光大綠色環保
Everbright Greentech

Stock Code: 1257

(Incorporated in the Cayman Islands with limited liability)

2021 SUSTAINABILITY REPORT

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About Us

COMPANY PROFILE

China Everbright Greentech Limited ("Everbright Greentech" or the "Company" or together with its subsidiaries, the "Group") is a professional environmental protection service provider in China, with its businesses focusing on integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. It was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 May 2017 (Stock Code: 1257). Upholding its philosophy of leading the way through business innovations, Everbright Greentech took a pioneer role to introduce integrated urban and rural waste treatment project in Mainland China. Currently, the Company has its business coverage spanning across 15 provinces, autonomous region and Hong Kong Special Administrative Region ("Hong Kong") in China, and spreads far to Germany.

With strong support from China Everbright Group Limited ("China Everbright Group") and the controlling shareholder, China Everbright Environment Group Limited ("CEEGL", a company listed on the Stock Exchange, stock code: 0257), and leveraging on its own extensive experience in the development and operation of diversified project portfolio as well as robust market expansion capability, the Group will continue to follow the instruction to be "Prudent, Proactive and Practical", bearing in mind its initial commitment and mission as it strives incessantly to become a leader in China's environmental business sector.

Since its listing in May 2017, Everbright Greentech has been actively responding to global environmental, social and governance ("ESG") development trends and its performance has been well recognised and has captured the attention of institutional investors who value sustainability.

Message From the Chairman

Chairman

WANG Tianyi

In 2021, Everbright Greentech reported rewarding and lightspeed progress in sustainability on all fronts in close tandem with the nation's fast pace.

As the commencing year of the "14th Five-Year Plan", 2021 saw the successive announcement of a series of action plans and implementation schemes under the green development strategy, as China continued to drive the development of its ecological civilisation to a new level guided by the development concept of "Lucid Waters and Lush Mountains are Invaluable Assets". In connection with the global issue of climate change, in particular, clear and specific carbon reduction targets in relation to the two significant strategic directives on "Carbon Peak" and "Carbon Neutrality" ("Dual Carbon") have been set out in the "Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy" and "Action Plan for Carbon Dioxide Peak Before 2030", and a number of regulations, policies and measures have been implemented. Meanwhile, the nation was actively developing a complete system of carbon trade rules and officially commenced the operation of the China Carbon Emission Trade Exchange. The establishment of the National Green Technology Trading Center and the continuous growth of enthusiasm in the green electricity certificate trading market have displayed comprehensively of the enormous potential and market prospect of the environmental industry, as well as massive development opportunities for Everbright Greentech.

Therefore, 2021 was also the commencing year of a new cycle of development for Everbright Greentech. As a professional environmental service provider, Everbright Greentech actively explored innovative commercial models and created new breakthroughs for growth and a strategic deployment serving the nation's coordinated effort in "Waste Reduction" and "Carbon Reduction" in adherence to its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" amidst the positive context of nationwide implementation of the "Dual Carbon" objective. The Group has embarked on market expansion in full speed and force to drive the transformation of its businesses, including transformation of the integrated biomass utilisation business towards a high value-added business model with continuous progress in the development of the heat supply market; steady transformation of the hazardous and solid waste treatment business to the role of an industrial environmental service provider alongside successful development of the end-of-life tyre integrated utilisation business; and our first move to deploy in the solar energy market since our spinoff listing and extend our business presence to Hong Kong.

In the meantime, the Group was actively preparing for the participation in trading in the brand new carbon market, as it enhanced the operation and management of carbon assets in a comprehensive manner and rolled out analysis and deployment in relation to areas such as carbon asset development, carbon market analysis, green finance and carbon trading operation, while intensively exploring the potential for resources in China Certified Emission Reduction ("CCER") in the existing market and tapping new energy market sectors with CCER potential, such as wind power, solar energy and solar energy storage and charging integration, among others. We have also completed the "Greentech Carbon Neutrality Research Report" and preliminary research on the development of carbon assets during the period from 1 January 2021 to 31 December 2021 (the "Reporting Year") to prepare for the Group's development in carbon assets.

To seize new development opportunities arising in various aspects and open up new niche for adding value, the Group places a strong emphasis on technological innovation. During the Reporting Year, the Group commenced research with a special focus on carbon neutrality, solar energy storage and charging integration and power battery recycling to provide support for the technical feasibility of its new business categories and offer fresh driving force for the development of the environmental industry. The project for the "Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste", an international cooperation project in technology innovation of the Group under the National Key Research and Development Programme, commenced successfully with preliminary completion of interim tasks.

A sound ecological environment brings universal benefits to all. Looking to the future, the Group will continue to undertake responsibility as an important participant in and contributor to the building of the ecological civilization during this crucial period of full-scale green transformation of the nation's economic and social development, seizing business opportunities amidst rapidly changing market dynamics to add value for stakeholders by persisting in innovation-driven development and leveraging its flexible and resilient operational capability in adherence to national policies with the guidance and support of China Everbright Group and CEEGL.

MESSAGE FROM THE CEO

In 2021, the commencing year of the "14th Five-Year Plan" period, the environmental industry of China embraced thriving development underpinned by abounding opportunities as well as manifold challenges under the context of the "Dual Circular" pattern. In 2021, Everbright Greentech continued to drive business development in integrated biomass utilisation, hazardous and solid waste treatment and solar energy and wind power in tandem with the latest trends in the ecological and environmental protection sector in persistent adherence to the corporate mission of being "Devoted to Ecology and Environment for a Beautiful China", underpinned by enhanced efforts in technological breakthroughs and applications. We have adopted the "three-dimensional" development strategy: extending the length of the industry chain, penetrating the depth for more market shares and broadening the scope of our business in our drive for the ongoing upgrade or transformation of our existing businesses, while making our business debut in Hong Kong.

Based on our corporate pursuit of "Create Better Investment Value and Undertake More Social Responsibility", the Group endeavours to benefit the society with green technologies and deliver value to stakeholders through stable development. To undertake environmental and social responsibility more effectively, the Group is committed to incorporating the philosophy of sustainability into its business and management practices. Following the roll-out of tasks for implementing the sustainability strategy in 2020, we have formulated 7 areas of priority, which include climate change, circular economy, cyber security and data privacy, technology development, supply chain management, sustainable investment and staff inclusivity and equal opportunity, based on our business characteristics and stakeholders' concerns, and taking into account global and regional sustainability trends, and adopted key policies and measures accordingly. Moreover, the Group added experience and expertise in risk management and sustainable development as a new criterion under its nomination policy during the Reporting Year to align with the Group's strategies and goals.

In accord with its special concern for environmental issues such as climate change and emission reduction, the Group continued to advance the environmental efficiency of its projects. We completed treatment of 7,964,335 MT agricultural and forestry residues, 2,918,918 MT of household waste and 268,679 MT of hazardous and solid waste and supplied approximately 6,310,119 MWh of green power during the Reporting Year, representing annual growth of approximately 19%, 28%, 48% and 12%, respectively. We conducted ultra-low emission conversion at a number of projects to reduce energy consumption and made plans for in-depth assessment of the impact of climate change on the Group's business, so as to facilitate the formulation of short-term and long-term measures in the future. Moreover, the Group has been actively enhancing its management of water consumption in support of the nation's principle of water conservation. During the Reporting Year, following joint examination by multiple parties, 4 subsidiaries were granted the status of provincial water conservation enterprise for the year 2021 in full display of their exemplary role as environmental enterprises.

The development of environmental businesses and technologies has enhanced our and the society's ability to address and accommodate global climate change. Nonetheless, such developments would not materialise without the provision of ample financial resources. Noting the increasing emphasis on sustainability investment on the part of governments, corporations and investors in recent years, the Group seized this opportunity to successfully issue the nation's first carbon-neutral and rural vitalisation green panda medium-term notes for an amount of RMB1 billion in July 2021. Proceeds raised will be applied to expand its green business and provide long-term financial protection for its sustainable development.

Engagement and cooperation with various stakeholders represents another crucial factor to the Group's long-term development. We are dependent on the trust and joint effort of the government, investors, employees and partners to create and add value in collaboration with all parties. During the Reporting Year, the Group continued to strengthen liaison with government authorities, industry associations and research institutes. For instance, the Group has formulated the "Development Report of Biomass Power Generation Industry of PRC in 2021" in collaboration with the Biomass Energy Branch of China Association for the Promotion of Industrial Development ("BEIPA") to provide a detailed analysis of the current state of development of the biomass power generation industry, as well as developed the group standards of the audit guide for voluntary greenhouse gas ("GHG") emission reduction by biomass power generation projects to contribute to the fulfilment of the nation's "Dual Carbon" objective.

For our staff, we are committed to fostering workplace characterised by inclusivity, equality, solidarity and mutual assistance and extensive recruitment of high-calibre individuals in both local and overseas markets to expand our talent base in persistent adherence to the "People-oriented" strategy for human resources. During the Reporting Year, we formulated the "Human Resources Management Policy" for our Hong Kong employees to regulate the process and management rules for staff recruitment. In connection with occupational safety and health, the Group has formulated safety management standards for high-risk operations to supplement the regime of safety management systems. In-depth effort was made to the commencement of investigation and treatment of hazards to reduce the risk of accidents. We implemented epidemic prevention and control initiatives with resolute efforts and closely monitored the health conditions of our staff.

For our partners, we are committed to fostering long-term relationships underpinned by mutual benefits and growth. We also seek effective management of the supply chain with a view to driving enhancement in the overall performance of the chain. During the Reporting Year, the Group reduced its supply chain risk by leveraging its strength in scale to continuously expand upstream supply channels and enhance communication with its suppliers. Despite significant volatility in the prices of raw materials and environmental consumables and unstable supply of raw materials owing to the pandemic, the Group has ensured normal business operation through active exploration of new channels and flexible allocation of resources.

For the community, we boast a long history of assisting in job creation for agricultural workers to drive the economic prosperity of rural villages, while always maintaining amicable relationship with the community in a sincere and caring attitude. During the Reporting Year, the Group hosted an online open-house activity via livestream to enhance influence and impact of its open-to-the-public initiative in relation to its environmental facilities. Meanwhile, we have organised a range of activities alleviating poverty and providing assistance to agricultural workers in a diligent effort to pay returns to and procure mutual growth with the community, thereby fulfilling the national goal of co-prosperity. The Group has also received the "Caring Company" logo awarded by Hong Kong Council of Social Service for the second consecutive year in recognition of the Group's model and actions in community, staff and environmental care.

Everbright Greentech has won the support of investors, employees at all grades and every sector of the community on the back of its outstanding achievements in sustainability. During the Reporting Year, the Group was included as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year, while receiving the "EcoChallenger" certificate and the "3 Years + EcoPioneer" logo in the "BOCHK Corporate Environmental Leadership Awards 2020" jointly organised by the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited and the "Best Case Study Award of Corporate Governance of China Enterprise 2021" in the "Gold ESG Awards 2021" presented by Cailianpress. Moreover, the Group was awarded the "Special Mention for ESG in the Non-Hang Seng Index (Small Market Capitalization) Category" in the "Best Corporate Governance & ESG Awards 2021" presented by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the "Certificate of Excellence in Environmental, Social and Governance Reporting" in the "2021 Best Annual Reports Awards" organised by The Hong Kong Management Association, underscoring the quality and richness of its ESG information disclosure.

Looking to the future, the profound impact of the development of ecological civilisation and the "Dual Carbon" strategy is set to bring further opportunities for environmental companies, while competition in the industry will also further escalate. The Group will venture forward with a fighting spirit in this long and winding journey to success, overcoming every obstacle and seizing every opportunity in close tandem with national policies and market trends with a firm strategic focus, upholding the goal of economic, social and environmental harmony and sustainability as it strives to become a leader in China's environmental industry and build an ecologically harmonious and beautiful home with every sector of the community underpinned by universal benefits and inclusivity.

Qian Xiaodong
Chief Executive Officer

Business Development

- Integrated Biomass Utilisation
- Hazardous and Solid Waste Treatment
- Environmental Remediation
- Solar Energy and Wind Power

INTEGRATED BIOMASS UTILISATION

The Group's integrated biomass utilisation business mainly utilises biomass raw materials to generate both electricity and heat. This includes the construction and operation of biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw, rice husks, peanut husks, etc.; while grey culms consist of forestry residues such as branches, barks and other manufacturing wood wastes, etc. In addition, the Group has developed a unique business model of urban-rural integration combining the construction of integrated biomass utilisation projects and waste-to-energy projects for integrated treatment of agricultural and forestry residues and rural household wastes in a pioneering attempt at treatment of the ecological environment in county areas.

As of 31 December 2021, the Group had a total of 53 integrated biomass utilisation projects, located variously in 10 provinces in China, including mainly Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province, etc. Such projects provided an aggregate power generation designed capacity of 1,059 MW, an aggregate annual biomass processing designed capacity of 8,089,800 MT, and a daily aggregate household waste processing designed capacity of approximately 11,210 MT. During the Reporting Year, the Group had 50 integrated biomass utilisation projects completed and in operation.

During the Reporting Year, the Group acquired 3 new integrated biomass utilisation projects and signed 2 biomass heat supply supplementary agreements, commanding new investments with an aggregate amount of approximately RMB775 million. An aggregate power generation designed capacity of 32 MW and an aggregate daily household waste processing designed capacity of approximately 1,300 MT. The Group continued to enhance project management at the preparatory stage and drive steady progress of project construction. We have also been making consistent improvements to our biomass raw material supply regime to ensure sufficient and stable supply of raw materials and control fuel cost.

Supply of on-grid electricity generation
6,027,143 MWh
(12% year-on-year increase)

Biomass raw materials processed
7,964,335 MT
(19% year-on-year increase)

Household waste processed
2,918,918 MT
(28% year-on-year increase)

Steam supplied
2,154,671 MT
(60% year-on-year increase)

1. Jiangsu
2. Anhui
3. Henan
4. Hubei
5. Jiangxi
6. Fujian
7. Sichuan
8. Shaanxi
9. Gansu
10. Shandong

Project location	Integrated biomass utilisation project name	On-grid electricity generation for the Reporting Year (MWh)	Volume of biomass or waste processed for the Reporting Year (MT)
Jiangsu Province	Xuyi Biomass Electricity and Heat Cogeneration Project	113,531	173,029
Anhui Province	Dangshan Integrated Biomass and Waste-To-Energy Project (Biomass)	180,098	211,877
Anhui Province	Dangshan Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	22,652	185,589
Anhui Province	Lingbi Integrated Biomass and Waste-To-Energy Project (Biomass)	164,415	183,870
Anhui Province	Lingbi Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	46,084	184,599
Anhui Province	Hanshan Biomass Direct Combustion Project	196,686	194,132
Anhui Province	Dingyuan Biomass Direct Combustion Project	212,142	193,538

Project location	Integrated biomass utilisation project name	On-grid electricity generation for the Reporting Year (MWh)	Volume of biomass or waste processed for the Reporting Year (MT)
Anhui Province	Huaiyuan Integrated Biomass and Waste-To-Energy Project (Biomass)	203,592	241,363
Anhui Province	Huaiyuan Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	31,039	203,722
Anhui Province	Nanqiao Biomass (Chuzhou Biomass) Direct Combustion Project	207,741	273,251
Anhui Province	Xiao County Integrated Biomass and Waste-To-Energy Project (Biomass)	223,568	311,245
Anhui Province	Xiao County Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	83,118	304,772
Anhui Province	Xiao County Integrated Biomass and Waste-To-Energy Project Phase II (Waste-To-Energy)		
Anhui Province	Fengyang Integrated Biomass and Waste-To-Energy Project (Biomass)	208,067	247,397
Anhui Province	Fengyang Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	27,111	196,282
Anhui Province	Yu'an Biomass Electricity and Heat Cogeneration Project	196,197	198,237
Anhui Province	Yeji Biomass Electricity and Heat Cogeneration Project	192,327	356,729
Anhui Province	Yeji Biomass Electricity and Heat Cogeneration Project Phase II		
Jiangsu Province	Sucheng Biomass Heat Supply Project	N/A	62,565
Jiangsu Province	Rugao Biomass Direct Combustion Project	178,678	160,926
Jiangsu Province	Guanyun Integrated Biomass and Waste-To-Energy Project (Biomass)	121,463	184,135

Project location	Integrated biomass utilisation project name	On-grid electricity generation for the Reporting Year (MWh)	Volume of biomass or waste processed for the Reporting Year (MT)
Jiangsu Province	Guanyun Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	36,799	193,679
Sichuan Province	Mianzhu Integrated Biomass and Waste-To-Energy Project (Biomass)	181,128	127,638
Sichuan Province	Mianzhu Integrated Biomass and Waste-To-Energy Project Phase I (Waste-To-Energy)	31,236	119,123
Henan Province	Sheqi Integrated Biomass and Waste-To-Energy Project (Biomass)	220,739	195,517
Henan Province	Sheqi Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	45,008	195,894
Hubei Province	Shayang Integrated Biomass and Waste-To-Energy Project (Biomass)	300,916	273,682
Hubei Province	Shayang Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)#	24,286	81,046
Shandong Province	Weihai Biomass Electricity and Heat Cogeneration Project	236,297	189,083
Jiangsu Province	Huaian Integrated Biomass and Waste-To-Energy Project (Biomass)	91,643	147,732
Jiangsu Province	Huaian Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	139,616	339,369
Jiangsu Province	Lianshui Biomass Electricity and Heat Cogeneration Project	182,920	284,945
Anhui Province	Guoyang Biomass Electricity and Heat Cogeneration Project	202,999	190,278
Jiangxi Province	Guixi Biomass Electricity and Heat Cogeneration Project	184,835	157,790
Shandong Province	Yiyuan Integrated Biomass and Waste-To-Energy Project (Biomass)	156,248	166,123
Shandong Province	Yiyuan Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	49,140	166,158

New project added to the reporting scope of this Sustainability Report (the "Report").

Project location	Integrated biomass utilisation project name	On-grid electricity generation for the Reporting Year (MWh)	Volume of biomass or waste processed for the Reporting Year (MT)
Henan Province	Zhecheng Integrated Biomass and Waste-To-Energy Project (Biomass)	187,789	207,625
Henan Province	Zhecheng Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	44,943	178,604
Hubei Province	Zhongxiang Integrated Biomass and Waste-To-Energy Project (Biomass)	216,332	196,414
Hubei Province	Zhongxiang Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	46,026	166,158
Henan Province	Xiayi Integrated Biomass and Waste-To-Energy Project (Biomass)	202,551	186,035
Henan Province	Xiayi Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	43,081	163,498
Sichuan Province	Zhongjiang Integrated Biomass and Waste-To-Energy Project (Biomass)	222,065	191,522
Anhui Province	Yongqiao Biomass Electricity and Heat Cogeneration Project	184,054	214,714
Jiangsu Province	Feng County Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)	109,307	480,769
Jiangsu Province	Feng County Kitchen Waste Treatment Project#	N/A	15,902
Jiangsu Province	Liuhe Waste-To-Energy Project^	3,237	13,576
Fujian Province	Gutian Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)#	28,971	136,012
Gansu Province	Lintao Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)#	14,442	79,991
Shaanxi Province	Dali Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)#	2,636	40,242

^ This project has not been included in the reporting scope of the Report as the Group did not own its operational rights.
# New projects added to the reporting scope of the Report.

New projects added and in operation during the Reporting Year

Fujian Province

Gutian Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)

Located at Qigangshan in Gutian County, the project is the first environmental protection project invested in and constructed by the Group in Fujian Province with a designed daily household waste processing capacity of 400 MT and annual designed on-grid power generation volume of approximately 51.7 million KWh. The project is equipped with a grate furnace featuring advanced technology and sophisticated processing technique, while fume emission is regulated in full compliance with the Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485–2014) to fulfil requirements under national industrial policy and meet the needs of Gutian County's development. The Group's investment in and construction of the project is based on the construction, operation and ownership model with a concession period of 30 years.

Gansu Province

Lintao Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)

Located in Lintao County, Dingxi City, Gansu Province, this is the first environmental project invested in and constructed by the Group in Gansu with a designed daily household waste processing capacity of 500 MT. The first grid-connected power supply was completed in May 2021 in smooth commencement of operation. The project has installed a fume purification system enables compliance with the EU 2010 standards in emission; waste water such as waste leachate is treated through multiple processes and complies with the standards for reuse of urban recycling water to materialise the detoxification, reduction and recycling of household waste for the residents of Lintao County and its neighbouring county areas.

Shaanxi Province

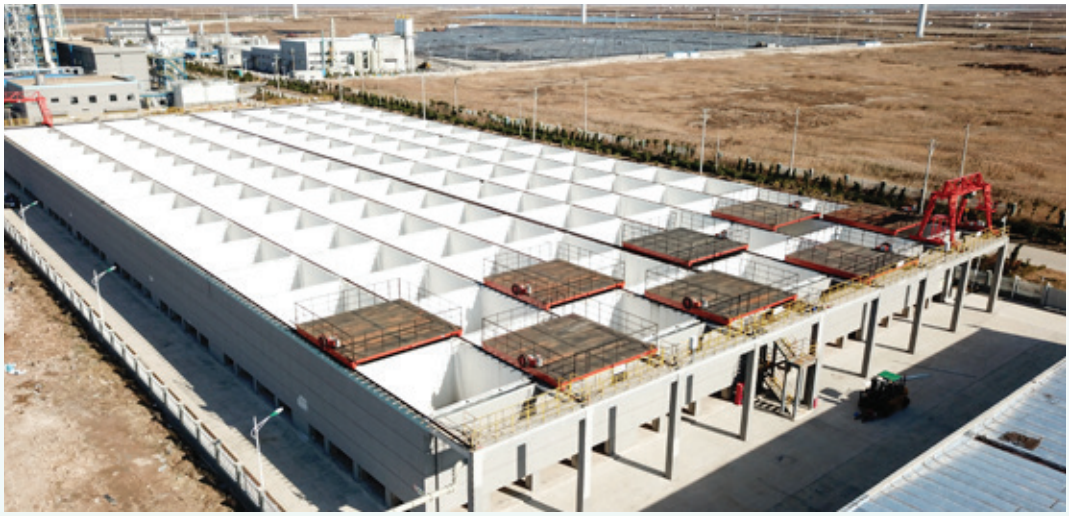
Dali Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)

The project has been designated as a provincial key project in 2020 by Shaanxi Provincial Development and Reform Commission ("Shannxi DRC"). The Group's investment in and construction of the project is based on the construction, operation and transfer model. Currently, Phase I provides a designed daily household waste processing capacity of 400 MT, which is capable of handling the rural and urban household waste of Dali County, while at the same time providing coordinated treatment of waste from neighbouring areas and counties. Its core equipment comprises the Group's proprietary grate furnace incinerator system. Waste leachate does not require discharge after undergoing biochemical anti-seepage processing. The project facilitates waste recycling with annual designed on-grid power generation volume of approximately 56 million KWh, while alleviating tight heat supply in city districts and industry parks through heat and electricity cogeneration.

New projects added and in operation during the Reporting Year

Hubei Province	**Shayang Integrated Biomass and Waste-To-Energy Project (Waste-To-Energy)** 	Built on a site area of 215 mu. Phase I of the household waste-to-energy project equipped with a mechanical grate furnace and a condensing turbine generator unit with a designed daily waste processing capacity of 400 MT and annual designed on-grid power generation volume of 47 million KWh to realise the reduction, recycling and detoxification of household waste and convert waste into value.
Jiangsu Province	**Fengxian Kitchen Waste Treatment Project** 	Built on a total site area of 98.25 mu, the project collects materials and puts them through processes such as macro-substance sorting, high-temperature steam cooking, solid-liquid separation, pyrolytic oil extraction and residue incineration. The integrated kitchen waste treatment workshop is a concealed operation where odour is incinerated once and for all in the inhouse waste incinerator after collection. The project has a daily kitchen waste processing capacity of 60 MT.
Jiangsu Province	**Liuhe Waste-To-Energy Project** 	Located at the west side of Xiaomopan Hill in Liuhe District, Nanjing, the project offers a daily household waste processing capacity of 1,000 MT and an ash landfill with a capacity of approximately 350,000 cubic metres. Fume purification process technologies adopted include in-boiler deNO$_x$, ex-boiler catalytic reduction deNo$_x$, semi-dry deacidification, active carbon spray, dry-spray deacidification and dust removal bag.

HAZARDOUS AND SOLID WASTE TREATMENT



As one of the core businesses of the Group, the hazardous and solid waste treatment business is principally engaged in the safe treatment and integrated utilisation of wastes including general industrial solid wastes, hazardous wastes and infectious animal carcasses. The Group is capable of safely disposing of 44 out of 46 categories of hazardous wastes listed in the National Catalog of Hazardous Wastes. Currently, the Group conducts the disposal by way of incineration, landfill, physicochemical treatment and integrated utilisation. We have been exploring different operating models to enhance the effectiveness of waste treatment in a steady transition towards an industrial environmental service provider. Zibo Hazardous Waste Incineration Project, for example, is the first project invested and constructed by the Group which has adopted a market-based operating model and applied incineration processes in integrated hazardous waste treatment projects.

As of 31 December 2021, the Group had a total of 61 hazardous and solid waste treatment projects, including 36 projects completed and in operation and 10 projects under construction, involving a total investment of approximately RMB14.472 billion. Such projects were located variously in 10 provinces and autonomous region in China, including mainly Jiangsu Province, Shandong Province, Anhui Province, Hubei Province, Zhejiang Province, etc., providing an aggregate annual processing designed capacity of approximately 2,941,900 MT. Moreover, the Group continued to increase the volume of treatment by expanding the varieties of products processed.

Detoxification treatment of hazardous and solid waste
Approx. 245,676 MT
(51% year-on-year increase)

Integrated resource utilisation of hazardous and solid waste
Approx. 23,003 MT
(51% year-on-year increase)

Sales of recycled products
Approx. 9,490 MT
(65% year-on-year increase)

1. Jiangsu
2. Anhui
3. Shandong
4. Hubei
5. Zhejiang

Location	Hazardous and solid waste treatment project name	Volume of waste processed for the Reporting Year (MT)
Jiangsu Province	Suzhou Hazardous Waste Landfill Project	20,422
Jiangsu Province	Suqian Hazardous Waste Landfill Project Phase I	31,559
Jiangsu Province	Suqian Hazardous Waste Landfill Project Phase II#	578
Jiangsu Province	Binhai (Yancheng) Hazardous Waste Landfill Project Phase I	21,456
Jiangsu Province	Binhai (Yancheng) Hazardous Waste Landfill Project Phase II	7,380
Jiangsu Province	Binhai (Yancheng) Hazardous Waste Incineration Project	14,483
Jiangsu Province	Guanyun (Lianyungang) Hazardous Waste Landfill Project Phase I	17,544

New project added to the reporting scope of the Report.

Location	Hazardous and solid waste treatment project name	Volume of waste processed for the Reporting Year (MT)
Jiangsu Province	Guanyun (Lianyungang) Hazardous Waste Landfill Project Phase II	9,233
Jiangsu Province	Lianyungang Hazardous Waste Incineration Project Phase I (Medical Waste High-temperature Steam-boiling Project)	3,810
Jiangsu Province	Lianyungang Hazardous Waste Incineration Project Phase II	7,691
Jiangsu Province	Xinyi Integrated Hazardous Waste Treatment Project Phase I	3,616
Jiangsu Province	Xinyi Integrated Hazardous Waste Treatment Project Phase II#	15,531
Jiangsu Province	Xinyi Hazardous Waste Landfill Project Phase I	22,365
Jiangsu Province	Xinyi Hazardous Waste Landfill Project Phase II	14,886
Jiangsu Province	Xinyi Animal Carcass Harmless Treatment Project	4,775
Shandong Province	Linshu Hazardous Waste Landfill Project Phase I	13,373
Shandong Province	Linshu Hazardous Waste Incineration Project Phase I	17,804
Shandong Province	Zibo Hazardous Waste Incineration Project Phase I	381
Shandong Province	Zibo Hazardous Waste Incineration Project Phase II	27,787
Hubei Province	Huangshi Solid Waste Landfill Project	not in production during the Reporting Year
Hubei Province	Huangshi Hazardous Waste Incineration Project	not in production during the Reporting Year
Hubei Province	Huangshi Hazardous Waste Recycling Project	not in production during the Reporting Year
Anhui Province	Anqing Integrated Organic Solid Waste Treatment Project	not in production during the Reporting Year

New project added to the reporting scope of the Report.

Location	Hazardous and solid waste treatment project name	Volume of waste processed for the Reporting Year (MT)
Anhui Province	Anqing Integrated Hazardous Waste Treatment Project^	15,000
Zhejiang Province	Wenling Integrated Hazardous Waste Treatment Project Phase I	not in production during the Reporting Year
Zhejiang Province	Songyang Integrated Hazardous Waste Treatment Project	not in production during the Reporting Year
Zhejiang Province	Lishui Industrial Solid Waste Landfill Project	5,878
Jiangsu Province	Changzhou Hazardous Waste Incineration Project	21,634
Jiangsu Province	Zhangjiagang Hazardous Waste Landfill Project	not in production during the Reporting Year
Jiangsu Province	Zhangjiagang Hazardous Waste Incineration Project	completed construction and not in operation during the Reporting Year
Jiangsu Province	EB Greentech Technology (Wuxi) Limited*	8,941
Jiangsu Province	Jiangyin Zhongxin Resource Recycling Company Limited*	2,050
Jiangsu Province	Kunshan Zhonghuan Industrial Company Limited	11,020
Jiangsu Province	Lianyungang Hazardous Waste Incineration Project Phase III	not in production during the Reporting Year
Jiangsu Province	Haimen Integrated Solid Waste Treatment Project	not in production during the Reporting Year

^ This project has not been included in the reporting scope of the Report as the Group did not own its operational rights.
* For identification purpose only

ENVIRONMENTAL REMEDIATION

The Group's environmental remediation business covers mainly the restoration of industrial contaminated sites, restoration of contaminated farmland, ecological restoration for mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river and lake sediments and industrial sludge, construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites. Such business is vigorously fostering cooperative alliances with business ecology platforms to achieve innovation and breakthrough in the environmental remediation business model.

As of 31 December 2021, the Group had 13 environmental remediation projects under implementation which were located in Jiangsu Province, Shandong Province, Anhui Province and Tianjin respectively, with a total contract amount of approximately RMB603 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB122 million.

Yingtan Household Waste Sanitary Landfill Ecological Closure Service Project

42

Accumulated environmental remediation projects undertaken

13

Environmental remediation projects under implementation

6

New completed environmental remediation projects

SOLAR ENERGY AND WIND POWER

The Group is responsible for building, managing and operating solar energy projects and wind power projects and selling electricity generated by such projects to local power grid companies/power companies.

As at 31 December 2021, the Group has 16 solar energy projects completed and in operation and 2 wind power projects in operation located in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany respectively, involving a total investment of approximately RMB1.418 billion and providing an aggregate power generation designed capacity of 127.66 MW. During the Reporting Year, the Group acquired 18 new solar energy projects. The Group was responsible for the construction, management and operation of such projects and power generated will be sold to local power grid companies/power companies.

16
Solar Energy Projects completed and in operation

2
Wind Power Projects in operation

Aggregate power generation designed capacity
127.66 MW

Project location	Solar energy and wind power project name	On-grid electricity generation for the Reporting Year (MWh)
Anhui Province	Huaining Ground Solar Energy Project	1,905
Jiangsu Province	Zhenjiang Ground Solar Energy Project	11,002
Jiangsu Province	Zhenjiang Xincheng District Rooftop Solar Energy Project	
Jiangsu Province	Changzhou Rooftop Solar Energy Project	3,701
Jiangsu Province	Suqian Rooftop Solar Energy Project Phase I	8,716
Jiangsu Province	Suqian Rooftop Solar Energy Project Phase II	

Project location	Solar energy and wind power project name	On-grid electricity generation for the Reporting Year (MWh)
Jiangsu Province	Zhenjiang Zhongrui Rooftop Solar Energy Project	Not yet in operation during the Reporting Year
Jiangsu Province	Feng County Solar Energy Project	Not yet in operation during the Reporting Year
Shanxi Province	Ningwu Wind Power (Zhaojiashan) Project	248,910
Shanxi Province	Ningwu Wind Power (Changfangshan) Project	
Schönewalde, Germany	German Ground Solar Energy Project	2,750
Hong Kong	Rooftop Solar Energy Project at DCH, Ap Lei Chau*	150
Hong Kong	Rooftop Solar Energy Project at Yee Lim Building, Kwai Chung*	179
Hong Kong	Rooftop Solar Energy Project at Wyler Centre, Kwai Chung*	191
Hong Kong	Rooftop Solar Energy Project at Far East Metal, Lau Fau Shan*	79
Hong Kong	Rooftop Solar Energy Project at Laguna Plaza, Lam Tin*	125
Hong Kong	Rooftop Solar Energy Project at Hong Kong Battery Recycling Centre, Tuen Mun*	203
Hong Kong	Rooftop Solar Energy Project at CNAC Tower, Chek Lap Kok	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase I A, Yuen Long*	33
Hong Kong	Rooftop Solar Energy Project at DCH Phase I B, Yuen Long*	50

Project location	Solar energy and wind power project name	On-grid electricity generation for the Reporting Year (MWh)
Hong Kong	Rooftop Solar Energy Project at DCH Phase I C, Yuen Long*	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II D, Yuen Long	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II E, Yuen Long	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II F, Yuen Long	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II G, Yuen Long	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II H, Yuen Long	Not yet in operation during the Reporting Year
Hong Kong	Rooftop Solar Energy Project at DCH Phase II I, Yuen Long	Not yet in operation during the Reporting Year

* In 2021, the Group expanded the presence of its solar energy business to Hong Kong for the first time and acquired 60% equity interest in Everbright Kellon Green Energy Limited ("Everbright Kellon", formerly known as Kellon Green Energy Limited) by way of capital increase. The Group will continue to enhance data collection for the relevant projects to ensure consistency of data presentation with past reporting format. Hence, these projects are not included under the key performance indicators ("KPIs") in this Report for the time being.

Our Approach to Governance

- Corporate Governance Structure
- Sustainability Governance Structure
- Sustainability Risk Management Regime

CORPORATE GOVERNANCE STRUCTURE

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the shareholders of the Company (the "Shareholders"), but also a way to enhance the corporate value and strengthen accountability and transparency of the Group. To address various ESG issues, the board of directors (the "Directors") of the Company (the "Board") is responsible for formulating business policies and strategies, while also supervising the decision-making process in a manner that meets the Company's best interest to enhance its financial and non-financial performance.

Currently, the Board has established three Board committees, namely Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Moreover, the Board has established a Management Committee to be responsible for day-to-day business operation and management and to study and review corporate development strategies, planning, business approaches, annual plans and implementation.

As the centre of the Group's daily business decision-making, the Management Committee supervises the day-to-day operation, safety and environmental management of all business units and reports to the Board on all material decisions, personnel change and other matters that might affect the Group's business.

❖ NOMINATION POLICY

The Board has always emphasised succession planning to assure the Company's continuous development and that the Board is composed of people with proper and relevant expertise and skills to effectively manage and strengthen the Company's development. To ensure that the Directors are in possession of the skills, experience and diverse perspectives required by the business, the Nomination Committee is responsible for reviewing the necessary structure, size and diversity in membership of the Board each year and identifying and selecting candidates based on stated criteria. The Nomination Committee reviews the nomination policy every other two years to ensure consistency with the corporate strategies and goals.

Members of the Board are asked to rate the Board in terms of structure, committees, procedures, performance and professional development through the annual Board evaluation exercise. The Company Secretary compiles statistical results of the ratings and proposes directions for development. The Directors also set out expectations in respect of skill requirements and training for future new members of the Board and propose to the Nomination Committee the inclusion of risk management experience as well as expertise and experience in sustainable development responsibilities in the selection criteria. In February 2021, the Nomination Committee held a meeting to review the evaluation results and examine and approve the new selection criteria.

In considering the nomination of candidates for directorship or Directors for reappointment, the Nomination Committee will consider the following factors:

- Gender, age, social and economic status, educational background, race, representativeness, skills, know-how and mentality
- Time committed to Board/ Committee duties
- Integrity, achievements and experience in the environmental protection industry
- Independence of the candidates
- Technical skills in marketing
- Expertise in government affairs or local politics
- Expertise and experience in risk supervision/management
- Expertise and experience in sustainability duties
- Other factors deemed relevant by the Nomination Committee based on individual circumstances

❖ SUSTAINABILITY MATTERS

The Group is committed to incorporating the concepts of corporate governance, risk management and sustainability into its day-to-day operation as robust underlying principles for its business development. During the Reporting Year, the Board reviewed major amendments to the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and relevant provisions of the Listing Rules and formulated work plans and timetables for the coming year, including:

1. **Review of the Company's resources relating to ESG performance and reporting, including the qualifications and experiences of staff and training programmes undertaken by staff and related budgets, so as to ensure that the Company is committing sufficient resources to support related management work**
2. **Review of ESG-related risk management reports to ensure the effectiveness of our risk management and internal control system**
3. **Review of the Company's corporate culture to ensure consistency with its objectives, values and strategies**
4. **Review and revise whistleblowing policy and anti-bribery and anti-corruption policy**
5. **Regular review of the Board's diversity policy and annual review and reporting on the Board's competence and diversity to ensure diversity and inclusivity**

SUSTAINABILITY GOVERNANCE STRUCTURE

As the highest governing body, the Board is responsible for developing and maintaining the governance practices of the Group, including matters relating to sustainability. The Company has established a Sustainability Committee and formulated its terms of reference, specifying that the Committee should assist the Board in the discharge of its duty to supervise the management and effectiveness of the Group's sustainability work.

To ensure smooth execution of various sustainability policies and measures across all business segments and units, 3 working groups have been established under the Sustainability Committee: Operation Management Working Group, Employment and Community Investment Working Group, and Compliance and Risk Working Group. The groups, comprising the Company's employees from different positions, are responsible for the Company's environment and safety, social and human resources, governance and risk management issues, respectively. The members of the 3 working groups will report to the committee members at the Sustainability Committee meeting on the implementation of strategies and goals in different areas.

The Board

Assessing and determining risks and opportunities relating to the Group's sustainability, formulating relevant management directives and supervising the effectiveness of work done, assuming overall responsibility for the Group's ESG strategies and reporting.

Sustainability Committee

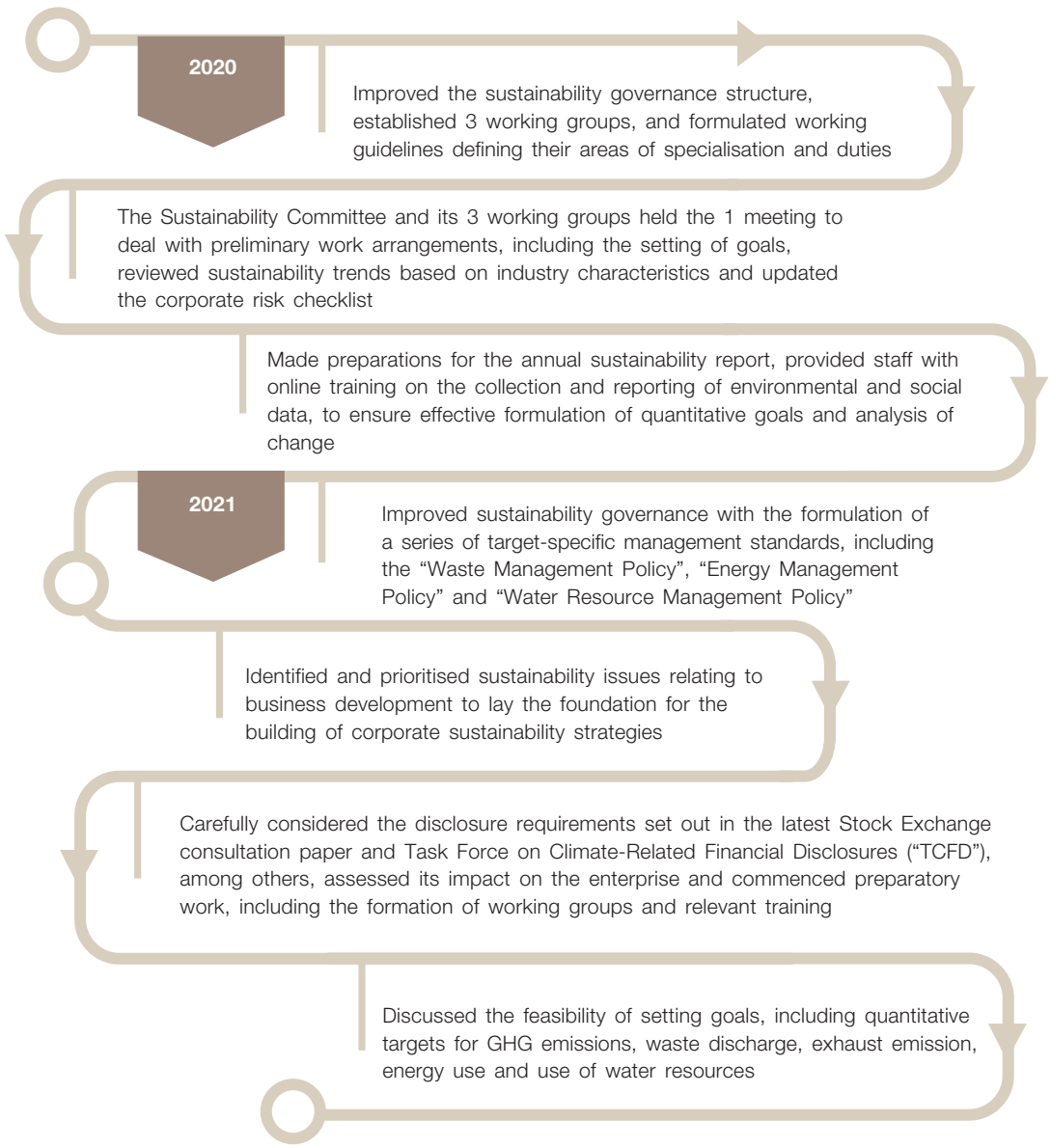
Comprising the Chief Executive Officer and 3 independent non-executive Directors to assist the Board in the implementation and supervision of the Group's sustainability work and report to the Board on the Group's sustainability matters on a regular basis.

Sustainability Working Groups

Comprising principals of relevant departments and staff members appointed by the principals:

Operation Management Working Group	Employment and Community Investment Working Group	Compliance and Risk Working Group
• Research Institute • Environmental Management Department • Safety Management Department	• Administration and Human Resources ("HR") Department (Hong Kong and Shenzhen Headquarters)	• Company Secretarial Department • Risk Management Department

The Sustainability Committee holds regular meetings to receive reports of the working groups on the effectiveness of their action plans, review the annual sustainability report and consider key task arrangements for the forthcoming year. During the Reporting Year, the Sustainability Committee held 1 meeting which was attended by all Committee members.



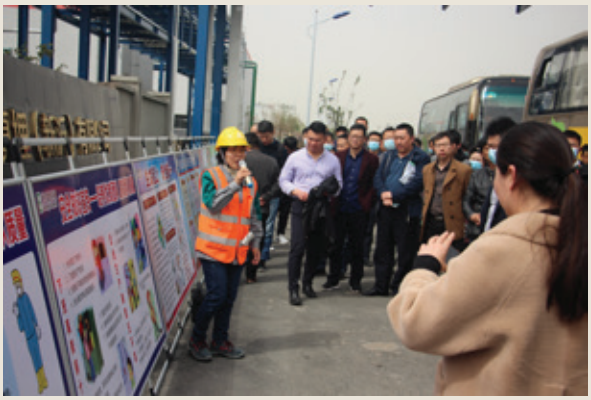
The Group attaches great importance to stakeholder engagement and regards it as the groundwork for realising the Group's sustainability planning and social responsibility fulfilment. We seek understanding of their concerns and expectations in connection with the Group's sustainability through regular communication, which is followed by the formulation of operating strategies that address their needs.

Stakeholder	Mode of communication
Staff	The Group employs staff in Hong Kong and Mainland China and is committed to fostering a workplace characterised by inclusivity, mutual aid and equality regardless of age, gender, family status, disability, race, ethnicity and nationality. Activities to solicit staff views and suggestions are organised on a regular basis and the submission, deliberation and implementation of such views and suggestions is handled by personnel designated by the Group's departments and management centre. Feedback on the adoption and implementation of suggested measures is sought regularly to encourage all staff to contribute their ideas to the Group's development.
Investors and shareholders	Business results presentation materials prepared for investors and shareholders are updated regularly and published on the Company's website for regular inspection by investors and shareholders. Interim and annual results presentations as well as local and overseas telephone conferences are hosted on a regular basis to share the Group's latest business developments, strategic developments and impact on industrial policies with investors and shareholders. The Company arranges on-site visits to projects on a regular basis to afford investors with more in-depth understanding of the Company's projects.
Government and regulatory authorities	The Group works closely with local governments with timely reports to competent authorities governing relevant sectors on the progress of project preparation and construction, as well as updating the status of completion of project investment budget as required. Government authorities at various levels are received for on-site inspection to understand their views and suggestions for project planning and the process of construction and operation, while advocating the environmental benefits for people's livelihood and advanced project technologies.
Customers	The Group regards customers as of one its most important stakeholder groups and actively seeks to foster close and long-term relationships with customers. Over the years, we have won the approval of governments at various levels by assisting the local governments of various regions to improve the local living environments and creating job opportunities. Meanwhile, we solicit customers' opinions through different channels to consistently enhance our service quality.
Suppliers and business partners	The Group conducts transactions with suppliers and business partners in a fair and equitable manner in adherence to the most exacting ethical and professional codes of conduct. Procurement tenders are organised regularly and poll questionnaire for business partners and suppliers are used to understand their degree of satisfaction for the process of cooperation, and to ensure that their views and suggestions for improving the effectiveness of cooperation are sufficiently heard.

Stakeholder	Mode of communication
Industry association	The Group enhances liaison and cooperation with industry associations and research institutions on an ongoing basis and regularly participates in industry forums organised by industry associations to understand the industry's latest developments in policy, technology and business model. For example, as the member of the Standing Executive Committee of BEIPA, the Group supports the association in the preparation of industrial development reports to provide detailed analysis on the current status and prospects of industry development.
Media	The Group hosts media visits to promote the function of our projects in fulfilling social responsibility and respond actively to media concerns for project construction and operation, with a view to facilitating effective communication with the public via media.
Community	The Group has maintained harmonious relationship with local communities with a sincere and open-minded attitude. Residents of the community are invited to project inspection and hearing sessions prior to project construction to generate their views on project construction. Moreover, the Group continues to fulfil the responsibility of opening its environmental facilities to the public with more intensive actions, as it explores an online approach based mainly on livestream to enhance the influence, in terms of both magnitude and scope, of the opening of its environmental facilities to the public.

Case Study

In April 2021, officials from the municipal ecological and environmental authorities, management of hazardous waste business units and key waste-generating enterprises in Xuzhou visited the Everbright Greentech Xinyi Hazardous and Solid Waste Project. The Safety and Environmental Management Department ("Safety and Environmental Department") of the project company organised reception and guided the visitors on a tour through the project exhibition hall, hazardous waste landfill and relay control room for incineration, among others, complemented by a systematic presentation of various aspects of the project, such as its hazardous waste treatment process, production scale, market prospect and anti-pollution measures. At the end of the activity, the visitors spoke highly of the Project for its economic development and environmental treatment, citing its adoption of reasonable and effective process techniques in hazardous waste treatment and environmental treatment, in particular its consistent quest for further optimisation in production technologies and reduction in environmental indicators during operation, which has enabled the enterprise to generate sound environmental and economic benefits as an outstanding role model for the environmental treatment industry. They have also expressed hope that the enterprise would continue to make further contributions to environmental pollution treatment in the local area.



Case Study

In November 2021, Fengyang Integrated Biomass and Waste-to-Energy Project held an online open-to-the-public activity to show its environmental facilities to and interact with the public via livestreaming. Through the camera, viewers joined a virtual tour of Fengyang Project and key areas such as the exhibition hall, control room and water treatment centre, while department principals led by Mr. Wang Qingqiang, deputy general manager of Fengyang Project briefed on the process of household waste treatment and the operating models, processes and environmentally-compliant emissions of biomass projects, and responded to questions raised by viewers.

Following the establishment of a sustainability governance structure in 2020, we have identified sustainability trends relating to our business with the assistance of the external advisor and maintained communication with over 800 internal and external stakeholders via our online survey questionnaire to further ascertain critical sustainability issues. Apart from regularly maintaining close communication with stakeholders through different channels, our sustainability advisor hosted a number of online interviews in 2021 to conduct in-depth discussion with the managers of various business segments on issues which have been longstanding concerns of stakeholders. For details of the process and outcomes of the materiality assessment, please refer to the section headed "Process and Results of Materiality Assessment" on pages 122 to 123 of this Report.

We have completed the first stage of the preparatory work to address sustainability strategies and ascertained the sustainability vision and areas of focus by analysing peer performances and sustainability trends. In 2021, the Group was further engaged in the formulation of indicators and goals. We plan to organise numerous focus group discussions to deliberate action directives for various focus issues with relevant business units to ensure advancement of the Group's sustainable development on an elevated level and higher standards under superior management. Moreover, we completed the allocation of resources and conducted a comprehensive review of the quality of environmental and social data with the assistance of the advisor during the Reporting Year, with a view to providing a more solid foundation for the formulation of goals in the future.

Priorities	Background	United Nation's sustainability development goals
Climate change	Emissions reduction targets have been set for each country under the "Paris Agreement", aiming to control global warming during the century within two degrees Celsius from the level of the Industrial Revolution. To address the challenge of climate change, the Chinese Government and Hong Kong Government have successively announced the grand goals of reaching carbon neutrality by 2060 and 2050, respectively. Nevertheless, climate change has given rise to many problems, such as the rise of sea level, frequent weather extremities and mudflow resulting from torrential rain. These problems are posing realistic threats to the normal operation of business in different regions, such as equipment damage, staff injury and data loss.	13 CLIMATE ACTION Taking urgent actions to address climate change and its impact
Circular economy	The circular economy stresses efficiency for the use of resources, as more corporations are investigating the feasibility of incorporating such concept in its business model, such as increased recycling and extension of useful life of products. The Chinese government has amended the "Circular Economy Promotion Law of the People's Republic of China" with the aim of achieving sustainable development by enhancing efficiency in the use of resources. The implementation of stringent national and regional policies will accelerate the general transformation of the society to circular economy. As a result, environmental enterprises will embrace massive opportunities for development.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Adopting sustainable models for consumption and production

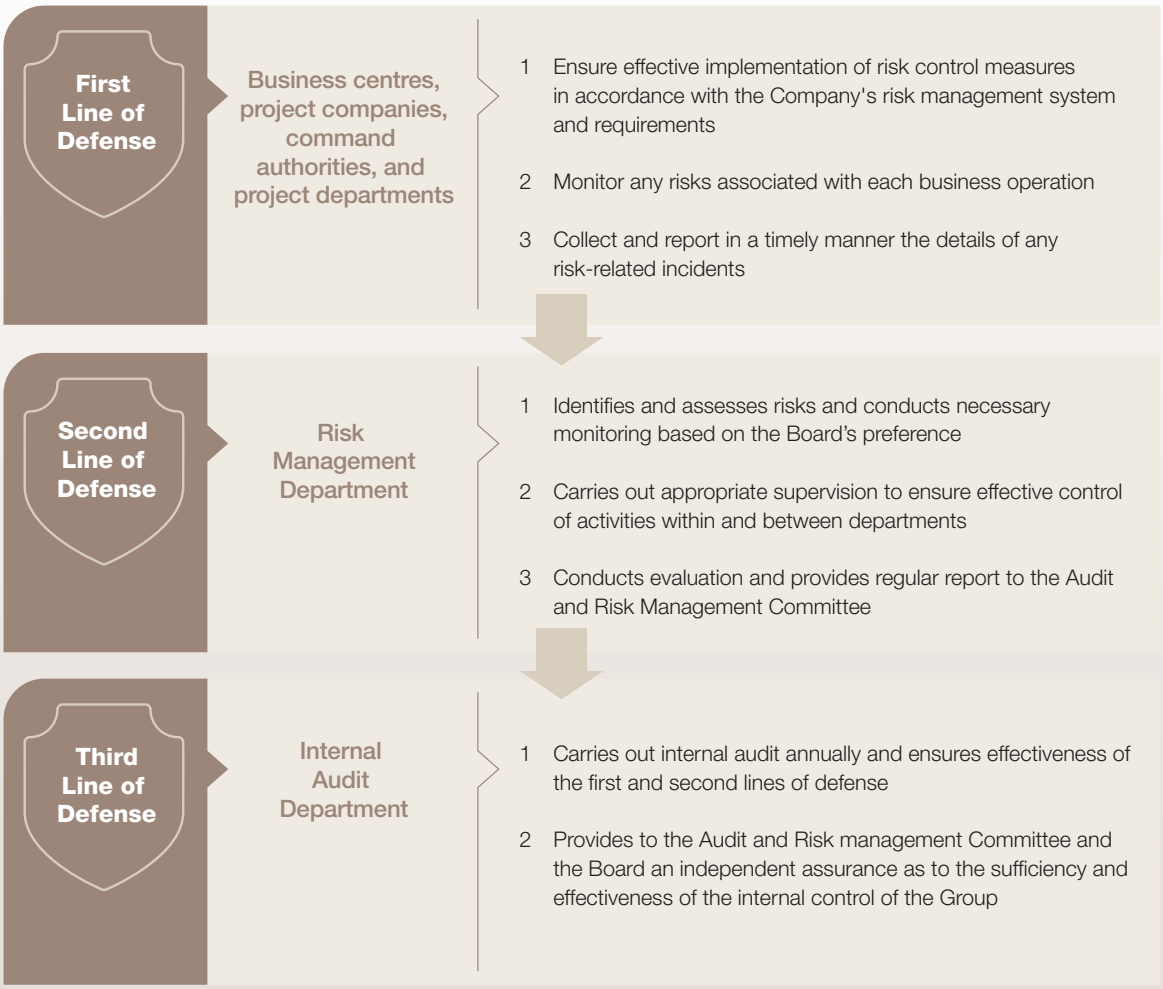
Priorities	Background	United Nation's sustainability development goals
Cyber security and data privacy	With the ongoing development of the information-based society, cyber security and data privacy has become one of the issues that corporations are bound to face in their operations. As an environmental enterprise, we are required to process massive customer information and environmental data in our daily operations. Hence, we are subject to the issues of cyber security and data protection of a massive scale.	Creating a peaceful and inclusive community to promote sustainability
Technological development	According to the "China Renewable Energy Development Report 2019" published by China Renewable Energy Engineering Institute, China currently ranks first in the world in terms of installed capacity for wind power and is expected to sustain rapid growth in the future, thereby offering opportunities for development to environmental companies engaged in renewable energy. Conversely, the rapid development of renewable energy will oblige environmental companies to upgrade their technologies and management competence in this sector.	Building infrastructure that can withstand disasters, promoting sustainable industrialisation with inclusive elements, and driving innovation
Supply chain management	Supply chain management has become closely associated with corporate development, and the environmental and social risks inherent in the supply chain will affect a corporation's sustainability performance. Therefore, efficient supplier management will be one of the crucial trends for sustainable development in the future.	Enhancing execution means and revitalising global partnerships in sustainability
Sustainable investment	In recent years, as sustainability has been increasingly valued by governments, corporations and the general public, investment in sustainable development has become an important means to advance corporate sustainability and one of the directions in future development.	Adopting sustainable models for consumption and production

Priorities	Background	United Nation's sustainability development goals
Staff inclusivity and equal opportunity	As one of the important aspects of sustainability, staff inclusivity and equal opportunity has garnered increasing public attention. People of different genders, nationalities, cultural upbringings and academic backgrounds as well as those with disabilities will bring to the enterprise ideas and insights from different perspectives, enabling the enterprise to develop new strategies to address risks as well as opportunities that might emerge in its operations.	Promoting lasting, inclusive and perpetual economic growth and facilitating creation of sufficient productive jobs and suitable work for every individual

Aiming to develop into a world's leading ecological environmental group, Everbright Greentech is committed to alleviating the most pressing environmental, social and economic issues on the globe in full support of the United Nation's sustainability development goals. To contribute our effort to the fulfilment of goals such as poverty elimination, protection of Earth and prosperity for all, we commit our resources and actions in a more target-specific manner by matching the aforesaid prioritised sustainability areas with the sustainability development goals, taking into consideration corporate strategies, business models and stakeholders' expectations.

SUSTAINABILITY RISK MANAGEMENT REGIME

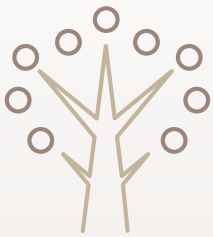
Everbright Greentech has adopted a model of three-tier defense for risk management. The Board and the Audit and Risk Management Committee own full responsibility for tasks relating to risk management, while the risk management principals, Risk Management Department and Internal Audit Department are responsible for the different management requirements of the three lines of defense.



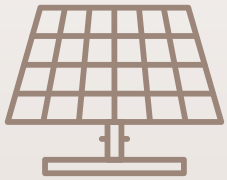
The Everbright Greentech risk management regime has set the management objective of "Ensuring the Realisation of the Company's Strategic and Operational Goals" and the management vision of "Overall Compliance, Minimise Weaknesses, Manage Uncertainties and Optimise Performance-based Management". In addition, we have reasonably customised our risk appetite in the 6 dimensions of "Investment, Finance, Engineering Construction, Operation, Reputation and Human Resources" through prudent market expansion and operational management guided by the Group's medium- to long-term strategic goals and established quantitative early warning values and limit values through financial indicators and non-financial indicators, in an ongoing effort to optimise the effectiveness of internal control and enhance our ability to counter and control risks.

Assuring fulfilment of the Company's strategic goals

The Company has pursued strategic upgrade and transformation to address the risk of policy change:



Freeing itself from dependence on additional subsidies for renewable energy power prices of the state (the "State Subsidies") with vigorous development of projects with a market-oriented business model, cutting back the development of biomass treatment and household waste incineration treatment projects that rely solely on on-grid power generation, and instructing project companies to actively liaise with relevant government authorities and collect outstanding State Subsidies as soon as practicable where conditions permit, in order to reduce trade receivables. Meanwhile new business types, such as soil remediation, resource recycling (tyre, waste metal solution and oil sludge, etc.), and solar energy, among others, will be actively explored, in a bid offset the adverse impact of the decline in State Subsidies and explore new growth niches for the Company.



The major direction of development for novel businesses has been determined, as soil remediation will focus mainly on environmental remediation of existing landfills, while solar energy will focus mainly on rooftop distributed facilities, and resource recycling will feature primarily tyre recycling complemented by the recycling of existing waste metal solutions.

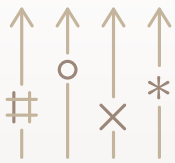
Actively seeking cooperation with colleges, universities and hi-tech enterprises to strive for the development of technology-guided new business segments, such as biomass ash-based construction materials.

Developing businesses that could achieve "Carbon Reduction" and businesses in the carbon trading market leveraging our existing environmental projects in close tandem with the national "Dual Carbon" policy. Actively participating in the development of technical and business models for carbon capture and carbon monitoring.

Assuring accomplishment of the Company's financial indicators

To address the overall downside of the economy and the long-term presence of epidemic prevention and control measures, the Company's projects in operation are required to do the following:

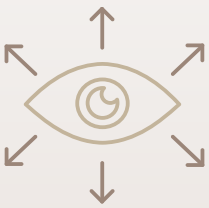
To strive to ensure the stable operation of existing projects, whereby biomass and integrated projects should aim at long-term stable operation, while broadening their business types to increase businesses with better prospects of cash receipts, as well as to develop the general solid waste treatment business.



In connection with solid waste treatment projects, we will broaden business types and engage in proactive market development, seeking collection of waste with higher unit price for treatment wherever possible and developing intermediary service providers for the treatment business as appropriate to increase the volume of treatment while assuring that treatment fees are maintained at a certain level.

Assuring accomplishment of the Company's non-financial operational targets

Assuring the accomplishment of compliance targets:



Risk management is aimed at comprehensive compliance, whereby inspection of compliance of the project companies is conducted by way of internal audit and comprehensive risk inspection. Immediate rectification is required if any problem is identified. Training and propaganda are also carried out alongside inspection to draw conclusions from project experience and prevent cases of non-compliance from occurring.

Business compliance is ensured through the compliance approval process implemented at all levels. Self-inspection and rectification is conducted by combining external audit and compliance inspection, correcting and improving the Company's rules, regulations and processes regimes in a timely manner to ensure comprehensive compliance.

Assuring the accomplishment of operational targets:

The Company enhances operational management standards through measures to control risks associated with raw material procurement, measures to address risks associated with fuel supply and measures to address risks associated with capacity management to assure the accomplishment of operational goals.

Through technological innovation and research and development ("R&D") as well as technical training, the application of advanced technologies in operations and management is enhanced to improve operational management standard.

The Group reviews each year the potential impact of various risks on the enterprise and assess the effectiveness of control measures according to stated early warning level assessments. During the Reporting Year, assessment results indicated that the Company's risk management regime had been established with ongoing improvement and risk management had yielded positive effects. Risks associated with sustainability and the outcomes of relevant control measures are assessed as follows:

Risk type	Risk description	Key control measures	Assessing the effectiveness of control
Investment and market development risk	Failure to note in a timely manner promulgation, update or modification of relevant national or local policies and laws and regulations might result in the Company missing the right opportunity to address or transform. In addition, failure to effectively integrate inherent strengths and characteristics (size, technology, experience, reputation, social responsibility, etc.) and form competitive edge, or such competitive edge being indistinctive might result in the Company being unable to differentiate itself from other competitors.	• Collection of various types of information and comprehensive analysis on a regular basis and comprehensive analysis of competitors, market status, market investment status, national policies, industry development status, technology frontiers and organisational management, etc. • Timely formulation of target-specific market expansion plan for the next phase and regional market development plans based on market information. • Leveraging the Group's advantage in projects and utilising the strengths of various projects to pursue project expansion in joint actions.	**Basically effective**
Environmental and safety management risk	Manual errors or failure to follow stipulated operational procedures might result in excessive pollutant discharge, improper disposal of hazardous waste, inaccurate test data and ineffective supervision of safety training, etc., resulting in unscheduled work suspension or even punishment and censure by regulatory authorities. In addition, ineffective supervision of safety training and implementation of measures might result in safety incidents causing injuries or fatalities or confirmed occupational diseases or hazards.	• Enhancing staff training with regular mock simulated examinations. • Exercising real-time supervision over operating data with the adoption of the production and operation management system. • Regular comparison and checking against continuous emission monitoring system to ensure accuracy of data. • Increasing frequency of inspection of safety training records and inspection of safety records, conducting contingency plan drills and drawing conclusions from experience in a timely manner to enhance the ability to deal with emergencies. • Enhancing supervision of third parties to ensure prevention of environmental or safety incidents caused by third-party errors. • Organising annual occupational health inspection and inspection of on-site hazardous factors to ensure occupational health.	**Effective**

Risk type	Risk description	Key control measures	Assessing the effectiveness of control
Recruitment and staff allocation risk	Insufficient back-up for existing staff or insufficient staff establishment for important job functions or inability to recruit sufficient management personnel, technical personnel and experienced staff will affect the accomplishment of the Company's strategic and operational goals. Improper staff recruitment and work allocation will make internal staffing adjustment more difficult, while the inability to locate suitable candidates for replacement in a short time in the event of resignation or change of staff for certain key positions will hinder the progress of work relating to such positions.	• Closely monitoring national and local policies and laws and market information such as market demands, competition and market resources. • Formulation of plans for amending the Company's systems to offer more favourable protection of staff selection, utilization, education and retention through the system. • Further enhancing support for recruitment by launching a poll on recruitment needs with accurate analysis of recruitment difficulties, in order to ensure timely and effective recruitment of staff with the right calibre, thereby assuring the Company's normal production and operation. • Conducting polls on training requirements among the management centres and project companies and including training courses or requirements that need the support of the headquarters or management centres into company-level training programmes. • Making improvements to the Company's performance appraisal regime to enhance staff motivation. • Active efforts are being made to investigate the reasons for staff resignation and improve relevant management processes, with a view to making anticipatory preparations that would alleviate the adverse impact of staff turnover on the Company's production and operation.	**Basically effective**
Risk of raw material price fluctuation	Affected by fuel competition among power plants in neighbouring areas, competition in the local fuel market has become increasingly intense, resulting in lower volumes, declining quality and rising costs for local fuel procurement. Coupled with the declining volume of solid waste generation owing to the economic downside and epidemic, competition is intense with rising prices and declining volumes for raw materials.	• Enhancing communication with local fuel supplier as well as coordinating and optimising the fuel supply management mechanism to enhance supplier motivation in a multi-pronged approach to assure the stability of the local market. • Procuring proper straw collection and storage in summer to increase inventory at the processing venues of the projects, while planning ahead for the collection and storage of corn straw and rice straw in autumn. • Consistently enhancing collection, storage and allocation of information, especially information on the tenders and price bids of medium and large waste generating enterprises, in a bid to maximise the customer base for our projects and provide assurance for their stable production and long-term development. • Improving project technology and capabilities in the R&D of materials. Increasing investment in technologies and gradually bolstering the ability to process complex materials, with a view to facilitating broader market expansion through technological prowess and increasing the added value of projects in hazardous waste treatment.	**Basically effective**

In addition to the aforesaid risks, the volatile development of the COVID-19 pandemic still poses an immense challenge to economy and society. To counter the impact of the pandemic, the Group has continued to implement effective prevention and control. In connection with staff, we have stepped up with workplace anti-epidemic measures, distributed anti-epidemic supplies and implemented home office and flexible working hours to avoid the undue assembly of people to protect staff health; in connection with operations, efforts have been made to drive technological innovation and enhance resource management, while broadening supplier channels on an ongoing basis to address volatility in the prices and supply of raw materials and eco-friendly consumables and ensure stable operation across all projects. The Group has also actively collaborated with the actions of local governments and rendered strong support in the battle against the pandemic while leveraging the strengths of its businesses in genuine fulfilment of its corporate social responsibility.

Workplace protection

- Nebulised disinfection at offices on a regular basis to foster a hygienic workplace.
- Personnel entering work venues were required to wear face masks and test body temperature.
- Home office arrangement was activated in response to the pandemic to reduce social encounter.
- Meetings were held by way of tele-conference or online meeting wherever practicable to avoid the gathering of people.
- Hygiene control and health inspection for staffers of cafeterias and suppliers was strengthened, while daily disinfection of cafeteria venues and cutlery was also enhanced.
- Focused effort to enhance venue disinfection at household waste and medical waste projects, as well as health protection and regular polymerase chain reaction test for relevant staffers.

Healthcare

- Regular distribution of face masks to staff.
- Encouraging staff and their families to actively participate in community test programmes so as to identify hidden virus carriers and cut off infection chains in the community in a timely manner.
- Encouraging staff to receive vaccination with the offering of vaccination leaves.
- Providing anti-epidemic know-how and tips to staff from time to time.

Stock-up of supplies

- Increasing stock of eco-friendly consumables, such as ammonia solution, activated carbon, lime and chelating agents, to ensure that project operation is in ongoing compliance with emission standards.
- Timely monitoring of the inventory level and consumption of production materials and construction materials, such as fuel and eco-friendly consumables and formulation of effective measures to safeguard supply.

Case study

Medical waste in massive volumes generated during the pandemic has become a threat to people and the environment. In active fulfilment of its social responsibility, the Group has sent selected volunteers to epidemic-affected areas to assist the local governments in the handling infected medical waste and has been commended and honoured by the government for its effort.

Relief for medical waste disposal in Nanjing

Since the clustered epidemic outbreak at Lukou International Airport, Nanjing, the public has been worried by the pandemic and a racing battle against the epidemic has intensely commenced. The medical waste generated daily in Nanjing has been increasing substantially, and the supply of medical waste transportation vehicle and staffers has become very tight. Upon the request for assistance from the Lianyungang Ecology and Environment Bureau, Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited* acted in proactive response. 4 experienced medical waste transit personnel left for Nanjing, the destination for anti-epidemic work, in two trips. As a company in Lianyungang specialised in the collection, transportation and disposal of medical waste, we have consistently upheld this last line of defense in the fight against the pandemic ever since its outbreak, eliminating any possibility of secondary contamination by the COVID-19 virus.

* For identification purpose only

Case study

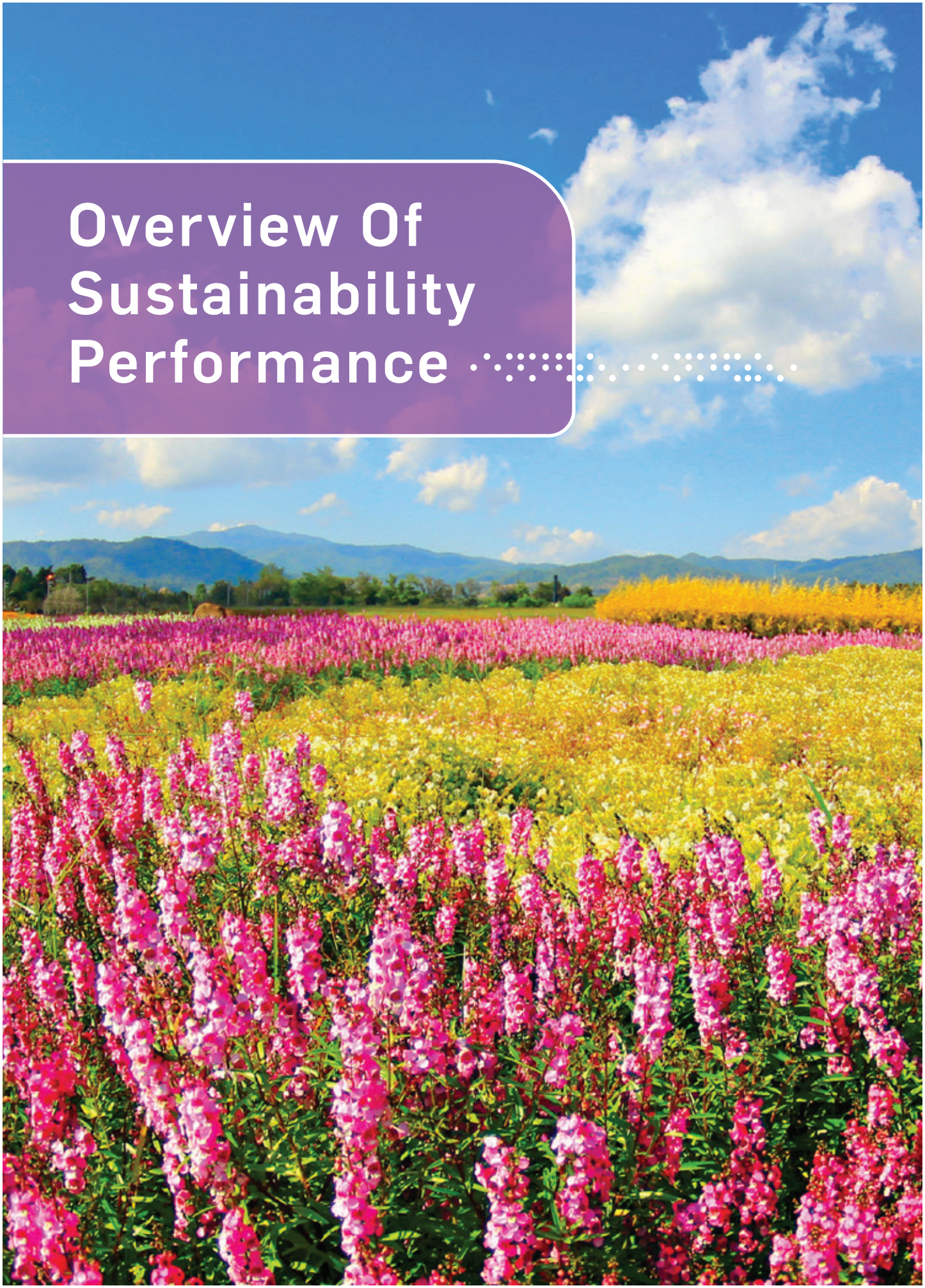
Moreover, since the outbreak of the pandemic, the Group has been showcasing its undertaking for responsibilities and compassion for the nation by committing itself to the battle against the pandemic. At the Everbright Lintao Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), for instance, we teamed up with the Zhongpu Township Government and County Development Zone Management Committee to pay visits to the respective epidemic control duty outpost of Taishi Town Baxia Village, Xindian Town Kangjiaya Village and Zhongpu Town Jingping Expressway to greet and pay our homage to workers who had strived to protect people's health and safety at the first line of defense against the pandemic. The Project company brought along thoughtful gifts to the 3 epidemic control duty outposts to express heartfelt appreciation and care for the frontline anti-epidemic workers.

With the pandemic largely brought under effective control in China, all project companies have started to engage in normalised anti-epidemic measures. Staff health conditions are being closely monitored and the impact of the pandemic on staff health has been effectively countered through means such as body temperature monitoring, health code inspection, distribution and use of anti-epidemic supplies and vaccination, thereby safeguarding the normal conduct of production and operation.

With the increasing impact on the society and the enterprises of a range of sustainability issues, such as carbon emission and environmental pollution, aging population and health, scarcity of natural resources, reduction in raw material supply, among others, the Group is concerned with and plans to enhance sustainability risk management. On the basis of its existing risk management structure, the working groups will assist the Risk Management Department to review and improve the sustainability risk checklist, and the Audit and Risk Management Committee will review the ESG risks of the Company, such that sustainability factors are fully integrated into the risk management process for the protection of business development. Based on our internal risk assessment and analysis, the key sustainability risk concerns for 2022 are as follows. In view of the existing and emerging sustainability risks, we will continue to improve our risk management system to ensure that all staff conduct according to the highest ethical standards.

Risk	Risk Description
Risk associated with policy change	• Changes in industrial, environmental and macro-economic policies, such as those relating to special funds, state (provincial) subsidies, power tariff, taxation, reduction of garbage volume, technical support (integrated rotary kiln disposal of garbage), pollutant discharge (SO_X and NO_X discharge standards and adjustments to the hazardous waste category) and industry entry thresholds, among others, resulting in the increase of the Company's operating cost (conversion to higher standards, increase in eco-friendly consumables) and affecting profitability, financial performance and operational stability; • Changes in the government's administrative regulations and requirements for matters such as the tendering and project construction audit of Public-Private Partnership ("PPP") projects which affect the profit margin of project work, thereby affecting the Company's financial performance.
Investment and market development risk	• The number of new project to expand does not meet the Company's development expectations; • The Company has not conducted sufficient market research when entering into a new market sector, resulting in wrong judgement of market conditions; or has failed to effectively identify potential risks inherent in new businesses or formulate effective measures to address such potential risks, resulting in investment loss or inability to achieve investment goals; • Failure to effectively analyse and reasonably predict the level of certainty in the market and development trends of the industry, resulting in failure to identify new business investment or develop the Company's new business and inappropriate timing for investment; • Imprudent investment and entry into new sub-segments or regions where the environment for business operation is poor (insufficient generation of household waste, biomass fuel and waste or relatively high collection fees).

Overview Of Sustainability Performance



OVERVIEW OF SUSTAINABILITY PERFORMANCE

❖ Delivery of value guided by low-carbon green operation

On-grid green electricity supplied
6,310,119
MWh

Detoxification treatment of hazardous and solid waste
245,676
MT

Implemented
13
environmental remediation projects

Annual revenue
HK$
8,446,999,000

Business presence expanded to
15
provinces/autonomous region and Hong Kong

Reduction in carbon dioxide emission through green electricity supply
5,247,423
MT
Volume of emission reduction increasing by
768,758 MT, year-on-year

Energy intensity (based on revenue from operating services) decreasing by
↓ **35.6%**

Water consumption intensity (based on revenue from operating services) decreasing by
↓ **12.1%**

❖ Promoting the sharing of value by undertaking social responsibility

8.8%
of revenue allocated to staff expenses

1.2%
of revenue invested to local development support^

0
Work injury case among staff and workers under contractors

Average staff training hours
19.31
hours

Female members of management team# increased by
↑ **20%**

Public opening activities of environmental projects
249
sessions

Number of suppliers
2,308

Joint special inspections targeting high-risk operation
17 sessions

^ Including amounts paid to the government (e.g., tax) and community investment expenses.
# Including deputy general manager of project companies and personnel at the grade of assistant to general manager or above.

❖ Ongoing public recognition for our excellent performance

The Group

- Included as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year
- Received the "EcoChallenger" certificate and the "3 Years + EcoPioneer" logo in the "BOCHK Corporate Environmental Leadership Awards 2020" jointly organised by the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited
- Received the "Best Case Study Award of Corporate Governance of China Enterprise 2021" in the "Gold ESG Awards 2021" presented by Cailianpress
- Received the "Special Mention for ESG in the Non-Hang Seng Index (Small Market Capitalization) Category" in the "Best Corporate Governance & ESG Awards 2021" presented by HKICPA
- Received the "Certificate of Excellence in Environmental, Social and Governance Reporting" in "The 2021 HKMA Best Annual Reports Awards"
- Received the "Best in ESG Awards — Main Board —Small Market Capitalisation" and "Best in Reporting Awards — Main Board — Small Market Capitalisation" in the BDO ESG Awards 2021
- Received the "Caring Company" logo awarded by Hong Kong Council of Social Service for the second consecutive year
- Received the "Certificate of Merit" in the SDG Achievement Awards Hong Kong presented by the Green Council

Project Companies

- Everbright Biomass Energy (Rugao) Company Limited* was named a "Showcase Entity in Standardised Management of Water Access and Consumption 2021" by Nantong Municipal Water Resources Bureau and a "Vanguard Entity in Safe Production 2020" by Nantong Electrical Industry Association and Rugao City Motou Township People's Government
- Everbright Biomass Energy (Xuyi) Limited* was named an "Exemplary Entity for Inherent Safety in Agricultural Industry 2021" by the Agricultural and Rural Bureau of Huaian City
- EB Urban and Rural Renewable Energy (Guanyun) Company Limited* was named a "Jiangsu Provincial Water Conservation Enterprise 2020" by Jiangsu Provincial Water Resources Department and Jiangsu Provincial Development and Reform Commission and a "Showcase Base for Rural Talents in Guanyun County" by Guanyun County Human Resources and Social Security Bureau in 2021
- EB Urban and Rural Renewable Energy (Xiao County) Limited* was named a "Suzhou Showcase Enterprise in Harmonious Labour Relations 2020" jointly by Suzhou Municipal Human Resources and Social Security Bureau, Suzhou Trade Union and Suzhou Industrial and Commercial Federation in 2021
- Everbright Biomass Energy (Lianshui) Limited was named an "Outstanding Enterprises 2020" by Lianshui County People's Government in 2021
- Everbright Biomass Energy (Shayang) Limited was named a "Hubei Provincial Healthy Enterprise" by Hubei Provincial Hygiene and Health Committee and others

* For identification purpose only

Critical Issues in 2021

Transformation to Net Zero Emission

Safe Production and Stable Supply

A Blissful Vision of Co-prosperity

TRANSFORMATION TO NET ZERO EMISSION

In November 2021, Chinese President Xi Jinping delivered a written speech at the world leaders' summit of the twenty-sixth session of the Conference of the Parties to the "United Nations Framework Convention on Climate Change" ("UNFCCC"). President Xi pointed out that the adverse impact of climate change had become increasingly evident, and the impending need for global actions was escalating. Finding ways to address climate change and drive global economic recovery is the agenda of our era.

Maintaining the multilateral consensus	**Multilateralism is a sound approach to address climate change and other global challenges. UNFCCC and the Paris Agreement represent the fundamental legal basis for cooperation of the international community in addressing climate change. All parties should enhance mutual trust and cooperation on the basis of their existing consensus.**
Focusing on pragmatic actions	**Visions can only be realised through actions. All parties should honour their undertakings and formulate practical goals and visions, as well as driving implementation of measures to address climate change to the best of their abilities based on the individual conditions of different nations.**
Accelerating green transformation	**Driven by technological innovation, the transformation and upgrade of energy resources, industry mix and consumption mix should be promoted to facilitate green development of the economy and the society and explore new pathways for synergy between development and protection.**

As tightened policies will drive faster transformation of the society to circular economy, Everbright Greentech as an environmental enterprise will also embrace unprecedented development opportunities. We have actively commenced research on carbon neutrality, solar energy storage and charging integration and power battery recycling, among others, to provide support for the technical feasibility of its new business categories. Moreover, we have conducted in-depth research on market opportunities in the strategic context of "Dual Carbon" in an active bid to explore innovative commercial models and create new breakthroughs for growth. The Group has started the engine in full speed and force to expand the market dimension, drive the transformation of its businesses and deploy for a new cycle of efficient development. Such efforts include:

Transformation of the integrated biomass utilisation business towards a high value-added business model with continuous progress in the development of the heat supply market

Case Study

As a new region earmarked for urban development, Nanqiao is a transit region between the coastal regions and the inland and a frontier area for the development of Wanjiang, coordination in the Yangtze River Delta region and access to the western regions. It is also a key zone for urban-rural integration and the economic development of "New Chucheng". In 2017, the Nanqiao Biomass (Chuzhou Biomass) Direct Combustion Project located in Chuzhou Shahuang Industrial Park officially commenced operation with an annual biomass processing capacity of approximately 250,000 MT. At that time, centralised heating through heat and electricity cogeneration had yet to be implemented at the industrial park, and the heat used by enterprise production mainly relied on the heat supply of their own in-house boilers. With increasing call for more eco-friendly practices, these small boilers operating in the industrial park are set to be closed down. Upon the request of the local Shahe town government, the Group proactively planned for the heat supply conversion and ex-plant pipeline network construction in 2021 after conducting a survey among major heat users in the industrial park, in a bid to gradually undertake the task of centralised heat supply for the industrial park.

We conducted a series of on-site investigation targeting heat-consuming units, scale of gas consumption and time of commissioning, in addition to inspecting the overall development plan of the industrial park. To meet the heat consumption requirement of the industrial park, the project adopted main steam after temperature and pressure reduction as the steam source for heat supply with the heat supply parameter set at a pressure level of 2.1MPa and temperature of 235°C. The steam pipeline network was laid primarily in an elevated manner using low support structures and composite insulation was provided through the use of composite magnesium silicate fibre insulating blanket and high-temperature fibreglass insulating materials. The protective layer was made of colour steel plates and the heat supply pipeline network ran a length of approximately 2.5 km.

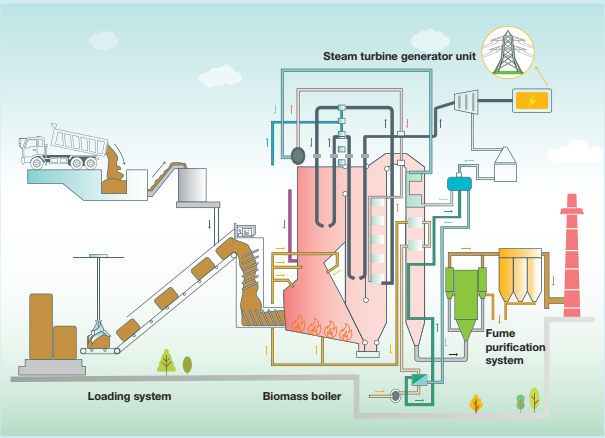


Diagram of Heat Supply Process

Next page

The construction work comprised mainly heat supply system conversion inside the plant and pipeline network construction outside the plant:

Heat supply system conversion inside the plant

- Added 1 new three-way valve on the steam pipeline equipped with 2 temperature and pressure reduction units with respective parameters of 2.1MPa/235°C and 1.5MPa/225°C;
- Added 1 set of 50MT/h water desalting equipment, 2 sets of 150MT/h raw water pump and 1 set of reclaimed water acidulation equipment

Pipeline network construction outside the plant

- DN350 elevated steam duct running a length of 1000m (private line in aggregate);
- DN300 elevated steam duct running a length of 1500m, with a 30m span and supported by 3 trusses

The project was constructed under the "Nanqiao District, Chuzhou Urban Heat and Electricity Cogeneration Plan (2021–2030)" as the only heat source in the industrial park for centralised heat supply. The project commenced heat supply to external users in late 2021 and will gradually reduce the power generation loading of the industrial park.

2021

monthly heat loading of heat supply amounted to 10,000 MT and power generation loading was

98% of that before heat supply

2022 to 2024

annual average heat loading of 120,000 MT with power generation loading reducing to

95% of that before heat supply

2025 to 2027

annual average heat loading will increase to 250,000 MT, while power generation loading will be reduced to

83% of that before heat supply

Post-2028

annual average heat loading of 350,000 MT with power generation loading reducing to

72% of that before heat supply

Case Study

The "Hubei Provincial Action Plan for Coal Power Energy-Saving Upgrading and Transformation (2015–2020)" has called for the scientific formulation of heat and electricity cogeneration plans with persistent and stringent implementation of heat loading according to the principle of "determining electricity on the basis of heat" to construct efficient coal-fired heat and electricity generator units while upgrading auxiliary heat supply pipeline networks at the same time.

Zhongxiang Integrated Biomass and Waste-To-Energy Project has implemented temperature and pressure reduction heat supply conversion for the branch pipe of the main steam duct of the biomass and waste-to-energy plant and has carried out construction of an ex-plant heat network duct running approximately 11.8 km for heat supply to heat users. In connection with the engineering technology scheme, a heat supply connector conversion was designed for the biomass generator unit turbine to facilitate the use of heat supply steam extraction as the main source for steam; additional branch pipes were added to the main steam duct of the waste incineration generator unit to allow the use of steam after temperature and pressure reduction as back-up steam source. The heat pipeline network was laid primarily using low support structures and composite insulation was provided through the use of composite aluminium silicate blanket and stone wool insulating materials. The protective layer was made of colour steel plates.

Taking into consideration the future increase in heat users, the two steam sources will both supply heat externally at the same time. The diameter of the pipes used in the ex-plant heat network constructed in connection with heat supply conversion was based on DN500, and the designed heat loading of heat supply steam source for the power station is shown in the table below:

Steam source for heat supply	Steam parameter	Steam supply after temperature and pressure reduction
Temperature and pressure reduction for steam extraction in biomass heat supply	• 1.71MPa/348°C–3,139.30kJ/kg • 30 MT/h	• 1.53MPa(g)/275°C • 32.0 MT/h
Temperature and pressure reduction for main steam in waste incineration	• 4.0MPa/400°C–3,214.37 kJ/kg • 34.2 MT/h	• 1.53MPa(g)/275°C • 37.5 MT/h

Steady transformation of the hazardous and solid waste treatment business to the role of an industrial environmental service provider alongside successful development of the end-of-life tyre disposal business

Case Study

End-of-life tyre integrated utilisation project in Huangshi, Hubei Province

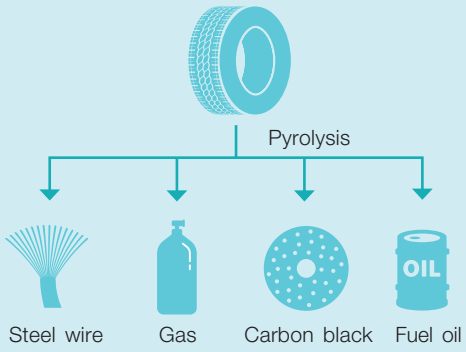
The end-of-life tyre integrated utilisation business is in line with relevant national industrial support policy. According to the "Catalogue for Guiding Industry Restructuring (2019 Version)" published by National Development and Reform Commission ("NDRC"), the development and application of technologies and equipment for the resource recycling of waste materials such as waste rubber falls within the "Encouraged Category". The "Requirements of Industry Standards for the Comprehensive Utilization of End-of-life Tyres (2020 Version)" and the "Interim Measures for the Administration of the Announcement on Industry Standards for the Comprehensive Utilization of End-of-life Tyres (2020 Version)" have also called for the use of energy-saving, eco-friendly, clean, efficient and intelligent new technologies and production facilities and equipment by enterprises, as well as encouraged enterprises with suitable means to commence smart factory constructions, apply automated smart equipment and implement intelligent management.

End-of-life tyre rubber contains toxic materials, such as sulfide, polycyclic aromatic hydrocarbons, lead, chromium, cadmium and others, and we believe that unrestrained disposal will inevitably result in an excessive amount of waste that would present irreversible hazards to the environment and humanity. In view of booming economic growth and the development of the automobile industry, we have been actively tapping the value of the integrated utilisation of end-of-life tyre:

Production of renewable rubber from end-of-life tyre of load-bearing vehicles	End-of-life tyre of load-bearing vehicles can be used in the production of renewable rubber to make up for insufficient rubber resources
Production of fuel oil, carbon black and steel wire from sedan cars and small tyres through pyrolysis	Major products derived from pyrolysis processed end-of-life tyre of sedan cars and small tyres include fuel oil, carbon black and steel wire
High value-added products manufactured from renewable rubber	Manufacturing of high value-added products such as crashproof barrels placed on highways

Next page

The Group's end-of-life tyre integrated utilisation project in Huangshi occupies a site of 195 mu. The project applies process techniques such as "pre-processing, revolving pyrolysis, recycled tyre pyrolysis oil, non-condensing gas and carbon black" with the adoption of micro negative pressure low-temperature pyrolysis technology which controls the pyrolysis temperature in the pyrolytic boiler at below 430°C. Micro negative pressure can effectively prevent the spilling of pyrolytic gas and carbon black. The steel wire, pyrolytic oil and carbon black generated could be marketed.



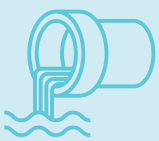
Component	Recycling rate (%)
Waste steel wire	12
Pyrolysis oil	45
Crude carbon black	34
Non-condensable combustible gas	9

Meanwhile, the Group places a strong emphasis on the treatment of waste water and exhaust gas generated from pyrolysis and ensures compliance with legal requirements.

Exhaust gas

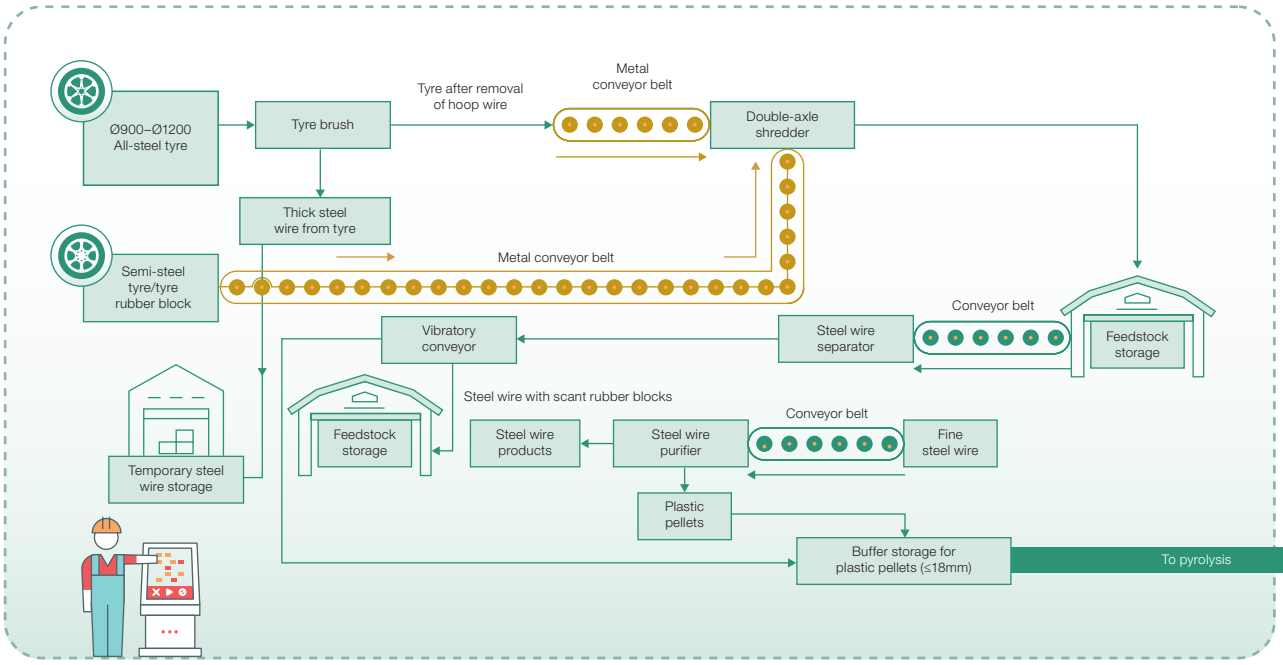
Based on outcomes of the analysis of waste discharge and materials balancing, exhaust gas emitted from the project include combustion tail gas, packaging exhaust gas and volatile exhaust gas. In relation to combustion tail gas, it is derived from sulphur dioxide, particulates and a small quantity of incomplete combustible gas (based on non-methane hydrocarbon) generated by the burnback of non-condensable gas. We have installed a desulphurising dust remover and an active carbon adsorption unit with a 95% fume treatment rate, 75% sulphur dioxide treatment rate and 99% non-methane hydrocarbon treatment rate.

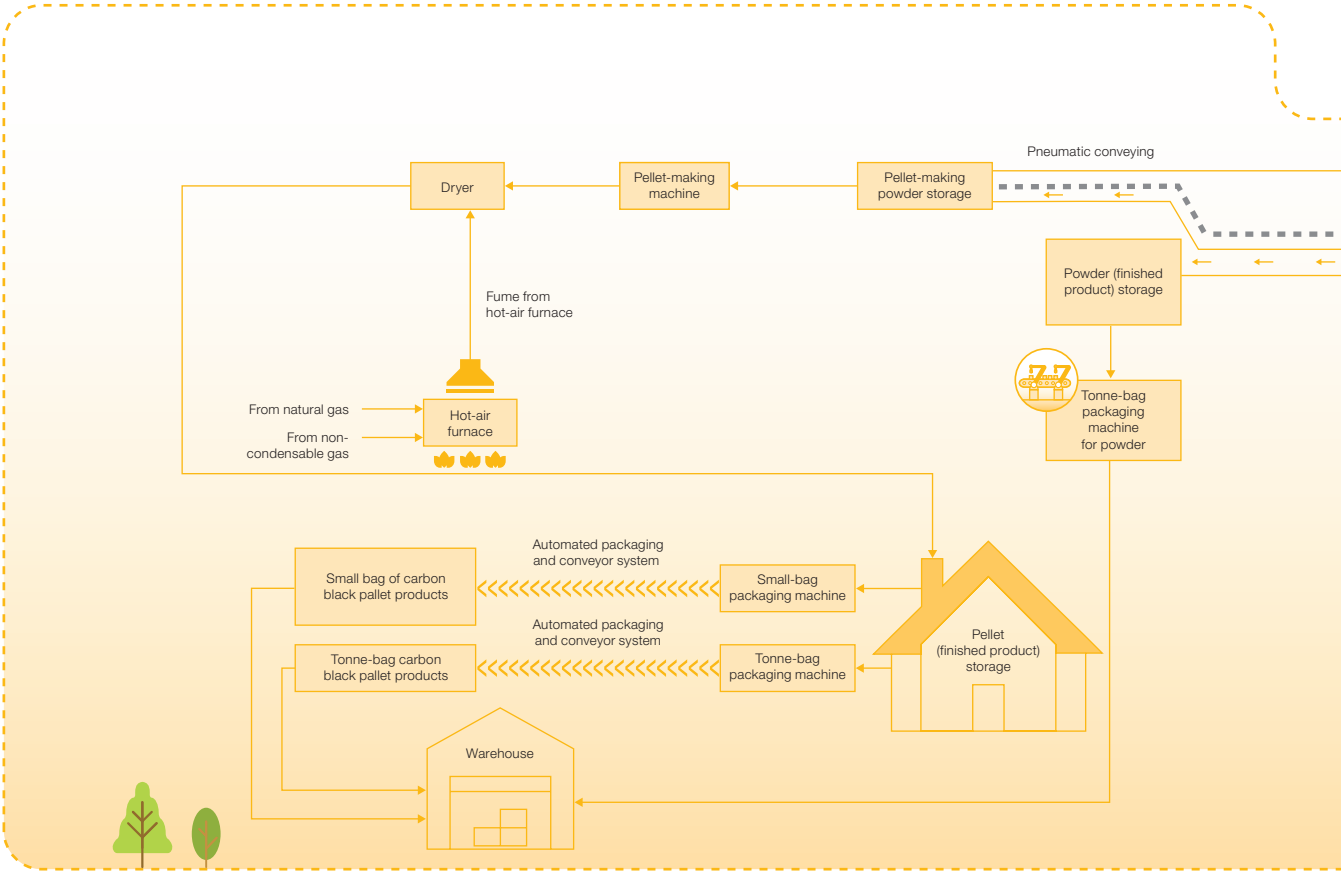
Waste water

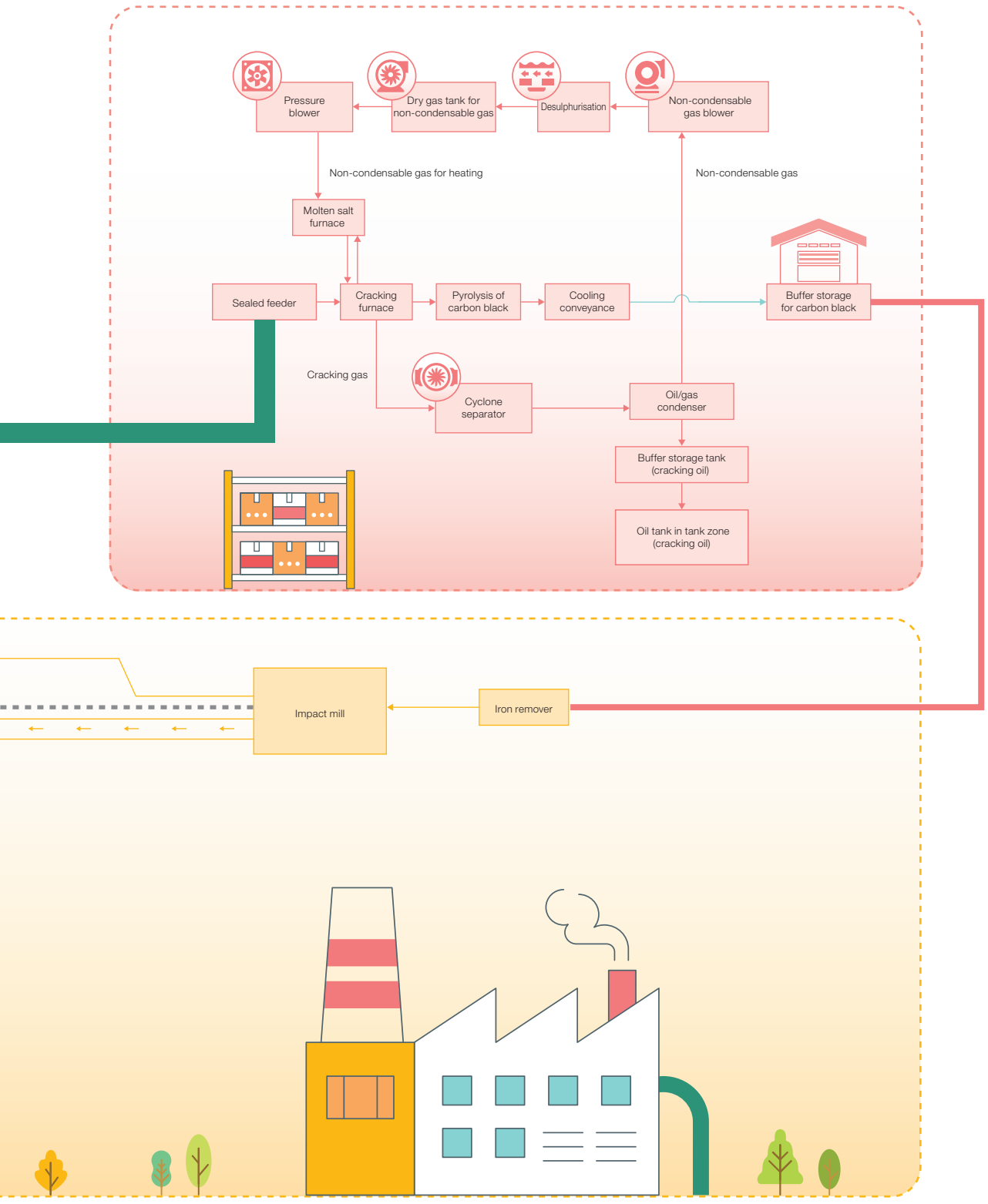


A small quantity of oily waste water is generated in the oil-water separation process of the project, which is burned in the exhaust gas combustion chamber after treatment by the emulsifier without being externally discharged.

Diagram of Tyre Pyrolysis Process






Pressure blower
Dry gas tank for non-condensable gas
Desulphurisation
Non-condensable gas blower
Non-condensable gas for heating
Non-condensable gas
Molten salt furnace
Sealed feeder
Cracking furnace
Pyrolysis of carbon black
Cooling conveyance
Buffer storage for carbon black
Cracking gas
Cyclone separator
Oil/gas condenser
Buffer storage tank (cracking oil)
Oil tank in tank zone (cracking oil)
Impact mill
Iron remover

First move to deploy in the solar energy market since our spinoff listing and business debut in Hong Kong

Case Study

The "Hong Kong's Climate Action Plan 2030+" announced by the Environment Bureau of the Hong Kong government as the action plan for Hong Kong's implementation of the "Paris Agreement" has specifically stated the goals of reducing coal consumption in local power generation and optimising the use of renewable energy. Subsequently, the Hong Kong government launched the feed-in tariff for renewable energy and renewable energy certificates. Capitalising on this opportunity, Everbright Greentech acquired 60% equity interest in Everbright Kellon in 2021 by way of capital increase. Currently, the Group's solar energy business in Hong Kong is reporting sound development, having obtained 16 distributed solar energy projects with a designed capacity of 3.12 MW, including Phases I and II of the DCH Solar Energy Project occupying a site with total area of approximately 10,600 square metres with an installed capacity of 1,944kw. Monocrystalline silicon components are used in this project, and the power stations have been conventionally designed with an operating life of 25 years.

Rooftop solar energy at Hong Kong Battery Recycling Centre, Tuen Mun

DCH Food Processing & Logistics Center

Enhanced operation and management of carbon assets, intensive exploration of potential resources for CCER in our existing businesses and carry out carbon assets development

Case Study

The Group actively prepared for participation in trading in the carbon market, as it enhanced the operation and management of carbon assets in a comprehensive manner and rolled out analysis and deployment in relation to areas such as carbon asset development, carbon market analysis, green finance and carbon trading operation, among others, while intensively exploring the potential resources for CCER in our existing businesses and tapping new energy market sectors with CCER potential, such as wind power, solar energy and solar energy storage and charging integration, among others. We have also completed the "Greentech Carbon Neutrality Research Report" and preliminary research on the development of carbon assets during the Reporting Year to prepare for the Group's development in carbon assets.

Elsewhere, we were involved in the development of group standards under the "Voluntary Greenhouse Gas Emission Reduction Estimation Guide for Agricultural and Forestry Biomass Power Generation and Heat-Electricity Cogeneration Projects" in collaboration with industry associations to make contributions to the development of the industry.

❖ ESTABLISHING CORPORATE GOALS IN CARBON REDUCTION

The Intergovernmental Panel on Climate Change ("IPCC") has highlighted for us the challenge of climate change — We may only afford a carbon budget of 300 billion MT of carbon dioxide if we are to achieve the goal of limiting temperature rise to 1.5°C, against the current global emission volume of approximately 36 billion MT of carbon dioxide annually. This means that the challenge of Net-Zero emission is essentially a race against time.

The process of transformation towards Net-Zero emission transformation must be fair and pragmatic. We note that Science-Based Targets Initiatives ("SBTi") has published 3 important documents, "Getting Started Guide for the SBTI Net-Zero Standard", "SBTI Corporate Net-Zero Standard" and "SBTI Corporate Net-Zero Standard Criteria" with simultaneous publication of the official versions in October 2021, following the earlier publication of "Foundations for Science-based Net-Zero Target Setting in the Corporate Sector". In addition to providing definitions for net-zero targets, these documents have also explained in greater detail the conditions and requirements for net-zero target setting in the corporate sector. This has doubtlessly provided an important new direction for the sustainability strategy that we are currently developing.

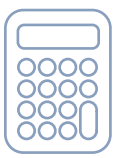
The Group fully understands that the path leading to the fulfilment of net-zero emission will be a challenging one with no plain sails. We could only achieve our goals sooner by joining forces and cooperating with our stakeholders. Over the years, we have actively adopted measures to reduce carbon emission in operations, including survey and research on quality and efficiency enhancement and conversion work for ultra-low emission. Meanwhile, we have continued to expand the scope of data disclosure to all operating projects and increase and adjust the quantitative categories (such as adding sulphur dioxide and nitrogen oxides emissions and the computation of emission intensity based on electricity generated and thermal energy produced for integrated biomass utilisation projects), as well as improve our energy computation methods (such as the inclusion of biocarbon and fossil carbon). In early 2021, we continued to commit resources to data collection, as we standardised the data collection method for more than 70 operating points and conducted multiple data audit and compilation, in order to gradually develop concrete goals that are measurable, feasible, relevant and time-specific.

To increase data accuracy, we have made active effort during the Reporting Year to improve data recording and computation, including:

To prepare for the domestic carbon trading market, GHG emissions of projects in operation were estimated in accordance with the "Interim Measures for the Administration of Greenhouse Gas Voluntary Emission Reduction Transactions" currently applicable to domestic carbon trading with reference to the GHG emission computation method stipulated in the Clean Development Mechanism ("CDM") under UNFCCC; the computation basis for various key performance data are stated in the report. The Company will closely monitor the nation's latest requirement for GHG computation to ensure that the computations are consistent with the goals and designed methods.

Improvements were made to the computational and reporting methods for environmental key performance indicators to align more closely with international reporting standards such as the Global Reporting Initiative ("GRI"). For example, according to international standard energy consumption formula plans, electricity generated by power generation projects for internal consumption are included in aggregate energy consumption to avoid double-counting.

Performance indicators were set according to the characteristics of different business segments and the materiality principle; data on total volume is represented by intensity unit measured by revenue, in order to cover non-power generation projects such as hazardous and solid waste treatment, and also to provide a foundation for reasonable comparison in the future. This can also ensure consistency in the principles for the computation of energy consumption and GHG emission intensity.



❖ ENHANCING ADAPTABILITY TO CLIMATE CHANGE

Along with climate change, global warming results in rising sea level and the threats of extreme weather will become more frequent and serious. According to estimates arrived at by digital geographic information model, under high volume of carbon emission, an estimated 340 million of the world population will be threatened by the rising sea level by 2050.

Everbright Greentech takes into consideration the impact of extreme weather from the stage of project design to assure safety of the projects. In relation to the stage of project operation, the design institute issues warnings to project companies concerned when there is a possibility of extreme weather occurring, such as snowstorm. For example, in 2021, we issued flood warning in advance to project companies which might be affected by the disaster when there was strong thunderstorm and torrential rain, so that their staff may prepare ahead. The Group has also formulated an internal establishment for emergency control, and conducts inspection and drills annually to ensure effective implementation of the measures. Moreover, the Company has taken out insurance policies relating to climate change for the projects.

In addition, we have actively discussed the disclosure requirements set out in the latest consultation paper of the Stock Exchange and the TCFD and conducted planning and management relating to climate change. For further details of the progress of our work, please refer to page 95 of this report.

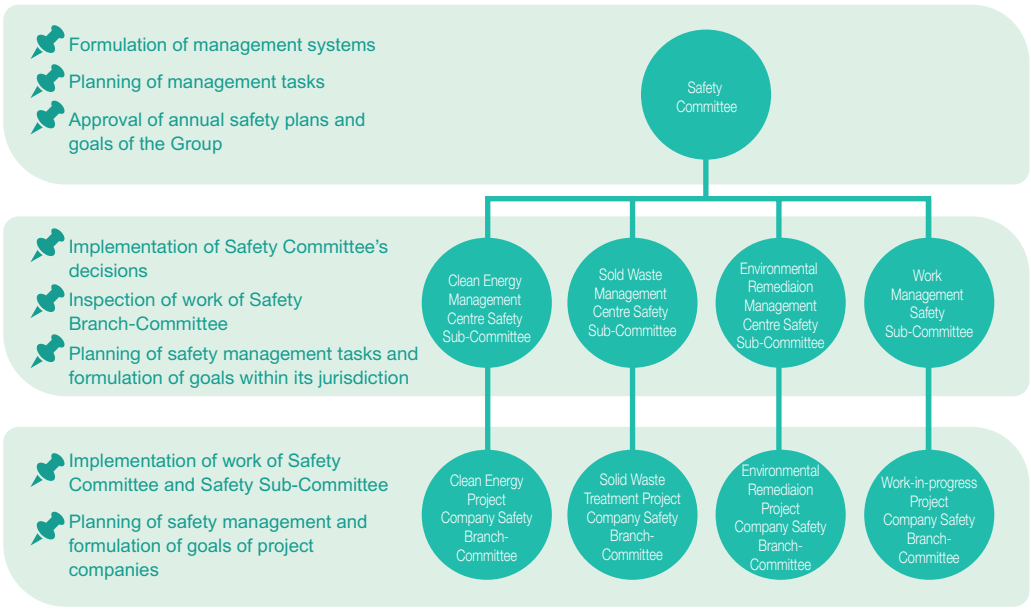
SAFE PRODUCTION AND STABLE SUPPLY

People's livelihood has continued to be affected by COVID-19. Under the united leadership of the nation, Everbright Greentech coordinated safety and development and duly addressed the challenge of the pandemic to maintain stable operations. In the wake of tight international energy supply following the pandemic outbreak, China published the "2021 Guiding Opinion on Energy Work" to specify the fundamental principles and designate "Safeguarding Supply and Strengthening Reserve" as the primary task. In the meantime, the nation emphasised steady advancement of structural transformation to steadily reduce the weighting of coal consumption, increasing the weighting of non-fossil energy as a percentage of total energy consumption to 17.3% and the weighting of wind power and solar energy power generation as a percentage of total power consumption of the society to 12.2%. In swift response, Everbright Greentech secured safe production and stable supply as a reliable service provider for local users and brought credit to its excellent brand reputation as it overcame unfavourable factors such as road blockage, disrupted transportation and stringent regulatory controls to strengthen emergency management on the back of its formidable capability in organisation, coordination and execution with an emphasis on quality management.

❖ PRODUCTION SAFETY

Workers' health and safety is a key concern for Everbright Greentech. The Group makes ongoing efforts to improve its environmental, safety, health and social responsibility ("ESHS") management regime to facilitate systematic, regulated, standardised and refined management, exercise maximum control over relevant risks and eliminate management deficiencies. The regime comprises management standards for guidance procedures relating to the identification and examination of material ESHS issues, audits, investigation and reporting of incidents, handling of work injuries and ESHS management of contractors. We ensure production safety through multi-dimensional measures and enhance protection of operational safety in strict accordance with all laws and regulations pertaining to health and safety.

To facilitate systematic management of safety and health affairs, the Group has established a Production Safety Management Committee (the "Safety Committee") headed by the Chief Executive Officer and a Safety Committee Office at the Environmental Management Department responsible for the review, planning, coordination and supervision of all tasks relating to production safety. In accordance with the "Safety Management Manual", the Safety Committee holds a plenary meeting at least semi-annually to receive reports of the Safety Sub-Committees and deal with material safety issues in the production processes. The Safety Committee consists of a staff representative who can directly participate in the formulation of systems, planning of tasks and approval of goals in relation to safety management, in order to ensure that the Safety Committee could genuinely solve practical health and safety issues encountered by staff in daily operations.



Case Study

Weihai Biomass Electricity and Heat Cogeneration Project has actively implemented the requirement for the establishment of a production safety regime to improve its ability, make up for shortcomings and enhance training, thereby ensuring that safe and eco-friendly production is controllable and under control. As of the end of 2021, the unit has completed 789 days of safe operation and a maximum of 444 days of continuous safe operation as a new record in continuous safe operation for similar biomass power plants. Under the robust leadership of CEEGL and Everbright Greentech, the project company has formulated annual goals and implementation plans for safety and environmental work, which include:

Revamping our annual emergency drill plan in accordance with the documents issued by the Shandong Provincial Safety Committee with the formation of a drill mechanism of "Minor Drill by the Week, Major Drill by the Month and Inspection by the Quarter" and a drill regime comprising the team/group level (including workers under external partners) — departmental level — corporate level.

Revising and optimising 61 sets of safety and environmental management regulations with the addition of the environmental management responsibility system, flood control management responsibility system and regulations for the management of micro-fire stations, among others.

Next page

Organising outsourced inspection and maintenance units to revise and optimise the rules for the operation of electrical welding, rules for the operation of ad-hoc power usage, rules for the operation of cutters, rules for the operation of crushers and rules for the operation of forklifts, among others.

Actively following up on the identification of external laws and regulations and diligent development of the tiered risk control and hazard inspection and treatment regime, which passed expert assessment in August 2021.

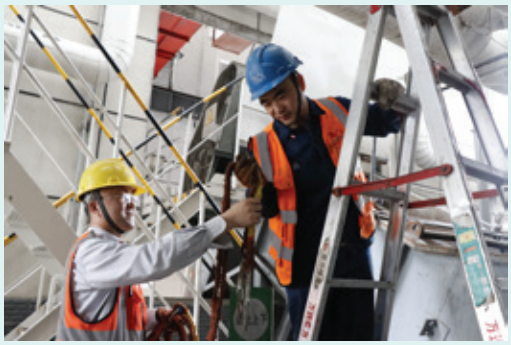
On the back of daily inspection, weekly inspection and monthly comprehensive inspection, the project company has revised our hazard inspection reward system by increasing the reward amount to encourage active inspection of hazards on the part of frontline production workers, specialised technicians and employees of long-term contractors, in order to solve the problem of inadequate coverage of hazard inspection.

Case Study

In accordance with the "Provisions for Reporting the Safety Production Risks of Industrial Enterprises of Jiangsu Province" and "Jiangsu Provincial Catalogue of Substantial Production Safety Risks for Industrial Enterprises (Fourth Batch)", the Suzhou Solid Waste Safety and Environmental Department consolidated the dual prevention mechanism. And to prevent risks, the project company arranged a new drill to identify the danger source and determine the risk tiers for risk prevention, while setting up a quadricolour map and risk notification card for the plant area to visualise the risks, procure proper preventive measures and lower the risks. Moreover, the project company has enhanced education at the factory level and control over job safety notification in respect of outsourcing units and construction units to emphasise the importance of safety and strengthen on-site patrolling to prevent any violations.

Case Study

Safety management should be integrated into all tasks of the enterprise. The building of the safety responsibility regime and inspection of production safety hazards cannot be completed by one single department or individual. Safety officers may be appointed on a designated basis or part-time basis, but there is no distinction between designated and part-time duties in safety work. To support the work of designated safety officer, Guoyang Biomass Electricity and Heat Cogeneration Project has selected 11 part-time safety officers across all departments and deployed 1 part-time safety officer under external partners at each of the maintenance, property and security units to assist in hazard inspection at workplaces and supervise third-party workers during the course of operation. The part-time safety officers have been sufficiently equipped with rudimentary knowledge in safety laws and regulations and safety work through training at the "Evening Mini-classes". The Safety and Environmental Department frequently conducts random quizzes during weekly safety inspection to ensure that such knowledge is being put into practice. With clear understanding of their roles and duties, part-time safety officers have made important contributions to production safety at the projects. Based on statistics, a considerable number of safety hazards found on-site during maintenance overhaul have been identified by part-time safety officers, who also procured the rectification of such hazards. By enhancing the role, education and training and undertaking of responsibilities of part-time safety officers, such project has built a fortified "Fire Wall" for safety development.



Safety management for high-risk operations

The "14th Five-Year Plan on National Emergency Management System" announced by the State Council of the People's Republic of China ("PRC") calls for genuine implementation of measures for production safety and disaster prevention, alleviation and relief at the local level, among others, and actively promotes emergency management regime and modernisation in related capabilities. The Group highly concerns the personal health and safety of employees and is committed to providing a safe and comfortable workplace for staff. We have thoroughly implemented standard operating procedures and safety management standards for high-risk operations, as well as conducted in-depth inspection and treatment of safety hazards to reduce the risk of accidents.

In 2021, the Group focused on enhancing management over operators of relevant parties and high-risk operations and exercised effective control over operational risks with the drafting of 9 standard regulatory procedures for high-risk operations and the launching of 17 joint inspections on specific areas.

The Group plans ahead in swift response to incidents caused by extreme weather (including torrential rain, flood, typhoon and thunderstorm, etc.). All project companies conduct regular reviews of measures for protection against inclement weather to ensure safe operation at all times.

Emergency preparations and drills are being conducted to enhance staff ability to prevent and deal with incidents. In the infrequent event of safety emergencies, the emergency plan should be immediately activated by safety officers. First of all, the physical safety of all personnel should be guaranteed and staff that could be endangered should be relocated, withdrawn or evacuate. Next, the premises should be closed down, isolated or restricted against further use to reduce the possibility of the hazard spreading, subject to safety of the personnel. Finally, necessary supplies required for the emergency should be allocated by safety officers to ensure the normal execution of emergency work.

Case study

As a unit of use of special equipment, the project company is a principal in the fulfilment of safety responsibility which must pay more attention on the day-to-day management of special equipment. At the Lianyungang Hazardous Waste Project, for instance, we have enhanced the inspection and management of special equipment and special work types. In accordance with the "Regulations of Jiangsu Province on Meteorological Disaster Prevention", we conduct regular inspection and testing of lightning protection devices which have been put to use. The lightning protection devices placed at venues where ignitable and explosive items are manufactured or stored should be inspected and tested semi-annually, while other lightning protection devices should be inspected and tested annually. On 7 April 2021, the project company invited the County Thunder Protection Inspection and Testing Office to conduct inspection and testing on the buildings within the plant area as required under the regulations, and the subsequent report indicated that all assessed items were in compliance with relevant requirements.

To advance the development of a dual prevention mechanism for the identification, assessment and control of safety risks and inspection and treatment of safety hazards in a more target-specific manner, the Safety and Environmental Department has drafted its own risk hierarchy control and hazard inspection and treatment regime document, environmental emergency plan for hazardous waste operations and safety emergency plan for hazardous waste and solid waste operations for the hazardous waste and solid waste project companies, which have been assessed by experts and filed.

Case Study

Flood control contingency plan

To ensure maximum avoidance of floods during the flood season of Huai River and resulting from torrential rain jeopardising operational safety, we have persisted in a pre-emptive approach and conducted flood prevention and disaster relief tasks in an efficient and systematic manner. The Group has formulated an appropriate emergency plan in accordance with the "Flood Control Law of the PRC" and the uniform requirement of the municipal and country flood control commands, taking into consideration our actual operational experience.

At Fengyang Integrated Biomass and Waste-To-Energy Project, for example, we have formulated a flood control contingency plan specifying the tasks and duties of each team. During the period of flood control and disaster relief, team members ensure uninterrupted service of the 24-hour telephone hotline.



- Emergency rescue team: on-site rescue, emergency equipment repair, power supply restoration and hazard elimination
- Technical instruction and supplies team: disaster analysis and monitoring, formulation of on-site measures and technical solutions, distribution of flood control instruments and equipment and logistical assurance
- Information, communication and waste handling team: on-site monitoring of water levels, collection, compilation and reporting of weather information, and assurance of normal transportation of waste
- Biomass fuel assurance team: ensuring biomass fuel supply during the flood period
- Environmental indicator team: ensuring compliance in fume emissions from biomass boilers and waste boilers and compliance with required water quality standards during the flood period

Case study

In respect of key premises and positions, on-site response plans have been formulated and emergency drills for key positions are being conducted. A confined space refers to an enclosed or partially enclosed space. Being relatively isolated from outside spaces with narrow entry or exit, making it prone to accumulation of toxic, hazardous, combustible or explosive substances or shortage of oxygen supply, operators are not able to work in such space for a prolonged period. To ensure efficient and orderly handling of production safety emergencies of operators suffering from intoxication, suffocation and electric shock, among others, in a confined space, we held emergency drills and training sessions across numerous projects in August 2021. For instance, Shayang Integrated Biomass and Waste-To-Energy Project organised an emergency drill on leachate drainage. The drill covered multiple stages including incident discovery, incident handling, on-site rescue, incident analysis and treatment. At the end of drill, the head of the evaluation team commented on the process and participants were encouraged to share their insights, views and suggestions to facilitate a more comprehensive review of the Group's ability to deal with similar incidents and identify room for improvement.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT REGIME

All responsible departments and personnel are committed to the driving of tiered implementation of systems such as the "Safety Management Manual" and "Regime of Safety Management Standards" under the guiding principles of "Priority of Safety, Priority of Life, Emphasis on Prevention, Comprehensive Treatment, Universal Participation and Ongoing Improvement" to enhance management competence. To enhance the implementation of safety and environmental protection duties of staff at all levels, the Group has formulated the "Implementation Rules for Responsibilities in Production Safety of Typical Positions at Project Companies" to set out the safety-related responsibilities and work requirements of various job positions and provide a system of quantitative performance assessment to facilitate self-inspection and improvement on the part of the staff in full advancement of the evaluation and appraisal of competence in safety and environmental fulfilment. The occupational health and safety management regime covers 100% of the workers. As at the end of 2021, 20 operating projects had received ISO 45001 or OHSAS 18001 accreditation for Occupational Health and Safety Management Systems, accounting for 38% of all projects. In future, the Group will continue to promote the obtaining of relevant international accreditation for occupational health and safety management systems.

To enhance occupational health management at workplace, prevent, control and eliminate occupational hazards and protect staff health based on the characteristics of the industry, the Company has formulated the "Occupational Health Management Standards", which stipulate that the Safety and Environmental Department should appoint a qualified occupational hygiene technology service institution to conduct an occupational disease hazard inspection and test on an annual basis and an occupational disease hazard evaluation once every 3 years. If noise decibels, dust concentration and chemical irritants, among others, of the workplaces that are non-compliant with national standards and requirements for occupational hygiene are discovered during the inspection and tests, the Production Technology Department should formulate and implement plans for treatment and conduct evaluation on the outcomes of treatment. Such evaluation outcomes will be adopted as one of the benchmarks for the updating of our occupational health and safety management regimes. During the Reporting Year, no work injury case has been reported by the project companies and third parties were appointed to conduct inspections and tests on its occupational hazards as required. The Group undertakes to update its relevant policies and management regimes from time to time based on actual conditions, in order to accommodate the requirements under latest developments.

Case Study

In September 2021, Everbright Greentech actively participated in the annual safety and environmental management accreditation examination organised by CEEGL, with a view to further unifying staff mindsets and enhancing education and training on safety and environmental management, in order to improve the law and regulations and professional knowledge of business unit principals at all levels on safety and environmental matters.

As the first ever large-scale and formal internal examination of CEEGL Group, the safety and environmental management accreditation examination was held synchronously at 3 locations, namely, Shenzhen, Nanjing and Jinan. A joint task force formed by members of 4 CEEGL departments, namely, the Environmental Monitoring Department, Human Resources Department, Audit Department and Safety and Environmental Department, was in charge of invigilation and examination paper marking. The branch safety and environmental managers, assistant general manager of Safety and Environmental Department or above, principals of regional management centres, safety and environmental director and principals of the project companies and Engineering Command Department of Everbright Greentech have all sat for the examination.

The safety and environmental management accreditation examination represents a test of the outcomes of previous self-study and centralised training, as well as an appraisal of the ability of relevant staff to fulfil their safety and environmental responsibilities. Through learning, we have effectively facilitated comprehensive understanding of the current trends in production safety and environmental protection on the part of our staff, elucidated the current and future key tasks in safety and environmental work and driven the continuous enhancement of safety and environmental management standards. To ensure fairness and impartiality of the examination, 3 sets of examination papers, each comprising sections A and B, were printed and sealed by a third party. The examination papers were drawn by random paper number and were unsealed on site, and were collectively sealed at the end. The examination papers were marked in a centralised manner at an enclosed location. Candidates who had attained a passing mark were presented with the duty performance qualification certificate awarded by CEEGL.

All in all, with principals at all grades across all business departments consistently enhancing their competence in safety and environmental management competence, continuously taking sound responsibility system as foundation through safety hazard inspection and rectification with a stronger emphasis on third-party supervision, Everbright Greentech has implemented accountability for production safety at all levels to fortify its line of defense for safety and environmental protection.

❖ STABILITY IN SUPPLY

The COVID-19 pandemic has caused considerable fluctuation in the prices of raw materials and environmental consumables and resulted in a certain measure of impact on the operational stability of project companies. Insufficient supply of raw materials has prevented the projects from fulfilling design capacity requirements. However, the Group has brought into play its advantage in scale to drive technological innovation on an ongoing basis and enhance production and operational management.

Enhancing communication and coordination with local biomass fuel supplier, optimising fuel supply management mechanism and encouraging supplier initiative in a multi-pronged effort to safeguard stability of the local market.

Effective efforts in summer straw collection and storage increasing inventory levels at the project stock yards, while making plans in advance for corn straw and rice straw collection and storage in autumn.

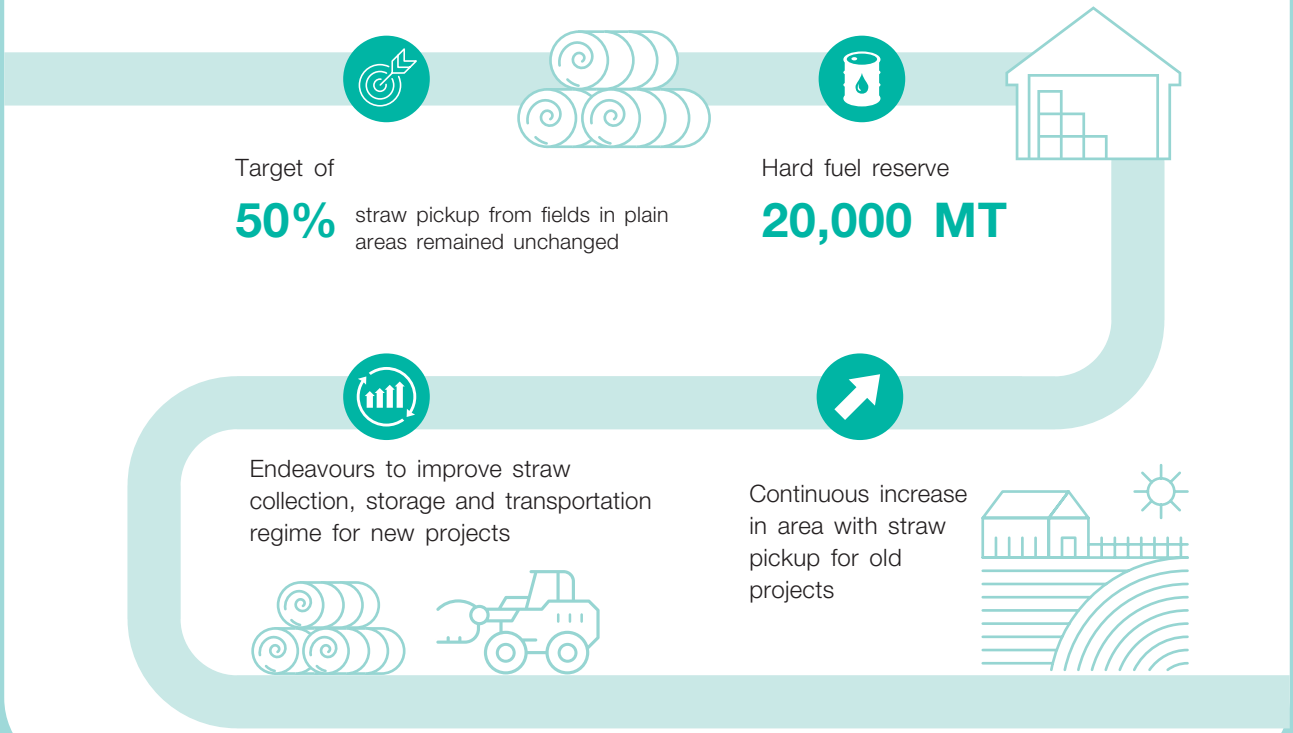
Ongoing increase of the volume of information collection, storage and distribution, especially information on tenders and competitive pricing of medium and large waste-generating enterprises, in a bid to maximise the primary supplier base of the projects and safeguard stable production and long-term development for the projects.

Improvements in project technologies and materials R&D capabilities. Increasing investment in technologies and gradually enhancing the ability to handle complex materials, in order to facilitate a greater scope for market expansion and increase the added value of the hazardous waste treatment operation of the projects on the back of technological competence.

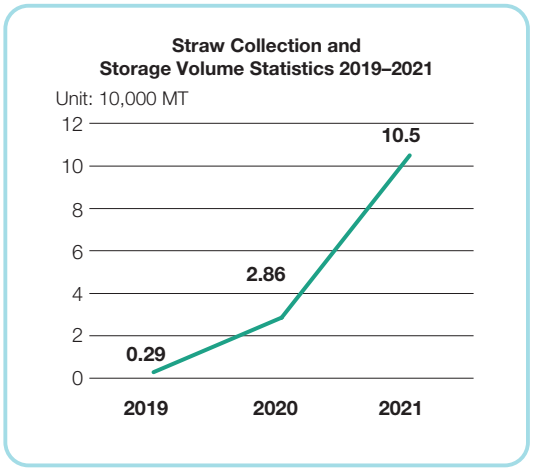
VOLUNTARY BIOMASS FUEL COLLECTION AND STORAGE REGIME

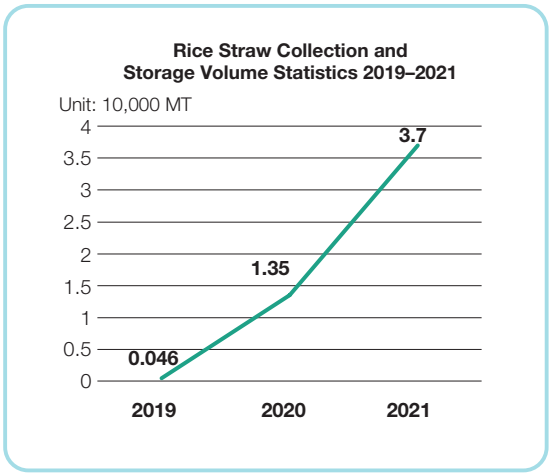
As a result of delays in the export trade for plate materials owing to the pandemic, the supply of processing residues such as bark and scrap among raw materials required in the integrated biomass utilisation business decreased and fuel prices were on the rise. To address these impacts, the Group ensures reasonable use of biomass fuel and facilitates reasonable allocation of resources in the system by promoting the fuel collection and storage regime, while controlling fuel cost through regional coordination of biomass raw materials acquisition in neighbouring areas.

Stable implementation of the development and application of straw-based fuel is one of the key annual tasks of the Group. We have analysed the experience of developing collection and storage in the regional markets and the difficulties and deficiency encountered, and have made plans for straw collection and storage in autumn. Based on regions where fuel has been shared among different projects, we have distinguished 5 fuel procurement regions (Suzhou Region, Chuzhou Region, Liu'an Region, Jiangsu Region and Sichuan Region) and implemented management initiatives such as coordination, modulation and price determination, among others, and enhanced the fuel procurement work of project companies to bring project synergies into better play and facilitate "Quantity Preservation, Quality Enhancement, Price Control and Efficiency Improvement". Weihai and Yiyuan have been placed under separate management as they have fewer fuel-sharing regions with other projects. To address variations in quantities, quality and prices of fuel resulting from seasonal change, the projects have stocked up a certain amount of low-priced and high-quality fuel during the season of ample supply, with a view to enhancing their risk-countering ability. Moreover, with the implementation of the unmanned fuel weighing and settlement system, the business department and management of the project company are able to access details of fuel acquisition on a real-time basis and conduct benchmarking data analysis. In 2021, the Fuel Department of the Clean Energy Management Centre announced the "Autumn Straw Collection Plan for All Projects" taking into account project conditions with four principal goals:



During the Reporting Year, the Group commenced trial operation of a voluntary fuel collection and storage system at 5 of its integrated biomass utilisation projects to develop a model of fuel acquisition directly connected to the source of fuel supply, in order to safeguard fuel supply and lower fuel prices. For example, at the Lianshui Biomass Electricity and Heat Cogeneration Project, we have doubled our straw utilisation ratio year-on-year on the back of consistent explorative efforts taking into consideration the characteristics of the fluidised bed. In connection with the use of rice straw in blending utilisation, we have pioneered in straw crushing with the aid of a straw crusher to solve the difficulty of crushing rice straw for use. Currently, the maximum blending ratios for wheat straw and rice straw are 70% and 40%, respectively. In connection with voluntary autumn straw collection and storage, we have organised direct collection and storage from the group of farmers in dispersed sites in neighbouring areas which cannot be operated mechanically. In September 2021, we started the gradual extension from corn straw to paddy rice straw and wood sticks and branches, among others, in our collection and storage from farmers in neighbouring areas. Direct autumn straw collection and storage from farmers amounted to 3,950.44 MT, comprising 1,365 MT of corn straw and 2,585.44 MT of paddy rice straw.





In July 2021, our Clean Energy Management Centre convened a conference and reported a 100% year-on-year growth in the volume of summer straw collection and storage compared to the previous year and achievement of expected results in our overall work. Plans for the next phase were also made with the key tasks described below:

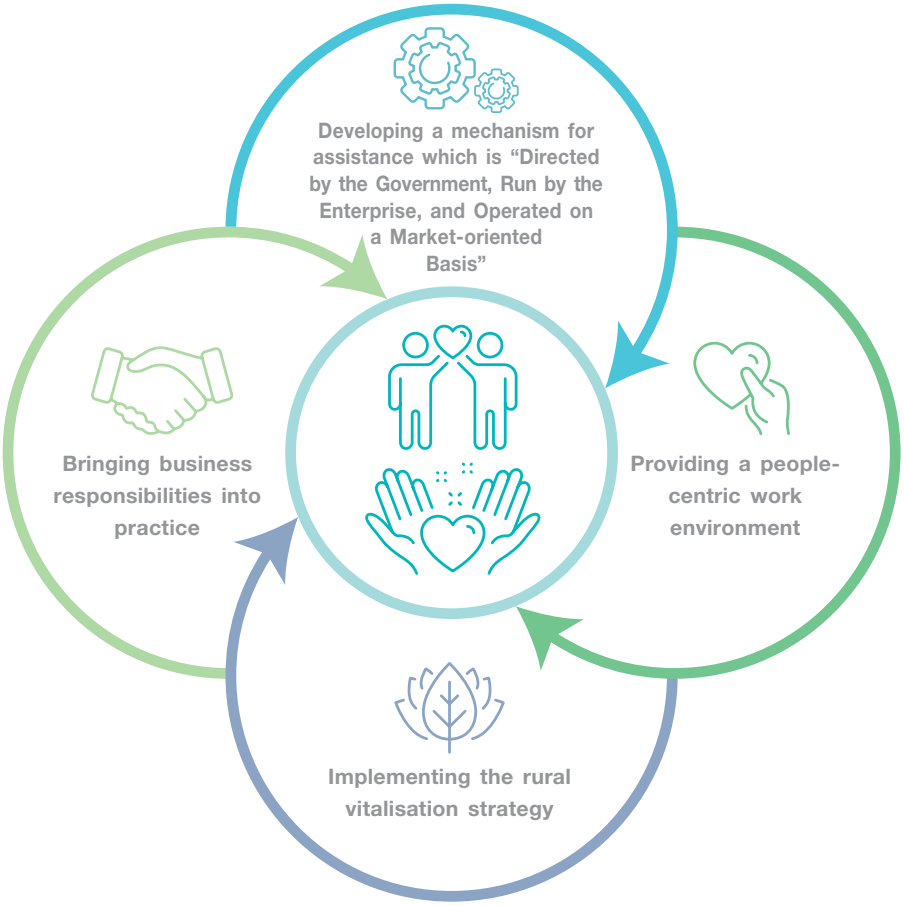
- To enhance development of project collection and storage teams and broker team with a special emphasis on cultivating the showcasing effect
- To conduct special research on "Control over Ash Elements of Corn Straw" and formulate effective solutions
- Advancing establishment of the "Clean Energy Management Centre Fuel Collection and Storage Platform" model by building a straw fuel collection, storage and transportation regime
- Emphasis on reverting to localised fuel supply, as fuel development, collection and storage was evaluated against localisation rate

A BLISSFUL VISION OF CO-PROSPERITY

The "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century" being reviewed and passed at the Sixth Plenary Session of the 19th Central Committee emphasises that the new era of socialism with Chinese characteristics is an era for the ongoing creation of positive livelihood and gradual realisation of universal co-prosperity through the united endeavour of Chinese people of all races. Co-prosperity is an essential requirement of socialism and an important characteristic of the Chinese approach to modernisation, and it is imperative that co-prosperity be sought in qualitative development in persistent adherence to a people-centric ideology for development.

Given the goal of co-prosperity, we should meticulously consider how the people's living standard, in both materialistic and spiritual terms, could be further improved to complement the transformation of our economic model from rapid growth to sustainability. Since its reform and opening, China has been making vigorous efforts to solve the poverty problem and formulated national standards and goals for the elimination of poverty; in 2021, China concluded its effort in poverty aid in the past 8 years and announced the fulfilment of the critical mission of poverty elimination in the new era by solving the problem of regional poverty. As China has embarked on the new journey of the comprehensive building of a modernised socialist nation, the effective bridging of poverty elimination and rural vitalisation would represent not only the mission of our time, but the social context of corporate development.

Everbright Greentech has been vigorously undertaking the responsibility to assure the results of reform and development are shared by all people and all would be able to lead a blissful life. In line with the principle that "An Enterprise is not only the Creator of Wealth, but also the Safeguard of Environmental and Social Responsibility", the Group continues to bring its strengths in resources and social influence into play as it commenced a range of standardised and systematic actions in 2021 focused on the following areas in contribution to the fulfilment of co-prosperity.



❖ DEVELOPING A MECHANISM FOR ASSISTANCE WHICH IS "DIRECTED BY THE GOVERNMENT, RUN BY THE ENTERPRISES, AND OPERATED ON A MARKET-ORIENTED BASIS"

The aim of the nation's effort to improve the regime for integrated urban-rural development is to narrow the gaps in development and living standards of residents between cities and rural areas on a continual basis. Guided by this aim, many regions have in recent years embarked on action plans to drive agricultural development through industrial operations and rural development through input from the cities, with an emphasis on protecting the wishes and interests of agricultural workers. The Group has been actively engaged in rural-corporate co-development, with a view implementing defined assistance plans and measures through its business development and giving priority to the creation of job opportunities for local residents, in order to drive environmental improvements and industrial upgrades in neighbouring areas.

Case Study

Guixi Biomass Electricity and Heat Cogeneration Project is the Group's first biomass project in Jiangxi Province. Apart from solving the local issues of straw incineration ban and disposal of forestry waste, the Group has commenced initiatives in "Aid for Farmers through Industry" and "Defined Poverty Alleviation" in active collaboration with local governments taking into consideration the characteristics of the industry.

Since the commencement of fuel acquisition in April 2019, the project has currently processed more than 790,000 MT of biomass fuel from agricultural and forestry waste. Over the years, we have assisted the government to establish 32 poverty-aid collection, storage and transportation stations, and have arranged fuel acquisition staffers to provide guidance for station construction. On average, each agricultural and forestry waste collection and storage station can facilitate the uplift from poverty of at least 25 impoverished households. This poverty aid scheme has by far acquired approximately 520,000 MT of biomass fuel and directly contributed to an increase in income by RMB167 million for impoverished farming households. Moreover, the plan has supplied 556 million KWh of green electricity to the state power grid and 157,900 MT of steam to the heat and steam consuming enterprises in Guixi Economic Development Zone, offering immense social, environmental and economic benefits to the local community.

The project was named a "Advanced Enterprise in Poverty Alleviation in Guixi Economic Development Zone in 2020" by Jiangxi Guixi Economic Development Zone Working Committee and Jiangxi Guixi Economic Development Zone Management Committee in 2021, indicating strong recognition by the Guixi Municipal Commission and Municipal Government. Currently, the Group is striving to make more contributions to local aid for agriculture through industry and environmental protection in vigorous response to the national "Rural Vitalisation" policy.

Case Study

In February 2021, Fengyang Integrated Biomass and Waste-To-Energy Project was commended by way of announcement by the county government. The project was completed and commenced production in December 2017 and was listed among the first "Exemplary Projects for Clean Heat Supply In County Areas through Biomass Electricity and Heat Cogeneration in 100 Cities and Townships" by the National Energy Administration in 2018. Concerned with the livelihood of local residents, we have established 33 rural township straw collection and storage stations and 50 temporary straw collection and storage points and standardised collection and storage centres in Fengyang County. Priority was given to the hiring of villagers as daily caretakers at all collection and storage outposts and the straw collection and storage operation as a whole employed approximately 200 local villagers throughout the year.

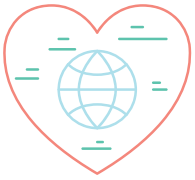
As at December 2021, the project had completed 1,109 million KWh of power generation, collection and storage of 1,305,000 MT of crop straw in various types, treatment of 616,200 MT of household waste, and annual supply of 400,000 MT of clean thermal energy to Fengyang County Industrial Park, in active contribution to the economic and social development, resource recycling and ecological protection in Fengyang.

The Group cherishes this honour and will continue to seize opportunities arising from the integrated development of Yangtze River Delta region with ongoing solid effort. We will increase our investment in R&D and strive for new breakthrough in technology, in order to make greater contribution to the development of a modernised Fengyang.

The Group has formulated "Measures for the External Donations and Sponsorships (Trial)" to enhance management of donations and sponsorships for external parties. The Administration and HR Department, being the principal department responsible for donations and sponsorships for external parties, formulates an annual budget for the forthcoming year at the end of each year based on past experience and arrangements for community welfare programmes for the coming year and submit the same to the Management Committee for review.

Added 4 municipal or county-level general science education bases, taking the total number of general science education bases to **8**

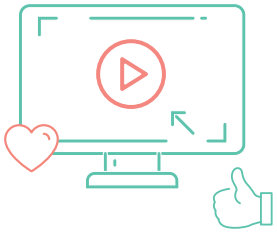
Opened **44** projects to the public



248 offline public open day activities in total had been organised

hosting **4,500** participants

1 online open day activity attracting more than **9,785** views



"Caring Company" logo awarded by Hong Kong Council of Social Service for the second year in a row

❖ A PEOPLE-CENTRIC WORK ENVIRONMENT

In persistent adherence to the "People-oriented" principle, Everbright Greentech has continued to make improvements to a range of measures including the all-staff income growth plan, family health insurance plan and incentive scheme, with the aim of enhancing the professional dignity and dedication of all staff, thereby driving sustainable development of the full industry chain to realise co-prosperity for all in the industry.

In compliance with local labour laws and regulations, the Group has set out a range of policies relating to recruitment, promotion, termination, working hours, days off and holidays and remuneration and benefits in the "Staff Handbook" and "Human Resources Management Policy" to regulate employment management.

Staff income growth plan

The Group has been making diligent efforts to develop a competitive remuneration regime, which comprises two elements: fixed remuneration and performance-based bonus. The "Remuneration Package Management System" has set out detailed provisions for the Group's remuneration regime. We also draw reference from market survey reports on salary from time to time and remuneration would be adjusted as appropriate based on staff performance appraisal and experience if our salary level is below the market level.

Fixed remuneration	• Fixed remuneration is the amount specified in the labour contract and is determined according to the rank and salary range of the employee; and • A domestic employee may receive a seniority payment of RMB50/month starting from the month in which he has completed a full year's service for the Group. The seniority payment will increase in tandem with the length of service.
Rewards	The Group provides staff with different types of rewards, such as performance-based bonus and year-end gratuity, among others. • Performance-based bonus: this includes reward for outstanding contributions for completion of annual tasks and technology R&D, among others; and • Year-end gratuity: determined as a fixed or variable percentage of an employee's salary and also linked to the performance of the Company, department and the individual.

Long-term benefit security scheme

To build a team of talents with a sense of belonging and fulfilment and to assure comprehensive development of our staff in work and life, the Group places special emphasis on improving staff benefits. Our staff are entitled to benefits such as life insurance, medical care, disability and illness protection, maternity leave and paternity leave, among others, as well as cash allowances such as hot weather allowance, cold weather allowance, job-specific allowance and construction allowance, among others.

Medical protection	Medical expenses have been increasing in tandem with rising living standards in China. To improve its staff protection regime and alleviate the burden of medical expenses for staff, the Group established the health protection entrusted management scheme and long-term medical insurance protection scheme during the Reporting Year. The schemes cover not only our staff, but also their spouses, children, parents and parents in-law. Moreover, the long-term critical illness supplemental medical insurance provides staff with supplementary medical insurance funds for mild illness, supplementary medical insurance funds for critical illness and supplementary medical insurance funds for hospitalisation expenses on a life-term basis.
Retirement protection	The Group contributes to the social insurance fund and mandatory provident fund, which include the element of staff retirement insurance, for its staff in Mainland China and Hong Kong, respectively. In addition to statutorily required protection, we have also formulated the supplementary retirement system for staff as an added benefit to offer full protection for staff retirement. Employees are also entitled to long-term medical insurance cover after their retirement.

❖ IMPLEMENTING THE RURAL VITALISATION STRATEGY

"No poverty" is not only the direction in which China has been pursuing in its longstanding effort to develop a reasonably affluent society, but is also an important goal for global sustainability. To eliminate poverty, the development and transformation of agricultural villages is among the most important tasks. In support of the rural vitalisation strategy, the Group helps to lift impoverished residents from poverty and improve their quality of living by way of physical donations. On the other hand, we have also established our environmental business in villages to facilitate synergistic development of infrastructure, public services and ecological protection in local areas, such that lucrative benefits can be reaped in environmental, social as well as economic terms.

Case Study

The Anqing Solid Waste Treatment Project organised three "Solid Service for the Public" activities in 2021 in a concrete effort to drive rural vitalisation development. We allocated various resources in combination with other rural vitalisation efforts from the village to roll out poverty alleviation initiatives at Huangmiao Village in Tianhua Town, Liansheng Village in Shankouxiang of Taihu County and Yangtou Village of Tongcheng City with a dedicated team, sending consolation gifts and anti-epidemic supplies to local villagers.

感 谢 信

安庆京环绿色环境固废综合处置有限公司：

隆冬时节，霜冷天寒，在脱贫攻坚决战决胜之时，贵公司组织人力物力，不辞山高路远，深入太湖山区农村，走访慰问低保五保农户，关心支持防疫工作，改善村两委办公条件，此举彰显了贵公司的社会责任担当和扶贫济困情怀，充分体现了以人民为中心的发展思想，为巩固脱贫攻坚成果，提升乡村治理能力做出了重要贡献，在此，村两委代表全村群众表示由衷感谢！

太湖县天华镇黄岗村（市生态环境局驻村帮扶村）

2022 年 1 月 28 日

Case Study

On the eve of Chinese New Year 2021, a company of 6, including 4 members of the Communist Party of China ("CPC") branch division of the Group's Linshu Hazardous Waste Incineration Project and representatives of the local township government, paid a visit to veteran CPC members who joined the Party before the establishment of the PRC. They greeted the veterans on behalf of the Party and made detailed enquiries about their health conditions, while bringing along daily foodstuff and amenities, such as rice, noodles, cooking oil and blankets, in fulfilment of the pledge to take care of veteran CPC members, help solving their problems in a proactive manner and enable them to have a peaceful life in their twilight years.

Case Study

The Huangshi Hazardous Waste and Solid Waste Treatment Project launched two poverty alleviation initiatives during the year and actively participated in the Third Poverty Alleviation Trade Fair organised by China Everbright Group. To advance rural vitalisation in areas lifted from poverty and fulfil co-prosperity, we have launched a charitable spending campaign for the aid of farming workers in a bid to support industrial development in impoverished regions in the form of "Purchases in Lieu of Donations", making purchases of rice, tea and other agricultural aid products from impoverished regions.

Case Study

Our Yongqiao Biomass Electricity and Heat Cogeneration Project in Suzhou City consumes approximately 300,000 MT of straw and other agricultural waste annually, helping to solve local issues such as straw combustion ban, centralised heat supply and coal-fired boiler ban, while playing an important role in accelerating the transformation of local energy mix and facilitating adjustment of the industrial structure. As a result, such project received the "May 1st Labour Commendation of Yongqiao District, Suzhou City" awarded by the Confederated Trade Union of Yongqiao District, Suzhou City in recognition to its contributions to the environment and the community.

Case Study

To effectively solve the issue of rural waste, the Shaanxi DRC has drafted the "Shaanxi Provincial Medium- and Long-term Planning for Household Waste-to-energy Power Generation (2020–2030)" in association with relevant authorities and established that the volume of waste treatment through waste-to-energy power generation as a percentage of the total volume of waste treatment should reach 59.6% during 2021–2025 and 68% during 2026–2030. The eco-friendly household waste incineration heat and electricity cogeneration project built by EB Greentech Urban and Rural Renewable Energy (Dali) Limited in Dali County with a total investment of RMB640 million has been listed by Shaanxi DRC as a key provincial project in 2020.

Currently, phase one of the project under construction has a designed household waste processing capacity of 400 MT per day and approximately 146,000 MT per annum. Upon completion of the project, Dali County will transport waste, using transit trucks according to designated zone delineation via 9 transit routes, from 178 rural-level household waste collection and compression points to the Everbright waste-to-energy power plant for centralised treatment, forming a waste recycling treatment model comprising collection at villages, transit at towns and treatment at the county. By then, the rural household waste in Dali County will be fully collected, fully treated, and fully covered. This will be hugely significant for the further development of beautiful villages, ongoing improvements to the residential environment of villagers and advancement of rural vitalisation.

❖ BRINGING BUSINESS RESPONSIBILITIES INTO PRACTICE

The Group appreciates the importance of a corporate culture emphasising honesty and integrity for the long-term development of a corporation or even the society. Our "Staff Handbook" and "Code of Corporate Conduct (Trial)" prohibit bribery, extortion, fraud or money laundering on the part of employees taking advantage of their position. Staff should turn in any gifts or souvenirs offered by individuals or enterprises engaged in business transactions with the Group and refuse any unreasonable hospitality to avoid compromising their business judgement. In 2021, the Group arranged a seminar on integrity management hosted by the Independent Commission Against Corruption for the executive Directors and employees, while the chairman of the Board, executive Directors and senior management also participated in another seminar on integrity education organised by CEEGL.

To uphold business integrity and advocate a healthy workplace culture, the Group has formulated the "Whistleblowing Policy" to help internal and external stakeholders (including staff, investors and suppliers, among others) to report existing or suspected possible illegal or improper conduct. Whistleblowing reports can be sent to report@ebgreentech.com via email or 36/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or West Wing, 27/F, Oriental Xintiandi Plaza, No. 1003 Shennan Avenue, Futian District, Shenzhen, China by mail. The information of these channels are also available from the corporate website, Staff Handbook, corporate intranet and annual report. The Group also explains the whistleblowing methods in detail, as well as their rights and obligations to new employees. The Group undertakes to protect the personal privacy of whistleblowers and provide appropriate protection to prevent them from being subject to unfair treatment.

Major whistleblowing scope

- Violation of business conduct and business ethics;
- Violation of pertinent laws and regulations, such as alleged criminal acts, fraud, corruption or bribery; and
- Non-compliance of financial reporting and accounting practices with accounting standards and provisions of the Stock Exchange.

Whistleblowing procedures

- All whistleblowing cases will be investigated by designated personnel who will furnish investigation outcomes for deliberation at the meeting of the Audit and Risk Management Committee, which will report the outcome of such deliberation to the Board on a semi-annual basis;
- If the whistleblowing case involves criminal acts, the relevant personnel determines whether to report to the law enforcement or judiciary authorities after consulting legal opinions and obtaining approval of the Audit and Risk Management Committee; and
- The secretary of the Audit and Risk Management Committee will furnish the outcome of the investigation to the whistleblower after it has been reviewed and approved by the Board.

The Group conducted a comprehensive review of its anti-bribery and anti-corruption risk management plan in 2020 and executed a number of improvement measures to ensure management effectiveness. In 2021, the Group received reports on 5 cases through whistleblowing. All cases have been reviewed by the Group's independent auditor. According to the investigation findings, such cases arose mainly from issues in internal management and miscommunication and did not involve any improper conduct, fraud or malpractice on the part of the Group. The management has forthwith taken necessary measures and actions to avoid similar cases from occurring. Moreover, the Group planned to conduct an audit of its anti-bribery and anti-corruption risk management plan in 2022 to further improve its whistleblowing and handling procedures.

Our Progress Areas

- Climate Change
- Technology Development
- Circular Economy
- Cyber Security and Data Privacy
- Supply Chain Management
- Sustainable Investment
- Staff Inclusivity and Equal Opportunity

Everbright Greentech has completed the first stage of preparatory work for its sustainability strategy. We have identified 7 focus areas, including climate change, technology development, circular economy, cyber security and data privacy, supply chain management, sustainable investment and staff inclusivity and equal opportunity, based on the sustainability trends most relevant to the Group's business and peer performance analysis, providing a more lucid reporting framework for our annual sustainability report. Our policy development and annual work and progress in the focus areas are set out below.

CLIMATE CHANGE

Policy development

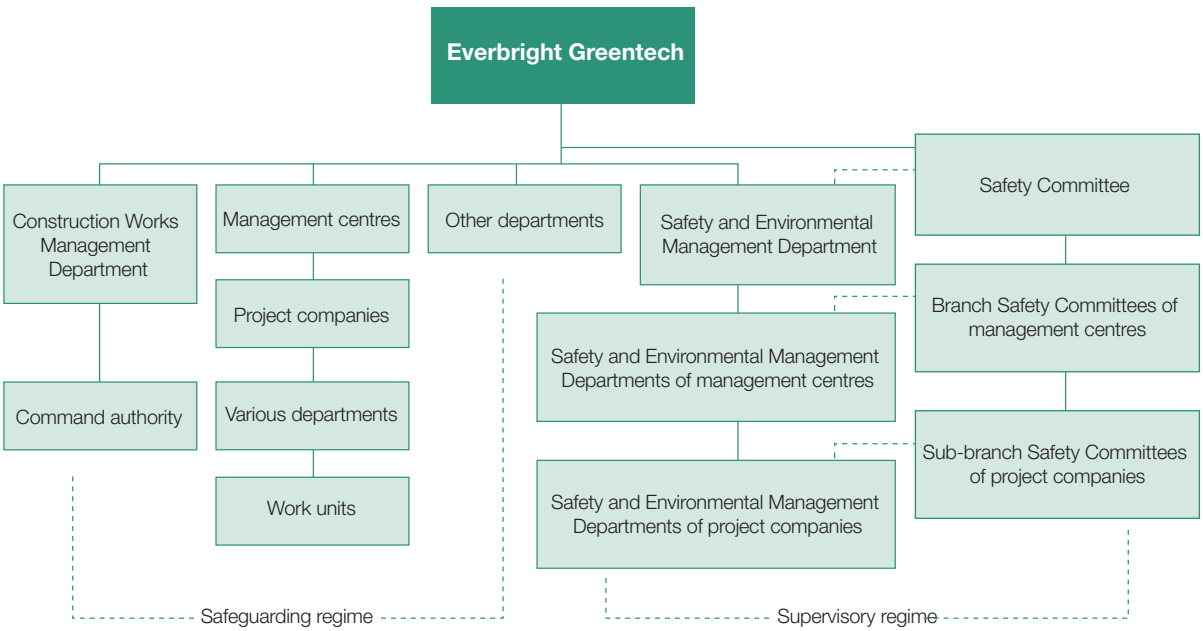
In the context of nationwide normalisation of environmental supervision and inspection, it is imperative that Everbright Greentech should seize new opportunities and embrace new challenges in active response to the developments of the environmental protection industry. Everbright Greentech conducts itself in accordance with the overall development strategy of "Pursuing Excellence and Close to Zero Discharge" and persists in the working principle of "Safeguarding Priorities, Focus on Prevention and Integrated Governance". We have identified climate change as the Group's first focus area. This does not only provide guidance to our active response to the important goals of the Chinese government and the Hong Kong government to attain carbon neutrality by 2060 and 2050, respectively, but also concerns the means by which we could enhance our ability to counter the threats of climate change.

We take into consideration the impact of extreme weather starting from the stage of project design to assure safety of the projects. The Group has also formulated internal emergency control measures complemented by annual reviews and drills to ensure effective implementation. Moreover, we have comprehensively implemented the requirements of CEEGL, including the "Notice on Further Enhancing Environmental Management, Mitigating Operational Risks and Improving Operational Quality", "Notice on Regulating the Internal Reporting System for Environmental and Safety Incidents" and "Notice on Improving Information on Online Environmental Protection Monitoring Platforms of Projects in Operation", while continuing to enhance environmental management. For details of our corporate carbon reduction goals and developments in business transformation, please refer to the section headed "Transformation to Net Zero Emission" on pages 52 to 63 in this Report.

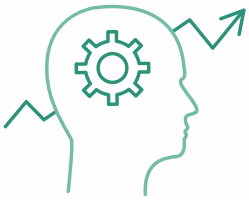
To further regulate our work in ecological protection, the Company reviewed a number of previously published management standards during the Reporting Year, including 9 environmental management standards in relation to eco-friendly consumables, standing books, disclosure of environmental information, sewage and rainwater, environmental emergencies and others for hazardous waste treatment projects and 9 environmental management standards in relation to eco-friendly consumables, ash, bottom ash and others for biomass and household waste incineration projects, and amended the "Everbright Greentech Management System of Ecological Protection" to set out the management principles and accountability system for environmental work.

Defining leadership responsibilities Introducing improvements to the organisational structure

Everbright Greentech has established an environmental management steering group under the leadership of the Chief Executive Officer as convener. The steering group is the highest decision-making authority in environmental management responsible for coordinating the environmental management tasks of the Company. An environmental management office has been established under the steering group and the daily operation of which is in the charge of the Environmental Management Department. In accordance with the existing ESHS organisational structure, the environmental management structure comprises a safeguarding regime and a supervisory regime. All employees are included under the safeguarding regime, while the supervisory regime includes members of ESHS steering groups at various levels, ESHS Management Committee or Safety Committee. The management centres and project companies shall assign ESHS management personnel as required and comprehensively establish and implement an environmental management accountability system.

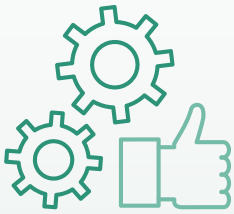


Everbright Greentech Safety and Environmental Management Organisational Chart



Probing self-inspection to identify gaps and risks

To comprehensively counter and mitigate risks affecting the completion of operational targets, all project companies in operation are required to conduct thorough examination of weak links affecting target completion as well as environmental risks and related hazards with reference to current operating conditions and requirements under the ESHS management regime and risk management regime, accurately identify operational gaps and formulate detailed and specific rectification schemes and implementation plans for making up the gaps, and submit self-inspection reports to supervising management centres as required. The management centres shall consolidate information on the self-inspection and rectification measures and plans of projects under their management on a regular basis and report thereon to the Environmental Management Department.



Comprehensive streamlining of environmental management tasks to achieve steady improvement in operational quality

To accelerate the systematisation and standardisation of environmental management tasks and procure steady improvement in operational quality, the management centres and project companies have been engaged in a comprehensive effort to streamline environmental management tasks, actively commencing benchmarking management to explore new management measures and methods.

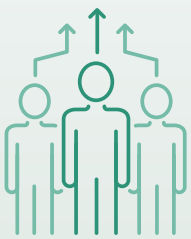
- Business management centres should organise the drafting of checklists of environmental tasks and environmental management benchmarking plans based on the characteristics of projects under their management and experiences of peer benchmark enterprises obtained, and submit the same to the Environmental Management Department for filing.

- Project companies should further develop and improve guide documents for production operations such as the “Guide Handbook for Handling Production Abnormalities” and “Handbook for Key Point Control for Operational Compliance” on the basis of the existing environmental management systems, conventions and proposals, taking into consideration operational experience garnered over the years, and submit the same to the business management centres and Environmental Management Department for filing.

- Project companies should enhance on-site operational management and implement daily inspection, maintenance and repair of various types of equipment and facilities in a meticulous manner, while enhancing daily monitoring of various pollutant discharge indicators in strict accordance with environmental monitoring standards and sampling regulations, keeping accurate records of pollutant discharge. Environmental departments at various levels should conduct supervisory examination and random tests on a regular basis to ensure effective implementation of relevant policies.

Meticulous compliance with the environmental and safety incident reporting system

We have established a long-term effective mechanism for the Company's environmental management tasks guided by the ESHS management regime and risk management regime and operating through the information platform and inspection and test platform, underpinned by pre-emptive measures prior to occurrences and control measures during occurrences focused on the control of excessive environmental emission. All project companies are required to record online the discharge of pollutants (such as fume and sewage) prior to commissioning and appoint independent parties to execute environmental monitoring at designated intervals after commissioning and conduct comparative analyses against historical data. If any abnormal value is detected, project companies must state such abnormal values and prepare rectification measures and plans in a timely manner for submission to local regulatory authorities, the management centres and the Environmental Management Department within 24 hours. The management centres and project companies must operate according to the environmental and safety incident reporting system in a meticulous manner and report incidents in a timely and accurate manner in accordance with the requirements of the "Form for Written Report of Incidents" to prevent late reporting, omissions, fabrications or hiding of information. While relevant personnel would be held responsible in the event of violation, which will be recorded in the year-end appraisals of the project companies. Meanwhile, the environmental appraisal results of projects will be included in the year-end appraisal of management centres and project companies to give a comprehensive assessment of their environmental management performance.



Stringent appraisals to building an effective environmental management mechanism

To enhance the Company's operational quality and improve the ability to prevent and mitigate risks affecting completion of operational goals, the Company has formulated appraisal principles and assessment standards in accordance with the "Environmental Management Appraisal Measures (Trial)" announced by CEEGL, to regulate the fact-based, objective and impartial appraisals. The appraisal indicators are distinguished into two categories, namely "Basic Management" and "Environmental Performance", each comprising a range of appraisal indicators.

APPRAISAL PRINCIPLES AND EVALUATION STANDARDS FOR ENVIRONMENTAL MANAGEMENT

Category	Appraisal indicator	Details of Appraisal
Basic management (30 points)	Environmental management accountability system (2 points)	A comprehensive environmental management accountability system with clearly defined delegation of duties for the project companies, the departments and the work units.
	Environmental management objectives (4 points)	Formulation of clear environmental management objectives based on the actual operations of the project.
	Environmental management plans (6 points)	Formulation and implementation of environmental management plans to address material matters and material environmental risk hazards affecting the accomplishment of targets by the project.
	Environmental inspection (12 points)	Regular inspection of the operation and environmental management of the project and formulation of rectification plans and measures to tackle issues identified.
	Information disclosure (6 points)	Publication of self-monitoring information to the public in a timely manner in strict accordance with the national "Measures Governing the Disclosure of Environmental Information by Corporate Business Entities".
Environmental performance (70 points)	Implementation of environmental assessment (15 points)	Active implementation of environmental assessment requirements to ensure stable operation of projects meeting emission standards.
	Discharge of environmental pollutants (50 points)	All pollutant emission indicators have complied with required standards according to the project companies' internal tests as well as tests performed by the environmental authorities and third parties.
	Assessment and improvement of environmental performance (5 points)	An overall environmental performance work review and assessment is conducted on a semi-annual basis, once in each of first and second halves of the year, with proposals for improvement measures and work plans for the coming year.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Conversion to facilitate ultra-low emission

Everbright Greentech has made vigorous effort to reduce GHG emission and is committed to lower emissions in accordance with the international goals for carbon reduction. We have invited professionals to conduct quality and efficiency enhancement research on various projects with the aim of reducing energy consumption and relevant GHG emissions. In Henan, for example, the Xiayi Integrated Biomass and Waste-to-Energy Project, Zhecheng Integrated Biomass and Waste-to-Energy Project and Sheqi Integrated Biomass and Waste-to-Energy Project underwent ultra-low emission conversion during the Reporting Year with a project investment amount of more than RMB21 million. The conversion is expected to reduce nitrogen oxides and sulphur dioxide emissions by approximately 155.8 MT and 202.5 MT, respectively, each year in aggregate.

Project	Conversion scheme	Original emission requirement	Ultra-low emission requirement
Xiayi Integrated Biomass and Waste-to-Energy Project	Enhancing the circulating oxidation and absorption (COA) complemented by selective non-catalytic reduction (SNCR) to reduce emission of nitrogen oxides and sulphides.	• nitrogen oxides: 100 mg/m³ • sulphur dioxide: 100 mg/m³	• nitrogen oxides: 50 mg/m³ • sulphur dioxide: 35 mg/m³ Estimated reduction of nitrogen oxides and sulphur dioxide emissions by approximately 320 MT each year in aggregate
Zhecheng Integrated Biomass and Waste-to-Energy Project		• nitrogen oxides: 100 mg/m³ • sulphur dioxide: 50 mg/m³	
Sheqi Integrated Biomass and Waste-to-Energy Project	Installing multiple temperature gauges in the boiler furnace and conducting an analysis of the temperature dynamic field to select the optimal reactive point for urea spray to reduce the emission of nitrogen oxides and sulphides.	• nitrogen oxides: 100 mg/m³ • sulphur dioxide: 100 mg/m³	

Improvements to the climate change governance structure

The Board is well aware of the risks and opportunities relating to business development and operational management, in varying degrees, brought about by climate change, and has made active efforts to improve the Group's climate change governance structure. To enhance the Board and management understanding of the formulation of sustainability goals and risk management, the Company Secretary has arranged two sustainability training sessions hosted by external sustainability consultants during the Reporting Year. Meanwhile, the Board committees also understand the profound impact of this development trend. Hence, the Nomination Committee believes that, in considering the qualifications and experience of the current Board, financial skills and experience, risk management experience and understanding in sustainability should be adopted as measurable indicators to ensure that the Board understands the financial risks that could directly arise from the risks associated with climate change, so as to align policies with corporate strategies and goals. For details, please refer to information on our latest nomination policy set out on page 29 of this Report.

Moreover, Everbright Greentech has adopted a "Three Lines of Defense" model for risk management. The Board and the Audit and Risk Management Committee own full responsibility for tasks relating to risk management. As the probable impact of the climate change risk on business development becomes increasingly clear, the Audit and Risk Management Committee has elucidated its responsibility for proactive management of sustainability-related risks, and has worked with the Sustainability Committee on climate change and related issues to provide more comprehensive supervision over the Company's financial management and corporate risk management. In 2021, the Group prudently considered the disclosure requirements set out in the latest consultation paper of the Stock Exchange and TCFD and assessed its impact on the Company, while commencing preparatory work such as forming working groups and organising relevant training. We believe that a solid foundation for driving TCFD tasks will be laid with a comprehensive management and governance structure and will enhance awareness and recognition of TCFD tasks on the part of the Board, Board committees and management.

Special training during the National Disaster Prevention and Alleviation Day

The 13th National Disaster Prevention and Alleviation Day of China was set for 12 May 2021, and the week of 9 May to 15 May was designated as the Disaster Prevention and Alleviation Promotion Week. All local regions were actively advancing the development of basic emergency handling ability, as a wide range of activities in connection with the National Disaster Prevention and Alleviation Day were launched to consistently enhance the sense of happiness, fulfilment and security among the public. Based on different requirements for epidemic prevention and control, the local regions rolled out various types of emergency drills customised to their own specific conditions and made improvements to the emergency command mechanism for various types of disasters and incidents.

On 10 May 2021, Suqian Rooftop Solar Energy Project hosted a "National Disaster Prevention and Alleviation Day Special Training" session by way of video learning to facilitate learning of various types of natural disasters, the scale of hazards, preventive measures for emergencies, as well as the importance of emergency communication in the prevention of disaster. The special training has been highly commended by internal participants.

Assistant to manager:

"The timely provision of training in disaster prevention and alleviation has helped our colleagues to familiarise with relevant knowledge. Designed to address the characteristics of solar energy with a special emphasis on natural disasters such as gust, hailstorm and brief heavy precipitation, the training has effectively enhanced staff efficiency in dealing with natural disasters and furnishing timely reports."

Duty staff in electricity operation:

"While natural disasters are always abrupt and unpredictable, we can strive to reduce losses to a minimum through emergency drills, thereby protecting the personal and property safety of the people."

During the Reporting Year, Lingbi Integrated Biomass and Waste-To-Energy Project established a safety overhaul steering group headed by the project company's principal officer to roll out comprehensive production safety inspection focused on the prevention of personal, environmental, hazardous chemicals, fire and seasonal accidents. Taking into account the requirements of the spring safety overhaul notice, the inspection was focused on general safety inspection on blockade of the electricity distribution room and cable tray, stock yard safety management, flood control emergency supplies, prevention against severe convective weather, fire-fighting system, ash disposal and hazardous chemicals, in order to implement preventive safety measures through effective hazard inspection and remedies. To procure proper measures against torrential rain, thunderstorm, gust and other inclement weather and to ensure the safety of staff life and properties, the project company has organised emergency drills on flood control and severe convective weather, and has inspected and reserved emergency supplies.

Safety and environmental management during holidays

To diligently implement requirements under the "Notice on the Effective Conduct of Safety and Environmental Management during the May 1st Holiday and the Disaster Prevention and Alleviation Promotion Week Campaign" document issued by the headquarters and procure proper safety management during festivals and holidays, the Group organised department principals to conduct pre-festival safety overhaul. Moreover, the Group issued the "Notice on Labour's Day Leaves and Duty Roster Arrangements 2021", requiring duty officers of all departments to step up with patrol and inspection during holiday periods and strictly implement safety inspection rosters during the holiday periods, making available telephone numbers that could reach the duty officers. The duty officers must diligently perform their duties and stringently adhere to the discipline of duty rosters, facilitating top-down and bottom-up communication tasks in a timely manner and ensuring unobstructed flow of roster information on a 24-hour basis. In the event of any emergency, the emergency plan should be activated as stipulated in a timely manner and the incident should be properly handled and promptly reported.

For instance, at Nanqiao Biomass (Chuzhou Biomass) Direct Combustion Project, we commenced pre-festival safety overhaul on 26 April 2021 before the May 1st holiday. Focused on hazard inspection in production and stock yards zones, we have identified 23 hazards in the safety inspection and completed close-loop rectification. To ensure the staff's strict compliance with the attendance system, given especially the fact that staff duty roster during festivals and holidays is crucial to safeguarding the normal conduct of various on-site tasks, the General Management Department inspected the on-site attendance of Administrative Department personnel on duty roster on 1 May to ensure the presence of all staff on duty. Moreover, the project company organised a Disaster Prevention and Alleviation Day training on 11 May. All staff members and staff of external partners were invited to participate to further enhance the team's ability to avert danger and save oneself and others during emergencies.

On the other hand, Guoyang Biomass Electricity and Heat Cogeneration Project has also stringently implemented safety and environmental management during festivals and holidays. The general manager personally made arrangements for safety and environmental tasks for festivals and holidays, requiring all departments to make detailed plans for patrol inspection during festivals and holidays and the staffers on-duty of all departments to enhance tracking and patrolling in respect of key zones, key operations and key personnel, ensuring effective coverage of all zones in the plant by the safety grids at various levels and rotational patrolling and supervision at multiple levels. On 26 April 2021, the staff communicated and exchanged on material safety matters, and clarified the requirements for upgrading the control level and avoiding as much as possible non-urgent high-risk operation. After the holidays, the project company held a post-holiday meeting to ensure the normal conduct of all operations.

Bio-diversity policy

For a long time, bio-diversity has facilitated provision of the necessities of human living, as items such as food, medicine, construction materials, clothes, chemical feedstock and all varieties of substances found in life have been sourced from different types of life forms, enabling humankind to enjoy the diverse values and outcomes brought about by bio-diversity. A thriving ecology will contribute to a prospering civilisation. As such, Everbright Greentech believes that only if we respect for, concord with and protection of nature, explore pathways to harmony and co-existence between humans and nature and seek coordination and concertedness in economic development and ecological protection, we can build a prosperous, clean and beautiful world.

In 2021, we commenced the formulation of a policy on bio-diversity to ensure all projects in which we held controlling interests would conduct bio-diversity evaluation relating to their business operations. We will provide training for staff to ensure that they act to protect local ecology and biological life forms, especially endangered species, in the areas where they operate. Moreover, in connection with projects under preparation, we will require project companies to include an evaluation into the environmental assessment on the direct and indirect impact of the biological groups and life forms in the proposed project location and avoid operating in areas with high natural values, as well as to adopt optimal solutions to curb the negative impact on the bio-diversity of the project locations. In respect of projects under construction, staff should assess the impact of construction on the surrounding areas and the ecological environment for biological life forms on a regular basis during the construction period and minimise any disturbance to local ecology.

Formulation of energy and water resource management policy

During the Reporting Year, Everbright Greentech implemented a range of target-specific management standards, including the "Energy Management Policy" and "Water Resource Management Policy" to require the formulation of energy utilisation strategies by management staff of project companies, in order to achieve maximum energy utilisation and explore innovative pathways for multiple energy uses.

For example, in our "Energy Management Policy", we pledge to drive the standardisation of energy management and diversification of integrated utilisation.

- Full compliance with laws and regulations applicable to energy utilisation;
- Ensuring control and management of integrated energy utilisation in a responsible manner;
- Consistently enhancing our energy management standard;
- Providing business training required by energy management;
- Sharing experience and knowledge in energy management with peers and the public; and
- Encouraging our suppliers to attain the same level of energy management standardisation.

In addition, our "Water Resource Management Policy" requires project companies to adopt sufficient measures for ensuring control over total water consumption, and efficiency of water usage. To implement national and provincial directives for prioritising water conservation, our local businesses have been actively advancing urban water conservation initiatives to increase the efficiency of water usage.

In respect of effluent management, the Group has formulated a number of environmental standards, including the "Environmental Protection and Social Responsibility Management Standards", "Environmental Monitoring and Testing Management Standards", "Atmospheric Pollutant Emission Management Standards", "Water Pollutant Emission Management Standards" and "Solid Waste Management Standards" to provide standardised criteria for environmental management. Dedicated environmental inspectors have been instituted at all project companies to conduct regular tests on the environmental indicators of exhaust gas, waste water, solid waste and noise. For details, please refer to the "KPI Overview" and "Content Index" sections.

TECHNOLOGY DEVELOPMENT

Policy development

Technological innovation and development has always been an important driving force for the development of the corporation as well as the society. As an enterprise engaged in the environmental business, the Group has been aspiring to achieve the core objective of improving the environment by raising its standard in technology R&D. The Group has established Everbright Greentech Research Institute to be in charge of technological R&D and management. A range of complementary systems have also been introduced to regulate the relevant management duties, such as the "Measures for the Management of Technology R&D Projects (Trial)", "Measures for the Management of R&D Equipment (Trial)", "Measures for the Reward of Technological Innovation (Trial)", "Measures for the Management of Intellectual Property Rights (Trial)" and "Measures for R&D Project Appraisal (Trial)", among others, with a view to safeguarding the steady development of technological innovation work.

To encourage vigorous efforts in innovation on the part of its technical personnel, the Group seeks to incentivize teams producing outstanding technological achievements with both honorary awards and rewards in kind. Currently, 4 major awards have been established, including the "Excellence in Technological Achievement Award", "Intellectual Property Rights Award", "New Technology Award" and "Five Minors Innovative Award". In the meantime, we work actively with industry organisations and publish joint industry research reports in association with peers to study the current status and future prospects of the industry.

Excellence in Technological Achievement Award

Intellectual Property Rights Award

New Technology Award

Five Minors Innovative Award

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

In 2021, Everbright Greentech Research Institute focused on technological innovation relating to carbon neutrality, solar energy storage and charging integration, power battery recycling, landfill restoration, end-of-life tyre recycling and bulk solid waste recycling in tandem with the Company's business transformation and upgrade. Moreover, the project on the "Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste", a key national R&D program and inter-governmental international technology innovation and cooperation project, has completed its annual tasks according to plans. The development of the process technique pack for incineration of hazardous waste with high sulphuric and halogenic contents was completed and comprehensive technical support was provided to 3 hazardous waste incineration projects, including Lianyungang Hazardous Waste Incineration Project Phase III, Haimen Integrated Solid Waste Treatment Project and Wenling Integrated Hazardous Waste Treatment Project.

Carbon neutrality	• Completed "Greentech Carbon Neutrality Research Report" and pre-development survey and research for carbon reduction assets; • Arranged staff to participate in training as carbon emission trader and obtain the relevant certificate; and • Participated in the drafting of "Everbright Environment's White Paper on Carbon Neutrality".
Solar energy storage and charging integration	• Conducted comprehensive survey and research on advanced domestic and international solar energy storage and charging integration and integrated energy services technology to provide all-rounded technical back-up for the Company's development of integrated energy businesses such as solar energy, power storage, heat storage, cold storage and intelligent power networks; • Arranged staff to participate in training in technology for the construction of solar energy power station; and • Completed comparisons in technical economies among different power storage modes and conducted survey and research of solid heat storage and phase-change energy storage technology.
Power battery recycling	• Comprehensive survey and research on technologies for the tiered application and recycling of power batteries with the completion of a survey and research report on the entire power battery industry chain; and • Participated in China power battery recycling forum and international forums on technologies and industrial developments relating to lithium power battery.
Landfill restoration	• Commenced R&D on requirements of the decayed garbage landfill restoration projects in Haikou and Shenzhen; and • Participated in the drafting and assessment of solid alternative fuel group standards.
End-of-life tyre recycling	• In connection with the implementation of the Huangshi End-of-life Tyre Recycling Project, we completed civil engineering construction drawing design and entered the stage of drawings review and bill of quantities drafting; we also completed the inspection, survey and research on suppliers for tyre pre-processing, pyrolysis, carbon black deep processing systems as well as the drafting of technical conventions for 3 main systems, while participating in tenders for equipment.
Bulk solid waste recycling	• Conducted in-depth research on bulk solid waste recycling technologies and industries, including the commencement of R&D on foamed ceramic construction material manufacturing technology, hollow microsphere value-added application technology, green construction material manufacturing technology, novel fibre board manufacturing technology and foamed wall material and fibre board production; and • Commenced technological research on high-purity graphite, husk nano-silicon, ash and waste salt recycling, aluminium ash recycling and others.

Driving the industry in general towards further qualitative development

During the Reporting Year, Everbright Greentech Research Institute made amendments to the "Greentech Technology R&D Management System" according to the actual conditions of the Company and audit rectification opinions. In connection with the drafting of standards, we participated in the drafting of two national standards, two group standards and one guide in 2021, the details of which are as follows:

Standard Name	Type
Technical Specification of Waste Tyre/Rubber Pyrolysis	National standards
Technical Specification for Plasma Treatment of Solid Waste	National standards
Industrial Salt Regenerant — Sodium chloride	Group standards
Industrial Salt Regenerant — Sodium Sulphate	Group standards
Environmental Management Guide for Hazardous Waste Landfill Industry	Policy guide

In connection with project listing, Everbright Greentech Research Institute has submitted applications for Shenzhen supplementary grant for national key R&D areas, Shenzhen grant for corporate R&D, financial aid for hi-tech enterprises, and programme supporting multiplying growth of hi-tech enterprises, among others, and has been listed for grants in two categories, the details of which are as follows:

Project Name	Type	Progress
Grant for corporate R&D	Shenzhen R&D grant	Listed
Reward and aid for recognised hi-tech enterprises	Reward and aid for hi-tech enterprises of Shenzhen	Listed
Supplementary grant under national key R&D programmes	Shenzhen Synergistic and Innovative Technology Programme	Submitted
Programme supporting multiplying growth of hi-tech enterprises	Special development projects for proprietary and innovative sectors of Nanshan District	Submitted
R&D on critical technology relating to equipment for synthesis and application of high-stability solid-state amine CO_2 capture materials	Key projects of Shenzhen for solving technological bottlenecks	Submitted

In connection with intellectual property rights, as at 31 December 2021, the Group held 205 authorised patents, including 25 invention patents and 175 utility model patents, and 5 software copyrights. In 2021, the Group filed applications for 34 patents, including 19 invention patents and 15 utility model patents, with notable improvements in the quality of patent applications; we were granted 24 patents, including 3 invention patents and 21 utility model patents, and published 8 papers on technology-related topics in external journals. In the meantime, the Group has formulated the "Measures for Intellectual Property Rights Management (Trial)" to regulate the management of intellectual property rights and encourage innovation on the part of the staff while facilitating protection of intellectual property rights.

During the Reporting Year, the Group continued to strengthen liaison with industry associations, research institutes and competent government authorities. As a member of the Standing Executive Committee of BEIPA, the Group has formulated the "Development Report of Biomass Power Generation Industry of PRC in 2021" in collaboration with the association to provide a detailed analysis of the current state of development of the biomass power generation industry and an in-depth exposition of its opportunities and challenges.

Moreover, the Group conducted extensive survey and research on the overall operating conditions of biomass power generation projects in association with peers and cooperation with the Energy Research Institute of the NDRC to obtain accurate statistical information on the development of the industry. To ensure healthy and sustainable development of the industry, the Group submitted "Propositions Relating to Regulations for Automatic Monitoring Data Marking of Pollutant Discharge Entities in Thermal Power, Cement and Paper Industries (Trial)" and assisted in the development of the "Group Standards under the Voluntary Greenhouse Gas Emission Reduction Audit Guide for Biomass Energy and Power Generation Projects" in active response to the call of the Ministry of Ecology and Environment for opinions on markings and rules for pollutant discharge in biomass power generation. Meanwhile, the Group participated in a number of industry conferences for the biomass power generation sector organised by industry associations and competent industry authorities to provide genuine accounts of opportunities and challenges faced by the industry and contribute ideas for its qualitative development.

CIRCULAR ECONOMY

Policy development

The circular economy stresses efficiency for the use of resources. An increasing number of corporations are exploring the feasibility of incorporating such concept in their business models, such as increased recycling and extension of useful life of products. The Chinese government has amended the "Circular Economy Promotion Law of the People's Republic of China" with the aim of enhancing efficiency in the use of resources and achieving sustainable development. The implementation of stringent national and regional policies will accelerate the general transformation of the society to circular economy. As a result, environmental enterprises will embrace massive opportunities for development.

The Group was driving transformation in full force. The integrated biomass utilisation business was steering transition towards high value-added operations, as we continued to advance in our development in the heat supply market; the hazardous and solid waste treatment business was steadily transforming into an industrial environmental service provider, underpinned by the successful launch of the end-of-life tyre recycling business; we entered the solar market for the first time since our spinoff listing as our business presence was extended to Hong Kong.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Driving urban water conservation

Solving the problem of shortage of water supply in cities is a matter in which people's livelihood, social stability and urban sustainability are at stake. The nation persists in prioritising water conservation as it endeavours to build water conservation-friendly cities. To implement the national and provincial principle of prioritising water conservation, local regions were actively driving water conservation initiatives in cities to increase the efficiency of water consumption. The construction of water conservation-friendly cities was intensified as green development concepts were incorporated in all aspects and principals in urban planning, construction and implementation in fulfilment of the pioneering and leading role of national water conservation-friendly cities in urban water conservation efforts, with a view to facilitating qualitative development of urban water conservation through the radiating effect created by selected cities.

Following joint examination by multiple parties, Everbright Biomass Energy (Weihai) Limited, Everbright Biomass Energy (Chuzhou) Company Limited*, Everbright Biomass Energy (Lingbi) Limited and Everbright Environmental Energy (Lingbi) Limited* were granted the status of provincial water conservation enterprise for 2021. The Group will continue to solidify its achievements in water conservation to bring into full play its exemplary role in water conservation and consistently improve its standard in water conservation management.

Driving business transformation

The Group has been actively driving business transformation to further enhance its competitive edge and social value, fostering a more diversified field of contributions to sustainability. Since 2019, the Group has expanded its hazardous and solid waste treatment business to general industrial solid waste, production of recycled materials and metal hazardous waste recycling as part of its effort to transform into a provider of industrial environmental protection services for the further promotion of sustainability development.

General industrial solid waste: development of general industrial solid waste incineration and treatment process compatible with the conditions in China to supply green power and steam to places where the projects were located and their neighbouring areas.

Recycled materials (carbon black): production of recycled carbon black after processing end-of-life tyres with pyrolysis technologies. Out of one tonne of tyre recycled, 12% could be made into premium steel, 12% into combustible gas, 40% into petroleum and 36% in carbon black.

Metal hazardous waste recycling: hazardous waste underwent detoxification treatment after melting under high temperature, while thermal metallurgical technology was applied to extract valuable metals, such as nickel and copper, in hazardous waste to produce copper sulphate and nickel alloy for sale.

* *For identification purpose only*

Training in standardised hazardous waste management

Zibo Hazardous Waste Treatment Project invited experts from the provincial and municipal environmental departments to provide training in standardised hazardous waste management to management personnel at the level of team/group leader or above. The training comprised mainly an interpretation of the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes" (the "New Solid Waste Law"). Through the training, staff members acquired a broader understanding of the hazardous waste market in Shandong and deeper knowledge of the penalty provisions for violating the New Solid Waste Law. Hazardous waste labels and marks that complied with the laws were specified to enable staff to guide customers in posting compliant labels when liaising with customers, such that the temporary storage of incoming waste materials would be labelled in a more regulated manner.

Promoting the green culture

To encourage more staff and members of the public to join the ranks of green living, we organised a range of promotional campaigns during 2021 to raise public awareness and call for change in daily habits conducive to the reduction of carbon emission through solid actions, in a united effort to address the crisis of global warming and climate change.

Case Study

The Group actively participated in the Hong Kong Green Day campaign hosted by the Green Council as the prelude to the United Nations World Environment Day on 5 June 2021, engaging with citizens from different sectors and age groups through a range of online and offline eco-friendly activities to support environmental protection. The campaign covered corporations, retail businesses, schools and the public in Hong Kong. The Group's staff wore green apparel or accessories in support of the "Dress Green Campaign" of the Green Council. The Group received a "Hong Kong Green Day 2021 — Green Undertaking" e-certificate from the Green Council in recognition of our contributions to the fostering of a green office and promotion of green philosophy to the community.

Case Study

Escalating conditions in global warming have rendered the reduction of carbon emission an impending task that could afford no more delay. The manufacturing of textile goods and the treatment of waste generated require massive energy consumption and increase carbon dioxide emission. In view of the above, the Group joined the recycling programme organised by the Salvation Army by assisting in the collection of clothes and items in a bid to turn waste into useful resources for those in need. After due sorting and sanitisation, some of the donated goods were offered to needy people such as solitary senior citizens, street dwellers and recipients of comprehensive social security assistance, while the remaining were placed at Salvation Army stores for sale to raise proceeds for the community care services of the Salvation Army.

Case Study

On 12 March 2021, the 43rd Tree Planting Day of China, EB Greentech Urban and Rural Renewable Energy (Dali) Limited hosted a tree planting activity under the theme of "Joint Effort to Build a Green New Plant in Celebration of the CPC 100 Anniversary" to promote faster green development of the plant area in a joint effort to foster a beautiful and harmonious plant environment. The project company and staff members of its command department, sub-contract personnel engaged in property management and maintenance services participated in the activity to plant approximately 60 trees in the southern side of the main plant complex.

Case Study

The young generation today holds the key to changing the world in future. To promote environmental awareness among the next generation and procure the change of daily habits and green consumption practices among children, Zhongxiang Integrated Biomass and Waste-to-Energy Project organised a visit to Zhongxiang Special Education School for its staff on June 1st International Children's Day. During the activity, our staff played the educational videos titled "Propagating Knowledge in Environmental Protection and Science for the Future" and "'Five Point, One Line' in Waste Sorting" and explained to them in detail the general knowledge on household waste and the sorting methods. The staff also attended a lesson for children with special needs and checked out their works from handicraft lessons, before joining the kids in cultural and sporting sessions to show care and concern for them.

Case Study

In addition, in April 2021, Zhongxiang Integrated Biomass and Waste-to-Energy Project teamed up with 260 teachers and students from Changtan Township Jinxing Primary School and Changtan Secondary School in Zhongxiang City in an open day activity entitled "Researching and Learning the Environmental Business to Build a Bright Future for the Motherland and a Magnificent Home for All". The students took on the role of young environmental reporters as they toured the plant. Staffers showcased the layout of the plant through a building model, before leading the young reporters to the centralised control room and garbage elevation control room, so that they could grasp an in-depth understanding of the techniques and processes of biomass and waste-to-energy power generation through practical operation and interactive exhibition experience.

CYBER SECURITY AND DATA PRIVACY

Policy development

With the ongoing development of the information-based society, cyber security and data privacy has become one of the issues that corporations are bound to face in their operations. In 2021, the Central Cyberspace Affairs Commission published the "National Informatisation Plan for the 14th Five-Year Plan" to lay out plans and arrangements for China's development in informatisation. The Plan is an important constituent of the national planning regime for the "14th Five-Year Plan" and an action guide for the informatisation work of various regions and departments. In response to confirmed development goals, the plan staged a number of important tasks, including the cultivation of a regime for an advanced and safe digital industry and a digital livelihood security regime that brings convenience to all, in order to explore a regime for mutually beneficial international cooperation in the digital sector.

As an environmental enterprise, we are required to process massive customer information and environmental data in our daily operations. Hence, we are subject to the issue of cyber security and data protection on a massive scale. The Group has formulated the "Confidentiality Regulations" to specify administrative measures for the protection of data security and privacy.

In addition to the protection of customer information, the Group is equally concerned with staff privacy. To better protect the personal information of staff and safeguard sound relations with employees while reducing the risk of violation, the Group has launched the "Personal Information Collection Statement" and "Consent Letter for the Handling of Staff Personal Information" at the Hong Kong and Mainland headquarters in accordance with the "Civil Code of the People's Republic of China", "Law on the Protection of Personal Information", Personal Data (Privacy) Ordinance and other pertinent laws and regulations to specify the purpose of collecting information and the period for which such information will be kept.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Training in cyber security management

With the rapid development and extensive application of the Internet, cyber security has become an increasingly complicated issue around the world, such that institutions or individuals are subject to increasing cyber security risks. Staff privy to confidential information are required to receive pre-job confidentiality training in relation to key aspects of cyber security such as management and prevention mechanism, risk assessment and incident reporting and handling. In 2021, the "Staff Cyber Information Security Awareness Training and Cyber Security Management Training for Information Management Officers" was arranged by the Group for its staff with the aim of further enhancing staff awareness of cyber information safety, improving the ability of designated information management officers to prevent and deal with cyber security incidents, and deepening the interpretation of cyber security laws and analysis of past cases of enforcement, among others, in order to raise the Company's overall protection standard of cyber security. In addition to training, the Company has also furnish from time to time cyber security information to staff for their reference, such as information relating to the enhancement of cyber security awareness, guard against cyber phishing and prevention of scam emails.

Management of inside information disclosure

As a listed company, Everbright Greentech is required to disclose to the public any inside information as soon as reasonably practicable after it becomes aware of such information. To fulfil its responsibility of disclosure, the Group should disclose the inside information to the market in general via the electronic upload system operated by Hong Kong Exchanges and Clearing Limited to ensure equal and simultaneous access to the same information by all market users. For this purpose, the Group has adopted all reasonable preventive measures to prevent violations of the disclosure regulations. To enhance management of inside information disclosure, the Group amended its "Policy and Procedures on Disclosure of Inside Information" during the Reporting Year, providing detailed guidelines to all employees to ensure strict compliance with pertinent laws and regulations. Furthermore, the Group published the notice of "Code of Corporate Conduct (Trial)" during the Reporting Year to specify the code of conduct for all employees, including compliance with national and the Company's regulations on confidentiality. The principle of "Disclosing Knowledge only on an As-needed Basis" is strictly complied with during the course of business.

SUPPLY CHAIN MANAGEMENT

Policy development

The supply chain of an enterprise is the extension of its own operations, products and services. The enterprise is dependent on the sound operation of each participant in the supply chain in order to effectively fulfil customers' demands and maintain its economic efficiency and market competitiveness. While traditional supply chain management is focused on aspects such as quality and turnover periods, the Group is also well aware of the significance of environmental, social and other issues relevant to corporate social responsibility in relation to the growing complexity of supply chain management. Accordingly, we endeavour to enhance our influence in various segments which require cooperation with suppliers and foster sustainable supply chain management. This is also a response to the goal under the United Nations Global Compact, to establish, safeguard and develop long-term environmental, social and economic values for stakeholders who supply products and services to the market.

The Group is committed to building strong relationships with different suppliers and creating new opportunities for development together. Given the nature of our business, the majority of suppliers of the Group are specialised in electrical equipment, construction work, hoisting machinery, pumping equipment, air system technology and water treatment equipment, among others. To promote inclusive, ethical and sustainable procurement and supply chain management practices, our "ESG Policy" emphasises due diligence and risk management and control in relation to the supply chain to prevent problems pertaining to sustainability, such as illegal labour, health and safety risks, corruption and bribery and adverse environmental impact, among others.

In persistent adherence to the "People-oriented" principle, Everbright Greentech offers full protection for the lawful interests, health and safety of staff, and is committed to extending such care to all workers along the supply chain, such that all could find joy at work and happiness in life. In addition to management procedures for the identification and review, investigation and reporting of incidents and handling of work injuries, the Group's ESHS management regime also covers relevant contents in the ESHS management of contractors. The "ESHS Management Standards for Contractors" provides guidance for the management of contractors' qualifications, construction operation and subsequent assessment to mitigate and control the risks arising during the course of outsourcing.

Moreover, the "Suppliers' Code of Conduct" sets out to suppliers the Group's criteria for business cooperation and encourage suppliers to fulfil and jointly enhance the sustainability performance of the supply chain.

Labour standards	Respect for and compliance with internationally recognised human rights under the principles and guidelines set out in the "United Nations Guiding Principles on Business and Human Rights", including the prohibition of child labour and forced labour, working hours and wage requirements compliant with legal regulations, and a workplace free from harassment and abuse, among others.
Health and safety	Confirming adoption of appropriate policies and systematic assessment of potential risks to reduce safety hazards and formulation of emergency plans; with regard to staff health, clean and safe sanitary, dining and accommodation facilities are being provided.
Environmental standards	Reducing adverse impact on the marine, land and atmospheric environment of the community and adopting measures for the conservation of resources.
Ethical norms	Maintaining ethical standards that are consistent with the Group, upholding business integrity in operations and protecting privacy and intellectual property rights.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Amendment of the "Measures for Suppliers' Management"

To enhance the management of suppliers, Everbright Greentech has formulated the "Measures for Suppliers' Management" which provides the management of suppliers by tiers, stipulating the management duties of each tier such as the development, inspection and subsequent dynamic assessment of suppliers, among others. The dynamic supplier assessment regime has stipulated the timing for dynamic assessment and criteria for assessment in respect of suppliers for different project types during the project construction period and the production operation period. Suppliers found to be in any violation of rules will forthwith be included in the list of disqualified suppliers and be subject to restrictions in participating tenders.

Safeguarding stability in supply

The Group has further enhanced the effectiveness of supplier management and its risk control ability by obtaining and sharing additional practical information via the tender and procurement e-trading platform of CEEGL, in order to strengthen its competitive edge. Meanwhile, we have continued to enhance communication with local fuel suppliers and built a voluntary biomass fuel collection and storage regime. High quality and stable supply of raw materials and provision of services has provided a solid bedrock for the Group's continuous operation. Please refer to pages 74 to 76 of this Report for details of our work in relation to the critical issue of "Safe Production and Stable Supply" for the year.

SUSTAINABLE INVESTMENT

Policy development

In recent years, as sustainability has been increasingly valued by governments, corporations and the general public, investment in sustainable development has become an important means to advance corporate sustainability and one of the directions in future development. To support the national goal of "Carbon Neutrality" and strategy of rural vitalisation, the National Association of Financial Market Institutional Investors has been launching rural vitalisation bonds and carbon neutrality bonds since the current year to provide fresh vigour for the green bond market. As an environmental enterprise whose principal businesses are mostly operated in the counties, Everbright Greentech has made outstanding contributions to ecological treatment and defined poverty aid in rural areas during the "13th Five-Year Plan" period, and has also provided assistance to initiatives for the reduction of carbon dioxide emission on an ongoing basis.

Firmly seizing green opportunities, Everbright Greentech has continued to drive environmental projects that are in line with green standards, leveraging various financing instruments in the bond market. We have formulated a green financial framework by reference to the Green Loan Principles 2020 of Asia Pacific Loan Market Association and Loan Syndications and Trading Association, under which an amount equivalent to the net amount of proceeds raised as stipulated will be applied in full to green projects which are in line with the Company's development strategy, in a bid to support Everbright Greentech's fulfilment of its long-term sustainability strategy.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Issue size	Coupon rate for the first three years	Credit rating	Subscription multiples
RMB1 billion	3.5%	AAA	2.25 times

In July 2021, the Company successfully issued the nation's first carbon-neutral and rural vitalisation green panda medium-term notes, which was given an AAA credit rating. The successful issuance of the carbon-neutral and rural vitalisation notes represented Everbright Greentech's active response to and solid implementation of China Everbright Group's action plan for expediting "Dual Carbon" and transition to low-carbon operation, as well as the rural vitalisation scheme comprising "Four Principal Plans" and "Creating 800 Projects". Funds raised will be applied to the repayment of project loans for the relevant agricultural and forestry integrated biomass utilisation projects to support our initiative to convert biomass raw materials such as agricultural and forestry waste into electricity and heat to mitigate the impact of open-air incineration of agricultural and forestry waste on the environment, while at the same time providing cleaner energy to residents in neighbouring areas. Computed in accordance with the guide for estimating energy conservation and emission reduction of green loan projects under the "Green Finance Statistical System" (2020) published by the China Banking and Insurance Regulatory Commission and based on standard coal consumption for thermal power generation announced in the "Annual Development Report on China's Power Industry 2021" published by China Electricity Council, issue proceeds utilised in the eight projects could reduce carbon dioxide emission by approximately 428,700 MT and standard coal consumption by approximately 218,800 MT annually.

Projects utilising issue proceeds	Brief description of benefits	Percentage of proceeds allocation	Reduction in carbon dioxide emission (10,000 MT/year)	Reduction in standard coal consumption (10,000 MT/year)
Fengyang Integrated Biomass and Waste-to-Energy Project (Biomass)	Under the "Dual Carbon" objective, electric power system construction is undergoing structural changes, whereby the application of new energy becomes increasingly popular. In addition to serving as a substitute for traditional fuel that enriches supply in the energy market and alleviates the pressure on coal supply, biomass and waste-to-energy power generation is also a form of public service for the handling of organic solid waste that could effectively reduce air pollutants generated by the treatment of agricultural and forestry waste. Moreover, under the market-oriented mechanism, the collection, storage, transportation and processing of biomass and the take-up of energy facilitate local economic development and employment with the benefit of generating income for farming workers.	10.8%	5.97	3.05
Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass)		16.0%	5.38	2.68
Guanyun Integrated Biomass and Waste-to-Energy Project (Biomass)		19.4%	6.60	3.52
Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass)		2.0%	0.68	0.35
Suqian Biomass Heat Supply Project		17.5%	9.30	4.81
Guoyang Biomass Electricity and Heat Cogeneration Project		1.0%	0.87	0.39
Yu'an Biomass Electricity and Heat Cogeneration Project		12.6%	7.00	3.43
Yeji Biomass Electricity and Heat Cogeneration Project		20.7%	7.07	3.65
	Total	**100%**	**42.87**	**21.88**

As certified and appraised by Lianhe Equator Environmental Impact Assessment Co., Ltd.*, the projects invested with funds raised by the carbon-neutral and rural vitalisation notes are green low-carbon industry projects in the agricultural and forestry biomass sector, which not only offer sound environmental benefits in terms of carbon reduction, but also have an extremely important practical significance and profound impact on the improvement of the living standards of rural residents and industrial development in areas where the projects are located. Through the integrated biomass utilisation business, we have built a well-defined industry chain which provides more decent jobs and economic development opportunities for the rural population in China. In 2021, our integrated biomass utilisation projects directly or indirectly provided more than 40,000 job positions and enabled agricultural workers to increase their income by more than RMB2,400 million. For details, please refer to pages 77 to 81 of this Report for further understanding of our work relating to the annual critical issue of "A Blissful Vision of Co-prosperity".

Furthermore, we obtained a HK$300 million green loan with a 3-year term in August 2021 to further enhance the overall competitive advantage and business performance of relevant environmental projects for the achievement of long-term sustainability goals. The said loan was deemed to be in compliance with the requirements of the Green and Sustainable Finance Certification Scheme Certificate 2021 and has been awarded the certificate for "Pre-issuance Stage of Green Bond (Use of Proceeds Instrument)" by Hong Kong Quality Assurance Agency.

The successful launch and over-subscription of the medium-term notes and green loan represents not only the beginning of a new phase in green bond financing for the Company, but also the market's recognition of and confidence in the Company's comprehensive strengths. In future, we will procure efficient usage of the issue proceeds to grasp opportunities in the green business. We will continue to fully utilise various financing instruments in the bond market and facilitate the issuance of the remaining credit limit as and when appropriate to provide long-term financial coverage for the Company's sustainable development.

* *For identification purpose only*

STAFF INCLUSIVITY AND EQUAL OPPORTUNITY

Policy development

Everbright Greentech has always been committed to the engagement with and inclusion of different talents and cultures, as diversity and inclusivity represent deep-rooted values in our culture. We offer full protection for the lawful rights, health and safety of our staff, provide generous benefits and equal opportunities, and treasure the value of staff development.

Moreover, the Group treats all employees on an equal basis and ensures equal opportunities in recruitment, salaries and wages, promotion, training and career development, among others, are provided to all staff. No staff will be discriminated by reason of age, ethnicity, gender, religion, nationality, health and family status. Meanwhile, we have continued to develop a workplace with diverse gender elements and ensured special care for female and ethnic minority staff in relation to holidays and benefits, work environment, learning and group activities, among others.

Case Study

The latest "Human Resources Management Policy" formulated by the Group in 2021 includes, among others, a chapter on the staff recruitment management system that regulates the recruitment process and management of enterprises with specific criteria for appointment, with a view to enhancing the efficiency of human resources management and pledging fair work and development opportunities as well as commensurate benefits and remuneration to all employees, in an effort to foster and encourage an inclusive workplace for them. The Administration and HR Department has drafted the "Staff Handbook" in accordance with the aforesaid system, setting out the Group's employment system to ensure that all recruited employees understand their rights and obligations.

❖ WORK AND PROGRESS DURING THE REPORTING YEAR

Safe resumption of work

As the pandemic was gradually brought under control in Mainland China, the resumption of work by staff with assurance for safety became an important consideration for the Group. For this purpose, the Group provided guidance for staff to work under safe conditions in accordance with the "Guide for the Resumption of Work", while the project companies formulated promotion of safety education and training programmes prior to work resumption based on the actual requirements of individual job positions. Trainings were conducted in the form of online teaching and/or video recording, while assembled training was strictly prohibited to avoid the risk of contagion associated with the gathering of people.

Moreover, the project companies were required to supply at work sites and to the staff sanitary products such as infrared thermometers, face masks, hand wash, protective goggles, protective clothing and medical-grade alcohol in accordance with the "Regulations for the Management of COVID-19 Pandemic Prevention and Control" and "Checklist of Supplies for COVID-19 Pandemic Prevention and Control".

Case Study

Alongside the rapid development of technology and the economy, our daily life has taken on a faster tempo with increasing competitive pressure, resulting in a sub-healthy lifestyle which has become very common. The economic and social impact of the pandemic has subjected people under further anxiety and pressure. One of our key concerns as a sustainable operation is to safeguard the psychological as well as physical health of our staff. In addition to different types of training programmes, we have also organised recreational and sports activities and workshops aimed at fostering a culture of healthy life, in order to liven up their daily life.

To enrich the cultural and sports life of staff, Lintao Integrated Biomass and Waste-to-Energy Project and Xinyi Hazardous Waste Treatment Project have held their respective first staff basketball tournaments. Through the active participation of different ranks and departments, communication and affiliation among the teams has been enhanced, casting away worries for the benefit of psychological and physical health. Moreover, in addition to the dissemination of health information to staff from time to time, the Hong Kong headquarter has also participated in the "Love Teeth Day" organised by Hong Kong Community Chest to remind staff of the importance of dental health while showing care for the assisted. During the Reporting Year, the Company held a workshop on crafting of preserved flowers, inviting staff to join along with their children to encourage interaction among staff members of different departments, as well as between the staff and their kids, in addition to relieving pressure caused by the pandemic through the workshop.

Protecting labour rights

The Group has formulated a range of policies, including the "Staff Handbook" and "Human Resources Management Policy", to enhance management over human rights, employment relationships and staff, thereby facilitating improvements in the Group's performance in these aspects. Employees may furnish their views or suggestions about the relevant management systems to their immediate supervisors or the Administration and HR Department to help improving the management regimes.

Case Study

Equality and respect for human rights are recognised by the state through the constitution; as the society develops, the issues of equal opportunity and anti-discrimination have also received public recognition and attention. Discrimination emerges when individuals with certain characteristics are being stereotyped by some people. Such stereotypes affect our thought and action, hence we believe the fulfilment of anti-discrimination should begin with the change of mindset.

In July 2021, our Hong Kong headquarter invited the Equal Opportunities Commission to host a training session for staff focusing on the anti-discrimination ordinances. In addition to giving an account of the development of the anti-discrimination ordinances in Hong Kong, the speaker also elucidated the factors of violation and scope of application for these ordinances, including new amendments to the Sex Discrimination Ordinance and Race Discrimination Ordinance in 2021. By learning about the newly amended provisions on prohibition against discrimination and harassment of breastfeeding females, our staff came to understand the rights for pregnant staff through the training and how they should avoid discriminating acts, so as to ensure that employees work without discrimination.

Employment relationships

We respect the employment relationships with all staff. The "Staff Handbook" stipulates a notification period of 30 days of the Group, whereby the application for voluntary resignation or dismissal of an employee should be made in writing 30 days in advance. Moreover, in the event of significant change in the Group's operations, prior notice will be given to all employees according to the same standard.

Case Study

Staff opinion provides views and suggestions for the Group's continuous improvement of its employment management system. We are highly concerned with how our employees feel and we ensure that all requests and views of staff are addressed in a serious manner in order to maintain sound employment relationships. During the Reporting Year, the Hong Kong headquarter arranged an anonymous staff opinion poll in association with CEEGL, covering questions on areas such as the level of satisfaction with services provided by the mandatory provident fund company, medical insurance company and health check centre, sanitary conditions of the workplace, anti-epidemic measures, staff benefits, team-building activities and training, among others. We have summarised the outcomes of the staff poll for an understanding of staff expectations and their genuine needs, so as to identify issues early on and take appropriate actions for improvement.

Child labour and forced labour

The Group prohibits child labour and forced labour in any form at its workplace in stringent accordance with the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China".

The Group has always been concerned with the protection of staff interests, respect for and protection of human rights, fostering of sound employment relationships and absolute prohibition of child or forced labour. In 2021, we have formulated the "Human Resources Management Policy" for our Hong Kong employees to further regulate the process and management of staff recruitment.

Staff development

The personal development of staff is closely associated with the development of the corporation. Everbright Greentech is committed to fostering a working environment where all staff could utilise their potential. The Group actively recruits talents in the international as well as domestic markets by working with professional recruitment agencies and tertiary colleges to ensure the ongoing operation and innovative development of its business. During the Reporting Year, we amended the policy and system for staff recruitment and promotion to offer more opportunities for development to internal staff through the mechanism for competitive internal recruitment and job rotation.

The Group appreciates the importance of staff training for enhancing work competence. In this connection, it has formulated policies such as the "Staff Handbook" and "ESG Policy", in an effort to regulate the process of staff training and enhance staff training efficiency. The Group pledges to provide staff with training courses relevant to their job positions complemented by sufficient resources, such as training subsidies and examination leaves. During the Reporting Year, the Group has offered different training topics for staff to enhance their skills and identify their potential.

Case Study

The Administration and HR Department communicates with staff on a regular basis to understand their preference for training, so that training topics could be further optimised. To enhance staff ability to deal with ESG matters, the Group sponsored staff to enrol in sustainability training courses and acquire professional qualifications in 2021. For example, certain members of the sustainability working group obtained the qualifications of Certified ESG Analyst (CESGA®) awarded by The European Federation of Financial Analysts Societies (EFFAS), completed the GRI Certification and Chartered Governance Professional awarded by The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) during the Reporting Year.

About This Report

REPORTING STANDARDS AND PRINCIPLES

This Report relates to the Group's performance in sustainable development for the Reporting Year. This Report has continued to cover the operations of the Group's integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power businesses. The environmental and social KPIs covered the Group's headquarters in Hong Kong and Shenzhen, and other projects over which the Group exercised operational control[1]. A list of the operating projects of the Company for the Reporting Year is set out in pages 11 to 26 of this Report.

This Report was prepared in accordance with GRI Standards: Comprehensive Option, and the "Environmental, Social and Governance Reporting Guide" (Appendix 27 to Listing Rules) and with reference to the standards set out in "Electric Utilities Sector Disclosures" in "G4 Sustainability Reporting Guidelines". In preparing this Report, the Group has also adhered to the following reporting principles: stakeholder inclusivity, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability and consistency, reliability, timeliness and quantitative measurement.

Principle	Description	Response of the Group
Stakeholder inclusivity	The report should explain how stakeholders have been identified and how their views and expectations have been addressed.	The Group understood stakeholders' views and suggestions through events of communication with stakeholders during the Reporting Year and its reporting is primarily based on such input. The Group has screened its major stakeholders in a responsible manner according to the principles of responsibility, influence, proximity, dependence and representativeness.
Sustainability context	The report should illustrate the entity's performance in a broader sustainability context.	In reporting various sustainability issues, the Group has taken into consideration correlation with the industry, region and the world, leveraging on the Group's own sustainability strategies, risks, opportunities and goals.
Materiality	The report should reflect the notable economic, environmental and social impact of the entity, or areas which have a substantial impact on stakeholders' evaluation of and decisions regarding the entity.	Sustainability issues that are highly material to the stakeholders and that have a material impact on the Group have been identified based on the nature, mode of operation and location of the Group's business as well as the outcome of communication with stakeholders.

[1] Projects not in production during the Reporting Year and solar energy projects of Everbright Kellon are not included. In comparison with the Sustainability Report 2020, 7 new projects have been added to the Report.

Principle	Description	Response of the Group
Completeness	The report should explain in reasonable detail the scope and timing of the impact of material issues identified.	The Group has evaluated and reported on the impact of all material sustainability issues for the Reporting Year and provided its responses thereto.
Accuracy	The report should provide sufficiently accurate and detailed information to facilitate stakeholders' evaluation of the performance of the entity.	The Group's internal control and vetting procedures have ensured the accuracy and reliability of all information.
Balance	The entity should prepare the report in an impartial manner and ensure clear explanation of both positive and negative impacts, so that stakeholders may reasonably evaluate its overall performance.	In the preparation of this Report, while the discussion of its ESG achievements has been emphasised, the Group has also provided descriptions of difficulties encountered and their solutions.
Clarity	The report should present information clearly for ease of stakeholders' understanding and access.	This Report has been presented in a manner easily comprehensible and accessible by stakeholders who have a certain degree of knowledge of the Group and its businesses.
Comparability and consistency	The report should disclose information in a consistent format, so that stakeholders can analyse and evaluate the performance of the entity during different periods. The entity should provide explanations in respect of any change in the methods of disclosure.	The Group has presented past KPIs and information wherever practicable to enable stakeholders to compare performances on a year-on-year basis.
Reliability	The report should explain the manner in which the information has been collected, recorded, edited, analysed and reported, so that stakeholders can review its quality and truthfulness with confidence.	This Report has presented information with clarity without any intention to mislead or deceive, and has been endorsed and approved by the Board on 17 May 2022. This Report has also been authenticated by a third-party institution.

Principle	Description	Response of the Group
Timeliness	Regular reporting should be conducted to furnish stakeholders with timely information to facilitate informed decisions.	This Report has presented general information on the Group's economic, environmental and social impacts during the Reporting Year with clarity.
Quantitative measurement	The report should disclose KPIs in measurable terms.	The Group has furnished information in a quantitative form wherever practicable.

The Group undertakes that all information and data[1] collected has been extracted from the Group's internal documents and statistical reports, and has been approved by internal control and vetting procedures. Data analysis has been conducted in accordance with relevant local or international guidelines and standards, such as the estimation of GHG emissions of projects according to computational methods approved under the CDM[2]. All data set out in this Report have been rounded except for integers.

The Board considers sustainability as an important part of its corporate development strategy, and this Report has been approved by the Board on 17 May 2022. In addition, to ensure compliance with relevant reporting standards, this Report has been independently audited and verified by the Hong Kong Quality Assurance Agency. The verification statement is set out on page 152 of this Report.

The Group holds the views of stakeholders in high regard. You are welcome to contact the Group via info@ebgreentech.com if you have any queries or suggestions relating to the contents or reporting format of this Report.

1 The KPIs in this Report have been computed and reported on an operating basis.

2 A flexible mechanism for GHG reduction defined in the "Kyoto Protocol" under the UNFCCC. Its methodology provides the basis for the determination of baselines and project boundaries as well as the computation of GHG emission data such as the emission reduction and cost efficiency of emission reduction.

PROCESS AND RESULTS OF MATERIALITY ASSESSMENT

The preparation process for this Report for the Reporting Year did not differ from that for past sustainability reports. This Report has been drafted in accordance with identified material issues and a procedure of information verification has been conducted. The following material sustainability issues have been confirmed following adequate discussion and risk evaluation between the Board and the management.

Material issues	Description	A	B	C	D	E	F	G	H	I	Our response	Stock Exchange	GRI standard
Fostering a safe and healthy workplace	In accordance with a "People-oriented" approach, Everbright Greentech regards staff health as a matter of priority with ongoing review and optimisation of occupational safety measures.	✓	✓	✓	✓	✓	✓				• OUR APPROACH TO GOVERNANCE • Safe Production and Stable Supply • Supply Chain Management	B2	403
Respect for human rights	The Group has formulated measures for the support, respect and protection of human rights and promotion of equal opportunities and right of freedom.	✓	✓	✓		✓	✓		✓	✓	• Staff Inclusivity and Equal Opportunity • Supply Chain Management	B1, B4	412
Clarification of labour relations	Everbright Greentech abides by local labour laws to protect the lawful rights of every employee who works for the Group.	✓	✓	✓	✓	✓	✓	✓	✓	✓	• Staff Inclusivity and Equal Opportunity • Supply Chain Management	B1, B4	402
Strict prohibition against child labour or forced labour	The Group has zero tolerance for the practice of child labour or forced labour and strictly complies with requirements under the international human rights declaration.	✓		✓		✓				✓	• Staff Inclusivity and Equal Opportunity • Supply Chain Management	B4	408, 409
Improvement of the employee management system	Everbright Greentech regards the employees as its most important asset for corporate sustainability and is committed to the provision of a fair and respected workplace.	✓				✓					• A Blissful Vision of Co-prosperity • Staff Inclusivity and Equal Opportunity	B1	401
Training and development opportunities	The Group provides specialised training to staff and ensures fairness in remuneration and promotion opportunities.	✓	✓	✓	✓	✓					• A Blissful Vision of Co-prosperity • Staff Inclusivity and Equal Opportunity	B3	404

Material issues	Description	A	B	C	D	E	F	G	H	I	Our response	Stock Exchange	GRI standard
Waste disposal	In view of the continuous increase in the volume of global waste, Everbright Greentech is committed to the development of its core business to solve the problem of environmental pollution.	✓		✓		✓	✓			✓	• OUR APPROACH TO GOVERNANCE • Climate Change	A1, A2, A3	306
GHG or exhaust emission	The Group has formulated measures in accordance with the national policy for emission reduction and enhanced its green energy supply and energy conservation improvement plans to address the substantial impact and risk brought about by aggravating climate change.	✓	✓	✓	✓	✓	✓	✓	✓	✓	• Transformation to Net Zero Emission	A1, A4	305
Scientific R&D	The Group has established Everbright Greentech Research Institute to engage in the R&D of innovative technologies such as hazardous waste incineration processes to facilitate more effective solution to environmental problems.		✓		✓	✓		✓	✓		• Technology Development • Circular Economy	B6	—
Customer information and privacy	Everbright Greentech has established the "Confidentiality Regulations" to provide guidance for staff privy to confidential information according to different levels of security clearance for such information for the protection of customer information and privacy.	✓	✓		✓	✓			✓	✓	• Cyber Security and Data Privacy	B6	418
Seizing opportunities in sustainability	Through its risk management mechanism, the Group reviews latest trends of the industry and relevant national environmental policies to seize any opportunities.	✓	✓	✓	✓	✓	✓	✓			• A Blissful Vision of Co-prosperity • Transformation to Net Zero Emission • Technology Development	B7, B8	—
Delivering economic value to stakeholders	Everbright Greentech has developed solid relationships with business partners and suppliers to jointly develop new opportunities in the environmental industry.	✓	✓	✓	✓	✓	✓	✓		✓	• OUR APPROACH TO GOVERNANCE • Supply Chain Management	B5	—

KPI OVERVIEW

OPERATIONAL PERFORMANCE

Indicator	Unit	2021	2020	2019	2018	2017
Operating capacity						
Biomass[1] raw materials processing volume	MT	5,721,407	5,297,959	4,748,266	3,159,990	1,684,691
Household waste processing volume	MT	3,367,177	2,308,896	1,413,171	881,254	249,212
Hazardous and solid waste processing volume	MT	299,433	209,042	208,410	127,052	113,031
Green on-grid electricity[2]	MWh	6,285,708	5,630,945	4,106,589	2,873,870	1,667,503
Green on-grid electricity per MT of biomass[3]	KWh/MT of biomass fuel	661.13	706.50	737.53	809.20	826.98
Supply of sold steam	MT	2,126,943	871,569	821,023	363,391	171,027
Total length of aboveground transmission lines	km	175.40	165.21	116.35	84.99	68.54
Total length of underground transmission lines	km	35.29	32.88	23.67	20.32	16.58
Number of institutional and commercial clients						
Population of cities served	million persons	48	45	26	No data collected	No data collected
Number of industrial/commercial clients	unit	2,727	2,431	2,132	No data collected	1,256
Number of government agencies[4]	unit	47	40	30	27	19

[1] Comprising biomass fuel only.

[2] Comprising total on-grid power generation volume of wind power, solar power and biomass (including household waste) combustion.

[3] Covering biomass power generation and biomass treatment volumes only.

[4] Internal statistical bases have been adjusted in accordance with GRI definitions and data for 2019 and 2020 has been restated accordingly.

ENVIRONMENTAL PERFORMANCE

Indicator	Unit	2021	2020	2019	2018	2017
Emission of air pollutants[5]						
NO_x	MT	4,587	3,809	1,924	1,470	1,320
SO_x[6]	MT	1,437	975	716	667	630
Respirable suspended particulates	MT	185	274	134	93	88
GHG emissions and intensity[7]						
Scope 1 – direct GHG emissions	MT CO_2 equivalent	1,415,497	1,232,231	677,134	964,173[8]	169,047[8]
Scope 2 – energy indirect GHG emissions	MT CO_2 equivalent	56,563	75,638	36,210	15,538	8,657
Total GHG emissions (Scopes 1 and 2)	MT CO_2 equivalent	1,472,060	1,307,869	713,344	979,711	177,704
Scope 3 – Other indirect GHG emissions	MT CO_2 equivalent	201,028	170,429	88,589	6,961	3,944
Total GHG emissions (Scopes 1, 2 and 3)	MT CO_2 equivalent	1,673,088	1,478,298	801,933	986,672	181,648
GHG intensity (based on production capacity of integrated biomass utilisation projects)[9]	kg CO_2 equivalent/KWh	0.15	0.19	0.20	No data collected	No data collected
GHG intensity (based on operating revenue)	MT CO_2 equivalent/HK$ million	263.44	298.94	192.53	No data collected	No data collected
GHG emission reduction	MT CO_2 equivalent	3,657,597	3,285,092	2,396,687	2,553,620	1,451,958
Volume of hazardous waste generated and intensity						
Volume of hazardous waste generated[10]	MT	453,655	817,990	143,427	39,513	17,345
Hazardous waste intensity (based on production capacity of integrated biomass utilisation projects)[9]	MT/MWh	0.05	0.12	0.03	No data collected	No data collected
Hazardous waste intensity (based on operating revenue)	MT/HK$ million	71.43	160.43	34.43	No data collected	No data collected
Volume of non-hazardous waste generated and intensity						
Volume of non-hazardous waste generated[11]	MT	2,095,126	1,769,169	877,369	805,550	349,910
Non-hazardous waste intensity (based on production capacity of integrated biomass utilisation projects)[9]	MT/MWh	0.26	0.28	0.24	No data collected	No data collected
Non-hazardous waste intensity (based on operating revenue)	MT/HK$ million	329.89	346.99	210.86	No data collected	No data collected

[5] The data was derived from computations by the automated online monitoring systems of the combustion systems of the projects and was estimated based on site-specific data. Air pollutants generated from the combustion of fossil fuel with stationary sources other than the combustion systems are measured in accordance with the "Technical Guide for Compilation of Primary Emission Source Inventory of Atmospheric Respirable Particulates (Trial)" and the "Compilation of Air Pollutant Emissions Factors" promulgated by the United States Environmental Protection Agency; air pollutants generated from the combustion of fossil fuel with mobile sources are measured in accordance with the "Technical Guide for Compilation of Atmospheric Pollutants Emission Inventory for Road Vehicles" and "Technical Guide for Compilation of Atmospheric Pollutants Emission Inventory for Non-road Vehicles".

[6] Data for 2019 to 2021 comprised SO_x emissions, while data for 2017 to 2018 comprised SO_2 emissions.

[7] GHG emissions and set-offs are computed by reference to CDM methods "ACM0018: Electricity Generation from Biomass Residual in Power-only Plants (Version 4.0)", "ACM0006: Electricity and Heat Generation from Biomass (Version 14.0)" and "ACM0022: Alternative Waste Treatment Processes (Version 2.0)" for integrated biomass utilisation projects; by reference to the "Requirement of the Greenhouse Gas Emission Accounting and Reporting – Part 1: Power Generation Enterprise" promulgated by NDRC for solar energy and wind power projects; by reference to "Guidelines for Accounting and Reporting Greenhouse Gas Emissions – Other Industrial Enterprises (Trial)" promulgated by NDRC for hazardous and solid waste treatment projects; by reference to "Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Public Building Operating Units (Enterprises) (Trial)" promulgated by NDRC for the Shenzhen office and "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" jointly issued by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong and the GHG Protocol for the Hong Kong office. The assessment covers the 6 GHG types regulated under the "Kyoto Protocol", including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), perfluorocarbons (PFC_s), hydrofluorocarbons (HFC_s) and sulphur hexafluoride (SF_6); calculation of global warming potential (GWP) is based on data over 100 years set out in the Fifth Assessment Report (AR5) published by IPCC.

[8] Including GHG emission from gasoline, diesel and natural gas combustion only but not other emission sources.

[9] Including data from integrated biomass utilisation projects only based on on-grid electricity volume and external steam and hot water sales volume.

[10] Data for 2019 to 2021 comprised all hazardous waste generated from the operation of projects, and data for 2017 and 2018 comprised hazardous ash and bottom ash only.

[11] Data for 2019 to 2021 comprised all non-hazardous waste generated from the operation of projects, and data for 2017 and 2018 comprised non-hazardous ash, bottom ash and office trash only.

Indicator	Unit	2021	2020	2019	2018	2017
Energy consumption and intensity[12]						
Direct energy	**MWh**	**9,402,344**	**11,705,465[13]**	**7,680,664**	**141,805**	**113,810**
Gasoline	MWh	4,375	4,297	4,754	2,389	No data collected
Diesel	MWh	109,291	81,706	48,704	24,670	No data collected
LNG	MWh	21	4,007	3,299	No data collected	No data collected
LPG	MWh	791	2	116	No data collected	No data collected
Natural gas	MWh	44,277	32,173	12,114	2,700	2,221
Methane	MWh	0	0	31	No data collected	No data collected
Ethyne	MWh	8	4	0	No data collected	No data collected
Heavy oil	MWh	12,693	3,841	0	No data collected	No data collected
Fuel	MWh	2,764	0	0	No data collected	No data collected
Household waste (fossil carbon)	MWh	799,031	705,428	342,205	No data collected	No data collected
Household waste (biocarbon)[14]	MWh	1,346,635	1,038,740	686,829	No data collected	No data collected
Biomass (biocarbon)[14]	MWh	15,011,756	14,596,903	11,043,464	No data collected	No data collected
Renewable electricity[15]	MWh	276,985	256,715	267,245	112,046	111,589
Self-generated electricity consumption	MWh	697,256	570,969	402,470	112,046	111,589
Self-generated steam (heat) consumption	MWh	114,083	7,068,556	2,070,513	No data collected	No data collected
Unconsumed self-generated electricity	MWh	0	0	0	No data collected	No data collected
Unconsumed self-generated steam (heat)	MWh	0	1,484,230	0	No data collected	No data collected
Sold electricity	MWh	(6,285,708)	(5,630,945)	(4,106,589)	(2,873,870)	(1,667,503)
Sold steam (heat)	MWh	(1,920,575)	(871,636)	(621,509)	(336,730)	(158,479)
Indirect energy	**MWh**	**98,907**	**158,562**	**67,106**	**21,659**	**12,014**
Purchased electricity	MWh	92,580	60,001	45,018	21,659	12,014
Purchased steam (heat)	MWh	6,327	98,561	22,088	No data collected	No data collected
Total energy consumption	**MWh**	**9,501,251**	**11,864,027**	**7,747,770**	**163,464**	**125,825**
Energy intensity (based on production capacity of integrated biomass utilisation projects)[9]	MWh/MWh	1.18	1.89	1.72	No data collected	No data collected
Energy intensity (based on operating revenue)	MWh/HK$'000	1.50	2.33	1.86	No data collected	No data collected
Water consumption and intensity						
Total water consumption	m^3	23,521,151	21,444,907	13,228,298	6,533,952	4,467,770
Water consumption intensity (based on production capacity of integrated biomass utilisation projects)[9]	m^3/KWh	0.0029	0.0034	0.0029	No data collected	No data collected
Water consumption intensity (based on operating revenue)	m^3/HK$'000	3.70	4.21	3.18	No data collected	No data collected
Total volume of packaging material used for finished products and intensity						
Total volume of packaging materials	MT	0	1.53	0.26	No data collected	No data collected
Intensity of packaging materials (based on operating revenue)	kg/HK$ million	0	0.30	Not disclosed	No data collected	No data collected

[12] Conversion of fuel energy is based on low calorific value; conversion of steam energy is based on temperature and pressure. Total energy consumption is equivalent to non-renewable fuel consumed, renewable fuel consumed and purchased energy (electricity, heating, cooling and steam) and unconsumed self-generated energy (electricity, heating, cooling and steam) minus sold energy (electricity, heating, cooling and steam).

[13] Energy classification has been optimised and historical values have been adjusted.

[14] Biomass fuel is defined as renewable fuel in accordance with GRI definitions.

[15] The Group has optimised the relevant definition, namely, the on-grid power generation volume of solar energy and wind power projects, and supplementary disclosures have been made in respect of data for 2019 and 2020.

GHG emission (MT CO_2 equivalent)	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Solar energy and wind power projects	Office operation
Scope 1	**991,349**	**424,084**	**59**	**5**
Fossil fuel combustion — stationary source	14,550	16,547	0.3	0
Fossil fuel combustion — mobile source	11,067	496	40	5
Fugitive emission	3,950	202	19	0
GHG released from waste incineration (fossil carbon)	870,634	359,747	0	0
GHG released from waste incineration (CH_4, N_2O)	54,007	0	0	0
GHG released from methane combustion generated by the system for anaerobic processing of waste leachate	7,907	0	0	0
Direct atmospheric GHG emission released from methane combustion generated by the system for anaerobic processing of waste leachate	29,234	0	0	0
GHG released from solid and hazardous waste landfill (CH_4)	0	47,092	0	0
Scope 2	**25,010**	**30,751**	**769**	**33**
Purchased electricity	25,010	28,246	769	33
Purchased steam (heat)	0	2,505	0	0
Scope 3	**190,728**	**10,192**	**1**	**107**
Transportation of biomass, solid and hazardous waste	184,885	10,179	0	0
Off-site power consumption	5,815	0	0	0
Paper waste disposal	0	0	0	3
Business flights	28	13	1	104
Total GHG emissions (Scopes 1 and 2)	**1,016,359**	**454,835**	**828**	**38**
GHG emission intensity (Scopes 1 and 2)	**0.11**	**1.52**	**0.003**	**0.16**
Total GHG emissions (Scopes 1, 2 and 3)	**1,207,087**	**465,027**	**829**	**145**
GHG emission intensity (Scopes 1, 2 and 3)	**0.13**	**1.55**	**0.003**	**0.62**

GHG emission intensity unit	**Based on volume of biomass processed (MT CO_2 equivalent/MT)**	**Based on volume of hazardous and solid waste processed (MT CO_2 equivalent/MT)**	**Based on volume of electricity generation (MT CO_2 equivalent/ MWh)**	**Based on staff headcount (MT CO_2 equivalent/ staff)**
Biogenic GHG emission	1,331,203	43,753	0	0

Destination of water discharge/total volume of sewage discharge (cubic metre)[16]	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Solar energy and wind power projects	Office operation
Sewer	973,426	392,671	1,931	180
Surface water	101,100	0	0	0

[16] Sewage treatment facilities vary from project to project. The main body needs to go through pre-processing (reduction and neutralisation, flocculation and precipitation), secondary biochemical processing (such as anaerobic treatment, anaerobic/aerobic treatment, membrane bioreactor (MBR) and disk tube reverse osmosis (DTRO), among others), filtration (nanofiltration and reverse osmosis) and sterilisation before reuse or discharge. Discharge quality requirements vary from project to project. Chemical Oxygen Demand ("COD") of all processed sewage must not exceed 500 mg/L and Suspended Solids ("SS") must not exceed 400 mg/L in compliance with Class 3 standard under the "Integrated Wastewater Discharge Standard" (GB8978–1996), while certain COD of processed sewage must not exceed 60 mg/L and SS must not exceed 1 mg/L in order to be discharged or reused in compliance with the cooling water standard "The Reuse of Urban Recycling Water — Water Quality Standard for Industrial Uses" (GB/T19923–2005).

Water source and total volume of water acquisition (cubic metre)	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Solar energy and wind power projects	Office operation
Surface water	13,981,687	7,593	0	0
Underground water	960,412	11,835	0	0
Municipal and other water supply facilities	4,408,427	478,730	0	0
Direct collection and storage of rainwater	4,402	1,050	0	0
Waste water from other entities	3,664,596	0	0	0
Hazardous waste (MT)				
Preparation for reuse (enabling items that would otherwise become waste to be put to their original use again through inspection, cleaning or repair)	47	0	0.001	0
Regeneration (regeneration of waste into new materials through reprocessing and manufacturing)	341,634	77	0	0.003
Incineration (including energy recycling)	0.5	7,588	0.01	0
Incineration (without energy recycling)	7	567	0	0
Landfill after solidification	72,201	2,919	0	0
Landfill	4,885	17,368	0	0
On-site storage	1,312	3	0.01	0
Handling by qualified agents entrusted	4,824	222	0	0
Types of hazardous waste (MT)				
Ash	146,424	5,511	0	0
Bottom ash	277,025	22,300	0	0
Waste activated carbon	9	209	0	0
Waste motor oil	1,137	5	0	0
Waste fabric bags	196	5	0	0
Toner cartridges	7	1	0.01	0
Ink boxes	40	40	0.001	0.003
Fluorescent lamps (fluorescent tubes)	71	10	0	0
Sludge (originated from sewage treatment facilities)	0	421	0	0
Others	0.2	242	0	0

Non-hazardous waste (MT)	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Solar energy and wind power projects	Office operation
Preparation for reuse (enabling items that would otherwise become waste to be put to their original use again through inspection, cleaning or repair)	1,636,347	0	0	0
Regeneration (regeneration of waste into new materials through reprocessing and manufacturing)	279,509	1,388	0	0
Incineration (including energy recycling)	144	14	0.2	1
Incineration (without energy recycling)	118,883	56	0	0
Composting	5,326	0	0	0
Landfill	10,692	9,031	4	0
Handling by qualified agents entrusted	33,680	50	0	0
Types of non-hazardous waste (MT)				
Bottom ash	1,739,962	6,841	0	0
Kitchen waste	5,189	2,197	4	0
Household waste	101,827	114	1	1
Sludge (originated from sewage treatment facilities)	2,111	0	0	0
Ash	235,491	0	0	0
Grease	0	430	0	0
Meat and bone powder	0	958	0	0

SOCIAL PERFORMANCE

Indicator		Unit	2021	2020	2019	2018	2017
Total staff headcount		**person**	**3,889**[17]	**3,719**	**3,315**	**2,506**	**1,781**
By gender	Male	person	3,033	2,913	2,590	1,984	1,420
	Female	person	856	806	725	522	361
By age	30 or below	person	1,531	1,660	1,609	1,302	980
	31–40	person	1,779	1,568	1,281	911	575
	41–50	person	465	400	357	254	197
	51 or above	person	114	91	68	39	29
By employment contract	Permanent	person	330	264	246	2,401	No data collected
	Term	person	3,559	3,455	3,069	105	No data collected
By employment category	Full-time	person	3,889	3,719	3,314	2,504	No data collected
	Part-time	person	0	0	1	2	No data collected
By geographical region	Hong Kong	person	18	18	19	16	13
	Mainland China	person	3,871	3,701	3,296	2,490	1,768
New staff headcount and ratio		**person (%)**	**1,030 (26.48%)**	**945 (25.41%)**	**1,233 (37.19%)**	**1,028 (41.02%)**	**836 (46.94%)**
By gender	Male	person (%)	815 (26.87%)	750 (25.75%)	946 (36.53%)	814 (41.03%)	683 (48.10%)
	Female	person (%)	215 (25.12%)	195 (24.19%)	287 (39.59%)	214 (41.00%)	153 (42.38%)
By age	30 or below	person (%)	539 (35.21%)	542 (32.65%)	722 (44.87%)	626 (48.08%)	540 (55.10%)
	31–40	person (%)	393 (22.09%)	324 (20.66%)	404 (31.54%)	346 (37.98%)	229 (39.83%)
	41–50	person (%)	85 (18.28%)	65 (16.25%)	87 (24.37%)	50 (19.69%)	67 (34.01%)
	51 or above	person (%)	13 (11.40%)	14 (15.38%)	20 (29.41%)	6 (15.38%)	0 (0%)
By geographical region	Hong Kong	person (%)	3 (16.67%)	3 (16.67%)	3 (15.79%)	1 (6.25%)	3 (23.08%)
	Mainland China	person (%)	1,027 (26.53%)	942 (25.45%)	1,230 (37.32%)	1,027 (41.24%)	833 (47.12%)
Staff turnover headcount and ratio		**person (%)**	**755 (19.41%)**	**541 (14.55%)**	**429 (12.94%)**	**264 (10.53%)**	**142 (7.97%)**
By gender	Male	person (%)	618 (20.38%)	434 (14.90%)	348 (13.44%)	212 (10.69%)	114 (8.03%)
	Female	person (%)	137 (16.00%)	107 (13.28%)	81 (11.17%)	52 (9.96%)	28 (7.76%)
By age	30 or below	person (%)	374 (24.43%)	302 (18.19%)	253 (15.72%)	159 (12.21%)	86 (8.78%)
	31–40	person (%)	310 (17.43%)	193 (12.31%)	141 (11.01%)	82 (9.00%)	42 (7.30%)
	41–50	person (%)	58 (12.47%)	37 (9.25%)	25 (7.00%)	21 (8.27%)	14 (7.11%)
	51 or above	person (%)	13 (11.40%)	9 (9.89%)	10 (14.71%)	2 (5.13%)	0 (0.00%)
By geographical region	Hong Kong	person (%)	2 (11.11%)	2 (11.11%)	2 (10.53%)	0 (0.00%)	2 (7.92%)
	Mainland China	person (%)	753 (19.45%)	539 (14.56%)	427 (12.96%)	264 (10.0%)	140 (13.38%)

[17] Including 2,508 contract-based employees and 1,381 other employees (including post-retirement hiring, outsourced workers and contract workers).

Indicator		Unit	2021	2020	2019	2018	2017
Proportion of total annual remuneration							
Total annual remuneration of highest paid employee in proportion to the median of the total annual remuneration of all employees[18] (excluding that of the highest paid employee)		—	30.79:1	48.45:1	63.01:1	58.84:1	45.23:1
Incremental rate of total annual remuneration of highest paid employee in proportion to the annual percentage growth of the median of the total annual remuneration of all employees[18] (excluding that of the highest paid employee)		—	0.48:1	0.80:1	3.27:1	−0.87:1	1.40:1
Parental leave statistics							
Total number of staff eligible for parental leave during the year	Male	person	1,832	982	2,285	No data collected	No data collected
	Female	person	490	322	669	No data collected	No data collected
Total number of staff applying for parental leave during the year	Male	person	91	96	100	71	65
	Female	person	40	44	42	25	20
Total number of staff returning to work after parental leave and return to work rate during the year	Male	person (%)	125 (94.70%)	89 (95.70%)	92 (95.83%)	65 (98.48%)	62 (95.38%)
	Female	person (%)	46 (90.20%)	26 (86.67%)	23 (88.46%)	13 (92.86%)	20 (100%)
Total number of staff returning to work after parental leave and remaining in service after 12 months and retention rate during the year	Male	person (%)	31 (34.83%)	38 (97.44%)	8 (61.54%)	44 (93.62%)	15 (93.75%)
	Female	person (%)	16 (61.54%)	21 (87.50%)	4 (80.00%)	13 (100%)	8 (100%)
Health and safety statistics							
Number and ratio of workers covered by occupational health and safety management system[19]		person (%)	8,828 (100%)	7,151 (100%)	3,520 (100%)	No data collected	No data collected
Number and ratio of workers covered by internally audited management systems[20]		person (%)	8,828 (100%)	7,133 (99.75%)	2,750 (78.13%)	No data collected	No data collected
Number and ratio of workers covered by externally certified management systems[21]		person (%)	3,350 (37.95%)	1,482 (20.72%)	1,615 (45.88%)	No data collected	No data collected

18 Including contract-based employees only.
19 Comprising staff as well as on-site project workers of third-party contractors and sub-contractors, including 4,939 on-site project workers of third-party contractors and sub-contractors.
20 The Group's ESHS management regime.
21 ISO 45001 or OHSAS 18001 Occupational Health and Safety Management System.

Indicator		Unit	2021	2020	2019	2018	2017
Number and rate of fatality caused by work-related injuries[22]	Staff	case (case/200,000 hours)	0 (0)	0 (0)	1 (0.03)	1 (0.04)	0 (0)
	Other workers	case (case/200,000 hours)	0 (0)	0 (0)	1 (0.04)	0 (0)	0 (0)
Number and rate of high-consequence work-related injuries[23]	Staff	case (case/200,000 hours)	0 (0)	0 (0)	2 (0.06)	1 (0.04)	0 (0)
	Other workers	case (case/200,000 hours)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Number and rate of recordable work-related injuries[24]	Staff	case (case/200,000 hours)	0 (0)	0 (0)	4 (0.12)	6 (0.25)	4 (0.22)
	Other workers	case (case/200,000 hours)	0 (0)	0 (0)	1 (0.04)	3 (0.18)	2 (0.15)
Lost days due to work-related injuries	Staff	day	0	0	655	237	199
	Other workers	day	0	0	No data collected	13	45
Number of work-related ill health	Staff	case	0	0	0	0	0
	Other workers	case	0	0	0	0	0
Working hours[25]	Staff	hour	7,778,000	7,438,000	6,817,384	4,892,096	No data collected
	Other workers	hour	9,878,000	6,864,000	4,561,212	3,253,984	No data collected
Staff training ratio		**%**	**100%**	**100%**	**84.07%**	**No data collected**	**No data collected**
By gender	Male	%	100%	100%	92.97%	No data collected	No data collected
	Female	%	100%	100%	52.28%	No data collected	No data collected
By employee category	Senior management	%	100%	100%	40.78%	No data collected	No data collected
	Middle management	%	100%	100%	100%	No data collected	No data collected
	General and technical staff	%	100%	100%	81.98%	No data collected	No data collected

22 Rate of fatalities caused by work-related injuries = (Number of fatalities caused by work-related injuries/total work hours) x 200,000. Total work hours are estimated on the basis of 8 hours' work per working day per worker.

23 Work-related injury sustained by a worker that will not or is not likely to recover to the healthy conditions prior to the injury within six months, excluding fatal cases. Rate of high-consequence work-related injuries = (number of persons suffering from high-consequence work-related injuries/total work hours) x 200,000.

24 Including fatality caused by work-related injuries, high-consequence work-related injuries and other work-related injuries. Traffic accidents on the way to and from work fulfilling the stated conditions for work-related injuries under the Regulation on Work-Related Injury Insurance" of Mainland China are included in the calculation of work-related injuries statistics.

25 Estimations based on 8 hours' work per working day and, in accordance with pertinent laws and regulations, 250 working days per year per worker.

Indicator		Unit	2021	2020	2019	2018	2017
Average training hours per staff		**hour**	**19.31**	**15.82**	**36.00**	**104.38**	**87.44**
By gender	Male	hour	20.64	14.46	36.23	114.29	90.75
	Female	hour	14.61	23.03	35.14	66.73	74.46
By employee category	Senior management	hour	18.93	17.54	12.04	55.20	27.52
	Middle management	hour	19.99	18.66	18.30	52.61	21.61
	General and technical staff	hour	19.21	15.44	39.98	115.53	101.32
Number of suppliers		**unit**	**2,308**	**1,374**	**1,758**	**113**	**789**
By geographical region	Hong Kong	unit	68	30	42	0	0
	Mainland China	unit	2,239	1,343	1,716	113	789
	Overseas	unit	1	1	0	0	0
By type	Raw materials and equipment	unit	1,417	749	1,026	No data collected	No data collected
	Engineering work	unit	161	114	251	No data collected	No data collected
	Other services[26]	unit	730	511	481	No data collected	No data collected

Statistics of eligible retired employees			Within five years	Within ten years
Hong Kong	Senior management	person (%)	1 (25.00%)	1 (25.00%)
	Middle management	person (%)	1 (50.00%)	1 (50.00%)
	General and technical staff	person (%)	0 (0%)	0 (0%)
Mainland China	Senior management	person (%)	12 (10.17%)	14 (11.86%)
	Middle management	person (%)	8 (1.47%)	37 (6.78%)
	General and technical staff	person (%)	22 (0.69%)	45 (1.40%)

[26] Including property, consultancy, printing, inspection and testing maintenance services, among others.

CONTENT INDEX

Stock Exchange ESG Reporting Guide Content Index

Aspects	Contents	Relevant chapter(s) and/or other explanations	Page
A. Environmental			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	— OUR APPROACH TO GOVERNANCE — Transformation to Net Zero Emission — Climate Change — Circular Economy — KPI Overview The Group observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020.	32, 36–38, 89, 91, 99
A1.1	Types of emissions and respective emissions data.		125
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.		125, 127
A1.3	Total hazardous waste produced and intensity.		125, 128
A1.4	Total non-hazardous waste produced and intensity.		125, 129
A1.5	Description of emission targets set and steps taken to achieve them.		36, 57, 61-62, 94
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.		36, 56, 103–105

Aspects	Contents	Relevant chapter(s) and/or other explanations	Page
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	— OUR APPROACH TO GOVERNANCE — Transformation to Net Zero Emission — Climate Change — Circular Economy	32, 36–38, 98–99
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	— KPI Overview	126
A2.2	Water consumption in total and intensity.	The Group is not subject to any problems in connection with access to water sources.	126
A2.3	Description of energy use efficiency targets set and steps taken to achieve them.		53–55, 98–99
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.		98–99, 104
A2.5	Total packaging material used for finished products and per unit produced.		126
A3 Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	— OUR APPROACH TO GOVERNANCE	36–38, 42
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Group is engaged in the provision of environmental services and did not generate any material adverse impact on the environment and natural resources during the Reporting Year.	
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.	— OUR APPROACH TO GOVERNANCE — Transformation to Net Zero Emission	36–38, 52–53, 89, 95
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.	— Climate Change	52–63, 94–96

Aspects	Contents	Relevant chapter(s) and/or other explanations	Page
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	— OUR APPROACH TO GOVERNANCE — A Blissful Vision of Co-prosperity — Staff Inclusivity and Equal Opportunity — KPI Overview The Group observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020.	36–38, 82-83 114–117
B1.1	Total workforce by gender, employment type, age group and geographical region.		130
B1.2	Employee turnover rate by gender, age group and geographical region.		130
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.	— OUR APPROACH TO GOVERNANCE — Safe Production and Stable Supply — Supply Chain Management — KPI Overview The Group observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020.	36–38, 64, 72, 110
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		132
B2.2	Lost days due to work injury.		132
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.		64–73, 110

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B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	— OUR APPROACH TO GOVERNANCE — Staff Inclusivity and Equal Opportunity	36–38, 117
B3.1	The percentage of employees trained by gender and employee category.	— KPI Overview	132
B3.2	The average training hours completed per employee by gender and employee category.		133
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.	— OUR APPROACH TO GOVERNANCE — Supply Chain Management — Staff Inclusivity and Equal Opportunity The Group observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020.	36–38, 110, 117
B4.1	Description of measures to review employment practices to avoid child and forced labour.		117
B4.2	Description of steps taken to eliminate such practices when discovered.		117

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B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	— OUR APPROACH TO GOVERNANCE	36–38, 110–111
B5.1	Number of suppliers by geographical region.	— Climate Change — Supply Chain Management	133
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.	— KPI Overview	110–111
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		110–111
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.		98, 110–111

Aspects	Contents	Relevant chapter(s) and/or other explanations	Page
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	— OUR APPROACH TO GOVERNANCE — Safe Production and Stable Supply — Technology Development — Cyber Security and Data Privacy The Group's operations did not involve matters relating to advertisements and labels or recall measures. The Group observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020. In addition, the Group did not receive any material complaint about products and services during the Reporting Year.	36–38, 64, 99, 108–109
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		
B6.2	Number of products and service-related complaints received and how they are dealt with.		
B6.3	Description of practices relating to observing and protecting intellectual property rights.		99
B6.4	Description of quality assurance process and recall procedures.		
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.		108–109

Aspects	Contents	Relevant chapter(s) and/or other explanations	Page
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	— OUR APPROACH TO GOVERNANCE — A Blissful Vision of Co-prosperity The Group and its staff observed stringent compliance with pertinent laws and regulations of the places where it operated during the Reporting Year to ensure legal compliance. For details of the Group's legal management, please refer to pages 124 to 126 of the Sustainability Report 2020. In addition, the Group did not receive any material complaint about corruption during the Reporting Year.	28–30, 87
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.		
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		87
B7.3	Description of anti-corruption training provided to directors and staff.		87
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.	— OUR APPROACH TO GOVERNANCE — A Blissful Vision of Co-prosperity	36–38, 81
B8.1	Focus areas of contribution.		78
B8.2	Resources contributed to the focus area.		78–81, 84–86

GRI Content Index

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
GRI 102: General Disclosure 2016			
102-1	Name of the organisation	— Company Profile	3
102-2	Activities, brands, products, and services	— Company Profile — BUSINESS DEVELOPMENT	3, 11–26
102-3	Location of headquarters	The Group has established headquarters offices in Hong Kong and Shenzhen.	
102-4	Location of operations	— Company Profile — BUSINESS DEVELOPMENT	3, 11–26
102-5	Ownership and legal form	— Company Profile	3
102-6	Markets served	— Company Profile — BUSINESS DEVELOPMENT	3, 11–26
102-7	Scale of the organisation	— BUSINESS DEVELOPMENT — KPI Overview	11–26, 124
102-8	Information on employees and other workers	— KPI Overview	130–132
102-9	Supply chain	— Supply Chain Management — KPI Overview	110–111, 133
102-10	Significant changes to the organisation and its supply chain	The scale of the organisation, structure, ownership and supply chain did not undergo any significant change compared to the Sustainability Report 2020.	
102-11	Precautionary principle or approach	— OUR APPROACH TO GOVERNANCE	39–47
102-12	External initiatives	The Group monitors the sustainability goals of the United Nations and is committed to contributing its effort to the fulfilment of the 17 sustainability goals.	

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
102-13	Membership of associations	The Group was actively involved in the activities of the following associations to drive its business development: — China Resource Recycling Association Hazardous Waste Committee — Biomass Energy Industry Alliance of China — Anhui New Energy Association — Suzhou Environmental Protection Industry Association — Suzhou Society for Environmental Sciences — Jiangsu Environmental Protection Industry Association — Anhui Environment Federation	
102-14	Statement from senior decision-maker	— Message from the Chairman — Message from the CEO	4–9
102-15	Key impacts, risks, and opportunities	— OUR APPROACH TO GOVERNANCE	42–43
102-16	Values, principles, standards, and norms of behavior	— OUR APPROACH TO GOVERNANCE — Process and Results of Materiality Assessment	36–38, 122–123
102-17	Mechanisms for advice and concerns about ethics	— A Blissful Vision of Co-prosperity	78
102-18	Governance structure	— OUR APPROACH TO GOVERNANCE	31
102-19	Delegating authority	— OUR APPROACH TO GOVERNANCE	31
102-20	Executive-level responsibility for economic, environmental, and social topics	— OUR APPROACH TO GOVERNANCE	31
102-21	Consulting stakeholders on economic, environmental, and social topics	— OUR APPROACH TO GOVERNANCE — Process and Results of Materiality Assessment	33–34, 122–123
102-22	Composition of the highest governance body and its committees	— OUR APPROACH TO GOVERNANCE	28

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
102-23	Chair of the highest governance body	Page 70, Everbright Greentech Annual Report 2021	
102-24	Nominating and selecting the highest governance body	— OUR APPROACH TO GOVERNANCE	29
102-25	Conflicts of interest	Pages 75 and 86, Everbright Greentech Annual Report 2021	
102-26	Role of highest governance body in setting purpose, values, and strategy	— OUR APPROACH TO GOVERNANCE	30
102-27	Collective knowledge of highest governance body	— OUR APPROACH TO GOVERNANCE	30
102-28	Evaluating the highest governance body's performance	— OUR APPROACH TO GOVERNANCE	29
102-29	Identifying and managing economic, environmental, and social impacts	— OUR APPROACH TO GOVERNANCE	36
102-30	Effectiveness of risk management processes	— OUR APPROACH TO GOVERNANCE	39–43
102-31	Review of economic, environmental, and social topics	— OUR APPROACH TO GOVERNANCE	30–47
102-32	Highest governance body's role in sustainability reporting	— OUR APPROACH TO GOVERNANCE	30
102-33	Communicating critical concerns	— OUR APPROACH TO GOVERNANCE — Process and Results of Materiality Assessment	33–34, 122–123
102-34	Nature and total number of critical concerns	— OUR APPROACH TO GOVERNANCE — Process and Results of Materiality Assessment In addition, critical concerns and materiality issues of the Board are consistent and dealt with in accordance with corresponding processes.	36–38, 122–123

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
102-35	Remuneration policies	— A Blissful Vision of Co-prosperity In addition, the remuneration of the Group for the time being does not include contract-signing reward or recruitment reward, departure reward, recovery payment and any differences in benefit. Sustainability-related performance is not linked to the remuneration policy for the time being.	82
102-36	Process for determining remuneration	— A Blissful Vision of Co-prosperity	82
102-37	Stakeholders' involvement in remuneration	The Group makes reference to market remuneration research reports on a regular basis and remuneration will be adjusted as appropriate based on staff performance appraisal and experience if it is lower than market levels.	
102-38	Annual total compensation ratio	— KPI Overview	131
102-39	Percentage increase in annual total compensation ratio	— KPI Overview	131
102-40	List of stakeholder groups	— OUR APPROACH TO GOVERNANCE	33–34
102-41	Collective bargaining agreements	The Group has not entered into any collective bargaining agreements, but has established multiple channels for communication through which staff can furnish feedback and suggestions.	
102-42	Identifying and selecting stakeholders	Page 38, Everbright Greentech Sustainability Report 2020	
102-43	Approach to stakeholder engagement	— OUR APPROACH TO GOVERNANCE	33–34
102-44	Key topics and concerns raised	— OUR APPROACH TO GOVERNANCE — Process and Results of Materiality Assessment	33–34, 122–123

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
102-45	Entities included in the consolidated financial statements	Everbright Greentech Annual Report 2021; this Report covers projects over which the Group exercises operational control only and excludes the construction projects and other investment projects. For details, please refer to "Reporting Standards and Principles".	
102-46	Defining report content and topic boundaries	— Reporting Standards and Principles	119–121
102-47	List of material topics	— Process and Results of Materiality Assessment	122–123
102-48	Restatements of information	— KPI Overview	124, 126
102-49	Changes in reporting	There is no material change to the theme and boundaries of this Report.	
102-50	Reporting period	— BUSINESS DEVELOPMENT	11
102-51	Date of most recent report	The 2020 report covers the period from 1 January 2020 to 31 December 2020.	
102-52	Reporting cycle	The sustainability report of the Group is published annually.	
102-53	Contact point for questions regarding the report	Stakeholders are welcome to contact the Group via info@ebgreentech.com if they have any queries or suggestions relating to the contents or reporting format of this Report.	
102-54	Claims of reporting in accordance with the GRI Standards	— Reporting Standards and Principles	119
102-55	GRI content index	— GRI Content Index	141–151
102-56	External assurance	— Verification Statement	152
Electric Utilities Sector Disclosures			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	— BUSINESS DEVELOPMENT	11, 23
EU2	Net energy output broken down by primary energy source and by regulatory regime	— BUSINESS DEVELOPMENT	12–15, 24–26

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
EU3	Number of residential, industrial, institutional and commercial customer accounts	— KPI Overview	124
EU4	Length of above and underground transmission and distribution lines by regulatory regime	— KPI Overview	124
EU5	Allocation of CO_2e emissions allowances or equivalent, broken down by carbon trading framework	The Group did not participate in any carbon emissions trading scheme during the Reporting Year.	
GRI 305: Emissions 2016			
103-1	Explanation of the material topic and its boundary	— Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	— Transformation to Net Zero Emission — Climate Change — Circular Economy	52–62, 90–94, 103–107
103-3	Evaluation of the management approach	— OUR APPROACH TO GOVERNANCE	28–47
305-1	Direct (Scope 1) GHG emissions	— KPI Overview	125, 127
305-2	Energy indirect (Scope 2) GHG emissions	— KPI Overview	125, 127
305-3	Other indirect (Scope 3) GHG emissions	— KPI Overview	125, 127
305-4	GHG emissions intensity	— KPI Overview	125, 127
305-5	Reduction of GHG emissions	— KPI Overview	125
305-6	Emissions of ozone-depleting substances (ODS)	The Group was not involved in the production, destruction and use of ozone-depleting substances during the Reporting Year.	
305-7	Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	— KPI Overview	125

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations		Page
GRI 306: Waste 2020				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	— —	Climate Change Circular Economy	90–93, 99, 103–107
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
306–1	Waste generation and significant waste-related impacts	— —	BUSINESS DEVELOPMENT Transformation to Net Zero Emission	11–21, 56–59
306–2	Management of significant waste-related impacts	— —	Transformation to Net Zero Emission Circular Economy	56–59, 103–105
306–3	Waste generated	—	KPI Overview	125, 128–129
306–4	Waste diverted from disposal	—	KPI Overview	128–129
306–5	Waste directed to disposal	—	KPI Overview	128–129
GRI 401: Employment 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	— —	A Blissful Vision of Co-prosperity Staff Inclusivity and Equal Opportunity	82–83, 114–117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
401-1	New employee hires and employee turnover	—	KPI Overview	130
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	A Blissful Vision of Co-prosperity	82–83
401-3	Parental leave	—	KPI Overview	131

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations		Page
GRI 402: Labour/Management Relations 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	— —	A Blissful Vision of Co-prosperity Staff Inclusivity and Equal Opportunity	82–83, 114–117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
402-1	Minimum notice periods regarding operational changes	—	Staff Inclusivity and Equal Opportunity	116
GRI 403: Occupational Safety and Health 2018				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	—	Safe Production and Stable Supply	64–73
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
403-1	Occupational health and safety management system	—	Safe Production and Stable Supply	72
403-2	Hazard identification, risk assessment, and incident investigation	—	Safe Production and Stable Supply	68
403-3	Occupational health services	—	Safe Production and Stable Supply	65–71
403-4	Worker participation, consultation, and communication on occupational health and safety	—	Safe Production and Stable Supply	72
403-5	Worker training on occupational health and safety	—	Safe Production and Stable Supply	72
403-6	Promotion of worker health	—	Safe Production and Stable Supply	72
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	During the Reporting Year, the Group has not identified any occupational health and safety impact related to business connections.		

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations		Page
403-8	Workers covered by an occupational health and safety management system	The Group's occupational health and safety management regime applies to all workers.		
403-9	Work-related injuries	—	KPI Overview	132
403-10	Work-related ill health	—	Safe Production and Stable Supply	72
GRI 404: Training and Education 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	—	Staff Inclusivity and Equal Opportunity	114, 117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
404-1	Average hours of training per year per employee	—	KPI Overview	133
404-2	Programs for upgrading employee skills and transition assistance programs	— —	A Blissful Vision of Co-prosperity Staff Inclusivity and Equal Opportunity	83, 117
404-3	Percentage of employees receiving regular performance and career development reviews	During the Reporting Year, all employees of the Group completed their performance appraisals.		
GRI 408: Child Labour 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	—	Staff Inclusivity and Equal Opportunity	114, 117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
408-1	Operations and suppliers at significant risk for incidents of child labour	—	Supply Chain Management	110–111

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations		Page
GRI 409: Forced or Compulsory Labour 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	—	Staff Inclusivity and Equal Opportunity	114, 117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	—	Supply Chain Management	110–111
GRI 412: Human Rights Assessment 2016				
103-1	Explanation of the material topic and its boundary	—	Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	—	Staff Inclusivity and Equal Opportunity	114, 116–117
103-3	Evaluation of the management approach	—	OUR APPROACH TO GOVERNANCE	28–47
412-1	Operations that have been subject to human rights reviews or impact assessments	Statistical data is not available. The Group plans to improve its data collection mechanism and provide disclosure of relevant information in future reports.		
412-2	Employee training on human rights policies or procedures			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			

GRI Standards	Disclosure headline	Relevant chapter(s) and/or other explanations	Page
GRI 418: Customer Privacy 2016			
103-1	Explanation of the material topic and its boundary	— Process and Results of Materiality Assessment	122–123
103-2	The management approach and its components	— Cyber Security and Data Privacy	108–109
103-3	Evaluation of the management approach	— OUR APPROACH TO GOVERNANCE	28–47
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Group did not receive any complaints concerning breaches of customer privacy and losses of customer data during the Reporting Year.	

VERIFICATION STATEMENT

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by China Everbright Greentech Limited ("Everbright Greentech") to undertake an independent verification for the 2021 Sustainability Report (hereinafter called the "Report"). The Report stated the sustainability performance of Everbright Greentech in the period of 1st January 2021 to 31st December 2021.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Comprehensive option, the GRI G4 Electric Utilities Sector Disclosure document, as well as Rule 13.91 and Appendix 27 "Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide")" of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK Listing Rules").

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set out in the GRI Standards: Comprehensive option, the GRI G4 Electric Utilities Sector Disclosure document and the SEHK Listing Rules (Rule 13.91 and Appendix 27 the ESG Reporting Guide).

HKQAA's verification process included verifying the mechanisms for collecting, calculating and reporting the sustainability performance information, reviewing relevant documented information, interviewing responsible personnel with accountability for preparing the Report and verifying selected representative samples of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Everbright Greentech is responsible for the collection and preparation of the information presented. HKQAA did not involve in the collection and calculation of data or the compilation of the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and Everbright Greentech that would affect the impartiality of the verification.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the GRI Standards: Comprehensive option, the GRI G4 Electric Utilities Sector Disclosure document, as well as the SEHK Listing Rules (Rule 13.91 and Appendix 27 the ESG Reporting Guide);
- The Report illustrates the sustainability performance of Everbright Greentech, covering all material aspects, in a balanced, clear, comparable and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA's attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria. In conclusion, the Report reflects truthfully of Everbright Greentech's sustainability performance that is commensurate with the sustainability context and materiality of the company.

Signed on behalf of Hong Kong Quality Assurance Agency

Meico Cheong
Senior General Manager, Innovation Business
12 May 2022

CHINA EVERBRIGHT GREENTECH LIMITED

www.ebgreentech.com