

## The Three Most Important Material Issues for ENN Energy's Development in 2024

Materiality Issue	Business Case (why this issue is material to ENN Energy's business)	Type of Business Impact on ENN Energy	Strategic Response of ENN Energy to this Issue	Targets and Metrics Set by ENN Energy on This Issue	Progress on Targets/Metrics
Safe and Stable Gas Supply (Product / Service Quality & Safety)	<p>ENN Energy's main customers are Large Industrial Customers, Small - and Medium - sized Industrial and Commercial Customers, and Residential Customers. Stable natural gas supply is the most significant service provided by ENN Energy to these three main types of customers. In 2024, the turnover proportion of ENN Energy's retail gas sales business reached 55.3%. The stability and safety of gas supply are the foundation for the continuous operation of the business. Only by ensuring continuous and uninterrupted gas supply services can customer demands be met, and the stability and growth momentum of the business be maintained. Moreover, stable operations enable the Company to better forecast and manage costs, thereby achieving more effective cost control and resource allocation. Safe and stable gas supply reduces customer complaints and compensation claims caused by gas supply interruptions or quality issues, consequently lowering operational costs. Simultaneously, it helps avoid potential legal risks and</p>	Revenue、 Cost	<p><b>Intelligent Operational Assurance:</b> The Company strengthens its ability to predict customer needs by leveraging digital intelligence technology, coordinating the allocation of gas resources to ensure dynamically a stable supply of natural gas tailored to different scenarios, meeting the gas needs of diverse users. ENN Energy continually refines an operating mechanism covering forecasting, matching, monitoring, and full-scenario delivery. Leveraging the development of a natural gas resource pool, the Company closely monitors contract execution to ensure effective supply and demand matching.</p> <p><b>Resource Assurance Measures:</b> On the resource front, by leveraging international long-term agreements and resources from the Big Three oil companies, we coordinate domestic and international resources to reduce resource costs. Strengthening collaboration with provincial gas operators and local resource suppliers lowers transferred supply costs; obtaining the 3A shipper</p>	ENN Energy will continue to enhance the penetration rate of IoT meters for both residential customers and industrial & commercial customers, while continuously applying digital intelligence technology to ensure safe and stable gas supply.	In 2024, the penetration rate of IoT meters for residential customers reach 70%, up 10% from 2023, while the penetration rate for industrial and commercial IoT meters reach 60%, marking a 5% increase compared to 2023.

	financial losses that may arise from gas supply incidents.		qualification from the National Pipeline Network advances pipeline interconnections, enhances resource assurance capabilities and allocation flexibility, thereby securing safe and stable gas supply at the resource level.		
Customer Health and Safety (Product / Service Quality & Safety)	<p><b>Reducing Operational Risks:</b> By ensuring customer health and safety, the Company decreases the likelihood of safety incidents and prevents accident-related losses. For instance, regular inspections and maintenance of natural gas pipelines minimize leakage risks, thereby avoiding resultant economic losses.</p> <p><b>Lowering Legal Compliance Risks:</b> The Company's strong emphasis on customer health and safety significantly reduces legal disputes arising from product or service issues. For example, guaranteeing natural gas quality and usage safety prevents consumer lawsuits triggered by gas leaks or quality defects. Furthermore, strict compliance with safety standards and regulations reduces violations, thus avoiding regulatory penalties.</p> <p><b>Alleviating Reputational Risks:</b> Natural gas utilities prioritizing customer health and safety earn greater consumer trust and enhance brand credibility, fostering a positive market image. Additionally, safety incidents often attract negative media coverage and public scrutiny. By safeguarding customer health and</p>	Risk Management	<p><b>Smart Safety Development:</b> Deploying IoT devices in critical scenarios such as residential premises enables rapid dynamic detection, precise identification, and risk alerting of hazards. This system promptly discovers and addresses gas risks threatening customer health and safety, such as gas leaks, while ensuring real-time access to risk details and resolution updates. This approach materializes safety management, tangibly safeguarding customer well-being and security.</p> <p><b>Safety Hazard Remediation:</b> Comprehensively advancing the mitigation of risks associated with rubber hoses, burners without flame failure devices, and vent-free water heaters has thereby reduced safety risks caused by gas equipment issues, ensuring the health and safety of customers during gas usage.</p>	Target by 2030: Maintain a customer severe injury rate of 0%.	In 2024, the customer severe injury rate was 0%.

	safety, the Company mitigates such negative public sentiment impacts, maintaining its social image.				
Resources and energy conservation (Environmental Policy & Management)	<p>To achieve resource and energy conservation, ENN Energy continuously drives technological innovation and industrial upgrading. This compels the Company to develop more energy-efficient and environmentally friendly products and services, thereby satisfying diversified market demands. The launch of these new offerings generates additional revenue streams, further enhancing its value creation capabilities. In 2024, ENN Energy's Pan-Energy business and value-added business accounted for 13.9% and 4.2% of total revenue respectively, both showing year-on-year growth.</p> <p>ENN Energy equally emphasizes the unbounded potential from integrating digital intelligence with low-carbon transition. It is foreseeable that the green wave led by new energy, low-carbon technologies, and digital intelligence will propel further socioeconomic transformation and development. Moreover, driven by rising household incomes and evolving consumption mindsets, families increasingly demand high-quality, personalized,</p>	Revenue、 Cost	<p><b>Integrated Energy Business:</b> With the implementation of China's dual-carbon strategy, declining costs of photovoltaic (PV) and energy storage equipment, and advancements in intelligent technologies, customers' demand for green solutions, efficiency improvements, and cost reductions has grown rapidly. Building on years of accumulated expertise, we leveraged intelligent systems to refine best practices and deployed integrated energy solutions tailored to major energy-intensive customers, while promoting energy conservation and high-efficiency utilization, generating additional revenue for the Company.</p> <p><b>Intelligent Home and Community Solutions:</b> The Company enhances basic gas services with intelligent tools, streamlining processes, boosting service quality and efficiency, and promoting energy-saving appliances to improve energy efficiency for household users while continuously scaling up its value-added business operations.</p> <p><b>Energy Optimisation and Efficiency Improvement:</b> By setting quantitative targets and</p>	<p>By 2030, ensure PV power generation in self-sustaining office buildings accounts for 10% of total electricity consumption.</p> <p>By 2030, reduce energy consumption per unit area of office space by 20% compared to 2021.</p> <p>By 2030, replace 100% of self-sustaining office vehicles with new energy vehicles.</p>	<p>Photovoltaic power generation in self-sustaining office buildings accounts for 7.34% of total electricity consumption.</p> <p>Energy consumption per unit area of the office area reduced by 12.1% compared to 2021.</p> <p>70% of self-sustaining office vehicles replaced with new energy vehicles.</p>

	and innovative products and services, positioning quality-of-life enhancement and personalized demand fulfillment as strategic priorities for the Company's value-added business development.		implementing measures like clean energy adoption and efficiency improvements, the Company reduces energy use while continuing to invest in innovation and R&D to refine energy management, further optimizing energy efficiency and lowering operational costs.		
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## The Two Most Significant Material Issues Impacting ENN Energy's External Stakeholders in 2024

Material Issue	Business Value Chain Sector of ENN Energy to Which the Issue Pertains	ENN Energy's External Stakeholders Impacted by the Issue	Relevance Between the Issue and ENN Energy's External Stakeholders	Impact Type	Quantitative metrics for measuring the external impacts of ENN Energy's business activities	Impact Valuation (What are the external societal or environmental impacts generated by these issues?)	Quantitative impact metric
<b>Customer health and safety</b>  (Product / Service Quality & Safety)	Product / Service	Social  Consumers /End Users	In recent years, gas leaks, explosions, and other incidents related to product quality and safety have drawn heightened attention from natural gas industry enterprises. Gas quality and safety are vital to the life and property security of customers. If companies prioritize gas quality and safety by strengthening product quality control and safety management capabilities, they can significantly reduce potential risks like	Positive	Indoor Safety Inspections in 2024 :18.53 million times  Rectification Rate for Level 1 Hidden Hazard of Gas Leakage : 100 %  In 2024 IoT meters 14.97 million Sets of NB alarms 2.42 million Emergency shut-off valves 1.1 million	<b>Health costs caused/ avoided</b> Customer severe injury rate.	In 2024, the customer severe injury rate was 0 %.

			<p>gas leaks and explosions, effectively safeguarding customers and society at large, thereby generating extensive positive social benefits.</p> <p>ENN Energy places a steadfast focus on customer health and safety, committed to delivering healthy and safe products and services.</p> <p>ENN Energy actively pursues safety culture promotion to enhance user awareness of safe gas usage.</p>		<p>Shut-off valves 9.34 million Flexible metal tubing 29.47 million Direct-discharge water heaters 2,766 Stoves that didn't have flameout protection 53,544</p> <p>In 2024, the Company continued conducting the "Seven Scenario" gas safety advocacy activities (covering enterprises, campuses, government agencies, communities, rural areas, households, and public places) across the nation, to boost local residents' awareness of gas safety.</p>		
<p><b>Resources and energy conservation</b></p> <p>(Environmental Policy &amp; Management)</p>	Operations	<p>Environmental</p> <p>Social</p> <p>Consumers /End Users</p>	<p>Climate change represents a critical global challenge confronting humanity, while China's dual-carbon strategy poses unprecedented demands for strategic transformation within the energy sector. The optimization of environmental management systems, reduction of carbon</p>	Positive	<p>The Group has completed the construction and commenced operation of 60 scalable integrated energy projects, with accumulated scalable integrated energy projects in operation reaching 356. Through investment and custodial models,</p>	<p><b>Access to product/service with positive impact provided :</b> Help society and customers reduce carbon emissions.</p>	<p>In 2024, ENN Energy helped society and customers reduce carbon emissions by approximately 57.93 million metric tons.</p>

			<p>emission intensity, achievement of China's dual-carbon goals, and enhancement of global climate resilience are inextricably interconnected. ENN Energy is committed to accelerating dual-carbon target realization through innovative initiatives, strengthening climate change mitigation capabilities, and delivering positive ESG impact for all stakeholders.</p> <p>To this end, ENN Energy has comprehensively upgraded its intelligent operational and management systems. By leveraging precise energy consumption tracking, intelligent forecasting technologies, and full digital transformation of equipment and processes, the Company provides robust energy conservation and emission reduction support for customers. Furthermore, ENN Energy actively empowers participants across industrial ecosystems to achieve substantial energy</p>		<p>the total installed capacity has reached 13.3 gigawatts (GW).</p>	
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			efficiency improvements and seamless low-carbon transition. Additionally, the Company has pioneered the "Integrated Energy" concept, capitalizing on the integrated advantages of "Load-Source-Grid-Storage" synergy to deliver low-carbon intelligent energy system upgrade solutions.				
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