

ENN Energy (“We”) actively responds to climate change by comprehensively identifying and assessing potential climate change-related risks and opportunities. To address climate-related physical risks and transition risks, we regularly conduct detailed analyses of various risk factors, including acute physical risks, chronic physical risks, policy and regulatory risks, market risks, technological risks, and reputational risks. These analyses cover the potential impact on our operations and value chain, relevant time horizons, and primary financial implications.

We have established the [Climate Change Policy of ENN Energy Holdings Limited](#) to provide guidance for ongoing climate-related initiatives. For material climate risks and opportunities, we collaborate with external professional institutions to conduct climate scenario analysis, evaluating the relevant business resilience to material climate risks. Detailed assessment analyses and results are available in the [Task Force on Climate-related Financial Disclosures \(TCFD\) 2022](#) and the [ENN Energy Holdings Limited 2024 Environmental, Social, and Governance Report](#).

Risk Type		Risk Element	Risk Description	Impact on Value Chain	Time horizon	Financial Impact	Solutions
Physical risk	Acute Risk	Typhoon	Likely to impose influence on the coastal operation sites, resulting in the shutdown of facilities at the coastal business sites of city-gas and IE and a potential revenue reduction.	Operation	Short term	Revenue	Strengthen water conservancy engineering measures at operational sites and implement flood control measures in high-risk areas.
							Use Natural Gas Industry Intelligent Operation Platform for risk warning, and push to

							relevant operation personnel
		Flood	Potential damage to natural gas transport pipelines and facilities, resulting in potential loss of assets and elevated maintenance expenditures.	Operation	Short term	Cost & Asset	Develop emergency response plans for flood prevention and lightning protection.
							Utilisation of robust facilities and pipeline materials, along with the establishment of a ring-shaped pipeline network, 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 Risks	Average temperature rise	Reduced natural gas demand during winter leads to decreased revenue in natural gas operations.	Downstream	Long term	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 increase the proportion of renewable energy sources.
							Proactively explore and expand the hydrogen energy business
	Acute Risk	Heatwave	High temperatures impact outdoor workers (e.g., line inspectors, refueling operators,	Operation	Short term	Cost	Develop a heatstroke emergency preparedness and response plan for

			and other field staff), resulting in reduced working hours. Heightened expenditures on high-temperature allowances, environmental remediation initiatives, and procurement of personal protective equipment will escalate operational overhead.				high-temperature conditions Strengthen heatstroke prevention and cooling measures for outdoor workers, ensuring adequate drinking water supply and medical support. Schedule buffer time for construction to mitigate the impact of high-temperature conditions on project timelines.
Transition risk	Policy and regulatory risk	Dual Carbon Policy	The "Dual Carbon" goals are driving the transformation of the national energy structure, with the share of non-fossil energy steadily increasing. Over the long term, the gradual decline in the proportion of natural gas is likely to impact the revenue of City-gas business.	Downstream (customer demand)	Long term	Revenue	Accelerate the development of IE business to enhance the share of new energy and renewable energy businesses.

	Policy and regulatory risk	Carbon price	As the coverage of carbon markets gradually expands and emission allowances are progressively tightened, ENN Energy's direct compliance costs are expected to rise.	Operation upstream	Medium term	Cost	Monitor regulatory and legislative developments in carbon markets and integrate them into risk assessment processes, while establishing a two-tier risk management framework connecting the headquarters with energy management departments across subsidiary companies.
			The future inclusion of industries such as steel and building materials into the national carbon market is likely to increase construction costs for infrastructure projects including natural gas pipelines, storage and distribution stations, and receiving terminals.				
	Policy and regulatory risk	Regulation of Products and Services	Government regulatory authorities have strengthened the approval and oversight of	Operation	Medium term	Cost	Actively collaborate with and respond to government policy initiatives, prioritize

			businesses/projects with potential environmental impacts, resulting in increased operational costs for pan-energy projects.				environmental impact and performance throughout project construction and operations, and develop innovative low-carbon products and service models.
	Market risks	Fossil Fuel Prices	Rising fossil fuel prices may lead to increased transportation costs for tanker trucks, thereby raising logistics expenses for ENN Energy and transportation costs for other self-owned vehicles.	Operation	Medium term	Cost	Gradually replace non-production vehicles with new energy vehicles (NEVs) to reduce energy consumption and carbon emissions.
							Leverage digital intelligence technology to develop the Chexiang Zhilian smart connectivity product, significantly enhancing vehicle operational efficiency.
	Technology risk	Application and Investment in Low-	The additional operational costs arising from the transition to lower-	Operation	Long term	Cost & Revenue	Actively pursue the development of cutting-edge low-carbon

		carbon technologies	emission technologies, or breakthrough low-carbon/zero-carbon innovations within the industry, are driving a restructuring of the competitive landscape.				technologies such as energy storage, geothermal energy, biogas utilization, and hydrogen-blended pipeline technology, while aligning with business strategies to increase capital investment in innovative low-carbon/zero-carbon solutions.
	Reputational risk	Attention and inquiries from stakeholders, including investors and shareholders.	Investors and shareholders may increasingly favor companies with superior green and low-carbon performance, while gradually reducing investments in traditional energy enterprises.	Operation	Long term	Asset	Establish an open and transparent communication mechanism by regularly sharing ENN Energy's progress and achievements in addressing climate change risks and opportunities, as well as advancing low-carbon transition, through official channels such as its website and social media accounts. This

							includes objective and fair disclosure of identified potential risks and corresponding mitigation measures.
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Opportunity		Opportunity description	Impact on Value Chain	Time horizon	Financial Impact	Opportunity Capture
Climate Opportunity	Resource efficiency opportunities	The implementation of digital intelligent transformation enhances resource allocation efficiency, helps reduce costs, and improves energy management efficiency, among other benefits.	Operation	Short term - Medium term	Cost	Continue to strengthen and leverage digital intelligent capabilities, enhancing resource allocation efficiency while improving the responsiveness and service quality of customer support.

	Product and service opportunity	This creates new business growth opportunities for ENN Energy, such as providing clean energy services to meet the emission reduction needs of downstream industrial and commercial customers, as well as green factory and low-carbon park solutions, among others.	Downstream	Medium term	Revenue	Building on the active advancement of diversified energy business types and scales, we persistently innovate comprehensive energy-saving and carbon reduction solutions including green projects, green factories, and green parks.
		The growing demand for hydrogen energy is driving the expansion of ENN Energy's hydrogen-related businesses (e.g., hydrogen production, storage and transportation, and utilization), unlocking new growth opportunities.	Downstream	Long term	Revenue	Continuously monitor breakthrough hydrogen technology applications and demonstration projects to advance the integration of hydrogen energy into the Integrated Energy.

	Market Opportunity	Leverage green financial instruments (e.g., green bonds) to finance or refinance green projects such as energy efficiency improvements and renewable energy initiatives, thereby reducing financing barriers and capital costs.	Operation	Medium term	Cost	Continuously explore diversified green financial instruments and proactively align with internationally leading green finance standards (e.g., Green Bond Principles) to empower deep-green projects with high environmental benefits.
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