ENN新奥

ENN Energy Holdings Limited

(Stock code:2688.HK)

2021

Environmental, Social and Governance Report

About This Report

This is the fifth Environmental, Social and Governance ("ESG") Report (hereinafter referred to as "this report") of ENN Energy Holdings Limited. This report discloses ENN Energy's contribution of its economic, social and environmental responsibilities to sustainable development and its responses to stakeholders' concerns of material issues. The Board of Directors has reviewed this report and is responsible for the authenticity and validity of the disclosed information.

Reporting Period

The content of this report covers 1 January to 31 December, 2021. The time period may be extended appropriately for some of its contents.

Scope of This Report

This report focuses on ENN Energy and its subsidiaries.

Data Source

All information and data herein are collected based on the Company's official documents, statistics and financial reports, as well as ESG information complied, summarised and reviewed by the Company. This report is published in Chinese and English, for any discrepancies between two versions, the Chinese version shall prevail. Unless otherwise specified, the currency unit is RMB.

Reporting Framework

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") under Appendix 27 of the Listing Rules of the Hong Kong Exchanges and Clearing Limited ("Stock Exchange"), and has also referred to GRI Standards by Global Sustainability Standard Board (GSSB).

Note on Company Name

For ease of presentation and reading, ENN Energy Holdings Limited is hereinafter referred to as "ENN Energy", "the Company" or "We" in this report.

Availability

This report is available for browse and download at official website of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.xinaogas.com/) and (http://ir.ennenergy.com/).

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Chairman's Speech

In 2021, ENN Energy adhered to the mission of "create a modern energy system, improve the quality of people's lives, and become a respectable, innovative and intelligent enterprise" regarding the complex market, firmly grasped the industrial initiative in the low-carbon era, and clarified the strategic positioning of "intelligent low-carbon solution service provider". The integrated energy business surged throughout the year while positive progress in digital intelligence had been made. In addition, the synergistic advantages of energy integration became increasingly prominent as the industrial whole-scenario ecological pattern initially took shape. ENN Energy's business development is in line with the national energy transition trend and market requirements. Along with its economic growth, ENN Energy continuously integrates sustainable development practices related to climate change and greenhouse gas emission reduction, health and safety, talent development, etc. It has consolidated the foundation of enterprise development with a continuously stable pace and contributed to a sustainable ecological civilisation.

China proactively promoted green and low-carbon development in 2021, and the energy industry initiated a market-oriented reformation. On the one hand, the less carbon-intensive fossil energy sources of the Company can better meet government and markets' needs. On the other hand, ENN Energy strategically develops energy delicacy management and tries to build a clean and efficient energy system for creating an innovative business model for the natural gas industry. The foundation of ENN Energy's innovative business model, including the integrated energy business and the digital technology, will provide the customers with comprehensive energy solutions which prioritise clean energy. As of December 31, 2021, the number of industrial and commercial users served by the Company has reached 202,459, the number of urban gas projects has reached 252, the gas supply has reached 25,269 million cubic meters, the number of comprehensive energy projects completed and put into operation has reached 150 including integrated energy projects increased by 31, and the total energy supply has reached 19,065 million kWh, increased by 58.3%. In addition, we have established 52 low-carbon parks low-carbon parks and 59 green factories green factories. The comprehensive energy solutions we provide can save customers 2.12 million tons of standard coal consumption, reduce 6.67 million tons of carbon dioxide, and help the low-carbon energy transformation of the value chain.

ENN Energy sorted out relevant works following further requirements of the national and regulatory agencies on climate change matters in 2021, climate change governance, climate change risk/opportunity identification and assessment, climate change risk/opportunity strategies, emission reduction targets and actions were incldued. In addition, we carried out in-depth practice such as forward-looking pilot financial impact analysis of extreme weather risks, formulating short- and mid-term carbon emission reduction targets covering the entire business scope and specific implementation paths. The release of the "Decarbonisation Action 2030- Journey to Net Zero" has shown our determination to reduce emissions to the society and our low-carbon value to users.

We are committed to building a safe energy system and building the ENN Energy safety brand. In 2021, we expanded the use of digital and intelligent operation technologies and products to empower safe operations of the industrial chain. We have taken multiple measures to ensure the stability of energy supply in the face of rising uncertainties such as external environmental policies. Moreover, we have identified potential safety risks, carried out in-depth special supervision and inspection of safety hazards. We also formulated non-zero safety goals and comprehensively contributed to safety governance, safe operation, occupational health, and contractor safety management. In 2021, the Company had no major safety production accidents.

We believe employees are the wealth of an enterprise. In 2021, we upgraded our talent management system to fully protect employees' legitimate rights and interests. We improved employee care and provided more training plans for employees, such as special training for high-potential talents, thus enabling a joint development of employees and the Company. With the strategy to build an industrial integration, we engaged different parties to jointly empower the industry with improving technologies and resources, therefore, achieving an industrial win-win situation and promoting the development of the society. In 2021, the Company's charity donation amounted to RMB 50.795 million.

ENN Energy's investment in sustainable development has been widely recognised by others. In 2021, we ranked 67 in the S&P Global Platts Top 250 Global Energy Company Rankings (up 29 spots from 2020); listed on the Forbes 2000 World's Largest Public Companies for three consecutive years and ranked 859 (up 137 spots from 2020); awarded as the "Honored Company" by The Institutional Investor for five consecutive years; awarded the "ESG Leading Enterprise Awards", the "Leading ESG Initiative Awards" and the "Theme Awards-ESG Investing" by The Chinese Edition of Bloomberg Businessweek; rewarded as the "Outstanding ESG Enterprise Award" by the Hong Kong Economic Times; won the "4th Global Business Leaders Forum" hosted by the "Economic Observer", and won the "2021 Outstanding Sustainable Practice Award " for the Hainan Yangpu Universal Energy Project.

ENN Energy is braving the wind and waves when facing new opportunities and responsibilities, and trying to seize opportunities and missions in the new era. With indomitable courage, innovative spirit, and unremitting vigor, the Company will join hands to create a new chapter in the intelligent development of energy business in the future.

Board Statement

ENN Energy is committed to improving and developing sustainable business practices, establishing ESG governance mechanism, striving to be harmoniously integrated with the environment and society, and creating long-term and stable environmental, social and corporate value. The Board of Directors attaches great importance to ENN Energy's sustainable development performance, and has established an ESG Committee to assist the Board of Directors in formulating ESG-related strategies and supervising the ESG works. An ESG working group which engages members from different functional departments is set up under the ESG Committee to ensure ESG issues are managed in daily work while ESG risks are identified and managed properly. ESG issues are managed in daily work while ESG risks are identified and managed properly. We regularly hold internal and external communications with stakeholders to identify and evaluate important ESG issues. The identification and evaluation results will be discussed and reviewed by the ESG Committee. Based on the macro environment and the Company's development strategy, the ESG Committee discusses and determines the Company's risks and opportunities in terms of environmental, social and corporate governance, and regards the management and improvement of key issues as an annual strategy for sustainable development.

In 2021, we refined the short- and mid-term emission reduction targets by business regarding the Company's net-zero 2050 goal and the long-term development strategy. For city gas business, we set a target of reducing greenhouse gas emission intensity (Scope I and II greenhouse gas emissions/gas sold) by 20% by 2030, comparing to the intensity in 2019. For integrated energy business, the target is to reduce the carbon emission intensity per unit of energy generated (Scope I and II greenhouse gas emissions/energy sold by energy generating facilities of IEB) by 48% from the energy generating facilities of integrated energy business by 2030, compared to the 2019 baseline. We attach great importance to health and safety issues and have formulated non-zero health and safety goals covering employees and contractors in 2021. We have developed a detailed decarbonisation plan and an action plan for the achievement of health and safety goals in accordance with goal setting. The board of directors is responsible for monitoring and reviewing process of these action paln, so as to continuously enhance the Company's sustainable development performance.

This report discloses in detail the progress and effectiveness of ENN Energy's ESG work in 2021. In addition, it was reviewed and approved by the ESG Committee and the Board of Directors on 17 March, 2022 and 18 March, 2022, respectively.

About ENN Energy

ENN Energy Holdings Limited (2688.HK), the flagship business of ENN Group, started its city gas distribution business since 1992 and has become one of the largest clean energy distributors. The principal business of the ENN Energy is the investment in, and the construction, operation and management of integrated energy projects, gas pipeline infrastructure, vehicle and ship refueling stations, the sales and distribution of multi-energy products, piped gas, LNG, and other low-carbon energy solutions. By undertaking clean energy technologies and digital intelligent management capabilities with consideration on needs of customers and development of energy value chain, the Company will realise low-carbon transformation while reducing carbon emission for customers and society to achieve the national carbon peak and carbon neutrality goals.

ENN Energy is a constituent of the Hang Seng Index, the Hang Seng China Enterprises Index, the Hang Seng Composite Large Cap Index, the Hang Seng ESG 50 Index, the Hang Seng Sustainable Enterprises Benchmark Index and the MSCI China Large Cap Index.

City gas projects
252

Gas service for
25.8 million
residential users

202,459
Industrial and commercial users

Covering a connectable population of more than
120 million people

Operating
150
integrated energy projects

42
Projects are under construction

Proportion of integrated energy projects utilising renewable energy
52.6%

Awards Received

S&P Global Platts

- Ranked 67 in the S&P Global Platts Top 250 Global Energy Company Rankings (up 29 spots from 2020)
- 2020 Global Energy Awards, Award of Excellence: Downstream

S&P GLOBAL PLATTS
GLOBAL ENERGY AWARDS
2020 WINNER

The Asset

- The Best Green Bond (Renewable Energy/Transition Energy) of the 2020 Triple A Sustainable Capital Markets Regional Awards
- The 2014 Greater China Energy Industry Environmental Protection Enterprise Award

Forbes 2000 World's Largest Public Companies

- Listed on the Forbes 2000 World's Largest Public Companies for three consecutive years and ranked 859 (up 137 spots from 2020)

The Chinese Edition of Bloomberg Businessweek

- Awarded the "ESG Leading Enterprise Awards", the "Leading ESG Initiative Awards" and the "Theme Awards-ESG Investing"

The 4th China Energy Development and Innovation Forum

- "The 2018 China Energy Innovation Breakthrough Award
- The 2018 Excellent Clean Energy Integrated Service Provider

International LACP

- The 2015 Annual Report Vision Award and the Energy-Oil & Gas and Fuel Silver Award

The 4th Global Business Leaders Forum hosted by The Economic Observer

- The Hainan Yangpu Projects was awarded the "2021 Outstanding Sustainable Practice Award"

Institutional Investor

- Rewarded as the "Most Honored Company" for five consecutive years
- Rewarded as the Best ESG/SRI Indicator Synthesis in 2019 (Ranked 2nd)
- Reward as the Best Corporate Governance for two consecutive years (Ranked 2nd)

The Yazhou Zhoukan

- The 2014 and the 2015 Environmental Protection New Energy Enterprise Award

The Takungpao

- The 2013 China Securities Bauhinia Award-the Most Social Responsible Listed Company

ESG Strategy

ENN Energy has always adhered to the core value of sustainable development and integrated ESG strategy into daily operation. We pay close attention to stakeholders' demands and have introduced diversified stakeholder communication channels. Through the communication we could identify sustainable development issues closely related to ENN Energy, and report these issues to the Board of Directors for ESG strategy making. We are dedicated to contributing to the UN Sustainable Development Goals and promoting sustainable development.

Stakeholder	Expectation	Communications	Responses
Shareholder/ Investor/ Sell-side Analyst/ Rating Agency	• Excellent business performance • Susatinable and stable growth • Clear strategy • Efficient corporate governance • Timely disclosure of inforamtion	• Shareholders' meetings • Daily communications (including emails, phone calls and one-on-one meetings) • Announcements and circulars • Interim and annual reports • Company website • Roadshows • Social media	• Regular business information disclosre • Maintainance of stable profitablity • Corporate governance improvement
Government/ Regulator	• Safe operation • Lawful opertaion • Industrial and regional economic development • Contributions to people livelihood • Contributions to air pollution control • Efficient use of energy	• Daily communication • Information reporting • Routine check • Special reports • Cooperations with government and enterprises • Participation in policy-making process	• Improvement in safety level • Improvement in risk management • Compliance with relevant laws and regulations • Business operation in line with the needs of industrial and regional development • Active promotion of clean, low-carbon, safe and efficient energy supply model • Active promotion of "coal-to-gas" and "oil-to-gas"
Employee	• Equal employment opportunities • Unimpeded professional career development • Safe and healthy working environment • Thorough education and training opportunities	• Mobile application – iCome • Staff meeting • The "Employee Home" Platform • ENN University • Various internal and external training • Employee complaints and feedback	• Diversified recruitment • Team-building activities • Care for employee health • "Self-driven and Sharing" culture • Online and offline training opportunities
Customer	• Safe and stable gas supply • Effective and efficient service	• National client service hotline: 95158 • Service quality supervision hotline: 400-86-95158 • Community service stations and business centre • Online business centre • Mobile access to customer service	• Safety checks • Timely and effective response to client demands • Commitment to providing good customer service • Customer satisfaction survey
Supplier and Contractor	• Transparent procurement • Localised procurement	• Suppliers' meetings • Strategic cooperation • Regular interviews • Bidding	• Public contract bidding • Establishment of a supply chain management system • Continuous improvement of policies • Improvement in management efficiency

Stakeholder Engagement

In 2021, we communicated with stakeholders through interviews, social media, official accounts, emails, questionnaire, etc. to better meet their needs and realise a win-win situation.

Stakeholder	Expectation	Communications	Responses
 Business Partner	• Industry regulatory policy and circumstances • Intellectual right protection • Long-term cooperation	• Industry associations • Industry forum and meeting	• Respect intellectual property rights of others • Protect the own intellectual property rights • Participate in industry exchange conferences • Join industry accociations
 Environment	• Clean energy supply • Reduction of greenhouse emissions • Resource recycling • Protection of natural resources and ecology	• Participation in environmental initiatives and actions • Environmental data disclosure • Periodical release of ESG reports • Cooperation with the government for air pollution control	• Participation in international environmental protection initiatives • Formulation of operation and environmental protection plans • Enhancement of the management of energy conservation and emission reduction • Increase of resource efficiency • Promotion of green and clean energy • Promotion of actions in green office • Continuous environmental monitoring • Active participation in environmental protection
 Community	• Safe operations • Contributions to community development • Charity activities	• Popular science education • Community publicity events • Voluntary work • Charitable activities	• Carry out charitable donations • Contributions to charity • Contributions to construction of harmonious community • Poverty alleviation and care for those in need • Voluntary community services • Care for the next generation
 Media	• Transparent disclosure • Easy access to management • Maintenance of good relationships	• Press conferences • Media site visits • Management interviews	• Regular press conferences • Press releases • Business update on company website • Response to media enquiry • Communicate with media
 Commonweal Organisation/NGO	• Build a harmonious society • Support public welfare undertakings	• Public welfare activities • Charity activities	• Participate in public welfare and environmental protection activities • Devote yourself to public welfare undertakings • Charitable donations

Materiality Assessment

ENN Energy regularly assesses material ESG issues. In 2021, we conducted a comprehensive and profound stakeholder engagement based on the four steps of the "Issues Identification – Stakeholder Engagement – Matrix Development – Matrix Confirmation" procedures.

Materiality Issues Identification Process

Issues Identification

- The Company identified issues highly related to ENN Energy in accordance with the ESG Reporting Guide, regional and international reporting standards, peer benchmarking, media monitoring, mainstream ESG rating, industry sustainability trends, etc.
- In 2021, in order to strengthen the responsibility management of supply chain, we modified the topic of "Supplier Management" into "Supply chain Management" to expand the scope of responsibility

Stakeholder Engagement

- **Questionnaire:** Questionnaires were distributed to internal and external stakeholders through e-mail, WeChat official account, etc. to collect their suggestions on our ESG management. 1,807 valid questionnaires were received in 2021
- **ESG meeting:** We organised ESG meeting with stakeholders and discussed specific ESG issues with them. In 2021, we engaged investors and sustainability experts in 6 ESG meetings and discussed ESG issues including "Clean Energy Development", "Carbon Price", "Supply Chain Management" and "Health and Safety of Employee and Contractor"

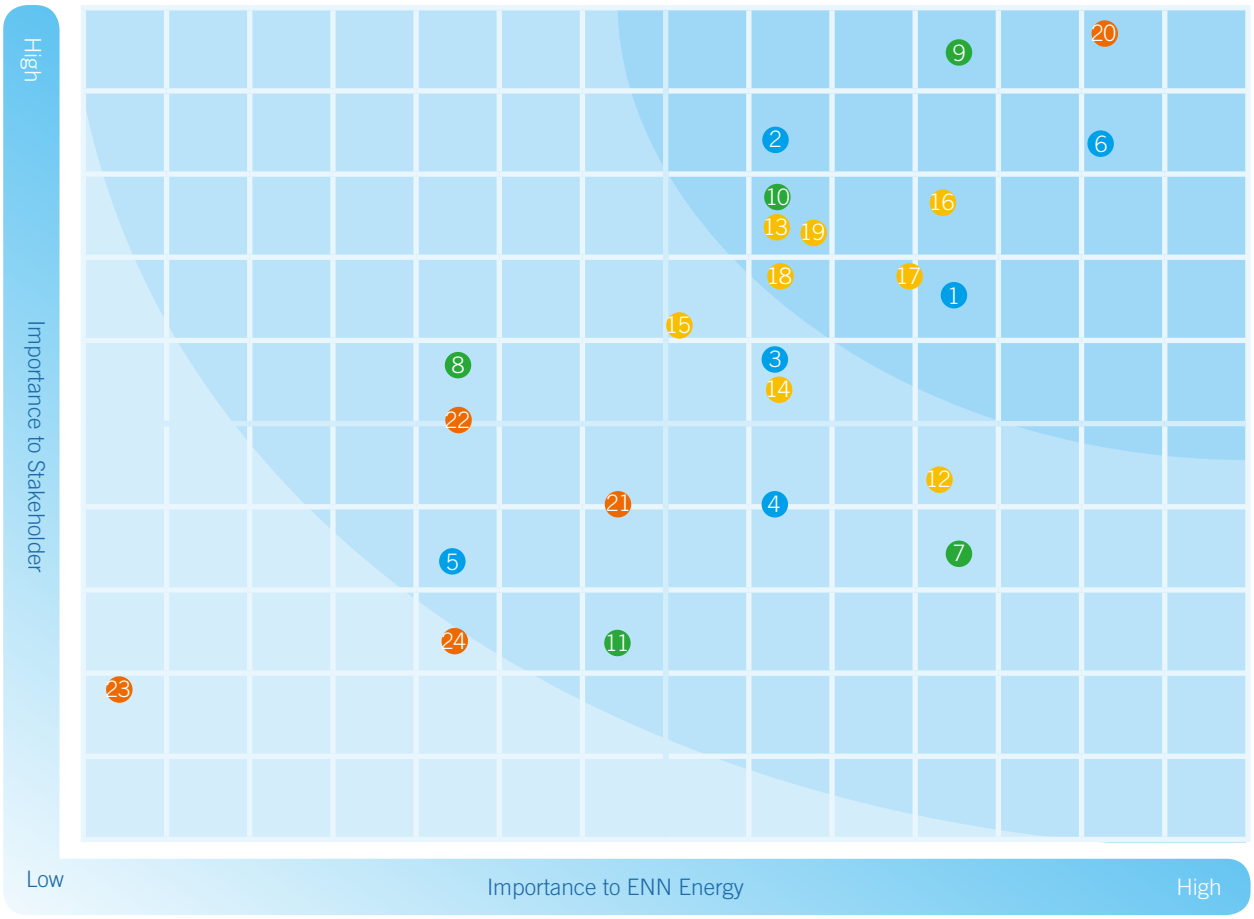
Matrix Development

- Preliminarily drew materiality matrix based on engagement results
- The Management and the ESG working group adjusted the materiality matrix incorporating industrial trends, peer benchmarking, and capital market focus

Matrix Confirmation

- The ESG committee reviewed and confirmed the modified materiality and shaped the final matrix

Materiality Assessment Results



Economic	Corresponding Report Page Number	Environmental	Corresponding Report Page Number	Employee/Customer related	Corresponding Report Page Number	Social	Corresponding Report Page Number
1 Earnings and Performance	P06, P14-15	7 Emissions of Pollutants	P50-55	12 Equal Employment Opportunities	P61, 62	20 Safe and Stable Gas Supply	P30-34
2 Product and Technological Innovation	P25-38, P76-81	8 Waste Recycling	P53-55	13 Protection of Employee Rights	P61-63, P70-71	21 Intellectual Property Protection	P82
3 Anti-corruption	P22-23	9 Preservation of Resources and Energy	P45-49, P51, P56-57	14 Training and Development	P65-69	22 Protection of Rights of Indigenous Peoples at Places of Operation	P59
4 Supply Chain Management	P15, P73-76	10 Climate Change	P43-52	15 Avoidance of Forced Labour and Child Labour	P61		
5 Anti-competitive Practices	P20-23	11 Biodiversity Protection	P58-59	16 Occupational Health and Safety	P35-36	23 Charitable Activities for Communities	P83-86
6 Corporate Governance and Compliance	P16-23			17 Customer Services	P77-80	24 Community Relations	P83-86
				18 Protection of Customer Data	P80		
				19 Customer Health and Safety	P37-41		

Results of the materiality matrix indicates that the three most important issues for ENN Energy are *Safe and Stable Gas Supply, Corporate governance and compliance and Earnings and Performance* and *Preservation of Resources and Energy,* which encourage us to undertake active actions in these fields.

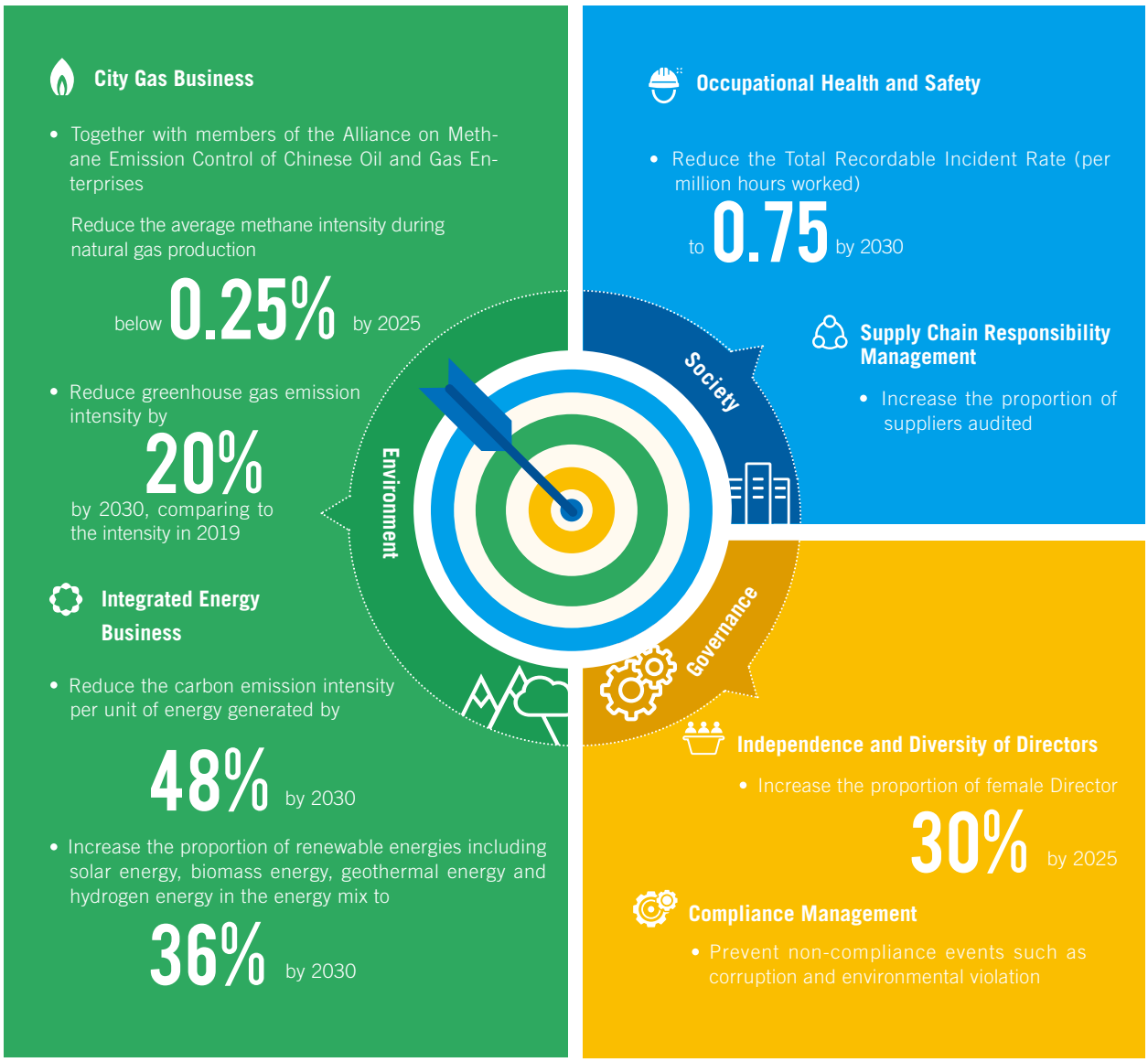
Practices on 2030 Sustainbale Development Goals (SDGs)

ENN Energy supports the "2030 UN Sustainable Development Goals (SDGs)" developed by the United Nations Sustainable Development Summit in 2015. It has identified employees specific sustainable development goals significantly related to its business, environment, employees, products and services. With dedication to become a pioneer low-carbon energy solution provider, ENN Energy is constantly providing better, safer and healthier products and services, thus progressing a sustainable development of society and nature.

Target and Performance

Sustainable Development Goals

ENN Energy has developed sustainability targets, and regularly monitors and reviews the status of goals achievement. The target drives the Company to further integrated improvement plans into annual planning to make sure the final execution.



Sustainable Development Goals

Performance Indicators

Social

Social Health and Safety

- Set the target of "work-related accident rate per million working hours" to be reduced to

0.75 by 2030

- Cases of occupational disease

0

- New member companies have obtained ISO45001 certification for occupational health and safety management

23

- Invested in safe operation

RMB **1,480** million

Recruitment

- Employee satisfaction

4.32/5

Supply Chain Management

- Key tier 1 supplier review coverage rate

100%

- Over **90%** of approved suppliers have passed environmental management system qualifications

Products and Customer Service

- R&D investment

RMB **653.65** million

- Customer satisfaction rate

92.1%

- The penetration rate of IoT meters for industrial and commercial users increased to

48.5%

- Cases of customer privacy violations

0

Social welfare

- Donation for charity and public welfare projects

RMB **50.795** million

- Participation

14,720 people

- Invested

328,134 hours

Environment

Greenhouse Gases

- Develop a carbon neutrality target for our own operations by **2050**
- Carbon emission intensity reduced by

17.3% (base year: 2019)

Helping clients and the society reduce emissions by

49.07 million tons

Environmental Management

- More member companies have obtained ISO14001 environmental management system certification

+23

- Significant environmental pollution incidents and violations

0

Combat Climate Change

- Launched the TCFD climate risk financial quantification pilot work

Governance

Anti-Corruption

- The total number of anti-corruption trainings received by management and key positions and ordinary employees

2,610

- The number of concluded corruption lawsuits

0

- Number of valid major complaints investigated

0

Rating Performance

In 2021, the Group actively communicated with ESG rating agencies and continued to respond to key ESG indices and questionnaires. The increasing level of ESG governance, as well as more detailed and transparent disclosures, have contributed to the Group's ESG score increasing year by year.

MSCI ESG Rating	**A**

MSCI ESG Ratings upgraded from BBB to A, the highest rating within the industry in the Greater China region.

CDP	**B**
DJSI	**55**
Sustainalytics	**32.7**
Hang Seng Corporate Sustainability Index	**A**

Included in the Hang Seng ESG 50 Index and the Hang Seng Corporate Sustainability Benchmark Index

01

Good Governance

A sound ESG governance system is fundamental to safeguarding the ESG governance of companies. ENN Energy strongly commits to the philosophy of sustainable development in its business operations and has continued to build and improve the ESG governance system. ENN Energy incorporats ESG factors into its decision-making processes and daily operations as parts of the efforts to maximise internal effectiveness, protect shareholder interests and continuously improve its sustainability.

Material ESG issues reported in the chapter

Earning and Performance
Anti-Competitive Practices
Anti-corruption
Corporate Gonvernance and Compliance

SDGs responded to in the chapter

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

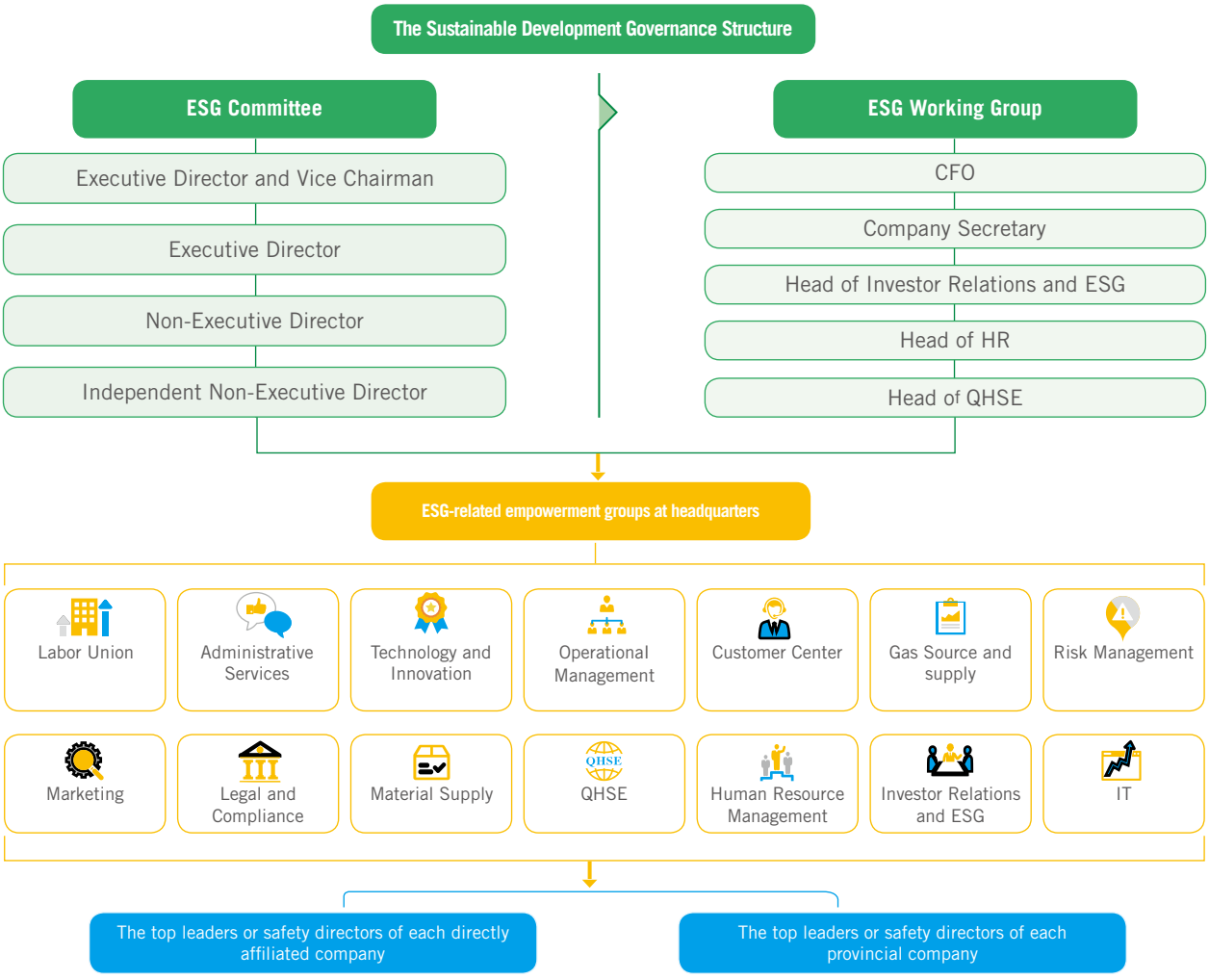
The HKEX ESG indicators reported in the chapter

Governance Structure
B7 Anti-corruption

ESG Governance and Management

To provide a clearer framework to implement sustainable development professionally, ENN Energy has established an ESG management system comprising of different stakeholders to optimise its ESG governance and management capabilities and integrate quantitative ESG management into its corporate governance and daily management. It comprises of the Board, the ESG Committee, the ESG Working Group and relevant ESG departments at the headquarters level. It has significantly streamlined and improved the internal ESG management mechanism, workflow and information disclosure procedures, making ESG measurement an essential element in the Company's daily operations and governance.

Since 2021, the ESG Committee has taken up a new responsibility to overlook the climate change response strategies at ENN Energy. This includes identifying the impact of climate change on operations of ENN Energy, assessing risks and opportunities brought on by climate change, the formulation of climate change response strategies, setting greenhouse emission reduction targets and the implementation of these targets. Additionally, we updated the ENN Energy Measures for Penalty of Employees' Violation of Regulations and Disciplines, through which definition of violation of regulations and disciplines for employees including directors and senior manager are clarified. The policy also stipulates that behaviors of employees who impacts the Company's works related to environment, health and safety, supply chain, finance, legal compliance, and other sustainable development issues will lead to violations of discipline, thus imposing administrative sanctions and economic penalties on these employees. We also have regulation to fully protect the rights and interests of shareholders in accordance with law, and respect rights and interests of substantial and minority shareholders.There was no harms on the rights and interests of substantial and minority shareholders in 2021.



ESG Committee

- Formulate and review ESG-related polices and code of conduct
- Monitor the Company's compliance and oversee ESG training at management level
- Regularly report the progress of ESG work to the Board of Directors

ESG Working Group

- Organise and coordinate departments and branches to carry out sustainbale development practices
- Facilitate ESG initiatives
- Improve the ESG metrics management system and the ESG risk management process

ESG-related Departments

- Cooperate with other departments to provide ESG information

The ESG Committee meets at least once a year.

ENN Energy held

2

ESG Committee meetings in 2021

The ESG Committee was debriefed by the ESG Working Group and reviewed the annual ESG priorities

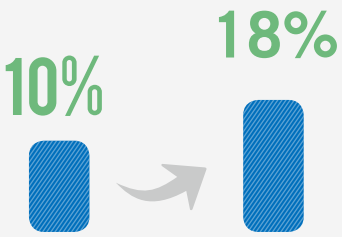
This report was discussed and approved by the Board prior to its publication. For more information about ENN Energy's corporate governance and directors' industry experience, please refer to the Corporate Governance section of the Company's 2021 Annual Report.

Board Diversity and Independence

ENN Energy strictly abides by Hong Kong's local regulations, builds and improves the corporate governance structure and internal control system, ensures the steady operation of the Company, and strongly protects the interests of shareholders and stakeholders. We actively promote and implement the Policy on the Diversity of Board Members. In selecting and appointing a board director, the Nomination Committee considers the Company's business model, specific needs and various diversity factors, including but not limited to gender, cultural and educational background, race, professional experience, service tenure, knowledge of the Company as well as a wide range of personal characteristics, interests and values, to consolidate an appropriate balance maintained between skills, experiences and diversity of perspectives.

The Board believes its membership has considered the diversity, experience and skills of directors. In 2021, we introduced a new female director, who is also the first female President of the Company, leading to an increase in percentage of female directors from 10% to 18%. This improves the decision-making ability of the Board of Directors with greater comprehensiveness and perspective. A target to increase the percentage of female directors to 30% by 2025 or earlier has also been set by the Board of Directors.

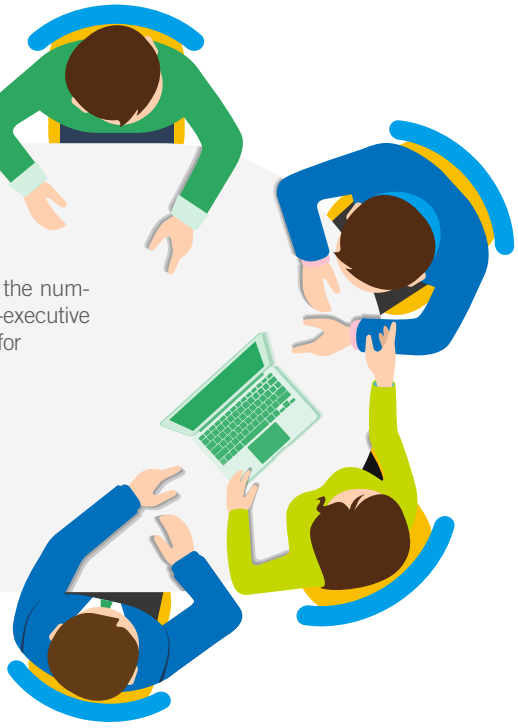
Percentage of female directors in 2021



By 31 December, 2021, the number of independent non-executive directors has accounted for

36%

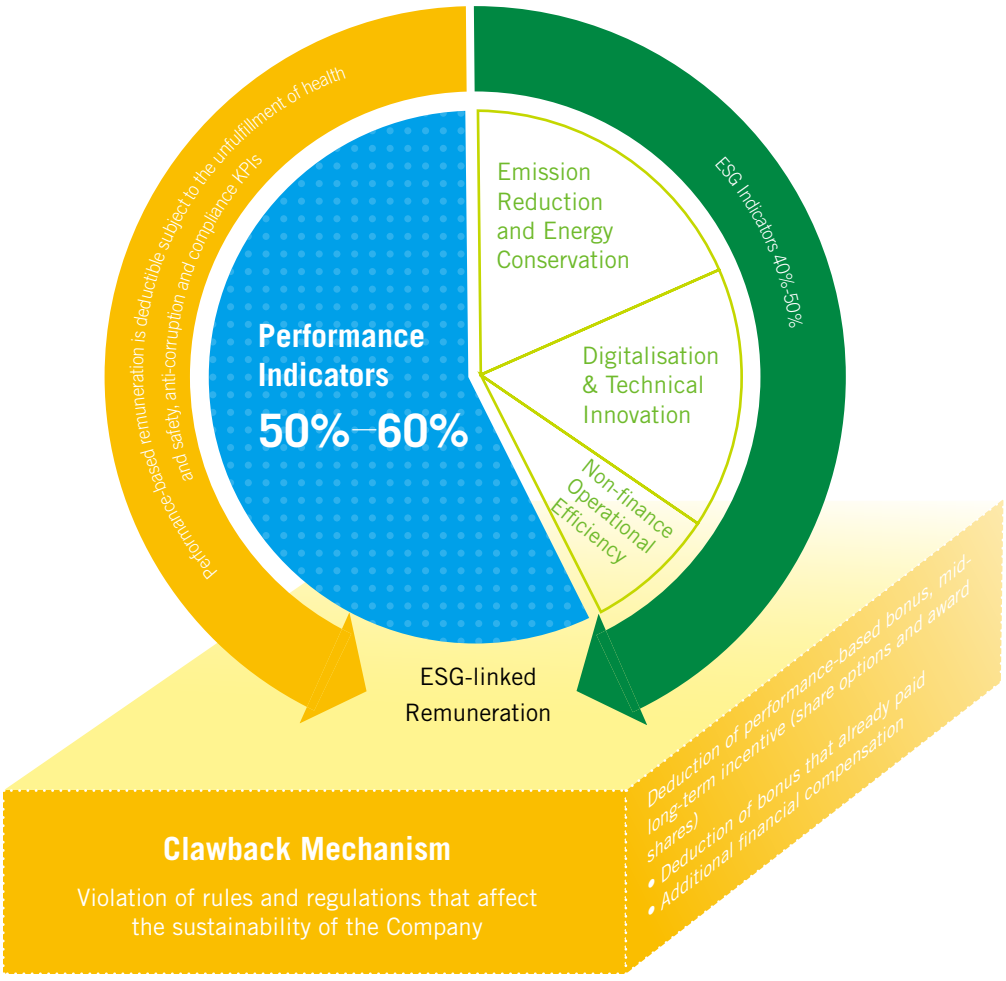
of the Board of Directors



Meanwhile, the Nomination Committee assesses the independence of independent non-executive directors. By 31 December, 2021, the number of independent non-executive directors has accounted for 36% of Board of Directors. The Board of Directors will discuss and increase the proportion of independent directors in line with the Company's needs, thereby bringing sufficient independence to the Board.

ESG-linked Compensation

The Company has linked Directors and senior managers' compensation to ESG indicators, including carbon neutrality, energy conservation and emission reduction, digital intelligence and technological innovation and non-financial operational efficiency, etc., and has included ESG indicators as a critical part affecting the results of the annual value creation evaluation for senior managers. In 2021, the Company further incorporated ESG performance appraisal and incentive plans for provincial and member companies. The value creating assessments for these companies considered carbon emission management, biodiversity conservation, environment and health and safety, renewable energy application, customer satisfaction, anti-corruption and compliance operations, climate risk management, etc. into their evaluation of the annual value creation. These indicators have been evaluated to create an incentive system linked to sustainable development performance, thus ensuring an effective execution of critical ESG targets and action.



The Company established a remuneration and bonus clawback mechanism and a long-term equity incentive mechanism. It also reviewed and evaluated the performances of board members and senior managers annually or in case of significant changes and set a maximum four years vesting period of changeable CEO remuneration. These actions are taken to cultivate compliance awareness and performance ability of board members and senior managers regarding a stable development of the Company.

Risk Control

The Board of Directors at ENN Energy is responsible for supervising the formulation of appropriate policies as well as to devise strategies to undergo regular review of the Company's risk management and internal control system. The strategies and policies aim to assess and determine the nature and extent of risks in line with ENN Energy's strategic objectives and risk tolerance, to prevent major misstatements or losses.

In 2021, the Company identified six major types of risks, including macroeconomic risks, industry policy risks, compliance risks, safety risks, ESG risks, and media risks. In addition, we use the digital and intelligent tool "risk map" to improve risk identification, assessment and management capabilities, clarify risk management responsibilities, and realise the systematisation, visualisation and normalisation of the whole process of risk management of "early warning, presentation, tracking and rectification".

Business Ethics

ENN Energy is committed to maintaining the highest standards of business ethics. It has established stringent internal guidelines and codes of conduct as well as monitoring and handling procedures ensuring they are in strict compliance with relevant national laws and regulations. This is to strengthen its compliance management and enhance business ethics.

Laws and Regulations	Internal Policies
• Supervision Law of the People's Republic of China • Company Law of the People's Republic of China • Anti-Monopoly Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • The Interim Provisions of the State Administration for Industry and Commerce for the Prohibition of Commercial Bribery, etc.	• Guidelines for Anti-Corruption and Anti-Commercial Bribery • Anti-Fraud, Corruption and Bribery Policy • Measures for the Penalty of Employees' Violation of Rules and Discipline • Employee Code of Conduct • Whistleblowing and Whistleblower Protection Policy • Measures for the Administration of Tendering • Measures for the Administration of Procurement • Business Integrity and Compliance Code of Conduct

In accordance with the Policy on Whistleblowing and Whistleblower Protection of ENN Energy, the Company gives priority to complaints lodged by real-name whistleblowers/contactable but anonymous whistleblowers. It strictly protects valid whistleblowers/complainants and will not disclose or divulge information of whistleblowing/complaints or personal information of whistleblowers/complainants. It will investigate and punish any acts of retaliation against whistleblowers/complainants and refers those who constitute crimes to judicial institutions for treatment according to the law.

We strictly require our employees to be honest and self-disciplined. We prohibit employees from accepting any commissions, donations and sponsorship related to the Company's business activities. Employees are not allowed to make payments to expedite or ensure routine government practices, make political donations or sponsorship to organisations that support illegal activities, violate international conventions, support terrorist activities or discriminate based on religion or gender. The Company has had no political lobbying-related expenditures in the past five years. In addition, the Company provides integrity and compliance trainings to all employees and all employees have signed the ENN Energy Commitment to Integrity and Compliance Commitment. ENN Energy also absolutely opposes any form of fraud, corruption and other unethical behaviors.

We have improved our supervision and prevention mechanism to ensure honest and legal operation. We regularly conduct anti-corruption and business ethics audits every year. In 2021, ENN Energy conducted special audits of economy, engineering and procurement on 59 enterprises and branches throughout the year to build a transparent, open, honest and fair corporate image. In addition, we have set up a telephone hotline, an email address on ENN Energy's official website and the iCOME platform to encourage employees to uncover and report violations.

Complaint Channels

Hotline: 0316-6081111;

Email: jvbao@enn.cn

ENN Energy has vigorously fostered and upheld the ethics and integrity culture as well as strengthened anti-corruption education in our daily operations to increase awareness of integrity and compliance for all employees. In 2021, we held several mandatory trainings on integrity and compliance for directors, managers and professionals.

Indicators	Unit	2021	2020
Number of effective and significant complaints investigated	Cases	0	0
Number of concluded legal cases regarding corruption practices	Cases	0	0
Number of senior management received anti-corruption training	Persons	565	843
Number of employees in key positions received anti-corruption training	Persons	1,130	623
Total number of employees receiving anti-corruption training	Persons	2,610	1,766

No

significant corruption complaints in 2021

Conducting training on the Code of Integrity and Compliance

In September 2021, ENN Energy conducted online training on the Code of Integrity and Compliance for all employees and face-to-face training for more than 160 new graduates. The training was divided into four parts, including the importance of compliance, the current status quo of ENN Energy's compliance, the construction of the compliance system and the interpretation of the Code of Integrity and Compliance to improve employee's awareness of compliance.

Training Courseware on the Code of Integrity and Compliance

02

Intrinsic Safety

ENN Energy adheres to its safety motto "Risks must be visible, Major risks identified and Well managed" and "Safety Must Become ENN's Brand", promoting the digital and intelligent transformation of safety management in the energy industry, improving its risk control capabilities and ensuring the stability of gas supply as well as the intrinsic safety of operations. The Company has implemented the safety production management system in all aspects to consolidate safety production, cultivate a sound safety culture and protect the safety of employees and suppliers, ensuring its recognition as a safe and reliable brand.

We have established a safety management system with the ENN Energy Safety Production Committee ("Safety Committee") as the highest safety management agency. The Safety Committee holds regular meetings to coordinate and solve safety issues, which strengthens the foundation of safety management and improves the safety management system in daily work.

Material ESG issues reported in the chapter

Product and Technological Innovation
Occupational Health and Safety
Customer Health and Safety
Safe and Stable Gas Supply

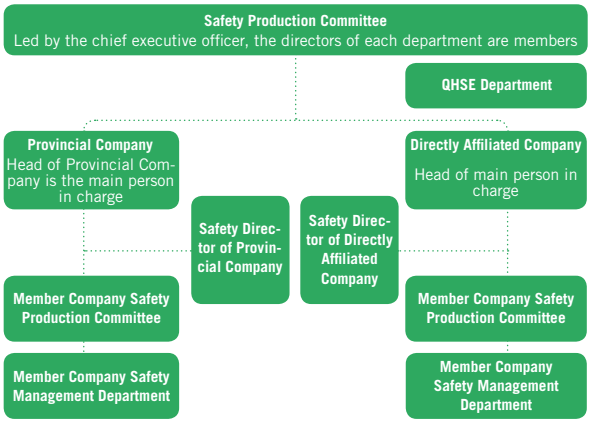
SDGs responded to in the chapter

The HKSE ESG indicators reported in the chapter

B2 Health and Safety
B6 Product Responsibility

Safety Management Target

Reduce the total recordable incident rate (per million hours worked)	Investment in safe operation	Fatalities due to safety incidents	Number of customer seriously injured
0.75 by 2030	1.48 billion	0	0



The Safety Management Organisation

Safety Production Committee (Safety Committee)——Coordinate the corporate safety issues

The Quality, Health, Safety and Environment (QHSE) Department——The highest executive department which is responsible for clarifying the safety responsibilities of managers at all levels

Safety committees of provincial and member companies——Being led by the Company's directors and conveners of departments, the committees are responsible for local safety management

Safety Construction

Development of safety systems

ENN Energy is committed to building a comprehensive safety system. Starting with the safety accountability system, digitisation of safety standards, pipeline integrity system and emergency management protocols etc. we are strengthening the safety system continuously to regulate the application of safety management measures for all operation scenarios.

Safety accountability system

Formulate documents for the accountability system to confirm the safety responsibilities of top managers at all levels of the Company and specify the safety duty of managers and employees

Safety digitisation system

Build an intelligent safety operation system with "multiple business scenarios directed by an intelligent operation center" to monitor, warn and control the safety of business through digital intelligence technology

Pipeline integrity system

Improve the pipeline integrity system to standardise pipeline planning and design, construction and operation standards as well as strengthen the control of high-risk operations

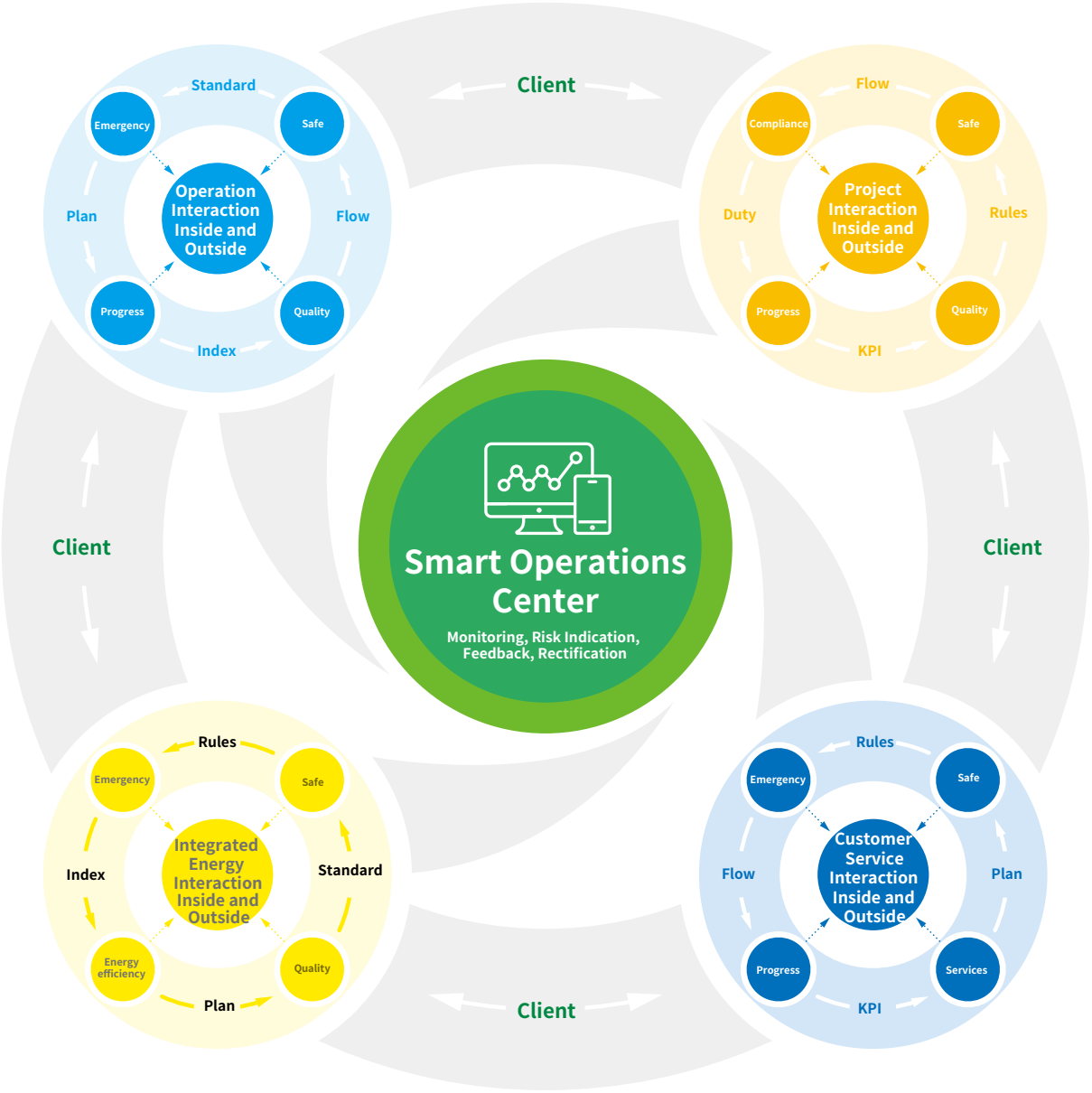
Emergency management standards

Promote the implementation of documents on emergency management standards requiring member companies to prepare emergency response plans for gas leakage, fires and explosions, natural disasters and other events according to standard documents

Development of digitisation capability

Based on the pain points of safety management, ENN Energy has carried out work including site control deployment, online business, video access and network transformation with the help of IoT and AI technologies, aiming to comprehensively build "intelligent operation center as the brain, multi-service scenarios as the ends", to create a "Risks must be visible, Major risks identified and Well managed" digital-intelligence management system in all scenarios for the ENN safety brand. The Company specially sets up a special working group for digital intelligence to coordinate and guarantee key resources and ensure the implementation of safe digital and intelligent construction.

In 2021, the Company started the upgrade of intelligent operation centers in various places, analysed and evaluated production, process data through presetting rules, warning of dangers, and tracking and improving deviations, so as to realise multi-dimensional collaborative interaction between intelligent operation centers and business and user terminals. Besides, we have also strengthened the iterative upgrade of the Safety-Enabled Risk Indication System version 2.0 which integrates safety inspection, risk indication by data, hidden hazard rectification tracking, safety data analysis and other functions realising the closed loop and the traceability of the risk management process thereby enhancing refinement management.



Build a secure digital-intelligence management system that combines "end-brain"

Pilot Construction of ENN Qingdao Intelligent Operation Center

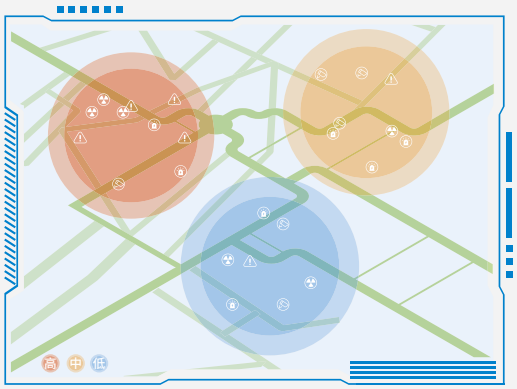
In 2021, the Company took the ENN Qingdao Intelligent Operation Center as a pilot to carry out the full-scenario security digital and intelligent management system. According to the safety alarm alerts of engineering, pipeline network, factory station, customer service and other business scenarios, ENN Energy formulates risk indication rules and indicators, and use digital intelligence technology to integrate and connect various business subsystems to realise the integration of online and offline rules. We build the core capability of closed-loop management of "Security-Scheduling-Digital Intelligence" in the intelligent operation center, and continue to improve according to the security, service and quality requirements of the business and client.

Digital and intelligent operation platform of intelligent operation center

Intelligent operation center full-scenario management capabilities

Safe production supervisor	Conduct real-time monitoring, early warning and supervision of business scenarios involving safety quality through the use of digital intelligence technology
Production and operation scheduler	Monitor, make risk indication for, rectify and optimise all scenarios, processes and collaborative efficiency related to production and operation
Resource allocation coordinator	Optimise, plan, coordinate and allocate gas, heat, electricity and other resources and pipeline networks according to customers' energy demand and resource matching rules
Emergency response conductor	Be responsible for receiving and judging the level of the dangerous situation, implement the plan and dispatch resources throughout the process in accordance with an emergency response plan
Digitisation integration driver	Promote the application of business-related digitisation products within the Company, continuously iterate product functions based on business demands and develop risk indication and application by business data
Service-customer interactor	Based on customers' demands, build an interactive system for customers, governments and ecosystems and iterate the production and operation model of companies

To ensure that the digital intelligence platform can realise the interactive effect of all business scenarios and a convenient user experience, the Company's digital intelligence team continues to try and develop technical solutions. We build a general micro-service framework and apply a distributed deployment method, to achieve a more convenient user experience for the back-end setting of the product and a more convenient user experience for the front-end application.



Map integration	Integrate engineering, operation, city gates and customer maps to achieve an overview of "people, vehicles, equipment, stations and network" and support multi-scenario applications
Video integration	Integrate the shooting videos of the ball head, tripod head and other equipment to unify interface and focus on the status of the scene in real time
Single login + customised workbench	The out-of-the-box feature was available for a small number of internal users and the customised workbench can also meet different business needs
Four-systems inter-connection	Directly connect to four systems, namely "e-City and e-Home", "Digital Engineering", "Basic Operation" and "City-gate Guard", to integrate data on a unified platform

Four core technical solutions of intelligent operation center

Development of safety capability

In addition to implementing institutional and technical safety management requirements, we also focus on strengthening employees' safety education and training, including enhancing chiefs' safety management capabilities and employees' safety awareness and operation capabilities.

Safety Responsibility and Management Team

- Organise online safety leadership training and develop offline safety training products
- Sort and teach safety knowledges related to 6 scenarios including engineering, operation, integrated energy, etc.
- Conduct safety capability assessment and safety management team verification in accordance with safety management scenario

Safety Education and Training

- Trainings to improve skills needed for safety operation, self-help and mutual rescue, and emergency response
- Trainings related to occupational health risks and daily caution, occupational health protection and treatments for posts with occupational health hazards
- Trainings of safety risk management, spot operation management, emergency management

Promotion of Safety Regulation

- Introduction of existing laws and regulations, which clarifies the rights if employees regarding health and safety issues, and the responsibilities of the Company

Security Capability Database Construction

- Compiling standard actions and safety requirements for each task based on scenario and character for ability empowerment

Safety accident emergency response capability is also an integral part of ENN Energy's safety capability improvement. We strictly require emergency management personnel to implement the complete emergency preparedness from planning, filing, training, drills, emergency teams to emergency equipment and materials to ensure that each company can achieve the emergency disposal process from plan initiation, personnel mobilisation, on-site disposal, post-disposal, record keeping, information reporting to safety rectification.

Total Safety Training (Person-time)
393,762

Safety Training for General Managers (Person-time)
2,559

Safety Training for Safety Management Personnel (Person-time)
10,998

Safety Training for Employees (Person-time)
380,205

Number of Full-Time HSE Staffs (Person)
723

Number of Safety Emergency Drills (events)
10,096

Development of safety culture system

In addition to improving the safety capability of all employees, ENN Energy also focuses on fostering a safety culture internally to enhance the safety awareness of employees. Through years of development, we have developed many safety-focused events such as Safety Production Month, 100 Days without Accidents, Skills Competition and iCome safety-focused activities as well as safety culture products such as safety culture shirts and safety comics. Meanwhile, we held the first Safety Technology Conference in July which further enriched our safety-focused culture activities in both forms and contents.

We held the first Safety Technology Conference

With the intelligent and ecological transformation of the industry, ENN Energy has been facing more complex safety challenges. The digital intelligence technology guides us to a new direction about how to crack the problem through effective ways and strengthen the safety foundation. Through the first Safety Technology Conference, we discussed and shared how to rapidly drive the construction of industrial safety through digital intelligence technology, unified thoughts and actions to realise the industrial safety development. We won the recognition of society and the trust of customers, which help establish the brand of ENN Energy in industrial safety.

ENN Energy developed the craftsman culture through Skills Competitions

In September 2021, ENN Energy held the 8th Skills Competition in Bengbu, Anhui Province. 219 competitors from 13 regions studied and refined their skills in the "training base" and competed for the "ENN Energy Craftsman" award for 10 types of work. Through the Skills Competition, a large number of craftsmen have emerged and been cultivated which strengthened the craftsman culture of ENN Energy.

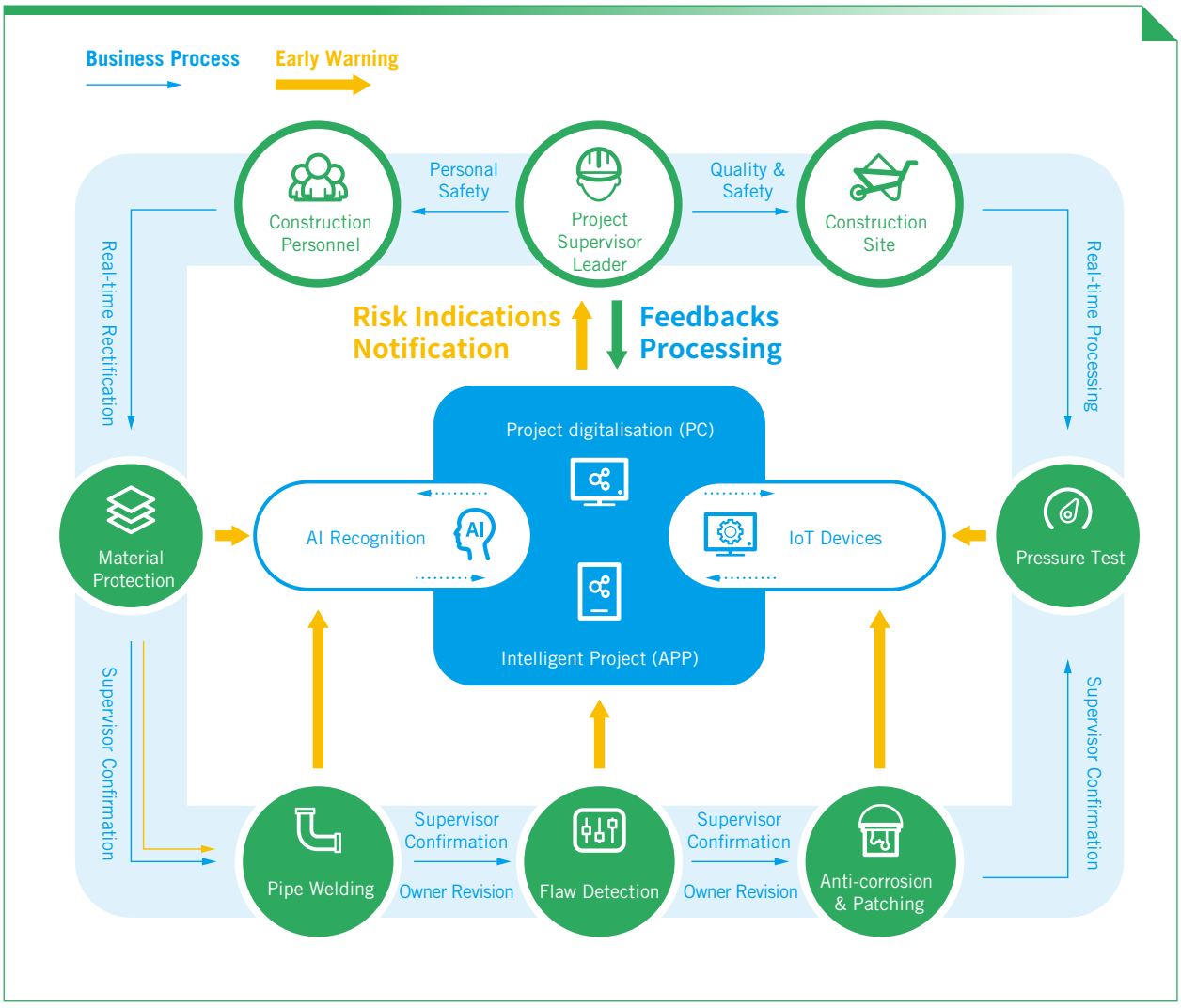
Employees Show their Operating Skills at the Competition Site

Safe Operation

ENN Energy attaches great importance to operational safety. Based on the safety pain points of major business scenarios including engineering, pipeline network, city-gate and customer sites. We strive to build intrinsic safety facilities, IoT and digital intelligence technologyto achieve all-scenarios, full-process intelligent management and connect the data of each scenario through a safety system. During the operation process, we take the initiative to identify the risks and hidden hazards, formulate corresponding management plans and operation procedures, and conduct to risks prevention and hidden hazards management.

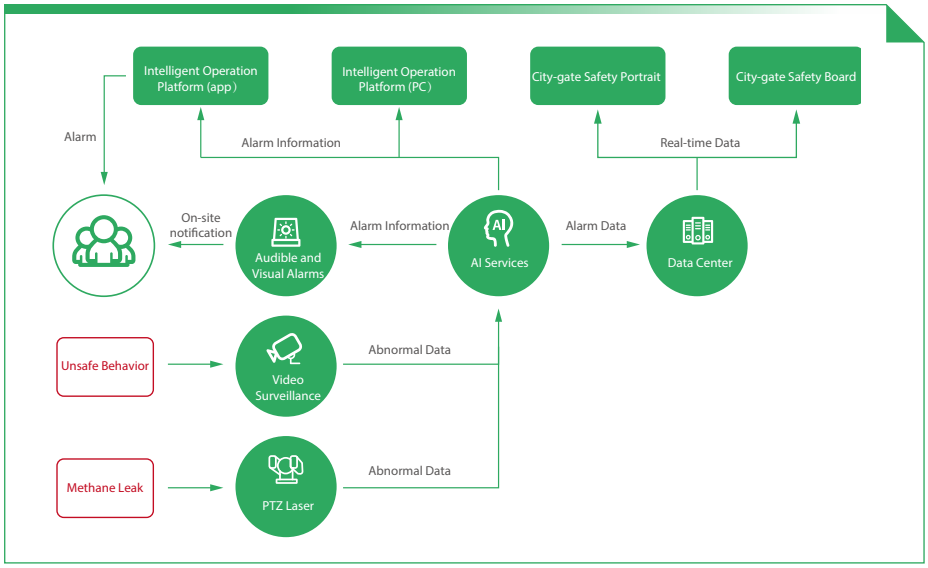
Project safety management

In project scenarios, with the aim to build high quality and safe projects, we use digital engineering system, IoT and AI identification technology to visualise, control and trace the key processes and high-risk operations, achieving active warning and risk indication to eliminate quality hazards effectively and improve safety.



City-gate and pipeline network safety operation

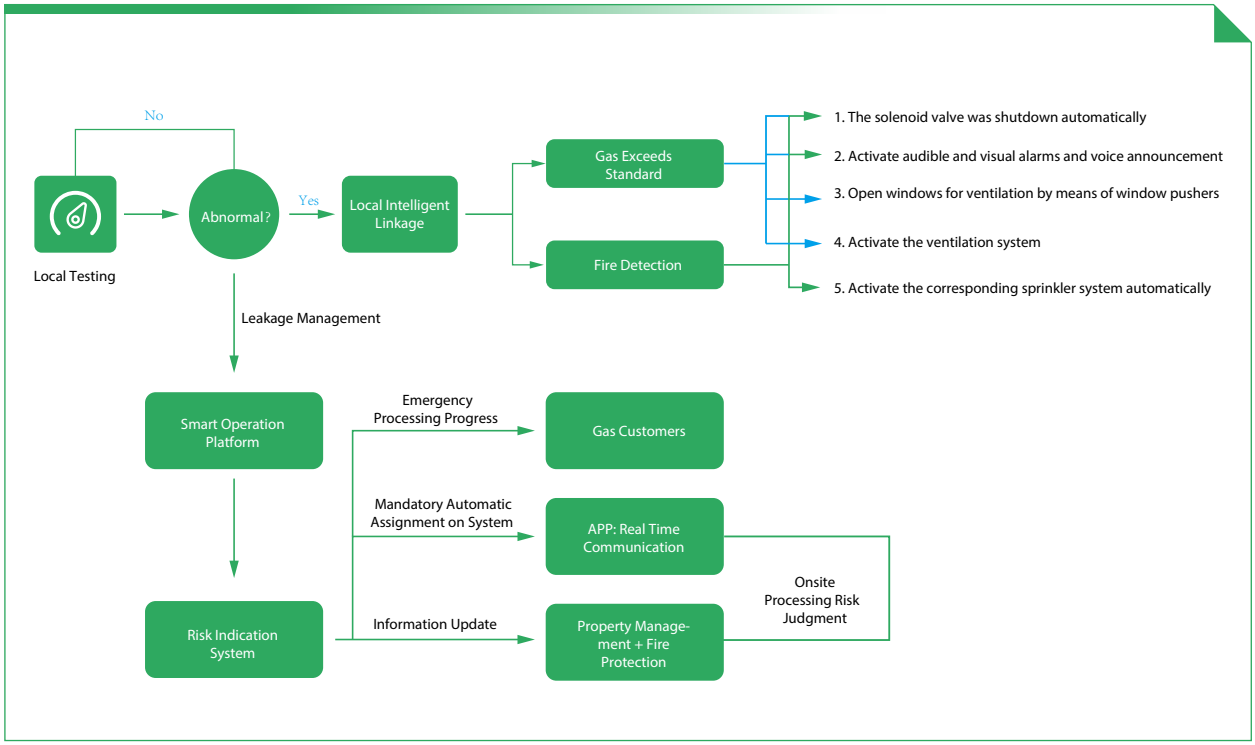
In order to effectively implement the management of city-gate and pipeline network safety, ENN Energy has promoted the application of IoT technology for key equipment and facilities of city-gate and pipeline network to monitor the operating parameters of city-gate equipment and facilities as well as pipeline networks in real time issuing warnings over the occurrence of major leakage accidents in advance through digital intelligence safety management systems.

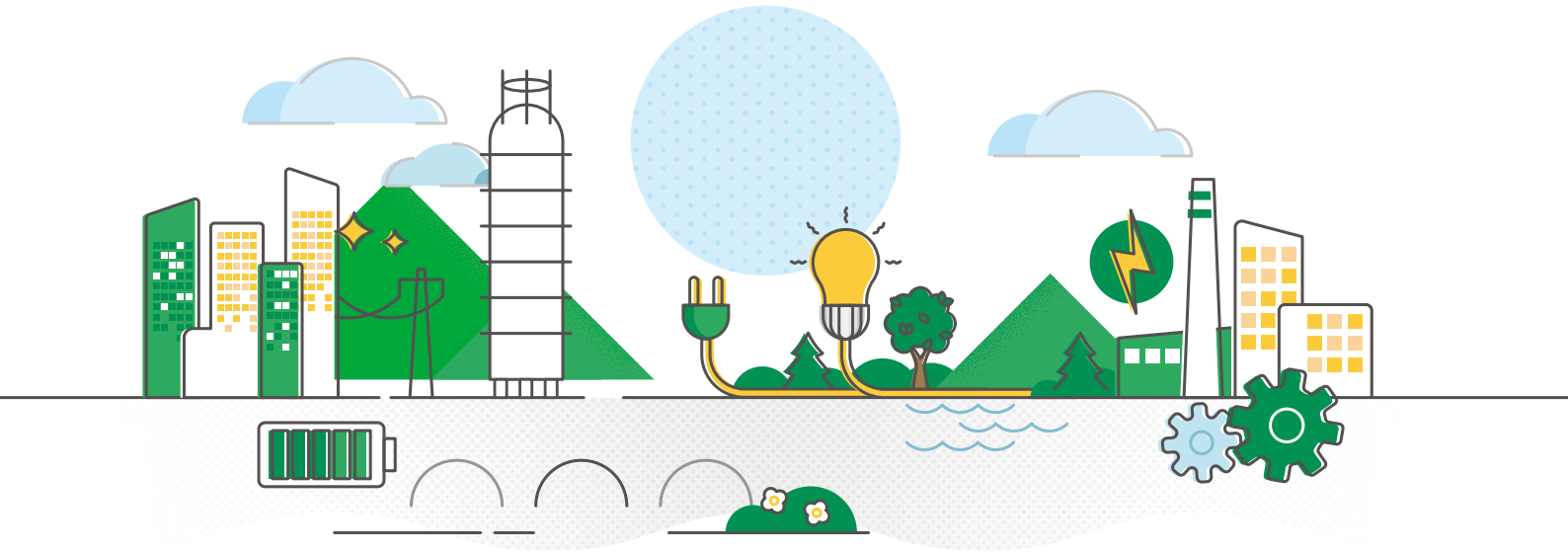


At the same time, we have deployed a Laser Methane Monitoring System integrated with IoT technology to provide full-coverage, real-time monitoring of the city-gate equipment and pipelines. In the case of all-weather and large-scale monitoring of plant stations, the methane monitoring equipment of this system can effectively prevent the safety risks caused by natural gas leakage. This equipment can sensitively monitor the natural gas leakage information in the air, quickly identify and lock the location of the leakage, immediately trigger the alarm program to guide the operator to deal with the leakage quickly and activate the alarm video recording throughout the whole process until the test personnel finish dealing with the leakage effectively.

Laser Methane Monitoring System

In terms of pipeline network safety management, we accurately study and judge hidden safety hazards in pipelines by the use of real-time monitoring, remote data, remote valve shutdown and other functions of monitoring instruments, gas leakage laser inspection vehicles and other equipment in our daily work. We are also monitoring parameters of pipeline networks such as pressure, gas capacity and flow rate in real time through online simulation technology to capture pipeline leaks and other emergencies in a timely manner issuing targeted emergency strategies and pipeline maintenance plans to further improve pipeline safety management.





Hidden hazard management

In 2021, ENN Energy focused on comprehensive inspection and management as well as hidden hazard investigation and rectification. We have implemented the program 'look back' in key enterprises to review the management effect of the past safety management to make sure that the rectification rate of safety risks and hidden dangers reaches 100%. We organised a number of experts from engineering, operation, safety, meteorology and other fields to spend a long time to carry out a comprehensive inspection of engineering quality, equipment and facilities operation and safety production of 102 member companies. With the help of digital intelligence system, we tracked risks, monitored the progress of rectification and reviewed and improved policies to prevent the recurrence of similar problems.

Besides, a special management working group and a management technical working group have been established to carry out special management for pipelines that are more than 20 years old. By the end of 2021, the special working group has completed the hidden hazard investigation, leakage detection, pipeline maintenance and renewal of all pipelines that are more than 20 years old replacing a total of 780 km of pipelines.

Total of

780KM

of pipelines

ENN Shijiazhuang's pipeline network renovation project

In 2021, in order to get through the winter, ENN Shijiazhuang conducted two free door-to-door safety inspections and one hidden hazard investigation and completed renovation works for 282.1 km of pipeline networks that are more than 20 years old.

Ensuring gas supply in winter

As gas supply peaks in winter, ENN Energy has developed a normalised winter gas supply system and organisation management including the formation of a winter operation working group and formulated and deployed targeted plans in advance to ensure the orderly implementation of operations in winter.

In 2021, faced with uncertainties such as pandemic prevention and control, the government's dual control of energy consumption, the Beijing Winter Olympics and the extreme weather in local areas, the working group strengthened its capabilities to forecast demands and allocate resources through three steps of accurate forecasting, resource preparedness and scheduling and emergency planning maximising the role played by overall coordination and scheduling.

Accurate forecast	• Rolling forecast • Predict the supply and demand gap based on weather changes, policy impacts and other factors • Develop a protection plan with continuous review and improvement
Resource coordination and scheduling	• Develop a diversified gas supply and guarantee model • Conduct peak regulation for pipeline networks and store emergency resources during gas consumption peak • Ensure gas-liquid supply to balance supply and demand in localities
Emergency plans	• Prepare early warning and emergency plans to ensure timely dispatch of gas-liquid resources and transport capacity

Gas Supply Measures Taken by ENN Energy

ENN Energy took actions to ensure gas supply in winter

In the winter of 2021, most of the regions in China were hit by a cold wave and gas supply was tight in localities. ENN Energy made prior preparations and did its best to ensure a stable energy supply while safeguarding the safety of gas transmission.

All 28 heating stations operated by ENN Langfang were successfully put into heat supply covering 3.3 million square meters

ENN Zhejiang took anti-freezing measures for pressure-regulating equipment and meters

ENN Hunan Business Division conducted inspection on equipment and closely monitored the equipment operation and companies' service needs

Staff from the office of ENN Hunan Customer Service Company cleared the snow to ensure the safety of pedestrians

Occupational Health and Safety

ENN Energy has developed and implemented a number of safety management systems in strict compliance with the requirements of laws and regulations for occupational health and safety to effectively protect the health and safety of employees.

External Laws and Regulations	Internal Policies and Systems
• Work Safety Law of the People's Republic of China • Occupational Disease Prevention and Control Law • Regulations on Occupational Health Supervision and Management in Industrial Sites • Selection Standards for Personal Protective Equipment • Provisions on the Administration of Safety Technology Training and Examination for Special Operation Personnel	• HSE Policy of ENN Energy Holdings Limited • ENN Energy Regulations for Safety Management • Management Regulations for Work Safety • Management Regulations for the Red and Yellow Safety Lines • Regulations for Accident Reporting and Investigation and Handling of ENN Energy Holdings Limited • Management Measures for Emergency Response to Production Accidents

NO. of new member companies obtained ISO45001 certification in 2021

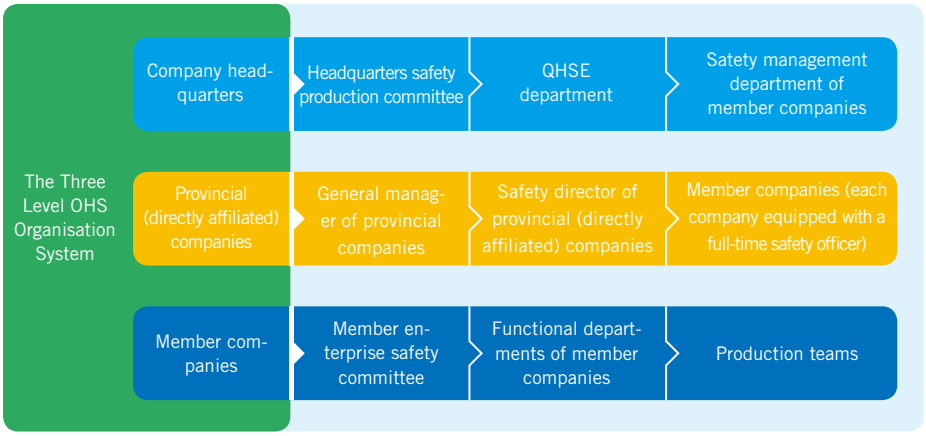
23

NO. of total member companies obtained ISO45001 certification

40

OHS management system

ENN Energy has developed a "Three-Level Occupational Health and Safety (OHS) Organisation System" and built a safety management network through the Company, departments and teams. We are committed to creating a safe working environment for employees and ensuring occupational health and safety. In 2021, we further strengthened our OHS from the aspects of accountability management, team building and safety training, which further improved our OHS system.



The Three-Level OHS Organisation System of ENN Energy

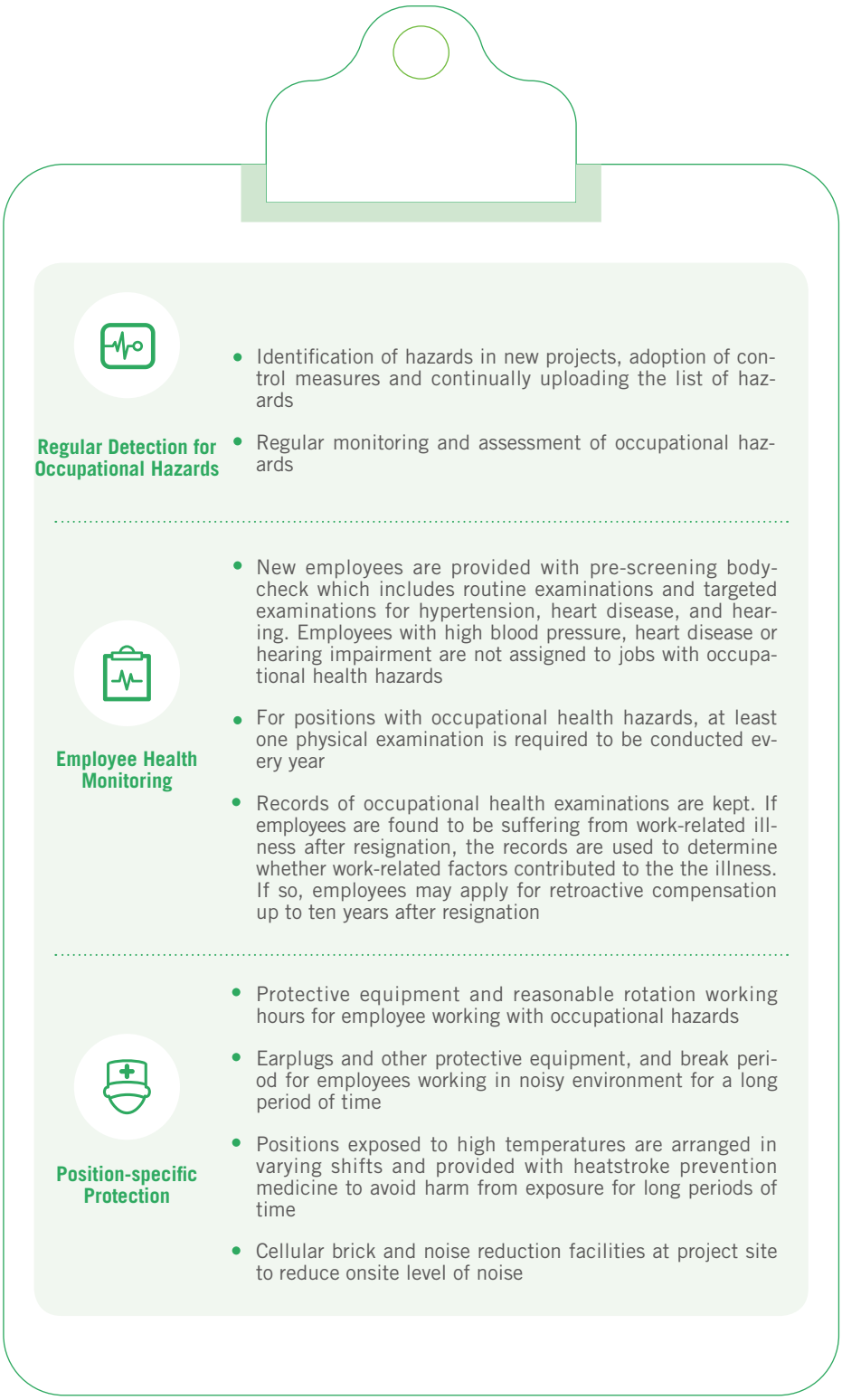
General Physical Examination Rate of Employee

100%

Number of occupational disease cases

0

OHS measures



Regular Detection for Occupational Hazards

- Identification of hazards in new projects, adoption of control measures and continually uploading the list of hazards
- Regular monitoring and assessment of occupational hazards

Employee Health Monitoring

- New employees are provided with pre-screening body-check which includes routine examinations and targeted examinations for hypertension, heart disease, and hearing. Employees with high blood pressure, heart disease or hearing impairment are not assigned to jobs with occupational health hazards
- For positions with occupational health hazards, at least one physical examination is required to be conducted every year
- Records of occupational health examinations are kept. If employees are found to be suffering from work-related illness after resignation, the records are used to determine whether work-related factors contributed to the the illness. If so, employees may apply for retroactive compensation up to ten years after resignation

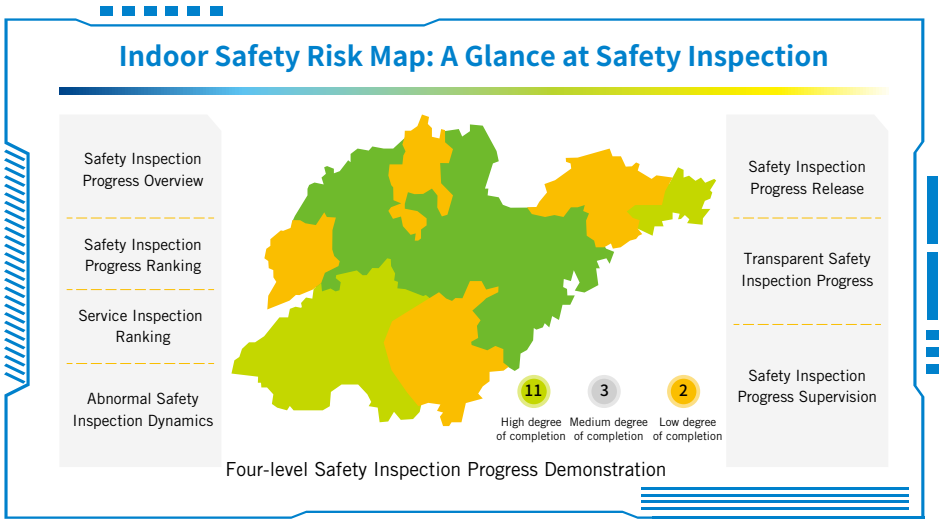
Position-specific Protection

- Protective equipment and reasonable rotation working hours for employee working with occupational hazards
- Earplugs and other protective equipment, and break period for employees working in noisy environment for a long period of time
- Positions exposed to high temperatures are arranged in varying shifts and provided with heatstroke prevention medicine to avoid harm from exposure for long periods of time
- Cellular brick and noise reduction facilities at project site to reduce onsite level of noise

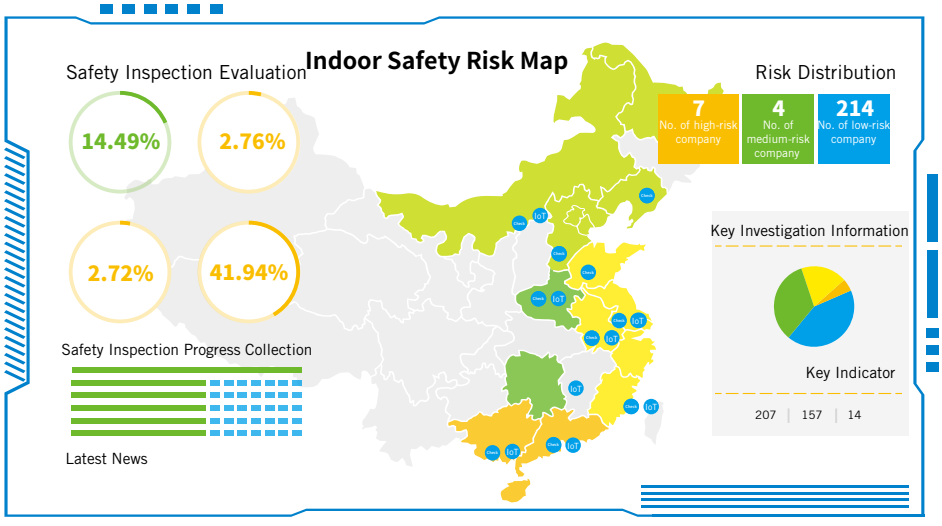
Safeguarding Customers' Safety

With further application and promotion of digital intelligence technology, ENN Energy iterated the Smart Safety Inspection System 2.0 and realised 36 core functions such as hidden hazard closed loop, gas leakage risk warning and indoor safety risk measurement in 2021, which effectively achieved the full-lifecycle management of users' intrinsic safety. During the year, we built a user-specific risk identification model for the first time. Based on the probability of failure of indoor security inspection risks and the consequences of failure of indoor security risks, we calculated the indoor safety wind level, and carried out security inspections for the identified "high, medium and low" users. Hierarchical management to further refine user security management.

- Plan and implement the safety inspection technology as the basis for assessment for the first time
- Promote the safety inspection assessment baseline for the first time
- Establish the indoor safety risk model for the first time
- Develop multi-function, multi-scenario indoor digital intelligence products for the first time



Four-level Safety Inspection Progress Demonstration



Interface of Users' Safety Risk Map

Implementing safety inspections

We always provide users with safety inspection services at a higher standard than national and local regulations. We usually conduct door-to-door safety inspections for general users once a year, "rural gas users" twice a year and commercial and industrial users once a month. We have formulated the Guidelines for Classification and Grading of Hidden Hazards and the standardised Measures for Indoor Hidden Hazards, set up a priority home security inspection plan for users with medium and high-risk hidden dangers, and vigorously promoted customers to install self-closing valves, alarms and other equipment to improve indoor intrinsic safety.

Safety Inspection Rate
90.54%

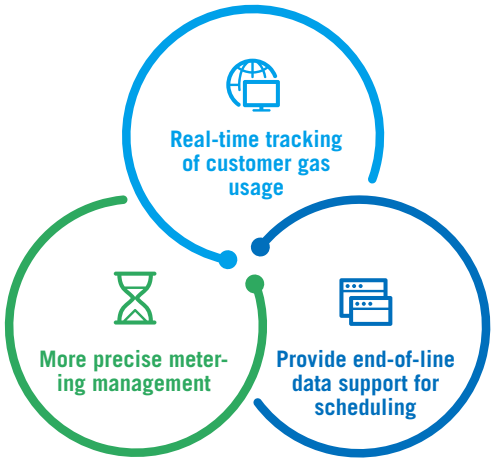
Applying IoT technologies

The Company promotes the widespread application of IoT meters by users, enhanced the back-end data analysis capability and built an algorithm model that can comprehensively analyse IoT data to guide member companies to quickly detect problems such as gas consumption overruns, micro-leakage and equipment abnormalities ensuring the gas safety of users in a timely, efficient and comprehensive manner.

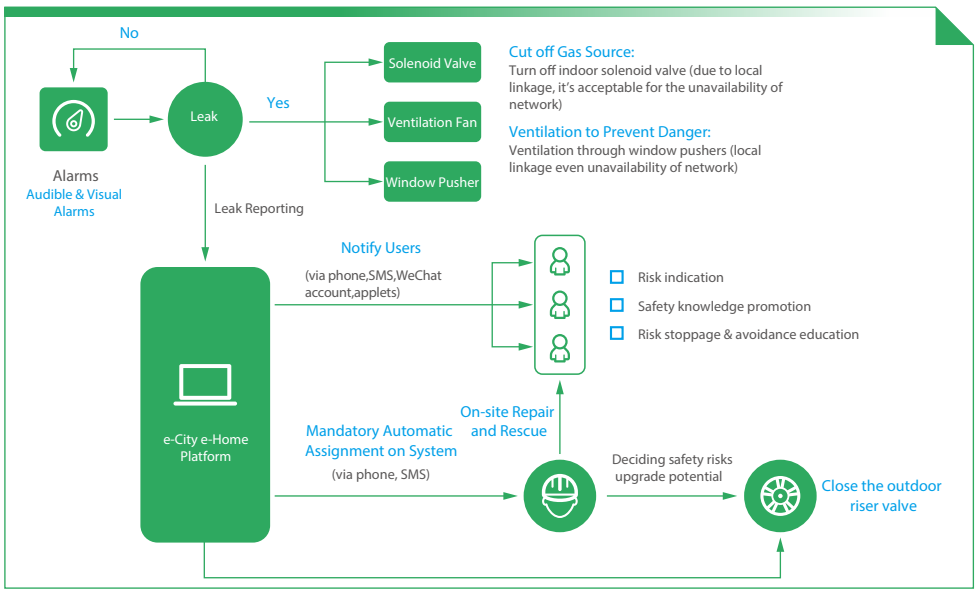
Primary Leakage Hazards Rectification Rate
100%

Replaced self-closing valves, alarms and other gas equipment for
494,919 users

IoT Meter Penetration Rate for C/I Users Increased from 42% in 2020 to
48.5%



IoT Drives User Intelligent Management



A series of safety activities

Since September 2021, ENN Dongguan has actively cooperated with the Municipal Urban Management Bureau to carry out the city's gas safety "10,000-person households" security inspection for civilian users. At the same time, we made every effort to promote the replacement of metal bellows by rubber hose users, eliminate hidden risks, and simultaneously upgrade user safety gas hardware for catering users and residents.

Social safety culture

Promoting safe gas usage to users is an important part of ENN Energy's efforts to manage users' safety. In 2021, we organised our member companies to carry out gas safety promotion "in 5 places" activities in communities, enterprises, families, schools and rural areas and required them to educate and promote gas safety to users in various forms such as exhibition boards, gas lectures and promotional films to enhance users' safety awareness. Our affliate companies in Shanghai, Jiangsu and Lianyungang have developed innovative safety promotion models such as gas safety songs and Douyin safety videos to promote the safety knowledge in the society through new means and methods.

Affliate companies' safety promotion training "in 5 places"

Led by ENN Energy, affiliate companies have responded positively and insisted on conducting frontline safety education and training activities during the reporting period which enabled gas users to learn about the knowledge of safety inspection, gas usage norms and hidden hazard identification and created a sound environment in society ensuring that everyone cares about gas safety.

ENN Huai'an promoted gas safety in the enterprise

ENN Lianyungang promoted gas safety in the community

ENN Changzhou promoted gas safety in the school

Sanitation workers discovered safety hazards reflecting the effectiveness of safety promotion

After years of all-round promotion of gas safety knowledge, gas safety issues have become deeply rooted in the minds of people in the local community. During the reporting period, a local sanitation worker discovered a suspected gas leakage in time during his early morning work, promptly disposed of it through ENN Energy and used a parking cone to initially alert the leakage site. After the emergency repair by the on-duty staff, the gas leakage danger was effectively controlled and a safety accident was prevented.

Afterwards, ENN Xincheng recognised and rewarded the sanitation worker for his support for the gas safety management.

Contractor Safety Management

ENN Energy values the health and stability of its supply chain and has developed a number of contractor safety management systems to improve and implement contractor safety management. In 2021, we issued the Notice on Strengthening Contractor Safety Management which requires the improvement of contractor safety management in terms of site safety supervision and accident management to further strengthen our guidance on contractor safety management. In addition, we identified and eliminated hidden hazards and risks to contractors in the production process through engineering visualisation system management and other means by use of equipment such as monitoring machines and smart helmets in the engineering process to manage contractor safety at the practical operation level.

Internal Policies

- Supplier HSE Policy
- Notice on Strengthening Contractor Safety Management
- Notice on Including Some Constructors and Supervision Units in Blacklist Management
- Notice on Strengthening the Hazardous Operation Management of Gas Project
- Emergency Notice on Strengthening the Labour Management of Contractors
- Notice on Strengthening the Safety Management of Contractors

ENN Energy contractor safety management reflection session

On November 23, 2021, ENN Energy gathered a number of contractors to discuss safety management issues around the topics of safety responsibilities, work implementation, solutions and digitalisation solutions. At the meeting, we clearly proposed that the Company should comprehensively sort out safety management issues with contractors, including the implementation of contractors' digitalisation safety management initiatives, the development of implementation plans and the inclusion into the performance evaluation.

Contractor Safety Management Reflection Session

03

Green Development

Adhering to the concept of green development and in compliance with the national dual-carbon target and energy transition trend, ENN Energy vigorously implemented green action plans to reduce the negative impact of its own production and operation and strives to contribute environmental benefits to the value chain and practice its environmental responsibility in a comprehensive and multi-dimensional manner.

Material ESG issues reported in the chapter

- Emission of Pollutants
- Waste Recycling
- Preservation of Resources and Energy
- Climate Change
- Biodiversity Protection

SDGs responded to in the chapter

The HKSE ESG indicators reported in the chapter

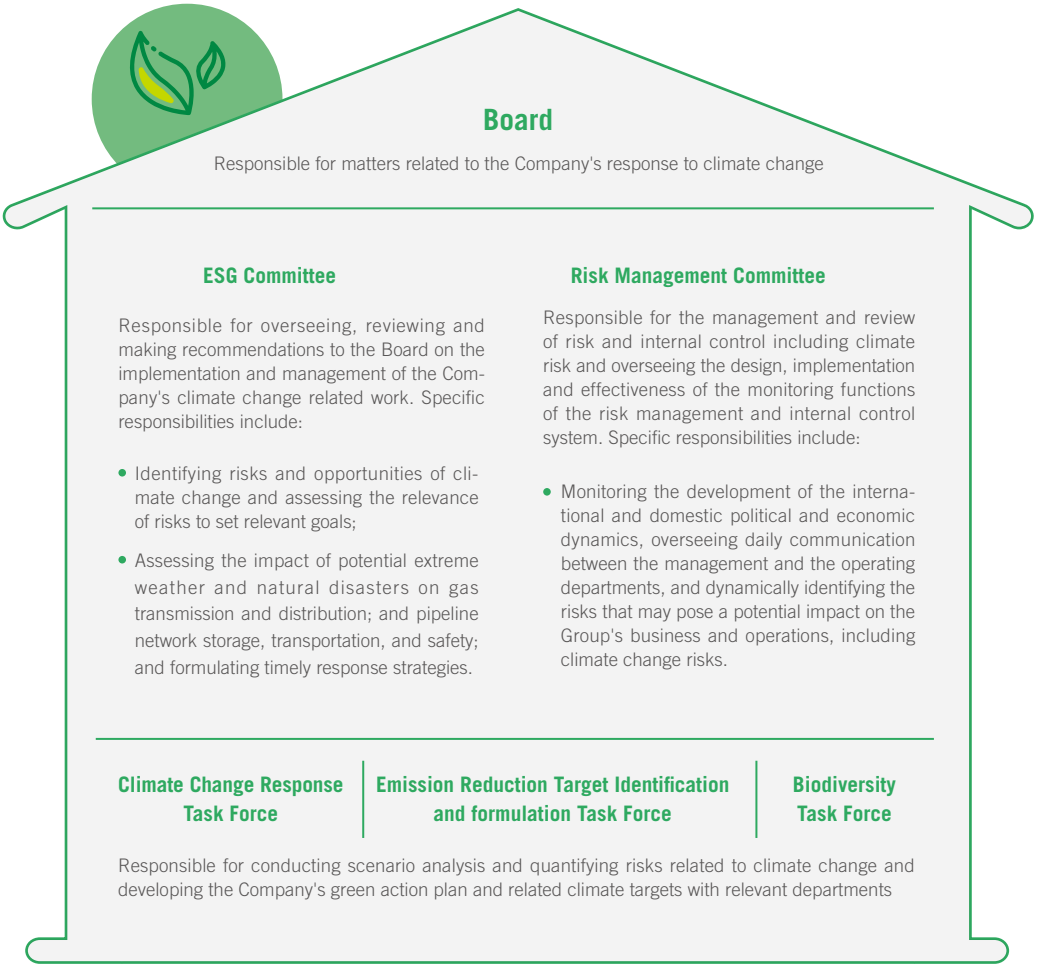
- A1 Emissions
- A2 Use of Resources
- A3 The Environment and Natural Resources
- A4 Climate Change

Climate Change

Climate change is a major global challenge for mankind. ENN Energy has established a climate change governance system, identified climate change risks and opportunities and set up special response initiatives to comprehensively enhance its ability to address climate change. In response to the national dual-carbon goal, we have incorporated the "low- and zero-carbon" development into our strategic planning and have laid out a comprehensive low-carbon development path to demonstrate our ambition and efforts to achieve low-carbon development.

Climate Governance

ENN Energy has established a climate change governance system from the Board to the operational level. We formulated the *ENN Energy's Climate Change Policy* which integrated climate change into our business development and operational strategies to ensure the implementation of climate strategy and climate risk management measures.



In order to ensure the full implementation of climate strategy and climate risk management, the Company has taken into account climate change issues in the compensation-related ESG assessment criteria for executives, business teams and member companies to strengthen the management responsibilities of relevant personnel and assist the Company in responding to climate change transition requirements. For more details, please refer to please refer to section headed ESG Governance and Management of this report.

Climate Risk

ENN Energy has been working to address climate change with reference to the Information Disclosure Framework of the Task Force on Climate-Related Financial Disclosures (TCFD). We fully considered the impact of national climate action and energy transition trends on the industry, identified and analysed our own climate risks and opportunities, developed a list of climate risks and ranked them quantitatively according to their importance and formulated targeted response measures based on it to enhance our adaptation and resilience to climate change. We have incorporated the management of climate change-related risks into our risk management system and have improved systematic contingency mechanisms for two acute risks most closely related to our business: extreme precipitation and sudden temperature drops.

Acute risk: extreme rainfall - TCFD financial quantification demonstration for climate risk in Henan Province

ENN Energy took the rainfall event suffered by Henan Province in July 2021 as a catalyst, conducted a quantification pilot for climate risk with reference to the TCFD framework.

After a comprehensive analysis by internal and external experts and management, the physical risk faced by the Company in Henan Province is mainly extreme rainfall. On the other hand, under the background of dual-carbon target, the development of policy, market and technology are favorable for the Company in Henan Province to develop low carbon products and services and vigorously develop new energy projects. From the financial perspective, the volume of gas supply affected by the rainfall only accounts for 0.8% of the planned gas sales of the Company in 2021 and the value of damaged assets only accounts for 0.46% of the total assets of the Company and 74% of the damaged assets are insured. Therefore, there is no significant impact on the medium and long-term operation of the Company. Combined with its emergency performance in the disaster, we assessed that the Company has sufficient risk management capacity to cope with climate change.

Climate Opportunities and Climate Strategy

While climate change poses challenges, the accelerated transformation of the energy consumption structure to clean and low-carbon driven by China's climate action and dual-carbon targets has created historic opportunities for the business growth of the Company. Green technology innovation, carbon market improvement and new demand for energy-saving and low-carbon products and services from government, commercial and industrial, transportation and household customers all coincide with the Company's development strategy as a low-carbon intelligent solutions provider. ENN Energy's identification of climate change-related transition opportunities and a list of initiatives have been published on the Company's website.

Business Type	Short- and med-term Target	Long-term Target
City gas business	Reduce the intensity of GHG emissions of city gas business operations and administration level by 20% by 2030[1]	Achieve net-zero emission without relying on purchasing carbon offset
Integrated energy business	Reduce the carbon emission intensity per unit of energy generating facilities of integrated energy business by 48% by 2030[2]	

Short-, mid- and long-term goal of achieving net-zero emissions by 2050

[1] The target scope includes Scope 1 and Scope 2 of the city gas business, and the emission intensity is calculated by total GHG emissions/gas sales.

[2] The target scope includes Scope 1 and Scope 2 of the integrated energy business, and the emission intensity is calculated by total GHG emissions/energy sales generated by energy production facilities.

In 2021, through a comprehensive review of its own energy consumption and carbon emission status and assessment of carbon emission reduction potential, the Company took six major emission reduction actions from the three aspects of "promoting our own emission reduction, serving the low-carbon development of society and promoting the practice and application of green technology", including methane management, low-carbon trade and transportation, energy structure transformation, system energy efficiency improvement, green technology and green office and incorporated four low-carbon products and services into its business development plan, including low-carbon parks, green factories, green buildings and green homes realising its own business low-carbon transformation and providing customers with low-carbon and clean products and services. For details, please refer to " Decarbonisation Action 2030 - Journey to Net Zero".

Integrated Energy Solutions

Based on existing city gas business and through years' exploration of clean and efficient energy systems, ENN Energy strives to help all kinds of users achieve low-carbon development with a low-carbon product portfolio, the service capability to provide diverse clean energy solutions tailored to users and smart energy management tools based on customer demand.

In 2021, we further expanded the scope of energy-saving service applications including energy system renovation, energy management optimisation, energy hosting, intelligent operation and maintenance in accordance with the customers' demand for efficient energy management which improved customers' energy use efficiency. We also continued to promote leading energy solutions through developing demonstration projects which effectively promoted customers' energy transformation and enhanced environmental benefits.

Cumulatively reduced energy consumption for customers by

2,120,281

tons of standard coal

Cumulatively reduced carbon emission for customers by

6,666,714

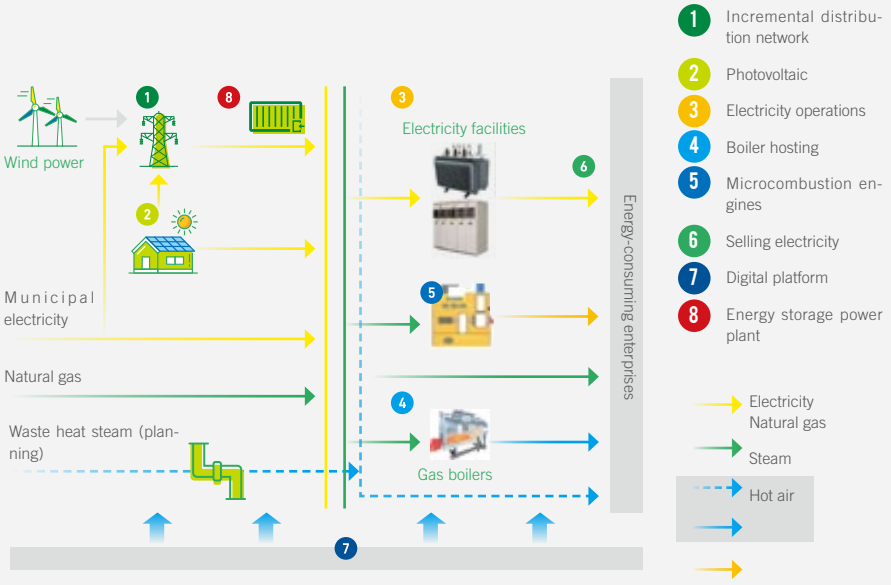
tons

Xuancheng Economic Development Area "Four Network Integration" Project

The "Four Network Integration" project in Xuancheng National Economic and Technological Development Area, Anhui Province, is a demonstration project in which ENN Energy connects the heat, electricity and gas networks via the Digital Intelligence Network and makes distribution according to the requirements of the green energy and low-carbon model guiding the allocation of energy with the support of information. In this project, we started with the incremental distribution network and developed a multi-energy network by introducing zero-carbon resources such as photovoltaic and wind power, power plant waste heat resources, biomass thermoelectricity and energy storage to create a green and low-carbon park while ensuring a safe and stable supply of energy.

Reduction of carbon emissions annually after completion

300,000 tons



Design of Low-carbon Demonstration Park Equipped with Photovoltaic, Wind and Energy Storage-empowered Distribution Network

Energy Structure Optimisation

By insisting on integrating natural gas and biomass, photovoltaic, geothermal, hydrogen, energy storage and other clean energy resources according to local conditions, ENN Energy introduces relevant technologies into suitable ecological scenarios to increase the application of low-carbon clean energy while effectively meeting customers' energy demands.

Target

In 2030,Increase the percentage of renewable energy to

36%

Installed Biomass Project Capacity

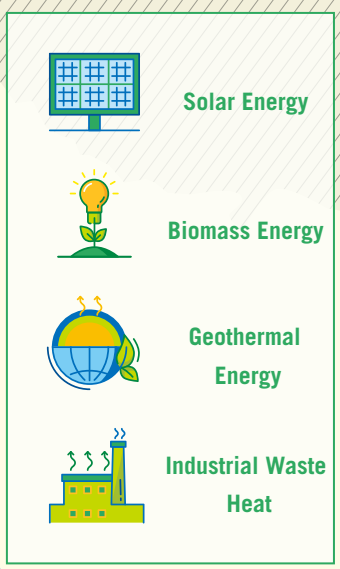
418.79MW

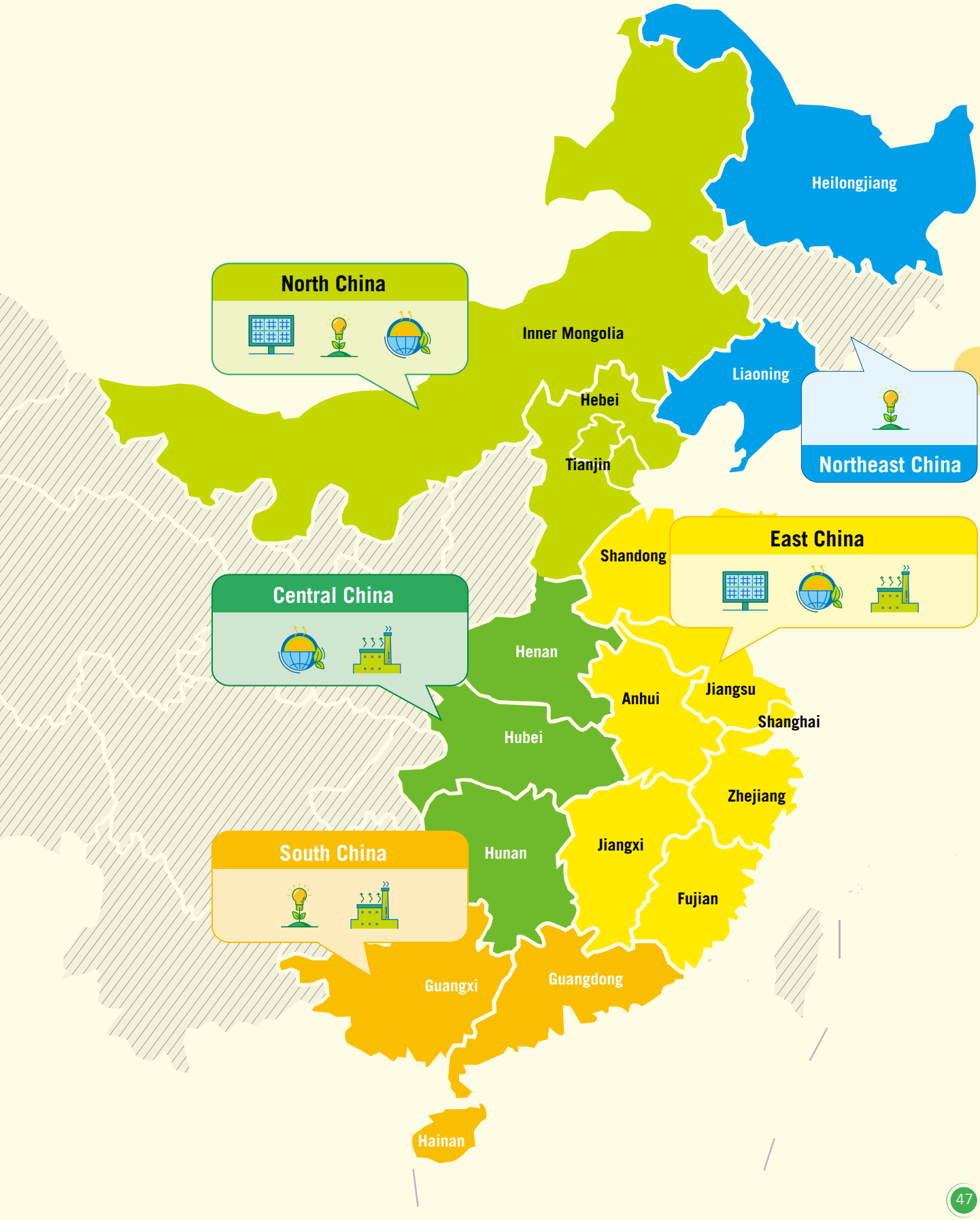
Contracted Solar Energy Capacity

380MW

Installed Integrated Energy Capacity in operation and commissioning

2,900MW




Heilongjiang
North China
Inner Mongolia
Liaoning
Hebei
Tianjin
Northeast China
East China
Shandong
Central China
Henan
Anhui
Jiangsu
Shanghai
Hubei
Zhejiang
South China
Hunan
Jiangxi
Fujian
Guangxi
Guangdong
Hainan

Application of shallow geothermal technology in Yancheng Tinghu Hospital

In 2021, ENN Energy applied shallow geothermal technology in Yancheng Tinghu Hospital. The geothermal heat pumps can transfer heat energy from low temperature to high temperature by inputting a small amount of high-grade energy and the geothermal energy became the source for heating in winter and for air conditioning in summer, respectively. During the heating and cooling periods, the operation plan of giving priority to geothermal heat pumps and direct-fired lithium bromide units with gas boiler as a supplement for cooling and heating was adopted.

As verified, the user can get more than 4kw of heat or cold energy when a geothermal heat pump consumes 1kw of energy. The equipment can maintain stable operation and achieve significant energy-saving benefits and can reduce the evaporation loss of cooling water as well as dust as compared with the direct-fired lithium bromide unit demonstrating a competitive edge in greenhouse gas emission reductions.

Geothermal Heat Pump-Based Energy Supply System

a geothermal heat pump consumes

1 kw
of energy

the user can get more than

4 kw
of heat or cold energy

Shouguang Yangkou Distributed Photovoltaic Power Generation Project

ENN Energy assisted the customer with the Shouguang Yangkou Photovoltaic Power Generation Project by making full use of the roof area of 11 factory buildings in the park totaling 146,000 square meters and built 2 sub-distributed photovoltaic power plants. We equipped each photovoltaic power plant with a comprehensive automated monitoring system, which is responsible for telemetry, telematics, remote control, remote regulation, remote execution, accident fault alarm and other functions of the plant. The operation and maintenance personnel carried out operation and management with a "regular inspection + monitoring by an intelligent energy platform" model realising real-time monitoring and centralised management of the operation status of each photovoltaic module and the working status of the equipment.

The settlement electricity exceeded the estimated electricity from feasibility study by

8.87%

Annual reduction in Standard Coal Consumption

5,455 tons

Annual reduction in carbon dioxide emission

14,184 tons

Aerial View of the Sub-distributed Photovoltaic Power Plant

Application of off-peak electricity storage heating technology in the Panjin Campus Energy Storage Project

In 2021, considering the environmental pressure caused by the original coal-fired boilers for heating and seizing the opportunity brought by the dual-carbon target, electricity reform and power-grid-load-storage integrated development, ENN Energy carried out the transformation and application of off-peak electricity storage heating technology in the campuses in Panjin and Liaoning by leveraging its partner's advantage in energy storage technology.

The off-peak power storage mode will effectively increase the nighttime off-peak power load of the power grid, which in turn will improve the consumption of wind power and other renewable energy for the power grid in Northeast China at night and promote the efficient use of renewable energy. In the future, the technology will be further advanced to the photovoltaic utilisation on the school's roof and charging pile construction contributing to the school's goal of low-carbon development of public buildings.

Green Technology

ENN Energy insists on empowering technology with technology innovation and continues to develop the technical fields of multi-biomass liquefaction and gasification, mid-bottom heat exchange, energy storage and carbon capture to explore the application scenarios and potential of green technology. Meanwhile, we conduct research in active cooperation with partners inside and outside the industry striving to contribute to further application of green technology.

Research on biomass pyrolysis hydrogen

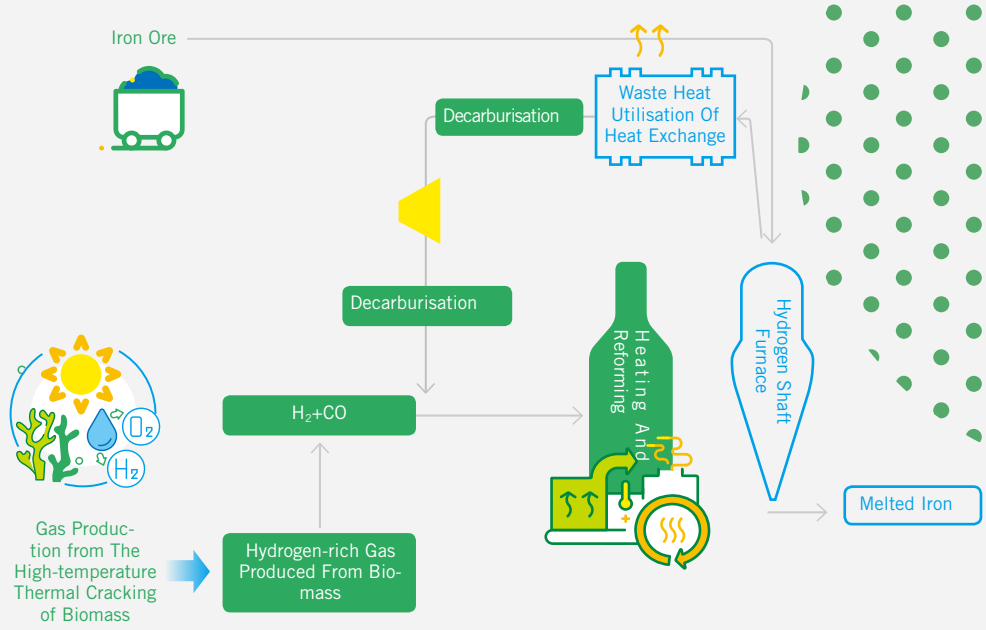
Through years of exploration and research, ENN Energy has successfully optimised the biomass pyrolysis hydrogen process to replace coke, which is traditionally used as a reducer in the metallurgical industry.

Replacement of coke per ton of steel production

321 kg

Reduction in carbon dioxide emission per ton of steel production

1.2 tons



Carbon Emission Inventory and Scope 3 Carbon Emission Management

ENN Energy actively adopts international standards to carry out greenhouse gas emission inventory and verification, so as to clearly understand its own greenhouse gas emission sources and emission status, which can help us to identify potential responsibilities and risks of carbon emission management, explore cost-effective carbon reduction opportunities and formulate carbon emission management goals. In 2021, ENN Energy conducted a carbon emission verification based on ISO14064 for its Integrated energy business. The work has been completed in December 2021 and a carbon emission verification report has been issued.

In addition, ENN Energy actively managed its Scope 3 carbon emission, and is committed to improving the transparency of relevant information disclosure. In 2021, the Company for the first time carried out the scope 3 carbon emission calculation of business flights covering all employees. According to ICAO carbon emission calculation standards, in 2021, the Company's business flights generated 706 tons of carbon dioxide emissions. In the future, ENN Energy will gradually disclose more scope 3 carbon emissions, and actively formulate management and improvement measures to further control and reduce the scope 3 carbon emissions.

Conduct a carbon emission verification based on

ISO14064

Business flights generated

706 tons

of carbon dioxide emissions

Methane Management

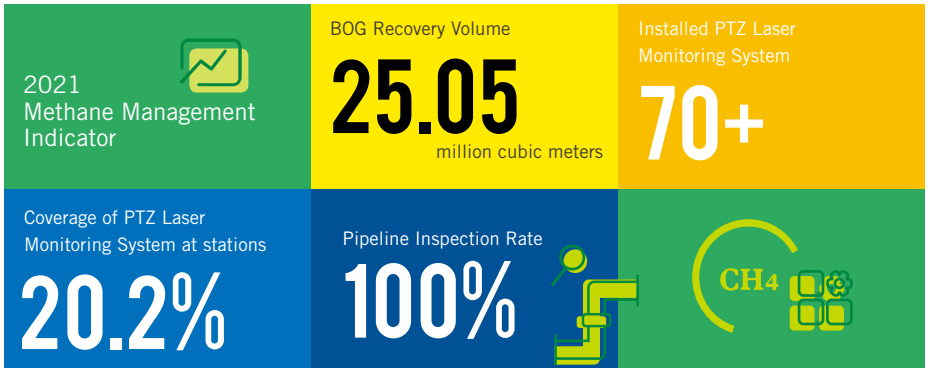
Methane has become the second largest greenhouse gas contributing to global warming. The Group regards methane emission control as a top priority in the city gas sector to address climate change and achieve carbon neutrality targets.

Methane emission control management

In March 2021, the Company joined the Methane Guiding Principles, an international authority on methane emissions control, and carried out the identification, monitoring and reporting of methane emissions under the guidance of international standards and best practices. We plan to disclose methane emissions in compliance with international standards in 2023 and continue to improve transparency in subsequent years.

The Company has established a methane emission control task force, which is responsible for identifying and accounting for methane emission sources, setting emission control targets and improving action plans, deploying methane emission reduction technologies and measures and disclosing and reporting information in an effort to fully integrate methane management into daily operations. We are also working to gradually establish a methane emission control performance assessment and compensation incentive mechanism and develop a management system for methane control reporting, review and continuous improvement.

In 2021, the methane emission control task force has carried out the identification of methane emission sources for major city gas business scenarios, prepared a list of methane emission sources and deployed continuous methane emission reduction measures. In the future, the task force will continue to explore and develop methane data monitoring and statistical standards to improve the methane management system by promoting pilot projects on methane emission monitoring technology and continuously enhance the operation standards and regulations to further implement methane emission control. For more details, please refer to " Decarbonisation Action 2030 - Journey to Net Zero".



Advocate for emission reduction across the industry chain

In addition to our own methane emission control initiatives, we attach great importance to working together with our ecological partners to reduce methane emissions.

- We encouraged upstream suppliers, especially LNG suppliers, to provide carbon neutrality labels on the products to ensure that the LNG we purchase is sourced from upstream companies that strictly manage methane to encourage stricter methane emission control measures by upstream companies.
- We required Zhoushan terminal in Zhejiang Province, one of the upstream service providers, to conduct a carbon inventory and implement methane emission control measures in accordance with international standards. In the future, we will call for more coastal LNG terminals to use residual pressure recovery devices, and encourage suppliers to carry out methane emission management.
- In May 2021, we became a founding member of China Oil and Gas Methane Alliance. We are committed to working with our alliance partners, including CNPC, Sinopec, CNOOC and Pipe China to achieve the goal of controlling the average methane emission intensity in the natural gas production process to less than 0.25% by 2025, which is close to the world's advanced level, and strive to reach the world's top level by 2035.
- In October 2021, we launched a methane emission control initiative for the city gas enterprises in China, which was signed by ten city gas enterprises in China, leading the industry to take a major step forward in methane emission control.

China Oil and Gas Methane Alliance

Methane Emission Control Initiative for City Gas Enterprises in China

Greenhouse Gas Emission of ENN Energy

Total GHG Emissions (Scope 1&2)

	Total GHG Emissions (Unit: tons of CO_2e)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)
2021	266,753.10	2,864.83	8,059.74
2020	209,692.01	2,927.96	7,091.72
2019	262,919.07	3,746.00	9,751.11

Direct GHG Emissions (Scope 1)

	Total GHG Emissions (Unit: tons of CO_2e)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)
2021	176,481.93	1,895.35	5,332.26
2020	123,351.16	1,722.37	4,171.70
2019	123,538.97	1,760.00	4,581.80

Indirect GHG Emissions (Scope 2)

	Total GHG Emissions (Unit: tons of CO_2e)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)	Density of total GHG Emissions (Unit: tons of CO_2e/ billion cubic meters of natural gas sales)
2021	90,271.17	969.48	2,727.47
2020	86,340.85	1,205.59	2,920.02
2019	139,380.10	1,986.00	5,169.31

Ecological Protection

In order to implement the requirements of national and local policies on ecological protection, ENN Energy continuously improves its environmental management system, carries out environmental impact assessment, improves the efficiency of resource utilisation, advocates green office, protects biodiversity and enhances its environmental management and ecological protection capabilities, striving to build a modern and harmonious coexistence between human and nature.

Environmental Management

ENN Energy strictly complies with relevant laws and regulations related to environmental management and protection and strictly manages wastewater, waste gas and solid waste generated during daily construction and operation in accordance with its internal policies. In addition, the Company carries out ISO14001 certification and encourages its subsidiaries to carry out environmental system construction according to this standard and their own production and operation characteristics.

Laws and Regulations	Internal Policies
• Environmental Protection Law of the People's Republic of China • Atmospheric Pollution Prevention and Control Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Soil Pollution Prevention Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environment Pollution • Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise	• Civilised Construction Management Measures

We proactively carried out environmental pollution control and waste discharge management, strictly implemented environmental protection approval, regularly carried out monitoring of major pollutants, wastewater, exhaust gas and noise and continuously improved emergency response mechanisms for unexpected environmental incidents to enhance our ecological and environmental performance. 2021 saw a continued reduction in the quantity of odorant waste barrels. According to the Group's internal policy on recycling odorant waste barrels, subsidiaries have engaged qualified suppliers for treatment achieving 100% recycling of odorant waste barrels.

Project Development Phase

We carried out environmental impact assessment in accordance with the requirements of the Environmental Impact Assessment Law, the Regulations on the Environmental Protection Management of Construction Projects and the Regulations on Supervising the Preparation of Environmental Impact Reports (Forms) of Construction Projects.

Project Construction Phase

We carried out comprehensive environmental monitoring based on the information technology and digital technology, followed the principle of "emissions reduction, resource utilisation, and pollution control" in the lifecycle of the project, clarified the responsibility for the project and implemented efficient measures for air pollution, water pollution, noise pollution and waste management.

Production and Operation Phase

We carried out waste classification and handed over non-hazardous waste such as food, domestic and office waste to institutions with appropriate qualifications for recycling;

We strengthened production management, optimised production processes, improved the proportion of repairable items and reduced the generation of hazardous waste from the source;

Hazardous waste was handled in strict accordance with the national regulations to ensure compliance with the regulations.

By the end of 2021, a total of

40

member companies have obtained ISO14001 environmental management system certification

23

member companies were certified in 2021

NO

major environmental pollution incidents and violations

Emission Source Management Initiatives

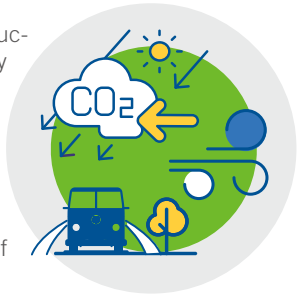
Noise pollution management

- When construction is close to residential areas, we implement measures such as sound absorption and insulation of the equipment to minimise the impact on nearby residents.
- We choose low-noise equipment and construction machinery equipped with noise reduction devices as much as possible on the construction site and take confinement measures for noisy machines to reduce the diffusion of strong noise.
- For compressed natural gas (CNG) refueling stations and pressure-regulating stations, we take sound insulation measures such as building walls to reduce the impact of compressors and pressure-regulating equipment on nearby residents.

Water pollution management

- Drainage ditches are installed on construction sites and wastewater is precipitated to achieve up-to-standard emissions and prevent blockage of municipal pipelines.
- During directional drilling, a pond is dug to collect and treat mud generated and to stop its seepage into groundwater or rivers.

Air pollution management



- We strengthen construction management by installing fences for semi-closed isolation and using dust-proof nets and dust-proof blankets in excavation and backfilling to prevent the spread of dust.
- We optimise the progress of the project and the deployment of vehicles and strictly control the vehicle speed at the site.
- We use sprinklers, fog cannons, dust collectors and other equipment to reduce the impact of dust on nearby residents.
- We use professional dust removal devices to filter the exhaust gas.

Hazardous waste management

- We strengthen and improve the management system, management ledger and emergency plan for hazardous waste.
- Hazardous waste from the construction work is strictly forbidden from backfilling.
- We transport the hazardous waste generated in the construction process to a qualified hazardous waste treatment company for treatment.

Non-hazardous waste management

- We strictly control the waste transportation procedures.
- The environmental management requirements shall be specified when signing the transportation contract.

Shangrao Economic Development Area Shangrao-Yanshan Expressway High-pressure Gas Pipeline Project

In 2021, ENN Energy carried out Shangrao-Yanshan Expressway High-pressure Gas Pipeline Project in Shangrao Economic and Technological Development Area, Jiangxi Province.

- During the development phase of the project, we carried out environmental impact assessment and developed environmental risk prevention measures and emergency plans.
- During the construction phase of the project, we set up temporary fences, sprinkled water to reduce dust, collected the wastewater centrally and injected it back into the station for treatment and treated the domestic wastewater of construction personnel by dry toilet for fertilisation of farmland, which reduced the generation of wastewater and dust in the operation of the project.
- During the operation phase of the project, we plan to entrust the local maintenance team to dispose and recycle the oily wastewater and waste residue from the operation and maintenance process in a timely manner to improve the ecological performance of the project.

The environmental protection inspection and acceptance was successfully completed for the Huai'an Emergency Gas Storage Peak-regulating Facilities Renovation Project

The environmental impact assessment for Huai'an Wudun Gas Station Emergency Gas Storage Peak-regulating Facilities Renovation Project was conducted in 2018 with its construction started in June 2019 and its commissioning conducted in January 2021. Through the full-cycle water pollution management, waste management, air pollution management and noise pollution management, the environmental indicators surrounding the project all met the national requirements in September 2021 and the acceptance was successfully completed.

	Waste Water (tons)	Sulphur Dioxide Emissions (tons)	Nitrogen Oxide Emissions (tons)	Soot Emissions (tons)
2021	1,691,056.46	13.57	54.20	1.42
2020	1,439,710.72	34.10	67.20	2.30
2019	2,065,491.55	35.26	76.46	10.92

	Hazardous Waste (tons)	Density of Hazardous Waste (tons/billion yuan of revenue)	Non-hazardous Waste (tons)	Density of Non-hazardous Waste (tons/billion yuan of revenue)
2021	26.57	0.29	2,825.10	30.34
2020	41.21	0.58	2,602.97	36.35
2019	42.77	0.60	2,537.01	36.00

Table Quantitative Data on Emissions

Resource Use

ENN Energy strictly complies with the Energy Conservation Law of the People's Republic of China and other laws and regulations. It has established internal policies such as the ENN Energy Manual for Reception Resources, ENN Energy Management Rules for Administrative and Office Assets and ENN Energy Rules for Vehicle Management. In 2021, we advocated the green office by increasing the use of renewable energy and energy-saving renovations to our own office buildings and promoted the use of new energy vehicles in response to the national vehicle electrification strategy.

Paperless office

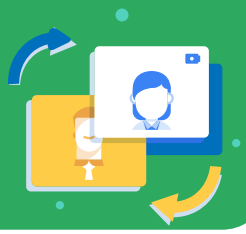
We comprehensively promote paperless office by reducing printing requirements, prioritising online electronic forms for official documents communication, work reporting and other affairs, establishing online file platforms and reducing offline communication of printed documents.

Advocating energy saving and emission reduction

We launched an initiative to reduce costs and increase efficiency, which advocates member companies to promote economy from the perspective of travel, hospitality, meetings, etc., to reduce costs and increase efficiency and achieve energy saving and emission reduction.

Green meeting

We gave priority to telephone and video meetings, eliminated flowers, refreshments and fruits for internal meetings, cancelled excursions unrelated to the meetings and strengthened the approval and effectiveness evaluation of external meetings.



Green travel

We promoted economic travel by strictly controlling the number of business trips and eliminating unnecessary business trips;

We promoted green transportation by phasing out and replacing existing gasoline vehicles with new energy ones to reduce the use of fossil fuel and carbon emissions.

Lifecycle management system for official vehicles

ENN Energy developed a lifecycle management platform for official vehicles in 2021 to record data on vehicle procurement or leasing, handover, operation, safety, disposal, driver management, vehicle operation, etc., around the vehicle lifecycle management process. We strengthened our vehicle management capability through online approval, online archiving and process tracking. Besides, with continuous data accumulation, we enhanced our digital operation capability of vehicles and thus realised our goal of intelligent operation. The platform has been delivered for acceptance at the end of 2021.

Low-carbon retrofit for the headquarters building in Langfang

Located in Hebei's Industrial Park in Langfang Economic and Technological Development Area, ENN's headquarters is the main office building of ENN Energy. In 2021, ENN Energy conducted a holistic assessment of the performance of the building structure, the number and use of users' equipment in different energy forms, the status quo of the energy suppliers and the monthly energy consumption throughout the year, and developed and implemented relevant low-carbon retrofit measures:

- Assembling electrical self-control and intelligent energy systems by nesting the self-developed Serlink platform into the existing platform of the building to enhance intelligent building skills management;
- Upgrading and maintaining geothermal heat pumps and related hardware to improve energy operating efficiency;
- Updating and optimising energy facilities such as water heaters and lighting energy-saving systems to reduce energy demands;
- Making full use of the roof space and installing a 194.4kW distributed photovoltaic power plant to provide clean and green power for building operations.

Through the above measures, the building's electricity consumption has been reduced by 36%, or 283,078 kWh annually. We have incorporated green and low-carbon concepts into the energy saving and emission reduction of buildings by reasonably selecting green retrofit technologies and tailoring retrofit solutions thus contributing to the emission reduction goal of ENN Energy.

We implement the concept of energy saving and emission reduction into all aspects of our production and operation. We continue to promote our member companies to optimise their own energy structure by applying green and low-carbon technologies and techniques to improve their resource utilisation efficiency.

We treasure scarce water resources. We regularly inspect and maintain water supply and water-using equipment during our production and operations, install rainwater collection devices, recycle production water and replace surface water with recycled water and rainwater to reduce freshwater consumption thus promoting the sustainable use of water resources in a responsible manner.

	Coal Consumption (tons)	Diesel Consumption (litres)	Gasoline Consumption (litres)	Natural Gas Consumption (thousand normal m^3)
2021	**56,519.52**	**3,484,897.37**	**4,398,359.54**	**13,080,493.39**
2020	43,631.11	1,132,927.92	4,022,073.92	12,006,421.67
2019	39,529.32	1,082,878.79	4,440,582.26	9,529,162.20

	Electricity Purchased (MWh)	Comprehensive Energy Consumption (tons of standard coal)	Density of Comprehensive Energy Consumption (tons of standard coal/ billion yuan of revenue)	Water Consumption (tons)	Density of Water Consumption (tons/billion yuan of revenue)
2021	**134,686.65**	**92,466.90**	**993.06**	**1,989,478.19**	**21,366.28**
2020	128,244.82	75,494.33	1,054.14	1,693,777.31	23,650.49
2019	209,747.78	79,061.24	1,127.00	2,429,990.06	34,625.00

Quantified Data of Energy and Resources Consumption

Biodiversity

ENN Energy has established the Biodiversity Protection Policy in strict accordance with the Environmental Impact Assessment Law of the People's Republic of China, the Land Management Law of the People's Republic of China, the Soil and Water Conservation Law of the People's Republic of China, the Regulations on the Environmental Protection Management of Construction Projects, the Classified Administration Catalogue of Environmental Impact Assessment for Construction Projects, the Regulations on Environmental Impact Assessment of Planning, among other laws and regulations. This policy applies to ENN Energy and all its subsidiaries. We also encourage stakeholders to adhere to scientific construction and carry out conservation, restoration and other compensatory measures in accordance with this policy to jointly reduce the impact of the operation process on the ecological environment.

Internal Policies	Laws and Regulations
• Environmental Impact Assessment Law of the People's Republic of China • Land Management Law of the People's Republic of China • Soil and Water Conservation Law of the People's Republic of China • Regulations on the Environmental Protection Management of Construction Projects • Classified Administration Catalogue of Environmental Impact Assessment for Construction Projects • Regulations on Environmental Impact Assessment of Planning	• Biodiversity Protection Policy

Analysis on the impact of biodiversity

We are deeply aware of the necessity and importance of biodiversity and have conducted a potential biodiversity risk assessment of the upstream and downstream of the industry chain to help us minimise the ecological impact caused by ourselves and our stakeholders. As per the potential biodiversity impact assessment, our city gas and integrated energy business mostly located in urban areas involves little new land acquisition and mainly invests in the construction of distributed photovoltaic power plants but does not involve the development of wind, photovoltaic and hydropower power stations so it does not cause direct damage to the ecological environment and has minimal impact on the regional ecological environment.

Potential Impact	Description of Impact	Upstream Development	Operations	Downstream Transportation
Potential death of individual animal and plant	Due to ecological changes caused by construction and project development, individual organisms may die during migration or subliminally	Low	Low	Low
Air pollution, radiation, noise, light pollution	The removal of local vegetation, the reduced air quality due to construction, the increased noise pollution, gas leakage, personnel interference and other factors may have a certain impact on the surrounding vegetation and fauna	Low	Low	Low
Introduction of exotic species, pests and pathogens	Construction and operation may have created conditions for species translocation or dispersal	No significant effect	No significant effect	No significant effect
Species loss	Construction and operation of infrastructure impact certain species such as birds around power lines and wind farms, aquatic animals in hydroelectric plants, and grassland birds in photovoltaic facilities	Medium	No significant effect	No significant effect
Habitat fragmentation	Land use change and permanent presence of facilities in natural areas may cause damage to affected biological habitats	Medium	Low	Low
Habitat change	Changes in the local environmental conditions in which the organism is located	Low	Low	No significant effect

Potential Biodiversity Impact Assessment

Environmental and biodiversity assessment work in the past five years

Cumulative sites

97 pieces

Attached area

120.3 hectare

To minimise the potential impact of our operations on the ecological environment, we regulate the response requirements according to the different stages of project development. During the project site selection and development phase, we carry out environmental impact assessment and biodiversity assessment to systematically assess the environmental impact of the site. For ecological protection areas such as water sources and animal habitats, we set stricter evaluation benchmarks and strictly prohibit construction in ecologically sensitive areas such as natural ecological protection areas, environmental function areas, forest lands and wetland parks. In addition, ENN Energy keeps up with the IUCN's Red List of Threatened Species to avoid doing business in and around wildlife reserves listed as extinct, extinct in the wild, critically endangered, endangered, vulnerable and near-threatened in the Red List and encourages our suppliers to stay away from nature reserves during operations to strictly adhere to the ecological red line.

During the construction and operation phases of the project, we regularly monitor the impact of corporate activities on the surrounding ecological environment and biodiversity, and gradually implement impact mitigation measures that contribute to the goal of "No Net Loss (NNL)" of biodiversity, following the principles of "avoid, reduce, repair, offset and compensate". If adverse ecological impacts are identified, we will proactively restore disturbed sites to balance ecological damage and benefit habitats and their associated species, realise the "Net Positive Impact (NPI)" of companies on biodiversity and ecosystem services.

In addition, we respect the ecological and cultural heritage of local communities and do our best to minimise the impact on indigenous peoples. During the reporting period, there were no major incidents in which ENN Energy was legally sanctioned for ecological and environmental issues.

Biodiversity conservation

ENN Energy is proactively involved in biodiversity protection. In 2021, we carried out various forms of biodiversity protections, including greening and tree planting along pipelines and field stations, river cleaning, wetland protection, wasteland and site greening and remediation, habitat restoration and animal rescue. We also carried out environmental protection and biodiversity promotion and encouraged employees and their families to participate in environmental and biodiversity protection to jointly guard green water and mountains for a beautiful homeland.

In 2021, ENN Energy built a new buried pipeline network with a length of

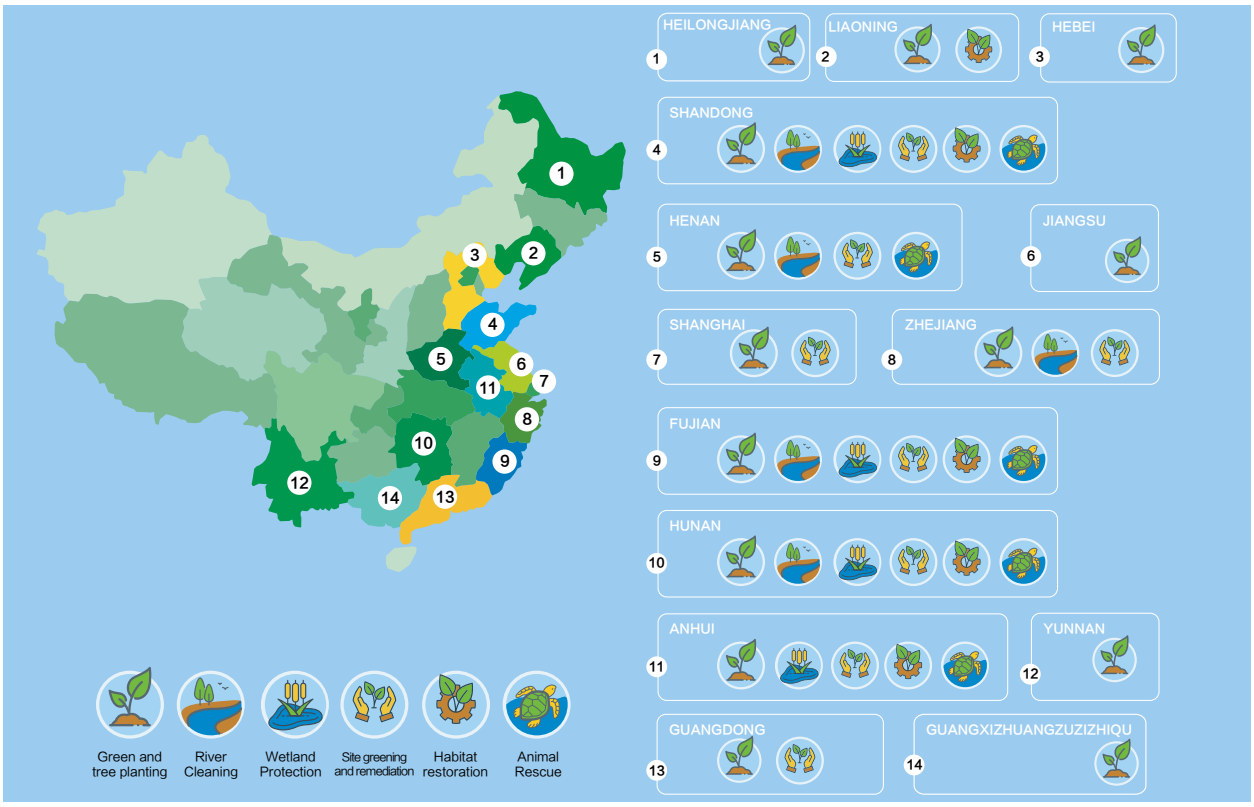
6,382.95 kilometers

Of which length of trenchless pipeline construction was

2,703.99 kilometers

Accounting for about of newly-built buried pipe network

42%



ENN Energy has deployed pipelines in strict compliance with the urban planning to make pipelines keep away from biological habitats and nature reserves and reduce the negative impact on natural ecology. We pay attention to biodiversity risks such as changes in plant community structure and composition, species invasion and physical damage to benthic communities caused by pipeline construction activities. We have done our best to reduce negative impacts on biodiversity during construction and operation.

04

Human Resources Management

With the concept of "employees are the most precious wealth of the Company", ENN Energy treats talents from diverse backgrounds equally with an open and inclusive attitude, protects labor rights and interests according to the law, cultivates excellent talents with core competitiveness, guards the physical and mental health of employees and is committed to improving its human resource system.

Material ESG issues reported in the chapter

- Equal employment opportunities
- Protection of employee rights
- Training and development
- Avoidance of forced labour and child labour
- Occupational health and safety

SDGs responded to in the chapter

The HKSE ESG indicators reported in the chapter

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

Protecting the Rights and Interests of Employees

Employees underpin the development of ENN Energy. We insist on attracting outstanding talents with a fair and just attitude providing employees with a diversified and inclusive workplace, a democratic communication and feedback mechanism and a competitive remuneration system and fully respecting and protecting the rights and interests of employees.

We have established a number of management policies to clarify our talent system, management and processes in strict compliance with the requirements of national laws and regulations. We make every effort to eliminate any forms of discrimination based on gender, region, ethnicity, religion, age and nationality in the recruitment process, respect the legitimate rights and interests of all employees and strictly eliminate illegal employment of child labor and forced labor. Moreover, to ensure that the legitimate rights and interests of employees are monitored in all aspects, we have further improved the due diligence process for labor complaints and introduced a system to investigate, collect evidence, manage and notify government agencies of illegal and disciplinary matters.

Complaints received on Labour Issues

12 times

Rate of Complaint Handling

100%

Laws and Regulations	Internal Policies
• Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China • Employment Promotion Law of the People's Republic of China • Decision of the State Council on Amendments to the Regulations of the State Council on Working Hours of Employees	• Regulations for Recruitment Management • Rules for Employee Appointment • Talent Development and Employment Policy • ENN Energy Measures for the Penalty of Employees' Violation of Rules and Discipline

Recruitment and Talent Pool

ENN Energy has developed a talent value-creation plan according to the strategic development plan and always selects talents through campus and social recruitment under the principle of fairness, equality and transparency. In this process, we have cooperated with universities to provide a variety of knowledge and skills training for college students as well as opportunities to study and practice in the Company, to prepare a talent pool for our talent value-creation plan consistent with our strategic development.

Open Day campus recruitment

In 2021, ENN Energy held the Open Day campus recruitment inviting nearly 100 outstanding students from more than 30 universities to visit ENN Energy. The event prepared rich contents and activities for the students, including mock interviews, resume guidance, career development advice, etc. It gave the students a better understanding of their career direction and planning while injecting more young voices and strength into ENN Energy.

The Open Day Activity of ENN Energy

Carrying out school-enterprise cooperation to reserve technical talents

In order to realise the "complementary advantages, resource sharing and win-win situation" of talents, ENN Energy proactively carries out school-enterprise cooperation in the areas of talent training, skill training and employment recommendation. We assist schools with the comprehensive development in talent training, curriculum construction, internship training and innovation and entrepreneurship, cultivating an excellent reserve of front-line technical professionals for ourselves while facilitating the employment of college students.

On 17 November, 2021, ENN Haining Gas and Zhejiang Institute of Mechanical and Electrical Technology held an inauguration ceremony of school-enterprise cooperation.

In 2021, ENN Hebei Energy Development Co., Ltd. signed a joint school-enterprise training agreement with Shanxi Gas Senior Technical School, enrolling a total of 283 students in the first phase.

Inauguration ceremony of school-enterprise cooperation between ENN Haining Gas and Zhejiang Institute of Mechanical and Electrical Technology

Cooperation between ENN Hebei Energy and Shanxi Gas Senior Technical School

Enrolling a total of

283

Students in the first phase

Diversity and inclusion

It's an important task for ENN Energy to create a diverse workforce and provide an inclusive workplace for employees in the management of employees. We support employees to freely associate and express their democratic opinions through grassroots democratic organisations such as labor unions and employee home and also endeavor to understand the needs and feelings of employees through the "Employee Home" mini-program, employees' reception days, employees' representative meetings and other activities. In 2021, we conducted a satisfaction survey for all employees to promptly investigate, review and correct the problems reflected by employees and formulated employee satisfaction improvement plans especially for the 15 member companies with the poorest performance.

Employee Exchange Meeting of ENN Energy

1,044
Number of Minority Employees

4.32/5
Employee Satisfaction Rate

62
Number of Disabled Employees

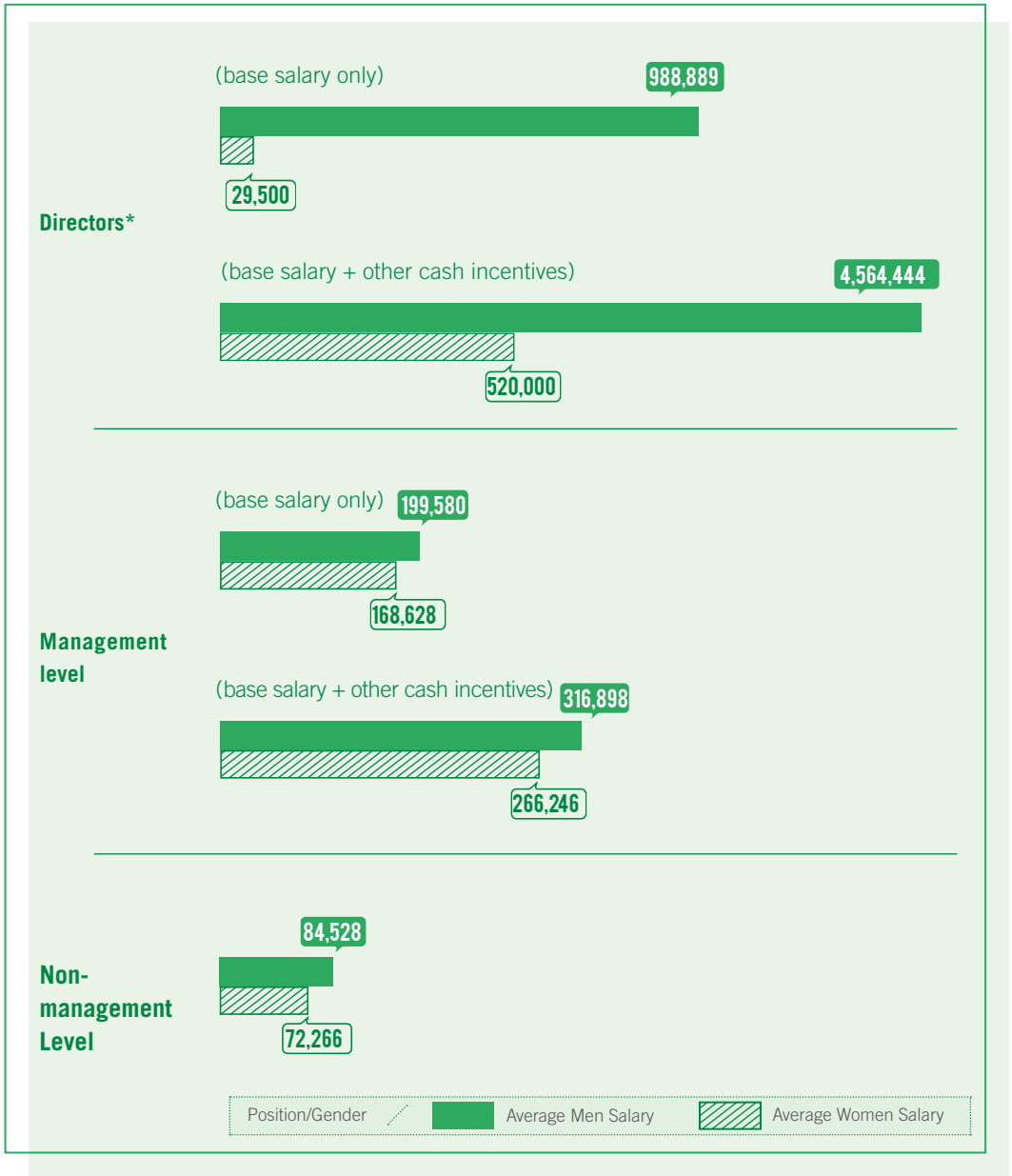
100%
Proportion of employees covered by collective bargaining agreements

Unimpeded development and promotion channels

ENN Energy values the development of its employees and has optimised employee label mapping to help them grow taking into account its own strategic development and business needs. We have worked on a value-creation record certification system allowing employees to develop and regularly review their personal development results and invite management to evaluate them to help them grow more effectively. Meanwhile, we are committed to creating a fair competition mechanism refining competency-based selection criteria and requirements with value-creation as the traction, standardising our promotion system and process and establishing a dual-sequence promotion channel for management and professional sequences.

Remuneration system

ENN Energy remunerates employees based on their job positions, capabilities and business fields under the principle of "distribution according to work and equal pay for equal work", and provides all employees with a remuneration structure of "fixed salary + year-end bonus + project bonus" and competitive salaries in the industry. We also provide additional share incentives for senior management to motivate them to lead us for further development.



Remunerations of Male and Female Employee by Position, Monetary unit: RMB Yuan

*(The disclosure results are calculated based on the actual remuneration level of directors during their term of office. As the executive director and president of the Company took office at the end of the reporting period, the disclosed data only reflects the the remuneration during her term of office as executive director and president in the reporting period. If the remuneration level is calculated on a full-year basis, the base salary for female directors shall be RMB1,000,000 yuan, and the base salary and other cash incentives for female directors shall be RMB3,390,000 yuan.)

Enhancing Employees' Skills

ENN Energy adheres to the development concept of joint growth of employees and the Company. Through deep identification and analysis of talents, we are committed to offering our employees with opportunities for growth, broadening their career paths, creating clear promotion channels and jointly promoting our long-term development. In this process, we focus on providing employees with support for skills enhancement in two areas. First, we focus on the independent development of employees by developing an "independent growth plan" for each employee and providing support for acquiring qualification licenses. Second, we strive to enhance the skills of key employees by focusing on the training of core talents, the skills enhancement of front-line and middle-level employees as well as special training in member companies based on their actual conditions.

1. Identify key groups and develop role planning based on business scenarios
2. Sort out role requirements and form a role portrait
3. Talent inventory and identification
4. · Inside - talent cultivation
   · Outside - talent introduction
5. Talent development
6. Iterate talent map and talent portrait

Framework of Enhancing Talent Capacity

Talent identification

It's a crucial initiative for ENN Energy to further develop its talent echelon and meet its strategic development requirements to conduct talent assessment and potential analysis and formulate personalised talent development plan. In 2021, we explored the pain points of technical talents and sorted out the core requirements of chief engineers by conducting extensive interviews with our management. On the basis of the SHL competency model, we built a nine-box talent model to identify, classify and cultivate high potential talents. In 2021, ENN Energy set up two teams to train chief engineers, including the FEE senior team with 47 members and the pioneer team with 36 members.

Including the FEE senior team with

47 members

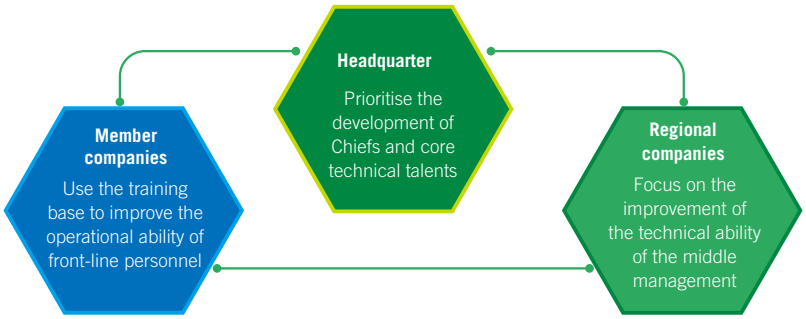
The pioneer team with

36 members

Training system

ENN Energy has developed a sound talent training system and insists on empowering employees on demand. Through differentiated talent training strategies, we aim to promote human motivation and stimulate organisational vitality to strengthen teamwork and facilitate value creation by innovation. Focusing on "leadership, professionalism and operational strength", we have built a multi-level training platform for employees and developed corresponding talent training programs for headquarters, regional companies and affliate companies according to their talent requirements. Due to the Company's continuous investment in employee training and development programs, the Company achieved revenue growth in 2021 by 30%.

The Company achieved revenue growth in
30%



Leadership development

Focus on cultivating the leadership of industry, provincial companies' and member companies' leading talents and help new employees to grow rapidly into backbone force and leading talents.

- The "Hardcore Convenor" training program dedicated to building a team of outstanding young convenors
- The "Diamond" training program dedicated to cultivating managers and leaders
- The "Cornerstone" training program dedicated to enhancing grassroots managers' awareness of their responsibilities and roles and improving the effectiveness of grassroots management
- The "Navigator" training program dedicated to selecting and training high-potential trainees and focusing on key regional issues

Professionalism development

Focus on cultivating commercial negotiation ability on technical affairs and promoting technical personnel to master and apply relevant knowledge as soon as possible.

- The "Carbon Neutrality" training program dedicated to studying the opportunities in the "dual-carbon" era and establishing the core idea of "digital operation driven by the carbon targets"
- The "Carbon Neutrality" training program dedicated to studying the opportunities in the "dual-carbon" era and establishing the core idea of "digital operation driven by the carbon targets"
- The "Minlong Special Camp" training program dedicated to cultivating leading marketing teams in integrated energy business through conducting innovative activities

Operational strength development

Focus on improving the operational skills of front-line employees and cultivate the habit of updating their skills on their own.

- Striving to "establish a standardised certification system and an independent growth mechanism, which are dedicated to improving the operational skills of front-line employees through training bases and regulating the certification of front-line employees"

we endeavored to consolidate employees' operating norms through the training base to lay a solid foundation for safe operation

The construction and operation of the training base is an important initiative and innovation of ENN Energy in enhancing the operational capabilities of front-line employees. We have set up a comprehensive operation scenario in the training base and equipped with corresponding facilities and equipment so that the participants can truly recreate the scene, practice and improve their own operational skills in accordance with the operation guidelines.

We require front-line employees to receive training in the training base and obtain a competency label before they can start work and those in the workforce must be re-certified once every two years. We have also set up an employee training certification platform, which can update front-line employees' skill labels dynamically based on assessment results and value creation.

In 2021, a total of 26 member companies operated their training bases, completing the standardised training of 353 trainers and 293 assessors in batches and developing 125 sets of training plans and 149 sets of operation guidance materials.

Trainees Practice Operations in the Training Base

Completing the standardised training of

353 members

293

Assessors in batches

Traininging plans

125

Operation guidance materials

149

Micro-ecology teams were upgraded comprehensively

In 2021, ENN Energy upgraded the micro-ecology team comprehensively taking eight teams from Langfang Gas, Qingdao Gas, Bengbu Gas and Shijiazhuang Gas as the benchmark teams for the Team Building 2.0 project. By incubating daily practices of front-line teams based on team scenarios, we successfully developed a self-driven and empowering dual-driver system to cultivate an open, flexible, self-driven, digital and symbiotic micro-ecology team.

Morning Team Meeting of Langfang Gas

"Navigator" Reserve Talent Development Program

In 2021, the "Navigator" training program selected 17 high-potential trainees for the role of convener and above to participate in 4 modules of intensive training on topics such as "how to acquire large customers outside the region and how to build an ecosystem of pipeline network in the park".

Scene of "Navigator" training program

17

High-potential trainees for the role of convener

The "Cornerstone" and "Pioneer" training programs

The "Cornerstone" and "Pioneer" training programs held by the Regional Company in Guangdong aim to enhance grassroots managers' awareness of their responsibilities and roles and improve their ability to perform their duties and has provided leadership training for grassroots team leaders through exchange seminars and action workshops.

Care for Employees

Adhering to our "people-oriented" management philosophy, ENN Energy cares about the difficulties and needs of employees in their daily work and life and strives to provide comprehensive protection for employees' work and life, and effectively enhance their sense of happiness and belonging at work. Every year, we organise diversified recreational activities and invite employees and their families to participate in them to enrich their spare time and spiritual life and cultivate their interests and moral character.

Employee health

We care about employees' physical and mental health and are promoting the "Health Station" project. We set up a special venue in the office premise to provide employees with health knowledge, body monitoring, physical conditioning, psychological relief and other health management services. We organise health clinic activities on a monthly basis to answer some questions and teach conditioning methods for common diseases. We also establish the "Health Activity Center" with reading rooms, bookstore, gym, yoga hall and other functions to enrich the spare time of employees.

Shijiazhuang ENN Gas Health Sports Center

A Health Station provides healthcare services for employees

Women's wellness

ENN Energy also emphasises the physical and mental health of female employees. We are committed to delivering our most intimate care to every female employee in our daily work, including setting up a nursing room in the office premise, providing customised medical check-ups to all female employees and offering female employees the paid maternity leave, breastfeeding leave and time off from work for Women's Day.

ENN Energy set up "Moms' Room" to care for female employees in all aspects

The "Moms' Room" set up by ENN Energy has been upgraded in functions and hardware and software, which can provide female employees with a comfortable, private, hygienic and safe resting space, as well as health management, psychological counseling, parenting communication, science propaganda and other service support.

Moms' Room of ENN Energy

ENN Changsha established a women's school to show the professional style of female employees

In order to strengthen the training of and the care for female employees, ENN Changsha has established ENN Changsha Women's School, which combines activities and fun as well as training and fitness and enriches the ways for female employees to develop themselves after work. In 2021, ENN Changsha was highly recognised by the government and the public citizens for its care for female employees and was awarded the "2021 Model Training School for Female Employees of Trade Unions".

Family support

Since 2015, ENN Energy has been offering financial support to employees suffering from serious illnesses by providing medical assistance and reimbursing medical expenses that far exceed the medical insurance coverage. In 2021, we upgraded our rules on the assistance program by increasing the program number from 12 to 28 and expanding the scope of assistance from the employees themselves to the employees and their immediate family members. To facilitate employees to apply for medical assistance, we have also developed a special digital tool to efficiently and accurately help employees and their families in need through functions such as online contract-signing and facial recognition.

Number of employees and their families received financial support in 2021

94

Accumulative financial support since establishment

RMB 1.526 million

Accumulative number of employees and their families received financial support

195

Total financial support contributed in 2021

RMB 281,000

Assistance program increased from

12

to

28

05

Working Together for Ecology

ENN Energy endeavors to optimise the structure of the energy industry by leveraging its technology and resources. The company insists on strengthening communication and cooperation with customers, suppliers, industry, communities and other stakeholders in its daily work to promote the sustainable development of the industry and society while practicing its corporate responsibility as a citizen.

Material ESG issues reported in the chapter

- Product and technological innovation
- Supply chain management
- Anti-competitive practices
- Customer services
- Protection of Customer Data
- Intellectual property protection
- Charitable activities for communities
- Community relations

SDGs responded to in the chapter

The HKSE ESG indicators reported in the chapter

- B5 Supply Chain Management
- B6 Product Responsibility
- B8 Community Investment

Responsible Procurement

Responsible procurement is an important principle for ENN Energy to fully integrate sustainable development requirements into supply chain management and build a sustainable supply chain. We implement the internal supply chain management system in strict accordance with laws and regulations, conduct hierarchical management of suppliers, and fully evaluate the sustainable development performance of each supplier. In 2021, we have implemented five supply chain management strategies, including quality assurance and procurement governance, and implemented a number of supplier management policies to consolidate the foundation of responsible procurement.

Laws and Regulations

- Tendering and Bidding Law of the People's Republic of China
- Implementing Regulations of the Tendering and Bidding Law of the People's Republic of China

Internal Policies

- Measures for Supplier Performance Evaluation
- Notice on Regulating the Bidding Practice of Gas Project Construction Units
- Implementation Measures for the Access, Evaluation and Exit of Partners in the Integrated Energy Ecology (Product and Service Suppliers)
- Supplier Code of Conduct
- Supplier Management of ENN Energy
- General Supplier and Procurement Management Rules of ENN (Group)
- Materials Procurement Management Regulations of ENN Energy
- Storage Management Regulations of ENN Energy
- Provisions on Quality Management of Procurement Materials of ENN Energy
- Health, Safety and Environment (HSE) Protocol
- Rules of Management of Supplier Platform

Type	Definition	Number	Percentage of purchases
Type A suppliers (critical)	The material suppliers that constitute the main or key part of the final product and directly affect the use or safety performance of the final product; or those whose annual purchases account for 60% of the total purchases	82	62.2%
Type B suppliers (important)	The material suppliers that constitute a minor or non-critical part of the final product and have a greater impact on the quality of the final product; or those whose annual purchases account for 10%-30% of the total purchases	1,224	34.9%
Type C suppliers (general)	The auxiliary material suppliers that have little impact on the quality of the final product; or those whose annual purchases account for less than 10% of the total purchases	2,992	2.87%

Information on Tier 1 Material Suppliers

In 2021, ENN Energy has a total of

4,298

material suppliers in mainland China[3]

The top 5 material suppliers accounted for

37.2%

of the total purchases

[3] The Company's material suppliers in 2021 are all from mainland China.

1 ESG risk determination

- Reporting on a regular basis to the Board on the list of high-ESG risk centralised procurement projects
- Identifying potential supply chain risk and developing control measures in four aspects of delivery, quality, business conduct and compliance
- Placing suppliers with higher ESG risk behaviors on the list of high-risk suppliers
- Enhancing suppliers' capacity in ESG risk management through multi-faceted assessment and rectification

11

Tier 1 high-risk suppliers

0.26%

High-risk suppliers account for 0.26% among key and important suppliers

2 Approval management

- The design of the bidding plan is decided by the Board. The results of bidding and bid evaluation need to be reported to the Board for its monitoring
- Strictly requiring suppliers to follow national laws and regulations in the manufacturing process, paying attention to environmental protection, and protecting the legitimate rights and interests as well as social welfare of employees
- Including suppliers' access to qualification system certification (e.g. ISO14001, ISO45001, ISO9001, etc.) in the assessment criteria
- The entire procurement process is supervised by the risk-indication department and a dedicated complaint channel is provided to ensure the lawfulness and compliance of the procurement process
- Requiring suppliers to sign the Bidders' Commitment to Integrity and Self-Discipline and strictly adhere to the business ethics

>90%

The rate of suppliers passing the environmental management system certification exceeds 90%

>80%

The rate of suppliers passing the occupational health certification exceeds 80%

Supplier Management Process of ENN Energy

3 Audit and evaluation

- Conducting comprehensive evaluation and performance assessment of suppliers every year
- Conducting online or on-site unannounced inspections occasionally and announcing assessment results
- Adopting the forced ranking system among similar material suppliers to eliminate the unqualified suppliers in time
- Blacklisting and publicising suppliers who violate business ethics
- Setting a target of 100% annual inspection rate for suppliers in 2021

100%

The review coverage rate of tier 1 critical suppliers reached 100% for the past three years

4 Exit mechanism

- Serious quality issues and business conduct issues need to be reported to the Board
- Clearing out the unqualified suppliers who fail to rectify as required within 3 months or whose rectification fails to meet expectations
- Rectifying, freezing or blacklisting non-compliant suppliers according to different circumstances
- Setting up a special investigation team to thoroughly investigate and publicise the complaints against suppliers

5 Communication mechanism

- Communicating with suppliers in terms of technical standard improvement, digital application, process improvement, product traceability to help suppliers improve their performance
- Providing suppliers with multiple types of training such as digital management, business ethics, and transaction chain decomposition and working with suppliers to build a transparent and intelligent procurement environment

Green Procurement

- ENN Energy drives green procurement and requires suppliers to incorporate green concepts in product design, raw material selection, production and processing, and packaging;
- Bidders are required to provide clients with green and high-quality products to reduce pollution and impact on the environment, including but not limited to using raw materials that meet environmental protection standards, reducing the amount of auxiliary materials and packaging materials, using recyclable, degradable or pollution-free packaging materials, and selecting highly efficient equipment.

We promoted the supply chain upgrade for our suppliers through providing technical support

In 2021, ENN Energy set a higher standard for the suppliers of 20 product categories to procure them to improve their product quality and technology. In this process, based on our own experience, we carried out a number of process and technology upgrades with our suppliers such as thickening the anti-corrosion layer and secondary welding of plastic pipe sections to save costs while ensuring operational safety and indirectly reducing greenhouse gas emissions from the production.

We also assisted suppliers in the management of materials through QR codes under the support of the digitalisation technology making materials traceable. By the end of 2021, all materials provided by tier 1 key suppliers of ENN Energy have been traceable through the whole process of the material supply chain by means of QR codes, promoting the digital development of Company during purchasing and supplying materials.

Steel-plastic Conversion Anti-corrosion Layer Thickness Improvement and QR Code of Procured Materials

Working with Suppliers to Solve the Problem of Uneven Coating

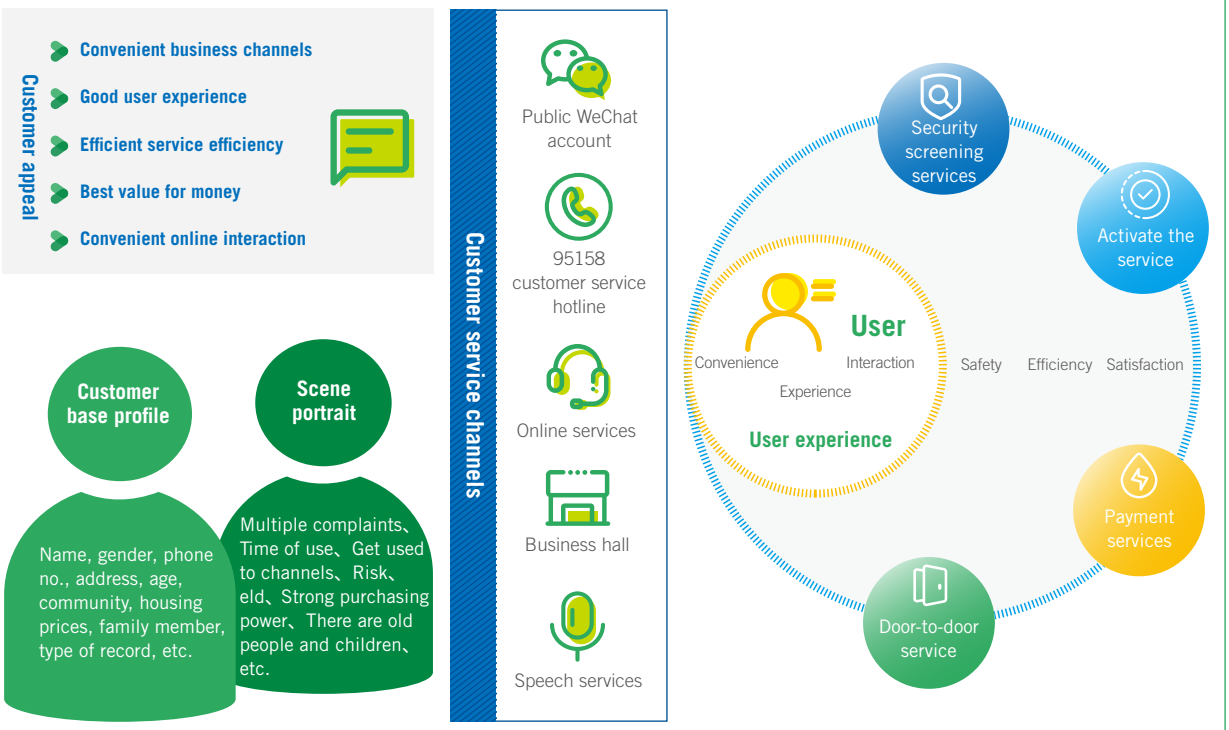
We strived to enhance suppliers' capabilities through trainings

From 23 to 24 July 2021, ENN Energy conducted a full-process training for Hengyang Keying Steel Tube Co., Ltd. in terms of the procurement process, demand features and the use of digital procurement tools, aiming to enhance the Company's proficiency in the use of digital procurement tools and improve procurement efficiency.

Training on Supplier Digital Procurement Platform

Customer-orientation

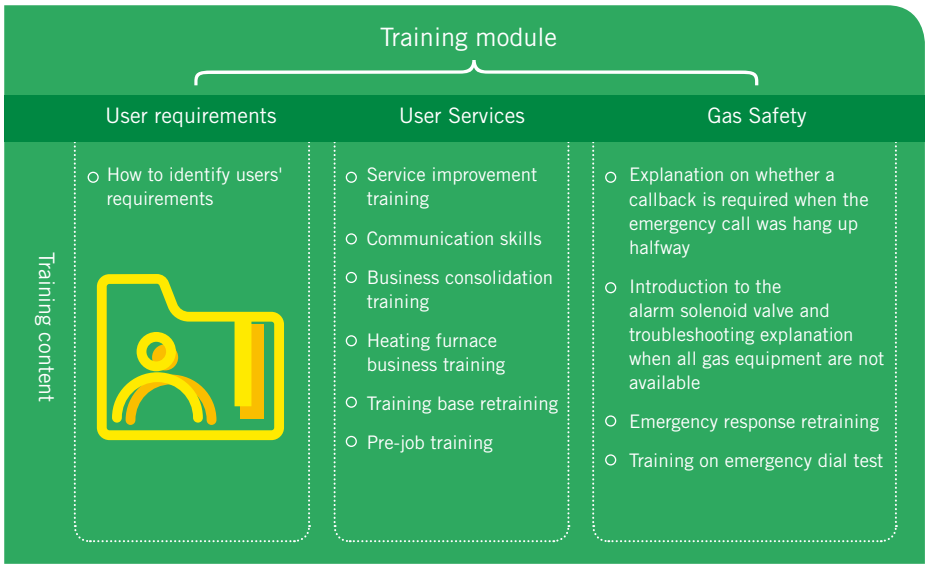
ENN Energy strives to meet customers' differentiated needs and enhance customer experience by leveraging its own innovative technologies and resources. We have also gradually improved our customer service system and issued documents such as the ENN Energy Service System Manual and the ENN Energy Management Measures for Client Complaints to regulate our customer service base and ensure our customer service quality.



Brand unification + Service unification + Multidimensional interaction + Customer operations

Enhancing the skills of customer service staff

In order to strengthen the comprehensive quality of our customer service team, enhance service awareness and provide professional and high-quality services to our customers, we have released customer service quality evaluation standards and processes, carried out full-process service quality tracking for our customer service staff, and proactively identified and remedied their service shortcomings. Besides, we have specifically designed and provided pre-job training, on-the-job training and capability assessment for the customer service staff around user requirements, user safety and user services, so as to enhance their service ability.



Training on enhancing the customer service capacity of Hebei Provincial Company

On 15 September, Hebei Provincial Company held the annual training on enhancing customer service capacity in Shijiazhuang from three aspects of smart service system construction, customer service value-creation strategy and new standards for indoor safety inspection. The training course gave an in-depth explanation on how to establish a smart service system from customer awareness, service channels, service delivery, service feedback and product ecology to help participants provide better service to customers at work.

Upgrading customer service experience

With the advanced concept and technology of digital intelligence service, we have upgraded our customer service platform, process and quality in all aspects in order to provide friendly and efficient service to our customers. In July 2021, the ENN 95158 online service platform was launched, providing convenient services including online bill payment, repair, opening, safety promotion and information inquiry.

ENN Energy 95158 Online Platform

Cumulative Users

More than **1.64** million

Average Daily User Visit

More than **50** thousand

We jointly launched a new service model with China Merchants Bank

On 27 September, ENN Energy and China Merchants Bank entered into a strategic cooperation agreement to launch in pilot co-branded card business in Shijiazhuang. Through the new NFC card business, we provide non-online IC card meter users with convenient functions including online bill payment and reuse of user resources, extending the card services from shopping to community services and community properties.

Proportion of gas purchased online

(2021)

81%

(2020)

50%

Coping with customer complaints and problems

We are committed to providing multiple complaints and communication channels for our customers. They can give feedback through various means such as mini-programs, hotline, online service and suggestion boxes. In 2021, we updated our Customer Voice system version 2.0, which records the entire process of complaint processing and manages the processing results in a closed-loop manner. We have also cooperated with third parties to conduct customer satisfaction surveys through telephone callbacks and online surveys, to comprehensively assess customer evaluations of our services.

92.1%	377 Cases	0.0253%	99.4%
Customer Satisfaction	Customer Complaint	Customer Complaint Rate	Complaint Handling Rate

Information security and privacy protection

ENN Energy values customer information security and privacy protection, and the board of directors is responsible for handling major security incidents. We have improved our information security management system based on our requirements of information and privacy management in strict compliance with national and local laws and regulations related to information security and privacy protection. During the reporting period, we issued more than 40 documents on information security management system to further standardise customer information collection, use, sharing, storage and other processes, enhance third-party information security management,and engaged third-party organisation to conduct special audits on the system, APP compliance assessment, information security testing, etc.

Laws and Regulations

- Consumer Rights Protection Law
- E-Commerce Law
- Cybersecurity Law
- Guidance on Internet Personal Information Security Protection
- Data Security Law
- Personal Information Protection Law
- Regulations on the Protection of Critical Infrastructure

Internal Policies

- ENN Energy Information Security Management Regulations
- ENN Energy Information Security Risk Management Measures
- ENN Energy Customer Privacy Policy
- Operational Regulations on the Preparation, Issuance, Use and Custody of ENN Energy's Documents
- ENN Energy Regulations of Information Interface for Providing Externally
- ENN Energy Holdings Limited Data Privacy Policy

On the basis of system management, we have been also increasing our efforts in the education and management of information security, including requiring employees to sign confidentiality agreements, conducting regular training on information security, applying for ISO27001 certification assisted by internal auditors as well as monitoring confidential information of member companies through security protection software and archiving and keeping records of all operators' entry and exit information.

40
documents on information security management system

Obtained ISO 27001 Information Security Management System Certification

Breaches or violations of customer privacy
0

Collaborative Innovation

ENN Energy is committed to building an integrated industrial ecology and promoting business transformation and upgrading with technology. We highly value our communication and cooperation with ecological partners such as industry associations/societies, universities, scientific research institutions, suppliers and industry companies and strive to achieve a win-win situation in the industry chain through industrial cooperation.

Industry exchanges with universities and research institutions

ENN Energy continuously monitors and learns from cutting-edge industry technologies and trends, conducts exchanges with internal and external institutions and cooperates with universities and research institutes in an effort to promote and develop innovative technologies.

ENN Energy participated in the preparation of the Informatisation Guidelines for Urban Gas Enterprises in China (2021)

On 28 October, 2021, the 2021 Annual Conference of the Information Committee of China Gas Association and the 15th Academic Conference of the Informatisation Department of the Gas Branch of China Civil Engineering Society was held in Hangzhou and the Informatisation Guidelines for Urban Gas Enterprises in China (2021), which was prepared with the participation of ENN Energy, was premiered at the conference. Chong Shaoli, Director of the Digital Transformation Committee of ENN Energy Holdings Limited, Deputy Director of the Information Committee of China Gas Association and Deputy Director of the Informatisation Department of the Gas Branch of China Civil Engineering Society, addressed the conference with Digital Safety Practice in the City Gas Industry and proposed a digital development plan on the gas industry.

2021 Annual Conference of the Information Committee of China Gas Association

We conducted exchanges on new energy technologies

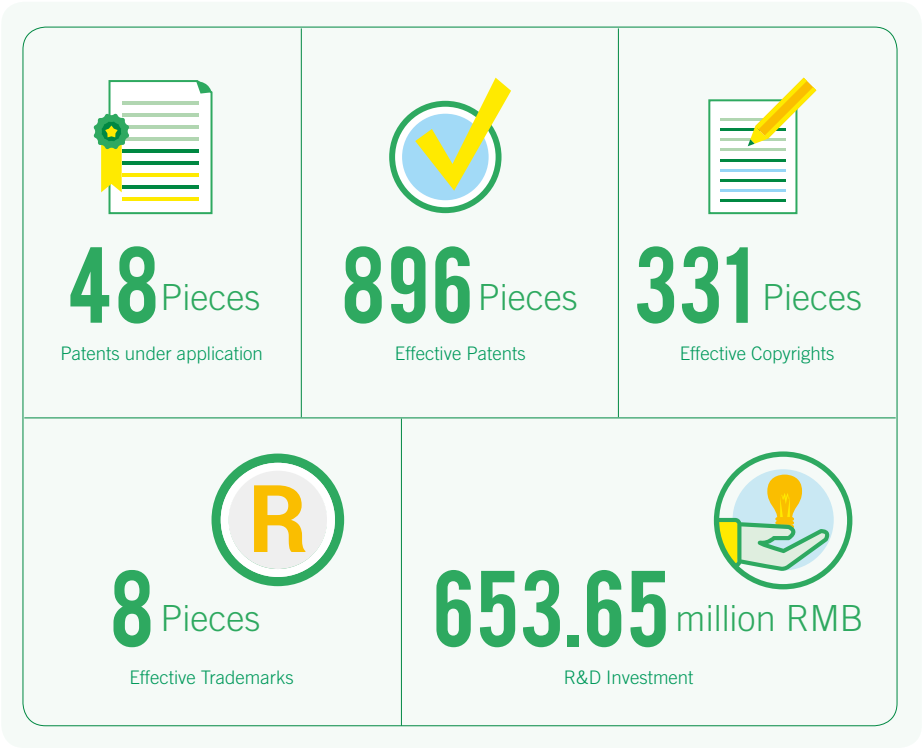
December 2021	ENN Energy attended the Global Biomass Innovative Development Summit and delivered a speech on the development and application of its zero carbon technology. At the summit, the experts from ENN Energy had in-depth exchanges and discussions with experts from universities and research institutions and outstanding enterprises in the industry on the development of zero-carbon biomass energy.
October 2021	As the vice chairman of the board, ENN Energy attended the 2021 Annual Conference of China Gas-Hydrogen Alliance and the 2nd Hydrogen Energy Academic Conference, exploring hydrogen technology research and product development, as well as new model development by extending the "hydrogen" industry chain with member companies.
May 2021	ENN Energy attended the 4th China (International) Bioenergy Conference and delivered a speech on biomass heat carrier fast pyrolysis technology equipment and model.

Intellectual property and patent protection

We attach great importance to the protection of technology innovation achievements. We have clearly defined the strategic goal of building an intellectual property value-creation operation system, developed the commercial use of intellectual property assets and conducted intellectual property creation, management, application and protection in accordance with the law. We regulated the management process of intellectual property assets such as patents and trademarks through developing a comprehensive intellectual property system, so as to enhance our ability to prevent and control intellectual property risks. Furthermore, we also observed the quality requirements for obtaining intellectual property rights. We implemented quality control throughout the process from patent mining, searching, commissioning to submission, employed professionals to provide intellectual property protection services for technology research and development, formulated plans for patent infringement and regularly invited company experts to guide relevant technology innovation.

Laws and Regulations	Internal Policies
• Trademark Law of the People's Republic of China • Patent Law of the People's Republic of China • Copyright Law of the People's Republic of China	• ENN Group Regulations of Intellectual Property Management • Guidance for the Code of Brande and Trademark of ENN

ENN Energy vigorously promotes intellectual property digitalisation. We independently developed the intellectual property management system V1.0, which precipitates key data generated during the lifecycle of intellectual property creation, management, operation and risk to the platform, laying a solid foundation for product intelligence in data.



Performance Indicator of Intellectual Property

Contribution to the Society

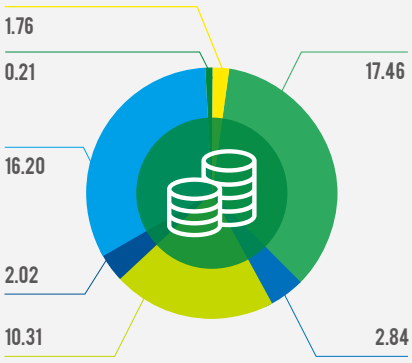
With the mission of "focusing on energy conservation and environmental protection, supporting education and promoting social harmony" and the values of "compassion, charity and harmonious coexistence", ENN Energy guides and encourages its member companies to establish partnerships with local communities and fulfill their social responsibilities as corporate citizens.

Charitable activities for communities

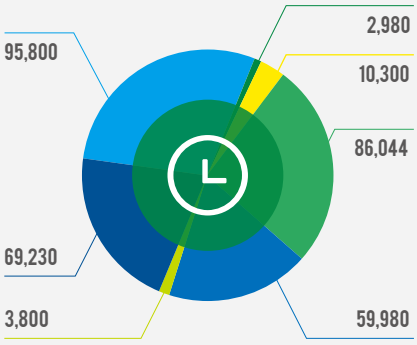
ENN Energy cares about environmental protection, education and other charitable activities on a daily basis and carries out charitable activities to help disadvantaged groups in strict compliance with the Charity Activity Management Policy. In 2021, under our guidance and encouragement, member companies have proactively established partnerships with local communities. They developed and participated in activities including building new school buildings in poor areas, improving teaching facilities and setting up scholarships (grants), participated in charitable projects including disaster relief, supporting disadvantaged groups and helping those in need and promoted charitable activities in culture, innovation, sports and health.

Total of Donation

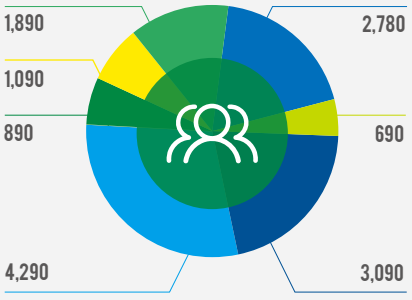
RMB **50.795** million



Donations by category (million)



Donations by category (hours)



Donations by category (person-time)

- Educational charity projects
- Environmental protection projects
- common prosperity projects
- Culture projects
- other charity projects
- Health category
- Disater relief projects

Total of 328,134 hours in voluntary activities

328,134 hours

Mobilised 14,720 partcipants

14,720

Education and culture

We have promoted the development of education and culture charities through numerous measures:

- Liaocheng ENN made donations to poor students
- Bozhou ENN Gas conducted the "Spring Buds Program"
- Huludao ENN Gas provided services for the college entrance examinationQuanzhou Gas's volunteers cared for autistic children
- Langfang ENN Gas supported the 2021 "the Belt and Road" Great Wall International Folk Culture and Arts Festival

Forest Poster of ENN Energy

Rural revitalisation and community welfare

We care about rural economic development by making contributions to rural revitalisation and supporting the development of community groups and welfare programs:

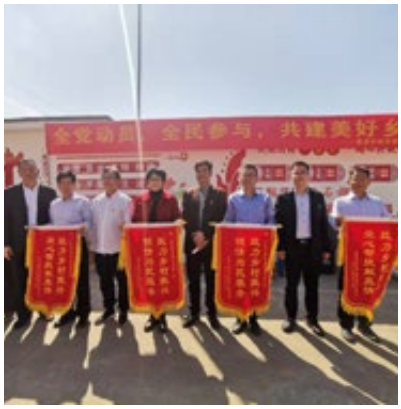
- Guigang ENN Gas donated 50 LPG stoves to the village as part of the "Developing New Villages" charity campaign
- RMB500,000 was donated to Yangwei Village, Cizao Town, Jinjiang City through the ENN Charity Foundation
- Changzhou ENN Gas conducted charitable activities in Hebei Community New Era Civilisation Station
- Langfang ENN Gas supported the third sports competition for the disabled in Langfang
- Liaocheng ENN Gas conducted charitable activities for nursing homes

Environmental protection

We carried out the "Green Ecology Dream" environmental protection activity in the core area of Xiong'an Green Expo Park by planting a total of 2,688 trees in 155 acres of land. Dongguan ENN Gas has also undertaken the maintenance of the sakura garden in Humen Scenic Area of Dalingshan Forest Park in Dongguan City.

Liaocheng ENN Made Donations to Poor Students


Quanzhou Gas's Volunteers Cared for Autistic Children


Guigang Gas Conducted the "Developing New Villages" Activities

Flood relief

In 2021, the floods in Henan were a major disaster of concern to ENN Energy. After the outbreak of floods, ENN Energy immediately donated anti-flood materials worth RMB16 million and RMB1 million to the affected cities and ENN Group donated 4 micro-combustion engines worth RMB5.16 million for flood relief and post-disaster reconstruction in Henan. We cooperated with the local government and quickly started the emergency plan to ensure the gas safety of residential users. In particular, eight regional branches in Henan, including Luoyang ENN, Xinxiang ENN and Kaifeng ENN, have responded by setting up emergency relief command centers to strengthen safety hazard monitoring and carry out reconstruction to ensure a safe and stable gas supply in the disaster area. Companies such as Langfang ENN Gas and Shijiazhuang ENN Gas have also sent rescue teams and contributed to subsequent resumption in production and gas supply.

中国共产党洛阳市委员会

感 谢 信

新奥集团：

危难之时伸援手，共战水灾显真情。在洛阳市遭遇极端强降雨、防汛救灾的紧要关头，贵司通过洛阳市红十字会捐助200万元现金和100万元物资，助力洛阳防汛救灾和受灾群众度过难关，用实际行动践行了企业的社会责任，展示了“一方有难，八方支援”的大爱精神，赢得了洛阳市及社会各界的高度赞誉。

洛阳市委、市政府和706万洛阳人民，向贵公司致以崇高的敬意，表示真诚的感谢！祝愿贵公司蓬勃发展，全体员工幸福安康！

ENN Energy Provided Support for the Floods in Henan

To the affected cities

RMB **16** million

Flood relief and post-disaster reconstruction

RMB **1** million

Anti-epidemic efforts

In 2021, despite the fact that the pandemic abated to a certain extent, ENN Energy continued to strengthen its pandemic management efforts and coordinated with other companies to fight the pandemic. We have studied and implemented the pandemic-related policy documents, clarified and unified our action instructions to ensure sufficient supply of materials, carried out resumption efforts to ensure the gas supply for people's livelihood and industrial use and reduced gas prices to stimulate economic recovery in response to national policies and calls. Besides, ENN Shijiazhuang Gas made donations to the Red Cross Association and Zhaoqing ENN Gas donated materials to the sanitation workers effectively demonstrating our corporate citizenship.

Donations and Material Supply for Pandemic Prevention in 2021

RMB **2.018** million

ENN's Donations for Pandemic Prevention and Control

Social Recognition

2020 Poverty Alleviation Award
The 10th Philanthropy Festival

The 18th (2021) China Charity List- Top 10 Charitable Enterprises
China Association of Social Workers and China Philanthropy Times

2021 China Charity List - Model Foundation
China Philanthropy Times

2021 Annual Charitable Enterprise
China Association of Social Workers and China Philanthropy Times

Anti-pandemic Caring Enterprise
Langfang Spiritual Civilisation Development Committee

2021 Annual Social Organisation
China Association of Social Workers and China Philanthropy Times

The 11th China Charity Award - Donating Enterprise
Ministry of Civil Affairs

Outlook

With frequent extreme weather, the remaining impact of the pandemic on our livelihood and production and the global consensus on carbon neutrality strategy, it has become a current fashion to build a stable, healthy and environmental-friendly low-carbon society. Therefore, sustainability is meaningful for companies.

Looking back at 2021, ENN Energy has facilitated the industry's low-carbon transformation with green actions in response to the national call for dual-carbon targets. In addition, we have participated in and organised diversified charitable activities to give back to the society.

Looking forward, ENN Energy will insist on sustainable development, keep vigilant and grasp opportunities to forge ahead. As an energy service provider, we will continue to fulfill our corporate responsibility to ensure the safety and stability of energy use for our country and our people. Meanwhile, we will continue to facilitate China's energy transition by providing clean and low-carbon products and services in response to our carbon neutrality strategy while promoting our own business upgrades and gradually developing into an integrated energy service provider. With our strategic determination and patience, we will create a new era of ecological civilisation together with our ecological partners.

ESG Performance Indicators

Environmental Aspect

Indicator	Unit	2021	2020	2019
Waste Water	Tons	**1,691,056.46**	1,439,710.72	2,065,491.55
Sulphur Dioxide Emissions	Tons	**13.57**	34.10	35.26
Nitrogen Oxide Emissions	Tons	**54.20**	67.20	76.46
Soot Emissions	Tons	**1.42**	2.30	10.92
Hazardous Waste[4]	Tons	**26.57**	41.21	42.77
Intensity of Hazardous Waste Generation	Tons /billion RMB of revenue	**0.29**	0.58	0.60
Non-hazardous Waste[5]	Tons	**2,825.10**	2,602.97	2,537.01
Intensity of Non-Hazardous Waste Generation	Tons / billion RMB of revenue	**30.34**	36.35	36.00
Coal Consumption	Tons	**56,519.52**	43,631.11	39,529.32
Diesel Consumption	Litres	**3,484,897.37**	1,132,927.92	1,082,878.79
Gasoline Consumption	Litres	**4,398,359.54**	4,022,073.92	4,440,582.26
Natural Gas Consumption	Thousand normal cubic meters	**13,080,493.39**	12,006,421.67	9,529,162.20
Electricity Purchased	MWh	**134,686.65**	128,244.82	209,747.78
Comprehensive Energy Consumption	Tons of standard coal	**92,466.90**	75,494.33	79,061.24
Intensity of Comprehensive Energy Consumption	Tons of standard coal/billion RMB of revenue	**993.06**	1,054.14	1,127.00
Water Consumption	Tons	**1,989,478.19**	1,693,777.31	2,429,990.06
Intensity of Water Consumption	Tons /billion RMB of revenue	**21,366.28**	23,650.49	34,625.00

Indicator	Unit	2021	2020	2019
Scope I[6] : Direct GHG Emissions	Tons of CO_2e	**176,481.93**	123,351.16	123,538.97
Intensity of Direct GHG Emissions (by revenue)	Tons of CO_2e/ billion RMB of revenue	**1,895.35**	1,722.37	1,760.00
Intensity of Direct GHG Emissions (by gas sales)	Tons of CO_2e/ billion cubic meters of natural gas sales	**5,332.26**	4,171.70	4,581.80
Scope II[7] : Indirect GHG Emissions	Tons of CO_2e	**90,271.17**	86,340.85	139,380.10
Intensity of Indirect GHG Emissions (by revenue)	Tons of CO_2e/ billion RMB of revenue	**969.48**	1,205.59	1,986.00
Intensity of Indirect GHG Emissions (by gas sales)	Tons of CO_2e/ billion cubic meters of natural gas sales	**2,727.47**	2,920.02	5,169.31
Total GHG Emissions	Tons of CO_2e	**266,753.10**	209,692.01	262,919.07
Total GHG Emissions (by revenue)	Tons of CO_2e/ billion RMB of revenue	**2,864.83**	2,927.96	3,746.00
Total GHG Emissions (by gas sales)	Tons of CO_2e/ billion cubic meters of natural gas sales	**8,059.74**	7,091.72	9,751.11

[4] Hazardous waste includes waste machinery oil, odorant waste barrels, waste chemical packaging, and scrapped circuit boards for manufacture and maintenance of gas meter, etc. generated by ENN Energy's headquarters and subsidiaries for gas distribution business in 2021.

[5] Non-hazardous waste includes household garbage and other non-hazardous waste generated during the manufacture and maintenance of gas meter by ENN Energy's headquarters and subsidiaries for gas distribution business in 2021.

[6] Direct GHG emissions (scope I) includes direct emissions from energy consumption(coal, diesel, gasoline, natural gas), which was consumed by natural gas retail business and gas wholesale business of ENN Energy's headquarters and subsidiaries.

[7] Indirect GHG emissions (scope II) includes indirect emissions from electricity purchased, which was consumed by natural gas retail business and gas wholesale business of ENN Energy's headquarters and subsidiaries.

Social Aspect

Indicator	Unit	2021	2020	2019
Number of employe	Persons	**35,676**	35,780	35,735
Male employees	Persons	**26,982**	26,923	26,464
Female employe	Persons	**8,694**	8,857	9,271
Fulltime employees	Persons	**35,562**	35,653	35,604
Part-time employe	Persons	**114**	127	131
< 30 years old	Persons	**7,936**	10,931	11,675
30-50 years old	Persons	**23,648**	22,014	21,487
> 50 years old	Persons	**4,092**	2,835	2,573
Senior manager	Persons	**1,147**	1,152	1,138
General employees	Persons	**30,980**	31,359	31,350
Middle manager	Persons	**3,549**	3,269	3,247
Overseas employees	Persons	**0**	5	7
Hong Kong employees	Persons	**11**	12	14
Mainland China employees	Persons	**35,665**	35,763	35,714
Employees with bachelor degree	Persons	**9,598**	10,029	10,042
Employees with college degree	Persons	**11,285**	12,476	11,651
Employees with high school degree or lower	Persons	**14,104**	12,488	13,159
Employees with Master degree or above	Persons	**689**	787	883
Percentage of male senior manager	%	**82.82**	82.55	83.22
Number of male senior manager	Persons	**950**	951	947
Percentage of female senior manager	%	**17.18**	17.45	16.78

Social Aspect

Indicator	Unit	2021	2020	2019
Number of female senior manager	Persons	**197**	201	191
Percentage of male middle manager	%	**73.37**	76.32	76.75
Number of male middle manager	Persons	**2,604**	2,495	2,492
Percentage of female middle manag	%	**26.63**	23.68	23.25
Number of female middle manager	Persons	**945**	774	755
Disabled employees	Persons	**62**	80	44
Minority employees	Persons	**1,044**	1,190	1,033
Newcomers	Persons	**4,264**	4,159	4,927
Newcomers from experienced hire	Persons	**3,857**	3,864	4,384
Newcomers from school	Persons	**407**	295	543
Overseas newcomers	Persons	**0**	0	0
Turnover rate	%	**9.68**	9.46	9.80
Number of departed employees	Persons	**3,454**	3,385	3,499
Male employee turnover rate	%	**9.40**	9.60	9.70
Male employee departed	Persons	**2,537**	2,489	2,565
Female employee turnover rate	%	**10.55**	9.06	10.10
Female employee departed	Persons	**917**	896	934
Turnover rate of employees under 30 years old	%	**16.51**	12.00	15.40
Departed employees under age 30 years old	Persons	**1,310**	1,312	1,795
Turnover rate of employees age 30-50 years old	%	**7.19**	8.34	6.70
Departed employees age 30-50 years old	Persons	**1,700**	1,837	1,434
Turnover rate of employees over 50 years old	%	**10.85**	8.32	10.50
Departed employees over 50 years old	Persons	**444**	236	270

Social Aspect

Indicators	Unit	2021	2020	2019
Total number of training sessions	Sessions	**84,009**	62,607	126
Total employees trained	Persons	**35,676**	35,780	13,790
Male employees trained	Persons	**26,982**	25,923	9,653
Female employees trained	Persons	**8,694**	9,857	4,137
Senior manager employees trained	Persons	**1,147**	1,152	789
Middle manager employees trained	Persons	**3,549**	3,269	1,716
General staff trained	Persons	**30,980**	31,359	11,285
Percentage of certified personnel by positions	%	**3.35**	3.09	2.75
Certified personnel by positions	Persons	**1,195**	1,107	982
Total training time	Hours	**991,990.78**	519,240.19	638,109.00
Average training hours of male employees	Hours/person	**28.14**	15.26	17.26
Average training hours of female employees	Hours/person	**26.77**	12.56	19.57
Average training hours of senior manager	Hours/person	**29.35**	24.86	32.27
Average training hours of middle manager	Hours/person	**23.04**	17.69	24.76
Average training hours of general employee	Hours/person	**28.29**	13.80	16.62
Fatalities due to safety incidents	Persons	**0**	1	1
Total recordable incidents	Incident(s)	**78**	91	74
Total recordable incident rate (excluding fatalities)	%	**0.22**	0.25	0.25
Lost time[8]	Hours	**25,570**	29,233	53,659
Lost time incident rate (LTIR)[9]	/	**1.09**	1.27	1.04
Total recordable incident rate (per thousand employees)[10]	/	**2.19**	2.54	2.07
Total safety training	Person-times	**393,762**	412,183	200,132

Social Aspect

Indicators	Unit	2021	2020	2019
Safety training for general manager level	Person-times	**2,559**	120	/
Safety training for safety management personnel	Person-times	**10,998**	3,200	3,400
Safety training for employees	Person-times	**380,205**	408,863	196,732
Full-time security management staff	Persons	**723**	669	643
Number of safety emergency drills	Times	**10,096**	11,002	2,627
Patents under application	Pieces	**48**	186	144
Effective patents	Pieces	**896**	848	665
Effective copyrights	Pieces	**331**	284	267
Effective trademarks	Pieces	**8**	8	8
R&D investme	RMB million	**653.65**	468.67	334.11
Effective and significant complaints investigated	Cases	**0**	0	0
Concluded legal cases regarding corruption practices	Cases	**0**	0	0
Senior management received anti-corruption training	Persons	**565**	843	670
Employees in key positions received anti-corruption training	Persons	**1,130**	623	590
Employees in key positions received anti-corruption training	Persons	**2,610**	1,766	1,680
Type A suppliers (key)	suppliers	**82**	/	/
Type B suppliers (important)	suppliers	**1,224**	/	/
Type C suppliers (general)	suppliers	**2,992**	/	/
The review coverage rate of tier 1 key suppliers for the past three years	%	**100**	/	/

[8] The Lost Time indicator reports the number of hours worked lost as a result of either on-site or off-site work-related incidents.

[9] The Lost Time Incident Rate (LTIR) is calculated as the number of LTIs divided by hours worked, multiplied by 1,000,000.

[10] The Total Recordable Incident Rate (per thousand employees) is calculated as 1,000 multiplied by the number of work-related incidents dived by the total number of employees.

HKSE ESG Indicators Index

ESG Indicators		Location in the Report
Environment	A1 Emission	
	General Disclosure : (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P04,P44-P45,P53
	A1.1 The types of emissions and respective emissions data.	P14,P50-P52,P55
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P55
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P55
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P05,P13,P43-P51, P53-P55
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Non-industry material issues
	A2 Use of Resources	
	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P56
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P57
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P57
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P13,P46-P49
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Non-industry material issues
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's business rarely involves the use of packaging material, therefore is not a material issue to the Group
	A3 The Environment and Natural Resources	
	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	P58
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P53-P55, P58-P59
	A4 Climate Change	
	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P43,P45
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P44-P51

ESG Indicators		Location in the Report
Sociology	B1 Employment	
	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P61
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P63,P90
	B1.2 Employee turnover rate by gender, age group and geographical region.	P91-P92
	B2 Health and Safety	
	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P25,P35,P41
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P24,P92-P93
	B2.2 Lost days due to work injury.	P92
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P04,P35-P36,P67
	B3 Development and Training	
	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P04,P28-29, P65-P69
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P28,P92
	B3.2 The average training hours completed per employee by gender and employee category.	P92
	B4 Labour Standards	
	General Disclosure: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P61
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P61
	B4.2 Description of steps taken to eliminate such practices when discovered.	P61
	B5 Supply Chain Management	
	General Disclosure: Policies on managing environmental and social risks of the supply chain.	P73
	B5.1 Number of suppliers by geographical region.	P73
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P14,P73-P75

ESG Indicators		Location in the Report
Sociology	**B5.3** Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P04,P34,P41,P74
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P76
	B6 Product Responsibility	
	General Disclosure： (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P04,P24-P34, P37-P40
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Non-industry material issues
	B6.2 Number of products and service related complaints received and how they are dealt with.	P14,P80
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P82
	B6.4 Description of quality assurance process and recall procedures.	P31-P34
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P80
	B7 Anti-corruption	
	General Disclosure： (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P22
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P14,P23
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P22-P23
	B7.3 Description of anti-corruption training provided to directors and staff.	P23
	B8 Community Investment	
	General Disclosure： Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P83
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P39-40,P83-P86
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P04,P14,P83

List of the Company's ESG Policies

Policies	Corresponding HKSE Aspects
Civilised Construction Management Measures	A1 Emissions
ENN Energy Holdings Limited Health, Safety and Environment (HSE) Policy	A1 Emissions, A2 Use of Resources, B2 Health and Safety
Specification of ENN Energy Holdings Limited for the Economic Operations of CNG Stations	A2 Use of Resources,
ENN Energy Manual for Reception Resources	A2 Use of Resources,
ENN Energy Management Rules for Administrative Office Assets	A2 Use of Resources,
ENN Energy Rules for Vehicle Management	A2 Use of Resources,
ENN Energy Holdings Limited Sustainable Development Policy	A2 Use of Resources,
ENN Energy Holdings Limited Biodiversity Protection Policy	A3 The Environment and Natural Resources
Regulations for Recruitment Management	B1 Employment, B4 Labour Standards
Rules for Employee Appointment	B1 Employment, B4 Labour Standards
ENN Energy Holdings Limited Talent Development and Employment Policy	B1 Employment, B4 Labour Standards
Measures for Attendance and Vacation Management	B1 Employment
Regulations for Safety Management	B2 Health and Safety
Regulations for the Red and Yellow Lines of Safety Management	B2 Health and Safety
Regulations of ENN Energy Holdings Limited for Reporting, Investigation and Disposal of Accidents	B2 Health and Safety
Management Measures for Emergency Plans of Production Safety Accidents	B2 Health and Safety
Safety Management Document No. 1	B2 Health and Safety
ENN Energy Regulations for Safety Management	B2 Health and Safety
Work Requirements on the COVID-19 Prevention and Control	B2 Health and Safety, B8 Social Investment
Important Notice on Employees' Return to Work after the Spring Festival Holiday	B2 Health and Safety
Notice on Daily Office Work During the Period for COVID-19 Prevention	B2 Health and Safety
Management Regulations for Suppliers' Construction Safety	B2 Health and Safety, B5 Supply Chain Management
ENN Energy Holdings Limited Supplier Health, Safety and Environment (HSE) Policy	B2 Health and Safety, B5 Supply Chain Management
Standards for Suppliers' Rating	B5 Supply Chain Management
Measures for Suppliers' Access and Management	B5 Supply Chain Management
Measures for Suppliers' Performance Evaluation	B5 Supply Chain Management

Policies	Corresponding HKSE Aspects
Notice on Regulating the Bidding Work of Gas Construction Units	B5 Supply Chain Management
Implementation Measures for the Access, Evaluation and Exit of Eco-Partners (Product and Service Suppliers) for Integrated Energy	B5 Supply Chain Management
ENN Energy Holdings Limited Supplier Corporate Social Responsibility Code of Conduct	B5 Supply Chain Management
ENN Energy Management Measures for Client Complaints	B6 Product Responsibility
ENN Energy Service System Manual	B6 Product Responsibility
ENN Energy Measures for Awarding Intellectual Property and Research Papers	B6 Product Responsibility
ENN Energy Management Measures for Information Security Risk	B6 Product Responsibility
ENN Energy Management Regulations for Information Security	B6 Product Responsibility
ENN Energy Holdings Limited Data Privacy Policy	B6 Product Responsibility
Code of Conduct for Employees	B7 Anti-corruption
ENN Energy Measures for Penalty Regarding Violation of Regulations and Disciplines	B7 Anti-corruption
ENN Energy Management Regulations for Cadres' Accountability	B7 Anti-corruption
NN Energy Holdings Limited Anti-Fraud, Corruption and Bribery Policy	B7 Anti-corruption
ENN Energy Holdings Limited Charity Activity Management Policy	B8 Community Investment

Reader's Feedback Form

Dear readers:

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

Please provide us with specific feedback:

1. What is your overall comment on this report?

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Good ◯ Relatively good ◯ Average ◯ Below average

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

◯ Governance ◯ Safety ◯ Service ◯ Supply Chain ◯ Employee ◯ Environment ◯ Society

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

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

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