



**XINYI ENERGY
HOLDINGS LIMITED**
信義能源控股有限公司

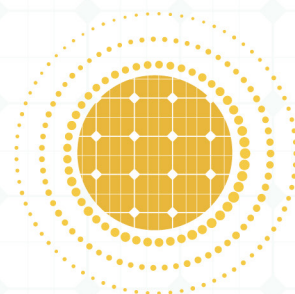
(Incorporated in the British Virgin Islands with limited liability)
Stock Code: 03868

Environmental, Social
And Governance Report
2021

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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 third ESG Report of Xinyi Energy with the theme of “**Safety**”, covering the theory implemented, regulations and systems consistently implemented, actions taken and the main initiatives and the performance of key indicators, launched for the purpose of protecting the global climate safety and human well-being, corporate safety and long-term operation, production safety and environmental protection, employee occupational safety and long-term development, in terms of the four aspects of “Committed business action”, “Well-established corporate governance”, “Sustainable business model” and “Happy talent team” during the period from 1 January to 31 December 2021 (the “**Reporting Period**” or the “**Year**”). Part of the content may trace back to previous years or extend to 2022. It is recommended to read the Report together with Xinyi Energy’s 2021 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. Process of the materiality analysis and material issues finally recognised were disclosed in the chapter “**MATERIAL ISSUES**”.

According to the disclosure requirement of each KPI of the Reporting Guidance on Environmental KPIs and Reporting Guidance on Social KPIs of the Hong Kong Stock Exchange and referencing the recommendations from the Sustainability Reporting Guidelines of the Global Reporting Initiative (“**GRI**”), Task Force on Climate-related Finance Disclosures (“**TCFD**”) and Sustainability Accounting Standards for the Solar Technology & Project Developers Industry of Sustainability Accounting Standards Board (“**SASB**”), as well as the reporting principles of “Quantitation” and “Consistency”, the Group discloses the relevant indicators statistics of 2021 and comparative statistics of 2020 in the chapter “**ESG PERFORMANCE IN 2021**”. The standards, methods, assumptions and/or references of calculation adopted by the Group 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.

For the disclosure of climate information made by the Group with reference to the recommendations of TCFD and the Hong Kong Stock Exchange, including climate scenario analysis, major risks and opportunities under different climate scenarios, and climate actions taken by the Group, please refer to the “**Climate Action**” section of this report. With regards to the analysis of the impact of SDGs in the value chain with reference to the recommendations of the (United Nations’ Sustainable Development Goals) Compass for Corporate Actions” (“**SDG Compass**”), the corporate actions taken in the influential fields of SDGs, the corporate sustainable development goals (XYE Sustainable Goals “**XYE SG**”) entered into and performance during the Reporting Period in order to support the Sustainable Development Goals (the “**SDGs**”) from the United Nations, please refer to the chapter “**Corporate Sustainable Development Actions**” 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 31 May 2022 after the approval by the board of directors (the “**Board**”) of the Company.

Contact and Inquiry

GRI 102-53

The Group is committed to enriching ESG disclosures by drawing on local and international best practices. To continuously improve the level of ESG work and disclosure, 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:

Xinyi Energy Holdings Limited Investors Relations Department

Address: 21/F, Rykadan Capital Tower, No. 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Telephone: (852) 3919 2888
Fax: (852) 3919 2890
E-mail: ir@xinyienergy.com.hk
Website: www.xinyienergy.com

BOARD STATEMENT

Regulation of ESG Matters

The Board of Directors is the highest governance body for ESG matters of the Group and assumes leadership and supervisory responsibilities for ESG matters of the Group, mainly including: assessing and determining major ESG-related risks and opportunities including climate change, incorporating ESG risks into risk management and internal control system and implement effective management, determining material ESG-related issues and formulate management policies and strategies, determining corporate sustainable development goals and regularly review progress, reviewing and approving annual ESG reports. The Board established the SOE Committee, which is led by the Chief Executive Officer and is responsible for the daily management and supervision of important ESG matters like safe production, occupational health and environmental management. For further details on the ESG governance structure, please refer to the “Sustainable Development Governance” section of this report.

The Group’s sustainable development governance adopts a top-down strategic approach, with commitment and investment in sustainable development beginning with the highest governance body of the Group. The Board’s performance and supervision of important ESG matters ensures that the Group incorporates ESG factors when formulating long-term corporate development plans and setting mid- and long-term development goals, which will further enhance the adaptability and resilience of the Group’s business to deal with climate change and other ESG-related risks.

Materiality Assessment and Management of Material Issues

With reference to the recommendations of local and international best practices, the Group reviews and optimises the materiality assessment process every year to ensure that the materiality assessment results can more objectively and comprehensively reflect the ESG areas and issues that internal and external stakeholders are most concerned about. During the Reporting Period, the Group conducted materiality assessment through the assessment method and process of “Identification - Prioritisation by Materiality - Verification and Confirmation”. For further details on materiality assessment, please refer to the section headed “MATERIAL ISSUES” in this report.

After identifying relevant issues and prioritising by materiality, the Group adopted the double verification process. The CEO and senior management conducted the first round of review and made reasonable adjustments as necessary. The Board of Directors reviewed the results of the first round of review and confirmed material issues emphatically disclosed in this report. During the Reporting Period, after the aforementioned evaluation process, 12 issues in the four categories of “committed business action”, “well-established corporate governance”, “sustainable business model” and “happy talent team” were finally identified as the material issues. Details on material issues, please refer to pages 16 to 17 of this report.

The Board of Directors and the SOE Committee have paid great attention to and devoted sufficient resources to the Group’s operations and long-term development and/or major ESG issues that have/may have a significant impact on key stakeholders. The Group’s regulatory framework, established strategic approach and response actions for material ESG issues in the four categories of “committed business action”, “well-established corporate governance”, “sustainable business model” and “happy talent team”, as well as the performance of key performance indicators during the Reporting Period have been disclosed in the corresponding sections of this report.

Progress of Corporate Sustainable Development Goals

According to the analysis on the value chain in which the Group’s core business is located and SDGs impact within its impact scope, the Group has proposed 6 corporate sustainability goals in the SDGs field of the most relevance to the business and high-impact to ensure that effective actions are taken in day-to-day operations and long-term planning to continuously enhance the Group’s positive impact on the relevant SDGs field. During the Reporting Period, all corporate sustainable development goals have seen its good performance. The performance of four most critical goals are as follows:

XYE SG1

As of the end of 2021, the total installed capacity of the Group increased by 36.0% year-on-year to 2,494MW, and the annual carbon dioxide (“CO₂”) emission reduction achieved by the provision of green electricity increased by 42.2%

XYE SG2

During the Reporting Period, the water resources and energy consumption intensity of the Group (measured in millions of kWh of electricity sold) decreased by 23.0% and 17.0% year-on-year, respectively

XYE SG3

During the Reporting Period, the Group achieved goals of no major equipment failure/power safety/fire accidents, no fatality and serious injury

XYE SG4

During the Reporting Period, the Group did not have any safety incidents that harmed the surrounding communities, nor did the employees have any work-related accidents in the workplace, and maintained zero incidence of occupational diseases among its employees.

ABOUT XINYI ENERGY

China is the world’s largest energy consumption and carbon emission country, and its CO₂ emissions account for one-third of the world’s total. In September 2020, Chinese President Xi Jinping has announced that China’s “carbon peak” and “carbon neutrality” goals (“**Dual Carbon Goals**”): “China will strive to reach peak in respect of CO₂ emissions by 2030, and strive to achieve carbon neutrality by 2060”. Nearly 90% of China’s greenhouse gas emissions come from the energy system. Therefore, energy transition is the only way for China to achieve its Dual Carbon Goals. As a pure renewable energy power station holder and operator based in China, Xinyi Energy has a duty to fully support China to achieve its Dual Carbon Goals. At the same time, the carbon-neutral transformation of the energy system will bring unprecedented opportunities to the Group, providing strong support for the continuous and steady growth of the Group’s business scale and efficiency.

Business Performance and Strategic Planning

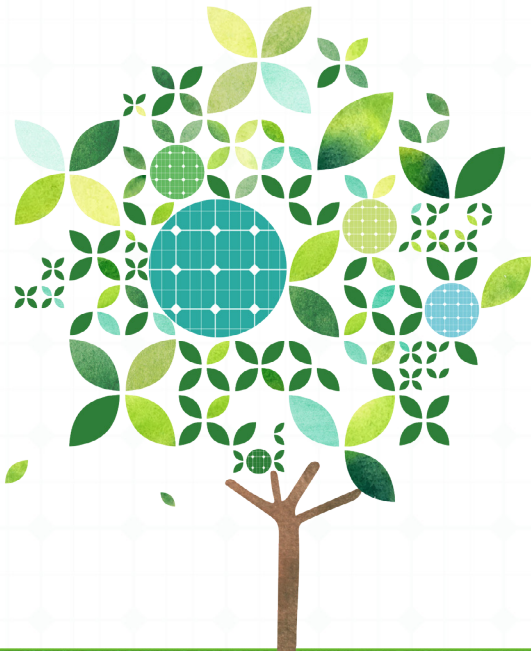
GRI 102-1, GRI 102-2, GRI 102-4, GRI 102-6, GRI 201-1

Xinyi Energy is a leading non-state owned solar farm owner and operator in China, and was listed on the Main Board of the Hong Kong Stock Exchange on 28 May 2019 (stock code: 03868.HK). Since its establishment, all the power plant projects held and acquired by the Group are solar power plants (“**Solar Farm**”). 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. As of 31 December 2021, the Group owned, operated and managed a total of 28 utility-scale solar farms (the “**Existing Projects**”) with a total installed capacity of 2,494 megawatts (“**MW**”). During the Year, the total electricity sold by the Group approximates to 2.58 billion kWh, which is equivalent to reducing the CO₂ emissions by 2,146,000 tonnes. The Existing Projects of the Group are all located in Resource Zone II and Resource Zone III in China with strong electricity demand, and the operation and income of the power station have never been affected by the problem of power curtailment during the historical operating period. Among the Existing Projects, all projects with state subsidies included in the feed-in-tariff (total 1,724MW) have been enlisted on the Renewable Energy Power Generation Project List. By the end of 2021, the Group provided operation and management (“**O&M**”) services for the third party solar farms of 1,350MW, which is equivalent to 830,000 tonnes of CO₂ emission reduction in terms of the power generation of these solar farms during the Reporting Period.



	Hebei 100MW
	Hebei Zaoqiang Solar Farm 100MW
	Tianjin 174MW
	Binhai Solar Farm 174MW
	Henan 110MW
	Suiping Solar Farm 110MW
	Anhui 1,250MW
	Jinzhai Solar Farm 150MW
	Sanshan Solar Farm 100MW
	Lixin Solar Farm 140MW
	Wuwei Solar Farm One 100MW
	Fanchang Solar Farm 60MW
	Shouxian Solar Farm One 100MW
	Huainan Solar Farm One 20MW
	Wuwei Solar Farm Two 50MW
	Shouxian Solar Farm Two and Three 200MW
	Wuwei Rihao Solar Farm 20MW
	Wuwei Solar Farm Three 30MW
	Huainan Solar Farm Two 50MW
	Huabei Solar Farm 100MW
	Qingyang Solar Farm 70MW
	Wuhu Xiangtai Solar Farm 60MW

	Hubei 630MW
	Hong'an Solar Farm 100MW
	Xiaochang Solar Farm One 130MW
	Xiaochang Solar Farm Two 30MW
	Laohekou Solar Farm One 100MW
	Anlu Jingshun Solar Farm 90MW
	Hubei Jingping Solar Farm 80MW
	Laohekou Solar Farm Two 100MW
	Fujian 30MW
	Nanping Solar Farm 30MW
	Guangdong 200MW
	Zhanjiang Solar Farm One and Two 100MW
	Jiangmen Solar Farm One and Two 100MW



ABOUT XINYI ENERGY

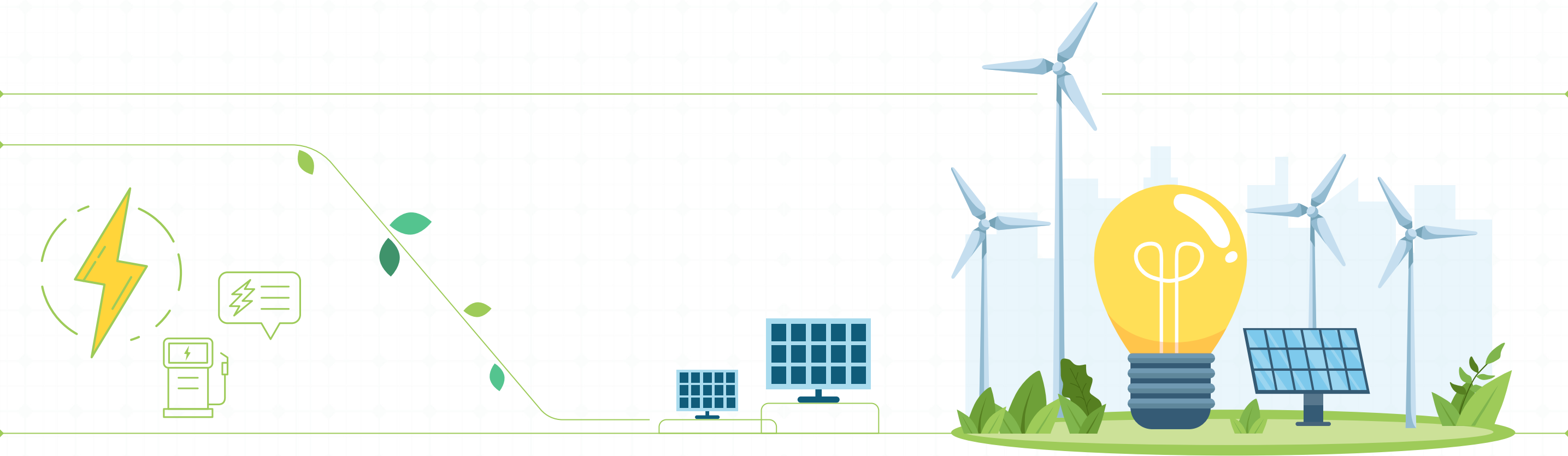
The Group is not involved in the development and construction of solar farm projects. Its business only involves in generating and selling electricity through the solar farms held by it, as well as providing O&M management services for third party solar farm projects. Hence, the Group is solely engaged in solar farm operation (“**Pure Operator**”). The Group will continue to maintain the pure business model and enlarge our business scale through acquisition of renewable energy power plant 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. During the Year, the total installed capacity of the Group’s solar farms increased by 36.0% year-on-year, and the profit attributable to shareholders increased by 33.7% year-on-year. In order to share operating results with shareholders, the Group continued to distribute all distributable income in 2021 with the annual dividend of 17.4 HK cents, representing a year-on-year increase of 20%. The direct economic value generated by the Group in 2021 amounted to approximately HK\$2.3 billion. Economic value shared to shareholders, governments, partners within the value chain and employees through dividends, taxes, donations and operating costs and expenses represented approximately 71% 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 2021, the total approved capacity of the reserved solar farm projects held, being constructed and to be constructed by Xinyi Solar exceeded 2 gigawatts (“**GW**”), which is available for future acquisitions by the Group. Furthermore, the Group can acquire high-quality renewable energy power station projects from independent third parties in the market for continuous expansion of operation scale. In 2022, the Group plans to acquire solar farm projects with a total capacity of over 1GW 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 reach 3.5GW.

The Policy of Sustainable Development

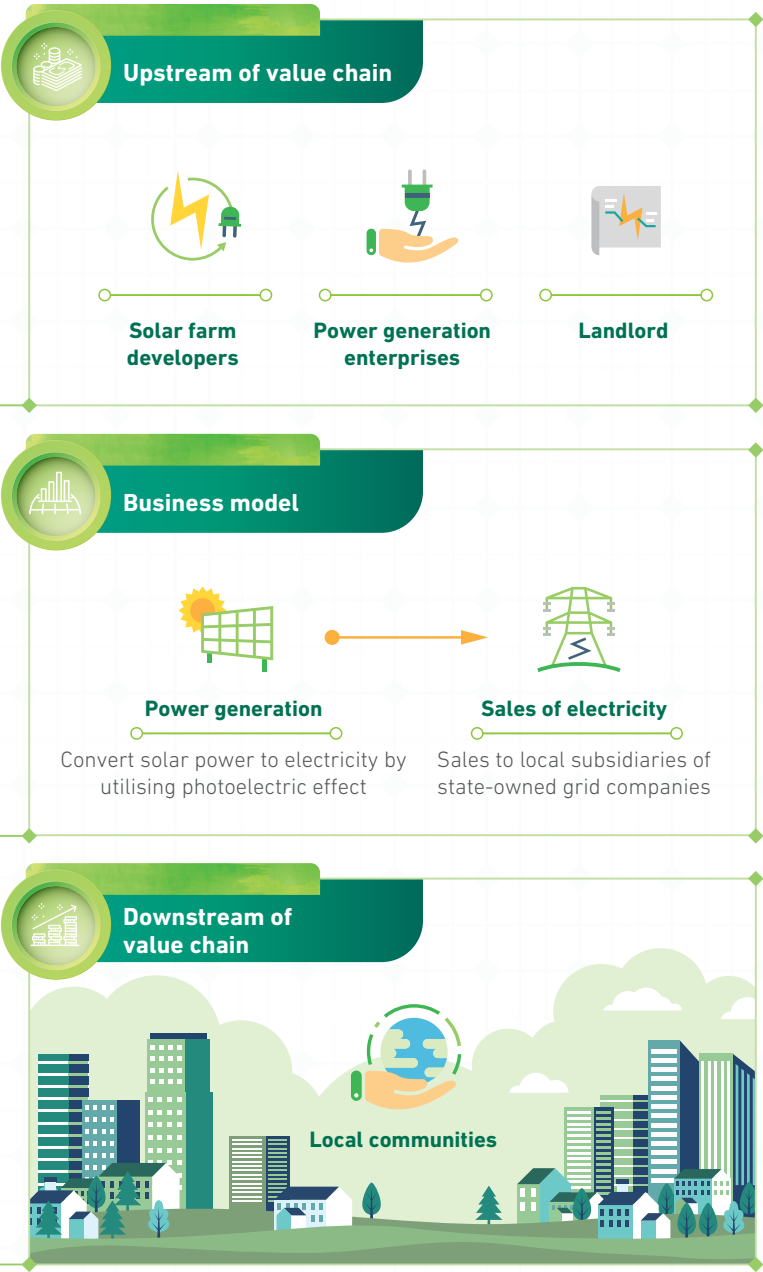
GRI 102-16

Different from upstream manufacturing companies in the photovoltaic (“**PV**”) industry, other solar farm operators and traditional power companies in the Greater China region, since the Group is a pure operator, and the PV power generation process does not involve energy and resource consumption, the Group’s business operation is environmentally friendly during the whole cycle. At the same time, the supply of green power to the society replaces part of the demand for thermal power, which can contribute considerable CO₂ emission reductions every year. During the Reporting Period, all the electricity sold by the Group came from PV power generation, and all power station projects for which we provide O&M management services were also solar farms. In the daily operation of the solar farms, only a small amount of energy consumption is caused by the use of motor vehicles in the O&M, the equipment needs to purchase electricity to maintain 24-hour operation, and the life of the employees at the station involves the consumption of electricity and a small amount of water resources. Therefore, the negative impact of the solar farm on the environment during the operation is also extremely limited. During the Reporting Period, the total amount of greenhouse gas emissions generated by the Group’s business operations was approximately 18,971 tonnes of CO₂ equivalent, nearly 99% of which came from indirect emissions from purchased electricity, which was only equivalent to the 0.88% of CO₂ emission reduction from projects currently held by the Group during the Year. During the Year, the Group’s carbon emissions per GWh (equivalent to “**million kWh**”) of electricity sold was 7.35 tonnes, representing a year-on-year decrease of 13.2%, less than 0.9% of carbon emissions from equivalent thermal power. The water consumption intensity (measured in million kWh of electricity sold) decreased by nearly 23.0% to 5.34 cubic meters compared with the same period last year, representing only 0.44% of the equivalent thermal power. Therefore, looking at the public utility sector and renewables energy sector in the Greater China region, the Group is still a rare enterprise whose economic and environmental benefits are completely positively correlated.



ABOUT XINYI ENERGY

The Group adheres to a pure business model and will continue to develop its renewable energy power generation and O&M business. Therefore, with the expansion of the Group’s business scale, it will not only bring greater economic benefits to shareholders, society and other stakeholders, but also create positive benefits for the environment, and have a positive impact on the ecological environment of the region where the business is located, the global energy transition process and climate change mitigation. The Group is determined to become a new-generation power generation enterprise. It not only adheres to the original intention in the business model, but also implements the concept of sustainable development in daily operations, talent team building and management, community participation, etc., and responds to the appeal of the United Nations SDGs through proactive actions. During the Reporting Period, the Group has made positive progress in various established corporate sustainable development goals, thereby bringing positive impacts to the relevant United Nations SDGs.



• Upholding our simple aspiration

Mission

Empowering the Green Era and Lighting up the World

Vision

Creating a leading brand for efficient operation of renewable energy to achieve universal access to green energy

Core values

Trust, integrity, passion and people

• Low risk business model

No raw material risk

“Sunlight” as the sole raw material for power generation

Stable tariff policy

National policies secured a fixed feed-in-tariff for 20 years

Stable revenue model

“Generation of power – sales of electricity” model

All customers are local subsidiaries of state-owned grid companies

All projects are located in Resource Zone II and Resource Zone III

No power curtailment experienced in operating history

• Adhere to a clear positioning

Pure power generation enterprise

Only engaged in solar farm operations without involving in development and construction

Pure renewable energy

Sales of electricity solely generated from PV power

• Repay shareholders for their support

High dividend payout ratio policy

No less than 90% of the distributable income is distributed to shareholders

• Steadfast implementation of the SDGs

Our action is highly consistent with the SDGs of the United Nations

In particular, there are 3 SDGs that are most relevant to the Group’s business



We also strive to increase our positive impact on SDG3, SDG8 and SDG15

• Performance of Xinyi Energy’s sustainable development goals in 2021

- XYE SG1** In 2021, the aggregate approved grid-connected capacity of the Group was 2,494MW, representing a year-on-year increase of 36.0%, and the annual greenhouse gas emissions reductions increased by 42.2% through the provision of green power
- XYE SG2** During the Reporting Period, the water resources and energy consumption intensity of the Group (measured in million kWh of electricity sold) decreased by 23.0% and 17.0% year-on-year respectively
- XYE SG3** During the Reporting Period, the Group had no major equipment power safety and fire accident, no fatality and no serious injury accidents
- XYE SG4** During the Reporting Period, the Group did not experience any safety incidents that endangered the communities and public located around its operation, any work-related accident in respect of employees in the workplace and maintained no occupational diseases among its employees
- XYE SG5** The Group followed the principles of the United Nations Global Compact and didn’t occur any confirmed non-compliances related to violation of anti-discrimination, human rights protection principles and labour laws/ regulations.
- XYE SG6** About 70% of the solar farms newly acquired by the Group during the Reporting Period were Agricultural-PV complementary solar farm model / Fishery-PV complementary solar farm model projects, taking into account environmental, social and economic benefits, and helping to promote the application of PV power to the society



MATERIAL ISSUES

Communication with Stakeholders

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

As the daily operation and long-term development of the Group will affect different stakeholders, the Group attaches great importance to establishing and maintaining good communication with stakeholders. Based on the four factors of relevance, impact, reliance and nearby region, the Group identified employees, regulators, communities, shareholders and potential investors, customers and partners as key stakeholder groups after careful consideration of the degree of reliance or influence of different stakeholders on the Group’s business and long-term development. As the business of the Group has not changed substantially during the Reporting Period, and the epidemic is still having an impact to varying degrees, therefore, the Group still mainly used the same channels in 2020 to maintain effective communication with different groups of stakeholders and make good use of video/conference calls and instant messaging software to enhance communication with employees, shareholders and potential investors while maintaining social distancing during the Reporting Period. Stakeholders of different groups also expressed their concerns on different issues in the ESG field in their daily communications, which provided an important reference for the Group to identify material issues and helped the Group to strengthen its attention to and management of important ESG issues, and continue to improve the level of ESG disclosure.



Group of Stakeholders	Issues of concern	Main channels of communication
 Staff	- Occupational health and work safety - Remuneration and benefits - Labour compliance - Employee training and development mechanism - Corporate governance and business ethics - Business development and economic benefits	Trade union (Wechat Group)/staff representatives Performance appraisal Department/group meetings Trainings and staff activities Interviews /employee opinion boxes/ emails
 Regulators	- Safe production management - Environmental management and performance in environment - Corporate governance and business ethics - Business development and economic benefits - Community participation and social benefits	Laws and regulations Information reporting Site visit Phone calls/meetings
 Communities	- Community participation and social benefits - Safe production management - Environmental management and performance in environment - Business development and economic benefits	Public welfare activities PV greenhouse education base Resolution meetings Phone calls/visits/company website
 Shareholders and potential investors	- Corporate governance and business ethics - Business development and economic benefits - Corporate sustainable development actions - Climate risks and response actions - Acquisition scale and development plan - Value sharing and return for shareholders - Safe production management - Talent team building and talent retention	Annual general meeting/extraordinary general meetings Announcements/circulars Financial reports/ESG reports Investor meetings/results roadshows/ site visits to solar farms Press releases/briefing materials Phone calls/emails/instant message applications/company website
 Customers and partners	- Stability of power supply - Safe production management - Corporate governance and business ethics - Climate risks and response actions - Corporate sustainable development actions	Contracts/agreements Phone calls/emails/meetings Site visits/customer visits

MATERIAL ISSUES

Materiality Assessment

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

With reference to the recommendations of local and international best practices, the Group reviews and optimises the materiality assessment process every year to ensure that the materiality assessment results can more objectively and comprehensively reflect the ESG scopes and issues which are concerned by internal and external stakeholders, so as to ensure that in terms of ESG governance, the Board and the SOE Committee will pay high attention to material ESG issues that have/may have a material impact on the Group’s operation and long-term development and/or key stakeholders, and allocate sufficient resources. Meanwhile, in terms of ESG disclosure, more emphasis is placed on the disclosure of information and core data on relevant issues to respond to the demands of stakeholders.



First step: Identify

- Prepare a complete list of issues based on the general disclosures and the KPIs made by the Hong Kong Stock Exchange
- Re-examine the Group’s material issues over the years, and supplement the list of issues with reference to material issues identified by most peers
- Refer to the following suggested disclosure on material issues for enterprises within the renewable energy industry, utility industry and power generation industry published by international/local professional bodies, the Group supplements and adjusts the list of issues:
 - 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
 - Materiality Map and Sustainability Accounting Standards for the Solar Technology & Project Developers Industry (《太陽能技術及項目開發行業可持續發展會計準則》) published by SASB
 - BEC Handbook: Understanding Materiality for Environmental, Social and Governance Reporting published by the Business Environment Council of Hong Kong (“BEC”)
- Conduct internal assessment based on the business operation and long-term development plan of the Group and remove issues without actual relevance from the list of issues to finally form the “Relevant Issue List”



Second step: Rank priority by importance

- Rank the importance of relevant issues to the Group’s business operations and development based on communication with internal stakeholders
- Rank the importance of relevant issues to stakeholders and the importance of achieving sustainable development of the Group based on communication with external stakeholders
- Identify the followings by making use of a combination of communication with internal and external stakeholders, as well as the materiality matrix:
 - **The most important issue:** Issue that has material impact on both stakeholders and the business operation and sustainable development of the Group
 - Important issues: Issues that have material impact on stakeholders or the business operation and sustainable development of the Group



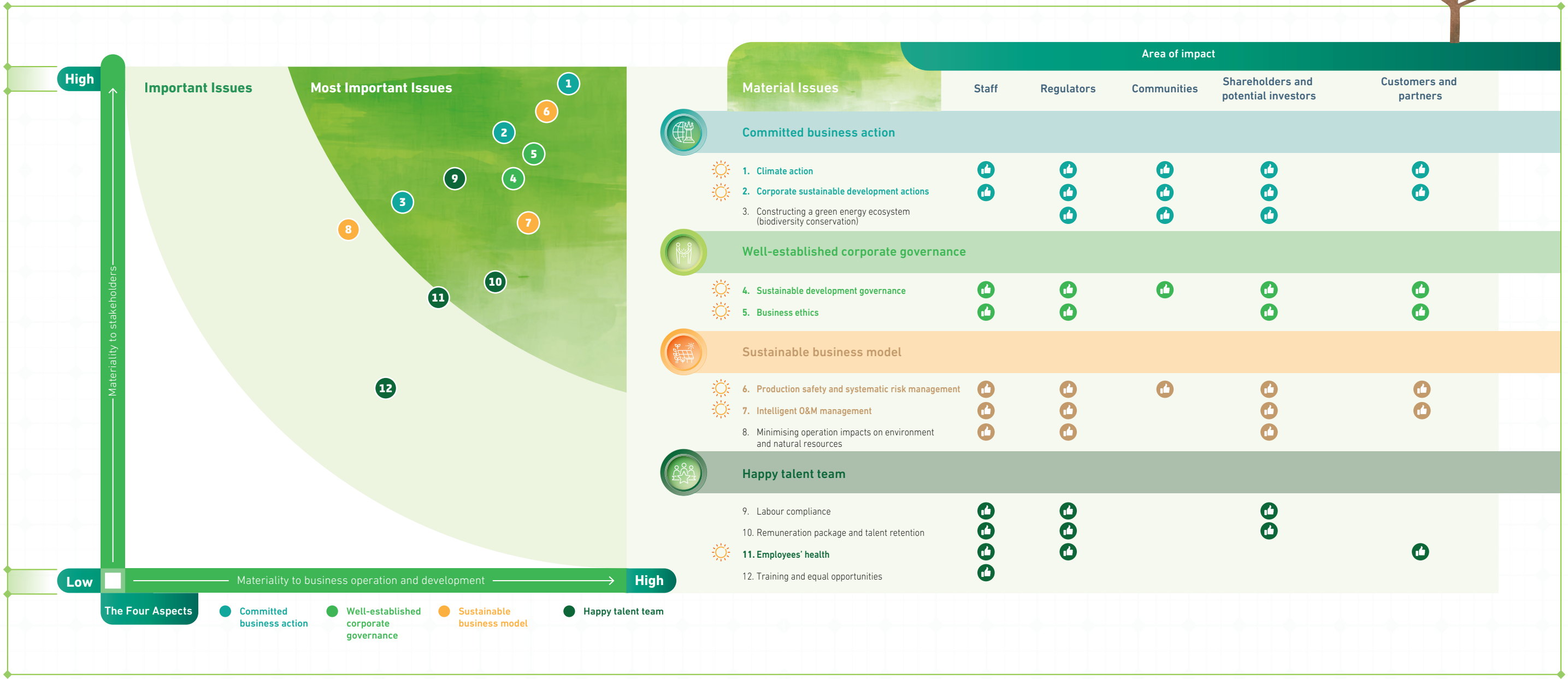
Third step: Verify and recognition

- The CEO and senior management reviewed the assessment results in the second step, make reasonable adjustments (if necessary) and submit them to the Board for review
- The Board reviewed the materiality assessment results and confirmed the material issues disclosed emphatically in this report

MATERIAL ISSUES

"The Global Risks Report 2022" of the World Economic Forum ("WEF") pointed out that climate action failure, extreme weather and biodiversity loss are the three most serious risks affecting the earth in the next decade. Therefore, during the Reporting Period, "Biodiversity conservation" was added as a material issue. At the same time, due to the intensified geopolitical risks and the increased uncertainty of the economic and industry environment affected by the COVID-19 epidemic, a sound governance structure and adherence to business ethics are the foundation for ensuring business operations and achieving sustainable development. Therefore, "Sustainable development governance" and "Business ethics" were identified as the top seven material issues. In addition, since the centralised and intelligent O&M management model can help the Group to continuously reduce costs and increase efficiency and improve environmental benefits, it has a significant impact on the long-term development of the Group. Therefore, "Intelligent O&M management" is also recognised as one of the top seven material issues.

According to the materiality assessment, the Group finally identified twelve issues as material issues. The effect scope of relevant issues and the analysis of materiality are stated as below. For all recognised 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 Year in the chapter "ESG PERFORMANCE IN 2021" and provided 2020 data for comparison. In terms of other relevant issues that are not recognised as material issues, such as the KPIs which are required 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 pages 98 to 106.



COMMITTED BUSINESS ACTION

The United Nations secretary general, António Guterres, said that a state of climate emergency has been declared, climate promises and plans must be turned into reality and action, now. A shift to renewables will mend our broken global energy mix and offer hope to millions of people already suffering from the impact of climate change. As a pure operator of solar farm, the global energy transition will bring us great development opportunities, but provided that we are required to take more active action immediately, to double our effort. While accelerating the improvement on operation scale, a more efficient, cleaner and intelligent O&M system shall be developed to provide more stable and safe green energy for the society. We give unqualified support to the Global Climate Action and the achievement of the United Nations Sustainable Development Goals (SDGs), and make due contributions to the protection of the earth's ecological security and human well-being.



I. COMMITTED BUSINESS ACTION

Climate Action

GRI 201-2, TCFD, HKEx A4.1

The most serious crisis facing the earth currently is climate imbalance. Climate change not only affects the economy and people’s livelihood of all countries, but also has a non-negligible impact on human health and life. If it is not stopped, a heavy price will be paid in the future. To avoid climate catastrophe, global warming must be kept to no more than 1.5 degrees Celsius (“°C”), and the achievement of such goal, the United Nations stated, required all governments must reduce emissions by 45% by 2030 and reach carbon neutrality by 2050. Sustainable Development Goal 13 proposed by the United Nations calls on governments, enterprises and individuals to take urgent action to response to climate change and deal with its impacts. According to the International Energy Agency (“IEA”), China’s CO₂ emissions account for one-third of the global total, nearly 90% of which generate from energy sector (48% from the power sector). Thus, to achieve global climate goals, China needs to and China’s energy sector must drive the transition to carbon neutrality. The Group is a renewable energy power enterprise developed in China. Therefore, the global climate action driven by climate change, China’s “Dual Carbon” action, and China’s energy transition have created unprecedented opportunities for the development of the Group’s core business. However, as the owner and operator of utility-scale solar farms, we still need to pay close attention to and attach great importance to the impact of physical risks brought by climate change on the Group’s daily operations and assets.

As climate change-related risks and opportunities are critical to the daily operations and long-term development of the Group, “Climate Action” is one of the Group’s most important ESG issues, and the governance of significant climate-related matters is the most important part of the Group’s ESG governance. The Board attaches great importance to the regulation of foresaid issues as well.



 Responsibilities of the Board	Responsibilities of the Management (the SOE Committee)
✓ Determine the Group’s climate strategy and reporting mechanism on climate-related matters ✓ Identify significant climate-related risks and opportunities, define, implement and supervise action plans, and regularly assess regulatory mechanisms to ensure effectiveness ✓ Oversee the work of the SOE Committee and regularly review the progress of climate action	✓ Assess climate-related risks and opportunities, identify material climate risks and opportunities, provide and submit analysis, recommendations and action plans to the Board for review and oversight ✓ Regularly review climate scenario analysis, assessment results and action plans of climate risks and opportunities, and update them as needed. If there are updates on major climate issues, the update results should be submitted to the Board in a timely manner, otherwise updates will be reported to the Board in every fixed reporting period ✓ Allocate funds and resources according to the Group’s established climate strategy and determined climate action plan, ensure the implementation of the action plan, and regularly evaluate the progress and effectiveness of the action plan ✓ Coordinate different business departments to facilitate their effective cooperation on climate action arrangements

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Climate scenario analysis

As of the end of 2021, all solar farm projects held by the Group are utility-scale mounted solar power plants, and all are located in Resource Zone II and Resource Zone III in China. Therefore, when develops climate scenarios, the Group mainly refers to the following public scenario information:

- Physical environment:** Working Group I Report of the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change ("IPCC") ("IPCC AR WG1")
- Socio-economic environment and energy environment:** IEA's "An Energy Sector Roadmap to Carbon Neutrality in China" ("China Roadmap"), the carbon price section also refers to the Network for Greening the Financial System ("NGFS")

Based on the public scenario information listed above, and based on the parameters of the industry and region where the Group operates, three climate scenarios are developed: **accelerated scenario** is an ideal scenario, which is premised on achieving the 1.5°C climate ambition. However, even if the current climate policies and goals proposed by various countries are fully realised, there is still a gap to meet the conditions of the accelerated scenario. Therefore, the realisation of the accelerated scenario requires all governments to formulate more positive climate policies; **pledges scenario** is a mitigation scenario, which is premised on the realisation of the current climate policies and goals proposed by various countries. Therefore, the realisation of the pledges scenario is subject to actively implementation of the proposed climate policies by all governments to achieve the established climate goals; **stated policy scenario** is a stable scenario, in view of the existing policies and measures in all countries will not change in the future as expected (including the assumption that climate policies having been proposed but not implemented will not be implemented). The stated policy scenario is mainly used to assess the impact of changes in the physical risk factors on the Group's business in the circumstance of no more positive actions. Since the stated policy scenarios cannot meet the climate goals of major countries in the world including China, and the achievement of such goals will have a substantial impact on the development of all countries and human survival, the Group believes that all governments will continue to take more active climate policies and actions to mitigate climate change, and accordingly, the probability of physical risks in future operations is expected to be lower than the assumption under the stated policy scenario.

	Pledges scenario (<2°C)	Accelerated scenario (<1.5°C)	Stated policy scenario
Public pathways	- IPCC-SSP1-2.6 - IEA-APS - NGFS-Below 2°C	- IPCC-SSP1-1.9 - IEA-ATS - NGFS-Net Zero 2050	- IPCC-SSP5-8.5 - IEA-STEPS - NGFS-Current policies
Physical environment			
Global mean temperature increase ^{Note 1} (Compared to 1850-1900)	- Short-term:1.2-1.8°C - Medium-term:1.3-2.2°C - Long-term:1.3-2.4°C	- Short-term:1.2-1.7°C - Medium-term:1.2-2.0°C - Long-term:1.0-1.8°C	- Short-term:1.3-1.9°C - Medium-term:1.9-3.0°C - Long-term:3.3-5.7°C
Global average precipitation ^{Note 1} (Compared to 1995-2014)	- Short-medium term: the probability of small average precipitation increases significantly, but the risk of heavy precipitation and drought increases, that is, rainfall increasing in mid-high latitudes and decreasing in dry subtropical areas - Long-term: average precipitation increases by more than 5%	- Short-medium term: average precipitation will not increase significantly, but the risk of heavy precipitation and drought may still increase - Long-term: average precipitation increases by less than 5%	- Short-medium term: the regional rainfall intensity and differences increase significantly, and the risk of drought and floods increase significantly - Long-term: average precipitation increases by more than 10%
Tropical cyclone related precipitation ^{Note 1}	Medium-long term: the proportion of intense tropical cyclones increases by 13%, and tropical cyclone related precipitation increases by 14%	Short-medium term: the proportion of intense tropical cyclones increases by 10%, and tropical cyclone related precipitation increases by 11%	Long-term: the proportion of intense tropical cyclones increases by 20%, and tropical cyclone related precipitation increases by 28%

Note:
(1) Short-term: between 2021 and 2040; Medium-term: between 2041 and 2060; Long-term: between 2081 and 2100

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	Pledges scenario (<2°C)	Accelerated scenario (<1.5°C)	Stated policy scenario
Physical environment			
Extreme hot weather ^{Note 1} (1 in 10 years)	Medium-long term: a 1-in-10-year extreme heat event between 1850 and 1900 will occur in less than 2 years, with an intensity of 2.6°C hotter	- Short-medium term: a 1-in-10-year extreme heat event will occur in less than 3 years, with an intensity of 1.9°C hotter - Long-term: extreme heat events will be less frequent than those in the short-medium term	- Short-medium term: the frequency of 1-in-10-year extreme heat events increases significantly, about once every 2 years on average, with an intensity of about 3°C hotter - Long-term: a 1-in-10-year extreme heat event occurs once a year on average, with an intensity of 5.1°C hotter
Extreme hot weather ^{Note 1} (1 in 50 years)	Medium-long term: a 1-in-50 extreme heat event between 1850 and 1900 will occur in less than 4 years, with an intensity of 2.7°C hotter	- Short-medium term: a 1-in-50 extreme heat event will occur in less than 6 years, with an intensity of 2.0°C hotter - Long-term: extreme heat events will be less frequent than those in the short-medium term	- Short-medium term: the probability of extreme heat events 1-in-50 increases significantly, about once every 3 years on average, with an intensity of about 3°C hotter - Long-term: a 1-in-50 extreme heat event will occur in less than 2 years, with an intensity of 5.3°C hotter
Heavy precipitation events ^{Note 1} (1 in 10 years)	Medium-long term: the frequency of 1-in-10 year heavy precipitation is 1.7 times that of 1850-1900, with a 14% increase in rainfall	- Short-medium term: the frequency of 1-in-10-year heavy precipitation is 1.5 times that of 1850-1900, with an 11% increase in rainfall - Long-term: heavy precipitation events will be less frequent than those in the short-medium term	- Short-medium term: the frequency of 1-in-10-year heavy precipitation is double that of 1850-1900, with a 14% increase in rainfall - Long-term: the frequency of 1-in-10-year heavy precipitation is 2.7 times that of 1850-1900, with a 30% increase in rainfall

Note:

(1) Short-term: between 2021 and 2040; Medium-term: between 2041 and 2060; Long-term: between 2081 and 2100

	Pledges scenario (<2°C)	Accelerated scenario (<1.5°C)	Stated policy scenario
Social environment			
Economic development	The economy will continue to grow, and the demand for primary energy will continue to grow until 2030, but at a lower rate than the economic growth rate; between 2030 and 2060, the economy will double, but the total demand for primary energy will decline	Economic growth is similar to the assumption under the pledges scenario, the demand for primary energy will increase until 2030, but the growth rate is lower than that under the pledges scenario; by 2060, the total primary energy demand will decline more than that under the pledges scenario	The economy keeps growing, but economic output is linked to energy consumption. Thus, the economic output may double in the next 30 years where the energy consumption increases by 50%
Climate policies	- Implement more aggressive climate policies proposed by all countries based on "carbon neutrality" goals - China implements proposed climate policies and achieves new INDC (Intended Nationally Determined Contributions) goals	- All countries will introduce broader energy policies and supporting measures to accelerate energy transition and reduce carbon emissions - China issued corresponding climate policies and supporting measures with the goal of achieving carbon neutrality by 2050. The enhanced measures will focus on accelerating the decarbonisation of the power and industrial sectors, promoting the application of low-carbon technologies such as renewable energy and new energy vehicles, and improving energy efficiency in the industry, building and transport sectors	All countries maintain their current climate policies already in place

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	Pledges scenario (<2°C)	Accelerated scenario (<1.5°C)	Stated policy scenario
Social environment			
Common business model	- Shifting from a fossil fuel-dependent economy to an economy driven by renewable energy - Accelerating decarbonisation of the power sector and electrification in industrial and building sectors	More aggressive policies between 2021 and 2025 can lead to an earlier carbon peak compared to the pledges scenario: - Accelerated decarbonisation of the power and industrial sectors. Coal consumption should be 20% lower than the pledges scenario by 2030 - Incentivise the power and industrial sectors to improve energy efficiency through stricter allowance allocation in emissions trading system at a rate of 1-2%/year faster than the pledges scenario - Increase the profitability of renewable energy projects through Electricity Market Reform to attract investments in solar PV and wind power projects - Accelerating the electrification/transition to renewables in transport sector	Unable to get rid of the dependence on fossil energy. The final energy consumption continues to grow, with electricity and natural gas providing most of the incremental energy consumption

	Pledges scenario (<2°C)	Accelerated scenario (<1.5°C)	Stated policy scenario
Energy & Environment of China			
Demand for renewables	- Renewable power generation, mainly by wind power and solar PV, will increase sixfold between 2020 and 2060 - The average annual newly installed capacity of wind power and solar PV will be approximately 120GW between 2025 and 2030 - The average annual newly installed capacity additions of solar PV will be 220GW between 2031 and 2060	- The average annual newly installed capacity of wind power and solar PV are similar to the pledges scenario before 2025, while 33% more than the pledges scenario between 2025 and 2030 - The installed capacity addition of wind power and solar PV should be 20% more than the pledges scenario to achieve carbon neutrality by 2050,	The annual average newly installed capacity additions of wind power and solar PV will be approximately 70GW between 2020 and 2030
Energy intensity	The energy intensity of GDP will decrease by an average of 3% per year between 2020 and 2030	The energy intensity of GDP will decrease by an average of 4% per year between 2020 and 2030	The energy intensity of GDP will decrease by an average of 2% per year between 2020 and 2030
CO ₂ emissions	Carbon emissions per unit of GDP will decrease by an average of 4% per year between 2020 and 2030	Carbon emissions per unit of GDP are similar to the pledges scenario before 2025, but will improve beyond 2025 providing an average decrease of 6% per year between 2020 and 2030	Carbon emissions per unit of GDP will decrease by an average of 3% per year between 2020 and 2030
Carbon price (US\$/t CO ₂)	2025: 20 2030: 80 2050: almost 200	2025: 45 2030: 90 2050: 200	2025: 10 2030: 20 2050: 70

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Climate risks and responses

As the Group is solely engaged in solar farm operation, changes in policies, laws, technologies and markets resulting from the global transition to a lower carbon economy will not post risks to the Group's core business operations and long-term development. Instead, comparing the demand for renewables under the stated policy scenario, pledges scenario and accelerated scenario, it is noted that the more aggressive climate targets place a more urgent need for renewables, while as a result, bring greater development opportunities to the Group. For details of the opportunities brought by climate-related transitions to the Group's business operations and development, please refer to the section headed "Climate opportunities". This chapter will only disclose the impact on the Group's operations and development, the Group's responses and performance in 2021 with respect to changes in physical risk indicators under different climate scenarios.

Risk aspect: Acute risks		
Specific climate risks: Typhoons, torrential rains and floods caused by heavy rainfall		
	Trends in specific risks based on climate scenario analysis:	
	The strength of tropical cyclones is significantly increased. The proportion of intense tropical storms/typhoons will increase by 10% even under the accelerated scenario, and the probability of intense tropical storms/typhoons will double as compared to that of the accelerated scenario without more aggressive climate action The probability of heavy rainfall and flooding accompanied by typhoons will increase significantly. Under the stated policy scenario, tropical cyclone related precipitation increases by 28% The frequency of torrential rain will increase significantly. Even under the accelerated scenario, heavy precipitation events will be 1.5 times more frequent than the past over the next 20 years, with at least an 11% increase in rainfall	
	Trends in the level of impact in 2021	
	Potential impacts on the Company's business	
	- Typhoons and floods could damage modules and other equipment, which affects power generation efficiency, and in serious cases, cause safety incidents that endanger the safety of staff or nearby communities - Torrential rains could affect power generation efficiency, render O&M more difficult and riskier	↓ ↓
	Potential financial impacts	
	- Revenue reduction - Increase in the costs of O&M - Asset impairment due to the damage/early retirement of equipment	↓ ↓ ↓

	Responses	
	- We have established emergency management system and prepared contingency plans for possible emergency incidents caused by typhoons, strong convective weather and floods within the region in which the Company operates - Strengthen emergency drills pertinent to the frequent natural disasters for different power plants during historical operation period, and improve the emergency preparedness of employees - We perform 24-hour real-time monitoring through centralised O&M platform to effectively identify and timely address abnormalities, in order to reduce the effect of emergent safety incidents caused by extreme weather - We improve our judgment of high-incidence periods of extreme weather based on the intelligent analysis of historical operation data by big data system and closely track climate change with weather forecasts during high-incidence periods of extreme weather. Thus, we could conduct targeted safety inspection concerning wind and flood control, and specific investigation to eliminate safety risks, so as to enhance the power plants' prevention capability against extreme weather - We improve our power generation efficiency through centralised and intelligent O&M, thereby mitigating the impact of heavy rainfall on power generation - We also enhance our power plants' prevention capability against extreme weather by adding protective measures designed for various power plants and the particular natural hazards with high probability	
	Performance in 2021	
	- During the reporting period, the Group compiled a list of early warning and emergency response for heavy rainfall and typhoon to effectively prevent relevant natural disasters. Therefore, although there were typhoons during the Year, no loss of power generation was recorded. During the reporting period, the power loss due to natural disasters recorded a significant decrease year-on-year; - We improve safety inspection through drone surveillance system and intelligent O&M management system ("intelligent management system"), and aim to reduce/close outdoor work activities for employees in abnormal weather. In 2021, the Group experienced no occupational injuries and safety incidents caused by climate factors; - During the reporting period, the average utilisation rate^{Note 1} of the Group's solar farms exceeded 100%	

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

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Risk aspect: Chronic risks		
Specific climate risks: Changes in precipitation patterns, rising average temperatures and more frequent extreme heat		
	Trends in specific risks based on climate scenario analysis: As temperatures continue to rise, exposure to extreme heat may quadruple. Global average temperatures could still rise by more than 1.5°C over the next 20 years even under the accelerated scenario. The 1-in-10-year extreme hot in the past may intensify to 1-in-3-year, and may worsen to once per year under the stated policy scenario Increasing rainfall but with more asymmetric distribution could lead to apparent drought and flood disasters. The water-holding capacity of air increases by about 7% per 1°C global warming. Although the global annual average precipitation has not increased significantly and the temperature has increased by approximately 1°C, however, the regional precipitation unevenness has been enlarged, which means fewer light rains but more torrential rains, and precipitation decrease in dry subtropical areas but increase in mid-to-high latitudes. Such unevenness will not change even under the accelerated scenario and may multiply under the stated policy scenario.	
	Trends in the level of impact in 2021	
	Potential impacts on the Company's business - The risen average temperature and the significantly increased probability of extreme heat will heighten the risk of front-line O&M staff working outdoors, affect our scheduling and work efficiency, and increase the risk of fire as well - The increased precipitation and regional precipitation unevenness will have an impact on the power generation of solar farm projects in mid-to-high latitudes where the rainfall increases significantly/the torrential rain increases. Both torrential rain and flood will heighten the risk of operation, maintenance and inspection for the staff. However, in lower latitudes, more sunny days have a positive impact on the power generation even if the production of agricultural-PV complementary solar farms may be affected by possibly declined precipitation	↑ —
	Potential financial impacts - Revenue reduction - Increase in the costs of O&M	↑ —

	Responses - We conduct targeted fire safety inspections in summer to ensure the implementation of heatstroke prevention, cooling and fire prevention measures - We minimise outdoor work time or close outside activities as much as possible under high temperature through centralised and intelligent O&M management, and measures such as ensuring sufficient rest and distributing heatstroke prevention equipment and supplements to protect the health of our staff - 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 inspection with drones under abnormal weather to ensure the safety of our staff - We enhance the power generation efficiency with centralised and intelligent O&M management, no matter under sunny days, cloudy days or light rain, to mitigate the impact of abnormal weather on annual power generation, while also alleviate the effect of rainfall and sunlight fluctuation between different years
	Performance in 2021 - During the reporting period, the Group focused on fire emergency drills to enhance the emergency response capabilities of front-line O&M staff, and enhanced employees' awareness of safety precautions through preventive training - We use the intelligent management system to strengthen safety inspection, and reasonably adjust the outdoor work arrangements for employees under high temperature, and provide sufficient labour protective equipment and distribute heatstroke prevention and relief equipment and supplements to ensure the health and safety of employees. In 2021, the Group experienced no occupational injuries caused by work under high temperature and safety incidents caused by high temperature - During the reporting period, the power generation efficiency of the Group's solar farms was further improved, with a year-on-year increase of 1.6%

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Climate opportunities

According to the TCFD recommendations, common climate transition risk factors mainly arise from four categories: policy and regulation, technology, market and reputation. Considering that the transition to a low-carbon economy will increase the demand for green power and the investment intention in renewable energy power plant projects, it is expected to bring considerable development opportunities to the Group. The following is the disclosure of climate opportunities and actions by the Group in respect of the aforesaid four categories based on climate scenario analysis:



Policy and regulation

Opportunities:

For the achievement of the Dual Carbon Goals and new goals for Nationally Determined Contributions proposed in 2020, China should accelerate the transition to carbon neutrality in energy sector and the electrification of industrial and transport sectors to improve the efficiency and benefits of industrial energy consumption. Therefore, policies will be introduced to support the above targets, such as promoting renewable energy investment, optimising carbon emissions trading system, and building and improving the green power trade market

Potential financial impacts:

- Expand the revenue sources
- Increased return on investment in grid-parity projects
- Increase in revenue
- Asset appreciation

Actions:

- We could increase the sales of electricity by seizing the opportunity of increased investment in renewable energy projects in China, increasing the total installed capacity through the acquisition of high-quality solar farm projects, and improving power generation efficiency through optimised O&M management. We plan to add new solar farm projects of more than 1GW in 2022, with a total installed capacity of 40% increase year-on-year, and we expect another addition of a similar scale in 2023 to maintain the overall rapid growth
- We plan to actively explore opportunities for transactions in the green power trade market from 2022 to increase the average selling price of electricity generated from grid-parity solar farm projects, thereby increase revenue
- A Carbon Management Group was established in 2021 to regulate the management of carbon assets. We will actively participate in the carbon trading market to increase revenue from our projects



Technology

Opportunities:

A transition is expected in the O&M system from decentralisation, generality and tradition to centralisation, efficacy and intelligence.

Potential financial impacts:

- Increased revenue from professional services on O&M
- Increased revenue from electricity sales due to improved power generation efficiency
- Reduction of the costs of O&M

Actions:

- The Group independently developed and continuously improved the centralised O&M platform. A centralised and intelligent O&M module is to be established through the integration of drone surveillance system, intelligent management system and big data system, providing high efficiency for O&M and reducing the impact of natural risks, equipment failure and other factors on power generation. As a result, the efficiency and benefits of our solar farms can be improved greatly. As of the end of 2021, the Group provided professional O&M services for solar farm projects with installed capacity of more than 1.3GW. During the Reporting Period, revenue from O&M services increased by 13.6% year-on-year



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Market

Opportunities:

To achieve the Dual Carbon Goals, China will vigorously promote the application of renewable energy, which means relevant policies will be introduced, including the policy on increasing carbon prices by strengthening carbon emissions trading to boost the demand for low-carbon energy of the electricity consumers. Compared with different climate scenarios, there is some room to rise 10 times or more for the carbon price in the next 10 years under such scenarios except for the stated policy scenario. The increase in carbon price will bring double benefits to the Group: stimulating the demand for green power and increasing the revenue from carbon emissions trading. In addition, the carbon emissions of China's industrial and transportation sectors are second only to those of the power sector. Accordingly, the promotion of the electrification in the industrial and transportation sectors is necessary to achieve the Dual Carbon Goals, which will increase the proportion of electricity in energy demand. The part of additional demand will be mainly satisfied by renewable energy, and the environmental value of which will increase in green power market. Therefore, the sales price of parity projects is expected to increase

Potential financial impacts:

- Increase in revenue
- Expand the revenue sources
- Increased return on investment in grid-parity projects
- Asset appreciation

Actions:

We could provide more green power for society by increasing the installed capacity of solar farms and improving the efficiency of power generation through intelligent O&M. We also strengthen our carbon asset management, and actively participate in the carbon trading market



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 operates with negative carbon emissions 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

Potential financial impacts:

- Expanding financing channels and boost borrowing capacity

Actions:

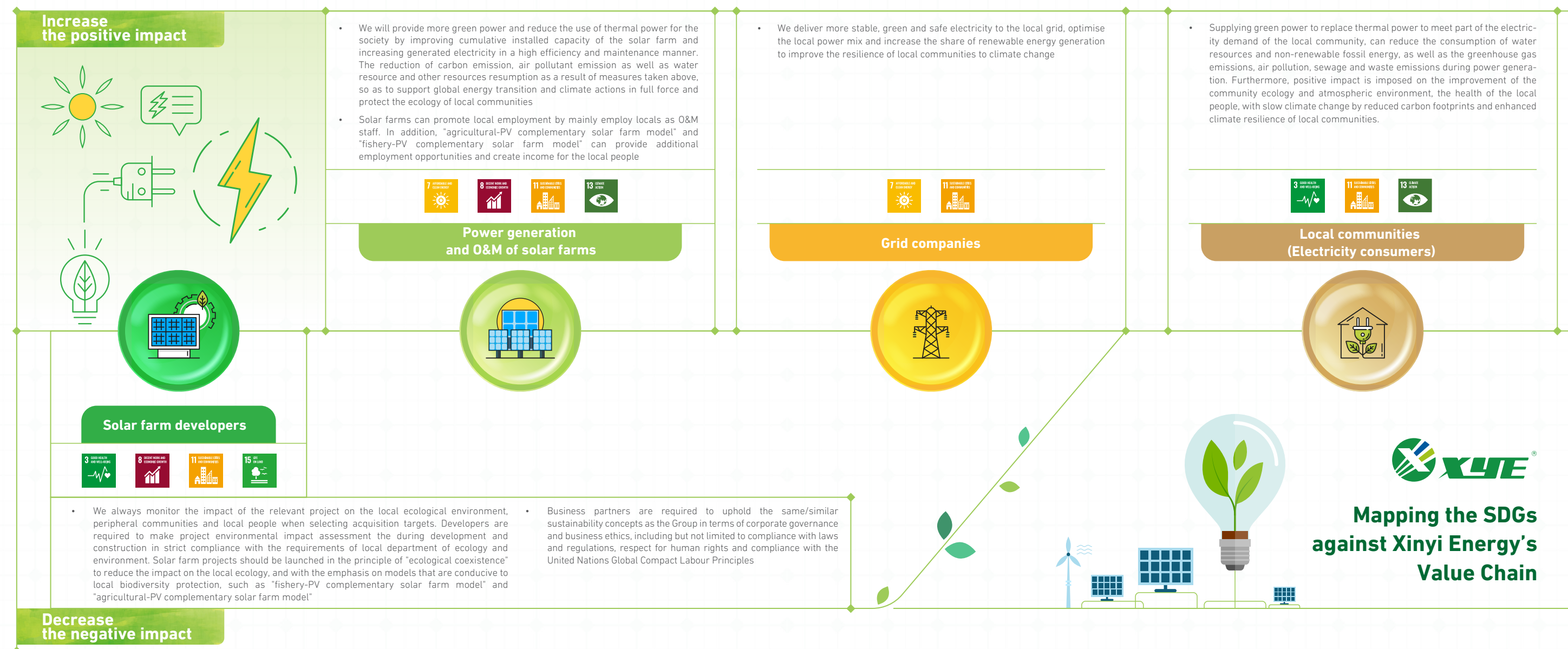
We strengthen the Board's supervision on the ESG matters of the Group, achieving best international and industrial practice through continuously improving our ESG performance and governance. By enriching annual ESG reports and upgrading relevant disclosure, we provide quantified and more comprehensive 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 Group's commitment on major ESG matters and the progress of corporate sustainable development goals. During the Reporting Period, Xinyi Energy actively participated in the ESG evaluation survey of a professional third-party institution to respond to ESG disclosure demands of the key stakeholders. Xinyi Energy was awarded the "Best in ESG Awards-Middle Market Capitalisation" by BDO Limited during the Year. In addition, Xinyi Energy has also secured green loans from various banks in Hong Kong with its green business initiative, providing strong financial support for continuous improvement of business scale

I. COMMITTED BUSINESS ACTION

Corporate Sustainable Development Actions

Seventeen SDGs are developed by the United Nations to the world, appealing that all levels from global to local, from government to enterprises and individuals must take actions unanimously to eliminate poverty, protect the earth, and improve the livings and future for all. Since its proposal in 2015, all governments have taken corresponding actions and strengthened global cooperation. However, there still is a significant gap between the progress and scale of various actions and the vision of SDGs for 2030. The United Nations calls for more aggressive actions by global, local and individuals (including private sector) to support the achievement of SDGs as scheduled in the last ten years (2020-2030). As an enterprise citizen in society, it is incumbent on us to assume corresponding social responsibility. Through the development of core business and actively adopting more aggressive actions, a corporation could target maximising positive impacts and minimising negative impacts under the most influential SDGs, thereby effectively promoting the global sustainable development actions.

As a pure operator of the solar farms, the Group has almost no negative impact on the environment during its own business operation. Moreover, the Group supplies green power to community, which can reduce greenhouse gas emissions, non-renewable resources (fossil fuel, etc.) and water resources consumption. In the meantime, the ability of community to respond to climate change could be enhanced and the ecological environment there could be improved. In general, the Group has been offering its support to mitigating climate change and achieving control goals of global warming. Therefore, the Group can have positive impacts on various SDGs based on its own business operations and development. Through the analysis of the impact of SDGs on its own business operations and the upstream and downstream of the value chain, the SDGs areas with the strongest relevance to the Group's business and the Group's high influence were identified. With respect of identified SDGs, the Group has taken proactive actions to increase the positive impact and reduce the negative impact.



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“Affordable and Clean Energy” (Goal 7), “Sustainable Cities and Communities” (Goal 11) and “Climate Action” (Goal 13) remain identified as the three SDGs that are most relevant to the corporate development strategy and core business of the Group, and have the greatest impact on the Group. As of the end of 2021, all the electricity of the Group for sale during the historical period of operation was generated from PV equipment. Calculated based on the annual sales of electricity in 2021, it can meet the electricity supply of more than 1.07 million households for one year, saving an equivalent quantity of 786,000 tonnes of standard coal and reducing CO₂ emissions by 2.146 million tonnes, which was conducive to substantially increase the share of renewable energy in the global energy mix (SDG 7.2) and reduce the negative effects of humankind on the environment, in particular, the emissions of air pollutant and other pollutants (SDG 11.6) whilst enhance the resilience of communities in which we operate to climate change (SDG 11.b). Through a centralised and intelligent O&M management system, the Group enhances the power generation efficiency, safety and stability of its solar farm projects, as well as its resilience to the risk of natural disasters arising from climate change. The Group is also committed to enhance the social cognition of PV power generation by opening up the operation of the PV greenhouse education bases, “fishery-PV complementary solar farm” and “agricultural-PV complementary solar farm”, and campus publicity. Therefore, the society could accept and actively promote the application of PV power generation, and make positive contributions to supporting China’s Dual Carbon Goals and global climate action (SDG 13.1, 13.2 & 13.3).

As the Group is not involved in the development and construction of solar farm projects, therefore, there may be potential impact on the local ecological environment and biodiversity during the development and construction. The group aims to minimise negative impacts on **“Goal 15: Protect terrestrial creatures”** by cooperation in the value chain. The Group attaches great importance to the compliance of environmental management during the development of solar farm projects and the protection of local ecological environment and biological resources, and that is why we actively seeks partners who uphold the same concept of sustainable development with the Group. For potential acquisition projects under construction, the Group will clarify with developers the requirements of developing and constructing solar farms in the principle of “ecological coexistence”, and maintain effective communication with developers to continuously monitor their environmental compliance and ecological impact of the development and construction process. As for acquired projects that have been completed and grid-connected, we will strictly review the environmental assessment report and delegate internal professional staff to evaluate the environmental performance and ecological status of the completed projects to be acquired before acquisition, to further ensure that the projects meet the requirements of the Group in respect of environmental and ecological protection. Additionally, when selecting acquisition targets, we focus more on the types of such solar farms with higher environmental benefits, such as “fishery-PV complementary solar farm” and “agricultural-PV complementary solar farm”, and floating solar plants with environmental resilience. During the Reporting Period, more than 92% of the acquired solar farms with a total capacity of 660MW by the Group were fishery-PV complementary solar farms/agricultural-PV complementary solar farm/floating solar plants, which had a positive impact on the protection of the local ecological environment and the control of biodiversity loss (SDG 15.4 & 15.5).

Meanwhile, facing with the hard crash against human health, global economy and social stability brought by COVID-19 Pandemic, the Group pays more focus on **“Goal 3: Good health and benefits”** and **“Goal 8: Decent jobs and economic growth”**. The business partners shall abide by the local laws and regulations in relation to corporate governance, business ethic, human right and labour standard in compliance with conduct rules of the Group as well as the international standards and principles, so as to ensure the respect and protection of business partners for fundamental human rights, employees’ health, safety and equal development, minimising negative impacts of value chain on Goal 3 and Goal 8. For the Group’s own operation, it will provide decent jobs for employees and guarantee their equal development opportunities with strictly compliance with the 4 principles advocated by the United Nations Global Compact related to labour. To establish and improve the production safety management system and occupational health management system to protect the safety and health of employees, expand the scale of operation and enhance the economic efficiency of the Company and strive to maximise the positive impacts of the Group on Goal 3 and Goal 8 by creating the employment opportunities and increasing the tax contribution.



I. COMMITTED BUSINESS ACTION

In 2019, the Group identified 6 corporate sustainable development goals to ensure that the Group takes effective actions in its daily operations and long-term planning to continuously improve the positive influence of the sustainable development goals that are highly relevant/impactful to the business, and at the same time to facilitate the annual assessment of the Group's performance against the goals. During the Reporting Period, all corporate sustainable development goals achieved good performance:

Relevant SDGs	Corporate sustainable development goals	Progress in 2021
 	XYE SG1: 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 power	Achieved The Group's total installed capacity was 2,494MW, representing a year-on-year increase of 36.0%, and the annual greenhouse gas emissions reductions increased by 42.2% through the provision of green power
 	XYE SG2: Continue to optimise O&M technology to further reduce water and energy consumption intensity	Achieved During the Reporting Period, the Group's water and energy consumption intensity as measured by sales of electricity in million tonnes decreased by 23.0% and 17.0% year-on-year, respectively
 	XYE SG3: Implement long-term management mechanism of safe O&M to achieve zero major equipment failure/power safety/fire accident, zero fatality and no serious injury	Achieved No major equipment/power safety/fire accident, zero fatality and no serious injury
	XYE SG4: 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	Achieved During the Reporting Period, the Group did not have any safety incidents that harmed the surrounding communities, nor did the employees have any work-related accidents and the Group maintained zero incidence of occupational diseases among workers

Relevant SDGs	Corporate sustainable development goals	Progress in 2021
	XYE SG5: 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	Achieved During the Reporting Period, the Group strictly followed the principles of the United Nations Global Compact in relation to labour standards throughout its talent management process, and did not occur any confirmed violations of anti-discrimination, human rights protection principles and labour laws/regulations The internal promotion rate for middle management was 100%
 	XYE SG6: Leverage on our influence in the industry, the PV value chain and society to ensure universal access to renewable energy through active promotion	Progressing well During the Reporting Period, by holding lectures in schools and operating "fishery-pv complementary" and "agriculture-pv complementary" solar farms, the Group shared and communicated information on the principles of PV power generation, the application under different scenarios, and the environmental and economic benefits generated by combining with different fields with different social groups, in order to enhance the society's awareness of PV power generation so as to accept and proactively promote the application of PV power generation During the Year, the "fishery-PV complementary" and "agriculture-PV complementary" projects accounted for approximately 70% of the newly acquired solar farms

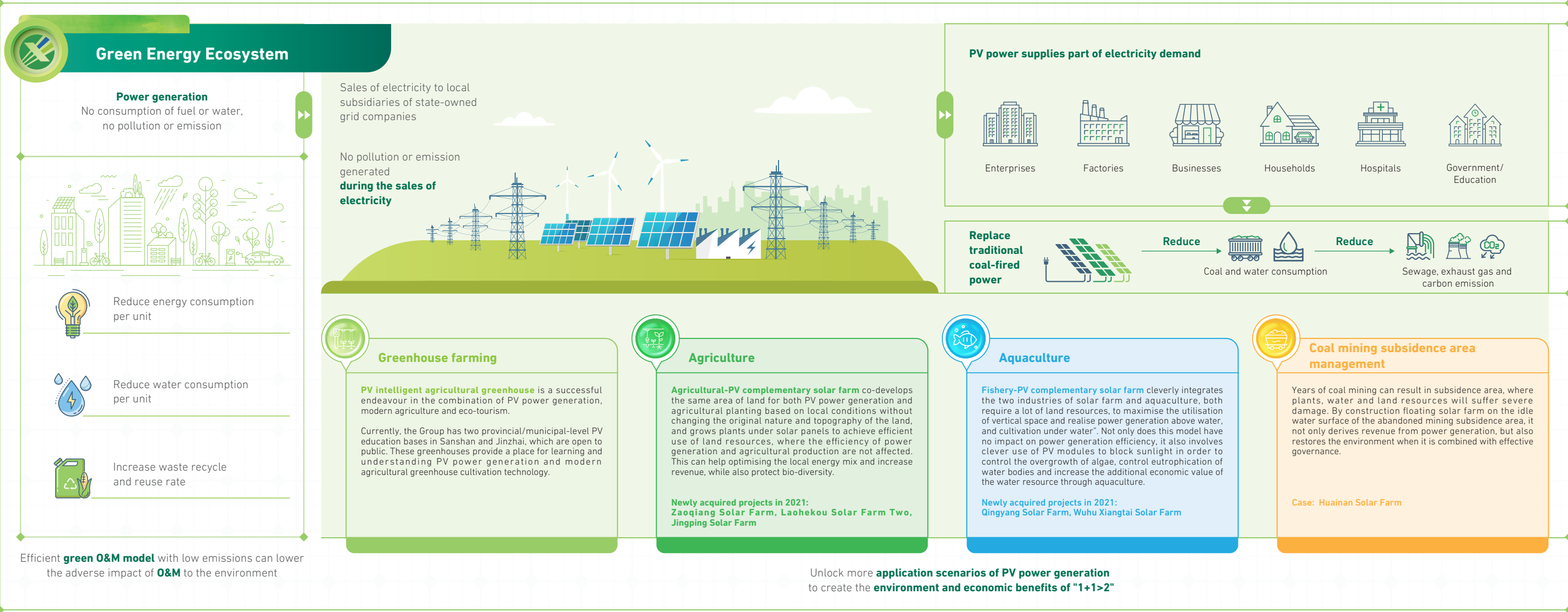
I. COMMITTED BUSINESS ACTION

Constructing a Green Energy Ecosystem

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

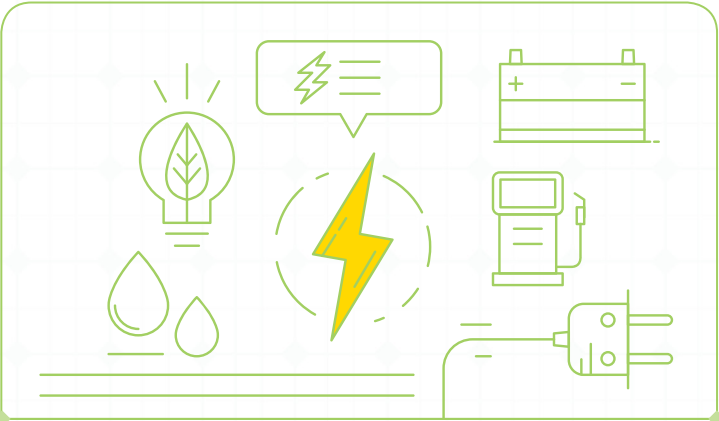
As of the end of 2021, all solar farms held by the Group are utility-scale power plants, which need to be built on a large area of land or water. Therefore, the development, construction and operation of the power plants may have an impact on the ecological environment and organisms in the region. However, as the Group insists on a pure business model and is not involved in the development and construction of power plants, it ensures that the projects currently held by the Group and the solar farms planned to be acquired by the Group have conducted environmental impact assessments in strict compliance with the requirements of local regulatory authorities mainly by strengthening the communication with power plant developers, supervising the development and construction process of projects to be constructed, reviewing the environmental compliance documents of power plant projects to be acquired and assessing the ecological impact, and the Group has taken effective measures to protect the safety of local biodiversity and ecology environment during development and construction. As for the types of power plants, the Group prefers power plant projects with environmental, social and economic benefits, such as agricultural-PV complementary solar farms, fishery-PV complementary solar farms and floating solar farms. As of the end of 2021, nearly 62% of the projects currently held by the Group were of the aforementioned solar farm types.

Adhering to the corporate mission of “Empowering the Green Era”, the Group pays perennial attention on industrial innovations, while actively explores the combination of PV power generation with other industries. By acquiring solar farm projects which are developed and constructed in an “ecological coexistence” model, the Group unlocks more PV power generation application scenarios. Through a centralised and intelligent O&M management mode, the Group lowers the adverse impact of the O&M process on the environment while improving power generation efficiency. On the basis of maximising the environmental benefits of its own business operations, the Group proposes to build a green energy ecosystem by supplying green power to the society, providing stable employment opportunities for local farmers and aquaculturists, opening PV science bases and conducting campus lectures. In this way, more social groups can contact and become aware of PV power generation, and experience the environment and economic benefits brought by PV power generation, which will eventually be transformed into actions to promote, apply and consume renewable energy.



I. COMMITTED BUSINESS ACTION

Different from traditional fossil energy power plant projects, the PV power generation does not involve the consumption of fuel and water, therefore the power generation process is ecologically friendly and has little negative impact on local animals and plants. Nevertheless, the Group still takes active actions to enhance the protection of biodiversity, including: (1) selecting appropriate cash crops, food crops and plant vegetation to grows plants under solar panels, according to local natural environment and resources, in order to maintain biodiversity and ecological balance; (2) raising sheep, crayfish and other aquaculture animals under PV panels to enrich local biodiversity; (3) planting trees to consolidate the soil and reduce soil erosion; (4) combining the characteristics of PV power generation to control damaged ecology, such as reducing the degree of eutrophication of water bodies, etc.; (5) opening PV greenhouses and eco-industrial parks to improve the awareness of different social groups on biodiversity.



Shouxian Solar Farm



Jinzhai Solar Farm



Fanchang Solar Farm



Nanping Solar Farm



Huainan Solar Farm One



Sanshan Solar Farm PV Greenhouse

WELL-ESTABLISHED CORPORATE GOVERNANCE

We believe that business can be a force for good, while well-established corporate governance, emphasis on ESG issues and effective regulation, business conducts and ethics in line with international best practices for a company are the basis for ensuring its long-term stability, achieving its self-sustainable development and improving its ability to fulfill corporate social responsibility.



II. WELL-ESTABLISHED CORPORATE GOVERNANCE

The Group is committed to enhancing its corporate governance with a rigorous governance structure, effective risk management and internal control systems, and a governance philosophy of openness, transparency, accountability, efficiency, compliance and integrity to ensure the protection of shareholders' interests. As this report aims to disclose to key stakeholders the Group's governance (structure and functional areas, board participation, risk identification and response strategies, actions) and core indicator performance on ESG matters. Therefore, this section only provides the information on the Group's governance of ESG issues, clarifying the Board's oversight responsibilities for ESG issues and how oversight of ESG issues is implemented. Regarding 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, the Group 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, which was disclosed in the section "Corporate Governance Report" in the 2021 Annual Report of Xinyi Energy.

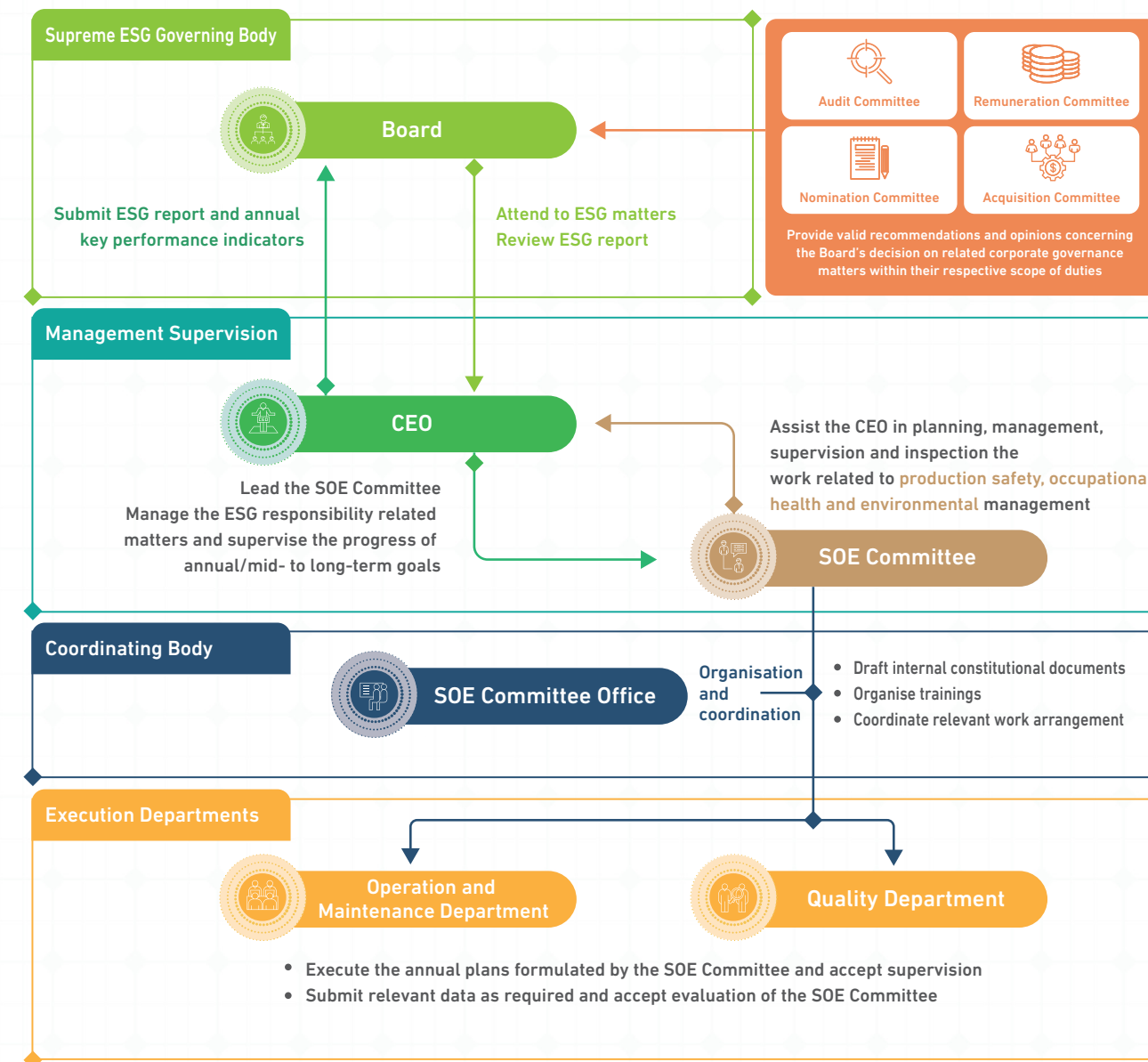
Sustainable Development Governance

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

The Group's sustainable development governance adopts a top-down strategic approach. Commitment and dedication to sustainable development begins with the Board, the Group's highest governance body, and is managed and overseen on a day-to-day basis by the SOE Committee comprising the Chief Executive Officer and other senior management. As a Pure Operator of solar farms, the growth and development of our own business is highly consistent with the realisation of the United Nations Sustainable Development Goals. By increasing the scale of our business, we will be able to supply more green power, generate higher economic benefits, and bring more returns to our shareholders, as well as contribute more to the improvement of the social and ecological environment and environmental benefits. It is true that industry characteristics and business models bring us certain advantages to achieve good ESG governance, but we are fully aware that only by establishing an effective ESG governance structure and continuously improving it can the Group more fully grasp ESG-related opportunities in future operations and long-term development, identify and respond to ESG-related risks more acutely, and ensure that the Group realises its own sustainable development while maximising its positive impact on the realisation of the United Nations Sustainable Development Goals (such as increasing power generation through professional O&M to supply more green power to the society) and reducing negative impacts (such as further reducing the impact of the O&M process on the environment).

The Board is the supreme ESG governing body of the Group, and assumes leadership and supervisory responsibilities for ESG matters of the Group. The responsibilities of the Board mainly include: assessing and determining the significant ESG related risks and opportunities including climate change; incorporating ESG risks into risk management and internal control systems and implementing effective management; determining ESG-related materiality issues and formulating management approaches and strategies; determining corporate sustainability goals and regularly reviewing progress; and reviewing and approving annual ESG reports. The Board's emphasis on ESG matters and its supervision on responsibility performance ensure that the Group incorporates ESG factors when formulating long-term corporate development plans and setting mid- and long-term development goals, which will therefore help the Group to enhance its resilience and adaptability to climate change and other ESG-related risks.

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 ESG matters like production safety, 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 participate in materiality assessment, and regularly report to the CEO on relevant work performance, ESG KPI performance and the progress of corporate sustainability 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. During the Reporting Period, the progress of ESG key performance indicators and corporate sustainable development goals was reported by the executive department to the SOE Committee Office (the “**SOE Office**”) on a monthly basis, the data and information is consolidated and compiled by the SOE Office and then submitted to the SOE Committee on a regular basis.



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

II. WELL-ESTABLISHED CORPORATE GOVERNANCE

Business Ethics

Business ethics is the superior principle, value and standard of conduct that the Group firmly follows to ensure a fair and transparent business environment on the basis of strict compliance with the laws and regulations of the countries and regions in which we operate. It is also the premise of establishing honest and long-term cooperative relationship, a powerful constraint to standardise business behaviour, and a guarantee for the Group to achieve its own sustainable development. The Group has always adhered to the core corporate values and sustainable development policy in its daily operations, followed United Nations Global Compact's 10 Principle, took the initiative to perform our basic responsibilities in terms of human rights, labour standards, environment and anti-corruption and enhanced the performance in relevant aspects by referencing local and international 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 production safety, 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:



01

Laws in relation to environmental management



- 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 (2021 version)



02

Laws in relation to employment/employee



- 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



03

Laws in relation to corporate operation/governance



- 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.

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II. WELL-ESTABLISHED CORPORATE GOVERNANCE

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 procure its business partners to respect and protect human rights, and proactively call on the upstream and downstream participants of the value chain who have the potential business relationships/cooperation 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:

- 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";
- 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;
- Strengthen production safety management, continuously improve the occupational health management system, ensure employees' occupational health and work safety, prevent occupational sickness and work related potential risks that can endanger the health and safety of the employees;
- Proactively undertake the responsibility of environmental protection, provide more green power 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 CO₂, other greenhouse gas emissions and other air pollutants as well as wastewater discharge, which would gradually improve the air and water quality in the region in which our operation locates, promote the alleviation of the extreme climate and natural disasters caused by climate changes, and further 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

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》), maintaining the red line of integrity. 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 strengthening their self-discipline, keep them away from the "high tension line" of the corruption, prevent them from conducting any bribes, frauds and other dishonesties. During the Reporting Period, the Group followed the 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 make an announcement through email and the WeChat account to internal bodies and the society within the prescribed time after the closure of the case.

The Group places huge emphasis on cultivating the principle of integrity in our management members and all employees. During the Reporting Period, the Group organised a total of 70 hours of integrity-related trainings with 70 participants, mainly for employees in major departments/key positions that have been confirmed by the internal regulatory body.

On top of the above internal regulations, integrity trainings and regular assessments to strengthen integrity management, 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 if they are aware of any corruptions related or potentially related to the Group.

In addition to attaching great importance to and 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 maintaining a more equal, just and transparent operating environment.

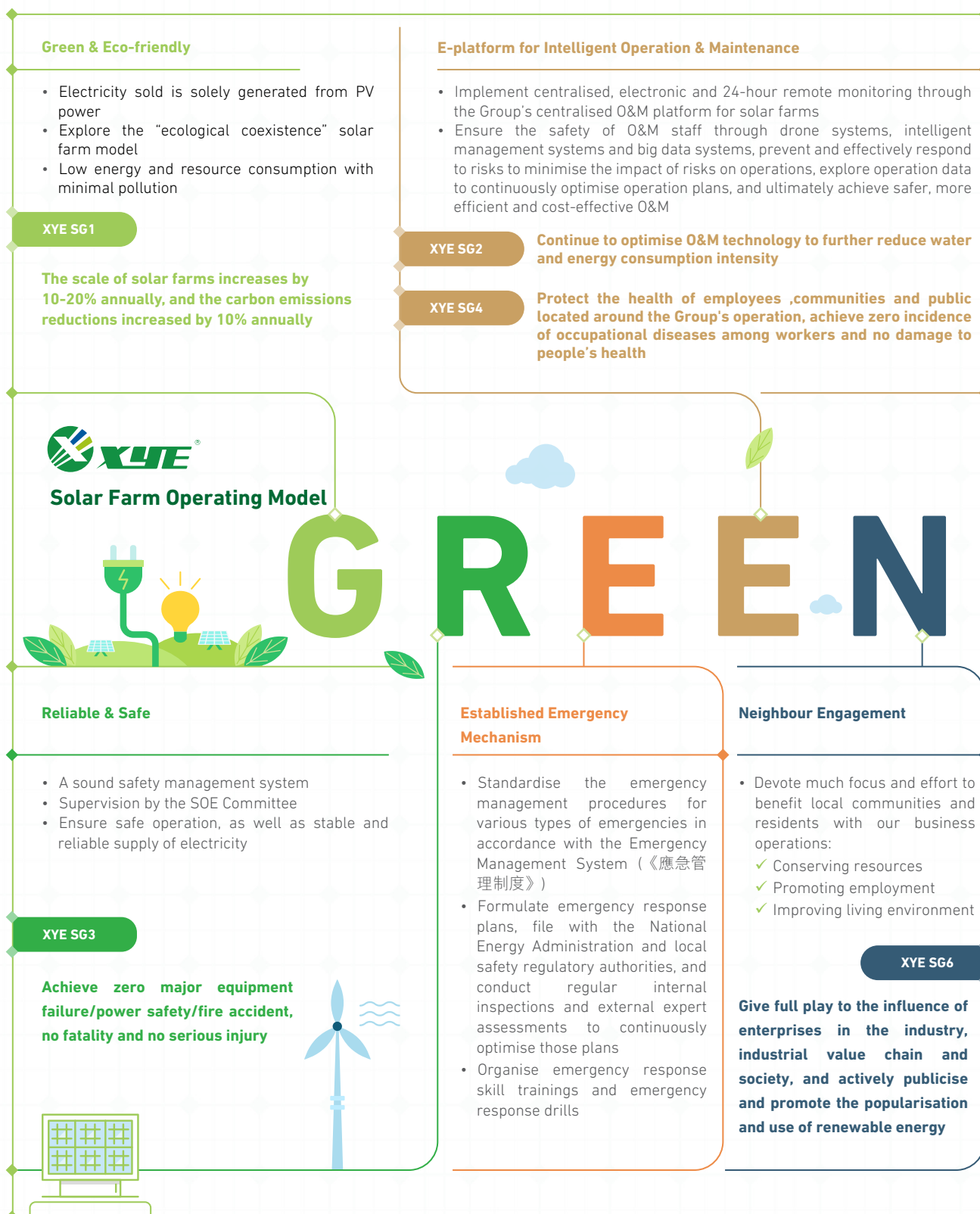
During the Reporting Period, there was no concluded litigation raised against the Group or its employees concerning corruption; the Group was not aware of any significant incompliances related to integrity that had material effect on the Group.

SUSTAINABLE BUSINESS MODEL

Production safety is the bottom line, and we pursue the green, intelligent and efficient development. The Group adheres to the mission of “Empowering the Green Era and Lighting up the World (賦能綠色新時代,光源點亮千萬家)” and conducts the operation and management of solar farms under the “GREEN” model, establishing standards, targets and regulatory mechanisms 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, targets and mechanisms in actual operation. The Group also actively explores and improves the sustainable operation model of solar farms to ensure the safety of employees and neighbouring communities, the stable supply of green power, and pursues greater environmental, economic and social benefits.



III. SUSTAINABLE BUSINESS MODEL



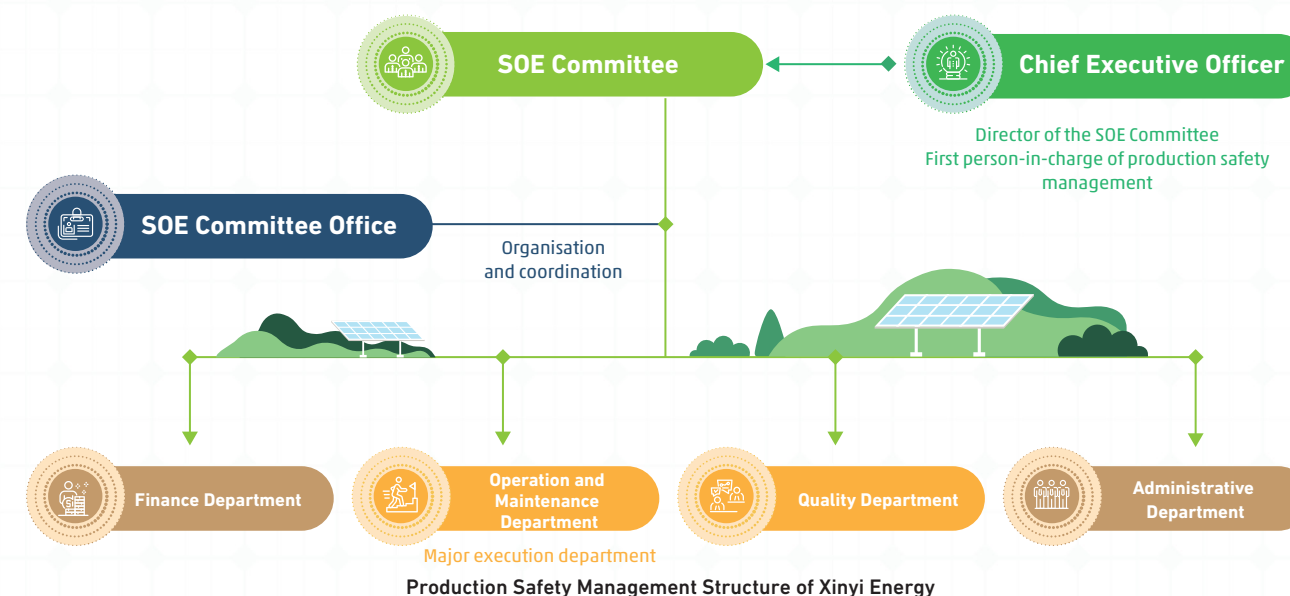
Production Safety and Systematic Risk Management

GRI 403-1, HKEx B2

Securing the safe operation of power plants and stable electricity supply and prevention of various electricity safety accidents are crucial to the operation and long-term development of power generation enterprises, while regulated safety management and systematic risk management are 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》) (effective from 1 September 2021), 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 production safety management system, implemented a system of "one post, one responsibility", and delegated respective production safety 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 production safety goals.

Safety management structure and governance responsibility

There are three-tier structure in the safe production management of the Group. Each level has strict requirements on its responsibilities. By virtue of the coordination of the SOE Committee Office, that execution departments will consistently comply with and implement the established safety management principles and regulations of the Group is ensured, and that all solar farms and all departments in the headquarter of the Company will timely report any safety incidents to the SOE Committee Office is also guaranteed.



III. SUSTAINABLE BUSINESS MODEL



Safety performance

GRI 403-9, HKEx B2

During the Reporting Period, the Group maintained the record of no death, no serious injury and no damage in workplace. During the Year, the Group did not have any incident of occupational injury. In order to continuously improve employees' safety awareness, consciously abide by the Group's established safety management system, operate in accordance with standard procedures, and proactively identify and prevent safety risks, the Group arranged 1,074 hours of safety training during the Reporting Period, covering all front-line O&M staff.



Systematic risk management & control and emergency response

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

As the core business department of the Group, the Operation and Maintenance Department is responsible for the daily O&M of solar farm projects, and providing solar farm O&M services to third parties. Thus, the Operation and Maintenance Department is also the main execution department of the Group's safe production plan. The core production safety 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 the main tasks of three core aspects including safety education, safety inspection and supervision and safety assessment, and has established an effective reward and penalty system as a positive incentive to motivate employees to implement production safety management and actively improve safety performance. During the Reporting Period, the electric shock accident of power generating enterprises in China during the Year, being a wake-up call, reminded us that "life is the first priority". Therefore, we must attach great importance to production safety management and fundamentally eliminate potential accidents. In response to the national call for "production safety month" activity, the Group also launched the Group safety month activity in June. Through the launch of the safety month activity, posters and banners, special training on the new revision of Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), watching micro films regarding safety warning including "Preparedness" 《一失萬無》 and "In the Name of Safety" (《安全的名義》), and organising a series of activities such as headquarters safety inspections, contingency drills and electric power safety test, the Group guided employees to raise their safety awareness and attach importance to safety management, so as to ensure the safe and stable operation of solar farms.

III. SUSTAINABLE BUSINESS MODEL



Safety Education

- Safety education is an important way to promote the Group's safety management philosophy, implement the safety management system and improve the safety awareness of employees, so the Group attaches great importance to safety training. According to the Safety Education and Training Management System (《安全教育培训管理制度》), the safety training shall be arranged by the SOE Committee Office/functional departments in accordance with the requirements of the annual safety management work. 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 O&M
- During the Reporting Period, the Group organised a total of 1,074 hours of safety training that covered all front-line employees. During the Reporting Period, in addition to strengthening the safety knowledge and skills training required for the post, such as basic knowledge of electrical safety, CPR and first aid knowledge, knowledge of emergency plan for solar farm, electrical safety procedure, etc., the Group also arranged specific training for material electrical accidents in the industry, the newly revised and implemented Law of the People's Republic of China on Work Safety, etc., to warn employees through case study and sharing, watching safety warning movies, etc., so that they can better understand the importance of safe production. Therefore, the safety awareness of employees can be further enhanced and more attention can be drawn to existing rules and regulations to achieve their compliance with the systematic risks management and control system



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 O&M 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 O&M Department shall re-examine the hidden dangers, subject to the internal supervision of the SOE Committee. At the same time, 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. All information on safety inspections, equipment fault warnings, maintenance records, and accident reports, is filled in and archived through the intelligent management system to ensure that safety inspection work records are standardised and digitised, and provide complete and reliable data support when planning future safety inspections and supervision work



The intelligent management system can prepare specific items and plans for daily inspection based on its analysis of the equipment files. According to the past O&M records of solar farms and equipment, the inspection items in certain areas have been streamlined and the number of daily inspections of certain equipment has been reduced, thereby improving the inspection efficiency. The personal inspection records of the O&M staff and all the inspection records of the solar farms on the day are automatically generated, reported and archived by the intelligent management system after completing the daily inspection plan



Each solar farm arranges monthly self-inspection based on the actual situation, including the environment of the solar farm, equipment conditions, O&M, fire prevention facilities, etc.



The O&M Department organises an inspection team comprised of professional technician in the headquarter to conduct comprehensive safety inspections of each solar farm on a quarterly basis, in which inspections are performed on the environment of the solar farm, equipment conditions, O&M, 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.



Pre-holiday (long holidays such as National Day 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 farms



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 production safety 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. During the Reporting Period, adjustments were made to the scores of certain major safety assessment items (such as unplanned power outages), and new assessment indicators on safety work records were added to regulate employees' records of safety work and ensure that such records were completer and more standardised
- 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 staff 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

III. SUSTAINABLE BUSINESS MODEL

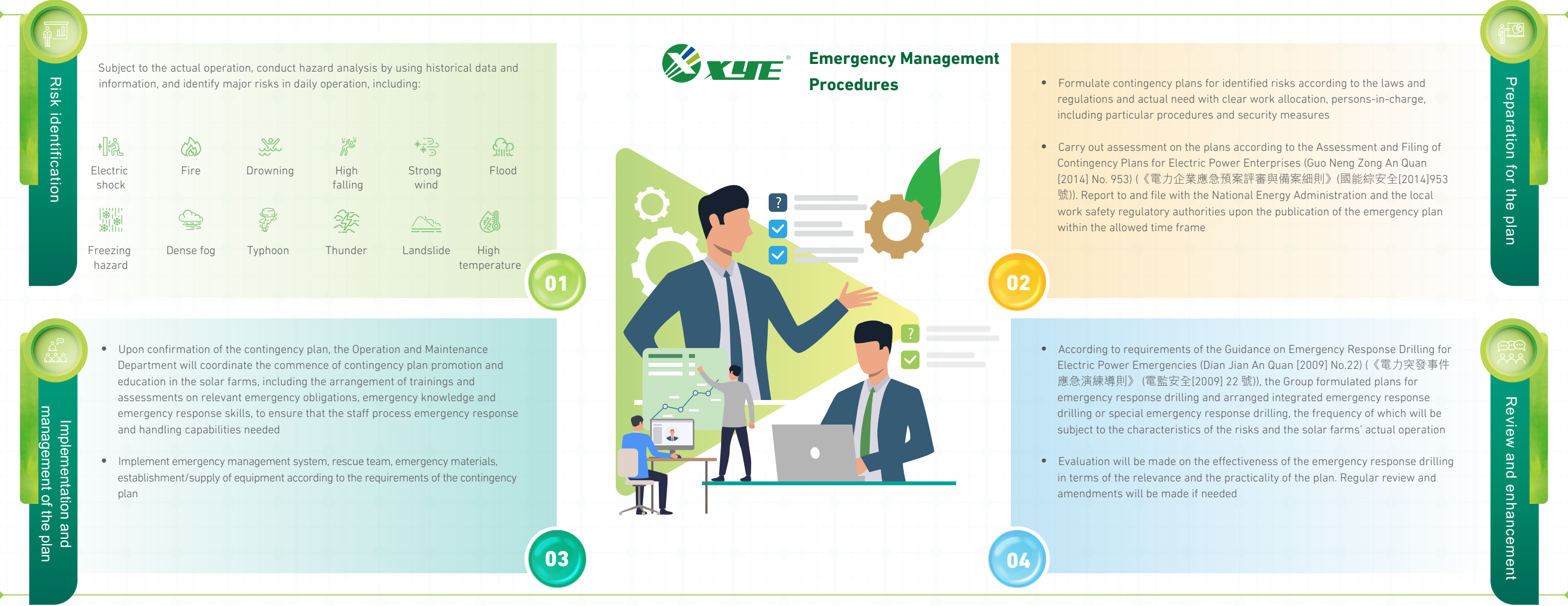
Emergency response

According to the requirements of the Measures for the Administration of Emergency Response 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 standardise the emergency management of various emergencies and ensure that the Group can take effective measures to prevent and respond to incidents and emergencies, and minimise the impact thereof on employees 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 by the Group, including comprehensive contingency plans for the Group's overall operation, special emergency response lists for a single event/important power facilities/major activities, and on-site response plans for specific emergencies.

Those contingency plans are revised every three years, and no revision was made during the Reporting Period. As all power plants held by the Group are utility-scale solar farms, which 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. According to the historical operating data during the past three years, typhoons, lightning strikes, and sleet and freezing are the main common natural disaster risk factors that have an actual impact on the O&M of

solar farms. In addition, there was an increase in the frequency and intensity of heavy rainfall in recent years due to climate change. During the Reporting Period, the Group compiled a heavy rainfall and typhoon warning emergency response list and a snowfall warning emergency response list, through which each solar farm was guided to implement various emergency response measures based on the established procedures to effectively prevent related natural disasters. The Group also strengthened 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 planting wind protection trees to block strong winds, erecting lightning rods or laying grounding devices to prevent lightning strikes, increasing flood drainage facilities at floating solar farms, reinforcing flood control dikes and adopting anti-corrosion equipment to ensure the service life of equipment used for solar farm projects in coastal cities, etc.

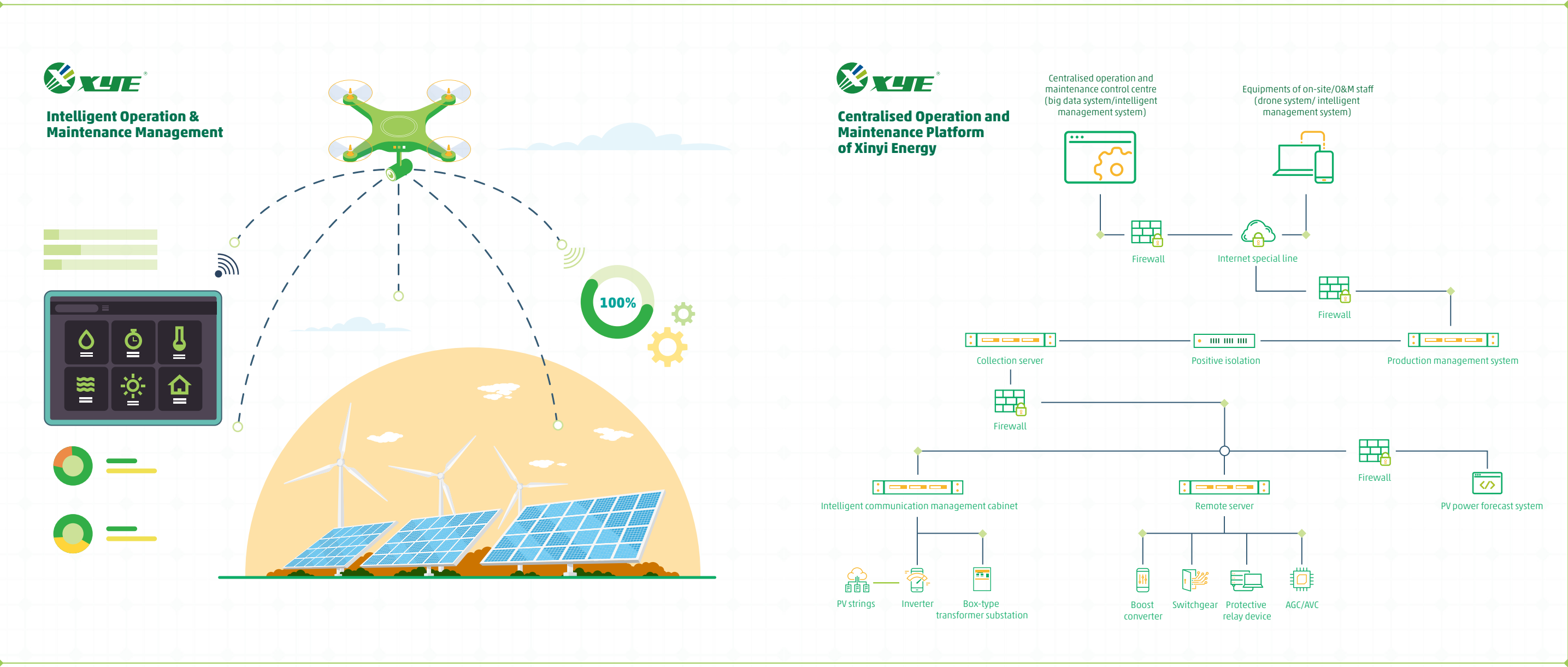
During the Reporting Period, the Group focused on carrying out special emergency drills such as the "Solar farm-wide Power Outage Emergency Drill" and "Fire Emergency Drill" to improve the emergency response capabilities of front-line O&M staff to cope with those safety accidents that are more likely to occur during the daily operation of solar farms, such as electric shock, fire, falling from height, etc., and raised safety awareness of the employees through precaution trainings. In addition to emergency drills based on the annual emergency drill plan, during the Year, the Company headquarters set the emergency safety accident scenarios at any time, and required solar farms under instruction to carry out emergency drills based on the established procedures in order to test the emergency response level of each solar farm.



III. SUSTAINABLE BUSINESS MODEL

Intelligent Operation and Maintenance Management

The Group integrates PV power generation technology with Internet of Things, big data, cloud computing and other technologies, and successfully develops a centralised O&M platform of Xinyi Energy, and achieves centralised and intelligent O&M through the drone system, intelligent management system and big data system during its daily operation. The drone system mainly uses the drone patrol, thermal imaging technology, intelligent image inspection algorithm and target image positioning technology to accurately identify and target components and equipment with hot-spot faults, so as to greatly improve the troubleshooting efficiency of hot-spot faults and reduce their impacts on power generation. The intelligent management system focuses on ensuring the safety of O&M staff, and achieves the standardisation, process and intelligence of O&M. The Group has implemented full-coverage video surveillance on major equipment/systems such as inverters, transformers, and optical power intelligent control system (AGC/AVC) of each solar farm through intelligent monitoring and communication equipment. We have achieved data sharing among the drone system, intelligent management system and big data system, ensuring that the precise and real-time O&M data of solar farms collected through the drone system and intelligent management system can be transmitted to the O&M centralised control centre in Wuhu, Anhui Province in real time, in order to improve the overall O&M efficiency, and further continuously improve the economic efficiency of solar farm projects.



III. SUSTAINABLE BUSINESS MODEL



III. SUSTAINABLE BUSINESS MODEL

Intelligent O&M not only effectively solves the shortcomings of traditional O&M that are difficult to streamline staffs and improve inspection efficiency, but also achieves lower cost and more efficient O&M management. For its own operation, historical data accumulation can also improve the Group’s understanding on the solar irradiation level and annual fluctuation, frequency and change patterns of extreme weather in the places where the solar farms are located, improve resilience to climate change, make deployment in advance and more adequate preparation for extreme weather events to reduce the negative impact of extreme weather on power generation and safe operation of solar farm projects.

While improving O&M efficiency through information technology, the Group also emphasises information security. When developing the centralised O&M 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 O&M, 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.

Minimising Operation Impacts on Environment and Natural Resources

GRI 103-2-c-i (together with GRI 302, GRI 303, GRI 305, GRI 306), HKEEx A1, HKEEx A2 (apart from HKEEx A2.5)

As PV power generation does not consume fossil fuels and water resources 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 acoustic. Based on an environmental friendly power generation process, solar power, a kind of green power which produces nearly zero-carbon, can replace coal-fired power and contribute a favourable CO₂ emission reduction for the society. Meanwhile, the demand of coal-fired power decreased also leads to the reduction in fossil fuels and water resources consumption while coal-fired power generation. This will reduce the emission of air pollutants (sulphur dioxide (SO₂), nitrogen oxides (NO_x), particulates (dust)), sewage discharge and hazardous waste discharge and reduce the pollution of the air environment and water environment of the community.

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 front-line O&M staff at the power plants would still consume energy (mainly externally-purchased electricity) and water resources, and thus generate pollutions. The Group has established and continued to improve its internal environmental regulation system in order to reduce the negative impact on the environment and natural resources during the O&M process. 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 established internal environmental management codes and governance procedure in its daily environmental management, and receives supervision from local environmental protection regulators.

During the Reporting Period, the Group adopted the following environmental governance measures with the aim of exploring more efficient green O&M model with lower emissions:

Environmental impacts	Activities that generate emissions/ involve resource consumption in solar farms operation and management	Major governance measures
Emissions of pollutants		
 Greenhouse gas emissions	- Direct emission arising from the use of vehicles in operations, maintenance, patrols and inspections - Since solar power generation is intermittent power generation, it is necessary to purchase electricity externally to maintain 24-hour operation of the solar farms. Meanwhile, the front-line O&M staff also need to use electricity when living in the solar farms, which indirectly generate greenhouse gases	- Implementing intelligent operation, maintenance and management through a centralised O&M platform to improve efficiency on patrols and inspections, reduce the frequency of patrols and inspections as well as the usage of vehicles, so as to reduce the direct emission density generated by vehicles - Predicting potential faults, early identifying and precisely positioning faulty equipment through intelligent O&M. Handling faults on a timely basis to reduce the impacts on power generation, so as to reduce the purchase of electricity externally and indirect emission density - 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 the lights that are not being used or turning off idle electrical appliances, etc.
 Air pollutant emissions	Air pollutant emissions including nitrogen oxides (NO_x), sulphur dioxide (SO₂) and particulates arising from the use of vehicles in daily operation	- Precisely positioning faulty equipment with the use of drone system to greatly reduce the operation intensity of O&M staff and deploy vehicles in a more reasonable way - Improving efficiency on patrols and inspections with the use of intelligent management system, so as to reduce the frequency of patrols and inspections as well as the usage of vehicles when conducting patrols and inspections

III. SUSTAINABLE BUSINESS MODEL

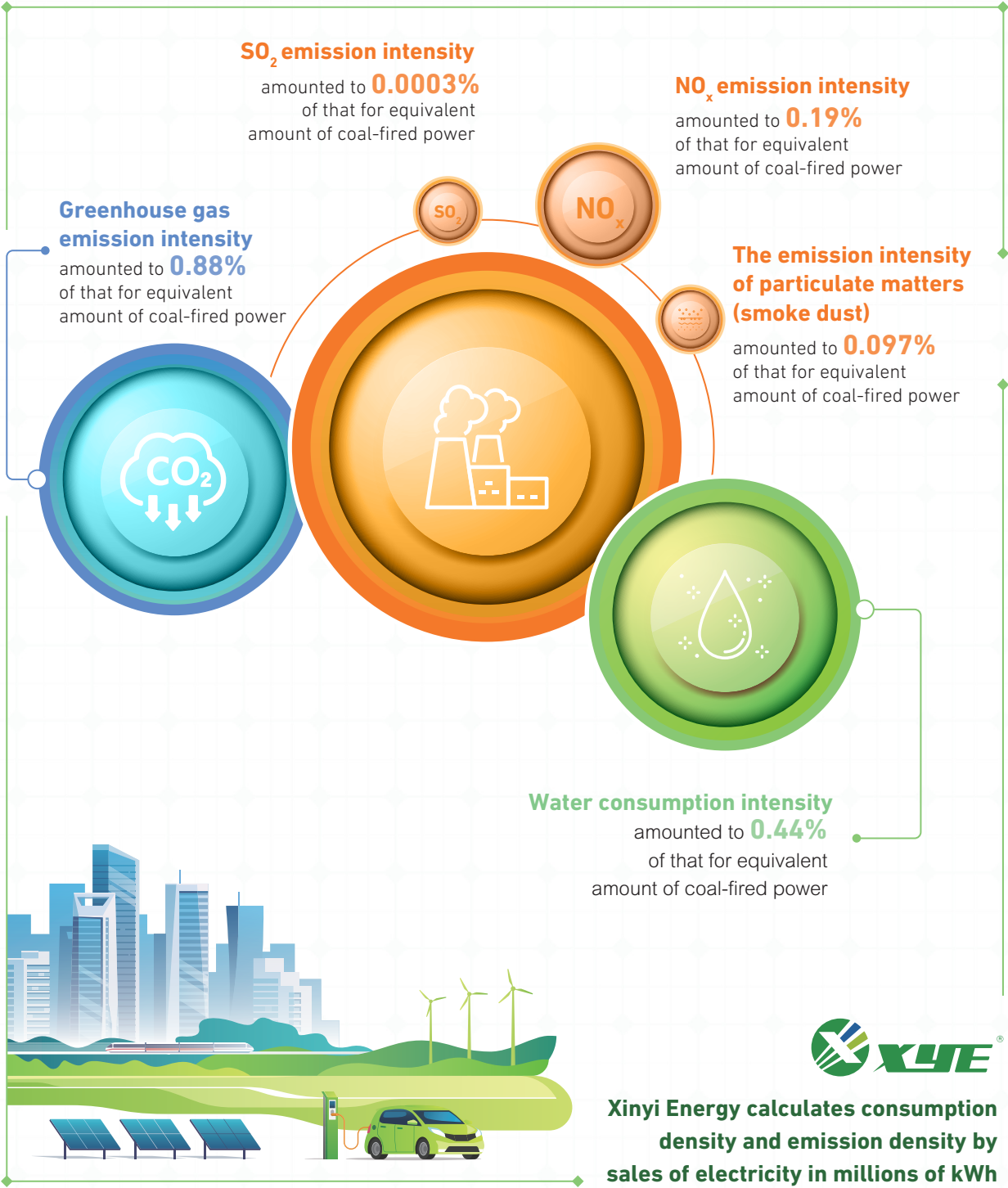
Environmental impacts	Activities that generate emissions/ involve resource consumption in solar farms operation and management	Major governance measures
Emissions of pollutants		
 Waste discharge	- The hazardous wastes generated in the daily O&M of the solar farms mainly include disused solar modules, as well as a small amount of disused circuit boards, disused batteries, etc. - Non-hazardous wastes mainly include domestic garbage	- 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 intelligent management system to prevent water pollution from oil leaking - Internal waste recovery of those recyclable, such as disused solar modules, disused batteries, etc., or sending them back to the manufacturers for centralised recycling - Realising paperless O&M through the intelligent management system, including the automatically generated personal work log of the O&M staff and their duty log in the solar farms by the system, electronic work order and operation order, online material procurement declaration and approval, etc.

Environmental impacts	Activities that generate emissions/ involve resource consumption in solar farms operation and management	Major governance measures
Resource consumption		
 Energy consumption	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 96.5% of total energy consumption	- Implementing intelligent operation, maintenance and management through a centralised O&M platform to improve efficiency on patrols and inspections, reduce the frequency of patrols and inspections as well as the usage of vehicles, so as to reduce vehicles fuel consumption - Early identifying, precisely positioning and handling faults on a timely basis through intelligent O&M to reduce the impacts on power generation, so as to reduce the purchase of electricity externally - Advocating the concepts of energy conservation and environmental protection, so as to reduce the use of electricity by staff in daily work and life
 Water resources consumption	Mostly the water consumed in office buildings at solar farms and by staff's domestic usage	- Cleaning modules with environmental-friendly method (waterless or with natural water) to effectively reduce water consumption in solar farm O&M - 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 and avoid wastage of water

III. SUSTAINABLE BUSINESS MODEL

During the Reporting Period, the Group newly acquired a 660MW solar farm projects, driving the total installed capacity to increase by 36% year-on-year. Due to the annual power generation contribution of the solar power station projects acquired in 2020 and the incremental power generation contribution from the newly acquired projects in 2021, coupled with the improvement of power generation efficiency by intelligent O&M, and the loss of power generation caused by natural disasters during the Year was lower than that of the same period in 2020, the Group's sales of electricity during the Reporting Period increased by 43.3% year-on-year. Due to the continuous improvement in the scale of operations, the Group recorded growth in total energy consumption, water consumption, greenhouse gas emissions, air pollutant emissions and waste emissions during the Year. However, benefited from the intelligent O&M management, the O&M efficiency and power generation efficiency have been improved. During the Reporting Period, the consumption intensity of energy and water resources, the emission intensity of greenhouse gases and the emission intensity of hazardous wastes have all recorded significant decreases, indicating that the Group has further improved the energy and resource efficiency of the O&M process and reduced the negative impact on the environment. For the performance of the Group's core environmental indicators during the Year, please refer to pages 92 to 93, which have been disclosed in the "ESG PERFORMANCE IN 2021" section.

During the Reporting Period, the energy consumption, water consumption and greenhouse gas emissions per million kWh of electricity sold by the Group decreased by 17.0%, 23.0% and 13.2% respectively to 9,053 kWh, 5.34 m³ and 7.35 tonnes of CO₂ equivalent. Comparing the data on CO₂, SO₂, NOₓ, smoke dust and water consumption per unit of coal-fired power generation across the country disclosed in the "China Power Industry Annual Development Report 2021" released by the China Electricity Council, it is enough to prove that PV power is of great significance in promoting the decarbonisation of the energy system, making good use of water resources, and reducing pollution to the atmosphere and water environment.



HAPPY TALENT TEAM

Talent is the foundation of the long-term development of an enterprise. Therefore, we are committed to ensuring that employees receive full respect, fair treatment and equal opportunities during their employments. "CARE" is our constant talent management philosophy. We care about the health and safety of employees, pay attention to the needs and development of employees, hope to become a trustworthy employer for employees, and let every employee feel happiness and gain growth in the Xinyi Energy team. In 2021, Xinyi Energy has a team of 281 employees, each generating an income of HK\$8.17 million, ensuring the safe operation of nearly 2.5GW of power stations throughout the Year, supplying 2.58 billion kWh of green power to the society, and bringing more than 2.14 million tonnes of carbon reduction. Therefore, we are always grateful to every ordinary hero in the team. In the future, we will continue to make unremitting efforts to provide employees with a broader development platform and grow together with them.



IV. HAPPY TALENT TEAM

“CARE Talent Management Philosophy”

Compliance with Laws and Regulations

- The Group strictly abides by local laws and regulations, as well as the established internal systems of the Group in recruitment and human resources management to ensure the establishment of equal and legal employment relationships, resolutely eliminates the employment of child labour and any form of forced labour, supports the principles of the United Nations Global Compact in human rights and labour with actions, and accepts the supervision and assessment of local human resources and social security regulatory authorities

Respect and Equality

- Respect individual differences, appreciate diversity, foster an inclusive culture, and ensure that employees are treated equally in terms of remuneration and benefits in the process of assessment and promotion through a fair, just and transparent internal system
- Establish a transparent internal communication and feedback mechanism to protect and encourage employees to speak up for their rights and interests
- Strive to eliminate all forms of gender discrimination, protect the rights of female employees and provide special care for them in special time

Attractive Remuneration and Talent Retention

- Provide competitive remunerations and benefits
- Attach great importance to the safety and health of employees, and provide adequate labour protection and medical security
- Guide employees to balance work and life through a variety of employee activities

Education and Grow with Xinyi Energy

- Standardise training and assessment mechanism to ensure that employees receive comprehensive job skills training
- Pay attention to the improvement of employees' personal abilities, and provide employees with diversified comprehensive skills training



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 complies with 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 (《香港僱傭條例》), 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 talent management system in accordance with relevant laws to ensure standardised management for the entire process from recruitment, entry, to the end of employment relationship through the formulation, implementation and improvement of internal management systems, and protect basic human rights of employees. Meanwhile, the Group supports and follows international standards such as the United Nations Global Compact and the International Labour Organisation, and has formed an effective implementation and supervision mechanism in terms of remuneration and benefits, training and assessment, employee incentives, occupational safety and health, etc., to respect and protect labour rights of employees, and protect the health, safety and legitimate interests of employees.

IV. HAPPY TALENT TEAM

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.

Respecting human rights is the uncompromising principle of Xinyi Energy's business operation and development. Therefore, the Group does not tolerate any employment that violate human rights, including recruitment, salary, welfare, training, promotion, dismissal and retirement. Through strengthening internal control and accepting supervision from local human resource management and social security authorities, the Group ensured that there were no employment that violated human rights during the Reporting Period, and all employment comply with the principles of the United Nations Global Compact in terms of labour standards:



Principle 6: Enterprises should eliminate any discrimination in employment and occupation

Non-discrimination principle:

It is forbidden to give employees differential or unequal treatment based on characteristics such as race, skin colour, gender, religion, political opinion, ethnic origin, social origin, age, etc. that are not related to employees' own qualities and job requirements (knowledge, skills, professional qualifications and experience, etc.)

During the Reporting Period, the Group strictly followed the established internal systems and norms, and adopted the same standard to handle the employments, assessments, remunerations, benefits, trainings, promotions and other employment matters of all employees, ensuring that all employees are treated fairly, equitably and without discrimination

No forced labour:

On the basis of equality, voluntariness and consensus, labour contracts that comply with local laws and regulations are signed in writing to establish employment relationships between the Group and employees. Labour contracts clearly state the terms of remuneration, benefits and other terms that protect lawful rights and interests of employees and termination terms to ensure that employees are aware of and have the right to freely terminate labours according to the established rules

During the Reporting Period, the Group ensured that all employment relationships were established in strict compliance with local laws and regulations, and there was no forced labour in any form during its historical operation



Principle 4: Enterprises should eliminate all forms of forced labour



Principle 5: Enterprises should eliminate child labour

No child labour:

Never employ anyone under the age of 15 or the local legal minimum working age (whichever is higher)

By the end of 2021, the youngest employee of the Group has also reached the age of 18. During the recruitment and entry process, the Group checks the necessary identity documents, including resident identification cards of PRC, to ensure that employees meet the working age requirements

The freedom to form an association:

Respect and protect the freedom to form an association that employees are entitled to, and strictly abide by the local law related to "collective negotiation" and "collective contract"

During the Reporting Period, the Group respected and guaranteed the freedom of employees to participate in labour unions. The Group protects the right of employees to participate in labour unions through the established new energy branch. Meanwhile, the new energy branch serves as an effective communication channel between employees and the headquarter of the Group. Employees can convey their opinions, suggestions and appeals to the headquarter through the new energy branch at any time



Principle 3: Enterprises should uphold the freedom to form an association and recognise the right to collective bargaining



IV. HAPPY TALENT TEAM

The power industry is a non-labour-intensive industry. Through a centralised and intelligent O&M management model, the Group has streamlined its organisational structure and achieved flat management. In terms of the total installed capacity at the end of the Year, the Group has less than 12 employees per 100MW of solar power stations, including middle/senior management and middle/back-office employees. During the Reporting Period, the Group had a total of 281 employees, who are mainly technical talents such as electrical engineers, electrical technicians, quality engineers, and quality management specialists. Front-line O&M staff accounts for nearly 80% of the Group's total employees. As the safe operation of solar power stations is related to the stability and safety of power supply to local communities, if a safe accident occurs, it will endanger the ecological security of local communities, the personal safety of employees, as well as the property safety and goodwill of the Group. The professional knowledge and skills of O&M staff are the basis for ensuring the safe and stable operation of solar power stations. Therefore, having corresponding qualifications and professional knowledge and skills in the power industry is the core considerations for the Group to recruit employees. Child labour and forced labour do not meet the core requirements of the Group. All employments of the Group in the past operating period were in line with the four principles advocated by the United Nations Global Compact in the field of labour standards, and child labour and other forced labour have never been employed.

Remuneration Package and Talent Retention

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

The Group expands talent introduction channels by strengthening school-enterprise cooperation and reward mechanism for internal recommendation, and actively reserves talents to meet the Group's future business development needs. In order to attract and retain outstanding talents, the Group has established a competitive remuneration and welfare system and incentive mechanism and continuously improved them. The Group's remuneration system is established based on the concept of overall rewards, including basic salary, performance pay, guaranteed benefits and other cash allowances. In determining remuneration packages, in addition to ensuring the compliance with the legal requirements of the countries and regions where the businesses are located, the Group also keeps abreast with the average remuneration level in the industry to ensure market competitiveness. At the same time, the Group provides comprehensive benefits for employees, including but not limited to social security benefits, such as five insurances and one housing fund, housing benefits, holiday benefits (two-day offs and paid annual leave), medical benefits (regular annual physical examinations, occupational disease health examinations, critical illness insurances), equity incentives, and various types of cash allowances, such as high-temperature subsidies, transportation allowances, food allowance, etc. Meanwhile, employees with excellent performance or long-term service are rewarded according to the established incentive system.

Equity and non-discrimination are the bottom lines we must insist in, every employee's interest and benefit deserve equal respect and protection. When determining remuneration and benefit, we adhere to equity principal, which is carried out in accordance with fixed internal provision requirements based on standards such as functions, ranks and working years only. These standards have been expressly provided without discrimination. There will never be any employee suffering unequal treatment due to factors of race, skin colour, gender, religion, political opinion, ethnic origin, social origin and age, etc.

Most utility-scale solar farms are built in remote region far away from city centre. However, solar farms require O&M staff with electrical professional knowledge to stay and work and live in local area for a long period of time. Therefore, unbalance of gender proportion always exists in industry of solar farms O&M. With flat organisation structure, nearly 80% employees of the Group are front-line O&M staff, resulting in a low proportion of female staff in the total number of staff. However, the proportion of female staff still recorded a slight increase during in the Reporting Period from 6.3% in 2020 to 6.8 %. As female staff are a minority group in number, the Group attaches great importance to safeguarding their equal rights in the workplace. In addition to ensuring equal and non-discriminated treatment on female staff within employment scope, the Group has full understanding and respect on the particularity of female staff, providing female staff under marriage leave, pregnancy, childbirth and other special circumstances with special protection and ensuring related welfare benefits, including but not limited to marriage leave, maternity leave, breastfeeding leave, reasonable adjustment on working arrangement and reduction on work intensity, adoption of measures to assist female staff to return to working position postpartum and so on, with strict compliance with 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》). According to family planning regulations applicable to regions where our 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.

In addition to the individual need of staff, the Group also cares for staff's appeal of balancing work and family. For example, in terms of housing arrangement, the Group arranges housings that suit family needs better for staff with family members, without affecting the reasonable interests of other staff. The Group also set up Xinyi Education Fund, providing education funds for eligible staff's children to support them to finish their education. During the Reporting Period, the Group provided education fund of RMB20,000, benefiting 5 children of staff.

The Group places emphasis on feedbacks and suggestions from staff on current remuneration and benefit system and incentive mechanism, encouraging staff to reflect their own needs to the Group through new energy branch union and other sub-department, to inspire the Group to continuously perfect remuneration and benefit system and incentive mechanism and better attract and retain talents.

Employees' Health

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

The impact of COVID-19 pandemic on human health is far more severe than death and disease caused by virus itself. According to the World Health Organisation, the global prevalence of anxiety and depression increased by 25% in the first year of COVID-19 pandemic outbreak. Although COVID-19 pandemic has been basically controlled in PRC during the Reporting Period, there were still small scale of pandemic outbreak events in different cities, pursuant to which the governments of each city took different levels of pandemic prevention measures. Although the solar farm projects held by the Group are far away from cities and people and has low risk of pandemic outbreak, the repeated pandemic circumstance in PRC made us keep highly pandemic prevention awareness and place emphasis on employees' physical and mental condition during anti-pandemic period.

IV. HAPPY TALENT TEAM

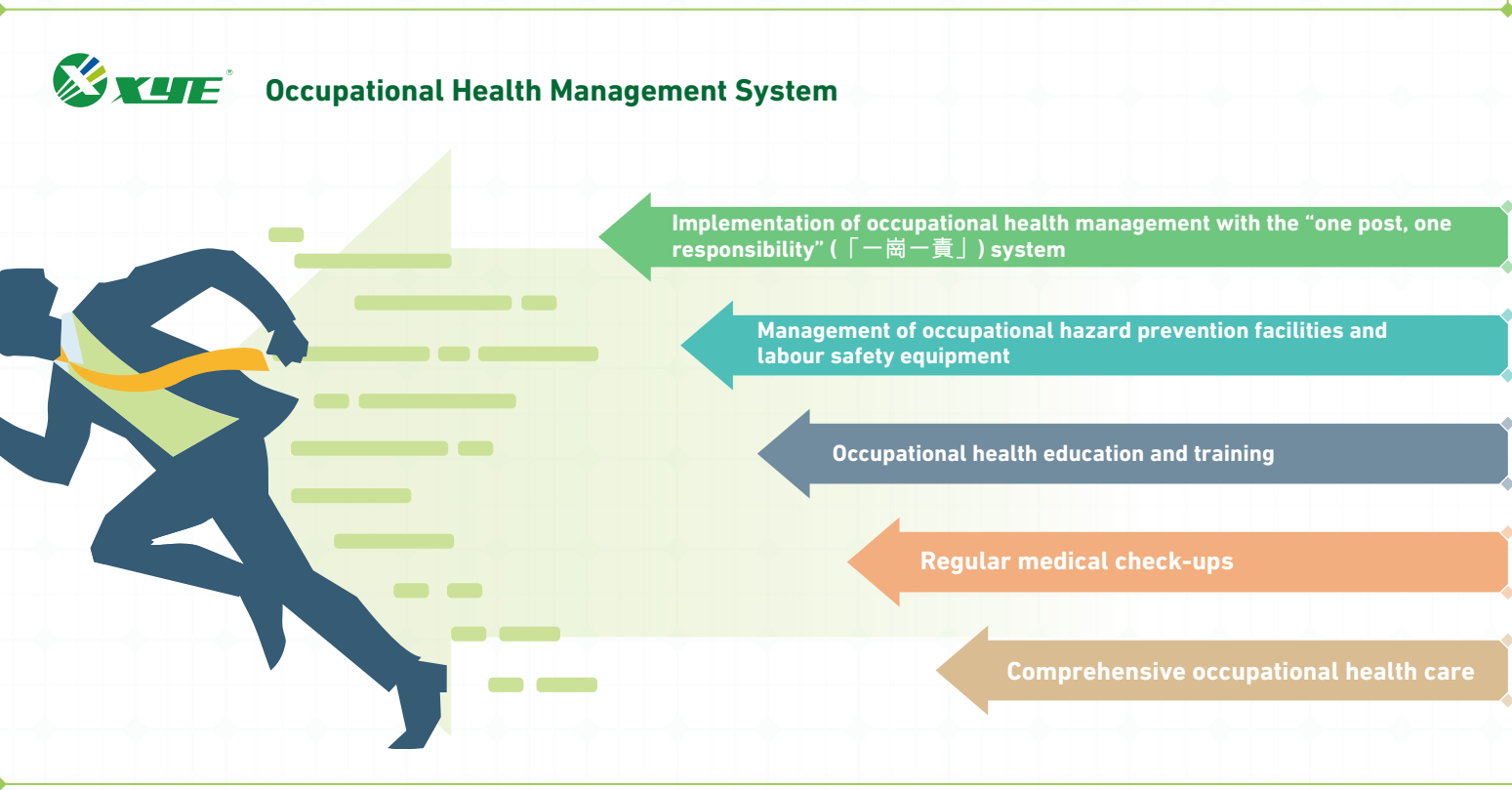
Pandemic prevention and control

During the Reporting Period, the Group paid close attention to pandemic dynamic, actively cooperated with local government's pandemic prevention and control work, and remained "zero infection" through implementation of the following prevention measures for reducing pandemic risk:



Occupational health and management

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》) and fully implemented during the Reporting Period. 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, and to strengthen occupational health and training, so as to jointly protect the health of each other, to try to prevent occupational diseases from occurring, and to achieve the goal of zero occupational disease incidence. During the Reporting Period, the Group had no case of occupational diseases.



IV. HAPPY TALENT TEAM

As nearly 80% of the employees of the Group are on-site staff at the solar farms, and as they are exposed to more dangerous electrical equipment such as main step-down transformers, converters and inverters in the course of O&M, the protection of occupational health and labour safety of front-line O&M staff are essential for the Group to improve occupational health management and achieve corporate sustainable development goals (XYE SG4). Occupational hazardous factors faced by front-line O&M 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. Meanwhile, because the Group uses intelligent management system in the daily O&M of solar farms, which effectively improves the O&M efficiency and reduces the inspection time, therefore, the front-line O&M staff will not stay in the noisy environment for a long time. Hence, noise and power frequency electric fields will not be occupational hazards to the front-line staff of the Group. However, the Group will continuously monitor changes of relevant hazardous factors in work locations to ensure that there is sufficient protection for its employees. In terms of high temperature in summer, the Group minimises the outdoor work time of employees or tries to avoid outdoor work under high temperature through drones. In addition, employees who have to work outdoor are provided with professional sunburn protection, heatstroke medication and cool drinks with heat relief functions like drinks with salt and sweet mung bean soup, to protect the health of employees. In addition, as most of the front-line O&M staff need to live and work in the solar farm for a long time, the local working and living environment of the solar farm has a substantial impact on the health and emotions of the on-site staff. The Group has continuously improved the living area by purchasing various cultural and sports facilities to provide employees with a more comfortable living environment and ensure that employees can have sufficient rest in their spare time.

The Groups highly values for occupational health education and training. During the Reporting Period, the O&M staff of a total of 21 solar farms under the Group participated in the occupational health prevention and protection training, which was collectively arranged by the Group. Employees in dedicated positions are also arranged to participate in training on prevention and control of occupational hazards provided by external third-party organisations, so as to continuously improve their awareness of occupational health.

Employee activities

The Group promotes and encourages employees to pursue work-life balance. Since the solar farms are located in different provinces and cities across the country that generally remote areas, as such, the Group sets up a new energy branch union to always pay attention and provide feedback on the need of on-site staff, to arrange a variety of employee activities, to provide on-site staff a platform to relieve work pressure and relax, so as to enhance physical and mental health of employees and strengthen team cohesiveness. As the COVID-19 pandemic in China is still reoccurring during the Reporting Period, therefore, in order to reduce the risk of infection, the Group cancels offline employee activities across provinces, and at the same time reduces the arrangement of offline activities across solar farms in the same region to avoid gathering of people. During the Year, the Group's employee activities were mainly online activities and offline activities arranged by the solar farms. However, employees of different solar farms can still communicate in the WeChat group established by the new energy branch union.



Swim competition held by Nanping solar farm



Monthly birthday activities

The “Energy Cup” e-sports league held by the Group in 2020 was well received by employees, therefore the second “Energy Cup” e-sports league was held during the Reporting Period and prepared rich bonuses and prizes for the winning team, and strengthened teamwork spirit through training before competitions and the cooperation of multiple rounds of competitions.

In order to promote the culture of traditional Chinese festivals and activate the festive atmosphere, as well as to relieve the homesickness of on-site staff who are unable to spend the festive time with their families. During the Year, the Group requested each solar farm to arrange employee activities with festive characteristics on holidays such as Lantern Festival, Dragon Boat Festival, Winter Solstice.



Rice dumpling packing activity on Dragon Boat Festival

IV. HAPPY TALENT TEAM



Lantern Festival activities

Training and Equal Opportunities

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

Scientific talent training system

The Group has established systematic training programme, and formulated an annual training plan based on the long-term development needs of the business, annual business objectives and key tasks, as well as job-specific skills enhancement for different positions, and relevant departments and dedicated personnel will follow up the feedback and suggestions of employees on the training, and conduct training effectiveness evaluation, so as to provide reference for the formulation of future training plans. While ensuring the effectiveness of the training, the Group continues to simplify and optimise the training content and course offerings to avoid repetitive training to make full use of training resources and effectively use the employees' spare time. During the Reporting Period, according to the training content, the Group provided employees with trainings on safety (production safety, occupational health and labour safety related), trainings on occupational skills (job related), trainings on personal development and comprehensive ability, integrity, and flexibly chose theoretical training and/or practical training, online/offline training, internal training/entrusted external professional training ("External training") according to different training contents, in order to achieve best training effect.

During the Reporting Period, the Group arranged a total of 5,429 hours of training with 2,457 participants, and with an average training time of 19.3 hours. As the standardised operation and professional knowledge of front-line staff are essential to ensure the production safety of electricity and stability of supply, the promotion of an integrity culture and the cultivation of integrity among employees are important to the long-term development of the Group. Therefore, employees on specific posts and/or all employees participated in trainings on occupational skills, safety and integrity with 100% coverage rate. This ensures that every employee can receive equal and sufficient training opportunities based on their job and self-improvement needs.



2021 Employee training
arrangement and improvement



* Not including induction trainings for new employees. Induction trainings were all arranged by the headquarter. Training content includes systems, power generation O&M process, prevention of safety incidents, first-aid knowledge and fire safety knowledge.



Improve training models

The Group invites experienced solar farm directors and/or other technicians to conduct centralised trainings on job skills, contingency responses capability etc. for all solar farm O&M staff, to avoid repeated training in the relevant training model organised by the solar farm alone and the problem of uneven training quality



Strengthen external training, improve professional skills of employees

After adopting a centralised model for internal training, the number of internal training hours in 2021 has decreased. During the Reporting Period, after considering the requirements of employees to enhance professional skills and their long-term demands of career planning and in order to meet the development needs of the Company, the Group allocated more training hours to external professional institutes. Arranged professional certification courses such as high-voltage/low-voltage electrical work certificate, dispatcher qualification, occupational health management qualifications. During the Reporting Period, the duration of External training was approximately 2,922 hours, accounting for approximately 53.8% of the total training hours

IV. HAPPY TALENT TEAM

Equal promotion mechanism and building of diverse team

The Group has established and continuously improved the internal promotion mechanism, and adhered to the principle of “equality, fairness and transparency” in the process of assessment and promotion, to ensure that every employee receives fair development opportunities, and prevent employees from being discriminated or treated unequally due to factors unrelated to their own qualities (race, skin colour, gender, religion, political opinion, ethnic origin, social origin, age, etc.) and job requirements (knowledge, skills, professional qualifications and experience, etc.).

The Group attaches great importance to the training and development of internal talents. It is believed that employees who are deeply influenced by the Group’s corporate culture and who have grown up under the scientific talent training system can gain a deeper understanding of and adhere to the sustainable development policy of the Group, and have a better understanding of the Group’s business and operating models, systems and standards. Therefore, it is more beneficial to establish and lead an efficient and cohesive team to achieve the Group’s business development and long-term strategic goals. The Group is committed to establishing and continuously improving the internal promotion mechanism to help employees accumulate experience, gain improvement, and finally realise their career goals and dreams on the platform of Xinyi Energy.



The Operation and Maintenance Department is the main business department of the Group. During the Reporting Period, a total of 13 employees in the Operation and Maintenance Department were promoted to solar farm project managers, and 100% were promoted internally. During the Year, there was no additional directly recruited external solar farm project management staff.

Since the projects currently held by the Group are all located in China, and the regions that can be used for the development of large utility-scale solar farms are normally regions located in remote rural areas far away from the city centre, local governments actively encourage enterprises to make good use of local talents, to create employment opportunities for local communities, superimposing the influence of the industry characteristics of the Group’s business and flat management structure, the Group’s talent team is dominated by local employees and male employees. Notwithstanding this, the Group still believes that building a diverse team will have a positive impact on the long-term operation and development of the Group. Although the proportion of female employees in front-line O&M staff is relatively low, the Group still sees and highly recognises the outstanding performance of female employees and their contributions to the business development of the Group in mid- and back-office departments, such as the Finance Department, centralised control centre and management positions. Therefore, the Group abides to the principle of implementing “equal treatment for everyone” in employment and talent management, and takes all measures to ensure that no employees will be discriminated or receive unequal treatment due to gender and other factors unrelated to self qualities, professional skills and professional performance, and ensure that every employee is treated fairly and with dignity every day during their service periods. In fact, female directors account for 25% of the Board of the Group, while female management members accounts for 20% of the senior management; among mid- and back-office departments such as centralised control centre and Finance Department, female employees account for approximately 70% and approximately 67%, respectively, which shows the Group’s adherence to gender equality in the workplace, its determination to improve the diversity and inclusiveness of its talent team, and its commitment to ensuring the equal development opportunity for all devoted employees.

V. ESG PERFORMANCE IN 2021

This chapter mainly displays the Group's performance on ESG KPIs in 2021 through data tables. Classification standards of KPIs, being determined in the same way as 2020, 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 recommendations for certain issues. In addition, to continuously strengthen the management and disclosure of ESG KPIs, the Group has made corresponding disclosures in respect of those indicators related to the actual operation of the Group in this report for the first time, with reference to the sustainability disclosure topics, accounting indicators and activity indicators set out in the Sustainability Accounting Standards for the Solar Technology & Project Developers Industry issued by SASB.

Unless otherwise stated, the data provided in this chapter is the data of whole year or as at 31 December of the particular years. Explanations will be given and the reasons and effects will be provided where the historical data has been restated.

Corporate governance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Settled corruption related litigation related to the Group or its employees	0	0	GRI 205-3/HKEx B7.1
Anti-corruption training (hours)	70	298	GRI 205-2-e/HKEx B7.3
Anti-corruption training (persons)	70	118	

Financial performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Earnings performance			
Revenue (HK\$ million)	2,297	1,722	
Consolidated net profit (HK\$ million)	1,235	922	
Earnings per share (HK cents)	17.33	13.44	
Dividends per share (HK cents)	17.40	14.50	
Asset structure			
Net assets value (HK\$ million)	12,560	12,010	
Cash and cash equivalents (HK\$ million)	1,105	1,312	
Bank loans (HK\$ million)	4,880	1,863	
Net gearing ratio (%)	30.1	4.6	
Current ratio (%)	130.5	138.5	
Investment in renewable energy assets during the Reporting Period (HK\$ million)	3,109	1,254	TCFD
Investment attributable to renewable energy assets during the Reporting Period (%)	100	100	TCFD
Revenue attributable to renewable energy during the Reporting Period (%)	100	100	TCFD

Operation performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD/SASB)
Total installed capacity (MW)	2,494	1,834	SASB RR-ST-000.B
Net asset value of solar farm projects at the end of the Reporting Period (HK\$ million)	13,654	10,813	SASB RR-ST-000.C
Sales of electricity (GWh)	2,578.77	1,799.88	HKEx A3.1/HKEx A4.1/TCFD
Equivalent to saving standard coals ^{Note 1} (tonnes)	786,267	551,484	
Equivalent to reducing CO ₂ emissions ^{Note 1} (tonnes)	2,145,537	1,508,301	
Equivalent to reducing NO _x emissions ^{Note 1} (tonnes)	462	351	
Equivalent to reducing SO ₂ emissions ^{Note 1} (tonnes)	413	337	
Equivalent to planting trees (plants)	93,284,202	65,578,313	
Equivalent to household electricity (households)	1,074,488	899,941	
Sales of electricity attributable to renewable energy during the Reporting Period (%)	100	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 issued in the corresponding year

V. ESG PERFORMANCE IN 2021

Environmental performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD/SASB)
Use of resources			
Total energy consumption (kWh)	23,344,869	19,634,444	GRI 302-1-e/HKEx A2.1
Total direct energy consumption (kWh)	828,538	641,349	GRI 302-1/HKEx A2.1
Proportion (%)	(3.5%)	(3.3%)	
Total indirect energy (purchased electricity externally) consumption (kWh)	22,516,331	18,993,095	GRI 302-1-c-i/HKEx A2.1
Proportion (%)	(96.5%)	(96.7%)	SASB RR-ST-130a.1
Intensity of energy consumption ^{Note 1} (kWh)	9,053	10,909	GRI 302-3-a/HKEx A2.1
Water consumption			
Total water consumption (cubic meters)	13,778	12,483	GRI 303-3/HKEx A2.2
Intensity of water consumption ^{Note 1} (cubic meters)	5.34	6.94	HKEx A2.2
Emissions of pollutants			
Emissions of greenhouse gas			
Total emissions of greenhouse gas ^{Note 2}	18,970.63	15,248.89	HKEx A1.2/TCFD
Direct emissions (Scope 1) (tonnes of CO ₂ equivalent)	237.04	176.92	GRI 305-1/HKEx A1.2/TCFD
Indirect emissions ^{Note 3} (Scope 2) (tonnes of CO ₂ equivalent)	18,733.59	15,120.02	GRI 305-2/HKEx A1.2/TCFD
Emission intensity of greenhouse gas ^{Note 1} (tonnes of CO ₂ equivalent)	7.35	8.47	GRI 305-4/HKEx A1.2/TCFD
Intensity of direct emissions (tonnes of CO ₂ equivalent)	0.09	0.10	
Intensity of indirect emissions (tonnes of CO ₂ equivalent)	7.26	8.40	

Environmental performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD/SASB)
Emissions of air pollutants			
NO _x (kilograms)	867.99	645.19	GRI305-7/HKEx A1.1
SO ₂ (kilograms)	1.35	1.05	GRI305-7/HKEx A1.1
Particles (smoke and dust) (kilograms)	80.48	59.78	GRI305-7/HKEx A1.1
Discharge of wastes			
Hazardous wastes (tonnes)	27.75	22.70	GRI 306-3-a/HKEx A1.3
Intensity of hazardous wastes ^{Note 1} (kilograms)	10.76	12.61	HKEx A1.3
Non-hazardous wastes (tonnes)	25.52	21.70 ^{Note 4}	GRI 306-3-a/HKEx A1.4
Intensity of non-hazardous wastes ^{Note 1} (kilograms)	9.90	12.06 ^{Note 4}	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 sales of electricity
- (2) Total emissions of greenhouse gas = 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 (《中國電力行業年度發展報告》) issued in corresponding year
- (4) Non-hazardous wastes are mainly the domestic wastes generated by the on-site employees. From 2021, it will be calculated according to the number of on-site employees of the current month* uniform coefficient. The values in 2020 are calculated using the same statistical standard on a consistent basis, and the data in 2020 in the table above are adjusted values

V. ESG PERFORMANCE IN 2021

Employment performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Number of employees ^{Note 1}	281	224	HKEx B1.1
By gender (%) GRI 102-8-c/GRI 405-1-b/HKEx B1.1			
Female	19(6.8%)	14(6.3%)	
Male	262(93.2%)	210(93.7%)	
By region (%) GRI 102-8-b/HKEx B1.1			
Mainland China	278(98.9%)	221(98.7%)	
Anhui Province	156(55.5%)	145(64.7%)	
Hubei Province	57(20.3%)	36(16.1%)	
Other regions	65(23.1%)	40(17.9%)	
Hong Kong, China	3(1.1%)	3(1.3%)	
By age (%) GRI 405-1-b/HKEx B1.1			
≤30	159(56.6%)	134(59.8%)	
31-40	84(29.9%)	55(24.6%)	
41-50	27(9.6%)	24(10.7%)	
≥51	11(3.9%)	11(4.9%)	

Note:

(1) Only full-time employees are counted

Employment performance	2021	2020	Disclosure reference standard (GRI/HKEx/TCFD)
Turnover of employees (turnover rate, %)	88(31.3%)	58(25.9%)	GRI 401-1-b/HKEx B1.2
By gender (%) GRI 401-1-b/HKEx B1.2			
Female	5(26.3%)	3(21.4%)	
Male	83(31.7%)	55(26.2%)	
By region (%) GRI 401-1-b/HKEx B1.2			
Mainland China	87(31.3%)	58(26.2%)	
Anhui Province	59(37.8%)	43(29.7%)	
Hubei Province	16(28.1%)	11(30.6%)	
Other regions	12(18.5%)	4(10.0%)	
Hong Kong, China	1(33.3%)	0(0.0%)	
By age (%) GRI 401-1-b/HKEx B1.2			
≤30	70(44.0%)	37(27.6%)	
31-40	13(15.5%)	16(29.1%)	
41-50	5(18.5%)	4(16.7%)	
≥51	0 (N/A)	1(9.1%)	

V. ESG PERFORMANCE IN 2021

Occupational Safety and Health Performance	2021	2020	2019	Disclosure reference standard (GRI/HKEx/TCFD)
Work-related fatalities	0	0	0	GRI403-9/HKEx B2.1
Loss of working days ^{Note 1}	0	2	N/A	GRI403-9/HKEx B2.2
Ratio of lost working days ^{Note 2}	0	0.9	N/A	

Notes:

- (1) Loss 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. In 2020 and 2021, Xinyi Energy neither had any incident of occupational injury in workplace.
- (2) Ratio of lost working days (or loss of working days due to occupational injuries per 100 full-time employees equivalent) = total loss 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	2021	2020	Disclosure reference (GRI/HKEx/TCFD)
Total hours of training received by employees (hours)	5,429	6,921	
By training theme (hours)			
Occupational skills	1,761	2,700	
Comprehensive skills	2,524	1,725	
Safety trainings	1,074	2,198	
Integrity trainings	70	298	
By training institutions (%)			
Internal training	46.2%	72.8%	
External training	53.8%	27.2%	
Average training hours completed per employee (hours)	19.3	30.9	GRI 404-1/HKEx B3.2
By gender (hours)			
Male	20.5	32.3	GRI 404-1/HKEx B3.2
Female	2.9	10.4	
By employee category (hours)			
Senior management	0.8	10.2	GRI 404-1/HKEx B3.2
Middle management	7.6	10.3	
General staff	20.0	32.0	
Number of employees trained	2,457	3,387	HKEx B3.1
By gender (%)			
Male	98.1%	99.2%	HKEx B3.1
Female	1.9%	0.8%	
By employee category (%)			
Senior management	0.1%	0.3%	HKEx B3.1
Middle management	1.1%	0.9%	
General staff	98.8%	98.8%	

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The Content Index of HKEx ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	Disclosure or Notes
Area A: Environmental			
Aspect A1: Emissions			
General Disclosure: Information on:		8	P50-51,P56
(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.			
A1.1	The types of emissions and respective emissions data.	8	P69-70,P93
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).	8	P92
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	8	P93
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	8	P93
A1.5	Description of emission target(s) set and steps taken to achieve them.	2,8	P40,P68-70
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.	8	P70

Note:

(1) For details on material issues, please refer to "Materiality assessment" in pages 16 to 17 of the Report

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	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.		8	P56,P71
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).	8	P72,P92
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	8	P72,P92
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2,8	P36-37,P40,P56,P71
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.	2,8	The PV power generation process does not consume water. When performing the O&M of solar power plants, its process is lowly dependent on water resources due to our application of water-saving and environmentally friendly green O&M models, including waterless solar panel cleaning robot or natural rainwater cleaning. Therefore, there was less reliance on water resources during the O&M of solar farms, and any change in water resources would not have significant impact on the Group's operation, and the Group has experienced or expected no difficulties in obtaining suitable water sources. The Group encourages reasonable use of water resources. For the major water resources management measures adopted in business operation, please refer to page 71.
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 the generation and sales of electricity, the provision of solar farm O&M services for third parties, do not involve any use of packaging materials.

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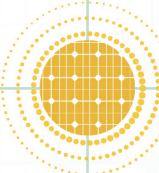
Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	Disclosure or Notes
Area A: Environmental			
Aspect A3: The Environment and Natural Resources			
General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.		2,3,8	P9-11,P36-38,P56
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2,3,8	P40-45,P68-73
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	P20-22
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	P28-35

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	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, leave, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		5,9,10,12	P50-52,P76-81
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	10	P94
B1.2	Employee turnover rate by gender, age group and geographical region.	10	P95
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.		6,7,11	P50-52,P56-58,P62-63,P82-83
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6	P59,P96
B2.2	Lost days due to work injury.	6	P59,P96
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6,11	P57-68,P82-83

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	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.		6,11,12	P86-87
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	12	P97
B3.2	The average training hours completed per employee by gender and employee category.	12	P97
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.		9	P50-52,P76-77
B4.1	Description of measures to review employment practices to avoid child and forced labour.	9	P76-80
B4.2	Description of steps taken to eliminate such practices when discovered.	9	P78-80

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	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 development and 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 existing solar farms held by the Group have been open to operation in recent years, the Group only procured labour protection equipment, services and equipment related to solar farm O&M 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.
			For the Group's practice in selecting solar farm developers and business partners, as well as the relevant implementation and monitoring methods, please refer to page 36 to 39.
B5.1	Number of suppliers by geographical region.	N/A	As above
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	As above
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	As above
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	As above



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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	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 “Production Safety and Systematic Risk Management” in pages 57 to 63. Privacy related matters, which mainly include protecting the safety of information while transferring information via the centralised O&M platform of Xinyi Energy, are disclosed in the subsection “Intelligent Operation and Maintenance Management” in pages 64 to 68. 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 1}	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 2021, the Group currently owned 7 registered patents. 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 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 O&M services to third parties, its business operation does not involve consumer data.

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Material Issues ^{Note 1}	Disclosure or Notes
Area B: Social			
Aspect B7: Anti-corruption			
General Disclosure: Information on: (a) the policies; and (b) compliance with information on relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		5	P50-51,P53
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes of the cases during the Reporting Period.	5	P90
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	5	P53
B7.3	Description of anti-corruption training provided to directors and staff.	5,12	P53,P90
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.		2,3	P10-13,P36-37,P42-43
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	2,3	P10-11,P38-45
B8.2	Resources contributed (e.g., money or time) to the focus area.	2,3	During the Reporting Period, the Group made charitable and other donations of HK\$34,000, mainly for charitable relief funds to support underprivileged university students.

