



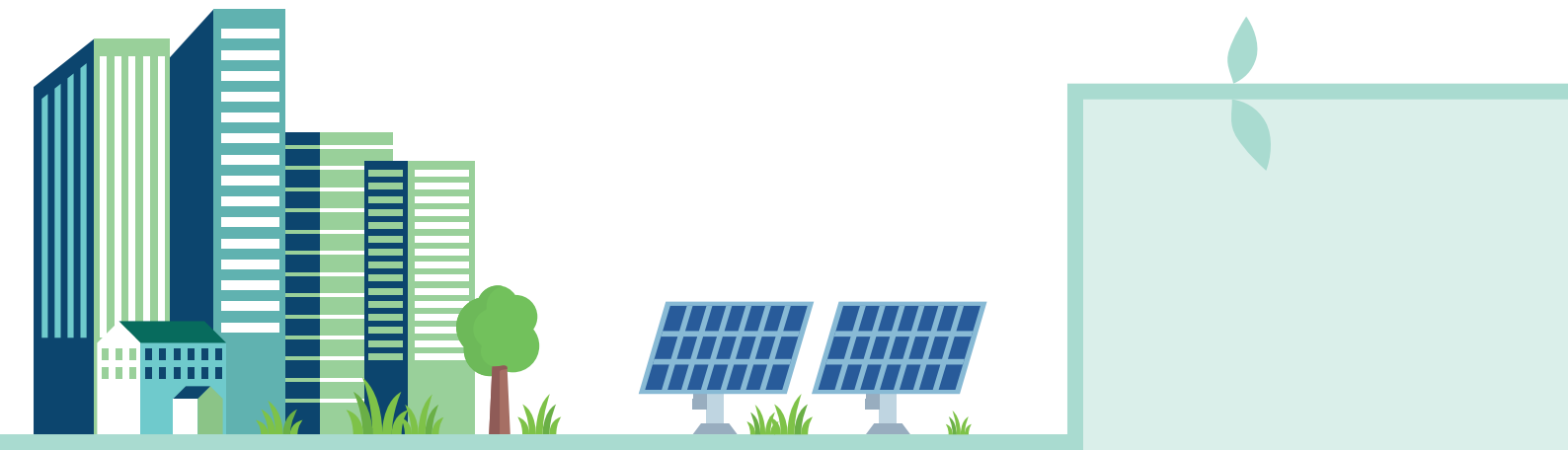
VPower Group International Holdings Limited
偉能集團國際控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 1608

SUSTAINABILITY REPORT 2020





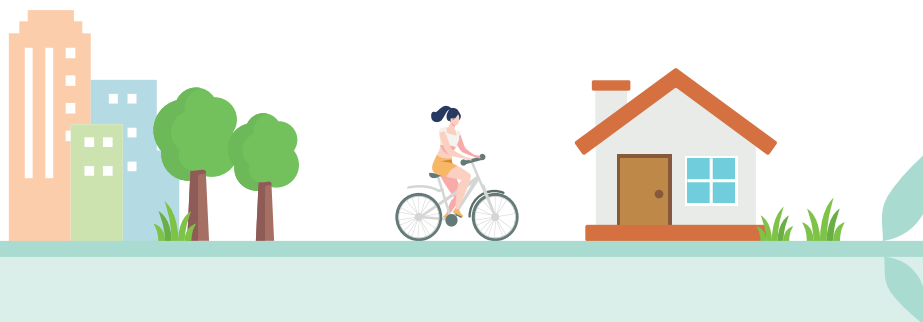


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ABOUT THIS REPORT

VPower Group International Holdings Limited (“**VPower Group**”, together with its subsidiaries, the “**Group**”) is committed to improving business practices to achieve sustainable targets. It continues to communicate its approach to sustainability with stakeholders. This is the fifth Sustainability Report (“**this Report**”) of the Group which presents its environmental, social and governance (“**ESG**”) performance for the year ended 31 December 2020 (“**FY2020**”, the “**Year**”, or the “**Reporting Period**”).

Reporting Scope This Report covers the ESG performance of the Group’s business over which VPower Group has operational control. The portfolio includes its office premises, the system integration factory in Shenzhen, China (the “**Shenzhen Factory**”), and the power projects in operation during the Year. To better reflect the environmental impact of our operations, the reporting scope on the greenhouse gas (“**GHG**”) emissions has been modified. Detailed description on the calculation method is available under “Protecting Our Environment” of this Report.

Unless otherwise specified, the ESG performance of the Group’s contractors and suppliers is not reflected in this Report.

Reporting Basis This Report has been prepared in accordance with the GRI Standards: Core option; and the principles and requirements of the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”).

Access to this Report This Report, in both English and Chinese, is available on the websites of VPower Group (www.vpower.com) and HKEXnews (www.hkexnews.hk).

Other Information It is recommended to read this Report in conjunction with VPower Group’s annual report, which is also available on the abovesaid websites. If there is any discrepancy between English and Chinese versions of this Report, the English version shall prevail.

Sustainability Consultant AECOM Asia Company Limited

We appreciate comments and suggestions on this Report and our sustainability approach. Please feel free to share your feedback with us at esg@vpower.com.





ABOUT VPOWER GROUP

Headquartered in Hong Kong, VPower Group is one of the world's leading large gen-set system integration providers and one of the leading gas-fired engine-based distributed power generation ("DPG") station owners and operators in Asia, with more than 20 years of proven operational excellence in the energy market.

Global Footprint



We deliver much-in-demand electricity to keep industries running and power the regional economic growth through (1) designing, integrating and selling gen-sets and power generation systems; (2) designing, investing in, building, operating DPG stations for off-takers. Together, they make up our two principal business segments: (1) System Integration ("SI") business and (2) Investment, Building and Operating ("IBO") business. Our fast-track power solutions generate stable and reliable electricity in emerging markets to improve the living standards of people; as well as provide flexible and efficient electricity in developed markets to supplement the increasing use of renewable energy due to power reform.

ESG Awards and Memberships of the Year

BOCHK Corporate Environmental Leadership Awards

Federation of Hong Kong Industries

- Bronze Award of Manufacturing Sector

Investor Relations Awards

Hong Kong Investor Relations Association

- Best IR Company
- Best IRO (Investor Relations Officer)
- Best IR Team
- Best ESG (E)
- Best ESG (S)
- Best Annual Report



ESG Leading Enterprise Awards

The Chinese Edition of Bloomberg Businessweek

- ESG Leading Enterprise Award



Business Environment Council
Corporate Member



GREEN COUNCIL
環保促進會
CORPORATE MEMBER
企業會員 20-21

Green Council
Corporate Member

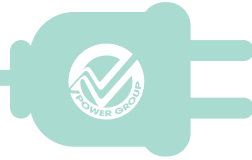
MESSAGE FROM CHAIRMAN

Mr. Samson Lam
Executive Chairman



Looking back on 2020, a year of unprecedented challenges and changes, we cannot help but think of the massive impacts of COVID-19 and the extreme weather events exacerbated by global warming. Yet, in the midst of the global crisis, there were opportunities, courage and hope. We remained remarkably resilient last year, thanks to the relentless support from our people, customers, partners and contractors, and strengthened our approach to achieving business sustainability and the Sustainable Development Goals (SDGs) of the United Nations.





Last year, the COVID-19 pandemic caused severe social and economic disruption nearly in every part of the world, and along with these also came a fall in power demand and carbon dioxide emissions. It called for a global reflection on the way people live, work and interact with our natural world, as well as how the energy industry adapts to the changes in the production, supply and consumption.

Achieving a Zero-Carbon Future with Integrated Energy Solutions

In support of the world's acceleration to achieve a zero- and lower- carbon future, we are determined to play our part as one of the global leaders in gas-fired distributed power generation. With its high flexibility, distributed power has become increasingly important to the stability of electricity grids due to the volatility brought by the expanded use of intermittent renewables. Leveraging our experience and network in Southeast Asia, China, the United Kingdom and the Middle East, we will continue to invest in decentralisation in these regions as an investor and operator of distributed power stations.

Over the years, we have built a diversified project portfolio using a wide range of fuels such as natural gas, biogas and biodiesel, with natural gas as a cornerstone. Natural gas, being the fossil fuel with the least carbon emissions, serves as an affordable and flexible partner to seasonal renewable energies such as solar and wind. In 2020, we expanded our project fuel mix to liquefied natural gas (LNG) through our joint venture. Integrating LNG procurement, logistics, storage, regasification and power generation, our joint venture supports our customer with a one-stop LNG-to-power solution. The newly established capability to provide LNG-to-power solutions unlocks the business opportunities associated with its vertical supply chain for us, and enables us to provide cleaner and more reliable electricity to our customers in all parts of the world. LNG-to-power will hence remain as one of the key elements in our business development strategy.

As a responsible energy provider, we will also enhance our investment in clean technologies, such as combined cooling, heat and power generation, hybrid power, battery and storage and renewables, which are significant for the reduction of overall carbon footprint.

In addition to the challenges posed by the COVID-19 pandemic, 2020 was a record-breaking year for ocean heat, floods in China and wildfires in California, the United States and Brazil, as well as being one of the warmest years on record. Mitigation and adaptation to climate change have inevitably become one of the focuses for many corporations. We will continue to develop an effective policy to manage the risks associated with the impacts of climate change.



MESSAGE FROM CHAIRMAN

Supporting Our People and Communities

The impact brought by the COVID-19 pandemic has been devastating, with over 82 million cases and over 1.9 million deaths recorded in total last year. Just like everyone else, I sincerely thank the professionals in the healthcare industry who stand at the frontline to safeguard our lives and health. To support their work and the communities where we operate, we strove to maintain stable power supply to the public and launched a series of community programmes including donation of daily necessities and personal protective equipment.

In the fight against the pandemic, we unquestionably put the health of our people and stakeholders as the first priority in our operation. We implemented a comprehensive range of precautionary measures, including work-from-home arrangements, to ensure a safe working environment for our staff and contractors. Along with the special arrangements to protect their health, we managed to provide job trainings to our local workers as a way to support the development of local communities.

While hoping to see the world recovering from the pandemic, we will continue our journey to achieve sustainability and create shared value for our stakeholders. As always, we are committed to playing our part in decarbonisation, adaptation to climate change, promoting the well-being of our people and supporting the development of communities.

Samson Lam

Executive Chairman

30 June 2021





OUR APPROACH TO SUSTAINABILITY

Alignment with the SDGs

The United Nations 2030 Agenda for Sustainable Development and its SDGs paint a picture of a better world for everyone, with the aspirations of protecting the planet, ending poverty, and ensuring prosperity for all people by 2030. As a responsible energy provider, we strongly support the SDGs and integrate sustainability into our business practices. In 2020, we strengthened our approach to sustainability, and identified 6 SDGs that are considered most relevant to our corporate strategy in terms of business, environment and community, and where we can make contribution.



Our Business

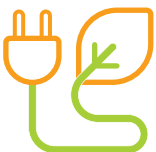


Electricity is a basic need for human beings while achieving universal electricity access is a common goal for all. Despite significant progress over the last decade on improving electricity access, there are still hundreds of millions of people living without electricity. At the same time, the global electricity demand is expected to grow driven by population growth and increasing electrification.

Specialised in providing and operating decentralised fast-track power solutions worldwide, we recognise our responsibility to provide reliable electricity to the people in need. We will continue to enhance our capability in providing safe, reliable and clean electricity, and extend our services to more people and industries in different regions.

While natural gas, which forms the largest portion of our project portfolio, is believed to remain a reliable source for stable power supply, we will also enhance our investment in clean technologies such as residual heat recovery, cogeneration and integrated energy solutions.

Our Environment



We respect our Mother Earth and are determined to preserve the nature for future generations. Improving operational efficiency is the key topic of our environmental management. We will continue our efforts in managing carbon emissions and increasing energy efficiency of our power solutions to ensure we meet the increasingly stringent regulations on emissions in different jurisdictions. While the volume of waste generated by our operations is relatively small, we endeavour to control the waste we produce through sustainable management and efficient use of resources. In short, we will continue to be an environmentally responsible energy provider by minimising the impacts of our operations on the environment.

Our Community



Making energy accessible brings possibilities in education, healthcare and economic development, thus improving the quality of life of the local populations, in particular, in developing countries. On top of providing affordable and stable power, we strive to make further contribution to the communities where we operate to support their long-term development. We offer employment opportunities with competitive remuneration package to local people. Technical and vocational trainings are provided to equip them with sufficient skills and knowledge to secure their lifelong career.

We are also committed to supporting the needs of the disadvantaged. To ensure the effectiveness of our community investment, we encourage our local employees to engage with the local communities and propose the best fit programmes.

OUR APPROACH TO SUSTAINABILITY

Our ambitions and efforts made towards the SDGs are listed as below.

Goal 4: Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Our Ambition

To enrich the knowledge of our staff by providing technical and vocational training

Our Efforts

We provide job-related training to our staff, to ensure not only do they get to earn a living, but also to enrich their knowledge for long-term career development.

In 2020, we organised a total 16,172 hours of training representing an average of 25.8 hours of training per employee. We also extended the training to our outsourced local workers. The average training hours of the total workforce (including outsourced local workers) was 13.8 per person in 2020.

Goal 7: Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all



Our Ambition

To support the goal of universal access to reliable and sustainable energy by delivering our power solutions to more people in need

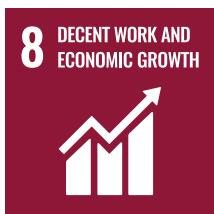
Our Efforts

We customise distributed power solutions to cater for the different needs of our customers while promoting the use of natural gas which is the cleanest conventional fuel available.

In 2020, our joint venture's first LNG-to-power project commenced operation and provided the people of Myanmar with clean and reliable electricity.

Goal 8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Our Ambition

To create job opportunities in emerging countries and to provide a safe, secure and inclusive working environment for all staff

Our Efforts

As we continue to expand our business in different emerging countries, we create job opportunities for local people.

In 2020, we had a total of 186 employees and 637 outsourced local workers regularly working at our offices and power stations in Brazil, Indonesia, Myanmar, Peru and Sri Lanka.



OUR APPROACH TO SUSTAINABILITY

Goal 11: Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable



Our Ambition

To provide reliable power to emerging countries to meet their rising demand and to developed countries to supplement the increasing use of renewable energy

Our Efforts

Power shortage remains a major problem in emerging countries. Our lower capital required, flexible, fast-track DPG solutions continue to play a vital role in bridging the demand and supply gap in Brazil, Indonesia, Myanmar, Peru and Sri Lanka.

Goal 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns



Our Ambition

To operate in an environmentally responsible manner by implementing sustainable practices in daily operations

Our Efforts

We have implemented energy and water resources management initiatives across our operation to ensure efficient use of resources. Waste management procedures are in place to guide our staff on waste segregation, labelling, collection and processing, and to encourage staff to reuse or recycle resources whenever possible.

Goal 13: Climate Action

Take urgent action to combat climate change and its impacts



Our Ambition

To contribute to the fight against climate change by investing in clean technologies and low-carbon fuels

Our Efforts

We continue to generate cleaner energy by investing in clean technologies and low-carbon fuels, which contribute to cleaner air through lower emissions.

As of the end of 2020, the total GHG emissions offset by our projects were 78,126.42 tonnes carbon dioxide (CO₂) equivalent.

OUR APPROACH TO SUSTAINABILITY

Clean Technology Development

In the journey from fossil-based to zero-carbon energy, it requires both a shift to renewables and enhancement of energy efficiency. As one of the global leaders in gas-fired DPG, we are committed to providing affordable, reliable and clean energy by improving the efficiency of our energy solutions in order to support the energy transition.



We continue to explore business opportunities in the arena of cleaner energy, such as natural gas and biodiesel. The demand for natural gas has grown rapidly in recent years, as it improves air quality and reduces CO₂ emission by 50% in electricity generation when replacing coal. It serves as the fastest and most economical path to a less carbon intensive world and also a reliable partner to the intermittent renewables. After liquefaction, the fuel occupies only 1/600 of its original volume in the gaseous state, making it a more economical alternative for storage and transport.

In addition to cleaner fuel sources, we also invest in clean technologies, such as combined cooling, heat and power generation and hybrid power, which are significant for the reduction of overall carbon footprint. For example, we have a waste-to-power project equipped with combined heat and power (“**CHP**”) in China, providing our customer with both steam and electricity. By capturing and using heat that would otherwise be wasted, and by avoiding distribution losses, a CHP project is expected to reach energy efficiency of 80%.

Another clean technology we have invested and applied to our power stations is the Organic Rankine Cycle (“**ORC**”) system which converts residual heat to power. It uses organic fluid with a lower boiling point, which accounts for its high efficiency at lower heat source temperature. By pairing up the ORC system and our gen-sets, additional electricity is generated without further fuel consumption.

We are also exploring the potential of adding solar energy as one of the sources for our hybrid power solution. Currently, solar lights are installed in some of our power stations to minimise the electricity demand of our own use and so as the fuel consumption. The benefit of integrating renewable energy with our traditional single fuel power solution to achieve stability of power supply and a significant reduction in emission simultaneously is evident. We will therefore continue to upgrade our power projects and enhance our capability in offering cost-effective hybrid solutions to our customers.

The world is moving towards greater decentralisation of power generation, with the development of smart grid technology which plays a crucial role in the energy transition. A smart grid is an electricity network system that efficiently manages the transmission of electricity from all generation sources, including renewable energy, to end-users. It provides a real-time and dual communication between suppliers and end-users, making it able to smooth out peaks and troughs and avoid power outages. Our fast-track distributed solution is remarkable with its high flexibility and quick response to changes in demand, which forms part of a smart grid system to promptly compensate for dips in the renewable energy supply. We are exploring the opportunities for the application of our power solutions in the smart grid technology.

As a responsible energy provider, we will continue to develop and invest in clean technologies, which help increase energy efficiency, with an aim to support energy transition and sustainability.



OUR APPROACH TO SUSTAINABILITY

Communication with Stakeholders

GRI reference:



We are determined to build mutually beneficial and lasting relationships with all our stakeholders and understand their expectations and concerns, in order to formulate better sustainability strategies and create long-term value for all stakeholders. Open dialogue with our stakeholders is crucial for building understanding and trust, we maintain various communication channels with our stakeholders to exchange information transparently.

Our stakeholders are entities or individuals whose actions are expected to substantially affect the Group's ability to achieve its objectives and/or which may experience significant impacts from our operations.

Employees/ Outsourced Local Workers

- Group and departmental meetings
- Surveys
- Suggestion box
- Internal notices and electronic communication
- Internal training



Shareholders and Investors

- Annual general meeting
- Interim and annual reports
- Sustainability reports
- Formal announcements
- Press releases
- Corporate website
- Investor meetings



Customers

- Corporate website
- Customer meetings



Suppliers

- Corporate website
- Social media
- Supplier meetings



Contractors/ Sub-contractors

- Corporate website
- Social media
- Onsite/ offsite contractor meetings



Government

- Corporate website
- Social media
- Government official meetings



Community Partners

- Corporate website
- Charitable events
- Sustainability reports

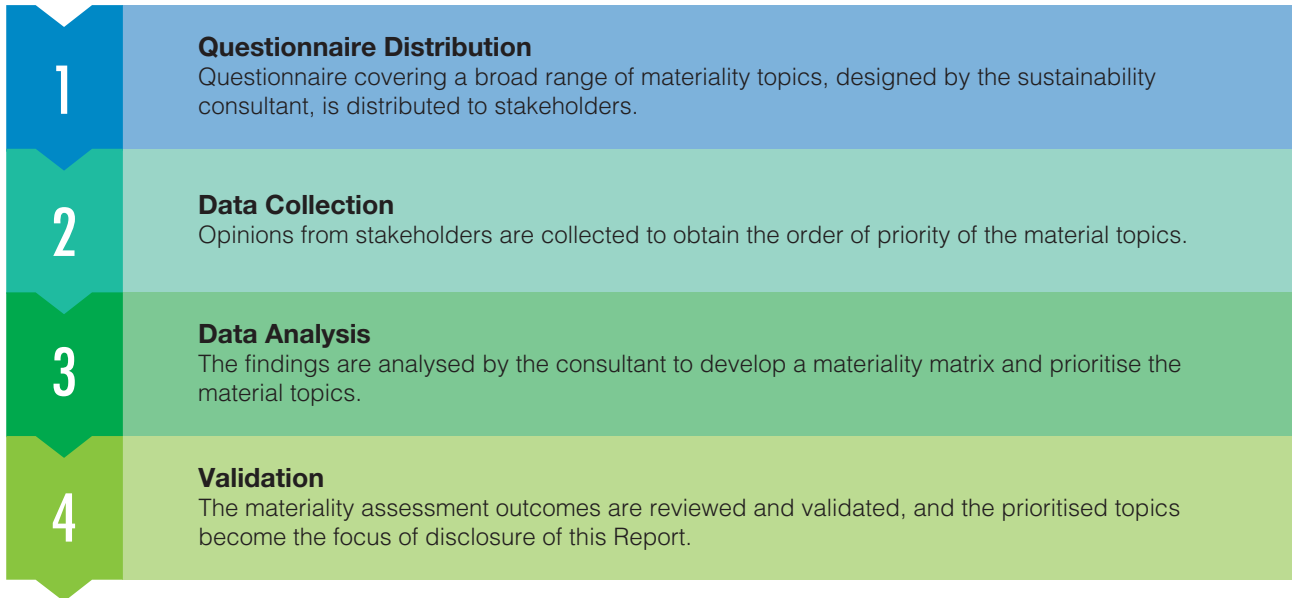


OUR APPROACH TO SUSTAINABILITY

Materiality Assessment

Every year, we conduct a comprehensive assessment to identify material topics for reporting. We value our stakeholders' opinions on our efforts and performance on sustainable development and therefore engage them regularly to identify and prioritise topics that are most important to them. We have adopted the following approach to pinpoint material topics that are considered important to our stakeholders and VPower Group.

Materiality Assessment Process



Materiality Matrix

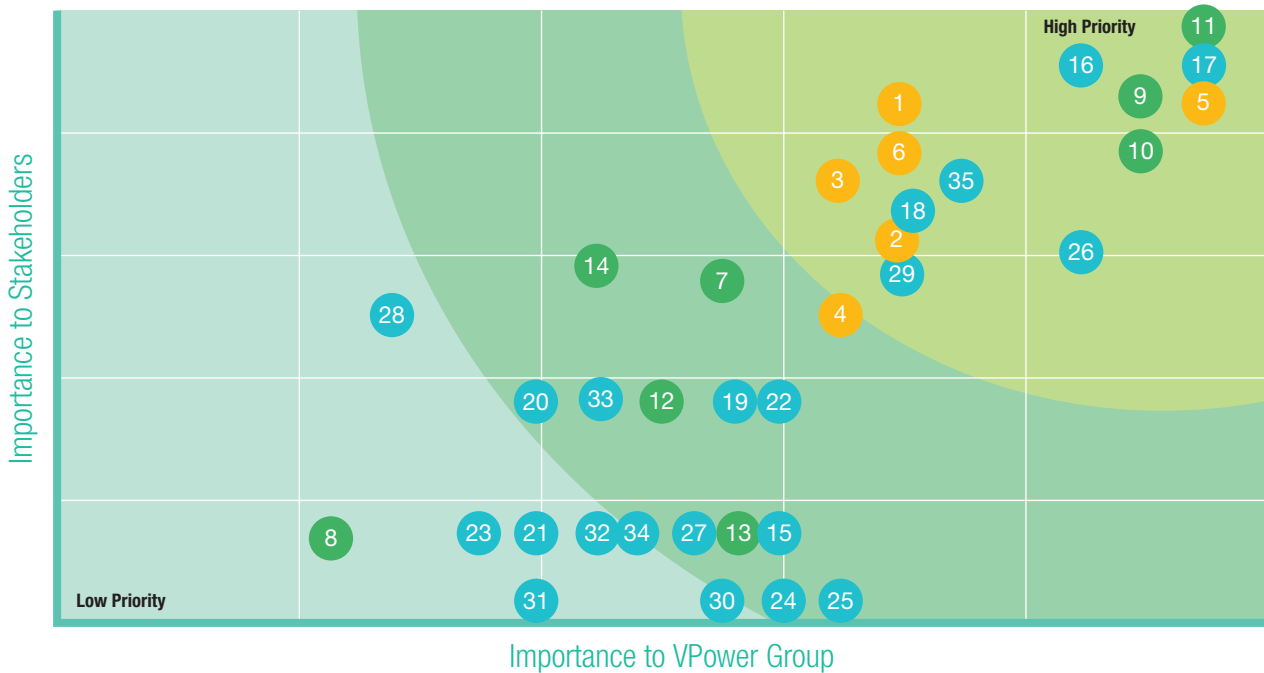
The materiality matrix below reflects the findings from our materiality assessment this year. It maps 35 material topics, with their importance to stakeholders appearing on the y-axis and their importance to VPower Group on the x-axis. The top 12 material topics identified are addressed in detail under “Protecting Our Environment”, “Caring for Our People” and “Giving Back to Our Communities” of this Report.

Economic	Environmental	Social
<ul style="list-style-type: none"> • Indirect Economic Impacts • Anti-Corruption • Availability and Reliability • Research and Development 	<ul style="list-style-type: none"> • Greenhouse Gas Management and Climate Change Mitigation • Wastewater and Waste Treatment • Environmental Compliance 	<ul style="list-style-type: none"> • Employee Welfare • Occupational Health and Safety • Training and Education • Local Communities • Disaster / Emergency Planning and Response



OUR APPROACH TO SUSTAINABILITY

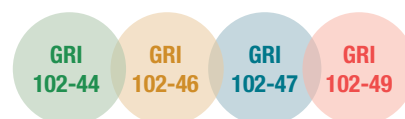
GRI reference:



Economic	Environmental	Social	
<p>1. Indirect Economic Impacts</p> <p>2. Procurement Practice</p> <p>3. Anti-Corruption</p> <p>4. Anti-Competitive Behaviour</p> <p>5. Availability and Reliability</p> <p>6. Research and Development</p>	<p>7. Materials and Resources Usage</p> <p>8. Biodiversity</p> <p>9. Greenhouse Gas Management and Climate Change Mitigation</p> <p>10. Wastewater and Waste Treatment</p> <p>11. Environmental Compliance</p> <p>12. Supplier Environmental Assessment</p> <p>13. Environmental Grievance Mechanisms</p> <p>14. Environmental Education</p>	<p>15. Employment Practice</p> <p>16. Employee Welfare</p> <p>17. Occupational Health and Safety</p> <p>18. Training and Education</p> <p>19. Diversity and Equal Opportunity</p> <p>20. Non-Discrimination</p> <p>21. Freedom of Association and Collective Bargaining</p> <p>22. Child Labour and Forced Labour</p> <p>23. Security Practice</p> <p>24. Right of Indigenous Peoples</p> <p>25. Human Rights Assessment for Operations</p> <p>26. Local Communities</p> <p>27. Supplier Social Assessment</p>	<p>28. Public Policy</p> <p>29. Customer Health and Safety</p> <p>30. Labour Practice Grievance Mechanisms</p> <p>31. Marketing and Labelling</p> <p>32. Customer Privacy</p> <p>33. Socioeconomic Compliance</p> <p>34. Grievance Mechanisms for Impacts on Society</p> <p>35. Disaster/Emergency Planning and Response</p>

OUR APPROACH TO SUSTAINABILITY

GRI reference:



VPower Group's Top 12 Material Topics

Material Topics and Stakeholders' Concerns	Impacts and Scope								
	Investors, Shareholders	Employees	Customers	Business Partners	Contractors, Suppliers	Industry Associations	NGOs	Media	GRI Standards
1. Indirect Economic Impacts	✓	✓	✓	✓	✓	✓	✓	✓	✓ GRI 203: Indirect Economic Impacts
2. Anti-Corruption	✓	✓	✓	✓	✓	✓	✓	✓	✓ GRI 205: Anti-corruption
3. Availability and Reliability	✓	✓	✓	✓	✓	✓	✓	✓	✓ n/a
4. Research and Development	✓	✓	✓	✓	✓	✓	✓	✓	✓ n/a
5. Greenhouse Gas Management and Climate Change Mitigation	✓	✓	✓		✓	✓	✓	✓	✓ GRI 305: Emissions
6. Wastewater and Waste Management	✓	✓	✓		✓	✓	✓	✓	✓ GRI 306: Waste
7. Environmental Compliance	✓	✓	✓	✓	✓	✓	✓	✓	✓ GRI 307: Environmental Compliance
8. Employee Welfare	✓	✓	✓		✓	✓	✓	✓	GRI 401: Employment
9. Occupational Health and Safety	✓	✓	✓	✓	✓	✓	✓	✓	✓ GRI 403: Occupational Health and Safety
10. Training and Education	✓	✓	✓	✓	✓	✓	✓	✓	✓ GRI 404: Training and Education
11. Local Communities	✓	✓	✓		✓	✓	✓	✓	✓ GRI 413: Local Communities
12. Disaster/ Emergency Planning and Response	✓	✓	✓	✓	✓	✓	✓	✓	✓ n/a



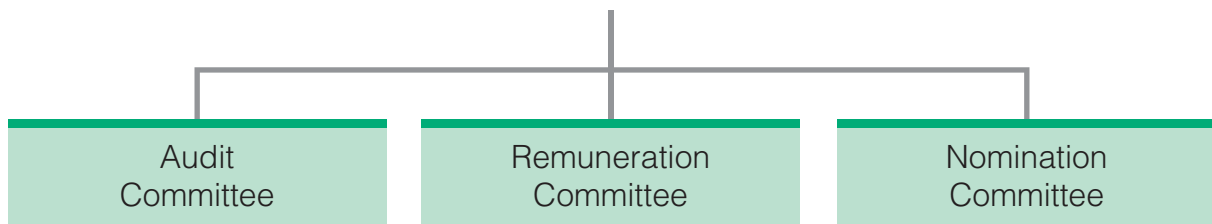
OUR APPROACH TO SUSTAINABILITY

Sustainable Governance

Good governance and sustainable business practices go hand-in-hand. It is imperative for us to act with probity, transparency and accountability in order to achieve our long-term objectives of maximising shareholders' wealth while promoting the interests of our employees, customers, business partners and the communities in which we operate.

Governance Structure of VPower Group

BOARD OF DIRECTORS



The board of directors (the “**Board**”) is the highest governance body and takes responsibility for the formulation of the overall strategies and the leadership and control of the Group. To maintain and develop robust corporate governance practices, the Board has established three Board committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, with 9 directors in total including 4 executive directors, 2 non-executive directors, and 3 independent non-executive directors, overseeing different functions to protect the interests of VPower Group’s stakeholders.

Please refer to our *Annual Report 2020* for details of our corporate governance functions.

In order to strengthen the management of the Group’s sustainable development and enhance the implementation of our strategies, we seek to integrate social and environmental considerations into all levels of our decision making processes. A Sustainability Committee has been formed to oversee the management of the Group’s sustainability under the authorisation of the Executive Chairman. Consists of department managers, the Sustainability Committee is responsible for implementing sustainability standards, priorities and goals across the Group and monitoring the ESG performance to ensure effectiveness of the group-level strategies, policies and practices on sustainability.

Governance of Ethics

We are committed to operating our business in a responsible and transparent manner. Our *Code of Conduct* explains how we should act with integrity in our activities, and serves as a tool to guard against corruption, bribery, extortion, fraud and money laundering. All employees and business partners of VPower Group, irrespective of their positions and functions, are expected to fully adhere to the policies included in the *Code of Conduct*.

The Audit Committee has established whistleblowing policies and systems to provide a confidential and secured channel for employees and all those who deals with the Group, including customers and suppliers, to raise their concerns about any misconduct, malpractice or impropriety related to the Group directly to the committee anonymously. In situations where an employee identifies possible breach of the *Code of Conduct*, they can also make a report to the Human Resources and Internal Audit Departments through mailbox or email. Every reasonable effort will be made to maintain the confidentiality of the whistle-blowers without any kind of retaliation for reports or complaints on reportable misconduct. Investigation procedures would be followed to ensure all reports and complaints are treated promptly and fairly.

In 2020, no investigation or legal proceedings regarding corruption, bribery, extortion, fraud and money laundering were instituted against VPower Group.

OUR APPROACH TO SUSTAINABILITY

Risk Management and Internal Control

Effective risk management is critical to our long-term growth and sustainability. As such, an Enterprise Risk Management Framework is in place to assess, mitigate and monitor strategic, investment, financial, operational and key business risks effectively. The framework enables us to adopt a systematic approach for identifying and managing risks across the organisation, and evaluating risk severity and likelihood of occurrence.

Furthermore, our internal control systems complement our Enterprise Risk Management Framework by monitoring the risk in our operations. The Board oversees the Group's internal control systems while the Internal Audit Department is responsible for reviewing the material controls of the Group continually with the aim of covering all major operations of the Group on a cyclical basis, and to assure the Board that the internal control systems of the Group are sound and effective.

Supply Chain Management

Striving to develop and maintain a sustainable relationship with our stakeholders, we integrate our sustainable practices into our value chain. We have formulated the *Supplier Evaluation Control Procedure* to communicate our environmental and social standards with our suppliers. We prioritise environmentally and socially responsible suppliers so as to encourage our suppliers to adopt best practices for environmental and social issues, on top of fulfilling the necessary quality standards. Meanwhile, our *Procurement Control Procedure* sets out the ethical standards expected from our suppliers and guides our business operations.

Supplier Engagements

We take into account the environmental and social impacts of our whole supply chain while moving towards the goal of minimising our impacts on nature and creating values to the society. Collaborating with our suppliers, we are dedicated to reducing our carbon footprint, delivering sustainable products and services, as well as creating shared value in the industry.





OUR APPROACH TO SUSTAINABILITY

Number of Suppliers by Geographical Region



We value our suppliers as respected business partners and established various effective communication channels with them to pursue shared goals for sustainable development. We work closely with our suppliers to understand their sustainability policies, initiatives and monitoring systems, while at the same time help them to comply with our standards.

Responsible Procurement

On top of managing our supply chain with ethics and governance standards, we also require all our employees to perform their duties with integrity. Our *Anti-bribery Policy* and *Conflict of Interest Policy* provide guideline to employees to guard against bribery, extortion, fraud, money laundering and conflict of interests.

When making procurement decisions, we also consider the potential impacts on the environment together with other criteria such as quality, price and punctuality in supplying products or services. We endeavour to partner with suppliers that have certified with International Organization for Standardization (“ISO”) 14001 Environmental Management System. We strive to work with suppliers who conserve resources and protect the environment.

Product Responsibility

Providing quality products and excellent services, as well as clear and unbiased information to help our customers to make informed decisions form an indispensable part of our values and principles. Safety is also a crucial part of our business and a fundamental element of our products. Therefore, safety and quality assurances are incorporated into all our daily operations in order to protect the safety of our employees, contractors and customers. Our *Inspection Control Procedure* is in place to ensure our gen-sets and power generation systems are tested according to quality control systems before delivering to our customers.

VPower Group is committed to maintaining regular, open and sincere conversations with our stakeholders so that we can respond to their concerns about our business. The corporate website is one of our major communication channels, providing the latest information to the stakeholders.

In 2020, there was no incident of non-compliance with regulations concerning product and service information and labelling, as well as marketing communications.

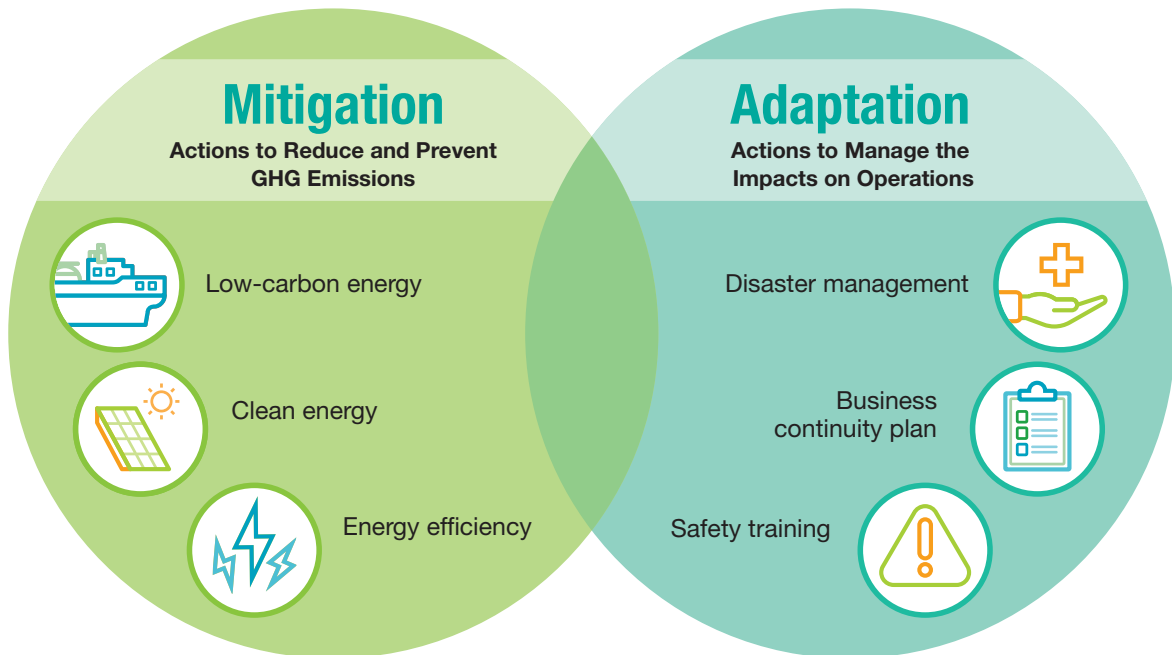
PROTECTING OUR ENVIRONMENT

Building Climate Resilience

Climate-related issues dominate all of the top five long-term risks in terms of likelihood in the World Economic Forum's *Global Risk Report 2020*. Facing the risks associated with climate change, an increasing number of countries are adopting net-zero emissions targets and seeking to create lower-carbon energy eco-systems. China, being a supporter of the Paris Agreement, also pledges to achieve a peak in CO₂ emissions by 2030 and carbon-neutrality by 2060. Currently, nearly 50% of the world's gross domestic products and about 50% of global CO₂ emissions are covered by net-zero commitments.



Recognising our role as a responsible energy provider, we commit ourselves to the fight against climate change. We have taken a two-way approach to build climate resilience. Climate change mitigation refers to the efforts to reduce or prevent GHG emissions. While we will not compromise our commitment to delivering stable electricity to people in need, we endeavour to enhance the energy efficiency of our power solutions and invest in more low-carbon energy. Emissions control and waste management are also on the list of our actions. The consequences of climate change are widespread and some are inevitable, making climate change adaptation another key solution. It refers to the efforts to manage the impacts of climate change on our business and safeguard the safety of our staff. A range of protection measures are deployed to help us prepare for climate events. In view of the changing policies across different countries, we are formulating our own climate change policy to ensure compliance with applicable laws and regulations and govern our climate actions.





PROTECTING OUR ENVIRONMENT

Environmental Management

Our top priority at all times is protecting the environment by controlling and minimising the environmental impacts from our operation activities, with the *Environmental Management Policy*, *Environmental Factor Evaluation Control Procedure* and *Environmental Monitoring and Measurement Control Procedure* in place. We follow the guidelines as stipulated in the above-mentioned procedures to identify, evaluate and monitor our impacts so as to ensure our emissions and effluents are in compliance with relevant laws and regulations, and no adverse environmental impacts are caused on the surrounding water bodies, land and ecological sites. Furthermore, we have incorporated international standards in our daily operations with the certifications of ISO 14001 Environmental Management System and ISO 9001 Quality Management System for our Shenzhen Factory and several project sites in Indonesia.

In 2020, there was no incident of non-compliance with relevant environmental regulations concerning the surrounding water bodies, land and ecological sites. All emissions and effluents we generated are monitored regularly and treated sufficiently before discharge.

Environmental Factor Evaluation Control Procedure

Step 1 Identify Factors	Significant environmental factors related to our business operations are identified and addressed promptly. Factors affecting VPower Group These factors include but not limited to raw materials, auxiliary materials, energy, resources, products and services. They are evaluated based on magnitude of energy saving, toxicity reduction, and their associated compliance status. Factors induced by VPower Group These factors include but not limited to air emissions, effluent discharges, waste management, soil contamination and noise pollution. They are evaluated based on the probability, predictability, and the seriousness of the associated consequences.
Step 2 Update the Inventory of Environmental Factors	An inventory of environmental factors is compiled, updated and monitored on an ongoing basis to ensure the effectiveness and suitability of our environmental management system.
Step 3 Take Mitigation Measures	Take appropriate measures in mitigating potential impacts on the environment and natural resources and reducing emissions as much as possible.

PROTECTING OUR ENVIRONMENT

Air Emissions and Control

The Group has put great effort in finding solutions to reduce air emissions through procurement of reliable and high-quality engines and implementation of emission control measures. Our gen-sets are mostly comprised of gas-fired engines which generally have lower level of air emissions in comparison with conventional power generation engines powered by other fossil fuels. We also strictly control the air emissions from our Shenzhen Factory to ensure compliance with the Class II standard of *Emission Limits of Air Pollutants (DB44/27-2001)* in Guangdong Province.

Our air emissions are estimated in accordance with the United States Environmental Protection Agency's ("USEPA") approved methodologies with the use of applicable emission factors from the engine manufacturers' technical specifications and *USEPA AP-42 Compilation of Air Pollutant Emissions Factors*. The major air pollutants generated from our operation include sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter (PM).

Air Emissions in FY2020⁽¹⁾



Shenzhen Factory

Sulphur dioxide (SO₂): **0.017 tonnes**
Nitrogen oxides (NO_x): **1.605 tonnes**
Particulate matter (PM): **0.045 tonnes**



IBO projects

Sulphur dioxide (SO₂): **506.55 tonnes**
Nitrogen oxides (NO_x): **3,341.55 tonnes**
Particulate matter (PM): **55.01 tonnes**

Note:

(1) Air emissions included the air pollutants generated from our Shenzhen Factory and our power stations in China, Peru and Brazil, in which emissions occur from sources that are owned or controlled by VPower Group. Fuel supply and consumption controlled by the off-takers (based on the responsibilities of the off-takers set out in the agreement between off-takers and VPower Group) are not reflected as VPower Group's.

Greenhouse Gas Emissions and Offset

We calculate the GHG emissions and offset of our operations with reference to the applicable methodologies under the Clean Development Mechanism ("CDM") of the United Nations Framework Convention on Climate Change ("UNFCCC").



PROTECTING OUR ENVIRONMENT

Our direct (Scope 1) emissions include emissions from fuels processed in sources that we own or control before combustion. Meanwhile, indirect (Scope 2 and Scope 3) emissions include emissions from purchased electricity consumption, water and paper consumption, and air travels by employees for all operation activities. In light of the COVID-19 pandemic, we initiated alternative work arrangements to minimise business travel, which resulted in lower Scope 3 emissions.

In 2020, we had refined the reporting scope of our GHG emissions offset by only including GHG emissions offset achieved by our environmental projects or technologies. For example, our “waste-to-energy” project in Shandong is equipped with CHP system for converting waste biogas into renewable energy. Meanwhile, some projects are equipped with ORC systems to recover waste heat from the gen-sets for additional electricity generation without further fuel consumption. Emission reduction is also achieved by using biofuel for electricity generation in our Amazonas State Project in Brazil.

Reducing GHG Emissions with Biodiesel in Brazil

Biodiesel is used as a hybrid fuel source in our Amazonas State Project, which contains up to 15% volume of ethanol produced from domestic feedstocks such as sugarcane and corn.

Based on CDM methodology *AMS-I.H.: Biofuel production and use for energy generation in stationary applications*, the combustion of renewable carbon content in biofuel are assumed to be carbon neutral and may be disregarded. As the ethanol used in the Amazonas State Project is made from plant-derived materials, the plants that are the sources of the feedstocks for making the biofuel absorb CO₂ as they grow. The absorption of CO₂ by these plants offsets the CO₂ that is emitted while producing and combusting ethanol. Use of biodiesel not only provides a sustainable alternative to conventional diesel, but also improves energy security by utilising domestic raw materials.



PROTECTING OUR ENVIRONMENT

GHG Emissions in FY2020

GHG Emissions⁽¹⁾

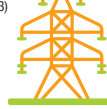
Direct (Scope 1) emissions⁽²⁾

297,577.63
tonnes CO₂e



Energy indirect (Scope 2) emissions⁽³⁾

10,902.69
tonnes CO₂e



Other indirect (Scope 3) emissions⁽⁴⁾

238.85
tonnes CO₂e



Total gross GHG emissions

308,719.17
tonnes CO₂e



GHG emissions offset⁽⁵⁾

78,126.42
tonnes CO₂e



Net GHG emissions⁽⁶⁾

230,592.75
tonnes CO₂e



GHG Emissions Intensities



Offices

Intensity:
0.151 tCO₂e/m² of floor area



Shenzhen Factory

Intensity:
0.097 tCO₂e
/HK\$'000,000 of revenue from
SI business



IBO projects

Intensity:
0.0000863 tCO₂e/kWh of
electricity generated

Notes:

- (1) Calculation is made in accordance with applicable guidelines including *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)* published by the Electrical and Mechanical Services Department and Environmental Protection Department of the HKSAR Government, USEPA's approved methodologies with the use of applicable emission factors, and applicable methodologies under the CDM of UNFCCC.
- (2) Scope 1 emission is defined as the direct GHG emissions occur from sources that are owned or controlled by VPower Group. In VPower Group's case, Scope 1 emissions include emissions from fuels processed in sources that it owns or controls before combustion. In certain projects, fuel supply and consumption are controlled by the off-takers (based on the responsibilities of the off-takers set out in the respective agreements between off-takers and VPower Group), the relevant GHG emissions therefore are not reflected as VPower Group's.
- (3) Scope 2 emission is defined as the GHG emissions from the generation of purchased electricity consumed by VPower Group. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. In VPower Group's case, emission factor for electricity purchased in Scope 2 is referenced to the latest available emission factor released by CLP Power Hong Kong Limited and the *2015 National Baseline Grid Emission Factor in China* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) GHG emissions from air travel are calculated by International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.
- (5) The reporting scope on GHG emissions offset is updated by only including GHG emissions offset achieved by our environmental projects or technologies. Examples of environmental projects include the use of ORC to capture residual heat for further power generation, and the use of biomass and other renewables to replace the use of fossil fuels for power and heat generation.
- (6) Net GHG emissions refer to the total GHG emissions less any emission that is offset by VPower Group's activities.



PROTECTING OUR ENVIRONMENT

Energy Conservation

VPower Group’s mission is to provide sustainable power solutions with constant evaluation in evolving technologies that help reduce the carbon footprint. The Group aims to accelerate its development in energy conservation and strives to promote technological advancement of our gen-sets to achieve higher energy efficiency and lower emission. For example, we apply ORC technology in our power solutions to convert waste heat to electricity. We also installed solar lights in some power stations to reduce the consumption of non-renewable energy. In addition, energy conservation is encouraged in the workplace with measures stipulated in the *Energy Resources Control Procedure*.

Energy Management Initiatives



Machine idling, except for essential reasons, is prohibited



Equipment with power saving feature is prioritised in procurement



Regular equipment inspection and maintenance works are implemented to ensure all our systems operate efficiently



The Group’s energy performance is recorded and analysed on a monthly basis

Direct Energy Consumption in FY2020^{(1), (2)}



Offices

Total: **4,093 GJ**

Intensity: **1.28 GJ/m² of floor area**



Shenzhen Factory

Total: **1,564 GJ**

Intensity: **0.72 GJ/HK\$'000,000 of revenue from SI business**



IBO projects

Total: **33,760,779 GJ**

Intensity: **0.01 GJ/kWh of electricity generated**

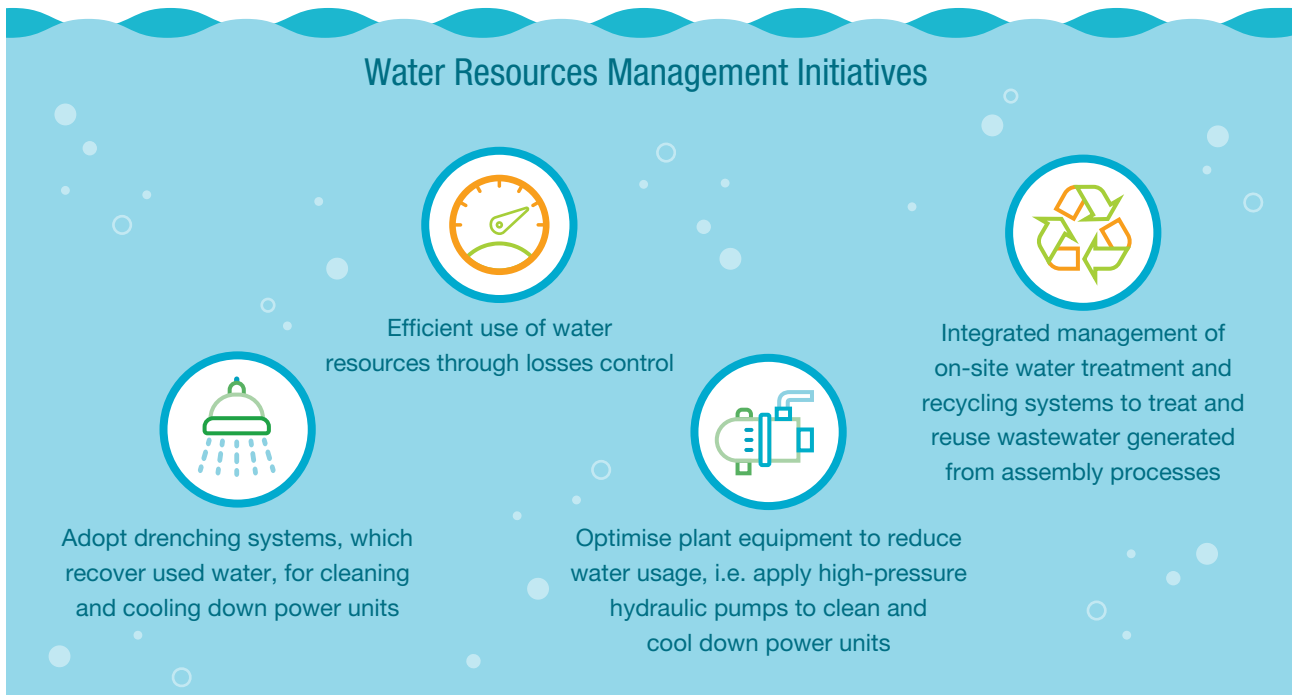
Notes:

- (1) Fuel supply and consumption controlled by the off-takers (based on the responsibilities of the off-takers set out in the respective agreements between off-takers and VPower Group) are not reflected as VPower Group’s.
- (2) Calculation is made in accordance with applicable guidelines including *United Nations International Recommendations for Energy Statistics, Series M No. 93 (2018 Edition)* published by the Department of Economic and Social Affairs of the United Nations Secretariat and *Key World Energy Statistics (2020 Edition)* published by International Energy Agency with the use of standard conversion factors.

PROTECTING OUR ENVIRONMENT

Water Resources Consumption and Management

The public's concern on water resource conservation has grown for a number of years and new modes of water consumption and sustainable behaviour are expected from different industries. As a responsible corporation, the Group strongly supports conscientious water consumption behaviour through up-to-date water efficiency management systems and various initiatives. Our Shenzhen Factory set an excellent example in utilising wastewater reuse system and ensures that water resources are efficiently used under the *Energy Resources Control Procedure*.



Water Consumption in FY2020



Offices

Municipal water consumption: **483 m³**
 Municipal water consumption intensity: **1.42 m³/m² of floor area**



Shenzhen Factory and IBO projects

Municipal water consumption: **96,813 m³**
 Municipal water consumption intensity: **0.0000278 m³/kWh of electricity generated**

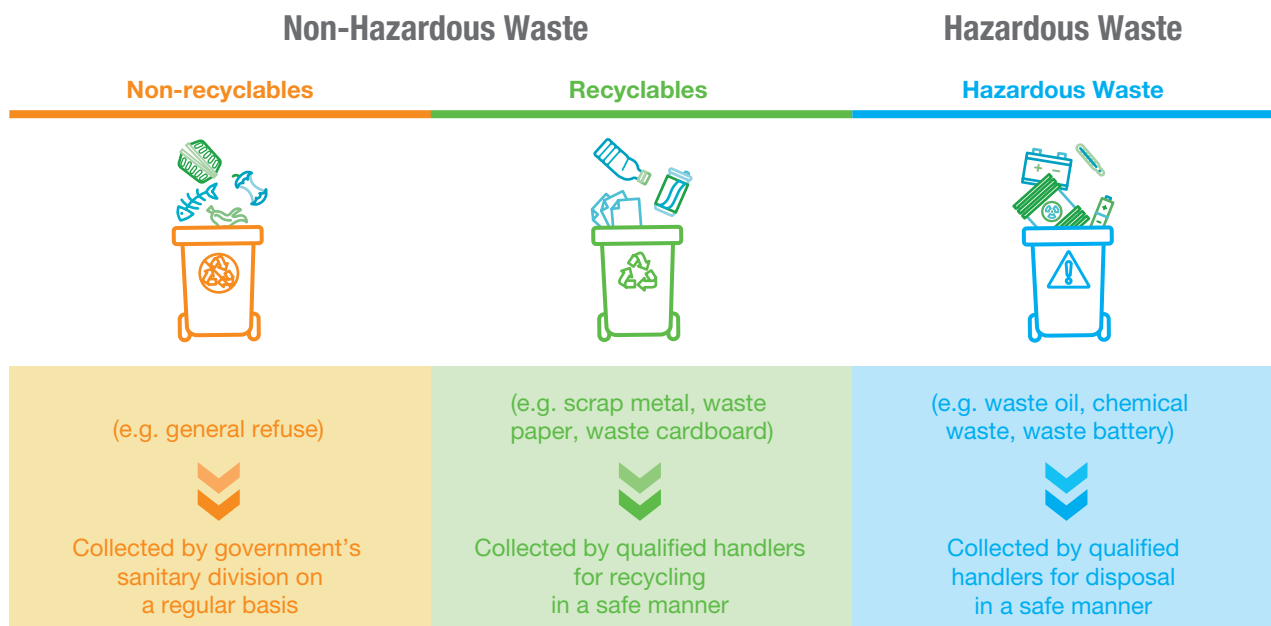


PROTECTING OUR ENVIRONMENT

Waste Management

We are committed to advancing circular economy principles in all aspects of our operations by finding ways to optimise the use of resources and divert waste from landfills. The major types of waste generated from the Group's activities include waste arising during the assembly process of gen-sets, waste oil produced from DPG stations, and general refuse generated in facilities. In 2020, we had expanded our scope of waste monitoring. The Group adheres to the *Waste Management Control Procedure* and the *Hazardous Waste Handling Management Control Procedure* on waste segregation, labelling, collection and processing to prevent waste production and increase the recovery rate of both hazardous and non-hazardous wastes. For example, our Shenzhen Factory and power stations have set up corresponding waste collection containers at designated locations according to the waste classification to ensure all waste arising from our operations are properly handled, thereby maximising the quantities for reuse, recycling or recovery. We highly encourage our staff to optimise material usage and minimise waste in daily operations, and only use waste disposal to landfills as a last resort.

VPower Group's Waste Management Control



Waste Produced in FY2020

Non-hazardous waste



Offices and Shenzhen Factory

Non-hazardous waste:
7,452 kg

Intensity of non-hazardous waste generated:
3.43 kg/HK\$'000,000 of revenue from SI business

Hazardous waste



IBO projects

Steel waste and scrap iron:
56,500 kg

Intensity of steel waste and scrap iron generated:
0.000016 kg/kWh of electricity generated



IBO projects

Waste oil:
673,943 L

Intensity of waste oil generated:
0.00019 L/kWh of electricity generated

CARING FOR OUR PEOPLE

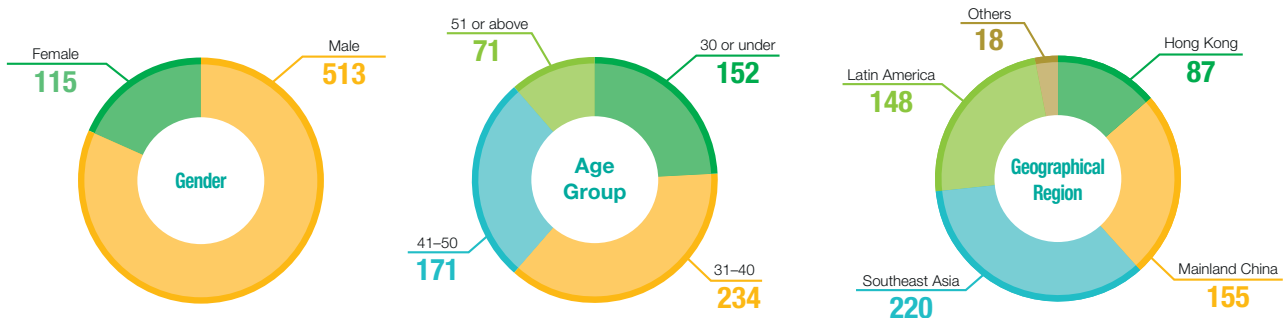
Employee Relations

The Group recognises that our successful business growth would not be possible without the talent and dedication of our people. Ensuring their welfare is a fundamental part of our culture and operations. We have put considerable amount of effort in attracting and retaining proficient and experienced employees with provision of competitive and attractive remuneration packages and benefits including medical insurance, retirement schemes, and performance-based bonuses. We treat all of our employees in a respectful and fair way and have created a safe and caring working environment for them. We encourage our employees in their professional training and development and support them to achieve a healthy work-life balance.



As of 31 December 2020, the Group employed a total of 628 full-time permanent employees, representing an increase of 34.8% as compared with the previous year.

Workforce Distribution



Recognising Demands and Suggestions

We believe internal communication is important to support both organisational and personal growth by soliciting and promoting the exchange of information, know-how and experience. Our Human Resources department has built transparent and open communication platforms for our employees to raise questions and concerns. “Employee Suggestion Box Scheme” is set up for our employees to share suggestions. It is also a channel for them to lodge complaints and to report any suspicion or misconduct. Our management team reviews the feedback on a regular basis and responds in a timely manner to ensure the voices of employees are heard.

Health and Well-being of Employees

VPower Group considers people’s health, safety and psychological and physical well-being as one of the top priorities. Providing a sound working environment to employees is essential for building trust and enhancing the commitment and performance. Through fostering the health, safety and well-being of our employees, we believe it will enhance the overall organisational well-being.

In response to the COVID-19 outbreak, we have implemented a series of measures to ensure reliable operation and to protect the well-being of our employees. We have adjusted our working practices including work-from-home arrangement, flexible working hours and stringent hygiene practices. While many business activities have been conducted online, essential business travels are inevitable. To facilitate critical and essential business travel in a safe manner, health data and travel history of our employees, particularly those who have returned from overseas, are collected and monitored to prevent the spread of virus in the workplace. Meanwhile, dedicated accommodation is provided to our employees when they stay abroad. For our employees working at power stations, point-to-point dedicated transport from their place of accommodation to the project site is provided to prevent unnecessary contact with external parties. We also ensure our operations are stocked with sufficient supply of personal protection equipment.



CARING FOR OUR PEOPLE

Diversity and Inclusion

VPower Group's business spreads across different regions globally. By embracing diversity, we foster a work community that opens minds and opportunities. We pledge to create a culture of acceptance, tolerance and individuality by developing and implementing *Code of Conduct* and anti-discrimination practices as stipulated in our *Staff Handbook*. We strictly prohibit all forms of discrimination on the ground of gender, age, family status, sexual orientation, disability, race and religion in our workplace.

Talent Management

We recognise the unfailing commitment of all our employees. As such, we have established a comprehensive human resources management system to safeguard the well-being of our employees and retain the best talents. We operate in strict compliance with applicable laws and regulations relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, child and forced labour avoidance, and other benefits and welfare.



The COVID-19 pandemic has brought unique challenges to our operations. Thanks to the dedication of our people, we have shown remarkable resilience in the face of the COVID-19 pandemic without a single employee leaving the workforce because of the pandemic.

CARING FOR OUR PEOPLE

Grooming Talents

In line with the ongoing energy transition, which requires new skills and professional profiles, training and development play a key role in the Group's business. Our *Training Policy* is in place to provide guideline and standard procedure of training arrangement for employees. In addition to job-specific skills training, the Group offers a wide spectrum of internal and external learning opportunities on an ongoing basis, including courses, seminars and workshops in areas such as corporate sustainability, occupational health and safety, financial knowledge and legal requirements. We also encourage our employees to receive external training and obtain applicable qualifications. We believe nourishing talents is the key to boost business growth in the long term.

Employee Training Statistics in FY2020



Occupational Health and Safety

VPower Group always places safety first. The Group has developed a health and safety management system according to ISO 45001 standard with the goal of creating an accident-free workplace. The Group has also outlined the health and safety standards for our employees and outsourced local workers in the *Group Safety Handbook*, *Power Plant Safety Management Handbook* and *Power Plant Safety Equipment Operation Instructions*. Standard procedures are formulated to identify safety risks and provide guidance on appropriate health and safety practice at workplace to prevent potential accidents.

The Group strives to protect and enhance the health and well-being of our people. Regular training and safety drills are provided for our employees to enhance their knowledge on potential health hazards and the necessary actions to take when they encounter incidents. We ensure that our employees and outsourced local workers are provided with adequate personal protective equipment, and have assigned safety supervisors designated to assist the implementation and monitoring of health and safety policies. We conduct fire drills at all operation sites to practise emergency procedures, while evacuation routes are assessed and reviewed to ensure effectiveness. We also carry out frequent inspection to identify potential occupational health hazards to safeguard the well-being of our people.

In 2020, we did not record any case of occupational injury or illness of our employees as well as outsourced local workers working in our sites.



GIVING BACK TO OUR COMMUNITIES

We support the communities in which we operate to maintain a healthy, resilient and sustainable community development. Having operations in different countries, we encourage our local employees to propose and implement the community support programmes so as to ensure such programmes serve the needs of the communities. Our key focuses of corporate social responsibility include supporting the economically disadvantaged, equipping the local people with skills, enhancing public environmental awareness and contributing to cultural development.

2020 was a challenging year for many countries worldwide. Public health, food systems and the livelihoods of people had been severely impacted by the COVID-19 pandemic which is expected to continue to affect all aspects of our lives. In response, we provided emergency assistances to the communities. Below are some case studies in Hong Kong and other regions.

Together, We Will Defeat the Virus

Hong Kong

The economic and social disruption caused by the COVID-19 pandemic is devastating especially for the vulnerable groups including the elderly, low-income families and the unemployed. Shortage of supplies, namely the staple foods, daily necessities and virus prevention goods, caused prices to soar.

Soon after the outbreak in Hong Kong, we joined hands with the Hong Kong Young Industrialists Council and many other corporations to support the people in need under the pandemic. We donated 900 packs of rice, which were delivered with other supplies of hygiene products, food and daily necessities, to Hong Kong Sheng Kung Hui Welfare Council, Caritas Cheng Shing Fung District Elderly Centre (Sham Shui Po) and Hong Kong Blind Sports Federation.



We visited the Caritas Cheng Shing Fung District Elderly Centre in Sham Shui Po and distributed the supplies to the elderly.

GIVING BACK TO OUR COMMUNITIES

Globally, the pandemic has posed an unprecedented challenge to public health, and led to a significant loss of human life. Developing countries without adequate resources were hit the hardest. Maintaining the medical services has been the first priority worldwide.

Peru

To support the frontline health workers in Iquitos, where we operate a power station, we donated emergency response kits, including masks, medical alcohol and personal protective equipment, to the Iquitos Hospital. Along with the donations to medical units, we also provided groceries and first aid kits to 11 local communities and 6 shelters.

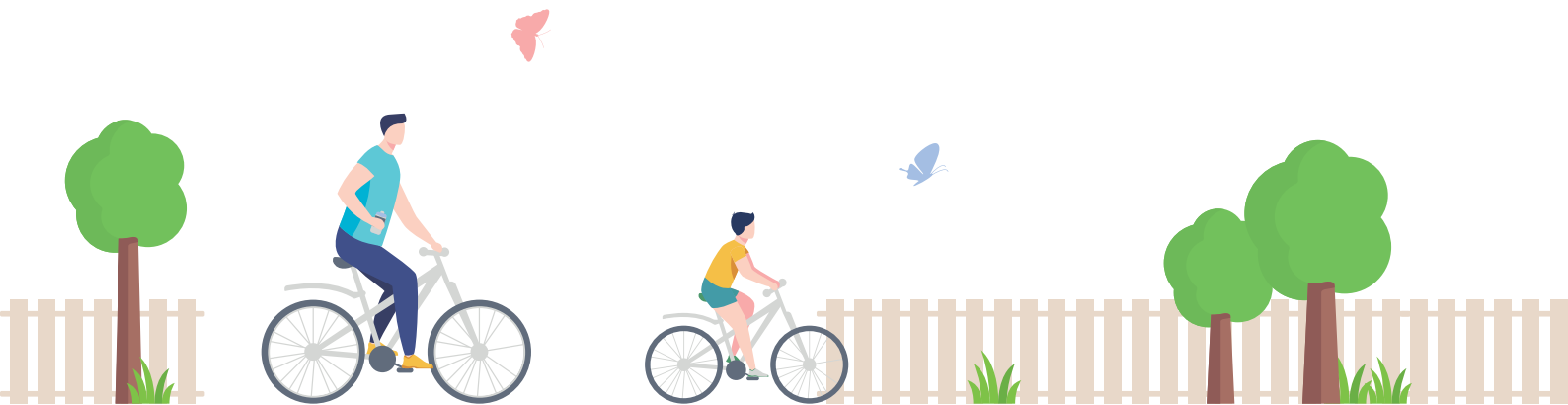
✦ We delivered the medical supplies, together with bottles of water and energy drinks, to the Iquitos Hospital in June 2020.



Brazil

Latin America became an epicentre of the COVID-19 pandemic in May 2020, driven by a surge of cases in Brazil. In response to the fight against the virus, we donated masks to the hospitals in 3 cities, namely Borba, Nova Olinda do Norte and Autazes in the state of Amazonas of Brazil.

✦ Medical masks were delivered to the Municipal Health Secretary in Autazes.





GIVING BACK TO OUR COMMUNITIES

In addition to the fight against the pandemic, we strove to launch and maintain programmes contributing to the SDGs for our people and local communities in regions where we operate. Below are some case studies in Hong Kong and other regions.

Hong Kong • Preserve our intangible cultural heritage

While the world is moving towards globalisation, it is essential to preserve our culture and pass down the wealth of experience and skills to our next generation. For the sixth consecutive year, we continued our sponsorship for the dragon boat team named under VPower in 2020. In spite of the social disruption brought by the pandemic, the team managed to organise training adhering to social distancing measures, and is well prepared to strive for the best performance in the coming races.



✚ We have sponsored the VPower Dragon Boat Team since 2015 to promote the traditional culture of dragon boat racing.

Brazil • Respect our amazing nature

As a socially responsible corporation, VPower Group is committed to promoting sustainable development and environmental protection at every step of our business, no matter when and where we operate. In Brazil, the preservation of the Amazon rainforest remained an indispensable part of our social commitments.

In order to raise awareness of a sustainable use of natural resources and environmental protection, we offered several trainings to our employees and local people in the municipalities in the state of Amazonas of Brazil.

✚ We conducted workshops about environmental protection for the local children, before the outbreak of COVID-19.



Myanmar • Invest in local communities

Infrastructures are fundamental to the development of a country and the well-being of people. In Myanmar, we donated a 2,500-foot road to Nhan Village and a 1,500-gallon water storage tank to Sarkhar Village in Myingyan Township after listening to their demands, to support the developments of communities. Along with our business development, we also provided our local workers with professional job trainings of operation and project management.

PERFORMANCE DATA SUMMARY

Environmental Performance

	Unit	2020
GHG Emission⁽¹⁾		
Direct (Scope 1) Emissions⁽²⁾		
Offices	tonne CO ₂ e	278.49
Shenzhen Factory	tonne CO ₂ e	88.79
IBO projects	tonne CO ₂ e	297,210.35
Energy Indirect (Scope 2) Emissions⁽³⁾		
Offices	tonne CO ₂ e	56.11
Shenzhen Factory	tonne CO ₂ e	114.21
IBO projects	tonne CO ₂ e	10,732.37
Other Indirect (Scope 3) Emissions⁽⁴⁾		
Offices	tonne CO ₂ e	149.36
Shenzhen Factory	tonne CO ₂ e	6.70
IBO projects	tonne CO ₂ e	82.79
Total GHG emissions	tonne CO ₂ e	308,719.17
GHG Emissions Intensities		
Offices	tonne CO ₂ e/m ² of floor area	0.151
Shenzhen Factory	tonne CO ₂ e/HK\$'000,000 revenue from SI business	0.097
IBO projects	tonne CO ₂ e/kWh of electricity generated	0.0000863
GHG Emissions Offset⁽⁵⁾		
Shandong Project	tonne CO ₂ e	64,660.87
Myingyan II Project	tonne CO ₂ e	13,465.54
Net GHG Emissions⁽⁶⁾	tonne CO ₂ e	230,592.75
Net Scope 1 & 2 GHG Intensity of IBO Business Segment	tonne CO ₂ e/HK\$'000,000 revenue from IBO business	189.27
Air Emissions⁽⁷⁾		
Shenzhen Factory		
Sulphur dioxide (SO ₂)	tonne	0.017
Nitrogen oxides (NO _x)	tonne	1.605
Particulate matter (PM)	tonne	0.045
IBO projects		
Sulphur dioxide (SO ₂)	tonne	506.55
Nitrogen oxides (NO _x)	tonne	3,341.55
Particulate matter (PM)	tonne	55.01

PERFORMANCE DATA SUMMARY

Environmental Performance

	Unit	2020
Energy Consumption		
Electricity Consumption		
Offices	kWh	106,744
Shenzhen Factory	kWh	187,195
IBO projects ⁽⁸⁾	kWh	21,403,827
Natural Gas Consumption		
IBO projects ⁽⁸⁾	m ³	722,507,476
Liquid Fuel Consumption		
Offices	L	102,945
Shenzhen Factory	L	24,709
IBO projects ⁽⁸⁾	L	120,120,999
Biogas Consumption		
Shandong Project	m ³	37,547,807
Total Energy Consumption⁽⁹⁾		
Offices	GJ	4,093
Shenzhen Factory	GJ	1,564
IBO projects	GJ	33,760,779
Total Energy Consumption Intensities⁽⁹⁾		
Offices	GJ/m ² of floor area	1.28
Shenzhen Factory	GJ/HK\$'000,000 revenue from SI business	0.72
IBO projects	GJ/kWh of electricity generated	0.01
Water Consumption		
Municipal Water Consumption		
Offices	m ³	483
Shenzhen Factory and IBO projects	m ³	96,813
Municipal Water Consumption Intensities		
Offices	m ³ /m ² of floor area	1.42
Shenzhen Factory and IBO projects	m ³ /kWh of electricity generated	0.0000278
Waste		
Offices and Shenzhen Factory		
Non-hazardous Waste Generated	kg	7,452
Intensity of Non-hazardous Waste Generated	kg/HK\$'000,000 revenue from SI business	3.43

PERFORMANCE DATA SUMMARY

Environmental Performance

	Unit	2020
IBO projects		
Non-hazardous Waste		
Steel Waste and Scrap Iron Generated	kg	56,500
Intensity of Steel Waste and Scrap Iron Generated	kg/kWh of electricity generated	0.000016
Hazardous Waste		
Waste Oil Generated	L	673,943
Intensity of Waste Oil Generated	L/kWh of electricity generated	0.00019
Environmental Compliance		
Number of Violation Cases Related to Pollutant Emission or Environmental Impact	No.	0

Notes:

- (1) Calculation is made in accordance with applicable guidelines including *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)* published by the Electrical and Mechanical Services Department and Environmental Protection Department of the HKSAR Government, USEPA's approved methodologies with the use of applicable emission factors, and applicable methodologies under the CDM of UNFCCC.
- (2) Scope 1 emission is defined as the direct GHG emissions occur from sources that are owned or controlled by VPower Group. In VPower Group's case, Scope 1 emissions include emissions from fuels processed in sources that it owns or controls before combustion. Fuel supply and consumption in certain projects are controlled by the off-takers (based on the responsibilities of the off-takers set out in the respective agreements between off-takers and VPower Group), the relevant GHG emissions therefore are not reflected as VPower Group's.
- (3) Scope 2 emission is defined as the GHG emissions from the generation of purchased electricity consumed by VPower Group. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. In VPower Group's case, emission factor for electricity purchased in Scope 2 is referenced to the latest available emission factor released by CLP Power Hong Kong Limited and the *2015 National Baseline Grid Emission Factor in China* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) GHG emissions from air travel are calculated by International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.
- (5) The reporting scope on GHG emissions offset is updated by only including GHG emissions offset achieved by our environmental projects or technologies. Examples of environmental projects include the use of ORC to capture residual heat for further power generation, and the use of biomass and other renewables to replace the use of fossil fuels for power and heat generation.
- (6) Net GHG emissions refer to the total GHG emissions less any emission that is offset by VPower Group's activities.
- (7) Air emissions included the air pollutants generated from our Shenzhen Factory and our power stations in China, Peru and Brazil, in which emissions occur from sources that are owned or controlled by VPower Group. Fuel supply and consumption controlled by the off-takers (based on the responsibilities of the off-takers set out in the agreement between off-takers and VPower Group) are not reflected as VPower Group's.
- (8) Fuel supply and consumption controlled by the off-takers (based on the responsibilities of the off-takers set out in according to the respective agreements between off-takers and VPower Group) are not reflected as VPower Group's.
- (9) Calculation is made in accordance with applicable guidelines including *United Nations International Recommendations for Energy Statistics, Series M No. 93 (2018 Edition)* published by the Department of Economic and Social Affairs of the United Nations Secretariat and *Key World Energy Statistics (2020 Edition)* published by International Energy Agency with the use of standard conversion factors.

PERFORMANCE DATA SUMMARY

Employment and Labour Practices

	Unit	2020
Employment Profile		
Number of Full-time Permanent Employee	No.	628
<i>By Gender</i>		
Male	No.	513
Female	No.	115
<i>By Age Group</i>		
30 or under	No.	152
31–40	No.	234
41–50	No.	171
51 or above	No.	71
<i>By Geographical Region</i>		
Hong Kong	No.	87
Mainland China	No.	155
Southeast Asia	No.	220
Latin America	No.	148
Others	No.	18
Number of outsourced local workers	No.	640
Employee Turnover Rate		
<i>By Gender</i>		
Male	%	12.46
Female	%	9.95
<i>By Age Group</i>		
30 or under	%	12.59
31–40	%	15.09
41–50	%	9.52
51 or above	%	4.96
<i>By Geographical Region</i>		
Hong Kong	%	9.70
Mainland China	%	9.15
Southeast Asia	%	11.08
Latin America	%	18.32
Health and Safety		
Total Working Hours ⁽¹⁾	hours	1,306,240
Number of Work-related Fatalities	No.	0
Rate of Work-related Fatalities ⁽²⁾	—	0

	Unit	2020
Number of High-consequence Work-related Injuries (Excluding Fatalities) ⁽³⁾	No.	0
Rate of High-consequence Work-related Injuries (Excluding Fatalities) ⁽⁴⁾	—	0
Number of Work-Related Injuries ⁽⁵⁾	No.	0
Rate of Work-Related Injuries ⁽⁶⁾	—	0
Lost Days due to Work-related Injuries	days	0
Number of Occupational Disease	No.	0
Development and Training		
Employee Training Rate	%	100
Average Training Hours per Employee	hours	25.8
<i>By Gender</i>		
Male	hours	27.34
Female	hours	18.59
<i>By Employment Category</i>		
Management Team	hours	30.06
Others	hours	25.69
Labour Practices		
Number of Violation Cases Related to Employment or Labour Regulations	No.	0
Number of Violation Cases Related to Child Labour or Forced Labour	No.	0
Number of Discrimination Cases Related to Gender, Ethnicity, Age and Health During Recruitment	No.	0

Notes:

- (1) The total working hours is calculated by multiplying the total number of employees as at 31 December 2020 by 40-hour workweek per employee and 52 weeks in the year.
- (2) Rate of work-related fatalities = (Total number of work-related fatalities/Total working hours) x 200,000
- (3) High-consequence work-related injuries (excluding fatalities) refer to work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.
- (4) Rate of high-consequence work-related injuries (excluding fatalities) = (Total number of high-consequence work-related injuries (excluding fatalities)/Total working hours) x 200,000
- (5) Work-related injuries also include work-related fatalities and high-consequence work-related injuries.
- (6) Rate of work-related injuries = (Total number of work-related injuries/Total working hours) x 200,000

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

SEHK ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting Our Environment, Performance Data Summary, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group	20–25, 32–34, 47
KPI A1.1	The types of emissions and respective emissions data.	Protecting Our Environment, Performance Data Summary	20, 32
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment, Performance Data Summary	22, 32
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment, Performance Data Summary	25, 34
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment, Performance Data Summary	25, 33–34
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Protecting Our Environment	18–25
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Protecting Our Environment	25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Protecting Our Environment The Group has established the <i>Energy Resources Control Procedure</i> to ensure effective use of energy and water resources. The Group's business activities revolve around assembling of gen-sets and operation of IBO projects. We do not involve significant use of raw materials in our business activities. Therefore, we have no dedicated policies in the respective aspects.	23–24
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment, Performance Data Summary	23, 33
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment, Performance Data Summary	24, 33
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Protecting Our Environment	23
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Protecting Our Environment There were no issues related to sourcing water that was fit for purpose.	24
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We do not involve significant use of packaging material for finished products.	—
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Protecting Our Environment	18–25
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting Our Environment	18–25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our People, Performance Data Summary, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group	26–27, 35, 47
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Our People, Performance Data Summary	26, 35
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary	35
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Our People, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group	28, 48
KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary	35
KPI B2.2	Lost days due to work injury.	Performance Data Summary	35
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Our People	28
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Our People	28
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary	35
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary	35

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Caring for Our People Child and forced labour are strictly prohibited across our operation. We also manage and oversee the code of conduct of our suppliers including their social and ethical standards to minimise the risks associated in our supply chain. We do not encounter significant difficulty in hiring staff, and we do not consider that laws and regulations relating to preventing child and forced labour have a significant impact on VPower Group. During the Reporting Period, none of our operation or suppliers had exposed to the significant risk of having child and forced labour.	27
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Our People The Group regularly reviews its employment practice to ensure that we are in compliance with the applicable laws and regulations in preventing the use of child and forced labour.	27
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Our People The Group has zero tolerance towards such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities. In 2020, we did not discover any such practices in our operations.	27

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Approach to Sustainability	16–17
KPI B5.1	Number of suppliers by geographical region.	Our Approach to Sustainability	17
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Approach to Sustainability	16–17
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Approach to Sustainability Advertising is not applicable to the Group's business. Therefore, no dedicated policies are in place. Labelling is considered not significant in our operations. Therefore, no dedicated policies are in place. Data privacy and protection of copyright are among the topics covered in our <i>Code of Conduct</i> to ensure the privacy of our stakeholders. We do not produce consumer products, so we do not consider that laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services have a significant impact on VPower Group.	17
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No product was recalled due to safety and health reasons.	—
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No complaint was received from the municipalities and our customers.	—
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	We strive our best to protect the Group's intellectual property rights, as well as complying with all applicable laws and regulations, including observing the intellectual property rights of our suppliers.	—

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in this Report and/or Other References/ Explanation	Page No.
KPI B6.4	Description of quality assurance process and recall procedures.	Our Approach to Sustainability	17
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	The Group has made a strong commitment to information security. Employees must not disclose or use any confidential information of the Group. Legal actions will be initiated if an employee is found to have committed a breach of confidentiality.	—
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Approach to Sustainability Current policies and measures in place are adequate to comply with generally applicable standards, we do not consider that laws and regulations relating to bribery, extortion, fraud and money laundering have a significant impact on VPower Group.	15
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Our Approach to Sustainability	15
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Approach to Sustainability	15
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to Our Communities	29–31
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to Our Communities	29–31
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to Our Communities	29–31

GRI CONTENT INDEX



**MATERIALITY
DISCLOSURES SERVICE**

2021

This Report contains standard disclosures from the GRI Sustainability Reporting Standards. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate

sections in the body of this Report. The service was performed on the English version of this Report. The following table indicates the location of our direct response to GRI Standards disclosures included in this report and other publicly available documents of VPower Group.

Disclosure Number	Disclosure	Relevant Chapter(s) in this Report and/or Other References/Explanation	Page No.
GRI 101: Foundation 2016 <i>(Does not include any disclosure)</i>			
GRI 102: General Disclosures 2016			
Organization Profile			
102-1	Name of the organization	About this Report	2
102-2	Activities, brands, products, and services	About VPower Group	3
102-3	Location of headquarters	About VPower Group	3
102-4	Location of operations	About VPower Group	3
		During the Reporting Period, the Group had offices located in Hong Kong, Mainland China, Singapore, United Kingdom, Myanmar, Indonesia, Peru and Brazil.	
102-5	Ownership and legal form	About VPower Group	3
102-6	Markets served	About VPower Group	3
102-7	Scale of the organization	About VPower Group, Caring for Our People, Annual Report 2020 (www.vpower.com) — Management Discussion and Analysis (pg. 10–21)	3, 26
102-8	Information on employees and other workers	Caring for Our People, Performance Data Summary	26, 35
		There was no significant variation on the number of employees during the Reporting Period.	
102-9	Supply Chain	Our Approach to Sustainability	16–17
102-10	Significant changes to the organization and its supply chain	There was no significant change to VPower Group and its supply chain during the Reporting Period.	—
102-11	Precautionary principle or approach	Our Approach to Sustainability	15–17
102-12	External initiatives	Message from Chairman	4–6
102-13	Membership of associations	About VPower Group	3
Strategy			
102-14	Statement from senior decision maker	Message from Chairman	4–6

GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in this Report and/or Other References/Explanation	Page No.
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Our Approach to Sustainability	15–17
Governance			
102-18	Governance structure	Our Approach to Sustainability	15
Stakeholder Engagement			
102-40	List of stakeholder groups	Our Approach to Sustainability	11
102-41	Collective bargaining agreements	There are no formal collective bargaining agreements in place within the Group.	—
102-42	Identifying and selecting stakeholders	Our Approach to Sustainability	11
102-43	Approach to stakeholder Engagement	Our Approach to Sustainability	11
102-44	Key topics and concerns raised	Our Approach to Sustainability	13–14
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2020 (www.vpower.com) — Notes to Financial Statements (pg. 71–72)	—
102-46	Defining report content and topic Boundaries	Our Approach to Sustainability	13–14
102-47	List of material topics	Our Approach to Sustainability	13–14
102-48	Restatements of information	There is no restatement of information in this Report.	—
102-49	Changes in reporting	There was no significant change to the list of material topics and topic Boundaries.	—
102-50	Reporting period	About this Report	2
102-51	Date of most recent report	Sustainability Report 2019 was published on 20 July 2020.	—
102-52	Reporting cycle	About this Report	2
102-53	Contact point for questions regarding the report	About this Report	2
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	2
102-55	GRI content index	GRI Content Index	42–46
102-56	External assurance	We will consider seeking external assurance in the future.	—
Topic-Specific Disclosures			
Indirect Economic Impacts			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Giving Back to Our Communities	29–31
103-3	Evaluation of management approach	Giving Back to Our Communities	29–31

GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in this Report and/or Other References/Explanation	Page No.
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure Investment and Services Supported	Our Approach to Sustainability, Giving Back to Our Communities	7–10, 29–31
Anti-Corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Our Approach to Sustainability	15
103-3	Evaluation of management approach	Our Approach to Sustainability	15
GRI 205: Anti-Corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	Our Approach to Sustainability	15
Emissions			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Protecting Our Environment	18–25
103-3	Evaluation of management approach	Protecting Our Environment	18–25
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Protecting Our Environment, Performance Data Summary	22, 32
		<p>GHG emissions calculated included carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) are not considered material.</p> <p>Breakdown of Scope 1 GHG emissions by biogenic/non-biogenic emissions:</p> <ul style="list-style-type: none"> — Biogenic emissions (from our Shandong Project): 24,667.06 tCO₂e — Non-biogenic emissions: 272,910.57 tCO₂e 	
305-2	Energy indirect (Scope 2) GHG emissions	Protecting Our Environment, Performance Data Summary	22, 32
305-3	Other indirect (Scope 3) GHG emissions	Protecting Our Environment, Performance Data Summary	22, 32
		Our Scope 3 GHG emissions do not include any biogenic emissions.	

GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in this Report and/or Other References/Explanation	Page No.
305-4	GHG emission intensity	Protecting Our Environment, Performance Data Summary	22, 32
		GHG emissions calculated included carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O). Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃) are not considered material.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Protecting Our Environment, Performance Data Summary	20, 32
Effluent and Waste			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Protecting Our Environment	18–25
103-3	Evaluation of management approach	Protecting Our Environment	18–25
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Protecting Our Environment	25
306-2	Management of significant waste-related impacts	Protecting Our Environment	25
306-3	Waste generated	Protecting Our Environment, Performance Data Summary	25, 33–34
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Protecting Our Environment	18–25
103-3	Evaluation of management approach	Protecting Our Environment	18–25
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Protecting Our Environment, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group	18–25, 47
Employment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Caring for Our People	26–27
103-3	Evaluation of management approach	Caring for Our People	26–27
GRI 401: Employment 2016			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for Our People	26

GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in this Report and/or Other References/Explanation	Page No.
Occupational Health and Safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Caring for Our People	28
103-3	Evaluation of management approach	Caring for Our People	28
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Caring for Our People	28
403-2	Hazard identification, risk assessment, and incident investigation	Caring for Our People	28
403-3	Occupational health services	Caring for Our People	28
403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for Our People	28
403-5	Worker training on occupational health and safety	Caring for Our People	28
403-6	Promotion of worker health	Caring for Our People	28
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for Our People	28
403-9	Work-related injuries	Caring for Our People, Performance Data Summary	28, 35
Training and Education			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Caring for Our People	28
103-3	Evaluation of management approach	Caring for Our People	28
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Caring for Our People, Performance Data Summary	28, 35
Local Communities			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	12–14
103-2	The management approach and its components	Our Approach to Sustainability	7–17
103-3	Evaluation of management approach	Our Approach to Sustainability	7–17
GRI 413: Local Communities 2016			
413-2	Operations with significant actual and potential negative impacts on local communities	We do not have operations with significant actual and potential negative impacts on local communities.	—

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS WHICH HAVE SIGNIFICANT IMPACTS ON VPOWER GROUP

SEHK's "ESG Reporting Guide"
Subject Area

Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group

Environmental

Aspect A1: Emissions

Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste

Relevant laws and regulations that are significant to the Group include Environmental Protection Law of the PRC, Rules on the Administration concerning Environmental Protection of Construction Projects, Law of the PRC on Environmental Impact Appraisal, Law of the PRC on the Prevention and Control of Air Pollution, Law of the PRC on the Prevention and Control of Water Pollution, and Law of the PRC on Prevention, Control of Solid Waste Environmental Pollution, Environmental Quality Standard for Air (Peru), Environmental Quality Standard for Water (Peru), General Law for Solid Waste (Peru), Environmental Policy Act (Brazil), and National Environmental Act No.47 of 1980 (Sri Lanka). These laws and regulations stipulate the applicable requirements on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste. It is imperative to meet these statutory obligations as violation of any of applicable environmental laws and regulations may result in penalties, operation suspension, or legal action against the Group.

In 2020, we did not identify any confirmed non-compliance incident in relation to environmental protection that would have a significant impact on VPower Group. Please refer to chapter "Protecting Our Environment" on how VPower Group ensures compliance with applicable environmental laws and regulations.

Social

Aspect B1: Employment

Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare

Relevant laws and regulations that are significant to the Group include Labour Law of the PRC, Labour Contract Law of the PRC, Social Insurance Law of the PRC, and Employment Ordinance of HKSAR. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru, Brazil and Sri Lanka, the laws and regulations that are significant to the Group include Law No. 13 of 2003 on Manpower (Indonesia), Payment of Wages Law (Myanmar), Leave and Holidays Act (Myanmar), Employment and Skills Development Law (Myanmar), Shops and Establishment Law (Myanmar), Law No. 29497 New Labour Procedure Law (Peru), Supreme Decree No. 003-97-TR Law on Productivity and Labour Competitiveness (Peru), Decree Law No. 5452 Consolidation of Labour Laws (Brazil), Labour Code of Sri Lanka, Unfair Labour Practices (Sri Lanka), and Wages Board Ordinance (Sri Lanka). These laws and regulations stipulate the legal obligations and responsibility of employers to provide employment protection and benefits covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. These laws and regulations are of great importance as they offer appropriate protections to employees, the most important asset of the Group.

In 2020, we did not identify any confirmed non-compliance incident in relation to our employment practices that would have a significant impact on VPower Group. Please refer to chapter "Caring for Our People" on how VPower Group ensures compliance with applicable employment laws and regulations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS WHICH HAVE SIGNIFICANT IMPACTS ON VPOWER GROUP

SEHK's "ESG Reporting Guide" Subject Area	Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group
<p>Aspect B2: Health and Safety</p> <p><i>Relating to providing a safe working environment and protecting employees from occupational hazards</i></p>	<p>Relevant laws and regulations that are significant to the Group include Labor Law of the PRC, Work Safety Law of the PRC, and Occupational Safety and Health Ordinance of HKSAR. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru, Brazil and Sri Lanka, the laws and regulations that are significant to the Group include Law No. 13 of 2003 on Manpower (Indonesia), Occupational Safety and Health Law (Myanmar), Law No. 29783 Occupational Health and Safety Law (Peru), Decree Law No. 5452 Consolidation of Labour Laws (Brazil), and National Institute of Occupational Safety and Health Act (Sri Lanka). These laws and regulations provide clear requirements to safeguard labour safety and sanitation, prevent accidents in the process of labour, and reduce occupational hazards. Compliance with these laws and regulations is paramount as workplace safety is of critical importance to each and every employee of the Group.</p> <p>In 2020, we did not identify any confirmed non-compliance incident in relation to health and safety that would have a significant impact on VPower Group. Please refer to chapter "Caring for Our People" on how VPower Group ensures compliance with applicable laws and regulations relating to health and safety.</p>