



# About This Report

This Environmental, Social and Governance (“ESG”) Report (hereinafter referred to as “this report”) reflects how ENN-NG works to fulfill its economic, social and environmental responsibilities to achieve sustainability and responds to issues of general interest to stakeholders. The Company’s Board of Directors has reviewed this report and is responsible for the authenticity and validity of the information contained.



## Reporting Period

The content of this report covers the period from 1 January to 31 December, 2021. The time period may be retraced and extended for some of the contents to maintain the continuity of information.



## Reporting Specifications

For ease of presentation and reading, ENN Natural Gas Company Limited is hereinafter referred to as “ENN-NG”, “the Company” and/or “We” in this report.



## Scope of This Report

This report focuses on ENN Natural Gas Company Limited and its subsidiaries, with partial contents involving ENN (Zhoushan) LNG Co., Ltd. (“Zhoushan LNG Terminal”) operated by ENN-NG under trusteeship.



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

**Materiality:** For the purpose of this report, the Company conducted a materiality assessment process to determine the content of the disclosures in this report and the level of detail for each issue. The materiality assessment process and results are presented in the “Sustainability Management” section of this report.



## Data Source

All the information and data expressed herein come from the Company’s official documents, statistical and financial reports and ESG information collected, compiled and reviewed by the Company. This report is published in Chinese and English. If there are any discrepancies between the two versions, the Chinese one shall prevail. Unless otherwise specified, the currency unit is RMB.

**Quantitative:** The report discloses quantitative data on the environmental and social aspects to reflect the performance of the indicators.

**Balance:** The Company strives to ensure objective and unbiased information disclosure, and the report contents are derived from the Company’s internal management documents, statistics and public disclosures, as well as public media reports, without improper modifications.



## Preparation Basis

This report is formulated according to the requirements of the *Shanghai Stock Exchange Information Disclosure Guidelines on Environmental, Social Responsibility and Corporate Governance for Listed Companies (draft for comment)* and the Environmental, Social and Governance Reporting Guide (“ESG Guide”) under the Appendix 27 of the Listing Rules of the Hong Kong Exchanges and Clearing Limited (“HKEX”).



## Access to This Report

This report is available for browse and download at the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the Company’s website ([www.enn-ng.com](http://www.enn-ng.com)).

# Message from the Chairman

We have experienced an extraordinary year in 2021 with changes and the pandemic intertwined. Amidst the fluctuating world economy, the global economy is struggling to recover, and the energy crisis is sweeping the world. China's economy has moved forward steadily against headwinds. Meanwhile, with China strongly promoting the implementation of the national "dual carbon" strategy, and under the drive of energy system reform, the green and low-carbon transformation of energy structure was accelerated and the market-oriented reform of gas, electricity and carbon was further advanced. Under the guidance of China's ambitious "dual carbon" strategy, the green and low-carbon transformation was promoted, the energy industry restructuring was accelerated, and the market-oriented reform in gas, electricity and carbon was pushed forward, creating unprecedented opportunities for the development of the natural gas industry.

In 2021, we withstood the test of fluctuations and challenges in the external environment, established the "intelligent ecological operator" and "intelligent low-carbon solution service provider" the dual strategy in the natural gas industry, and recorded an annual sales volume of about 37.2 billion cubic meters of gas. An initial intelligent ecological operation pattern of the natural gas industry has been established, and we firmly grasp the initiative of the low-carbon industry, laying a solid foundation for the next step of high-quality development.

ENN-NG has developed the natural gas business for many years. Faced with the new environment, we always take "creating a modern energy system and improving the quality of people's life" as our original aspiration and vision, and highly value and promote such issues as sustainable development, green ecological construction, security and compliance, health protection and career development on our journey of career development, striving to create a high-quality development path for energy enterprises with ENN's characteristics.

We always uphold the philosophy of sustainable development and green ecological construction, and deeply understand the relevance of our own business to our national 2060 strategic goal of achieving carbon neutrality. Linking own development to the country's dual carbon goals, we have released a report on the green action plan of ENN-NG to show the whole society our ambition and efforts to achieve carbon neutrality. We have

promoted carbon inventory and carbon emission reduction in natural gas distribution, integrated energy sales and services, energy production and all other segments from the perspective of the whole scenario, and incorporated the "low-carbon and zero-carbon" operation into our planning, so as to establish a green and low-carbon natural gas industry chain. Besides, we proactively tracked the development of technologies related to our business, customers and the low-carbon transformation of society, including hydrogen energy, energy storage, CCUS, photovoltaic, geothermal energy and biomass energy. And launched a variety of low-carbon solutions such as low-carbon factories, low-carbon parks, low-carbon buildings and low-carbon transportation.

Adhering to the development philosophy of "people-oriented", we carried out health and safety training, increased investments in employees' occupational health and safety, effectively protected the legitimate rights and interests of employees, and built a broad career development platform for employees to realize "Happy work and Healthy Life".

Under the guidance of the safety philosophy of "Knowing the Key Points, Discovering the Weak Links, Designating Responsible Personnel", all employees adhere to the bottom line and strengthen the governance of safety compliance to improve the digital intelligence safety, striving to build ENN as a safety brand.

In addition, we never forget to fulfill our social responsibility and give back to society with gratitude. We fought against the pandemic, supported the floods in Henan Province and ensured the gas supply in the cold winter. We are always working in the front line and committed to making contributions.

It is the right time for us to struggle for a promising future. In this low-carbon and intelligence-driven era, we need to work together with an open and integrated mind to explore a broader future and fight for our ambitious dreams. Let us join hands and strive forward together.

Wang Yusuo  
Chairman of ENN Natural Gas Company Limited

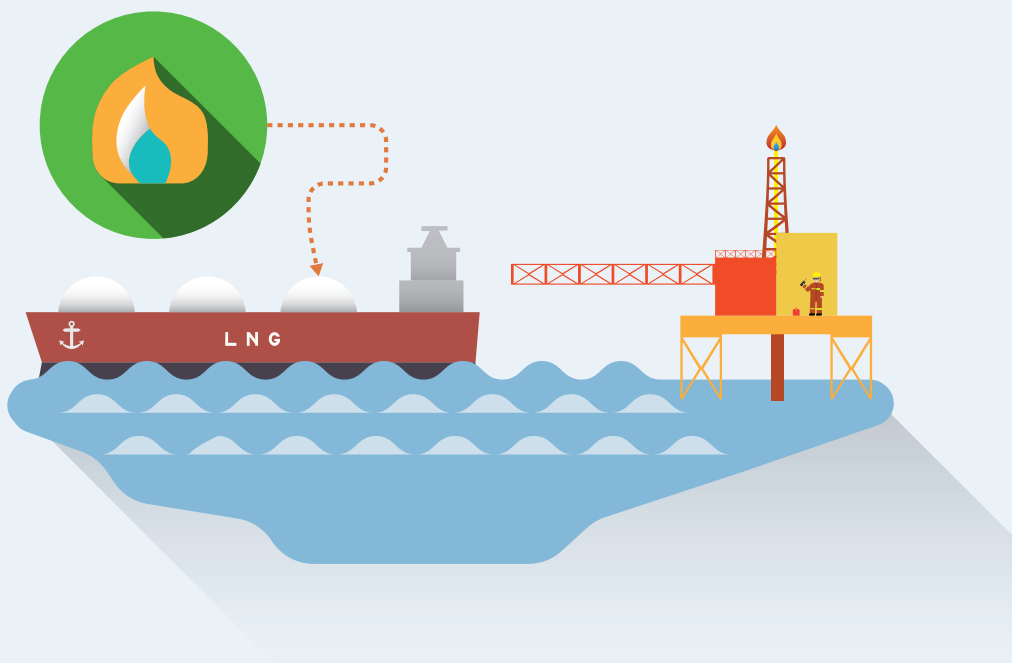
# Statement from the Board of Directors

ENN-NG vigorously promotes sustainable development, continuously establishes a sound ESG governance mechanism and incorporates ESG factors into its strategic decisions and daily operational management, so as to create long-term and stable environmental, social and corporate values.

The Board of Directors attaches great importance to sustainable development, and has established and delegated the Environment, Society and Governance Committee (the “ESG Committee”) to be fully responsible for sustainable development-related management and oversee the strategic planning of ESG issues as well as the setting and achievement of related targets. To further strengthen our ESG management, the Company has set up an ESG working group under the ESG Committee, which is responsible for identifying and monitoring our major ESG issues, and regularly reporting to the Board of Directors on relevant performance and recommending improvement strategies. In 2021, the ESG Committee held regular meetings to evaluate and review the progress of ESG work. Based on the external macro environment and the Company’s development strategy, the ESG Committee, after discussion and identification, took the management and improvement of key issues as the sustainable development priority of the Company for the year. The goal of ENN-NG is to achieve a carbon peak by 2030 and net-zero carbon emissions by 2050.

To maintain close communication with shareholders, customers, suppliers, communities and other stakeholders, ENN-NG held regular internal and external activities to identify and evaluate important issues, including but not limited to climate change, environmental protection, health and safety, protection of employees’ rights and interests, protection of customer privacy and supplier management.

This report discloses in detail the progress and effectiveness of ENN-NG’s ESG work in 2021, supervised by the ESG Committee on 17 March 2022 and approved by the Board of Directors on 6 April 2022.



# High Performance

Corruption-related lawsuits:

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## Carbon reduction

promise to achieve carbon peak by 2030 and carbon neutrality by 2050

Carry out TCFD pilot of financial quantification for climate risk

Help society and customers reduce emissions by

49.07 million tons

## Talent development

Total hours of employee training:

99.484 million hours

## Public welfare

Donations for public welfare:

RMB103 million

## Products and services

Complaint handling rate:

100%

Complaint resolution rate:

99.4%

Customer satisfaction survey score:

92.1

## Finance

Rated **A**, the top rating, by SSE for information disclosure assessment

Awarded **BB** by MSCI for ESG management

Included in the MSCI China A-Share Index for the first time  
Included in the Hang Seng (China A) Corporate Sustainability Index for the first time



# About Us

## Company Overview

As one of the largest private energy enterprises in China, ENN Natural Gas Co., LTD. (hereinafter referred to as enN; SH (Stock code :600803.SH) operates 252 urban gas projects nationwide, with an annual LNG distribution capacity of more than 10 billion cubic meters. It manages Zhoushan LNG Receiving Station, The first large private LNG receiving station in China, and its business covers the whole scene of the natural gas industry including distribution, trade, storage, transportation and production projects Relying on the best practices of the industry, ENN builds the intelligent operation platform of the natural gas industry, Haoqi Network, accelerates the aggregation of the natural gas industry demand resources delivery and reserve ecology, innovates and develops digital intelligence service, commits itself to become the intelligent ecological operator of the natural gas industry, and promotes the upgrading of digital intelligence in the natural gas industry.



In 2021, the Company recorded operating revenue of RMB116 billion and total gas sales volume of

**37.2** billion cubic meters



about

**10%** of China's total natural gas consumption.



In 2021, Fitch upgraded our international rating to BBB-, and assigned a stable outlook,



and Moody's upgraded our international rating to Ba1, with a stable outlook.



## Honors

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Ranked 127th on the list of Fortune 500 China for the first time in 2021

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Ranked 247th on the list of China's Top 500 Enterprises 2021 for the first time

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Ranked 1,618th on the list of Forbes Top 2,000 Global Listed Companies 2021 for the first time

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Won the 2021 ESG Excellence Enterprises at the 19th China Financial Billboard

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Won the Most Socially Responsible Listed Companies in 2021 at the 11th China Listed Companies WOM List

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Won the Caijing Evergreen Award – Sustainability Performance at the 2022 Caijing Sustainable Development Summit

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Won the Outstanding Social Responsibility Award for China Listed Companies in 2021 at the 15th (2021) China Listed Companies Value Evaluation

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Won the Benchmark Award for Capital Operation of Listed Companies at the 15th (2021) China Listed Companies Value Evaluation

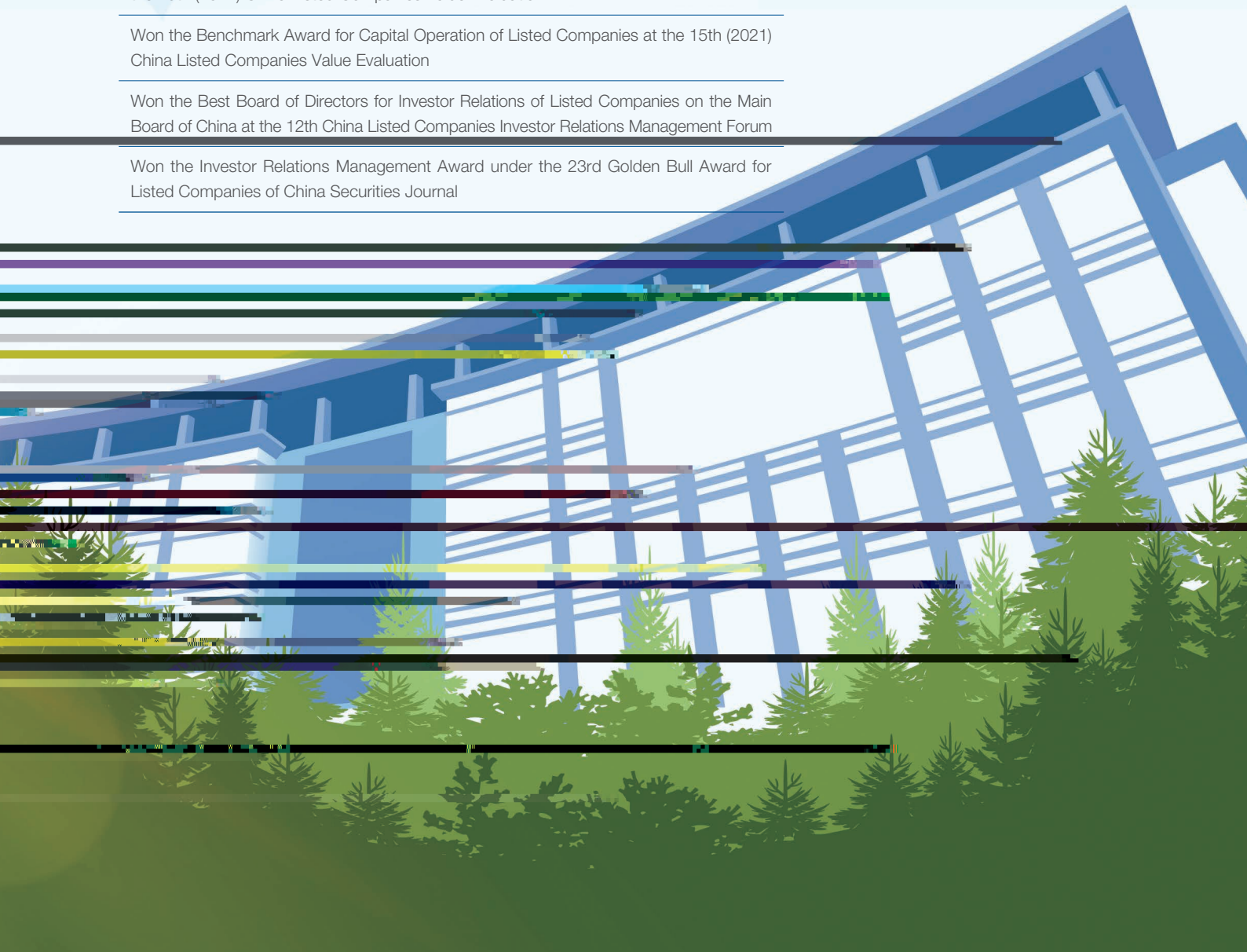
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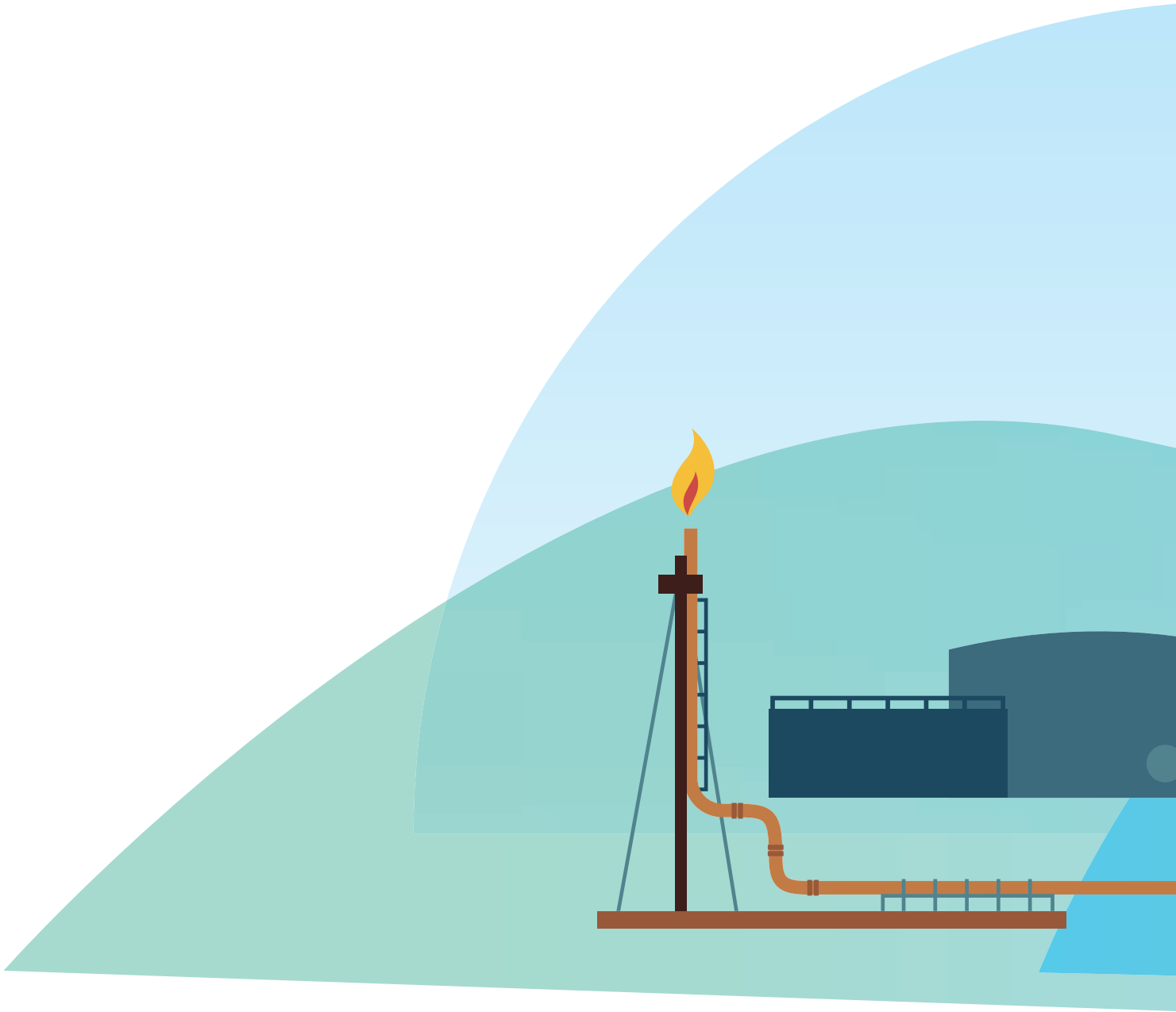
Won the Best Board of Directors for Investor Relations of Listed Companies on the Main Board of China at the 12th China Listed Companies Investor Relations Management Forum

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Won the Investor Relations Management Award under the 23rd Golden Bull Award for Listed Companies of China Securities Journal

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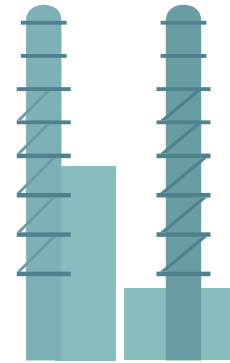


# Communication with Stakeholders

ENN-NG highly values the expectations and demands of our stakeholders and takes them as valuable guidance for ENN-NG's sustainability work. The Company have actively communicated with all the stakeholders via multiple channels, listened to their needs and expectations, and accepted their supervision. In 2021, the Company used social media platforms, WeChat public accounts and emails, to communicate with internal and external stakeholders, and respond to their concerns, fully understand their interests and needs, and respond with actions in the actual operation of the company.

## ENN-NG's communication with stakeholders

Stakeholders	Expectations and Requirements	Communication Channels	Responses
 <p>Investors / Analysts / Rating Agencies</p>	<ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Stable future outlook</li> <li>• Standardize corporate governance</li> <li>• Prevent operational risks</li> <li>• Improve information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Investor meetings</li> <li>• Roadshows</li> <li>• Teleconferences</li> <li>• Regular reports</li> <li>• Interim announcements</li> <li>• Shanghai Stock Exchange's E-Interaction Platform</li> <li>• Investor relations hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Disclose the Company's business information in an authentic, accurate and full manner</li> <li>• Keep investors abreast of the daily operation of the Company</li> <li>• Improve corporate governance</li> </ul>



**Stakeholders**

**Expectations and Requirements**

**Communication Channels**

**Responses**



**Partners**

- Adhere to business ethics
- Open, fair and equitable procurement
- Win-win and shared progress

- Disclose procurement information
- Negotiate and communicate
- Build e-commerce platforms and partner alliances

- Open tendering
- Build a supplier management system
- Improve policies constantly
- Enhance management efficiency
- Formulate environmental planning



**Environment**

- Address climate change
- Environmental governance
- Environmental protection

- Disclose information on green operations
- Launch environmental activities for public welfare

- Develop a green action plan
- Implement environmental planning
- Enhance management of energy-saving and emission reduction
- Actively participate in carbon trading
- Improve energy efficiency
- Extend the use of green and clean energies
- Implement green officing
- Carry out environmental monitoring
- Actively engage in environmental activities



**Community**

- Community public services development
- Create more jobs
- Support the public welfare undertakings

- Panel discussion
- Participate in community volunteer activities and awareness campaigns

- Alleviate poverty and common prosperity
- Dedicate to public welfare
- Build harmonious communities
- Participate in community volunteering



**Media**

- Information transparency
- Smooth communication channels
- Maintain sound media relations

- Press conference
- Site visits for media
- Interview with the management

- Hold the press briefing regularly
- Distribute press releases to the media
- Respond to a media enquiry
- Communicate with the media

# Materiality Assessment

In 2021, the Company launched a comprehensive and systematic stakeholder survey by issuing ESG stakeholder questionnaires to senior executives, employees and external stakeholders to understand their interest in different ESG issues.

## 1. Identify relevant issues

- The ESG Committee discusses and draws up a list of ESG issues based on the external macro environment and the Company's development strategy with reference to the *Shanghai Stock Exchange Information Disclosure Guidelines on Environmental, Social Responsibility and Corporate Governance for Listed Companies (draft for comment)*, Hong Kong Exchanges and Clearing Limited *Environmental, Social and Governance Report Guidelines* and major issues of interested by global counterparts.
- Classify the issues identified in line with the ESG framework.

## 2. Collect feedback from stakeholders

- Distribute stakeholder questionnaires to do quantitative research, and collect and compile materiality ratings for each issue.
- Conduct interviews and panel discussions.

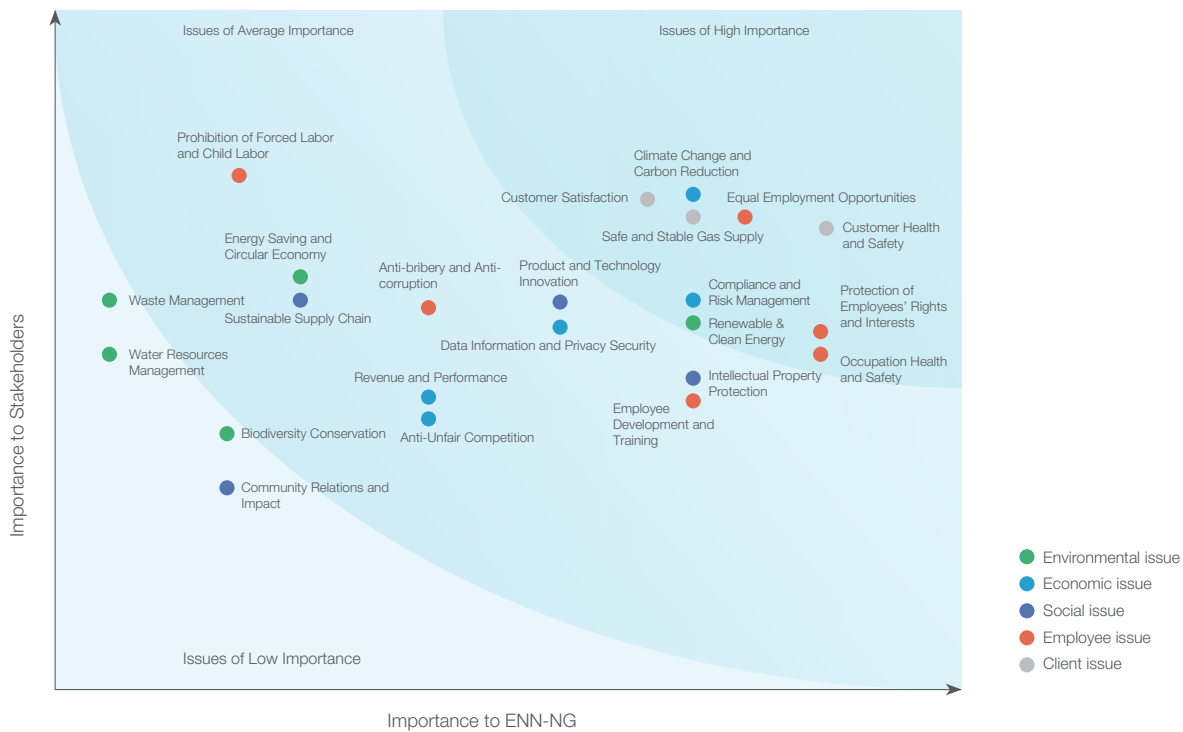
## 3. Map the materiality matrix

- Evaluate the significance of each issue to ENN-NG and stakeholders.
- Map the materiality matrix according to evaluation results.

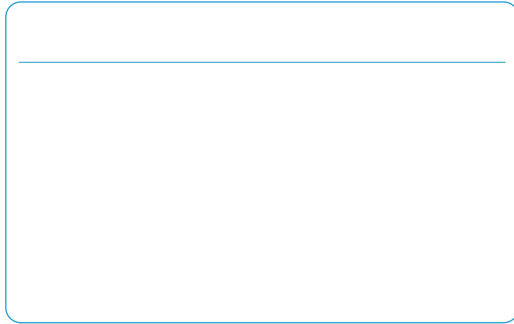
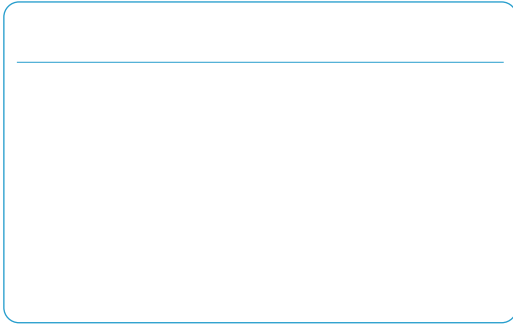
## 4. Verify the matrix

- The Board of Directors and the ESG Committee verify the materiality matrix.

The matrix shows the significance of 23 issues. The highly important issues include customer health and safety, protection of employees' rights and interests, occupational health and safety, climate change and carbon reduction, safe and stable gas supply, customer satisfaction, compliance and risk management, renewable and clean energy. This report will disclose these issues in detail to better respond to the concerns and demands of stakeholders in a comprehensive and accurate manner.



2021 ENN-NG's ESG Materiality Matrix



## Corporate Governance

ENN-NG has established a corporate governance system centred on the *Articles of Association*, and a corporate governance organization and operation mechanism composed of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management of the Company to ensure the standardized operation of the Company.

### Management Level and Main Functions of ENN-NG

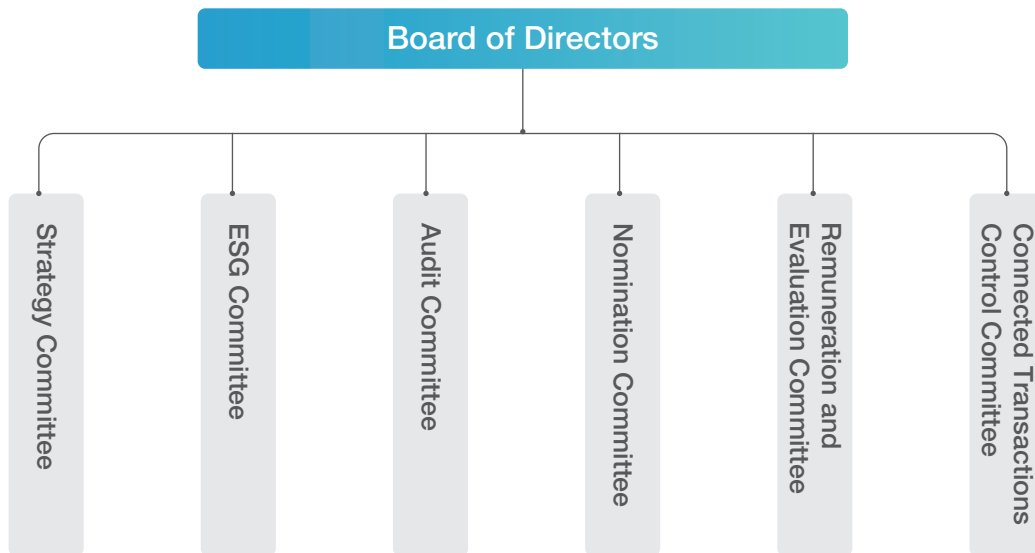
Management Level

Main Functions





Under the Board, there are Strategy Committee, Audit Committee, Remuneration and Evaluation Committee, Nomination Committee, Connected Transactions Control Committee, and Environmental, Social, and Governance Committee (“ESG Committee. Each committee”). These special committees study major management matters, give comments and suggestions for decision-making, assess and improve management mechanisms and business processes, as well as supervise the implementation of resolutions, to ensure the efficient operation of the board. During the reporting period, the Board of Directors of the Company held a total of 18 meetings with 100% attendance of directors.

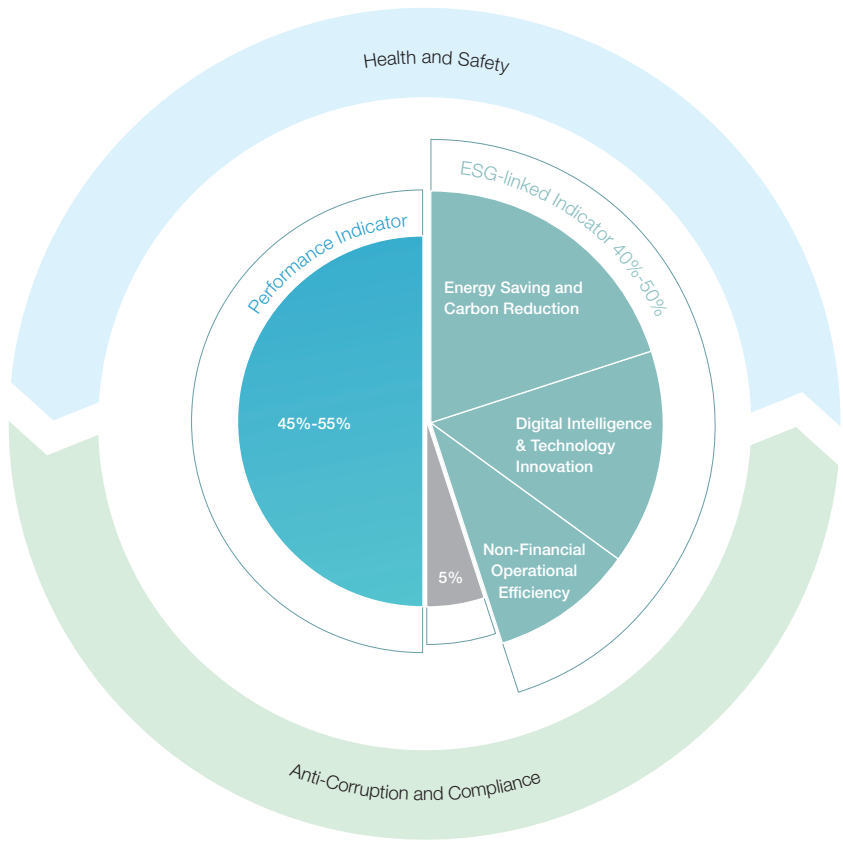


Structure of Board of Directors of ENN-NG

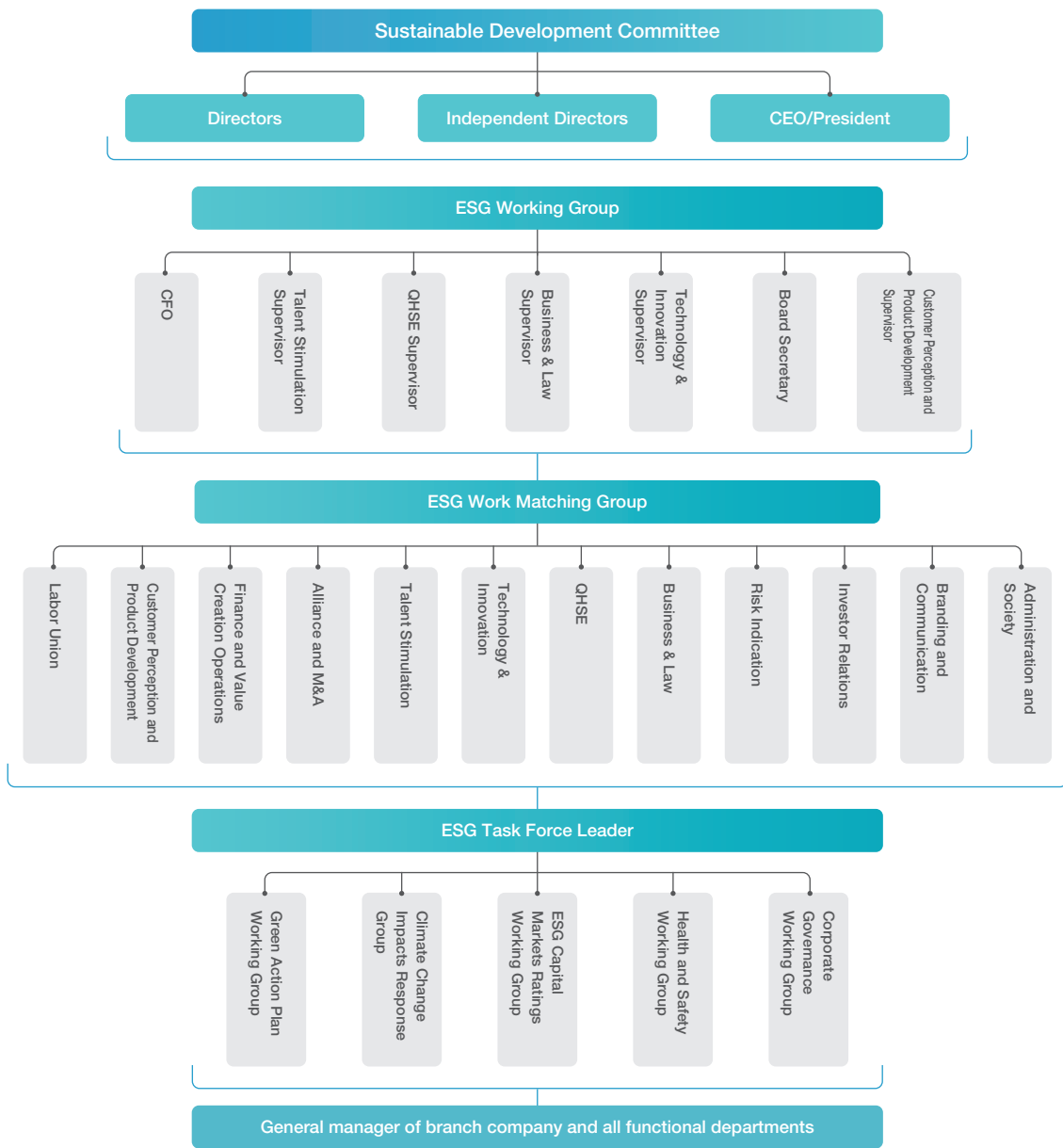
ENN-NG attaches great importance to the diversity of its Board of Directors. In nominating and appointing members to the Board of Directors, the Company considers a wide range of important factors, including gender, age, candidates' professional qualifications, industry experience, professional and educational background. As of December 31, 2021, our Board of Directors consists of 12 directors, including 4 independent directors and 8 directors (of whom 1 is a female), with rich experience in natural gas industry development, chemical technology research, financial risk identification and prevention, legal risk management and anti-corruption management, among others (see the section on corporate governance in the annual report for details), in order to provide independent and objective opinions and recommendations that are conducive to our long-term development and value creation for all stakeholders.

## ESG Management

To further promote the sustainable development of ENN-NG and strengthen its management of sustainability-related matters, the ESG Committee under the Board of Directors is responsible for overseeing the strategic planning of ESG issues and the setting and achievement of related goals. Meanwhile, we have set up a daily ESG working group under the ESG Committee to ensure that risks related to all areas of ESG are properly managed and implemented. The Company has set up five special working groups in 2021, namely Green Action Plan, Climate Change Impact Response, ESG Capital Market Rating, Health and Safety, and Corporate Governance to facilitate the goal of a “carbon peak by 2030 and net-zero carbon emission by 2050”, continuously improve the climate risk management and enhance the ESG performance, etc. Meanwhile, we also encourage investors to participate in ESG governance efforts. During the reporting period, we held four shareholders’ meetings. In addition, to ensure the comprehensive implementation of ESG governance, we have linked the remuneration of our senior executives, each business team and member companies to the ESG assessment criteria in order to strengthen the management responsibility of the relevant personnel and assist the Company in achieving the ESG strategic planning and objectives.



Schematic Diagram of ENN-NG on ESG Performance Appraisal Standards



ENN-NG's ESG Governance structure

# Risk Management

A sound risk management system underpins the sustainable development of the Company. We have established a sound risk management structure to identify and analyze financial and non-financial risks in the Company's operations, and ultimately developed an effective risk prevention and control mechanism.

## Risk Management Structure

The Board of Directors is the highest decision-making body for risk management of the Company and is responsible for the effectiveness of the Company's risk management system. The Audit Committee under the Board of Directors is responsible for continuously monitoring the implementation of the Company's risk management policies and ensuring that the risks involved in business operations can be effectively identified, assessed and managed. In the event of significant risk matters, the Audit Committee is required to report to the Board of Directors in a timely manner. As for functional departments, the Risk Indication Group is responsible for establishing and improving the risk management system, promoting each business group and branch company to implement the risk identification and assessment requirements, urging the establishment of risk response strategies, and checking the implementation effect of risk control policies.

## Risk Identification and Management

Based on a sound risk management system, ENN-NG conducts risk identification and analysis on a regular basis. According to the responsibilities of each department, the Company works with each business team to identify and assess risks in specialized areas, formulate risk maps, and classify risks according to the degree of impact on the Company's operations.

In 2021, the Company has organized the production intelligence, construction intelligence and other major business teams to identify and assess risk points based on the whole scenario of energy, including compliance risk, information security risk, health and safety risk, "dual carbon" policy compliance risk and other ESG-related risks. In addition, the Company has conducted compliance risk identification and audit monitoring for different work positions. For the identified risks, the Company has formulated corresponding risk prevention and control plans, and conducted warning education and special business guidance training for relevant personnel to ensure the effective implementation of risk prevention and control measures in the long run.

To further improve the efficiency of risk prevention and control, ENN-NG has established a digital risk management platform based on business scenarios and demands. The platform brings together the identified risks and corresponding prevention and control strategies, and develops early warning indicators based on existing data to warn of violations of the indicators and send them to the relevant business personnel for treatment.

# Anti-corruption

## External systems

- *Anti-Unfair Competition Law of the People's Republic of China*
- *Supervision Law of the People's Republic of China*
- *Company Law of the People's Republic of China*
- *Interim Provisions on the Prohibition of Commercial Bribery*

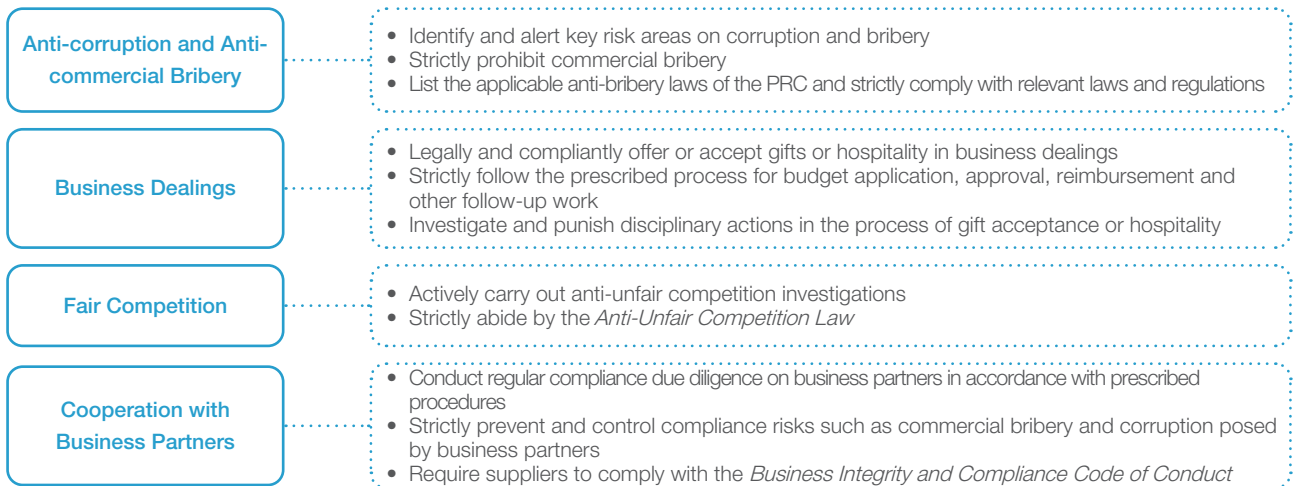
- *The Guidelines on Anti-Corruption and Anti-Commercial Bribery*
- *The Guidelines on Business Communication*
- *The Guidelines on Fair Competition and Compliance Management*
- *The Guidelines on Compliance Due Diligence of Business Partners*
- *The Anti-Fraud, Corruption and Bribery Policy of ENN-NG*
- *The Code of Integrity and Compliance*
- *The Complaint Management Measures*

ENN-NG has adhered to the principle of anti-corruption since its establishment to build a clean and honest business environment and corporate culture so that employees and executives are afraid, unable, and unwilling to involve in corruption. Our partners are encouraged to stay responsible and conscientious and preserve the bottom line of compliance at ENN-NG. The ESG Committee is the highest supervisory body for issues related to the Company's business ethics. Personnel at all levels of the Company strictly abide by relevant laws and regulations as well as various internal system guidelines to ensure compliance of their business behaviours. Besides, the Company also conducts regular internal audits and inspections, and receives and promptly handles anti-corruption-related complaints and reports, to comprehensively control its risks associated with business ethics. In 2021, there was no corruption-related litigation involved by the Company.

## Anti-corruption Management System

The Company has developed multiple internal guidelines to regulate its business practices such as business dealings and cooperation in the process of operation. We firmly oppose and prohibit all commercial bribery and corruption and strive to maintain fair and just market order.

### ENN-NG's Initiatives in Anti-corruption



In 2021, the Company formulated the *Anti-Fraud, Corruption and Bribery Policy* and also completed four warning case pushes for all employees to strengthen employees' awareness of compliance and discipline in light of external corruption cases and corresponding legal penalties. In 2021, the company signed a total of 850 corporate integrity agreements with its business partners.

## Whistleblowing and Complaints

In terms of anti-corruption monitoring, the Company handles special investigations as well as whistleblowing and complaint projects by strengthening the collaboration of internal units and establishing monitoring information channels. We also constantly expand internal and external monitoring channels by posting reporting billboards and coordinating external channels such as industry and commerce, taxation and public security institutions to diversify investigation methods.

The Company has formulated the *Complaint Management Measures*, which apply to the headquarters and subsidiaries of ENN-NG, to standardize the handling process of complaints and its response process. The Company has set up several reporting channels such as an anti-corruption hotline, email, and WeChat, and discloses such channels via website platform and whistle-blowing billboards.

At the same time, the Company also has dedicated persons to manage complaint channels, responsible for checking complaint e-mails and mailboxes and receiving petition complainants every day. We require complaint managers to fill out the Complaint Acceptance Record Sheet on the day of receiving the complaint, and establish an investigation into the complaint events that need to be investigated based on the approval as set out in the record sheet.

The Company prioritizes the safety of whistle-blowers and has in place a strict control system and process for the acceptance and investigation of the whistle-blowing to keep the personal information of the informant and all the reporting data in strict confidence. Our *Complaint Management Measures* explicitly oblige the complaint management department to maintain the confidentiality of the complainant and protect the complaint evidence, pursuant to which without the consent of the competent leader and the complainant, the complaint information and the basic complainant information shall not be disclosed or leaked in any way. Meanwhile, the Company shall take relevant measures to avoid attacks or other retaliation against the informant. Anyone who is accountable for breaching the confidentiality provisions will be treated strictly and severely, and will, if a crime is constituted, be referred to the judicial organ for handling according to law.



Whistle-blowing Billboard Posted by the Company



## Training on Ethical Standards for Directors and Employees

In 2021, the Company carried out a series of warning case education activities for the management and employees of various units, in relation to its rules and regulations as well as the requirements of national laws and regulations, during which the legal provisions governing various types of corrupt acts are presented and interpreted in light of relevant litigation cases. By the end of 2021, the company has carried out two rounds of honesty warning education activities, the Company has provided four sessions of warning education for senior executives and employees of its subsidiaries and branches, so as to enhance their consciousness of risk prevention and awareness of integrity and self-discipline against corruption and bribery.



The pipe corridor project company carried out the integrity seminar



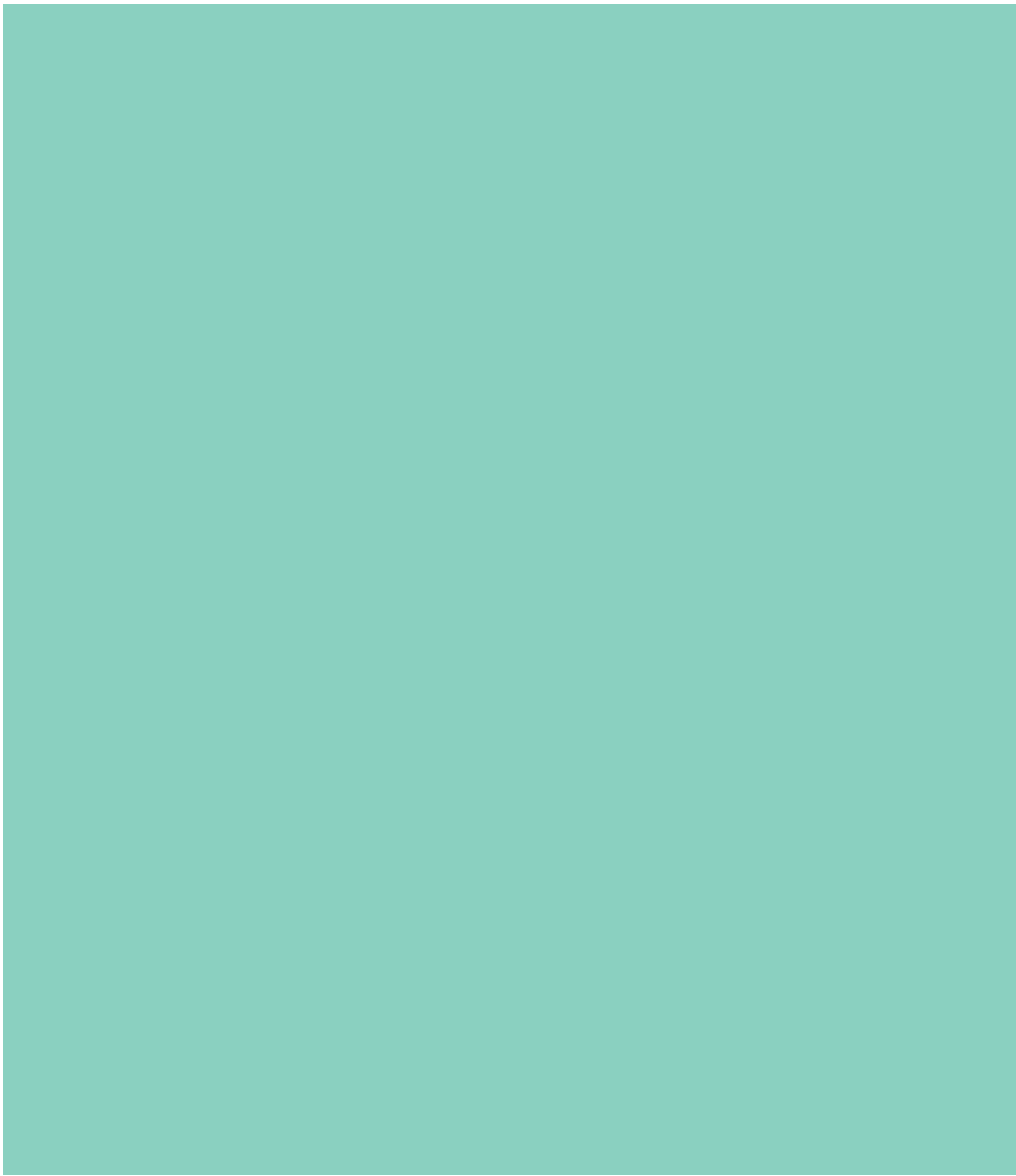
ENN Jingbao held a meeting with the theme of "maintaining consistent honesty and prudence"



ENN-NG's risk indication empowerment group carried out special training on integrity education for the intelligent construction business group



ENN-NG's risk indication empowerment group carried out integrity warning education in the Great Bay Area project company







## Addressing Climate Change

Climate change has generated both challenges and opportunities for the energy industry. With the green development philosophy in mind, ENN-NG has its climatic risk identification management, clarified its carbon emission reduction targets, and carried out the green action plan, through which we hope to help ourselves and our customers achieve carbon emission reduction targets, mitigate and adapt to the challenges brought by climate change issues, and contribute to the realization of our national “dual carbon” goals.

### Climate Risk Identification and Management

In compliance with the *United Nations Framework Convention on Climate Change*, the *Paris Agreement* and other relevant international protocols, as well as our national “dual carbon” goal, ENN-NG established a systematic climate change risk management system to address climate change risks and take advantage of the opportunities arising from climate change, so as to contribute to the global climate change by risk control.

In 2021, the Company clearly proposed that the ESG Committee should be responsible for the management of climate change risk-related issues, regularly discuss climate change related matters and monitor climate risks. In addition, ENN-NG established a special climate change impact response team led directly by members of the Board of Directors to gradually complete a quantitative analysis of climate change related risks and opportunities within different business groups. At the same time, we will continue to improve our climate risk management policy and promote the management mechanism and emergency response mechanism for climate risks.

In light of the actual business situation of the Company, we identify and determine the risk factors related to climate change from the following two aspects: physical risks and transition risks.

#### Physical risks

Physical risks may affect the Company’s business development, energy supply guarantee and safety management:

- Severe cold weather
- Hot weather
- Flood and waterlogging

#### Transition risks

Transition risks may affect the regulatory policy environment, market competition condition and business development strategy, etc., faced by the Company:

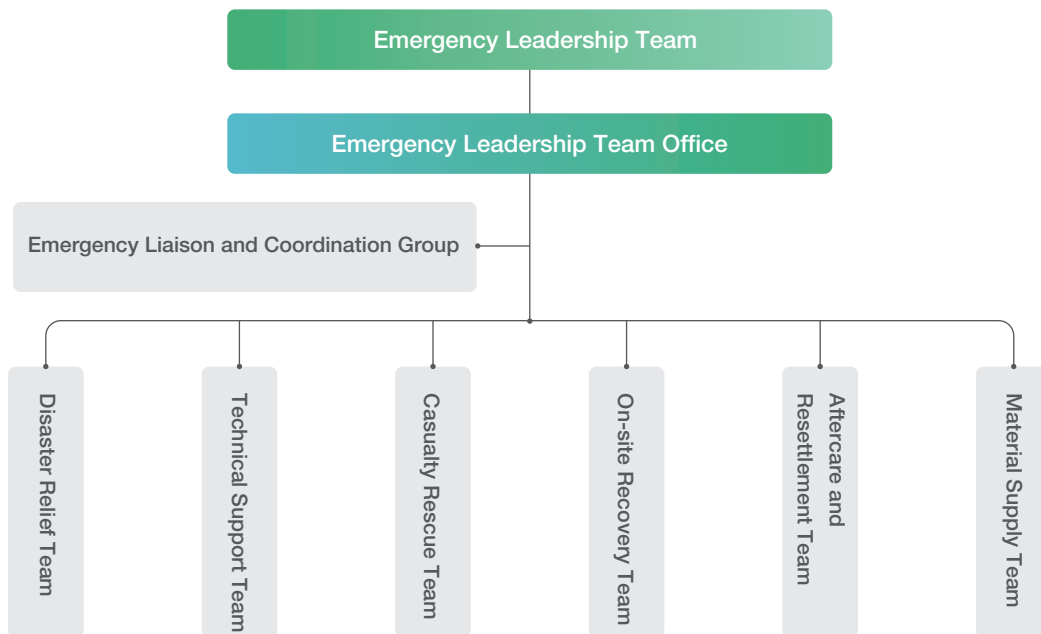
- National policy risks related to carbon reduction
- Development and requirements of the carbon market and carbon quota
- Energy transformation pressure from the industry
- Development of customers’ demand for clean energy
- Pressure from the public requiring energy enterprises to assume social responsibility

### Case: Risk Management of Zhoushan Terminal against Climate Change

Taking Zhoushan Terminal which is operated under trusteeship as a pilot, and with respect to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), ENN-NG identified the risks and opportunities associated with climate change faced by Zhoushan Terminal, carried out the financial quantification for climate risks/opportunities, and continuously improved the response plans to climate change, so as to maintain the stable gas supply and sustainable operation ability of the enterprise.

- Climate change risk governance framework

For example, to guard against risks from the typhoon, the Company has established a dedicated emergency organization, as follows:



- Identification and analysis of climate change risks and opportunities

The impact of climate change brings both risks and opportunities for Zhoushan Terminal and the Pipeline Company. Whilst there is the biggest risk from the typhoon, the policy environment under the “dual carbon” goal provides a good opportunity for the development of the Company who should seize the same to provide customers with more diverse low-carbon products and services by devoting greater effort to clean and low-carbon energy projects. The financial quantitative results show that the climate change impact on Zhoushan Terminal has created far greater opportunities than risks.

Risk type	Risk item	Risk description
Physical risk	Typhoon (acute risk)	Typhoon may have a significant short-term impact on the production and operation of the enterprise.
	Extremely hot/cold weather (acute risk)	The increasingly frequent extremely hot/cold weather may have a certain impact on the health of employees and the normal operation of the enterprise.
	Sea level rise (chronic risk)	The rising sea level may have a certain impact on the equipment, facilities, production and operation of the enterprise.
Transition risk	Technical risk	The investment or R&D of the enterprise in the low-carbon transition period may fail and in turn may have an impact on the enterprise’s financial and business development.
	Market risk	Frequent extreme weather, such as typhoon, will have uncertainty on the asset maintenance and product supply of the receiving terminal thereby affecting the ability of the enterprise to operate as a going concern.
Energy source	Low emission energy source	It is a highlight in the national policy to promote the development of new and clean energy, and actively and orderly develop the light energy, hydrogen energy and renewable energy in the future. Seizing this opportunity, the Company will continue to expand the layout of integrated energy and new energy projects.
	Supportive policy incentives	The implementation of such strategies as Powerful Ocean, Economic Integration in the Yangtze River Delta, Yongzhou Integration and “Four Major Constructions” of Zhejiang Province has brought fresh impetus to Zhoushan’s green and low-carbon development.
Products and services	Development and/or expansion of low emission products and services	Driven by the demand for low carbon and carbon peak in the short and medium term, the overall market shows an increasing demand for the Company’s services, with such services as those related to integrated energy becoming the focus of the Company’s future development.
Adaptability	Energy substitution/diversification	The low carbon and diversification trend of the Company’s overall business will greatly increase the resilience, and improve the adaptability, to climate change.

- Quantitative analysis of climate change risk

Specific to typhoon, the most acute physical risk affecting Zhoushan Terminal, we assess the significant financial impact of the risk from the perspective of income and expenditure, assets and liabilities, and capital and financing.

After a financial check and evaluation, the gas volume affected by the two typhoons in 2021 accounted for only 0.8% of the annual gas sales of Zhoushan Terminal, and the value of damaged assets accounted for only 0.000065% of the total asset value of Zhoushan Terminal and the Pipeline Company, which were far lower than the significant financial impact threshold of the Company.



the gas volume affected by the two typhoons in 2021 accounted for only **0.8%** of the annual gas sales of Zhoushan Terminal



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## Carbon Emission Management

Actively responding to the national “dual carbon” goal, ENN-NG has formulated its carbon emission reduction and carbon neutrality objectives, as well as developed and released its green action plan under the leadership of the Green Action Plan Special Group.

We reduce carbon emissions from our own operations through energy conservation and consumption reduction, energy structure reform and vigorous development of renewable energy and green technology in strict accordance with the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on the Promotion of Clean Production*, the *Circular Economy Promotion Law of the People's Republic of China*, the *Renewable Energy Law of the People's Republic of China* and other laws and regulations. Meanwhile, we are also committed to providing customers with low-carbon and clean products and services to promote the carbon emission reduction of the whole industrial chain and the entire society.

For details of the Company's green action plan, see the *Report of ENN-NG on Green Action Plan* separately released.

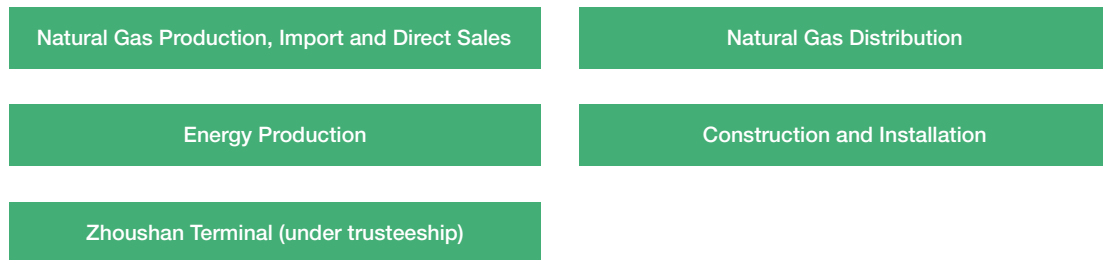
## Overall Goal of Green Action

ENN-NG undertakes to achieve a carbon emission peak by 2030 and carbon neutrality by 2050. In light of its own goal of carbon neutrality and customers' needs of carbon emission reduction, the Company will move the green action plan forward through establishing the emission reduction objective and exploring the emission reduction potential in a top-down manner.

Business Segment of the Company	Short-term Goal by 2025	Mid-term Goal by 2030	Long-term Goal by 2050
<b>Natural gas production, import and direct sales</b> <b>Energy production (coal, methanol)</b>	By 2025, the GHG emission intensity (total GHG emissions in Scope 1 and Scope 2/sales revenue) will be reduced by 20% from 2020	By 2030, the GHG emission intensity (total GHG emissions in Scope 1 and Scope 2/sales revenue) will be reduced by 50% from 2020	The carbon emission will reach the peak by 2030, and the carbon neutrality will be achieved with its own net-zero carbon emissions by 2050
<b>Natural Gas Distribution</b>	By 2025, the GHG emission intensity (total GHG emissions in Scope 1 and Scope 2/sales revenue) will be reduced by 10% from 2020	By 2030, the GHG emission intensity (total GHG emissions in Scope 1 and Scope 2/sales revenue) will be reduced by 20% from 2020	
<b>Integrated energy sales and services</b>	By 2025, the installed capacity of new photovoltaics will be 2.2 GW	By 2030, the installed capacity of new photovoltaics will be 9.9 GW	

## Measurement of GHG Emissions

We have identified the GHG emissions of different business segments by measuring the GHG emissions in Scope 1 and Scope 2 of ENN-NG in 2021 and our accounting scope as follows:



GHG emissions of ENN-NG in 2021 - by scope:

	Total emissions (10,000 tons)	Proportion
Scope 1 Emissions from the sources owned or controlled by us, such as combustion (coal, natural gas, fuel used by the Company's fleet)	428.47	90.9%
Scope 2 Emissions from the production processes of electricity, cold, heat and other purchased energies	42.58	9.1%

## Key Measures for Energy Conservation and Emission Reduction

We require different business segments to formulate and implement effective energy conservation and emission reduction measures to reduce ENN's carbon emissions.

- Energy production segment

For the purpose of energy conservation and emission reduction, Qinshui ENN, a subsidiary of ENN-NG, keeps making technological transformations as well as equipment optimization and upgrading to decrease the comprehensive energy consumption on the production of the plant in accordance with relevant policy requirements of the local government. At the same time, we actively promote the energy-saving technical transformation of circulating water pumps and LNG pumps, replace inefficient motors and pipelines, optimize and upgrade equipment, so as to decrease energy consumption, improve equipment efficiency and stability, and reduce leakage. Carbon emissions can be reduced by nearly 50,000 tons per year through the energy-saving technical transformation project of LNG pump, and by 72,000 tons per year through the transformation project of the amine regenerator.

Xinneng Mining, a subsidiary of ENN-NG, enhances power efficiency by technology and process follow improvement to reduce its own emissions. In the future, Xinneng Mining will continue to focus on intelligent mining technology to truly realize unmanned mining.

Energy, a subsidiary of ENN-NG, manages carbon emissions from three aspects: carbon reduction, carbon utilization and carbon capture. In terms of carbon reduction, it has enabled smart manufacturing and intelligent control, stabilizing process indicators, and also achieving energy conservation and emission reduction in production. In terms of carbon utilization, a food grade liquid CO<sub>2</sub> production unit has been established to recycle the CO<sub>2</sub> emitted by the methanol unit, with an annual utilization of 150,000 tons of CO<sub>2</sub>; active research efforts have been made to develop green methanol production units with carbon dioxide as raw materials, which are expected to reduce 52,700 tons of CO<sub>2</sub> emissions per year. In terms of carbon capture, we have a supercritical CO<sub>2</sub> true triaxial fracturing laboratory with the highest technical parameters in China to complete the supercritical CO<sub>2</sub> fracturing and storage experiment, and are now accelerating the construction of the new EGCS technology demonstration project to achieve large-scale CO<sub>2</sub> sequestration by 2025 based on the R&D of deep geothermal "zero-carbon + carbon negative" development technology.

#### Case: Zero-Carbon LNG Terminal

Based on the analysis of the overall GHG in the LNG industry chain, we reduced methane emissions through optimizing the shipping schedules. Meanwhile, we preferentially used low-carbon fuels and efficient ships, etc., to reduce carbon emissions during shipping. In the process of midstream reception and production, we continued to reduce carbon emissions by controlling methane emissions, using clean energies and implementing intelligent management. In addition, we reduced GHG emissions from LNG transportation via such measures as applying clean fuels for transportation and making intelligent dispatching. With all of the above efforts, we seek to build Zhoushan Terminal into the first “zero-carbon” LNG terminal in China before 2030.

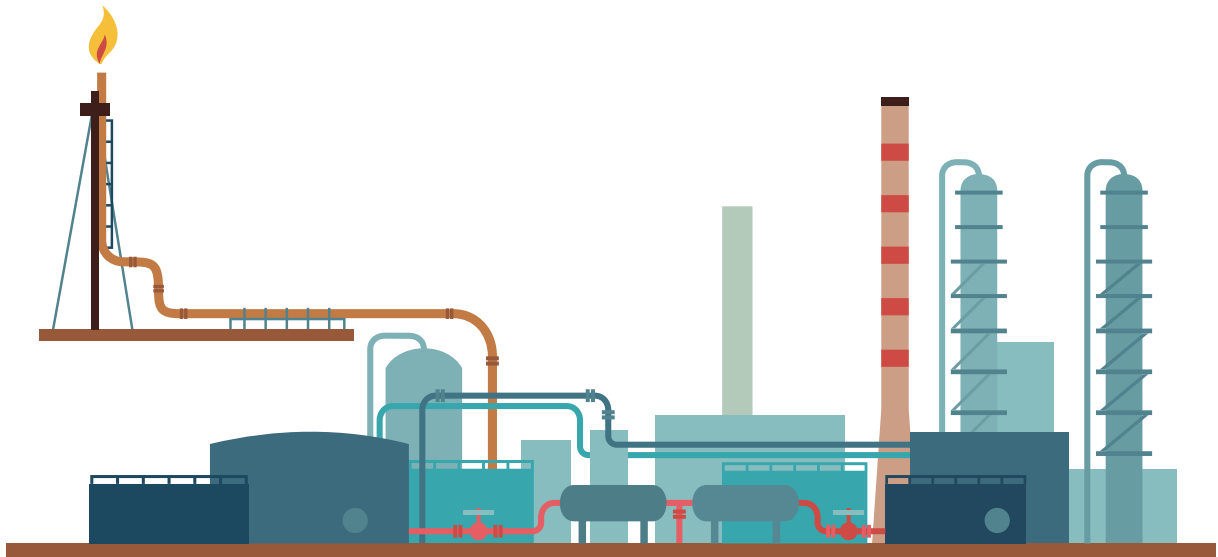
### Case: Low-carbon Park – Integrated Energy Station Project of Huzhou Central Hospital

Huzhou Central Hospital is currently the largest first-class comprehensive public hospital in grade III in Huzhou, integrating medical treatment, scientific research, teaching, prevention, health care and rehabilitation. In order to meet the hospital's green energy demand, we chose the gas-fired internal combustion engine + flue gas hot water lithium bromide machine as the core of the distributed energy supply solution to promote the gradual realization of a clean, efficient, economical and intelligent regional energy system in Huzhou City.

As to energy saving and emission reduction, the annual comprehensive energy utilization rate of the project is 76%, and the project saves 594 tons of standard coal per year and reduces CO<sub>2</sub> emission by 4,684 tons, SO<sub>2</sub> emission by 130 tons, NO<sub>x</sub> emission by 41 tons and dust emission by 54 tons per year, demonstrating an obvious energy saving and emission reduction effects.



Integrated Energy Station Project of Huzhou Central Hospital





## Development of Green Innovative Technology

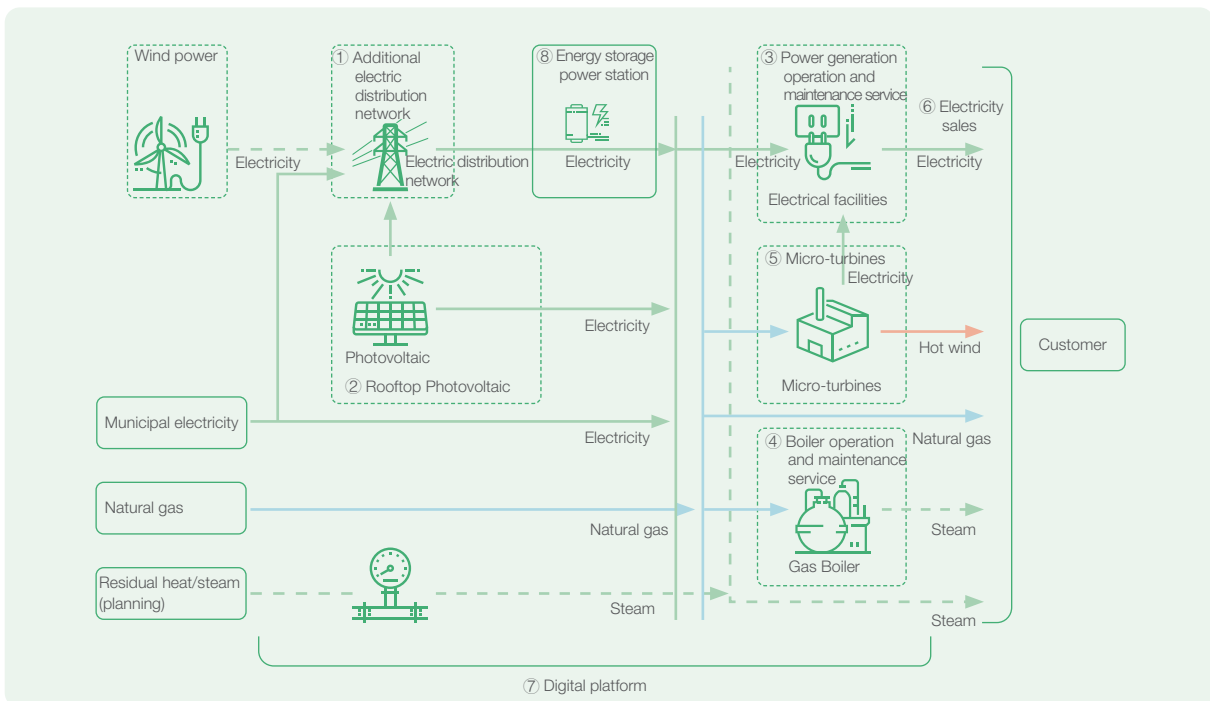
In the context of carbon neutrality, the energy industry has a broad space for the development of renewable energy utilization technologies and great potential for the promotion and application of clean energy. Following the pace of the industry, ENN-NG carried out a series of technological innovation research on low-carbon comprehensive energy treatment, carbon dioxide capture, storage and utilization, energy storage and renewable energy such as photovoltaic, hydrogen, biomass and geothermal, etc. Based on the in-depth knowledge of customer needs, we have formed a green, low-carbon and innovative technology system and implemented the philosophy of green and low-carbon development into all aspects of our operations.

### Case: Xuancheng Economic Development Area “4-Network Integration” Project

The “4-Network Integration” project in Xuancheng National Economic and Technological Development Area, Anhui Province, is a demonstration project in which ENN-NG 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, so as to create a green and low-carbon park while ensuring a safe and stable supply of energy.



CO<sub>2</sub> emission reduced  
**300** thousand tons/year



Design scheme of low-carbon demonstration park for scenic storage active distribution network

### Case: Electrolytic Water Hydrogen Production Project in Zhangjiakou

Zhangjiakou Hydrogen Industrialization Application Demonstration Park, which provides hydrogen supply for the 2022 Beijing Winter Olympic Games and Winter Paralympic Games, is an EPC project contracted by ENN-NG. The project adopts alkaline water electrolyte hydrogen production technology to produce hydrogen with 99.999% purity through electrolysis of desalinated water, which is then compressed, filled and transported for fuel cell bus hydrogen refuelling, and to produce oxygen with 99.2% purity which is then sold by a tanker after being liquefied to liquid oxygen through deep cooling. The project was officially put into operation in 2021, with a capacity of producing 2,000 standard cubic meters of hydrogen per hour and 4 tons of hydrogen per day, and the long tube trailer can fill and transport 10-16 vehicles per day, which can be used for up to 300 hydrogen fuel cell vehicles.

During the Winter Olympic Games, the project supplies more than 1 million standard cubic meters of hydrogen. The project is also an important support for the development strategy of hydrogen fuel cell vehicles in Zhangjiakou, and of great significance for the construction of Zhangjiakou Renewable Energy Demonstration Zone.

In terms of hydrogen energy infrastructure construction in Zhangjiakou, the Company also participated in the construction of many key projects, such as the Weisan Road hydrogen refuelling station project and Chuangba hydrogen refuelling station project of Zhangjiakou Jiaotou Hydrogen New Energy Technology Co., Ltd, and the Chicheng wind/hydrogen/storage multi-energy complimentary demonstration project of Guohua Energy Investment (Hebei). While accumulating extensive experience in engineering construction, we also make a positive contribution to the development of the whole industry chain of hydrogen energy in Zhangjiakou and help to realize the “Green Olympics”.



Zhangjiakou Hydrogen energy industrialization application Demonstration Park construction project

# Environmental Protection

## External laws and regulations

- *Environmental Protection Law of the People's Republic of China*
- *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Integrated Wastewater Discharge Standard*
- *Soil Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*
- *General Standards for the Identification of Solid Wastes*
- *Directory of National Hazardous Wastes*
- *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*
- *Noise Limits for Construction Site*
- *Emission Standard for Industrial Enterprises Noise at Boundary*

## Internal policies and systems

- *Measures for Carbon Emission Management of ENN Natural Gas Co., Ltd.*
- *Management System for Pollutant Treatment and Operation of Environmental Protection Facilities*
- *Clean Production Implementation Management System*
- *Environmental Monitoring System*
- *Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites*
- *Pollution Control Standard for Hazardous Waste Landfill*
- *Pollution Control Standard for Domestic Waste Incineration*
- *Pollution Control Standard for Domestic Waste Landfill*
- *Environmental Emergency Plan*
- *Administrative Regulations on Environmental Protection of Construction Projects*

ENN-NG strictly follows the requirements of laws and regulations related to environmental management and protection, always adheres to the environmental management policy of “scientific management, green cleaning, compliance and continuous improvement”, makes professional management of environmental issues, and continuously improves its emergency response capacity for environmental events. All subsidiaries are organized to prepare their environmental management systems according to their own production and operation characteristics. In 2021, the company will actively promote the establishment and improvement of the environmental protection management system. In 2021, the company did not have any major incidents resulting in lawsuits or corresponding penalties due to violations of environmental issues.

By the end of 2021,

**43**

member enterprises have been certified for ISO 14001.

## Emissions Management

ENN-NG reduces the emission of “three wastes” by strengthening management and system requirements, increasing environmental protection investment, conducting project technology transformation and carrying out publicity and education. Besides, the Company continues to improve the emergency management works of environmental emergencies to ensure the safety of public life, environment and properties.

### Case: Environmental Emergencies Response Plan – Strengthen Risk Management

In 2021, Wangjiata Coal Mine of Xinneng Mining Company Limited, a subsidiary of ENN-NG (hereinafter referred to as “Wangjiata Coal Mine”) continuously improved the emergency response mechanism for environmental emergencies and strengthened its environmental risk management as per the *Environmental Emergencies Response Plan of Xinneng Mining Company Limited*. The Company strictly prevented and warned the occurrence of sudden environmental pollution events, improving the ability of Wangjiata Coal Mine to respond to environmental emergencies, and strengthening the effective connection between Wangjiata Coal Mine and Ordos Municipal Government’s environmental emergency management.

## Waste Gas Management

In 2021, the Company has attached great importance to the prevention and control of waste gas pollution, increasing efforts to control air pollution sources, optimizing pollution prevention and control facilities, preparing a technical transformation plans and upgrading the requirements and technical measures.

- Xinneng Energy constantly improved the desulfurization process and monitored boiler emissions through online monitors to ensure the boiler flue gas pollutant emissions meet the air pollutant emission limits of boilers in use under the *Emission Standards of Air Pollutants for Boilers*, and took pollution control measures in the production process to control SO<sub>2</sub>, particulate matter, methanol and other pollutants discharged from the production system.
- The coal preparation plant of Xinneng Mining is equipped with cylinder dust collectors, and the emission concentration of particulate matter meets the requirements of the new and expanded standards of the *Coal Industrial Pollutants Emission Standards*. The raw coal, product coal and gangue are stored in fully enclosed cylindrical silos and transported on fully enclosed coal transportation bridges, and the coal transportation roads are sprinkled with water to reduce dust, and the concentration of unorganized particulate matter emissions from industrial sites and coal transportation roads meet the requirements of the new and expanded standards of the *Coal Industrial Pollutants Emission Standards*. High temperature hot water chain boiler is set in the industrial site, and bag dust removal + wet desulfurization tower is used for dust removal and desulfurization to ensure that the emission of boiler flue gas pollutants meets the requirements.
- Qinshui ENN has completed the transformation of the low nitrogen burner by the end of the year, effectively reducing the contamination of flue gas pollutants emitted by boilers to the ambient air.

## Waste Water Management

ENN-NG has always adhered to the principle of “separating clean water and sewage as well as rainwater and sewage, and using water for multiple purposes”. In 2021, through the provision of wastewater treatment facilities, optimization of processes and adoption of new technologies, we continuously improved the recycling rate of wastewater and achieved full coverage of production and office wastewater treatment, and no water pollution accidents occurred throughout the year.

- Xinneng Energy strictly implemented the principle of “separating clean water and sewage as well as rainwater and sewage, and using water for multiple purposes” to improve the water reuse rate. The production wastewater containing methanol, ammonia nitrogen, sulphide, cyanide, suspended solids, etc. has been treated by batch-type intermittent activated sludge biochemical process and us( o)0.5 (23separati(a)0.
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## Waste Disposal

ENN-NG has put forward strict management requirements for waste management plans. We have signed waste disposal contracts with other enterprises and made the comprehensive use of some solid wastes to realize the recycling of emissions. Meanwhile, we turned the waste generated by production and office into non-hazardous resources to avoid secondary pollution and realize waste recycling while reducing environmental pollution.

- Xinneng Energy has entrusted qualified units and signed disposal agreements with them for disposal of Methanol synthesis waste catalysts, conversion waste catalysts, waste mineral oil and waste oil drums, among others, in the production process.
- Xinneng Mining has set up a temporary storage of hazardous waste in the industrial site. The bottom of the temporary storage of hazardous waste and the ecological reservoir have been subject to anti-seepage treatment to ensure that the soil environmental quality in and around the industrial site meets the standard. Such wastes as gangue, sludge, boiler ash and desulfurization slag have been treated by underground backfilling, land reclamation in subsidence areas, and underground roadway pavement, etc.
- Qinshui ENN has formulated a hazardous waste management plan by the year end and entered into waste disposal contracts with external units, having disposed of 2.98 tons of waste mineral oil and 15.12 tons of waste MDEA solution throughout the year.

## Water Resources Management

We require all production enterprises to obtain water drawing permits according to law and have established a water management mechanism for water use in a responsible way.

- Xinneng Mining has obtained the water drawing permit for groundwater in accordance with the law. The Company has established a water resources management organization and formulated a water management system. Xinneng Mining is building smart water systems that can read automated data in real time to understand water consumption.
- Water drawing permits have been obtained by Xinneng Mining for the methanol project and the stable light hydrocarbon project pursuant to law.

## Biodiversity

ENN-NG proactively advocates national and local ecological environmental protection policies for biodiversity protection work, continuously carries out environmental impact assessments and accepts environmental supervision and inspection conducted by the government. Member companies regularly conduct training on environmental protection knowledge and encourage employees to participate in public welfare undertakings related to biodiversity protection.

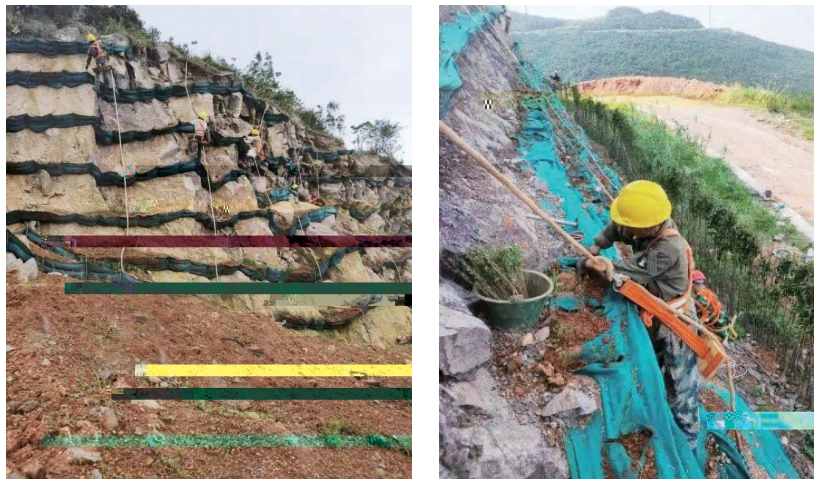
Case: Shangrao Economic Development Area Shangrao-Yanshan Expressway High-pressure Gas Pipeline Project

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 sewage of construction personnel by dry toilet for fertilization 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, so as to improve the ecological performance of the project.

Case: ENN-NG's Long-distance Pipeline Project Planted Mountain Vegetation to Restore Soil and Water Conservation

Zhoushan Terminal has carried out vegetation restoration for Changbai Island and Xiushan Island pipeline projects. Water protection facilities have been installed in the whole section of the project to effectively protect the local vegetation and ecological environment.



Mountainsides are planted with ivy to restore vegetation







# Health and Safety Management System

Since its establishment, ENN-NG has always adhered to the safe development principle and strictly complied with such laws and regulations as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Regulations on Supervision and Administration of Occupational Health in Industrial Sites* and the *Code of Practice for Selection of Personal Protective Equipment*. We put forward the philosophy of “three simultaneous safety production” which refers to simultaneous design, construction, and operation & use, performing our responsibility for production safety and improved our safety system. In 2021, the Company recorded no employee safety accidents.

By the end of 2021, 43 member companies were awarded the accreditation certificates of OHSAS 18001 or ISO 45001.

In order to improve the construction of health and safety management system and continuously improve the level of systematic operation and management, the company actively participates in the international management system certification. On March 8, 2022, ENN successfully passed the audit of China Classification Society Quality Certification Company (“China Classification Society”), and successfully obtained the environmental management system and occupational health and safety management system certification certificate.

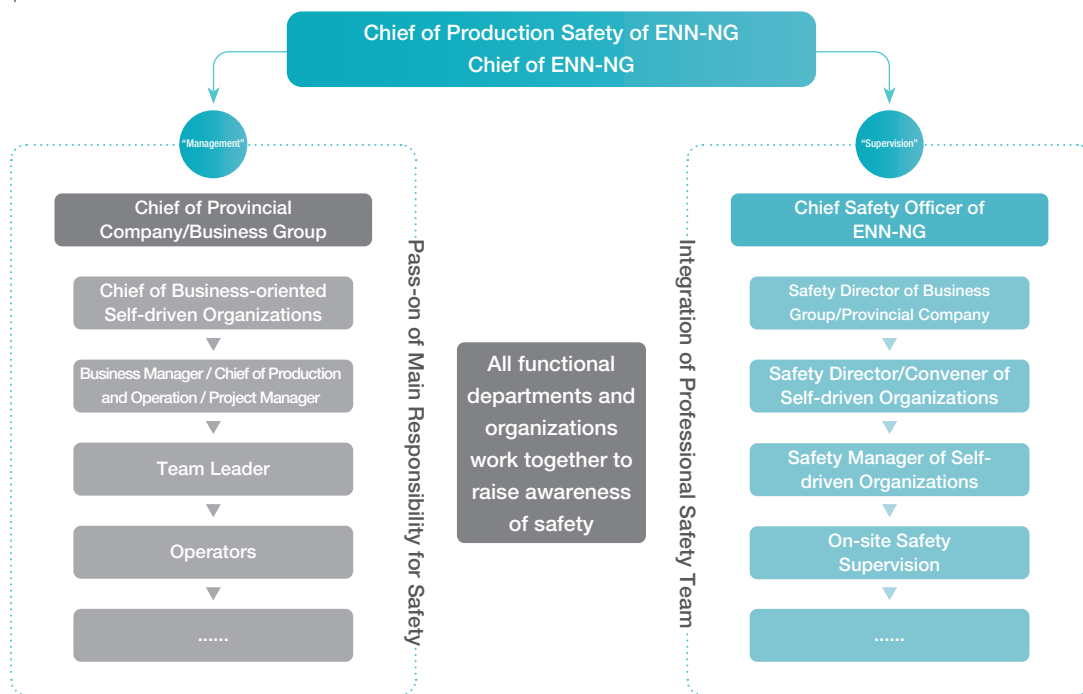


## Production Safety Management Structure

In order to strengthen the unified deployment, organization and coordination of its production safety, to ensure ENN to strictly implement safety work in accordance with laws and regulations, ENN-NG has established a safety committee overseen by the Board of Directors, with the Company's CO-CEO as its co-chairman, president as its executive chairman, and safety director as its secretary-general. In 2021, the Company further refined the management structure of the safety committee, and designated managers to be the person in charge of production safety of each business, effectively implementing the production safety work.

## Safety Management System

The Company has established a production safety management system with “production safety accountability system” as the core, adopted the safety management mode of “supervision-management separation”, and clarified and implemented the responsibilities of business organizations and safety professional teams. The Company has also devised the safety bottom line rules to quantify the safety environmental incidents and overall safety-related performance and correlate the evaluation indicators with executive’s compensation, and Implement a “zero tolerance” policy for serious accidents. If a serious accident occurs, severe penalties such as dismissal and demotion will be imposed on relevant responsible leaders.



Schematic Diagram of Supervision-Management Separation of ENN-NG (to be redesigned)

The Company has quantified QHSE performance rating for all staff and the indicators were divided into process indicators (including the cumulative points of daily improvement for safety and annual rating for QHSE quantitative review), result indicators (accident and incident indicators) and extra-point indicator. The QHSE quantitative rating was classified into levels A to D. For enterprises rated levels C and D, a cautionary talk was conducted for the head of the enterprise and the members of the decision-making group shall take office upon receiving the special training and passing the examination. If the QHSE quantitative rating was level C for three consecutive years or level D for two consecutive years, the positions of the head of the enterprise and the relevant members of the leader team were adjusted.



QHSE Performance Quantitative Evaluation Indicators

## Safety & Digitalisation Applications

ENN-NG has established the digital and intelligent safety empowerment platform, which can realize multi-dimensional safety management. The platform also connects the monitoring data with the local government to accurately supervise production safety in real time, which improves the Company's supervision of safety management and effectively reduces the incidence of accidents caused by hidden dangers and violations.

In 2021, the Company had its existing digital intelligence products fully applied internally, sped up the R&D and promotion of planned digital intelligence products, and completed the development and application promotion of the products related to hidden-danger investigation and management and risk management with Zhoushan Terminal as a pilot, enabling the digital intelligence technology to support its business effectively.



## Contractor Health and Safety Management

ENN-NG values the health and safety management of contractors, placing the importance of contractors' health and safety on par with its own ones. By establishing the *Supplier Management Measures* requiring all member enterprises to issue their measures for contractor management, and effectively implementing the "six-step contractor management method", namely supplier selection, contract preparation, contract signing, safety training, work management and regular evaluation, the Company incorporated the safety management elements into the whole life-cycle management chain of contractors (subcontractors).

In 2021, the Company signed construction safety agreements with all contractors, put forward the "blacklist" management requirements, incorporated key indicators including the safety performance criteria of contractors, and further refined the safety management and evaluation system of contractors, thereby improving the basic safety management of contractors. When auditing contractors, we take into account their health and safety systems and system certifications. Meanwhile, we include safety accidents on the part of contractors into the evaluation of our safety performance, on the principal of "regarding contractors' safety accidents as accidents within our own liability" and conduct regular assessment.

### Case: Establishing Intelligent Business Group to Enhance Safety Management of Contractors (Subcontractors)

In 2021, we established the intelligent business group based on the "six-step contractor management method", and in light of the characteristics of our construction scenarios, as well as compiled and developed the *Contractor (Subcontractor) HSE Supervision and Management Regulations*, highlighting and clarifying the "six-step" safety management measures for contractors (subcontractors) in the course of daily management.

# Health and Safety Risk Management

The Company has established an effective safety risk prevention and control system and continued to improve the risk management system and raise the safety management capabilities on the spot condition and 2.2impr

## Case: Xinneng Energy Focused on Risk Prevention in Safety, Fire-fighting and Occupational Health Management

During 2021, Xinneng Energy conducted a total of 107 company-level comprehensive and special safety risk and hidden danger inspections and special inspections of major hazards as planned, and accepted 19 inspections from government departments at all levels. At the same time, a total of 3 external inspections were organized throughout the year. All hidden dangers and defects identified have been corrected.

In terms of fire-fighting management, we received 2 fire inspections throughout the year, and were found to have no major problem. We also carried out 12 self-inspections, 12 special inspections, 56 inspections of key hazards and 242 patrols for Phases I and II fire-fighting facilities and fire prevention, with all hidden dangers identified having been corrected.

In terms of occupational health management, we received 2 inspections from health committees throughout the year, without major problem found. Rectification has been made in accordance with the requirements.

In strict accordance with the *Occupational Disease Prevention and Control Law*, ENN-NG fully protects the occupational health and safety of employees by implementing the *Labor Protection Management System* and defining the occupational health and safety management policy. All the affiliated companies of ENN-NG have provided employees with labor protection supplies. We arrange health checkups for all employees every year and conduct occupational health checkups for front-line employees. Meanwhile, we have also established health stations for employees within the Company to protect their physical and mental health.



Health Station

#### Case: Xindi Energy Engineering Technology Co., Ltd. Promoted the Intrinsic Safety of “One High and One Low” Operation Scenarios

Xindi Energy promoted safety measures such as single-person electric hanging baskets for high-rise outdoor gas pipeline installation, color plate installation for plant structure and lifting platforms and construction vehicles for suspended work scenarios to increase the safety protection for the project sites. Meanwhile, it improved the safety awareness of operators to ensure the construction quality and reduce the safety risk from human errors.



Aerial Work Picture of Xindi Energy

# Health and Safety Culture Development

ENN-NG regularly organizes health and safety training and assessment for its business leaders, incumbents and contractors. In 2021, ENN-NG provided a total of 586 health and safety training sessions for all employees with an annual training per capita of 20 hours, covering production safety laws and regulations, standards, institutional norms, post safety procedures, operating procedures, emergency plans, accident cases, occupational health, fire control and environmental protection, etc.. In the year, we had two comprehensive online and offline health and safety trainings and comprehensive assessments for our business leaders. In addition, the safety departments of both the Company and its affiliated companies conducted no less than 72 hours of tertiary safety education per capita for new employees in accordance with the requirements of the *Work Safety Law*. Safety trainings were also provided for outsiders and contractors before their entry into the plant, mainly covering safety education, safety technology and the safety red and yellow line management regulations.



In 2021, ENN-NG provided a total of **586** health and safety training sessions

with an annual training per capita of **20** hours

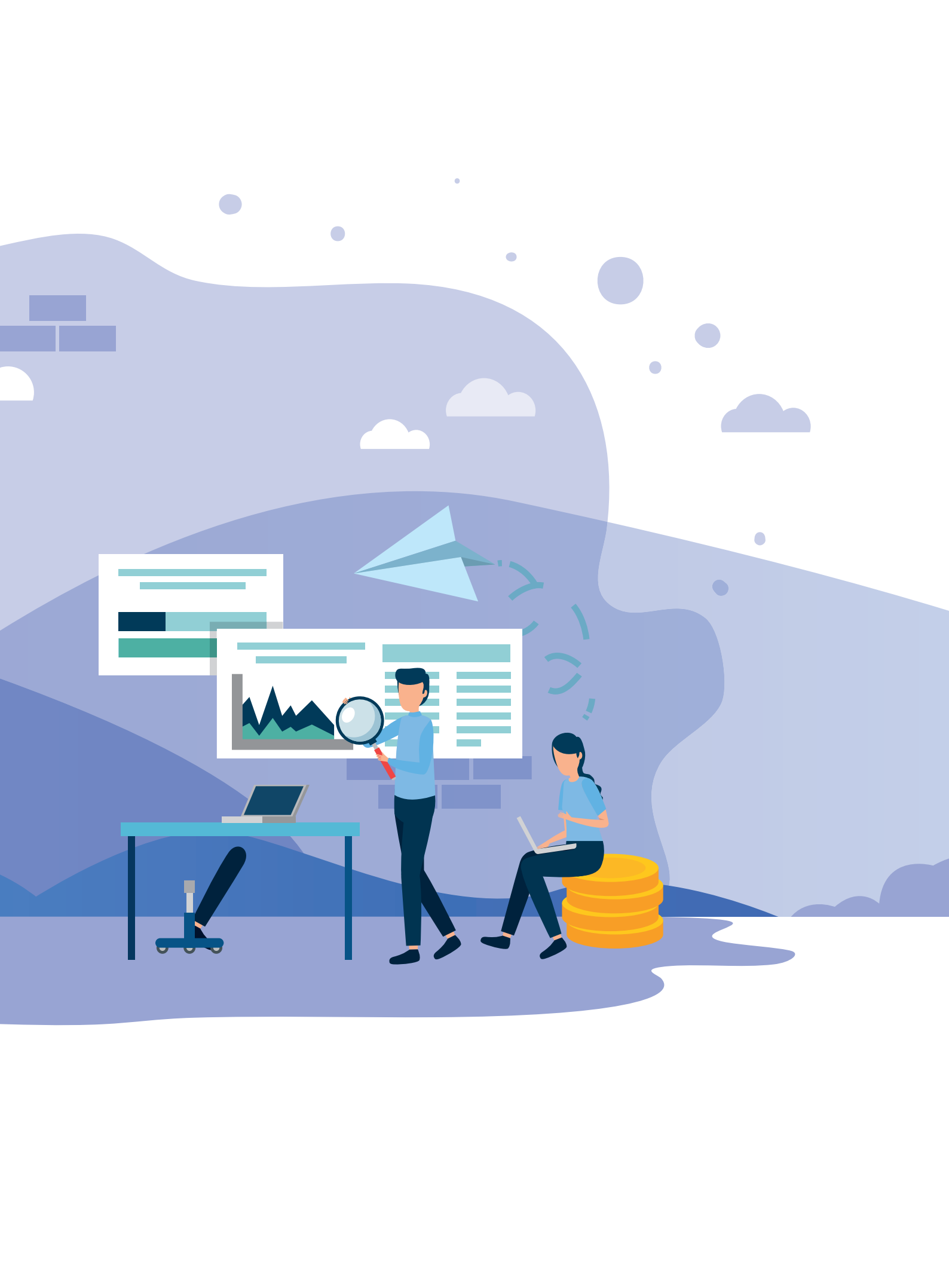
for all employees



Safety Education for All Employees of ENN Qinshui Clean Energy Co., Ltd.







## Protection of Employees' Rights and Interests

Adhering to the people-oriented development philosophy, ENN-NG provides a competitive compensation and welfare system to protect the legitimate rights and interests of employees.

### Labour Practice

In 2021, the Company formulated and issued the *Talent Development and Employment Policy*, the *Labor Contract Management Measures* and the *Recruitment Management System*, pursuant to which we refuse any form of child labor and forced labor, prohibit any discrimination in employment, promotion, training and termination of employees, insist on equal pay for equal work and equal employment in accordance with the law. Regarding recruitment, we have in place comprehensive qualification standards, including but not limited to length of service and academic background, to prevent child labor and unqualified employment from the source. We also respect the willing of both employers and workers through the interview mechanism involving no less than three rounds of interviews. Before formal employment, we will entrust a third party to make a background investigation including citizen information, business conflict of interest and work performance and prepare a report, so as to eliminate any dishonest behavior. In 2021, ENN-NG recorded no illegal employment of child labor and forced labor and its labor dispatch met national regulations. At the same time, the Company makes every effort to protect the employment rights and interests of the disabled, actively promoting their employment to secure their livelihood.

As of December 31, 2021, ENN-NG had 40,146 employees, including 39,474 regular employees, 659 contractors, 3 external experts and 10 interns. No labor disputes arose during the reporting period.

### Remuneration and Benefits

ENN-NG endeavors to create a compliant, fair, reasonable and competitive remuneration and benefits system by improving and implementing an incentive policy that combines salary and non-salary incentives, and provide employees with competitive salary packages in the industry.

In 2021, we continued to press ahead with ecological organization development and take more efforts to implement the value creation sharing system to maximize the motivation and self-drive of employees. We also strengthened the differentiated incentive model to realize a market-oriented remuneration incentive mechanism.

In 2021, we promoted the implementation of medium- and long-term incentive based on the restricted stock sharing program. During the reporting period, 59 persons were granted with incentives under this incentive plan, including the current directors, senior executives and core management/business personnel of the Company (including branches and subsidiaries).

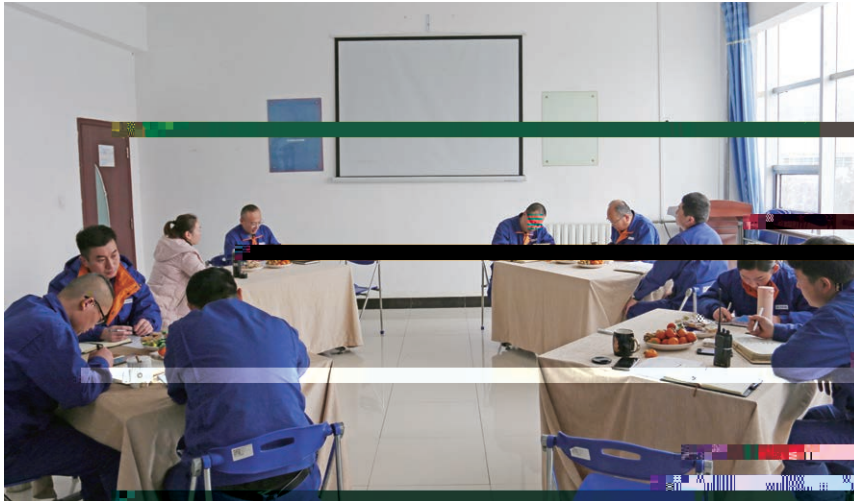
Based on the comprehensive remuneration system, we protect the rights and interests of employees in accordance with the law and make contributions to social insurance and housing fund for employees in strict accordance with national policies. We also diversify our welfare by purchasing supplemental commercial insurance such as critical illness insurance and providing maternity allowance, high temperature subsidies and winter protection supplies. In 2021, we make contributions to social insurance for all our employees. Moreover, in order to strengthen our care for and health protection to the core talents, from 1 August 2021 onwards, the Company has insured 154 core talents with million group medical insurance to secure them against serious illness. Meanwhile, we have established the *Management Measures for Employee Attendance and Leave Requests* to guarantee paid annual leave for employees in accordance with the law, and protect employees' normal leave entitlements such as prenatal check-up leave, maternity leave, breastfeeding leave and paternity leave.

## Employee Communication

ENN-NG supports employees' freedom of association, assembly, and joining trade unions in accordance with the law, and has established multiple channels to maintain democratic communication with employees to this end. We continuously encourage employees to complain, report, appeal or put forward suggestions through democratic communication meetings, employee voices, open days, etc. in accordance with the *Employee Code of Conduct*.

### Case: Qinshui ENN Held a Democratic Life Meeting

Qinshui ENN held a democratic life meeting in December 2021, inviting the management and employees to speak freely and discuss extensively on all aspects of the Company's operation, and collecting their suggestions on organizational development and improvement, which laid a solid foundation for the Company to further refine its management.



Democratic Life Meeting of Qinshui ENN

### Case: Open Day for Employees of Xinneng Energy

Since March 2020, Xinneng Energy's labor union has taken the lead in carrying out a face-to-face meeting between employees and the general manager and party secretary on a monthly basis. As of 31 December 2021, 9 sessions have been conducted, collecting and solving 205 issues raised by employees.



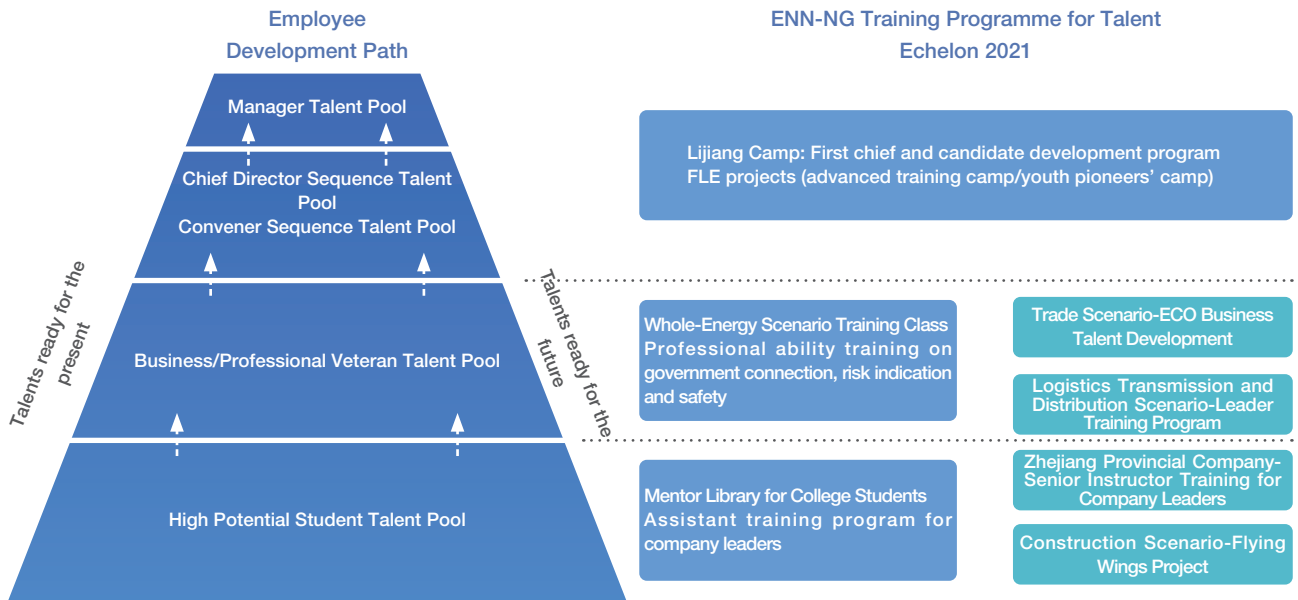
Open Day of Xinneng Energy

# Talent Development

ENN-NG upholds the philosophy of employees and the Company growing together. We established a sound training system, created a clear and flexible promotion channel and encouraged employees to innovate, in a bid to make employees and the Company grow together.

## Personnel Training

ENN-NG practiced independent employment of member companies in accordance with the *Rules on Personnel Appointment*, ensuring the smooth flow of employee. Meanwhile, the Company developed an echelon training plan and a three-level key employee development plan and established a sound training management system and a curriculum system that fits the Company's business characteristics and requirements for positions, which can provide sufficient talents for our present and future development.



The Echelon Training Plan and the Three-level Key Employee Development Plan of ENN-NG in 2021

- (1) We offer a combination of leadership and business thematic training in our “Lijiang Camp” and other special programs for business leaders and candidates to help them improve their management skills.

Case: Lijiang Camp

To better implement the transformation and upgrading of business strategy, ENN-NG launched the training program – Lijiang Camp. The program focused on the bottom cognition, role cognition and key business skills and provided new leaders and potential talents with targeted coaching and growth assistance, hence promoting the self-driven and independent growth of key roles. In 2021, Lijiang Camp offered 10 courses for 45 students, effectively improving the leadership and work skills of employees in management positions.



Course of Lijiang Camp

- (2) We offer whole-energy scenario training programs and conduct professional ability training for business/professional veteran.

Case: Whole-Energy Scenario Training Class

ENN-NG and ENN Zhixue jointly held the Whole-Energy Scenario Training Class. Based on the philosophy of “strengthening the foundation and expanding the coverage”, the program popularizes the professional knowledge of each business scenario in the energy field. At the same time, the program builds an open and co-creative learning form by means of “air classroom”. In 2021, 7 sessions of Whole-Energy Scenario Training Class were held, with more than 12,000 participants in the air classroom and more than 800 online interactions.



Course of the Whole-Energy Scenario Training Class

- (3) We set up a mentor library for college students with high potential, develop an assistant training program for company leaders, standardize student training and help new graduates and other new employees grow rapidly.

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**Mentor library for college students**  
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We select a group of people who have extensive professional experience and ability into  
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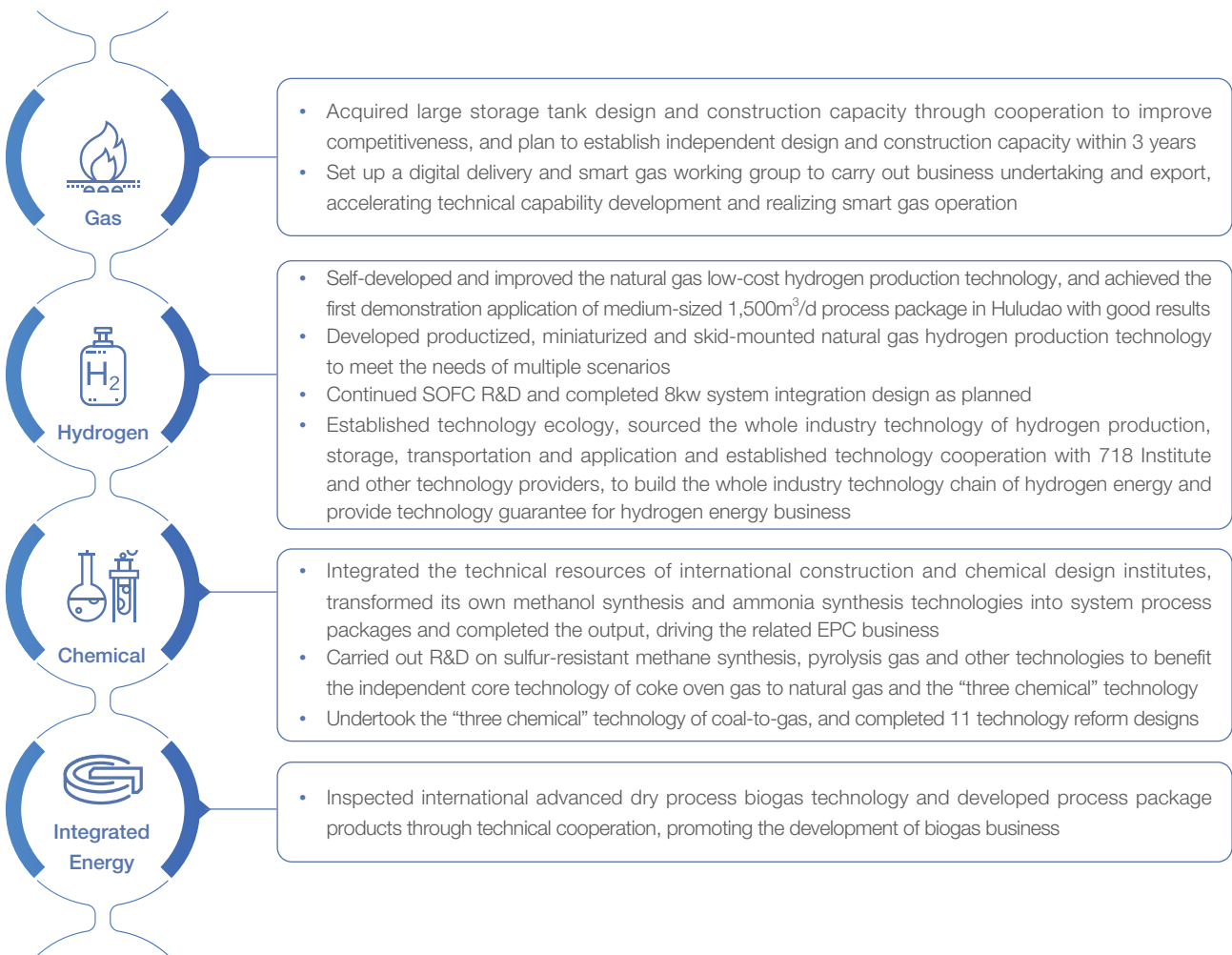
In 2021, in order to provide employees with more motivating and challenging career development opportunities, we updated and iterated the existing career development system and development rules by summarizing all individual work characteristics with “work style tags” and comprehensively evaluating employees’ performance, thus guiding and encouraging them to grow independently.

## Overall Innovation

In 2021, we formulated the *Measures for the Management of Intellectual Property Rights* and the *Measures for the Management of Carbon Emissions* to improve the intellectual property rights and “dual carbon” management systems. We also advanced the planning and technology innovation of products related to carbon neutrality. In order to accelerate technology innovation and value creation, we revised and updated the internal systems such as the *Management Measures for Technical Project* and the *Reward Measures for Technology Innovation*, included technical R&D results, technical innovation results, digital intelligence R&D results, patents, papers, etc. into the scope of technology innovation rewards, and established scoring standards for innovation results. We conducted centralized evaluation and awarded prizes for the technology innovation on a yearly basis. In 2021, ENN-NG had 162 new patents, established Langfang municipal R&D platform – Renewable Adsorption Desulfurization Technology R&D Center, and declared and obtained 3 provincial workmanships.

In 2021, we established the Technology Innovation Studio to guide employees to carry out technology innovation in gas, hydrogen, chemical, integrated energy and other business areas respectively.

### Summary of Technology Innovation Results in Business Areas



## Care for Employees

ENN-NG always cares for its employees and their lives and is committed to improving the quality of their lives and helping them relieve the pressure of work and life so that our warmth and care can be extended to each employee.

### Assistance for Employees

As an upgrading of the original employee care project, ENN-NG has formulated and improved its implementation plan for the Employee Care 2.0 program, sharing misfortune and happiness with employees. Relief policies have been set up by the Company for those in extreme difficulties or having major diseases to reduce the medical expenses of seriously-ill employees or their families with relief money. Our labor union also cares for employees working in remote areas and for temporary projects by offering summer condolences to more than 1,000 people across 6 provinces. Additionally, the company actively organizes employees to carry out employee mutual aid fund “love and mutual aid” activities. In 2021, our 2,750 employees participated in mutual aid activities raising donations amounting to more than RMB210,000 to 28 eligible employees, easing their difficulties in time.

#### Key Care Activities of the Company in 2021

##### Promoting sports activities

Qinshui ENN carried out high-frequency and multi-sports activities to sustain a healthy and happy atmosphere for employees.

ENN (Zhoushan) LNG Company Limited hosted the Zhoushan Fun Games, attracting 9 sister units such as Zhoushan Logistics and Zhoushan Lanyan and enriching the cultural life of business partners in Zhoushan area.

##### Care for special positions

Zhoushan ENN Logistics Park prepared a “driver’s home” for truck drivers, which is equipped with emergency drugs, provides regular remote consultation and ensures transportation safety.

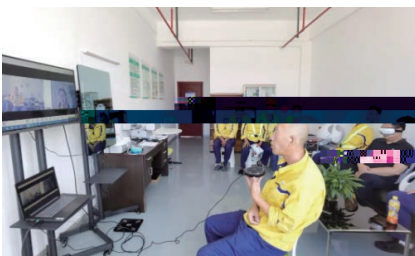
##### Health care

Xinneng Energy Co., Ltd. invited a licensed physician to sit on the spot for consultation to guard the health of employees, so as to facilitate our resumption in production.

Xinneng Energy cared for employees’ health by setting up a health station and developing the healthcare program. Three health clinics and lectures were provided with more than 100 participants.

##### Care for female employees

In working space, we provided the “Mom’s Room” for female employees during pregnancy and breastfeeding.



Driver's Home



Mom's Room



The Psychiatrists Sits on the Spot for Consultation



Health Station



## Cultural and Sports Activities





## Supply Chain Management

In order to create a sound competition environment for suppliers, shape a sustainable supply chain, and provide stable and reliable products and services, ENN-NG has always adhered to the fair, just and open principles to standardize supplier management, improve the procurement process and mechanism and urge suppliers to fulfill their environmental and social responsibilities, with an aim of jointly creating a green, healthy and sustainable value chain.

### Supplier Management System

In strict compliance with relevant laws and regulations such as the *Tendering and Bidding Law of the People's Republic of China*, the *Civil Code of the People's Republic of China* and the *Implementation Rules of the Tendering and Bidding Law of the People's Republic of China*, ENN-NG published the *Management Measures for Supplier Selection and Evaluation of ENN Natural Gas Co., Ltd.*, the *Supplier Management Measures of ENN Eco Holdings Co., Ltd.* and the *General Supplier and Procurement Management Rules* to improve the supplier management system, regulate the behavior of suppliers and procurement-related personnel, establish a sound procurement environment and safeguard the legitimate rights and interests of the Company.

During the reporting period, ENN-NG had 23,250 suppliers, including 24 overseas suppliers.

#### Number of Suppliers

As of December 31, 2021 Number of Suppliers	China	Asia (excl. China)
	23,496	16

### Supplier Access

ENN-NG implements supplier selection management in strict compliance with the *Management Measures for Supplier Selection and Evaluation of ENN Natural Gas Co., Ltd.* and divides the supplier selection management into four stages, namely resource acquisition, data collection and preliminary qualification, inspection, and selection approval. Besides, ENN-NG always insists on green and low-carbon development at source and advocates source control to reduce the risk of environmental pollution. Therefore, we require suppliers to pay attention to environmental protection in the manufacturing process, not to violate relevant national laws and regulations, and give priority to green materials to reduce the impact on the environment. We practice green and responsible procurement while reducing the ESG risk of suppliers.

### Supplier Monitoring and Evaluation

ENN-NG supervises and evaluates suppliers from three aspects: ethics, law and quality. We attach great importance to the ethical behavior of our suppliers. In order to strengthen the anti-corruption management of our suppliers and eliminate commercial bribery, we require all suppliers to strictly comply with the *Code of Conduct on Corporate Social Responsibility for Suppliers of ENN-NG* and sign the *Supplier Commitment to Integrity*. In 2021, the Company devised the *Anti-Fraud, Corruption and Bribery Policy of ENN Natural Gas Co., Ltd.* To maintain a transparent, open, fair and equitable procurement environment and avoid unfair competition and illegal and disorderly behavior, ENN-NG has established a "supplier blacklist" management mechanism. Suppliers suspected of malicious operations and illegal and disorderly behavior in the process of certification will be included in the "blacklist" and publicized. To ensure the quality of the products supplied by suppliers, the Company tests, evaluates and assesses all suppliers' product supply every three years in the process of supplier employment according to the *Video Inspection Rules of Material Procurement Platform*, and publicizes the assessment results.

## Product Quality and Customer Service

As a pioneer in the energy industry, ENN-NG, on the basis of ensuring efficient, safe and stable supply of energy, continuously improves the quality of engineering construction, strengthens customer privacy protection, improves customer service, and insists on perfection in outputting safe, high-quality products and comfortable, satisfactory services.

### Guarantee Engineering Quality

The Company always insists on the quality policy of “safety first, honesty and law-abiding, winning by quality”, and takes the quality of projects and products as the “lifeline” of its development. We strictly abide by the laws and regulations such as the *Standardization Law of the People's Republic of China*, the *Management Law on Product Quality of the People's Republic of China* and the *Metrology Law of the People's Republic of China*, and formulate internal rule and regulations such as the *Management Measures on Project Quality of Energy Technology Engineering Companies*, the *Management Regulations on Construction Project Quality*, the *Supervision Provisions on the Implementation of Mandatory Standards for Project Construction*, the *Uniform Standards for Construction Quality Acceptance of Construction Projects*, and the *Management Rules for Quality Inspection Technology for Building Construction and Municipal Infrastructure Projects* to regulate project quality management. Meanwhile, we have carried out quality improvement actions to comprehensively identify quality risks, further improve quality management system and improve output quality.

#### Case: Zhoushan LNG receiving station Phase II Construction and Operation

ENN-NG's Zhoushan LNG Terminal which is operated under trusteeship is the first large-scale private LNG terminal in China, with the tasks of supplying natural gas and guaranteeing the emergency supply for the whole Zhejiang Province. The Phase II project took only 30 months from commencement of construction to completion of trial production and commissioning. The project has brought two 160,000 m<sup>3</sup> LNG storage tanks, three IFV vaporizers, 14 skid mount units and related supporting facilities and process systems after its completion, ensuring the normal use of gas by downstream customers, as well as the synchronous operations of unloading, gasification and transmission of Phase I whilst its commissioning.

After putting into operation of the Phase II project in June 2021, Zhoushan LNG Terminal is expected to have an annual processing capacity of up to 8 million tons, of which the four LNG tanks can, with their full storage capacity, be used by about 8.5 million households in Zhejiang Province for over 40 consecutive days, denoting a significant enhancement of the gas storage and peak-shaving capability, and another powerful initiative to stabilize the supply of natural gas in Zhejiang and even East China.

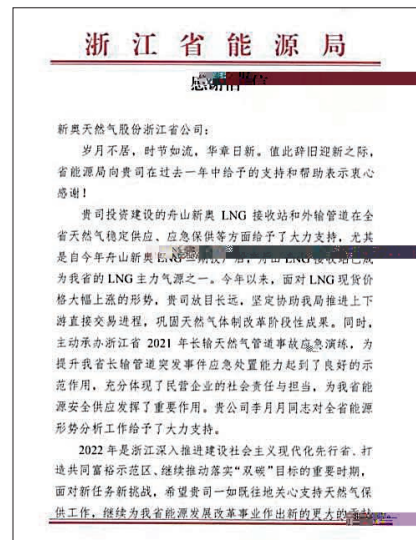


## Safe and Stable Gas Supply

ENN-NG always insists on safe and stable energy supply. We have established a digital platform to monitor the energy pressure fluctuations of upstream and downstream and key users in real time. We also strengthened the patrol inspection of equipment and facilities in the gas supply pipeline network to ensure gas supply stability and safety in the event of extreme weather, major events and other situations, sparing no efforts to protect natural gas supply for people's livelihood.

### Case: ENN-NG Helping to Guarantee Gas Supply in Zhejiang Province

Owing to the outstanding performance on guaranteeing gas supply in winter, the Company's subsidiary in Zhejiang received a letter of thanks from Zhejiang Energy Bureau appreciating the strong support from Zhoushan Terminal and the pipelines invested and constructed by ENN-NG in the stable and emergent supply of natural gas in the province, and especially highlighting the role of the terminal as the main LNG sources in the province after the Phase II project (for liquefied natural gas) was put into operation. According to Zhejiang Energy Bureau, by assuming our social responsibility as a private enterprise, we have played an important role in the safe supply of energy in Zhejiang Province.



### Case: Making a Long-term LNG Purchase and Sales Agreement with Cheniere Energy

In order to actively promote the market-oriented reform of natural gas and accelerate the adjustment of energy consumption structure, ENN-NG entered into a long-term liquefied natural gas (LNG) purchase and sales agreement with Cheniere Energy, pursuant to which, Cheniere Energy will supply about 900,000 tons of LNG to ENN-NG every year on terms of FOB for 13 years, with effect From July 1, 2022. The agreement is the first long-term purchase and sale agreement on LNG signed by ENN-NG since completion of its major asset restructuring in 2020 and also marks the first cooperation between both parties in the field of natural gas.



Signing the Long-term LNG Purchase and Sales Agreement

#### Case: “First Carrier in Tianjin” for LNG Handling to Stabilize Gas Supply

On April 1, 2021, ENN-NG’s first carrier of LNG with more than 60,000 tons was successfully handled at the Tianjin terminal of PipeChina, which is also the first carrier of LNG handled at the terminal since it was opened to third parties. The Company has taken active measures to obtain the window period of PipeChina and other terminals, and made every effort to build a national import channel to provide stable natural gas resources for downstream customers.

## Customer Privacy Protection

We attach great importance to customer information and privacy security and strictly abides by the laws and regulations and international standards such as the *Consumer Rights Protection Law of the People’s Republic of China*, the *United Nations Guidelines for Consumer Protection*, the *E-Commerce Law*, the *Personal Information Protection Act*, the *Cybersecurity Law*, and the *Guidance on Internet Personal Information Protection*. We have formulated the *Information Security Management Regulations*, the *Information Security Risk Management Measures*, the *Data Privacy Policy*, and their supporting systems, set up customer information management authority, and established a code of conduct for the collection and use of customer information. We have signed privacy and confidentiality agreements with our customers and make every effort to protect the privacy and information of our customers.

## Management and Control of Information Security Risks

ENN-NG has developed a complete information security risk prevention and control system, and formulated the *Information Security Management Regulations*, the *Information Security Risk Management Measures* and the *Data Privacy Policy*, and issued the *Operational Regulations on the Preparation, Issuance, Use and Custody of ENN’s Documents* and emergency plans for information security incidents in strict accordance with the *Data Security Law*, the *Personal Information Protection Act*, the *Consumer Rights Protection Law*, the *Cybersecurity Law*, the *Guidance on Internet Personal Information Security Protection* and other relevant laws and regulations. The Company improves information security protection mechanisms

## Customer Service

While creating safe and high quality products and projects, we also focus on customers' interests and requests, and provide tailor-made service solutions for different customers by researching their needs and listening to their voices.

### Case: Customer Service Management of ENN Energy

ENN Energy, a subsidiary of ENN-NG, actively applies independent and innovative technologies as well as resources to meet customers' differentiated needs and elevate their experience. The quality of customer services is warranted by its gradually improving the construction of customer service system, and issuing documents such as the *Service System Manual of ENN Energy* and the *Administrative Measures of ENN Energy for Customer Complaints* to regulate the basis of customer services.

In order to strengthen the mixed ability of the customer service team, ENN Energy has specially issued customer service quality evaluation standards and processes, and tracked the customer service personnel for the whole-service quality thereby to actively detect their shortcomings and improve their service quality. Meanwhile, ENN Energy has designed and provided pre-job training, on-the-job training and ability evaluation for customer service personnel focusing on user's needs, safety and services, so as to escalate their service ability.

We highly emphasize customers' opinions and suggestions and constantly improve the customer complaint handling mechanism, having issued the *Notice on Regulating Customer Complaint Handling and Feedback* to regulate the process of managing customer complaints. Customer complaint channels, including 400-86-95158, 95158, a 7\*24 service hotline, the supervision and reporting number, online customer service, the number for complaints of the Company and complaint boxes of its business offices have been established to classify and timely handle complaint issues.

ENN Energy is committed to providing diversified channels for customers to complain and communicate. We provide a variety of ways for customers to give feedback, including mini-programs, customer service hotlines, online customer service and suggestion boxes. In 2021, ENN Energy updated its "Voice of the Customer" 2.0 system to achieve a systematic record of the entire process of complaint handling and closed-loop management of the results. ENN Energy also cooperated with third parties to conduct customer satisfaction surveys through telephone callbacks and online surveys to comprehensively assess customers' evaluation of the Company's services.



Scores for Customer Satisfaction Survey:

92.1 Score

Number of Customer Complaints:

377

Customer Complaint Rate:

0.0253%

Problem Resolution Rate:

99.4%





## Community Public Welfare

ENN-NG has always been undertaking corporate social responsibility. We practice public welfare, adhere to the public welfare philosophy of sharing the fruits of development with society, and give back to the society with practical actions. With the advantage of the platform, we participate in community welfare by carrying out community welfare activities to promote the healthy development of the community and contribute to build a low-carbon ecological environment. We are committed to becoming a responsible and caring company.

In 2021, ENN-NG and its subsidiaries had an expenditure of about RMB62.1 million on educational public services, RMB21.39 million on epidemic prevention and disaster relief, RMB12.31 million on cultural public services, RMB2.84 million on environmental protection public services, RMB2 million on health public services, and RMB2.46 million on public services for poverty alleviation and common prosperity.

### Case: Shanxi Qinshui Xinao Clean Energy Co., Ltd. Donated for the Flood-Affected People

In October 2021, Qinshui County was hit by a flood, which cut off electricity, gas and water to the local villages for nearly a month, causing great inconvenience to the local people. Qinshui ENN and its employees donated RMB200,000 and necessities to the affected villages and employees to help the affected people overcome difficulties.



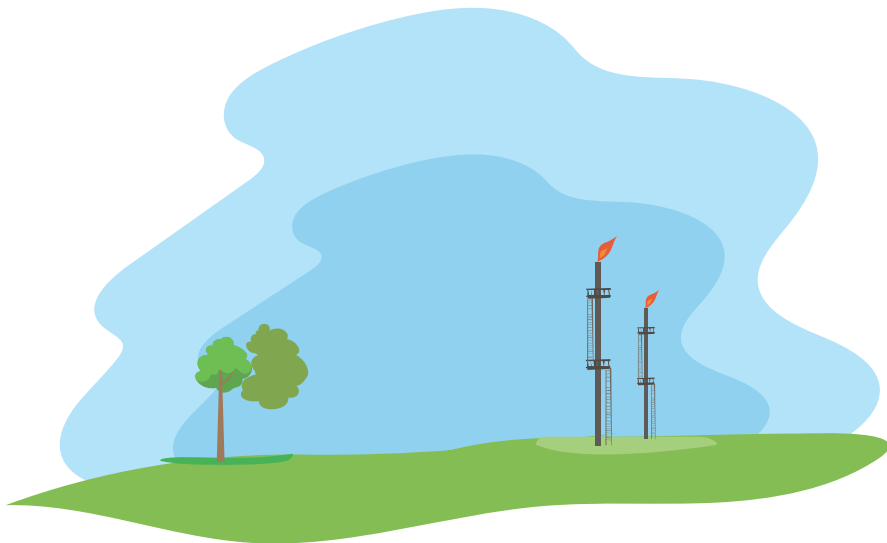
Qinshui ENN Donates to the Flood Victims

### Case: We Held the “Journey to the Unknown” Charity Activity

In October 2021, the Seven Colored Flowers Volunteer Activity – “Journey to the Unknown” was held at the International Art Exchange Center in Langfang, which was organized by the ENN Charity Foundation and co-organized by the ENN-NG Youth Federation and the Silk Road International Art Exchange Center Art Education Group. During the activity, 20 teachers and students of Langfang Fucong Language Training School spent a fulfilling and meaningful weekend together with ENN’s volunteers through various handicraft activities.



The “Journey to the Unknown” Charity Activity



## Appendix I: Table of ESG Performance Indicators

### Environment category

Indicator	Unit	2021	2020
Total Sewage Discharge	10,000 tons	171.89	144.23
Total Sulphur Dioxide Emissions	Ton	60.06	706.25
Total Nitrogen Oxide Emissions	Ton	217.58	945.38
Total Soot Emission	Ton	17.62	58.45
Total discharge of hazardous waste <sup>1</sup>	Ton	4,317.15	583.54
Intensity of discharge of hazardous waste	Ton/RMB1 billion of revenue	0.34	6.62
Total discharge of non-hazardous waste <sup>2</sup>	Ton	2,120,315.94	748,004.34
Intensity of discharge of non-hazardous waste	Ton/RMB1 billion of revenue	33.89	8,490.52
Coal Consumption	10,000 tons	99.76	307.22
Diesel Consumption	10,000 liters	682.65	202.66
Gasoline Consumption	10,000 liters	722.33	444.99
Natural Gas Consumption	10,000 standard cubic meters	17,380.04	1,377.28
Purchased Electricity Consumption	10,000 KWh	82,260.84	81,120.00
Total Comprehensive Energy Consumption	10,000 tons of standard coal	229.45	255.66
Density of Comprehensive Energy Consumption	10,000 tons of standard coal/RMB1 billion of revenue	2.00	2.90
Total Water Consumption	10,000 tons	1,371.34	1,433.32
Intensity of Water Consumption	10,000 tons/RMB1 billion of revenue	12.25	16.27
Scope 1 <sup>3</sup> : Direct GHG Emissions	10,000 tons of CO <sub>2</sub> equivalent	428.47	431.49
Scope 2 <sup>4</sup> : Indirect GHG Emissions	10,000 tons of CO <sub>2</sub> equivalent	42.58	35.91
Total GHG Emissions	10,000 tons of CO <sub>2</sub> equivalent	471.05	467.40
Intensity of GHG Emissions	10,000 tons of CO <sub>2</sub> equivalent/RMB1 billion of revenue	4.06	5.31

1. Total discharge of hazardous waste includes PE waste pipe, waste metal pipe, coal gangue, coal ash, slag, chemical waste residue, household waste, construction waste, and non-hazardous garbage arising from production and repair of gas meters, that ENN-NG, ENN Energy Headquarters and its subsidiary gas companies generate in the wholesale and retail business of natural gas in 2021.

2. Total discharge of hazardous waste includes waste machine oil, waste odorant barrels, waste catalyst, waste chemical packaging, and scrapped circuit boards arising from production and repair of gas meters, that ENN-NG, ENN Energy Headquarters and its subsidiary gas companies generate in the wholesale and retail business of natural gas in 2021.

3. Scope 1 GHG emissions comprise direct CO<sub>2</sub> emissions from energy (coal, diesel, gasoline, gas) consumption during business operations of ENN-NG and its member companies, combined with emissions from crude coal decarbonization during production of methanol.

4. Scope 2 GHG emissions comprise indirect emissions from purchased power consumption during business operations of ENN-NG and its member companies in 2021.

## Social Category

Indicator	Unit	2021	2020
Total number of employees	Person	39,474	39,124
Total number of male employees	Person	29,933	29,656
Total number of female employees	Person	9,541	9,626
Total number of employees aged under 30	Person	9,290	12,047
Total number of employees aged 30-50	Person	25,832	24,134
Total number of employees aged over 50	Person	4,352	3,101
Number of senior managements	Person	1,222	1,229
Number of middle managements	Person	3,716	3,488
Number of primary-level employees	Person	34,536	34,565
Employee turnover rate	%	10.13	9.46
Number of separating employees	Person	4,001	–
Male employee turnover rate	%	7.52	–
Number of separating male employees	Person	2,972	–
Female employee turnover rate	%	2.61	–
Number of separating female employees	Person	1,029	–
Turnover rate of employees aged under 30	%	3.97	–
Number of separating employees aged under 30	Person	1,568	–
Turnover rate of employees aged 30-50	%	4.99	–
Number of separating employees aged 30-50	Person	1,971	–
Turnover rate of employees aged over 50	%	0.17	–
Number of separating aged over 50	Person	466	–
Total number of employees trained	Person	38,684	39,414
Number of male employees trained	Person	29,891	28,111
Number of female employees trained	Person	9,523	10,573
Proportion of employees with job qualification certification – by profession	%	8%	3%
Number of employees with job qualification certification – by profession	Person	3,188	1,275
Average training hours of male employees	Hour/person	31.7	–
Average training hours of female employees	Hour/person	34.4	–
Average training hours of senior management	Hour/person	32.5	–
Average training hours of middle management	Hour/person	28.6	–
Average training hours of for primary-level employees	Hour/person	32.8	–
Number of employee fatalities in production safety accidents	Person	0	1
Total training hours	10,000 Hours	9,948	–
Number of safety emergency drills	Times	10,535	11,450

Indicator	Unit	2021	2020
Working time lost due to work injury <sup>5</sup>	Hour	25,570	30,817
Work injury incident rate per million man-hour <sup>6</sup>	/	1.09	1.27
Number of newly applied patents	Piece	162	287
Total effective patents	Piece	1,612	1,455
Total effective copyrights	Piece	331	340
Total effective trademarks	Piece	8	8
R&D investment	RMB10,000	116,240	68,497
Number of effective major complaints investigated	Piece	0	0
Number of corruption cases concluded	Piece	0	0
Number of management cadres receiving anti-corruption and other training	Person	565	–
Number of key employees receiving anti-corruption training	Person	2,610	–
Total number of employees receiving anti-corruption training	Person	6,408	–

5. The data shall include the hours lost due to work injury incidents during work and traffic incidents during commuting.

6. Work injury incident rate per million man-hour = number of work injury incidents/actual working hours in total \* 1,000,000.

## Appendix II: HKEX ESG Indicators Index

	ESG Indicators	Section	Page Number
A1 Emissions	General Disclosure: Information on: (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.	2.2.1, 2.2.2	27-37
	A1.1 The types of emissions and respective emissions data	2.2	27-36
	A1.2 Direct (scope 1) and energy-related indirect (scope 2) GHG emissions (in tons) and, where applicable, density thereof (e.g. per unit of production volume, per facility)	2.1.2	27
	A1.3 Total hazardous waste produced (in tons) and, where applicable, density thereof (e.g. per unit of production volume, per facility)	<i>Table: Emission and Resource Use Data of ENN-NG</i>	66
	A1.4 Total non-hazardous waste produced (in tons) and, where applicable, density thereof (e.g. per unit of production volume, per facility)	<i>Table: Emission and Resource Use Data of ENN-NG</i>	66
	A1.5 Description of the emission targets and the steps taken to achieve them	2.1.2.1	27
	A1.6 Description of how hazardous and non-hazardous wastes are handled, the reduction targets and the steps taken to achieve them	2.2.1.4	36
Environment	General Disclosure: Policies on efficient use of resources including energy, water and other raw materials	2.2.2	36
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility)	<i>Table: Emission and Resource Use Data of ENN-NG</i>	66
	A2.2 Water consumption in total and density (e.g. per unit of production volume, per facility)	<i>Table: Emission and Resource Use Data of ENN-NG</i>	66
	A2.3 Description of energy use efficiency targets and the steps taken to achieve them	2.1.2.2, 2.1.2.3	28-32
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and the steps taken to achieve them	2.2.2	34
	A2.5 Total packaging material used for finished products (in tons), and if applicable, with reference to per unit produced	N/A (this indicator is not involved by the business of the Group)	–
	A3 Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources	2.2.3
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	2.2.3	36
A4 Climate Change	General Disclosure: Policies on identifying and responding to major climate-related matters that have and may have an impact on the issuer	2.1	24-25
	A4.1 Description of major climate-related matters that have and may have an impact on the issuer, and the response actions	2.1.1, 2.1.2	24-25

	ESG Indicators	Section	Page Number
B1 Employment	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations having material effects 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	4.1.1, 4.1.2, 4.1.3	48-49
	B1.1 Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region	<i>Table: Employee Data of ENN-NG in 2021</i>	67
	B1.2 Employee Turnover Rate by gender, age group and geographical region	<i>Table: Employee Data of ENN-NG in 2021</i>	67
B2 Health and Safety	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations having material effects on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards	3.1.1, 3.1.2, 3.1.3, 3.2.1, 3.2.2, 3.3, 3.4.1, 3.4.2	40-45
	B2.1 Number and rate of work-related fatalities in each of the past three years (including the reporting year)	3.4.3	68
	B2.2 Lost days due to work injury	3.4.2	68
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	3.4.2	43-44
Sociology B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work; Description of training activities	4.2.1	50-52
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.)	<i>Table: Employee Training Data of ENN-NG in 2021</i>	67
	B3.2. The average training hours completed per employee by gender and employee category	<i>Table: Employee Training Data of ENN-NG in 2021</i>	67
B4 Labor Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations having material effects on the issuer, relating to preventing child or forced labour	4.1.1	48
	B4.1 Description of measures to review employment practices to avoid child and forced labour	4.1.1	48
	B4.2 Description of steps taken to eliminate such practices when discovered	4.1.1	48
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of supply chain	5.1.1	58
	B5.1 Number of suppliers by geographical region	<i>Table: number of suppliers</i>	58
	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	5.1.2	58
	B5.3 Description of practices for identifying environmental and social risks in each link of the supply chain, and how they are implemented and monitored	5.1.2, 5.1.3	58
	B5.4 Description of managements on promoting multi-purpose environmental protection products and services when selecting suppliers, and how they are implemented and monitored	5.1.2, 5.1.3	58



	ESG Indicators	Section	Page Number
	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations having material effects on the issuer, relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	5.2.1, 5.2.2	59
B6 Product Respon- sibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	–
	B6.2 Number of products and service related complaints received and how they are dealt with	5.2.6	59
	B6.3 Description of practices relating to observing and protecting intellectual property rights	4.2.3	53
	B6.4 Description of quality assurance process and recall procedures		
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	5.2.3	59
	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations having material effects on the issuer, relating to bribery, extortion, fraud and money laundering	1.4.1	19-20
B7 Anti- corruption	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	N/A	–
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	1.4.2, 1.4.3	19-20
	B7.3 Description of the anti-corruption training provided to directors and employees	1.4.4	21
B8 Community Investment	General Disclosure: Policies on community engagement to understand the community's needs in where it operates and ensuring its activities takes into consideration of communities' interests	5.4	63-64
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	5.4	63-64
	B8.2 Resources contributed (e.g. money or time) to the focus areas	5.4	63-64

## Appendix III: List of ESG Systems of ENN-NG

System Title	Corresponding ESG Guidelines of HKEX
<i>Management Measures for Civilized Construction</i>	A1 Emissions
<i>HSE Policy of ENN Energy Holdings Limited</i>	A1 Emissions, A2 Use of Resources, B2 Health and Safety
<i>Code for Economic Operation of CNG Filling Station of ENN Energy Holdings Limited</i>	A2 Use of Resources
<i>Reception Resource Manual of ENN Energy</i>	A2 Use of Resources
<i>Administrative Office Asset Management Rules of ENN Energy</i>	A2 Use of Resources
<i>Vehicle Management Rules of ENN Energy</i>	A2 Use of Resources
<i>Sustainable Development Policy of ENN Energy Holdings Limited</i>	A2 Use of Resources
<i>Biodiversity Protection Policy of ENN Energy Holdings Limited</i>	A3 Environment and Natural Resources
<i>Recruitment Management Regulations</i>	B1 Employment, B4 Labor Standards
<i>Employee Appointment Rules</i>	B1 Employment, B4 Labor Standards
<i>Talent Development and Employment Policy of ENN Energy Holdings Limited</i>	B1 Employment, B4 Labor Standards
<i>Management Measures for Employee Attendance and Leave Requests</i>	B1 Employment
<i>Safety Production Management Regulations</i>	B2 Health and Safety
<i>Safety Red and Yellow Line Management Regulations</i>	B2 Health and Safety
<i>Accident Report, Investigation and Handling Regulations of ENN Energy Holdings Limited</i>	B2 Health and Safety
<i>Management Measures for Emergency Plans for Production Safety Accidents</i>	B2 Health and Safety
<i>Safety Management Document No. 1</i>	B2 Health and Safety
<i>Management Measures for On-site Supervision against "Three Kinds of Violations" in Safety Production</i>	B2 Health and Safety
<i>Work Requirements for Prevention and Control of COVID-19</i>	B2 Health and Safety, B8 Community Investment
<i>Important Notice on Returning to Work after Spring Festival Holiday</i>	B2 Health and Safety
<i>Notice on Maintaining Daily Office Work During the Outbreak of COVID-19</i>	B2 Health and Safety
<i>Supplier Construction Safety Management System</i>	B2 Health and Safety, B5 Supply Chain Management
<i>HSE Policy on Suppliers of ENN Energy Holdings Limited</i>	B2 Health and Safety, B5 Supply Chain Management
<i>Supplier Scoring Standard</i>	B5 Supply Chain Management
<i>Supplier Access and Management Measures</i>	B5 Supply Chain Management
<i>Supplier Performance Appraisal Measures</i>	B5 Supply Chain Management
<i>Notice on Regulating Bidding Practices of Gas Engineering Construction Units</i>	B5 Supply Chain Management
<i>Implementation Measures for Access, Evaluation and Withdrawal of Ubiquitous Energy Ecological Partners (Product and Service Suppliers)</i>	B5 Supply Chain Management
<i>Code of Conduct on Corporate Social Responsibility for Suppliers of ENN Energy Holdings Limited</i>	B5 Supply Chain Management
<i>Administrative Measures of ENN Energy for Customer Complaints</i>	B6 Product Responsibility
<i>Service System Manual of ENN Energy</i>	B6 Product Responsibility
<i>Intellectual Property Rights and Paper Incentives Measures of ENN Energy</i>	B6.3 Practices relating to observing and protecting intellectual property rights
<i>Information Security Risk Management Measures of ENN Energy</i>	B6.5 Consumer privacy protection
<i>Information Security Management Regulations of ENN Energy</i>	B6.5 Consumer privacy protection
<i>Customer Privacy Policy of ENN Energy Holdings Limited</i>	B6.5 Consumer privacy protection
<i>Employee Code of Conduct</i>	B7 Anti-corruption
<i>Measures of ENN Energy for Punishment of Employees for Violation of Rules and Disciplines</i>	B7 Anti-corruption
<i>Cadres Accountability Management Regulations of ENN Energy</i>	B7 Anti-corruption
<i>Anti-Fraud, Anti-Corruption and Anti-Bribery Policy of ENN Energy Holdings Limited</i>	B7 Anti-corruption
<i>Management Policy for Charitable Activities of ENN Energy Holdings Limited</i>	B8 Community Investment

# Appendix IV: Reader Feedback Form

Dear readers,

Thank you for reading our 2021 Environmental, Social and Governance (ESG) Report. In order to enhance communication with you and other stakeholders and to continuously improve the ESG 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: [enn-ng@enn.cn](mailto:enn-ng@enn.cn)

1. What is your overall comment on this report?  
 Good     Relatively good     Average     Below average
  
2. What do you think of the clarity, accuracy and completeness of the information and data disclosed in this report?  
 Good     Relatively good     Average     Below average
  
3. How comprehensive do you think this report reflects our economic responsibilities?  
 Good     Relatively good     Average     Below average
  
4. How comprehensive do you think this report reflects our environmental responsibilities?  
 Good     Relatively good     Average     Below average
  
5. How comprehensive do you think this report reflects our social responsibilities?  
 Good     Relatively good     Average     Below average
  
6. What do you think of the readability provided by the design and typesetting effect of this report?  
 Good     Relatively good     Average     Below average
  
7. What part in this report do you think most needs improvement?  
 Governance     Safety     Services     Supply Chain     Employee     Environment     Society
  
8. Contents you wish to know but is not disclosed in this report: \_\_\_\_\_  
 \_\_\_\_\_
  
9. Your opinions and suggestions in respect of our ESG performance and reporting: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

