



新奥能源控股有限公司

ENN Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2688)

Green Finance Framework

April 2025

Table of Contents

Green Finance Framework.....	1
1. Introduction.....	3
1.1 Business Overview	3
1.2 ENN Energy's Sustainability Strategy and Vision	3
2. Green Finance Framework Overview.....	5
2.1 Use of Proceeds	5
2.2 Project Evaluation and Selection Process.....	7
2.3 Management of Proceeds	9
2.4 Reporting.....	10
3. External Review.....	11

1. Introduction

1.1 Business Overview

ENN Energy Holdings Limited (stock code: 2688.HK) (hereinafter referred to as "ENN Energy" or "the Company") started its city-gas business in 1992. It is one of the largest clean energy distributors and a leading integrated energy service provider in China. The core business of the Company is investments in, and the construction, operation and management of city-gas pipeline infrastructure, the sales and distribution of piped gas, liquefied natural gas (LNG) and other multi-energy products. The Company also provides customers with digital and intelligent services related to low-carbon integrated solutions and develops diversified value-added business in response to customer needs.

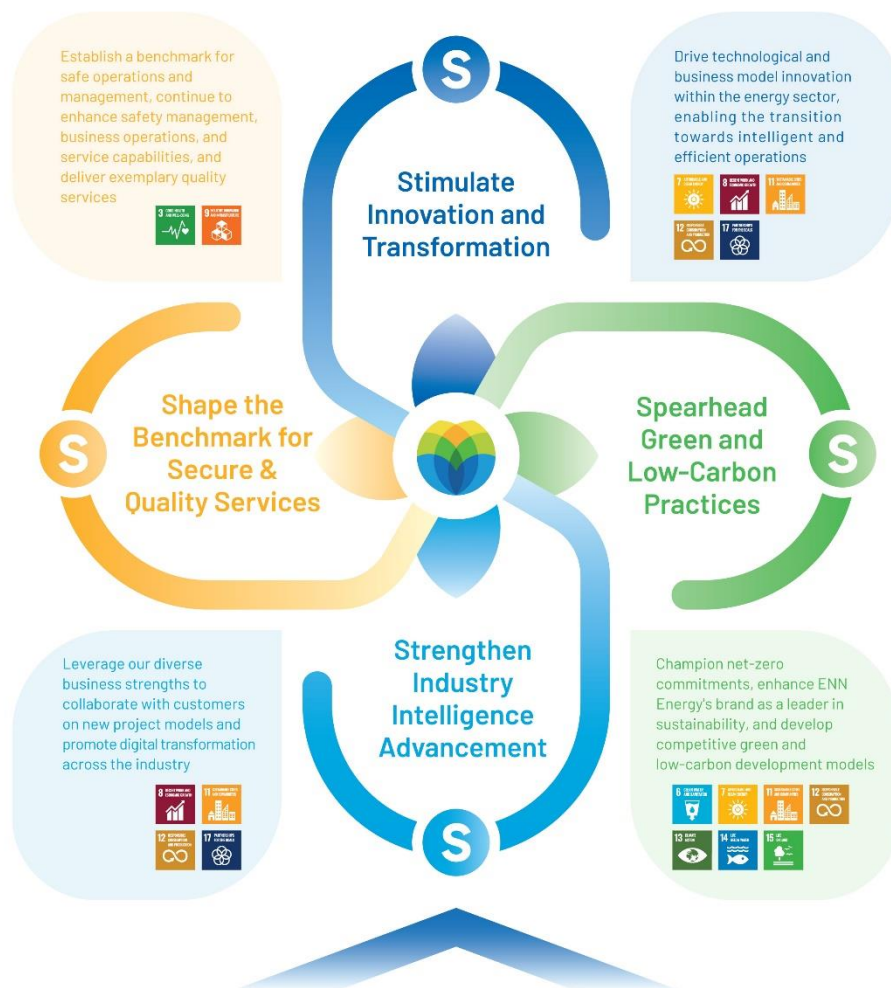
As of 31 December 2024, the Company has managed 261 city-gas projects locating in 20 provinces, municipalities and autonomous regions in China, including Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Heilongjiang, Jiangsu, Jiangxi, Liaoning, Sichuan, Shandong, Yunnan, Zhejiang, Shaanxi, Shanghai and Tianjin. The Company also develops integrated energy projects in key regions across China, with a cumulative total of 356 projects already in operations. ENN Energy is a constituent stock of 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, Hang Seng Stock Connect Hydrogen Energy Index and the MSCI China Large Cap Index.

1.2 ENN Energy's Sustainability Strategy and Vision

ENN Energy is dedicated to fulfilling its mission and vision of "Building a Modern Energy System and Co-building a Better Ecology" to achieve sustainable development and committed to becoming a pioneer in "stimulating innovation and transformation, leading green and low-carbon practices, advancing industry intelligence, and setting the benchmark for secured and quality services". This year, the Company has refined and clarified its sustainable strategic framework, Shaping a Sustainable Future, to reflects ENN Energy's dual focus on technology and business models to continuously drive innovation and lead the energy industry toward a low-carbon, intelligent and efficient future. By adhering to the 4S strategic directions, ENN Energy ensures the high-quality implementation and realization of our mission and vision.

Looking forward, ENN Energy will continue to deeply integrate the concept of sustainability across its business landscape. Through the formulation of clear, actionable projects, the Company aims to effectively drive the green and low-carbon transformation and development of both the enterprise itself and the wider industry. By aligning its efforts with the United Nations Sustainable Development Goals, ENN Energy will contribute to the successful achievement of China's "Dual Carbon" goal.

Four major strategic directions



"GREAT" 5 Strategic Enablers



2. Green Finance Framework Overview

The Green Finance Framework (the "Framework") was developed to articulate how ENN Energy should utilise Green Financing Transactions (GFTs) to fund projects that would deliver positive environmental impacts, promote sustainable practices and to promote ENN Energy's green and sustainability strategy.

GFTs include bonds and loans customised to promote sustainable development. Proceeds from these GFTs will be allocated to Eligible Green Projects, as defined in the Framework.

- Bonds issued under the Framework must comply with the Green Bond Principles (GBP)¹2021 published by International Capital Market Association (ICMA), or any subsequently revised versions.
- Loan originated under the Framework must comply with the Green Loan principles (GLP)², jointly published by the European Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association (LSTA), or as they may be subsequently amended.

Each transaction has to comply with requirements on (1) Use of Proceeds, (2) Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting, as set out in the Framework.

GFTs do not place restriction on the tenor and currency; and can include other terms and conditions including covenants, to reflect the financing strategy and plans of ENN Energy as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.





GFTs may be originated in any jurisdiction and markets to align with ENN Energy's current and future business needs.

2.1 Use of Proceeds

The net proceeds of the GFTs will be specifically allocated to finance and/or refinance new or existing eligible green projects. These projects must comply with one or more eligible categories as defined by the 2021 Green Bond Principles ('Eligible Green Projects'), covering capital expenditures or operational expenses relating to research and development, construction, acquisitions and operation:

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² <https://www.lsta.org/content/guidance-on-green-loan-principles-glp/>

Eligible Green Projects	Eligible Criteria and Description	UN SDG Goals
<p>Renewable Energy</p>  	<p>Projects aimed at developing the production and use of renewable energy, such as:</p> <ul style="list-style-type: none"> • Generation of energy from renewable sources, including solar, biomass and geothermal • Transmission and distribution projects with the sole purpose of connecting renewable energy production • Development of boilers powered by biomass, which only utilise agricultural and forestry waste 	<p>SDG 6: Clean Water and Sanitation</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating waste dumping, minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and significantly increasing global waste recycling and safe reuse.</p> <p>6.b Support and strengthen the participation of local communities in improving water and sanitation management.</p> <p>SDG 7: Affordable and clean energy</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p>
<p>Sustainable Water Management</p> 	<ul style="list-style-type: none"> • Installation of drainage canals in construction sites to discharge wastewater into urban sewage pipelines, if emission standards are met • Installation of mud pools to avoid infiltrations into groundwater or rivers • Use of reclaimed water and rainwater, adoption of water-saving appliances to reduce water consumption 	<p>SDG 9: Industry, innovation & infrastructure</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
<p>Green Buildings</p> 	<ul style="list-style-type: none"> • Renovation of buildings (including industrial premises), certified in accordance with any one of the following selected certification systems: <ul style="list-style-type: none"> o Chinese Green Building Evaluation Label (GBL) – 2 star or above o U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above. <p>leading to an energy use reduction of at least 15%</p> <ul style="list-style-type: none"> • On-site renewable energy installations, i.e. solar PV, which may be instead included in Renewable Energy depending on the scale of the projects 	<p>SDG 11: Sustainable cities and communities</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>SDG 12: Responsible consumption and production</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on</p>

		<p>human health and the environment</p> <p>SDG 13: Climate Change</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>
--	--	--

This "Eligible Green Projects" hereby removes "Pollution Prevention Control and Energy Efficiency Improvement" category (which encompassed projects such as integrated energy solutions, integrated energy utilisation, residual heat utilisation, and methane management), which were previously included in the May 2020 version

Eligible Green Projects may include the projects ENN Energy existed 3 years prior to the issuance or signing date of the respective GFTs and during the life of the GFTs.

Exclusionary Criteria

The following sectors and activities are excluded from Eligible Green Projects:

- Sectors which are prohibited by laws and regulation in China, such as child labour, gambling industry, adult entertainment and corporations which are in association with illegal activities
- Nuclear fuels
- Coal based energy generation and distribution infrastructure for such energy
- Activities which are in relation to hazardous chemicals and radioactive substance

2.2 Project Evaluation and Selection Process

The Company has established a robust internal control mechanisms and policies to ensure the identification and mitigation of environmental and social risks effectively. In addition, the Company adheres to the Energy Conservation Law of the People's Republic of China. During the design phase, an Environmental Impact Assessment (EIA) will be conducted in accordance with regulatory requirements to evaluate potential impacts on the environment and society. Based on the findings, appropriate control and mitigation measures will be implemented to minimise the environmental effects. Any assessment will be formally documented in the EIA report. During the construction, stringent environmental protection measures will be rigorously enforced to safeguard ecosystems and ensure ongoing ecological monitoring.

ENN Energy operates under strict environmental and risk management protocols as part of its regular business operations. Eligible green projects are identified and selected through the participation of stakeholders from various functional areas.

Currently, an ESG Working Group has been established, with members including senior management and representatives from the following departments:

- President
- Chief Director of Investor Relationship & ESG
- Head of Quality, Health, Safety and Environment (“QHSE”) department
- Head of Human Resources department

The ESG Working Group will meet at least once every 12 months to discuss and select eligible green projects in accordance with the "Eligible Green Projects" defined in Section 2.1 of this Framework. The ESG Working Group will collaborate with the finance, investment, IT, and other relevant functional departments to ensure that there is sufficient data and information for proper evaluation. Short-listed projects will be submitted to the ENN Energy ESG Committee (whose members include representatives of senior management such as the committee chairman) for approval.

The ESG Working Group will evaluate each project based on its feasibility report. The feasibility report assesses the project's investment necessity, technical and financial feasibility, return-to-cost ratio, potential social impact, and the indicators in the eligibility criteria. The feasibility report is generally prepared by a third-party agent or a professional consulting team. The report generally includes the identification of environmental and social risks at each stage of the project, and any management plan to address these risks. In addition, the feasibility report will examine the feasibility of the relevant financial budget and construction plan to ensure the project can be implemented.

The ESG Working Group will ensure that the selected Eligible Green Projects not only meet the requirements for the use of funds but also comply with the environmental guidelines applicable to ENN Energy. Eligible Green Projects may include new projects and projects under construction in ENN Energy's investment portfolio, and the fund disbursement date shall not exceed three years. The ESG Committee will exclude any projects that are controversial from ESG perspectives.

In addition, the ESG Working Group will be responsible for managing any future updates to this Framework, including any expansion of the requirements for the use of funds.

2.3 Management of Proceeds

The net proceeds raised from each GFT will be managed by ENN Energy's accounting and finance team. The proceeds from each GFT will be deposited into a general fund account and deployed for Eligible Green Projects.

ENN Energy will maintain a register to track the use of proceeds for each GFT. The register will contain the following information:

(1) Type of Financing Transaction:

Key information includes the issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortisation status, maturity date, and interest or coupon (for bonds, the ISIN number).

(2) Allocation of Proceeds:

- The name and description of Eligible Green Projects that have received GFT proceeds in accordance with the Framework
- The amount of GFT proceeds allocated to each Eligible Green Project
- The number and/or proportion of new and existing projects (share of financing and refinancing)
- The balance of unallocated proceeds
- Information on the temporary investment or investment plans with unallocated proceeds

ENN Energy adheres to the evaluation and selection process and will make every effort to allocate the proceeds raised from GFTs to eligible projects within 24 months after the issuance of GFTs.

The balance of issuance proceeds that have not been allocated to Eligible Green Projects will be held in accordance with ENN Energy's short-term deposit or highly liquid monetary instruments. The interest income generated will not be allocated to the Eligible Green Projects. ENN Energy undertakes not to invest temporarily unallocated proceeds in the industries and businesses listed in the Exclusionary Criteria in Section 2.1.

During the tenor of the issued GFTs, if the project itself undergoes changes that cause it no longer meet the eligibility criteria, the net proceeds will be re-allocated to alternative projects that meet the eligibility criteria as soon as reasonably practicable, with the goal of re-allocation within the next 24 months. If the eligible criteria categories are revised in the framework, new proceeds allocation from the effective date of the new framework will adhere to the requirements of the updated eligible categories in the new framework. However, proceeds allocated in previous years will not be redeployed.

2.4 Reporting

ENN Energy will provide information on the net proceeds allocation of GFT - Eligible Green Projects and their environmental and social (where applicable) impacts in the ENN Energy ESG Report, Annual Report, or on its website. Such information will be reported annually until all net proceeds have been allocated. This information will include at least the following details:

(1) Allocation Reporting

ENN Energy will provide the following information on the net proceeds raised from all the GFTs during the reporting period:

- Key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, maturity date and interest or coupon (for bonds, the ISIN number).
- The total amount of allocated to each category of Eligible Green Projects
- The number and/or proportion of new and existing projects, or the share of financing and refinancing
- The balance of unallocated proceeds, temporary investments or the information of future investment plan
- Examples of Eligible Projects (subject to confidentiality disclosures)
- A brief description of each Eligible Green Project category

Details of Eligible Green Projects will be provided to an independent verification agency with expertise in the fields of environment, society, and sustainability during the external review process.

(2) Impact Reporting

ENN Energy will report on the environmental and social (where applicable) impacts of the Eligible Green Projects by issuance or eligible project category.

Based on the nature of Eligible Green Projects and availability of information, subject to confidentiality requirement, ENN Energy aims to include (but not be limited to) the following Impact Indicators:

Eligible Green Projects Categories	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> GHG emissions avoided / reduced (by tCO₂eq per annum) ³
Sustainable Water Management	<ul style="list-style-type: none"> Annual amount of water recycled (Litres per annum) Annual amount of water reused (Litres per annum)
Green Buildings	<ul style="list-style-type: none"> Energy efficiency gains in MWh or % vs baseline ⁴ Estimated annual avoided GHG emissions (by tCO₂eq per annum) Annual energy savings (MWh per annum)

ENN Energy aims to disclose the principal underlying methodology and/or assumptions used in the quantitative determination of the above Impact Indicators in the ENN Energy's Sustainability Report, Annual Report or website.

ENN Energy aims to report material ESG controversies (if any) associated with the eligible projects of its GFTs.

3. External Review

ENN Energy has engaged an independent third-party institution S&P Global to conduct a comprehensive external review of the Framework with an aim of obtaining a Second-Party Opinion (SPO). During the process, S&P Global has reviewed the sustainability and green attributes of the Framework, as well as its alignment with the Green Bond Principles (GBP) and the Green Loan Principles (GLP). The core objective of these second-party opinions is to provide investors with objective and independent evaluations. Through standardised and transparent fund management, we are leading the industry's low-carbon transition, achieving a synergistic enhancement of both environmental benefits and commercial value.

³ Compared to traditional coal based energy solutions

⁴ Compared to traditional coal based energy consumptions