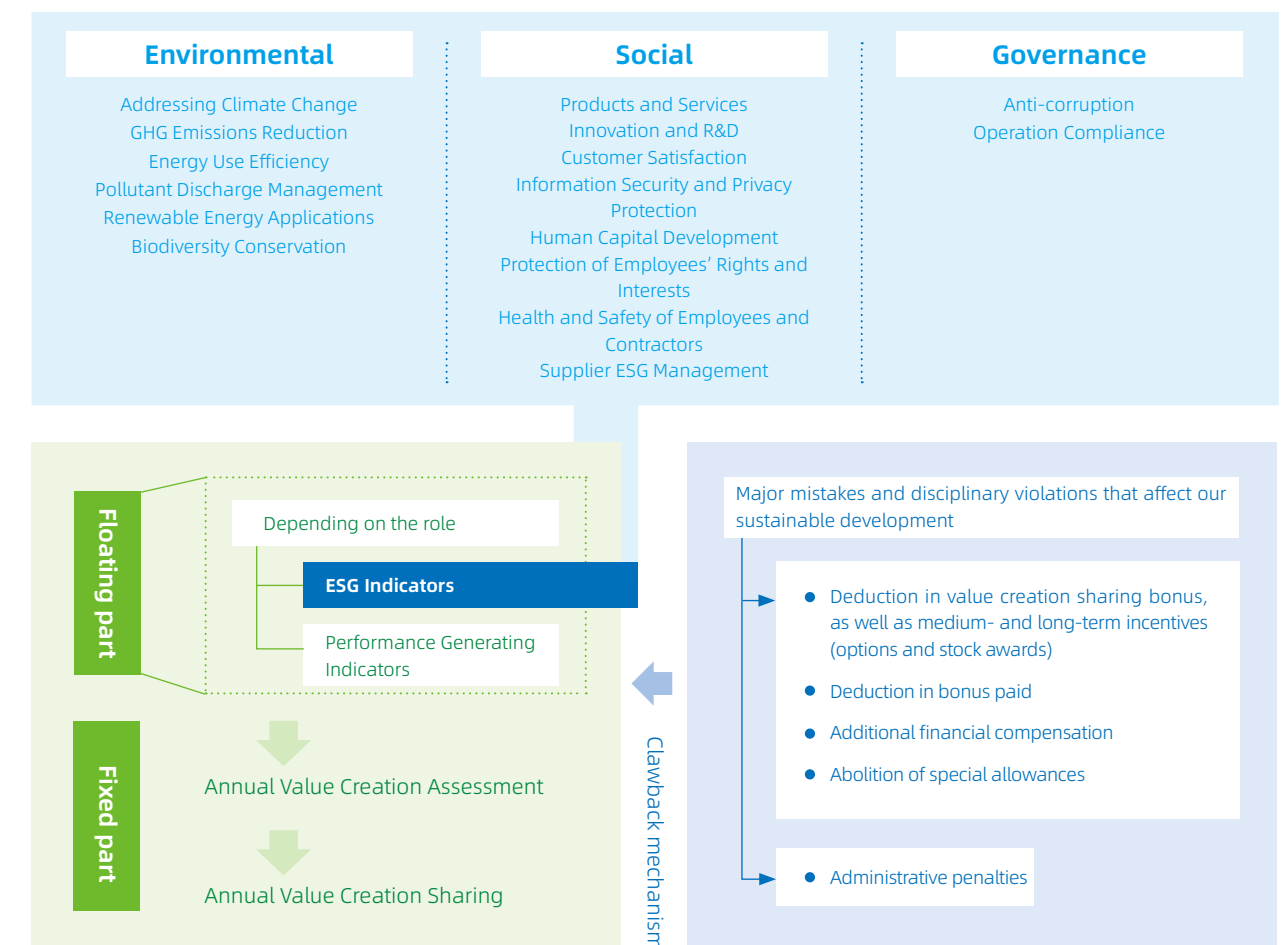
Area		Goals/Commitments	
		2025	2030
Environmental	Direct gas sales by platform Energy production business	To reduce GHG emission intensity by 20%	To reduce GHG emission intensity by 50%
	Natural gas distribution business	To reduce GHG emission intensity by 10%	To reduce GHG emission intensity by 20%
		Strive to reduce the average methane emission intensity in the natural gas production process to less than 0.25% in joint efforts with other Chinese oil and gas companies' methane emission control alliance partners	
	Integrated energy business	/	To reduce GHG emission intensity by 48%
Social		To reduce injury rate per million man-hours to 0.75 by 2030	
Governance		To increase proportion of female directors to 30% by or before 2030	

* The base year for direct gas sales by platform (formerly natural gas direct sales business) and energy production business is 2020, and the base year for natural gas distribution business and integrated energy business is 2019.

To further drive the implementation of the Company's sustainable development goals, annual ESG assessment metrics have been established across all member companies and departments. Completion of ESG performance indicators directly influences the total incentives for management and employees. Additionally, we link ESG performance indicators to the remuneration of non-independent directors and senior managers and establish the senior management remuneration clawback and bonus return mechanisms to conduct review and assessment of the performance of Board members and senior management annually or in the event of significant corporate changes.



The remuneration of non-independent directors and senior managers of ENN-NG is linked to ESG - extent and clawback mechanism



Remuneration Structure Linked to ESG Indicators and Clawback Mechanism

Stakeholder Engagement

ENN-NG remains attentive to the opinions and demands of internal and external stakeholders, establishes a holistic and multi-channel communication mechanism to promptly heed the voices of all stakeholders, continually enhances the Company's sustainable development strategy, and actively shares our sustainability practices with internal and external parties.

Investor Communication Event "Learn about ENN-NG as an Investor in 2023"

In October 2023, ENN-NG held its annual investor communication event, where our board members, senior management representatives and shareholders visited the ENN experience center and ENN smart energy center at the Airport Economic Zone, and engaged in in-depth interactive communication on various aspects including the operation philosophy and business model of the natural gas industry chain, the Company's core competitiveness and future planning.



The Investors Visited the ENN Experience Center

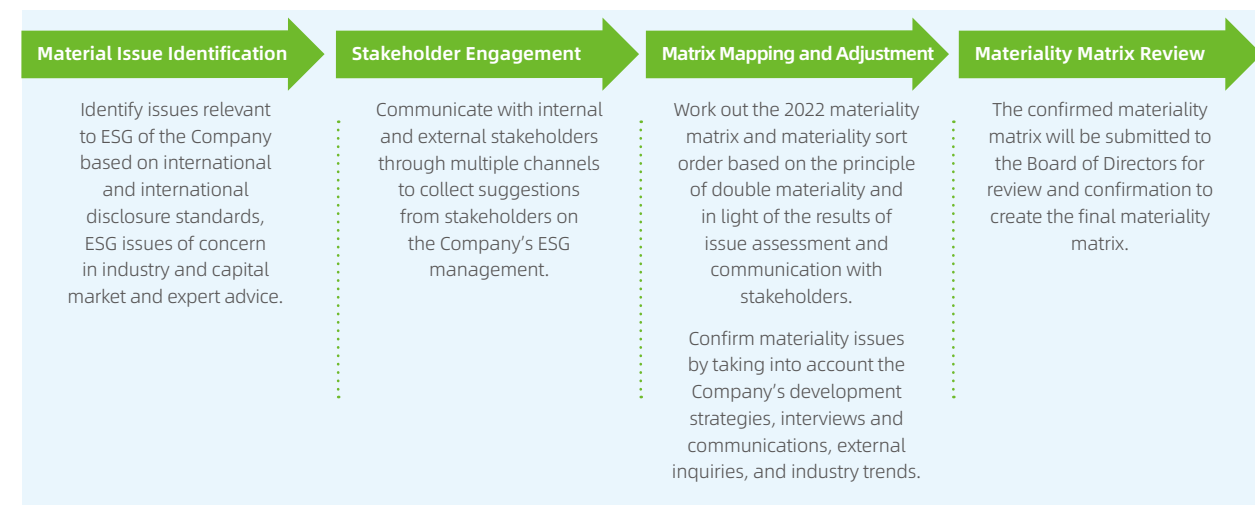
Communication with Stakeholders of ENN-NG in 2023

Stakeholders	Main expectations	Communication channels	Communication Highlights in 2023
 Investors/Banks/ Financial Institutions	- Continuous performance growth - Transformation of traditional business - Stable future development expectations - Standardized corporate governance - Operational risk prevention - Improvement of information disclosure	- Establish multiple communication channels to disclose information such as investor meetings, Shanghai Stock Exchange E-Interaction Platform, telephone meetings, regular briefings and provisional announcements - Set up an investor relations group for communication and daily contact of investor issues - Company website - Roadshows	Proactively communicate with the capital market through diverse channels to effectively convey the Company's financial performance and development strategies: - Hold the annual general meeting by live streaming for the first time; - Hold on-site/online performance briefing in both Hong Kong and Shanghai for the first time; - Hold seven global performance briefing meetings; - Receive 20 site survey visits from investors and analysts; - Hold more than 200 online or offline investor meetings; - Hold two reverse roadshows at Zhoushan Terminal.
 Government and Regulatory Bodies	- Comply with national laws and regulations - Honest and legitimate operations - Pay taxes in full in accordance with the law - Serve national strategies	- Accept supervision and assessment - Thematic presentation - Participate in the formulation of industry policies and plans	- Accept two site surveys conducted by the Securities Regulatory Commission - Make three special communications with the Securities Regulatory Commission regarding the completion of performance commitments, asset sale matters, audit progress, etc.
 ENN Business Partners	- Protection of employees' rights and interests - Employees' career growth - Care for employees	- Establish labor unions at different levels - Channels for employees to participate in corporate governance - Offer motivation promptly, solicit opinions and rationalization proposals - Various internal and external training	Understand the needs of employees and compile research reports and empowerment maps in respect of strategic hotspots and partner demands
 Customers	- Offer premium products and services - Protect the privacy of customers - Respond to the needs of customers	- Customer satisfaction survey - Customer relationship management - Discussions and interviews with customers - Respond to complaints from customers	Launch special user security checks
 Suppliers/Contractors	- Adhere to business ethics - Open, fair and equitable procurement - Win-win and shared progress	- Disclose procurement information - Negotiation and communication - Industry forum	- Conduct safety training for contractors - Organize training for suppliers on handling quality issues and technical standard rules
 Cooperative Partners (Industry Associations, colleges and universities, research institutions, etc.)	- Make joint efforts to promote sustainable development - Optimize management of sustainable development	- Learning and exchange - Sustainable development forum	- Organize sustainable development forums to facilitate exchanges with outstanding domestic companies, aiming to learn about ESG management initiatives and advanced experience - Participate in various sustainable development-themed forums to exchange and learn about the latest trends in sustainability standards and exemplary corporate practice cases.
 Community Representatives (NGO, Local Residents and Public Welfare Programs)	- Responsible operation - Community services development - Create more jobs opportunities - Environmental protection - Information communication and cooperation	- Organize panel discussion - Work together to launch activities - Participate in community volunteer activities and awareness campaigns - Disclose EIA information	- Establish a comprehensive community engagement mechanism, with the ESG Working Group as direct responsible person for community engagement efforts to collect and address complaints from community members and regularly report to the ESG Committee - Organize three public participation events during the environmental impact assessment of Zhoushan Terminal Project Phase III to solicit public opinions, and publicly disclose the Environmental Impact Assessment Report (Draft for Comments) via various channels such as the internet and media outlets
 Media	- Transparent information disclosure - Smooth communication channels - Sound media relations	- Press conference - Media tour - Interview with the management	Organize site research and interviews with media reporters

Materiality Analysis

ENN-NG conducts at least one assessment of material ESG issues every year to thoroughly identify sustainability-related risks and opportunities which are then integrated into the enterprise risk management (ERM) by various means such as internal and external interviews and exchanges, questionnaire surveys, benchmarking with industry peers and refinement of rating indicators. This allows for optimization of the Company's priorities in sustainable development, effective response to stakeholder expectations and demands, and continuous improvement of ESG management level.

2023 ENN-NG Material Issues Identification Process



2023 ENN-NG's ESG Materiality Matrix

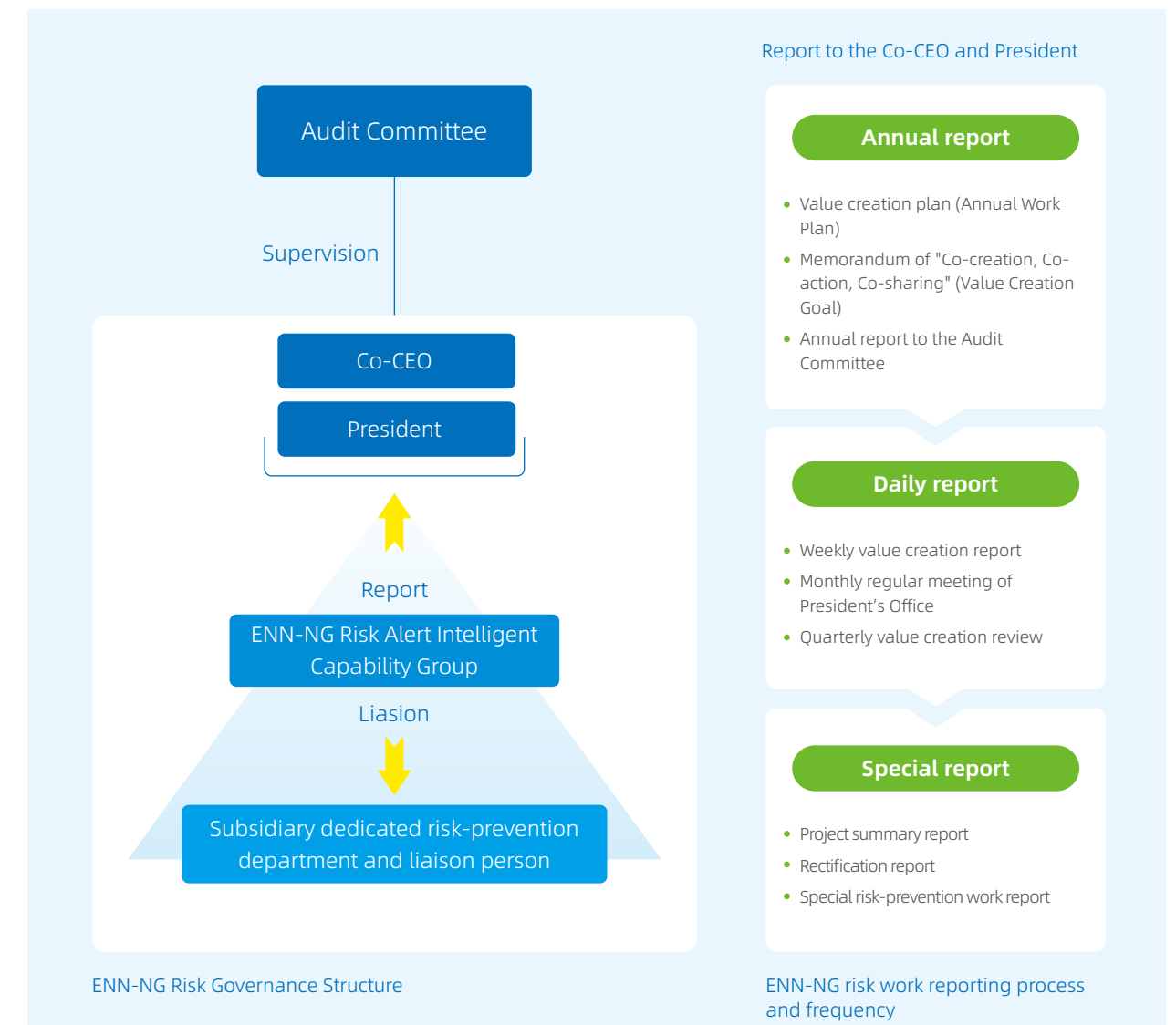


Risk Control

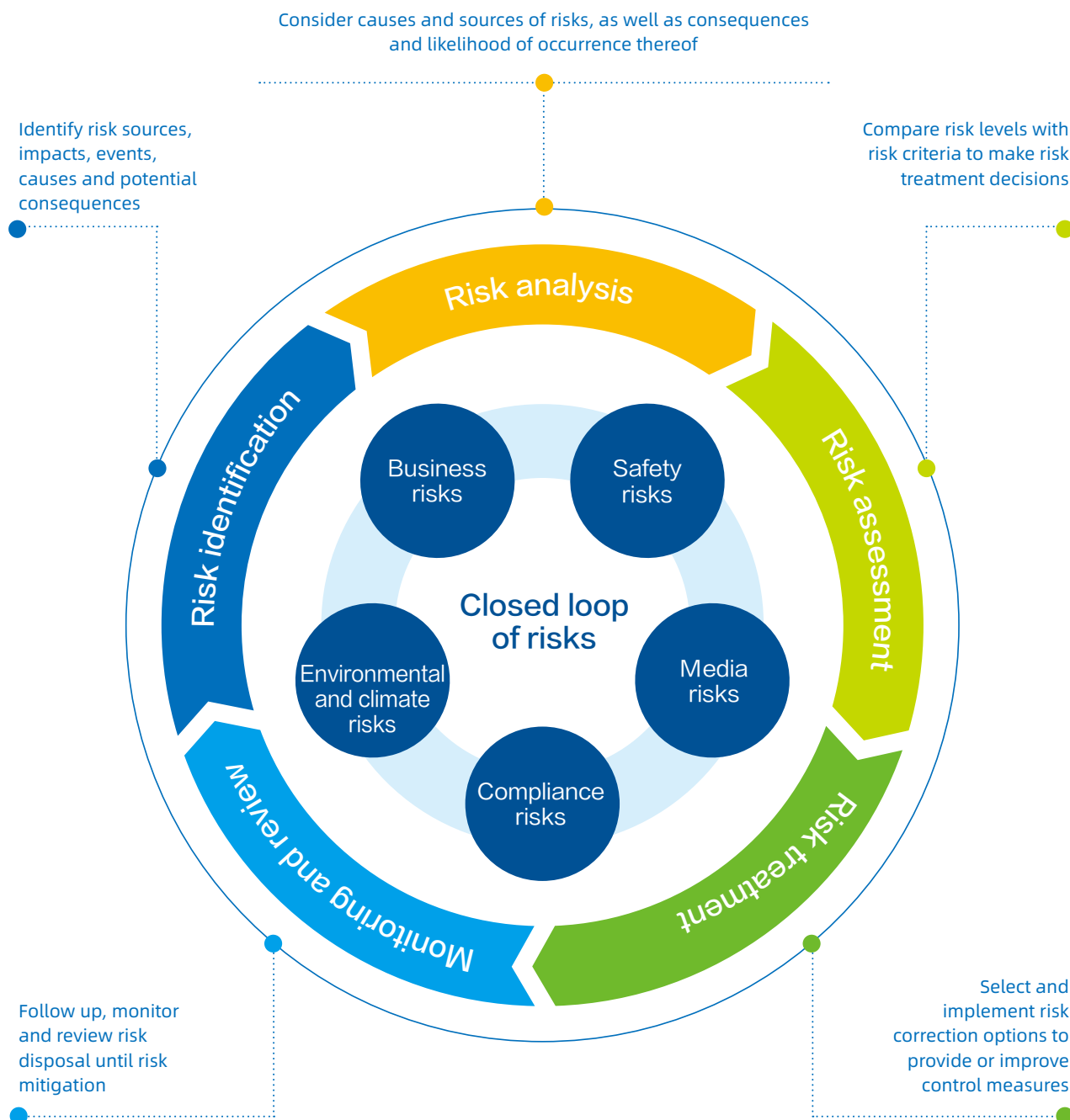
We regard risk control as the protective barrier for the robust development of the Company. We continually improve the risk control system and optimize the risk identification and evaluation mechanism to ensure timely and effective prevention of and response to risks.

Risk Management Structure

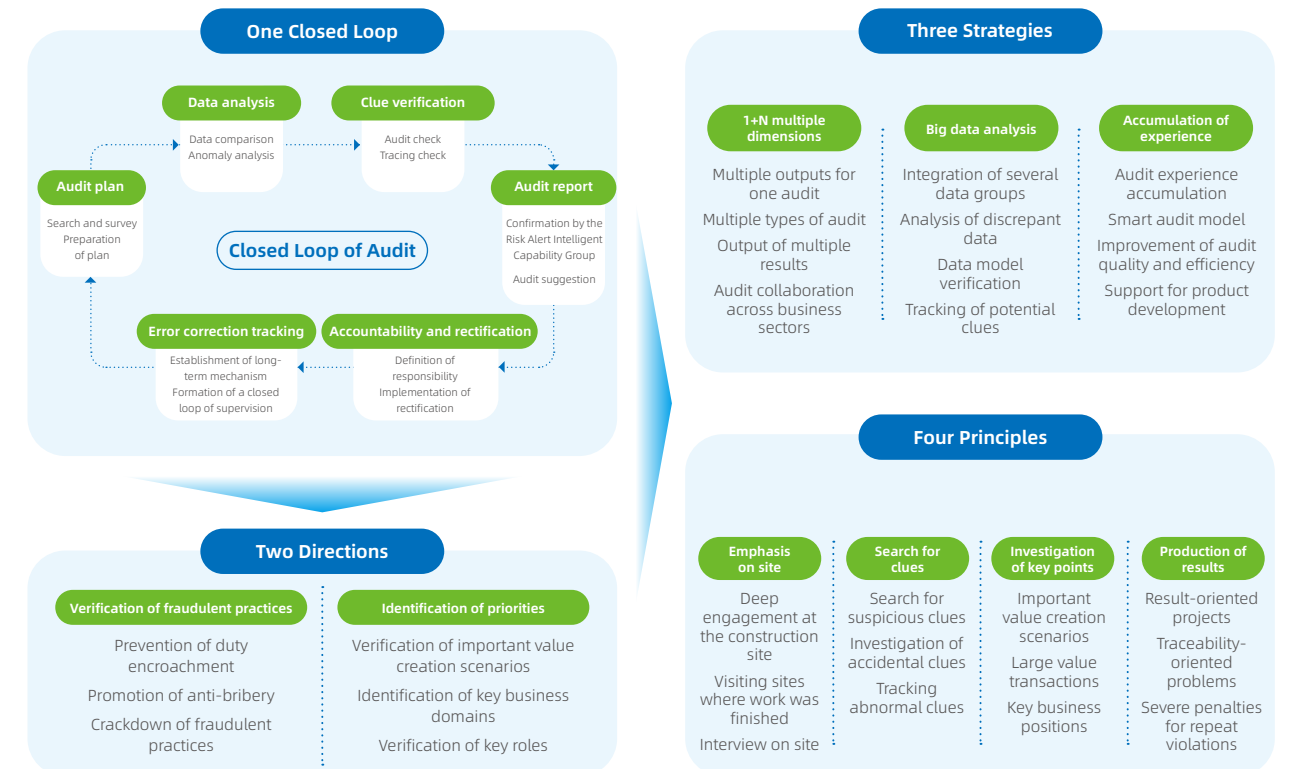
The Company has established a risk management structure independent of business departments. Wherein, the Audit Committee under the Board of Directors is responsible for the supervision of overall risks for the Company, and the Risk Alert Intelligent Capability Group led by the Chief Risk-prevention Officer Liu Jianjun is responsible for the specific work of risk management, overseeing the risk control of each subsidiary and providing regular reports to Tang Jiasong, the Chairman of the Audit Committee.



Risk Management Process

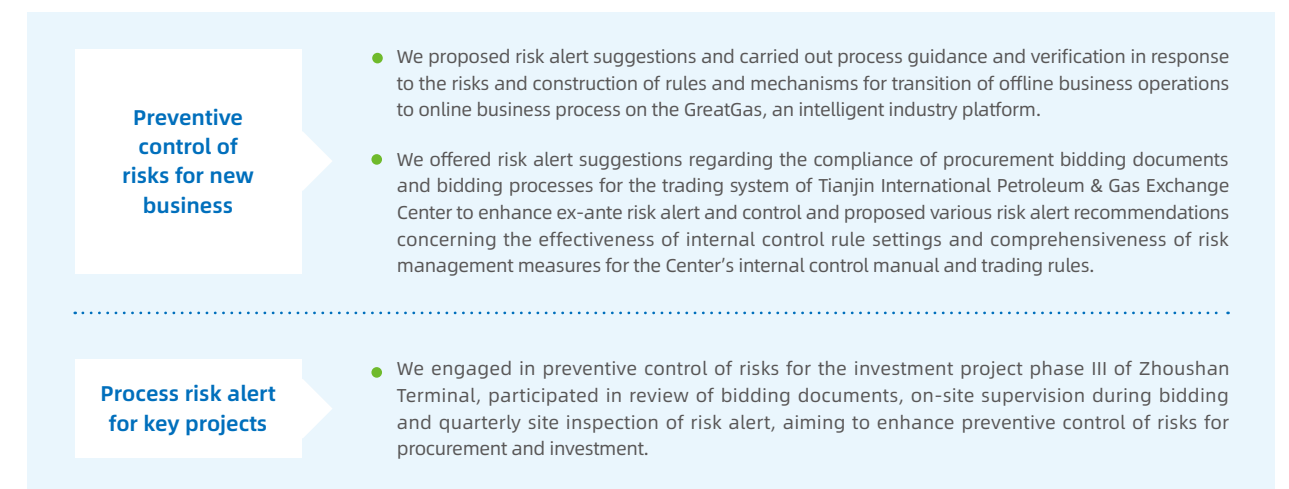


ENN-NG risk identification and counter-measures



ENN-NG is committed to establishing a risk control governance mindset characterized by "One Closed Loop, Two Directions, Three Strategies and Four Principles", upholds the cultural idea of "self-motivation, self-discipline, self-reflection and self-renewal" and implements multi-dimensional measures to prevent and control various dynamic risks in the Company's development process. In 2023, the Company shifted its focus of risk alert to emphasize pre-emptive engagement and in-process warning, promptly empower new business and preemptively intervene in core risk control aspects of existing businesses.

2023 ENN-NG Risk Alert Highlights and Measures



Risk Identification and Control

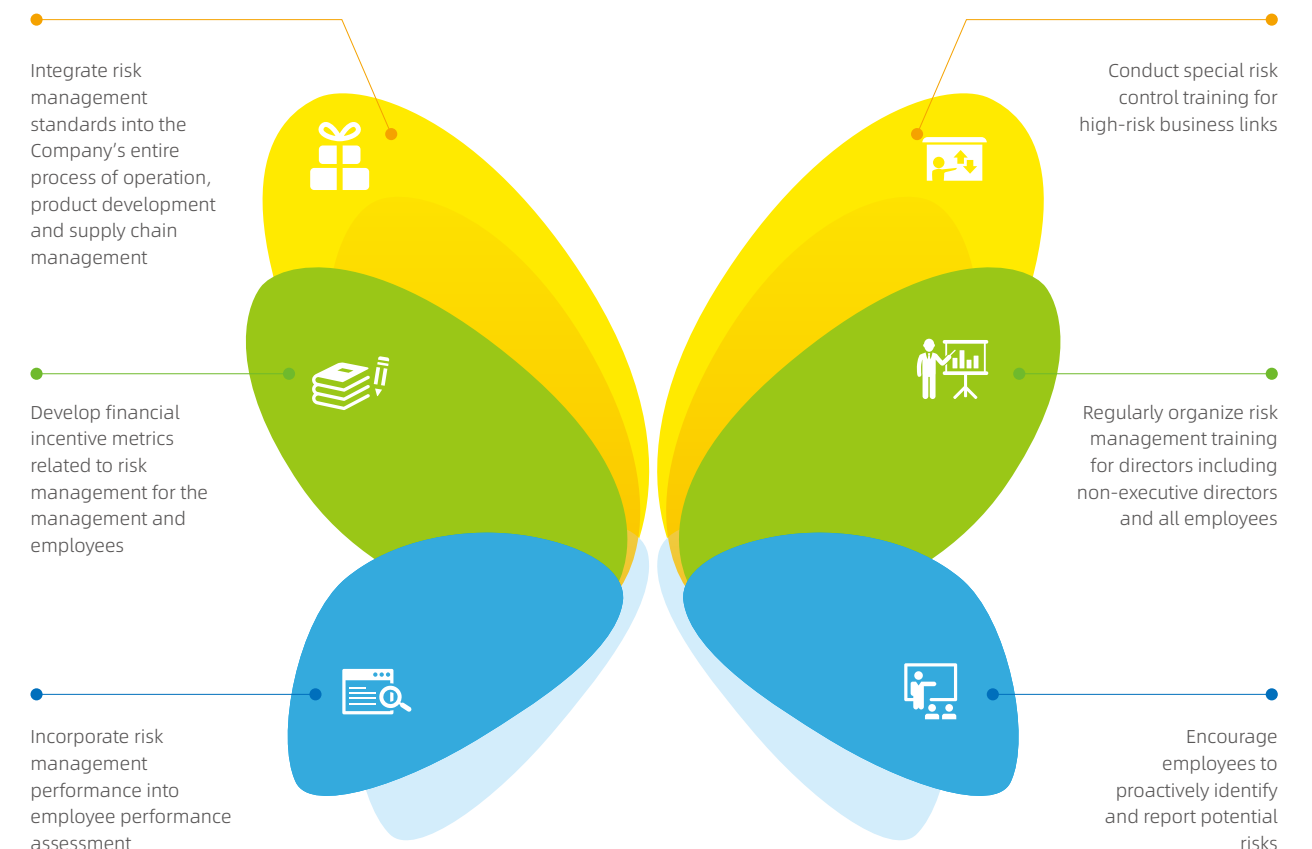
ENN-NG continued to leverage digital intelligence products to raise risk management efficiency. In 2023, the Company made available more risk scenarios for "RSearch" products, identified and increased numerous risk scenarios in physical businesses, and optimized risk identification methods and countermeasures. We conducted special training on the application of RSearch products for all subsidiaries, allowing them to bolster the risk identification and response capabilities. Furthermore, we updated the risk map, employed digital intelligence methods to retain enterprise risk matters and prevent the recurrence of risks.



2023 ENN-NG's Identification Results of Emerging Risks

Risk Management Culture

ENN-NG adopts diverse approaches to foster a corporate atmosphere where risk management consciousness is deeply rooted in the hearts of employees:



Procurement Risk Management Training

In October 2023, the Company conducted training on the elucidation and dissemination of the Procurement Policy to enhance awareness of procurement by bidding and standardize operation in the scenarios of procurement by bidding. The training courses encompassed the methods and tools for identification of key risks and crucial procurement processes such as supplier management, inquiry and price comparison, bid invitation and bid submission starting from the understanding of institutional frameworks. It was supported with comprehensive contents including explicit delineation of behavioral boundaries, case sharing and warning education. A total of 3,096 employees including all business units and conveners in procurement-related roles at the ENN-NG headquarters participated in the training.

Compliance Management

ENN-NG upholds its core value of "adhering to the conscience and advocating self-drive" and continuously enhances the compliance management system to ensure the Company's compliance, value creation and sustainable development.

Compliance Management Mechanism

The Company rigorously abides by the laws and regulations of the State and regions in which it operates, continuously optimizes the compliance management structure and embeds compliance requirements into the entire process of operation management. In 2023, we set up a Compliance Leading Group to facilitate overall coordination of compliance management under the scrutiny of supervisory and audit departments. Meanwhile, we revised the *Compliance Management System*, defining the compliance governance objectives, functions of compliance management system and prioritized compliance management domains to further optimize the compliance management mechanism and elevate the compliance management level. Within the Reporting Period, we released 11 monthly reports on compliance to ensure that the management remained informed of the latest regulatory requirements and industry dynamics.



ENN-NG Compliance Management Structure

Relying on the digital intelligence management system, the Company timely updates and processes basic legal information and qualification license information to ensure the smooth progress of compliance. In 2023, we improved the Enterprise License Manager's Manual to further optimize the workflow of enterprise license managers and improved the operation efficiency of the qualification license system.

We proactively enhance the Company's compliance capacity building and conduct internal and external compliance audits. Concurrently, we implement routine internal audits of the compliance management system to oversee the compliance efforts of all departments and prepare internal audit reports. During the Reporting Period, the Company audited nearly 60 internal compliance-related systems, checked compliance performance of all departments and the fulfillment of various compliance obligations, with no major compliance risks identified.



In 2023

ENN-NG obtained the certification of
Compliance Management System (ISO 37301)



Compliance Management System (ISO 37301) Certificate for ENN-NG

In 2023, ENN-NG was subject to

Harassment or discrimination incidents

0

Incidents involving conflict of interests

0

Customer privacy data breach incidents

0

Incidents involving money laundering or insider trading

0

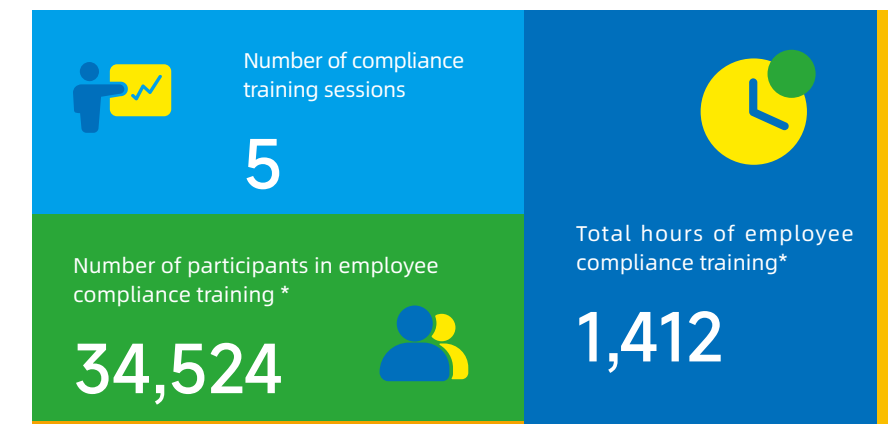


Number of major litigation cases

0

Compliance Training

The Company actively fosters a corporate culture where compliance awareness is deeply rooted, and regularly conducts a variety of compliance training for all employees to enhance their compliance capabilities. Meanwhile, the Company offers special training for internal compliance auditors from each business organization to ensure the effectiveness of the compliance management system.



*Data of ENN Energy is not included

Sharing Legal and Compliance Awareness on GreatGas, an Intelligent Industry Platform

In October 2023, the Company organized legal and compliance training for personnel involved in the business of GreatGas, an intelligent industry platform, aiming to enhance the legal and compliance awareness of relevant business departments.



Legal and Compliance Awareness Training Scene

Compliance with Business Ethics

We uphold the philosophy of good faith operation, continually refine the business ethics management system, enhance supervision and promotion of ethical business conducts, provide smooth channels for whistle-blowing and complaint, foster a corporate culture of integrity and self-discipline, and consistently maintain a high level of business ethics management.

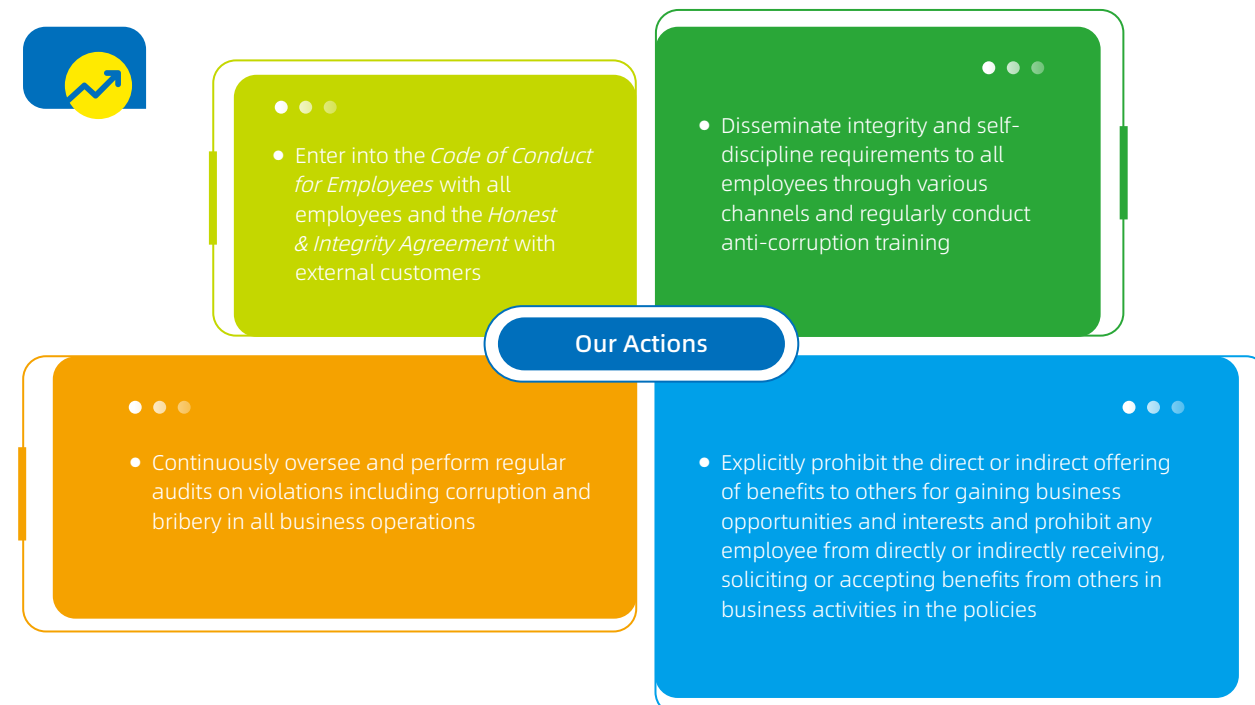
Business Ethics Policy

The Company has formulated internal policies including the *Policy on Anti-fraud Prevention, Anti-corruption and Anti-bribery*, the *Code on Good Faith and Compliance* and the *Code of Conduct for Employees* to continuously improve the anti-corruption management system and regulate business ethics management practices. We actively foster an anti-corruption and integrity work environment, adhere to the Ten Principles of the UN Global Compact and maintain "zero tolerance stance" towards corruption and bribery.

Ten Principles of the UN Global Compact

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ENN-NG commits to firmly ban corruption and commercial bribery



Business Ethics Management System

To uphold the Code of Ethical Business Conduct for all staff of the Company, we have established a governance structure with the Board of Directors at the top leadership and co-led by the Risk Alert Intelligent Capability Group and the Intelligent Capability Group for Commercial and Legal Affairs. We incorporate the metrics such as independent external business ethics certification and anti-corruption training into the performance assessment criteria of the Risk Alert Department to safeguard the effectiveness of the Company's anti-corruption management system.

In 2023, ENN-NG obtained the certificate of Anti-bribery Management System (ISO 37001).



We carry out audit on three-year cycles among all operating premises of the Company, and special audit on the company-wide business ethics and anti-corruption on a yearly basis. In 2023, the Company performed 8 off-office audits and 1 special audit of production sector to examine and evaluate the integrity, self-discipline, performance of duties and economic responsibilities of departing personnel during their term of office and performance of duties of personnel engaging in special procurement activities and supervise the rectification of identified problems, thereby solidifying the foundation of business ethics.

In 2023, ENN-NG had

Violation against the Company's code of business ethics	Employees that were dismissed for violating the business ethics	Employees that were subject to disciplinary actions for violating the business ethics
1	1	8
Corruption-related lawsuit	Unfair competition incident	Expense related to political contributions and political lobbying
0	0	0



Business Ethics Training

We recognize that ethical business operation requires the collaborative efforts of employees, suppliers and contractors. As such, the Company has signed codes of conduct with all employees, suppliers and contractors, and actively conducts promotion and training of integrity culture. In 2023, we organized several training sessions and awareness campaigns on business ethics and anti-corruption for the Company's Board of Directors, the Board of Supervisors, all employees (including interns and part-time employees), suppliers and contractors.

ENN-NG's Anti-corruption Training and Awareness-raising Initiatives

- Organize "Cultivating Leaders" special training camp involving 40 first facilitators from different business scenarios for anti-corruption training to advocate integrity, act with caution and stay away from criminal activities, and raise the integrity awareness of management personnel.
- Analyze internal and external alert cases based on industry trends, and publish 6 issues of Alert Education Bimonthly throughout the year for all the employees to study,
- Make a small video of "Building a Clean Ecology Together" for the publicity of the concept of clean cooperation to its external partners, promoting the joint construction of a clean ecology with the partners.

ENN-NG's data related to the Code of Conduct Agreement in 2023

Percentage of employees that had signed the Code of Conduct Agreement

100%

Percentage of suppliers that had signed the Code of Conduct Agreement

100%

Percentage of contractors that had signed the Code of Conduct Agreement

100%

ENN-NG's data related to anti-corruption training in 2023

Number of officers receiving anti-corruption training and other training

1,567

Number of key employees receiving anti-corruption training and other training

4,652

Total hours of employees receiving anti-corruption training*

8,568

Number of employees receiving anti-corruption training and other training

7,860

*Data of ENN Energy is not included

Integrity Alert Education Training

In December 2023, ENN-NG organized an Integrity Alert Education Training under the theme of "Building Integrity Together with Police for Healthy Development", where the Economic Investigation Detachment of Langfang Municipal Public Security Bureau was invited to deliver the training session. A total of 449 participants, including facilitators from various units under the Company and members of party organization, labor union and youth organization as well as business partners, attended the training. After the conclusion of on-site course, a video course was made for company-wide distribution to reinforce the awareness of integrity and law-abiding operation among management and employees.



Integrity Alert Education Training Scene

Whistle-blowing Mechanism

Based on the Administrative Measures for Complaints, ENN-NG has established an informant and consulting service center that maintains ensures the smooth operation of multiple public channels for accepting complaints, including telephone, email, WeChat, website and public bulletin boards, and regular communications and training sessions are held for employees, suppliers, customers, and other stakeholders. The Company provides a 24-hour reporting channel for suppliers, customers and other third parties to accept the complaints related to business ethics and anti-corruption. All reporting channels are available in local languages for all stakeholders.

The Company has a dedicated complaint specialist who checks complaint information from various channels and meets with petitioners and complainants. We formulate investigation plans and organizes investigation teams to prepare investigation reports, ensuring the timely and effective handling of complaints and reports. In the event of an identified incident, the Company will require the investigated unit to make rectifications, and will track the handling results in accordance with the Measures for Penalties on Employee Violations of Regulations and Disciplines. The investigation documents will be archived and kept for future reference. Relevant employees who violate regulations and

disciplines will face administrative and financial penalties.

The Company accepts anonymous reports and strives to protect whistle-blowers from retaliation. The Company will not disclose or make public any information about the whistle-blower or the content of the report without the consent of the supervisor and the complainant. The Company will impose severe penalties on those responsible for violating confidentiality regulations, and if they commit crimes, they will be handed over to the judiciary authorities.

ENN-NG Whistle-blowing Channels

Mobile Phone/SMS/WeChat/QQ: 13932699610

Telephone: 0316-2597567

Email: 803jvbao@enn.cn

Office Address: Tower B, South Court, ENN Science Park, Guangyang Avenue, Langfang Economic and Technological Development Zone

Assets Integrity Management

ENN-NG has been consistently improving its asset management level and formulated various asset management policies including the Administrative Measures for Fixed Assets to regulate the hierarchical management of assets, ensure the stable functioning of important assets such as gas infrastructure, and thus robustly guarantee the integrity and safety of the Company's assets.

We construct a functionally clear asset management structure, with the Board of Directors as the top body responsible for assets integrity management. The Intelligent Capability Group for Finance and Value Creation Operation is responsible for formulating a hierarchical asset management system, drafting asset management plans, organizing asset inspection and inventory, evaluating asset management effect and supervising the performance of management of various assets by intelligent capability groups for specialized and centralized management of assets. Principal asset categories of the Company include houses, transportation equipment, production equipment, storage equipment, etc.

To strengthen the awareness of all employees in protecting assets of the Company, ENN-NG has clearly outlined in the Code on Good Faith and Compliance that it is the duty of every employee to protect any asset of the Company. Should any incidents involving theft, loss, damage or improper use of assets be found, employees are required to immediately report to the appropriate departments of the Company.

In 2023, the Company conducted asset audits for various times, inspected inventory management and other parts, prompted risks in a timely manner, and formulated corresponding risk management measures. Meanwhile, training was provided for the authorization, approval and filing procedures adopted in assets leasing, disposal and other parts of asset management, so as to enhance the awareness of all the employees to protect the Company's assets.

ENN-NG's fixed assets management actions in 2023:

- Define the principles of utilization of fixed assets, striving to fully maximize asset utilization efficiency and ensure asset safety and integrity.
- Develop and strictly implement specific procedures for maintenance management of fixed assets, establish a fixed asset maintenance ledger, and ensure assets remain in good condition at all times.



- DAnnually inspect and supervise the use and maintenance of fixed assets and promote corrective actions to effectively prevent potential failures in asset performance and proactively the risk of fixed asset losses.
- The Company introduces a fixed asset inventory plan semiannually, organizes the inventory of fixed assets based on the plan, prepares inventory reports and promptly identifies the causes for asset gains and losses.

Information Security and Privacy Protection

ENN-NG continuously improves the institutional regulations for information management and supervision, reinforces data application control, and raises personnel's risk awareness to ensure the security of customer information in all aspects.

System Construction for Information Security and Privacy Protection

We consistently uphold the red line of law and bottom line of value for information security and privacy protection, and formulate a range of standardized management documents including the *Regulations on Data Management by Classification and Level* to effectively embed information security and privacy protection requirements and measures throughout the business processes.

To enhance risk prevention and control in digital intelligence security and facilitate effective progress of digital intelligence security efforts, we established the Digital Intelligence Security Committee in 2023, with the President of the Company as the leader of its leading group. The President previously held position in information security management and had rich experience in data and information management, allowing for provision of comprehensive and effective guidance for the Company's efforts in information security and privacy protection.

ENN-NG Digital Intelligence Security Committee Structure

Leading Group of Digital Intelligence Security Committee



- President of the Company serves as the Chairperson of the Committee
- Review ENN-NG's digital intelligence security management systems and oversee the formulation and improvement of administrative measures and emergency response plans for digital intelligence security.
- Decide the policies, objectives, medium-term and long-term plans, annual plans and phased work arrangements for ENN-NG's digital intelligence security.
- Urge the Company to establish annual work plans and plans of resource and fund inputs for digital intelligence security, and monitor execution thereof.
- Oversee and examine the implementation of digital intelligence security work and organize special assessment and evaluation for the Company's digital intelligence security practices.

Office of Digital Intelligence Security Committee



- Undertake the daily-to-day work of the office of Digital Intelligence Security Committee
- Provide periodic reports to the Leading Group of Digital Intelligence Security Committee on updates in the field and industry of digital intelligence security and digital intelligence security situation at ENN-NG.

Business groups and intelligent capability groups



- Fulfill the responsibilities for information security and privacy protection.
- Report data security risks and data breach incidents.

The Company
has not
encountered any
privacy leakage
incidents



ENN-NG maintains full protection of data privacy, introduces privacy regulations and establishes the *Customer Privacy Policy* at the GreatGas Intelligent Industry Platform which outlines the principles of privacy information handling and regulates data processing procedures to strictly guard against the risk of personal information leakage. During data collection, information is collected following the minimization principle. In data use, real-time records of data access and use are maintained, and sensitive personal information undergoes de-identification. During data storage, encryption firewalls are deployed to prevent unauthorized access and potential data breaches. During the Reporting Period, the Company has not encountered any privacy leakage incidents.

Coverage of privacy protection systems and policies

- Cover all employees, customers and suppliers
- Develop dedicated preventive measures for different business scenarios



Preventive measures for privacy leakage

- Implement hierarchical information protection system
- Deploy firewalls



Information sharing with third parties

- Establish special information security management processes
- Improve technical integration plans to ensure safe information transmission



Violation handling provided by privacy protection systems and policies

- Maintain a "zero tolerance" attitude towards any violation of privacy protection
- Hold accountable employees found to be in violation of regulations, and transfer serious offenders to judicial authorities for prosecution



Information Security Third-Party Auditing and Certification

The Company has invited third-party organizations to conduct special audits on information security management, with 79% of our operational scope having passed ISO 27001 Information Security Management System certification and ISO 27701 Privacy Information Management System certification. We conduct an external audit of the management system annually and undertake an independent risk assessment by a third-party every two years. The situation regarding information security third-party audits and related certifications obtained during the reporting period is as follows:

- ENN Energy (ENN-NG) has passed the annual supervisory review for ISO 27001 Information Security Management System certification and ISO 27701 Privacy Information Management System certification, while also expanding the scope of the certified entities by adding 3 new certification bodies.
- ENN Energy has engaged the third-party organization KPMG to conduct special audits and information security risk assessments.
- ENN Energy's 13 key systems have passed the filing for cybersecurity level protection evaluation, with level three systems undergoing an evaluation annually and level two systems every two years.
- Completion of filing for 7 Apps and WeChat mini-programs.

Newly added
certification entities:

3

Number of key systems that have
passed the cybersecurity level
protection assessment filing:

13

Completed filing for Apps
and WeChat mini-programs:

7



ISO 27001 Information Security Management System Certification



ISO 27701 Privacy Information Management System Certification



Information System Security Level Protection Filing Certificate

Information security risk assessment

In 2023, the Company conducted multi-dimensional network and data security risk assessments and response management from the aspects of security operations, compliance governance, product safety, infrastructure security, organizational personnel, and data security:



Information Security Incident Response Service

The Company has developed and optimized a response mechanism and a security emergency plan for significant security incidents, carried out safety drills in conjunction with regulatory bodies, with a particular emphasis on enhancing the response and emergency handling capabilities for network security incidents. We have completed the construction of off-site disaster recovery for 7 core systems. The Company deployed various security protection products for hosts and servers, including WAF (Web Application Firewall), host protection, bastion hosts, log auditing, database auditing, and SOC (Security Operations Center), achieving multilevel and comprehensive system protection effectively.

To better test and improve our network defense capabilities, the Company successfully completed the network security emergency drills for the Hangzhou Asian Games and core application disaster recovery drills, and actively rectified security risks discovered during the process. We also proactively conducted anti-phishing drills, covering 10,650 person-times, to enhance our employees' ability to cope with real network threats.



Core system disaster preparedness drill and major information security incident emergency drill

In 2023, the Company had

100%

coverage for the filing of important information system security levels

Rectification of security testing problems in important systems

100%

Major cyber security complaint or incident

0

Complaint or incident related to digital security and privacy protection

0

Information security testing

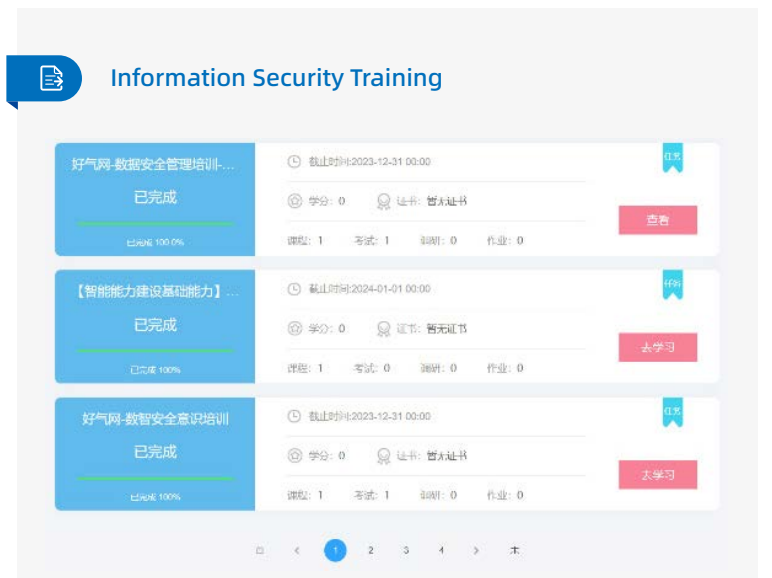
57

Information Security Cultural Construction

ENN-NG annually provides various training sessions for all employees to enhance their awareness of information security and privacy protection. The training contents include, without limitation, information protection, phishing scams, web browsing and mobile security.

Total number of employees who have participated in various types of information security training provided by the Company

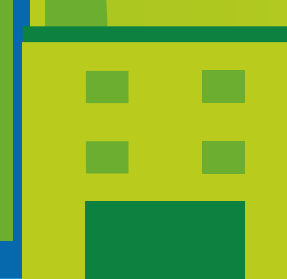
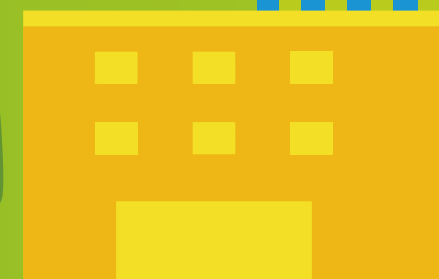
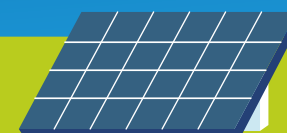
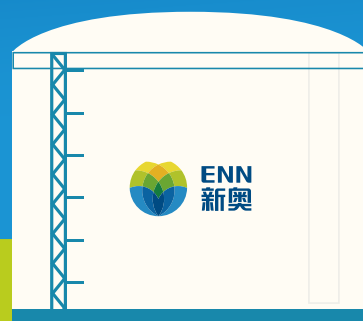
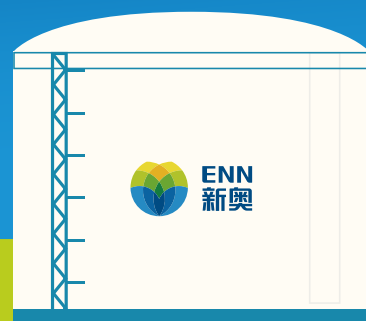
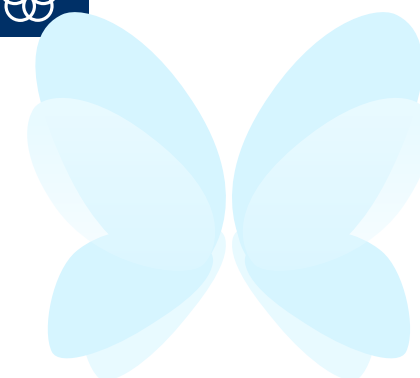
15,238





Ensure Stable Gas Supply to Construct Intelligent Safety Line of Defense

Leveraging digital intelligence technologies, ENN-NG has realized a safe and intelligent operation management system that can identify hidden risks, address major risks and effectively manage risks under all business scenarios to intelligently control operation safety risks. The Company holds the safety and health of all stakeholders to its responsibility, endlessly refining and improving the safety management structure and system construction to provide safe production, and creating a long-term safety mechanism to ensure the health and safety for employees, contractors, customers and local communities.



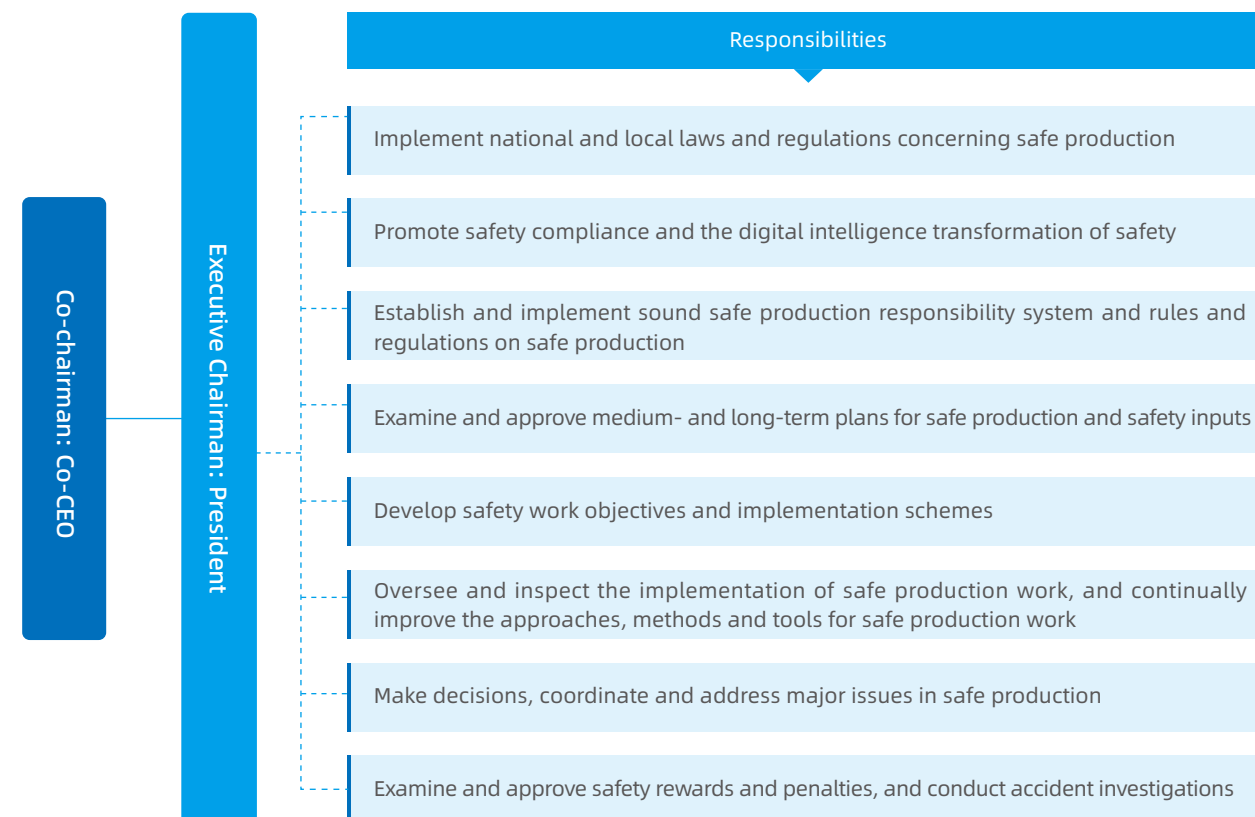
Security capacity building

ENN-NG considers safe operation as the cornerstone and primary task of its development at all times. The Company continuously enhances the safety management system, bolsters risk control capabilities, and actively cultivates a culture of safety to effectively guarantee the safety of production and the health of employees.

Safety Management System

ENN-NG strictly observes the national and local laws, regulations and standards concerning safe production. This year, we revised 58 policies related to health and safety including the *Administrative Measures for System of Responsibility in Safe Production*, the *Administrative Measures for Site Safety* and the *Administrative Measures for Safety Facilities*, and safety management contents such as standardizing safe operation procedures, improving emergency response measures for safety incidents and intensifying safety supervision and management of major hazard sources to ensure the achievement of safety management goals and comprehensively guarantee the safety of production activities.

ENN-NG has established a Safe Production Committee (hereafter referred to as the "Safety Committee") which is directly under the charge of the Board of Directors and serves as the top leadership for safe production management of the Company. The Safety Committee holds a quarterly plenary meeting to analyze and understand the updates of safe production, identify safe production concerns and explore solutions.



Additionally, we actively implement the company-wide safe production responsibility system, establish a long-term mechanism for key actions, decompose the targets including safety bottom line, key safety tasks and basic safety guarantees, formulate a safety performance assessment process and directly link safety performance of the Company to the compensation of its directors and officers.

Long-term mechanism for key actions:

- | | | |
|---|---|---|
| <div style="background-color: #007bff; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">01</div> <p>Quantified and digitally and intelligently tracked long-term mechanism for all-staff safety responsibility</p> | <div style="background-color: #007bff; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">02</div> <p>Long-term mechanism for digital intelligence management of equipment integrity</p> | <div style="background-color: #007bff; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">03</div> <p>Long-term mechanism for digital intelligence control of high-risk transportation behaviors</p> |
|---|---|---|

Precautionary safety check measures are employed in logistics transportation and distribution of liquefied natural gas (LNG) to mitigate risks associated with LNG tanker loading operations

ENN-NG employs precautionary safety check measures during transportation of liquefied natural gas to mitigate risks associated with loading operations of LNG transport vehicles at terminals. For all vehicles leaving the terminals, the Company carries out inspections covering three major categories: appearance of LNG tankers, safety accessories and internal checks, along with 33 minor inspections including vehicle safety warning, instrument and equipment, vehicle licenses, and credentials of drivers and escort personnel to ensure the safety and reliability in the process of natural gas transportation.



In 2023, the safety inspection coverage for vehicles departing from ENN Zhoushan LNG Terminal achieved

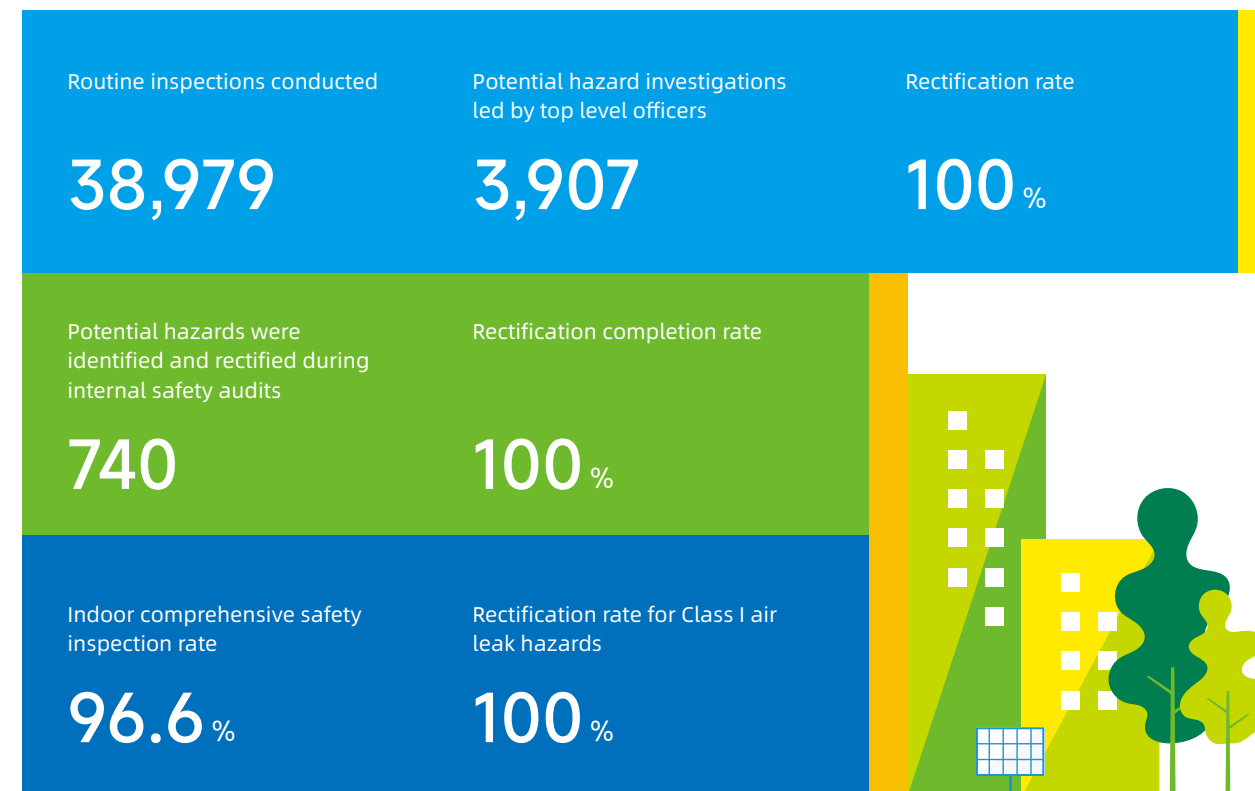
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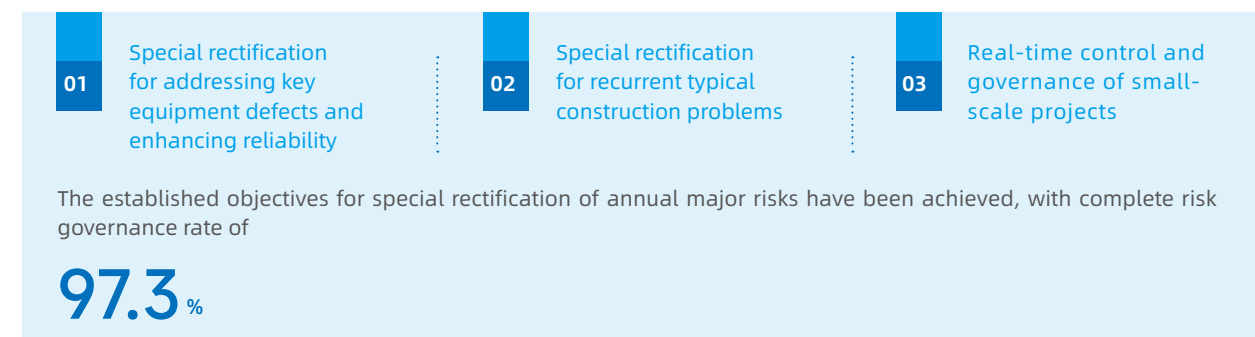
Safety Risk Investigation and Rectification

ENN-NG effectively implements the safety risk management measures at the front line and reinforces its defense line of safety. Updates have been made this year to documents such as the *Administrative Rules on Safety Risk Analysis and Commitment Announcement* and the *Risk Management Measures*, clarifying procedures for safety risk identification and risk evaluation and corresponding control measures.

To effectively identify potential safety hazards and adopt appropriate preventive measures, the Company regularly organizes a professional audit team composed of internal employees and external experts to conduct comprehensive and systematic safety audits. The team establishes rigorous audit standards tailored to the characteristics and risk points of each business scenario to ensure thorough and meticulous audits. This year, the Company completed safety inspection and potential hazard investigation on a total of 72 business entities, performed in-depth analyses of safety risks across all operations, and all identified issues were rectified in a timely manner and closed-loop management was formed.



Special rectification of annual major risks:



Empower Safety with Digital Intelligence

To raise the efficiency of overall safety management, ENN-NG has independently developed two safety tools used to provide information technology support for enterprise safety management, facilitate real-time collection, processing, and analysis of various safety activity information during operation of the Company. This significantly enhances the accuracy and traceability of safety data and guarantees the effective safety management at ENN-NG.



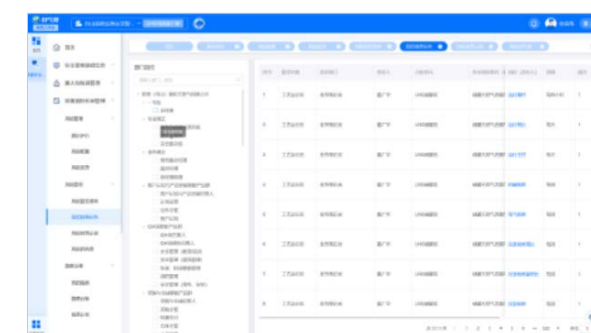
ENN-NG Safety Information Management Platform

ENN-NG has fully made available advanced intelligent management systems across all business scenarios to effectively enhance the scientific and systematic aspects of safety management and provide solid technical support for the safe and robust development.

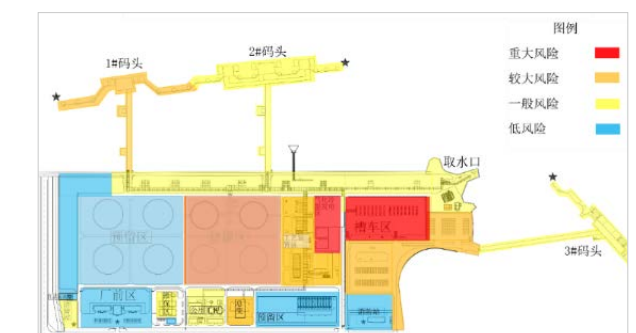
Infrastructure Operation Scenarios

ENN-NG fully utilizes the risk control capabilities of the GreatGas Intelligent Industry Platform to conduct comprehensive reassessment and analysis of risks at Zhoushan Terminal, involving compilation of risk control checklist and completion of a four-color map depicting the distribution of safety risks, thereby achieving visual and controllable risks.

In 2023, we conducted thorough risk reassessment of several critical areas within the premises of Zhoushan Terminal, including the tank farm, #1 and #2 wharves, gasification and code energy unit area, compressor plant, water intake, utilities area and domestic sewage pool. Meanwhile, we performed risk investigations of various operational facilities and processes including electrical, analytical, mechanical, instrumentation and loading operations. After assessment and analysis, we completed the risk control checklists for each area and business, offering precise guidance and basis for risk management.



Zhoushan Terminal Risk Reassessment Interface



Four-color Map of Risks for Zhoushan Terminal

Engineering Construction Scenario

In 2023, with the Zhoushan Terminal Phase III Project as a pioneering pilot, ENN-NG actively engaged in the R&D and construction of "Smart Construction Site" product. Relying on advanced IoT sensing technology and intelligent analytical models, we significantly elevated the level of intelligent management at construction sites, laying a solid foundation for ensuring construction safety, implementing standardized civilized construction practices and raising operational efficiency.

Six core intelligent safety functions of the "Smart Construction Site":



- Intelligent IoT-based tower crane
- AI-based operation monitoring
- Virtual simulation demonstration of critical and challenging processes
- Environmental monitoring at construction sites
- Construction safety management
- Personnel safety information management



Smart Construction Site for Zhoushan Terminal Phase III Project



Bird's Eye View of Zhoushan Terminal Phase III Construction Site

During construction, duration of safe operation

1,437,249 hours

Number of participants in safety training

2,032

Number of potential safety hazards promptly identified and rectified

596

Potential hazard rectification rate

100%

Occurrence of safety accidents at general and higher levels*

0

* The safety accident standard of ENN-NG is higher than the national accident classification standard

Logistics Transportation and Distribution Scenario

ENN-NG has established a LNG transportation vehicle management platform to plan, execute and monitor the whole process of LNG cargo transportation by controlling four elements of person, vehicle, road and waybill so as to enhance transportation efficiency and ensure the timely and safe delivery of goods. The platform has been deployed with function modules including waybill management, vehicle management, driver management, safety management, license management and vehicle monitoring, allowing for whole-process safety compliance and flexible and convenient management of vehicles, drivers and transportation execution.



Drivers covered

49,000 drivers

Total number of hazardous chemicals transportation vehicles covered by the LNG transportation vehicle management platform

23,000 vehicles

Mileage monitored

200 million

In 2023, ENN-NG, in partnership with Beijing Zhike, established the Joint R&D Base for Intelligent Connected Application of Commercial Vehicles for joint development of the On-Board Diagnostic (OBD) networking project. The cloud-based connection of OBD logistics equipment with vehicle management platform enabled dynamic monitoring, analysis and early warning of vehicle performance, fuel consumption and driving behaviors and improvement of vehicle driving safety and meticulous operation efficiency. We jointly developed 17 driving behaviors and 5 Advanced Driver Assistance Systems (ADAS) for driver status data analysis models, allowing for the availability and application of driving behavior monitoring, with a total of 284,000 behavioral data collected. By driving behavior monitoring and analysis of all drivers, personalized driving behavior optimization suggestions were provided to all drivers, thus effectively promoting a comprehensive improvement of on-road driving safety.



ENN-NG OBD Project



Energy Production Scenario

In 2023, Xinneng Energy optimized and upgraded its online total risk control platform based upon the existing hierarchical risk control and hidden hazard investigation and treatment modules, offering new functions such as online risk assessment for all employees, online inspection control and online investigation and treatment of hidden hazards, so as to create a digital intelligence tool for safe production that is more adaptable to the internal needs of the Company. Employees may access the system via Web client or mobile App to view the whole process closed-loop management status of risk control and hidden hazard treatment at any time, significantly reducing traditional offline paper forms and cumbersome signature processes and effectively raising the overall efficiency of safety management.

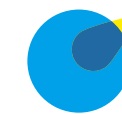


Xinneng Energy's Online Safety Risk Control Platform Interface

The Company is active in promoting IoT products such as self-closing 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 and intelligent window alarm linkage. As soon as an accident occurs, the emergency response procedure will report it to the intelligent IoT platform which then provides alert services to customers via SMS, voice message, external calls, mini-program push, etc., and instantly dispatches emergency personnel in various forms to promptly arrive at the accident scene for emergency response.

Promoted the use of IoT meters

Over 13million sets



Active users

Over 20million


Promoted the use of
alarms

1.57million set

Promoted the use of emergency
cut-off valves

0.67million

Installed self-closing valves

5.99million

Installed flexible metal tubings

14.77million

Replaced inferior direct-discharge water heaters with
high energy consumption and high safety risks

10,786

Replaced stoves without flameout protection

185,693

Urban Gas Scenario

ENN-NG has developed an indoor risk map to precisely implement functions such as indoor risk forecasting, early warning, pre-control, prevention, and intelligent emergency response. Furthermore, we calculate customer risks through digital intelligence tools, define the priority strategy for indoor safety inspections, and demonstrate risks at four levels—government, enterprise, district, and community—using the indoor safety risk map tool.

In 2023, we completed the demand confirmation, technical evaluation, function development and trial use of high-rise safety products such as "indoor alarm + cut-off valve + linkage box" and AI safety valves for residential users to continuously provide more types of indoor digital intelligence safety products.



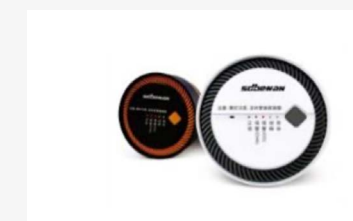
Indoor Safety Risk Map

Indoor IoT Alarm Devices Guard the Safety of Household Gas Consumption

In 2023, the IoT alarm device promoted by ENN Energy can monitor the gas concentration in user homes. When the gas concentration reaches the set value, the device will alert the IoT platform and synchronize with the customer's mobile phone. The intelligent scheduling system will immediately notify the nearest employee for door-to-door service. This system reduces manual order creation, scheduling and dispatching processes, enabling timely detection of gas leaks, rapid response and professional disposal.



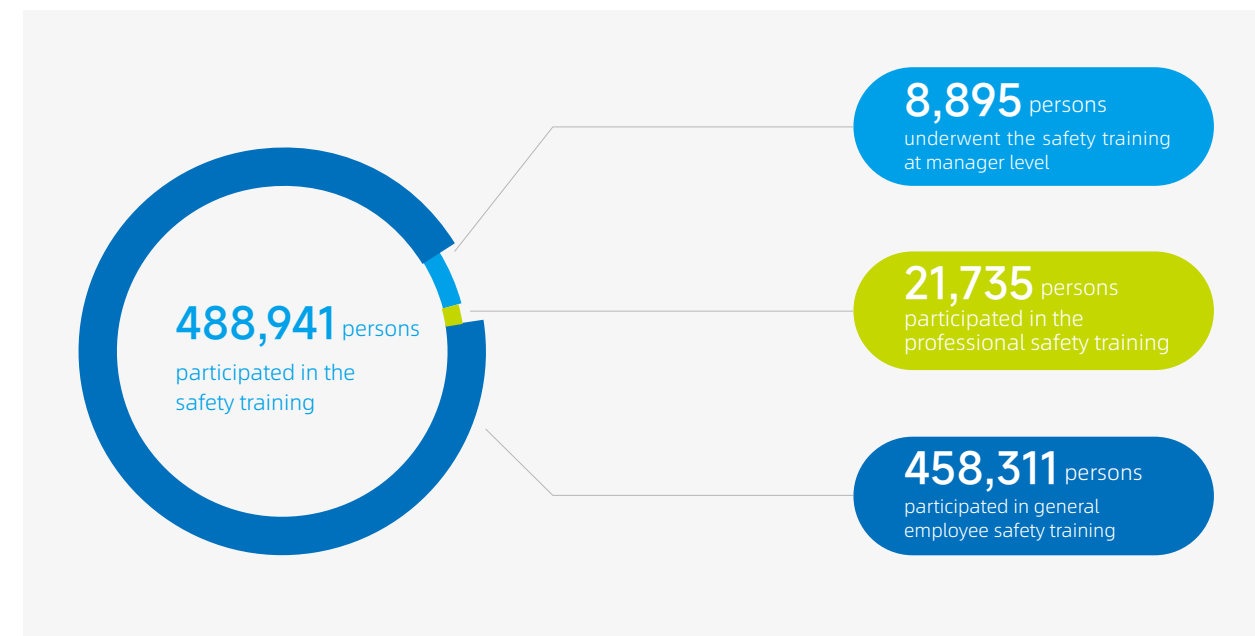
Indoor IoT Alarm Device



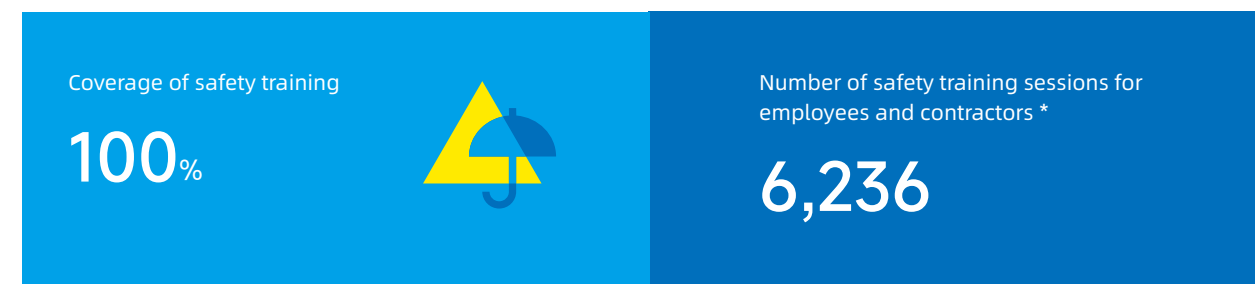
Safety Education

ENN-NG has updated its internal *Measures for Administration of Safety Education and Training Management* to provide clearer division of responsibilities, training types, content and required training duration, thus improving the safety education management system.

ENN-NG and its business organizations continuously enrich and optimize a variety of safety training programs in light of the risk management requirements regarding different business scenarios, including monthly routine safety knowledge training for all employees, special skill training titled "Safety Guardian" for key positions, workshops aimed at improving safety management capabilities and special technical seminars focusing on cutting-edge technologies. These diverse and systematic training activities contribute to the improvement of safety awareness and professional skills among employees, thereby strengthening their foundation of safety management.



All employees of the Company participated in the online launch and learning of the *Effortless Learning of Intelligent Safety* course



ENN-NG Safety Training Data

* The data of ENN Energy is not included

VR Training Classroom Group for Zhoushan Terminal Phase III Construction Project

The Zhoushan Terminal Phase III Construction Project is equipped with a training classroom featuring VR experience functions to enhance the safety skills of employees and contractors in areas such as safe use of wire ropes, high-place operation, confined space, personal protective articles and first aid (CPR) through hands-on training.



Indoor IoT Alarm Devices

Zhoushan Terminal Organized Fun Firefighting Skills Competition

In November 2023, Zhoushan Terminal hosted a safety-themed event called "Fun Firefighting Skills Competition" for its employees and contractors. The items included 30-meter firefighting quiz run, wearing positive-pressure respirator, wearing safety harnesses, CPR, on-site rescue operations wearing anti-freeze suits, lifting dummies and CPR), emergency bandaging (making simple stretchers + bandaging), connecting and resetting fire hoses. This event aimed to enhance the safety awareness and emergency response capabilities of employees and contractors through enjoyable activities, thereby laying a solid foundation for safe production at Zhoushan Terminal.

Safe Production Month Event

In June 2023, ENN-NG held a Safe Production Month Event under the theme of "everyone focuses on safety to identify and rectify major hazards; everyone knows emergency response, and all staff participate in emergency drills". Following national and the Company's requirements for the Safe Production Month Event, a series of activities were carried out including safety meeting, safety training, emergency drill, safety inspection and knowledge examination. Furthermore, we utilized the channels such as intranet platform and iCome to promptly disseminate and share key tasks, best approaches and innovative practices among all groups and teams, thereby intensifying the promotion of safety culture and fostering a strong atmosphere of safety culture.

Special Training for High-risk Scenarios in Winter

In response to high-risk operation scenarios in extreme weather conditions like ice, snow, rain and fog, the Company conducted company-wide warning education and training for skill enhancement and typical accidents. For drivers and escorts, a series of special training sessions were provided covering operational procedures, defensive driving skills, reinforcement of escort responsibilities, analysis of typical accident cases, emergency response methods, vehicle maintenance and operation and maintenance of special equipment, with a total of 9,109 persons trained and 100% pass rate, significantly improving the driving skills and transportation safety guarantee capabilities of drivers and escorts in adverse weather conditions.

Occupational Health and Safety

ENN-NG implements the principle of "people orientation and safety first", with fundamental responsibility of creating a safe working environment and reducing occupational hazards to ensure occupational health and safety of employees and contractors.

Occupational Health and Safety of Employees

The Company strictly complies with national and local laws and regulations concerning occupational health and safety, actively fulfills its corporate responsibilities for occupational health, establishes a sound occupational disease prevention and management system, and improves internal regulations such as the *Measures for Administration of Occupational Health*.

To ensure the effective functioning of the management system for safe production and occupational health and safety, the Company introduces third-party safety audit, and one tracking audit is conducted annually and one comprehensive audit is conducted every three years for the occupational health and safety policies and performance.



To comprehensively improve the health conditions of employees, the Company has put in place employee health management measures tailored to various business scenarios. Specifically, the ENN-NG Intelligent Business Group for Logistics Transportation and Distribution sets up a Health Management Committee, develops an employee health management system, establishes personalized health management ledgers for employees covering five dimensions of health monitoring, health perception, health cognition, health care and mutual support among employees to guide the employees to form healthy habits. Meanwhile, this year, we conducted rigorous health screenings for all drivers and escorts to identify individuals requiring specific attention and formulated special control measures to ensure good health condition of transportation personnel.



ENN-NG Employee Health Management File

Key Measures for Occupational Disease Prevention and Control at ENN-NG in 2023

	Detection and status evaluation of occupational hazard factors	ENN-NG and its subsidiaries carried out detection and status evaluation of occupational hazard factors. Following detection and evaluation, the concentrations of on-site occupational hazard factors were found to meet the relevant national standards.
	Occupational health examination	ENN-NG and its subsidiaries completed employee health examinations, and no patients suspected of occupational diseases or individuals with occupational contraindications were found. Moreover, we regularly compiled personal occupational health supervision files and occupational hygiene management files for employees.
	Occupational disease prevention	ENN-NG and its subsidiaries actively engage in prevention of occupational disease risks. Noise prevention: Use low-noise model products, arrange sound-absorbing cotton for high-noise equipment, and provide essential labor protection articles such as ear protectors to employees at different positions. Heat prevention: Schedule work tasks to avoid high temperature periods, and offer employees access to places that can avoid summer heat and heatstroke prevention drugs to prevent the conditions such as heatstroke and thermoplegia.





Paired Employees for Mutual Assistance to Enhance Safety Level

During this year, we integrated employee pairing for mutual assistance into our organizational health management services to form health support partnership between drivers and escorts who may attentively observe and oversee each other's changes in physical conditions in their daily work. In the event that a driver suffers sudden discomfort while driving, the escort will quickly make judgement based on the driver's daily habits and medical history and then assist in safely pulling over to avoid traffic incidents and guarantee the personal safety.



ENN Energy's Pairing Card for Logistics Employees



Pre-work Fitness Status Monitoring of Drivers

During this year, the Logistics Department of ENN Energy was actively engaged in the pilot work of national key project for intelligent health management of hazardous goods transportation personnel. Relying on the Zhoushan all-scenario LNG transportation in liquid state, we partnered with scientific research institutions including the Research Institute of Highway under the Ministry of Transport and Tsinghua University for the "Research and Development of Technologies and Equipment for Diagnosis, Screening, Monitoring and Early Warning of Fitness Status of Drivers for Highway Passenger Vehicles, Tourist Passenger Vehicles and Hazardous Chemical Vehicles", and installed a driver's comprehensive physiological index collection system within the industrial park. This system allows for comprehensive collection of physiological and psychological indexes and monitoring of pre-work fitness status for our in-house drivers who are about to embark on tasks, thereby ensuring that their physical conditions meet transportation requisites, enabling whole-process monitoring of driver's fitness status and personalized risk control, and effectively safeguarding operation safety.



ENN Energy's Comprehensive Physiological Index Collection System for Logistics Drivers

The project has obtained the monitoring data of driver's fitness status

Over 50 million



Occupational Health and Safety of Contractors

We place equal importance on the safety of all contractors and project constructors. To further regulate safety management of contractors, the Company has revised the *Administrative Rules on HSE of Contractors* and the *Contractor Safety Agreement*, outlining the responsibilities for contractor safety compliance and detailed rules regarding rewards and penalties for safety behaviors.

Daily safety management measures for contractors

Require the contractors to submit the materials for occupational health and safety system certification and relevant mandatory certificates during selection to evaluate their occupational health and safety management level.

Hold a morning shift training meeting for contractors before their daily work to make safety disclosure to operators, and emphasize key tasks for the day, major risks associated with the operational process and safety measures.

Promote the use of a smart product known as "Craftsman Club" in contractor management, including intelligent control modules for subcontractor registration, online examination and daily attendance management, monitor safety performance of contractors and reinforce the supervision of contractor's operators.

Integrate the intelligent IoT model for tower cranes with contractor safety management, and avoid contractor injury risks by applying intelligent means to control the risk of crane collision within the crane group.



In 2023, ENN-NG consistently organized comprehensive safety training for the contractor's personnel, with a cumulative total of 67,067 participants. The training content included mandatory safety requirements and safety precautions upon site entry, safety risk notification and control measures for hazardous tasks as well as specific requirements for occupational hazards and special operations to ensure that every contractor's personnel fully recognize the importance of safe production. Moreover, we offered contractor's personnel a visualized understanding of safe production rules and precautions in practical operation by living examples in combination of accident cases and violation cases to bolster overall safety awareness and coping capability.



ENN-NG Safety Training of Contractors

 ENN-NG's contractor safety management data in 2023*	Number of contractor work-related injury accidents 3		Contractor disabling incident frequency rate per million man-hour 0.08 incident/million man-hour
	Contractor production safety accident fatalities 0	Cumulative number of contractors participating in safety training 67,067 persons	Lost time injury frequency rate (LTIFR) including contractor 0.06 incident/million man-hour

* The data of ENN Energy is not included

Emergency Drill

To prevent emergencies from affecting the Company's operation and causing major personnel injury, ENN-NG regularly organizes emergency knowledge training and emergency drills to ensure that personnel at all positions are familiar with emergency response procedures and key points, strengthen the coordination and rapid response capabilities among departments and units, and further improve the operability and effectiveness of the Company's emergency response mechanisms and contingency plans. In 2023, member companies of ENN-NG conducted various emergency drills including fire prevention, chemical explosion and gas leakage.

Various emergency drills were conducted

Number of drills

11,429

Cumulative number of participants*

38,340 persons

Fire Emergency Drill at Zhoushan Terminal

In 2023, a series of emergency drills were conducted at Zhoushan Terminal focusing on major hazards in the tank farm, particularly addressing the emergencies including leakage, fire and typhoon resistance. The leakage and fire drills simulated the situations where leakage occurred in the tank farm and resulted in fires. We swiftly activated the emergency response plan, organized personnel for initial fire suppression and simultaneously reported to relevant departments for support. This drill assessed the practicality and operability of fire emergency response plan, improved the abilities of employees to respond to the emergencies such as fire. Additionally, Zhoushan Terminal organized emergency drills for scenarios including inability to start tankers, seawater pump outlet leak, entry of chemical agents into eyes, plant-wide power outage, and emergency evacuation of vessels in sea pipeline incidents.



Leakage and Fire Drills at Zhoushan Terminal

* The data of ENN Energy is not included

Double-blind Drill at Xinneng Energy

In 2023, Xinneng Energy conducted a double-blind emergency drill without prior notice to participating units regarding the drill time, location and content, aiming to assess the familiarity of personnel at all levels with the contingency plans and their operability so as to enhance the ability of the Company's employees to respond to emergencies. Following the drill, comments were made on the shortcomings identified during the drill and improvement measures.



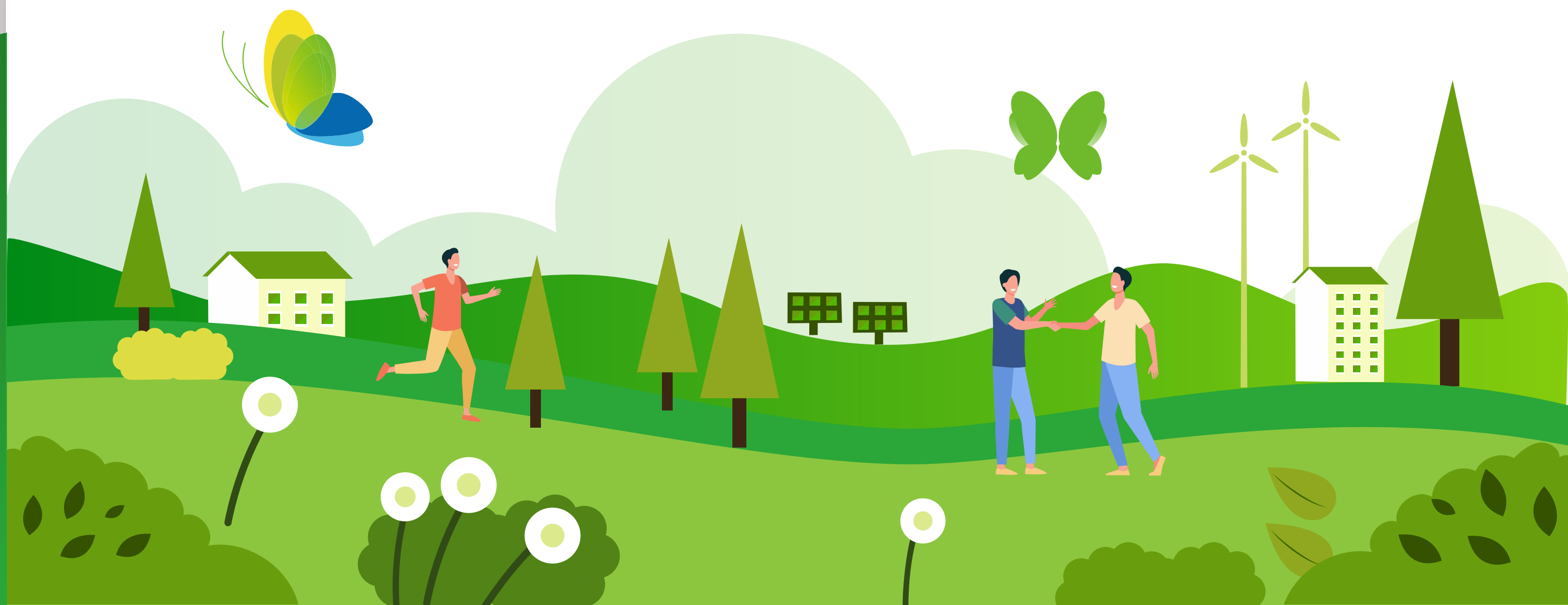
Double-blind Drill at Xinneng Energy





Maintain Green Operation to Create an Intelligent and Low-carbon Pattern Together

As one of the largest private energy enterprises in China, we are dedicated to reducing our resource consumption and carbon emissions while driving the industry to go green, promoting the use of green and clean energy, and spearheading proactive responses to climate change in the energy sector. Concurrently, we consistently exhaust our ability to implement management and undertake biodiversity conservation actions, and protect our home planet by following the principle of imposing "positive impact" on the ecosystem.



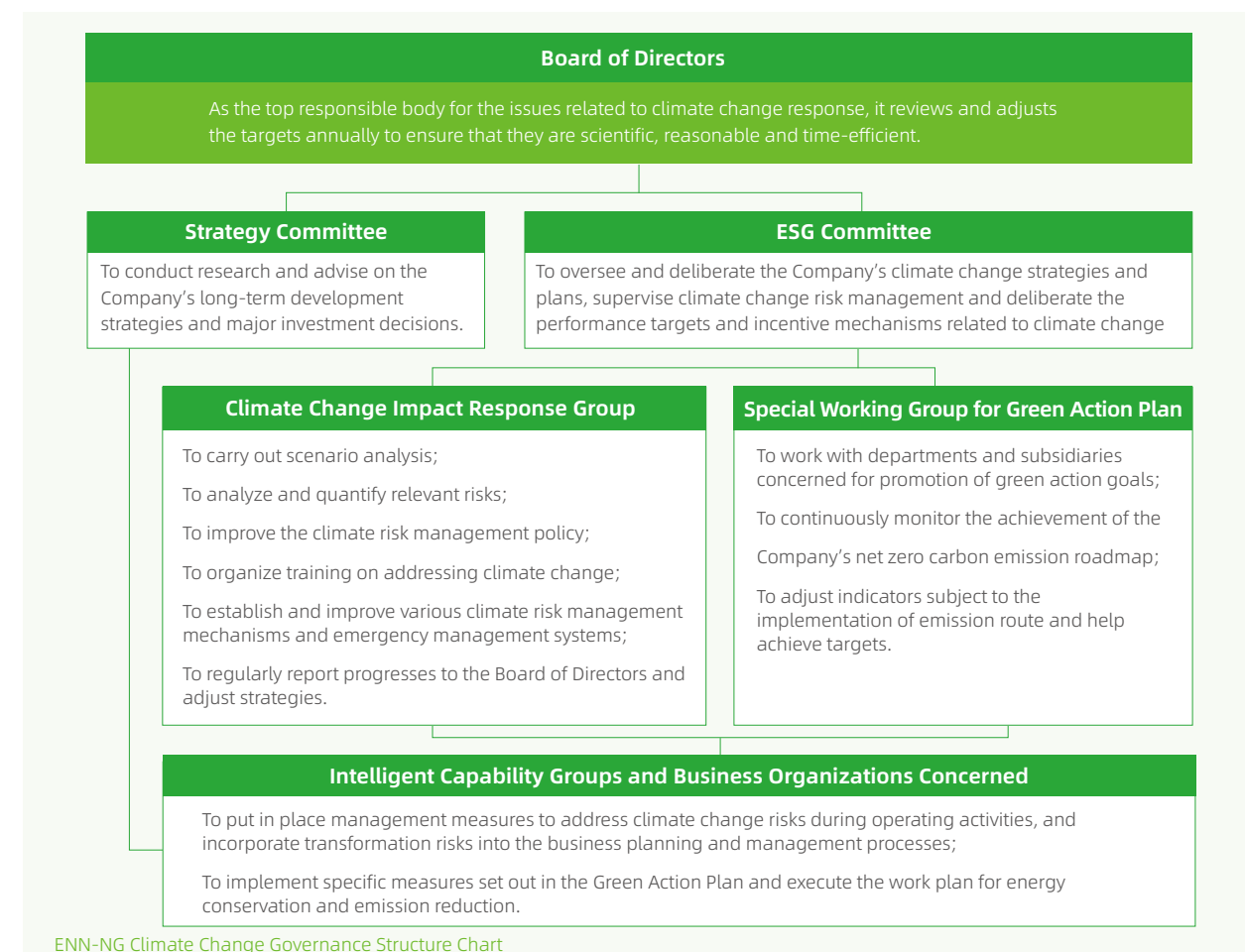
Response to Climate Change

ENN-NG has been deeply aware of the significant impact of climate change on its business strategy and industry development, thus incorporating climate change response into its overall Environmental, Social, and Governance (ESG) management framework as an important component. In 2023, in response to the escalating risks of climate change and to seize the mid-to-long-term opportunities for green development in climate change, the Company engaged in a special project to analyze and assess the TCFD climate-related risks and opportunities, identified key risks and opportunities and devised countermeasures based on the management recommendations and disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD), and released the first independent *Climate-related Financial Disclosure Report* in the domestic natural gas industry in December 2023, which systematically disclosed the achievements of the first phase of special work on TCFD; the Company continued its TCFD work, with the achievements of the second phase disclosed in this Report.

Governance

ENN-NG has established the ESG Committee at the Board level to oversee the matters related to climate change and collaborated with the Strategy Committee to integrate climate risks and opportunities into the Company's strategic planning. To put into practice climate-related work and specific indicators, the ESG Committee has set up the Climate Change Impact Response Group and the Special Working Group for Green Action Plan to work in conjunction with relevant departments and subsidiaries. The Company has formulated climate change indicators linked directly to remuneration, leveraging financial incentives to boost employees' enthusiasm and ensure the holistic implementation of climate governance.

*Please refer to the *Climate-Related Financial Information Disclosure Report* for more details



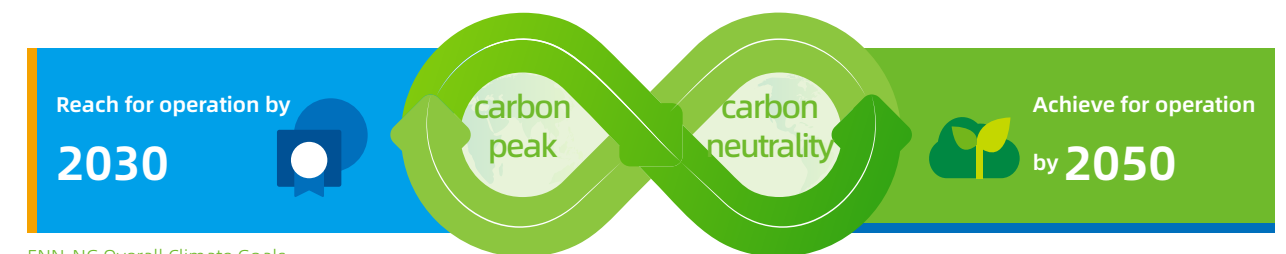
ENN-NG Climate Change Governance Structure Chart

Strategies

Climate Strategy

As one of the largest private energy enterprises in China, ENN-NG has integrated the "philosophy of sustainable development" into its development strategy. In response to climate change, ENN-NG unveiled the *Green Action 2030 – ENN Journey to Net Zero* in 2022. We are committed to reaching carbon peak by 2030 and achieving net-zero carbon emissions by 2050, and has set short-, medium- and long-term carbon emission reduction targets for the main business segments, accompanied by the release of the Green Action Panorama and Net Zero Carbon Emission Roadmap.

* Please refer to the *Climate-Related Financial Information Disclosure Report* for more details



ENN-NG Overall Climate Goals

Climate Scenario Analysis

ENN-NG has identified and evaluated short-term (0-3 years), medium-term (3-10 years) and long-term (10-30 years) climate risks/ opportunities for high-risk factors across three dimensions including likelihood of occurrence, rate of occurrence and financial impact to propose response measures and align risk management with the Company's short-, medium-, and long-term strategies and action plans.

To identify and evaluate the potential impact of climate-related risks and opportunities more efficiently, we select widely-recognized international climate scenarios and their respective climate scenario parameters to perform scenario analysis and quantitative evaluation of financial impacts on key risks and opportunities, and develop forward-looking risk management strategies.

In the second phase of climate scenario analysis, we continue to select RCP 4.5 and RCP 8.5 of IPCC¹ for physical risks; to enhance our evaluation of long-term impact of second-phase transformation risks on ENN-NG's revenue, we select the climate scenario parameters of NGFS².

ENN-NG Climate Change Scenario Analysis in the Second Phase

	Scenario Type	Scenario Used	Scenario Source	Estimated Temperature Rise ³	Description
Transformation risk	Current Policies Scenario	Current Policies Scenario	NGFS	3 °C	This scenario takes into account current climate and energy policies, including commitments outlined in Nationally Determined Contributions (NDCs), but does not meet the target of limiting temperature rise to within 2°C .
	Accelerated Transformation Scenario	Net Zero by 2050 Scenario (NZE)	NGFS	1.5°C (<2°C for SDS)	This scenario represents an ideal situation where, through stringent climate policies and innovation, the goal of achieving net-zero carbon emissions around 2050 is successfully attained, thereby limiting global warming to within 1.5°C .

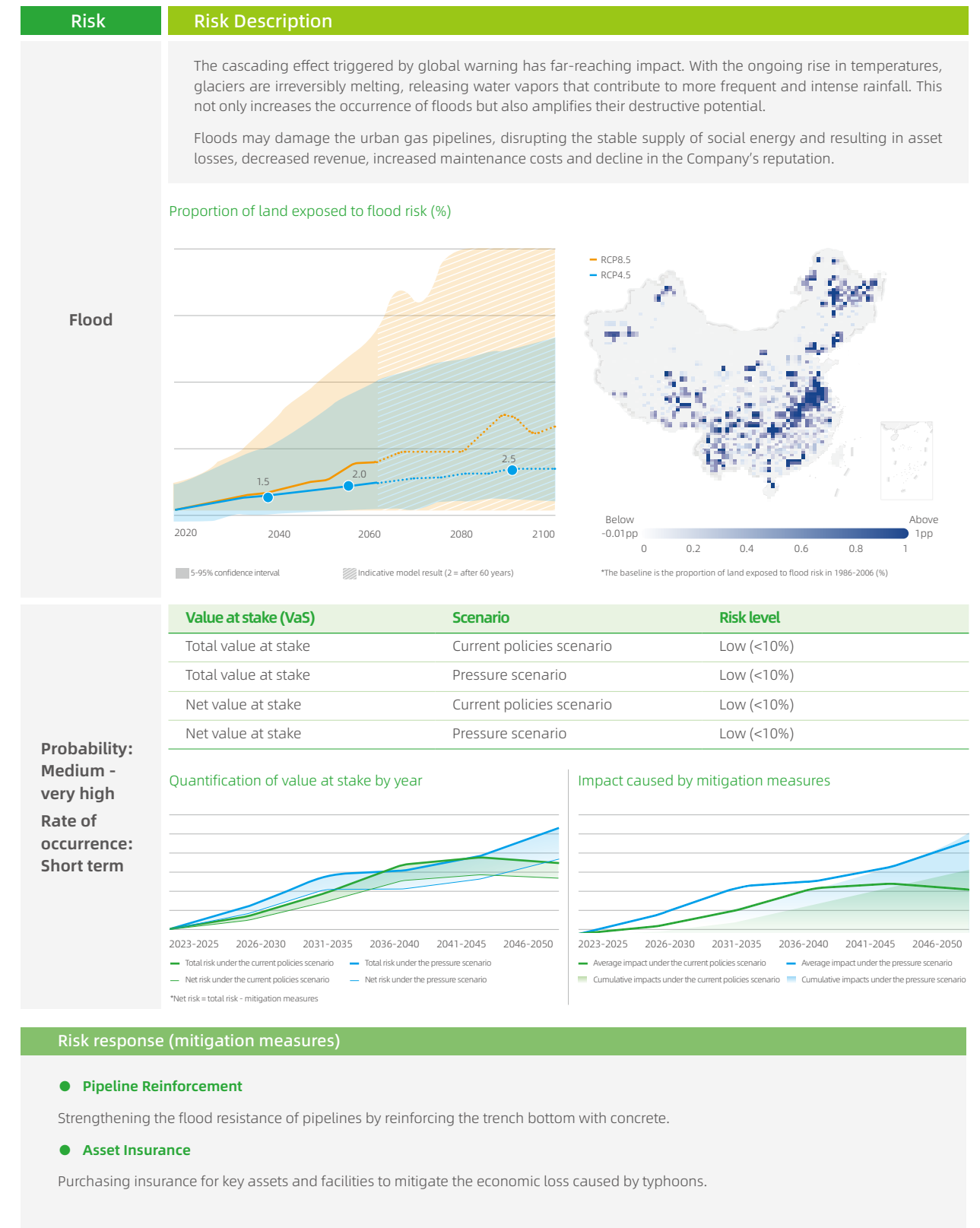
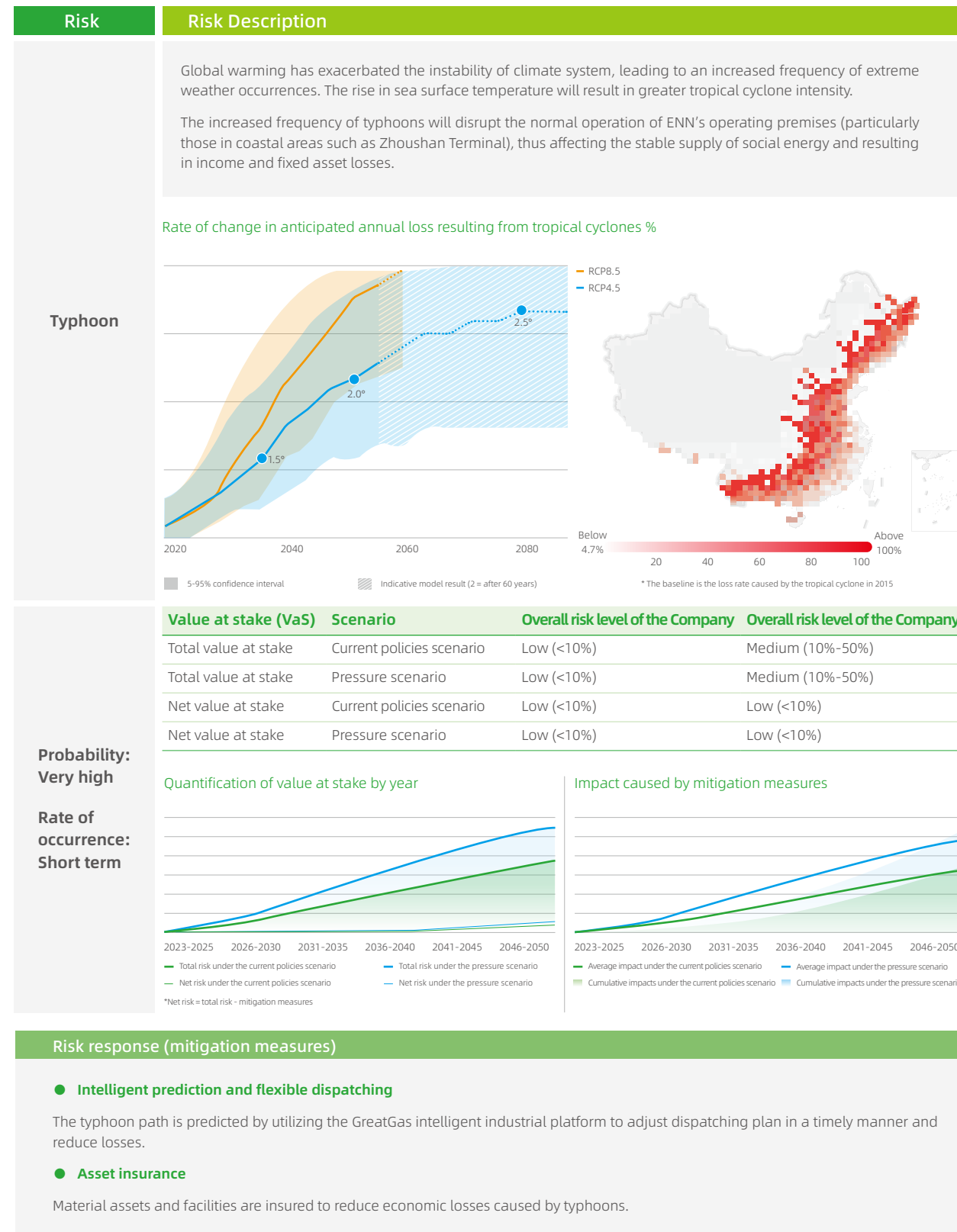
* See the *Climate-Related Financial Information Disclosure Report* for details of risk description, countermeasures and first-phase climate scenario analysis

¹ Intergovernmental Panel on Climate Change

² Central Banks and Supervisors Network for Greening the Financial System

³ Estimated Temperature Rise means the average increase in global surface temperatures by 2100

Second Phase Quantitative Analysis of Key Physical Risks





Second Phase Quantitative Analysis of Key Transformation Opportunities

Opportunity

Opportunity Description

Digital intelligence transformation

Ensuring transportation safety is paramount when transporting liquefied natural gas (LNG) by road due to its particularity as hazardous chemical. However, unfamiliar road conditions often elevate transportation risks which potentially result in delays or accidents, thus affecting logistics efficiency and cost control.

"GreatGas", an intelligent ecological platform for the natural gas industry, improves logistics efficiency and reduces LNG tanker transportation costs by intelligent route design and optimized scheduling.

Value at stake (VaS)	Scenario	Risk level
Total value at stake	Current policies scenario	Low (<10%)
Total value at stake	Pressure scenario	Low (<10%)
Net value at stake	Current policies scenario	Low (<10%)
Net value at stake	Pressure scenario	Low (<10%)

Quantification of value at stake by year

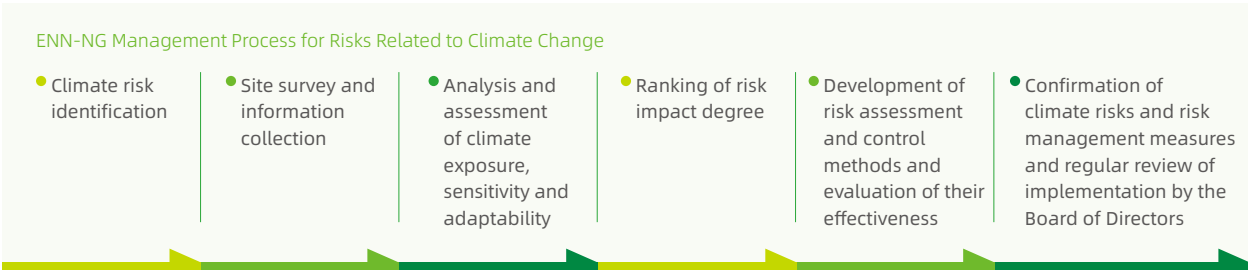
Impact caused by mitigation measures

Probability: Medium

Rate of occurrence: Short term

Climate Risk Management

ENN-NG is fully aware of the potential impact of climate risks on its business. To effectively manage the climate risks, we organically combine climate risk evaluation with risk management based on the PDCA (Plan - Do - Check - Act) cycle, and establish a robust closed-loop management system for identification, evaluation, control and monitoring of climate risks.



Risk Identification and Evaluation

In 2023, ENN-NG identified a total of 58 climate-related risks and opportunities following the recommendations of the TCFD disclosure framework, including 19 physical risks, 16 transformation risks and 23 climate opportunities. In respect of the identified risks and opportunities, by expert assessment and discussion within business departments, each risk was discussed and scored based on its probability and severity to select the top 8 most significant climate risks and opportunities for the Company (including 5 risks and 3 opportunities). For key climate risks and opportunities, we conducted thorough financial impact analysis (Value-at-stake analysis, VaS) considering high-emission scenarios and accelerated climate transition scenarios as outlined in the *Climate-related Financial Information Disclosure Report*.

TCFD Type		Value Chain Link			Affected Subject			Total	
		Upstream	Operation	Downstream	ENN Energy	ENN-NG	ENN-NG & ENN Energy		
Transformation risks	1. Policy and regulatory risks	1	4	1	1		5	6	16
	2. Technical risk	1	1	2	1	3		4	
	3. Market risk	1		2	1		2	3	
	4. Reputation risk		2	1			3	3	
Physical risks	5. Acute physical risk	4	7	1	3	7	2	12	19
	6. Chronic physical risk		5	2	3	2	2	7	
Climate opportunities	7. Resource efficiency opportunity		3		1	1	1	3	23
	8. Energy opportunity	2	1		2	1		3	
	9. Production/service opportunity		3	4	4	2	1	7	
	10. Market opportunity		7		4	1	2	7	
	11. Adaptability opportunity	1	2		3			3	
Total		10	35	13	18	18	22	58	

— Risk — Opportunity

Climate Risk Management

ENN-NG has integrated five major risk categories including environmental and climate risks, company operational risk, safety risk, media risk and compliance risk into its overall risk management system, forming a closed-loop management process consisting of "risk identification - risk analysis - risk assessment - risk disposal - monitoring and review". The Company has developed the Climate Change Response Policy, incorporating mitigation, adaptability and investment into climate risk considerations. For example, physical risks resulting from climate change are considered in project design, construction and operation; attentions are paid to the potential GHG emissions, emission reduction potential and the possibility of applying renewable energy sources during project investment, acquisition and due diligence possesses, and the capacity to utilize renewable energy sources such as photovoltaic, industrial waste heat, biomass and geothermal energy is regarded as an important analytical indicator during project investment.

Indicators and Targets

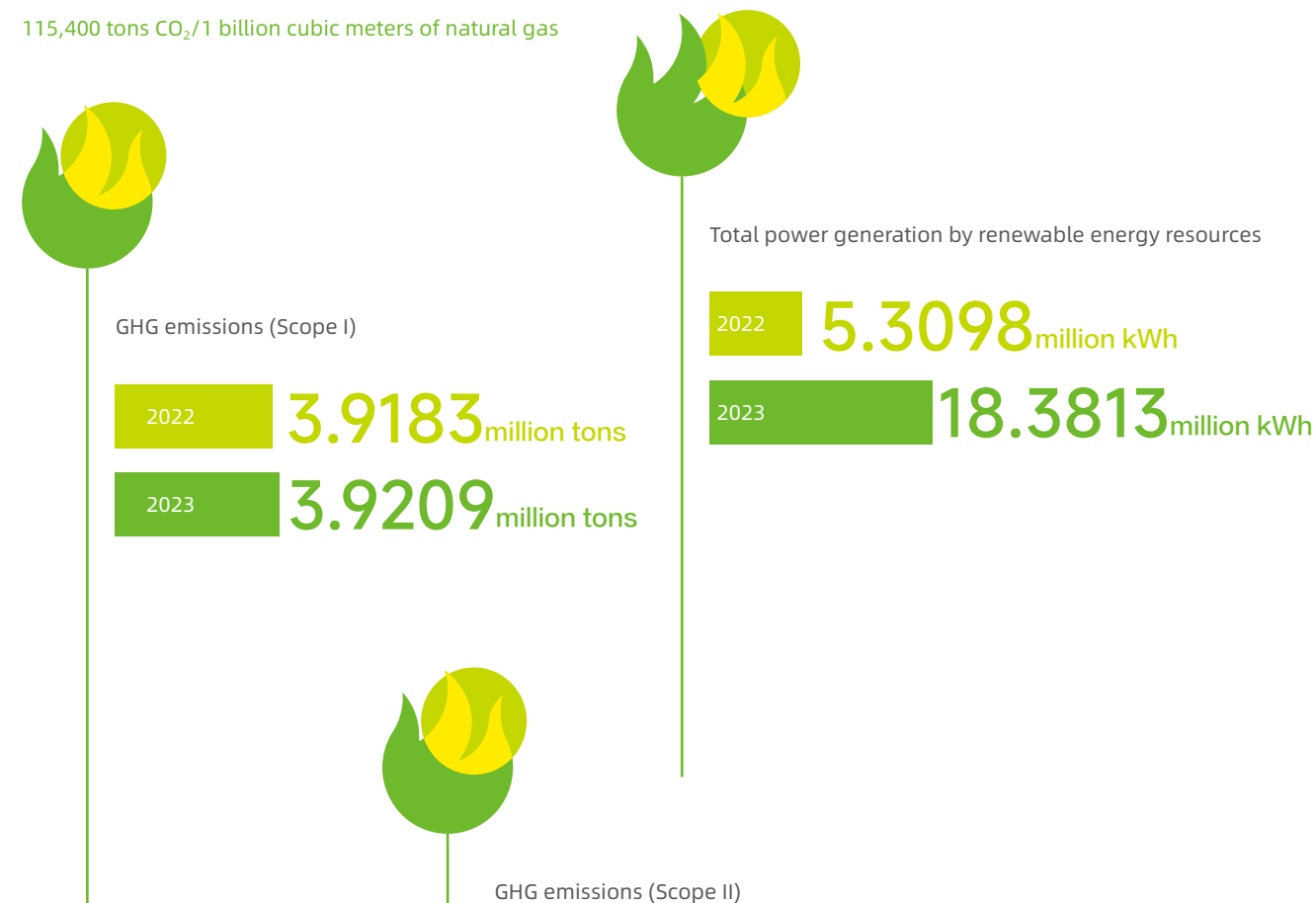
ENN-NG continues to promote all subsidiaries to conduct carbon inventory and realize refined management over energy consumption and carbon emissions by identifying the GHG emissions level of these branches to further consolidate the foundation for their efforts in energy conservation and emission reduction. In 2023, ENN-NG carried out the measurement and calculation of Scope III carbon emissions. Currently, the Company has disclosed key Scope III emission categories closely related to its business, including emissions from natural gas production, transportation and use processes, as well as emissions from employee travel and commuting. In future, we will progressively improve our value chain carbon inventory to encompass more Scope III categories.

ENN-NG GHG Emissions

Total GHG emission intensity in 2023 (Scope I and Scope II):

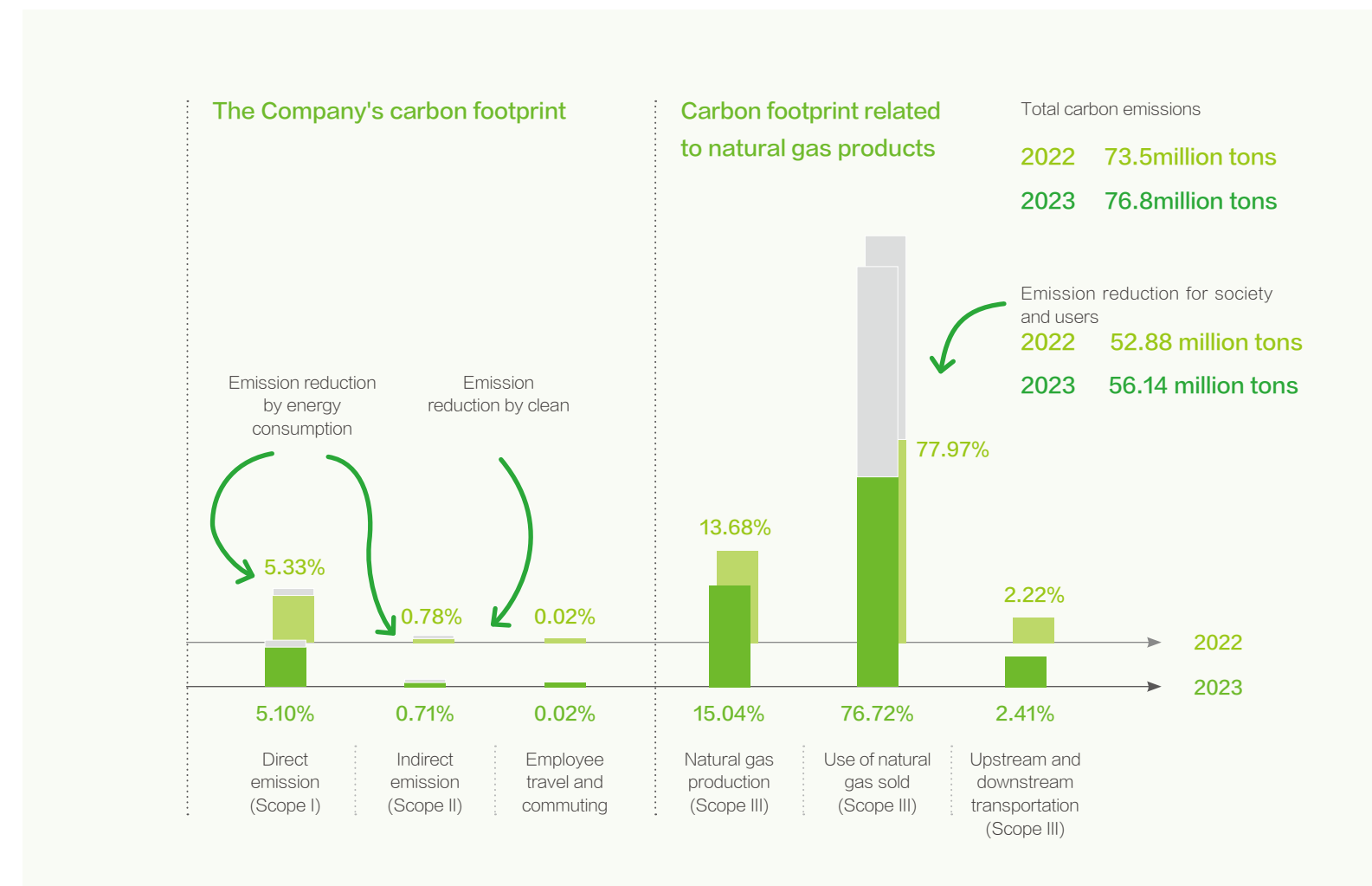
386,700 tons CO₂/RMB 1 billion

115,400 tons CO₂/1 billion cubic meters of natural gas



Scope III Carbon Inventory

ENN-NG continues to propel all subsidiaries to conduct carbon inventory and realize refined management over energy consumption and carbon emissions by identifying the GHG emissions level of these branches to further consolidate the foundation for their efforts in energy conservation and emission reduction. Since 2022, ENN-NG has been engaging in calculation of Scope III carbon emissions, and disclosed the Scope III carbon footprint related to the Company's core energy product - natural gas. The next step taken by the Company is to develop a targeted energy saving and carbon reduction plan based on the current emissions to keep promoting GHG emission reduction.



* Please refer to the *Guidelines for Accounting and Reporting Corporate Greenhouse Gas Emission* issued by the National Development and Reform Commission (NDRC) and ISO 14064-1 *Greenhouse Gases - Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* for the calculation of Scope I and Scope II emissions; the Scope III calculation standards primarily rely on the *Greenhouse Gas Accounting System: Corporate Value Chain (Scope III) Accounting and Reporting Standard* (GHG Protocol) and the *Guidelines for Verification of Corporate Greenhouse Gas Emission Report* issued by the Ministry of Ecology and Environment

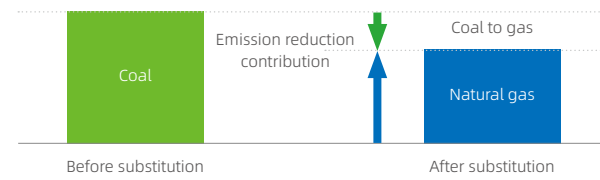
* Due to limitations in data availability, some data are industry common values and the Company's average value of samples. The Company will continue to enhance the coverage, data accuracy and granularity of Scope III greenhouse gas emission data calculation

Conceptual Model for Emission Reduction for Society and Users

■ Past carbon emission by customers ■ Current carbon emission by customers

Energy substitution - coal to gas

Carbon emission



• Concept

Reduce the customers' carbon emissions per unit energy consumption by providing them with clean energy - natural gas to substitute their old energy source - coal

• Key computing methodology

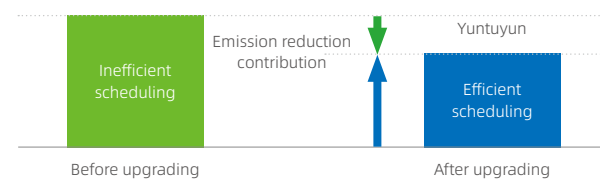
Carbon emission difference between coal and natural gas in unit lower heating value

• Baseline

Coal consumption by customers

Energy resource transportation - Yuntuyun (a logistics platform)

Carbon emission



• Concept

Offer capabilities such as intelligent route optimization for energy resource logistics by application of Yuntuyun to improve energy resource transportation efficiency, and reduce carbon emissions

• Key computing methodology

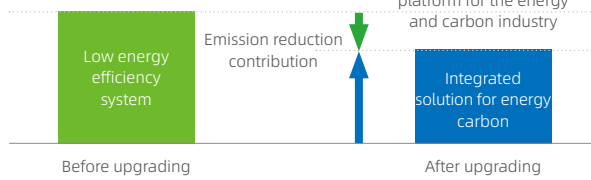
Unit carbon emission reduction by applying Yuntuyun to energy resource transportation

• Baseline

Unit carbon emission by customers' energy resource transportation

Energy efficiency improvement - integrated energy solutions

Carbon emission



• Concept

Provide customers with integrated energy solutions to improve their industrial energy efficiency and reduce carbon emissions by relying on an intelligent ecological platform for the energy and carbon industry

• Key computing methodology

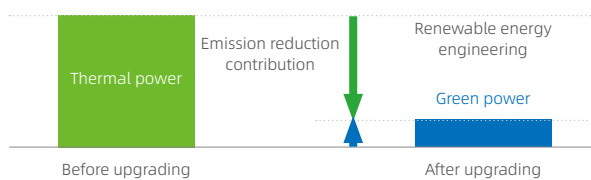
Customer's energy efficiency increase rate

• Baseline

Customer's integrated energy efficiency

Energy substitution - renewable energy engineering

Carbon emission



• Concept

Reduce carbon emissions by building renewable energy sources for customers and replacing green power with thermal power

• Key computing methodology

Carbon emission by green power replacing thermal power

• Baseline

Carbon emission factor for electricity consumption by customers

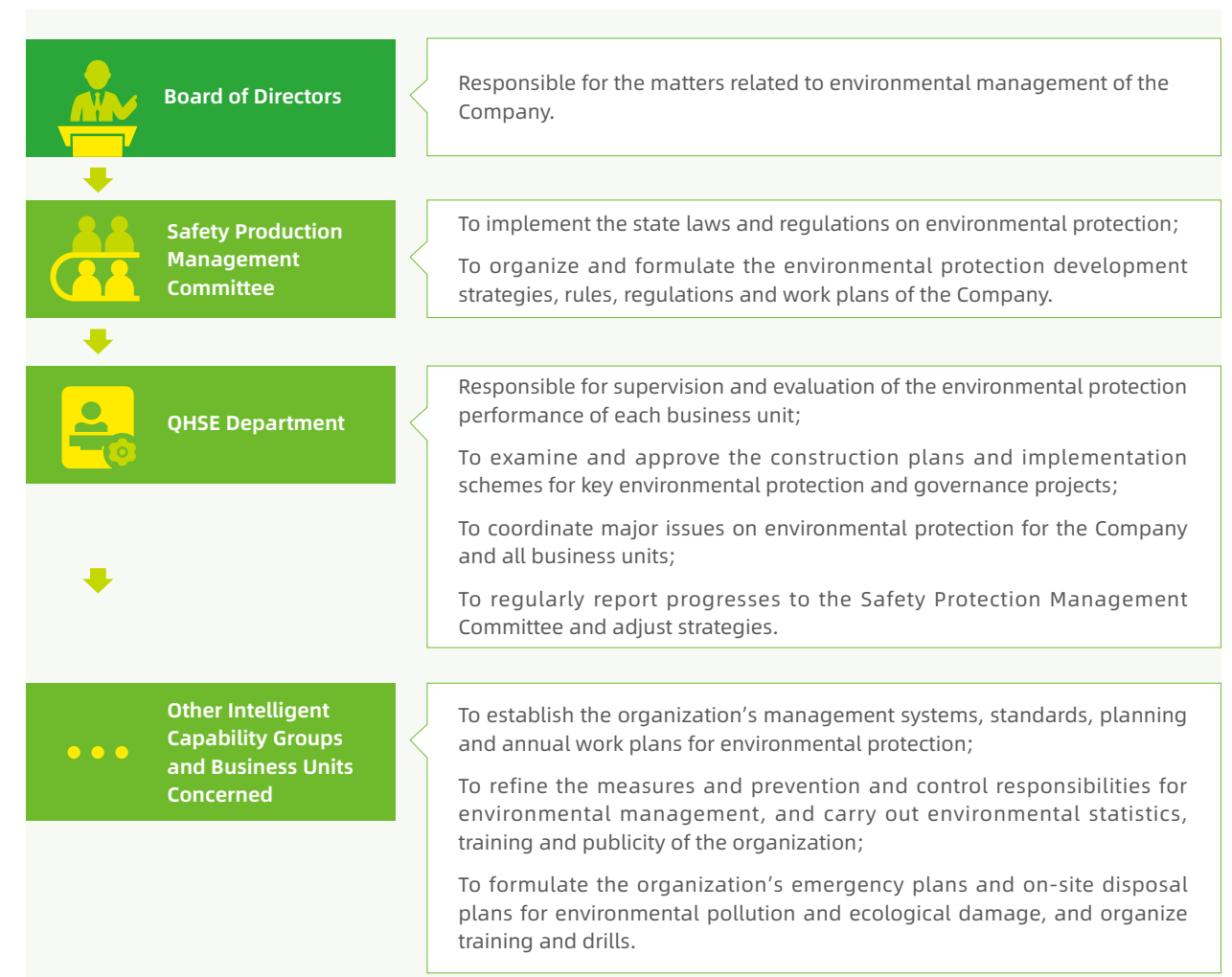
Implementation of Environmental Management

The Company strictly complies with local laws and regulations at its operating premises and minimizes the environmental and ecological influences to achieve the goals of sustainable operation.

Environmental Management System

We uphold the environmental management philosophy of "scientific management, green cleaning, compliance and continuous improvement", constantly enhances our primary responsibilities for environmental protection, set up a dedicated QHSE (quality, health, safety and environment) department to combine internal governance and external supervision, and complies with the PDCA (Plan - Do - Check - Act) cycle to drive continuous improvement of environmental management. Additionally, the Company has established the level-by-level handling mechanism for environment incidents and made clear the emergency response procedure to constantly improve its capability of response to environmental emergencies. During the Reporting Period, no major event occurred in the Company resulting in lawsuits or punishments due to the violations on environmental issues.

ENN-NG Environmental Management Structure



As a UNGC member, we follow the three principles on environment provided by the UNGC and actively promote the practice and implementation of these principles in alignment with the business characteristics of ENN-NG.

UNGC Principles on Environment and ENN-NG's Actions

The Ten Principles of the UN Global Compact

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.



ENN-NG undertakes to regard environmental protection as a permanent objective, and continuously improve environmental management level and performance.

Environmental Management Policies

ENN-NG has established management measures such as the *Administrative Measures for Environmental Protection* and the *Administrative Measures for Carbon Emissions*, and revised and improved the *Policy on Health, Safety and Environment* (HSE) in 2023 to extend its coverage to include distribution and logistics scenarios, and to conduct HSE due diligence on proposed M&A targets. We undertake to set objectives to reduce environmental impact and regularly monitor achievement of these objectives to continuously enhance our environmental performance. Meanwhile, we collaborate with stakeholders through presentation, training and event organization to jointly advance the implementation of HSE policy.

Internal Audit and Certification of Environment Management System

ENN-NG rigorously requires each of its business units to establish environmental management systems tailored to business characteristics and drive the implementation of various environmental management initiatives by leveraging management system certification. We conduct both internal and external audits of environmental management system and make continuous improvement.



Environmental Due Diligence Scope of Environmental Due Diligence at ENN-NG

ENN-NG fully realizes that by environmental due diligence, we may gain a more comprehensive and accurate understanding of the environmental risks and status of M&A targets, and it is of great significance for reduction of transaction risks and overall stable operation of the Company. Since 2021, the Company has integrated environmental due diligence into its M&A process and rigorously followed relevant regulations and standards for due diligence.

- Identify past and current key environmental protection issues and potential environmental protection responsibilities;
- Evaluate compliance with regulatory requirements as outlined in relevant laws, regulations and standards;
- Propose suggestions and measures for key environmental protection findings;
- Provide recommendations for the environmental regulatory framework related to acquisitions.

Environmental Management Training

To effectively implement environmental management, ENN-NG continuously reinforces training for employees in environmental management and awareness. The Company provides targeted environmental management training based on the business responsibilities of each position to ensure that the employees at all positions can fulfill their greatest potential in respect of environmental protection.

Environmental Protection Training by Xinneng Energy

In 2023, Xinneng Energy formulated its annual training plans focusing on solid waste management and radiation safety management, and monthly organized special environmental protection training for relevant business groups and production teams in strict accordance with the training content, with a total of over 1,200 persons trained throughout the year. Meanwhile, Xinneng Energy capitalized on events like the annual "June 5" Environmental Protection Day to reinforce environmental publicity and comprehensively enhance environmental awareness of employees by posting posters, banners and signing for the Environmental Protection Day activities.



Scene of Environmental Protection Training and Signature at Xinneng Energy

Pollutant Discharge Management

By maintaining gratitude for the source of benefit, ENN-NG attaches great importance to ecological protection. The Company strictly complies with relevant laws, regulations and standards, establishes the *Policy on Health, Safety, and Environment (HSE)* and pledges to reduce the utilization of various resources and pollutant discharge, maximize the recycling of water and other resources and minimize adverse impacts on the surrounding ecological environment while ensuring operational safety.

Wastewater and Exhaust Gas Management

We always attach importance to exhaust gas management, require all subsidiaries to observe relevant emission standards, conduct continuous monitoring of air pollutants such as nitrogen oxides (NOx), sulfur dioxide (SO₂) and smoke dust, and develop special pollution control measures. Additionally, we continue to reduce exhaust gas emissions through process upgrading and procedure improvement. In 2023, the Company's total exhaust gas emissions complied with the requirements of pollutant discharge permit.

By following the principles of "separation of clean water and sewage, separation of rainwater and sewage, and multiple uses of water", we promote the "zero discharge" of wastewater. We require all subsidiaries to standardize the construction of sewage treatment system in strict accordance with relevant laws and regulations, and vigorously implement such measures as reduced discharge and recycling of wastewater.

7,547.4 kilotons
of reclaimed water was recycled



"Zero Discharge" of Wastewater by Xinneng Energy

Xinneng Energy continuously increases the water reuse rate. After A/O biochemical process treatment, the production wastewater containing methanol, ammonia nitrogen, sulfides, suspended solids and other substances is recycled in production; for strong brine, strong brine recovery technology is employed to recycle industrial salt, achieving "zero discharge" of wastewater.



Reuse of Reclaimed Water at ENN Energy in Linping, Hangzhou

A reclaimed water transfer pipeline network system has been constructed at ENN Energy in Linping, Hangzhou for softening treatment of concentrated water from the back end of RO reverse osmosis water treatment system within the station. The water will be supplied to users after it meets water quality requirements. With an annual volume of reclaimed water recycling reaching 100,000 tons, this system can effectively raise the water resource utilization rate.

Waste Management

ENN-NG constantly follows the waste disposal principles of "reduction, recycling and hazard-free disposal", and promotes the standardized management of wastes. For general wastes, we are proactive in implementing waste sorting and strive to realize integrated utilization of wastes and reduce the total wastes through technological innovation and improvement. For hazardous wastes, we rigorously observe relevant laws and regulations, strictly maintain a manifest filling system for record-keeping and tracking, and engage a qualified third-party entity to regularly transport and dispose of wastes.

Waste management indicators

100 % compliant disposal

Total volume of waste recycled and reused*

678,053 tons



Noise Management

To mitigate the interference from production to the surrounding environment, we require the QHSE management department of each subsidiary to regularly monitor the noise at boundary and ensure that the noise meets the national standards, and reduce noise pollution by implementing the following measures:

- Low-noise equipment is selected subject to the satisfaction of process requirements;
- Separate base is set for the equipment with great vibration to prevent noise from vibration;
- Soundproof sponge and silencers are installed at main noise sources;
- Sound insulation and sound absorption materials are used to manufacture doors, windows, masonry, etc., to prevent the diffusion and transmission of noise.

*Data of ENN Ennergy is not included



Biodiversity Conservation

To elevate the corporate biodiversity conservation and management level, ENN-NG has initiated biodiversity risk identification and improved its risk prevention strategies in accordance with the recommendations provided by the Taskforce on Nature-related Financial Disclosures (TNFD) to bolster ENN's contribution to the global biodiversity conservation actions.

We always remain attentive to the balance between commerce and ecology and steadfastly uphold eco-friendly operation methods. Biodiversity assessments and responses are conducted at each production and operation premise to minimize impact on operation premises and their surrounding ecological environment. We have established two goals and five commitments to biodiversity management, and taken necessary measures to mitigate the degree of impact on the ecological environment.

Two Goals

- ▶ "No-net Loss" of biodiversity
- ▶ "Net Positive Impact" on biodiversity

Five Commitments

- ▶ Integrate the philosophy of biodiversity conservation into the design, construction, operation and maintenance phases of all projects
- ▶ Undertake periodic biodiversity assessment and information disclosure, actively maintain communication with stakeholders and embrace multi-party scrutiny
- ▶ Refrain from operation/exploration/exploitation/drilling within World Heritage areas and IUCN (International Union for Conservation of Nature) categories I-IV protected areas
- ▶ Cooperate with external partners to engage in collaborative efforts and research on biodiversity conservation
- ▶ Avoid deforestation within natural forests and safeguard the diversity and integrity of forest ecosystem

Biodiversity Governance

ENN-NG maintains ongoing improvement of its biodiversity management system. The ESG Committee at the Board level serves as the highest responsible organization for biodiversity conservation to make decision on, guide and oversee each biodiversity management effort. We have issued the *ENN-NG Biodiversity Conservation Report* and formulated the *Biodiversity Conservation Policy* that applies to ENN-NG, suppliers and partners. We encourage all subsidiaries to develop relevant ecological protection systems tailored to their business conditions and implement relevant protection measures.

Biodiversity Strategy

In December 2022, under the expectation across all sectors of society, the "Kunming - Montreal Global Biodiversity Framework" was successfully concluded, establishing goals and defining a path for the global biodiversity governance. ENN-NG attaches high importance to its impact on nature, formulates and implements biodiversity management strategies alongside specific conservation measures, and carries out a variety of cultural outreach activities.

Biodiversity Management Strategy



Strengthen environmental management throughout the phases of design, procurement, construction and operation to mitigate ecological impacts from various dimensions including resource utilization, pollutant management, soil and water conservation, and ecological restoration.

Organize and encourage member enterprises, suppliers and partners to engage in ecological conservation actions, and proactively collaborate on national-level regional ecological preservation and ecological governance projects, thereby leading to positive ecological benefits.

Protective Measures for Biodiversity

Project Implementation Phases	Protective Measures
Before construction 	Invite the environmental protection authority for rigorous scrutiny of the environmental protection plan contained in the construction scheme to ensure the implementation of the "Three Simultaneities" system; Develop contingency plans for environmental risks and submitting the same for record-keeping to the management department in protected areas; Scrutinize the design of environmental protection measures, and define ecological protection terms as well as responsibilities and obligations concerning environmental protection during project construction tendering and contract signing with construction contractors.
During construction 	Establish a protection and management structure for ecological environment, delineate responsibilities for the approval and scrutiny of environmental protection policies, environmental objectives and indicators, and implementation plans for environmental protection projects; Intensify publicity for environmental protection and disseminate the laws and regulations concerning protected areas, punitive measures for environmental protection, and ecological protection strategies; Put in place ecological protection measures, adopt environmentally-friendly construction schemes, deploy state-of-the-art construction machinery and equipment, and conduct regular ecological environment monitoring within protected areas.
During operation 	Establish environmental protection policies and objectives during operation of projects, and develop administrative measures for environmental protection during operation; Implement environmental monitoring, and take measures such as pollutant prevention and control, and ecological compensation and restoration .



Various Ecological Protection Activities by ENN-NG

In May 2023, the Secretary of the Party Committee and the Chairman of the Labor Union of ENN-NG joined hands with youth colleagues to take part in a tree-planting activity for the Youth Forest under the theme of "Planting Green and Sharing a Blue Sky".



Site of ENN-NG's "Planting Green and Sharing a Blue Sky" Activity

In July and November 2023, guided by the philosophy of "ensuring the smooth breath amidst salix psammophila (desert willows), gathering yellow sands at root systems, and transforming the vast desert into a green homeland", Xinneng Energy organized two desertification control campaigns in the Kubuqi Desert at Dalah Banner, with 68 participants in total, who collectively planted over 950 salix psammophila saplings and established a windbreak belt exceeding 1,500 meters in length.



Site of Xinneng Energy's Desertification Control Campaign

In 2023, we further analyzed the potential impacts on biodiversity arising from the Company's construction. The primary biodiversity risk categories include damage to terrestrial vegetation, effects on river and wetland water environment, and changes in marine environment.

Biodiversity Risk Analysis and Assessment

Risk Category	Risk Description	Response Measures
Damage to terrestrial vegetation	Underground natural gas pipelines may affect the forestry and agricultural production surrounding the pipelines to a certain extent.	- Clearly delineate the targets and boundaries of clearing and excavation and prohibit any damage to vegetation outside the construction areas; - Proactively promote non-excavation methods in pipeline construction to avoid traversing farmlands and reduce the impact on land; - Implement regular monitoring during construction and proactively restore any impact on land to balance ecological damages; - Conduct replanting and restoration of vegetation and landform rehabilitation upon completion of pipeline laying.
Effects on river and wetland water environment	The sediment brought during construction of natural gas pipelines crossing rivers may affect fish growth, and result in decreased hatching rate and larva survival rate.	- Employ advanced processes, equipment and materials to optimize construction methodologies; - Put in place route design before construction and environmental monitoring during construction to minimize any damage to water environment; - Implement special water body restoration projects upon completion to alleviate the impact on water bodies.
Changes in marine environment	The construction of LNG projects has adverse impact on the breeding, and growth of commercial fishes such as beltfish, large and small yellow croakers, and the breeding, growth and migration of other fishery resource organisms.	- Conduct collaborative discussions with experts in fishery resources and environmental aspects to complete implementation plan design and reduce adverse impact on marine organisms to the greatest extent possible; - Perform comprehensive evaluation of the social and economic effects of fish stocking by social surveys including biological survey, underwater survey and regular collection of catches.



Underwater Crossing of Nanchuan-Liangjiang New Area Natural Gas Pipeline to Protect Ecological Corridor along Yangtze River

The natural gas pipeline project from Nanchuan to Liangjiang New Area, undertaken by Xindi Engineering, was guided by the environmental protection philosophy throughout the project. Utilizing non-excavation methodology, the project successfully crossed the Yangtze River underwater with zero disturbance to the Yangtze River water area and ecosystem, achieving "No Net Loss (NNL)" in biodiversity and demonstrating the Company's steadfast commitment to biodiversity conservation.

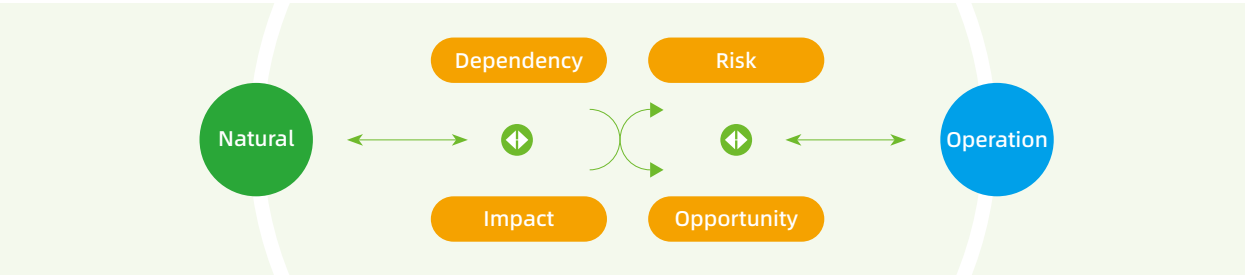
The project employed the dual-drill counter-drilling technique to execute a pipeline crossing that extended 2,604 meters in length and reached a depth of 143 meters. The minimum distance from the riverbed of Yangtze River was 84.66 meters, ensuring the clarity and ecological balance of the Yangtze River water area.



Biodiversity Risk Management

Biodiversity has been recognized as the second highest global risk by the World Economic Forum. ENN-NG fully realizes the potential impacts of biodiversity risks on the global ecological environment and has combined biological risk assessment and risk management organically to establish a comprehensive closed-loop management involving identification, assessment, control and supervision of biological risks.

There exists a close tie between human economic activities and natural environment. Enterprises rely on resources and services provided by natural ecosystems on the one hand, and their operating activities impact these ecosystems on the other hand, leading to changes in natural state. Such changes may affect the resources and services offered by ecosystems, thereby posing both risks and opportunities related to nature for enterprises. This inter-dependency between enterprises and nature represents the double materiality emphasized by TNFD. Throughout this cyclical process, enterprises are required to regularly review the state of nature and understand the supply of ecosystem services to promptly implement corresponding strategies or management measures to address potential risks and capitalize on potential opportunities.



TNFD Pilot Impact Analysis and Evaluation

By reference to the TNFD’s recommendations, we employ the LEAP ("Locate", "Evaluate", "Assess" and "Prepare") approach to evaluate the marine ecological impacts arising from the Zhoushan LNG Terminal project, aiming to conduct a comprehensive identification and evaluation of natural-related risks.

Locate	Evaluate	Assess	Prepare
Interface with nature	Dependencies and impacts on nature	Nature-related risks and opportunities	Response to and report on materialnature-related issues
L1: Span of the business model and value chain	E1: Identification of environmental assets, ecosystem services and impact drivers	A1: Risk and opportunity identification	P1: Strategy and resource allocation
L2: Dependency and impact screening	E2: Identification of dependencies and impacts	A2: Existing risk mitigation and risk and opportunity management	P2: Target setting and performance measurement
L3: Interface with nature	E3: Dependency and impact assessment	A3: Risk and opportunity assessment and prioritization	P3: Reporting
L4: Interface with key locations	E4: Impact materiality assessment	A4: Risk and opportunity materiality assessment	P4: Presentation

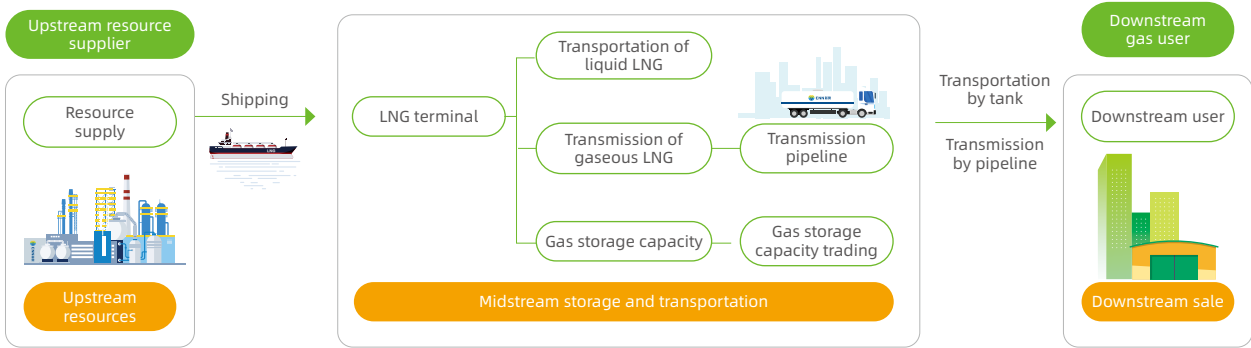
Biodiversity Conservation Practice at Zhoushan LNG Terminal

Since its establishment and operation, Zhoushan Terminal has completed the environmental impact assessments and biodiversity due diligence in strict accordance with the national policies and integrated biodiversity risks into its overall risk assessment and management system. In March 2023, the ENN Zhoushan LNG Terminal Phase III Project initiated the construction of LNG tanks and supporting facilities. It is expected to complete four 220,000-cubic-meter full capacity tanks and supporting facilities by 2025. To proactively mitigate the project’s impact on ecological environment, the Company collaborated with the experts from Zhoushan Ecology and Environment Bureau, Zhoushan Bureau of Ocean and Fisheries and other entities to conduct marine environmental impact assessment and monitoring, and actively pursued ecological restoration efforts.



Locate

Locate L1 Business Model and Value Chain



Locate L4 Interface with Key Locations

The water-related portion of the Project is situated in the west edge zone in the northern part of the national-level Beltfish Aquatic Germplasm Resources Conservation Area in the East China Sea, and also lies within the marginal sea area in its experimental zone and largely overlaps with the boundary.

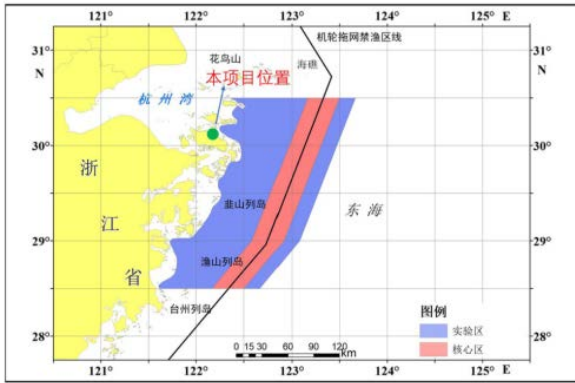


Diagram for the Location Relation between the Project and the Beltfish Conversation Area



Diagram for the Location Relation between the Project Layout and the Beltfish Conversation Area

Evaluate

Evaluate E3 Dependency and Impact Assessment*

		Natural gas transportation	Natural gas storage
Ecosystem service dependencies	Climate regulation	Medium	Very low
	Flood and storm protection	Medium	Medium
	Mass stabilisation and erosion control	High	Low
Ecosystem service impacts	Water use	High	-
	Terrestrial ecosystem use	High	High
	Freshwater ecosystem use	High	-
	Marine ecosystem use	High	-
	GHG emissions	High	-
	Water pollutants	Low	Low
	Soil pollutants	Low	Low

		Dependency	Impact	Dependency	Impact
Ecosystem Assets	Atmosphere	*	*	*	*
	Habitats	*	*	*	*
	Land geomorphology	*	*	*	*
	Minerals	-	*	-	*
	Ocean geomorphology	-	*	-	*
	Soils and sediments	*	*	*	*
	Species	*	*	*	*
	Water	*	*	*	*

* Data is sourced from ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)

Ecological Impact Assessment

Upon completion of the Project Phases I, II and III, the maximum total water drainage will reach 50,400 cubic meters per hour. Based on the prediction with the most unfavorable environmental impact, the maximum water drainage is estimated to be 52,500 cubic meters per hour.

Seawater is used as the heat source for gasification in the project, and the quality of cold seawater is unpolluted and in good condition, with primary pollution factors being the residual chlorine and temperature drop. The main impacts on marine ecology include:

Impact on Ecology	Degree of Impact	
Impact from low-temperature discharge: The seawater below the optimum temperature range may suppress the metabolism and growth and development of marine organisms, thus affecting their reproduction and development, and even resulting in mortality.	Low	The temperature difference for water drainage was controlled below 5°C for the Project, which had low impact on ecology
Impact from residual chlorine: Residual chlorine may exert chronic toxicity on marine organisms, which would damage fish gills, result in tissue lesions, and impede gas exchange; it also has a significant impact on the growth rate of phytoplankton such as algae.	Low	The residual chlorine for water discharge was controlled below 0.1mg/L for the Project, which had low impact on ecology
Impact from the intake system: Rapid pumping of water causes suction and entrainment effects, leading to mechanical damage to aquatic organisms.	Medium	During continuous suction by water pumps, fish eggs and fry that lack swimming ability cannot avoid being entrained, potentially resulting in a certain degree of biological loss
Impact from construction: Construction activities lead to an increase in suspended solids, cause turbidity in marine waters, reduced dissolved oxygen and decreased transparency, inhibit photosynthesis of phytoplankton, and affect the growth and reproduction of marine aerobic organisms.	Low	Various protection measures are taken for project construction to minimize construction impact

Assess

Based on the identified dependency and impact drivers of the project and identification and evaluation of risks and opportunities for the project, main risks include:



- Policy Risk: With the introduction of stricter environmental regulations or report disclosure requirements by the state, the Company may need to alter its project construction plans, provide additional report disclosures, and expand the scope of ecosystem restoration, etc., thus leading to increased operating costs of the Company.
- Reputation Damage: As social awareness of marine life protection grows, damage to the marine ecological environment caused by the Company's project construction may result in reputation damage to the Company.

Prepare

In conjunction with assessments of marine and terrestrial environmental impacts, we are actively engaged in risk management to reduce or eliminate the biodiversity impacts resulted from the Company's operations by means such as discharge monitoring and biodiversity compensation.



Discharge Monitoring: To address potential environmental impact from Zhoushan Refueling Station, we rigorously manage the temperature difference between seawater inlet and outlet, and control the concentration of residual chlorine discharged to avoid adverse impacts on marine environment;

Temperature Difference: Temperature difference controllers and overriding flow controllers are installed at seawater inlet and outlet to regulate the LNG inlet flow of the Intermediate Fluid Vaporizer (IFV) and thus ensure that the temperature difference at the outlet remains within 5° C;

Residual Chlorine: Residual chlorine process control measures are employed to control chlorine dosage and online residual chlorine analyzers are arranged near the total discharge outlet to ensure the concentration of residual chlorine discharged is below 0.2 mg/L.

Protection and Compensation Measures

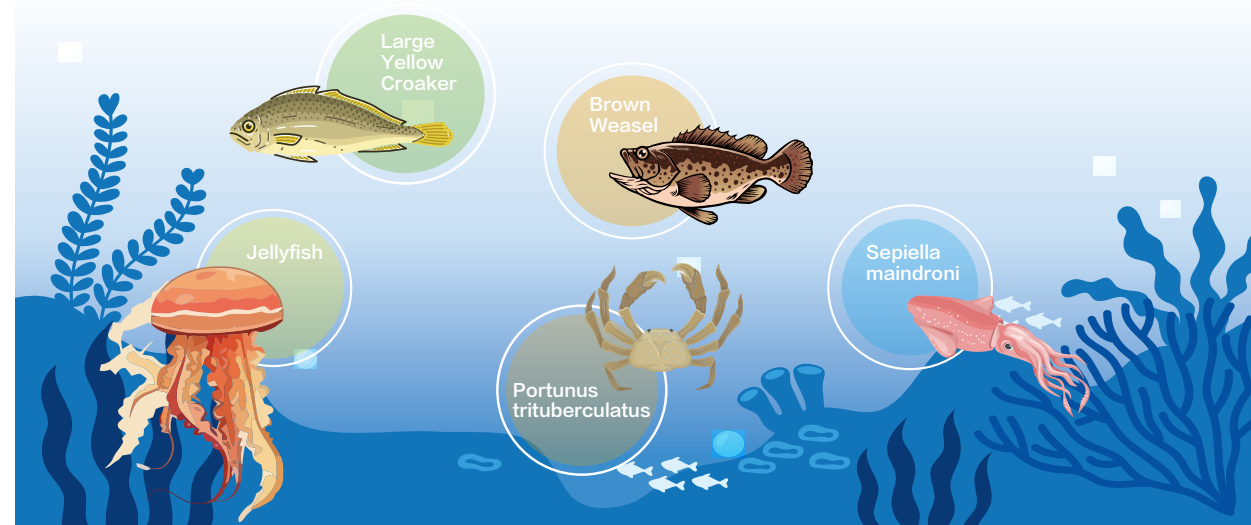
During the design, construction and operation of the Zhoushan Terminal, the Company follows the principles of avoidance, mitigation, compensation and restoration, and strictly complies with the relevant provisions outlined in the *Interim Measures for the Administration of Aquatic Germplasm Resources Conservation Areas*, and gives priority to safeguarding vital aquatic germplasm resources in the protected areas, preserving biodiversity, maintaining ecological balance, and achieving sustainable utilization of fishery resources. The Company conducts tracking surveys on fishery resources and fishery ecological environment, implements effective measures such as enhancement and release of fishery resources, and conservation and management of fishery resources, which effectively mitigate the impact of project construction on fishery resources and allow for a balanced approach for development and sustainability.

The fund for ecological restoration at Zhoushan LNG Terminal totaled

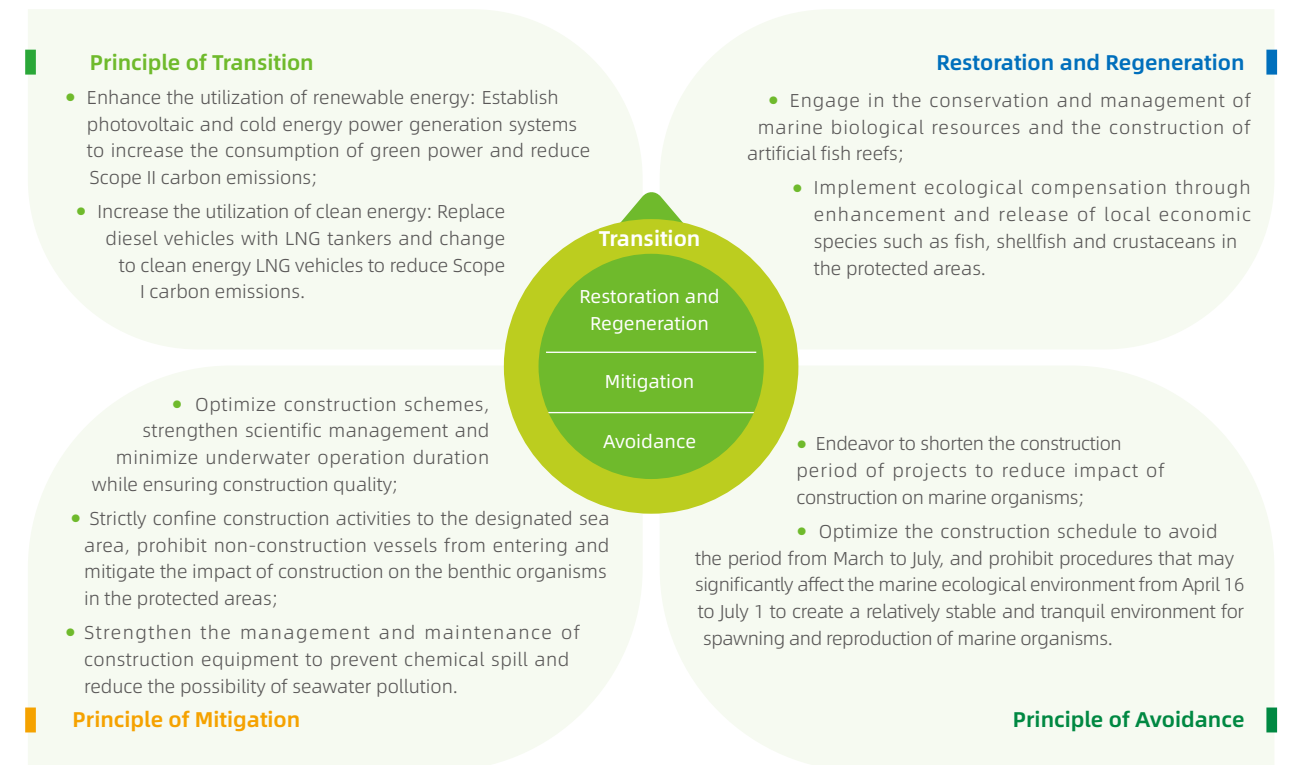
RMB **9.7986** million

In 2023, to bolster its capability for emergency response to oil spill pollution, the Zhoushan Terminal erected a new warehouse for oil spill prevention materials, outfitted with oil recovery machinery, oil containment booms and other equipment and facilities for prevention of oil spill; concurrently, a marine enhancement and release plan was devised to protect marine fishery resources.

Marine Organisms Subject to Enhancement and Release at ENN-NG Zhoushan LNG Terminal Phase III Project



Principles and Measures of Ecological Environmental Protection at Zhoushan Terminal



Biodiversity Indicators and Targets

ENN-NG regards frequency and area of ecological restoration, frequency and scale of animal and plant protection, and frequency and investment of marine environmental compensation as the crucial biodiversity management indicators on an annual basis. We systematically collect and evaluate the achievements of member enterprises in environmental impact assessment and ecological conservation efforts. Meanwhile, we will annually disclose the progresses and results of biodiversity management and regularly organize environmental protection actions to steadfastly generate a "net positive impact" on the environment.



Resource Management Optimization

We actively fulfill the responsibility of being environmentally friendly with a steadfast commitment to going green and environmental protection. By ongoing efforts to improve energy efficiency and reduce emissions, the Company is steadily advancing the construction of photovoltaic facilities and use of green electricity, demonstrating our dedication to green operation with tangible actions.

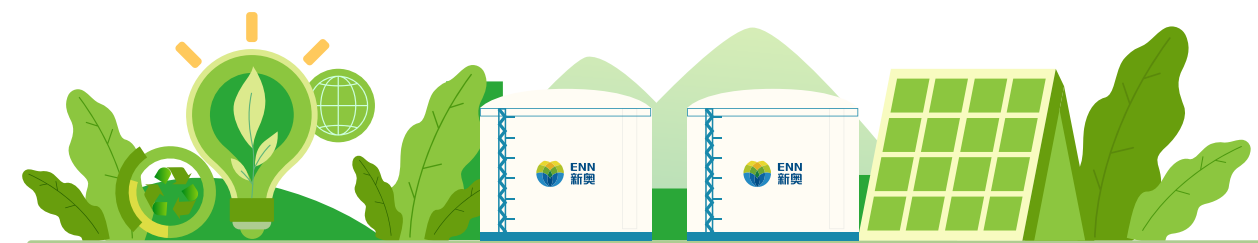
Energy Management

ENN-NG abides by national and local laws and regulations concerning energy management, develops energy-saving and consumption-reducing rules and guidelines tailored to its business characteristics for meticulous management of energy consumption, and takes proactive measures such as energy conservation and efficiency improvement during production and operation to fulfill the commitments and targets for energy conservation and emission reduction.

In 2022, ENN-NG set the energy consumption reduction targets for its subsidiaries taking into account their actual situation, and integrated the completion of these targets into the Company's performance assessment. In 2023, all subsidiaries of ENN-NG achieved the energy management targets that had been established.

ENN-NG Energy Consumption Targets and Performance in 2023

Business Type	2022 Targets	2023 Performance
Direct gas sales by platform	We aim to gradually increase our usage of green power at Zhoushan Terminal, with a target of consuming no less than 268,000 kWh of renewable electricity by 2023	Photovoltaic sheds and photovoltaic facilities at fire station were built for Zhoushan Terminal, generating 281,000 kWh of renewable electricity in total
Energy production	- Energy consumption per unit product to reduce by 1.3% at Xinneng Energy in 2023 - Energy consumption per unit product to reduce by 0.2% at ENN Qinshui in 2023	- Energy consumption per unit product decreased by 1.31% at Xinneng Energy - Energy consumption per unit product decreased by 2.28% at ENN Qinshui
Low-carbon trade and transportation	Unit energy consumption of self-owned transportation vehicles to reduce by 0.2% in 2023	Unit energy consumption of self-owned transportation vehicles decreased by 3.07% in 2023
Green office ¹	Energy consumption per unit area of office buildings to reduce by 10% by 2025	Energy consumption per unit area of office buildings decreased by 11.2% at the headquarters of ENN Energy



¹ The base year is 2021; the base year for other targets is 2022

In 2023, we persisted in the retrofit of high energy-consuming equipment for energy efficiency while maximizing the utilization of waste heat resources, and further explored methods to reduce energy consumption.



ENN Energy Promoted Technical Transformation for Energy Conservation and Consumption Reduction

In May 2023, Xinneng Energy completed the technical transformation project of "power generation by micro-gas turbine using vent fuel gas", which recovered the vent fuel gas to generate power through a micro-gas turbine for self-use by connecting to the grid; in August 2023, Xinneng Energy completed the modification and commissioning of the coal slurry concentration technology, which increased the effective gas produced per ton of coal and reduced overall energy consumption by raising the coal slurry concentration.



Energy-efficient Improvement of Office Building in Zhejiang Province

Zhejiang ENN's office building was equipped with an intelligent energy use system, allowing for hierarchical and flexible automatic responses in air conditioning and lighting.

The system has been put into operation since June 2023, and during its initial week of operation, it was verified for air-conditioning energy consumption reduction by

19.37%



The final assessment for the cooling season of 2023 compared to 2022 revealed a reduction in electricity consumption for air conditioning, exceeding expectations in energy savings by

↓32%



Use of Clean Energy

ENN-NG leverages its operational strength to drive ongoing R&D and application of renewable energy technologies with a focus on assessing the feasibility of photovoltaic and cold energy power generation, and applies for project initiation and development quotas based on local policies. We are dedicated to maximizing the utilization of rooftops, sheds and other suitable ground areas within factory premises for photovoltaic projects.

In 2023

ENN-NG achieved a total Renewable Energy Electricity Generation of

18.3813 million kWh

Renewable Energy Use Target for Integrated Energy Business

By 2030, the proportion of renewable and zero-carbon energy in the total energy consumption will be increased to

36 %

Construction of Green Electricity Facilities and Power Generation at Zhoushan Terminal

Zhoushan Terminal has been progressively increasing its green electricity utilization rate through the construction of photovoltaic systems. In 2023, we completed various green energy facilities including PV sheds and PV rooftops at fire stations.

The annual energy output reached

283,000 kWh

The expected carbon reduction reached

201.5 tCO₂e/year



PV Sheds Built by Zhoushan Terminal

The Dual-loop Cold Energy Power Generation Project at Zhoushan Terminal was Successfully Connected to Power Grid

On March 16, 2024, the dual-loop cold energy power generation system was successfully connected to grid with propane and ethylene expansion. The system was developed independently by ENN-NG using the dual-loop cold energy power generation technology and full set of domestically produced equipment, opening up a new chapter in domestic LNG vaporization cold energy utilization. A significant amount of cold energy released during the process is utilized for two-stage recovery for power generation. The primary feature is the utilization of two independent cycles for cascading utilization and recovery for power generation of cold energy, thereby avoiding cold energy loss. Utilizing propane and ethylene as process mediums, the innovative process harnesses the high-quality cold energy from LNG vaporization for power generation, offering high efficiency and low energy consumption in power generation.

The system can vaporize

100 tons
of LNG per hour

Generate

23 million kWh
annually under normal operating
conditions at full load contributing to
an annual carbon emission reduction

Approximately

18,000 tons
of CO₂ equivalent



First LNG Dual-loop Cold Energy Power Generation Unit in China

Photovoltaic Upgrading and Transformation of Office Building Rooftops at ENN-NG

In 2023, to further increase the utilization of green electricity in office spaces, ENN-NG embarked on PV upgrading and reconstruction for rooftops to replace the outdated 46 kW photovoltaic system with a 194kW photovoltaic system. It is expected to generate 194,000 kWh of electricity annually. While meeting the office energy consumption demands at ENN-NG, the surplus electricity generated will be fed back to the park's switchyard.

Contributing to a reduction of

171.5 tons
of carbon dioxide equivalent emissions
per year tCO₂e/year

Water Resources Management

ENN-NG strictly abides by the laws and regulations concerning water resources management and establishes a water resources management system and explicitly specifies that the ESG Committee under the Board of Directors serves as the highest responsible body for water resources management. During the Reporting Period, the Company has not committed any violations relating to the use of water resources.

We periodically evaluate the water resource risk levels at primary operating premises, including aspects like quantity of physical risks (such as baseline water pressure and impact of meteorological disasters), quality of physical risks (such as water quality), regulatory risks and reputational risks.

The Company requires the units situated in regions with high water resource risks to take the following measures to effectively mitigate water resource risks:

- Rainwater recovery and reclaimed water equipment is applied to supplement water supply by collecting and treating rainwater and production water supply.
- The water supply and water consumption equipment are regularly inspected and maintained to reduce waste of water resources due to leakage.
- Green spaces are increased in peripheral areas to exert vegetation transpiration effect, adjust regional precipitation and improve the resilience of water resources at the location of operation.

Initiatives and Results of Xinneng Energy to Reduce the Use of Water Resources

Xinneng Energy shut down unessential water-consuming equipment by production optimization in 2023

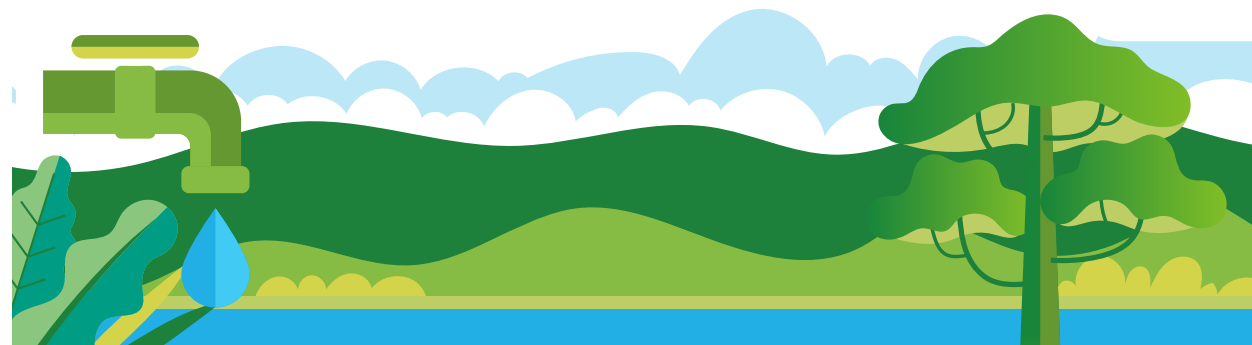
Compared to 2022, the annual water consumption decreased by

49,389 cubic meters



Efforts to Address Water Resource Leak at Zhoushan Terminal

Governance efforts were made at the Zhoushan Terminal involving benchmarking, meticulous management and leakage inspections. 25 valve pits and 28 isolation valves were inspected, and 3 leaks were identified. In response to leakage issues in the domestic water pipeline network, the Zhoushan Terminal adjusted the water usage time based on the *Notice on Time-phased Supply of Domestic Water at Terminals* and carried out autonomous repairs, effectively avoiding water resource leakage.



Green and Low-carbon Office

We actively foster a green office environment and have formulated the *Guiding Opinions on Implementing Low-carbon and Green Office Work Practices* to systematically put the low-carbon office concept into practice from multiple dimensions including energy-efficient management of office buildings, promotion of low-carbon travel, establishment of low-carbon operation models and advocacy for low-carbon lifestyles. In 2023, the Company introduced the *Administrative Measures for Office Vehicles*, requiring all units to select new energy vehicle models considering their actual conditions, thereby further diminishing the carbon footprint during travel to office.

ENN-NG Management Measures for Green and Low-carbon Office

Management Dimension	Management Content	Work Progress in 2023
Administration of Energy Conservation in Office Buildings	- Existing lamps are replaced continuously with energy-saving LED lamps. - Class 1 energy-efficiency air conditioners are put into use for improved insulation performance of buildings subject to the air conditioning temperature control standards. - Smart sockets, time-control switches and other devices are installed to promote intelligent management of energy use. - The energy system is optimized to improve the energy efficiency. - More distributed PV generation systems are arranged for rooftops, parking sheds, etc.	- The rooftop photovoltaic system at the ENN-NG headquarters, with a designed capacity of 194 KW, has been completed for power generation, and it is expected to reduce carbon emissions by 171.5 tons per year. - The rooftop photovoltaic system at the fire station of Zhoushan LNG Terminal has been put into operation with an installed capacity of 112.75 KW, and it is expected to reduce carbon emissions by 99.7 tons per year. - The construction of an intelligent electricity use system is underway at the Zhoushan LNG Terminal to enable intelligent control of electricity consumption in office area. - Xinneng Energy has retrofitted its induction LED lights, enabling the lights to illuminate when persons are present and go off when they depart. - ENN Qinshui has retrofitted its LED lights and solar street lights to reduce carbon emissions by 3,066.3 kg per year.
Promoting low-carbon travel	- New energy and clean energy vehicles are selected during purchase of non-production vehicles. - Sharing bicycles are arranged in the park to encourage green travel among employees. - Public transportation, carpooling, cycling, walking and other green commuting means are encouraged for employees. - Walking are advocated to reduce number of working elevators during off-peak hours.	- ENN-NG has clearly proposed that "each organization should actively explore the procurement of new energy vehicle models for gradual replacement of traditional fuel vehicles". - The construction of charging piles in the park's parking spaces is underway and employees are encouraged to commute by driving new energy vehicles. - Xinneng Energy has promoted the use of new energy vehicles and required the use of new energy vehicles for short-distance travel (within 200 kilometers).
Creating a green operation model	- Priority is given to low-carbon, environment-friendly and energy-saving label materials. - The use of green office supplies is encouraged such as recycled paper, degradable garbage bags and recyclable item. - Paperless office, online conferencing and other electronic office methods are comprehensively promoted to simplify internal conference configuration.	- The innovative "Xinzhì Carbon Pass" product was introduced and a novel carbon coin trading system was developed to enhance self-driven emissions reduction efforts among employees. - Benchmark election for low-carbon office was organized and a low-carbon culture is promoted.
Advocating healthy and low-carbon life	- The reduced use of disposable items is advocated such as paper cups, paper towels and batteries to develop green, recycled and low-carbon behavior habits. - The principles of necessity and frugality are followed for meals and "Clear your plate" campaign is rolled out. - Garbage classification is promoted to facilitate waste reduction and resource recycling.	- A paperless office environment was promoted and electronic signature and other digital processes were applied to reduce paper consumption. - We have been implementing the "Clear your plate" campaign, thus achieving substantial decrease in food wastage in the cafeteria.



Introducing an Innovative Carbon Coin Trading to Promote Self-driven Emission Reduction

In 2023, the "Xinzhì Carbon Pass" was officially launched, highlighting the core principle of "equal carbon emission rights for all". We introduced an innovative carbon coin trading system to determine the annual carbon emission baseline for each business partner and make available carbon coins upon verification based on the carbon quota basis across four major scenarios. The Company precisely tracked the carbon footprint of employees and reduced their carbon coins accordingly; employees were allowed to trade carbon coins on the free market, motivating self-driven emission reduction among employees.



In addition, we constantly maintained a series of low-carbon and green office activities to disseminate knowledge and concepts on low-carbon practices, reinforce employees' awareness of environmental protection and advocate for green and energy-efficient production and working ways.



ENN-NG Successfully Organized a Low-carbon and Green Fair Event



ENN-NG Low-carbon and Green Fair Event

In September 2023, ENN-NG organized a "Low-Carbon and Green Fair" event themed on "Promoting low-carbon office to go green and embracing a new life of beautiful things", which aimed to disseminate low-carbon and environmental protection knowledge and concepts among employees by low-carbon knowledge quiz and distribution of eco-friendly canvas bags and thus advocate for a culture of cyclic utilization. This event attracted over 100 employees, with transactions of second-hand goods exceeding RMB 3,000, significantly raising the utilization rate of resources.



ENN-NG Successfully Held a Series of Events Themed on "My Efforts to Support Low-Carbon Practices"

In December 2023, ENN-NG organized a series of activities themed on "My Efforts to Support Low-Carbon Practices", featuring low-carbon knowledge quiz and low-carbon commuting punch-in. The event saw active participation of numerous business partners, achieving positive outcomes.

Low-carbon quiz: It attracted about 100 participants who actively answered questions to exchange and learn low-carbon knowledge, thus boosting their enthusiasm for engaging in low-carbon activities.

Low-carbon commuting punch-in: Employees were encouraged to share their low-carbon travel means such as walking and bicycling, fostering a cultural atmosphere of low-carbon travel;

New media publicity: Information about the "Tips for Low-Carbon Office" activity was publicized on floor-standing advertising screens, organization accounts and other platforms to encourage ongoing engagement of employees in low-carbon initiatives.



ENN-NG's a Series of Events Themed on "My Efforts to Support Low-Carbon Practices" to Promote Environmental Awareness



Green Development of Industrial Chain

ENN-NG makes ongoing efforts to maintain green research and development (R&D) innovation and promotes green transformation of the industry to support the achievement of "dual-carbon" goals. Concurrently, we actively engage in industry exchange events, foster diverse industry-university-research cooperation and contribute expertise to industry development while driving our own innovation.

R&D Innovation

ENN-NG is deeply exploring the path to carbon reduction, and aligns with the national "dual-carbon" goals and energy transition strategy by advanced technology R&D and product innovation. We concentrate on fields such as digital and intelligent energy management, energy storage, hydrogen energy, photovoltaic system and energy efficiency, deeply advance the R&D of key technologies and industrial incubation for transition to clean energy. Simultaneously, we foster a cultural atmosphere of technological innovation within the Company by implementing standardized measures for technology innovation rewards and the "Five Small Innovations" selection activity to stimulate innovation vigor and seize emerging opportunities in the industry. In 2023, we conducted extensive research and tracked new technologies in areas including full industry chain of hydrogen energy, hydrogen-ammonia conversion, biomass energy application, green alcohol preparation and processes.

Engaging in R&D of Key Technologies for Cogeneration Integration of Solid Oxide Fuel Cell (SOFC) System

ENN-NG spearheaded the completion of the national key research and development program titled R&D of Key Technologies for Cogeneration Integration of Solid Oxide Fuel Cell (SOFC) System. Upon continuous technological iteration, it had ultimately developed highly efficient and clean key technologies for cogeneration integration of SOFC system with independent intellectual property rights. The system featured independently developed critical components including combustor, heat exchanger and gas distributor, which were highly integrated and replicable, leading to a complete system that reached productization level. The system enabled efficient conversion of chemical energy from various complex fuels such as natural gas, coke oven gas and biogas into electric and thermal energy.

Hydrogen Energy

ENN-NG is accelerating its hydrogen energy layout with active engagement in building a reserve of core technical resources to enhance its capacity to drive technology within the hydrogen energy industry chain and advance R&D and industry incubation of key technologies.

The Company has been involved in

60^{over}

hydrogen energy projects including hydrogen refueling stations and integrated stations for hydrogen production and refueling through water electrolysis powered by photovoltaic power generation

Technical Transformation for Preparation of High-purity Hydrogen by Xinneng Energy

To expand the utilization prospects of by-product hydrogen, Xinneng Energy intends to utilize by-product hydrogen for the preparation of high-purity hydrogen to provide high-purity hydrogen products for nearby hydrogen energy users. The technical transformation project has already been initiated, with a hydrogen production capacity of up to 3,000 Nm³/h, and the products meet the standards for hydrogen fuel cell application.

A Demonstration Project of Hydrogen Production by Green Electricity and Hydrogen Energy Integration in Xinjiang



This project is the first EPC project undertaken by ENN-NG that integrates wind and photovoltaic power generation with hydrogen production and hydrogen refueling. Leveraging abundant local resources including wind, solar, heat and industrial by-product hydrogen, it entailed all-round collaboration with customers in the acquisition of hydrogen resources, development of hydrogen energy industry, new energy development and manufacturing of supporting equipment.

The project's construction scale consists of 5 MW wind power installed capacity, 1 MW photovoltaic installed capacity, 1000 Nm³/h hydrogen production capacity (by water electrolysis) and 2000 kg/d hydrogen refueling capacity.

A Solid Waste Recycling Project by Natural Gas Reforming in Liaoning

The project forms a crucial part of the zero-waste mine development initiative. Leveraging hydrogen-rich mixed gas generated from natural gas reforming, it provides reductive synthesis gas for tailing re-utilization, successfully transforming solid wastes in tailings into valuable resources to achieve "two-way emission reduction", and thus making a contribution to China's green mining endeavors. Upon completion, the project will allow for a synthetic gas production capacity of 66,000 Nm³/h (with hydrogen production capacity of 32,000 Nm³/h).

Photovoltaics

Supported by digital intelligence, the Company can provide customers with photovoltaic energy supply solutions to maximize the economic benefits of energy while improving customers' utilization rate of renewable energy, saving energy and reducing emissions.

12 MW Distributed Photovoltaic Project for an Automobile Industrial Park in Zhejiang

To address the customers' demand for carbon reduction in energy consumption, ENN Energy built a distributed photovoltaic project for its customer. Operating on a "self-consumption with surplus electricity fed to the grid" model, the project commenced in July 2023 and completed grid connection acceptance for electricity generation in December. With an installed capacity of 12 MW, it is expected to generate 14.4 million kWh electricity per year, contributing to an annual carbon emission reduction of 10,100 tons.



Cumulative annual contract size

2,000⁺_{MW}

Investment and evaluation scale

1,238_{MW}

Construction and grid-connected scale

688_{MW}

The Company's household PV self-consumption

255,740_{MW}

The Company's total investment in self-built distributed photovoltaic system

RMB 25 million

Energy Storage

The Company invested more in energy storage facilities and complemented the power distribution network, and built a new regional power system adopting the "clean energy + energy storage" model, enhancing the ability to consume renewable energy and promoting low-carbon energy transformation.

Cumulative annual
contract size

160_{MWh}

Investment and
evaluation scale

140_{MWh}

Construction and grid-
connected scale

45_{MWh}



Zhejiang Tonglu Huanyi Photovoltaic and Energy Storage Integration

Project Scale: 3 MWh

As the first photovoltaic and energy storage integration project in Tonglu County, this project fully utilizes the peak shaving function of energy storage facilities, improves the renewable energy consumption capacity, helps customers build low-carbon factories, and boosts the construction of Tonglu County as a low-carbon pilot.

The installed capacity of the power station is 1.5MW/3MWh, with an estimated first-year discharge capacity of 1.8 million kWh and an expected annual carbon reduction of 1,281.6 tons.



Incremental Distribution Network Energy Storage Project in Tongling, Bengbu

Project scale: 5.2 MWh

To meet the demands of energy consumption and peak-load shaving for the power grid in the park, the Energy Storage Project in Tongling, Bengbu integrates the energy storage station, distributed photovoltaic power station and a 35 kV Zhiyuan substation in the incremental distribution network of the park. The system stores electrical energy during periods when PV generation exceeds the power consumption of the incremental distribution network to promote the consumption of photovoltaic power. This contributes to the unity of use and supply, and supports the creation of a green, low-carbon, digital and intelligent demonstration park.

The power station has an installed capacity of 2.6 MW/5.2MWh, with an expected first-year discharge capacity of 3.2 million kWh and an expected annual reduction in carbon emissions of 2,251.2 tons.



Biomass

ENN Energy fully leverages the biomass resources available at the project location and provides customers with innovative low-carbon energy solutions tailored to local conditions while realizing the recycling of biomass resources.

- The Company is actively engaged in the cooperation and industrialization of efficient biogas technology and initiates the construction of a experimental platform for dry fermentation of biomass;
- The Company conducts research on the green methanol industry derived from biomass and surveys on domestic biomass resources, and develops green methanol solutions for various routes in line with international standards;
- The Company takes an active part in promoting the establishment of domestic green methanol group standards.

Number of biomass projects

18



Installed capacity

583_{MW}

Energy supply

3,348,000_{tons}
of steam per year



Biomass Heating Project of Yizhou Economic Development Zone in Guangxi

In Yizhou Economic Development Zone, Hechi City, Guangxi Province, various heat-consuming enterprises previously relied on decentralized small boilers for heat supply, which were characterized by low energy efficiency, great waste and severe pollution. ENN Energy established a biomass boiler energy station to provide centralized heating using local agricultural and forestry wastes as fuel. This approach not only addresses the heat demands of enterprises but also prevents environmental pollution resulted from open-air burning of biomass. The project has supplied steam to 15 companies in the park, reducing the energy costs for customers by more than 40%; compared to heat supply by coal-fired boilers, it achieves a reduction of 349 kg of carbon emissions per ton of steam and leads to an annual carbon emission reduction of 57,600 tons.



ENN Energy has upgraded its digital-intelligent operation and management model to assist customers in energy efficiency and carbon reduction by means such as energy consumption tracking, intelligent forecasting and digitized transformation of energy-using equipment and processes. This empowers various stakeholders in the industrial ecosystem to achieve improved energy efficiency and low-carbon transformation. ENN Energy fully leverages its advantages in the integration of "loads, sources, grid and storage" to assist customers in the low-carbon and intelligent upgrade of their energy systems, providing intelligent and low-carbon supports for all stakeholders in the industrial ecosystem.

In 2023, the energy benefits and environmental benefits from the integrated energy business have achieved significant improvement compared to 2022

Consumption of steam
generated from biomass

↓ **6.5 %**

Electric refrigerator COP

↑ **2.2 %**

Unit consumption of
gas steam boilers

↓ **1.6 %**

Pipe loss of steam pipe
network

↓ **3.6 %**

Photovoltaic power
generation compared with
feasibility report

↑ **3.5 %**

Integrated Energy Microgrid Solution

ENN Energy actively drives the digital intelligence transformation of energy and carbon in small and micro enterprise agglomeration areas and promotes the clustered development of such enterprises. It introduces the integrated energy microgrid business for small and micro parks.



Integrated Energy Microgrid Project for an Industrial Park in Huai'an

ENN Energy maintained deep collaboration with the industrial park to make overall planning and long-term deployment based on the park's industrial development and demands. It invested in power distribution facilities at Huangma Port and Smart Logistics Port, catering to the electricity demands for port operation, warehousing, transportation and information services. The Project involved the installation of 5 MW distributed photovoltaic system and 0.5 MW/1 MWh energy storage facilities. Relying on the digital intelligence platform, it facilitated coordinated load allocation and enhanced the capability of safe and stable operation to implement the integrated energy microgrid model featuring the "integration of loads, sources, grid and storage".



Low-carbon Factory

The Company fully leverages its inherent advantages in comprehensive utilization of resources, applies a novel collaborative treatment model for environmental protection to support the partners in energy efficiency and carbon emission reduction and support the construction of low-carbon factories.



Amount of investment in R&D and innovation

RMB 1,353.62 million



A Low-carbon Factory in Quanzhou

A low-carbon factory in Quanzhou is mainly engaged in garment production, with electricity being its primary energy consumption and carbon emission source. ENN Energy supports the client in renovating and upgrading energy consumption management, carbon management and low-carbon energy utilization to reduce the carbon emissions by 80% compared to those before renovation.

Digital and intelligent energy consumption management	Relying on the integrated energy network, smart IoT metering devices for water, electricity and gas, it allows for real-time data collection to facilitate online monitoring, compiled analysis and intelligent warning of various energy sources and conduct energy consumption diagnostics and energy use optimization.
Systematic carbon management	It meets carbon demands of enterprises in various scenarios based on the whole-process carbon management functions including carbon inventory, carbon verification certification, carbon emission reduction, carbon asset management and trading, and carbon neutral certification.
Low-carbon energy utilization	It transforms the heat water supply using electric water heaters at dormitory into a centralized heating suppl system using "solar energy + heat pump", reducing reliance on electricity; in future, it will promote rooftop distributed photovoltaic projects to support low-carbon energy use.

Intellectual Property Management

The Company attaches great importance to the protection of intellectual property rights and patents. In December 2023, the *Measures for Intellectual Property Management* was revised, with a focus on detailed provisions for the creation, management, implementation, and protection of intellectual property rights. It specified the requirements regarding unified and hierarchical management of intellectual property rights and introduced real-time and dynamic monitoring. Meanwhile, as the Company deepens its digital intelligence efforts, we have strengthened the intellectual property management of digital and intelligent products and conduct the entire lifecycle management of intellectual property rights by utilizing digital intelligence systems to raise innovation efficiency and effectively safeguard our own interests.



ENN-NG Organized Special Training for Intellectual Property Protection

In 2023, to further enhance the Company's capability in exploring and protecting relevant patents, software copyrights and other intellectual property rights, the Company organized special training on intellectual property protection for development partners of digital intelligence products with a combination of online and offline means to ensure their in-depth understanding of intellectual property management requirements and application procedures.

Industrial Exchanges and Contributions

As a leading integrated energy enterprise in the industry, we consistently take part in industrial exchange activities and formulation of relevant standards to actively contribute the expertise of ENN-NG to the industrial development.

Industrial Exchanges

ENN-NG actively participates in various exchange activities, and shares ENN's experiences through keynote speeches, round-table discussions, and special exhibition halls to facilitate collaborative innovation of industrial chains and support the healthy industrial development.



The Fourth China Liquefied Natural Gas Development Forum (Shenzhen)

In March 2023, the Fourth China Liquefied Natural Gas Development Forum on the theme of "Building an Intelligent and Safe Ecology and Co-creating a Green and Low-carbon Pattern", was convened in Shenzhen. Several officers from ENN-NG attended relevant events during the Forum, engaging in discussions on the impacts of natural gas price fluctuations on urban gas enterprises and corresponding countermeasures, and they also shared experiences on the digitized delivery and intelligent operation of LNG terminals. During the Forum, ENN-NG and representatives from several urban gas enterprises entered into the cooperation agreement for the Urban Gas Technology Innovation Ecosystem of Guangdong-Hong Kong-Macao Greater Bay Area to boost collaborative innovation and green development of the industry.



Scene at the Fourth China Liquefied Natural Gas Development Forum



ENN-NG Attended Hebei Forum for High-quality Development of Service Industry



In March 2023, the "New Era Forum for High-quality Development of Service Industry" was hosted with great fanfare in Shijiazhuang. With its remarkable achievements ranking first in both the "2022 Top 100 Hebei Enterprises in Service Industry" and the "Top 50 Leaders in Innovation", ENN-NG was invited to attend the Forum and deliver a keynote speech to share ENN-NG's advanced ideas and innovative practices in industrial development and customer service.

ENN-NG's Certificates of "2022 Top 100 Hebei Enterprises in Service Industry" and the "Top 50 Leaders in Innovation"

Establishment of Standards

Leveraging their professional technical capabilities in business domain, ENN-NG and its subsidiaries play an active role in the formulation of national, local, industry and group standards, and drive independent technological innovation and technological upgrades within the Company by their involvement in standard establishment and compilation.

Participation in Standard Establishment

Xindi Engineering participated in the establishment of a national standard, the *Code for Construction and Acceptance of City and Town Gas Transportation and Distribution Works*, which was released and implemented in May 2023. Moreover, it is actively involved in the formulation of other national and local standards including the *General Technical Requirements for Hydrogen Energy Transportation and Distribution Equipment*, the *Technical Code for Smart City and Town Gas Engineering*, and the *Gas Mixing Equipment for Hydrogen Blending*.

Zhoushan Terminal took a part in the establishment of a national standard, the *Design and Testing of LNG Unloading Arms for Conventional Onshore LNG Terminals in the Oil and Gas Industry*, scheduled for release in June 2024.

ENN-NG was involved in the establishment of a group standard, the *ESG Information Disclosure Indicator System*, scheduled for release in 2024.



ENN-NG Participated in the Joint Preparation for the Solicitation Activity of GHG Emission Reduction Methodology Organized by the Ministry of Ecology and Environment and Declared the GHG Emission Reduction Methodology of Biomass Biogas and Bioethanol

In April 2023, the Company, relying on its experience and expertise in biomass energy application, collaborated with China Biogas Society and China Agricultural University in the preparation and declaration for two methodologies including the GHG Emission Reduction Methodology for Biogas Produced by Anaerobic Fermentation in Agricultural Organic Wastes and the GHG Emission Reduction Methodology for Use of Productive Bioethanol as Fuel.

Industry-university-research Cooperation

We are dedicated to fully leveraging the collaborative innovation mechanism featuring integration of industry, university, research and application to link R&D resources with high-end talents by collaborative joint research and technical cooperation, and integrate the scientific capabilities and technical support of universities, enterprises and industries. In 2023, we were proactively engaged in technical exchanges and collaborations with relevant universities and research institutes in such technical areas as hydrogen-to-ammonia conversion, GHG emission reduction and biomass energy application to drive technological innovation.



Communication between ENN-GN and Leading Technology R&D Institutions and Equipment Companies in Hydrogen Energy Industrial Chain

In 2023, ENN-NG engaged in communications with leading companies in the industry such as China Aerospace Science and Technology Corporation, SANY Renewable Energy Co., Ltd., ChaoZhou Three-circle (Group) Co., Ltd., and Tianjin Mainland Hydrogen Equipment Company Ltd. to explore and drive the layout of hydrogen energy industry, with focus on discussion and cooperation of key technologies for hydrogen energy areas such as green hydrogen production, liquid hydrogen storage and transportation, and hydrogen fuel cells.



ENN-NG Actively Promoted the Development of Biomass Energy and Conducted Technical Exchanges and Cooperation for the Industry

In 2023, ENN-NG had discussions with several leading technology service providers in the biomass energy industry to explore collaboration and application feasibility of bio-fermentation and gasification technologies; experts and scholars from organizations like China Biogas Society, China Agricultural University and the Chinese Research Academy of Environmental Sciences for research and discussion on the development prospect, industry development strategies and associated risks of biomass energy; discussions were also conducted on the in-depth cooperation with Qingdao Institute of Bioenergy and Bioprocess Technology, Chinese Academy of Sciences.



ENN-NG Technical Exploration and Technical Exchange of Integrated Energy

To propel the development of integrated energy business, ENN-NG actively explores new technologies for energy efficiency, emission reduction and carbon reduction. In 2023, it engaged in exchanges with institutions including the School of Engineering of Peking University, Tianjin University, Hebei Institute of Tsinghua University, UK PIL and Shanghai Youhua on systematic optimization and advanced energy efficiency technologies to discuss the establishment of integrated energy service solutions combining systematic optimization and single-point energy efficiency.



To be Self-motivated and Altruistic for a Diverse and Harmonious Ecology

The Company is dedicated to cultivating a teamwork atmosphere characterized by diversity, inclusivity, equality and mutual trust, and upholds the principle of "self-motivation and altruism" to establish a fair, transparent and sustainable supply chain system, support community development and partner with stakeholders to construct a diverse, fair and inclusive ecology within the natural gas industry.



Joint Efforts for Talent Growth

By upholding the principle of people first, we endeavor to cultivate a diverse, fair and inclusive working environment, value the rights and interests of employees and offer a variety of growth opportunities to nurture an ever-growing talent team. Through innovative facilitation mechanism and improved sharing mechanism, we motivate the employees to create value for customers and receive matched value sharing.

Attracting Talents to Safeguard Rights and Interests

Attracting Talents to Create the Future Together

We are steadfast in equality and diversity for employment and manages the entire process of recruitment, promotion and resignation. We avoid child labor and dishonesty by establishing qualification standards, adopting a multiple-round interview system and engaging third-party agencies to verify information of candidates. Meanwhile, we actively offer personalized care for female employees and ethnic minority employees, and provide the disabled with job opportunities and living security.

The Ten Principles of the UN Global Compact

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

ENN-NG Commits to Determined Resistance Against Child Labor and Forced Labor

Our Actions

- We persist in legal employment practices with a strict prohibition against human trafficking and employment of child labor, and put an end to any form of compulsory or forced labor. In the event that any employment of child labor or forced labor is identified, we will properly address such violation based on actual conditions to strictly respect and protect the rights and interests of employees.

In 2023, there was **no** employment of child labor and forced labor in ENN-NG and our labor dispatch complied with state regulations.

We consistently broaden our employee recruitment channels and actively undertake talent introduction and employer brand building. For different businesses and job roles, we meet talent requirements in diverse forms to reinforce our diversified talent team.

Internal flow

- Publish internal transfer opportunities in the Company's intranet career circle
- Positions are filled internally with 198 people*



External recruitment

- Campus recruitment
- Social recruitment
- Headhunting
- Internal recommendation



* The data of ENN Energy is not included

In 2023, ENN-NG had

Air presentations

Campus presentations

4

28



Number of undergraduates from
first-tier universities and above

Number of employees from "Double
First-rate" colleges and above

Proportion

211

115

55%



* The data of ENN Energy is not included



2023 ENN Summer Campus

In 2023, the Company hosted a summer camp for college students centered around the energy ecology. It featured six main thematic segments and provided the students with an all-scenario, all-round and in-depth understanding of the Company through immersive on-site learning, thematic discussions and project outcomes. The summer camp attracted over 500 applicants, with C9 universities and colleges representing 42%.



夏令营活动现场



2023 University-Enterprise Cooperation Forum

Over 40 teachers from more than 20 first-class colleges and universities gathered at the Forum, under the theme of "Digital Intelligence Integration: Jointly Creating a New Ecosystem for School-Enterprise Cooperation", to discuss talent cultivation and the future of university-enterprise cooperation.



校企合作论坛现场

We attach full importance to cultivating a talent ecosystem, develop a talent tagging system and establish channels for talent emergence based on data such as ability, experience and value creation; we drive a talent rotation mechanism to cultivate versatile talents and facilitate long-term growth of employees; we also make all-out efforts to promote rotation of key roles across various scenarios and built a talent resource pool for key scenarios, ensuring sufficient alignment between employees and positions to bolster organizational vitality and employee motivation.

In alignment with the Company's strategic goals, we conduct regular assessments and analyses of human capital risks to robustly underpin the construction of talent force in a scientific manner. Upon analysis of employee turnover and the existing talent structure, we specify the primary direction for talent introduction, cultivation and deployment within the Company.



Right Protection, Diversity and Integration

ENN-NG strictly follows requirements under state laws and regulations, formulates a number of internal management policies, and build a human resource management system characterized by fairness, equity and respect for employees to protect the rights and interests of employees in all aspects.

The Ten Principles of the UN Global Compact

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.
- Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation

ENN-NG respects and protects the rights and interests of employees, and it is dedicated to eliminating all forms of discrimination and prejudice



Our Actions

- We endorse international initiatives concerning labor rights and interests including the *Ten Principles of the UN Global Compact*, the *Universal Declaration of Human Rights*, and the *Declaration on Fundamental Principles and Rights at Work*, maintain equal employment opportunities and strictly prohibit all forms of discrimination.
- We are committed to fostering a working environment that is free from harassment, bullying, slander and injury, maintaining a strict zero-tolerance stance towards any form of harassment, maltreatment and compulsive behaviors. Meanwhile, the Company explicitly bans sexual harassment and other types of harassment in the *Policy on Talent Development and Employment* to protect all employees, especially female employees, from inequitable treatment and retaliation.
- We provide employees with a full range of protection, including an improved labor complaint due diligence process to ensure effective supervision of rights and interests of employees.

In 2023, there was **no** incident of employment discrimination and harassment at ENN-NG.

We are proactive in promoting the development embracing equality, inclusivity and gender diversity, undertake to offer equal opportunities for all employees, and foster a sense of belonging among employees to enhance the creativity and sense of responsibility of our team.



Number of labor complaints

0

ENN-NG Measures for Promoting Employee Diversity

- We regularly conduct audits on employee diversity issues including proportion of female officers and male-female ratio among employees to drive gender equality and diversity within the Company.
- We introduce diversified talents based on merit, without regard to gender, region, educational background, ethnicity and other backgrounds.
- We establish a mentor pool for university students and implement a program to train work assistants for leaders to standardize student training efforts and facilitate the rapid growth of new employees including fresh graduates.

We place emphasis on protecting the rights and interests of female employees, provide various welfare measures to continually enhance the convenience and job-related happiness of female employees. In 2023, the Vice Chairman (Executive Chairman) of ENN-NG signed the *Women's Empowerment Principles* of the UN Women, and actively implemented these UN principles to create a more equal working environment for female employees. Participated in the United Nations Gender Equality Accelerator Program and actively practiced the United Nations Women's Empowerment Principles.



Content of *Women's Empowerment Principles* established by the UN Women



Certificate of Completion for the United Nations Gender Equality Corporate Accelerator Program

ENN-NG Held a Themed Event for the March 8 International Women's Day

On March 8, 2023, ENN-NG hosted an event under the theme of "Her Power" for the March 8 International Women's Day, including handicraft, cake DIY, skincare class, picking and outgoing to cultivate a good atmosphere of respect and care for women. The Company also prepared exquisite holiday gifts for female employees stationed abroad, conveying holiday blessings and the Company's care.



Handicraft Activity at Colorful Art Workshop



Lecture on Routine Skincare Tips



Birthday Cake DIY Activity



Picking Activity

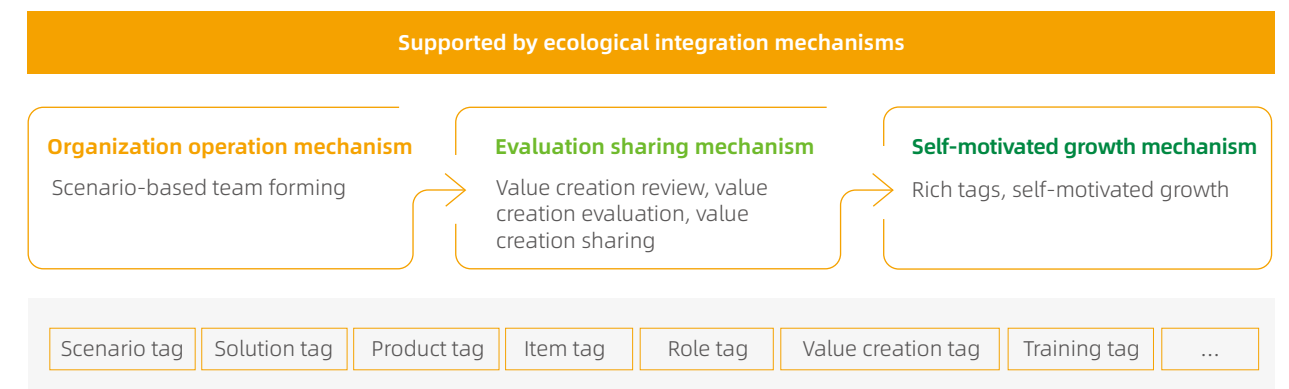
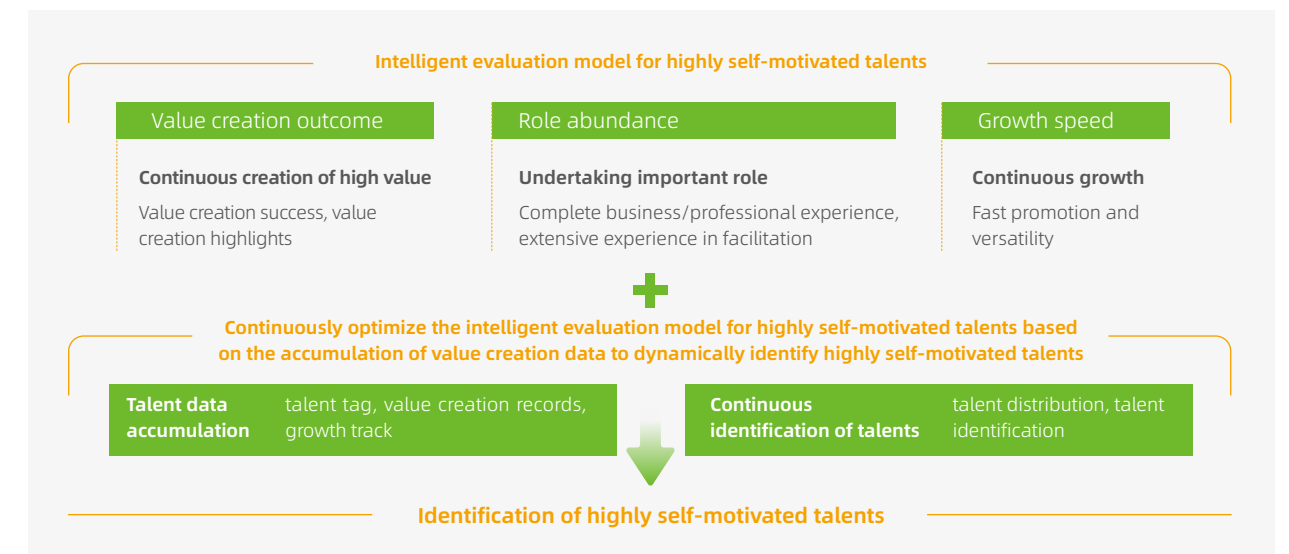
Leaving a Trace of Value Creation and Share with Satisfaction

We consistently promote talent capacity building, improve the performance evaluation mechanism, optimize the system of remuneration and benefits, and provide comprehensive welfare guarantee to maximize the initiative and self-motivation of employees to lay a solid foundation for building a high-quality talent team.

Performance Evaluation to Leave a Trace of Value Creation

We develop a talent tagging system that evaluates employees from all dimensions including their knowledge, skill and experience to form distinctive talent tags. We conduct continuous iteration of role profiles, explore tagging systems for different roles under different working scenarios, thus allowing for best match via the talent tagging system.

We create an intelligent evaluation model for highly self-motivated talents to rapidly evaluate and select highly self-motivated talents based on three objective outcome performance indicators including "consistent delivery of good value creation results", "undertaking an important role in various businesses" and "continuous growth", and conduct multidimensional personalized evaluation considering individual characteristics/tendencies to identify high-potential reserve force for the Company.

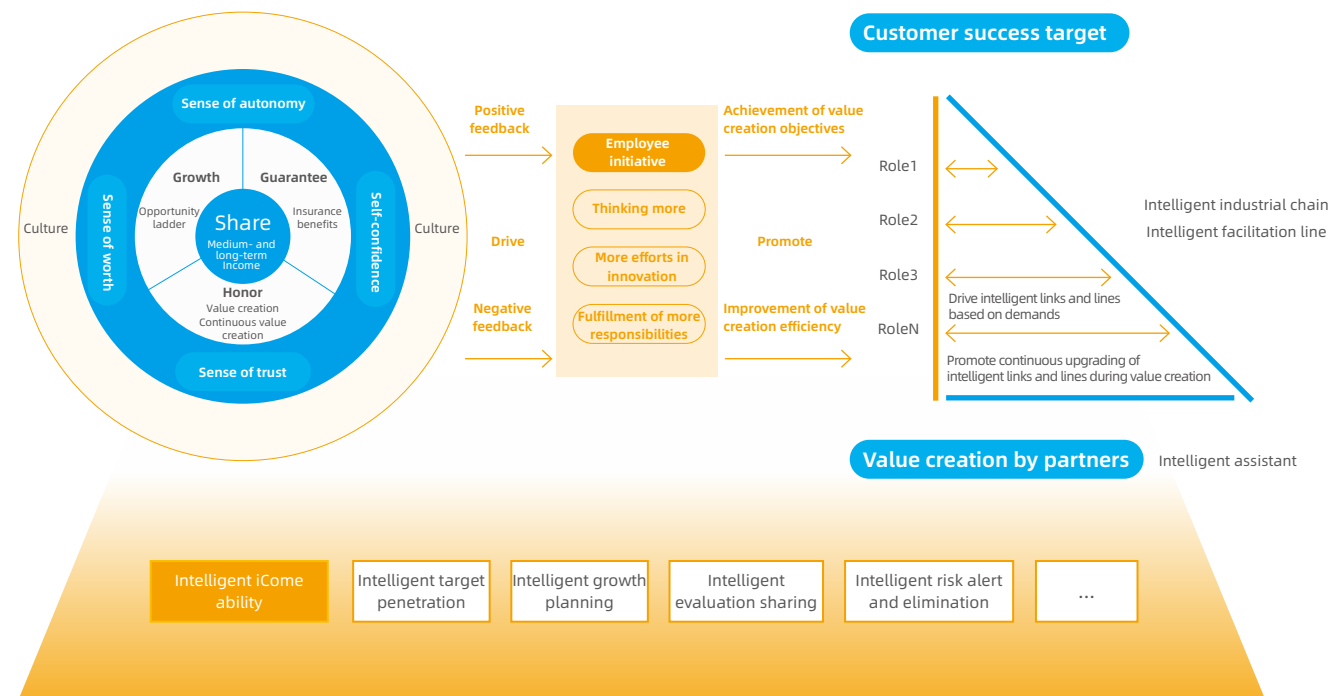


ENN-NG Ecological Talent Integration Mechanisms

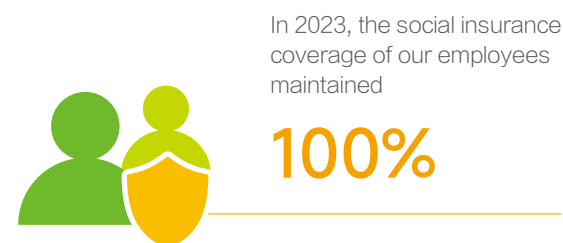
Remuneration and Benefits: Share with Satisfaction

We construct an incentive model centered on value sharing, establish a remuneration and benefits system that is scientific, reasonable and competitive to motivate employees' initiative and achieve customer success. We uphold the principle of equal pay for equal work and implement a dual-track incentive policy that includes both salary and non-salary rewards, including fixed salary, year-end double pay, project bonus and year-end incentives to drive the partners to think more, make more efforts in innovation and fulfillment of more responsibilities and realize a closed loop of customer realization and self-realization.

In 2023, the Company conducted sustained work towards market salary surveys for key talent positions, and made timely adjustments to its compensation strategies, offering competitive remuneration package within the industry; we persist in promoting our medium- and long-term restricted stock incentives which were granted to 59 persons during the Reporting Period, including directors, senior officers and core management/business personnel of the Company (and its subsidiaries).



The Company pays social insurances and housing provident funds for employees in strict accordance with state laws and regulations, and provides employees with critical illness insurance, maternity allowance, high-temperature subsidy, cold-proof materials and other welfare guarantees. Moreover, we purchase group medical insurance up to one million for our core talents to enhance care and health security for core talents.



We provide all employees with holidays and benefits that comply with laws and regulations, and legally safeguard their leave rights such as paid annual leave, prenatal check-up leave, maternity leave, breastfeeding leave, nursing leave, childcare leave, third-child maternity leave and parental leave. In addition, we adopt a remote SOHO (Small Office/Home Office) and flexible office policy based on different needs of employees to care for the physical and mental health and demands of employees and support them in creating value by self-motivation.

ENN has launched a special care initiative for its employee mothers

Taking into account the unique needs of call center staff who provide uninterrupted customer service on a 7x24 basis, the company officially completed and opened the "Mother's Room" in the call center in March 2023. This initiative aims to assist call center mothers with their breastfeeding needs and has earned the title of "Caring Mother's Room" from Hebei Province. Taking into account the unique needs of call center staff who provide uninterrupted customer service on a 7x24 basis, the company officially completed and opened the "Mother's Room" in the call center in March 2023. This initiative aims to assist call center mothers with their breastfeeding needs and has earned the title of "Caring Mother's Room" from Hebei Province.

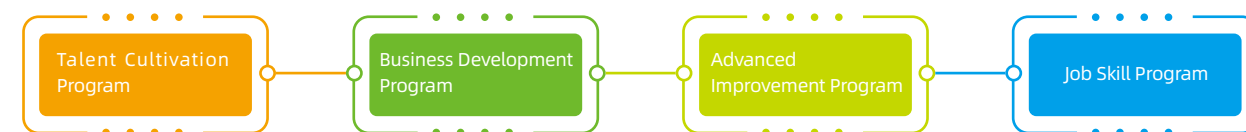


Employee Initiative and Scenario-based Exercise

We are deeply aware of the significance of talent development, and have built a training system that spans the entire career of employees. Through a variety of talent cultivation plans, we are dedicated to shaping a team composed of highly skilled professionals. Meanwhile, we place an emphasis on planning career growth routes for our employees to ensure the enduring growth of talent force and long-term development of the Company.



ENN-NG Training System



ENN-NG Special Training Programs in 2023

Cultivation of versatile talents for all energy scenarios

A total number of training courses

9

The resource of training courses more than

120 courses

The cumulative number of participants in study exceeded

8,500

The national intelligent operation training for all energy scenarios involved more than

1,800 participants

The professional improvement projects such as QHSE "An Xin" and "New Financial Manager" for financial operation involved more than

100 participants

The "New Energy Manager" emergence project was implemented to integrate into development projects, involving

46 persons

Resource Management Leadership Initiative

In 2023, the company launched the "Natural Gas - Resource Management Leadership Initiative" training camp. During the training, mentors and participants worked together to identify and analyze existing issues in natural gas operations across different regions of Zhejiang. The mentors then provided evaluations that effectively addressed the pain points and challenges in the management of natural gas operations, enhancing management efficiency. The training camp covered 55 management personnel from 22 member companies, with a total of 48 hours of training completed.



Mentor Assessment Session

Enhancing Basic Safety Competence for All Employees

In 2023, the company focused on the safety competence needs of various roles and actively responded to the company's digital and intelligent transformation policy. By adopting a "region + enterprise" and "safety + business + talent development" model, we jointly developed 27 iCome video training courses to enhance the basic safety competence of all employees. The training covered a total of 32,628 person-times, effectively promoting the achievement of the target for enhancing basic safety competence for all staff.



Safety Training Video Course Interface

Where Staff Feel Appreciated and Cherished

We establish diverse convenient communication channels to encourage employee to express their opinions, and foster a working environment of equality and inclusivity. Also, we care about the physical and mental health of employees and consistently carry out caring activities to improve employee well-being in all aspects.

Communication with Employees, with Altruism and Symbiosis

We develop a comprehensive and transparent communication mechanism to actively respond to reasonable appeals from employees and understand the voices of employees at all levels by surveys on voices of employees, face-to-face forums between top level officers and employees, and trade union chairman's interview of the grassroots and other communication channels. Furthermore, the Company has established various complaint and whistle-blowing channels for employees, such as compliant hotline, email and discipline inspection committee in the grassroots party organization to ensure that the rights and interests of employees are not infringed. We give timely treatment and feedback on any question raised by the employees, and offer clear answers within 3 business days, and for any problem that cannot be resolved as scheduled, we will track it and explain the reason, so as to ensure timely response to the employees' appeals.

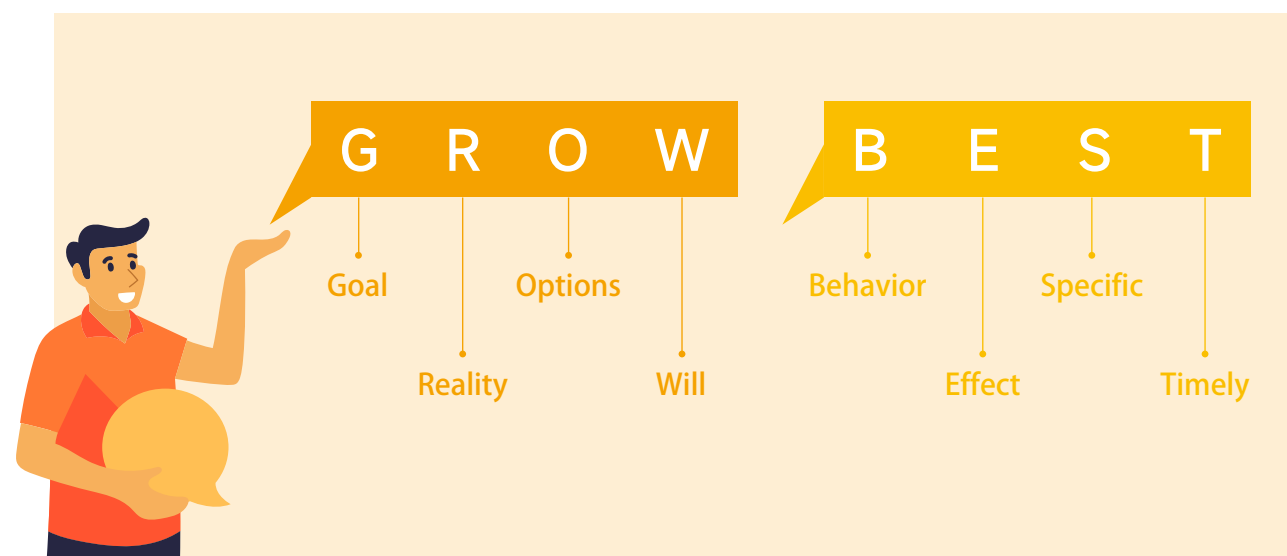
Communication Panorama



ENN-NG Talent Communication Model - GROW BEST

Based on pre-appointment communication scenarios for new roles, we build the GROW communication model which can intelligently provide the communication content framework considering the characteristics of the candidates to align with goals and clarify directions.

Based on the value creation deviation coaching scenarios, we build the BEST communication model which can review sticking points and difficulties as well as critical initiatives to offer resource support and guarantee.



Ten Principles of the UN Global Compact:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Our actions

- ENN-NG commits to respect the freedom of association and right to collective bargaining of employees
- We respect the rights of employees to join or not join trade unions, seek representation and participate in the staff representative assembly, and we sign a collective bargaining agreement with the employees.

In 2023, ENN-NG's collective bargaining agreement covered

100% of its employees

In 2023, we conducted an employee voice survey with respect to corporate strategy, digital intelligence, safety behaviors and value creation sharing, reaching employees at all levels. Upon analysis of the survey results, we developed improvement plans to continuously enhance employee satisfaction.



Employee Satisfaction average score in 2023 (full score: 5)

4.50



ENN-NG Organized the Face-to-face Forum between Top Level Officers and Employees

In December 2023, ENN-NG organized an voice forum where the Executive Deputy General Manager of the Intelligent Business Group and top level officers from branches met 21 employee representatives. These employee representatives enthusiastically shared their views and engaged in thorough discussions with the Company's management on topics such as business improvement and employee development.



ENN-NG Face-to-face Forum between Managers and Employees

Caring for Employees, and Sharing Warmth

We consistently share the fruits of development with our employees and offer a broad range of welfare activities for all employees in work and life balance, health support and employee care to strengthen the Company's solidarity and cohesiveness.

In 2023, we sustained our "Five Must-visits" and "Mutual Assistance with Love" activities to further broaden the scope of mutual assistance and mutual aid, and extended the mutual assistance program to the immediate family members of our employees. In caring for employees, we also provided various guarantees for the family members who contributed silently, allowing them to feel the warmth of ENN-NG.

In 2023, the number of employees who participated in the mutual assistance program at ENN-NG

>2,800 employees



Letter of Intent for Participation in "Mutual Assistance with Love" Activity

ENN-NG organized free clinic activity



ENN-NG health diagnosis activity site

In September 2023, ENN-NG organized a free clinic activity for ENN-NG's business partners stationed in Langfang focusing on sports injury and chronic pain to safeguard the physical health of employees. The free clinic invited professional physicians from Sanliao Health Center and was attended by 32 employees.

ENN-NG Moon Festival

In February 2023, all business groups and branches of ENN-NG respectively held the Moon Festival activities under the theme of "Accompanied by the Bright Moon to Share Beauty with Each Other", where the employees and their family members enjoyed a happy gathering to share the career achievements of employees and listen to the voices of family members.



ENN-NG Moon Festival Scene

ENN-NG organized sports activities

In March 2023, ENN-NG held its first small-scale sports meet, with more than 60 employees enthusiastically signing up. Themed on "Celebrating the Chinese New Year, Motivating Vigor, Promoting Value Creation and Achieving Goals", the sports meet included a diverse range of sports activities and competitions, further enhancing communication and interaction between organizations and fostering a united and progressive momentum.



The First Small-scale Sports Meet at ENN-NG Headquarters



ENN-NG First Health and Sports Month

From May to June 2023, ENN-NG organized the First Health and Sports Month featuring five team sports events including table tennis, badminton, frisbee, football and basketball. With the participation of 33 teams and 255 athletes, the events showcased the vitality and presence of employees.

In 2023, Xinneng Energy launched its first floor curling competition themed on "To Cheer up and Give Splendid Performance at Xinneng", with a total of 18 teams and 144 employees participating in the competition.



Xinneng Energy's First Floor Curling Competition

ENN-NG Organized Employee Outreach Activities

In 2023, ENN-NG organized several employee outreach activities across the country to strengthen ecological organization construction and cultivate a harmonious, positive, vibrant and healthy team atmosphere, enabling the employees to meet challenges and unite for progress in better spirits.



ENN-NG Cultural Tour Activity Themed on "Meeting in the Oriental Holy City to Comprehend the Approach of ENN"



ENN-NG Outreach Activity Themed on "Enjoying the Golden Autumn and Visiting the Mountains and Seas for a Shared Future"



ENN Qinshui Outdoor Activity in Golden Autumn Themed on "Understanding the Culture of Shanxi Merchants and Building an Efficient Team"



Led by Party-building, Staying True to the Mission

ENN-NG has continuously strengthened the establishment of its Party-masses system, and improved the Party organization structure and system of Youth League Committee. The Company has fully implemented a trade union system, with 31 trade unions established and a coverage of trade unions up to 100%, bringing the Party-masses organization to the grassroots level and implementing the Party-masses work effectively.

ENN-NG actively organizes special Party lessons. Centered around the overarching requirements of studying ideology, strengthening Party spirit, prioritizing practical actions, and achieving new accomplishments, we study and implement Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, and fully put into practice the significant requirements of "nurturing the soul with learning, increasing intelligence with learning, rectifying moral style with learning, and promoting work with learning".

Number of trade unions established

31

Coverage of trade unions

100%



Party branches at all levels of ENN-NG organized thematic education and special Party lessons

ENN-NG Organized a Series of Activities to Celebrate the 102nd Anniversary of the Founding of the CPC

From June to July 2023, the ENN-NG Party Committee organized a series of activities under the theme of "Celebrating July 1st-Boosting Safety and Value Creation" to mark the 102nd anniversary of the Party's founding, carry forward the spirit of the 20th National Congress of CPC, and stimulate the enthusiasm and motivation of grassroots Party organizations and Party members for safety and value creation.



ENN-NG Party Building Event Themed on "Celebrating July 1st-Boosting Safety and Value Creation"



Sustainable Supply Chain

We implement responsible procurement, improve whole-process supply chain management and fully integrate with ESG philosophy, striving to drive the sustainable development of downstream, midstream and upstream industrial chain for natural gas.

Supply Chain Management

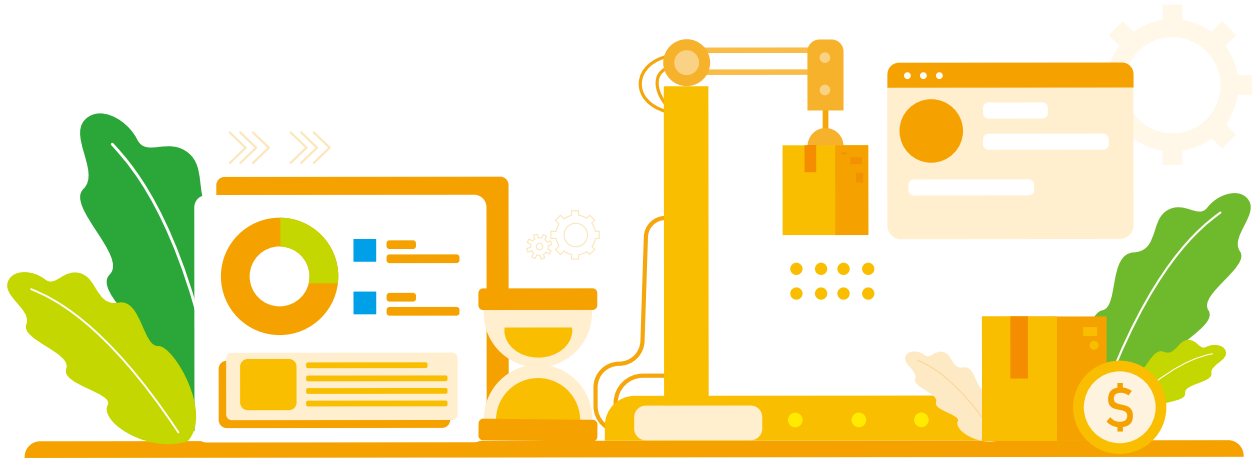
ENN-NG is dedicated to bolstering its supply chain management system continuously, and achieves management of full life cycle processes and risks for suppliers through the digital intelligence procurement platform, thereby improving the supply chain management efficiency.

Supplier Management System and Mechanism

We have formulated the policies including the *Supplier Code of Conduct*, the *Supplier Admission and Administrative Measures* and the *Administrative Regulations on Materials Procurement* to standardize the supplier management and procurement processes. Concurrently, we have built a digital intelligence procurement platform centered on a holistic quality control, allowing for efficient management across the whole process which encompasses risk identification, supplier admission, review and evaluation, rectification and exit as well as capacity enhancement.

In 2023, the Company released multiple measures to further improve supplier management:

- The *Notice on Further Strengthening the Management of Materials Procurement* was issued to effectively fulfill entity accountability and strictly uphold the bottom line for compliance;
- The *Notice on the Special Governance Initiative for Key Aspects of Procurement and Sales from 2021 to 2023* was issued to systematically sort out suppliers, procurement and sales pricing, procurement and sales funding, procurement and sales contracts, and procurement and sales systems;
- The *Notice on Conducting Compliance Governance of ENN-NG Procurement* was issued to implement special governance efforts on supplier certification, market price monitoring and contract acceptance criteria.



Hierarchical and Classified Management of Suppliers

To further achieve meticulous supplier management, we conduct hierarchical and classified management of suppliers, which divides suppliers into three categories including key suppliers, significant suppliers and general suppliers based on the nature of materials and annual procurement volume.

ENN-NG material supplier classification and data in 2023



Percentage of procurement amount of top ten material purchasers

50.46%

Number of Suppliers on the Platform

>5,100

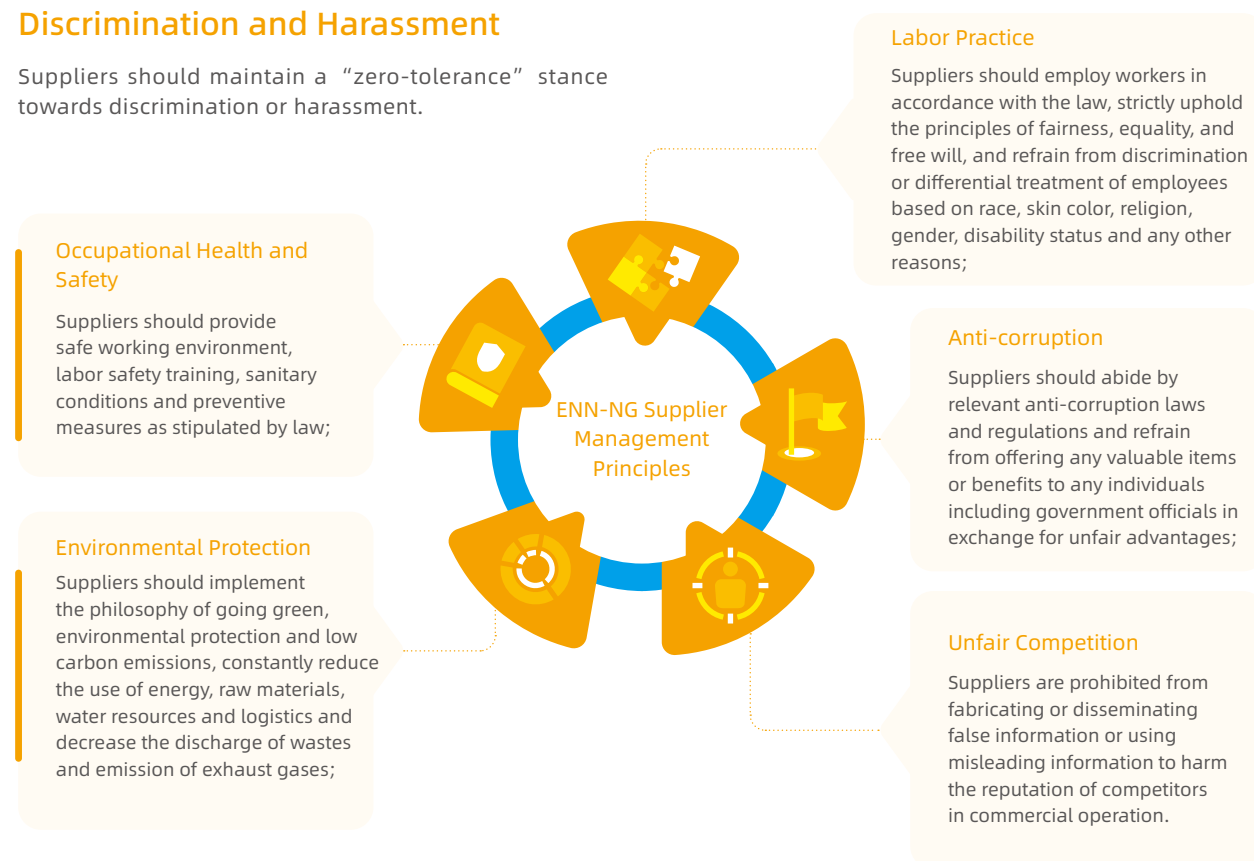


ESG Management in the Supply Chain

We value the positive impact of supply chain in the context of global procurement trends. By integrating ESG requirements into the whole process of supplier admission, assessment and management, we guide our suppliers to enhance their awareness and capability of sustainable development.

Discrimination and Harassment

Suppliers should maintain a “zero-tolerance” stance towards discrimination or harassment.



Supplier-targeted ESG Risk Assessment

We conduct ESG risk assessment and make judgments before supplier admission and identify risk points in the entire process, including material procurement, supplier evaluation, supplier communication and material storage, and perform in-depth analysis of the potential impacts and related control measures for each risk point.

- We add suppliers with major violations, breach of contract, breach of trust and high ESG risk behavior to the list of high-risk suppliers, and regularly report the list of ESG high-risk centralized procurement projects to the Board of Directors;
- Improve the performance of such suppliers in ESG through multi-party;
- Blacklist the suppliers who still have high risks after rectification, and reduce the incidence of major violations in the supply chain.

To effectively control ESG risks in the supply chain, the risk alert department dynamically supervises and regulates the entire procurement process and offers dedicated complaint channels to ensure the compliance of the procurement process. In 2023, we developed a procurement operation board for intelligent identification of performance risks and early warning, enabling immediate dispatch and treatment of delivery anomalies; furthermore, we regularly published monthly procurement reports and quarterly reports on technical quality and warehouse operation, reviewed and summarized issues identified, and organized training and assessments to improve the management level of employees and ensure stringent control of supply chain risks.

Supplier Admission

At the supplier admission stage, we require the suppliers to comply with the *Code on Good Faith and Compliance* and the *Health, Safety, and Environment (HSE) Policy for Suppliers*, and sign the *Commitment of Integrity and Self-discipline*, including requirements such as preventing the use of child labor, anti-discrimination, anti-corruption and occupational health and safety. The suppliers should be free from any quality and safety incidents or penalties within recent three years.

We include suppliers' certifications of qualification systems in the assessment criteria and require the suppliers of critical materials to have ISO 14001, ISO 45001 and ISO 9001 management system certificates, and the suppliers of non-critical materials with relevant certifications can obtain higher admission scores.

ENN-NG Suppliers' Certifications of Qualification Systems in 2023

Proportion of approved suppliers with the qualification of environmental management system

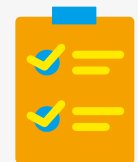
>90%

Signing rate of the *Commitment of Integrity and Self-discipline*

100%

Proportion of approved suppliers with the qualification of occupational health system

>80%



疑似围标串标活动（按时间IP）					
activity_code	活动名称	活动创建时间	采购商ID	供应商名称	真实IP
CGHO20231124000055	地埋管	20231124	45000000000000000000	上海浦东发展银行股份有限公司	223.242.179.37
CGHO20231128000022	塔吊租赁公司-业务发展部需求压...	20231128	45000000000000000000	上海浦东发展银行股份有限公司	1199.130.193
				上海浦东发展银行股份有限公司	1199.130.193
CGHO20231128000054	管网工程	20231128	45000000000000000000	上海浦东发展银行股份有限公司	1176.136.99
共 799 条 < 1 ... 34 35 36 37 38 > 20 条/页 设置					
疑似围标串标供应订单信息					
活动编号	订单编号	采购商名称	供应商名称	商品数量	商品采购金额
CGHO20231122000030	D202311220843362001126	上海浦东发展银行股份有限公司	上海浦东发展银行股份有限公司	20	340
CGHO20231122000040	D202311220627645000819	上海浦东发展银行股份有限公司	上海浦东发展银行股份有限公司	4	8050
CGHO20231122000042	D20240102090642000263	上海浦东发展银行股份有限公司	上海浦东发展银行股份有限公司	20	5768
CGHO20231122000016	D20240102117580000327	上海浦东发展银行股份有限公司	上海浦东发展银行股份有限公司	1	2.936万

Procurement operation board for intelligent identification and warning of risks in supply chain

Supplier Audit and Evaluation

Building upon our entire procurement process, we keep improving the supplier audit and assessment mechanism. In 2023, ENN-NG established the *Annual Quality Inspection Rules*, and synchronously optimized the functions of digital intelligence procurement platform to incorporate a feature of supplier evaluation. The evaluation result will affect supplier selection for the next year.

- Conduct at least one comprehensive evaluation and performance assessment of Class A and Class B suppliers every year;
- Rank the total evaluation score of suppliers of same materials and eliminate the supplier in the last place;
- Carry out irregular online, on-site and surprise checks and third-party inspections and timely disclose assessment results;
- Establish a "supplier blacklist" management mechanism, and "blacklisted" and publicize the suppliers suspected of falsifying and malicious operation in the certification or factory inspection processes.

In 2023, an annual quality inspection was carried out encompassing three key dimensions of initial testing, process testing and special testing. The sampling work extensively covered 27 different product categories and involved 107 suppliers.

Supplier Rectification and Withdrawal

The Company is "zero tolerant" towards supplier violations and continually optimizes the process for addressing such violations

- Release documents, including the *Supplier Violation Management Rules* and the *Complaint Management Rules* to guide relevant management work;
- Once a supplier is found to have serious violations during the review, the supplier will be tagged on the procurement platform, subject to automatic suspension of its rights and interests, and announced;
- Dynamically manage suppliers on the platform, and urge the suppliers who fail to meet the requirements of qualified evaluation after assessment and evaluation to make improvements. A three-month improvement period will be set, and re-evaluation will be done at the end of the improvement period;
- Suppliers who fail to meet the expectation after rectification will be dismissed.



Automatic Suspension of Suppliers' Rights for Quality Accident on the Platform



ENN-NG's Data Related to Supplier Evaluation and Rectification

Number of Suppliers for Factory Inspection

1,292



Number of suppliers inspected on site

57

Number of suppliers audited online

1,292

Suppliers subject to quality certification

>800

Batches for third-party verification

200+

Review coverage rate of key first-tier suppliers in the past three years

100%

Supplier Capability Enhancement

ENN-NG advocates for the collaborative development of supply chain, actively facilitates supplier exchanges and empowerment actions to integrate the philosophy of sustainable development deeply into the entire natural gas industry chain. We regularly organize special ESG training and various professional empowerment training programs for suppliers to establish the awareness of sustainable development among suppliers. Meanwhile, we work closely with suppliers to rectify identified issues promptly, thereby enhancing their ESG management level.



Conducting ESG Training for Suppliers

In October 2023, ENN-NG organized an enterprise-level supply chain ESG risk management training session for its suppliers, explaining the origin, evolution and main components of ESG philosophy. Besides, the Company introduced ENN Energy's whole sustainable supply chain management processes and critical aspects of ESG risk control and specified the requirements of ENN taking into account the actual business conditions to strengthen suppliers' awareness of supply chain sustainability.



Assisting the Suppliers in Improving Their Quality Management Level

In July 2023, upon third-party testing, the Company found that the gas self-closing valves supplied failed to comply with the relevant requirements in automatic shut-off performance, rated flow and torque resistance tests. After promptly identifying the problems, the Company proposed the guidance for rectification, helped the supplier improve equipment performance testing methods and optimize device management modes, intensified sampling and testing efforts and elevated the quality management level.

While conducting comprehensive evaluations of suppliers, the company actively builds a supplier information sharing mechanism. Regularly, through a digital and intelligent platform, it publicizes high-quality suppliers across various categories. Without disclosing specific supplier information, it allows other suppliers to understand the performance of their outstanding peers, encouraging all suppliers to continuously improve their own standards and jointly promote the long-term development of the supply chain.

考核项目	权重	考核标准	考核结果
基础信息完善度	10%	基础信息完整、准确	合格
资质证照齐全度	10%	资质证照齐全、有效	合格
履约能力	30%	按时交货、质量稳定	优秀
售后服务	10%	响应及时、问题解决	合格
合作态度	10%	沟通顺畅、配合度高	优秀
创新能力	10%	提出改进建议、优化流程	合格
社会责任	10%	遵守法规、环保达标	合格
综合得分	100%		85分

优质供应商公示

Customer Safety and Service

Stable Gas Supply

ENN-NG takes multiple measures to deliver high-quality, safe and stable gas services to society by continuously optimizing its natural gas channel management and strengthening emergency response mechanisms, fulfilling the social responsibilities and commitments with practical actions.

Broaden the Channels for Acquisition of Gas Resources

The Company is constantly deepening its collaboration with the three major oil companies and secures stable resources for medium to long term to consolidate controllable resource scale; it aggregates various domestic unconventional resources on a large scale and establishes pricing mechanisms with suppliers of related resources such as coalbed methane, coal-to-gas and shale gas to ensure stable gas supply and rely on an elastic delivery network for flexible interchange and adjustment; meanwhile, it continues to optimize the international resource pool, expands long-term contract scale to seek for a diversified pricing portfolio of resources, thereby reducing dependence on a single supplier.

Strengthen Natural Gas Reserves

In the current complex and changing market environment, customers have increasingly urgent demand for fast and dynamic responses. Therefore, following the principles of "high-season storage preparation, off-season storage allocation, and emergency reserves", we are actively exploring diverse natural gas resources to guarantee an adequate and stable gas supply. This year, we respectively signed medium-term and long-term gas supply agreements with Cheniere Energy, Inc., Next Decade, and China National Petroleum Corporation. And we had a gas storage capacity of 560 million cubic meters in our own facilities, which could effectively meet our customers' demand for natural gas.

Digital Intelligence Support

Digital and Intelligent Scenario Applications Supported Heating Demand Forecasting

In 2023, to better guarantee the energy heating efficiency under varying weather conditions, we utilized weather forecasts, building parameters and equipment usage data to forecast heating demand, and introduced an end-feedback correction mechanism to address issues of excessive energy supply and delayed adjustment, achieving precise management for energy efficiency and consumption reduction. This year, the mechanism was launched and utilized at 311 heating stations across 12 enterprises in cities such as Qingdao, Langfang, and Luoyang, leading to a decrease of gas consumption per unit area during the heating season by 1.09 Nm³/m² compared to the same period in 2022.

Enhance Emergency Response

The Company places great emphasis on the improvement of its emergency response mechanism and continuously optimizes the management system documents for emergency plans, including the *Abnormal Weather Control Operation Checklist* and the *Special Contingency Plan for Typhoon*. In 2023, the Company updated and formulated the *Control Operation Checklist for Snowfall and Cold Wave in North China Region*, the *Checklist for Technical Conditions of Vehicles in Winter* and contingency plans, outlining specific responsibilities and emergency response procedures for each department during emergencies, effectively enhancing the Company's emergency response capabilities. By considering potential risks that may affect stable gas supply such as seasonal variation, weather conditions and supply and demand of natural gas, we devised countermeasures for various scenarios to ensure prompt restoration of gas supply services in emergencies.

Functional Structure

The general manager serves as the emergency commander, production and operation dispatch center as the emergency command, and the business and empowerment organizations as the emergency action team and for rapid emergency response.

Systems and Procedures

Each business unit has established emergency duty system, inspection system and regular meeting system, and strictly enforced the information reporting and handling procedures for emergencies.

Implementation and Supervision

7*24 uninterrupted duty by specially-assigned person to ensure unimpeded communication during emergencies

ENN-NG Emergency Management System

ENN Shijiazhuang Contributed ENN's Efforts to Post-disaster Restoration in Zhuozhou

The flood disaster in Zhuozhou became a matter of concern, with the after-disaster restoration capturing the attention of all sectors of society. When disaster struck, help came from all sides. After learning about the enormous pressure that Zhuozhou was facing in post-disaster restoration, ENN Shijiazhuang immediately sprang into action. It swiftly assembled 18 dedicated professionals from departments including maintenance, replacement, pressure regulation and safety inspection to set up a support team overnight, which defined division of duties and plans for supply guarantee. Meanwhile, 5 recovery vehicles along with operational resources were dispatched to Zhuozhou for flood control and supply guarantee.



Response to Extreme Weather in Winter

In December 2023, various parts of the country encountered severe weather challenges such as strong wind, temperature drop, snowfall and winter rain. We prioritized the actual transportation conditions of road surfaces and considered real-time weather and road condition information to schedule vehicle operation in a scientific and reasonable manner to ensure stable supply of natural gas. Amidst this emergency response to extreme weather conditions, the Company rapidly sent early warning messages to all employees, emphasizing the imperative for all business units to closely monitor the latest weather updates and intensify supervision and management of vehicles and equipment, thus guaranteeing the safe and secure transportation of natural gas.



Inspection of vehicles by ENN-NG employees

Customer Services

ENN-NG adheres to the core concept of "putting customers first", optimizes the customer management system, strengthens customer communication, and integrates the promotion of gas safety into the entire service process to continuously improve customer satisfaction and sense of security. We strictly abide by relevant laws and regulations on consumer rights protection, formulate system documents such as the Service System Manual, and continuously improve customer service management standards and work requirements.

Customer Management System

ENN-NG formulates its institutional documents such as the *Service System Manual* in strict accordance with the laws and regulations concerning protection of consumer rights and interests, and consistently enhances and improves the standards and working requirements for customer service management. Additionally, to effectively elevate the service awareness and competence of service personnel within the Company, we conduct regular comprehensive and systematic training and assessments for all customer service personnel. This enhances the professional proficiency of customer service team and guarantees the provision of superior and efficient service experiences to our customers. In 2023, the coverage rate of customer service training reached 100%.

Communication with Customers

ENN Energy always attaches top priority to customers. This year, the Company introduced a new-generation intelligent text-based customer service system and a privacy number platform and independently developed an intelligent scheduling system, and consistently promoted the use of indoor IoT alarm devices to optimize the customer service experience. Meanwhile, we listened carefully to customer voices and enhanced communication with customers in an attempt to deliver better service experience to customers and boost customer satisfaction.

96%

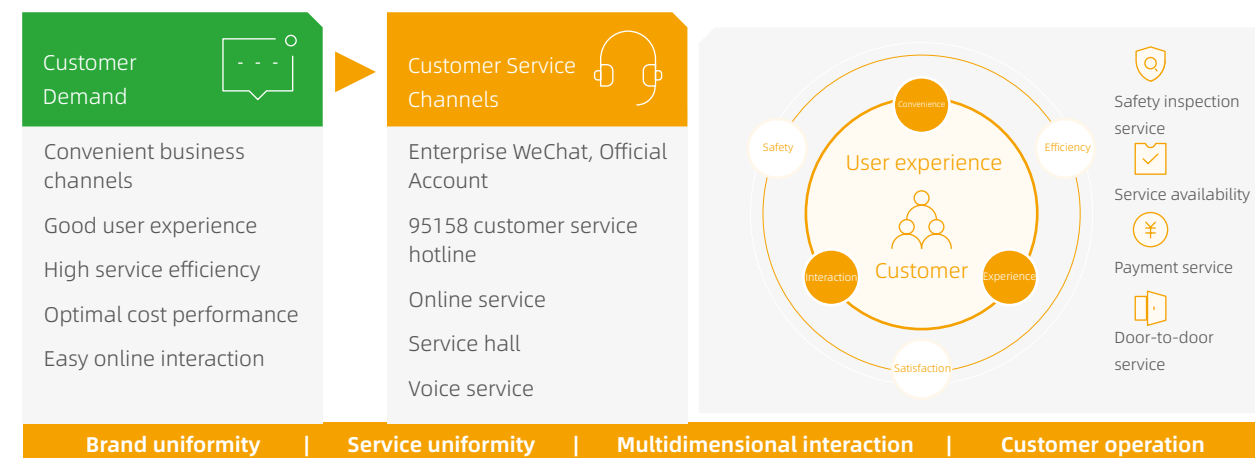
Demand response efficiency at
customer service mini program

55%

IoT-based meter installation
rate among industrial and
commercial users

60%

IoT-based meter installation
rate among residential users



Brand uniformity

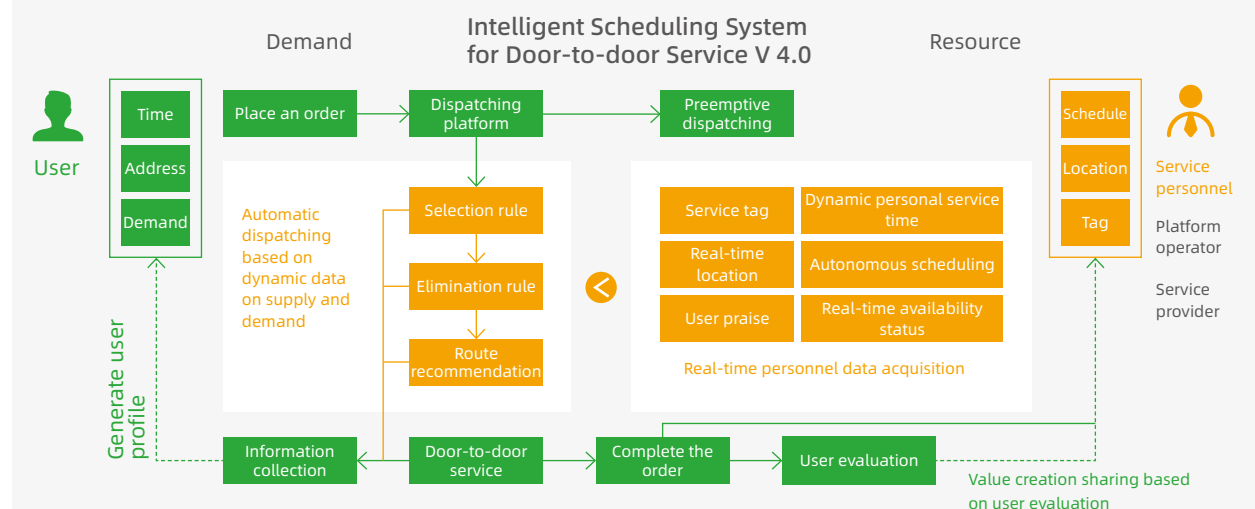
Service uniformity

Multidimensional interaction

Customer operation

Intelligent Scheduling System for Door-to-door Services

ENN Energy has independently developed an intelligent scheduling system that automatically matches appropriate indoor service personnel for door-to-door services considering the aspects including employee skills, mobile phone location, service area, shift and user evaluation based on user needs, service content and service appointment time to allow for automatic scheduling of service orders, successfully mitigating the administrative burden associated with the escalating number of service orders and manual scheduling. This year, the system accomplished automatic scheduling of 3.72 million orders, representing 47.9% of the total orders, thereby raising the time efficiency of service order response.



Skill Improvement of Customer Service Personnel

Skill Improvement of Customer Service Personnel

This year, to reinforce the service skills of our customer service personnel for delivery of better customer services, we revised 16 indoor service operation standards in alignment with the new national standard GB 55009, the *Code for Gas Engineering*, and organized nationwide personnel skill certifications, with a total of 51,000 participants in the skill tag training, theoretical examination and hands-on examination certifications, reaching a 100% certification rate for all customer service personnel.

Competency Enhancement Training for Customer Service Team

To enhance customer service skills, the Company conducted trainer and evaluator skill retraining, with approximately 1,900 participants in training and assessments. To bolster the holistic service awareness of service personnel and improve user service experience, we organized special training programs for improvement of service awareness such as "Service Value Creation Campus" and "Service for Unlimited Value Creation", engaging approximately 9,000 participants in training.



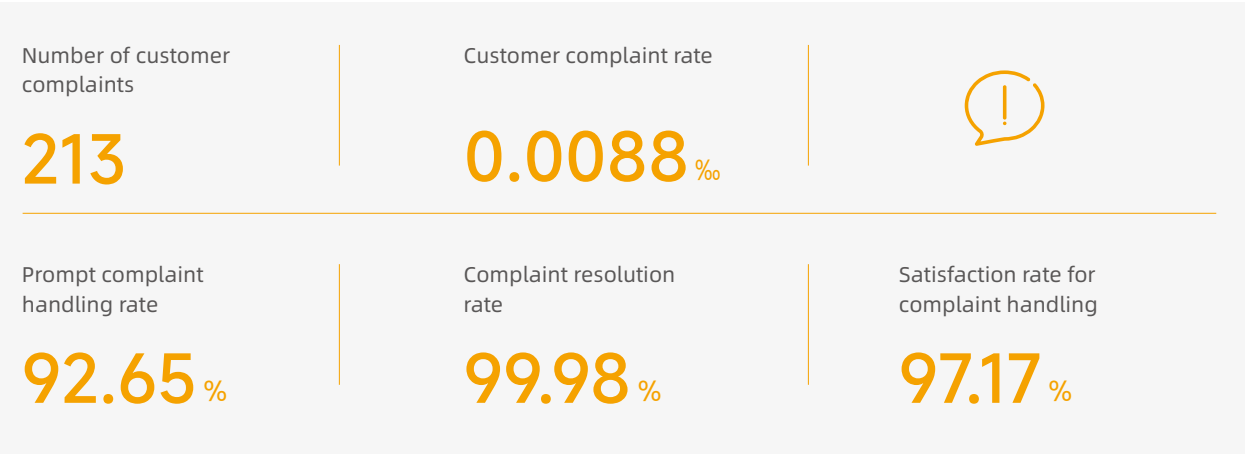
ENN Energy's service value creation campus for nationwide customer service centers



ENN Energy's skill retraining in 2023

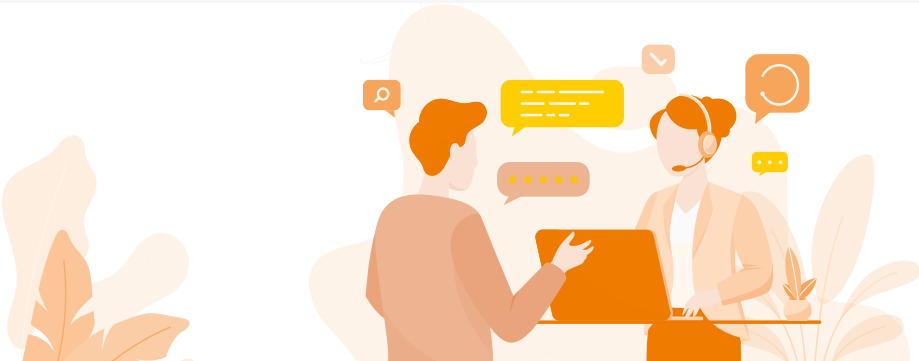
Customer Complaint and Problem Solving

Guided by the principle of "customer satisfaction, ENN Energy makes ongoing efforts to improve its customer complaint handling mechanism and reinforce compliance management and service quality management of outsourced service providers. This year, based upon the previous implementation effect of complaint management measures and taking enterprise feedback into account, the Company revised certain provisions of the *ENN Energy Customer Complaint Management Measures*, which outlined the management complaint responsibilities of outsourced service providers and criteria for non-fault complaints and major complaints more specifically, optimized the complaint process, adjusted the suggested acceptance criteria and handling timeliness to ensure timely, impartial, reasonable and effective resolution of customer complaints. Meanwhile, the Company updated its customer complaint handling system, changing from a rigid handling process used in the past to an on-demand "component-based" process and thus allowing for more flexible and efficient handling. Based on the result of service quality supervision, we identified pain points of customers and enterprise difficulties to provide the enterprises with improvement suggestions and prevent recurrence of complaint issues.



Customer Satisfaction

In 2023, ENN Energy engaged a third-party professional consulting agency to conduct a customer satisfaction survey covering residential, industrial and commercial users across all service scenarios, and analyze and summarize the survey findings to optimize subsequent service process and product quality in respect of key service nodes.



Responsible Marketing

ENN Energy rigorously abides by the *Advertising Law of the People's Republic of China*. Throughout our product and service publicity, marketing and advertising endeavors, we are unwavering in opposition to any form of exaggeration, user misleading or disinformation campaign, and open and transparent disclosure of key elements of the Company's products and services, including product features, pricing and quality assurance to effectively safeguard the users' right to information and deliver responsible marketing content to users.

We promptly update our product promotion materials and advertising standards to prevent any violations during promotional campaigns. This year, ENN Energy was not involved in any allegation or legal dispute regarding misleading or deceptive information on our products and services, nor did we encounter any violation involving marketing campaigns.

Follow-up Activities for Customer Service

In 2023, the Logistics Department of ENN Energy conducted extensive customer service follow-up activities, and monthly selected 10 key customers for in-depth communication. Salesmen of the Company communicated directly with the principals of customers by phone calls, meticulously collecting customer feedback from six key aspects including delivery punctuality, driver's service attitude, driver's compliance with operation specifications, tank insulation efficiency, delivery discrepancy and other potential concerns.



Customer-specific Safety Management

ENN Energy is dedicated to providing healthy and safe products to customers and guaranteeing safe and stable gas use. For this purpose, we have undertaken special treatment efforts for common hidden hazards, driven the application of digital safety products, conducted safety culture promotion campaigns and safeguarded urban people safety.

Customer-specific Hidden Hazards Management

For residential users, we have comprehensively investigated and rectified the risks and major hidden hazards in households in strict accordance with the requirements of the safety management code. In 2023, we carried out a special treatment campaign for "erasure" of three broad and high-risk categories of potential hazards indoors, established a supervision mechanisms for treatment of these three hazard categories, identified priority areas and enterprises, enabled coordination between organizational system data and on-site hazard treatment efforts, and made regular risk disclosure. Meanwhile, we set a clear benchmark for safety inspection assessment and achieved 96.6% comprehensive safety inspection rate and 100% correction rate for Class I gas leak hazards.

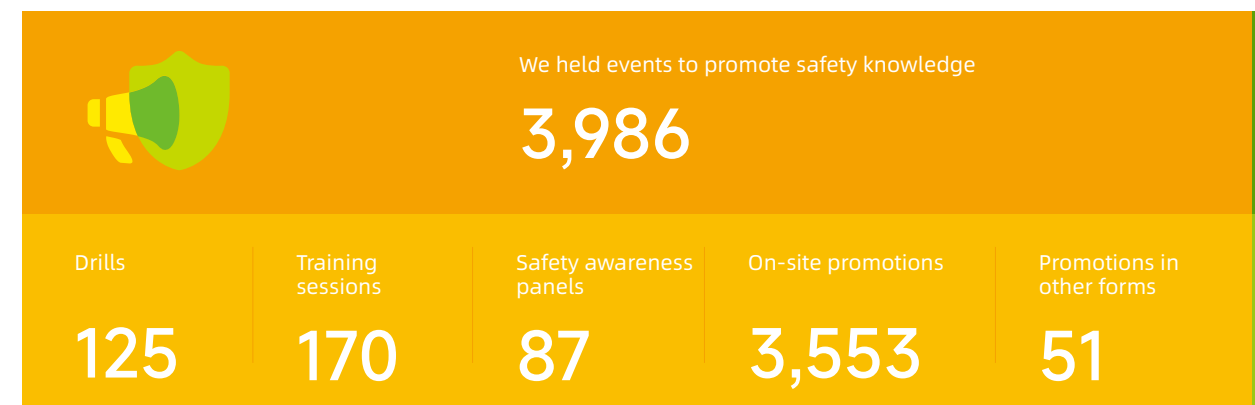
For commercial and industrial users, we have implemented the "100-day Action" to improve the city-gas safety and rectified potential safety hazards for commercial and industrial users, so as to ensure their safety in using gas. Furthermore, we devised a risk measurement model for industrial and commercial users of gas and customers of integrated energy, which facilitated intelligent warnings for anomalies in customer meters and measurement inaccuracy to safeguard the gas use safety of commercial users from the source.

Improving Awareness of Gas Use Safety

ENN-NG is dedicated to increasing customer's understanding of gas use safety, and raising users' awareness of gas use safety and reducing the occurrence probability of gas accidents by measures such as conducting customer safety inspection and gas safety training courses to ensure the personal and property safety of users.

ENN Energy Promoted Safety Campaign at Seven Premises

In 2023, we organized safety campaigns in enterprises, schools, institutions, communities, rural areas, homes and public premises.



Special Safety Inspection for Users

In June 2023, ENN Energy, in collaboration with various regions and enterprises, conducted nationwide all-round potential safety hazard inspections targeting gas-consuming premises with high occupant density such as commercial complexes, schools and commercial catering establishment, which focused on potential leakage risks in gas equipment and facilities, unauthorized use of dual gas sources and normal operating status of gas leak alarm devices. On the one hand, we promptly rectified the hidden hazards identified to put an end to accidents, and on the other hand, we bolstered safety training and education for users to enhance their safety awareness and emergency response capability. ENN Energy mobilized 3,270 persons and completed hidden hazard inspections for 247 commercial complexes and 7,622 catering establishments, with all risks rectified.



Potential safety hazard inspection by ENN Energy's personnel

Contributing to Community Development

We deeply understand that healthy and harmonious community relations may contribute to the formation of a stable and progressive business environment, so we persist in ensuring the essential living needs of community with quality service, actively organize various public welfare and charitable activities, respond to the concerns of stakeholders within the community and endeavor to cultivate a more harmonious and sustainable social environment.

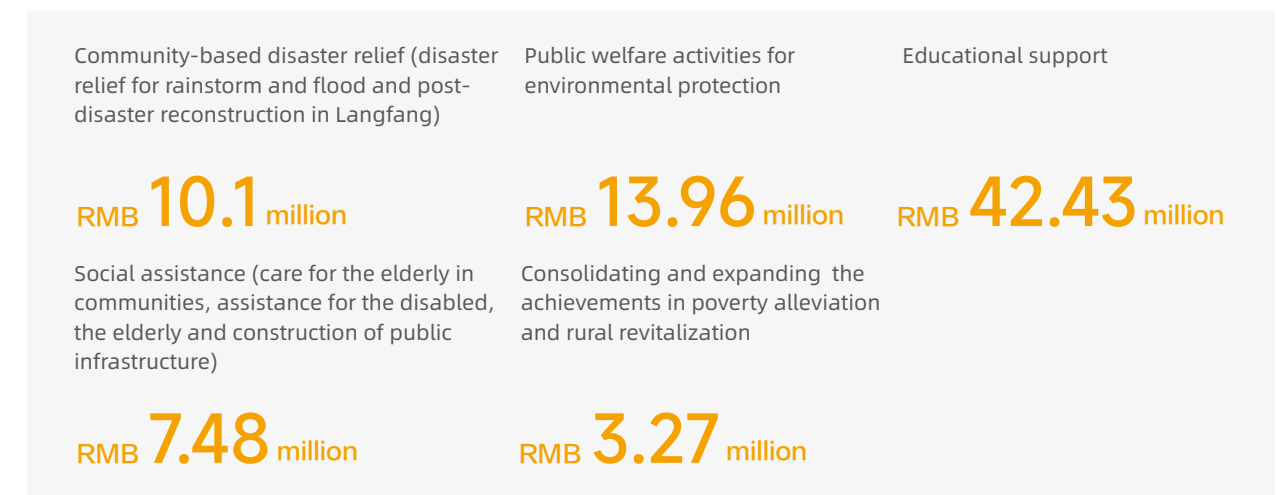
Participation in Public Welfare and Charitable Activities

As a private enterprise that thrived amidst the national reform and opening-up, ENN-NG maintains gratitude for the source of benefit and actively engages in diverse public welfare and charitable activities. We commit to proactively embrace our corporate social responsibilities and contribute to the development of local communities in the *Policy on Public Welfare and Charitable Activities*. Through ongoing communication and collaboration with local communities and stakeholders and regular demand analysis and impact assessment of stakeholders, we identify the key demands and formulate corresponding annual plan for public welfare and charitable activities, making contributions to social development with practical actions guided by compassion and a sense of social responsibility.

ENN-NG's Data of Participation in Public Welfare and Charity

In 2023, ENN-NG and its subsidiaries invested in the public welfare and charity for

RMB **77.24** million



Zhoushan Terminal Organized Public Welfare Walking Event



Scene of Zhoushan Terminal Public Welfare Walking Event

In September 2023, ahead of the Asian Games Hangzhou, a public welfare event themed on "Igniting the Spirit of Asian Games: Stepping Forward for Public Welfare" was held in Zhoushan. Over 40 ENN business partners jointly participated in the 7.55-kilometer walking challenge. The event achieved a total of 428,900 steps, equivalent to public welfare fund of RMB 4,300, which would be used for future public welfare and charitable activities.



ENN-NG Successfully Held the First "New Love" Voluntary Blood Donation Event

In June 2023, on the occasion of the 20th World Blood Donor Day, ENN-NG organized the First "New Love" Voluntary Blood Donation Event in Langfang. A total of nearly 100 employees from ENN-NG headquarters and business organizations in Langfang participated in this love activity, donating a total of 27,400 milliliters of blood.



Scene of ENN-NG Voluntary Blood Donation Activity

Focus on Community Demands

We are deeply aware that the local presence of the Company is inseparable from the support and understanding of communities. Therefore, we undertake to consider the demands of local community stakeholders during our business activities. In 2023, we established a community engagement mechanism and a governance structure for community engagement. The ESG Working Group served as the direct responsible person of community engagement efforts to gather and address complaints from community members and regularly report to the ESG Committee. Before implementation of a new project, we conduct social impact assessment and survey of local community stakeholders to publicize and collect various opinions via various channels. During project implementation and upon its completion, we maintain continuous communication and negotiation with all stakeholders and establish diversified feedback channels such as dedicated mobile phone, WeChat, landline phone, email and official website. For the opinions and suggestions collected, the Company will organize special meetings for discussion, arrange dedicated personnel for rapid response, rectification and timely follow-up visits to foster a favorable community relationship.

Mobile Phone/SMS/WeChat/QQ: 13932699610

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Email: 803jvbao@enn.cn

Office Address: Tower B, South Court, ENN Science Park, Guangyang Avenue, Langfang Economic and Technological Development Zone



Public Engagement during the Construction of Zhoushan Terminal Phase III Project



ENN-NG's First Announcement on Project Environmental Impact Assessment on its Official Website

The sea-related activities during the construction of Zhoushan Terminal Phase III Project and increased seawater intake and discharge after it is put into operation may have certain impact on the marine environment. Therefore, ENN-NG thoroughly consulted the local community stakeholders for their opinions in the early stages of project development, and organized 3 public engagement events during environmental impact assessment, with announcements posted in light of relevant requirements. Moreover, the *Environmental Impact Assessment Report (Draft for Comment)* was publicly disclosed on the Company's official website, local newspapers and other channels. During the public disclosure of the initial environmental impact assessment information for the Project, no feedback or suggestion was received from the public.

Appendix

ESG Performance Indicators*



Name of Indicator	Unit	2023	2022	2021
Total Quantity of Sewage Discharged	10,000 tons	158.07	159.13	171.89
Total Nitrogen Oxide (NO _x) Emissions	Ton	376.14	282.33	217.58
Total Sulfur Dioxide (SO ₂) Emissions	Ton	122.96	92.27	60.06
Total Soot Emissions	Ton	22.90	32.36	17.62
Total Quantity of Hazardous Wastes Discharged	Ton	4,789.95	5,247.90	4,317.15
Discharge Density of Hazardous Wastes	Ton/billion RMB of revenue	33.30	34.04	37.24
Total Quantity of Non-Hazardous Wastes Discharged	Ton	676,241.68	1,851,743.31	2,120,315.94
Discharge Density of Non-Hazardous Wastes	Ton/billion RMB of revenue	4,701.28	12,011.14	18,291.26
Consumption of Coal Fired	10,000 tons	87.49	89.89	99.76
Total Natural Gas Consumption	10,000 cubic meters	2,115.38	1,842.14	1,422.04
Total Gasoline Consumption	10,000 L	387.45	783.56	722.33
Total Diesel Oil Consumption	10,000 L	208.49	591.72	682.65
Total Consumption of Purchased Power	10,000 kWh	79,616.21	88,756.10	82,260.84
Total Consumption of Integrated Energy ¹	10,000 tons standard coals	220.62	242.87	229.45
Consumption Density of Integrated Energy	10,000 tons standard coals/billion RMB of revenue	1.53	1.58	1.98
Total Electricity Generated by Renewable Energy Sources	10,000 kWh	1,838.13	530.98	/
Total Water Consumption	10,000 tons	1,282.46	1,308.18	1,371.34
Water Consumption Density	10,000 tons/billion RMB of revenue	8.92	8.49	11.83
Scope I: Direct GHG Emissions	10,000 tons of CO ₂ equivalent	392.09	391.83	428.47
Scope I: Intensity of Direct GHG Emissions	10,000 tons of CO ₂ equivalent/billion RMB of revenue	2.73	2.54	3.70
Scope I: Intensity of Direct GHG Emissions (By Gas Sales)	10,000 tons of CO ₂ equivalent/billion cubic meters of natural gas sales	10.14	10.79	11.52
Scope II: Indirect GHG Emissions	10,000 tons of CO ₂ equivalent	54.23	57.33	42.58
Scope II: Intensity of Indirect GHG Emissions (By Revenue)	10,000 tons of CO ₂ equivalent/billion RMB of revenue	0.38	0.37	0.37
Scope II: Intensity of Indirect GHG Emissions (By Gas Sales)	equivalent/billion cubic meters of natural gas sales	1.40	1.58	1.14
Scope I and II: Total GHG Emissions	10,000 tons of CO ₂ equivalent	446.32	449.15	471.05
Scope I and II: Total Intensity of GHG Emission (By Revenue)	10,000 tons of CO ₂ equivalent/billion RMB of revenue	3.10	2.91	4.06

¹The coals in integrated energy consumption include feed coal and coal fired (the feed coal is used to produce methanol).

Name of Indicator	Unit	2023	2022	2021
Scope I and II: Total Intensity of GHG Emission (By Gas Sales)	10,000 tons of CO ₂ equivalent/ billion cubic meters of natural gas sales	11.54	12.37	12.66
Natural Gas Production (Scope III) ¹	10,000 tons of CO ₂ equivalent	1,155.15	1,006.05	1,123.36
Upstream and Downstream Transportation (Scope III) ²	10,000 tons of CO ₂ equivalent	184.92	163.27	157.61
Use of Sold Natural Gas (Scope III) ¹	10,000 tons of CO ₂ equivalent	5,893.75	5,735.00	5,467.12
Employee Travel and Commuting (Scope III) ³	10,000 tons of CO ₂ equivalent	1.53	1.48	1.63
Total GHG Emissions	10,000 tons of CO ₂ equivalent	7,681.66	7,354.95	7,220.77
Number of full-time employees	Persons	38,462	38,967	39,474
Number of male employees	Persons	28,466	28,873	29,933
Number of female employees	Persons	9,996	10,094	9,541
Number of employees under 30 years old	Persons	8,771	9,115	9,290
Number of employees aged 30-50	Persons	26,140	25,928	25,832
Number of employees over 50 years old	Persons	3,551	3,924	4,352
Number of senior management staff	Persons	1,139	1,137	1,222
Number of junior and middle management staff	Persons	3,406	3,498	3,716
Number of staff at ordinary level	Persons	33,917	34,332	34,536
Number of employees engaged in Mainland China	Persons	38,442	38,951	39,459
Number of employees engaged in Hong Kong, Macao, Taiwan and overseas	Persons	20	16	15
Percentage of female employees in management	%	25.08	24.20	23.73
Percentage of female employees in senior management	%	15.63	15.92	16.53
Percentage of female employees in middle management	%	28.24	26.87	26.10
Percentage of female employees in business department	%	10.49	/	/
Percentage of female employees in STEM department	%	18.26	/	/
Number of disabled employees	Persons	67	/	/
Number of minority employees	Persons	1,276	1,386	1,215
Number of new hires joined in 2023	Persons	5,129	4,546	4,889
Number of newcomers from experienced hire	Persons	880	3,974	4,332

¹ During the Reporting Period, the Company extended the statistics scope and precision of its natural gas procurement and sales, further optimized the corresponding emission calculation formula and retrospectively adjusted the emissions for this category in 2022.

² During the Reporting Period, the Company extended the statistics scope and precision of emission data from its self-owned LNG tankers and LNG shipping, further optimized the corresponding emission calculation formula and retrospectively adjusted the emissions for this category in 2022.

³ During the Reporting Period, the Company extended the statistics scope and precision of emission data from employee commuting, further optimized the corresponding emission calculation formula and retrospectively adjusted the emissions for this category in 2022 and 2021.

Name of Indicator	Unit	2023	2022	2021
Number of newcomers from school	Persons	4,249	572	557
Per capita employment cost*	RMB	1,136.51	2,227.46	/
Number of newcomers under 30 years old	Persons	2,926	/	/
Number of newcomers aged 30-50 years old	Persons	2,106	/	/
Number of newcomers over 50 years old	Persons	97	/	/
Number of new male employees	Persons	3,864	/	/
Number of new female employees	Persons	1,265	/	/
Number of new employees engaged in Mainland China	Persons	5,122	/	/
Number of new employees engaged in Hong Kong and overseas	Persons	7	2*	/
Average annual base salary of male employees at senior management level	RMB	336,045.94	847,380.00 *	/
Average annual base salary of female employees at senior management level	RMB	341,405.74	639,975.00 *	/
Average annual gross income of male employees at senior management level	RMB	655,666.29	1,644,804.00 *	/
Average annual gross income of female employees at senior management level	RMB	667,126.92	1,276,218.00 *	/
Average annual base salary of male employees at management level other than senior management	RMB	158,158.23	194,397.00	/
Average annual base salary of female employees at management level other than senior management	RMB	146,806.42	162,922.00	/
Average annual gross income of male employees at management level other than senior management	RMB	234,760.91	322,325.00	/
Average annual gross income of female employees at management level other than senior management	RMB	220,699.10	268,181.00	/
Average annual base salary of ordinary male employees	RMB	84,242.09	78,875.00 *	90,614.00*
Average annual base salary of ordinary female employees	RMB	70,570.49	88,607.00 *	77,939.00*
Average annual gross income of ordinary male employees	RMB	101,913.97	/	/
Average annual gross income of ordinary female employees	RMB	87,952.43	/	/
Employee turnover rate	%	10.62	12.16	10.13
Employee voluntary turnover rate*	%	9.31	/	/
Turnover rate of male employees	%	11.17	12.61	9.93
Turnover rate of female employees	%	9.07	10.90	10.79

*The data of ENN Energy is not included, the calculation formula is: Number of voluntary employee turnover/total number of employees.

Name of Indicator	Unit	2023	2022	2021
Turnover rate of employees at senior management level	%	4.48	/	/
Turnover rate of employees at middle management level	%	13.56	/	/
Turnover rate of employees at ordinary level	%	10.53	/	/
Turnover rate of employees under 30 years old	%	18.45	18.84	16.88
Turnover rate of employees aged 30-50 years old	%	8.21	9.41	7.63
Turnover rate of employees over 50 years old	%	9.10	14.86	10.71
Turnover rate of employees engaged in Mainland China	%	10.62	/	/
Turnover rate of employees engaged in Hong Kong, Macao and Taiwan regions	%	25.00	/	/
Turnover rate of employees overseas	%	0.00	/	/
Total sessions of training	Session	450,698	74,379	93,957
Total number of employees trained	Persons	38,462	38,551	39,414
Total training duration	Hours	1,350,271	910,380	1,276,545
Average expenses on training per employee	RMB	1,028.61	/	/
Average training hours of male employees	Hours	36.61	24.60	31.72
Average training hours of female employees	Hours	30.84	20.79	34.48
Average training hours of employees at senior management level	Hours	30.28	31.55	32.91
Average training hours of employees at middle management level	Hours	28.06	26.89	28.59
Average training hours of general employees	Hours	35.98	23.01	32.78
Number of male employees trained	Persons	28,466	28,582	29,891
Number of female employees trained	Persons	9,996	9,969	9,523
Number of senior management employees trained	Persons	1,139	1,137	1,218
Number of middle management employees trained	Persons	3,406	3,498	3,721
Number of employees trained at ordinary level	Persons	33,917	33,916	34,475
Average training hours of professional competency training*	Hours	35.47	27.33	/
Average amount on professional competency training*	RMB	1,515	1,500	/
Average training hours of leadership training*	Hours	35.47	29.99	/
Average amount on leadership training*	RMB	2,300	2,200	/
Percentage of certified personnel by positions	%	3.45	3.48	3.79
Certified personnel by positions	Persons	1328	1355	1496

*The data of ENN Energy is not included.

Name of Indicator	Unit	2023	2022	2021
Total number of persons receiving safety training	Person-times	488,941	554,333	397,079
Number of persons at general manager level receiving safety training	Person-times	8,895	17,630	2,620
Number of safety management personnel receiving safety training	Person-times	21,735	6,781	11,283
Number of general employees receiving safety training	Person-times	458,311	529,922	383,176
Safety training coverage rate	%	100	100	100
Number of safety training sessions for employees and contractors*	Session	6,236	5,437	/
Total number of contractors receiving safety training*	Person-times	67,067	/	/
Lost time injury frequency rate (LTIFR) for employees	/	0.33	0.34	1.09
Lost time injury frequency rate (LTIFR) for contractors*	/	0.08	0.15	/
Fatalities due to safety incidents	Persons	0	0	0
Cases of employees injured at work	Case	27	29	78
Working time lost due to employee injuries at work	Hours	11,444	21,063	25,570
Number of safety emergency drills	Times	11,429	5,218	10,535
Employee physical examination coverage rate	%	100	100	100
Full-time safety management staff	Persons	1,152	1,041	828
R&D investment	RMB 10,000	135,362	170,947	116,240
New patent applications	Pieces	258	178	162
Cumulative patents	Pieces	2,022	1,743	1,612
Effective patents for invention	Pieces	232	/	/
Effective copyrights	Pieces	559	419	331
Effective trademarks	Pieces	8	8	8
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
Review coverage rate of tier 1 key suppliers for the past three years	%	100	100	100

*The data of ENN Energy is not included.

Independent Assurance Statement

To the Board of Directors of ENN Natural Gas Co., Ltd.:

CECEPAC (HK) Advisory Company Limited ("CECEPAC (HK)" or "We") has been entrusted by ENN Natural Gas Co., Ltd. ("ENN-NG") to conduct an independent limited assurance engagement ("Assurance Engagement") on the information and data related to sustainability in ENN-NG' s 2023 Environmental, Social and Governance Report ("ESG Report").

CECEPAC (HK) assessed ENN-NG' s adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 ("AA1000AS v3"). Besides, CECEPAC (HK) provided limited assurance on the reliability and quality of specified performance information disclosed in the ESG Report that has been selected.

This independent assurance statement has been prepared in Traditional Chinese and English versions. Should there be any discrepancies between these versions, the Traditional Chinese version shall prevail.

I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating the data in the ESG Report or preparing the ESG Report. CECEPAC (HK)' s assurance activities are independent from ENN-NG. There is no relationship between ENN-NG and CECEPAC (HK) beyond the contractual agreement for providing proper assurance service.

The assurance team of CECEPAC (HK) is composed of experienced consultants in the

industry who have had professional training on sustainability-related standards such as GRI Standards issued by the Global Sustainability Standards Board (GSSB), AA1000AS v3, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting assurance work and has sufficient understanding and capabilities of the implementation of AA1000AS v3. Meanwhile, the Assurance Engagement related to sustainability issues is carried out in line with CECEPAC (HK)' s internal assurance protocol.

II. ENN-NG' s Responsibilities

ENN-NG is responsible for the preparation and presentation of the *Self-Regulatory Guide for Listed Companies No. 14 - Sustainability Reporting* issued by Shanghai Stock Exchange, the Appendix C2 *Environmental, Social and Governance Reporting Guide* to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the *Sustainability Reporting Standards* issued by Global Reporting Initiative. ENN-NG is also responsible for implementing relevant internal control procedures to ensure that the contents of the ESG Report are precise and free from material misstatement, whether due to fraud or error.

III. Assurance Provider' s Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 to the Board of Directors of ENN-NG. This independent assurance statement applies solely to the ESG Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in the Assurance Engagement meet the professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. All results of assurance

are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

IV. Assurance Scope

- The scope of the Assurance Engagement is limited to the information and data in the ESG Report that relates to ENN-NG and its subsidiaries and does not include data or information provided by ENN-NG' s suppliers, contractors, and other third parties;
- Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of ENN-NG' s adherence to the four AA1000 Accountability Principles set out in the AA1000AP (2018);
- ENN-NG and CECEPAC (HK) reached an agreement to select specified performance information in the ESG Report as part of the content for Assurance Engagement. The selected specified performance information is as follows:
 - Scope 1 Greenhouse Gas Emission in 2023
 - Scope 2 Greenhouse Gas Emission in 2023
 - Coal Consumption in 2023
 - Diesel Consumption in 2023
 - Gasoline Consumption in 2023
 - Natural Gas Consumption in 2023
 - Percentage of Female Senior Manager in 2023
 - Number of Male Employees in 2023
 - Number of Female Employees in 2023
 - Work-related Accident Rate Per Million Working Hours in 2023
 - Number of Total Member Companies Obtained ISO45001 or ISO39001 Certification in 2023
 - Safety Training for Employees in Person-times in 2023
 - Employee Satisfaction in 2023

- The time scope of the Assurance Engagement was with respect to information disclosed from 1 January 2023 to 31 December 2023 and included in the ESG Report only. Any information that falls outside this period and disclosed in the ESG Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and
- The scope of the assurance is confined to the information and data provided by ENN-NG. Any queries regarding the content or related matters within this independent assurance statement should be addressed to ENN-NG only.

V. Methodology of the Assurance Engagement

CECEPAC (HK)' s Assurance Engagement was conducted with respect to ENN-NG and its subsidiaries only, and the assurance work included:

- Evaluating the channels, process and conclusions of ENN-NG' s stakeholder engagement process, the methodology for selecting issues of stakeholder concern and the rationality of the process for determining material issues;
- Conducting interviews with ENN-NG' s sustainability management and other personnel involved in the preparation and provision of the content and information in the ESG Report, to understand the strategies, policies and implementation of key sustainable development issues;
- Assessing whether the reporting and management approach disclosed in the ESG Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AP (2018);
- Examining the systems used to generate, record and report selected performance information and data, and conduct sampling and checking of selected performance

information for supporting evidence of data reliability and quality; and

- Performing other procedures, we deemed necessary.

The conclusions within the Assurance Engagement were based upon the assumption that the information provided by ENN-NG to CECEPAC (HK) was complete and accurate.

VI. Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the AA1000AP (2018), and the specified performance information, our findings and conclusions are detailed as follows:

Inclusivity

ENN-NG has identified key stakeholders. Regular communication with the key stakeholders is carried out in various way to understand their expectations and key concerns. On this basis, ENN-NG has formulated policies in consideration of key stakeholders' expectations and its impacts to key stakeholders. In our professional opinion, ENN-NG adheres to the Principle of Inclusivity.

Materiality

ENN-NG has understood key stakeholders' concerns and expectations through regular stakeholder communication mechanisms as the foundation for identifying the material sustainability issues. Meanwhile, ENN-NG has established materiality assessment procedures to collect opinions from key stakeholders and then

identify the material issues of the ESG Report. The procedures and results of materiality assessment have been disclosed in the ESG Report. In our professional opinion, ENN-NG adheres to the Principle of Materiality.

Responsiveness

ENN-NG has established regular stakeholder communication mechanisms to understand the concerns and expectations of key stakeholders, and follows relevant procedures when responding to concerns raised by key stakeholders. Meanwhile, ENN-NG has disclosed in the ESG Report its sustainable development philosophy, ESG management systems and key stakeholder engagement mechanism and has responded to material issues identified during the materiality assessment. In our professional opinion, ENN-NG adheres to the Principle of Responsiveness.

Impact

ENN-NG has allocated resources on understanding, measuring, evaluating and managing its impacts that lead to more effective decision-making and result-based management within the corporate and has disclosed these impacts as appropriate in the ESG Report. In our professional opinion, ENN-NG adheres to the Principle of Impact.

Specified Performance Information

Based on the procedures CECEPAC (HK) has performed and the evidence we have obtained, nothing has come to our attention that causes us to suspect the reliability and quality or the conformity with the preparation basis set out in the ESG Report of the thirteen selected specified performance information of the ESG Report.

VIII. Recommendations

We recommend that ENN-NG consider the below items in the future:

- Better integrate the results of stakeholder engagement into ENN-NG's sustainability management, strategy development and decision-making process; Promote the engagement of Board on the identification and evaluation of material issues in responds to the concerns from different stakeholders specifically;
- Enhance the regular tracking and management of ESG performance information and data in the process of generating, recording and reporting, to continuously improve ENN-NG's ESG performance;
- Establish qualitative and/or quantitative sustainability targets, action plans and progress tracking mechanisms to facilitate long-term planning of corporate sustainability efforts.



29 April, 2024
Hong Kong, China

Report on Progress of Following the UN Global Compact Principles

The UN Global Compact is a strategic policy initiative for cooperation between public sectors and businesses, designed to aid companies in aligning their operation and strategies with the ten widely accepted principles in the areas of human rights, labor, environment and anti-corruption. Demonstrating its strong commitment to actively implementing sustainable development strategies, ENN-NG became a signatory of the UN Global Compact in 2023, committing to uphold the ten principles of UN Global Compact. This report illustrates ENN-NG's progress in various aspects during the fiscal year 2023.

Global Compact	Ten Principles	Efforts made by the Company	Chapter Index
Human rights	● Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. ● Principle 2: Businesses should make sure that they are not engaged ("complicit") in human rights abuses	● We specify in policies concrete measures to prevent sexual harassment, protecting employees, particularly female employees, from unfair treatment and retaliation. ● We improve the due diligence process for labor complaints and follow internal management systems to investigate, obtain evidence for, track, and address violations of laws and regulations and report them to government agencies, ensuring effective supervision of the rights and interests of employees.	Joint Efforts for Talent Growth
Labor standard	● Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. ● Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour. ● Principle 5: Businesses should uphold the effective abolition of child labour. ● Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	● We respect the rights of employees to join or not join trade unions, seek representation and participate in the staff representative assembly, and sign a collective bargaining agreement with the employees; ● We persist in legal employment practices with a strict prohibition against human trafficking and employment of child labor, and put an end to any form of compulsory or forced labor; ● We uphold equal employment and prevent any discrimination based on gender, geographical location, ethnicity, religion, age, pregnancy, marital status, disability and political stance in the processes of employee hiring, promotion and termination.	Joint Efforts for Talent Growth
Environment	● Principle 7 : Businesses should support a precautionary approach to environmental challenges. ● Principle 8 : Businesses should undertake initiatives to promote greater environmental responsibility. ● Principle 9 : Businesses should encourage the development and diffusion of environmentally friendly technologies.	● We actively engage in environmental due diligence to gain a comprehensive and accurate understanding of the environmental risks and status of target companies in M&A; ● Prior to the commencement of all projects, environmental impact assessments are required, and construction should be conducted in accordance with the requirements outlined in the environmental impact assessment reports; ● We propel the protection of marine and terrestrial environments, and undertake environmental and biodiversity restoration and compensation based on the environmental impact assessment reports; ● We actively promote the implementation and application of projects involving natural gas blending with hydrogen, energy storage, photovoltaics and biomass energy.	Implementation of Environmental Management
Anti-corruption	● Principle 10 : Businesses should work against corruption in all its forms, including extortionand bribery.	● We commit to firmly prohibiting corruption and commercial bribery in formal systems and delineate the Company's requirements regarding anti-corruption . ● We sign the <i>Staff Code of Conduct with all employees and the Integrity Agreement</i> with external customers; ● We disseminate requirements for integrity and self-discipline to all employees through various channels and conduct regular anti-corruption training; ● We maintain ongoing supervision and regular audit for any violations involving corruption and bribery within our business operations.	Compliance with Business Ethics

GRI Indicator Index

Instructions for use	The information referenced in this GRI content index was reported by ENN-NG from 1 January 2023 to 31 December 2023 by reference to the GRI Standard.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Chapter
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About ENN-NG
2-2	Entities included in the organization's sustainability reporting	About this report
2-3	Reporting period, frequency and contact person	About this report
2-4	Restatements of information	About this report
Activities and workers		
2-6	Activities, value chain and other business relationships	Green Development of Industry Chain Sustainable Supply Chain Customer Safety and Services
2-7	Employees	Joint Efforts for Talent Growth
2-8	Workers who are not employees	Green Development of Industry Chain Sustainable Supply Chain
Governance		
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13	Delegation of responsibility for managing impacts	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance
2-15	Conflicts of interest	Corporate Governance
2-16	Communication of critical concerns	Corporate Governance
2-17	Collective knowledge of the highest governance body	Corporate Governance
2-18	Remuneration policies	Corporate Governance Joint Efforts for Talent Growth
2-19	Process to determine remuneration	Corporate Governance Joint Efforts for Talent Growth
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	ENN-NG's Sustainable Development Philosophy
2-23	Policy commitments	ENN-NG List of ESG Systems
2-24	Embedding policy commitments	Information Security and Privacy Protection Sustainable Supply Chain Customer Safety and Services
2-25	Processes to remediate negative impacts	Compliance with Business Ethics Customer Safety and Services
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance

GRI Standard	Disclosure	Chapter
2-27	Compliance with laws and regulations	Corporate Governance
		Strengthen Safety Management
		Occupational Health and Safety
		Implementation of
		Environmental Management
		Pollutant Discharge
		Management
2-28	Membership associations	Resource Management
		Optimization
		Joint Efforts for Talent Growth
Stakeholder engagement		
2-29	Stakeholders	Implementation of
Environmental Management		
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Corporate Governance
3-2	List of material topics	Corporate Governance
3-3	Management of material topics	Corporate Governance
Economic		
GRI 201: Economic Performance		
201-2	Financial implications and other risks and opportunities due to climate change	Response to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Joint Efforts for Talent Growth
GRI 205: Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Compliance with Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Compliance with Business Ethics
GRI 206: Unfair-competitive Behavior		
206-1	Legal actions for unfair-competitive behavior, anti-trust, and monopoly practices	Compliance with Business Ethics
Environment		
GRI 302: Energy		
302-1	Energy consumption within the organization	Resource Management
302-3	Energy intensity	Optimization
		Resource Management
302-4	Reduction of energy consumption	Optimization
		Green and Low-carbon Office
302-5	Reductions in energy requirements of products and services	Resource Management
		Optimization
		Green Development of Industry Chain
GRI 303: Water and Effluents		
303-4	Water discharge	Pollutant Discharge
303-5	Water consumption	Management
		Resource Management
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Optimization
Biodiversity Conservation		

GRI Standard	Disclosure	Chapter
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation
304-3	Habitats protected or restored	Biodiversity Conservation
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Response to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Response to Climate Change
305-3	Other indirect (Scope 3) GHG emissions	Response to Climate Change
305-4	GHG emissions intensity	Response to Climate Change
305-5	Reduction of GHG emissions	Response to Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Discharge Management
GRI 306: Waste		
306-1	Waste generation and significant waste-related impacts	Pollutant Discharge Management
306-2	Management of significant waste-related impacts	Pollutant Discharge Management
306-3	Waste generated	Pollutant Discharge Management
306-4	Waste diverted from disposal	Pollutant Discharge Management
306-5	Waste directed to disposal	Pollutant Discharge Management
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
Social		
GRI 401: Employment		
401-1	Rate of new employee hires and employee turnover	Joint Efforts for Talent Growth
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Joint Efforts for Talent Growth
401-3	Parental leave	Joint Efforts for Talent Growth
GRI 402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	Customer Safety and Services
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Strengthen Safety Management Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-3	Occupational health services	Occupational Health and Safety
403-4	Workers’ participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
403-5	Worker training on occupational health and safety	Occupational Health and Safety
403-6	Promotion of worker health	Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety
403-9	Work-related injuries	Occupational Health and Safety
403-10	Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	Joint Efforts for Talent Growth
404-2	Programs for upgrading employee skills and transition assistance programs	Joint Efforts for Talent Growth
404-3	Percentage of employees receiving regular performance and career development reviews	Joint Efforts for Talent Growth
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Corporate Governance Joint Efforts for Talent Growth

GRI Standard	Disclosure	Chapter
405-2	Ratio of basic salary and remuneration of women to men	Joint Efforts for Talent Growth
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Joint Efforts for Talent Growth
GRI 408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Joint Efforts for Talent Growth Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Joint Efforts for Talent Growth Sustainable Supply Chain
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Biodiversity Conservation Contributing to Community Development
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 415: Public Policy		
415-1	Political contributions	Compliance with Business Ethics
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Customer Safety and Services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Safety and Services
GRI 417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	Green Development of Industry Chain Customer Safety and Services
417-2	Incidents of non-compliance concerning product and service information and labeling	Green Development of Industry Chain Customer Safety and Services
417-3	Incidents of non-compliance concerning marketing communications	Customer Safety and Services
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection

ENN-NG's List of ESG Policies

Section	HKEX ESG Guides	Name of System
Ensure Stable Gas Supply to Construct Intelligent Safety Line of Defense	B2 Health and Safety	Administrative Measures for System of Responsibility in Safe Production
	B2 Health and Safety	Administrative Measures for Site Safety
	B2 Health and Safety	Administrative Measures for Safety Facilities
	B2 Health and Safety	Administrative Rules on Safety Risk Analysis and Commitment Announcement
	B6 Product Responsibility	Risk Management Measures
	B2 Health and Safety	Measures for Administration of Safety Education and Training Management
	B2 Health and Safety	Measures for Administration of Occupational Health
	B2 Health and Safety	Administrative Rules on HSE of Contractors
	B2 Health and Safety	Contractor Safety Agreement
	B2 Health and Safety	Abnormal Weather Control Operation Checklist
	B2 Health and Safety	Special Contingency Plan for Typhoon
	B6 Product Responsibility	Service System Handbook of ENN Energy
	B6 Product Responsibility	Administrative Measures for Customer Complaints of ENN Energy
	B6 Product Responsibility	Regulations on Data Management by Classification and Level of ENN Energy
	B6 Product Responsibility	Privacy Policy
Maintain Green Operation to Create an Intelligent and Low-carbon Pattern Together	A4 Climate Change	Climate Change Response Policy
	A3 Environment and Natural Resources	Administrative Measures for Environmental Protection
	A1 Emissions	Administrative Measures for Carbon Emissions
	A3 Environment and Natural Resources	Policy on Health, Safety and Environment (HSE)
	A3 Environment and Natural Resources	Biodiversity Conservation Policy
	A1 Emissions	Administrative Measures for Office Vehicles
	B6 Product Responsibility	Measures for Intellectual Property Management

Section	HKEX ESG Guides	Name of System
Work Together to Build a Diversified and Inclusive Society	/	Administrative Measures for “Five Obligatory Visits” and Subsidies for Poverty-stricken Employees
	B5 Supply Chain Management	Code of Conduct for Suppliers
	B5 Supply Chain Management	Supplier Admission and Administrative Measures
	B5 Supply Chain Management	Administrative Regulations on Materials Procurement
	B6 Product Responsibility	Code on Good Faith and Compliance
	B5 Supply Chain Management	Health, Safety, and Environment (HSE) Policy for Suppliers
	B5 Supply Chain Management	Annual Quality Inspection Rules
	B5 Supply Chain Management	Supplier Violation Management Rules
	B5 Supply Chain Management	Complaint Management Rules
	B8 Community Investment	Policy on Public Welfare and Charitable Activities
Building a trustworthy brand reputation on moral and compliant basis	B1 Employment	Articles of Association
	B1 Employment	Policy on the Diversity of Board Members
	/	Investor Relation Management Rules
	B5 Supply Chain Management	Procurement Policy
	B6 Product Responsibility	Compliance Management System
	/	Administrative Measures for Fixed Assets
	B6 Product Responsibility	Code on Good Faith and Compliance
	B7 Anti-corruption	Policy on Anti-fraud Prevention, Anti-corruption and Anti-bribery
	B3 Development and Training	Code of Conduct for Employees
	B6 Product Responsibility	Administrative Measures for Complaints
	B3 Development and Training	Measures for Penalties on Employee Violations of Regulations and Disciplines

Feedback on ENN-NG’s ESG Report



Dear readers,

Thank you for taking the time to read the Company’s 2023 ESG (Environmental, Social and Governance) Report. Your feedback on the report is highly valued. To enhance and improve the Company’s environmental, social, and governance efforts, please provide your comments and suggestions on this report and share them with us to allow for our ongoing improvement of the report.

1. Overall assessment of this report:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

2. The clarity, accuracy, and completeness of information and data disclosed in the report:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

3. The report’s comprehensiveness regarding environmental responsibility:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

4. The report’s comprehensiveness regarding social responsibility:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

5. The report’s comprehensiveness regarding governance responsibility:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

6. Design and layout of the report:

☐ Good ☐ Fairly good ☐ Average ☐ Poor

7. What do you think is the most needed improvement in this report?

- ☐ Building a trustworthy brand reputation on moral and compliant basis
- ☐ Ensure Stable Gas Supply to Construct Intelligent Safety Line of Defense
- ☐ Maintain Green Development to Create an Intelligent and Low-carbon Pattern Together
- ☐ To be Self-motivated and Altruistic for a Diverse and Harmonious Ecology

8. The information that you wish to know but has not been disclosed in this report includes:

9. Your opinions and suggestions on the Company’s ESG work and report preparation:



ENN
新奥

新奥天然气股份有限公司
ENN Natural Gas Co., Ltd.