



XINYI ENERGY HOLDINGS LIMITED

信義能源控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 03868

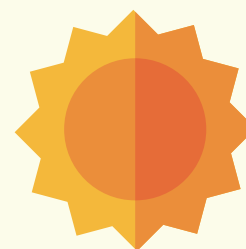


2020

Environmental, Social
and Governance Report

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ABOUT THIS REPORT

OVERVIEW

GRI 102-1, GRI 102-50

This report is an Environmental, Social and Governance Report (the “**Report**” or the “**ESG Report**”) prepared by Xinyi Energy Holdings Limited (“**Xinyi Energy**” or the “**Company**”) and its subsidiaries (the “**Group**”) in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**” or “**HKEx**”).

This report is the second ESG Report of Xinyi Energy with the theme of “**Safeguard**”, covering the policies and systems consistently implemented and the main initiatives launched for the purpose of sustainable business development, creating a diversified, fair and inclusive environment for our employees and striving to enhance our social contribution, and the performance of key indicators, in terms of the four aspects of “Protect the future of the Earth”, “Ensure operation safety”, “Safeguard employees’ well-being” and “Secure social prosperity” during the period from 1 January to 31 December 2020 (the “**Reporting Period**” or the “**Year**”). Part of the content may trace back to previous years or extend to 2021. It is recommended to read the Report together with Xinyi Energy’s 2020 Annual Report and the “Corporate Governance Report” contained therein. The Report is published bilingually. If there is any discrepancy between the two versions, the Chinese version shall prevail.

The Report is available for download on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xinyienergy.com).

REPORTING SCOPE

GRI 102-45

The Report covers all the entities set out in the Company’s financial statements, including all the subsidiaries. Unless otherwise stated, the performance statistics of the Company mentioned are reported on a 100% basis, without adjustment based on the equity interest owned by Xinyi Energy.

REPORTING PRINCIPLES

GRI 101-Clause 1.3, GRI 101-Clause 1.6, GRI 101-Clause 1.8, GRI 102-49

The environmental and social key performance indicators (KPIs) have been compiled with reference to the Reporting Guidance on Environmental KPIs and Reporting Guidance on Social KPIs of the Hong Kong Stock Exchange, respectively, and the materiality analysis has been conducted. Combining internal and external opinions, we select scope of disclosure and collect data based on the principles of materiality, relevancy and applicability, and calculated according to parameters applicable to the industry the Company operated in and its business geographical locations. Details on the materiality analysis and communications with stakeholders are disclosed in the chapter “**MATERIAL ISSUES**”.

According to the Reporting Guidance on Environmental KPIs and Reporting Guidance on Social KPIs of the Hong Kong Stock Exchange and referencing the Sustainability Reporting Guidelines of the Global Reporting Initiative (“**GRI**”) and the recommendations from Task Force on Climate-related Finance Disclosures (“**TCFD**”), as well as the reporting principles of “Quantitative” and “Consistency”, the Group disclose the relevant indicators statistics of 2020 in the chapter “**ESG PERFORMANCE IN 2020**”. The standards, methods, assumptions and/or references of calculation adopted for the relevant KPIs and the sources of the major conversion ratios have been properly explained.

In the Report, unless otherwise specified, all monetary amounts are presented in Hong Kong dollars. KPIs used for comparison are calculated with the same method. Explanation will be made if there are any changes.

REPORTING FRAMEWORK

The Report has complied with all mandatory disclosure regulations and the disclosure requirements of the “comply or explain” provisions contained in the ESG Reporting Guide. Moreover, the Report also referenced some of the disclosure requirements within the Sustainability Reporting Guidelines of the GRI. Reference can be made to the Content Index of HKEx ESG Reporting Guide contained within the appendix of the Report, which can help readers in finding the required information in the different sections of the Report.

With regards to the corporate actions taken and the corporate sustainable development goals raised by the Group in response to the Sustainable Development Goals (the “**SDGs**”) from the United Nations (the “**UN**”), as well as the actions taken in response to the identified climate related risks and opportunities, please refer to the chapter “**PROTECT THE FUTURE OF THE EARTH**” in the Report.

FORWARD-LOOKING STATEMENTS

The Report contains forward-looking statements, which are forecasts and assumptions made based on the current state of the Group’s business and the industry and market in which the Group operates, and cannot be treated as guarantee of future performance. The Group’s performance might be affected by market risks, uncertainties and factors out of the Group’s control. Hence, the actual result might differ from the assumptions and related statements made in the Report.

REVIEW AND APPROVAL

The Report has been reviewed by the Safety, Occupation and Environment Committee (the “**SOE Committee**”) of the Group and was published on 18 June 2021 after the approval by the board of directors (the “**Board**”) of the Company.

CONTACT AND INQUIRY

GRI 102-53

The Group is committed to enhancing its ESG disclosure, and we sincerely hope to receive valuable suggestions from stakeholders in order to continuously enhance our ESG performance. The Group welcomes and encourages all stakeholders to provide opinions and suggestions regarding the Group’s ESG works or the content of the Report. Our contact information is as follows:

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1. XINYI ENERGY: A POWER GENERATION ENTERPRISE FOR THE FUTURE

Energy system is the core of decarbonisation. Energy transition is the essential path towards global carbon neutrality. With its decreasing installation costs and room for potential decrease, solar energy became one of the renewable energy with the most potential in achieving substantial increase in demand in the future. Solar energy is essential to the process of decarbonisation of the energy system. Xinyi Energy, with its theme of “Born Clean”, is dedicated in its development within the solar power generation industry. The power generation projects owned by the Group are all solar farms. Hence, all economic values generated by the Group during the historical operating period are from renewable energy, meaning Xinyi Energy is a company with revenue entire exposure to the green business activities.

Our Business

GRI 102-1, GRI 102-2, GRI 102-4, GRI 102-6, GRI 201-1

Xinyi Energy is a leading non-state owned solar farm owner and operator in the PRC, and was listed on the Main Board of the Hong Kong Stock Exchange on 28 May 2019 (stock code: 03868.HK). As of 31 December 2020, the Group owned, operated and managed a total of 20 utility-scale solar farms (the “Existing Projects”) with a total approved capacity of 1,834 megawatts (“MW”). **During the Reporting Period, the solar farm projects owned by the Group generated close to 1.8 billion kWh of electricity, which is equivalent to reducing the carbon dioxide emissions by 1,508,000 tonnes.** The Existing Projects of the Group are all located in Resource Zone II and Resource Zone III in China with strong electricity demand, including Anhui Province, Hubei Province, Henan Province, Guangdong Province, Fujian Province and Tianjin Municipality, and the Group has never experienced power curtailment in its operating history. Among the Existing Projects, projects of 1,384MW have been enlisted on the Renewable Energy Power Generation Project List. By the end of 2020, the third party solar farms for which the Group provided operation and maintenance services have a project scale of close to 1.5 gigawatts (“GW”). Green power generated by these solar farms during the Reporting Period is equivalent to reducing the carbon dioxide emissions by 727,000 tonnes.



Distribution of Solar Farms Owned, Operated and Managed by Xinyi Energy (As of 31 December 2020)

The Group is solely engaged in solar farm operation (“**Pure Operator**”), and we will continue to enlarge our business scale through acquisition of high-quality utility-scale solar farm projects which are fully completed and grid-connected in the future. The Group intends to maintain a high dividend payout ratio, distributing over 90% of distributable income to shareholders each year. In 2020, we kept the promises we made at the time of listing and distributed all distributable income. The direct economic value generated by the Group in 2020 amounted to approximately HK\$1.722 billion. Economic value shared to **shareholders, governments, partners within the value chain and employees through dividends, taxes, donations and operating costs and expenses represented 77% of the direct economic value generated in the Year.**

The Group has the call option and the right of first refusal to the solar farms of our controlling shareholder, Xinyi Solar Holdings Limited (“**Xinyi Solar**”, stock code: 00968.HK). As of 31 December 2020, the total approved capacity of the projects in the pipeline amounted to 1,450MW. Furthermore, the Group can acquire high-quality utility-scale projects from independent third parties in the market for expansion of operation scale. In 2021, the Group plans to acquire solar farm projects with a total capacity of over 600MW from its parent company and third parties. After the acquisition, it is expected that the total approved capacity of the projects owned by the Group will be over 2.4GW.

The Path of Sustainable Development

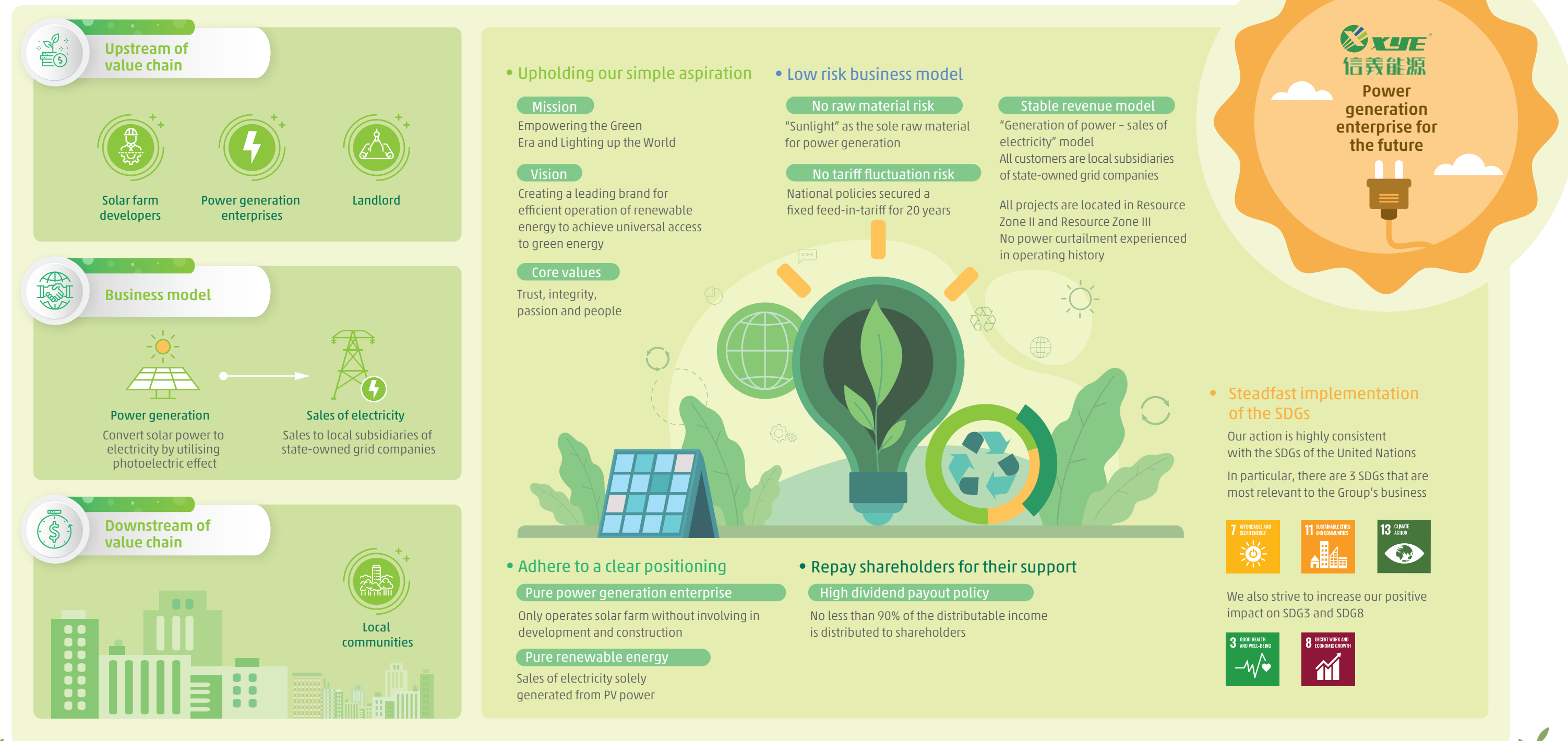
GRI 102-16

Different from traditional manufacturing industry, traditional power industry and most new energy enterprises in China, the Group focuses on the ownership and operation of solar farms to derive revenue through power generation and sales of electricity to the local subsidiaries of The State Grid Corporation or China Southern Power Grid, and at the same time, it provides third parties with operating services to derive revenue from operation and maintenance services. Our business model is pure and clear, involving no upstream manufacturing nor solar farm development and construction. Thus, our business operation is environmental-friendly in all stages, producing almost no negative impact, but instead replacing part of the demand for coal-fired power with the green electricity generated by the solar farms we owned, thereby reducing the carbon dioxide emission of the world by over a million tonnes per year. As such, in both the utility sector and the renewable energy sector, the Group is a rare case where its economic performance and environmental performance are in a perfectly positive correlation. In the future, as our business scale expands, the Group will create economic value for its shareholders, the society and other stakeholders, while at the same time almost fully reflect such value on the improvement of environmental performance, facilitating the sustainable development of the Group and the world.

During the Reporting Period, all electricity sold by the Group is generated by photovoltaic (“**PV**”) power. The daily operation of solar farms involves only limited consumption of fuel from motor vehicles, and the electricity purchased externally to maintain the 24-hour operation of the solar farms, resulting in a small amount of energy consumption. During the Year, the total amount of greenhouse gas emissions of the Group amounted to approximately **15,249** tonnes, representing only 1% of the carbon dioxide emission reduction achieved by the Group through PV power generation. The carbon emission corresponding to the electricity sales per GWh (equivalent to “**million kWh**”) was only **8.47** tonnes, representing only **1%** of the carbon emission corresponding to the same amount of coal-fired power.

1. XINYI ENERGY: A POWER GENERATION ENTERPRISE FOR THE FUTURE

Apart from striving for simplicity in its business model, the Group also fused the concept of “Dedicated to simplicity” into its daily operation and governance, actively taking the initiative in response to the United Nations’ call on SDGs in terms of its business development, environmental management, talent management and community participation. The sustainable development concepts consistently observed by Xinyi Energy in its business value chain and operation are as follows:



1. XINYI ENERGY: A POWER GENERATION ENTERPRISE FOR THE FUTURE

Sustainable Development Governance

Well-established corporate governance structure ensures sufficient protection of the interests of shareholders and other stakeholders, and is the foundation for sustainable development of the Group. Hence, the Group puts great emphasis and dedication on enhancing its governance level through tightly-knitted governance structure and consistent practice of the governance philosophy of openness, transparency, diligence and efficiency, compliance and integrity, in order to maintain the Group's credibility and fame in the market.

The Report mainly provides the Group's governance structure on ESG related matters, the responsibility undertaken by the Board in relevant aspects and the business ethics observed by the Group in terms of its business operation. The Group has established relevant procedures and regulations according to the Corporate Governance Code set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange in regards to the governance responsibilities and functions of the Board and its Remuneration Committee, Audit Committee, Nomination Committee and Acquisition Committee in terms of the Group's work in other aspects, and are disclosed in the section "Corporate Governance Report" in the 2020 Annual Report of Xinyi Energy.

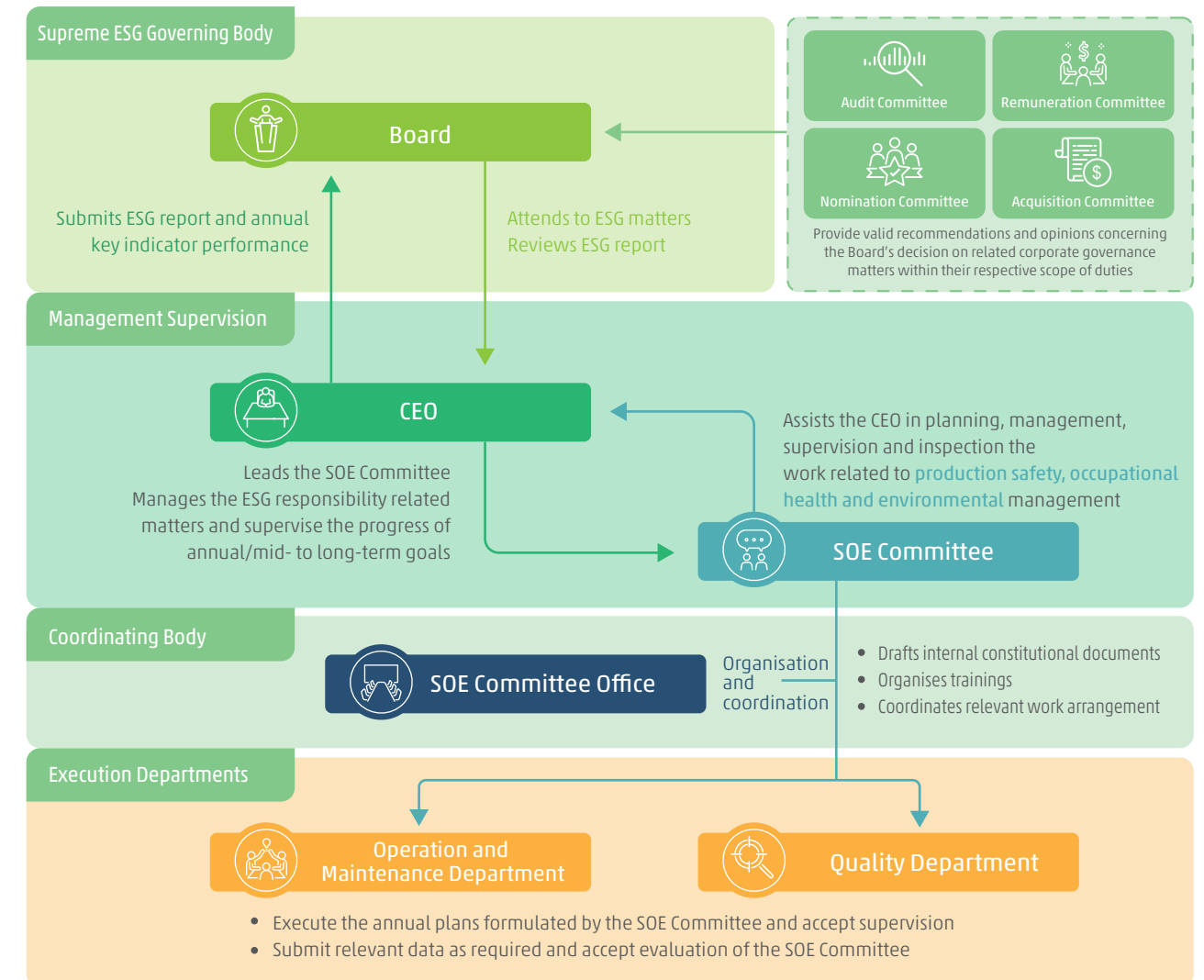
ESG Governance Structure

GRI 102-18, GRI 102-19, GRI 102-20

As a part of the renewable energy industry, Contributing to the sustainable development of the Earth is our original aspiration and the drive of the long-term development of our business. As such, not only will the Group place emphasis on the economic performance and development of our core businesses, but also commit to perfecting the Group's ESG governance, in order to achieve the best practice requirements. The Group believes that more formalised ESG governance would present the Group the path towards sustainable development under this challenging and ever-changing social, governance and natural environment.



The Group has established a stringent governance structure for its ESG works, with the aim to ensure the effective facilitation of strategies and works implemented for the future development of the Company itself, local communities and the society and in the long-term interest of the key stakeholders. Instead of economic benefits, ESG works mainly concern the environmental performance and performance of other corporate social responsibilities. The Board is the supreme ESG governing body of the Group. It monitors the determination of major ESG issues, identification and management of material risks and opportunities related to climate change and other ESG issues, ESG KPIs performance, formulation and implementation of ESG related development strategies and other matters. The Board established the SOE Committee, which is led by the Chief Executive Officer ("CEO") and is responsible for the daily management and supervision of important matters like safe production, occupational health and environmental management. The SOE committee assists the CEO in carrying out related works, including but not limited to formulate annual, mid- and long-term plans, spur the operational departments to strictly implement such plans and monitoring its progress, organise the preparation of annual ESG reports, and regularly report to the CEO on the ESG KPIs performance and progress of sustainable development goals. Upon obtaining approval from the Board, we will publish an annual ESG report to ensure that key stakeholders could regularly receive ESG related work progress and performance of the Group.



Xinyi Energy's Governance Structure of and Terms of Reference for ESG Matters

1. XINYI ENERGY: A POWER GENERATION ENTERPRISE FOR THE FUTURE

Business Operation that Complies with the Global Compact principles

GRI 102-16

The United Nations Global Compact believes that “business can be a force for good”. The Group upholds the same philosophy, standing fast by its core value system and complying with the ten principals raised by the UN Global Compact in its daily operation and pursuit of sustainable development. On top of strict compliance with the laws and regulations of the countries and regions in which we operate, we proactively perform our basic responsibilities in terms of human rights, labour standards, environment and anti-corruption, and enhance the Group’s performance in relevant aspects by referencing international and industrial best practice.

Compliance with laws and regulations

GRI 307, GRI 419, HKEx A1, HKEx B1, HKEx B2, HKEx B4, HKEx B7

During the Reporting Period, the Group strictly complied with the national laws in China and the local regulations and rules in the places in which the solar farm projects are located, to establish, implement and continuously improve the corporate standards for environmental protection, pollution control, energy use, labour relation, corporate operation and governance, thereby ensuring law-abiding and compliant operation. During the Reporting Period, the relevant laws and regulations that had a significant impact on the Group include:



- Environmental Protection Law of the People’s Republic of China
 - Law of the People’s Republic of China on Environmental Impact Assessment
 - Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution
 - Law of the People’s Republic of China on the Prevention and Control of Water Pollution

- Law of the People’s Republic of China on the Prevention and Control of Pollution from Environmental Noise
 - Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
 - Emergency Response Law of the People’s Republic of China
 - National Catalogue of Hazardous Wastes
- Labour Law of the People’s Republic of China
 - Labour Contract Law of the People’s Republic of China
 - Provisions on the Prohibition of Using Child Labour

- Special Rules on the Labour Protection of Female Employees
 - Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases
 - Employment Ordinance of Hong Kong
- Criminal Law of the People’s Republic of China (on relevant clauses relating to corruption, embezzlement, misappropriation of funds, bribery, etc.)
 - Anti-unfair Competition Law of the People’s Republic of China

- Prevention of Bribery Ordinance of Hong Kong
 - Electric Power Law of the People’s Republic of China
 - Law of the People’s Republic of China on Work Safety
 - Fire Control Law of the People’s Republic of China

During the Reporting Period, the Group did not recognise any non-compliances, claims and/or major legal disputes that had a significant impact on the Group concerning the above aspects in its operation.

1. XINYI ENERGY: A POWER GENERATION ENTERPRISE FOR THE FUTURE

Respect human rights

GRI 408-1-c, GRI 409-1-b, HKEx B4.1

The Group respects and observes the various internationally recognised human rights. Not only would the Group strive to avoid infringing human rights in terms of its own business operation and talent management, the Group would also pay much attention to and proactively call on the partners in the value chain who closely cooperate with the Group to share the principals and philosophies of the Group in terms of human rights. The Group strives to achieve the followings in terms of respecting and protecting human rights:

- (i) Expand business scale and enhance operational efficiency, facilitate local employment in the region in which our operation locates, provide job opportunities and ensure equal remuneration and rewards, maintain the basic right of "everyone has the right to work";
- (ii) Create a fair, equal, diversified and inclusive working environment, covering the whole employment process from recruitment. We shall root out any discrimination, and have zero tolerance to child labour, forced labour and other actions that infringe children rights and basic human rights;
- (iii) Strengthen safe production management, continuously improve the occupational health management system, ensure employees' work safety, prevent occupational sickness and work related potential risks that can endanger the health and safety of the employees;
- (iv) Proactively undertake the responsibility of environmental protection, provide more green electricity to the society and replace part of the demand for coal-fired electricity by expanding the scale of our solar farms, in order to reduce the emission of carbon dioxide and other air pollutants, which would directly improve the air and water quality in the region in which our operation locates, provide positive impact on the alleviation of global warming and the extreme climate and natural disaster caused by greenhouse effect, reduce number of diseased individuals, injuries and deaths caused by air pollution, water pollution and natural disasters, and protect the lives and health of more people.

During the Reporting Period, the Group was not aware of any material incidents concerning the non-compliance of relevant laws and regulations that forbidden the use of child labour, forced labour, employment discrimination or human rights protection.

Anti-corruption

GRI 205-2-e, GRI 205-3, HKEx B7.1, HKEx B7.2, HKEx B7.3

Integrity is an insurmountable red line of the Group. The Group strictly complies with the corruption and bribery related provisions of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Prevention of Bribery Ordinance of Hong Kong and other laws and regulations, and implements tight regulations on corporate business behaviour and internal integrity management according to the existing Integrity Management System (《廉潔管理制度》). We are committed to stringent prevention, investigation and punishment for illegal acts and non-compliances such as internal corruptions and employees' illegal acceptance of cash/benefits in kind or other benefits by taking advantaging of their job positions, or offering of bribes or other illegal benefits to customers/regulators/government authorities or other partners.

The Group has established an internal regulatory body to carry out regular monitoring and control, while also enhances our internal monitoring and control effort through continuous improvement of the monitoring and control process, whistle blowing channels, code of conduct and reward and punishment system, in order to guide our employees in upholding integrity, strengthen their self-discipline, prevent them from conducting any bribes, frauds and other dishonesties. In 2020, the Group launched a whistle blowing system for integrity related matters. For employees who violate the internal integrity system and are suspected of job-related offences, the internal regulatory body will announce the detailed results through email and the "Integrity Xinyi" (廉潔信義) WeChat account to internal bodies and the society within 30 days after the closure of the case.

The Group places huge emphasis on cultivating the principle of integrity in our management members and all employees. The Group holds regular special trainings on integrity which all employees are required to participate. During the Reporting Period, the Group organised a total of 298 hours of integrity-related trainings with 118 participants. All employees who cannot attend such trainings due to work arrangement and personal health issues have completed the training through studying the training materials, resulting in a 100% integrity training rate among existing employees.

On top of strengthening our internal regulations, integrity trainings and regular integrity assessments, the Group provides multiple whistle blowing channels such as mails, emails and telephones, and encourages partners in value chains and others in different sectors of the society to timely report to the Group through the above channels if they are aware of any corruptions related or potentially related to the Group.

Apart from preventing corruptions within the corporation and its business activities, the Group also calls on the upstream and downstream participants of the value chain to cooperate. Through obeying laws and regulations, accepting monitoring and control from the government and the society, strengthening the internal management on corruptions in operations and mutual supervisions between value chain partners, it is hoped that corruptions of all formats within the value chain will be significantly reduced, thereby creating and maintaining a more equal, just and transparent operating environment.

During the Reporting Period, there was no concluded litigation raised against the Group or its employees concerning corruption; the Group was not aware of any significant incompliances related to integrity that had material effect on the Group.

2. MATERIAL ISSUES

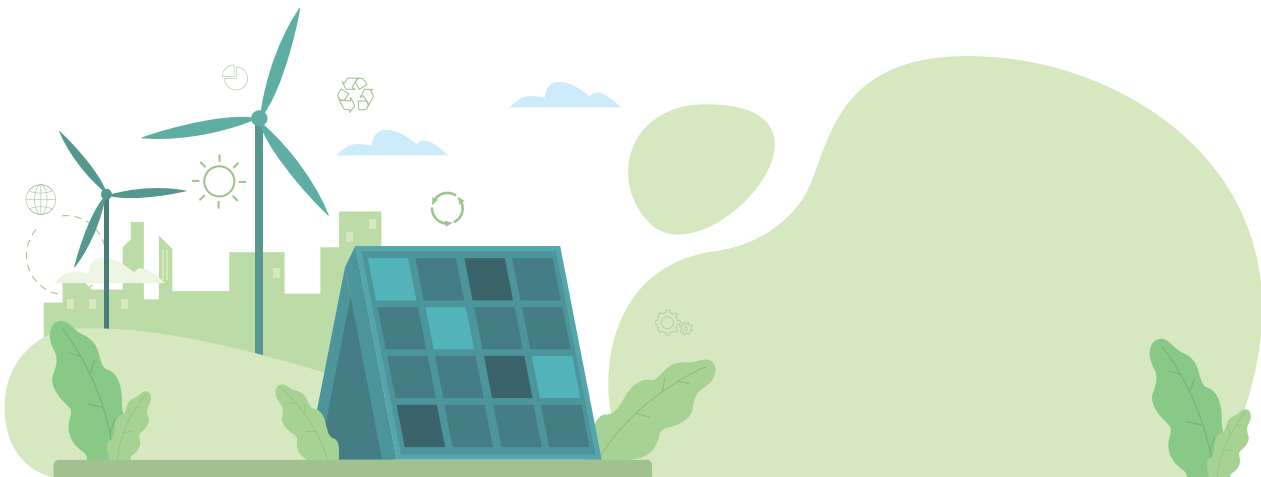
As there are various issues under the ESG scope and not all issues are related to the core businesses of the Group, to better identify material issues that have substantial effect on the Group’s business operation and future development and elaborate on such related issues in order to allow key stakeholders to understand the investment and KPIs performance of the Group in such related aspects, the Group adopted the recommendations in the Step-by-step Guide to ESG Reporting of the Hong Kong Stock Exchange on materiality assessment while preparing the ESG Report for the year, and conducted materiality assessment on relevant issues in ESG areas.

Identification of and Communication with Stakeholders

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

As the Group plays many social roles in the society and the value chain, many different groups became related to the Group’s business operation and development. Responsibilities that should be undertaken by different roles have prompted the Group to identify different stakeholder groups and maintain good communication with them through suitable channels. Meanwhile, identifying key stakeholders is also an important basis for the materiality assessment on ESG issues of the Group.

The Group assessed its stakeholders based on the Stakeholder Influence - Dependency Matrix (《持份者影響—依賴程度矩陣》) during the Reporting Period, and based on the four factors of relevance, impact, reliance and nearby region, identified individuals or groups who are materially affected by the Group’s business activities and services and/or whose actions are expected to materially impact the Group’s business operations, plan execution and goal achievement as “key stakeholders”, consisting of the five groups of staff, regulators, communities, shareholders and potential investors, as well as customers and partners.



During the Reporting Period, the Group maintained good communication with the key stakeholders through the main communication channels below, and timely responded to their concerns and demands on ESG issues. The emphasis and disclosure requirements of key stakeholders on different ESG issues also provided important references for the Group in assessing the impact of its business on the environment and the society and identifying material issues.


Key Stakeholders	Issues of concern	Main channels of communication
 <p>Staff</p>	<ul style="list-style-type: none"> Occupational health and work safety Remuneration, benefits and talent retention Labour compliance Training and equal opportunities Corporate development and economic benefits Governance principles 	Trade union/staff representatives Performance appraisal Department/group meetings Trainings and staff activities Interviews and suggestion box for staff
 <p>Regulators</p>	<ul style="list-style-type: none"> Safe production management Environmental management and performance in environmental protection Corporate development and economic benefits Governance principles Corporate social responsibilities (social benefits) 	Laws and regulations Information reporting Site visit Phone calls/meetings
 <p>Communities</p>	<ul style="list-style-type: none"> Corporate social responsibilities (social benefits) Safe production management Environmental management and performance in environmental protection Governance principles 	Public welfare activities PV greenhouse education base Resolution meetings Phone calls/visits/company website
 <p>Shareholders and potential investors</p>	<ul style="list-style-type: none"> Governance principles and risk control Corporate development and economic benefits Value sharing and return for shareholders Response to climate related risks and opportunities Acquisition scale and development plan Environmental management and performance in environmental protection 	Annual general meeting/ extraordinary general meetings Announcements/circulars Financial reports/ESG reports Investor meetings/roadshows/site visits to solar farms Press releases/briefing materials Phone calls/emails/company websites
 <p>Customers and partners</p>	<ul style="list-style-type: none"> Stability of power supply Safe production management Governance principles and risk control 	Contracts/agreements Phone calls/emails/meetings Site visit/customer visit

2. MATERIAL ISSUES


Materiality Assessment

GRI 102-21, GRI 102-46, GRI 102-47


In 2020, the Group largely adopted the systematic process for materiality assessment in the 2019 ESG Report, and made further improvement to the original process with reference to international and local best practice in materiality assessment. Finally, by following the below process, we identified and, after assessment examination conducted by the CEO and senior management, determined 12 material issues that had material and/or deep impact on the business operation and development of the Group, and obtained approval from the Board.



First step: Identify relevant issues




Prepares a complete list of issues based on the general disclosures and the KPIs made by the Hong Kong Stock Exchange




Refers to the suggested disclosure on material issues for enterprises within the renewable energy industry, utility industry and power generation industry published by international/local professional bodies. Reference standards include:


- The issues related to the renewable resources and alternative energy sector, electric utilities and power generators industry within the Materiality Map published by the US Sustainability Accounting Standards Board (SASB)
- Performance indicators which are identified by the Materiality table-by industry and aspect (《重要性列表—以行業及層面分類》) issued by the Hong Kong Stock Exchange as very likely/likely to be material to enterprises in the utilities industry
- Issues and performance indicators identified as highly relevant within the global best ESG disclosure templates from enterprises within the utilities industry, which are provided by the BEC Handbook: Understanding Materiality for Environmental, Social and Governance Reporting published by the Business Environment Council of Hong Kong (“BEC”)




Upon refinement of the full issue list based on the above international/local reference standards, we conduct peer comparison and include issues that are generally disclosed by our peers but not included in the issue list, in order to form a new issue list




Conduct internal assessment on the actual relevance of each issue in the new issue list with the business operation of the Group and remove issues without actual relevance to form the relevant issue list



Second step: Conduct materiality assessment on relevant issues




Through continuous communication with key stakeholders, we learn about the concerns of key stakeholders on different relevant issues and the disclosure recommendation on relevant issues for the Group and identify the material issues of most concern to the key stakeholders, which is an important reference to the Group when assessing the impact of issues on stakeholders




Identify the followings by making use of a combination of information and data obtained through internal assessment and communication with external stakeholders, as well as the materiality matrix:


- The most important issue: Issue that has material impact on both stakeholders and the business of the Group
- Important issues: Issues that have material impact on stakeholders or the business of the Group




Consolidate a material issue list in the order of the most important issues, important issues and relevant issues, and submit the list to the CEO and senior management



Third step: Verify and determine material issues



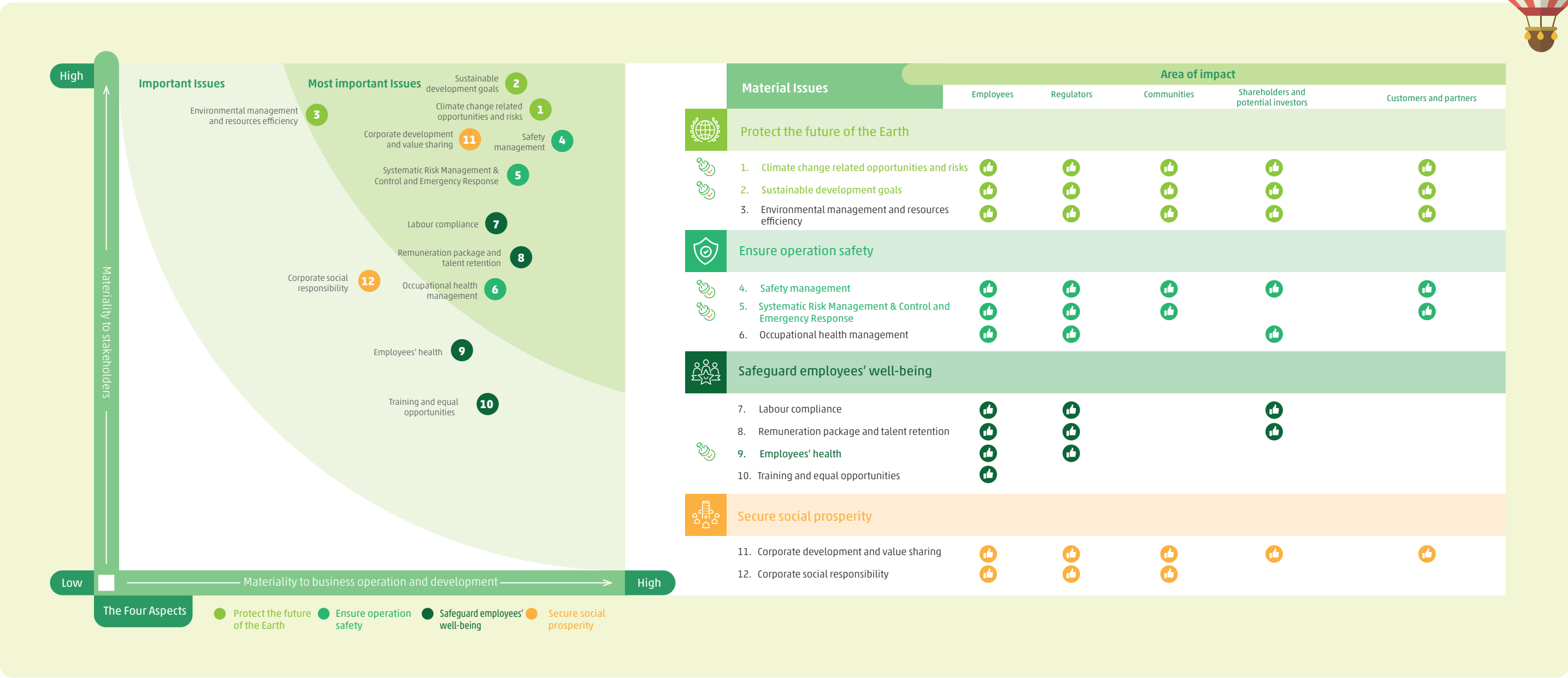
In 2020, the sudden COVID-19 pandemic has brought huge impact to the global economy and social development. Health and safety issues became a great concern for the entire international community, not only in terms of human health and safety, but also environmental health and social safety. Thus, when verifying the material issues in 2020, the management considered the top ten risks by likelihood and top ten risks by impact in the next 10 years raised by the Global Risks Report 2021 published by the World Economic Forum (WEF)



The CEO and senior management reviewed the material issue list to determine the material issues which are relevant to the business operation and development of the Group and interests of stakeholders. Meanwhile, based on the material risk factors raised by the WEF, the management determined that “**Climate change related opportunities and risks**”, “**Sustainable development goals**”, “**Safety management**”, “**Systematic Risk Management & Control and Emergency Response**” and “**Employees’ health**” as the five most material issues in the 2020 ESG Report

2. MATERIAL ISSUES

The materiality matrix, material issues and the analysis of their effect are stated as below. For material issues, the Group has provided further information in the following individual sections in the Report, and disclosed the KPIs performance of the relevant issues during the Reporting Period in the chapter “**ESG PERFORMANCE IN 2020**”. In terms of other relevant issues that are not determined as material issues, such as the KPIs which are required/suggested to be disclosed by the Reporting Guidance on Environmental KPIs and Reporting Guidance on Social KPIs of the Hong Kong Stock Exchange, the relevant data or explanation of which are provided in “APPENDIX: REPORTING GUIDE CONTENT INDEX” in P74 to 82.



PROTECT THE FUTURE OF THE EARTH

United in Science report stated that, climate change did not slow down due to COVID-19. Although shutdown and economic slowdown caused by the pandemic has temporarily lowered the emission of greenhouse gas, the concentration of greenhouse gas in air is at record high and keep rising, while the pace of global warming and climate disorder hastens. The United Nation calls upon governments of all countries to turn the current crisis to opportunity by adopting clean, green, healthy, safe and more resilient methods in rebuilding the economy and society, expedite the decarbonisation process and promote the transition to green economy. As a member of the new energy industry, the Group is committed to increase the scale and operating efficiency of our solar farms, while also ensure supply stability and safety, in order to provide more green energy for the world and support global energy transition and energy efficiency improvement. We believe, as Xinyi Energy is a renewable energy power generation enterprise, every step in the development of Xinyi Energy will lead to a better future of the globe.



3. PROTECT THE FUTURE OF THE EARTH

CLIMATE CHANGE RELATED OPPORTUNITIES AND RISKS

GRI 201-2, TCFD, HKEx A4.1

The Global Risks Report from WEF predicted that, failure in response to climate issues will be the biggest driving factor to global crisis. Meanwhile, since the investigation in 2020, in 2021, "extreme weather" is once again ranked as a top global risk by likelihood in the next decade, while "climate issues response failure" is again recognised as one of the top three global risks by likelihood and impact in the next decade. In the second half of 2020, with the economic activities of various countries recovering, greenhouse gas emissions made a sharp rebound, which illustrated the urgency of "Climate Action". "Climate Action" could afford no delay. Governments in various countries realise that only a systematic shift to more sustainable economy can address the critical climate situation, saving lives and the Earth. As of the end of 2020, over 110 countries undertake to achieve carbon neutralisation by 2050. The PRC also suggests the goals of reaching "carbon peak" by 2030 and "carbon neutralisation" by 2060. As the decarbonisation policies of various countries become more certain, there will be more room for renewable energy development.

The promotion of electrification and wider use of renewable energy have significantly increased the ratio of renewable energy in the global energy mix and is the key to decarbonising the energy system, while decarbonisation of the energy system, which accounts for 1/3 of the global carbon emission, is also a necessary step to carbon neutralisation. Hence, as a pure solar power generation company, promoting the decarbonisation of the global energy system is our bounden duty, and it is believed to be a huge opportunity to the business development of the Group.

As the risks and opportunities from climate change have material and deep impact to the business operation and development of the Group, the Group identifies existing or potential major climate risks and opportunities that have actual financial or strategic impact to the Group's business by referencing suggestions from TCFD and according to the policy and market chance in the region and industry in which we operated in 2020, and taken actions to better manage relevant risks and seize relevant opportunities. Disclosures are made as follows.

Physical risks

Acute risks resulting from extreme weather

Risk factors more relevant to the Group's operation

Typhoons, rainstorm, floods caused by heavy rainfall

Effect of risk factors (potential) to the Group's operation

- Typhoons and floods could damage modules, which affects power generation efficiency, and in serious cases, cause safety incidents that endanger the safety of staff or nearby communities
- Abnormal cloudy and rainy weather could affect power generation, which in turn affect sales of electricity and revenue from power generation

Responses

- We have established emergency management system and prepared contingency plans for possible emergency incidents caused by typhoon, strong convective weather and floods within the region in which the Company operates
- We perform 24-hour real-time monitoring through centralised operation and maintenance platform to effectively identify abnormalities and timely execute contingency plans, in order to reduce the effect of emergent safety incidents caused by extreme weather
- We formulate contingency and prevention plans for different regions through long-term accumulation of operation data, combined with the data on the frequency, high-incidence season and change in trend of extreme weather for recent years in the location of the solar farm, to reduce the impact of extreme weather to solar farm operation and ensure the safety of our staff
- We conduct safety checks aimed at wind and flood prevention in peak season of extreme weather
- We improve our operation efficiency through intelligent operation and maintenance, thereby reducing the impact of abnormal cloudy and rainy weather on power generation

Performance in 2020

In 2020, continuous heavy rainfall caused the greatest flood since 1998 in Southern China, including the Yangtze River region and coastal area in Southern China. Although 90% of the solar farm projects of the Group located in such regions, by conducting special safety inspection for flood prevention before the beginning of rainstorm season, examination and remediation of potential risks in solar farm projects in advance and making use of intelligent monitoring and control system as well as intelligent operation and maintenance measures under abnormal weather, we enhanced our solar farm management and ensured the safety of our staff. **In 2020, the Group experienced no occupational injuries and safety incidents caused by climate factors.**

Despite the abnormal cloudy and rainy weather in Anhui in the first season of 2020 and the enormous flood in the Southern region in Summer 2020, the average utilisation rate of the Group's solar farms during the Reporting Period still reached 99%^{Note1}, keeping the impact of extreme weather on the amount and efficiency of power generation of the Group's solar farms to a minimum.

Note:

(1) Average utilisation rate = Actual hours of utilisation for the Year (weighted average) / estimated maximum hours of utilisation for the Year (weighted average)

3. PROTECT THE FUTURE OF THE EARTH

Chronic risks from climate change

Risk factors more relevant to the Group's operation

- The Blue Paper of Climate Change in China 2020 (《中國氣候變化藍皮書(2020)》) shows that, since the middle of 1900s, there was a significant increase in incidents of extremely high temperature. The average increase in temperature in China during 1951-2019 is substantially higher than the global average during the same period
- Global warming intensifies the global water cycle. The Blue Paper of Climate Change in China 2020 shows that, the average annual precipitation between 1961-2019 represented a slight rising trend. While the average days with precipitation per year was decreasing, cases of extreme heavy precipitation were in an upward trend. Precipitation in Eastern, Central and Southern China presented no linear change, but the annual fluctuation of precipitation in Eastern China has been increasing since early 21st century

Effect of risk factors (potential) to the Group's operation

- There is a significant increase in number of days with high temperature and maximum temperature, which is more likely to cause fire and increases risk of heatstroke for outdoor staff
- Decrease in number of days with precipitation per year and increase in amount of precipitation mean the number of days with small rain decreases, while the number of sunny days increases. However, heavy rainfall has larger impact on power generation during the period, which might increase risks for operation, maintenance, patrol and inspection

Responses

- We conduct targeted fire safety inspections in summer to ensure the implementation of heatstroke prevention, cooling and fire prevention measures
- We implement high temperature work regulations under high temperature, protecting the health of our staff through adjusting working arrangements, controlling outdoor working hours, ensuring sufficient rest time and distributing heatstroke prevention equipment and supplements
- We regularly inspect and check the water and flood drainage system in our solar farms to ensure the full and efficient operation of the facilities, while also strengthen our staff's safety awareness and contingency responses capability through trainings and flood contingency drills
- We replace staff patrol with drones under abnormal weather to ensure the safety of our staff
- We improve our operation efficiency with intelligent operation, enhancing the power generation efficiency under sunny days, cloudy days and light shower to offset the impact of rainstorm on annual power generation, while also alleviate the effect of rainfall and sunlight fluctuation between different years

Performance in 2020

In 2020, by making use of intelligent operation and maintenance control system, patrol application and other software, the Company strengthened the safety management of its solar farms, while also allowed for timely checks of the safety of staff on patrol. We also ensure the health and safety of our staff through implementing stringent high temperature work regulations, adjusting outdoor working arrangement and time, and distributing heatstroke prevention and cooling items and supplements. **In 2020, the Group experienced no occupational injuries caused by work under high temperature and safety incidents caused by high temperature.**

Excluding the effect of extreme weather in 2020, the power generation efficiency of the Group's solar farms further improved, representing a year-on-year increase of 2%.

Transition opportunities

TCFD suggests enterprises to assess four aspects covered by the climate-related transition risks, namely policy and litigation, technology, market and reputation. As the transition demands that arise or might arise from climate change under such aspects will not give rise to risk to the business operation and future development of the Group, it is expected that such demands will provide substantial development opportunities for the Group.

Policy and regulation

Opportunities: As the PRC announced the goal of “carbon neutralisation” by 2020, and promotion of renewable energy development is a necessary step towards carbon neutralisation, it is expected that the policies of the PRC will further focus on renewable energy, including increasing the ratio of renewable energy within the energy mix, implementing renewable energy guaranteed purchase and grid-connection priority policies to ensure renewable electricity consumption, continuing tax incentive and other preferential policies to encourage the development of renewable energy power plant projects and promoting trading of national carbon emission and green certificates to expand the revenue sources of renewable energy projects

Actions: By increasing our total approved capacity through acquisition of quality solar farm projects, it is expected that our total approved capacity will annually increase by 20-30% in the next three years, allowing us to fully grasp the opportunities brought about by the promotion of renewable energy in the PRC

Technology

Opportunities: Expected to transition from distributed and rough style of traditional operation and maintenance to concentrated and efficient intelligent operation and maintenance

Actions: The Group has gained an early edge by successfully developing and continuously improving a concentrated operation and maintenance platform. The technological transition is expected to drive the demand for the Group's intelligent operation and maintenance service

Market

Opportunities: With the widespread recognition of the importance and urgency of using renewable energy, it is expected that the trading market and customer base of the renewable energy power enterprises will further expand by then

Furthermore, the promotion of electrification as well as extreme weather like high temperature in the PRC will lead to a significant increase in electricity demand. Upon considering the comprehensive environmental factors, utility-scale PV power and onshore wind power with cost competitiveness will be the future main power sources of the PRC

Actions: By improving the power generation efficiency of our solar farm projects through expanding the total scale of our solar farms and utilising intelligent operation and maintenance, we can provide more green electricity to the society to meet the growing electricity demand of the society

Reputation

Opportunities: Climate change has prompted different stakeholders to place more attention on the environmental protection performance of enterprises. As an enterprise solely engaged in renewable energy power generation, the Group's business operation is carbon negative for an extended period of time, which, together with the highly flexible business model, the strong adaptability to climate change and the importance attached by all stakeholders to environmental protection performance, will enable the Group's business and brand value to be more widely recognised and enhanced

Actions: We strengthen the Board's supervision on the ESG related works of the Group, achieving best international and industrial practice through continuously improving our ESG performance and governance. By publishing annual ESG reports and disclosing our KPIs and ESG work performance, we provide quantified and more comprehensive data and information to key stakeholders, in order to respond to the ESG matters they are most concerned with and ensure that they understand the investment and goal progress of the Group's ESG work

3. PROTECT THE FUTURE OF THE EARTH

SUSTAINABLE DEVELOPMENT GOALS


The COVID-19 pandemic reminds us that, the relationship between human and the Earth is very delicate. If we do not take measures in preventing damages to the environment and responding to climate change, the consequences could be huge and unbearable. Guterres, the secretary-general of the United Nations, once said on the United Nations Environment Assembly, "All environmental, social and economic challenges are interlinked. And they must be tackled together. We need a healthy Earth for sustainable development".

We deeply recognise that no enterprises exist as a standalone body. Their production and development are materially and continuously affected by economic, social and natural environmental factors. Thus, we actively respond to the United Nation's call through consistently adopting the philosophy of sustainable development in the operation and development planning of our core businesses, while also strengthen the relationship and cooperation with our upstream and downstream partners in the value chain and share our sustainable development philosophy, with an aim to contribute our effort in achieving the sustainable development goal of the United Nations.

The Group is a renewable energy power generation enterprise, meanwhile, because it mainly expands its scale through acquisition of completed, grid-connected solar farms and does not involve solar farm construction, its business operation and development process generate almost no negative effect to the environment, and could provide green electricity to the society to reduce carbon dioxide emissions, such that naturally, the business development of the Group is highly consistent with multiple goals of SDGs. Based on the latest change in the social and operating environment in 2020, according to the directions under the SDG Compass published by the United Nations, the Group conducted a comprehensive assessment on the value chain in which its core business is located in and its affected areas. Upon assessing the effect of its own business operation and development on the fulfillment of the goals of SDGs, "Affordable and Clean Energy" (Goal 7), "Sustainable Cities and Communities" (Goal 11) and "Climate Action" (Goal 13) continued to be recognised as the three sustainable development goals most relevant to the corporate development strategies and core business of the Group. The Group believes that it can contribute to Goal 7, Goal 11 and Goal 13 through the operation and development of its own business.

Meanwhile, with the impact brought upon human health, global economy and social stability by COVID-19 pandemic in 2020, the Group also placed more emphasis and concern on "Goal 3: Good Health and Well-being" and "Goal 8: Decent Work and Economic Growth". The Group will increase our positive contribution to Goal 3 and Goal 8 by providing its employees with decent work and equal development opportunities through empowerment, enhancing the health management and safety protection of our employees, and driving social co-prosperity through paying tax, creating job opportunities and social welfare activities.

The most relevant areas



 7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy


Specific targets most likely to be affected by the Group

7.1	By 2030, ensure universal access to affordable, reliable and modern energy services
7.2	By 2030, increase substantially the share of renewable energy in the global energy mix

Corporate action: To increase the positive impact on relevant targets



The Group provides green electricity to the society by generating power with its solar farms.
As at the end of 2020, all electricity sold by the Group during the track record period was PV power.



 11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable Cities and Communities

Specific targets most likely to be affected by the Group

11.5	By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
11.b	Substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters


Corporate action: To increase the positive impact on relevant targets



Approximately 1/3 of the greenhouse gas produced in the world is from the power system. Therefore, increasing supply of renewable energy, fulfilling the new electricity demands and gradually replacing fossil fuel (coal-fired power in particular) play an important role in alleviating climate change, improving air quality, reducing the occurrence of extreme weather and disasters caused by climate change, constructing cities that can develop sustainably and protecting the health and lives of more people.

In 2020, the Group generated approximately 1.8 billion kWh of PV power, which is equivalent to the annual electricity consumption of close to 900,000 households or reduction in carbon dioxide emission by 1,508,000 tonnes.

3. PROTECT THE FUTURE OF THE EARTH

13	CLIMATE ACTION
Climate Action	
Specific targets most likely to be affected by the Group	
13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
13.2	Integrate climate change measures into national policies, strategies and planning
13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Corporate action: To increase the positive impact on relevant targets	
	<p>To strengthen the adaptive capacity to climate change and recovery ability of all countries, transition to green economy, or a systematic shift towards a more sustainable economy, is needed. The decoupling of economic development and growth of carbon emissions must rely on steady supply of renewable energy and substantial increase in its supply.</p> <p>The Group expands the scale of solar farms it owns and operates through acquisition and continuously enhances the power generation efficiency, stability and safety of its solar farms by utilising intelligent operation. In 2020, the Group acquired solar farms with a total capacity of 340MW from its parent company and independent third parties, representing an increase in scale of approximately 22.8% and an increase in annual electricity sales by 12.2%.</p>
	<p>The Group owns two PV greenhouse education bases, which are open for visits for education and publicity, including the principles and process of PV power generation and the benefits of PV power generation in climate change mitigation.</p> <p>Furthermore, by holding lectures in schools and teaching local farmers/fishermen to plant/cultivate below the solar panels, the Group promotes knowledge on PV power generation, operation and maintenance, as well as new solar farm development and construction model combined with both PV power generation and modern agriculture/fishery, such that the public will have better understanding and acceptance to PV power generation.</p>

More relevant areas


3	GOOD HEALTH AND WELL-BEING
Good Health and Well-being	
Specific targets most likely to be affected by the Group	
3.4	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
Corporate action: To increase the positive impact on relevant targets	
	<p>Through regulated occupational safety and health management, the Group ensures that its employees receive sufficient labour protection, preventing the occurrence of occupational diseases. In 2020, there were no occupational injuries caused by the lack of labour protection or inappropriate operation, nor any proven cases of occupational diseases.</p> <p>The Group provides annual body check to its employees, as well as body check targeted at occupational diseases of certain posts, with an aim in ensuring that employees would be regularly notified about their health. In 2020, the Group purchased a new critical illness insurance for its employees to provide additional medical coverage.</p> <p>The Group arranges a variety of activities, including sports, cultural and recreational activities, for its employees, in order to guide its employees to pursue work-life balance, cultivate a good habit of exercise, mentality and life, and maintain a healthy body and mind.</p> <p>Operation of a solar farm basically generates no adverse effect to the environment. Solar farm types such as agriculture-pv complementary and fishery-pv complementary can better protect the ecosystem, environment and bio-diversity. Replacing coal-fired power with PV power can largely prevent the air pollution and water pollution produced in the process of power generation.</p>

8	DECENT WORK AND ECONOMIC GROWTH
Decent Work and Economic Growth	
Specific targets most likely to be affected by the Group	
8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms
Corporate action: To increase the positive impact on relevant targets	
	<p>The Group respects and guarantees the basic human rights and labour rights of its employees, ensuring that all stages of employment, training, work and promotions are equal, fair and free of discrimination, while eliminating child labour, forced labour and all forms of discrimination.</p> <p>The Group provides reasonable and competitive remuneration, staff benefit and diversified training for its employees, and establishes a fair and equal promotion mechanism, to ensure that the rights of employees to receive decent works and pursue occupational development.</p> <p>All business income of the Group originates from renewable energy, hence all its income is green revenue, and it is an enterprise where its economic performance and environmental performance are in a perfectly positive correlation. By expanding its operation scale, not only can the Group increase its tax contribution and generate economic benefits for the society, but can also drive the global carbon neutralisation process and generate substantial environmental benefits.</p>

3. PROTECT THE FUTURE OF THE EARTH

Review of the progress of sustainable development targets


In 2019, the Group raised six sustainable development targets (the “SDTs”) with an aim to enhance its positive impact in the three most relevant sustainable development target areas and proactively respond to the ESG matters most concerned by key stakeholders. During the Reporting Period, the progresses of the sustainable development targets are as follow:



Target 1: The scale of solar farms increased by 10-20% year-on-year, and the annual greenhouse gas emissions reductions increased by 10% through the provision of green electricity

Performance in 2020

In 2020, the aggregate approved grid-connected capacity of the Group’s solar farms was 1,834MW, representing a year-on-year increase of 22.8%, and the annual greenhouse gas emissions reductions increased by 11.8% through the provision of green electricity.



Target 2: Continue to optimise operation and maintenance technology to further reduce water and energy consumption intensity

Performance in 2020

Due to the impact of extreme weather, such as floods in Southern China and abnormal cloudy and rainy weather in the beginning of the year, there was a decrease in the amount of electricity generated by existing solar farms owned by the Group during the Reporting Period. The energy consumption of the Group mainly arises from indirect energy consumption generated by electricity purchased. As solar energy is an intermittent energy, the Group needs to purchase electricity from external source to maintain the 24-hour operation of solar farms. Meanwhile, staff in the solar farms require electricity for domestic use. Such consumption will not decrease as power generation decreases.

Furthermore, since the pandemic affected the development, construction and grid-connection process of solar farms during the Reporting Period, and the Group only acquires grid-connected solar farms, most of the acquisition of the Group concentrated in the end of third quarter and the fourth quarter. Such solar farms can only produce limited electricity during the Year. However, these solar farms will have electricity demand as soon as the acquisition is completed. Such demands are mainly related to the scale of the solar farms, but not the amount of power generation during the corresponding period.

In terms of water consumption, as solar power generation involves relatively small amount of water, most of the water consumption generates from the office of the solar farms and staff’s domestic water usage, which is mainly affected by the scale of the solar farms, while only limitedly affected by change in amount of power generation.

Therefore, both water and energy consumption intensity increased during the Reporting Period.



Target 3: Implement long-term management mechanism of safe operation and maintenance to achieve zero major equipment failure/power safety/fire accident, zero fatality and no serious injury accidents

Performance in 2020

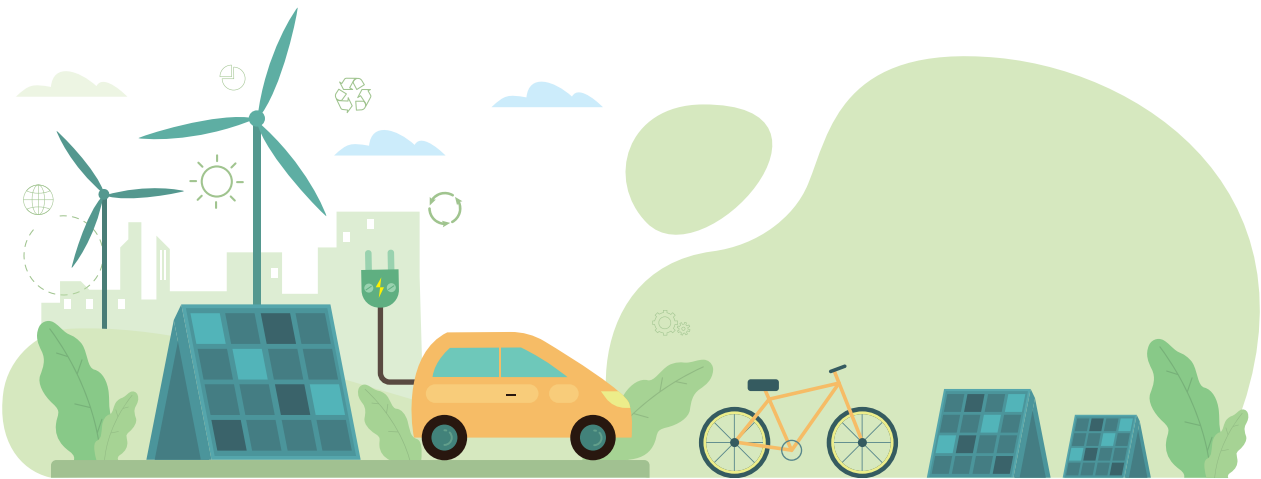
During the Reporting Period, the Group strictly implemented long-term management mechanism of safe operation and maintenance, strengthening its safety management through organising regular safety checks, safety trainings, contingency drills and safety assessments. There was no major equipment failure, power safety, fire accident, zero fatality and no serious injury accidents during the Year.



Target 4: Safeguard the health of employees and the surrounding community, and achieve the goal of zero incidence of occupational diseases among employees and zero harm to personal health

Performance in 2020

Through the implementation of long-term safe operation and maintenance mechanism and occupational health management system, the Group ensure the safety of power generation and the labour safety and health of its employees. It also provides annual body checks, occupational diseases body check, critical illness insurance and other medical benefits to its employees, placing high emphasis to the physical and mental health of its employees. During the Reporting Period, the Group did not experience any safety incidents that endangered the communities and public located around its operation, and recorded no occupational diseases among its employees.



3. PROTECT THE FUTURE OF THE EARTH

Target 5: Adhering to the “people-oriented” principle, every employee is treated with respect, tolerance and equality. The Group protects employees’ legitimate rights and interests, fair development ladders, and continues to provide them with diversified learning opportunities, with an aim to building an “inclusive, diversified and happy” team

Performance in 2020

The Group consistently implements its existing talent management principles to ensure that all employees receive equal and fair treatment. In the whole employment process, the Group eliminates all manners of discrimination and forced labour, firmly upholding the legal rights of its employees. Moreover, the Group facilitates its employees in fulfilling their occupational goals through scientific training and promotion mechanisms. During the Reporting Period, the Group was not aware of any confirmed non-compliances or claims related to violation of anti-discrimination, human rights protection principles and labour laws/ regulations.

In 2020, the Group provided a total of 6,921 hours of training to its employees, in order to comprehensively improve the occupational and integrated skills, safety awareness and integrity of its employees.

Target 6: Leverage on our influence in the industry, the PV value chain and society to ensure universal access to renewable energy through promotion and awareness-raising

Performance in 2020

During the Reporting Period, the Group will continue to promote the combination of agriculture/fishery with PV: Agricultural-PV complementary solar farm model and Fishery-PV complementary solar farm model. By means of guiding and teaching farmers/ aquaculturist located at our operations the farming and aquaculture techniques below solar panels, we allow local communities to understand and enjoy the economic and environmental benefits PV power brings to the society, attracting more support and promoting the usage of PV power.

Due to pandemic control and prevention, as well as the concern of our employees’ health, the PV greenhouse education bases of the Group were not open for visit to the public during the Year. However, the Group introduced knowledge on PV power generation, operation and maintenance to university students by holding lectures in order to raise the society’s awareness and recognition on the social benefits of PV power generation.

The Group will continue to enhance its management and regular disclosure of its sustainable development targets, and review the justification of such targets when appropriate to make timely adjustment, ensuring that the Group can better realise its positive effect in achieving global sustainable development goals, providing positive benefits to key stakeholders while pursuing its own business development.

ENVIRONMENTAL MANAGEMENT AND RESOURCES EFFICIENCY

GRI 103-2-c-i (used together with GRI 302, GRI 303, GRI 305, GRI 306)

The Group adheres to the mission of “Empowering the Green Era and Lighting up the World (赋能綠色新時代,光源點亮千萬家)” and conducts the daily operation of solar farms under the “GREEN” model, establishing standards and principles under the five aspects of “Green & Eco-friendly”, “Reliable & Safe”, “Established Emergency Mechanism”, “E-platform for Intelligent Operation and Maintenance”, and “Neighbour Engagement” and implementing such standards and principles in actual operation, while actively exploring and improving the efficient operation model of renewable energy power plant.

Operation Model for Xinyi Energy’s Solar Farms

Green & Eco-friendly

- Electricity sold is solely generated from PV power
- Explore the environmental-friendly solar farm model
- Low energy consumption with minimal pollution

SDTs

The scale of solar farms increases by 10-20% annually, and the carbon emissions reductions increased by 10% annually

Established Emergency Mechanism

- Standardise the emergency management procedures for various types of emergencies in accordance with the Emergency Management System (《應急管理制度》)
- Formulate emergency response plans, file with the National Energy Administration and local safety regulatory authorities, and conduct regular internal inspections and external expert assessments
- Organise emergency response skill trainings and emergency response drills

Reliable & Safe

- A sound safety management system
- Supervision by the SOE Committee
- Ensure safe operation, as well as stable and reliable supply of electricity to enhance power generation efficiency

SDTs

Achieve zero major equipment failure/power safety/fire accident, zero fatality and no serious injury accidents

E-platform for Intelligent Operation & Maintenance

- Implement centralised , electronic and 24-hour remote monitoring through the Group's centralised operation and maintenance platform for solar farms
- Strengthen operation and maintenance management and safety through informatised operation and maintenance measures, such as patrol application and drone patrol

SDTs

Continue to optimise operation and maintenance technology to further reduce water and energy consumption intensity

Neighbour Engagement

Devote much focus and effort to benefit local communities and residents with our business operations:

- ✓ Conserving resources
- ✓ Promoting employment
- ✓ Improving living environment

SDTs

Safeguard the health of employees and the surrounding community, and achieve the goal of zero incidence of occupational diseases among employees and zero harm to personal health

3. PROTECT THE FUTURE OF THE EARTH

Green operation and maintenance

HKEx A1.5, HKEx A1.6, HKEx B2.3, HKEx B2.4

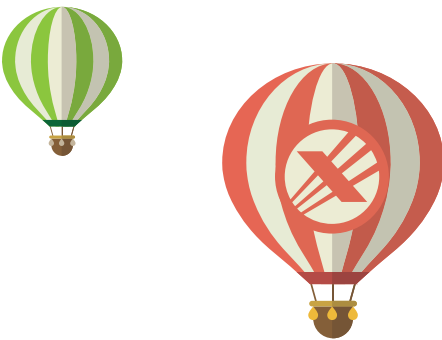
As PV power generation does not consume fossil fuels and involves no machinery operations, PV components produce no pollutions or emissions when converting solar power to electricity, nor does it bring any adverse effect in terms of air, water and sound. Not only does PV power produce no pollution, the green electricity it produces could also partly replace coal-fired power, which significantly reduces carbon emission from the society, while also decreases the air pollutions from sulphur dioxide, nitrogen oxides and particles (smoke and dust), as well as consumption of fresh water and pollution to water resources and environment.

Even though PV power generation does not consume any energy or water resources or generate any pollutions, the operation of solar farms and/or work and daily lives of our frontline staff at the power plants would still consume energy and water resources, and thus generate pollutions. The Group has established and continued to improve its internal environmental regulation system. On top of strict compliance with the environmental laws and regulations in the PRC and regions in which our operations locate, the Group also ensures that it obeys the internal environmental management codes and governance procedure in its daily environmental management, and receives supervision from local environmental regulators.

During the Reporting Period, the Group adopted the following environmental governance measures with the aim of pursuing efficient usage of resources while minimising the adverse impact of its daily operation to the environment.

Environmental impacts	Operating activities that generate emissions/involve resource consumption	Governance measures
Emissions of pollutants		
<p>Greenhouse gas emissions</p>	<ul style="list-style-type: none"> Direct emission arising from the use of vehicles in operations, maintenance, patrols and inspections Since solar energy is intermittent energy, it is necessary to purchase electricity externally to maintain 24-hour operation of the solar farms and domestic consumption by staff, which indirectly generate greenhouse gases 	<ul style="list-style-type: none"> Implementing centralised electronic remote monitoring through a centralised operation and maintenance platform to enable advanced warning, accurate identification of areas with potential risks, more reasonable allocation of on-site vehicles at solar farms and efficient use of energy Gradually replacing diesel vehicles with gasoline vehicles to reduce the consumption of diesel. As solar farms locate at remote areas, operations, maintenance, patrols and inspections involve long drives on mountain roads. Hence, there is currently no plan in shifting to electric cars due to safety concerns Advocating the concepts of energy conservation and environmental protection, and guiding the staff to consciously reduce unnecessary electricity consumption in daily work and life, such as turning off idle electrical appliances or lighting, etc.
<p>Air pollutant emissions</p>	<ul style="list-style-type: none"> Air pollutant emissions including nitrogen oxides (NOx), sulphur dioxide (SO₂) and particles arising from the use of vehicles in daily operation 	<ul style="list-style-type: none"> Implementing remote monitoring through a centralised operation and maintenance platform to enable optimal deployment of vehicles, and reduction of air pollutant emissions arising from the unnecessary use of vehicles

Environmental impacts	Operating activities that generate emissions/involve resource consumption	Governance measures
<p>Waste generation</p>	<ul style="list-style-type: none"> The hazardous wastes generated in the daily maintenance of power plants mainly include disused solar modules, as well as a small amount of disused circuit boards, junction boxes, waste oil, disused batteries, toner cartridges, ink cartridges, etc. Non-hazardous wastes mainly include domestic garbage, waste paper, etc. 	<ul style="list-style-type: none"> Strictly complying with the laws and regulations on the treatment of hazardous materials such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001) (《危險廢物貯存污染控制標準 (GB18597-2001)》), to entrust qualified agencies for disposal and is under the supervision of local regulatory authorities Main transformers and box-type transformer substations are protected by anti-seepage treatment with collection tanks placed underneath and are regularly inspected manually and monitored via electric system to prevent water pollution from oil leaking Internal waste recovery of those recyclable, such as disused solar modules, disused batteries, toner cartridges and ink cartridges, or sending them back to the manufacturers for centralised recycling Promoting the awareness of paperless office and paper recycling, and reduce paper consumption at office through electronic management and communication

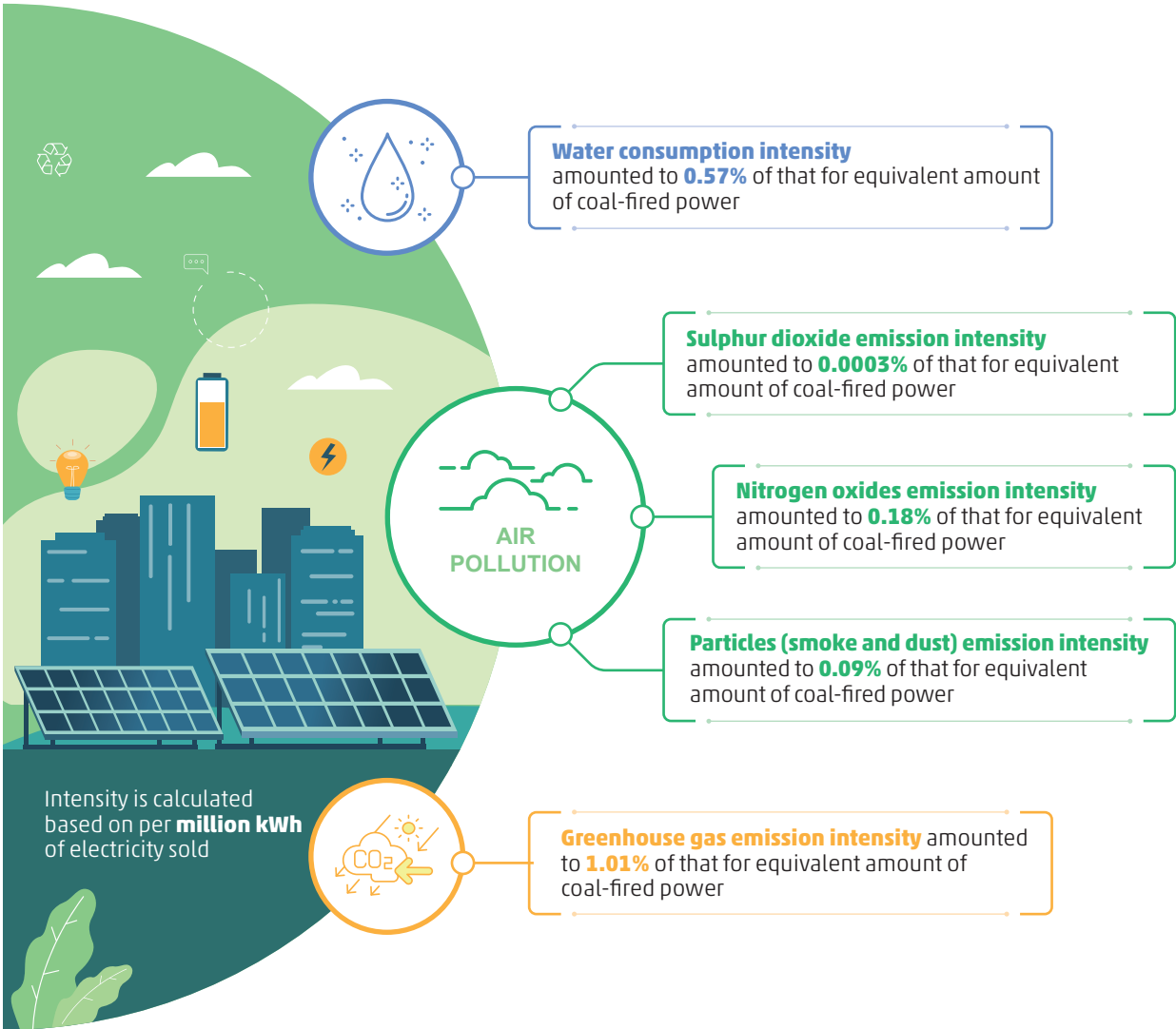


3. PROTECT THE FUTURE OF THE EARTH

Environmental impacts	Operating activities that generate emissions/involve resource consumption	Governance measures
Resource consumption		
<div> </div> <div>Energy consumption</div>	<ul style="list-style-type: none"> Energy consumption mainly comes from the electricity used in offices, solar farms and by staff, and the gasoline and diesel consumed by vehicles. The electricity purchased externally accounting for 96.7% of total energy consumption 	<ul style="list-style-type: none"> Implementing remote monitoring through a centralised operation and maintenance platform to enable optimal allocation of vehicles, and efficient use of energy Advocating the concepts of energy conservation and environmental protection, reducing unnecessary electricity consumption
<div> </div> <div>Water resources consumption</div>	<ul style="list-style-type: none"> Mostly the water consumed in office buildings at solar farms and by staff's domestic usage 	<ul style="list-style-type: none"> Cleaning modules with environmental-friendly method (waterless or with natural water) to effectively reduce water consumption in solar farm operation Promoting energy conservation and environmental protection concepts and encouraging staff to reduce unnecessary use of water in daily work and life. Domestic sewage is released to the local sewage network after filtration in sedimentation tank for further treatment in sewage plants. The sedimentation tank is regularly cleaned in compliance with the environmental protection requirements Making plans for and supervising the use of water at solar farms to prevent unnecessary water consumption

Summer is the traditional peak of power generation. In June to September 2020, the continuous extreme heavy rain caused the most serious flood in the PRC since the 21st century, which materially impacted the power generation of solar farms in the Yangtze River region. As most of the solar farms of the Group locates in the Yangtze River region, in particular provinces such as Anhui, Hubei and Henan, the power generation of solar farms in the relevant regions was impacted to varying degrees during the Reporting Period. Since the electricity consumption of the solar farms is mainly for maintaining the continuous operation of equipment, power consumption would not decrease as power generation decrease. On the contrary, with the lowered power generation from solar farms under extreme weather, more external electricity purchase is needed to meet the requirement for equipment operation. Moreover, in seasons with frequent extreme weather, solar farms need extra patrols and inspections. This, together with emergency responses, increase the usage of vehicles, which result in an increase in energy consumption from vehicles. Water consumption also has no direct correlation with power generation, but mainly subject to the scale of the solar farms and staff composition. As the Group acquired new solar farms with a total capacity of 340MW during the Reporting Period, and such solar farms were mainly acquired in the end of third quarter and the fourth quarter, even though those solar farms only had limited contribution to power generation during the Reporting Period, they would still lead to an increase in energy and water consumption. In view of the above, the Group recorded a growth in energy consumption, water consumption and carbon emission per million kWh of electricity sold of 10,909kWh, 6.94 m³ and 8.47 tonnes of CO₂ equivalent, respectively, during the Reporting Period.

According to the Group’s actual operating data in 2020, it is clear that PV power generation is very significant to the promotion of decarbonising the energy system, reduction of water consumption and alleviation of air and water pollutions. China Power 2020 (《中國電力行業年度發展報告2020》) issued by China Electricity Council disclosed that, the carbon dioxide, sulphur dioxide, nitrogen oxides, smoke and dust emission and water consumption per unit electricity generated from the coal-fired power plants in the PRC are 838 grams/kWh, 0.187 grams/kWh, 0.195 grams/kWh, 0.038 grams/kWh and 1.21 kilograms/kWh, respectively. The performance of comparing PV power generation with the equivalent amount of coal-fired power in terms of water consumption and emissions is as follows:



ENSURE OPERATION SAFETY

Not only is power safety critical to the economic performance of companies and the security of property, in case of safety incidents, it could also have material and profound impact on the life and safety of the staff and surrounding communities. Hence, as a player of the power generation industry, the Group upholds the principle of "Safety is the utmost importance" at all times, protecting the life and safety of the staff and surrounding communities and the security of properties of the Group through comprehensive and stringent management mechanics.



4. ENSURE OPERATION SAFETY

SAFETY MANAGEMENT

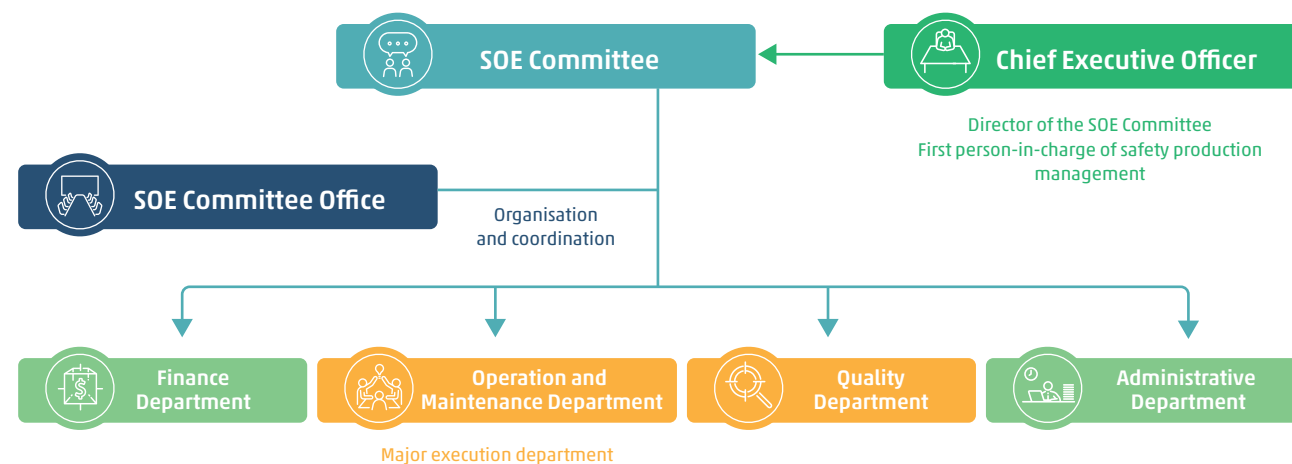
GRI 403-1, HKEx B2

Securing the safe operation of power plants and stable electricity supply and prevention of various electricity safety accidents ensure the operation and long-term development of power generation enterprises, while regulated safety management is the prerequisite in achieving the above. To ensure the safe and efficient operation of the solar farms of the Group, according to the Electric Power Law of the People's Republic of China (《中華人民共和國電力法》), Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Regulations on the Standardisation of Safety Production for Photovoltaic Power Generation Enterprises (Guo Neng An Quan [2015] No.127) (《光伏發電企業安全生產標準化創建規範》(國能安全[2015]127 號)), and the Regulations on the Major Safety Production Responsibilities of Production and Operation Units (《生產經營單位安全生產主體責任規定》) in various provinces and cities and the requirements of safe production standardised system, the Group has formulated a Safety Management System (《安全管理制度》), and has established a safety production supervision system, implemented a system of "one post, one responsibility", and delegated respective safety production responsibilities to all the staff to ensure that production safety duty is discharged strictly in accordance with the established internal systems in order to achieve annual and mid- to long-term goals.

Management structure and governance responsibility

GRI 403-1, HKEx B2

There are three-tier organisational structure in the safe production management of the Group. Each level has strict requirements on its responsibilities. Smooth information exchange is achieved by transmission between higher and lower levels conducted by coordinating body. This ensures that execution departments will consistently comply with and implement the safety management principles and regulations of the Group, while also guarantees that all solar farms and all departments in the headquarter of the Company will timely report any safety incidents to the SOE Committee Office.



Safety Production Management Structure of Xinyi Energy



Supervision

CEO

The director of the SOE Committee and the first person-in-charge of safe production management, who is responsible for coordinating the planning of annual safety works and supervising the implementation of daily safety work

General Manager

The vice director of the SOE Committee, who is responsible for formulating and implementing the annual safe production plans of all departments, as well as coordinating and arranging for comprehensive/specific safe production inspections

SOE Committee

The highest management and supervision organisation in safe production, occupational health, fire safety and emergency rescue

Responsible for regularly analysing the safe production conditions of the Group, formulating annual plans and mid- to long-term plans for safety management work, establishing annual safe production assessment indicators, and coordinating, directing and supervising safe production on an ongoing basis. Heads of all departments of the headquarter of the Group are responsible for the formulation, coordination, execution and management of safe production of the departments they head, including but not limited to arranging safety training and contingency drills, and overall management of safety signages and safety equipment

Member: CEO (director), general manager (vice director), heads of all departments of the headquarter of the Group



Coordination

SOE Committee Office (the "SOE Committee Office")

Coordinating and communication body

Responsible for proposing/drafting internal policies/systems related to safety production, providing opinions to the SOE Committee as to the establishment of the arrangements/annual plans/long-term plans and annual assessment indicators for safety production, and organising safety education and training under the guidance of the general manager



Execution

Operation and Maintenance Department

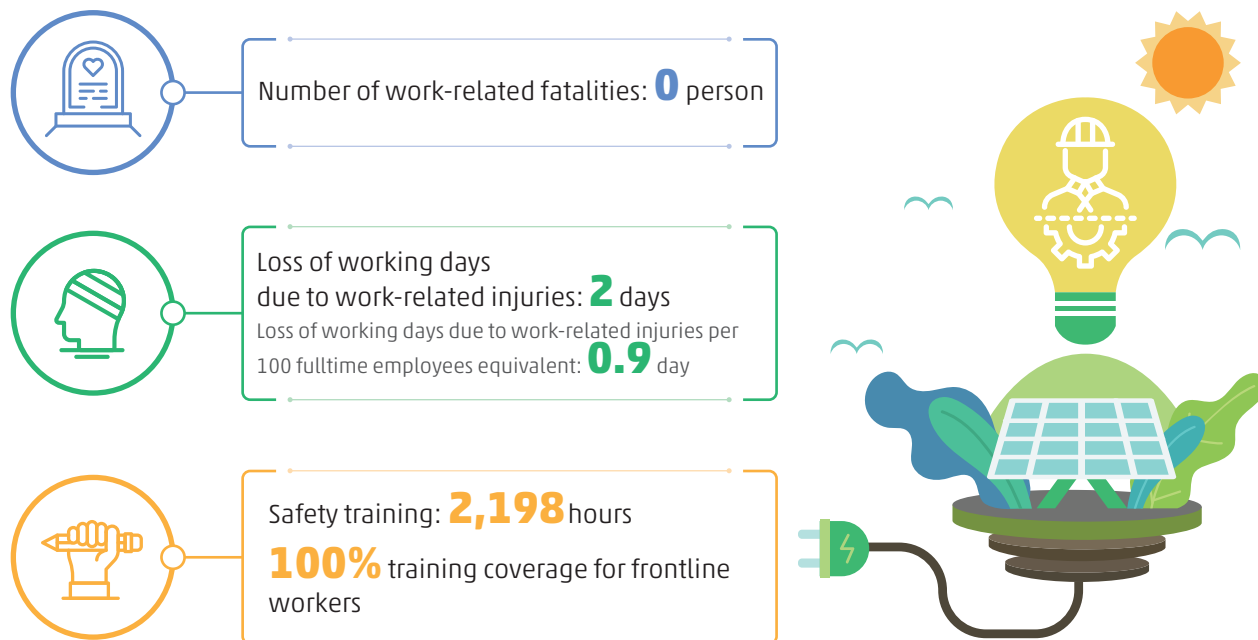
As the main execution department, the Operation and Maintenance Department is responsible for the annual safety management works formulated by the SOE Committee, including the on-site safety inspection, safety training and contingency drills at solar farms, management of labour protection equipment and implementation of effective measures to ensure the occupational health and labour safety of the frontline operation and maintenance staff. Meanwhile, the Operation and Maintenance Department is responsible for real-time monitoring of various indicators and timely report of safety risks and safety incidents, in order to achieve the annual safe production assessment indicators formulated by the SOE Committee

4. ENSURE OPERATION SAFETY

Safety performance

GRI 403-9, HKEx B2

As the Group placed high emphasis on safe production management work, strictly implemented of existing safety management system in its daily operation and continuously raised the safety awareness of its staff through safety trainings, safety warnings and other methods during the Reporting Period, the Group maintained the record of no death, no serious injury and no damage in workplace during the Reporting Period. During the Year, the Group only had one incident of occupational injury, which involves a staff in a minor traffic accident on his way to work. Two working days were lost due to occupational injuries (including the day the occupational injury occurred).

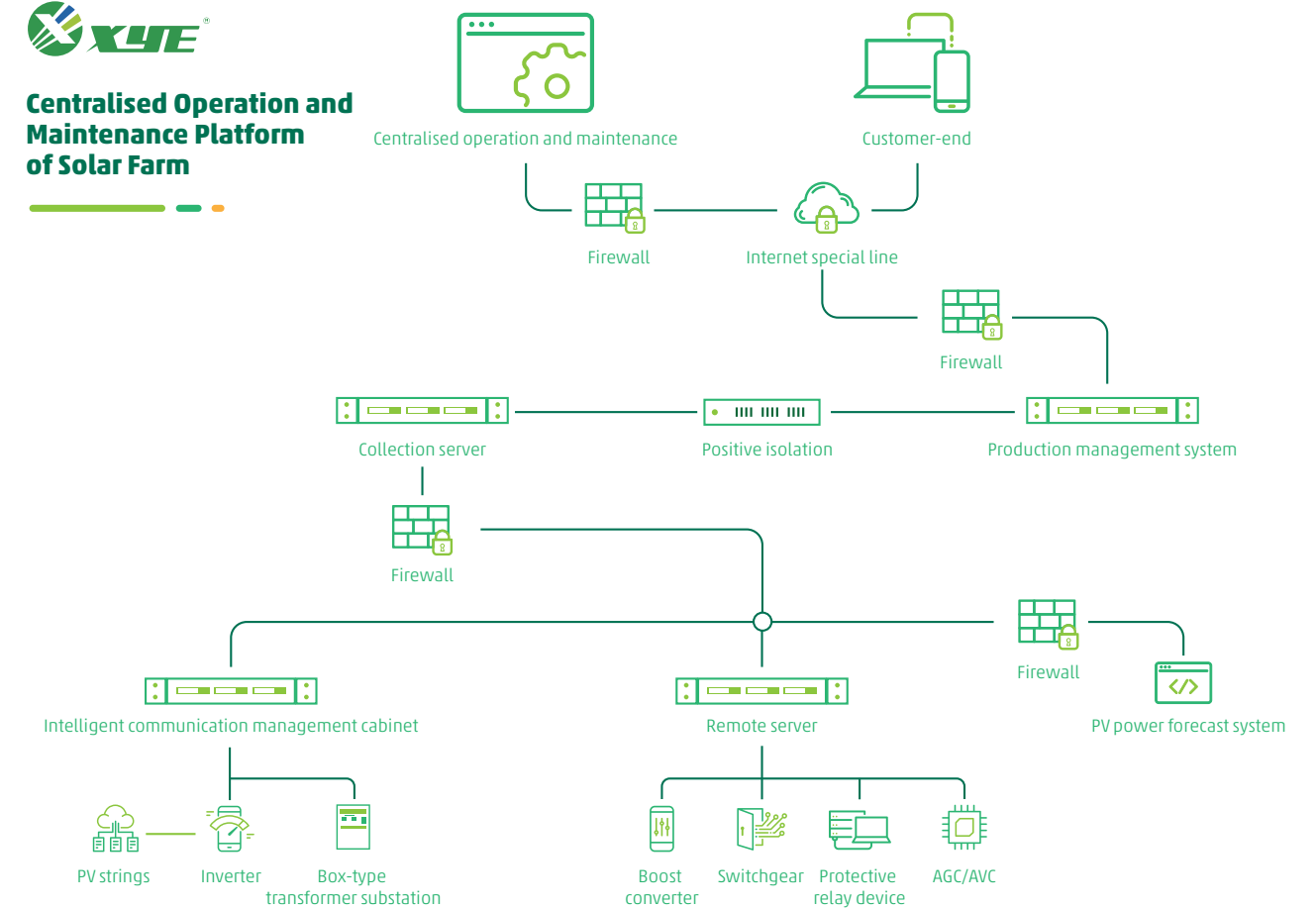


Improve safety management with intelligent operation and maintenance

The Group integrates PV power generation technology with Internet of Things, big data, cloud computing and other technologies, and successfully develops a centralised operation and maintenance platform, which monitors the main equipment/systems such as inverter, transformer and intelligent optical power control system (AGC/AVC) at each solar farm with surveillance camera, and connects such equipment and systems to the centralised operation and maintenance control centre in Wuhu, Anhui Province through intelligent monitoring and communication equipment. It collects and transmits the operation data at the solar farms in real time, and facilitates the operation and maintenance personnel at the centralised operation and maintenance control centre to analyse, timely identify potential risks and troubleshoot more accurately, thereby improving the efficiency of offline operation and maintenance. During offline operation and maintenance, patrol and inspection personnel can send real-time messages through the patrol and inspection application, allowing the centralised control centre to timely receive on-site feedbacks from patrol and inspection personnel and make timely response, which enhances the patrol and inspection efficiency and facilitates the headquarter in having a clear understanding of the condition of the patrol and inspection personnel and ensuring the safety of patrol and inspection personnel in their work at all times.



Centralised Operation and Maintenance Platform of Solar Farm



Intelligent operation and maintenance effectively address the problem of information lags, bloated workforce and inefficient patrols and inspections under the traditional pattern of solar farm operation and maintenance. With intelligent operation and maintenance, the centralised operation and maintenance platform can continuously accumulate operation and maintenance data to facilitate the Group in more reasonable allocation of materials, vehicles and operation and maintenance personnel and accurate response to the operation and maintenance demands of the solar farms. On top of that, statistical analysis on the long-term operation data can improve the Group's understanding on the solar irradiation level, annual fluctuation, frequency and change patterns of extreme weather in the places where the solar farms are located, thus improving the accuracy of forecast on annual power generation, allowing for precaution measures and more sufficient preparation against extreme weather to reduce its possible negative impact.

While improving operation and maintenance efficiency through information technology, the Group also emphasises information security. When developing the centralised operation and maintenance platform, the Group adopted various measures, such as setting up dedicated Internet line and multiple firewalls, to improve the security of the entire system, and conducts continuous system optimisation and regular inspections during daily operation and maintenance, so as to eliminate hidden security risks and ensure information security, completeness and usability during data collection, measurement, analysis and feedback. During the Reporting Period, the Group did not come across major information security related incidents.

4. ENSURE OPERATION SAFETY

SYSTEMATIC RISK MANAGEMENT & CONTROL AND EMERGENCY RESPONSE

GRI 403-1, GRI 403-2, HKEx B2.3

The Operation and Maintenance Department is the core business department of the Group. Both core businesses, namely solar farm operation and solar farm operation and maintenance services provided to third parties, are operated and managed by the Operation and Maintenance Department. Thus, the Operation and Maintenance Department is also the main execution department of the Group's safe production plan. The core safe production work of the Group can be classified as either regular management and control of systematic risks and emergency response.

Systematic Risk Management and Control

With regard to management and control of systemic risks, the Group has established standardised procedures for safety education, safety inspection and supervision, safety assessment, etc., and has established a reward and penalty system as incentives, which will be a positive guidance and incentive to the employees.



Safety education

- Safety education is an important and necessary means for the Group to build a safety culture and strengthen employees' safety awareness. Therefore, the Group highly values safety training. In accordance with the Safety Education and Training Management System (《安全教育培训管理制度》), the SOE Committee Office/functional departments shall arrange safety training. Through the combination of regular training and department-specific training, the Group ensures that each employee can clearly understand the potential risks of the position, possess the safety skills required for the position, establish the awareness of safety and standardised operation, and continuously strengthen the awareness through hands-on training
- Strictly implement the three-levels safety education and strictly prohibit personnel without safety education and personnel without certificates to participate daily operation and maintenance
- Launch safety knowledge competition and "safety production month" activities
- During the Reporting Period, apart from organising 2,198 hours of safety trainings that covered all frontline employees, the Group also conducted a variety of safety education activities:



"No more turning a blind eye" themed video competition, which raised the concern and awareness of employees on the safety risk in regular operation and maintenance, allowing them to consciously adopt standardised operation and avoid risks in the operation and maintenance process



Record the regular inspection of equipment and maintenance in each solar farm with video, and arrange all personnel to watch video on standardised inspection to promote standardised and regulated operation



Safety inspection and supervision

- In order to regulate the implementation of safe production by each solar farm, prevent electrical accidents and other safety accidents, the Group has formulated the Management System for Safe Production Inspection and Hidden Danger Investigation and Treatment (《安全生產檢查及隱患排查治理管理制度》)
- The Operation and Maintenance Department is responsible for formulating different forms of safety inspection plans. The person-in-charge of the solar farm shall follow up on the rectification of the identified hidden dangers within the allowed timeframe, while the Operation and Maintenance Department shall re-examine the hidden dangers, subject to the internal supervision of the SOE Committee. We also accept external supervision of the safety regulators of the place in which the solar farms are located by regularly reporting the investigation and management of hidden dangers

- Safety inspection includes daily hidden danger investigation, regular hidden danger investigation, seasonal hidden danger investigation, professional hidden danger investigation, equipment hidden danger investigation, etc.

01 Staff on-duty conducts inspections of equipment and PV array for three times each shift, and submits text records and report to the superior

30 Each solar farm arranges monthly self-inspection based on the actual situation, including the environment of the solar farm, equipment conditions, operation and management, fire prevention facilities, etc.

90 The Operation and Maintenance Department organises comprehensive safety inspections on a quarterly basis, in which inspections are performed on the environment of the solar farm, equipment conditions, operation and management, fire prevention facilities, etc.

According to different seasons and extreme climate, the person-in-charge of the solar farm shall conduct safety inspections with emphasis on lightning protection/flood protection/heatstroke prevention/fire prevention/freeze prevention, such as safety inspections for rainy seasons and wind seasons, etc.

365 Pre-holiday inspections are conducted on the eve of holidays and organised by relevant departments, mainly including security measures for holidays and festivals, etc.

Professional safety inspections are conducted at least once a year on electrical equipment, fire prevention facilities, and natural disaster hazard spots around the solar farm



Safety assessment with incentives and penalties

- Strictly implement the Safety Production KPI Assessment and Management System (《安全生產目標考核管理制度》) and evaluate the annual work targets every year to ensure the effective implementation of safety production responsibilities
- The safety responsibility assessment adopts a scoring system. The indicators of which include the number of various types of accidents, the number of casualties, the implementation schedule and completion of safety work, and the participation level in safety training, etc., which are conducted on an annual basis. Annual appraisal scores serve as important references for internal promotion, job title assessment, rewards and penalties
- Conduct Safety Production Standard Examination (《安全工作規程考試》). For any unsafe behaviour in operation, facilities and equipment installation and production management that violates the various existing safety and technical regulations of the Group, the Group implements Anti-Violation Management System (《反違章管理制度》) to ensure that the personnel responsible is identified, suggest rectification measures within a limited timeframe and follow up with the performance of the rectification.
- Assessment process and determination of reward and penalty measures are subject to the supervision of the SOE Committee



4. ENSURE OPERATION SAFETY

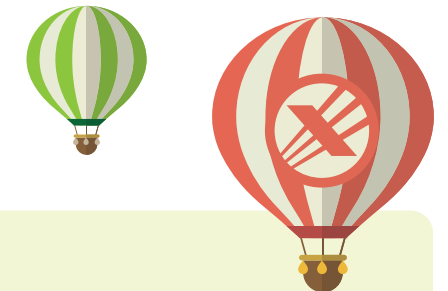
Emergency response

According to the requirements of the Measures for the Administration of Contingency Plans for Work Safety Accidents (Order No. 88 of the State Administration of Work Safety) (《生產安全事故應急預案管理辦法》(國家安監總局令第88號)) and the Measures for the Administration of Contingency Plans for Electric Power Enterprises (Guo Neng An Quan [2014] No. 508) (《電力企業應急預案管理辦法》(國能安全[2014]508號)), the Group has established the Emergency Management System (《應急管理制度》) to regulate the emergency management of various emergencies and ensure that the Group adopt effective measures to prevent and respond to incidents and emergencies, minimising the impact thereof on the staff and operations of the Group. The Group adopts the emergency management system based on the principles of post and grade division and dynamic management. The Operation and Maintenance Department is responsible for coordinating the implementation of various contingency plans established within the Group, including contingency plans for the Group's overall operation, specific contingency plans for individual events/important power facilities/major activities, and on-site execution plans for specific emergencies.

All power plants held by the Group are utility-scale solar farms. As the solar farms are exposed to outdoor environment during their whole operation cycles, they could be affected by natural disasters such as typhoons, floods, strong convection currents, sleet and freezing weather, fogs and earthquakes. The Group have formulated specific contingency plans against all types of possible disasters, while also strengthen the solar farms' ability in coping with natural disasters based on the types of solar farms and the types of natural disasters with high likelihood, such as installing additional windshields to block strong winds,

erecting lightning rods or laying grounding devices to prevent lightning strikes, increasing flood drainage facilities at floating solar farms and reinforcing flood control dikes. For safety accidents that are more likely to occurred during the daily operation of solar farms, such as electric shock, fire, drowning, falling from height, the Group mainly strengthens frontline staff's emergency response capabilities and safety awareness through contingency drills and precaution trainings.

In Summer 2020, the Yangtze River region and Southern China of the PRC faced the largest flood of the century. Over 90% of the Group's solar farm projects were in the affected regions. However, as the Group strictly followed the existing emergency management procedures, it effectively prevented and responded to the emergent safety incident. No natural disasters occurred during the Year had harmed the health and safety of its staff, nor did they materially affect the operation of the Group's solar farms. During the Reporting Period, by utilising the operation and maintenance data accumulated over a long time by the centralised operation and maintenance platform, the Group arranged special safety inspections for floods before the flood season and make timely remediations on problems identified during such inspections, in order to ensure that the intactness and effective operation of equipment before flood season. Upon the main flood season, according to the flood situation of each solar farm, the Group initiated emergency response of corresponding level to prevent or minimise the effect of any malfunction/damage/shut down of power generation equipment and communication equipment caused by extreme weather, which ensured the personal safety of its employees, property safety of the solar farms and the overall power generation efficiency.



Risk identification

Subject to the actual operation, conduct hazard analysis by using historical data and information, and identify major risks in daily operation, including:



Preparation for the plan

- Formulate contingency plans for identified risks according to the laws and regulations and actual need with clear work allocation, persons-in-charge, including particular procedures and security measures
- Carry out assessment on the plans according to the Assessment and Filing of Contingency Plans for Electric Power Enterprises (Guo Neng Zong An Quan [2014] No. 953) (《電力企業應急預案評審與備案細則》(國能綜安全[2014]953號)). Report and file to the National Energy Administration and the local work safety regulatory authorities upon the publication of the emergency plan within the allowed time frame



Review and enhancement

- According to requirements of the Guidance on Emergency Response Drilling for Electric Power Emergencies (Dian Jian An Quan [2009] No.22) (《電力突發事件應急演練導則》(電監安全[2009] 22號)), the Group formulated plans for emergency response drilling and arranged integrated emergency response drilling or special emergency response drilling, the frequency of which will be subject to the characteristics of the risks and the solar farms' actual operation
- Evaluation will be made on the effectiveness of the emergency response drilling in terms of the relevance and the practicality of the plan. Regular review and amendments will be made if needed



Implementation and management of the plan

- Upon confirmation of the contingency plan, the Operation and Maintenance Department will coordinate the commence of contingency plan promotion and education in the solar farms, including the arrangement of trainings and assessments on relevant emergency obligations, emergency knowledge and emergency response skills, to ensure that the staff process emergency response and handling capabilities needed
- Implement emergency management system, rescue team, emergency materials, establishment/supply of equipment according to the requirements of the contingency plan

4. ENSURE OPERATION SAFETY

OCCUPATIONAL HEALTH MANAGEMENT

GRI 403-1, GRI 403-3, GRI 403-10-a, HKEx B2.3

In accordance with the requirements of the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Provisions on the Supervision and Administration of Occupational Health at Work Sites (Order No. 47 of the State Administration of Work Safety) (《工作場所職業衛生監督管理規定》(國家安全監管總局令第47號)), the Group has formulated the Occupational Health Management System (《職業健康管理制度》) and strictly complied with relevant regulations, with an aim to ensure employees' sufficient understanding of occupational health management and voluntary compliance of existing codes of the Group through hierarchical management, specific responsibilities for every post and a supervision mechanism, so as to jointly protect the health of each other. During the Reporting Period, the Group had no case of occupational diseases.

Occupational Health Management System



Among the employees of the Group, over 80% are frontline operation and maintenance staff who are deployed in solar farms to ensure their safe and stable operation. As such, working environment and assurance of safety in local solar farms are essential to enhancing the occupational health management and protection of employees' physical health and personal safety. The Group is committed to improving the working environment, with continuous investment in various aspects such as providing sufficient labour protection equipment, enhancing occupational health education and trainings education and employees' safety and health awareness to prevent any adverse effect on the health of employee caused by the environment and contact with harmful factors in the process of solar farm operation and maintenance. Occupational hazardous factors faced by frontline staff in solar farms include high temperature in Summer, noise and power frequency electric fields. Regarding noise and power frequency electric fields, the Group has engaged qualified third parties for inspection. Inspection result showed that both factors are way below standard. Moreover, as frontline staff is not constantly exposed to environment with noise, but instead required mobile operation. Hence, noise and power frequency electric fields will not be occupational hazards to the frontline staff of the Group. The Group will continuously monitor relevant factors to ensure that there is sufficient protection for its staff. In terms of high temperature in Summer, the Group mainly protects the health of employees working under high temperature with measures such as reducing or avoiding outdoor work under high temperature with flexible working hour arrangement, providing professional sunburn protection, heatstroke medication, and cool drinks with heat relief functions like drinks with salt and sweet mung bean soup, while also provides high temperature subsidy to its employees.

Under the COVID-19 pandemic in 2020, the Group adopted closed-off management for its operation and maintenance staff in Hubei Province, where operation and maintenance staff was required to avoid leaving the working and living areas of the solar farms unless it was for purchasing daily necessities and anti-pandemic supplies. Frontline staff understood and consistently implemented such special management measures adopted against the pandemic, while the Group granted extra pandemic subsidies for the hard work of these operation and maintenance staff who kept to their posts. Solar farms in other areas also implemented corresponding pandemic control measures to ensure no infections occurred during the pandemic.

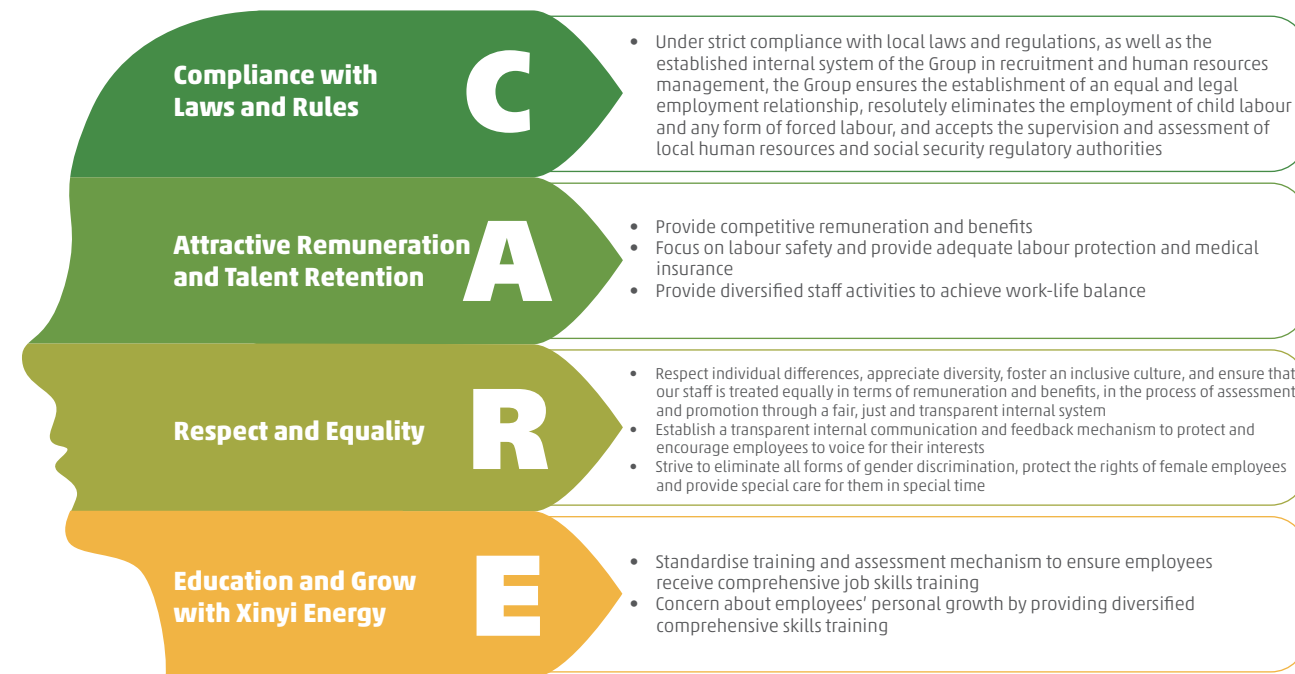


SAFEGUARD EMPLOYEES' WELL-BEING

In 2020, Xinyi Energy recorded a net profit of HK\$920.0 million, with a total of 224 employees and profit per employee of HK\$4.1 million. While our team is not big, the safe operation of our 1.8GW solar farms in all 365 days of the year, stable green electricity supply of 1.8 billion kWh and carbon emission reduction of 1.5 million tonnes are the result of the dedication and commitment of all our employees with professional technology. We are thankful for the contributions of and respect all employees, attaching much importance to their occupational growth, personal development and physical and mental health while safeguarding the well-being of our employees. Employees are the strong backbone for our long-term development. We also hope to become their support in fulfilling their occupational goals and dreams. We will place tireless effort in constructing a trusting and warm team where we will grow together.



5. SAFEGUARD EMPLOYEES' WELL-BEING



LABOUR COMPLIANCE

GRI 103-2-c-i (used together with GRI 401), GRI 408-1-c, GRI 409-1-b, HKEx B1, HKEx B4

The Group strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of Hong Kong, the Provisions on the Prohibition of Using Child Labour (State Council Order No. 364) (《中華人民共和國禁止使用童工規定》(國務院令第364號)), the Labour Protection Regulations of the People's Republic of China for Female Employees (State Council Order No. 9) (《中華人民共和國女職工勞動保護規定》(國務院令第9號)), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other labour-related laws and regulations, and has established its own talent management system in accordance with relevant laws to ensure standardised management for the entire process from recruitment, admission, to the end of employment relationship through the formulation, implementation and improvement of internal management systems. Meanwhile, the Group has developed an effective execution and supervision mechanism in respect of compensation and benefits, training and assessment, staff incentives and occupational safety and health, respects and protects staff's labour rights, and safeguards staff's health, safety and individual legal rights.

The Group confirms the employment relationship by signing Labour Contracts with employees, which sets out the terms that protect the legal interest of employees, such as salary, benefits, training and promotion mechanism, occupational health and labour safety, while imposing reasonable restrictions through terms of non-competition, confidentiality and termination to protect both sides' rights and interests.

Respect on human rights is the core principle of the whole process of the Group's business operation and development. The Group does not tolerate any violation of human rights in the employment process. Through strengthening internal control and accepting supervision from local human resource management and social security authorities of its operations, the Group did not experience any violations of human rights in its employment, such as employment of child labour and forced labour, during the Reporting Period.

The power industry is a non-labour-intensive industry, and the Group has achieved a flat management structure through intelligent operation and maintenance technology. During the Reporting Period, the team consisted of only 224 employees, who are mainly technical personnel such as electrical engineers and electrical technicians. As the safe operation of solar farms relates to the safety of local communities and employees, as well as the property safety and goodwill of the Group, stability of electricity supply is one of the most concerned indicators to the Group's customers and professional knowledge and skills of operation and maintenance staff are the basis for ensuring the safe and stable operation of solar farms, relevant qualifications, professional knowledge and skill on the power generation industry are the core concerns for the Group in its recruitment process. Child labour and forced labour, however, do not meet such core demand of the Group. During past operation periods, the Group had never employed any child labour or other forced labour.

REMUNERATION PACKAGE AND TALENT RETENTION

GRI 103-2-c-i (used together with GRI 405, GRI 406), GRI 403-6, HKEx B1

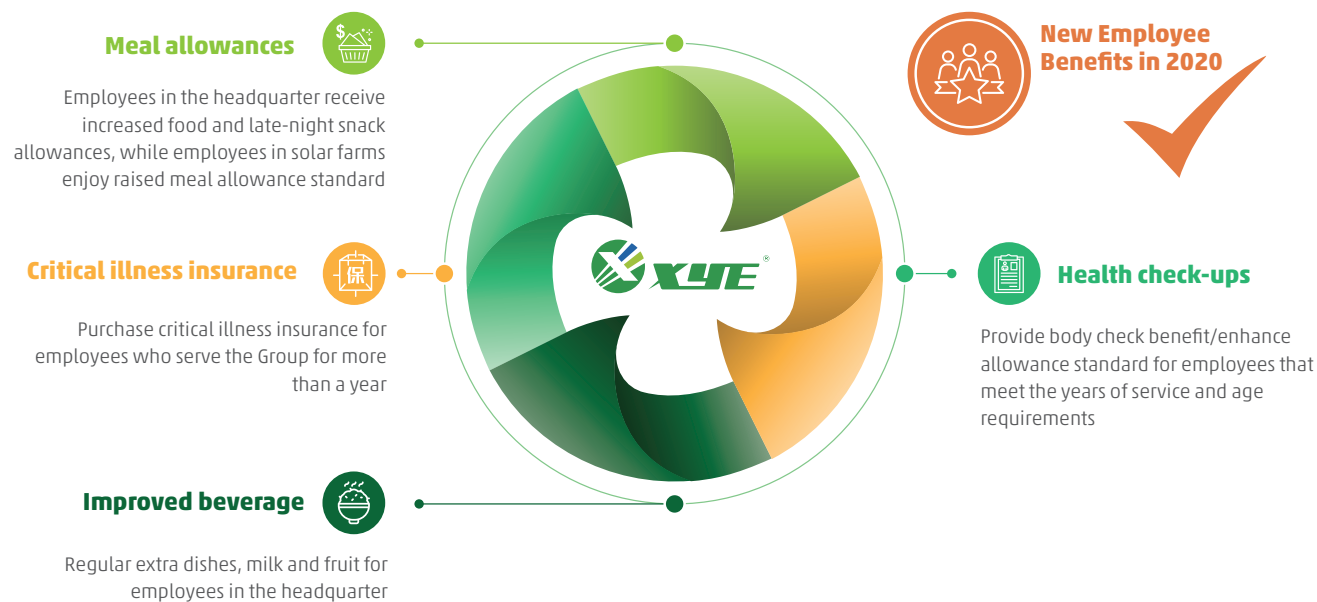
The Group's remuneration system is established based on the concept of overall remuneration returns, including basic salary, performance salary, guaranteed benefits and other cash allowances. In determining the remuneration package, in addition to ensuring the compliance with the legal requirements of the countries and regions where the business is located in, the Group also keeps abreast with the average remuneration level in the industry to maintain its competitiveness among its counterparts. At the same time, the Group provides comprehensive benefits for employees, including but not limited to social security benefits such as applicable China's labour protection benefits, housing allowance, holiday, medical benefits, equity incentives and various cash allowances such as high-temperature subsidies, transportation subsidies, meal allowances, etc. Meanwhile, employees with excellent performance or long-term service are rewarded according to the established incentive system.

In terms of remuneration and benefits, we uphold the principle of equality and no discrimination. Implementation is only based on the different functions and post and subject to only existing rules, with no concern on factors such as gender, physique/intelligence, race, age, nationality, religion and family situation, to ensure that the rights and benefits of all employees receive equal respect and protection.

5. SAFEGUARD EMPLOYEES' WELL-BEING

Over 80% of the employees of the Group are frontline staff who need to work and live on-site in the solar farms, resulting in a low proportion of female staff in the total number of staff. As there is relatively few female staff, the Group is more concerned with their equal opportunities in work. Apart from ensuring equal and reasonable remuneration, the Group strictly abide by the Labour Protection Regulations of the People's Republic of China for Female Employees (State Council Order No. 9) (《中華人民共和國女職工勞動保護規定》(國務院令第9號)) and the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》) and has full understanding and respect on the particularity of female staff, providing them with special protection and ensuring related welfare benefits during their marriage leave, pregnancy, childbirth and other special circumstances. According to family planning regulations in regions where our headquarter and solar farm operations are located, the Group also provides paternity leaves to male staff according to such regulations to ensure their rights to take care of and attend to their spouses. During the Reporting Period, a total of 6 female and male staff was granted maternity/paternity leave. All staff who was granted such leaves resumed work and remained in the Group by the end of 2020.

Apart from the above long-term benefits system, the Group also enhanced certain existing benefits and added several new benefits for its employees in 2020:



The Group pays continuous attention to the demand of its staff, placing emphasis on their feedbacks and suggestions on the remuneration and benefit management system and forming effective two-way communication mechanism by establishing trade union, such that the management can provide more diversified benefits and guarantees while enhancing the overall remuneration and reward to better attract and retain talents.

EMPLOYEES' HEALTH

HKEx B2.3

The COVID-19 pandemic further raised the Group's concern on employees' health. We believe that healthier and more energetic employees can bring happiness to themselves and their families, but are also important to the construction of an efficient team and long-term development of the enterprise. Investments in safeguarding the health and safety of its employees will generate unmeasurable return for the Group. As such, not only would the Group comply with the requirements of national and regional laws and regulations in regions where it operates to ensure the labour safety and occupational health of the employees, but also adopts effective measures in raising the physique, maintaining healthy mental state and increase happiness of its employees. For relevant information on the labour safety protection and occupational health management of employees at work, please refer to the chapter "ENSURE OPERATION SAFETY" in this report.



Strive to Improve Employees' Health and Well-being



Visit the ancient city wall in Shouxian and ancient town in Jiuci



Dumpling party on the winter solstice



Year end gathering for power stations in the same area

Badminton competition



Continuous improvement of working environment

As the environment could be a material factor on the mood, physical health and working efficiency of the employees, the Group continuously improves and optimises the working and living environment of the solar farms, so that employees can have a good mood, work efficiently and get sufficient rest out of work under a safe environment



Diversified employee activities

The Group encourages the concept of work-life balance. By arranging a variety of employee activities, the Group provides them with a platform to relax and relieve work pressure. Meanwhile, it is hoped that sports competitions and cultural tours can strengthen the team spirit and establish understanding and communication between each other outside of work, while also encourage employees to adopt a healthier and more balanced lifestyle



Establish new energy branch union

Since the solar farms are located in different provinces and cities across the country that are generally remote areas, employees have to live in the living area in the solar farm when they are on duty. As such, we set up a new energy branch union to organise activities among local staff in the solar farms, in order to strengthen their communication and ensure that we understand their need, physical conditions and mental health, provide timely help for their difficulties and send feedbacks to the headquarter when necessary



In response to the pandemic control measures adopted by governments in different regions to minimise gathering of people, the Group mainly focused on activities held within solar farms during the Reporting Period while reduced the number of offline staff activities across different regions, in order to reduce the risk of disease transmission and protect its employees' health. However, to maintain and strengthen the communication between solar farms across different regions, after considering suggestions from employees and preferred leisure and entertainment activities of most employees, the Group held its first e-sport league "Energy Cup", where employees from the headquarter and each solar farm form teams to join the competition. Solar farms with fewer employees can team up with other solar farms in the same area. The competition cultivates employees' creativity and team spirit with team showcase videos, team slogans and trainings before competitions. Moreover, the winning team can receive rich and health prizes such as Mi Smart Brand and air detector, encouraging employees to reasonably arrange gaming time and pay attention to a healthy lifestyle.

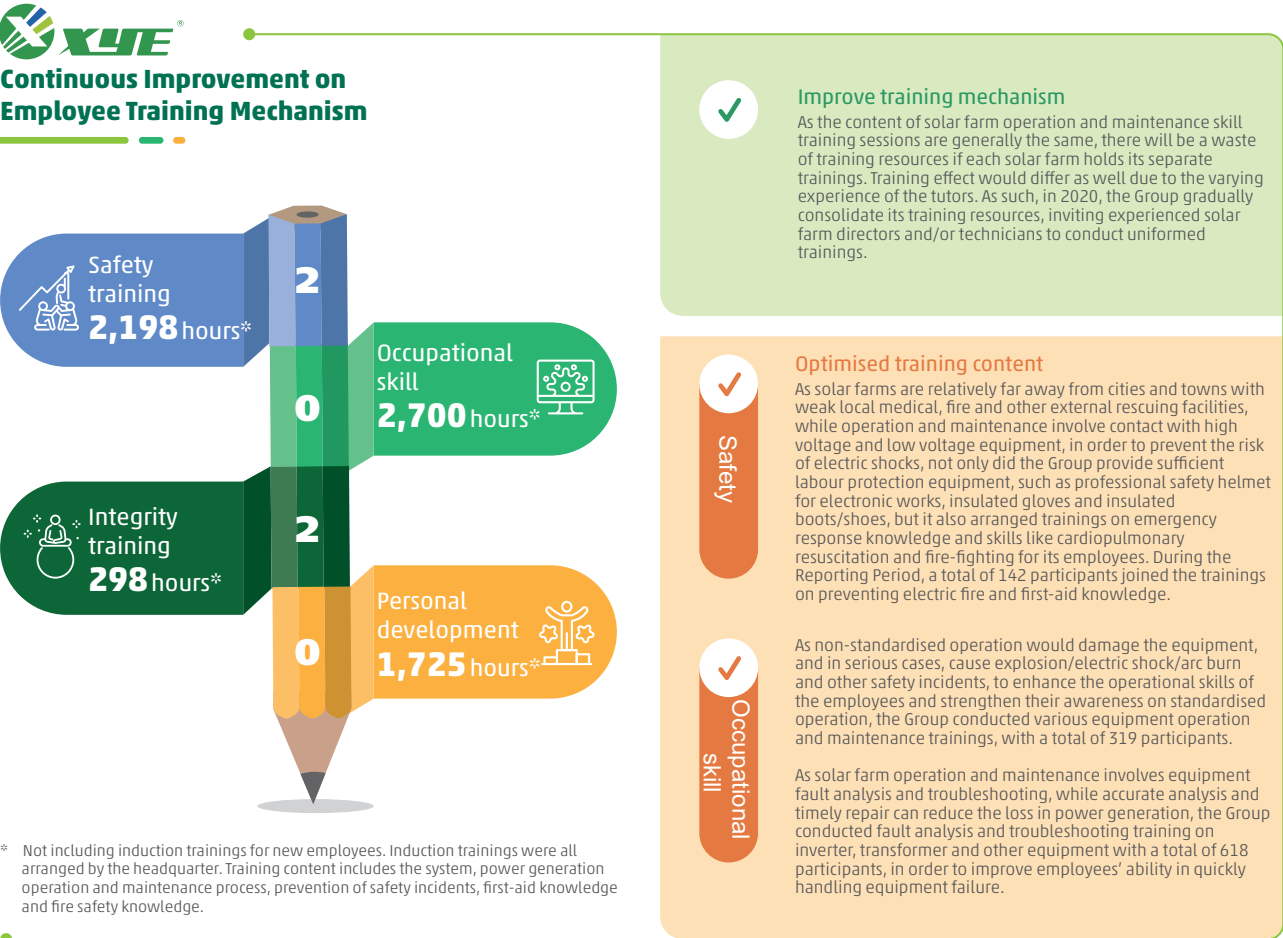
5. SAFEGUARD EMPLOYEES' WELL-BEING

TRAINING AND EQUAL OPPORTUNITIES

GRI 403-5, GRI 405, GRI 406, HKEx B3

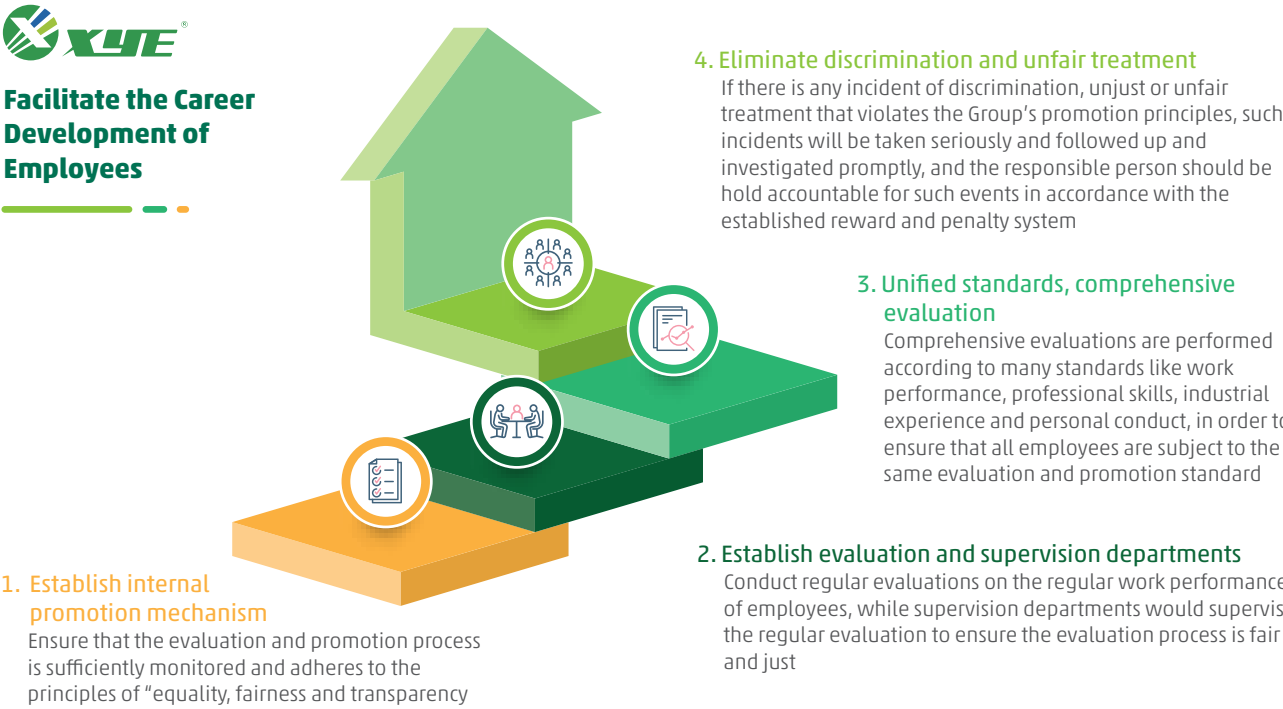
Talent training program

Standardised operation and expertise of frontline staff is essential to the production safety and stable supply of electricity. Meanwhile, employees also emphasise professional skills they can learn and enhancement of comprehensive ability in work. Hence, the Group established a scientific and systematic training program to provide employees with trainings on occupational skills, safety (related to labour safety and occupational health), personal development and comprehensive ability, as well as integrity. Based on different training themes, the Group adopts a combination of theoretical and/or practical trainings to achieve the best training effect. Due to the pandemic during the Reporting Period, after considering the health and safety of employees, the Group minimised all external trainings apart from necessary trainings for qualifications. Moreover, the Group streamlined the internal training courses while maintaining training quality, such that employees can more effectively utilise their training time to gain the same level of occupational skills and enhancement in comprehensive ability. Since then, the total duration of training of the Group decreased to 6,921 hours for the Year. Training hours per employee was 30.9 hours, with a total of 3,387 participants. Employees on specific posts and/or all employees participated in trainings on necessary occupational skills, safety and integrity. This ensures that every employee can receive equal and sufficient training opportunities based on their job and self-improvement needs.



Diversified team and equal opportunities

The Group emphasises and supports the personal career development of its employees. As such, apart from providing sufficient training resources for its employees to meet their demands in improving professional skills and personal comprehensive ability, the Group also ensure equal development opportunities through a fair, open and just internal promotion mechanism. On top of constant strengthening of its team through school and public recruitments, the Group also attaches much importance to internal promotion, as it believes that employees who develop under the influence of the corporate culture and training program of the Group will have a deeper understanding and recognition on its values and philosophy, as well as better understanding of the business, operation system and standard of the Group, which facilitates the management team in achieving enhancement in overall performance.



The Operation and Maintenance Department is the main business department of the Group. Under a sound internal promotion mechanism, solar farm management staff under the department has an internal promotion rate of over 57%.

The Group is committed to building a diversified and inclusive team, as it believes that diversified talents could facilitate the Group's business departments in achieving more efficient operation. However, in the main operating region of the Group, male accounts for a higher percentage in the power generation industry, with frontline operation and maintenance being particularly male dominated. This, combined with the fact that the Group has a high ratio of frontline staff due to the flat management structure it adopts, leads to a relatively low ratio of female among the staff in the Group. Although the industry nature and corporate structure are the reasons for the relatively few female staff, it does not diminish our attention to female staff and our recognition to their effort for the development of the Group. On the contrary, we abide to the principle of "equal treatment for everyone" to ensure that no employees will be discriminated or receive unequal treatment in terms of training and promotion opportunities based on any factors unrelated to occupational skills and performance (including gender). In fact, female directors account for 25% of the Board of the Group, while female management members account for 20% of the senior management. On top of that, apart from the Operation and Maintenance Department, for mid- and back-office departments in the headquarters, such as the centralised control centre and the Finance Department, female employees account for over 60%. This reflects the Group's effort in insisting on gender equality, enhancing the diversity and inclusiveness of its team and ensuring equal development opportunities for all devoted employees.

SECURE SOCIAL PROSPERITY

We adhere to the core corporate value of “Kind to All”. While pursuing business development, the Group also strives to undertake the corporate social responsibilities of an “accountable, responsible and trustworthy” corporate citizen, in order to bring more positive impact on the society. Fulfillment of corporate responsibilities is not only limited to creating job opportunities and sharing economic value to the society, but also investing in ecological and environmental protection and charity, as well as caring for the disadvantaged groups.



6. SECURE SOCIAL PROSPERITY

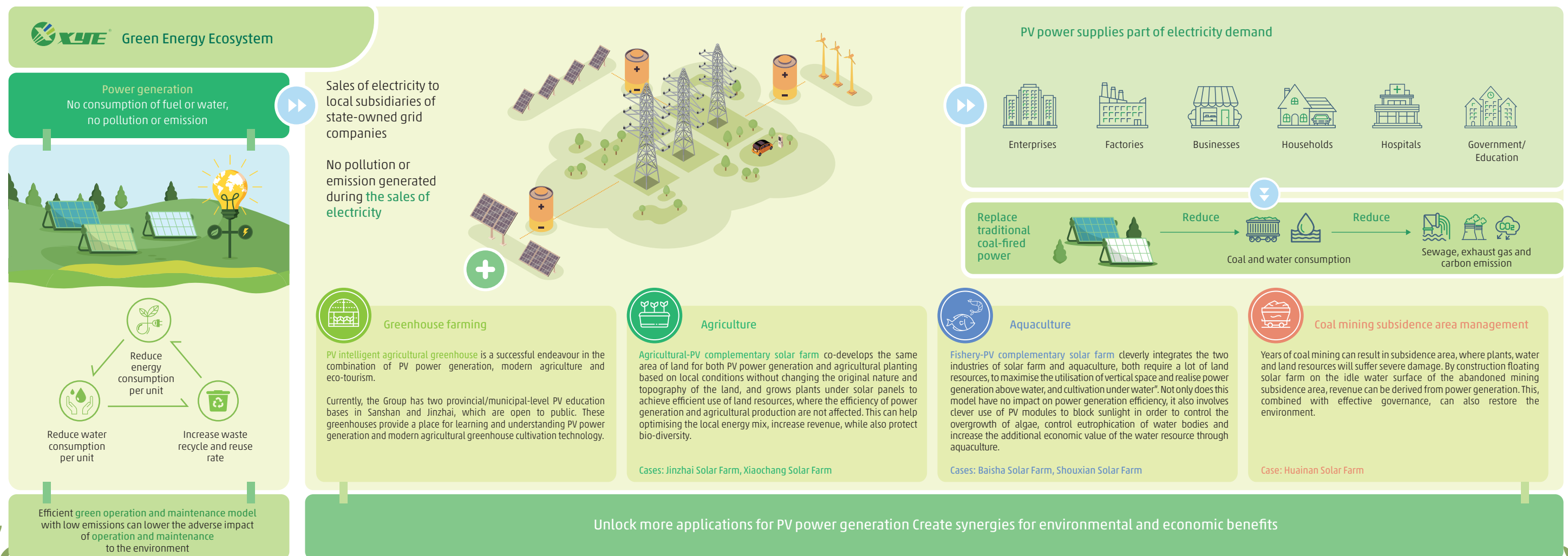
CORPORATE DEVELOPMENT AND VALUE SHARING

GRI 203-1-a, GRI 203-1-b, GRI 413-1

During the Reporting Period, most of the revenue of the Group were generated from power generation from the solar farms it owned and sales of electricity, as well as operation and maintenance service income from providing operation and maintenance services to solar farm owned by third parties. The revenue from the core businesses of the Group experienced a year-on-year growth of 8.1% to HK\$1.722 billion while recorded a net profit of HK\$922.0 million. As a rare pure renewable energy utility stock which can still maintain high dividend ratio in Greater China, the Group is committed to create more economic value through expanding its operation scale and enhancing its operation efficiency, while maintaining its dividend policy of "distributing no less than 90% of the distributable income to its shareholders each year", sharing value with its shareholders. During the Reporting Period, the distributable income of the Group increased year-on-year by 11.2% to HK\$1.01 billion. Abiding by its promise of "distributing all distributable income in 2019 and 2020" made when listing in 2019, the Group paid dividend of 14.5 HK cents throughout the Year, representing a dividend ratio of 100.1%.

On top of aggressive return to the shareholders, the Group also places high emphasis on contributing to the surrounding communities of our operations. As all solar farms held by the Group are utility-scale solar farms with an average approved grid-connected capacity of over 90MW, it requires relatively large amount of water and land. Hence, these solar farms normally locate in remote rural areas far away from the centre of such regions. Economies at remote regions are less developed with relatively less investment. Since then, operation of solar farms is a significant drive to the local economy, especially in terms of increasing tax income and providing job opportunities. During the Reporting Period, the Group paid tax of HK\$166 million, representing a year-on-year increase of 26.8%. Among on-site staff at the solar farms, 65% are from the local province, which provide positive contribution in driving the economic development and promoting productive employment.

Adhering to the corporate mission of "Empowering the Green Era", the Group pays perennial attention on technological innovations, while actively explores the combination of PV power generation with other industries. We are not satisfied with the environmental benefits of PV power generation alone. On that basis, we propose to construct a green energy ecosystem, which includes exploring more efficient green operation and maintenance model with lower emissions through informatised operation and maintenance to further lower the adverse impact of the operation and maintenance process to the environment, as well as promoting the application of PV power generation in different sectors to generate synergy, with the aim to bring greater ecological environment benefit to the society. Also, through connecting with more groups through the ecosystem, such groups will gain more insight on PV power generation, and promotion of knowledge will in turn transfer to promotion, adoption and consumption of renewable energy.



6. SECURE SOCIAL PROSPERITY

The Group agrees with the saying of “Give a man a fish, and you will feed him for a day. Teach a man to fish, and you have fed him for a lifetime”. To attract more groups to willingly participate in the promotion of renewable energy, it is essential to benefit more groups in actual practice. Hence, through teaching local farmers/culturists how to plant/culture under solar panels and providing on-site guidance, the Group enables the local populations around its operation to understand how to choose the best cash crops and species for culture, planting and culture methods and techniques, and the economic benefits of the new solar farm model. In the operation of various agriculture-pv complementary and fishery-pv complementary solar farms, the Group shares value by recruiting locals to help with planting and processing cash crops, and renting farms to local culturists, responding to the government’s call on “facilitating the revitalisation rural areas” with action.



Case analysis: Xinyi Jinzhai Tea-pv Complementary Solar Farm

The solar farm is located in Jinzhai County, the home of one of the top ten tea “Lu’an Guapian Tea”. Through the operation model of “Solar farm+tea plantation”, it can provide renewable energy to optimise the local energy mix while also drive local employment and facilitate economic development.



CORPORATE SOCIAL RESPONSIBILITY

In 2020, the global health crisis and the worst flood of the century in Southern China show us how fragile life is. This also allows us to realise that only by standing together as one could we overcome the hardship of material disaster that affect the economy, social development and endanger human’s survival, and bring our development back on track. We are grateful for the medical and emergency rescue personnel who fight hard in the frontline round-the-clock to protect the safety and health of more people. As an enterprise, we are bounded to fulfill our corporate social responsibilities, providing support as far as our capabilities extend to medical institutions and aid agencies around our operation.



Support anti-pandemic effort

Our solar farms locate in rural towns and villages with limited medical supplies. On top of that, anti-pandemic supplies were scarce nationwide in the early stages of the pandemic. As such, the Group donated anti-pandemic supplies amounted to approximately RMB320,000 to the pandemic prevention and control centre of Nanping, Lixin, Hong’an, Shouxian, Jinzhai, Suiping and Xiejiaji District, Huainan, where our solar farms are located, as well as the Red Cross of Huainan, and arranged vehicles for transportation.



6. SECURE SOCIAL PROSPERITY



Donation for the flood

In Summer 2020, multiple provinces in the Yangtze River region of the PRC experienced continuous heavy rain, resulting in simultaneous valley-wide flooding in multiple rivers. The Group donated RMB400,000 and anti-flood supplies to the People's Government of Anfeng Town, Shouxian and Emergency Management Bureau of Jinzhai (金寨縣應急管理局), in order to support local government in their flood relief effort.



Apart from providing material and financial support against the pandemic and floods, the Group also calls on its employees to actively participate in the charity activities organised by the Group or other local organisations, spreading love and care to the disadvantaged groups with action. During the Year, the Laohekou Solar Farm of the Group organised visits to poor families, where they visited poor families around the solar farm and provide daily necessities like rice and cooking oil. Xiaochang Solar Farm provided scholarship to poor university students from towns and villages around the solar farm, in order to support them in their academic dream. Moreover, the Hong Kong subsidiary of the Group also help many local people in need by participating in the Dress Casual Day of the Community Chest and of Hong Kong and donating to local social welfare organisations.



7. ESG PERFORMANCE IN 2020

The Group continuously strengthened the management and disclosure of its ESG KPIs. This chapter mainly displays the Group's performance on ESG KPIs in 2020 through data tables. Classification standards of KPIs are based on the Reporting Guidance on Environmental KPIs and Reporting Guidance on Social KPIs of the Hong Kong Stock Exchange, combined with selection based on material issues and referencing GRI's standard and TCFD's suggestions for certain issues.

Unless otherwise stated, the data provided in this chapter is the data of the whole year or as at 31 December 2020.

Corporate governance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Settled corruption related litigation related to the Group or its employees	0	GRI 205-3/HKEx B7.1
Anti-corruption training (hours)	298	GRI 205-2-e/HKEx B7.3
Anti-corruption training (persons)	118	GRI 205-2-e/HKEx B7.3

Financial performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Earnings performance		
Revenue (HK\$ million)	1,722	
Net profit (HK\$ million)	922	
Earnings per share (HK cents)	13.44	
Dividends per share (HK cents)	14.50	
Asset structure		
Net assets value (HK\$ million)	12,010	
Cash and cash equivalents (HK\$ million)	1,312	
Bank borrowings (HK\$ million)	1,863	
Net gearing ratio (%)	4.6	
Current ratio (%)	138.5	
Investment in renewable energy assets during the Reporting Period (HK\$ million)	1,254	TCFD
Investment attributable to renewable energy assets during the Reporting Period (%)	100	TCFD
Revenue attributable to renewable energy during the Reporting Period (%)	100	TCFD

Operation performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Installed capacity (MW)	1,834	
Sales of electricity (GWh)	1,799.88	HKEx A3.1/HKEx A4.1/TCFD
Equivalent to saving standard coals ^{Note 1} (tonnes)	551,484	
Equivalent to reducing carbon dioxide (CO ₂) emissions ^{Note 1} (tonnes)	1,508,301	
Equivalent to reducing Nitrogen Oxides (NO _x) emissions ^{Note 1} (tonnes)	351	
Equivalent to reducing Sulphur Dioxide (SO ₂) emissions ^{Note 1} (tonnes)	337	
Equivalent to planting trees (plants)	65,578,313	
Equivalent to household electricity consumption (households)	899,941	
Sales of electricity attributable to renewable energy during the Reporting Period (%)	100	HKEx A3.1/HKEx A4.1/TCFD

Note:

(1) Emission reduction performance of sales of electricity is based on the coefficient set out in China Power 2020.

7. ESG PERFORMANCE IN 2020

Environmental performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Use of resources		
Total energy consumption (kWh)	19,634,444	GRI 302-1-e/HKEx A2.1
Total direct energy consumption (kWh)	641,349	GRI 302-1/HKEx A2.1
Total indirect energy (purchased electricity) consumption (kWh)	18,993,095	GRI 302-1-c-i/HKEx A2.1
<i>Intensity of energy consumption^{Note 1} (kWh)</i>	<i>10,909</i>	GRI 302-3-a/HKEx A2.1
Consumption of water resources		
Total water consumption (cubic meters)	12,483	GRI 303-3/HKEx A2.2
<i>Intensity of water consumption^{Note 1} (cubic meters)</i>	<i>6.94</i>	HKEx A2.2
Emissions of pollutants		
Emissions of greenhouse gas		
Total emissions of greenhouse gas ^{Note 2}	15,248.89	HKEx A1.2/ TCFD
Direct emissions (Scope 1) (tonnes of CO ₂ equivalent)	176.92	GRI 305-1/HKEx A1.2/ TCFD
Indirect emissions ^{Note 3} (Scope 2) (tonnes of CO ₂ equivalent)	15,120.02	GRI 305-2/HKEx A1.2/ TCFD
<i>Emission intensity of greenhouse gas^{Note 1} (tonnes of CO₂ equivalent)</i>	<i>8.47</i>	GRI 305-4/HKEx A1.2/ TCFD
<i>Intensity of direct emissions (tonnes of CO₂ equivalent)</i>	<i>0.10</i>	
<i>Intensity of indirect emissions (tonnes of CO₂ equivalent)</i>	<i>8.40</i>	

Environmental performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Emissions of air pollutants		
Nitrogen Oxides (NO _x) (kilograms)	645.19	GRI 305-7/HKEx A1.1
Sulphur Dioxide (SO ₂) (kilograms)	1.05	GRI 305-7/HKEx A1.1
Particles (smoke and dust) (kilograms)	59.78	GRI 305-7/HKEx A1.1
Discharge of wastes		
Hazardous wastes (tonnes)	22.70	GRI 306-3-a/HKEx A1.3
<i>Intensity of hazardous wastes^{Note 1} (kilograms)</i>	<i>12.61</i>	HKEx A1.3
Non-hazardous wastes (tonnes)	7.51	GRI 306-3-a/HKEx A1.4
<i>Intensity of non-hazardous wastes^{Note 1} (kilograms)</i>	<i>4.17</i>	HKEx A1.4

Notes:

- (1) Intensity of energy consumption, water consumption, greenhouse gas emissions and waste discharges are calculated by emission or discharge/consumption per million kWh of electricity sold
- (2) Total greenhouse gas emissions = Direct emissions + Indirect emissions – CO₂ removals from newly planted trees during the Reporting Period
- (3) Indirect emissions of greenhouse gas is calculated based on the emission coefficient set out in China Power 2020

7. ESG PERFORMANCE IN 2020

Employment Performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Number of employees ^{Note 1}	224	HKEx B1.1
By gender (%)		GRI 102-8-c/GRI 405-1-b/HKEx B1.1
Female	14 (6.3%)	
Male	210 (93.7%)	
By region (%)		GRI 102-8-b/HKEx B1.1
Mainland China	221 (98.7%)	
Anhui Province	145 (64.7%)	
Hubei Province	36 (16.1%)	
Other regions	40 (17.9%)	
Hong Kong, China	3 (1.3%)	
By age (%)		GRI 405-1-b/HKEx B1.1
≤30	134 (59.8%)	
31-40	55 (24.6%)	
41-50	24 (10.7%)	
≥51	11 (4.9%)	

Note:

(1) Only full-time employees are counted

Employment Performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Turnover of employees (turnover rate, %)	58 (25.9%)	GRI 401-1-b/HKEx B1.2
By gender (%)		GRI 401-1-b/HKEx B1.2
Female	3 (21.4%)	
Male	55 (26.2%)	
By region (%)		GRI 401-1-b/HKEx B1.2
Mainland China	58 (26.2%)	
Anhui Province	43 (29.7%)	
Hubei Province	11 (30.6%)	
Other regions	4 (10.0%)	
Hong Kong, China	0 (0.0%)	
By age (%)		GRI 401-1-b/HKEx B1.2
≤30	37 (27.6%)	
31-40	16 (29.1%)	
41-50	4 (16.7%)	
≥51	1 (9.1%)	

7. ESG PERFORMANCE IN 2020

Occupational Safety and Health Performance	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Work-related fatalities	0	GRI 403-9/HKEx B2.1
Lost of working days ^{Note 1}	2	GRI 403-9/HKEx B2.2
Ratio of lost working days ^{Note 2}	0.9	

Notes:

- (1) Lost of working days mean absence for one working day or above caused by occupational injuries. The definition of occupational injuries aligns with the definition within the related labour laws in the region in which our operation locates.
- (2) Ratio of lost working days (or lost of working days due to occupational injuries per 100 full-time employees equivalent) = total lost of working days/total working hours*annual working hours per 100 full-time employees equivalent. Annual working hours per 100 full-time employees equivalent is calculated by referencing the standard working hours required by the local labour laws in each of the region in which our operation locates. For Mainland China and Hong Kong, that is 200,000 hours.

Training Statistics	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Total hours of training received by employees (hours)	6,921	
By training theme (hours)		
Occupational skills	2,700	
Comprehensive skills	1,725	
Safety trainings	2,198	
Integrity trainings	298	
By training institutions (%)		
Internal training	72.8%	
External training	27.2%	

Training Statistics	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Average training hours completed per employee (hours)	30.9	GRI 404-1/HKEx B3.2
By gender (hours)		
Male	32.3	GRI 404-1/HKEx B3.2
Female	10.4	GRI 404-1/HKEx B3.2
By employee category (hours)		
Senior management	10.2	GRI 404-1/HKEx B3.2
Middle management	10.3	GRI 404-1/HKEx B3.2
General staff	32.0	GRI 404-1/HKEx B3.2
Number of employees trained	3,387	HKEx B3.1
By gender (%)		
Male	99.2%	HKEx B3.1
Female	0.8%	HKEx B3.1
By employee category (%)		
Senior management	0.3%	HKEx B3.1
Middle management	0.9%	HKEx B3.1
General staff	98.8%	HKEx B3.1

APPENDIX: REPORTING GUIDE CONTENT INDEX

The Content Index of HKEx ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area A: 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.	3	P10-11, P33
A1.1 The types of emissions and respective emissions data.	3	P34, P68-69
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3	P68
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3	P69
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3	P69
A1.5 Description of emission target(s) set and steps taken to achieve them.	2, 3	P30, P33-35
A1.6 Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	3	P35

³ Note: For details on material issues, please refer to “Materiality assessment” in P18 to 19 of the Report.

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material	
		Issues ^{Note}	Disclosure or Notes
Area A: Environmental			
Aspect A2: Use of Resources			
General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.		3	P33, P36
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).	3	P68
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3	P68
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2, 3	P30, P33, P36
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2, 3	PV power generation does not require the use of water. During operation and maintenance, the Group adopts water-saving and environmental-friendly cleaning model, including the use of waterless cleaning drones or natural rainwater for cleaning, resulting in a lower reliance on water resources. Therefore, water resources would not have significant impact on the Group’ s operation, and the Group does not foresee or expect any difficulties in obtaining suitable water sources. The Group encourages reasonable use of water resources. For the major water resources management measures adopted in operation, please refer to P36.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The main businesses of the Group, which are sales of electricity and providing solar farm operation and maintenance services for third parties, do not involve any use of packaging material.

APPENDIX: REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area A: Environmental		
Aspect A3: The Environment and Natural Resources		
General Disclosure: Policies on minimising the issuer’s significant impacts on the environment and natural resources.	2, 3	P6-7, P26-28, P30
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3, 11	P34-37, P60-62
Aspect A4: Climate Change		
General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	1	P22
A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	1	P23-25

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: 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.	7, 8, 10	P10-11, P32, P52-54
B1.1 Total workforce by gender, employment type, age group and geographical region.	8	P70
B1.2 Employee turnover rate by gender, age group and geographical region.	8	P71
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.	4, 5, 6, 9	P10-11, P40-41, P44, P46, P48, P55
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4	P42, P72
B2.2 Lost days due to work injury.	4	P42, P72
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	4, 5, 6, 9	P42-45, P48-49

APPENDIX: REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: Social		
Aspect B3: Development and Training		
General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	10	P56-57
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	10	P73
B3.2 The average training hours completed per employee by gender and employee category.	10	P73
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.	7	P10-12
B4.1 Description of measures to review employment practices to avoid child and forced labour.	7	P53
B4.2 Description of steps taken to eliminate such practices when discovered.	7	P12, P53

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: Social		
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure: Policies on managing environmental and social risks of the supply chain.	N/A	As the Group is not involved in the production of PV products and the construction of solar farms, while PV power generation also not involves external fuel purchase, therefore, open tendering is only required when expecting significant replacement of solar modules in the future. A dedicated team is responsible for tendering in accordance with the Group's established supplier management system. As the Group's solar farms were constructed in recent years, the Group only procured labour protection equipment, services and equipment related to solar farm operation and maintenance and small amount of solar modules during the Reporting Period. Since the scale and amount involved in procurement is relatively small during the Reporting Period, supply chain management is not included as a material issue and the Report does not provide detail disclosures on relevant issues.
B5.1 Number of suppliers by geographical region.	N/A	N/A
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	N/A	N/A
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	N/A	N/A
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	N/A	N/A

APPENDIX: REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: Social		
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.	N/A	As the Group sells electricity externally, the customers mainly concern about the stability and safety of supply. Safety measures that ensure the supply of electricity of the Group are disclosed in the chapter "ENSURE OPERATION SAFETY" in P38 to 49. Privacy related matters, which mainly include protecting the safety of information while providing intelligent operation and maintenance to customers, are disclosed in the subsection "IMPROVE SAFETY MANAGEMENT WITH INTELLIGENT OPERATION AND MAINTENANCE" in P42 to 43. Moreover, the business of the Group does not involve advertisements or labels.
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The Group sells electricity and therefore does not involve product recalls.
B6.2 Number of products and service related complaints received and how they are dealt with.	N/A	As the Group sells electricity externally, the customers mainly concern about the stability and safety of supply, therefore, the Group has not formulated any independent policy for product and service complaints in addition to assigning dedicated personnel to maintain effective communication with customers.

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: Social		
Aspect B6: Product Responsibility		
B6.3 Description of practices relating to observing and protecting intellectual property rights.	N/A	As of 31 December 2020, the Group currently owned 7 registered patents and 2 patents under application. The Group strengthened its protection for intellectual property with a combination of internal management system and external professionals, insisted on cracking down on infringement of intellectual property and safeguarded its legal rights via through legal means. During the Reporting Period, the Group was not aware of any intellectual property related incidents that had a material impact to the Group.
B6.4 Description of quality assurance process and recall procedures.	N/A	The Group sells electricity and therefore does not involve product recalls.
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A	As the businesses of the Group only involve sales of electricity to state-owned grid companies and providing solar farm operation and maintenance services to third parties, its business operation does not involve consumer data.



APPENDIX: REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Material	
	Issues ^{Note}	Disclosure or Notes
Area B: Social		
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.	—	P10-11, P13
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.	—	P13
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	—	P13
B7.3 Description of anti-corruption training provided to directors and staff.	—	P13
Community		
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.	2, 11, 12	P26-32, P58-61
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	2, 11	P26-32, P58-62
B8.2 Resources contributed (e.g. money or time) to the focus area.	12	P63-65

