ENN新奥

ENN Energy Holdings Limited

(Stock code: 2688)

2022 Climate-Related Financial Disclosure Report

About this report

Scope of this report

This report encompasses ENN Energy Holdings Limited ("ENN Energy") and its subsidiaries.

Data Source

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

Reporting Framework

This report is prepared in accordance with the TCFD Recommendations, covering governance, strategy, risk management, metrics and targets.

Note on Company Name

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

Availability

This report is available for perusal and download at the Company's website (http://www.ennenergy.com/ and http://ir.ennenergy.com/).

About ENN Energy

ENN Energy Holdings Limited (02688.HK), the flagship property of ENN Energy Group, is one of the largest clean energy distributors in China, providing natural gas and other multi-category clean energy products to customers.

Based on more than 30 years of profound practice accumulation, ENN Energy has always been guided by customers' needs, and has gained a deep insight into the actual needs and transformation trends of families, enterprises, infrastructures and other urban parties in the process of socio-economic development. With a new positioning and a new pivot point for development, ENN Energy has upgraded its strategy to "ENN Smart City". We provide intelligent operation services for the quality of family life, high-quality development of enterprises, and digital and intellectual upgrading of cities, and help the high-quality development of cities. We are committed to becoming a pioneer in "leading change with digital intelligence, creating quality life, innovating and implementing 'dual-carbon', and serving digital intelligent cities".

ENN Energy pursues the mission and vision of "building a modern energy system, improving people's quality of life, and becoming a respected, innovative and smart enterprise", actively seizes the opportunities of the times, promotes the construction of a modern energy system by using digital intelligence, low-carbon and quality traction, and creates a safe, low-carbon, smart and healthy digital smart city for the people. We will help the country to develop in a green, low-carbon and high-quality way and create a better future together.

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

Preface

According to the World Economic Forum's latest Global Risks Report 2023[i], climate change stands out as one of the most pressing long-term threats globally. Effective collaboration is urgently required to expedite climate change mitigation and adaptation in the next decade to steer clear of the looming ecological collapse and continued global warming. In order to achieve the goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels, and to strive to limit temperature increase to 1.5°C, as proposed in the Paris Agreement, countries around the world have proposed commitments to achieve Net Zero/carbon neutrality. The transition to clean energy has also become an important driving force in dealing with climate change. The International Energy Agency's (IEA) latest release of the World Energy Outlook 2023[ii] highlighted the strong momentum of the clean energy transition with global fossil energy demand likely to peak before 2030.

In line with global initiatives to combat climate change and strengthen climate governance, in September 2020, China officially proposed a "dual-carbon" goal of achieving carbon peak by 2030 and carbon neutrality by 2060. To deliver on these goals, China has since initiated the development of a comprehensive strategy, including its "1+N" policy framework, whereby "1" refers to a long-term approach to climate change action and "N" refers to solutions to achieve peak carbon emissions by 2030. These aim to drive all-encompassing green transformation, structured carbon reduction, and enhanced accountability for execution. Currently, China is constantly promoting a more balanced energy mix, vigorously developing renewable energy, whilst improving the use of cleaner fossil fuels. In addition, climate adaptation is also included in China's key actions in addressing climate change, through strengthening climate change monitoring and warning, risk management, enhancing the ability of economic and social systems to adapt to climate change, and improving climate resilience.

In response to the climate crisis, ENN Energy concentrates its efforts on energy and carbon management, fostering the advancement of low-carbon energy, guided by its strategic focus as a smart city service provider for quality family life, corporate energy, and carbon management. ENN Energy remains steadfast in promoting energy security through digital intelligence, offering clients cleaner products and services, and facilitating their transition to a low-carbon footprint. ENN Energy is actively considering carbon reduction mechanisms and integrated energy (IE) models to promote innovation in carbon neutrality. By solidifying its IE business, optimising energy management, and constructing an IE system that consumes and supplies energy, ENN Energy is helping to transform the value chain into a low-carbon energy system, enhancing the efficiency and flexibility of the energy system, and contributing to the realisation of China's carbon peaking and carbon neutrality goals.

ENN Energy has been publishing annual Environmental, Social and Governance (ESG) reports since 2017 and continuing to improve the transparency of information and accept monitoring by various stakeholders. In 2021, the Company set carbon reduction targets and publicly pledged to reduce the emissions intensity of its city gas and IE business by 20% and 48% respectively by 2030, and achieve Net Zero emissions by 2050. Currently, ENN Energy references the TCFD (Task Force on Climate-Related Financial Disclosures) framework[iii], assesses its climate-related risks and opportunities, identifies key risks and opportunities and formulates corresponding actions, further improves the management of tracking indicators and targets, and improves its capacity to respond to climate-related risks to enhance its climate resilience.

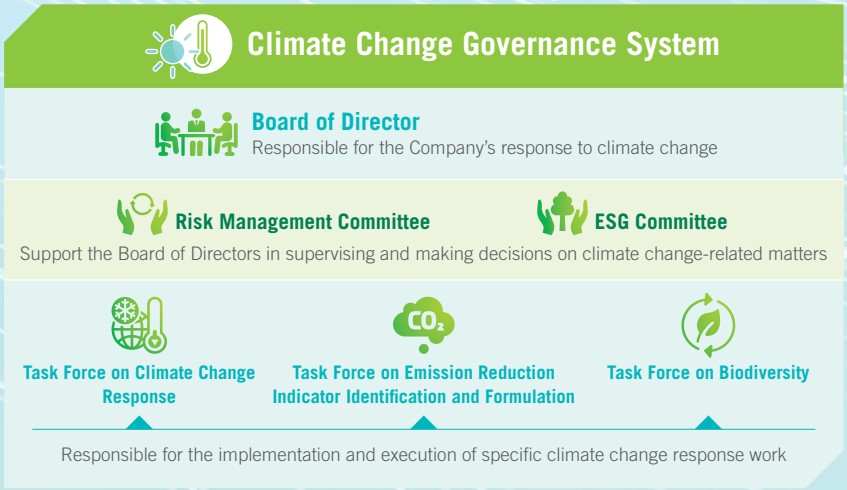
This is the first independent report prepared by ENN Energy in line with the TCFD recommendations. This report aims to demonstrate ENN Energy's concern for climate change issues and determination to actively address climate risks and seize climate-related opportunities, in response to the requirements and expectations of regulators, the capital market, and stakeholders regarding climate-related financial disclosure.

Governance

In response to the global climate challenge, ENN Energy has built, and continues to improve, its organisational structure for climate governance, which is led by the Board of Directors. We are committed to effectively promoting the implementation of our climate strategy through organisational safeguards, reducing the impact of climate risks on the Company's development and operations, and seizing development opportunities in the global energy and low-carbon transition. In addition, ENN Energy has incorporated climate-related metrics into the compensation system for management and business teams.

Governance structure

ENN Energy has established a climate change governance system led by the Board of Directors. The Board of Directors is responsible for the Company's response to climate change, and is assisted by a Board Committee, namely the Risk Management Committee, and a functional committee, namely the ESG Committee. These two committees support the Board of Directors in supervising and making decisions on climate change-related matters. The ESG Committee and the Risk Management Committee have set up Task Forces on Climate Change Response, Emission Reduction Indicator Identification and Formulation, and Biodiversity, which are responsible for the implementation and execution of specific climate change response work.

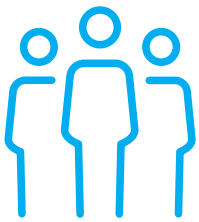


Board oversight

ENN Energy's Board of Directors is solely responsible for the oversight of climate change related issues and consists of the core Board members who make up the ESG Committee, including the Executive Chairman, Executive Directors, Non-Executive Directors and Independent Non-Executive Directors. The natural gas industry will experience significant impacts from climate change. Hence, the Company's Board members have extensive experience in identifying climate change opportunities and addressing climate change risks. In 2023, ENN ENERGY conducted a Climate Risks and Opportunities Interactive Workshop to continually improve the Board's and each business unit's ability to identify and analyse climate risks/opportunities through interactive exercises.

Operational Aspect
The Board members have extensive practical experience in the energy sector, such as international LNG trading, M&A and operations management, and market insights of energy companies.

Functional Aspect
They also have many years of experience in corporate governance, internal control and risk management, and are well able to recognise and understand climate-related challenges and opportunities, which can support the Company in making the right decisions.



The ESG Committee assists the Board of Directors in developing a guiding strategy for the Company on climate change issues, reviewing key climate change-related action plans, risk management policies, annual budgets and business plans. The Committee promotes the implementation and realisation of climate change objectives by setting performance targets and carrying out monitoring and planning. Under the supervision of the Board of Directors, the Company has formulated the ENN Energy Climate Change Policy, which specifies climate objectives and climate response measures. Based on this policy, we will continue to monitor, assess and respond to the risks associated with climate change, and plan ahead to grasp the opportunities in the low-carbon transition.

Management responsibilities

ENN Energy's ESG Committee and Risk Management Committee are jointly responsible for the management of climate-related risks. The ESG Committee is responsible for overseeing climate change-related issues, discussing climate change-related matters on a regular basis and monitoring climate risks, which include: 1) identifying climate change-related risks and opportunities, assessing the relevance of risks, and setting relevant targets; and 2) paying attention to the impacts of potential extreme weather and natural disasters on gas transmission, distribution and storage and pipeline network safety, and formulate corresponding response strategies in a timely manner. The Risk Management Committee focuses on assessing the impact of identified climate risks, as well as the intervention and management of risks through the internal risk control system. ENN Energy is also aware of the importance of combating climate change for the Company's financial decisions. Hence, the Executive Chairman of the Company's ESG Committee is responsible for the management and supervision of the overall climate change-related work and reports to the Board of Directors on a semi-annual basis.

ESG Committee

- Identify the physical risks, transition risks and opportunities of climate change to the business, assess the relevance of the risks and set relevant targets;
- Discussing climate change related issues, monitoring changes in climate risks and reporting and making recommendations to the Board of Directors;
- Overseeing the implementation and performance of the company's climate change actions;
- Supporting the Board of Directors in its oversight and decision making on climate change related matters.

Risk Management Committee

- Physical and transition risks identified in conjunction with the ESG Committee and impact assessment;
- Oversee and support management in the design, implementation and monitoring of risk management and internal control systems;
- Maintaining daily communication with management and operating departments, and following domestic and international political and economic developments to dynamically update the impact assessment of potential climate risks.

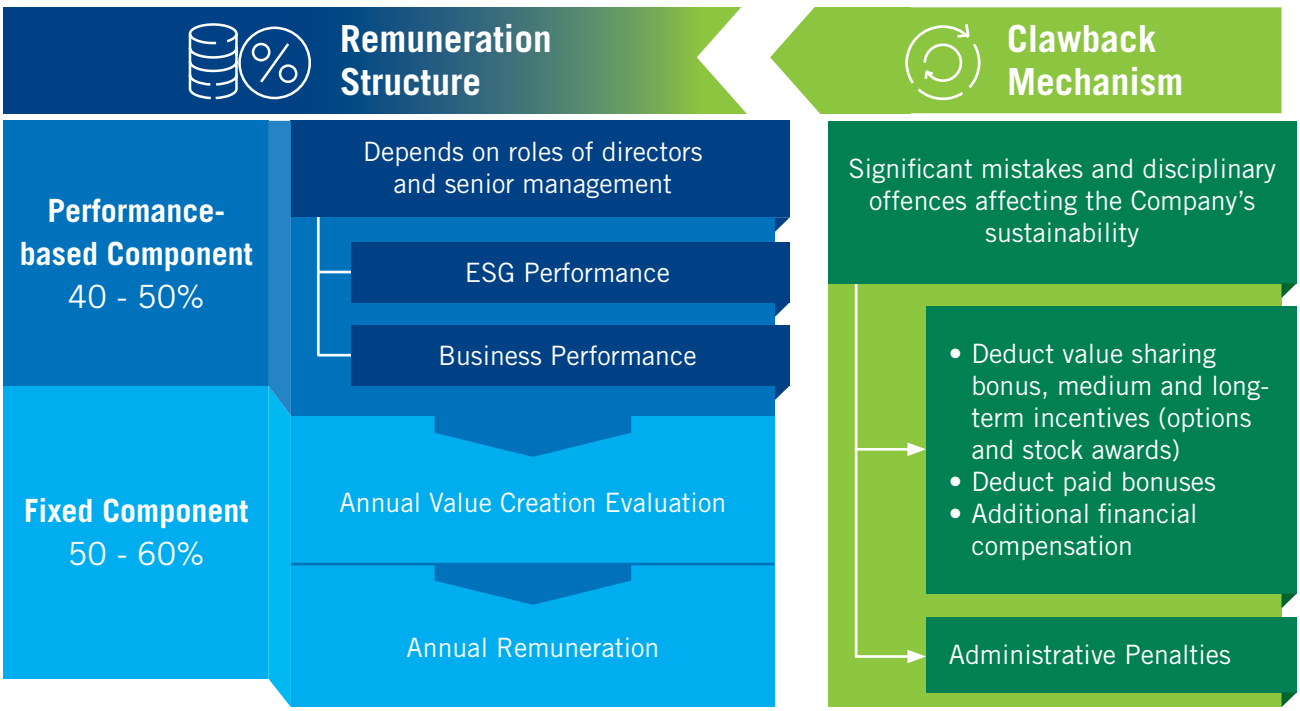
To ensure the implementation of climate-related actions, ENN Energy has set up Task Forces on Climate Change Response, Emission Reduction Indicators Identification and Formulation, and Biodiversity, which are responsible for analysing climate scenarios and quantifying the risks and opportunities involved and linking up with the relevant departments to formulate the Company's Decarbonisation Action 2030 and related climate targets.

In terms of target setting, ENN Energy sets targets based on the Company's overall development, emissions reduction potential and industry best practices, among other factors. The ESG Committee approves and supervises the progress and relevance of the targets, whilst the ESG working group monitors the achievement of the targets and puts forward proposals on adjusting the targets for the ESG Committee's decision. The ESG working group keeps abreast of external trends and changes in the Company's financial planning in real time, reviews and adjusts the targets every three years, monitors and supervises the progress of the targets in response to the climate, and ensures that the targets and plans are scientific, rational and effective.

Climate-related incentives

To integrate climate change management and ensure the attainment of climate-related goals, the Company has established climate change indicators directly linked to remuneration, covering Executive Directors and senior executives, through the following:

- Incorporate indicators related to climate risk management into the remuneration performance appraisal of senior management and ensure the effective implementation and supervision of relevant work through the establishment of Task Force on Climate Change Response. Conduct an annual assessment of the value creation of senior management every year, and assess their remuneration based on the results of the assessment;
- Implement incentives in conjunction with the assessment, and incorporate climate change indicators such as carbon neutrality, energy conservation and emissions reduction, digitalisation and technological innovation into the annual assessment of work objectives of senior management, regional companies and member enterprises;
- The assessment results have a direct impact on the bonuses of senior management, regional companies and member enterprises, thereby making up a system for assessing and incentivising the value creation of regional companies and member enterprises, which is linked to the Company's sustainable development performance; and
- A claw-back mechanism has been set up to impose both financial and administrative penalties on management personnel for major mistakes affecting the sustainable development of the enterprise, as well as for non-compliance and disciplinary offences. Through the claw-back mechanism, behaviours detrimental to the Company's sustainable development plan are eliminated as far as possible.



To incentivise all employees to take action on the climate goals set by the Company, ENN Energy has incorporated ESG training, the application and promotion of new energy into employee appraisals, as well as clarifying the incentive mechanism for key ESG matters (including response to climate change), through the following:

- ESG training incorporated into the value creation assessment: Promoting the concept of an intelligent and low-carbon office for all employees, providing online ESG training for all employees through the iCome training platform, and publishing a weekly dual carbon report to provide information on dual carbon policies, markets, and other topics. Currently, ESG training and capacity building have been included in the management assessment of employees as part of the value creation assessment;
- New energy application and promotion incorporated into remuneration assessment: The promotion and application of new energy has been incorporated into the remuneration assessment of key business units to drive the active participation of staff in relevant departments in the promotion of new energy;
- ESG Key Matters Incentive Mechanism: Incorporate indicators related to the implementation of key ESG matters and the roll-out of decarbonisation action plans in employee remuneration incentives. Financial incentives will be provided for newly developed photovoltaic (PV) and energy storage projects.

Strategy

Net Zero emissions by 2050 at self-operation level

ENN Energy is committed to a green and low-carbon future as part of its long-term strategy plan. We have issued Decarbonisation Action 2030 in 2021, which outlines our plans to implement six major emission reduction actions in the areas of (1) city gas methane management, (2) low-carbon trade and transportation, (3) energy structure transformation of IE business, (4) system energy efficiency improvement, (5) green technology application, and (6) green office. We also outline the Company's short- and medium-term carbon reduction targets for 2030 and the long-term target for 2050.

The Company follows up on the impact of climate-related risks on its business and finances, and reviews and adjusts its targets every three years to ensure that they are science-based, reasonable and timely. Furthermore, the Company has been paying close attention to the Science Based Target Initiative's (SBTi's) disclosure standards and guidelines for the oil and gas industry and has taken steps towards establishing more scientific and stringent carbon targets internally.

Type of target	Coverage	Medium-term target	Long-term target
Scope 1 and 2 emissions	City gas business	By 2030, reduce the intensity of Scope 1 and 2 greenhouse gas (GHG) emissions by 20% against a 2019 baseline	By 2050, achieve Net Zero emissions without relying on the purchase of green certificates and other offsets.
	Integrated energy business	By 2030, reduce carbon emission intensity of the energy generating business by 48% compared to 2019.	

Emission reduction actions

In response to the impact of climate change and to reduce carbon emissions, ENN Energy has developed corresponding response measures for city gas, integrated energy, and office scenarios:

Scope 1 and 2

Methane Emissions Control

- Integrate methane control in city gas business scenarios to ensure pipeline integrity to reduce methane emissions.
- Adopt digital intelligence to detect pipeline leaks, and exchange knowledge on control measures with the industry

Green Office

- Encourage member companies to carry out green energy-saving renovation of office buildings to reduce average energy consumption and increase the use of renewable energy in the office scenarios.
- Seize the opportunity of vehicle electrification to gradually replace traditional fuel vehicles with new energy vehicles.

Scope 3

Green Gas

Develop low-carbon renewable natural gas, and methane purification to biogas

Integrated Energy Netwoark

Actively promote the application of renewable energy and the application of energy-saving and carbon-reducing technologies in integrated energy business scenarios, and provide customers with diversified low-carbon energy solutions.

Digital Intelligence

Enhance operational energy efficiency management and reduce carbon emissions of operating units by utilising digital intelligence systems.

Climate Action Progress

GHG emission

Scope 1
Unit: tons of CO_2e

2022 | 136,247

Scope 2
Unit: tons of CO_2e

2022 | 93,793

Scope 3
Unit: tons of CO_2e

2022 | 60,812,673

Climate action performance

Helping society and customers to reduce emissions
Unit: 10,000 tons

2022 | 5,269

Biogas production per year
Unit: 10,000 cubic metres

2022 | 200

Revenues from IE business versus natural gas business
Unit: %

2022 | 11

IE business versus natural gas business investment
Unit: %

2022 | 42

Green finance

The Company successfully issued US$750 million and US$550 million of green bonds on 10 September 2020 and 11 May 2022 respectively. Two green bonds developed with reference to the International Capital Market Association's 2018 Green Bond Principles, as well as the Asia Paci Loan Market Association and Loan Syndications & Trading the Asia Pacific Loan Market Association and Loan Syndications & Trading Association's 2020 Green Loan Principles. Both the Hong Kong Quality Assurance Agency (HKQAA) and Vigeo Eiris provided impartial second party assessments. In the future, ENN Energy will explore more green financial tools to support ENN Energy to achieve long-term sustainable development.

2020

ENN Energy N3009 (USD 750 Million Green Bond)

This bond won the "Best Green Bond Award" in the renewable energy/transition energy category in Finance Magazine's 2020 AAA Sustainable Capital Markets Regional Awards. By the end of 2020, an equivalent amount of the funds raised through this green bond had been fully allocated to eligible green projects.

Green Project Categories:

Integrated energy solutions	53%
Residual heat & integrated energy utilisation	23%
Methane management	13%
Renewable energy utilisation	11%

2022

ENN Energy N2705 (USD 550 Million Green Bond)

This bond won the "Outstanding Award for Green and Sustainable Bond Issuer (Clean Energy) – The Largest Single Green Bond" from the HKQAA, and the "Best Bond Trading" Award from FinanceAsia. By the end of 2022, an equivalent amount of the funds raised through this green bond had been partially allocated to eligible green projects.

Green Project Categories:

PV investment budget	51%
PV projects	19%
Biomass project	7%
Residual heat utilisation project	23%

The proportion of funds invested in raising green bonds

Response to climate-related risks and opportunities

ENN Energy continues to focus on the impact of climate-related risks on the Company's business and finances, including the physical risks posed by changing climatic conditions and extreme weather events, as well as the transition risks posed by the energy transition, national "dual carbon" targets and climate change-related policies. In addition, we recognise that while climate change poses risks, it also creates significant business growth opportunities for the Company.

ENN Energy conducted a comprehensive identification, analysis and assessment of climate-related risks and opportunities from 2022-2023. By analysing national "dual carbon" and climate change-related policies, different types of extreme weather events, and taking into account our own business development plans, we formed and updated a climate risk database applicable to the Company. When identifying risks related to material issues, the Company took the initiative to communicate extensively with various stakeholders to fully understand the various types of potential risks and ensure comprehensiveness in the identification of climate change-related risks. The Company has conducted in-depth climate scenario analyses and quantitative financial assessments of key risks and opportunities and set traceable and quantifiable climate-related targets and indicators to enhance the Company's business resilience in the face of climate change-related risks.

Scope of analysis and climate scenario

Scope of analysis

ENN Energy's climate risk assessment covered its core business segments, including city gas business, integrated energy business, and smart home business. The evaluation accounted for the impact of climate change not only on the Company's operation but also on critical aspects of the upstream and downstream value chain. This includes upstream raw materials and transportation, as well as downstream changes in customer demand.

Timeframe

ENN Energy identifies and evaluates short- and medium- to long-term climate risks/opportunities and maps the corresponding climate risk management to the Company's short-, medium- and long-term strategy and action plans.

Impact Timeframe	Years	Note
Short-term	0-3	In the short-term, the Company reviews the Decarbonisation Action 2030 every three years to make timely adjustments to our carbon neutral target and action programme, while developing work plans and summaries annually.
Medium-term	3-10	Taking into account the national 2030 carbon peak target, the Company takes 3-10 years as the time period of the medium-term plan. The Company formulates the medium-term plan by taking into account the type of business and emissions reduction plan, and regularly reviews business development progress and makes necessary revisions in light of it.
Long-term	10-30	The Company is planning for the long-term on a time scale of 10-30 years, and based on the Decarbonisation Action 2030, the progress of business development is regularly reviewed and revised as necessary.

Climate scenario analysis

ENN Energy adopted mainstream international climate scenarios to underpin the identification of climate risks and opportunities, and selected corresponding climate scenario parameters to perform scenario analyses and quantitative financial assessments of the financial impacts of priority risks and opportunities.

Three distinct climate scenarios were selected to analyse the different risks and opportunities for ENN Energy – the current policy scenario, the high-emission scenario (brown scenario), and the accelerated transition scenario (turquoise scenario). Apart from the current policy scenario, for physical risks, the high-emission scenario was applied to analyse the impact of acute and chronic physical risks; for transition risks, the impact of changes in various external policies, markets, technologies and other factors on ENN Energy was considered in an accelerated transition scenario.

Based on the scenario parameters, we assessed the risks and opportunities using three dimensions: likelihood, occurrence rate and financial impact.

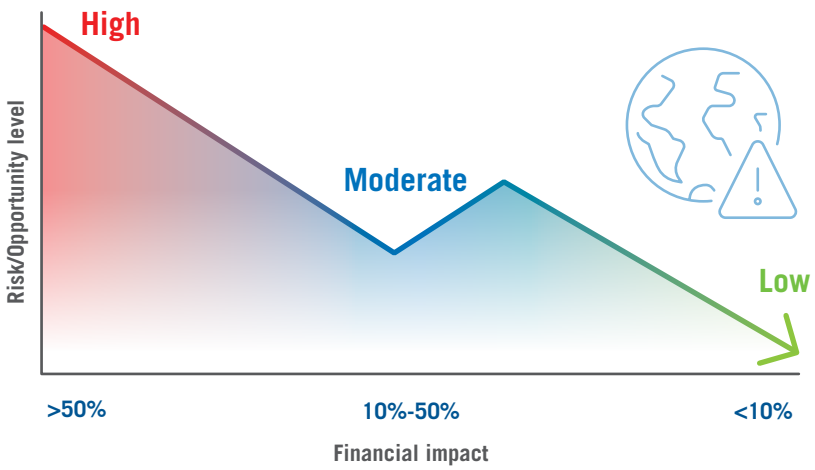
- Likelihood: The greater the consistency of results aligning across different scenarios and proximity, the higher the likelihood of the risk/opportunity materialising.

Likelihood	Definition
Very High	The current scenario is very close to the extreme scenario.
High	The current scenario is closer to the extreme scenario.
Moderate	The current scenario and the extreme scenario converge in direction, but there are great differences.
Low	Only happens in extreme scenario.

- Time interval: The faster the change in the risk/opportunity from the baseline, the faster the occurrence is to the present.

Time interval	Definition
Short-term	0-3 Years
Medium-term	3-10 Years
Long-term	Above 10 Years

- Financial Impact: The negative financial impact of the risk on the Company's finances is assessed, as well as the positive financial impact of the opportunity. Risks with a financial impact of less than 10% of annual operating income are considered low risk, 10-50% medium risk, and greater than 50% high risk. In quantifying Value-at-stake (VaS), the calculation includes Gross VaS and Net VaS with additional mitigation measures and actions.



The primary climate scenarios employed in our analysis are presented in the table below.

Physical Risks Climate Scenarios				
Scenario Type	**Selected Scenarios**	**Temperature Rise Projection**	**Description**	**Climate Scenario Parameter Sources**
 **Brown scenario/ High-emission scenario**	RCP 8.5	4°C	In the first scenario, a projected global temperature surge exceeding 4°C is anticipated to notably heighten physical risks. This projection is predicated on the assumption of ineffective climate and energy policies, contributing to a substantial escalation in global GHG emissions.	WRI Water Risk Atlas[iv] WRI Aqueduct Floods[v] Climate Impact Explorer (CIE)[vi] The KNMI Climate Explorer[vii]
 **Current policy scenario**	RCP 4.5	3°C	This is an intermediate scenario with a global temperature rise of more than 2°C and thus significant impacts on the global climate system. This scenario incorporates existing climate and energy policies, encompassing commitments outlined in nationally determined contributions (NDCs) that fall short of the targeted limitation on temperature rise within 2°C.	

Transition Risks/ Opportunities Climate Scenarios				
Scenario Type	**Selected Scenarios**	**Temperature Rise Projection***	**Description**	**Climate Scenario Parameter Sources**
 **Turquoise scenario/ Accelerated transition scenario**	Net Zero by 2050 (NZE)/ Sustainable Development Scenario (SDS)	1.5°C (<2°C for SDS)	This scenario is a desirable scenario that refers to success in achieving the goal of net-zero CO2 emissions by around 2050 and limiting global warming to 1.5°C through rigorous climate policies and innovation. When climate parameters are not available for the NZE scenario, the SDS scenario may also be used to indicate success in limiting global warming to 2°C.	IEA-WEO
 **Current policy scenario**	Stated Policies Scenario (STEPS)	3°C	The scenario reflects the current policy environment and is based on a case-by-case assessment of sector-specific policies, as well as policies that have been announced by Governments around the world. It provides a baseline for assessing the potential outcomes (and limitations) of recent developments in energy and climate policy.	

* Temperature rise projection signifies the projected average increase in global surface temperature by 2100.

Physical risk

Physical risk refers to the impact that changes in weather and climate conditions can have on a business's operations, including acute physical risks (including floods, typhoons, heatwaves, wildfires, etc.) and chronic physical risks (including rising temperatures, sea level rise, changes in precipitation patterns, droughts, water scarcity, etc.). ENN Energy has conducted a comprehensive risk screening of acute and chronic physical risks across all our operating sites. A comprehensive risk screening was undertaken to identify high risk areas and analyse the financial impact of key physical risks. The key physical risks identified are presented in the table below.

Risk Type		Risk Element	Risk Description	Impact on Value Chain	Time frame	Financial Impact	Measures
Physical Risk	Acute Risk	Typhoon	• Impact on the normal operation of ENN Energy's coastal sites, resulting in the shutdown of facilities at the coastal business sites of city gas and IE and a reduction in the Company's revenues	Operation	Short term	Revenue	• Implementation of reinforced hydraulic engineering and flood control measures within vulnerable areas. • Integration of the Digital Intelligence Platform to issue risk alerts and disseminate them to pertinent operational staff for prompt action.
	Acute Risk	Flood	• Damage to natural gas transport pipelines and facilities, resulting in loss of assets and increased repair costs	Operation	Short term	Cost & Asset	• Development of contingency plans for flood control and lightning protection emergencies. • Utilisation of robust facilities and pipeline materials, along with the establishment of a circular pipeline network design, effectively mitigating comprehensive damage to the natural gas pipeline network caused by localised impairments. • Continuous real-time monitoring of third-party projects along the pipeline network using an online monitoring system, facilitating the timely identification of potential safety risks.
	Chronic Risk	Average temperature rise	• Reduced demand for natural gas during winter and reduced revenues from natural gas operations	Downstream	Long term	Operation revenue	• Employing the Digital Intelligence Monitoring System for the real-time tracking of crucial parameters such as temperature and pressure, enabling demand forecasting. • Restructuring and enhancing the business framework to expand the provision of renewable energy sources. • Proactive exploration and expansion of the hydrogen energy sector.
	Acute Risk	Heatwave	• Heatwaves affect the work of outdoor workers (e.g., patrolmen, gas refuellers, other workers), resulting in reduced working hours • Increased operating costs due to increased compensation for workers working in extreme heat, environmental improvements and procurement of protective equipment, etc.	Operation	Short term	Cost	• Creation of an emergency response plan to address heat-related illnesses. • Implementation of stringent measures to prevent heat-related illnesses and ensure employee well-being, including provisions for adequate hydration and medical care. • Time management considerations during construction to mitigate the impact of hot weather on project timelines.

Analysis of Key Physical Risks

Risk	Declining demand for natural gas due to increased average temperatures
Risk Description	Global warming will lead to an increase in average temperatures, and the average winter temperature in northern China will be on an upward trend, with a decline in demand for natural gas consumption for natural gas heating, posing a risk of a decrease in natural gas sales for ENN Energy, which in turn will affect the Company's revenue.

Financial Impact Results

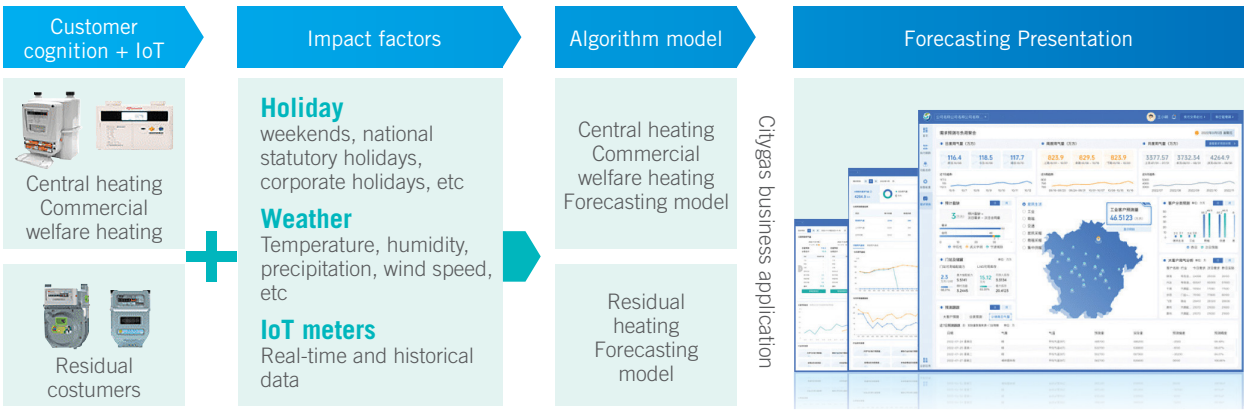
Likelihood	Medium		
Velocity	Short-term		
Financial impact	Value-at-Stake (VaS)	Scenario	Risk Level
	Gross VaS	Current policy scenario	**Low** (<10%)
	Gross VaS	Stress scenario	**Low** (<10%)
	Net VaS	Current policy scenario	**Low** (<10%)
	Net VaS	Stress scenario	**Low** (<10%)

Risk Response Actions

- **Enhance demand projection, early warning and intelligent deployment:** ENN Energy has introduced a Digital Intelligence Heat Supply System for intelligent demand projection. In 2022, we established a mathematical forecasting model for the impact of temperature changes on the volume of heating gas, and we have continued to improve our demand projection by training and optimising the model through the collation of historical data, analysis of relevant factors, forecasting of temperatures in the meteorological network, and calibration of IoT data. The model forecasting accuracy is optimised for predicting changes in natural gas demand associated with temperature changes, so as to provide timely early warning of potential risks and take countermeasures for gas supply reserves and scheduling adjustments to improve energy management efficiency and enhance risk response capability.

Demand forecasting model for acute climate risk response optimisation

In 2022, ENN Energy developed a mathematical forecasting model for the impact of temperature change on heating gas volume. Typical cities like Changsha and Shijiazhuang were chosen as pilot projects to simulate residential heating and central heating in south China. Through training and optimisation of the model, such as temperature prediction of historical meteorological network data and verification of IoT data, the accurancy of the model is impoved, so as to cope with the demand fluctuation caused by acute climate risks and provide scientific and effective forecasting support for assuring winter operation.



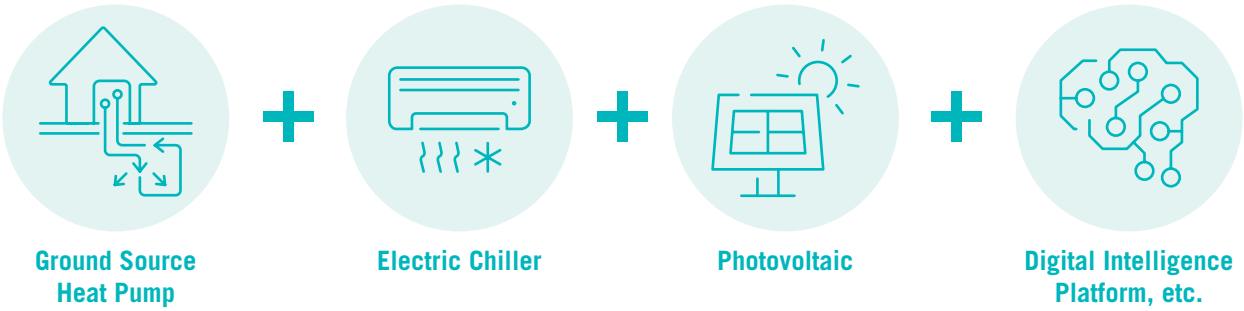
Collecting basic data for machine learning, model can quickly response in **60 minutes** and demonstrate the forecast results for member enterprises

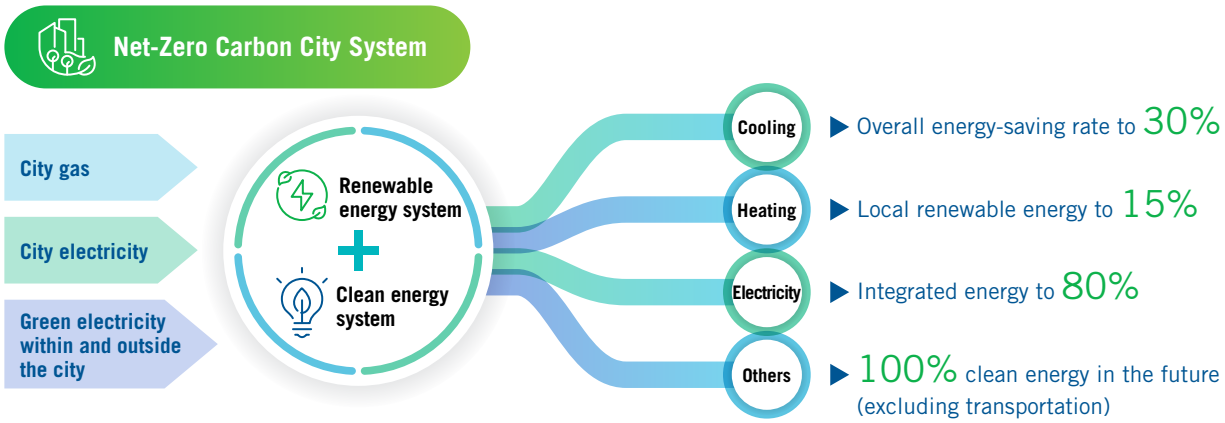
Risk Response Actions

- **Diversify natural gas use scenarios to meet diversified energy demand:** In order to cope with changes in natural gas supply and demand due to rising temperatures, ENN Energy actively diversifies natural gas application scenarios and customers, and its integrated energy business is able to meet customers' needs for cold, heat, electricity, steam and other energy use. ENN Energy promotes clean energy heating and adopts renewable energy technologies such as air source heat pumps and ground source heat pumps to meet the heating needs of low-carbon buildings.

Creating a Net-zero Carbon Energy Planning Scheme for the Airport Economic Zone

A comprehensive park with an area of 100 square kilometers, focusing on building a hub for "aviation logistics, technological innovation, service support, and high-end service industries".





Transition risk

Transition risk refers to the risks associated with a series of policy, legal, technological and market changes in the transition of society to a low-carbon economy in order to respond and adapt to climate change, thereby creating risks for the business. ENN Energy analysed each of the four categories of risk, including policy and regulatory risk, technology risk, market risk, and reputation risk. The main transition risks identified are shown in the table below.

Risk Type		Risk Element	Risk Description	Impact on Value Chain	Time frame	Financial Impact	Measures
Transition Risk	**Policy and regulatory risk**	Dual-carbon policy	• National dual-carbon goal drives energy structure transition, with higher proportion of non-fossil energy sources such as wind power, solar power, hydropower, nuclear, biomass, etc. • In the long term, a decrease in the share of natural gas in the energy mix may affect the revenue and sustainable operation of ENN Energy city gas business.	Downstream (client demand)	Long term	Revenue	• Develop IE business, promote the use of new and renewable energy, and provide more diversified green and low-carbon products for downstream customers; • Carry out hydrogen energy technology applications, such as pipeline hydrogen blending technology; • Deploy cutting-edge low-carbon technologies such as energy storage, CCUS and geothermal.
	Policy and regulatory risk	Carbon price	• With the gradual expansion of the coverage of carbon market and the gradual tightening of emission allowances, ENN Energy's direct compliance costs will increase. • The inclusion of the power industry in the carbon market may lead to an increase in electricity prices, which will indirectly increase ENN Energy's operating costs. • The inclusion of the steel and building materials industries in the national carbon market in the future may also increase the cost of construction of natural gas pipelines, storage, distribution terminals, receiving terminals and other infrastructure projects.	Operation Upstream	Medium term	Cost	• Tracking the progress of carbon market laws and regulations ; incorporating them into the risk assessment process, and establishing a two-tier risk management system between the headquarters and the energy management departments of subsidiaries; • Continuously promote photovoltaic power generation in our office buildings. More than 50% coverage of distributed photovoltaic in our own offices. Explore the utilisation of solar energy resources within each site.
	Market risk	Fossil fuel price	• As the price of fossil energy sources increases, this may lead to higher transport costs for tanker trucks, leading to an increase in ENN Energy's logistics and transport costs.	Operation	Medium term	Cost	• Gradually replace non-production vehicles with vehicles powered by renewable energy sources to reduce energy consumption and carbon emissions; • Relying on digital intelligence technology – ENN Energy has developed the Vehicle Intelligence Link product, which significantly improves the efficiency of vehicle operation.

Analysis of Key Transition Risk

Risk	Gradual replacement of natural gas by clean energy in the energy mix
Risk Description	With the promotion of China's "dual-carbon" policy, the transformation of the energy mix will be further accelerated, and the proportion of non-fossil energy sources such as wind power, solar power, hydropower, nuclear and biomass will increase, while the proportion of natural gas in the energy structure will decrease in the long term. ENN Energy currently derives 54.6% of its revenue from its natural gas retail business. A slowdown or even a decline in the demand for natural gas in the future may pose a systemic risk to the sustainable development of ENN Energy's natural gas business and affect the revenue of the Company's core business.

Financial Impact Results

Likelihood	Medium		
Velocity	Short-term		
Financial impact	Value-at-Stake (VaS)	Scenario	Risk Level
	Gross VaS	Current policy scenario	**Medium** (10%-50%)
	Gross VaS	Stress scenario	**Medium** (10%-50%)
	Net VaS	Current policy scenario	**Medium** (10%-50%)
	Net VaS	Stress scenario	**Medium** (10%-50%)

Risk Response Actions

- **Transformation and upgrading of business structure, expanding the supply rate of renewable energy in IE business:** ENN Energy adheres to the strategy of adapting to local conditions, and develops integrated energy solutions in accordance with local energy potential and customer needs. The solutions integrate natural gas, industrial waste heat and renewable energy sources such as biomass, solar power and geothermal energy, At the same time, we will increase the proportion of renewable energy supply, gradually increase the installed capacity of photovoltaic, increase the proportion of biomass and geothermal in the energy mix, and consider introducing hydrogen in the integrated energy eco-scenario from 2025 onwards.

- **Increase investment in clean energy R&D and develop hydrogen-related services:** ENN Energy is actively engaged in hydrogen technology R&D. We are expanding our business into hydrogen infrastructure construction and hydrogen blending in natural gas pipelines, and developing technically feasible and market-ready hydrogen energy solutions.

Taixing Hydrogen Blending in Natural Gas Pipeline Project

This project is located in Taixing Economic Development Zone, and is a technical renovation project for hydrogen blending and carbon reduction of the original natural gas pipeline in Taixing Economic Development Zone. The project mainly includes the construction of a pressure regulating and metering station, as well as the interconnected medium-pressure natural gas pipeline, hydrogen pipeline, and medium-pressure gas pipeline for the hydrogen blending technology retrofit project associated with the pressure regulating and metering station. The gas supply area covers the Taixing Fine Chemical Industry Park, with users primarily consisting of commercial and industrial customers. The project has completed commissioning test production, achieving a hydrogen blending ratio of 5-10% in the first year, followed by a yearly increase, up to 20%.

Hydrogen-blended natural gas as a clean and low-carbon fuel, will be delivered through the completed natural gas pipeline network to end-use energy equipment in hard-to-abate areas such as industrial plants, buildings and transport, which will reduce the carbon emissions level of end-use energy. Based on the current technology, hydrogen can be blended into existing natural gas pipelines up to a certain percentage, without upgrading them. The development of the natural gas hydrogen blending industry enables end-users to decarbonise while effectively improving the overall peaking capacity of the natural gas pipeline network.

Once the project is put into operation, an annual carbon dioxide emissions reduction of 6,430 tonnes per year can be achieved in the near-term, and 10,930 tonnes per year in the long-term.

Climate opportunity

ENN Energy's efforts and actions to mitigate and adapt to climate change also present opportunities for ENN Energy to improve resource efficiency, deploy low-carbon and renewable energy sources, develop new products and services, enter new markets, and increase the resilience of their supply chains. Key climate-related opportunities for ENN Energy are shown in the table below.

Opportunity Type		Opportunity Description	Impact on Value Chain	Time frame	Financial Impact
Climate-related Opportunity	Resource Efficiency Opportunity	• Digital transformation enables ENN Energy to improve resource deployment efficiency. • Contributes to cost savings, such as increased efficiency of tanker truck deployment and improved energy management efficiency	Operation	Short to medium term	Cost
	Product and Service Opportunity	• The integrated energy business provides clean energy services to meet the emission reduction needs of downstream commercial and industrial customers. • Bringing new business growth to ENN Energy, such as green factories and low-carbon industrial parks solutions	Downstream	Medium term	Revenue
	Product and Service Opportunity	• Growing demand for hydrogen energy will lead to growth in ENN Energy's hydrogen-related businesses (e.g., Hydrogen production, storage and transport, utilisation), creating new opportunities for growth • Continuously focus on hydrogen energy technological breakthroughs and application; introducing hydrogen energy into integrated energy ecosystems	Downstream	Long term	Revenue
	Market Opportunity	• Utilise green financial instruments (green bonds, etc.) to finance or refinance internal green projects such as energy efficiency upgrades/renewable energy. • Utilise green finance to reduce the difficulty and cost of financing	Operation	Short term	Cost

Key climate opportunity analyses

Opportunity	Growing demand for clean energy creates new opportunities for the integrated energy business.
Opportunity Description	Achieving carbon peaking and carbon neutrality has become a wide-ranging and profound economic and social system change. China's "dual-carbon" goal has fuelled a huge demand for clean energy and low-carbon products and services in society. ENN Energy will analyse the opportunity this presents in four key areas of decarbonisation: low-carbon industrial parks, low-carbon factories, low-carbon buildings and low-carbon transportation. These four areas serve as the basis to grasp new opportunities arising from the low-carbon development of society.
Financial Impact Results	
Likelihood	Very high
Velocity	Short-term
Financial impact	

Opportunity Value-at-Stake (VaS)	Scenario	Opportunity Level
Gross Value Added	Current policy scenario	**Medium** (10%-50%)
Gross Value Added	Stress scenario	**Medium** (10%-50%)
Net Value Added	Current policy scenario	**Low** (<10%)
Net Value Added	Stress scenario	**Medium** (10%-50%)

Action Strategy

ENN Energy adopts a localised strategy for the development of its IE business, by considering local energy resources and customer demands. We actively utilise various clean energy sources, including natural gas, industrial waste heat, biomass, solar energy, geothermal energy, and other renewables, to provide tailored integrated energy solutions for different energy users.

The Company has devised a green development plan for its IE business, outlining quantitative targets such as increasing the share of renewable energy, enhancing system energy efficiency, and exploring the adoption of CCUS technology to meet customer low-carbon energy demands. Specific strategies include:

Energy structure adjustment

Gradually increasing photovoltaic (PV) capacity, boosting the share of biomass and geothermal energy in the energy mix, and introducing integration of hydrogen in the energy ecosystem after 2025, with the goal of achieving a 36% proportion of renewable energy by 2030.

Energy efficiency improvement

By 2030, the overall system energy efficiency of the energy production facilities of the integrated energy business will improve by 5% from the current efficiency (~90%) through continuous technological transformation, operational optimisation, and the core technology upgrade to the intelligent energy management platform.

Natural gas decarbonisation

Initiating pilot projects in select operating areas with efficient gas utilisation, followed by the implementation of CCUS projects by 2025 and gradual deployment of CCUS technology to offset 5% of natural gas carbon emissions annually within the integrated-energy business.

Risk Management

ENN Energy considers proactive and effective risk management and internal control to be critical to the Company's development and has continued to improve its enterprise risk management system. Given that climate risks are likely to have a significant impact on the natural gas industry, ENN Energy has integrated these into their overall risk management process.

Risk identification → **Risk assessment** → **Risk response** → **Risk oversight and reporting**

Climate-related risk identification and assessment

Risk identification

In the climate risk identification process, the Risk Management Committee established by the Board of Directors is responsible for the management and review of risks and internal controls. It also oversees the design, implementation and monitoring functions of the risk management and internal control systems, as well as the Audit Committee's review of the independent internal audit report on the effectiveness of key control systems and its recommendations.

Currently, ENN Energy has identified nine types of risks: policy and price; compliance; operational; reputation; legal; health, safety and environmental; market; financial; and climate change. According to the TCFD disclosure framework, climate-related risks can be categorised into two types of physical risks and four types of transition risks.

Physical Risk

- Acute physical risks (including floods, cyclones, heat waves, droughts, etc.)
- Chronic physical risks (including changes in mean temperature, heat stress, changes in precipitation patterns, water scarcity, sea level rise, etc.)

Transition Risk

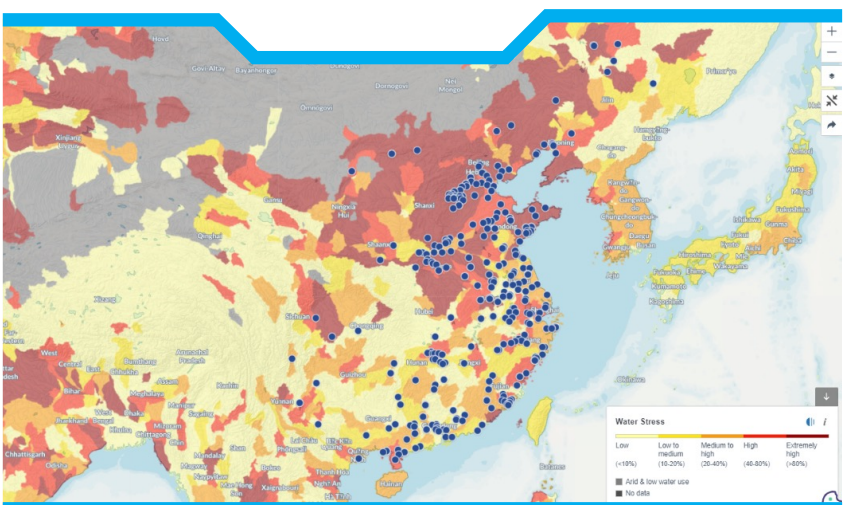
- Policy and law
- Technology
- Market
- Reputation

Defining business scenarios

Mapping the enterprise value chain and identifying links in the value chain with high levels of climate risk exposure.

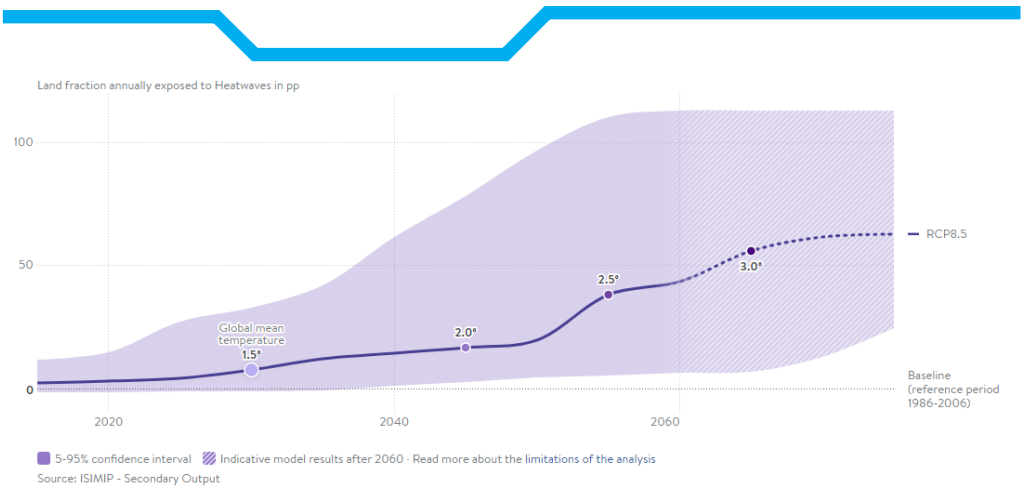
Physical risk screening

Based on coordinate data of ENN Energy's upstream, downstream and own operating sites, physical risk screening is carried out using public climate models such as World Resources Institute (WRI) Water Risk Atlas, WRI Floods, Coupled Model Intercomparison Project (CMIP 6)[viii] and Climate Impact Explorer. This screening exercise identifies physical risks that have a substantial impact on each operation under extreme scenarios (i.e. RCP8.5 scenario, 2050 time horizon). This includes acute physical risks such as cyclones, floods, and heat waves, and chronic physical risks like changes in average temperatures, high temperature, water stress, and changes in precipitation patterns.



Example of water stress risk screening at an ENN Energy operating site.[1]

[1] WRI Water Risk Atlas



Example of heatwave risk screening at an ENN Energy operating site.[2]

Policy and market tracking

Tracking the national "dual-carbon" policy and other climate change response policies and regulatory requirements, gain insights on the trends within the natural gas market and low-carbon technology development progress in the energy industry, and identify transition risks that may have an impact on ENN Energy's business development.

In 2023, ENN Energy identified a total of 40 climate-related risks and opportunities, including 10 physical risks, 14 transition risks and 16 opportunities. Based on this, each risk was discussed and scored in terms of likelihood and severity through expert assessment and workshops with ENN Energy's business units. A shortlist of seven key climate risks and opportunities was then developed based on their importance materiality to the Company, comprising of five risks and two opportunities. An in-depth financial quantitative assessment (Value-at-Stake analysis, VaS) was conducted for the shortlisted risks and opportunities[3].

Risk assessment

This process involves in-depth financial impact assessment (Value-at-Stake analysis, VaS) for the shortlisted climate risks and opportunities, combining high-emissions scenarios and accelerated climate transition scenarios. As the Company operates in the energy industry, we apply the scenarios outlined in the International Energy Agency's (IEA) World Energy Outlook to the assessment of transition risks and climate opportunities. This includes the Net Zero by 2050 Scenario (NZE), Sustainable Development Scenario (SDS), and Stated Policies Scenario (STEPS). For physical risks, we refer to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)[ix] and apply two climate scenarios: RCP4.5 and RCP8.5. The likelihood, occurrence rate and financial impact of each climate risk are analysed through scenario parameters, and the difference in the VaS of each climate risk by 2050 is compared across different scenarios. In order to further assess the effectiveness of ENN Energy's corresponding adaptation and mitigation actions which are included in the risk quantification process, the financial assessment results include both the gross VaS and the net VaS after the adoption of the respective actions.

[2] Climate Analytics - Climate Impact Explorer
[3] Three of the risks and opportunities have been disclosed in this report; the remaining four will be disclosed in ENN Energy's 2024 ESG report.

Climate risk management

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

To enhance resilience to physical risks, ENN Energy conducts risk forecasts for the four categories of extreme weather events (typhoons, extreme precipitation, extremely hot weather, and extremely cold weather) using databases such as CatNet, Swiss Re's online catastrophe risk atlas system, HadEX2, and the National Meteorological Information Centre, and develops specific impact assessment and control measures to continuously monitor and manage the climate risks. For example, the Company relies on databases to make typhoon risk forecasts for each province and city within its administrative region, obtains three indicators of current wind speed, the highest wind speed within 50 years and storm intensity values for each location, and based on the probability scoring methodology, determines the typhoon climate risk level and takes a series of relevant preventative measures. In response to extreme heat, ENN Energy has a policy of banning construction work in very high temperatures, and provides high temperature allowance for workers working in extreme heat. In response to the extreme cold where, for example, gas supplies may face greater challenges in the winter, ENN Energy now issued the Notice on Strengthening the Safe and Stable Operation of Gas Infrastructure in Winter, to secure gas supplies from its headquarters for each regional location. In addition, the Company insures its fixed assets to minimise loss and damage caused by climate change.

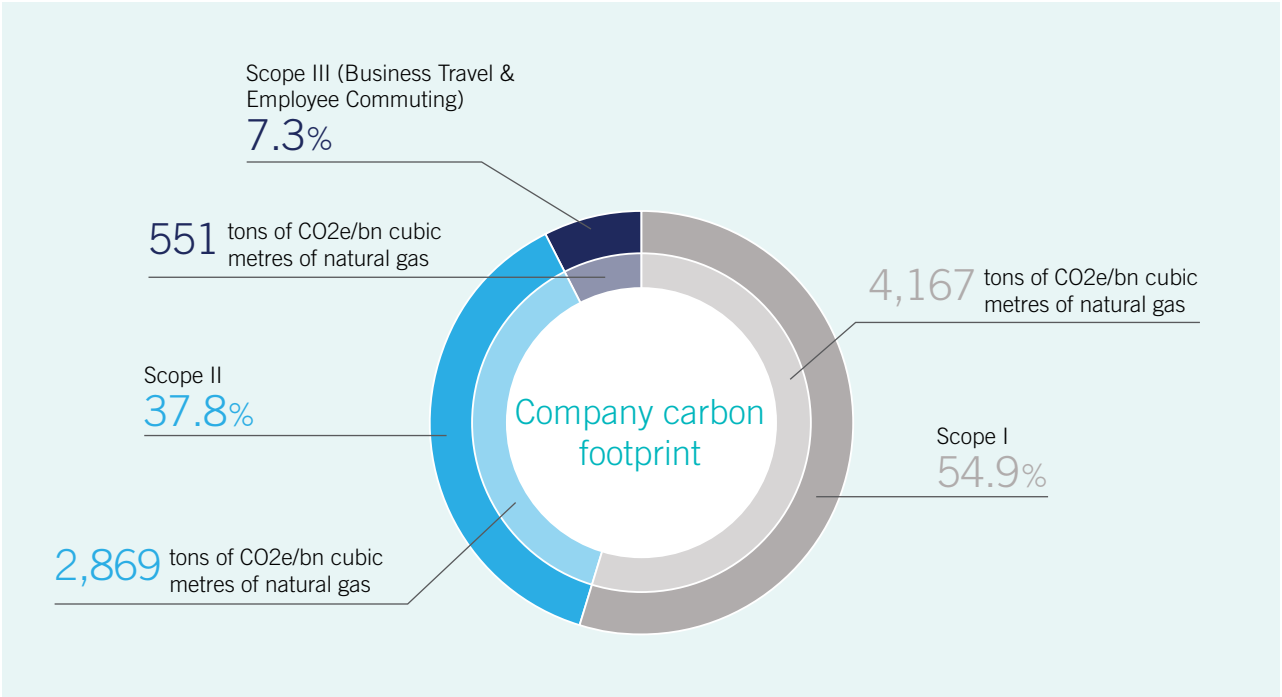
To manage transition risks, ENN Energy continuously monitors influencing factors such as policies, technologies, markets and stakeholders' demands in the process of the low-carbon transition. The Company pays close attention to and monitors the supporting policies under the national "dual-carbon" goal and the regulatory requirements of the energy industry. ENN Energy also actively implements its own energy-saving and renovation projects in its own operations, and implements methane emissions control solutions.

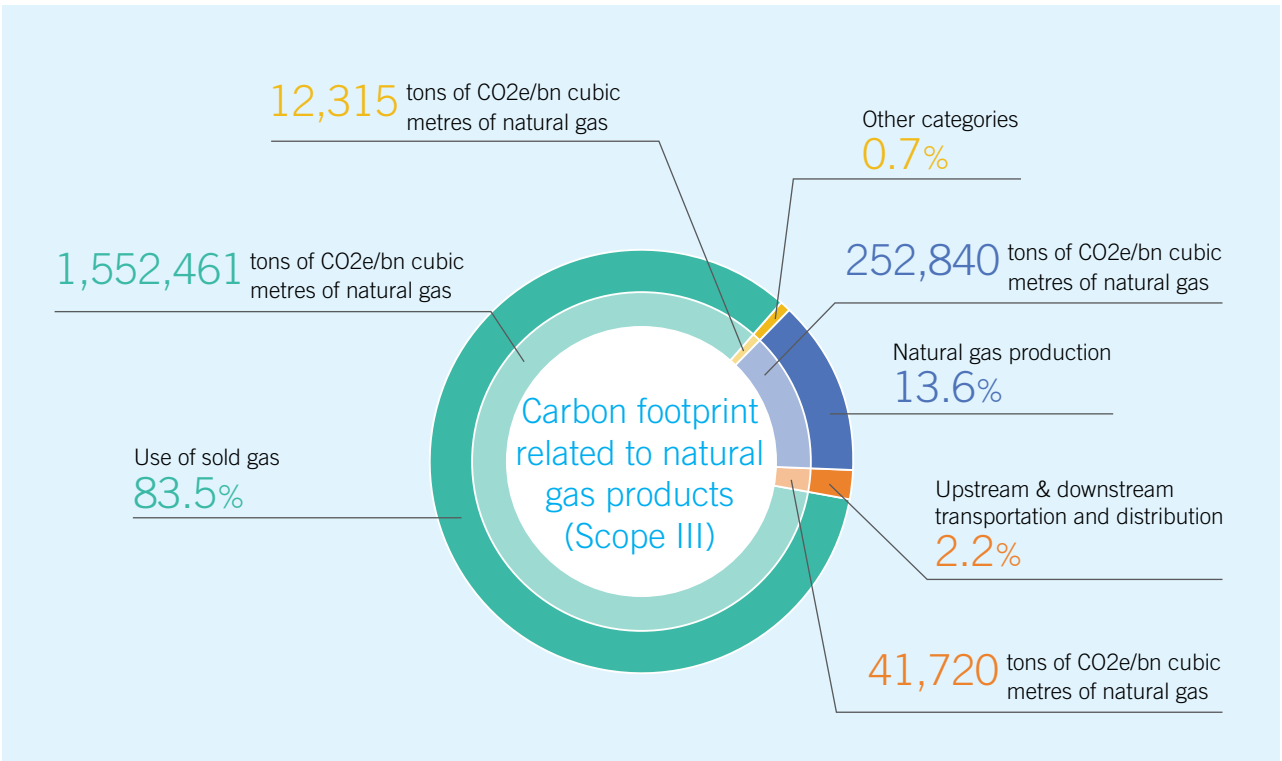
ENN Energy also considers downstream customers' demand for energy and carbon management as well as clean energy, and adjusts its business model in a timely manner to provide renewable energy and low-carbon services to downstream customers. In addition, ENN Energy has been increasing its R&D investment in low-carbon technologies, exploring the application of biomass, geothermal energy, energy storage, hydrogen, CCUS and other technologies, in order to adapt to evolving market demand.

Metrics and Targets

GHG emissions metrics and targets

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





Note:
Scope I and II measurements refer to the National Development and Reform Commission's (NDRC) Guidelines on Methodologies for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises, ISO 14064-1 Greenhouse Gases - Part 1: Guidance on Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organisational Level; Scope III measurements mainly refer to the Greenhouse Gas Accounting System: Accounting and Reporting Standard for Enterprise Supply Chains (Scope III) (GHG Protocol), and the Ministry of Ecology and Environment's Guidelines for Verification of Enterprise Greenhouse Gas Emission Reporting.
The main source of the coefficients used for GHG emissions measurement is the default values of common fossil fuel characteristic parameters in Appendix II of the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions by Oil and Gas Producing Enterprises in China (for Trial Implementation) issued by the NDRC.
Reason for not calculating the integrated energy business: the revenue from the integrated energy business accounts for less than 10 % of the total revenue, which is relatively small.

Climate risk and opportunity related metrics and targets

For the identified key climate risks and opportunities, ENN Energy has set up corresponding tracking metrics and targets for physical risks, transition risks, climate opportunities, and capital deployment, to monitor and manage climate-related risks in order to minimise negative impacts on business operations in a timely manner, while actively seizing market opportunities arising from the low-carbon transition. This was done in accordance with recommendations from the TCFD and with reference to the Hong Kong Exchange and Clearing Limited's (HKEX) Enhancement of Climate-related Disclosures Under the Environmental, Social and Governance Framework[xi] and the International Sustainability Standards Board's (ISSB) International Financial Reporting Sustainability Disclosure Standard 2 – Climate-Related Disclosures[xi].

Metrics Type	Corresponding Risks/ Opportunities	Unit	Monitoring Metrics	2022	2022 Target Performance
Physical Risk	**Rising Average Temperatures** Lower demand for natural gas in winter due to higher average temperatures, reducing revenues from natural gas business	¥100 mil	Retail gas sales business revenue	600.82	/
		%	Percentage of revenue from retail gas sales business to total revenue	54.6	
Transition Risk	**Policy and Legal Risk (Energy Structure Transition)** The "Dual-carbon" policy promotes energy structure transition, increasing the proportion of non-fossil energy sources such as wind, light, water, nuclear and biomass, and decreasing the proportion of natural gas in the energy structure in the long term, which may affect the revenues and sustainable operation of ENN Energy's natural gas-related business.	¥100 mil	Total revenue from natural gas-related business	959.86	**9.46 % higher renewable energy revenues in 2022 compared to 2021**
		%	Percentage of revenue from low-carbon business to natural gas-related business	11.4	
Climate Opportunity	**Product/Service Opportunity (IE Business)** The IE Business provides renewable energy services to meet the emission reduction needs of downstream industrial customers (factories, industrial parks) and to increase the revenue of the IE Business.	%	Share of renewable energy in energy use in IE operations	21	**21% has been achieved, and 15% more is needed to meet the 2030 target (36%)**
Capital deployment	/	¥100 mil	Low-carbon project investment	20.1	/
		¥100 mil	R&D investment in low-carbon technologies	2.45	
		¥100 mil	Investment in digital intelligence of IE business	0.0467	
		¥100 mil	Investment in operation safety	15.4	
		$100 mil	Green bonds Issued	5.5	

Industry-based metrics

ENN Energy's business is aligned with the Oil and Gas – Midstream and Gas Utilities and Distributors categories of the SASB standards. With reference to the requirements of the HKEx's Optimising Climate-Related Disclosures under the Environmental, Social and Governance Framework and ISSB's IFRS 2 - Climate-Related Disclosures, ENN Energy has set up the following industry-based metrics shown in the table on the right:

Value in 2022

Customer gas savings from efficiency measures
19.6 mil cubic metre

Length of gas distribution pipeline
77,677 km

Future Outlook

Climate change has become a challenge for all of humankind and current global climate policies and actions are far from meeting the goal of the Paris Agreement of limiting the global temperature rise to well below 2°C or 1.5°C above pre-industrial levels. The recently concluded 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC) adopted the landmark 'UAE Consensus' on climate change. The global stocktake showed clearly that progress is not fast enough, ambition and action must be strengthened in the critical years ahead.

Since the 2020 "dual-carbon" target was proposed, China has been continuously implementing its carbon reduction targets, steadily advancing its green and low-carbon energy transition and improving the climate resilience of the energy sector. In the foreseeable future, as countries increase their climate ambitions and implement climate targets, the energy sector will face stricter regulatory policies, whilst also nurturing new opportunities for development. As a clean energy-focused company, ENN Energy will take a highly strategic and forward-looking approach to climate risk, and actively seek green and innovative solutions to explore new business growth.

ENN Energy recognises that climate change and the series of environmental, policy, social and economic changes it brings will continue to have an impact on the Company's operations, and that effective climate risk management will play a key role in formulating climate response strategies and adjusting the layout of our business. We will continue to improve our climate governance capabilities and, under the guidance of the Board, and utilise the climate governance structure to oversee the implementation of climate actions. We will closely monitor climate risks, integrate them into the overall risk management process of the Company, continuously track and assess their risk levels, and promptly adjust our climate strategy to minimise the possible negative impacts of climate risks on ENN Energy.

Looking to the future, we will continue to implement the carbon reduction commitments in Decarbonisation Action 2030 and continuously enhance our climate resilience. We will follow the trend of the times and seize the huge opportunities arising from the energy transition to provide our customers with cleaner and low-carbon energy. We will also deeply cultivate digital intelligence technology and empower the ecosystem with digital intelligence products to help our customers optimise energy efficiency and save energy, and work with our upstream and downstream partners to help achieve China's "dual carbon" goal. We will shoulder the mission of an energy company in the global response to the climate challenge and work together with stakeholders to build a low-carbon, green and sustainable future for the earth and mankind.

Reference

i World Economic Forum, Global Risk Report 2023, January 2023

ii International Energy Agency (IEA), World Energy Outlook 2023, October 2023

iii Task Force on Climate-related Financial Disclosures (TCFD), Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

iv World Resource Institute (WRI), WRI Water Risk Atlas

v World Resource Institute (WRI), WRI Floods

vi Climate Analytics, Climate Impact Explorer

vii The KNMI Climate Explorer

viii World Climate Research Programme (WCRP), Coupled Model Intercomparison Project Phase 6 (CMIP6)

ix The Intergovernmental Panel on Climate Change (IPCC), AR6 Synthesis Report, March 2023

x Hong Kong Exchanges and Clearing Limited (HKEX), Consultation Paper on Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework, April 2023

xi International Sustainability Standards Board (ISSB), IFRS S2 Climate-related Disclosures, July 2023

香港金鐘道89號力寶中心第一期31樓3101-04室
電話 (852) 2528 5666
傳真 (852) 2865 7204
網址 www.ennenergy.com
電子郵箱 enn@enn.cn